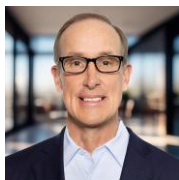


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M&A Deal Highlights

3% **100%** **22%**

Increase in
YOY deal
volume

Increase in
YOY deal
value

Private
equity
involvement

Notable Quotes:

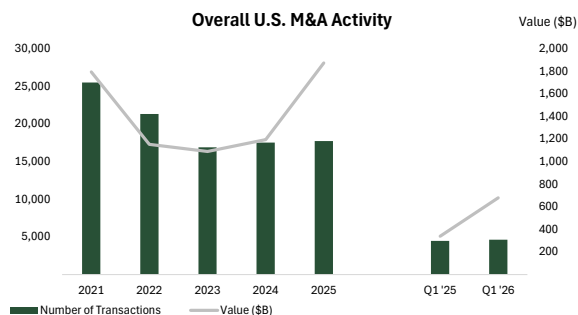
"While it is difficult to predict the broader economic effects of the military action by the U.S. and Israel against Iran, we still see the potential for a more constructive operating environment." -
David Solomon, CEO, Goldman Sachs

"The geopolitical dynamics, if anything, can add some uncertainty short term but in the long term they justify even more some of these needs to gain scale, to gain cost efficiency and capacity to finance the capex needs that are going to be almost imperative and to deliver further growth." - **Guillermo Baygual, Global Co-Head of M&A, Citi**

"Volatility has affected timing in some cases, but it has not fundamentally altered strategic intent, particularly for large transactions." -
Philipp Beck, EMEA Head of M&A, UBS

M&A IN 2026: KEEP CALM AND CARRY ON

Before the conflict in the Middle East began, expectations were high for increased M&A activity in 2026, driven by tariff reductions, equity market recovery, extended tax cuts, and eased banking regulations. These factors largely contributed to the M&A market's resilience in Q1 2026, even in the face of the War in Iran, an oil supply shock, and forecasts of slower economic growth. Many market participants view the Middle East conflict as a temporary setback, anticipating it will be resolved soon. There is general agreement that geopolitical tensions will ease, the conflict will end shortly, and oil transit through the Strait of Hormuz will resume normal operations. Deal-makers generally believe that if economic instability or inflation accelerate, the Trump Administration will act swiftly to resolve issues and restore investor confidence - much like the actions taken after the negative consequences of Liberation Day emerged, which ultimately led to delays and reductions in market disruptive tariffs. CEOs and Boards have adjusted accordingly since Liberation Day stalled M&A deals in the pipeline for months, the War in Iran has had far less of an impact as dealmaking continues as companies adapt to ongoing volatility, continuing negotiations instead of waiting for stability which is viewed as the new normal in M&A strategic planning. Deal-makers are



further comforted by the fact that M&A is a longer-term strategic initiative with returns generally measured in years, and not weeks or months. Therefore, while tensions in the Middle East may impact a target's short-term supply chain and costs, the belief is that these factors will be overcome by longer-term synergies, economic growth, and capital appreciation.

MIDTERM ELECTIONS IN FOCUS

Republican control of Congress is looking vulnerable ahead of the 2026 midterms which could dramatically impact regulatory, economic, and tax policy in the future. Given this, and the fact corporations are seeking to lock in approvals under the current relaxed anti-trust regulatory framework, the market is bracing for a "sprint" of deals. As affordability has emerged as a central campaign issue, the Trump Administration is rolling out targeted measures meant to lower mortgage rates, preserve housing for families, reduce prescription drug costs, and cap credit card interest rates to help ease consumers' financial burdens. There is also talk of more tax cuts, tariff "dividends", and consumer spending "stimulus" to sway opinion prior to Election Day. Such policies could give rise to a short-term "consumer windfall" that boosts overall economic activity and corporate profits, driving equity markets and valuations higher over the summer months. However, given current polling data and the potential resulting shift in political power, many would-be sellers are likely to explore a transaction prior to November to avoid the uncertainty and stagnation of a post-election split government. Given a sale process typically takes a minimum of six months from start to finish, it is recommended that business owners seeking a transaction in 2026 commence discussions with financial and legal advisors in the near-term to ensure a smooth and successful exit.