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M&A Monitor August 2025

DATA & TRENDS IN THE UK&I M&A MID-MARKET



Introduction

Thank you for taking the time to read this H1-2025 version of the UK&I M&A Monitor. This report consolidates research performed by Dealsuite, the leading UK&I and international platform for M&A transactions. It contains statistics and trends for the UK&I M&A mid-market (enterprises with a revenue between £1 million and £200 million) over the first half of 2025.

Dealsuite contacted 433 M&A advisory firms operating within the UK&I M&A mid-market.

The aim of this study is to create periodic insights that improve the UK&I market's transparency and to serve as a benchmark for M&A professionals. We are convinced that sharing information within our network leads to an improved quality and volume of deals.



Floyd Plettenberg MSc. EMFC
CEO Dealsuite



Table of contents

I	Transactions	4
II	Expected Sector Shifts	6
III	Assignments	7
IV	Financing Availability	8
V	EBITDA Multiples in UK&I	9
VI	Sector Multiples	10
VII	Multiples in Relation to Company Size	11
VIII	Cross Border Transactions	13
IX	Artificial Intelligence	14
X	Deal Terms	15
XI	Buyer intent	16
XII	Outlook	17
XIII	References	18
XIV	Method	19
XV	About Dealsuite	20

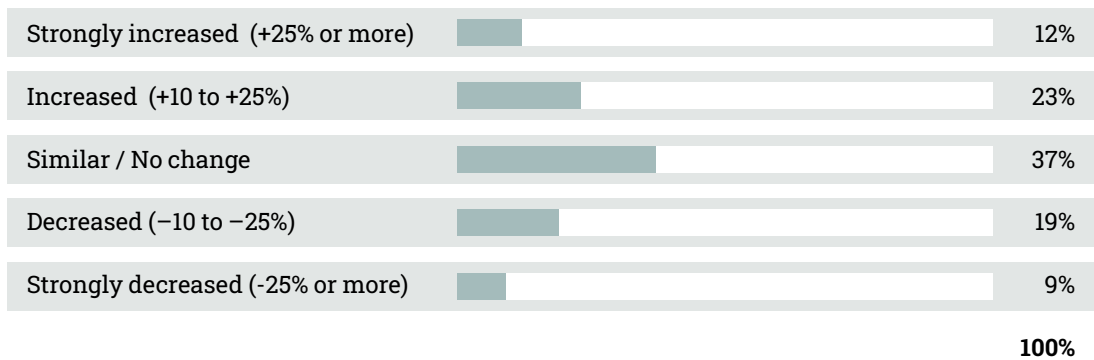
I Transactions

Amount of Transactions in H1-2025 Remains Stable

After years of turbulence, uncertainty has become less of an exception, and more of a constant. Since 2020, the M&A market has been confronted with a series of external influences: high inflation, rapidly rising interest rates, geopolitical tensions both inside and outside of Europe, and global trade wars putting pressure on economic dynamics. Where these factors previously led to hesitation among buyers and sellers, there now appears to be a structural adjustment. Many dealmakers have adapted to this new reality, where volatility is more often the rule than the exception. This adaptation marks the emergence of a 'new normal' that is visible across the M&A market, particularly in the SME segment, which has traditionally also been less susceptible to macroeconomic fluctuations.

Even now, the SME segment is showing a relatively stable picture, despite ongoing external uncertainties. This translates into a market that appears more resilient than before.

Figure 1. Development of M&A Transaction Volume in H1-2025 Compared to H2-2024



I Transactions

Decrease in Average Deal Size

In the first half of 2025 the average deal size saw a decline compared to the second half of 2024, reversing the previous trend of growth. Half a year ago, there was a noticeable increase in the share of larger transactions, particularly those exceeding £10 million. However, in H1-2025, the share of deals above £10 million decreased by 9 percentage points. At the same time, there was a rise in smaller transactions, notably in the £2.5 to £5 million range, which increased by 6 percentage points, and in deals below £2.5 million, which grew by 5 percentage points. This shift reflects a movement toward smaller transactions in H1-2025 compared to the prior half-year.

