Equity-Linked PIPE Market Update

Q1 2026

01 Introduction

Houlihan Lokey is pleased to present its Q1 2026 equity-linked PIPE market update, providing an overview of the market for convertible debt, convertible preferred, and structured private investments in public equity (PIPE).

PIPE transactions are a critical financing tool for public companies requiring tailored capital solutions beyond traditional public markets. Given the diversity in equity-linked PIPE structures, we focus on larger, longer-term transactions that best capture prevailing market conditions. Our analysis focuses on transactions that raise more than $25 million in capital and have maturities longer than one year.

In this issue, we analyze Q1 2026 issuance trends and examine the role of make-whole provisions, focusing on how conversion rate adjustments are used to preserve investor economics in fundamental change scenarios.

We trust this update provides a useful perspective on the evolving equity-linked PIPE landscape. If there is additional content you would find useful for future updates, please email us with your suggestions. We look forward to staying in touch with you.

Sincerely,
Houlihan Lokey Team

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Contact Us

Please reach out to us to schedule a call to discuss this quarter's market update or to explore how we can serve your business needs.

Contact Us

Learn More

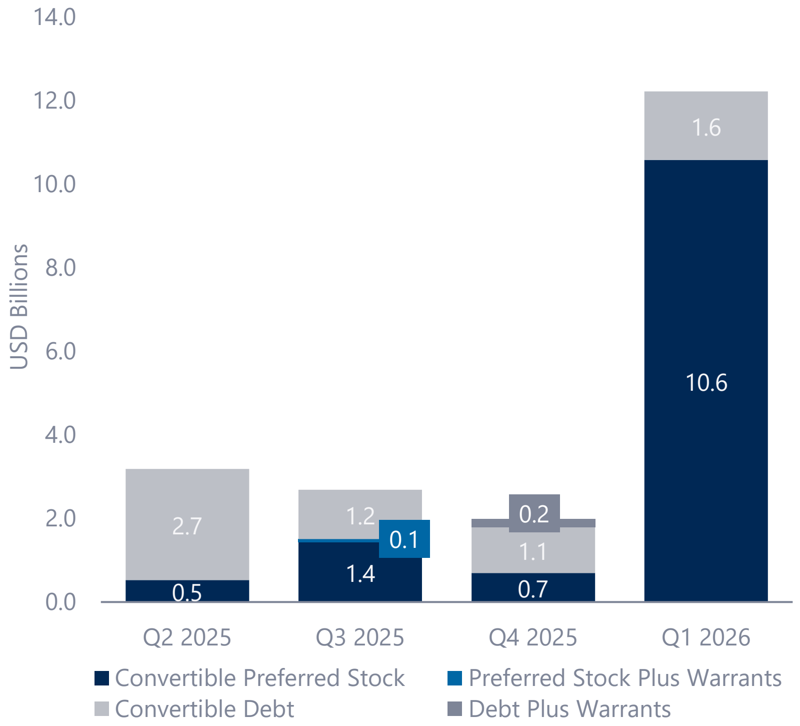
02 | Quarterly Snapshot Overview

We present our quarterly snapshot of the PIPE market for Q1 2026 below.

Q1 2026

Number of Transactions	22
Total Proceeds	$12.2B
Median Transaction Size	$90.0M
Median IRR	13.7%

Figure 1
Proceeds By Structure ($B)



Transactions with proceeds less than $25 million or with tenors under one year were excluded from the study.
***Median IRR based on the estimated cost of capital derived using proprietary models. See footnote ** on page 5 for additional details.*
Sources: SEC filings, press releases, S&P Capital IQ, and PrivateRaise data. Totals may not add up due to rounding.

Q1 2026 proceeds totaled $12.2 billion, the highest amount of quarterly proceeds in five years and exceeding total proceeds raised in 2025.

Issuance proceeds were highly concentrated, with several transactions exceeding $1 billion, including Keurig Dr Pepper ($4.5 billion), Lumentum Holdings ($2.0 billion), and Marvell Technology ($2.0 billion), structured as convertible preferred stock.

