CREWE CAPITAL

Q2 2026
M&A Overview

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Table of Contents

Executive Summary

Global M&A activity remained elevated in Q2 2026, though headline value declined from Q1's record. The market recorded an estimated 11,880 transactions worth $1.3 trillion, up 35.3% from Q2 2025 but down 18.4% from Q1 2026. Deal count rose 3.4% YoY and fell 2.4% QoQ. Activity remained concentrated at the top, as 34 transactions above $5 billion generated $553 billion, or nearly 42% of quarterly value. Sector outcomes diverged, with energy value rising 385.5% YoY while IT sponsor deal value fell 60.5% QoQ.

The Federal Reserve held the federal funds target range at 3.50%–3.75% throughout the quarter. Inflation remained above the Fed's 2.0% objective, with headline CPI increasing 3.5% YoY in June and core CPI rising 2.6%. The Fed attributed part of the pressure to energy and tariff-driven supply shocks and maintained a data-dependent stance. Oil's late-quarter retreat weakened the immediate inflation impulse, but the policy outlook remained tied to incoming inflation and labor-market data.

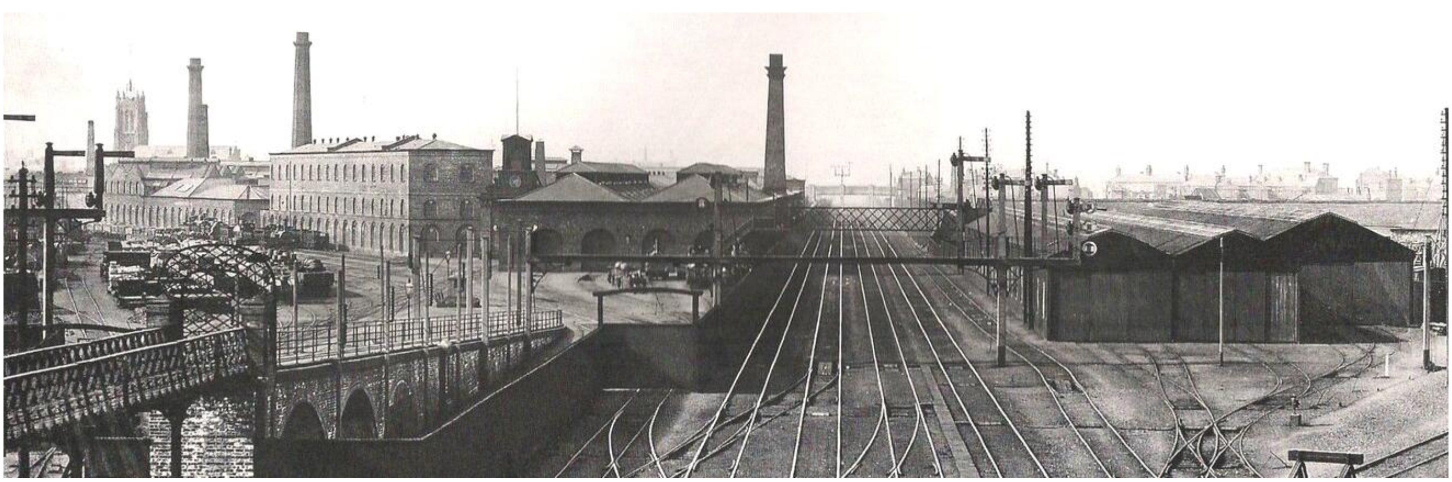
The conflict in Iran remained the defining macroeconomic event of 2026, creating substantial volatility across energy and financial markets. Brent crude averaged $103 per barrel during Q2 but fell to $85 in June, $22 below May and $32 below its April peak. Reopening the Strait of Hormuz and recovering tanker traffic eased supply concerns, though renewed escalation remained a material risk entering Q3.

The labor market cooled but remained stable. The unemployment rate ended June at 4.2%, while nonfarm payrolls increased by 334,000 during Q2: 148,000 in April, 129,000 in May, and 57,000 in June. Employment trended higher in professional and business services, social assistance, and healthcare. Long-term unemployment reached 1.9 million, up 286,000 YoY.

Equity markets rebounded sharply as oil prices eased and confidence in corporate earnings improved. The S&P 500 gained 14.9% in Q2, reversing its Q1 decline and posting its strongest quarter since 2020, while the Nasdaq advanced 21.4%. Technology and semiconductor shares led the recovery, reinforcing the financing advantage held by strategic buyers over leveraged sponsors.

U.S. real GDP grew at a 1.5% annualized rate in Q2, a moderation from the 2.0% pace in Q1 but still consistent with underlying economic momentum. Consumer spending was broad-based across goods and services, investment growth reflected increases in equipment and intellectual property products, and the pullback in government spending was concentrated in federal nondefense outlays.

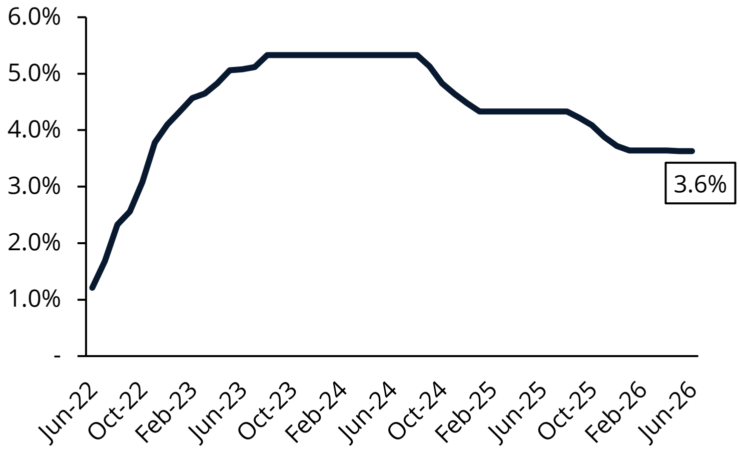
Q2 2026 demonstrated that M&A could remain resilient despite restrictive monetary policy, geopolitical instability, and uneven sector performance. Strategic acquirers retained a structural financing advantage, while energy, healthcare, and AI-related transactions supported elevated value. The second-half outlook will depend on whether lower energy prices and greater policy clarity broaden financing access beyond the megadeals that dominated the first half.



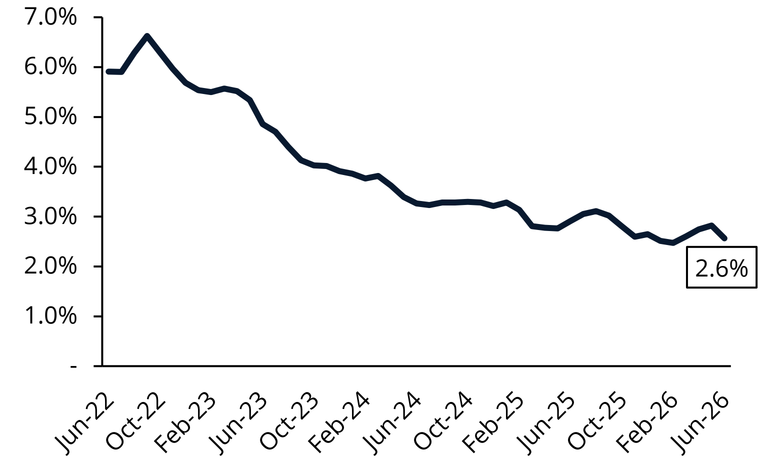
Source: Federal Reserve, PitchBook, Reuters, U.S. BEA, U.S. BLS, U.S. EIA.

