



M&A Update

Navigating 2025's Middle-Market Crosscurrents

September 2025

In our March M&A update, we embraced the concept of cautious optimism, noting a market primed for a year of higher deal activity as interest rate and inflationary indicators pointed more positively. And yet, the middle market's tides shifted once again. April tariffs and fresh geopolitical uncertainty stalled M&A activity and forced dealmakers to put their pencils down shortly after we released our last letter.

However, with the heat of summer came an aggressive wave of M&A activity, bolstered by a nascent trend of very large headline-grabbing transactions worth \$10 billion and up. Thanks to these large-cap deals, dollar volumes have increased materially, while deal count is still down 10-20%. Unfortunately, the middle market has not seen quite the same boost, and investors are struggling to exit companies that they acquired five to six years ago, which has become 2025's average hold time.

Meanwhile, waiting for exit activity to return to a normal level has come to resemble the equivalent of waiting for a pot of water to boil. The market is anticipating one to two rate cuts over the next two to three months, which should accelerate activity and possibly trigger a backlog flow that has been building for the last 18 months. Important themes influencing the market continue to be:

- **Economic Policy Uncertainty** — General economic policy worries have calmed as 2025 continues to unfold. Tariffs remain unpredictable, but the tax bill and a deregulatory push are providing some tailwinds. The market is becoming more comfortable with the policy environment, and investors are beginning to feel more comfortable making long-term bets.
- **Financing Markets** — The private debt arms race continues to heat up, buttressing the market with an abundance of ready-to-deploy acquisition and refinancing capital. In addition, the middle market has turned to secondaries for more creative methods to return capital to LPs as exits continue to be challenging.
- **Sector-Specific Outlook** — For the middle market, domestic businesses providing non-discretionary services continue to drive activity. For bulge bracket M&A deal flow, financial services and technology deals continue to drive volume and headlines, with healthcare beginning to pick up the pace.

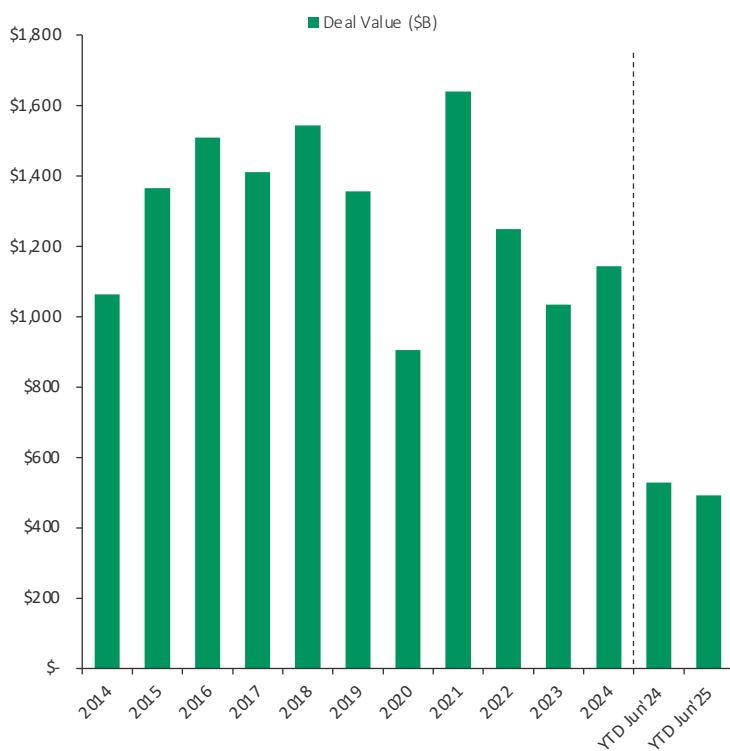
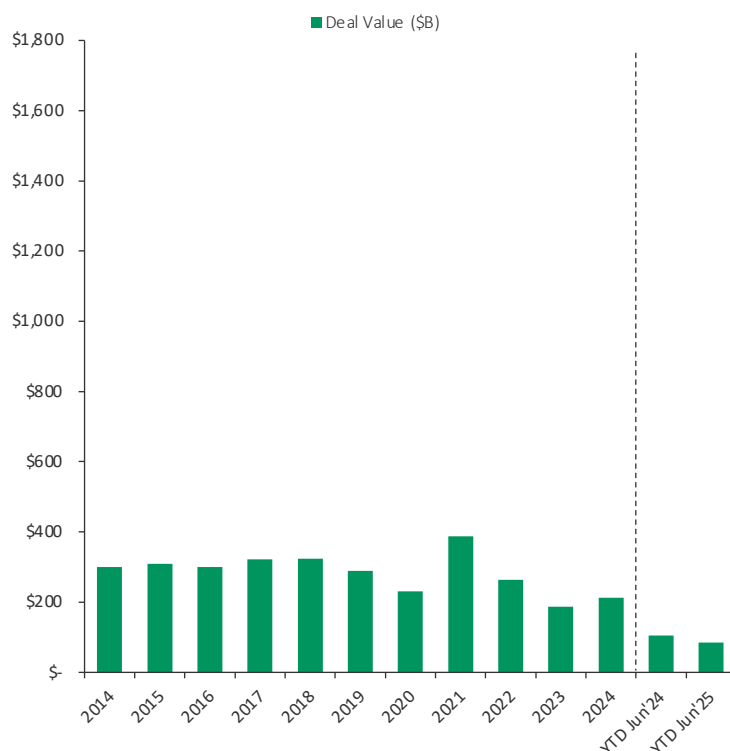
We believe that if turbulence continues to settle, there will be a slow but steady building of exit activity over the next 12 months and a continued uptick in M&A activity. Despite the uncertainty of the first half of the year, Citizens remains very optimistic about the outlook through the rest of 2025 and into 2026.

