EUROPEAN M&A MONITOR

Data & Trends in the European SME M&A Market

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Dealsuite

Foreword

01



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CEO, Dealsuite

This is the M&A Monitor, Dealsuite's biannual research into the European SME M&A market. It contains figures and trends on the European M&A mid-market (companies with revenue between €1 million and €200 million) over the past half year.

The aim of this research is to create periodic insights that improve transparency and serve as a benchmark for anyone professionally active in the M&A market.

A total of 815 M&A advisory firms took part in this research, together responsible for a substantial share of transactions in the European mid-market.

With this M&A Monitor, we aim to contribute to greater insight into the European mid-market, insight that we believe leads to more, and better, deals.

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Snapshot

The European SME M&A market held its footing in H1-2026. Deal activity ticked higher, EBITDA multiples stayed close to recent highs, and advisors head into H2-2026 more confident than they were six months ago. Assignment volumes grew even faster than completed deals, pointing to a healthy pipeline for the second half of the year. Business Services and Industrial & Manufacturing continue to lead sector growth, while buyer appetite is shifting away from software development amid the rise of AI. The clearest theme of the half-year, however, is the valuation gap: in half of all processes, advisors say sellers still expect more than the market is willing to pay.

Key stats

25% of transactions had a deal value above €10 million

5.3 the average EBITDA multiple

1/2 of transaction processes see seller valuation expectations that are too high

- Southern Europe (Iberia, Italy, Greece) recorded the strongest rise in transaction volume of any region.
- Retail trade is the one sector every region expects to see fewer deals in during H2-2026.
- The Nordics reported the widest valuation gap in Europe; the Netherlands the narrowest.
- Buyer interest in software development is cooling amid the rise of AI: IT Services has overtaken it as Europe's most sought-after sector, and four of seven regions expect fewer software deals in H2-2026.

I Transactions



European deal activity edges higher in H1-2026

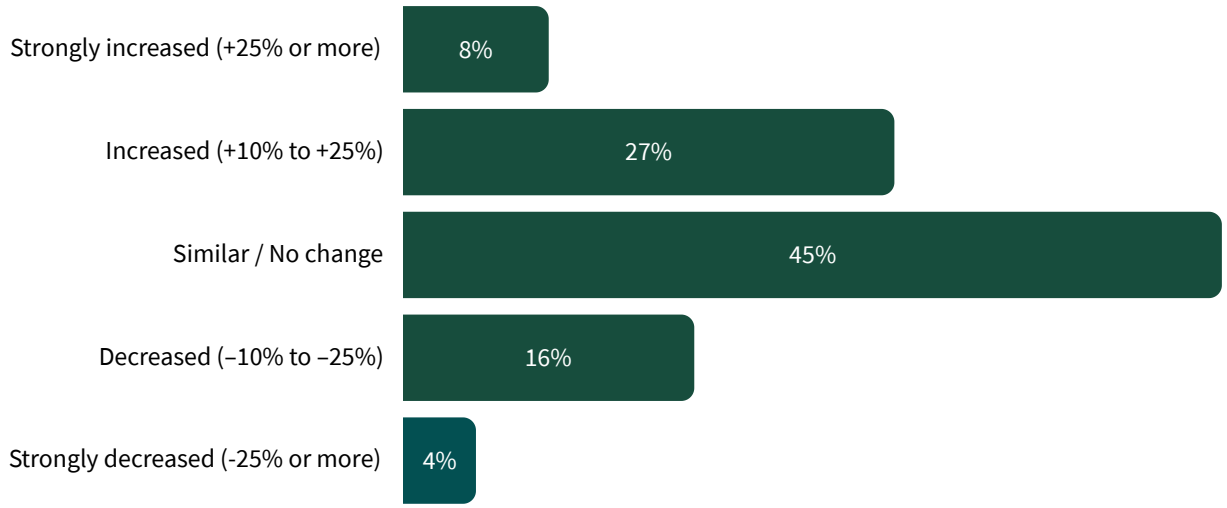


Figure 1. Number of transactions in H1-2026 compared to H2-2025

Across Europe, 35% of M&A advisors reported an increase in the number of transactions in H1-2026 compared to H2-2025, against 20% who reported a decline. Activity was similar or unchanged for the remaining 45%. Results are shown in Figure 1.

Southern Europe — Almost half of advisors (47%) reported more transactions in H1-2026, the strongest increase of any region. The Netherlands was the only region where advisors more often reported a decline than an increase.

I Transactions

One in four deals now exceeds €10 million

The distribution of deal values shows how transactions of different sizes compare within the mid-market. Results are shown in Figure 2.