Economic Indicators

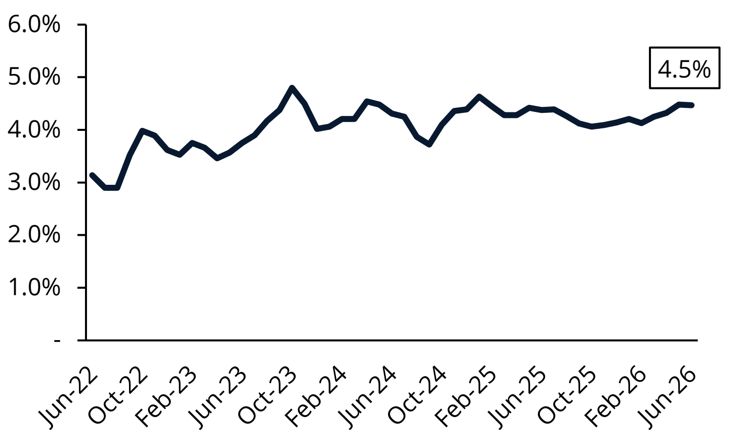
Federal Funds Effective Rate
(Percent, monthly)



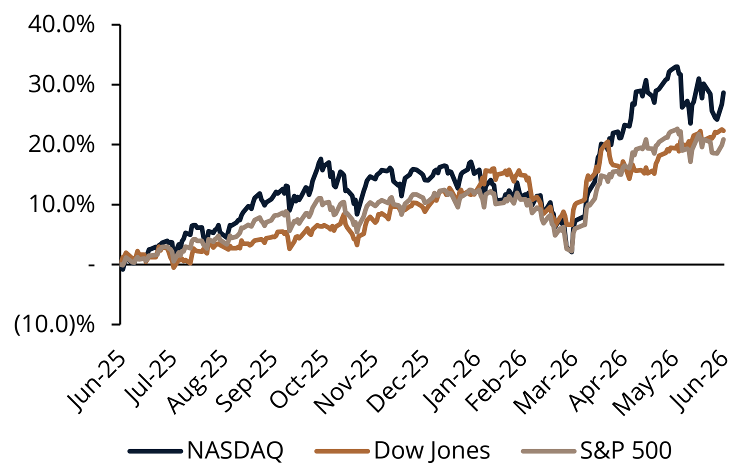
Core CPI
(YoY percent change, monthly)



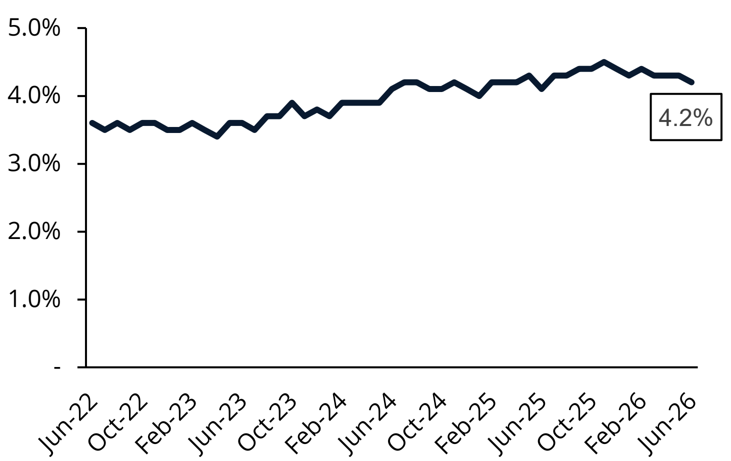
10-Year U.S. Treasury Yield
(Percent, monthly)



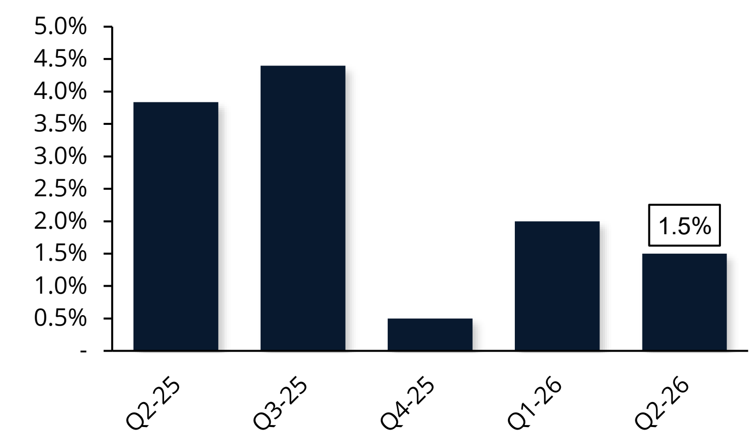
Major Stock Indices
(Percent cumulative return, daily)



Unemployment Rate
(U3, percent, monthly)



Real GDP
(Compounded annual rate of change, quarterly)

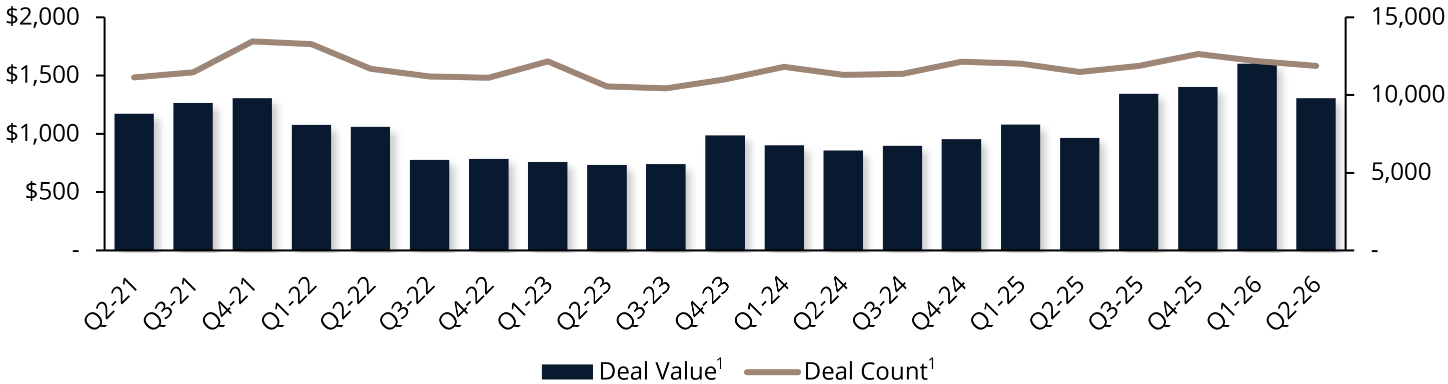


Source: FRED.

