

MERCER CAPITAL

Middle Market Transaction Update

Spring 2026

In This Issue

Spring 2026 M&A Update

U.S. Deal Value & Volume

EBITDA Multiples

EBITDA Multiples by Buyer Type

U.S. Deal Volume by Industry

Debt Multiples

Number of Deals by Buyer Type

Recent Transactions



VALUATION & ADVISORY SERVICES

www.mercercapital.com

Spring 2026 M&A Update

Middle market M&A activity rebounded in the fourth quarter of 2025 following the typical late-summer slowdown experienced in the third quarter. Surveys conducted by GF Data® captured 84 transactions in 4Q25, representing a 25% increase from 3Q25, though activity remained below prior-year levels. Despite the sequential improvement in announced transactions, valuation multiples moderated during the quarter, with the average all-industry EBITDA multiple declining to 6.9x from 7.5x in 3Q25. On a rolling trailing twelve-month basis, multiples dipped slightly to 7.2x, reflecting continued selectivity among buyers and sensitivity to earnings quality, leverage capacity, and sector dynamics. During 2025, announced transaction volume totaled 297 deals, down from 388 in 2024, underscoring that overall activity remains below peak levels despite signs of stabilization late in the year.

Analyzing 2025 more broadly, the year ultimately fell short of the rebound many anticipated at its outset. While fourth quarter activity improved sequentially, full-year transaction volume totaled 297 deals, meaningfully down from 2024 and well below post-pandemic highs. Despite lighter deal flow, valuation levels proved relatively stable, suggesting pricing resiliency even as buyers remained selective. Market conditions throughout the year reflected a bifurcated environment: larger platform transactions demonstrated greater stability, while smaller deals experienced more noticeable valuation pressure. In many respects, 2025 was defined less by broad-based expansion and more by a gradual recalibration of expectations, with activity concentrated in higher-quality businesses and more favorable industry segments.

The visibility of M&A market activity also depends upon who is measuring it. We focus on a combination of GF Data®, Cap IQ and Pitchbook. GF Data® chronicles the lower middle market and provides a representative sample of this portion of the market (total enterprise values between \$10 million and \$500 million submitted by approximately 350 U.S.-based private equity firms).

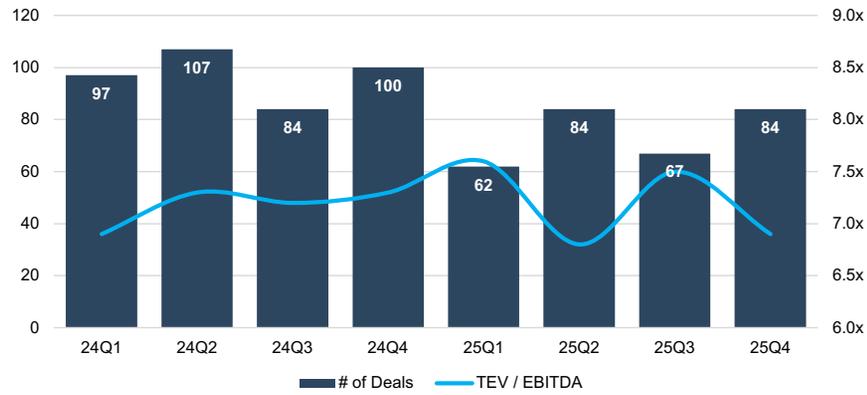
GF Data® reported:

- 84 transactions were announced in 4Q25, up 25% from 67 transactions in 3Q25 but down 16% from 4Q24 when 100 transactions were announced;
- For the year 2025, there were 297 announced transactions compared to 388 in the prior year;
- The average EBITDA multiple (based upon normalized EBITDA as determined by the reporting PE firm) for the quarter decreased to 6.9x from 7.5x in 3Q25 and 7.3x in 4Q24;
- The average EBITDA multiple for the trailing 12 months on a rolling quarterly basis dipped slightly compared to the prior quarter's trailing twelve months metric (7.3x to 7.2x);
- Significant variance in multiples based upon the size of the transaction (e.g., ~8-13x for \$100-\$500 million transactions vs ~6.5x for \$10-\$50 million transactions) and variability based upon industry that ranged from 6.4x for technology to 8.5x for healthcare services; and
- Buyer transaction costs that are excluded from the multiples cited above add about 0.3x to all-in costs.

