

CMS European M&A Study 2026

Eighteenth Edition

Disclaimer

The results of the Study, the contents of this report and the conclusions which they present do not necessarily reflect the views of any member of CMS, the lawyers or the support staff who assisted with their preparation. Over 7,600 M&A transactions were evaluated in the Study, the vast majority of which were negotiated. There were many differences between the underlying agreements we analysed. In order to compare the results, individual provisions were categorised, a process which required a degree of subjective judgment. Although certain trends can be deduced from the Study, each transaction has individual features which are not recorded in the Study and to which no reference is made. As a result, the conclusions presented in the Study may be subject to important qualifications that are not expressly articulated in them.

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3 Introduction

4 Executive summary

- Highlights/Key Messages
- 2025 results at a glance
- Key conclusions
- Environmental, Social and Governance (ESG)
- Deal drivers
- CMS European/US risk allocation comparison
- CMS deal size analysis
- CMS European regional differences

16 Purchase price adjustment (PPA)/Locked box

22 Earn-out

30 *De minimis* and basket

38 Liability caps

44 Warranty & Indemnity insurance

52 Limitation period for warranty claims

58 Security for warranty claims

64 MAC clause

70 Arbitration

76 Tax

82 Global reach, local knowledge

83 Contacts

84 Our latest CMS Corporate/M&A headline deals

86 Methodology

Introduction

We are pleased to bring you the CMS European M&A Study for 2026 (the “Study”, the “2026 Study” or the “M&A Study”). Although deal value in Europe in 2025 declined compared with 2024, and deal volumes softened, we are pleased to have achieved another positive outcome in 2025 increasing the number of M&A deals on which CMS advised.

The 2026 Study is based on 601 transactions on which CMS advised in Europe in 2025. For the fifth successive year, this represents a record in terms of the volume of deals and is a mark of the prowess of our corporate/M&A practice across all CMS European offices. It demonstrates our capability to advise our clients on complex transactions across multiple sectors and deal sizes. We are always grateful to our clients for placing their trust in us for their most significant strategic deals.

Now in its 18th year, the M&A Study continues to provide a comprehensive and insightful view of market practice across Europe. We strongly believe its longevity, considerable deal sample, range of sectors, deal-size comparisons and geographic scope make it a highly authoritative commentary on what represents market norms on key deal terms across Europe for M&A practitioners, and how trends have developed compared with prior years, with a helpful comparison against US market practice too.

As well as the in-depth analysis of deal terms such as purchase price adjustments (“PPA”), earn-outs and risk allocation metrics, we also report several interesting market viewpoints. There was a 6% rise in financial investors on the buy-side of deals, which adds weight to the buyer favourable trends on pricing (more earn-outs, consistent use of PPAs) and risk allocation (longer limitation periods and a reduction in the prevalence of lower liability caps). In terms of deal drivers, entry into new markets remains the most popular driver for transactions, but the acquisition of a competitor experienced the strongest growth (up 4%). From a sector perspective, CMS advised on deals across a broad range of sectors, with Technology, Media & Communications heading the rankings with approximately one fifth of the firm’s deals.

As ever, the Study is compiled as Q1 nears its conclusion, and some of the momentum from the end of 2025 has carried over into the first part of 2026. We are pleased to have been asked to submit proposals for a meaningful share of high-profile mandates, as certain investment banks report strong deal pipelines and optimism about the year ahead.

We hope you find the 2026 Study useful when considering your M&A strategy for the year ahead and wish you all the best for 2026.



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Executive summary

This Study covers 601 share and asset deals on which CMS advised in 2025. This marks a record outcome and is the fifth consecutive year of growth in the number of private M&A transactions on which the firm advised in a calendar year. This is a notable achievement, with contributions from all the European markets served by CMS, across a full range of industry sectors and an increasing number of large value mandates.

We identify significant developments in deal points versus last year and over the past decade. In particular, in 2025 we note continued buyer favourable trends: more earn-outs, longer limitation periods and fewer lower liability caps. At the same time, the overall popularity of purchase price adjustments and W&I insurance was broadly unchanged from 2024.

Other deal metrics, such as the continued scarcity of MAC clauses and security for claims provisions, especially compared with the US, are consistent with previous years and indicate that a settled market practice has been established on these topics.

Highlights / Key Messages

- The trends observed last year in buyer and seller profiles generally continued. On the buy-side, 96% of buyers were either strategic or finance investors. In 2024, there was a 4% fall in strategic investors as buyers (to 69%) and a 6% rise in finance investors as buyers (to 27%), demonstrating the increasing significance of private equity and other financial sponsors in the M&A markets. On the sell-side, strategic investors were the dominant party (up 6% to 48%), with modest declines in market share for each of finance investors, managers and private individuals (all down 2% from 2024).
- AI continues to be a dominant topic in the legal industry. Whilst our deal driver categories are not sufficiently granular to identify AI specific rationales for acquisitions, we note a doubling in the use of AI tools in M&A processes (up to 60% of deals used a form of legal tech). Practitioners report that where a legal tech tool was used as part of a deal process, 72% of the time it made the process more efficient. This development is likely to continue as lawyers and dealmakers adopt tech tools across the M&A lifecycle.
- 2025's data on pricing related deal points shows broad consistency with 2024. Whilst the number of deals including purchase price adjustments was largely unchanged, there was renewed growth in earn-outs and in the use of EBIT/EBITDA as the metric for determining earn-outs. This continues the trend from 2024 and favours buyers.
- Subtle changes were observed on risk allocation deal points. Modest increases in the frequency of *de minimis* and basket limitations appear seller friendly, but this is contrasted by a rise in longer limitation periods (i.e. longer than 24 months). Meanwhile, overall data on liability caps, security for claims and W&I insurance was consistent with that seen 12 months ago.

Key conclusions

2025 results at a glance

CMS Trend Index

	2015–2024	2024	2025
DEALS WITH PURCHASE PRICE ADJUSTMENT	46%	48%	48%
DEALS WITH A LOCKED BOX (WHERE NO PURCHASE PRICE ADJUSTMENT)	56%	60%	54%
EARN-OUTS	23%	25%	27%
— SHORT EARN-OUTS (12 MONTHS OR LESS)	24%	28%	27%
— LONG EARN-OUTS (36 MONTHS OR MORE)	19%	19%	15%
— EBIT/EBITDA-BASED EARN-OUTS	44%	47%	55%
— TURNOVER-BASED EARN-OUTS	30%	26%	21%
DE MINIMIS	73%	70%	73%
BASKET	67%	62%	66%
— LOWER BASKETS (LESS THAN 1% OF PRICE)	61%	64%	67%
— HIGHER BASKETS (MORE THAN 1.5% OF PRICE)	22%	18%	20%
— FIRST DOLLAR RECOVERY	83%	88%	87%
LIABILITY CAPS			
— NO CAPS	10%	8%	8%
— LESS THAN 50% OF PRICE	57%	57%	58%
— LESS THAN 10% OF PRICE	17%	18%	17%
W&I INSURANCE	17%	24%	23%
LIMITATION PERIODS			
— 12–18 MONTHS	31%	26%	26%
— 18–24 MONTHS	35%	36%	33%
— MORE THAN 24 MONTHS	23%	29%	32%
SECURITY FOR WARRANTY CLAIMS	29%	25%	20%
— RETENTION FROM PRICE	31%	38%	40%
— ESCROW ACCOUNT	51%	38%	29%
MAC CLAUSE	14%	14%	14%
ARBITRATION CLAUSE	34%	42%	44%
— APPLICABILITY OF INTERNATIONAL RULES RATHER THAN NATIONAL RULES	35%	30%	38%

Purchase price adjustments –

The PPA remains a settled feature of European M&A, unchanged from 2024 at 48% of deals. Between 2015–2025, the variation between top and bottom has only ever been 5%, with cash & debt adjustments and working capital adjustments continuing to be the most common forms of PPA. In 2025, there was a significant 6% rise in deals utilising a cash & debt adjustment and a 5% increase in deals using a working capital adjustment. PPA mechanisms continue to be more popular in the US than in European deals, with 92% of this year’s US transactions using a PPA versus 48% in Europe.

Locked box transactions –

There was a 6% reversal in the use of locked box provisions in 2025, bringing usage closer to the 2015–2025 average of 56%. Where used, locked box mechanisms were most common on medium-sized and large transactions, with 69% of deals in both categories using these arrangements in 2025. On small transactions without a PPA, locked box mechanisms were used in less than half of deals in 2025 (47%).

Earn-outs –

The positive trend for earn-outs continued, with usage increasing by 2% to 27% in 2025. This equals the highest figure reported since the Study began and is 4% above the ten-year average (23%). EBIT/EBITDA remains the most popular earn-out metric, with an 8% increase to 55% in 2025. The notable increase in US earn-outs seen last year reversed, with the proportion of earn-out deals reverting to 22%, consistent with 2020–2022.

De minimis and basket – Transactions with a *de minimis* limitation increased by 3% in 2025 and remained in the low 70%, which has been the case since 2017. The majority of deals analysed had *de minimis* limitations of EUR 1 to 0.25% of the purchase price (60%), and deals with no *de minimis* fell to 27%, consistent with the 2015–2024 rolling average. Baskets featured in 66% of deals, up 4% on 2024 and offsetting last year's 2% decrease, with most set at EUR 1 to 1% of the purchase price and operating on a 'first dollar' recovery basis (87%).

Liability caps – 2025 saw deals with liability caps of less than 50% of the purchase price remain constant at 58%. For large deals, 43% had a liability cap of less than 10% of the purchase price, compared with only 7% of smaller deals. Liability caps equal to the purchase price remain more prevalent on small deals, although just over a fifth of medium-sized and large deals also had liability caps equal to the purchase price. Deals with no liability cap remain the least used approach.