Figure 2. Transactions per deal size

	H2-2024	H1-2025	Difference
10 million or above	34%	25%	↓ -9
7.5 to 10 million	14%	13%	↓ -1
5 to 7.5 million	11%	10%	↓ -1
2.5 to 5 million	13%	19%	↑ 6
Below 2.5 million	28%	33%	↑ 5

II Expected Sector Shifts

Decline Expected in Deal Activity in the Hospitality & Tourism Sector

The number of expected transactions in a sector is influenced by a variety of market, industry, and financing-related factors. To gain insight into anticipated shifts, advisors were asked in which sector they expect the largest increase or decrease in the number of transactions in H2-2025. Each respondent could indicate one sector. The results are presented in two charts, showing the three sectors most frequently mentioned for an expected increase and decrease.

Business Services was most frequently cited as the sector expected to see the largest increase (47% of respondents), followed by Software Development (18%) and Healthcare & Pharmaceuticals (12%).

Hospitality & Tourism was most frequently cited as the sector expected to see the largest decrease (33% of respondents), followed by Retail Trade (26%) and Construction & Engineering (21%).

Figure 3: Top 3 sectors with expected increase in number of transactions in H2-2025

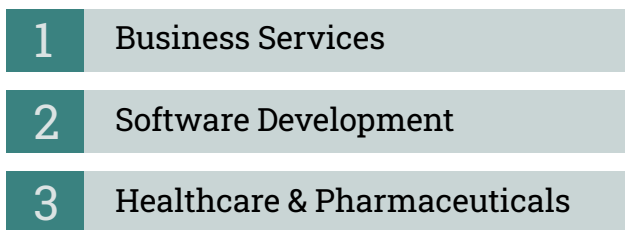


Figure 4: Top 3 sectors with expected decrease in number of transactions in H2-2025



We expect a decline in activity in the Hospitality & Tourism sector due to low profitability, increasing pressure on wage costs, and a persistent shortage of staff, which makes it challenging to sustain operations and pursue new deals.



Alison Watts
Corporate Finance Partner
Westcotts



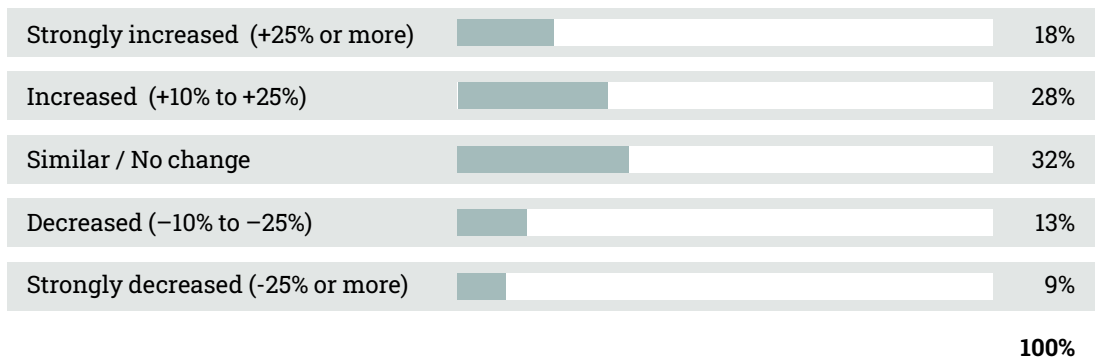
III Assignments

46% of the Advisors Report an Increase in the Number of Assignments

The results are explained in more detail in Figure 5 below. These are assignments received in H1-2025 and completed in H1-2025, however, it is worth noting that some of these projects may be completed during a later period or canceled.

In H1-2025, 32% of advisors reported a similar number of transactions compared to H2-2024. While 22% of advisors noticed a drop, 46% reported an increase in the number of assignments.