M&A Activity

Global M&A Deal Activity

(Deal value $ in billions, quarterly) *(Deal count in actuals, quarterly)*



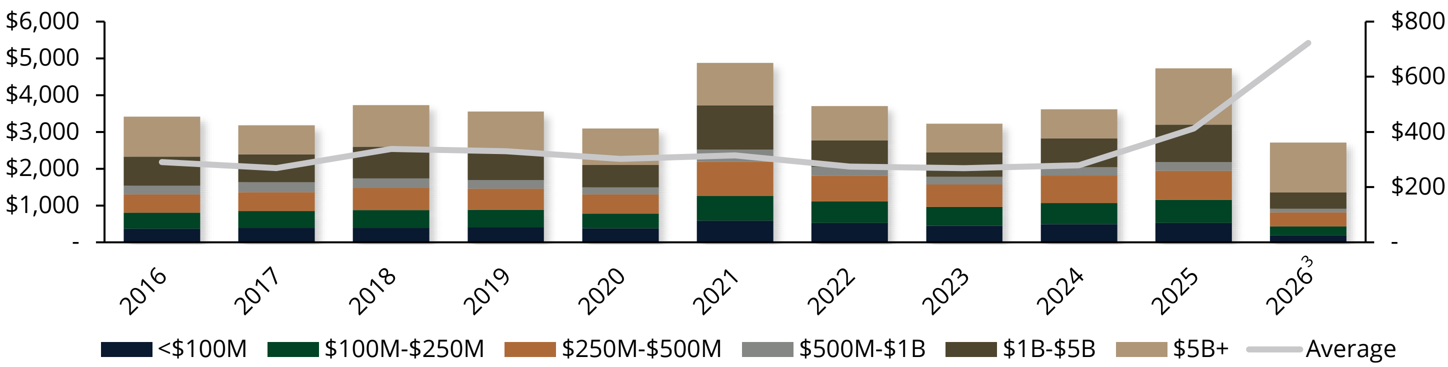
Global M&A markets entered Q2 2026 carrying momentum from a record first quarter, but conditions softened as the quarter progressed. The Federal Reserve held its policy rate steady, and expectations for near-term rate cuts receded, keeping financing costs elevated. The European Central Bank raised rates for the first time since 2023, adding further pressure to borrowing costs. As a result, private equity activity slowed as sponsor financing costs increased, while strategic acquirers remained active and completed several transactions above $10 billion. Total global deal value reached an estimated $1.3 trillion, up 35.3% YoY but down 18.4% QoQ. Deal count reached 11,880, representing a 3.4% increase YoY.

Deals of $5 billion or more accounted for $553 billion across 34 transactions, representing nearly 42% of total M&A value. Buyout value fell 35.7% QoQ to $287.3 billion[2]. Strategic M&A proved more resilient, totaling $892.7 billion[2], as corporate buyers with access to balance-sheet cash and equity financing held an advantage over sponsors more dependent on credit markets. Regulators in Washington and Brussels took a more permissive stance on antitrust, clearing the way for large strategic combinations, such as Kone's $34.3 billion acquisition of TK Elevator.

Sector performance varied sharply. Estimated energy deal value rose 61.7% QoQ and 385.5% YoY, supported by power demand tied to AI data centers. Healthcare also grew in both estimated deal value and count as pharmaceutical companies pursued assets ahead of a wave of patent expirations. In IT, strategic AI megadeals stayed robust while sponsor-led buyouts fell 60.5% QoQ. B2C and financial services both declined, the latter hitting a two-year low as the bank and insurance consolidation wave receded. Overall, Q2 2026 marked a top-heavy but resilient quarter, with value pooling among strategic acquirers.

Total M&A Deal Value by Size Bucket vs. Average Deal Value

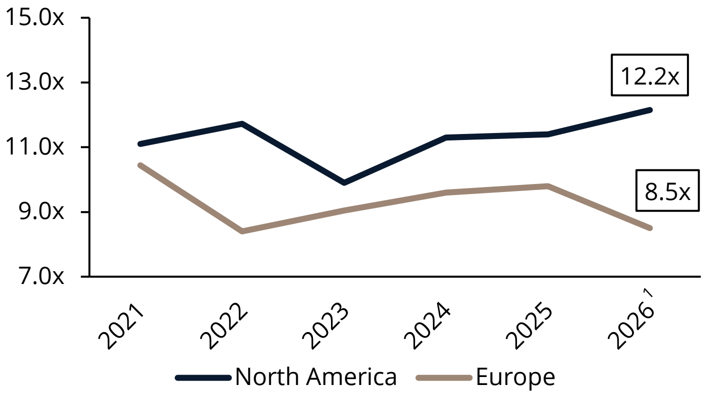
(Deal value $ in billions, yearly) *(Average deal value $ in millions, yearly)*



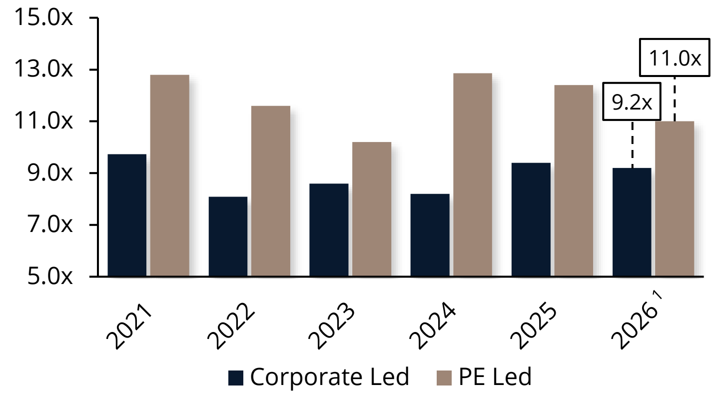
1) Includes estimated values for Q3-25 to Q2-26.
2) Does not include estimated.
3) 2026 reflects 1H only.
Source: PitchBook.

Multiples Overview

Median EV/EBITDA Multiples by Geography
(Median multiple, annual)



Median EV/EBITDA Multiples by Buyer Type
(Median multiple, annual)

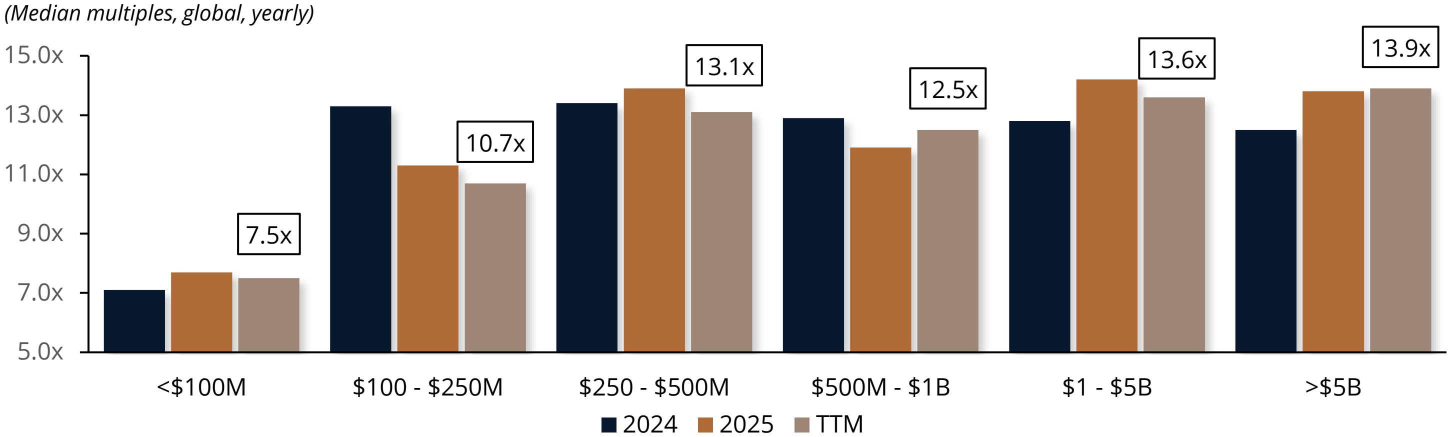


M&A valuation multiples remained stable in Q2 across markets despite a decline in aggregate deal value from the prior quarter. The median 2026 EV/EBITDA multiple decreased to 10.0x from 10.2x in 2025, while the YTD average reached 14.5x as several large transactions pulled overall pricing higher. This gap reflects the influence of higher-multiple transactions on headline pricing. Regional dispersion widened further, with North American transactions trading at 12.2x compared to 8.5x in Europe. The difference indicates that North American assets continued to command a regional premium, while European pricing softened modestly from its 2025 level.

