



According to a recently published “Key Deal Terms” report by GF Data, a database of private company transactions, headline multiples only tell half the story, and the “good old days” of simple cash-at-close are increasingly rare. While 2025 valuations remained superficially stable, the underlying deal data reveals a deliberate defensive shift. Buyers are leveraging structural protections to offset macroeconomic uncertainty, essentially maintaining their pricing discipline by pushing more risk back onto the seller or utilizing third-party insurers to manage the complex “fine print” that defines today’s transaction landscape.

TEV/EBITDA by Sell Side Quality of Earnings						
2024 - 2025						
TEV	2024			2025		
	Yes	No	Spread	Yes	No	Spread
10-25	5.9	6.6	-0.7	6.1	6.2	-0.1
25-50	7.0	7.1	-0.1	7.1	6.6	0.5
50-500	8.2	7.5	0.7	8.1	7.9	0.2
100-500	9.2	8.2	1.0	9.6	10.4	-0.8
<b>Total</b>	<b>7.5</b>	<b>7.0</b>	<b>0.5</b>	<b>7.6</b>	<b>6.6</b>	<b>1.0</b>
N=	92	115	207	150	147	297

Source: GF Data®, an ACG® Company

We are witnessing a significant tactical shift in how risk is allocated in the current climate. Indemnification caps have compressed for a second consecutive year—dropping sharply to an average of 11.2% in the \$50M–\$500M sweet spot—as savvy buyers pivot toward more sophisticated risk-transfer mechanisms. Simultaneously, the incidence of seller financing and earnouts (SFEs) has surged to 50.2%, marking the highest level we’ve recorded since 2020. The widening 1.1x valuation spread between deals with and without SFEs proves that earnouts have become the primary, mandatory tool for bridging persistent bid-ask gaps in a low-volume environment.

Furthermore, preparation is proving to be the ultimate differentiator for value preservation. In 2025, deals backed by a sell-side Quality of Earnings (QoE) report commanded a 1.0x EBITDA premium over those without. This advantage is most tangible in the \$25M–\$100M “sweet spot,” where a report is significant enough to influence buyer behavior but sits below the tier where buyers possess exhaustive internal diligence infrastructure. While the impact is negligible in micro-market deals and statistical noise above \$100M, for the core middle market, a pre-vetted P&L is now a mandatory prerequisite for defending a premium valuation.

Finally, Representation and Warranties Insurance (RWI) has reached a structural equilibrium, appearing in over 77% of deals above \$50M and consistently commanding a full one-turn premium in EBITDA multiples. This stability suggests the product is no longer a luxury but a baseline market expectation for quality assets. The takeaway for today’s market is clear: achieving a premium exit now requires more than just a robust P&L; it demands a sophisticated understanding of back-end structures. In this environment, the “headline price” is often secondary to the “final terms” when it comes to getting a deal across the finish line.

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**NOTICE:**

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