Warranty & Indemnity insurance – 2025's figures were similar to 2024 in terms of the overall number of deals involving W&I insurance (23%). W&I insurance continued to be more likely on large deals. From a sector perspective, Real Estate was the most frequent user of W&I policies. The UK remains the European market most comfortable with W&I insurance.

Limitation periods – In 2025, the trend towards longer limitation periods continued to strengthen. While the use of limitation periods of 18–24 months decreased slightly (by 3% to 33% in total), the use of limitation periods of more than 24 months increased (up 3% to 32% in total). There was no change in the use of limitation periods of 12–18 months (still 26% in total) or 6–12 months (still 9% in total). This development aligns with the 'buyer friendly' trend observed over the past ten years in relation to limitation periods.

Security for warranty claims – In 2025, the number of agreements including security for warranty claims decreased by 5% (from 25% in 2024 to 20% in 2025). While escrow accounts have been the most common form of security over the past ten years, purchase price retention caught up in 2025 (up to 40%) and overtook agreements including a provision for an escrow (which remained at 29%). By deal size, retention of the purchase price was usually agreed in large deals (57%), whereas escrow accounts remain the most popular security in medium-sized deals (46%).

MAC clauses – After a decrease to 10% in 2023, usage rose to 14% in 2024 and remained at that level in 2025. This may indicate that buyers continue to enjoy a stronger bargaining position than in previous years. However, compared with the US, where a MAC clause is included in almost every deal (96%), 14% remains extremely low and indicates that MAC clauses are still uncommon in Europe.

Arbitration – The steady increase in the use of arbitration as a dispute resolution mechanism continued in 2025. 44% of all deals included an arbitration clause, compared with 42% in 2024 and 37% in 2023. Of those, national rules were applicable in 62% of transactions rather than international rules. This may indicate that parties do not wish to disengage completely from national legal systems, even though international rules are gaining importance (up 8% from 30% in 2024 to 38% in 2025).

Tax – In 2025, a tax indemnity was included in 59% of evaluated deals, marking a reversal of the downward trend observed since 2015. However, in every other deal with such a tax indemnity, sellers were granted a right to participate in a future tax audit, an increase of 5% from 50% to 55%.



Environmental, Social and Governance (ESG)

The 2026 Study shows ESG continues to have little impact on target selection: 3% of deals cited ESG as a consideration, unchanged from 2024. Specific ESG due diligence was undertaken in 7% of deals, and 5% included ESG specific provisions in the share purchase agreement (“SPA”). ESG specific warranties featured in 3% of 2025 deals – the most common ESG provision, but still at low levels.

Specific ESG Due Diligence



100% = all evaluated transactions

Specific ESG Provisions in the SPA



100% = all evaluated transactions

ESG Provisions in the SPA

	2025
SPECIFIC WARRANTIES	3.0%
SPECIFIC INDEMNITIES	0.3%
SPECIFIC DILIGENCE TOPICS	0.5%
OTHER	0.2%

A table with two columns: 'ESG Provisions in the SPA' and '2025'. The rows list four categories with their respective percentages: Specific Warranties (3.0%), Specific Indemnities (0.3%), Specific Diligence Topics (0.5%), and Other (0.2%).

This year’s figures again confirm that ESG considerations are not yet prevalent in deal decision making. The prevailing macroeconomic backdrop – particularly in the US – suggests it may take longer for ESG to become a core transaction feature. We continue to expect ESG to grow in importance, especially from regulatory and governance perspectives, and to become more salient as markets progress towards net zero by 2050 or sooner.

Deal drivers

Main deal drivers 2025

	2025
ENTRY INTO NEW MARKETS	47%
ACQUISITION OF KNOW-HOW (WITHOUT ACQUI-HIRE TRANSACTIONS)	19%
ACQUISITION OF A TEAM OF EMPLOYEES (I.E. ACQUI-HIRE TRANSACTIONS)	12%
ACQUISITION OF A COMPETITOR	30%
ACQUISITION OF A SUPPLIER	7%
DIGITALISATION	2%
OTHER	19%

The principal deal driver in 2025 was again entry into new markets (47%). Acquisition of a competitor was the second most common driver, up 4% on 2024. These patterns are consistent with both last year's figures and the 2018–2024 average as the leading reasons for transacting.

Main deal drivers 2018–2025

	2018–2024	2024	2025
ENTRY INTO NEW MARKETS	43%	49%	47%
ACQUISITION OF KNOW-HOW (WITHOUT ACQUI-HIRE TRANSACTIONS)	20%	19%	19%
ACQUISITION OF A TEAM OF EMPLOYEES (I.E. ACQUI-HIRE TRANSACTIONS)	14%	15%	12%
ACQUISITION OF A COMPETITOR	26%	26%	30%
ACQUISITION OF A SUPPLIER	6%	5%	7%
DIGITALISATION	2%	3%	2%
OTHER	23%	23%	19%

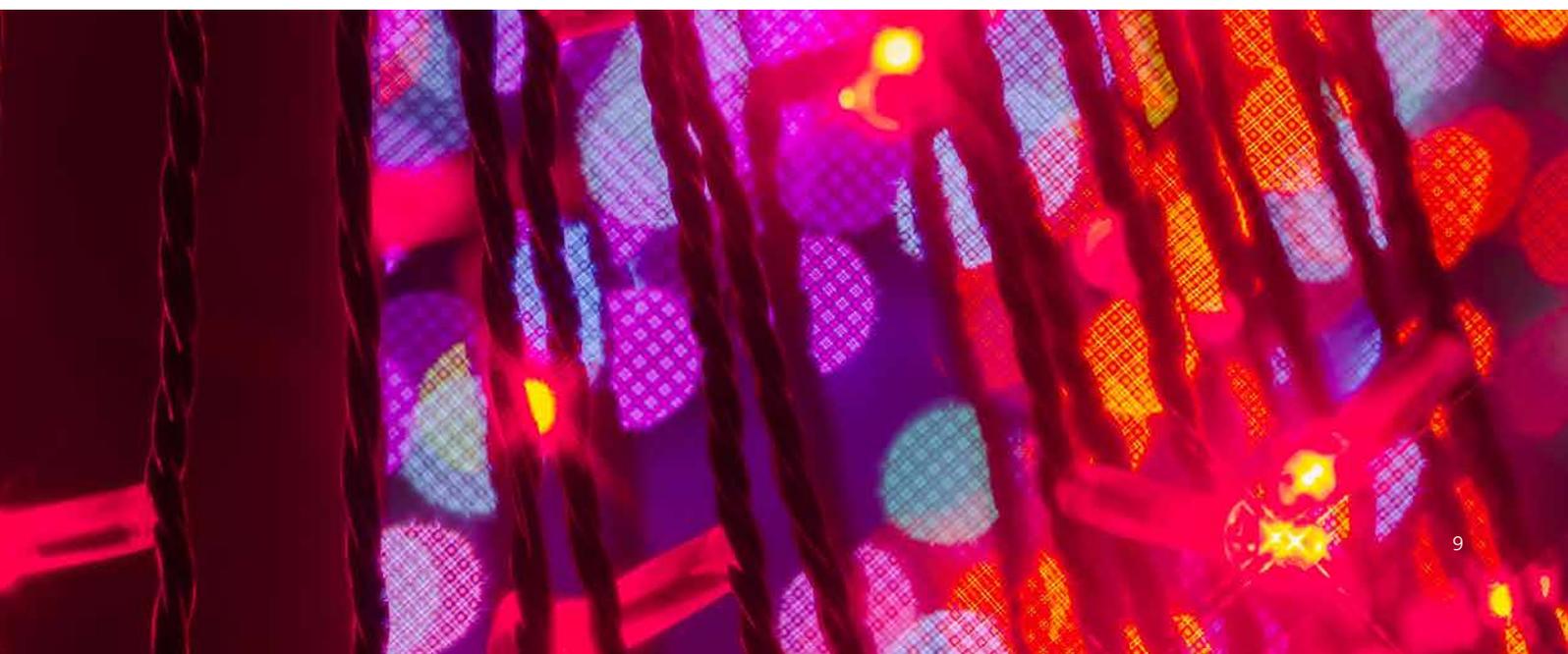
Sectors 2015–2025

SECTOR	2015–2024	2024	2025
BANKING & FINANCE	5%	5%	4%
HOSPITALITY, TRAVEL & LEISURE	6%	5%	5%
ENERGY & CLIMATE CHANGE	15%	18%	14%
CONSUMER PRODUCTS	9%	5%	9%
TECHNOLOGY, MEDIA & COMMUNICATIONS	18%	18%	20%
INFRASTRUCTURE & PROJECTS	2%	3%	3%
LIFE SCIENCES & HEALTHCARE	10%	12%	9%
REAL ESTATE	12%	8%	11%
INDUSTRY	14%	15%	12%
BUSINESS (OTHER SERVICES)	9%	10%	11%

The headline details for 2025 were as follows:

- 47% of deals were to gain an entry into new markets;
- 31% of all deals were either the acquisition of know-how or acqui-hire transactions; and
- 30% of deals were to acquire a competitor.

Acquiring competitors rose by 4% as a deal driver year-on-year, offset by a corresponding 4% fall in the 'Other' category. By sector, Energy and Climate Change fell by 4% to 14%, while Technology, Media and Communications ("TMC") increased by 2% on last year. The increase in TMC deals likely reflects accelerating tech adoption – including the growing prominence of AI – and heightened activity across AI ecosystems, from large R&D players to suppliers such as chip manufacturers. We will watch whether this momentum in the TMC sector persists in the coming years.



CMS European/US risk allocation comparison

To prepare the Europe/US comparison, we analysed CMS's European data against the equivalent metrics in the SRS 2025 M&A Deal Terms Study (the "**SRS Report**"), published in May 2025. SRS Acquiom provides a suite of M&A transaction services, including virtual data rooms and escrow/payment agent services, and the SRS Report for 2025 considered deal points from more than 2,200 deals signed between 2019 and 2024.