Jason Wallace

Head of M&A Advisory

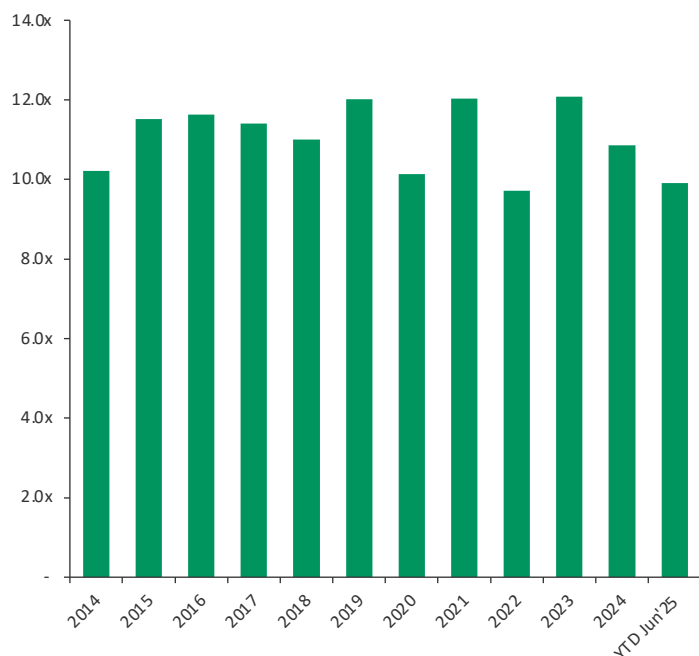
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MARKET UPDATE