The premium paid by financial sponsors over strategic acquirers continued to narrow. Buyout transactions carried a 2026 EV/EBITDA multiple of 11.0x compared with 9.2x for corporate-led deals, reducing the gap between the two buyer groups from 4.6x in 2024 to 1.8x in 2026. Although sponsors typically pursue larger and more mature targets and underwrite operational improvements, supporting higher entry multiples, elevated debt costs have tightened acquisition economics. Corporate multiples have generally remained comparatively firm as strategic buyers transact where operating synergies or added scale can justify pricing.

Valuations remained most elevated among larger transactions. Deals valued above $5 billion traded near 13.9x on a TTM basis, while transactions between $1 billion and $5 billion were roughly 13.6x. Multiples continued to trail in smaller size categories, with transactions between $100 million and $250 million near 10.7x and deals below $100 million around 7.5x. The difference between the multiples across different deal sizes indicates that premium pricing remains concentrated in large assets, while smaller transactions continue to clear at more moderate valuations.

Median EV/EBITDA Multiples by Transaction Size
(Median multiples, global, yearly)



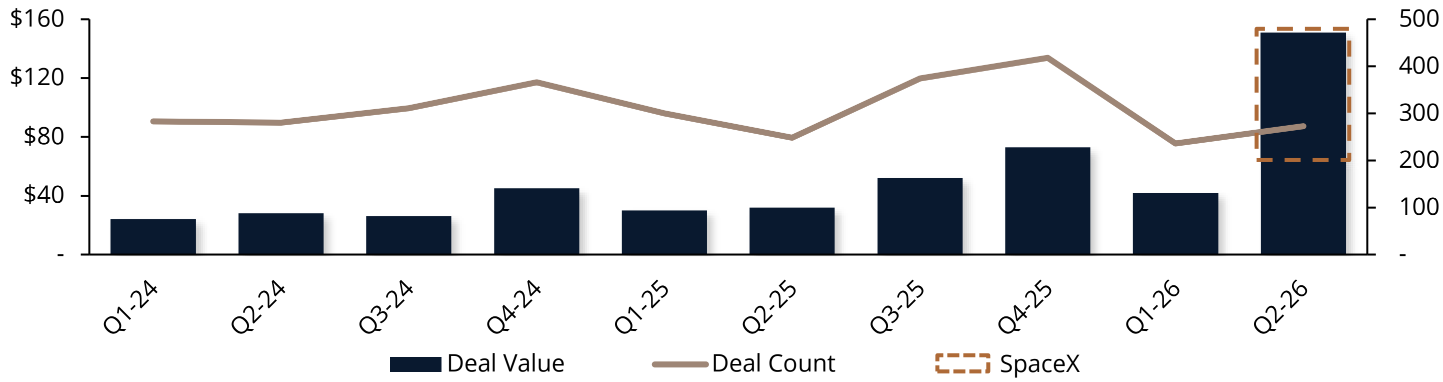
1) 2026 reflects 1H only.
Source: PitchBook.

IPO Activity

Global IPO Activity

(Deal value $ in billions, quarterly)

(Count in actuals, quarterly)



Global IPO markets gained momentum in Q2 2026, extending a recovery that, despite a softer Q1, has picked up heading into mid-year. 273 offerings raised $151.0 billion, headlined by SpaceX pricing the largest IPO in history and raising $85.7 billion. The transaction raised questions about whether a deal of that scale would absorb liquidity from the rest of the market, but the calendar continued to function alongside it, with institutional demand deep enough to support both.

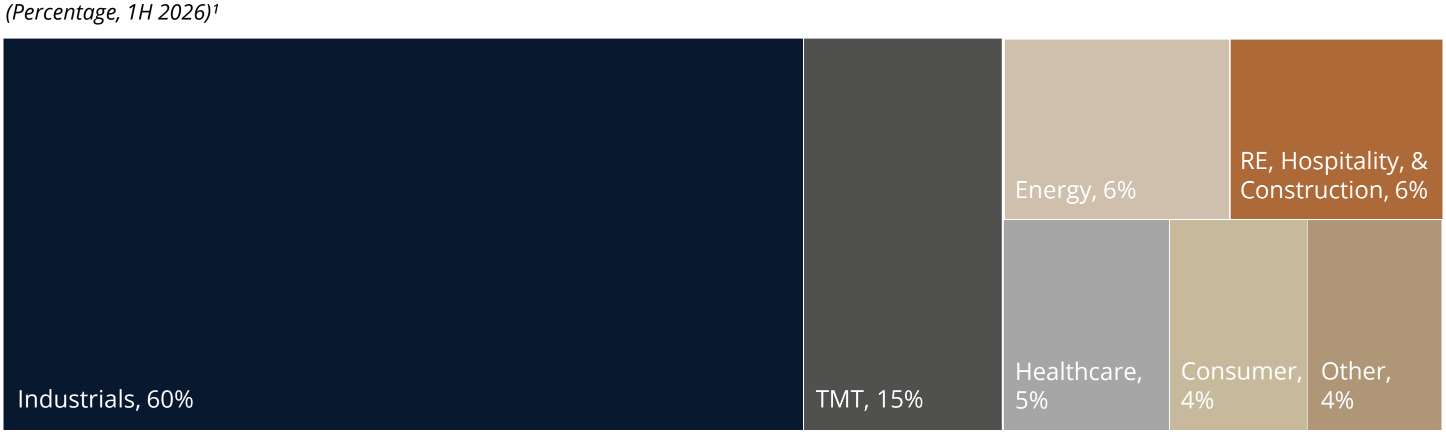
That resilience is notable given the macro environment. The quarter opened with energy prices elevated from the Iran conflict, inflation above target, and the Fed holding rates for a fourth meeting. As the quarter progressed, oil prices fell back and equity markets stabilized, opening a more constructive window for issuers who had delayed offerings earlier in the year, and confirming that investor appetite had remained intact through the volatility.

U.S. IPO conditions continued to improve, with stronger deal flow, constructive pricing, and positive first-day performance. Transactions spanned AI infrastructure, industrials, healthcare, and consumer sectors, with nearly half pricing at or above their marketed ranges and roughly 97% opening above offer price. The average U.S. IPO outperformed the S&P 500 by 8% through the first half of the year, and 1H 2026 marked the strongest first half for U.S. IPOs since 2021.

Looking ahead, the pipeline remains substantial and continues to build. Anthropic filed confidentially for a public offering during Q2, which would rank among the largest tech IPOs in history if it proceeds to market. A broader wave of AI company listings is expected to follow over the coming quarters, and how these offerings price and perform will serve as a key signal for how broadly the recovery can advance into the second half of 2026 and beyond.