Earn-outs – Earn-outs continued to grow in Europe (up 2% to a high of 27%), while the US trend reversed (down 11% to 22%), returning to a level the SRS Report describes as slightly above the historical norm of about one in five non life sciences deals. Note that the SRS Report's earn-out data excludes life sciences; in Europe, earn-outs are common in Life Sciences & Healthcare, so the true US figure is likely higher when including that sector.

PPA – In the US, PPAs feature in almost all deals (92%), a consistent pattern. The SRS Report notes a trend towards increasingly complex and customised PPA provisions. In Europe, usage is also consistent but lower at 48%, reflecting the continued prevalence of locked box and fixed price deals. Working capital adjustments remain the most frequent PPA component in the US (85% of PPA deals). In Europe, usage is more varied: working capital adjustments have continued to gain popularity (now over 50% of PPA deals) but remain much lower than in the US and are often paired with cash/debt adjustments.



Security – Both the US and Europe saw a decline in the use of security for claims (down 5% in Europe and 8% in the US). Escrows remain more common in the US (they are used for PPAs as well as claims). The fall in use is likely explained by the growth of the representations and warranties insurance (“RWI”) market in recent years.

Liability caps/W&I insurance – The widespread use of W&I insurance and the consistently low US liability caps mean 93% of US deals have caps below 25% of the purchase price. The equivalent figure in Europe has risen over time but in 2025 stood at 38% with caps up to 25% of consideration. The SRS Report notes that approximately 42% of US deals involve W&I insurance, compared with 23% across Europe. As noted elsewhere, W&I is less common on lower value European transactions and its use varies by jurisdiction; UK data and higher value deals are more aligned with the US.

De minimis/Basket – Market practice diverges clearly. In the US, there is lower use of *de minimis* provisions, higher adoption of baskets with lower thresholds, and more excess only baskets (deductibles). In Europe, *de minimis* applies to almost three quarters of deals and baskets to about two thirds, with more varied thresholds that usually operate on a first dollar basis.

The table below sets out a quick reference of the differences described above and also a comparison to the data from 2024.

Europe/US differences

	2024 EUROPE	2025 EUROPE	2024 US	2025 US
PURCHASE PRICE ADJUSTMENT	48%	48%	91%	92%
WORKING CAPITAL ADJUSTMENT	47%	52%	90%	85%
EARN-OUT DEALS	25%	27%	33%	22%
DE MINIMIS	70%	73%	27%	28%
BASKET	62%	66%	81%	78%
BASKET THRESHOLD (1% OR LESS)	64%	67%	90%	90%
'EXCESS ONLY' RECOVERY (BASKET)	12%	13%	52%	49%
'FIRST DOLLAR' RECOVERY (BASKET)	88%	87%	47%	50%
SUB-25% LIABILITY CAPS	41%	38%	94%	93%
MAC CLAUSES	14%	14%	98%	96%
SECURITY FOR CLAIMS	25%	20%	67%	59%
W&I INSURANCE USED	24%	23%	38%	42%

CMS deal size analysis

We classify deals by value and compare deal terms across size bands: small (up to EUR 25m), medium-sized (EUR 25m to EUR 100m) and large (over EUR 100m).

The table below sets out the 2025 highlights. We then summarise (i) changes since 2024 and (ii) some principal differences between deal sizes.

PPA/Locked Box – Whilst overall PPA usage was unchanged from 2024, there was a notable shift in medium-sized and large deals: PPAs featured in around 56–57% of transactions in both categories. Where a PPA was not used, adoption of locked box mechanics fell sharply, to 69% in each case.

Earn-outs – Earn-outs remained most prevalent on small deals. Although less common on medium-sized and large transactions, both categories saw growth in 2025, including a 10% increase on large deals. EBIT/EBITDA was the leading metric for determining earn-outs across all size bands, with a marked rise in use on large deals.

Liability Caps – Across all size bands, there was an increase in deals with liability caps set at the purchase price, marking a shift towards buyer favourable positions. This corresponded to, in particular, a fall in lower liability caps (under 10% of the purchase price and under 25% of the purchase price) on large deals (down 12% and 9% respectively).

2025 results at a glance

Deal size comparison

	< EUR 25M	EUR 25M – 100M	> EUR 100M
PURCHASE PRICE ADJUSTMENT (PPA)	43%	56%	55%
LOCKED BOX (NO PPA)	47%	69%	69%
EARN-OUTS	29%	27%	21%
— SHORT EARN-OUTS (12 MONTHS OR LESS)	20%	33%	47%
— LONG EARN-OUTS (MORE THAN 36 MONTHS)	20%	3%	13%
— EBIT/EBITDA-BASED EARN-OUTS	54%	52%	63%
— TURNOVER-BASED EARN-OUTS	23%	18%	13%
LIABILITY CAP (LESS THAN 10% OF PRICE)	7%	25%	43%
LIABILITY CAP (LESS THAN 25% OF PRICE)	22%	52%	59%
W&I INSURANCE USAGE	7%	40%	59%
LIMITATION PERIOD (OF MORE THAN 24 MONTHS)	31%	31%	40%
SECURITY FOR WARRANTY CLAIMS	22%	23%	9%
ESCROW ACCOUNT (IF SECURITY FOR WARRANTY CLAIMS IS AGREED)	21%	46%	29%
MAC CLAUSE	12%	17%	17%
ARBITRATION	45%	44%	42%
TAX INDEMNITY CLAUSE	53%	70%	66%

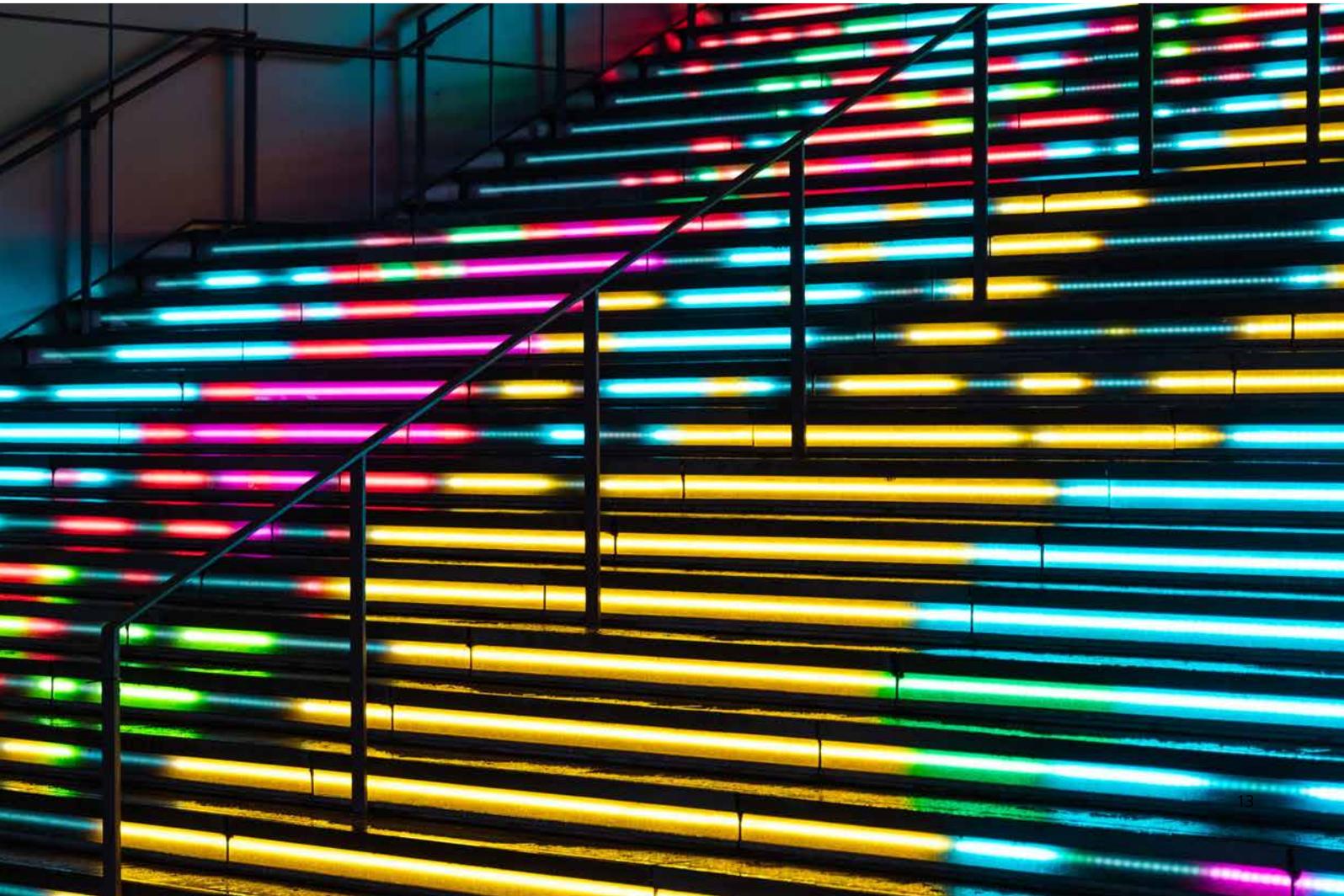
W&I insurance – W&I insurance continued to be used more frequently on large deals and was less common on small deals. Overall incidence was broadly unchanged year-on-year, but there were notable declines in medium-sized (down 5%) and large transactions (down 13%). Even so, usage in both categories remained significantly above the ten-year average.

Limitation Periods – In a buyer friendly trend, 2025 saw a move towards longer limitation periods across all deal sizes. This was most pronounced on large deals, where limitation periods exceeding 24 months increased by 14% to 40% of transactions.