Figure 5. Development in the number of assignments compared to H2-2024

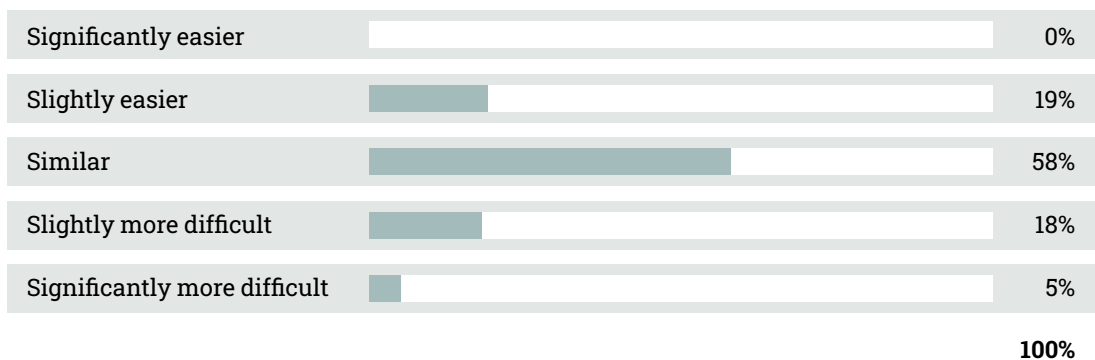


IV Financing Availability

Financing Expected to Become More Difficult in H2-2025

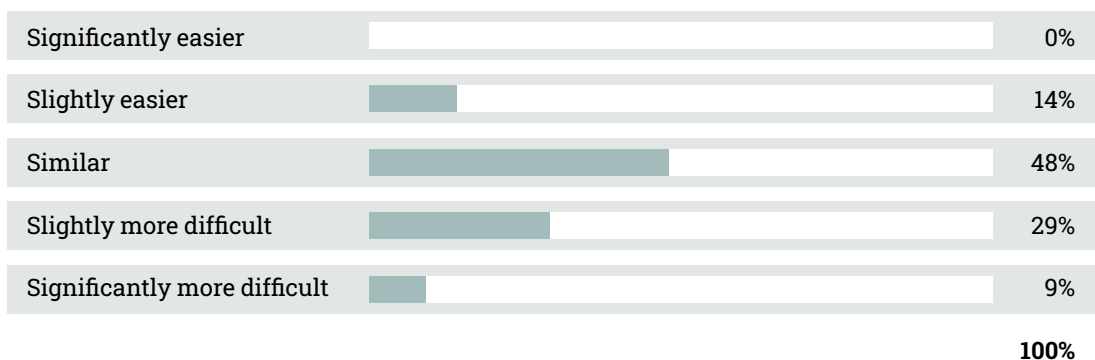
Advisors were asked to report on the availability of financing compared to H2-2024, the results are shown in Figures 6 and 7. According to the responses, access to financing in the UK&I has remained similar compared to the second half of 2024. 58% of respondents indicate that the situation remains unchanged in H1-2025. A total of 19% of respondents report that financing has become easier, whereas 23% indicate it has become more difficult.

Figure 6. Availability of Financing Compared to H2-2024



Looking ahead to the second half of 2025, expectations regarding financing conditions are mixed. Nearly half of the respondents (48%) expect conditions to remain similar, while 14% anticipate a slight improvement. However, 29% foresee slightly more difficult conditions, and 9% expect financing to become significantly harder. No respondents predict a significant easing of financing conditions.

Figure 7. Expected Availability of Financing in H2-2025



V EBITDA Multiples in UK&I

Slight Decline in the Average EBITDA Multiple to 5.3

Since the first half of 2020, Dealsuite has been reporting the average multiples per sector every six months, the average EBITDA multiple paid for a company in a specific sector. In this study, participants were asked about the current multiples being paid, based on their (revised) insights. The results are shown in Figure 8. The reported multiples are based on the enterprise value (EV) of the acquired companies.

The average EBITDA multiple slightly decreased from 5.35 to 5.3 in H1-2025. Most sector multiples saw a slight decline. The Business Services and Industrial & Manufacturing sectors both saw an increase of 0.2.

Figure 8. Average EBITDA multiple per sector (EV/EBITDA)

	H2-2024	H1-2025	Difference
Software Development	8.2	8.2	-
Healthcare & Pharmaceuticals	7.9	7.6	-0.3
IT Services	7.9	7.6	-0.3
E-commerce & Webshops	6.6	6.4	-0.2
Business Services	5.7	5.9	0.2
Agri & Food	5.5	5.3	-0.2
Industrial & Manufacturing	5.1	5.3	0.2
Media & Communication	4.2	4.1	-0.1
Hospitality & Tourism	4.2	4.1	-0.1
Automotive, Transportation & Logistics	3.9	4.0	0.1
Construction & Engineering	3.7	3.8	0.1
Wholesale Trade	3.8	3.5	-0.3
Retail Trade	3.5	3.4	-0.1

The applicable EBITDA multiple for the UK&I M&A mid-market was:

5.3

VI Sector Multiples

Company valuations are inherently specific and depend on factors such as growth, profitability, market position, and risk. While a multiple alone is not a complete valuation method, it provides a useful benchmark, particularly for comparing similar transactions in the near term.

