

## Net Working Capital in M&A: What Private Equity and Independent Sponsor Buyers Need to Know



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Net Working Capital (NWC) negotiation insights for private equity / independent sponsor buyers:

- Often favor buyers due to “first-mover advantage” (ie, buyer prepares the post-close statement, which a seller then defensively reacts to)
- More sophisticated sellers are leading to seller-favorable NWC adjustments, increasing from 26% (over a decade ago) to 48% now
- Buyers need to sufficiently detail out GAAP deviations (ie, if the target is not properly accruing bonuses throughout the year)
- Sellers need to thoughtfully articulate why certain NWC components may deviate from the norm (seasonality, nature of the business, etc.).
- Always make sure your accountants are working closely with counsel on the purchase agreement sections related to NWC adjustments (i.e., consider attaching a NWC methodology exhibit and/or sharing examples of the calculation pre-close).

John Koeppel's commentary on "[How Sellers are Narrowing the Gap with Buyers in M&A Post-Close Working Capital Adjustments](#)," *Lincoln International*, October, 2025

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