MONOMOY
CAPITAL PARTNERS

FIRST HALF 2026

Business Development Update

Monomoy's biannual report on M&A market conditions and industry trends

Monomoy is pleased to release the **sixth edition of its semi-annual Business Development Update**, based exclusively on data from Beacon, the firm's proprietary deal sourcing engine. The report analyzes M&A market conditions, key industry trends and the outlook for the months ahead.

Monomoy's deal flow over the first half of 2026 was up 13% on a year-over-year basis and 27% on a half-over-half basis.

The uptick in activity reflects improvement across the middle market — albeit uneven — driven by pent-up supply moving into the market, increased seller willingness and modestly improved financing conditions.

Importantly, the increase in volume does not suggest a fully normalized market. **Recent no-trade rates remain elevated**, indicating that buyers continue to apply heightened scrutiny to valuation, earnings quality and forward-looking assumptions.

We are cautiously encouraged by the direction of the market, but **view the recovery as selective and still developing**, with both opportunity and probability of close varying significantly by transaction size and industry.

Deal Flow Stats

+27% ▲
Half-Over-Half
2H'25 vs 1H'26

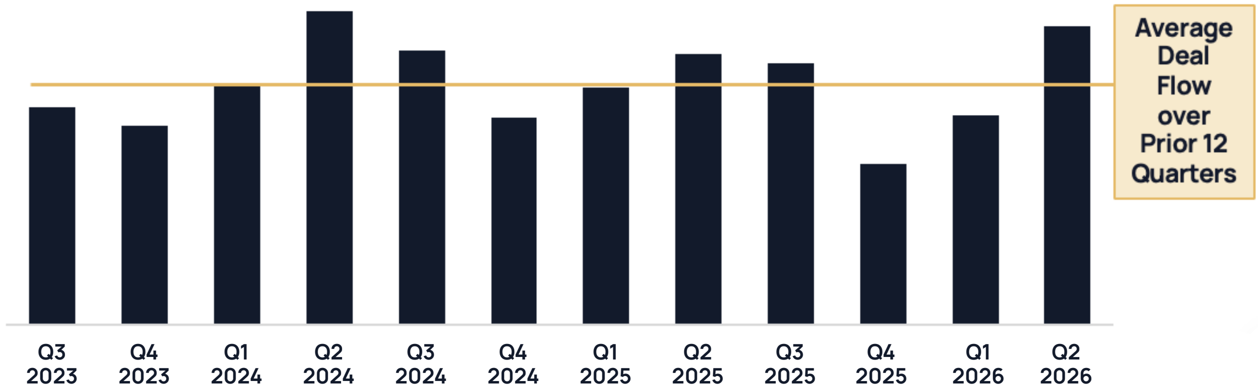
+13% ▲
1H Year-Over-Year
1H'25 vs 1H'26

-6% ▼
LTM Jun'25 vs
LTM Jun'26

Q4'25 represented a clear trough in deal flow, with activity 33% below the quarterly average over the prior three years. While Q1'26 showed early signs of recovery, momentum accelerated sharply in Q2'26, with activity up 86% from the Q4'25 low.