Security – Security continued to decline across all size bands in 2025, with levels below the ten-year average of 29%. The effect was most evident on large deals, where use of security fell to 9%, likely reflecting the market standard adoption of W&I insurance on larger transactions.

MAC – The rise in MAC usage on medium-sized deals seen in 2024 reversed in 2025, returning to 17%, in line with the ten-year average. Over the past decade, MAC clauses have been more common on medium-sized and large transactions (17% average for both) than on small deals, likely reflecting greater regulatory scrutiny and longer signing to closing periods on larger transactions.

Tax – Tax indemnities remained popular on medium-sized and large transactions in 2025, but growth was flat. By contrast, small deals saw a reversal of the prior downward trend, with usage up 7% to 53%.



CMS European regional differences

As we saw in previous editions of the Study, we continue to see sizable differences in market practice on certain deal metrics across European regions, with the highlights as follows:

- **Liability caps:** Across Europe, most deals had caps below 50% of the purchase price. CEE was the outlier, with an 8% increase in deals capped above 50%.
- **Baskets:** 'First dollar' baskets were used in more than 90% of deals in the Benelux, CEE, Nordics and the UK in 2025.
- **W&I insurance:** Adoption remained highest in the UK, albeit down 4% year-on-year. The Benelux saw a significant increase, up 16% on 2024.
- **Limitation periods:** Warranty limitation periods were generally 24 months or less. For the second consecutive year, deals with periods over 24 months increased (by 3% in 2025), pointing to an emerging buyer favourable trend. CEE (49%), France (56%) and Southern Europe (46%) recorded the highest proportions of deals with periods exceeding 24 months.
- **MAC:** Southern Europe recorded the highest incidence (29% of deals). MAC clauses remained rare in the Benelux, German-speaking countries and the Nordics, and were on a downward trend in France. The UK saw a 4% increase in 2025.



We set out below some continued trends and variations concerning the relevant metrics across Europe:

PPA/Locked Box – PPAs were most common in Southern Europe (67%), CEE (51%) and the UK (56%), with the Nordics rising sharply to 48% from 29%. PPAs remained less frequent in German-speaking countries (33%) and France (45%), although France increased by 9% in 2025. On non PPA deals, locked box structures were most common in the Benelux (75%), France (63%, down 20% year-on-year) and German-speaking countries (64%, down 8%). In the UK, half of non PPA deals used a locked box; Southern Europe (40%, down 16%), CEE (34%) and the Nordics (53%) made up the other jurisdictions.

Earn-outs – Regional uptake varied. The Nordics (38%) and Southern Europe (35%) were well above the European average of 27%, while the UK (28%) and German-speaking countries (30%) were marginally above. Southern Europe recorded the largest year-on-year increase (up 18%), with France and the UK being the only other regions showing gains in 2025.

Financial Limitations (*de minimis* and basket) – Use of *de minimis* provisions increased in CEE (up 12%), France (up 18%) and the Nordics (up 15%), but fell in the UK (down 1%), German-speaking countries (down 3%) and the Benelux (down 7%). Basket adoption remained broadly consistent, with all regions above 60% except the UK at 49% in 2025 – well below its 2015–2024 average of 71% – likely reflecting the UK’s competitive W&I insurance market.

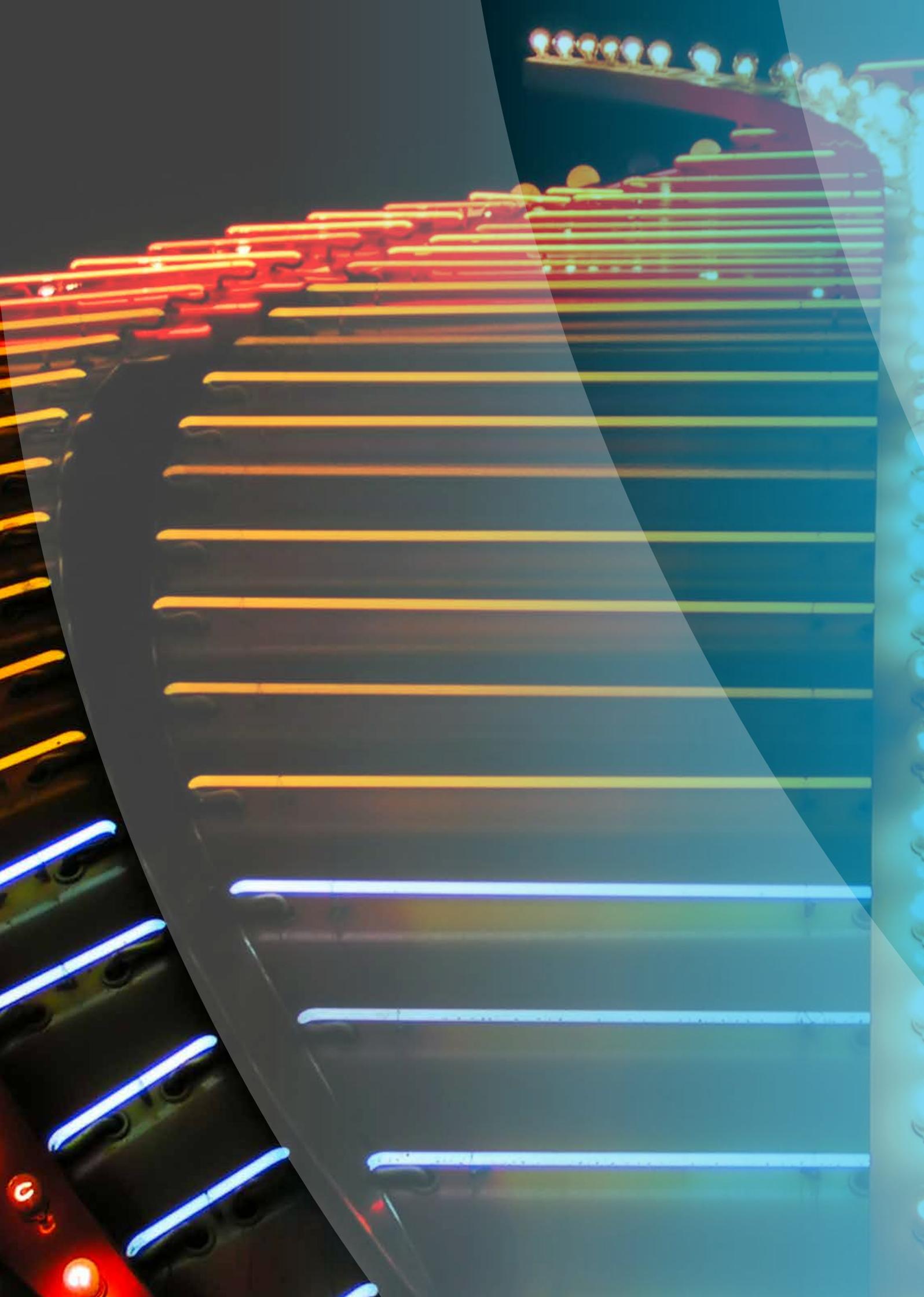
Liability caps – Market practice varied widely. Caps above 50% were most common in CEE (63%, up 8%) and Southern Europe (52%, up 12%), with the UK at 45% (down 6%). At the other end, the Nordics were at 22% and German-speaking countries at 30%. The Benelux also rose by 11% (on top of an 8% rise in 2024).

W&I insurance – Adoption remained highest in the UK (39%, down 4% year-on-year). Benelux recorded the largest increase (up 16% to 28%). France (19%) and German-speaking countries (22%) were around 20%. Uptake remained low in CEE (13%), the Nordics (11%) and Southern Europe (10%).

Limitation Periods – Most limitation periods were 24 months or less. For the second consecutive year, deals with periods over 24 months increased EU wide (up 3% in 2025), signalling an emerging buyer favourable trend. Where longer periods prevailed, they were most common in CEE (49%), France (56%) and Southern Europe (46%). Year-on-year, all regions recorded an increase in >24 month periods except CEE, which fell by 7%.

MAC clauses – MAC clauses remained constant at 14% of European deals in 2025, matching the 2015–2025 average. Regionally, usage was lowest in the Benelux (2%), the Nordics (5%) and German-speaking countries (7%), and broadly in line with the average in France (14%) and the UK (13%). At the higher end, CEE recorded 24% (down 8% year-on-year) and Southern Europe 29%, the highest incidence in Europe.

Arbitration – Arbitration continued its steady rise in 2025, featuring in 44% of European deals (up 2% year-on-year and up from 25% in 2016). Usage remained highest in the Nordics (85%, up 3%) and CEE (68%, down 14% but still elevated). Adoption was lowest in the Benelux (20%), the UK (13%) and France (10%).



Purchase price adjustment (PPA)/Locked box

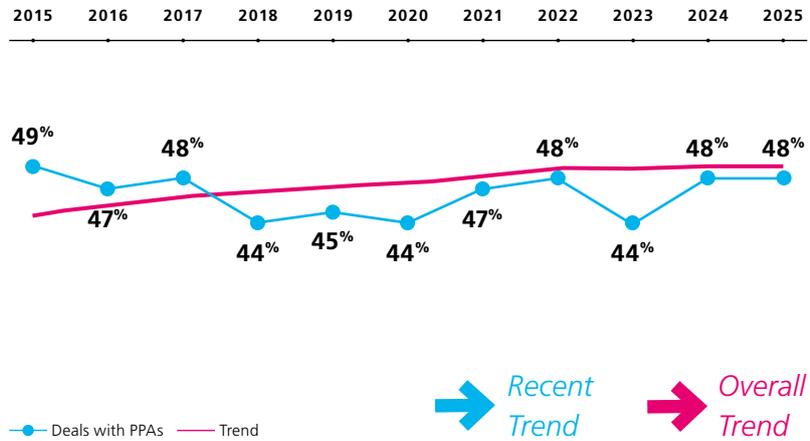
PPA clauses ensure that the final purchase price for a business reflects its actual debt, cash, working capital, or net assets at completion. These adjustments are common when the exact price cannot be determined upfront. Alternatively, parties may use 'locked box' provisions to fix the financial position at an agreed date, with seller warranties and rules to prevent unauthorized payments or 'leakage'. The SPA typically defines what counts as permitted leakage for clarity.