	H1-2026
€10 million or more	25%
€7.5 million to €10 million	13%
€5 million to €7.5 million	13%
€2.5 million to €5 million	21%
Less than €2.5 million	28%

Figure 2. Transactions per deal size

Regional appetite for larger deals varies widely. Beyond CEE's 35% share of deals above €10 million, Southern Europe (28%) and the Nordics (30%) also lean toward bigger transactions, while the Netherlands (19%) and UK&I see the mid-market's smaller end make up the larger share.

1 in 4

deals closed had a deal size over €10 million.

II Expected Sector Shifts

Retail trade braces for a slowdown in every region

To understand expected developments, M&A advisors were asked in which sector they foresee the largest increase or decrease in deal activity in H2-2026. Each respondent could name one sector; the three most-cited sectors are shown in Figures 3 and 4.





In six of the seven regions, advisors named Business Services as one of the sectors they expect to see the most growth in during H2-2026; Industrial & Manufacturing was named in five. Retail trade stands out as the only sector advisors in every single region expect to see fewer deals in.

Software Development shows a more divided picture. Four of the seven regions expect fewer transactions there, with several advisors linking this to the impact of AI on valuations and buyer appetite.

Larking Gowen

"We expect the software development sector to become less attractive to buyers because of the threat of AI. As long as it's unclear which business models will survive automation, many parties will hold off."
Jack Minns | Corporate Transactions Partner (UK)

Grant Thornton

"Due to the impact of AI, valuations in the software development sector have declined. As a result, we also expect fewer exits in the coming period."
Wilfred van der Lee | Head of Deal Advisory (NL)

You are Capital. Corporate Finance.

"We still see room for a continued increase in Business Services M&A deals in the coming months, driven by high demand for recurring, specialized and AI & tech-enabled services as well as Private equity-led build-ups in a highly fragmented and lower middle market segment."
Julien Lagenette | Partner (ES)

III Assignments

Advisory pipelines keep building

An increase or decrease in assignments received by advisory firms gives insight into expected deal flow and market sentiment. This concerns assignments that came in during H1-2026 and were (partly) converted into transactions within that same period. In some cases, these assignments only lead to a deal in H2-2026, or are ultimately broken off. The results are shown in Figure 5.

Half of all advisors (50%) reported an increase in new assignments in H1-2026, against 17% who reported a decline. Growth in mandates continues to outpace declines, a positive signal for deal flow in the second half of the year.

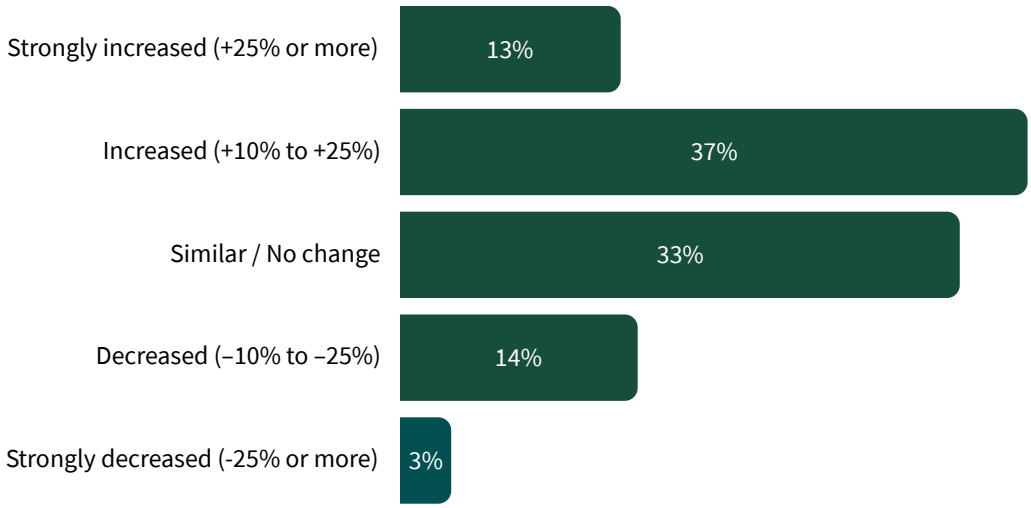


Figure 5. Number of assignments in H1-2026



"Market volatility is the main reason to act opportunistically in M&A over the coming year. It creates winners and losers across companies and industries, but for M&A it primarily means movement. This movement opens the door to transactions, whether through growth acquisitions, consolidation, restructuring, or the divestment of non-core businesses."
Christian Stahl | Managing Partner (DE)

IV Multiples in Relation to Company Size

Company size continues to drive valuation

Company size remains a key driver of valuation. For European SMEs, quantifying the Small Firm Premium is particularly relevant for businesses with an EBITDA between €200,000 and €10,000,000.

In this context, EBITDA is used as an indicator of company size. Research shows that smaller companies carry a higher risk of not realising expected free cash flows (Damodaran, 2011; Grabowski & Pratt, 2013). This higher risk profile is corrected for through the so-called Small Firm Premium, which results in a lower valuation. As a result, EBITDA multiples for larger companies are structurally higher than for smaller companies. The influence of company size on paid EBITDA multiples is shown in Figures 8 and 9.