NVIDIA participated as a strategic investor in the Lumentum Holdings and Marvell Technology transactions, an uncommon instance of a large-cap public company participating in PIPEs.

Convertible debt issuance remained more limited, though Pinterest completed a $1.0 billion transaction.

02 Quarterly Snapshot
Issuers by Sector and Market Capitalization

We categorize issuers by sector and size to highlight the market's latest trends over the past four quarters.

Figure 2
Proceeds by Sector Over Past Four Quarters

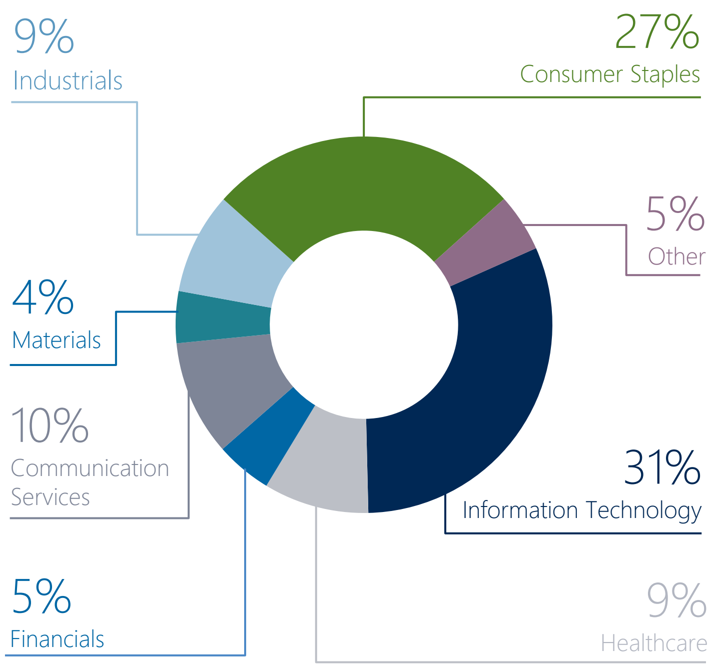
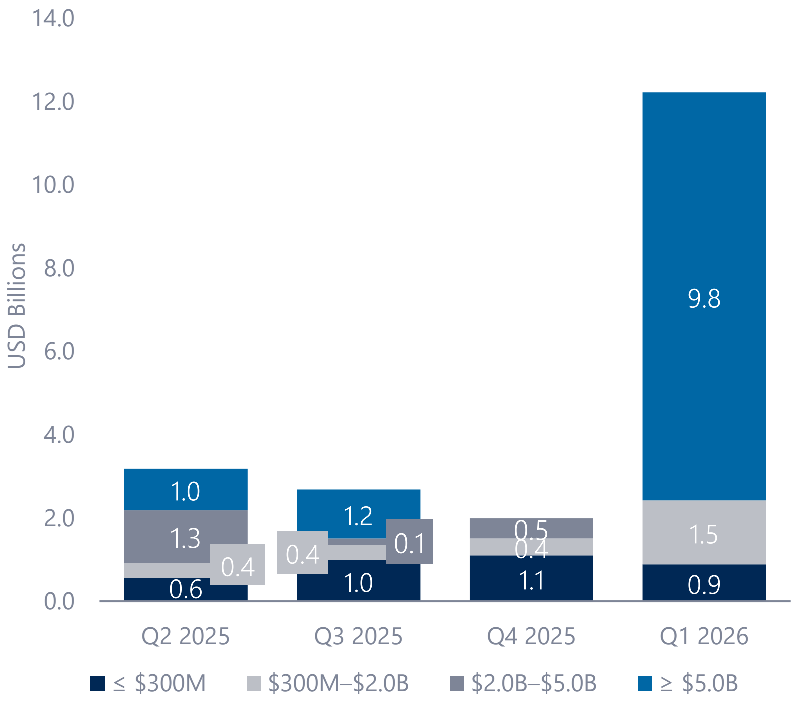


Figure 3
Proceeds by Market Capitalization ($B)



**Transactions with proceeds less than $25 million or with tenors under one year were excluded from the study.*
Sources: SEC filings, press releases, S&P Capital IQ, and PrivateRaise data. Totals may not add up due to rounding.