General Overview

In this year's Study, PPA clauses held steady at 48% of deals. This suggests that PPA terms are now standard in European M&A, with just under half of buyers securing PPA provisions for greater price certainty. Where transactions did not use PPAs, locked box arrangements were most common in medium-sized (69%) and large (69%) deals.

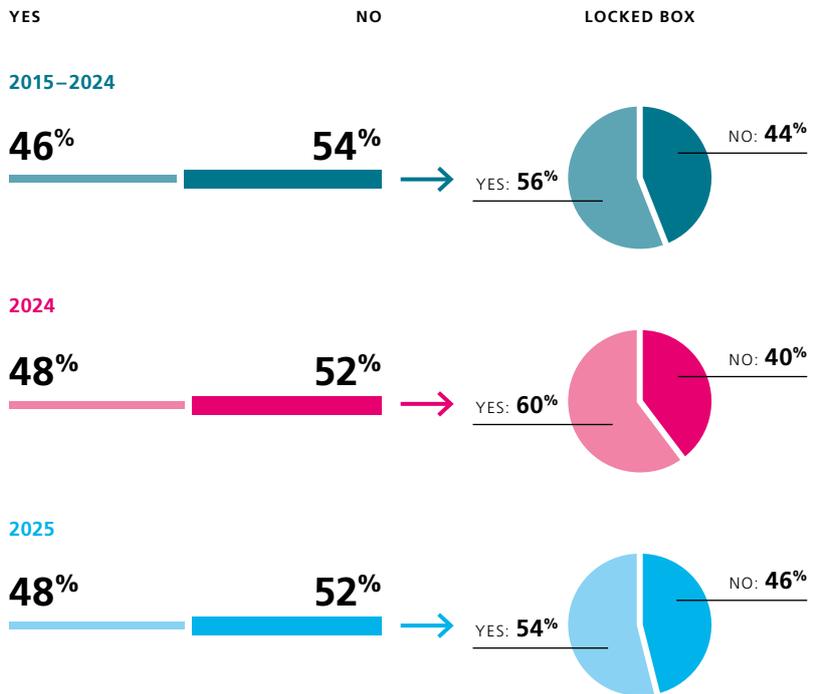
CMS Trend Index

Purchase Price Adjustment



Locked Box 2015–2025

Purchase Price Adjustment



PPA provisions remain prevalent on deals, being included in a significant minority of transactions

PPA Ratio 2025

52% ↘

100% = all evaluated transactions

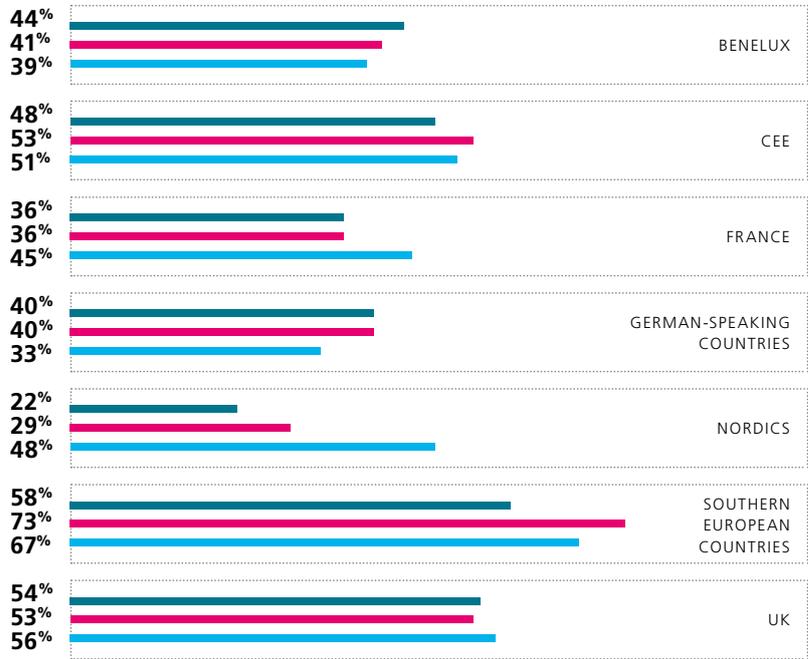
Specific Issues

Regional Differences

The use of PPAs varies greatly between European regions and in 2025 they were most popular in the Southern European countries (67%), the UK (56%) and CEE (51%). France (up 9%) and the Nordics (up 19%) showed the greatest increases. PPAs were least used in Benelux (39%) and the German-speaking countries (33%).

Time Trend Europe

Purchase Price Adjustment



● 2015-2024 ● 2024 ● 2025
 100% = all evaluated transactions
 No data for Nordics before 2022 available

The use of PPAs remained most popular in Southern European countries

PPA Usage in the Southern European countries

67% ➔

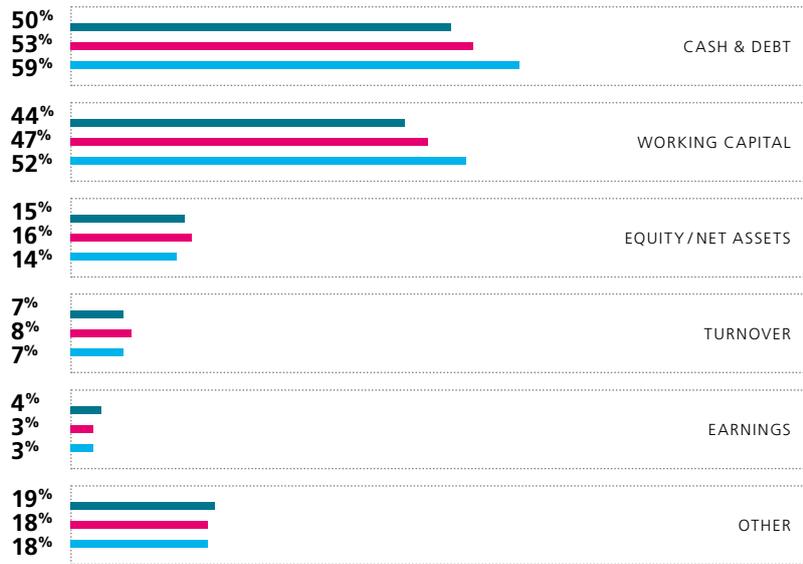


Net Debt/Working Capital Adjustments

Cash and debt, and working capital, remain the predominant elements in calculating PPAs, consistent with prior years. The use of cash/debt as the adjustment factor increased by 6% to 59%, well above the 2015–2024 average of 50%. The use of working capital as an adjustment factor also rose by 5% to 52%. Taken together, these statistics indicate that working capital adjustments, alongside a calculation of the target’s cash/debt position, remain the norm for European transactions with a PPA.

Chosen Criteria

Purchase Price Adjustment



● 2015–2024 ● 2024 ● 2025

Cash & debt does not include 'cash only' and 'debt only'

100% = all transactions including a purchase price adjustment – multiple criteria may apply

Net cash and working capital are the predominant elements in calculating PPAs



Sector Differences

Locked box mechanisms were used in 54% of non PPA transactions on average, but usage varied materially by sector. Banking & Finance (75%), Consumer Products (74%), Business (other services) (61%), Energy & Climate Change (55%) and Real Estate (54%) were at or above the average, while Hospitality, Travel & Leisure (22%) was the only sector materially below it.

Year-on-year, locked box use in non PPA deals rose sharply in Banking & Finance (up 15%) and Consumer Products (up 32%), but fell in Infrastructure & Projects (down 37%), Industry (down 29%) and Business (other services) (down 10%). Given the wide sectoral dispersion and volatility, firm conclusions are difficult; however, the 2025 average fell by 6% to 54%, bringing it closer to the 2015–2024 average of 56%.