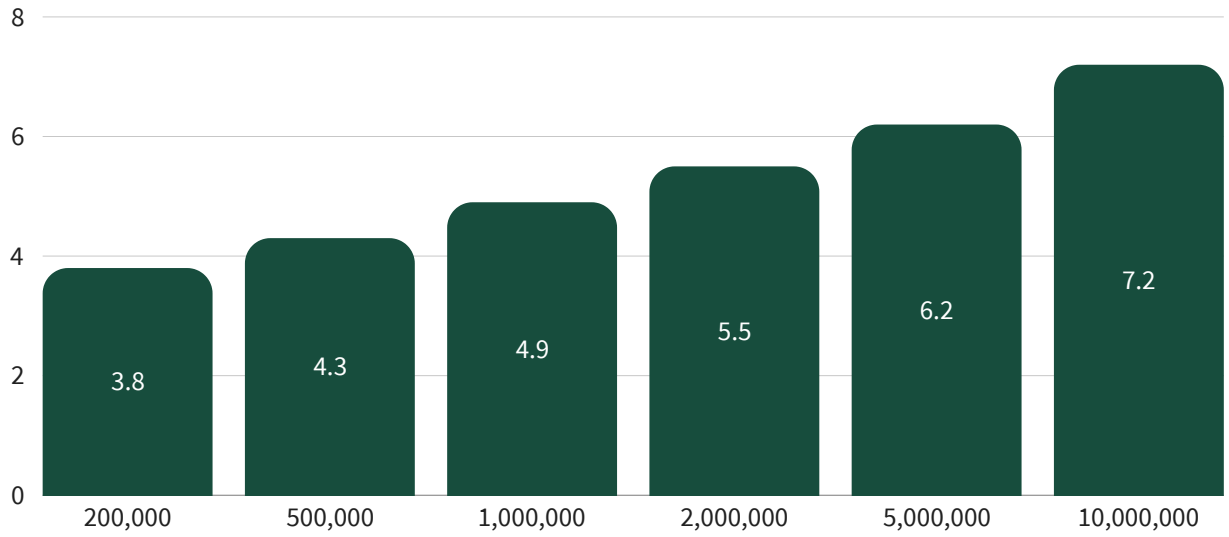


Figure 8. Average EBITDA multiple in relation to company size

"Smaller companies typically trade at lower EBITDA multiples because they carry higher perceived risk. They are often more dependent on the owner, have a less diversified customer base, weaker management depth, and lower resilience to economic shocks, all of which increase execution risk for an acquirer. In addition, the pool of potential buyers and financing options is more limited, reducing competitive pressure during the sales process. As businesses grow, they tend to demonstrate stronger governance, more predictable cash flows, and greater opportunities for value creation, which justifies higher valuation multiples."

Dino Bendekovic | Managing Partner (Croatia)

IV Multiples in Relation to Company Size

The average European EBITDA multiple, regardless of company size, holds steady at 5.3. Larger companies continue to command a structurally higher multiple: businesses with an EBITDA of €10 million trade at close to double the multiple of those with an EBITDA of €200,000.