TOTAL U.S. M&A ACTIVITY ⁽¹⁾

U.S. MIDDLE-MARKET M&A ACTIVITY ⁽¹⁾


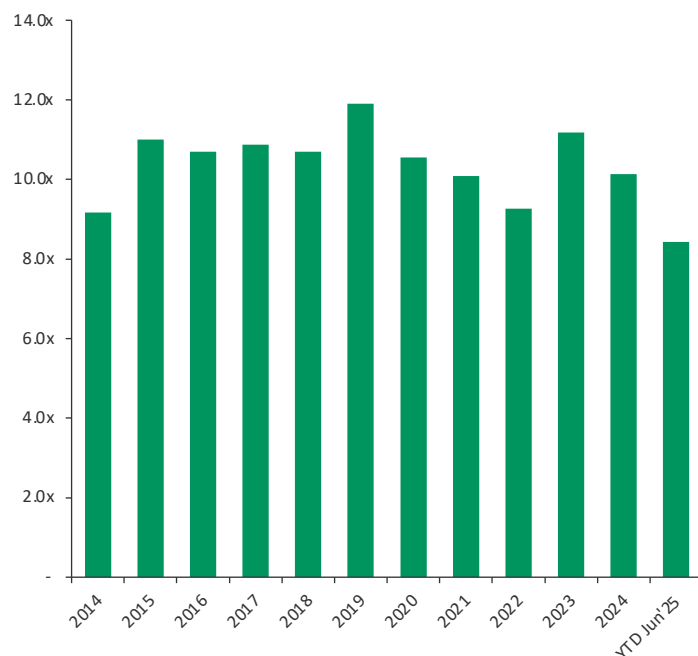
MEDIAN U.S. M&A DEAL MULTIPLES

TEV / EBITDA



MEDIAN U.S. MIDDLE-MARKET M&A DEAL MULTIPLES

TEV / EBITDA

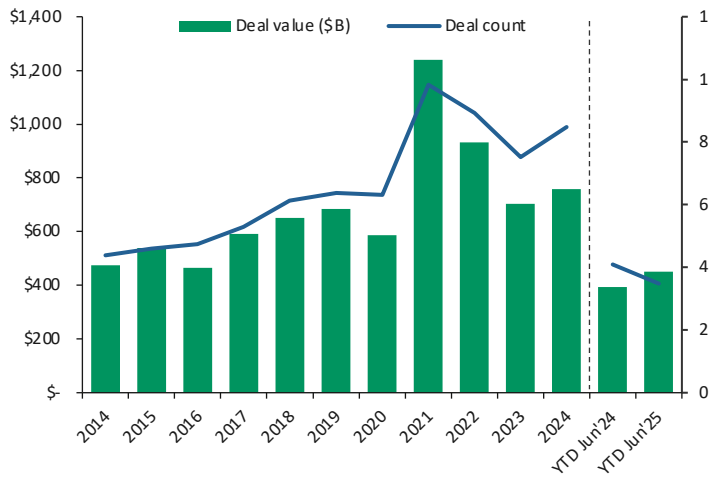


Source: Pitchbook

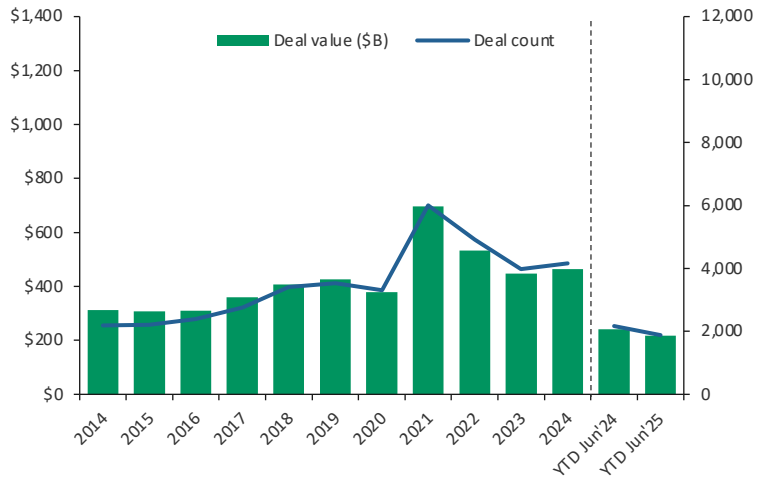
¹⁾ Displayed deal activity for the broader U.S. market excludes all deals with non-publicly disclosed valuations