Global Sector Distribution by IPO Proceeds

(Percentage, 1H 2026)[1]

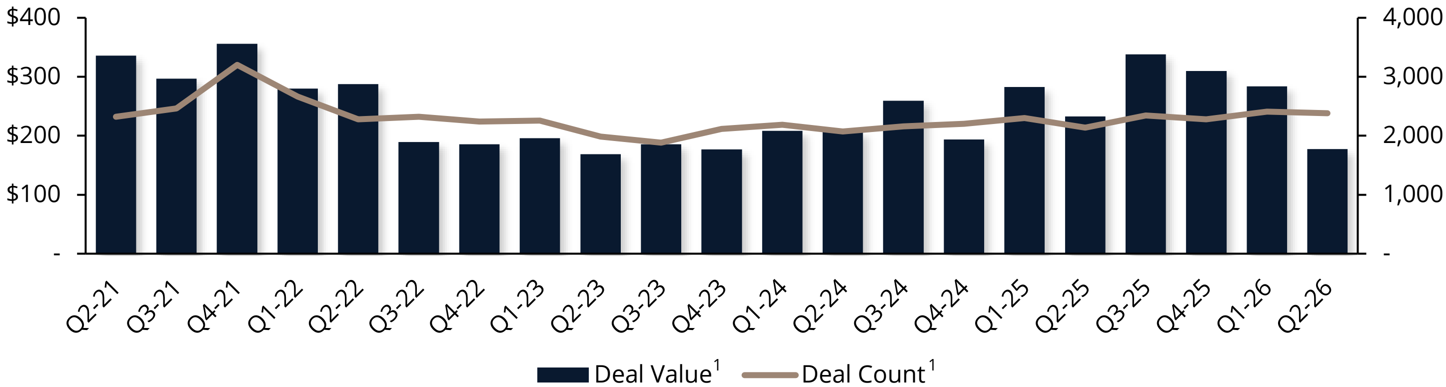


1) Industrials includes $85.7 billion from SpaceX IPO
Source: EY, PitchBook, PwC.

Private Equity Trends

U.S. Private Equity Deal Activity

(Deal value $ in billions, quarterly) *(Deal count in actuals, quarterly)*



Q2 2026 U.S. PE deal value fell to $177.3 billion, a 37.5% drop from Q1 and 23.9% lower YoY, constituting the weakest quarter since Q4 2023. However, deal count declined just 1.1% QoQ to 2,384 announced and estimated transactions (up 11.5% YoY), a striking divergence from prior quarters where deal value and volume typically moved together. Sponsors continued to transact, with activity increasingly concentrated in smaller deals requiring less financing than the large transactions completed in 2025.

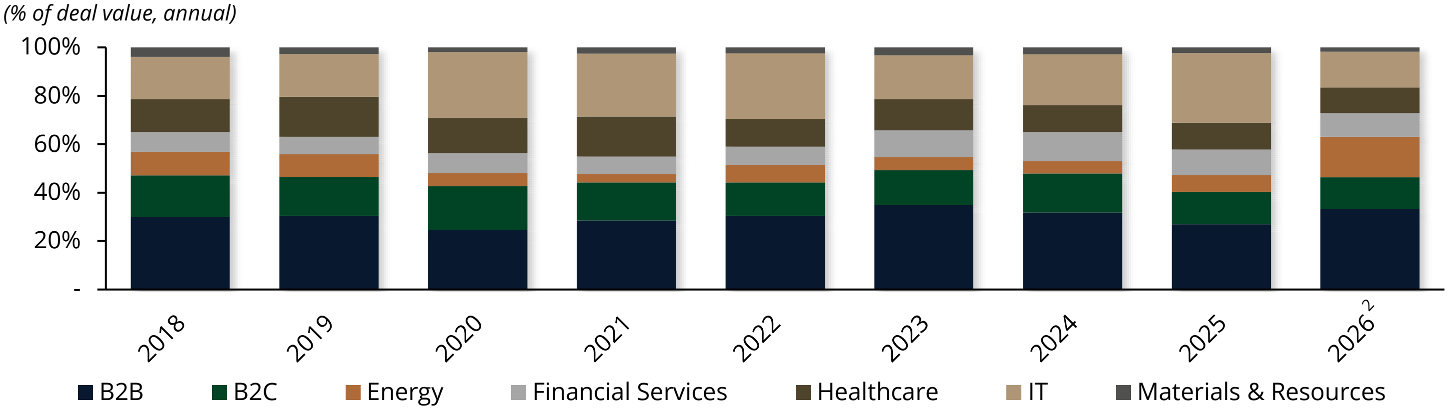
The pullback reflected several pressures arriving at once: a Federal Reserve that shelved rate cuts and now openly debates hikes, wider direct lending spreads raising the cost of new capital structures, and an energy-driven inflation shock tied to conflict in the Middle East. The Federal Reserve held rates at 3.50%–3.75% for a fourth straight meeting, with its median 2026 projection rising to 3.8%, as roughly half the committee now expects one hike.

The most distinctive shift this cycle was an accelerating reassessment of software as AI compresses the disruption timeline. U.S. software PE deal value collapsed to $10.7 billion, down 65.7% YoY and 90.3% below its Q3 2025 peak, reflecting a marked decline in sponsor demand for the sector. Energy moved the opposite way, with YTD deal value up 80.5% versus 1H 2025, supported by structural power demand from AI data center buildout.

Large-cap dealmaking in Q2 stalled. The $2.5+ billion category generated $25.9 billion across five deals, while take-privates fell 90.1% QoQ. Activity shifted toward smaller, lower-risk structures, add-ons held at roughly three-quarters of all buyouts, and PE growth/expansion was the lone segment to grow. This suggests a recalibration of risk tolerance rather than a broad-based retreat, with record dry powder still sidelined and awaiting a clearer rate path.

Share of U.S. Private Equity Deal Value

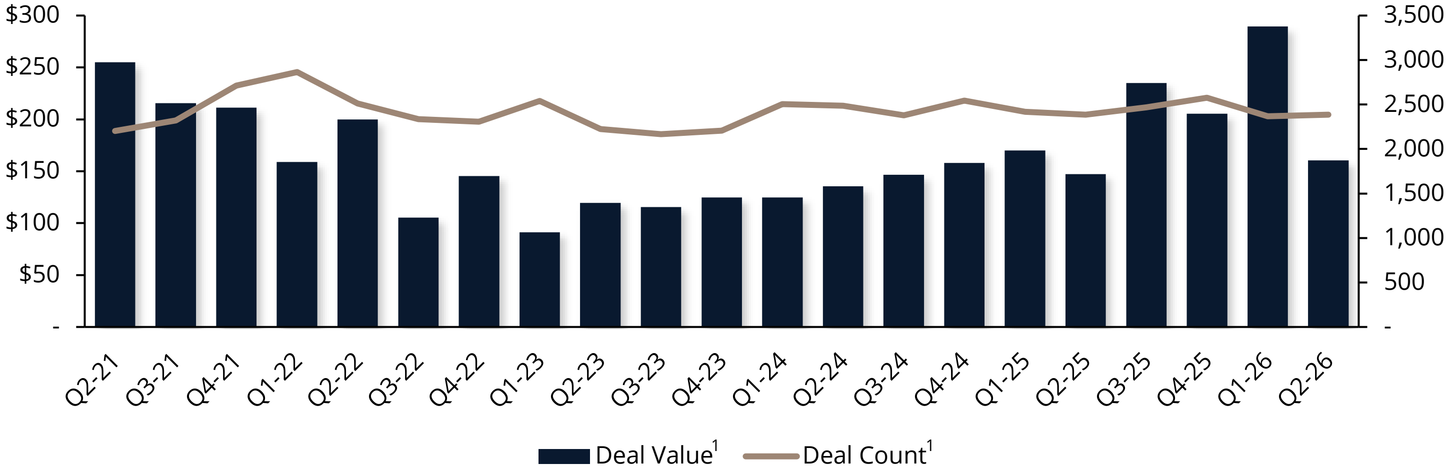
(% of deal value, annual)



1) Includes estimated values for Q3-25 to Q2-26.
2) 2026 reflects 1H only.
Source: Federal Reserve Summary of Economic Projections, PitchBook.