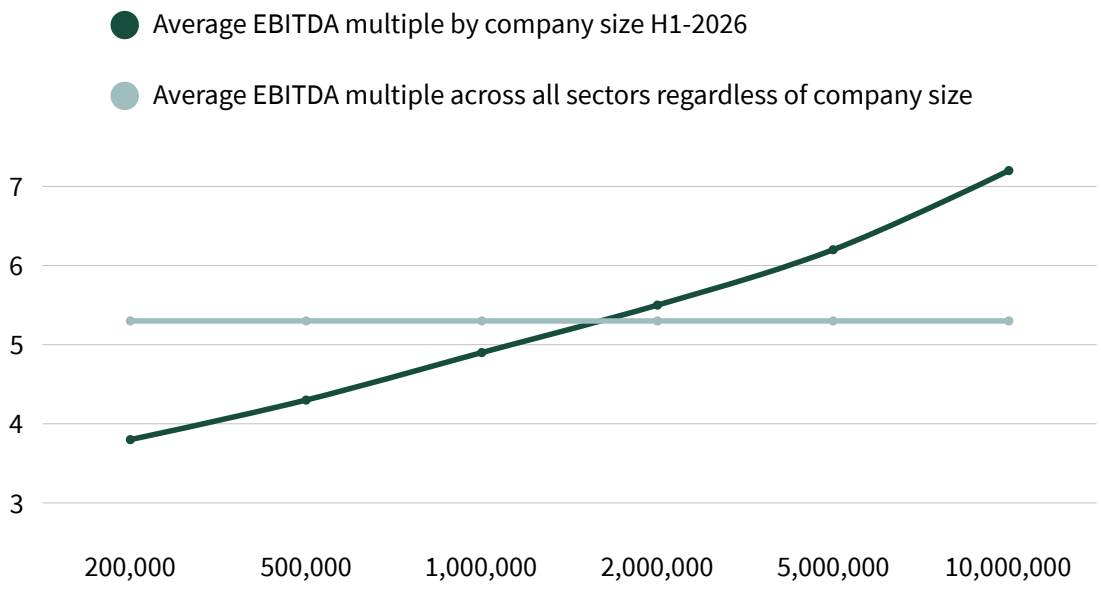


Figure 9. Average EBITDA multiple in relation to company size

For companies with an EBITDA below €200,000, we do not determine a multiple for the following reasons:

1. For small companies, the risk premium is very case and company specific.

2. The normalised EBITDA of small companies is often unstable - it often fluctuates heavily in terms of percentages per year - and is therefore not a good unit of measurement on which to base the valuation.

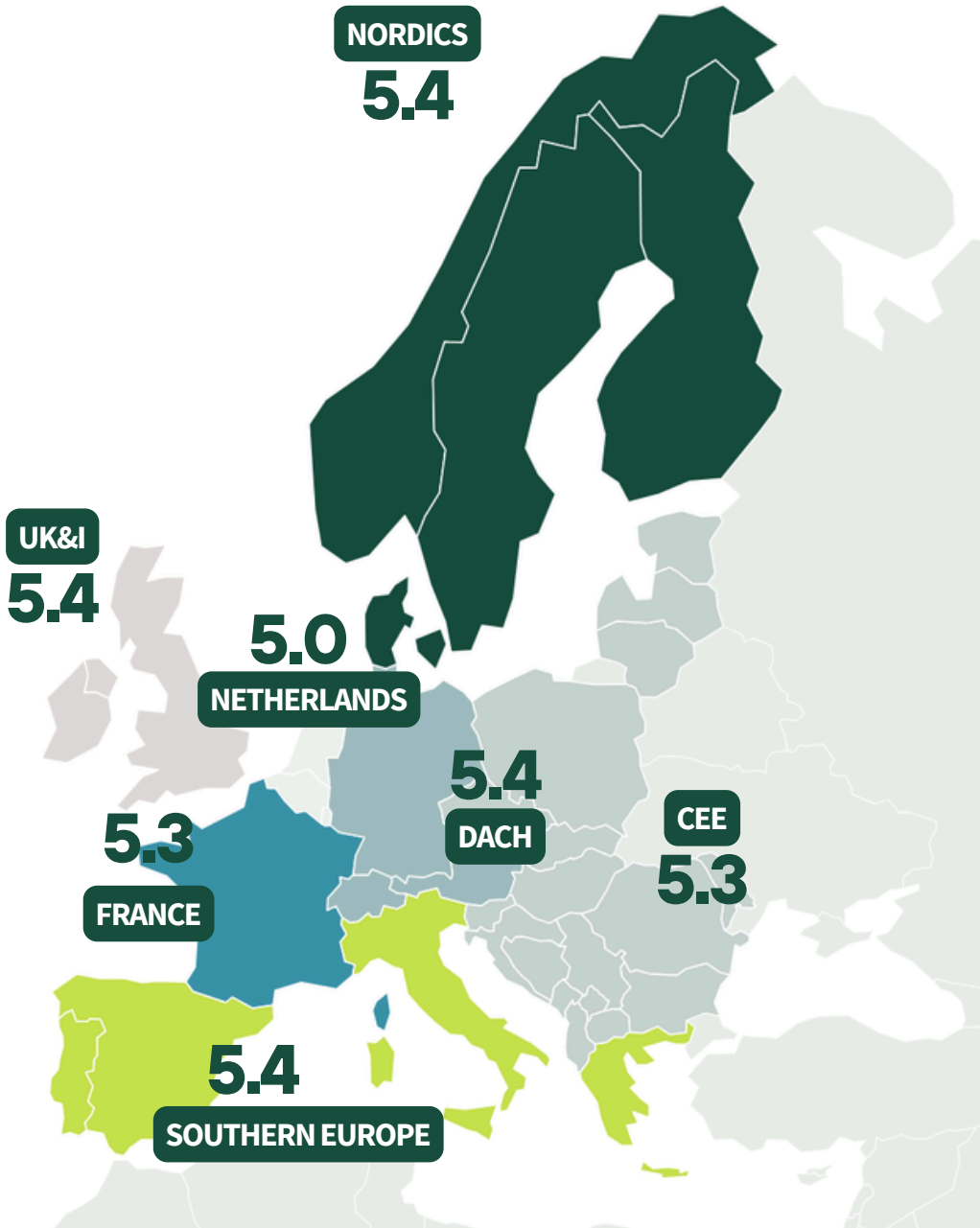
3. The value of small companies is largely dependent on the (future) potential of the company. In a small company with a lot of potential, the EBITDA in absolute terms can be increased or even multiplied relatively easily.