Figure 9 illustrates the distribution of EBITDA multiples by sector. Some sectors encompass a wide range of companies, which explains the broader spreads compared with sectors composed of more similar businesses. The table shows the typical range of EBITDA multiples per sector, though individual transactions can occur at significantly higher or lower levels.

To provide a representative view of a typical company within each sector, the range has been adjusted to exclude the two largest outliers per sector.

Figure 9. Spread of EBITDA multiples per sector*

	Lowest	Average	Highest
Software Development	7.7	8.2	8.8
IT Services	7.0	7.6	8.4
Healthcare & Pharmaceuticals	7.1	7.6	8.4
E-commerce & Webshops	5.5	6.4	6.9
Business Services	5.1	5.9	6.4
Agri & Food	4.5	5.3	5.8
Industrial & Manufacturing	4.7	5.3	6.0
Media & Communication	3.5	4.1	4.7
Hospitality & Tourism	3.6	4.1	4.7
Automotive, Transportation & Logistics	3.6	4.0	4.8
Construction & Engineering	3.3	3.8	4.3
Wholesale Trade	2.9	3.5	4.2
Retail Trade	2.6	3.4	4.1

* The spread of multiples has been corrected for the two largest outliers.

VII Multiples in Relation to Company Size

Big difference Between Multiples for Large and Small Companies

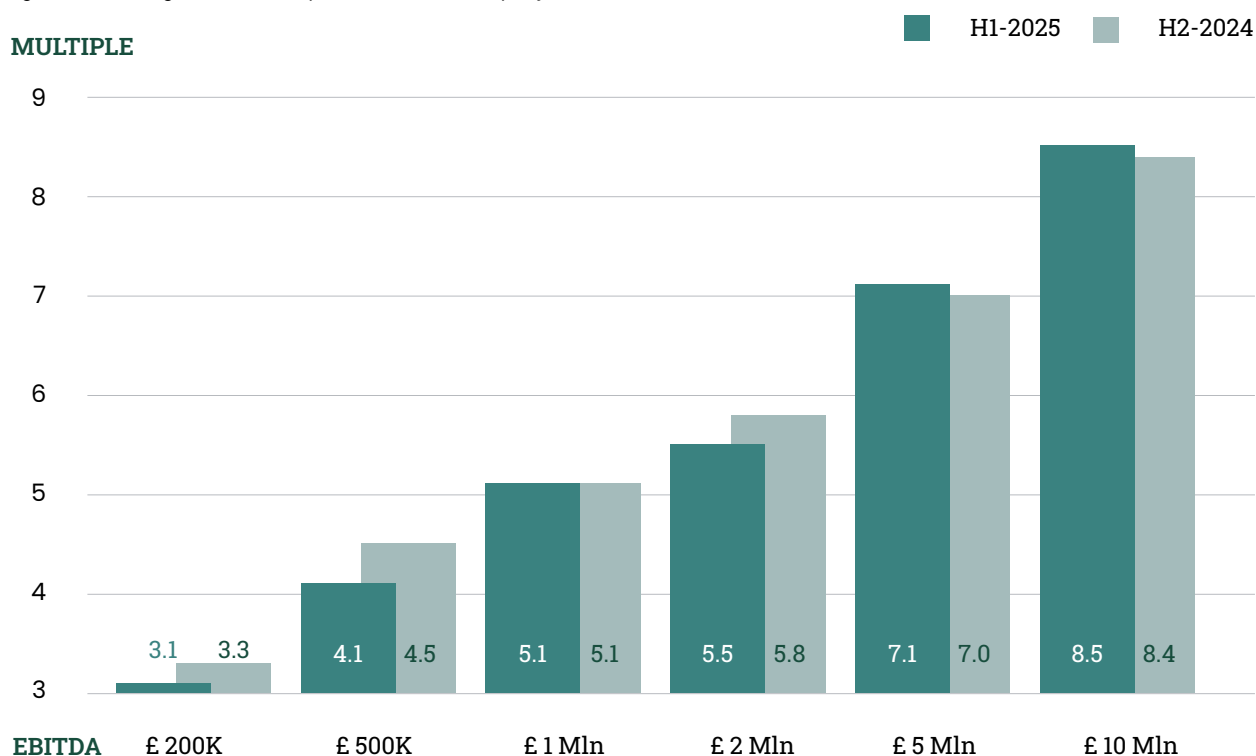
The size of a company plays a crucial role in determining multiples in business valuation. For small and medium-sized enterprises (SMEs) in the UK, it is essential to accurately quantify the impact of the Small Firm Premium. This is particularly relevant for businesses with an EBITDA ranging from £200,000 to £10,000,000.