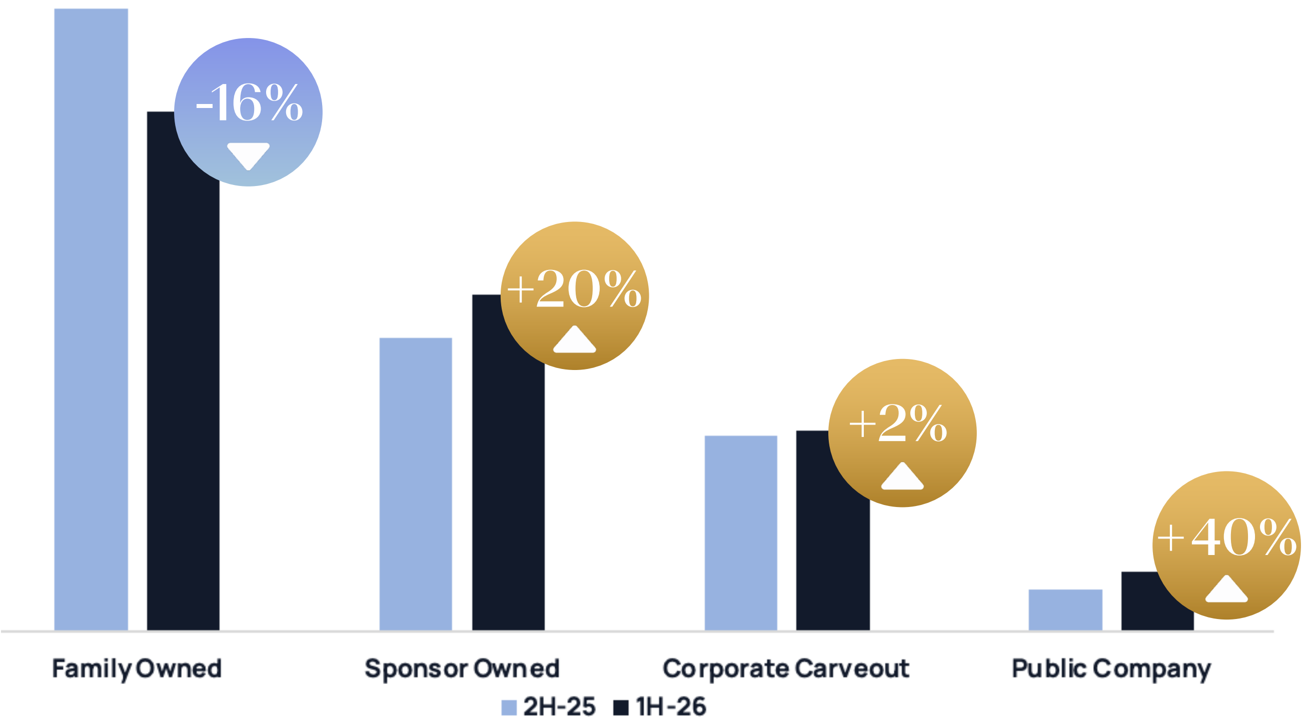
Together, **the rebound pushed 1H'26 deal flow up meaningfully on both a half-over-half and year-over-year basis**, though LTM activity declined 6% versus the prior LTM as elevated Q3'24 volume rolled out of the comparison period. This suggests the recovery is recent and gaining momentum but has not yet fully offset softer activity over the trailing twelve months.