As shown in the charts on the next page, overall U.S. middle market deal activity (enterprise value under \$500 million, inclusive of strategic deals), as compiled by Capital IQ, in the fourth quarter of 2025 decreased from the levels observed in the third quarter of 2025. Deal value and transaction volume decreased 4% and 1%, respectively, quarter-over-quarter per the Capital IQ data; similarly, these metrics are down 3% and 8%, respectively, from the fourth quarter of 2024.

Number of Deals and Average EBITDA Multiples

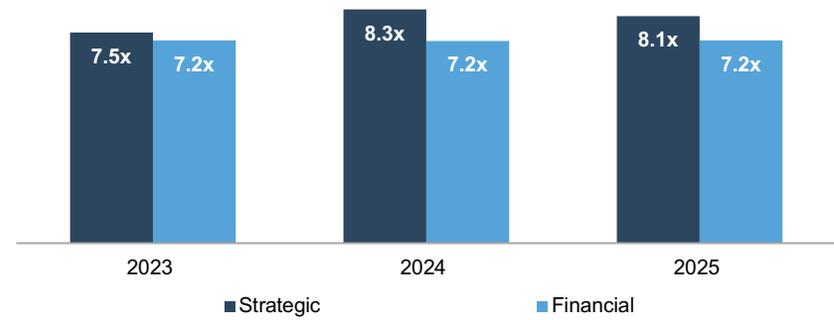
Lower Middle Market Financial Buyers | Last 8 Quarters



Source: GF Data®

EBITDA Multiples by Buyer Type

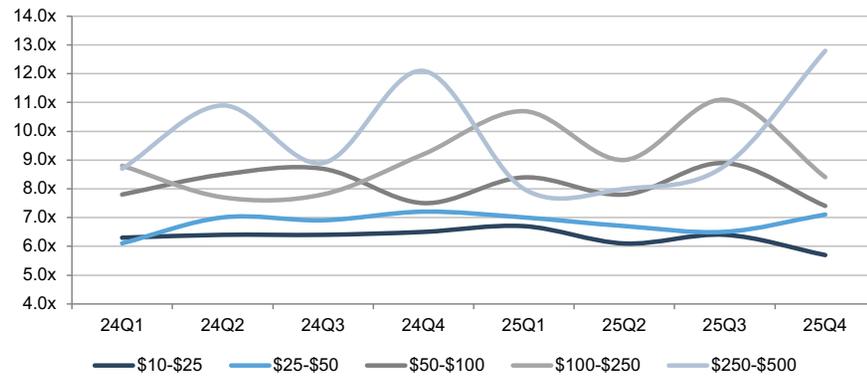
2023 to 2025



Source: Capital IQ (strategic) and GF Data (financial)
Strategic multiples exclude outliers (defined as EBITDA multiple > 18x)