Studies have shown that smaller companies face a higher likelihood of not achieving their expected cash flows (Damodaran, 2011; Grabowski and Pratt, 2013). This can be attributed to factors such as reliance on specific customers or suppliers, or dependence on unique technical expertise that may be lost if key employees leave. Such vulnerabilities can significantly impact a company's returns and, consequently, its valuation. The elevated risk premium associated with smaller businesses, known as the Small Firm Premium, leads to a reduction in value. As a result, EBITDA multiples for larger companies tend to be higher on average compared to those for smaller companies.

The results of this monitor survey confirm again that companies with a low EBITDA have a lower multiple than companies with a high EBITDA. The influence of company size on EBITDA multiples paid is presented in Figures 10A and 10B.

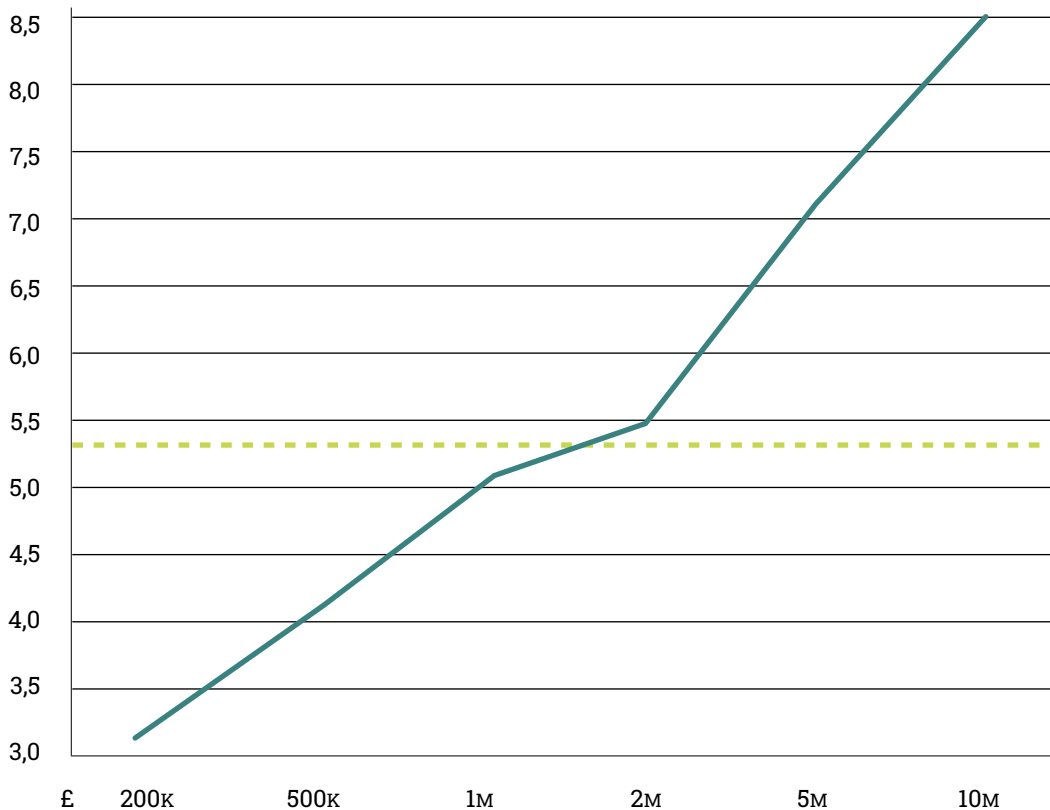
The difference in the EBITDA multiple between companies with a normalised EBITDA of £200,000 and £10,000,000 is 5.4 (3.1 compared to 8.5).