Deal Flow by Quarter



Deal Flow by Ownership

Half-Over-Half

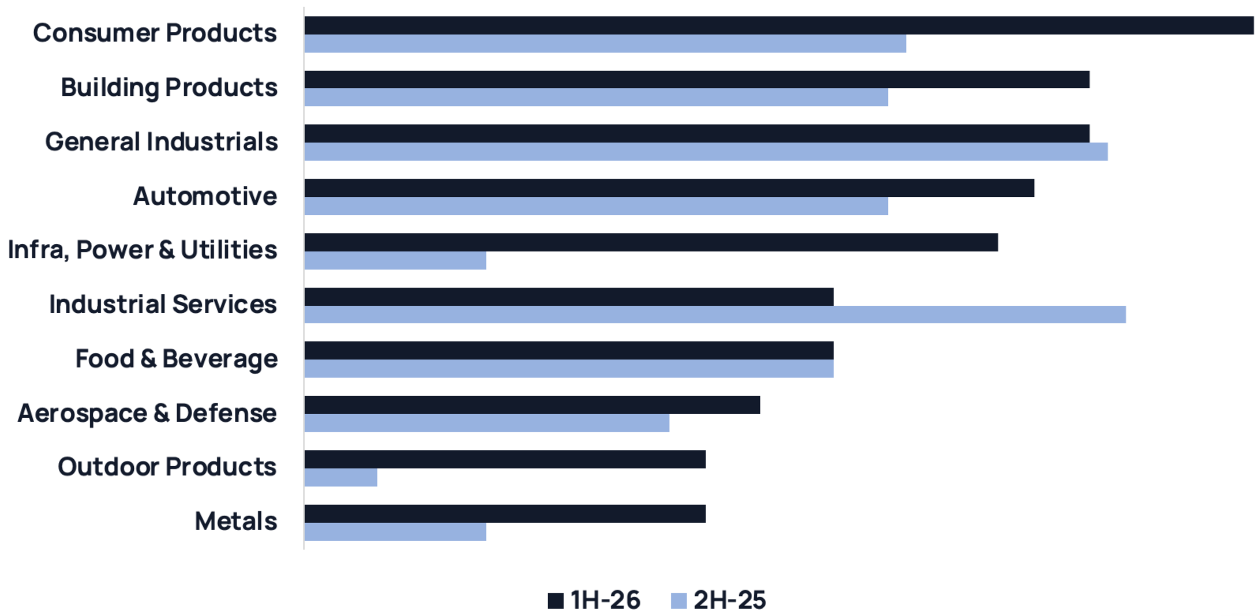


The ownership mix shifted in 1H'26: family-owned businesses declined as a share of deal flow, sponsor-owned opportunities rose meaningfully and public company activity ticked higher.

Together, these shifts point to a **more institutionalized deal-flow environment**, with fewer distressed and bankruptcy situations. Sponsors face growing pressure to exit and return capital to investors, corporates are divesting to raise liquidity and public companies under valuation pressure increasingly screen as take-private candidates.

Deal Flow by Industry

Half-Over-Half

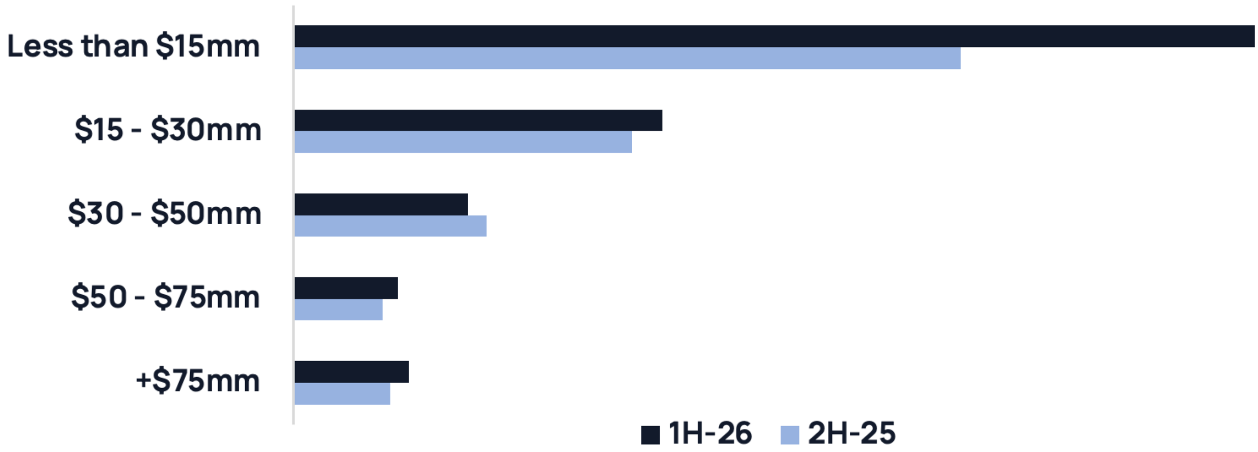


Deal launch activity broadened meaningfully across sectors in 1H'26, with roughly **60% of tracked industries moving higher half-over-half**, a clear reversal from 2H'25 when nearly two-thirds declined.

Among the top 10 industries, there were a few notable movers, including **Outdoor Products (+450%) and Metals (+120%)** along with some **steady gainers like Consumer Products (+58%), Building Products (+34%) and Automotive (+25%)**. Elsewhere in the market, results were more muted, with Food & Beverage flat and General Industrials down 2%, suggesting the rebound was driven by **outsized gains in select sectors** rather than a uniform lift across the market.