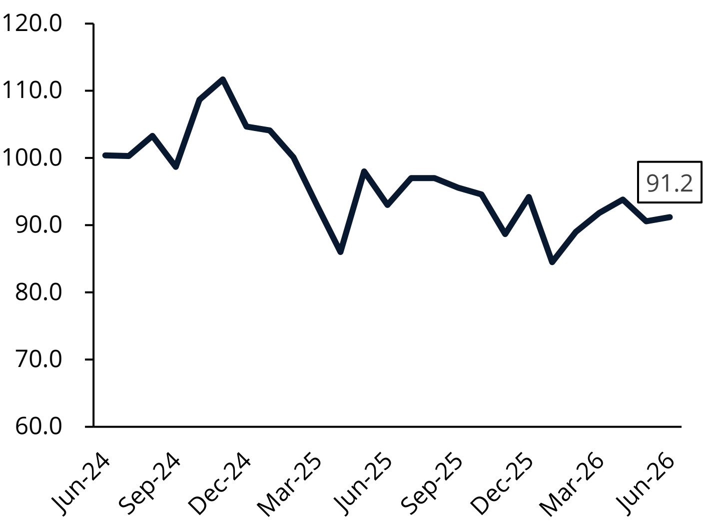
Consumer Overview

Global B2C Deal Activity
(Deal value $ in billions, quarterly) *(Deal count in actuals, quarterly)*



B2C M&A declined in headline terms during Q2, though the underlying market held up better than the top-line figure implies. Deal value fell 44.5% QoQ but rose 9.2% YoY, with the first-quarter comparison inflated by the $110 billion acquisition of Warner Bros. Discovery by Paramount Skydance. Deal count was essentially unchanged at an estimated 2,386, broadly flat against both the prior quarter and the prior year. The divergence between falling value and stable count indicates that the pullback stemmed from a lighter mix of large transactions rather than a contraction in the broader deal base.

Consumer Confidence
(Conference Board index, monthly)



1) Includes estimated values for Q3-25 to Q2-26.
Source: Caesars Entertainment, Conference Board, EY, FRED, PitchBook.

North American consumer activity proved comparatively resilient, with regional value roughly flat YoY, consistent with the recent durability of U.S. consumer demand. Valuations remained firm across the sector. The median EV/EBITDA multiple reached 10.9x on a YTD basis, above the five-year average of 9.5x for B2C transactions, indicating that sellers of quality consumer brands retained pricing power even as large-deal volume thinned.

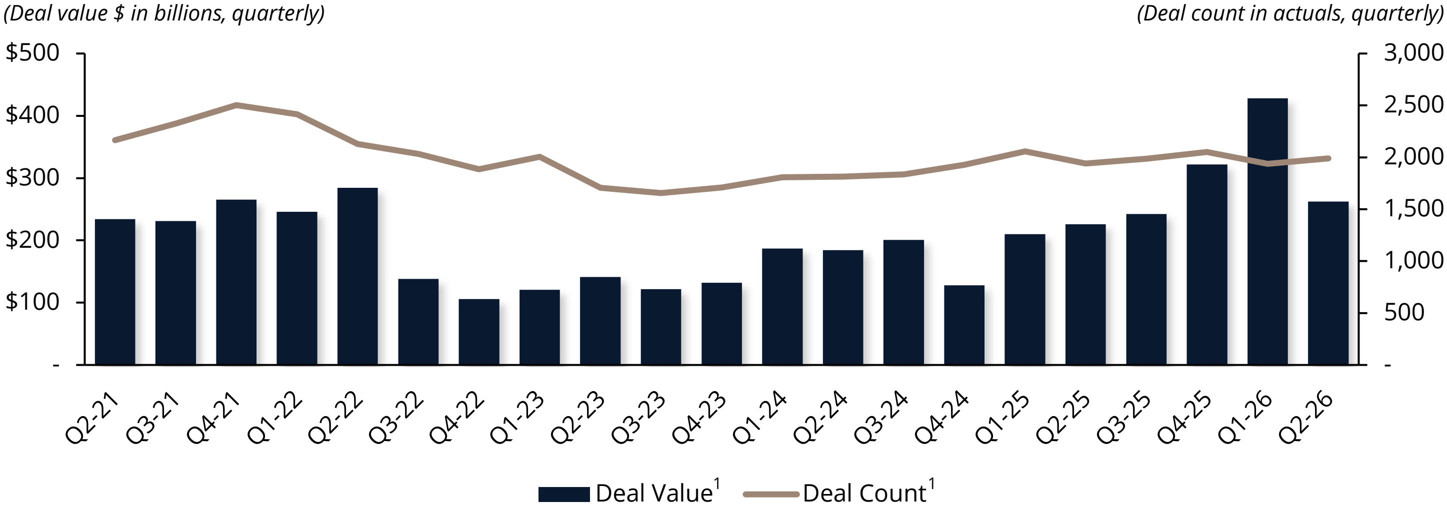
Media and staples consolidation accounted for the bulk of the quarter's activity. The $110 billion acquisition of Warner Bros. Discovery by Paramount Skydance ranked as the largest consumer transaction of the period, followed by the $31.2 billion acquisition of Caesars Entertainment by Fertitta in the leisure category.

U.S. consumer confidence edged up only marginally to 91.2 in June as falling oil prices provided modest relief, while the net consumer assessment of the labor market deteriorated. A survey from EY-Parthenon found households scaling back on travel, dining, and entertainment as financial confidence weakened.

Against this backdrop, a lack of relief in fuel costs placed additional pressure on discretionary spending. That environment has kept acquirers cautious toward cyclical consumer names and helps explain the more muted midmarket activity, even as a small number of transformational transactions supported aggregate value and skewed the totals toward the top end.

IT Overview

Global IT M&A Deal Activity

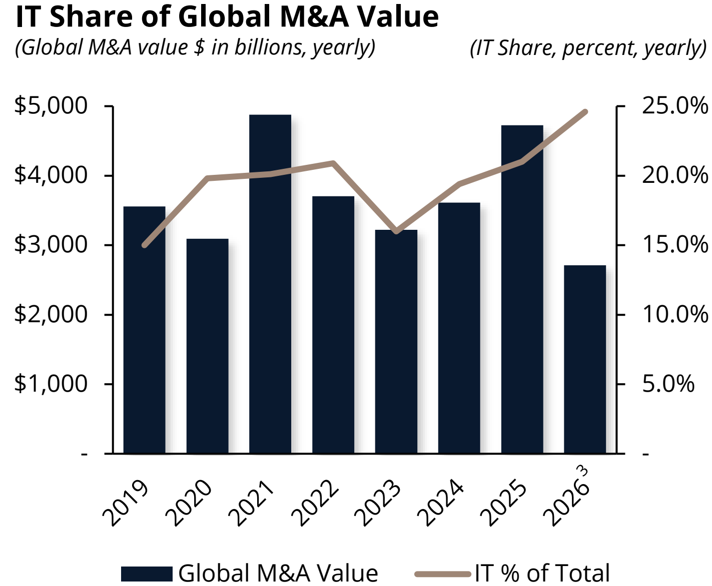


IT M&A activity in Q2 reflected a widening divide between strategic AI transactions and sponsor-led software buyouts. Estimated deal value reached $262.2 billion, down 38.7% QoQ from a strong first quarter but up 16.1% YoY, while estimated deal count rose 2.6% YoY to 1,990. Strategic deal value reached $213.6 billion[2], supported by AI and software consolidation, while sponsor deal value fell 60.5% QoQ to $32.5 billion[2] and stood 78.7% below its cycle peak. IT was the industry with the third lowest 2026 median EV/EBITDA multiple at 10.8x, driven by multiple compression in software businesses susceptible to AI displacement. IT multiples were down 25% from their 2021 peak of 14.5x. Estimated IT deal value rose 51.1% QoQ in Europe and fell 51.3% QoQ in North America.

