

Lower Middle Market M&A Deal Structure: What the Latest Survey Data Reveals



By John J. Koepfel

October 26, 2025 | **CORPORATE**

- The “average” \$25m to \$50m EV deal included ~70% cash | 10% seller note | 15% rollover equity | 5% cash escrow
- If an earnout existed (about 33% of deals), it reflected up to 10% more of EV post-close (on average)
- LMM multiples often in the 6x to 7x+ range (size/industry)
- Most attractive target features for buyers: (1) revenue consistency, (2) upside growth, and (3) EBITDA margin %
- Most attractive offer terms for sellers: (1) cash @ close, (2) amount of earnout, and (3) total EV. Next in the survey was rollover equity (a key driver for many of the isponsor deals we see our clients win)
- Key factors influencing sellers to sell: mix of the personal and business drivers (from buyer perspective, capital and expertise to expand, often an attractive motivator)

John Koepfel's commentary on Alliance of Mergers & Acquisitions Advisors graphic: *The increasing age of baby-boomer owners continues to be the top factor driving sellers to sell.* AMA&A lower middle market (LMM) survey highlights for PE and independent sponsors:

Disclaimer: *The information in this post is provided for general informational purposes only, and may not reflect the current law in your jurisdiction. No information contained in this post should be construed as legal advice from our firm or the individual author, nor is it intended to be a substitute for legal counsel on any subject matter. No reader of this post should act or refrain from acting on the basis of any information included in, or accessible through, this post without seeking the appropriate legal or other professional advice on the particular facts and circumstances at issue from a lawyer licensed in the recipient's state, country or other appropriate licensing jurisdiction.*