Frequency of Locked Box Mechanism

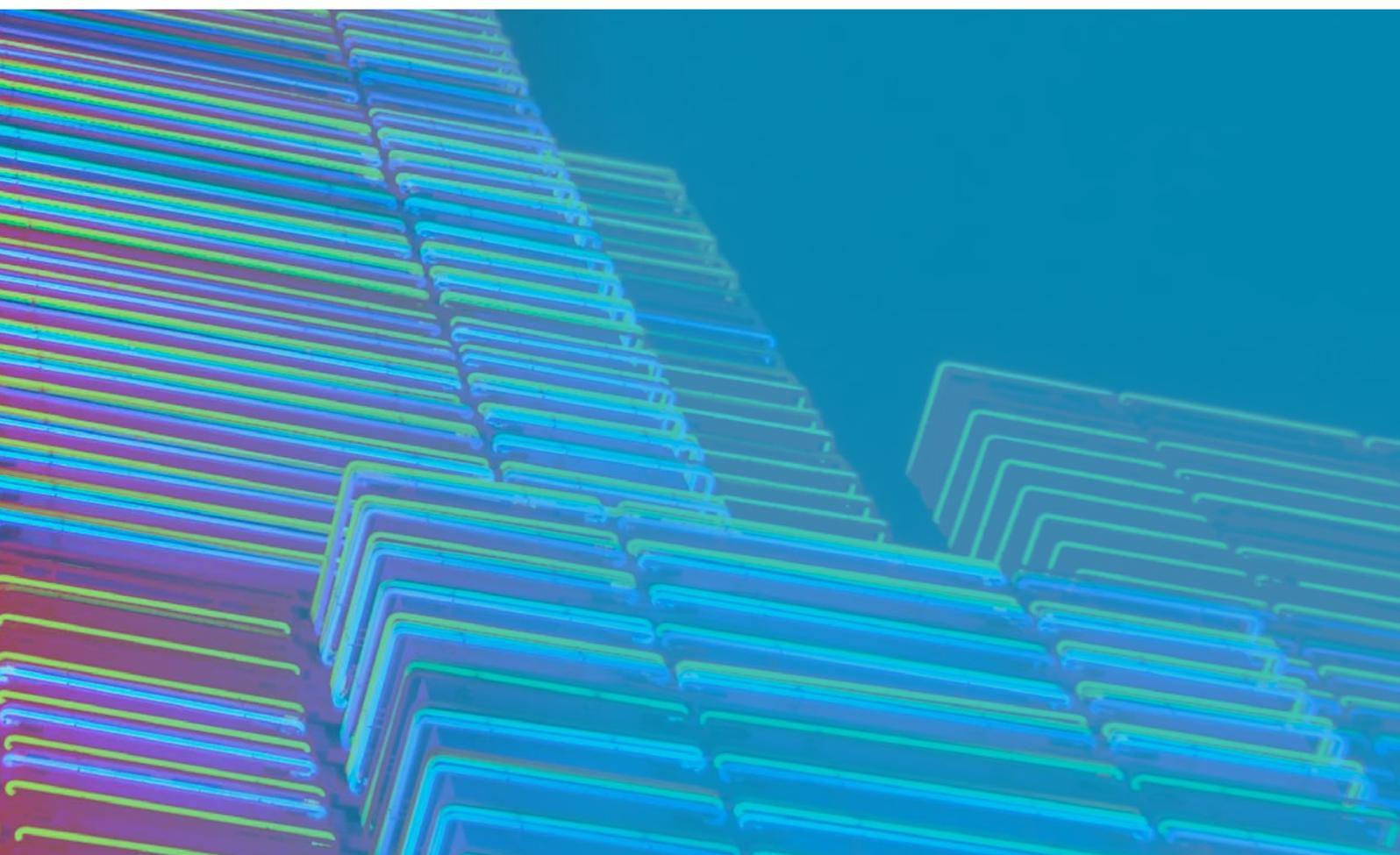
Non PPA Transactions

SECTOR	2015 – 2024	2024	2025
BANKING & FINANCE	59%	60%	75%
HOSPITALITY, TRAVEL & LEISURE	49%	21%	22%
ENERGY & CLIMATE CHANGE	53%	58%	55%
CONSUMER PRODUCTS	58%	42%	74%
TECHNOLOGY, MEDIA & COMMUNICATIONS	57%	52%	51%
INFRASTRUCTURE & PROJECTS	51%	80%	43%
LIFE SCIENCES & HEALTHCARE	61%	68%	41%
REAL ESTATE	38%	53%	54%
INDUSTRY	63%	73%	44%
BUSINESS (OTHER SERVICES)	59%	71%	61%
CMS AVERAGE	56%	60%	54%

100% = transactions with no purchase price adjustment mechanism in the respective sector

Locked box usage in the
Consumer Products sector

74% ↗



European/US Differences

PPAs remain a defining feature of US deals, present in 92% of transactions – a continuing point of distinction when European parties engage US counterparties. Working capital remains the prevailing adjustment mechanism in US deals.

Europe/US

Purchase Price Adjustment

NO

YES

EUROPE

52%

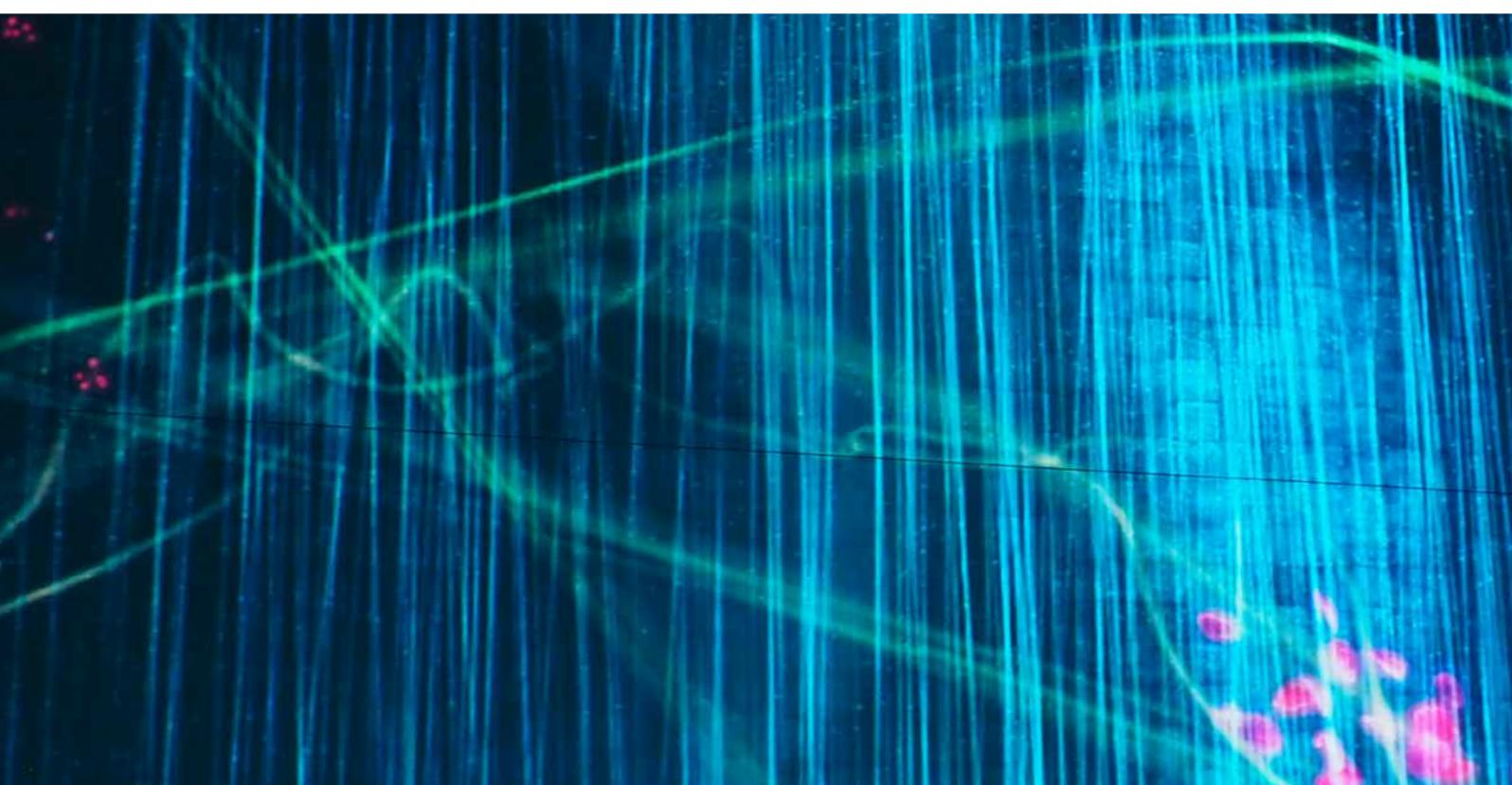
48%

US

8%

92%

100% = all evaluated transactions



Analysis by Deal Size

PPAs are more prevalent on medium-sized and large transactions than on smaller deals. In non PPA transactions, locked boxes are likewise less common on smaller deals than on medium-sized and large transactions.