AI assets continued to attract strategic interest. The quarter's largest IT transaction was the $60.0 billion acquisition of Cursor by SpaceX, following its $250.0 billion xAI transaction announced earlier in 2026. At the same time, rapid AI development is changing how sponsors assess established software businesses, with greater attention to the durability of recurring revenue, the extent to which products are embedded in customer workflows, and the investment required to add AI capabilities. Electronic Arts' Q3 2025 take-private represented the recent high point for large sponsor-backed software transactions, while activity since then has become more selective as investors and lenders refine their views on how AI may affect established software models.

IT's Q2 results showed a split between the two sides of the market. Strategic buyers concentrated capital in AI and software consolidation, led by the Cursor and xAI transactions, while sponsor-led buyouts fell sharply as credit costs rose and diligence on recurring revenue durability intensified more broadly across the sponsor community. Activity in both North America and Europe confirmed that AI-driven demand, not broad-based deal flow, was the primary force behind the sector's value this quarter.

IT Share of Global M&A Value

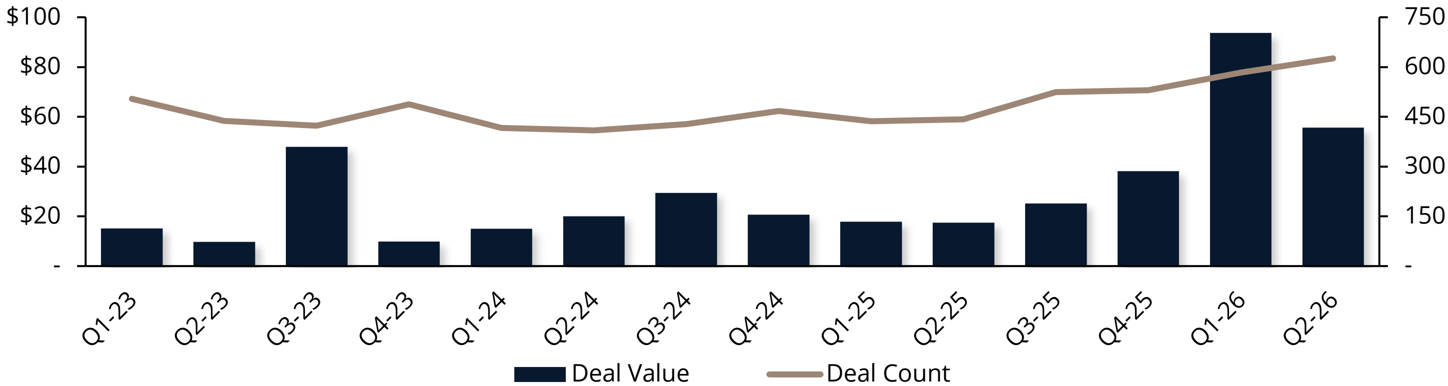


1) Includes estimated values for Q3-25 to Q2-26.
2) Does not include estimated.
3) 2026 reflects 1H only.
Source: PitchBook.

Industrials Overview

Global Industrials M&A Deal Activity

(Deal value $ in billions, quarterly) *(Deal count in actuals, quarterly)*



Industrials M&A activity carried its strong momentum into Q2 2026, with deal volume reaching 626 transactions, the highest quarterly total in five years, up 7.4% QoQ and 41.6% from 442 deals YoY. Total capital invested fell 40.7% QoQ from a record Q1 elevated by Toyota Motor's $37.4 billion acquisition of Toyota Industries but was up 217.7% YoY. Europe led all regions with 250 deals, ahead of North America's 224, extending its Q1 lead. The S&P 500 Industrials Index rose 12.7% in Q2, trailing the broader S&P 500's gain over the same period.

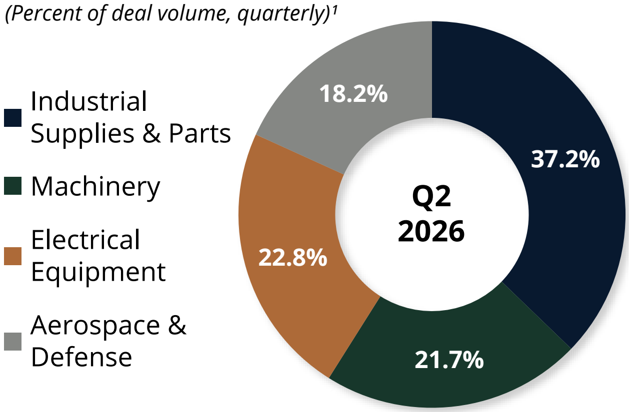
Corporate acquirers dominated capital deployment at 73.4% of total capital invested in 1H 2026, while PE participation rose to 43.0% of deal volume from 40.1% in 2025, roughly in line with its 2024 share. Deal size trended upward, with the large-cap segment ($1B+) nearly doubling to 9.4% of volume from 4.9% in 2025 and the middle market ($50M-$500M) expanding to 29.2% from 25.5%.

Valuation multiples reflected strong demand for quality industrial assets. The median PE EV/EBITDA multiple reached 18.7x in 1H 2026, the highest level in five years, while the median strategic multiple edged down to 10.2x from 10.9x in 2025. Within Industrial Services, the mean strategic EV/EBITDA multiple rose to 12.1x in 1H 2026 from 7.0x in 2025, reflecting growing buyer conviction that recurring revenue service businesses offer more defensible earnings profiles.

Looking ahead, annualized 1H volume points to 2,418 transactions for full-year 2026, a 25.1% increase over 2025. The pipeline continues to be shaped by AI-enabled production intelligence, grid-scale power density infrastructure, nearshored supply chain resilience, and portfolio simplification through strategic carve-outs. Q2 activity reflected those themes, including TPG's $3.5 billion majority investment in Sabre Industries and Hubbell's $3.0 billion acquisition of NSI Industries.