PRIVATE EQUITY MARKET UPDATE

TOTAL U.S. PRIVATE EQUITY ACTIVITY

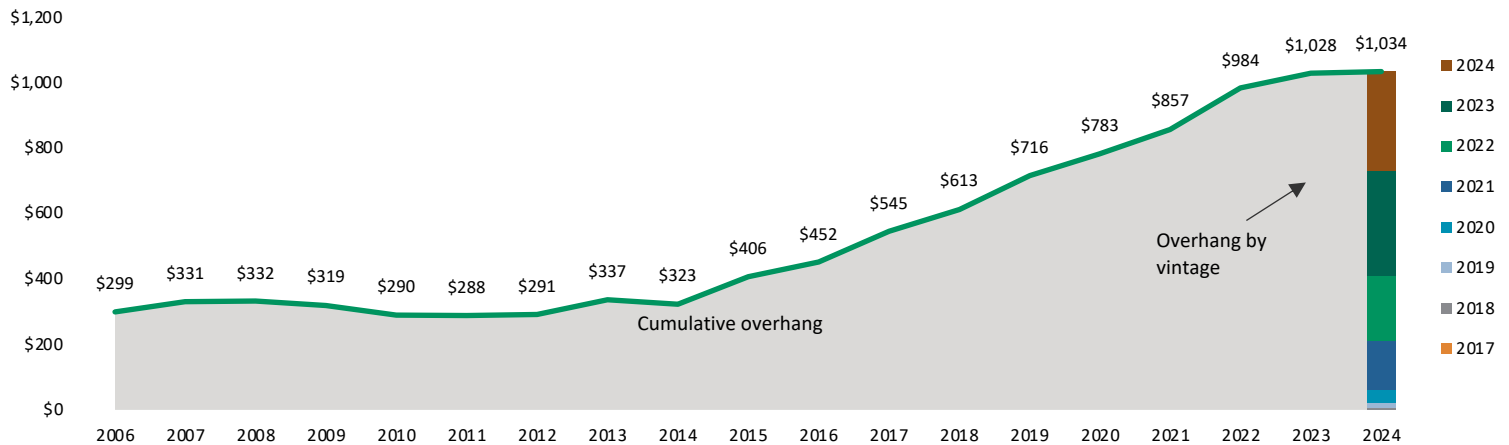


U.S. MIDDLE-MARKET PRIVATE EQUITY ACTIVITY



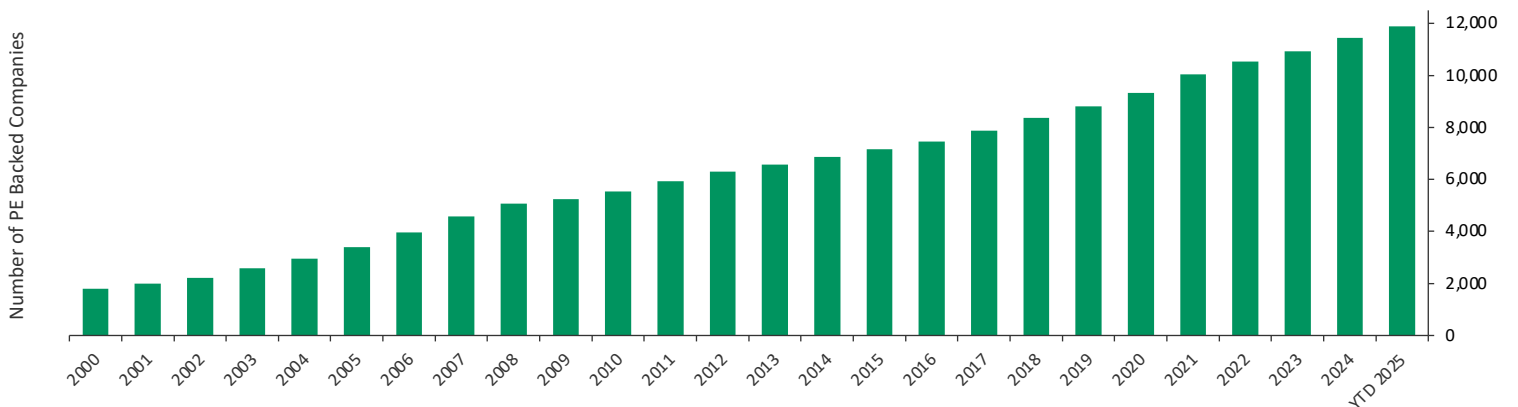
U.S. PRIVATE EQUITY CAPITAL OVERHANG

Capital overhang (\$B), by vintage, size bucket



U.S. PRIVATE EQUITY COMPANY INVENTORY

Overall PE portfolio inventory



CITIZENS M&A DEAL SPOTLIGHTS



ACQUIRED BY



JULY 2025



SECTOR: INDUSTRIALS

Citizens Advises LayerZero Power Systems on Sale of Majority Stake to Advent International

DEAL HIGHLIGHTS

- Established in 2001 and headquartered in Aurora, Ohio, LayerZero is a leading manufacturer of static transfer switches, power distribution units and power panels for data centers and other critical-use applications
- Advent will partner with LayerZero's founders and management team to further scale the company's operations

"My co-founder, Jim Galm, and I feel fortunate to have selected Citizens to assist us in the sale of LayerZero. They participated in every phase of the process, making themselves available for anything and everything we needed. The Citizens team was a group of consummate professionals who were thorough, transparent, accommodating and focused throughout the process. We highly recommend the Citizens team to any founder or entrepreneur who is contemplating a sale of their enterprise."

– MILIND BHANOO, CO-FOUNDER & CEO, LAYERZERO



A PORTFOLIO COMPANY OF



ACQUIRED BY



JULY 2025



SECTOR: COMMERCIAL & INDUSTRIAL SERVICES

Citizens Serves as Lead Financial Advisor to Eagle Fire on its Sale to Cobepa

DEAL HIGHLIGHTS

- Eagle Fire offers a comprehensive suite of FLS services, including installation, retrofit, service and recurring inspections for sprinklers, alarms and low-voltage systems