TEV/EBITDA Multiples

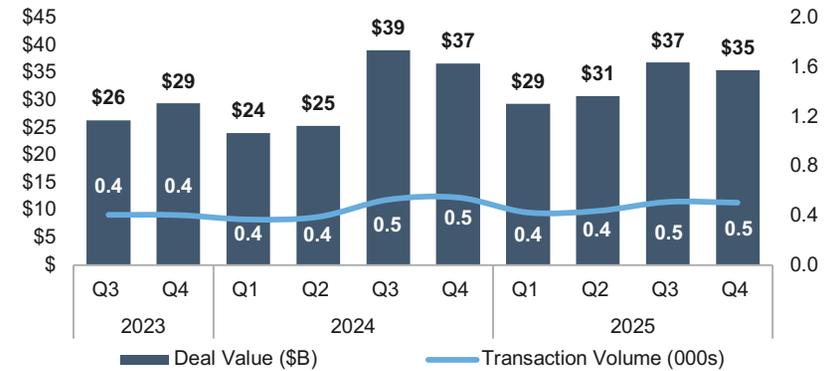
Financial Buyers | Last 8 Quarters



Source: GF Data®

U.S. Deal Value & Volume

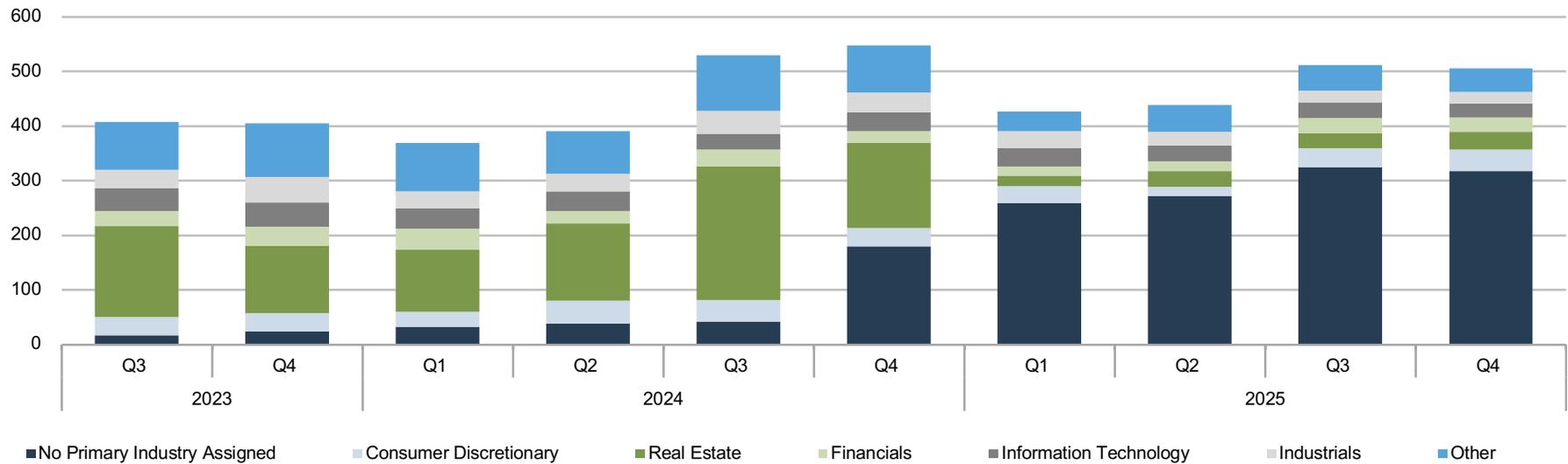
Q3-2023 to Q4-2025



Source: Capital IQ

U.S. Deal Volume by Industry

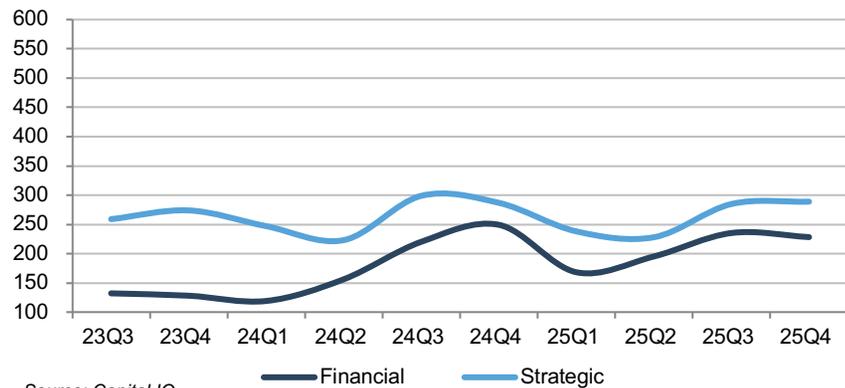
Q3-2023 to Q4-2025



Source: Capital IQ

Number of Deals by Buyer Type

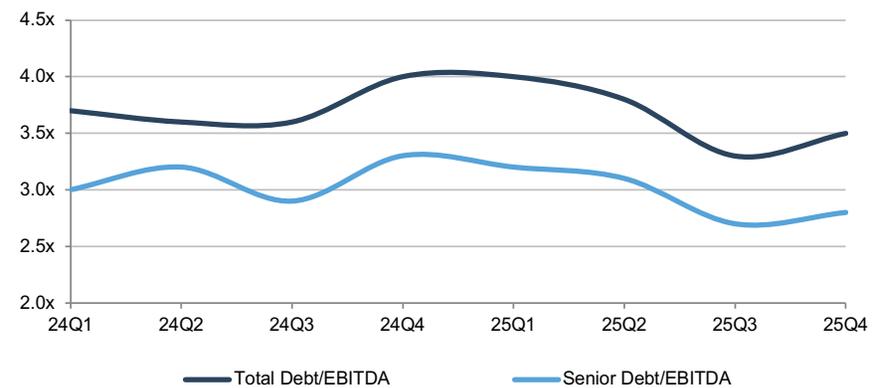
Q3-2023 to Q4-2025



Source: Capital IQ

Debt Multiples

Financial Buyers | Last 8 Quarters



Source: GF Data®

Mercer Capital's Recent Transactions

M&A ADVISORY



Southwest Distributors
— INCORPORATED —
A distributor of Anheuser-Busch, Modelo, Mark Anthony, KDP, and other beverages
Summit, Mississippi

HAS SOLD TO



SOUTHERN BEVERAGE COMPANY
SINCE 1939
Ridgeland, Mississippi

Mercer Capital served as financial advisor to Southwest Distributors

M&A ADVISORY



NUSENDA
CREDIT UNION
Albuquerque, New Mexico

HAS ACQUIRED



WESTERN HERITAGE BANK
Las Cruces, New Mexico

Mercer Capital served as financial advisor to Nusenda Federal Credit Union

M&A ADVISORY



Palmetto Citizens
FEDERAL CREDIT UNION
Columbia, South Carolina

HAS AGREED TO ACQUIRE FOUR BRANCHES OF



SOUTHERN BANK
Georgia

Mercer Capital served as financial advisor to Palmetto Citizens Federal Credit Union

SOLVENCY OPINION

Manufacturer of flow control and process equipment

\$350 million dividend recap transaction

Mercer Capital rendered a solvency opinion for the referenced transaction

M&A ADVISORY



Navigant
CREDIT UNION
Smithfield, Rhode Island

HAS ACQUIRED



RANDALL