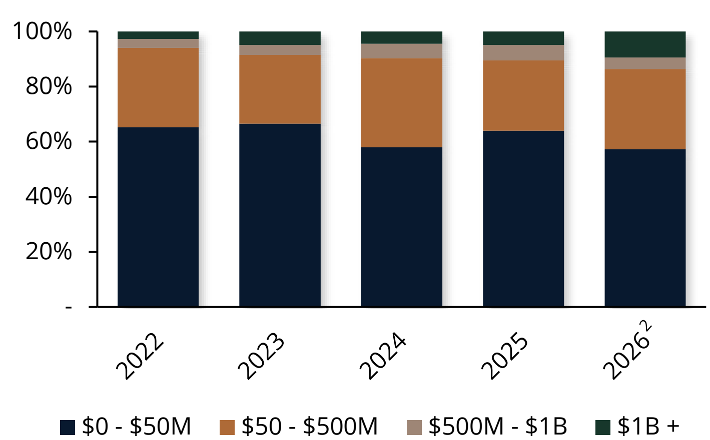
Industrials M&A Volume by Subsector

(Percent of deal volume, quarterly)[1]



Deal Volume by Deal Size

(Percent of deal volume, annually)

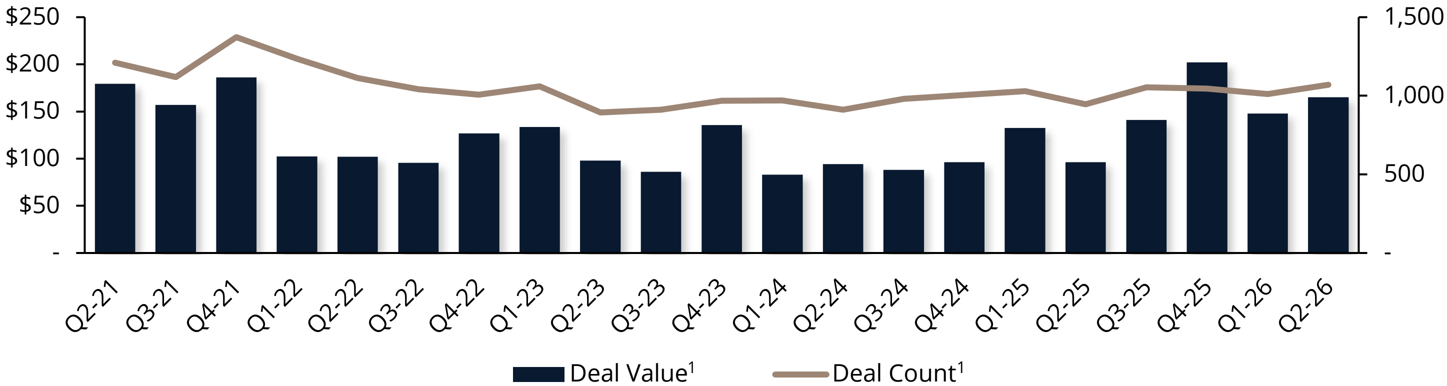


1) Note: components may not sum to 100% due to rounding.
2) 2026 reflects 1H only.
Source: PitchBook, R.L. Hulett, Reuters.

Healthcare Overview

Global Healthcare M&A Deal Activity

(Deal value $ in billions, quarterly) *(Deal count in actuals, quarterly)*



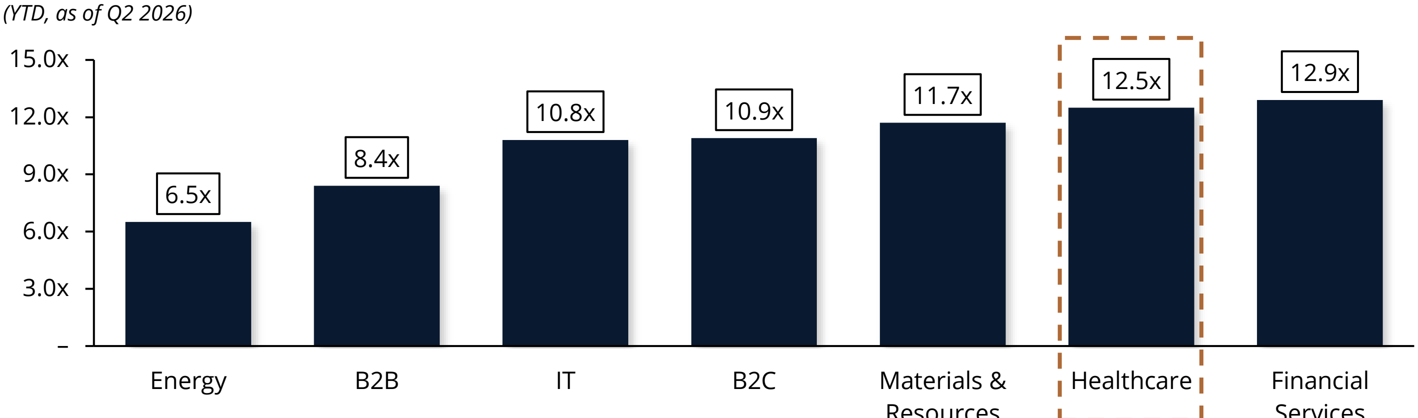
Healthcare M&A activity strengthened in Q2, with growth across both deal count and deal value. Estimated deal value reached $165.0 billion, up 11.7% QoQ and 71.6% YoY, while estimated deal count rose to 1,070, up 5.7% QoQ and 13.0% YoY. This broader increase distinguished healthcare from sectors where value was more concentrated in a few large transactions. Valuations remained elevated, with the 2026 median healthcare EV/EBITDA multiple at 12.5x, the second highest of any sector, and the average reaching 20.4x, as buyers paid up for differentiated, de-risked assets with clearer paths to near-term revenue.

Pharmaceuticals and biotechnology were the primary sources of momentum as large drugmakers prepared for patent expirations through 2030, with strategic buyers targeting late-stage and de-risked assets to replace revenue lost to expiring exclusivity. Corporate healthcare M&A value reached $114.9 billion[2], up 105.9% QoQ, while buyout value declined 16.2% to $33.8 billion[2], remaining 61.7% below its Q2 2021 peak. Deals valued between $1 and $5 billion totaled 24, up 26.3% YoY, reflecting continued activity in the range commonly used for pharmaceutical bolt-ons.

North American healthcare deal value rose 80.5% QoQ. Transactions valued at $5 billion or more contributed $63.4 billion, including four acquisitions above $10 billion: Organon, Bio-Techne, Nuvalent, and Apogee Therapeutics, acquired respectively by Sun Pharma, Merck KGaA, GSK, and AbbVie. Pharma and biotech led industry momentum, while healthcare services recorded negative QoQ and TTM momentum in both count and value. Overall, Q2 healthcare M&A strengthened on the back of pharmaceutical and biotechnology dealmaking and elevated valuations, with broad-based gains across both deal count and deal value.

Median M&A EV/EBITDA Multiple by Sector

(YTD, as of Q2 2026)



1) Includes estimated values for Q3-25 to Q2-26.
2) Does not include estimated.
Source: PitchBook.

Select Current Deals

PROJECT OLYMPUS

Regionally Leading Health, Dental, and Vision Insurance Carrier

SELL-SIDE ADVISORY

PROJECT CROWN

Full-Stack Vertical Voice AI Platform

PRIVATE CAPITAL RAISE

PROJECT APEX

Full-Service Dental Laboratory

SELL-SIDE ADVISORY

PROJECT SOL

Multi-Site Beauty and Wellness Services

SELL-SIDE ADVISORY

PROJECT VIKING

Pest Control and Extermination Services

SELL-SIDE ADVISORY

PROJECT SAM

Social Media Affiliate Marketing Platform

SELL-SIDE ADVISORY

PROJECT SMOKE

Fast Casual Restaurant Chain

SELL-SIDE ADVISORY

PROJECT BOOM

Nationwide Crane Rental and Heavy Haul Trucking Company

SELL-SIDE ADVISORY

PROJECT FORGE

Scrap Metal Recycler

SELL-SIDE ADVISORY

Sources

Caesars Entertainment – "Agreement to be Acquired by Fertitta Entertainment”

Conference Board – “Consumer Confidence”

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