Q1 2026 proceeds were heavily influenced by a small number of large transactions, which skewed sector composition, as their size significantly outweighs that of other transactions.

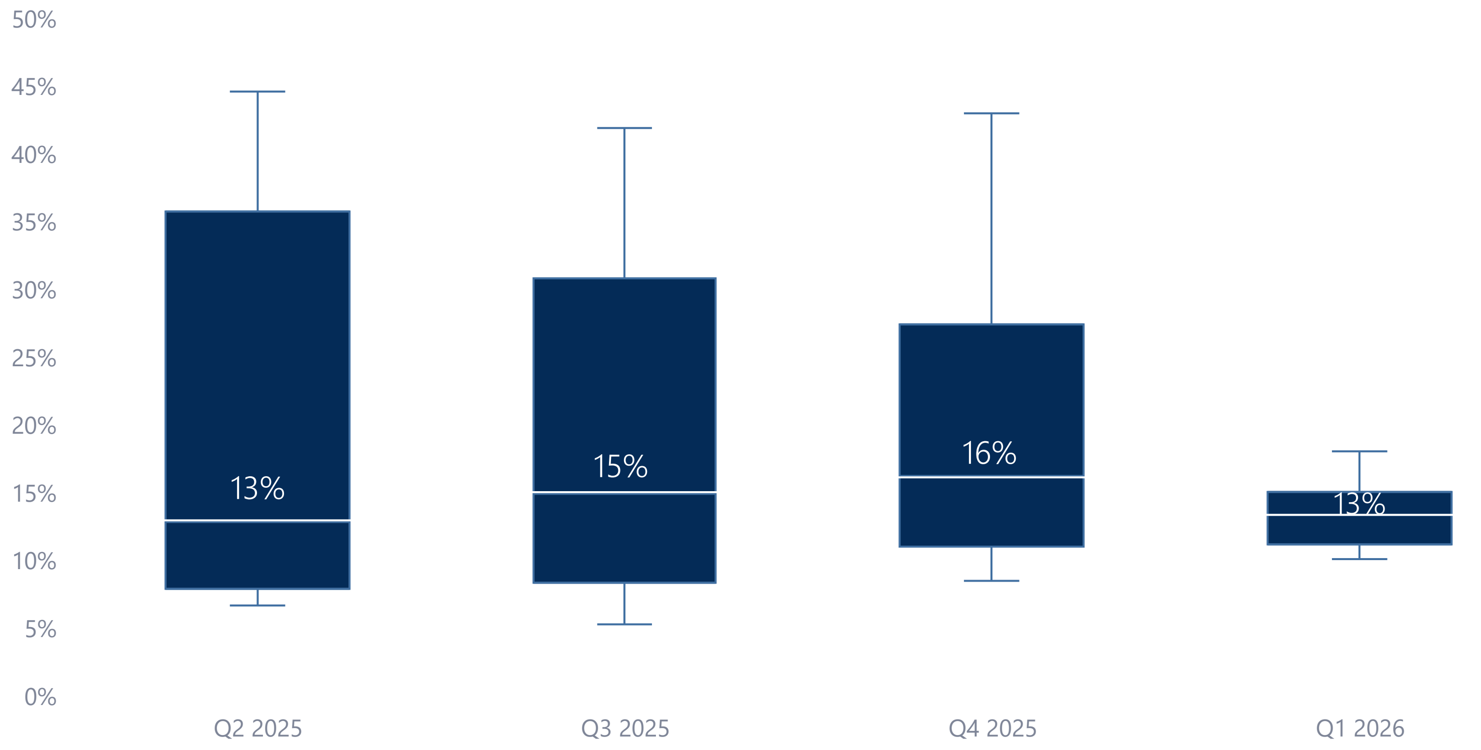
Industrials proceeds reached a two-year high in Q1 2026, driven by increased volume and larger deal sizes. Activity in the information technology sector remained strong, supported by AI-driven capital needs.

Large-cap issuers drove issuances with four transactions exceeding $1 billion. Issuers with less than $2.0 billion in market capitalization also showed increased activity.