- Eagle Fire was previously a portfolio company of Rosewood Private Investments, a Dallas-based family office
- Under the partnership with Rosewood, Eagle Fire experienced exceptional organic growth and executed a disciplined and deliberate acquisition strategy
- As part of the transaction, Rosewood will remain invested in the business as a minority shareholder

"The Citizens team provided immense leverage to the Eagle Fire management team throughout the entire engagement. They understood the company's value proposition and crafted a compelling story that resonated with investors. It was a privilege to work with the Citizens team, and we are thrilled to partner with Cobepa during our next phase of growth."

– RAY CLARKE, CEO, EAGLE FIRE

CITIZENS M&A DEAL SPOTLIGHTS



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ACQUIRED BY



JULY 2025



SECTOR: COMMERCIAL & INDUSTRIAL SERVICES

Citizens Serves as Lead Financial Advisor to Progressive Roofing on its \$810 Million Acquisition by TopBuild

DEAL HIGHLIGHTS

- Progressive provides a full suite of commercial roofing services including installation, re-roofing and recurring maintenance services to customers across the United States
- Over the last four years, the company experienced strong organic growth and executed on a disciplined and deliberate acquisition strategy. Progressive has more than 1,700 employees
- Progressive was previously a portfolio company of Denver-based Bow River Capital, a middle-market private equity firm

“The Citizens team provided sound guidance and leverage throughout the entire process. They always acted with our best interest in mind, and we appreciate the time they took to learn our business and lead this transaction. We thoroughly enjoyed working with the Citizens team and are excited to begin our partnership with TopBuild.”