Figure 10A. Average EBITDA multiple in relation to company size



VII Multiples in Relation to Company Size

Figure 10B. Average EBITDA multiple in relation to company size



- Average EBITDA multiple across all sectors regardless of company size.
- Average EBITDA multiple by company size H1-2025.

**Note: The scale of the 'Normalized EBITDA' in this graph is disproportionate.*

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.

VIII Cross-border Transactions

A comparison of EBITDA multiples between different countries highlights the advantages of cross-border deals. For example, it can be beneficial to buy a particular company abroad or to sell a company to an international buyer. Figure 11 shows the differences in EBITDA multiples between European markets.

Figure 11. Comparison between average EBITDA multiple by sector (Enterprise Value) in the United Kingdom and Ireland and neighbouring countries

	UK&I	DACH	France	Netherlands	CEE	Nordics	Southern Europe
Software Development	8.2	8.9	7.7	7.4	6.7	8.0	7.4
Healthcare & Pharmaceuticals	7.6	8.4	7.5	6.4	7.4	8.0	7.4
IT Services	7.6	8.0	7.2	6.7	6.2	7.4	6.9
E-commerce & Webshops	6.4	6.4	4.9	5.0	5.4	5.2	5.2
Business Services	5.9	5.7	5.3	4.9	5.3	5.8	5.3
Agri & Food	5.3	5.4	5.1	5.4	5.7	5.5	5.4
Industrial & Manufacturing	5.3	5.3	4.9	5.0	5.1	5.0	4.9
Media & Communication	4.1	4.6	4.7	3.8	5.1	4.5	4.9
Hospitality & Tourism	4.1	3.1	4.4	3.1	3.9	4.2	4.3
Automotive, Transportation & Logistics	4.0	4.3	4.4	4.1	4.3	4.5	4.3
Construction & Engineering	3.8	4.9	3.8	4.5	3.9	4.4	3.8
Wholesale Trade	3.5	4.6	4.1	5.2	4.7	4.6	4.4
Retail Trade	3.4	2.8	4.5	2.3	4.2	4.2	4.5
Average:	5.3	5.55	5.25	4.9	5.2	5.5	5.3

IX Artificial intelligence

AI Has Become an Indispensable Tool in M&A Processes

The use of AI in M&A processes has increased significantly over the past two years. In H1-2023, only 5% of respondents reported using AI regularly; by H1-2025, this share had risen to 41%. This suggests that AI has now taken on a more permanent role within the M&A landscape.

Figure 12. Role of AI on M&A activities in H1-2025

	H1-2025	H1-2023	Difference
I regularly use AI	41%	5%	↑ 36
I have used AI a few times	39%	7%	↑ 32
I considered using AI, but did not use it	11%	34%	↓ 23
I have not used AI, nor considered it	9%	54%	↓ 45

In 2023, M&A advisors were asked about the expected added value of AI in their work. Two years later, many of those expectations have been met. AI is now seen as particularly valuable for market research and for faster evaluation of targets.

For identifying off-market opportunities, the perception is more mixed: 33% see significant value, 36% limited, and 31% no added value—slightly below the 2023 expectations but still broadly recognized. AI provides only limited support in due diligence and legal documentation, with the majority of advisors reporting no or limited added value. Post-merger integration remains the area where AI is rarely considered valuable, with 62% reporting no added value, slightly less than anticipated, and only 2% seeing significant impact.

Figure 13. Added value of AI

	No added value	Limited added value	Significant added value
Market research	9%	34%	57%
Faster target evaluation	29%	37%	34%
Identifying off-the-market opportunities	31%	36%	33%
Efficient Due Diligence process	37%	44%	19%
Legal documents creation/evaluation	43%	38%	19%
Post-merger integration	62%	36%	2%

X Deal Terms

Increase in the Number of Earn-Outs, Vendor Loans, Warranties and Indemnities, and Asset/Liability Transactions

Macroeconomic developments can influence the use of specific deal terms. In this edition of the M&A Monitor, the application and frequency of various deal terms were analyzed (Figure 14).

In H1-2025, the use of most common deal terms remained largely stable compared with H2-2024. Warranties and indemnities were applied at a similar pace, with 68% of respondents reporting no change. Earn-outs and vendor loans showed notable increases, with 39% and 26% of respondents respectively reporting higher usage, reflecting a growing emphasis on risk sharing between buyer and seller. Other deal terms, including capital maintenance commitments and suspensive conditions, remained largely unchanged, while asset/liability transactions experienced a modest increase, reported by 22% of respondents.