02 | Quarterly Snapshot Cost of Capital

We present the cost of capital through the estimated implied transaction internal rate of return.

Figure 4
Cost of Capital by Quarter



Transactions with proceeds less than $25 million or with tenors under one year were excluded from the study.
***The cost of capital is based on the transaction's implied internal rate of return (IRR), estimated by Houlihan Lokey using proprietary models that account for the contractual features of the PIPE transactions, including conversion price mechanisms, redemption rights, contingent conversion triggers, and accompanying warrants. Market assumptions are based on publicly available data. Our analysis excluded the IRR estimated for instruments with variable and resettable conversion features.*
****The change in the market cost of borrowing is based on a review of five-year high-yield bond yields over Q4 2025 and Q1 2026. Yield data provided by S&P Capital IQ.*

Median implied IRRs declined quarter over quarter, despite increasing market yields.***

The decline in IRRs reflects a shift toward larger, higher-credit-quality issuers participating in sizable transactions, resulting in lower overall risk.

Concurrently, the risk profile of the relatively smaller transactions also improved, leading to reduced dispersion in implied IRRs.

Notable Convertible Preferred Stock Transactions

The following issuances were the largest convertible preferred stock PIPE transactions in Q1 2026.

Issuer	Sector	Transaction Size ($M)	Market Cap (Pre-Money $M)	Notes
Keurig DrPepper	Consumer Staples	$4,500	$35,937	• On March 30, 2026, Keurig Dr Pepper Inc. completed a $4.5 billion private placement of Series A convertible preferred stock at $1,000.00 per share. The shares bear a 4.75% dividend, subject to an increase of 0.25% per annum after the 10th anniversary of the issuance date and are convertible into common stock at $37.25 per share, representing a 41% premium to the closing stock price on the issuance date. • The transaction, as part of a broader $8.5 billion strategic funding initiative, was led by funds managed by KKR and Apollo. The proceeds will be used to finance the acquisition of JDE Peet's N.V.
LUMENTUM	Information Technology	$2,000	$55,924	• On March 2, 2026, Lumentum Holdings Inc. completed a $2.0 billion private placement of Series A convertible preferred stock at $695.31 per share. The shares do not pay a dividend and are convertible into common stock on a 1-for-1 basis, representing an effective conversion price of $695.31 and an 11% discount to the closing stock price on the issuance date. • The preferred stock was issued to NVIDIA Corp. as part of a multi-year strategic partnership to accelerate innovation in advanced optics technologies to enable next-generation AI infrastructure and systems designs.
MARVELL	Information Technology	$2,000	$86,615	• On March 31, 2026, Marvell Technology, Inc., completed a $2.0 billion private placement of Series A convertible preferred stock at $1,000.00 per share. The shares do not pay a dividend and are convertible into common stock at $91.84 per share, representing a 7% discount to the closing stock price on the issuance date. • The preferred stock was issued to NVIDIA Corp. as part of a strategic partnership to connect Marvell within NVIDIA's AI ecosystem and support next-generation data center connectivity solutions.
CMCO INTELLIGENT MOTION Columbus McKinnon	Industrials	$800	$598	• On February 3, 2026, Columbus McKinnon Corp. completed an $800.0 million private placement of Series A convertible preferred stock at $1,000.00 per share, pursuant to the preferred stock purchase agreement entered into in February 2025. The shares bear a 7.00% dividend and are convertible into common stock at $37.68 per share, representing a 79% premium to the closing stock price on the issuance date. • The preferred stock was issued to Clayton, Dubilier & Rice, with proceeds used to fund the acquisition of Kito Crosby.
INFINITY	Energy	$350	$290	• On February 23, 2026, Infinity Natural Resources, Inc., completed a $350.0 million private placement of Series A convertible preferred stock at $1,000.00 per share. The shares bear an 8.00% dividend for the first five years, increasing to 12.00% thereafter, and are convertible into common stock at $21.39 per share, representing a representing a 30% premium to the five-day VWAP preceding signing of the purchase agreement. • The preferred stock was issued to Quantum Capital Group and Carnelian Energy Capital Management, L.P., with proceeds used for the acquisition of certain assets from Antero Resources and Antero Midstream.