Financial Group, LLC
Providence, Rhode Island

Mercer Capital served as financial advisor to Navigant Credit Union

M&A ADVISORY



b1BANK
Baton Rouge, Louisiana

HAS AGREED TO ACQUIRE



PROGRESSIVE BANK
Monroe, Louisiana

Mercer Capital served as financial advisor to Progressive Bancorp, Inc.

M&A ADVISORY



Y-12
CREDIT UNION
Oak Ridge, Tennessee

HAS ACQUIRED



First State Bank
Middlesboro, Kentucky

Mercer Capital served as financial advisor to Y-12 Federal Credit Union

M&A ADVISORY



ONE AMERICA
BANCORP
Hopetown, Oklahoma

HAS ACQUIRED



Jopetown
STATE BANK
Woods County, Oklahoma

Mercer Capital served as financial advisor to One America Bancorp Inc.

Mercer Capital provides investment banking, transaction advisory, and restructuring services to a broad range of public and private companies and financial institutions. >> [View All Transactions](#) <<

Other Resources



WHITEPAPER

Quality of Earnings

What Buyers and Sellers Need to Know About Quality of Earnings Reports

For buyers and sellers, the stakes in a transaction are high. You only get one chance to do it right. Commissioning a quality of earnings report is an essential step in getting the transaction right.

In this whitepaper, we illustrate how buyers and sellers benefit from a quality of earnings report that extracts a company’s sustainable earning power from the thicket of historical GAAP earnings. We review the most common earnings adjustments applied in QofE analyses and review the role of working capital and capital expenditures as the links between EBITDA and cash flow available to buyers.