V Cross-border Multiples

Regional valuations converge toward the European average

Regional differences in EBITDA multiples continue to narrow. In H1-2026, four regions, DACH, UK&I, the Nordics, and Southern Europe, stand at 5.4, two regions (France, CEE) sit at 5.3, and the Netherlands at 5.0. The spread across all seven regions is just 0.4. This convergence goes hand in hand with growing transparency in market and deal data. Despite this regional convergence, sector-specific valuations still vary considerably by region. These sector differences form a strong incentive for cross-border M&A and make regional transactions strategically attractive.

Figure 10. Comparison of average EBITDA multiple by region (Enterprise Value) across different regions



5.3

Average EBITDA multiple in Europe

V Cross-border Multiples

Regional differences in EBITDA multiples

Comparing EBITDA multiples per sector with those in other countries offers insight into international valuation levels and the competitive position of local markets. This can make it attractive to acquire a company abroad, or conversely, to sell one's own company to a foreign buyer. Figure 11 shows the variations in EBITDA multiples across different European markets.

Sector-level differences remain far wider than the regional averages suggest. Retail trade shows the widest spread of any sector, from 2.5 in the Netherlands and DACH to 4.5 in Southern Europe, while Software Development ranges from 7.0 in CEE to 8.9 in DACH.

	CEE	DACH	France	Netherlands	Nordics	Southern Europe	UK&I
Software Development	7.0	8.9	7.9	7.4	7.9	7.7	8.0
Healthcare & Pharmaceuticals	7.8	8.4	7.7	6.7	7.8	7.7	7.7
IT Services	6.2	7.7	7.2	6.7	7.1	7.0	7.6
Business Services	5.2	5.7	5.4	5.1	5.9	5.4	6.3
E-commerce & Webshops	5.1	6.0	4.7	4.9	5.5	5.2	6.2
Agri & Food	5.8	5.3	5.4	5.3	5.4	5.4	5.1
Industrial & Manufacturing	5.4	5.0	4.7	5.0	5.0	5.3	5.5
Construction & Engineering	4.2	5.0	4.1	5.0	4.5	4.0	4.1
Automotive, Transportation & Logistics	4.4	3.9	4.3	4.2	4.4	4.4	4.1
Wholesale Trade	4.6	4.4	4.0	5.2	4.4	4.5	3.8
Media & Communication	5.2	4.4	4.6	3.9	4.3	5.0	4.5
Hospitality & Tourism	4.1	2.9	4.4	3.4	4.0	4.4	4.1
Retail Trade	4.3	2.5	4.3	2.5	3.8	4.5	3.5
Regional average	5.3	5.4	5.3	5.0	5.4	5.4	5.4

LOWER MULTIPLE — HIGHER MULTIPLE

Scale spans 2.5× to 8.9× EBITDA

Figure 11. Comparison of average EBITDA multiple by sector (Enterprise Value) across different regions

V Cross-border Multiples

Regional multiples converge after a shared 2023 dip

Since the European Monitor first began comparing regional EBITDA multiples side by side in H2-2022, every region included in that comparison has moved through the same broad cycle: a shared dip through 2023, followed by a steady climb back to current levels. The European average itself fell to a low of 5.1 in 2023 before recovering to 5.3, where it has now held for three consecutive half-years.