Deal Size 2025

Purchase Price Adjustment

YES

NO

LOCKED BOX

< EUR 25M

43%

57%

YES: 47%

NO: 53%

EUR 25M – 100M

56%

44%

YES: 69%

NO: 31%

> EUR 100M

55%

45%

YES: 69%

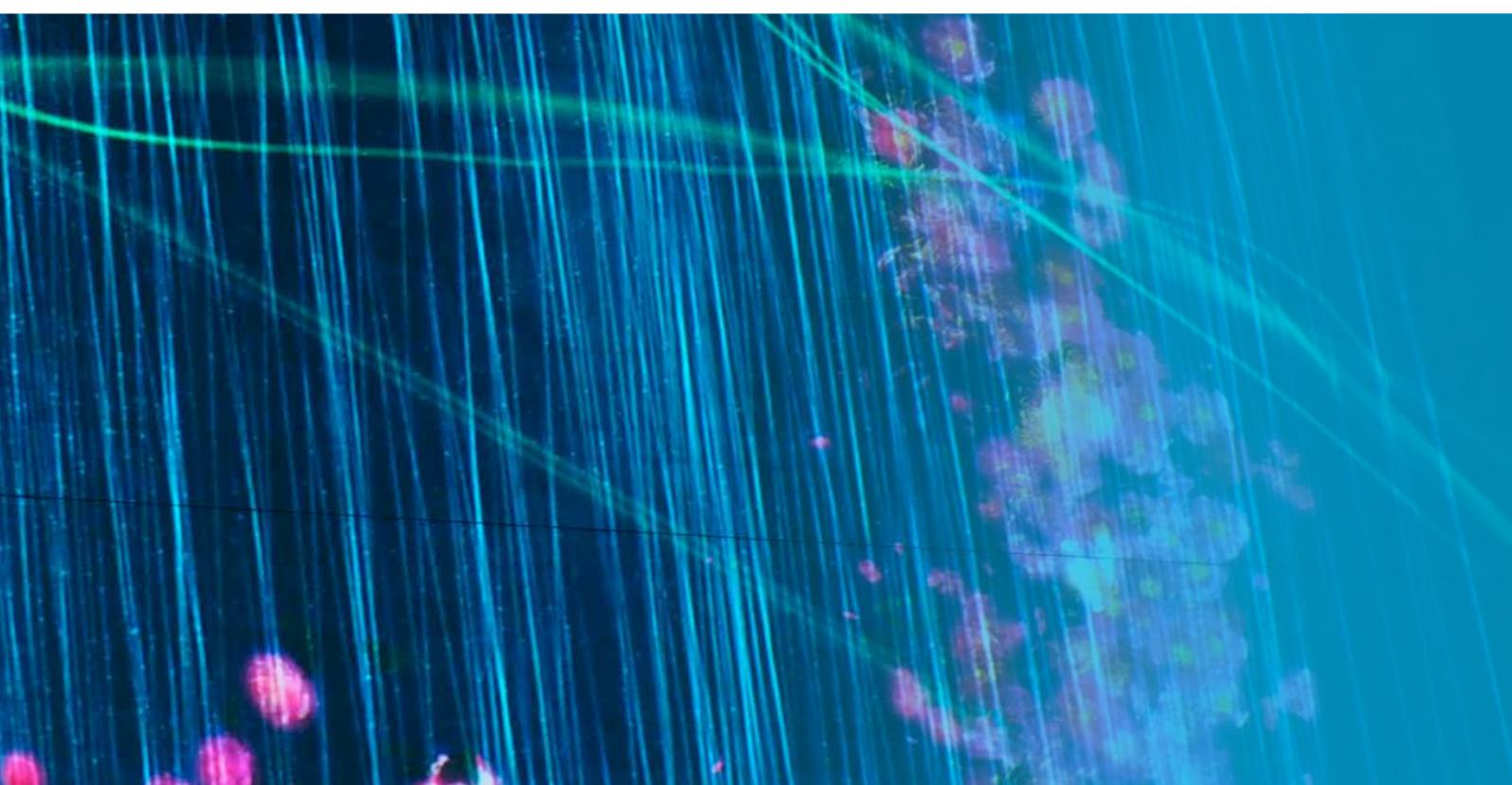
NO: 31%

The use of locked boxes on medium-sized and large deals was the same (69%) on deals with no PPA

100% = all evaluated transactions

100% = transactions with no purchase price adjustment mechanism

(deals containing purchase price adjustment and locked box at the same time are not included)





Earn-out

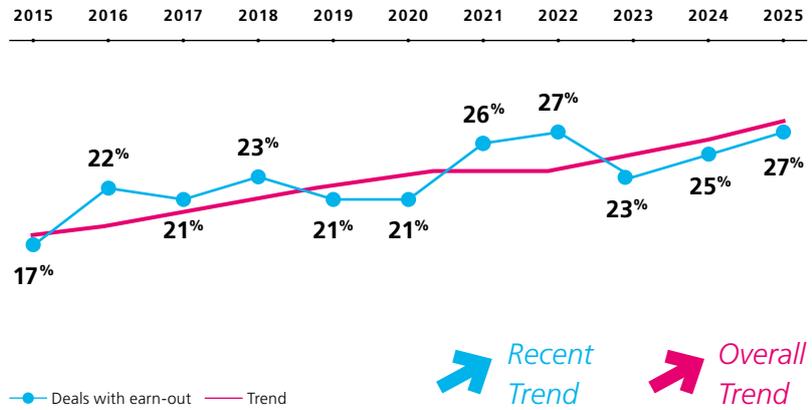
In an earn-out, the buyer pays additional consideration after completion, typically contingent on the acquired business's financial performance over a defined period. Sellers may achieve a higher overall price, but are often required to remain with the business and may be subject to leaver provisions.

General Overview

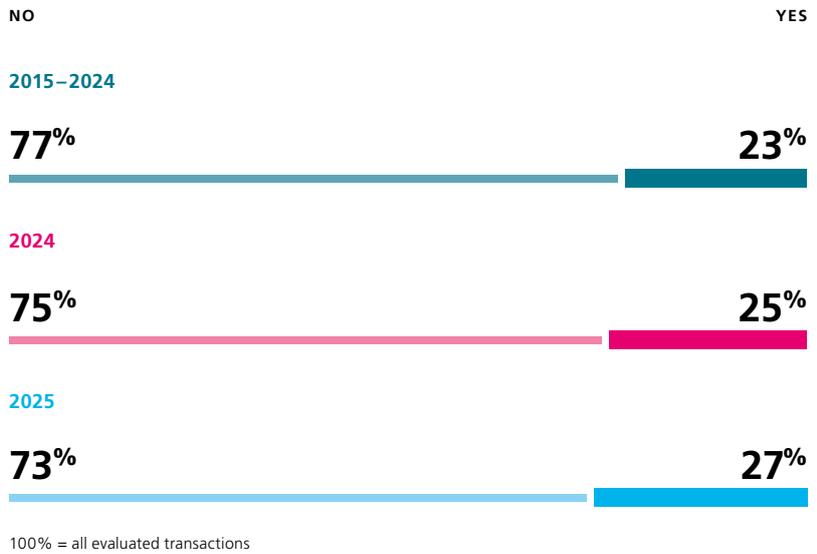
In 2025, earn-outs increased by 2% to 27%, matching 2021 – 2022 levels. This aligns with the decade long upward trend and marks a joint high for the period, 4% above the rolling average of 23%.

CMS Trend Index

Earn-outs



Earn-out 2010–2025



Growth in popularity of earn-outs

Specific Issues

Sector Differences

Earn-out usage varies by sector. In 2025, 'people centred' sectors showed the highest levels – Technology, Media & Communications (up 12% to 44%), Life Sciences & Healthcare (27%) and Consumer Products (25%) – consistent with prior years.

Frequency of Earn-out Mechanism

Earn-outs

SECTOR	2015 – 2024	2024	2025
BANKING & FINANCE	22%	33%	30%
HOSPITALITY, TRAVEL & LEISURE	13%	6%	11%
ENERGY & CLIMATE CHANGE	19%	22%	16%
CONSUMER PRODUCTS	22%	19%	25%
TECHNOLOGY, MEDIA & COMMUNICATIONS	30%	32%	44%
INFRASTRUCTURE & PROJECTS	17%	44%	20%
LIFE SCIENCES & HEALTHCARE	38%	31%	27%
REAL ESTATE	13%	18%	21%
INDUSTRY	22%	24%	34%
BUSINESS (OTHER SERVICES)	24%	25%	21%
CMS AVERAGE	23%	25%	27%

100% = all evaluated transactions of the respective sector

Earn-outs most popular in Technology, Media & Communications

Earn-out Determination

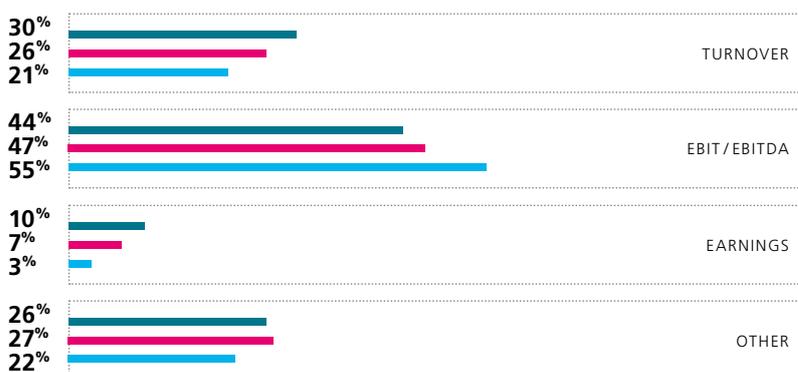
EBIT/EBITDA remained the leading earn-out metric, rising by 8% from 47% in 2024 to 55% in 2025. Correspondingly, use of turnover/revenue fell by 5%, repeating the trend seen in 2024.

EBIT/EBITDA-based earn-outs

55% ➔

Time Trend

Earn-outs



● 2015 – 2024 ● 2024 ● 2025

100% = all transactions including an earn-out clause – multiple criteria may apply

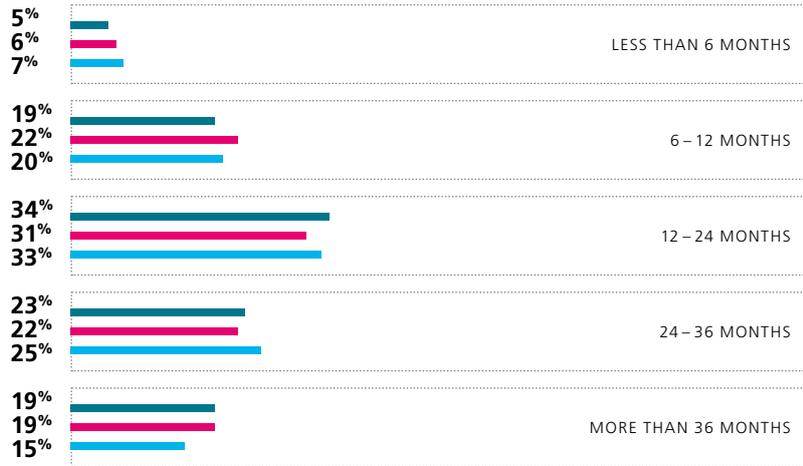
Earn-out Duration

Earn-out durations were broadly stable. Modest increases in both 12–24 month and 24–36 month terms mean that 58% now fall between 12 and 36 months, indicating a reasonably balanced buyer-seller position.