Figure 14. Frequency percentage of applied deal terms

	Strongly decreased (-25% or more)	Decreased (-10% to -25%)	Similar / No change	Increased (+10% to +25%)	Strongly increased (+25% or more)
Earn out	0%	2%	59%	37%	2%
Vendor Loan	0%	1%	73%	19%	7%
Capital maintenance commitment	2%	6%	84%	7%	1%
Warranties and indemnities	0%	2%	68%	23%	7%
Asset/liability transaction	0%	5%	73%	18%	4%
Suspensive conditions	2%	4%	87%	5%	2%

XI Buyer Intent

On Average 7.9 Interested Buyers per Company for Sale

The M&A market is a ‘sellers market’. The balance between supply and demand in the M&A market varies by sector. M&A advisory firms were asked to indicate, for each sector, how many serious potential buyers typically show interest in a company that is put up for sale. The results are presented in Figure 15.

Various factors can influence the number of interested buyers. This is affected, among other things, by financing conditions, economic uncertainty, or sector developments that impact buyer appetite. While the average number of interested parties per company declined between 2022 and 2023, H1-2024 saw a renewed increase across most sectors. During that half-year, an average of 8.1 serious parties showed interest per company on offer. In H1-2025, that number has remained similar at 7.9 interested parties per offered firm on average.

Figure 15. Average number of interested* parties per firm

	H1-2024	H1-2025	Difference
Software Development	12.2	11.8	-0.4
Business Services	9.6	11.1	1.5
Industrial & Manufacturing	8.6	10.1	1.5
Construction & Engineering	10.5	9.9	-0.6
IT Services	11.2	9.3	-1.9
Healthcare & Pharmaceuticals	8.1	9.3	1.2
Automotive, Transportation & Logistics	7.3	7.0	-0.3
E-commerce & Webshops	7.6	6.9	-0.7
Media & Communication	7.9	6.8	-1.1
Wholesale Trade	7.6	6.1	-1.5
Retail Trade	5.3	5.5	0.2
Hospitality & Tourism	5.1	5.0	-0.1
Agri & Foods	4.7	4.2	-0.5
Average	8.1	7.9	-0.2

The average number of interested parties per firm is

7.9

*Definition of ‘interested’: A party that engages in direct contact with the seller

XII Outlook

Cautious Optimism Amid Divided Views

Assessing the performance of the UK&I M&A mid-market is based on many factors, including the willingness of entrepreneurs to sell their businesses, funding availability, macroeconomic developments, etc. An interpretation of these factors is needed to determine how the market will develop. The survey included both assessments of the M&A mid-market in H1-2025 (retrospective) and H2-2025 (projection).

Opinions on the performance in the first half of 2025 were mixed. While 58% of advisors were satisfied with the results, 42% held a rather negative view. Looking ahead, 61% of advisors have positive expectations for H2-2025.

Figure 16. Assessment UK&I M&A mid-market H1-2025

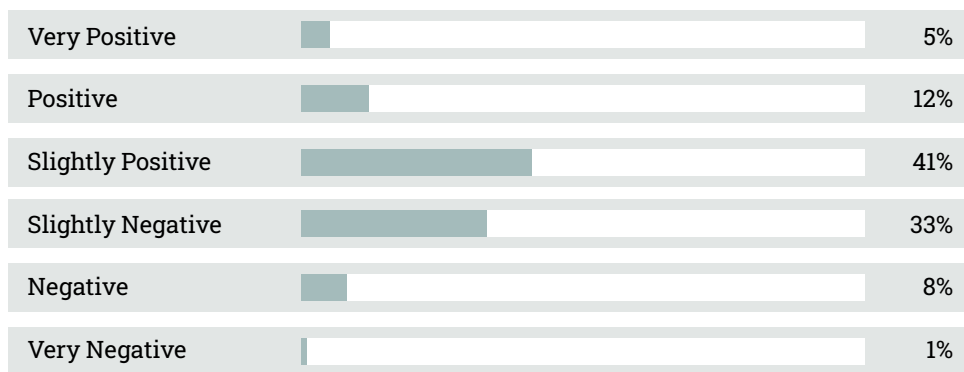


Figure 17. Expectations UK&I M&A mid-market H2-2025



I expect the market to remain competitive over the coming year, with increased funding flowing into PE and in support of Trade Buyers.

