

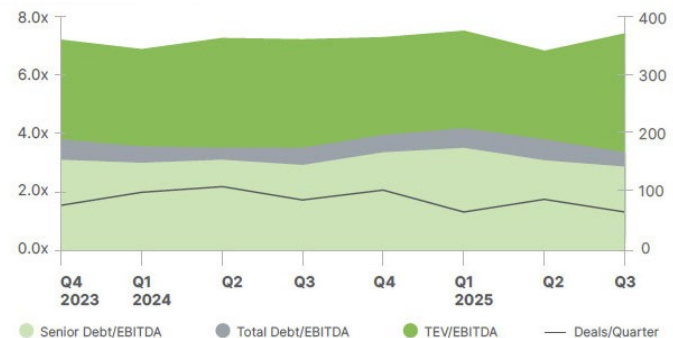
According to a recently published report by GF Data, a database of private company transactions, deal volume continued its slump, falling roughly 20% from Q2, consistent with the typical summer lull, but the year-to-date decline of 27% versus 2024 is the more concerning metric. This ongoing slowdown is a clear reflection of buyers' continued caution driven by persistent high financing costs and uneven deal quality.

The key takeaway, however, is the surprising rebound in average purchase price multiples, jumping from 6.9x to 7.5x TTM adjusted EBITDA. Crucially, this is not a broad-based recovery. It was fueled by renewed activity in leveraged recaps and growth financings, which skewed heavily toward the \$50 million to \$250 million TEV tier. Larger, better-capitalized businesses are commanding a premium because they can better absorb the higher leverage in this tight credit environment, offering lenders and sponsors a safer bet.

This flight to quality, paradoxically, has led to a record-low premium for financially strong assets. Above-Average Financial Performers (AAFP) now account for only 44% of buyouts, and the premium for buying quality has narrowed to a mere 2%. Buyers are simply reluctant to "pay up" for quality given the macro uncertainty and tight credit markets.

Senior debt coverage remained flat at 3.1x. Despite moderate headline leverage, credit structures have tightened, especially for smaller deals, where lenders are demanding higher equity contributions and applying stricter underwriting due to elevated borrowing costs and cautious market sentiment.

Tale of the Tape



	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025
# of Deals	74	97	107	84	100	62	83	66
TEV/EBITDA	7.2x	6.9x	7.3x	7.2x	7.3x	7.6x	6.9x	7.5x
Total Debt/EBITDA	3.8x	3.7x	3.6x	3.6x	4.0x	4.2x	3.8x	3.3x
Sr Debt/EBITDA	3.2x	3.0x	3.2x	2.9x	3.3x	3.5x	3.1x	2.8x

Source: GF Data®, an ACG® Company

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