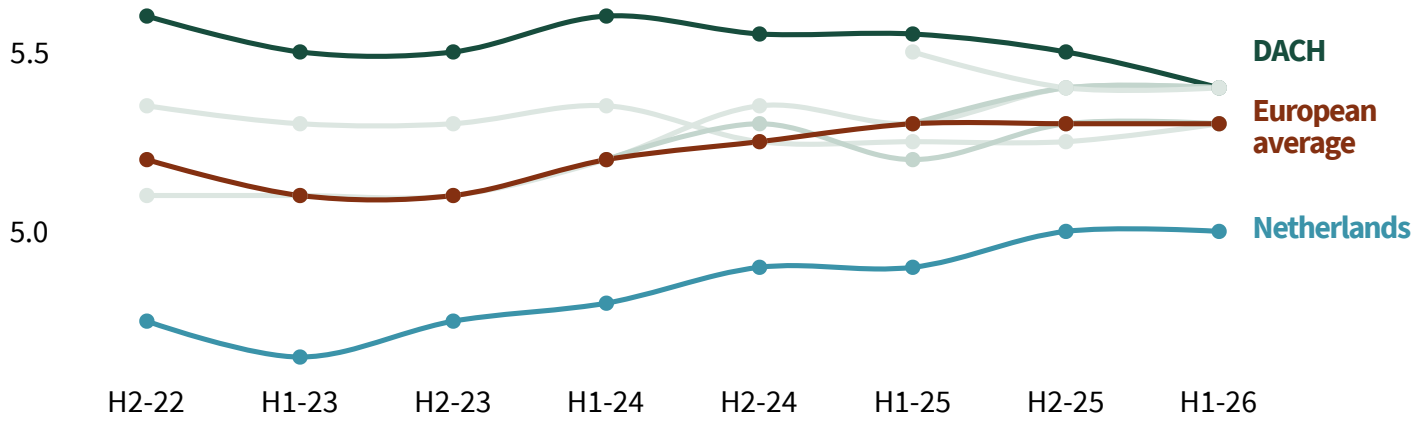


Figure 12. Average regional EBITDA multiples over time

The gap between regions has narrowed considerably over that period. DACH commanded the highest multiple in Europe for three years running, peaking at 5.65 in H2-2022, but has since eased to 5.4, converging with the rest of the field. The Netherlands has recorded the lowest regional multiple in every period on record, but has closed much of the gap, rising from 4.75 to 5.0 over the same stretch. CEE, Southern Europe and the Nordics, added to the European Monitor's comparison from H1-2024 and H1-2025 onward, entered close to the European average and have stayed there since.

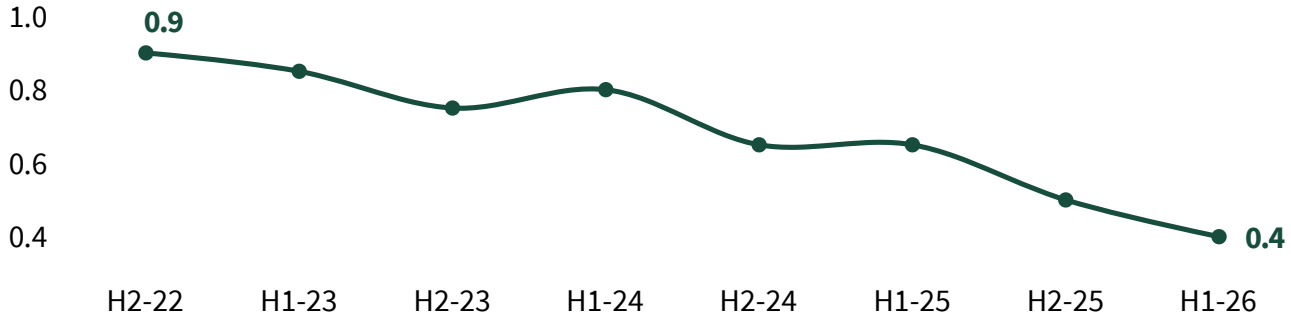


Figure 13. Spread between the highest and lowest regional EBITDA multiple

VI Valuation Gap

Seller expectations run high in half of processes

Previous Dealsuite research identified unrealistic seller valuation expectations as the leading cause of terminated deals. This edition of the European M&A Monitor asked advisors directly how often they encounter this gap between seller expectations and realistic market value, how large it typically is, and how often it ultimately breaks a deal.

50%

seller's value perception too high

25%

average deviation from market value

29%

leads to a collapsed deal

The gap is not evenly spread across Europe. The Nordics reported both the highest share of overvalued sellers (58%) and one of the highest deal-collapse rates (32%), while the Netherlands recorded the fewest process breakdowns of any region, at 19%. Southern Europe saw the highest share of processes derailed by valuation disagreements, at 38%. Advisors most often point to setting realistic expectations early, and to structuring deals through earn-outs and deferred payments, as the way to bridge what remains.

bakertilly

"Earn-outs remain one of the most effective instruments for bridging valuation gaps between buyers and sellers, especially when both sides have differing views on the company's future development. Seller loans can also help close a valuation gap, particularly when there is strong confidence in the company and a constructive, trust-based relationship exists between the parties. In larger transactions, rollover equity is increasingly being used. Fundamentally, however, there is no one-size-fits-all solution — every project requires individual consideration and presupposes that the parties involved have trust in the process and that transparency is present."

Julia Gathen | Partner M&A (Switzerland)

VII Average Interest per Sector

IT Services overtakes software development as Europe's most sought-after sector

The average number of interested parties per listed company is a useful indicator of buyer appetite and competitive tension in a sale process. Advisors were asked how many serious buyers, on average, expressed interest in the companies they brought to market in H1-2026. Results are shown in Figure 13.

IT Services now draws more interested buyers than any other sector, at 11.2 per listed company on average, edging past Software Development (10.7), which topped the ranking a year ago at 11.8. The average amount of interested parties per offered company remains stable at 7.6.