**Transactions with proceeds less than $25 million or with tenors under one year were excluded from the study.*
Sources: SEC filings, press releases, S&P Capital IQ, and PrivateRaise data.

02 Quarterly Snapshot
Notable Convertible Debt Transactions

The following issuances were the largest convertible debt PIPE transactions in Q1 2026.

Issuer	Sector	Transaction Size ($M)	Market Cap (Pre-Money $M)	Notes
Pinterest	Communication Services	$1,000	$12,656	• On March 5, 2026, Pinterest, Inc., completed a private placement of $1.0 billion in aggregate principal amount of 1.75% convertible senior notes due 2031, convertible into common stock at $22.72 per share, representing a 15% premium to the closing stock price on the issuance date. • The notes were issued to Elliott Investment Management. The proceeds will be used to fund the company's share repurchase program.
Wolfspeed	Information Technology	$379	$758	• On March 26, 2026, Wolfspeed, Inc., completed a private placement of $379.0 million in aggregate principal amount of 3.50% convertible senior notes due 2031, convertible into common stock at $20.14 per share, representing a 20% premium to the closing stock price on the issuance date. • The notes were issued alongside $96.9 million of common stock and pre-funded warrants. The proceeds will be used to reduce the company's existing secured debt due 2030.
Zenas BioPharma	Healthcare	$200	$1,163	• On March 31, 2026, Zenas BioPharma, Inc., completed a confidentially marketed public offering of $200.0 million in aggregate principal amount of 2.50% convertible senior notes due 2032, convertible into common stock at $26.50 per share, representing a 36% premium to the closing stock price on the issuance date. • The notes were issued alongside a $100.0 million public offering of 5.0 million shares of common stock and began trading immediately following the issuance. The proceeds will be used to fund clinical development and commercialization efforts.
upexi	Consumer Staples	$36	$156	• On January 14, 2026, Upexi, Inc., completed a private placement of $36.0 million in aggregate principal amount of 1.00% secured convertible notes due 2028, convertible into common stock at $2.39 per share, representing a 3% discount to the closing stock price on the issuance date. • The notes were issued to Hivemind Validation Master Fund in exchange for 265,500 Solana tokens valued at $135.45 per token.
ATHA Energy Corp.	Energy	$25	$195	• On February 5, 2026, ATHA Energy Corp. completed a private placement of $25.0 million in aggregate principal amount of 12.00% senior unsecured convertible notes due 2031, convertible into common stock at $0.61 per share, representing a 15% premium to the closing stock price on the issuance date. • The notes were issued to Queen's Road Capital Investment Ltd. The proceeds will be used to fund the exploration and development of the company's Angilak Uranium Project and for general corporate purposes.

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Sources: SEC filings, press releases, S&P Capital IQ, and PrivateRaise data.

02 Quarterly Snapshot
Notable Liability Management Transactions

The following highlighted transactions were commenced in Q1 2026 to optimize the balance sheet, create financial flexibility, or facilitate announced M&A.