Demand continues to outstrip supply across most sectors whenever high-quality profitable SMEs are under scrutiny.

John Braithwaite
Managing Director
Unloq



XIII References



“Dealsuite has significantly broadened our horizons, connecting us to an expansive network of M&A professionals both in the UK and internationally. Thanks to Dealsuite, we’ve been able to discover and engage with industry experts more efficiently than ever before.”

Simon Martin
Partner
Corporate Finance, Ensors



“Using Dealsuite has really helped us reach more potential acquirers for our disposal mandates. It’s allowed us to find interested parties we might have missed with our usual research methods. Dealsuite has become a valuable tool in our disposal process, broadening our search for strategic partners and acquirers.”

Matt Milnes
Director
Hentons Corporate Finance



“Dealsuite helps us stay ahead of the curve when it comes to origination. It gives us early access to deals, helps us build relationships with active advisors, and keeps our deal flow consistent across sectors we focus on.”

Yannis Loucopoulos
CEO, Entrepreneur & Investor
Tristone Group



“What we value about Dealsuite is its ability to connect us with active advisors and high-quality deals in a confidential and efficient way. It plays an important role in keeping our origination sharp and targeted.”

Felix Leuschner
Co-founder
Venmark

XIV 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 and £200 million. The survey that was the basis for this M&A Monitor was sent to 433 M&A advisory firms. Considering their combined input, they represent an essential part of the M&A mid-market in the UK&I. Out of the total of 433 advisory firms, we received 104 responses (24% response rate).

Sources used:

- 104 survey responses from senior managers of UK&I M&A advisory firms
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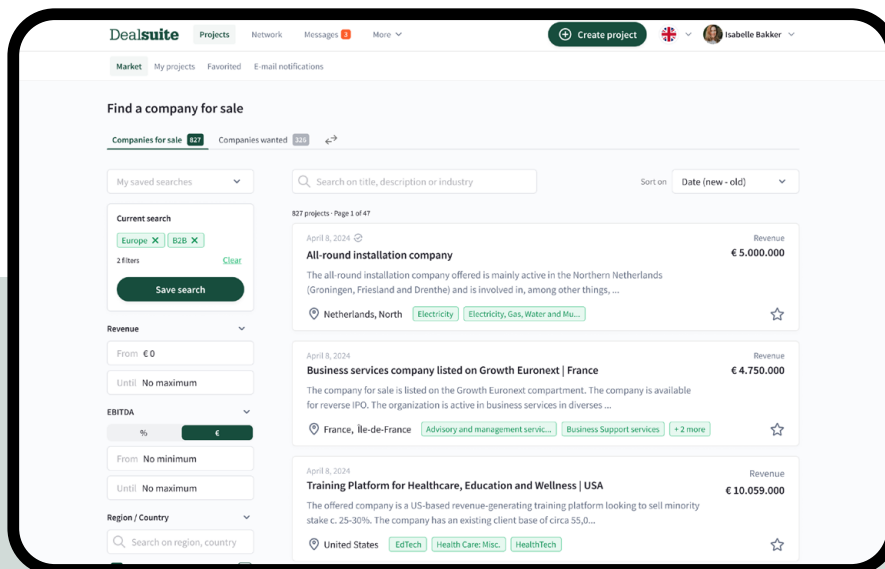
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XV About Dealsuite

Dealsuite is Europe's largest M&A network and the industry standard for deal sourcing. Founded in 2017 in close collaboration with M&A advisors and investment firms, Dealsuite aims to make the process of finding potential buyers and sellers more efficient, effective, and cost-effective.

Dealsuite is a closed online platform where corporate finance advisors, investment firms, and corporate M&A teams can exchange real-time buy and sell projects. Thanks to the advanced Dealsuite matching algorithm, the relevance of deals is guaranteed.

As a plug-and-play SaaS solution, Dealsuite is easy to use for everyone in the M&A sector. Since its inception, the platform has grown exponentially. Over 1,500 M&A advisory firms, investment companies, and corporate M&A teams are now part of Dealsuite, and the platform is active in over 60 countries.



Find your next deal

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