	H1-2025	H1-2026	Difference
IT Services	10.9	**11.2**	**0.3**
Software Development	11.8	**10.7**	**-1.1**
Healthcare & Pharmaceuticals	9.9	**10.4**	**0.5**
Industrial & Manufacturing	9.7	**9.8**	**0.1**
Business Services	8.5	**9.3**	**0.8**
E-commerce & Webshops	7.4	**7.2**	**-0.2**
Construction & Engineering	7.2	**7.1**	**-0.1**
Agri & Food	6.0	**6.4**	**0.4**
Wholesale Trade	5.4	**6.1**	**0.7**
Automotive, Transportation & Logistics	5.7	**5.7**	**-**
Media & Communication	5.5	**5.7**	**0.2**
Hospitality & Tourism	4.9	**4.7**	**-0.2**
Retail Trade	4.4	**4.4**	**-**
Average over all sectors	**7.5**	**7.6**	**0.1**

Figure 13. Number of interested parties per sector

VIII Retrospect

Advisors look back on a broadly positive first half

Assessing the performance of the European M&A mid-market is based on many factors, including the willingness of entrepreneurs to sell their businesses, funding availability, and macroeconomic developments. An interpretation of these factors is needed to determine how the market has developed. Advisors were asked to assess the M&A mid-market in H1-2026 (retrospective). Results are shown in Figure 14.

Three in four advisors (75%) rated the M&A mid-market positively over the past six months, with 25% taking a negative view. Southern Europe (85%) and CEE (81%) were the most upbeat regions; France, at 57%, the most reserved.

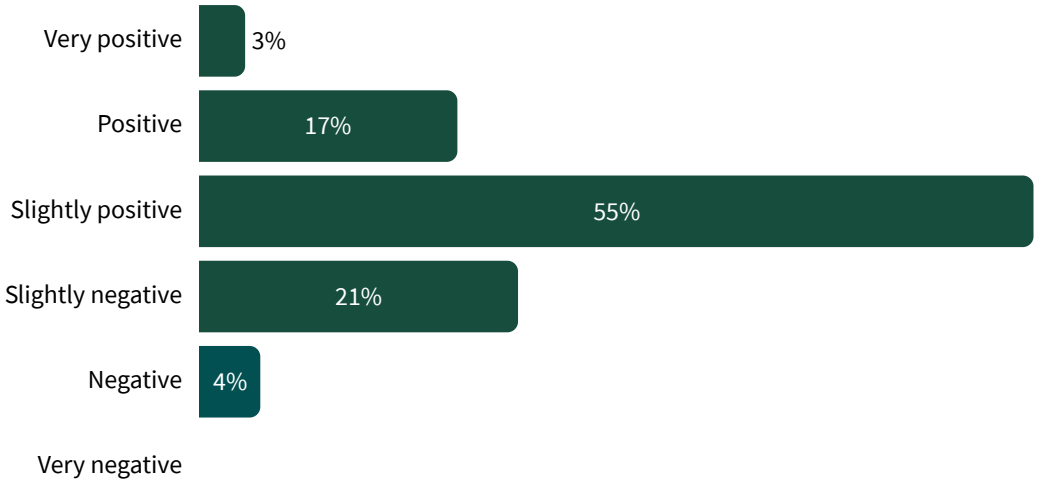


Figure 14. Impression of the M&A market over the past six months

"The ongoing trend toward age-related business sales will continue to support the M&A market in the second half of 2026 as well. At the same time, the financing side of transactions in the small- and mid-cap segment is becoming more complex: the path to a tailored financing solution requires access to the right capital providers, individual structuring expertise, and a process that aligns with the M&A process in both timing and content."
Chris Seifert, Managing Director (Germany)

IX OUTLOOK

Sentiment strengthens further heading into H2-2026

Looking ahead, advisors were asked what they expect from the second half of 2026, taking into account the same underlying drivers, seller appetite, financing conditions, and the wider economic backdrop, this time as a forecast rather than a retrospective view. Results are shown in Figure 15.

Optimism rose in every region except France, where continued political and economic uncertainty ahead of the 2027 elections tempered expectations (63% optimistic, against 79% or higher elsewhere). CEE, Southern Europe and the Nordics were the most confident.