Issuer	Sector	Transaction Type	Transaction Size ($M)	Notes
EA	Information Technology	Tender Offer and Consent Solicitation	$1,500	• On February 16, 2026, in connection with the take-private acquisition of Electronic Arts (EA) by Silver Lake, Saudi Arabia's PIF, and Affinity Partners, the buyer consortium's acquisition vehicle launched a cash tender offer and consent solicitation for EA's $750.0 million 1.85% notes due 2031 and $750.0 million 2.95% notes due 2051. • In conjunction with the tender offer, the company is seeking to eliminate substantially all covenants governing the subject notes, and the offer contemplates the defeasance of any untendered notes. The offer is intended to facilitate the repurchase of the notes at a discount to par value, rather than triggering make-whole or change-of-control provisions, potentially reducing acquisition-related costs by more than $200.0 million. • A substantial portion of the noteholders has organized in opposition to the offer and has rejected the proposed terms. The tender offer has subsequently been extended to June 15, 2026, pending receipt of the remaining regulatory approvals. • Houlihan Lokey is serving as financial advisor to the ad hoc group of noteholders.
micron	Information Technology	Tender Offer	$5,400	• On March 25, 2026, Micron Technology, Inc., announced an any and all fixed spread tender offer of up to $5.4 billion targeting its 5.30% notes due 2031, 5.65% notes due 2032, 5.875% notes due 2033, 5.80% notes due 2035, and 6.05% notes due 2035, as part of the company's strategy to manage its capital structure and reduce long-term interest costs. • The company indicated the tender offer would be funded using available cash on hand. The structure of the offer allowed the company to take advantage of existing "No Action" letters to shorten the offer period from the standard 20 business days to five business days. • Upon expiration of the offer, approximately $4.3 billion aggregate principal amount of the notes has been validly tendered.
aes	Utility	Consent Solicitation	$3,400 (AES) $875 (IPALCO) $400 (DPL)	• In February 2026, in connection with the acquisition of AES Corp. (AES) by a consortium led by Global Infrastructure Partners and EQT Infrastructure, AES and its subsidiaries, IPALCO Enterprises, Inc. (IPALCO) and DPL Inc. (DPL), initiated consent solicitations seeking waivers of the obligation to repurchase certain outstanding notes at 101.0% of principal following a change of control. • During the solicitation process, the holders of AES's 2032 notes organized with counsel in opposition to the proposed consent fee, asserting that the consideration offered was insufficient. By the end of March, AES had obtained the requisite consents for its 2028 notes, while the solicitations relating to the 2029, 2031, and 2032 notes expired without achieving the required approvals. • To date, holders of the IPALCO and DPL notes have not supported the proposed consents. The expiration dates for the related consent solicitations have subsequently been extended to mid-May 2026.

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Sources: SEC filings, press releases, S&P Capital IQ, and PrivateRaise data.

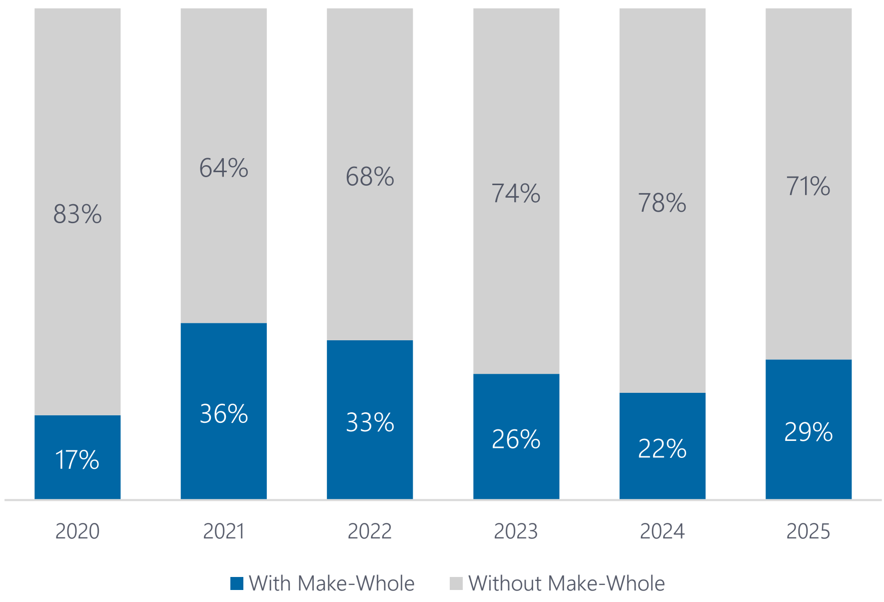
Houlihan Lokey Transaction

03 | Make-Whole Provisions
Overview of Make-Whole Provisions in the PIPE Market

We examined equity-linked PIPE transactions closed between 2020 and 2025 to evaluate the prevalence and most common structure of make-whole provisions used in the market.