[DOWNLOAD PDF](#)



WHITEPAPER

Selling Your Business

Practical Steps Business Owners Can Take to Ready Their Businesses for the Best Transaction Outcome

Selling your business is a daunting exercise that requires careful preparation and real-time vigilance. In this whitepaper, we define some practical steps business owners can take to ready their businesses for the best transaction outcome. These steps include identifying the right kind of buyer and transaction design, setting expectations for the timeline to consummate a transaction, hiring an advisor, understanding the various advisory fee structures that best suit each transaction scenario, as well as a few considerations every owner should contemplate before bringing their business to market.

[DOWNLOAD PDF](#)



WHITEPAPER

Buy-Side Considerations

Middle Market Companies Looking to Enter the Acquisition Market

Many observers predict that the market is rife for an unprecedented period of M&A activity, as the aging of the current generation of senior leadership and ownership pushes many middle market companies to seek an outright sale or some other form of liquidity. Obviously, not all companies are in this position. For those positioned for continued ownership, an acquisition strategy could be a key component of long-term growth.

In this whitepaper, we cover buy-side topics from the perspective of middle market companies looking to enter the acquisition market.

[DOWNLOAD PDF](#)

Transaction Advisory Services

In addition to our corporate valuation services, Mercer Capital provides investment banking and transaction advisory services to a broad range of public and private companies and financial institutions.

Mercer Capital has been successfully executing mergers & acquisitions for a broad spectrum of middle-market companies since the mid-1980s.

We specialize in providing merger & acquisition services to sellers or buyers of private businesses or public companies divesting divisions and subsidiaries. In addition, Mercer Capital assists clients in industry consolidations, roll-ups, and refinancings.

Mercer Capital leverages its historical valuation and investment banking experience to help clients navigate a critical transaction, providing timely, accurate and reliable results. We have significant experience advising boards of directors, management,

trustees, and other fiduciaries of middle market public and private companies in a wide range of industries. Our independent advice withstands scrutiny from shareholders, bondholders, the SEC, IRS, and other interested parties to a transaction, and we are well-versed in the new industry standards.

The professionals of Mercer Capital guide you through the uncharted waters of selling your business, acquiring another business or division, mergers, valuations, fairness opinions, and other transaction advisory needs. Rely on the experience, independence, and transaction know-how of Mercer Capital.

Transaction Advisory Services

- M&A Representation
- ESOP Installation, Termination, and Transactions
- Squeeze-Out Transactions
- Fairness and Solvency Opinions
- Minority Shareholder Stock Repurchases
- Corporate or Partnership Recapitalizations



Nicholas J. Heinz, ASA
 heinzn@merccapital.com
 901.685.2120



Timothy R. Lee, ASA
 leet@merccapital.com
 901.322.9740



Jeff K. Davis, CFA
 jeffdavis@merccapital.com
 615.345.0350



Jay D. Wilson, Jr., CFA, ASA, CBV
 wilsonj@merccapital.com
 469.778.5860



Matthew R. Crow, ASA, CFA
 crowm@merccapital.com
 901.685.2120



John T. (Tripp) Crews, III, ABV
 crewst@merccapital.com
 901.322.9735



J. Davis Rolfe, Jr., CPA
 rolfed@merccapital.com
 901.322.9712

Securities transactions conducted through StillPoint Capital, Member FINRA/SIPC, Tampa, FL. Certain members of Mercer Capital are Registered Representatives of the broker dealer StillPoint Capital, LLC. Mercer Capital and StillPoint Capital, LLC are not affiliated entities.

Copyright © 2026 Mercer Capital Management, Inc. All rights reserved. It is illegal under Federal law to reproduce this publication or any portion of its contents without the publisher's permission. Media quotations with source attribution are encouraged. Reporters requesting additional information or editorial comment should contact Barbara Walters Price at 901.685.2120. Mercer Capital's *Tennessee Family Law Newsletter* is published quarterly and does not constitute legal or financial consulting advice. It is offered as an information service to our clients and friends. Those interested in specific guidance for legal or accounting matters should seek competent professional advice. Inquiries to discuss specific valuation matters are welcomed. To add your name to our mailing list to receive this complimentary publication, visit our web site at www.merccapital.com.