– NICK HADDEN, CEO, PROGRESSIVE ROOFING



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JULY 2025



SECTOR: TECHNOLOGY

Citizens Advises PFL Tech on its Sale to The Vomela Companies

DEAL HIGHLIGHTS

- PFL provides end-to-end marketing automation software that integrates with Salesforce Marketing Cloud, Iterable, Adobe Marketo Engage, Oracle Eloqua and others, enabling enterprise clients to automate, personalize and measure triggered communications across tactile and digital channels based on customer behavior
- Vomela is a full-service provider of specialized graphics solutions – delivering high-quality visually impactful communications
- In January 2025, Riverside invested in Vomela to support its continued growth. PFL marks Vomela’s first acquisition since Riverside came on board
- The combined expertise of PFL and Vomela opens new opportunities to deliver high-impact marketing programs for healthcare, financial services, retail and other verticals

“We could not have achieved so successful a result without the tireless efforts of the Citizens team. Their broad connectivity, expert guidance and skillful negotiations were instrumental in helping us find the right partner and complete the transaction.”

– DAVE HAWKINS, CEO, PFL

CITIZENS M&A DEAL SPOTLIGHTS



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JULY 2025



SECTOR: COMMERCIAL & INDUSTRIAL SERVICES

Citizens Serves as Exclusive Financial Advisor to APHIX on its Sale to Gauge Capital

DEAL HIGHLIGHTS

- APHIX, a provider of commercial landscaping services, was previously a portfolio company of Caltius Equity Partners, a Los Angeles-based private equity firm
- During its partnership with Caltius, APHIX demonstrated exceptional organic growth and executed an accretive acquisition strategy by partnering with leading maintenance-focused landscaping firms

“The Citizens team provided invaluable support and significant leverage to the APHIX Management team throughout the transaction process. Their ability to communicate the company value proposition and their deep buyer relationships were critical in identifying the best partner for APHIX.”

– ALLEN SWEENEY, CEO, APHIX



ACQUIRED BY



MAY 2025



SECTOR: RESTAURANT FRANCHISING

Citizens Advises Mosaic on Sale of 40 Arby's Restaurants

DEAL HIGHLIGHTS

- Mosaic Management and Mosaic Red Hat Group, a franchisee of Arby's, sold 40 restaurants located across Florida, North Carolina and Virginia, to AES Restaurant Group
- Mosaic Red Hat is an Atlanta-based management firm specializing in investment, development and operations of multi-unit portfolios in the food and beverage, hospitality and real estate industries
- AES Restaurant Group is an Indianapolis-based restaurant management company. Following this transaction, it is now the second-largest franchisee in the Arby's system, with a total of 229 restaurants in 17 states

“We were very pleased with Citizens’ work from beginning to end. They provided thoughtful strategic advice every step of the way as we maneuvered through the process. We were impressed with how collaborative and effective Citizens was in working with our other third parties, our franchisor and the buyer, and we would highly recommend using the Citizens team with any sale initiative.”

– MURAD KARIMI, CEO & FOUNDER, MOSAIC

CITIZENS M&A DEAL SPOTLIGHTS



RECEIVED A SIGNIFICANT
INVESTMENT FROM

STONE POINT CAPITAL

MARCH 2025



SECTOR: REAL ESTATE

Citizens Advises Keller Williams on a Significant Investment from Stone Point Capital

DEAL HIGHLIGHTS

- Keller Williams is the world's largest real estate brokerage franchise by agent count and the largest in the U.S. by units and sales volume
- Stone Point's investment is an endorsement of the vision and strategy that Keller Williams has successfully executed over the past four decades. It will accelerate the company's focus on its next phase of growth, enhancing its ability to expand, innovate and continue delivering value
- In addition to advising the company on its investment from Stone Point, Citizens has also established a lead lending position with Keller Williams to support future growth



A PORTFOLIO COMPANY OF



MERGED WITH



FEBRUARY 2025



SECTOR: GAMING & LEISURE

Citizens Advises The Queen Casino & Entertainment on its Merger with Bally's Corporation

DEAL HIGHLIGHTS









































- Bally's Corporation completed the transactions with Standard General L.P. and its affiliates including The Queen Casino & Entertainment Inc, a regional casino operator majority-owned by funds managed by Standard General
- Pursuant to the terms of the merger agreement, Bally's and Queen combined, with Queen shareholders receiving consideration of 30.5 million shares
- Thereafter, the Company paid cash consideration of \$18.25 per share to holders of 22.8 million of the Company's outstanding shares
- Bally's now owns and operates 19 casinos across 11 U.S. states along with a golf course in New York and a horse racetrack in Colorado

Note: The testimonials presented are applicable to the individuals depicted and may not be representative of the experience of others. The testimonials are not paid and are not indicative of future performance or success.