- Equity-linked PIPE investments derive a significant portion of their value from participating in future stock price appreciation (i.e., time value). Similar to call options, this value increases with term, as longer durations provide more potential for equity upside.
- Corporate events such as forced conversions, changes of control, delisting, or issuer redemptions can truncate the term of the embedded option, reducing the instrument's time value.
- In public convertible markets, investors are typically protected against the loss of time value through make-whole provisions, which compensate holders for future stock price appreciation. However, approximately 73% of PIPE transactions lack make-whole provisions.
- Make-whole provisions are more common in transactions with placement agents. Approximately 75% of deals with make-whole provisions have placement agents, suggesting that agents generally advise incorporating these protections.
- However, approximately 43% of PIPE transactions do not involve a placement agent, suggesting that some investors may benefit from incorporating such provisions within their transactions.

Figure 5
Make-Whole Provisions in Equity-Linked PIPE Transactions



Key Takeaway

A significant portion of the value investors pay for in equity-linked PIPE investments reflects time value, yet approximately 73% of transactions lack make-whole protection to preserve that value.

**Transactions with proceeds less than $25 million or with tenors under one year were excluded from the study.*
Sources: SEC filings, press releases, S&P Capital IQ, and PrivateRaise data.

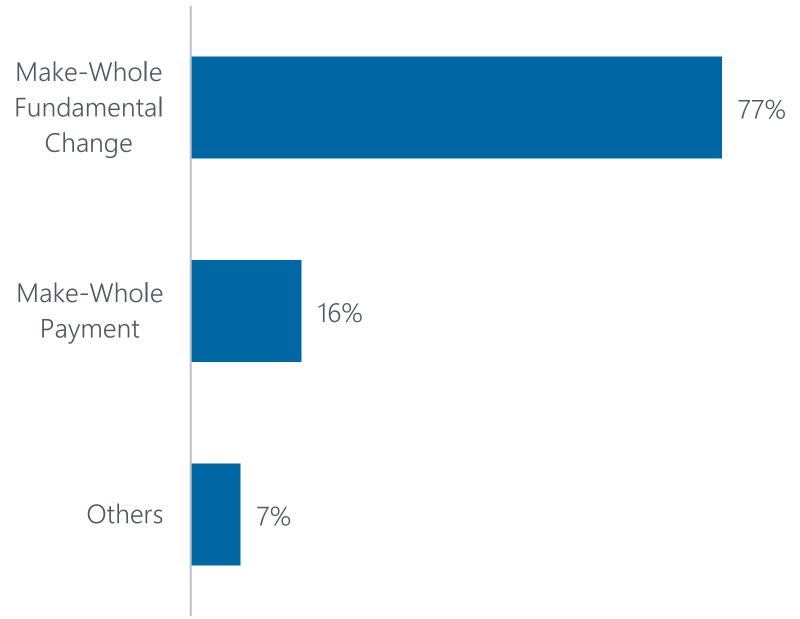
03 | Make-Whole Provisions
Conversion Rate Adjustments Upon a Fundamental Change

Based on equity-linked PIPE transactions closed between 2020 and 2025, make-whole fundamental change provisions that temporarily increase conversion rates are the most used make-whole provisions in the market.

- Approximately 77% of make-whole provisions take the form of a make-whole fundamental change, which compensates the investors for future stock appreciation by temporarily increasing the conversion rate, allowing investors to receive additional shares upon conversion.
- The adjustment is determined using a pre-defined table, which specifies the number of additional shares based on the stock price and remaining time to maturity.
- The additional shares approximate the theoretical value of the security assuming no fundamental change had occurred.
- The remaining make-whole provisions consist of make-whole payments (approximately 16%), which are cash or equity payments based on the present value of foregone interest or dividend payments, and other payment structures (approximately 7%).
- Make-whole fundamental change provisions are typically triggered by:
    - Change-of-control transaction.
    - Acquisition of the issuer (particularly a cash merger).
    - Delisting or loss of trading liquidity.
    - Certain issuer redemption events.
- As detailed in our Equity-Linked PIPE Market Update for Q4 2025, these fundamental change events are common outcomes for equity-linked PIPE investments.

**Transactions with proceeds less than $25 million or with tenors under one year were excluded from the study. Returns are calculated only for transactions with sufficiently available data. If a conversion date is unavailable, our analysis used the average stock price for the quarter in which the security was exercised, as indicated in public filings.*
Sources: SEC filings, press releases, S&P Capital IQ, and PrivateRaise data.