Deal Flow by EBITDA Range

Half-Over-Half



+16% HOH

Deal flow increased across most EBITDA bands in 1H'26, with an average half-over-half increase of 16%.

+44% HOH

The most pronounced growth was at the lower end of the market, with sub-$15mm EBITDA opportunities increasing 44% versus 2H'25. This aligns with broader market commentary that sell-side launch activity has been returning first among smaller companies.

-10% HOH

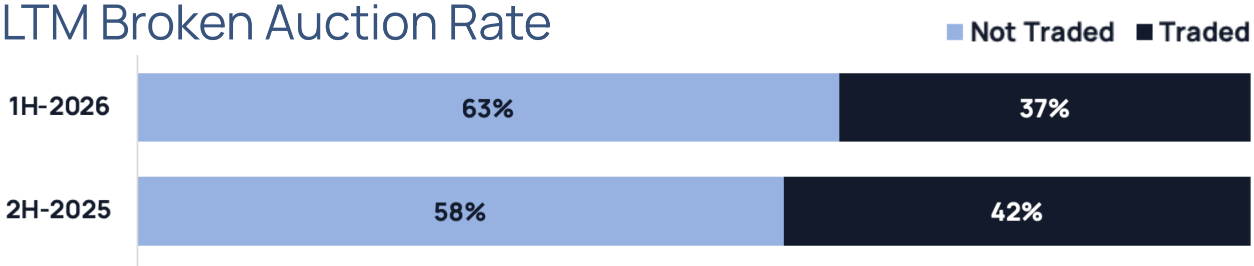
The only notable **softness was in the $30mm to $50mm EBITDA range**, which declined 10% half-over-half, suggesting the rebound was broad but not universal across company size.

Broken Deal Insights

Broken Deal Rates*

Leveraging Monomoy's proprietary deal sourcing engine, Beacon, to analyze trends across transactions where Monomoy submitted an IOI*

LTM Broken Auction Rate



Trailing Three-Year Broken Auction Rate

Broken auction rates remain elevated on a recent basis, with the LTM no-trade rate increasing meaningfully versus the prior report, even as the trailing three-year view improved to an even split between traded and not-traded outcomes.

This suggests that while longer-term outcomes remain balanced, **recent processes have been harder to close**: buyers are staying disciplined, and gaps in valuation, diligence and pricing are weighing on transaction certainty. An uncertain 2026 macroeconomic backdrop has reinforced this caution, **pushing buyers to await greater clarity before transacting**.

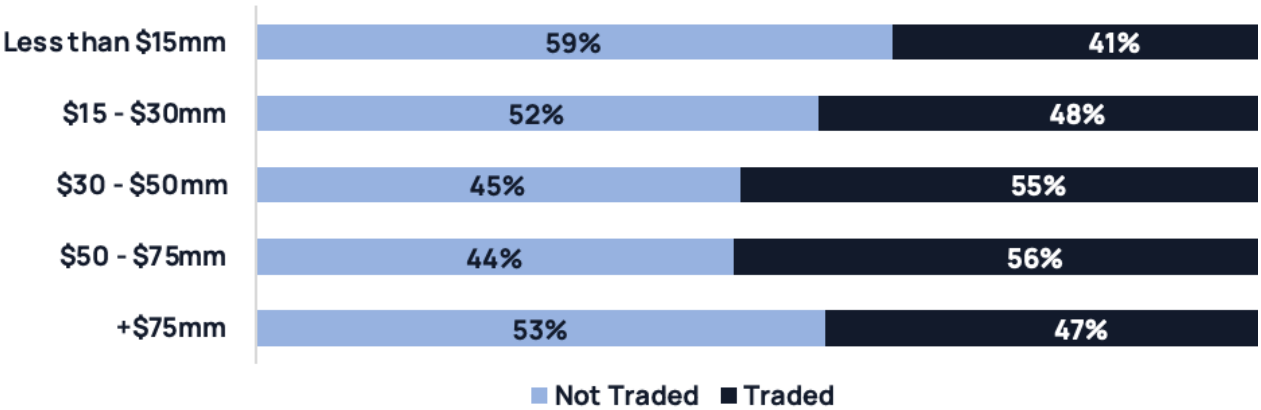
*Utilizing data through March 30, 2026, allowing a 3-month lag