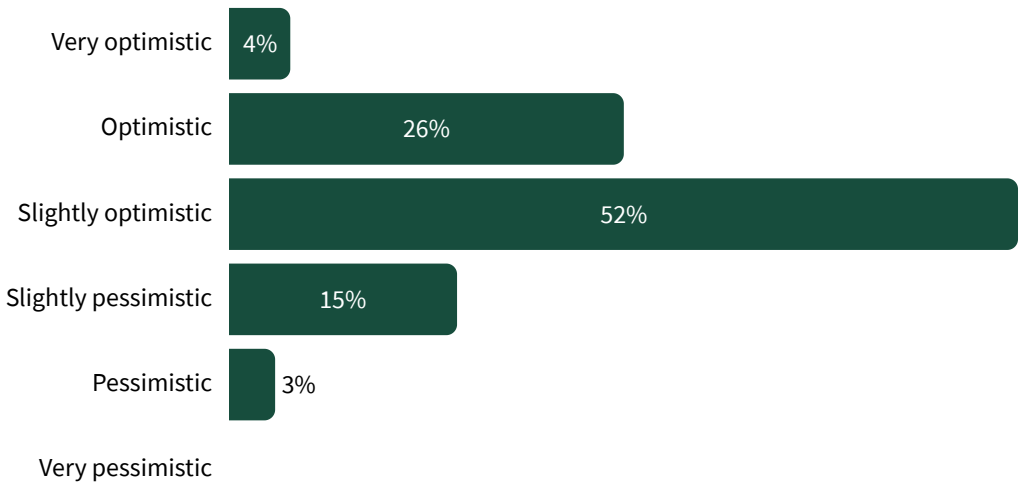


Figure 15. Expectations for the M&A market over the coming six months

JP Weber

"H2-2026 M&A activity is likely to stay uneven, concentrated around scarce capabilities and strategic resilience. AI is shifting buyer interest towards the physical economy, particularly power generation, data centres, and industrial automation, alongside continued interest in defence technology and healthcare. The best outcomes will go to companies that can show they benefit from disruption rather than being threatened by it, with the systems and management in place to execute transformation after the deal."
Piotr Kucharczyk, Partner (Poland)

X Method

The majority of M&A transactions take place in the mid-market. This M&A Monitor uses the definition of a mid-market company as having a revenue between €1 million and €200 million.

The survey that formed the basis for this M&A Monitor was sent to 2797 M&A advisory firms active in the European mid-market. Considering their combined input, they represent an essential part of the European M&A mid-market. Out of the total of 2797 advisory firms, we received 815 responses.

Sources used:

• A total of 815 M&A advisory firms provided detailed input based on the transactions they advised on in H1-2026.
• Dealsuite deal database (2026)
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This research was conducted by Jelle Stuij and Roos Bijvoet. For further questions about this research, please contact Jelle Stuij.

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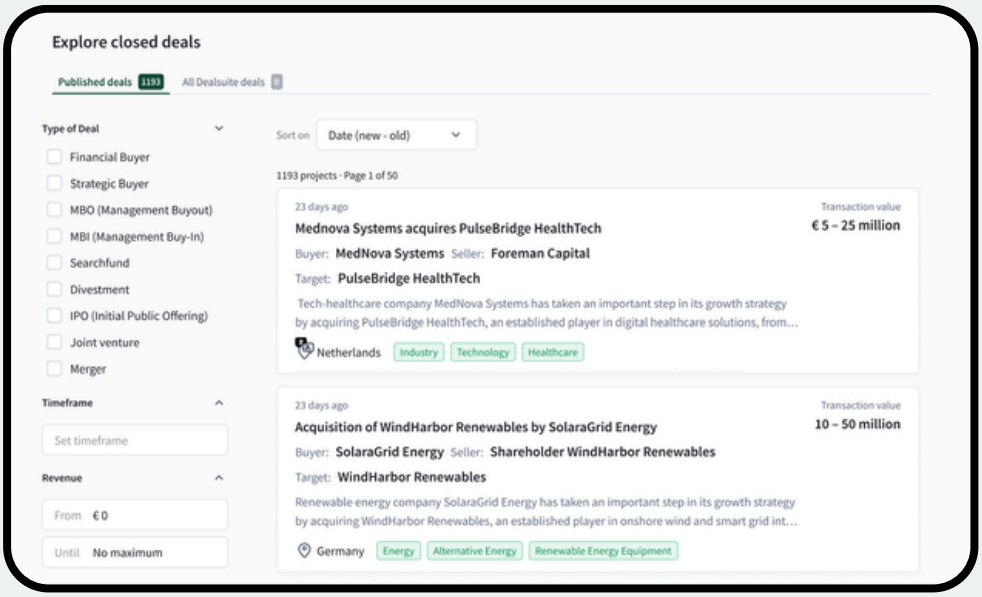
XI About Dealsuite

Dealsuite is Europe's largest market network for M&A. The best opportunities rarely come from the people you already know, they come from the connections you haven't made yet. Dealsuite gives M&A advisors, investment firms and corporate M&A teams direct access to that wider pool, matching live buyer and seller criteria automatically so opportunities beyond their own network become just as accessible as the ones within it.

Founded in 2017 in close collaboration with M&A advisors and investment firms, Dealsuite set out to make deal sourcing in the SME and lower mid-market more transparent and accessible to every M&A professional, not only the firms with the largest networks. As a plug-and-play platform, it takes minutes to get started: list a project or scan live opportunities, and let Dealsuite's matching do the rest. Over 1,750 M&A advisory firms, investment companies and corporate M&A teams are now part of the network, active in more than 60 countries, and every new member adds to a constant, curated flow of deals for everyone already on the platform.

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