Figure 6
Types of Make-Whole Provisions



Key Takeaway

Make-whole provisions compensate investors when corporate events eliminate the time value of the embedded equity option, most commonly through a conversion rate adjustment triggered by a fundamental change.

03 Make-Whole Provisions
Construction of Make-Whole Tables

Make-whole tables determine the additional shares investors receive upon a fundamental change. The adjustments are calibrated using convertible pricing models to approximate the value investors lose when time value is eliminated.

- Table values are typically generated using convertible security pricing models that incorporate the security's cash flow, conversion, and redemption features to estimate the theoretical value across stock price and timing scenarios.
- The additional shares are calculated so that the conversion value received by investors approximates the theoretical value of the security immediately before the fundamental change, compensating investors for the loss of time value.
- The number of additional shares varies widely, ranging from single digits to more than 50% of the base conversion value.
- Adjustments are largest when the event occurs early in the life of the security, and the stock price is near the conversion price, where the time value is highest.
- As the security approaches maturity, the adjustment declines toward zero, reflecting the natural decay of option time value.
- Constructing a make-whole table requires judgment on several unobservable inputs that impact the time value of the instrument, including volatility and credit spreads.
- Houlihan Lokey's experienced team assists issuers and investors in the construction, review, and negotiation of make-whole tables, providing independent valuation expertise to ensure the allocation of value appropriately reflects the underlying economics of the transaction.

Figure 7
Illustrative Make-Whole Table

Effective Date	Effective Stock Price											
	$10.00	$11.00	$12.00	$13.00	$14.00	$15.00	$16.00	$17.00	$18.00	$19.00	$20.00	$21.00
-	23.077	17.161	13.712	8.002	6.244	4.487	3.131	2.070	1.535	0.768	0.305	0.143
1 Yr.	23.077	16.544	12.961	7.541	5.756	4.050	2.780	1.815	1.334	0.659	0.262	-
2 Yrs.	23.077	15.785	12.016	6.959	5.133	3.495	2.337	1.497	1.086	0.530	0.130	-
3 Yrs.	23.077	14.787	10.753	6.178	4.290	2.755	1.843	-	-	-	-	-
4 Yrs.	23.077	13.194	8.773	4.949	2.983	1.672	1.119	-	-	-	-	-
5 Yrs.	23.077	13.986	6.410	-	-	-	-	-	-	-	-	-

Note: Illustrative example, which assumes (i) $1,000 principal amount per note, (ii) a five-year term to maturity, (iii) a conversion price of $13.00 per share, (iv) the issuer redemption on or after three years from issuance if the last reported sale price of the common stock exceeds $17.00 per share, and (v) a reference stock price of $10.00 per share, representing the closing stock price as of the pricing date.

Key Takeaway

Make-whole tables determine additional shares upon conversion, calibrating compensation so investors receive value approximately equal to the security's theoretical value immediately before the fundamental change.

**Transactions with proceeds less than $25 million or with tenors under one year were excluded from the study.*
Sources: SEC filings, press releases, S&P Capital IQ, and PrivateRaise data.

04 How Houlihan Lokey Can Help

PIPE transactions are highly negotiated deals that often require specialized expertise in valuation, tax, advisory, and structuring.

Houlihan Lokey's cross-functional team has deep experience across investment banking, board advisory, fairness opinions, tax, and financial reporting analyses.

We can provide solutions to assist you with the following:

- Raising capital across the capital structure, including highly customizable equity financing alternatives.
- Restructuring, liability management, and balance sheet optimization to transfer value between stakeholders, enhance financial flexibility, and maximize stakeholder value.
- Advising boards and special committees on deals containing equity-linked PIPE instruments.
- Fairness opinions for transactions involving equity-linked PIPE instruments.
- Technical accounting and financial reporting advisory in connection with deal execution.
- Valuation advisory for financial reporting, tax, and management planning purposes.

If you have any feedback or questions, or if there is a PIPE-related topic you'd like to see in future editions of this newsletter, please reach out to the Houlihan Lokey team at PIPE@HL.com.

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