SUBSTANTIAL MOMENTUM WITH PRIVATE EQUITY – SELECT RECENT CLIENTS



RECENT SPONSOR-RELATED M&A TRANSACTIONS

 ACQUIRED  AUGUST 2025	 A PORTFOLIO COMPANY OF  ACQUIRED BY  JULY 2025	 A PORTFOLIO COMPANY OF  ACQUIRED BY  JULY 2025	 ACQUIRED BY  JULY 2025	 A PORTFOLIO COMPANY OF  ACQUIRED BY  A PORTFOLIO COMPANY OF  JULY 2025
 A PORTFOLIO COMPANY OF  ACQUIRED BY  JULY 2025	 STRATEGIC GROWTH INVESTMENT IN  APRIL 2025	 RECEIVED A SIGNIFICANT INVESTMENT FROM  MARCH 2025	 ACQUIRED BY  DECEMBER 2024	 A PORTFOLIO COMPANY OF  RECAPITALIZED BY  DECEMBER 2024
 A PORTFOLIO COMPANY OF  ACQUIRED BY  NOVEMBER 2024	 ACQUIRED BY  A PORTFOLIO COMPANY OF  NOVEMBER 2024	 A PORTFOLIO COMPANY OF  ACQUIRED BY  NOVEMBER 2024	 RECAPITALIZED BY  SEPTEMBER 2024	 A PORTFOLIO COMPANY OF  RECAPITALIZED BY  AUGUST 2024

AT-A-GLANCE — CITIZENS M&A ADVISORY¹


100+

Professionals


7

Offices


9

Sectors of Focus


\$10 – \$150M

Client EBITDA

INTEGRATED SECTOR COVERAGE AND EXPERTISE

AEROSPACE, DEFENSE & GOVERNMENT SERVICES

- Air, Land, Sea and Space Platforms
- Commercial Aerospace
- Defense Technology and Solutions
- Engineering and Technical Services
- IT Services and Software



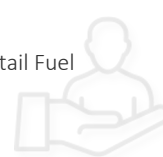
BUSINESS SERVICES

- Business Process Outsourcing
- Commercial & Industrial Services
- Data & Analytics
- Human Capital Management
- Tech Services



CONSUMER

- Consumer Products and Services
- E-Commerce and Direct-to-Consumer
- Food and Beverage
- Restaurants, C-Store & Retail Fuel and Multi-Unit Retail



FINANCIAL SERVICES

- Alternative Asset Managers & Broke-Dealers
- Commercial & Consumer Finance
- Commercial & Residential Mortgage Finance
- Insurance & InsurTech
- Registered Investment Advisors



REAL ESTATE, GAMING, LODGING & LEISURE

- Gaming & Lodging Operators
- Gaming Technology
- Marinas
- REITs
- Real Estate
- Vacation Ownership & Leisure



HEALTHCARE

- Biotechnology
- Healthcare Services
- Healthcare Technology
- Medical Devices and Products
- Pharma / Provider Services



INDUSTRIALS

- Automation
- Building Products
- Distribution
- Equipment
- Paper & Packaging



TECHNOLOGY & COMMUNICATIONS

- Communication Infrastructure and Technology
- Electronic Security
- Financial Technology & Services
- Software



TRANSPORTATION & LOGISTICS

- Leasing
- Logistics
- Niche Transportation
- Ports and Infrastructure
- Trucking



1.) Source: Refinitiv LPC and Citizens