Broken Deal Insights

EBITDA Trends*

Leveraging Monomoy's proprietary deal sourcing engine, Beacon, to analyze trends across transactions where Monomoy submitted an IOI*

Trailing Three-Year Broken Auction Rate by EBITDA Range



Transaction certainty improved across most of the trailing three-year view, with **no-trade rates declining across every charted EBITDA band except the $75mm+ range** versus the prior report.

The improvement was most pronounced in the sub-$15mm EBITDA range, where the no-trade rate declined by 18 percentage points, though that segment still showed the highest no-trade rate overall at 59%. This suggests that execution pressure has eased across company sizes, but opportunities involving companies with **lower EBITDA continue to carry greater close-through risk**.

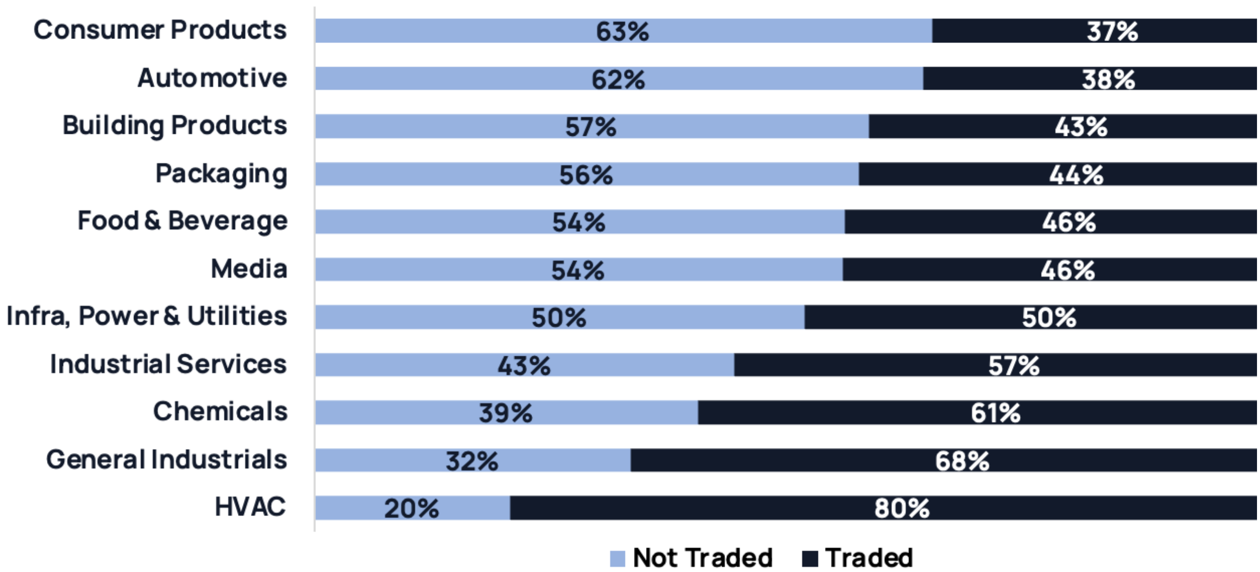
*Utilizing data through March 30, 2026, allowing a 3-month lag

Broken Deal Insights

Industry Selectivity*

Leveraging Monomoy's proprietary deal sourcing engine, Beacon, to analyze trends across transactions where Monomoy submitted an IOI*

Trailing Three-Year Broken Auction Rate by Industry



Industry dispersion remains significant, though no-trade-rate movement versus the prior report was mixed. Several charted industries improved versus 2H'25 (HVAC and Chemicals), while others remained unchanged (Infrastructure, Power & Utilities). General Industrials continued to show comparatively stronger close-through performance, reinforcing that transaction certainty remains highly sector-dependent.

*Utilizing data through March 30, 2026, allowing a 3-month lag

The Monomoy Deal Compass

-3%
Half-Over-Half
2H'25 vs 1H'26

-12%
1H Year-Over-Year
1H'25 vs 1H'26

The total number of deals included in the Monomoy Deal Compass — our forward-looking view of potential deals expected to come to market — **declined modestly on a half-over-half basis and more significantly on a year-over-year basis**.

This appears less like a pullback in market activity and more like **a timing dynamic**: as more processes came to market in 1H'26, some opportunities likely converted into active launches faster than new opportunities were added.

Deal Compass Composition by Industry

18% General Industrials
+5% HOH

12% Building Products
+3% HOH

11% Food & Beverage
+1% HOH

10% Packaging
-6% HOH

9% Automotive
+5% HOH

By industry, the Deal Compass mix remained fairly consistent half-over-half, with the same core Monomoy sectors continuing to represent the largest share of the forward pipeline. The biggest shift was within that core group: General Industrials moved into the top position, while Packaging became less concentrated versus the prior half and Building Products increased modestly.

Recent Transactions

Since our last report, Monomoy announced two new platform transactions:

JIFFY LUBE, North America's leading quick lube and automotive services franchisor, joins the Monomoy portfolio as a corporate carveout with a trusted brand and significant room to grow under focused ownership. The investment reflects Monomoy's interest in scaled services platforms where strategic capital and operational support help franchisees expand.

TEXAS PRIDE, a founder-led manufacturer and factory-direct retailer of professional-grade work trailers, joins the portfolio, with Monomoy as its first institutional investor. The investment reflects Monomoy's continued interest in differentiated, founder-owned manufacturing platforms.

In Closing

Looking ahead to 2H'26, the recovery in deal flow gives us reason for **measured optimism**. A well-stocked pipeline and recalibrating seller expectations are creating a more actionable environment in manufacturing, distribution and services — where Monomoy's operational depth and active ownership model are well-suited to create value.

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About Monomoy

The Monomoy Sweet Spot

$70M to $2B+	$15M to $200M+
ANNUAL REVENUE	ANNUAL EBITDA

For more insights about our report, or to discuss a deal, please contact our **Business Development Team:**

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Monomoy's Portfolio

jiffy lube
Auto Aftermarket
HQ: Houston, TX
Corporate Carveout

TEXAS PRIDE
Trailer Manufacturer & Distributor
HQ: Madisonville, TX
Founder-Owned

McKenzie CREATIVE BRANDS
Outdoor Recreation
HQ: Salisbury, NC
Sponsor-Owned

OLIVER
Food Packaging & Bakery Equipment
HQ: Walker, MI
Corporate Carveout

Southern EXTERIORS
Building Products & Services
HQ: Jackson, GA
Sponsor-Owned

waupaca
Iron Casting Supplier
HQ: Waupaca, WI
Corporate Carveout

ENVIROTECH SERVICES, INC.
Road Safety & Maintenance Products Distributor
HQ: Greeley, CO
Founder-Owned

JO JAPS-OLSON COMPANY
Direct Mail & Custom Print
HQ: St. Louis Park, MN
Family-Owned

VALTIR A TIER ABOVE
Highway Safety Products
HQ: Dallas, TX
Corporate Carveout

THETFORD
RV & Marine Products
HQ: Etten-Leur, NL
Family-Owned

CAST-CRETE
Specialty Building Materials
HQ: Seffner, FL
Sponsor-Owned

ARTESIAN SPAS WELLNESS FOR EVERY BODY
Outdoor Living
HQ: Las Vegas, NV
Family-Owned/ESOP

osborn
Industrial Brushes
HQ: Richmond, IN
Take-Private

milsco
Seating Systems
HQ: Milwaukee, WI
Take-Private

MAC PAPERS + PACKAGING
Paper & Packaging
HQ: Jacksonville, FL
Family-Owned

edsal
Home Improvement
HQ: Chicago, IL
Family-Owned

Throughout this document, HOH or half-over-half refers to 2H’25 vs 1H’26 while 1H YOY or year-over-year refers to 1H’25 vs 1H’26.