Earn-out durations of 12 to 24 months remain most popular

Duration of Time Periods Relevant for Assessment

Earn-outs



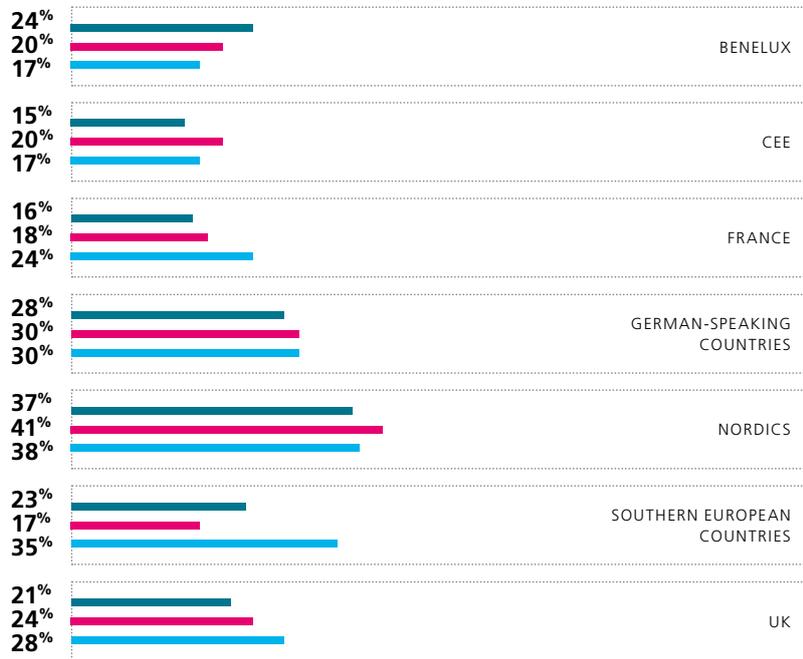
● 2015–2024 ● 2024 ● 2025
100% = all transactions including an earn-out clause

Regional Differences

France, Southern Europe and the UK saw increased earn-out use in 2025, in each case above the ten-year average, with the sharpest rise in Southern Europe where earn-outs doubled from 17% to 35%. By contrast, frequencies fell in Benelux, CEE and the Nordics.

Time Trend Europe

Earn-outs



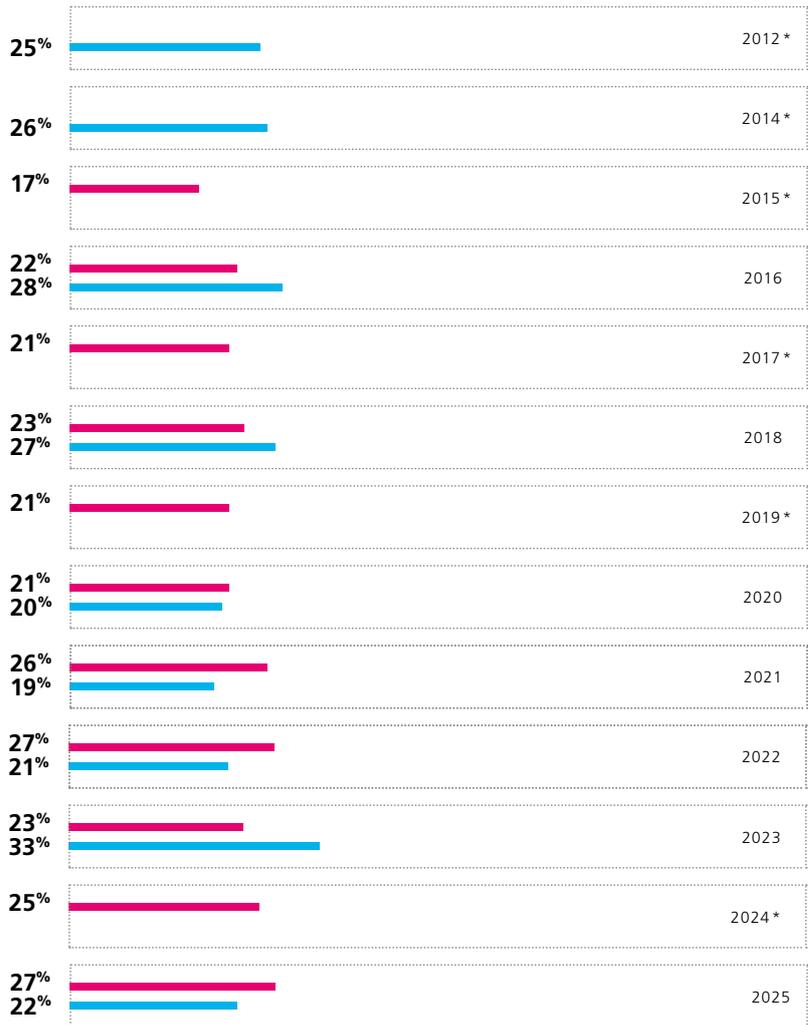
● 2015–2024 ● 2024 ● 2025
100% = all evaluated transactions
No data for Nordics before 2022 available

European/US Differences

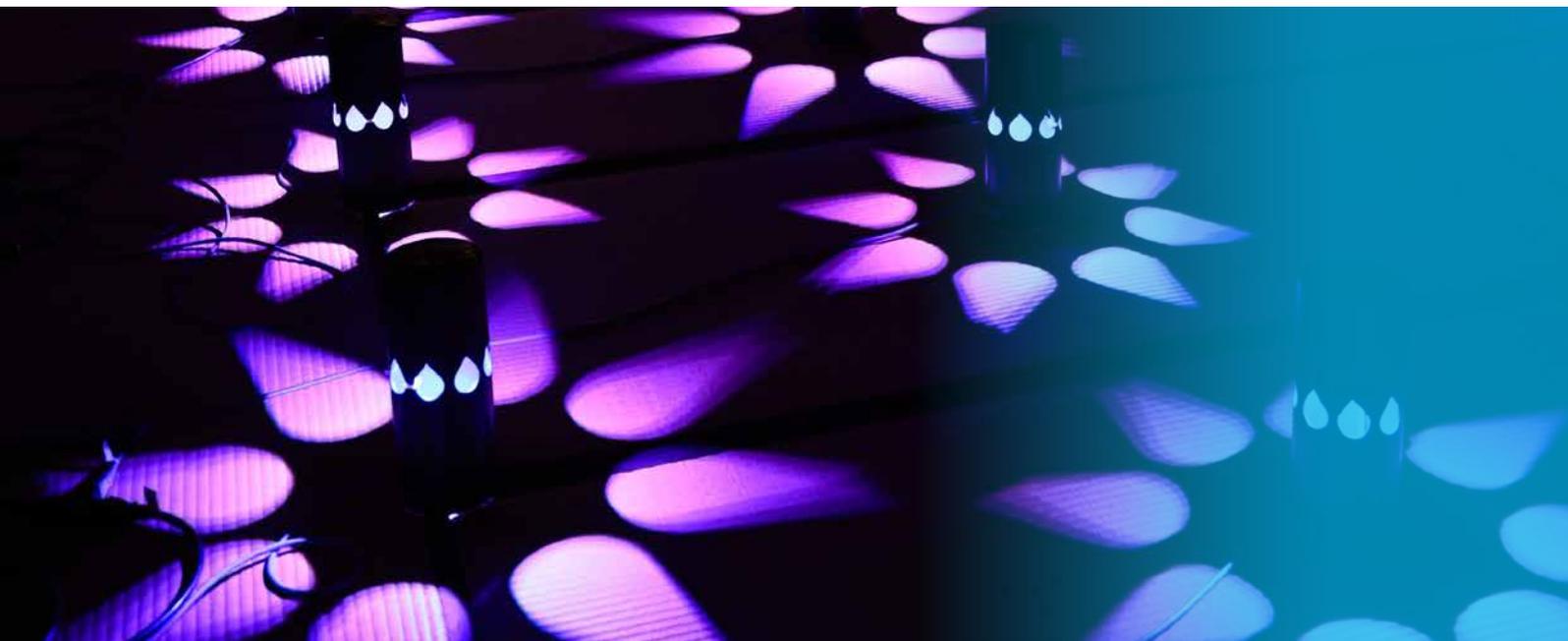
In the US, last year's surge reversed, with earn-outs reverting to 22% – in line with 2020–2022 and diverging from Europe's upward trend.

Europe/US

Earn-outs



● Europe ● US
 100% = all evaluated transactions
 * No data available



Analysis by Deal Size

These graphs show clear differences by transaction value. In 2025, earn-outs were again most common on small deals (below EUR 25m). They were less prevalent on medium-sized (EUR 25m – EUR 100m) and large deals (over EUR 100m), though both categories grew in 2025.

Earn-outs more frequent on deals under EUR 25m

Deal Size

Earn-outs

NO

YES

< EUR 25M

71%

29%

EUR 25M–100M

73%

27%

> EUR 100M

79%

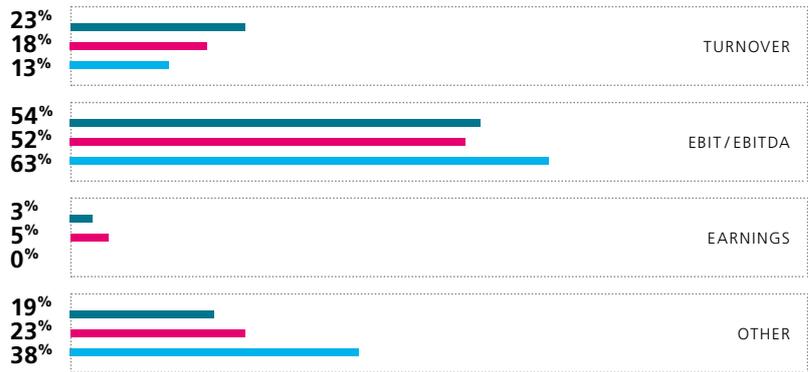
21%

100% = all evaluated transactions



Comparison of criteria

Earn-outs by Purchase Price 2025



● < EUR 25m ● EUR 25m–100m ● > EUR 100m
100% = all transactions including an earn-out clause





De minimis and basket

Most share purchase agreements set a minimum claim threshold – the *de minimis* – below which warranty claims cannot be brought. Claims under that threshold are excluded, protecting the seller from small value liabilities.

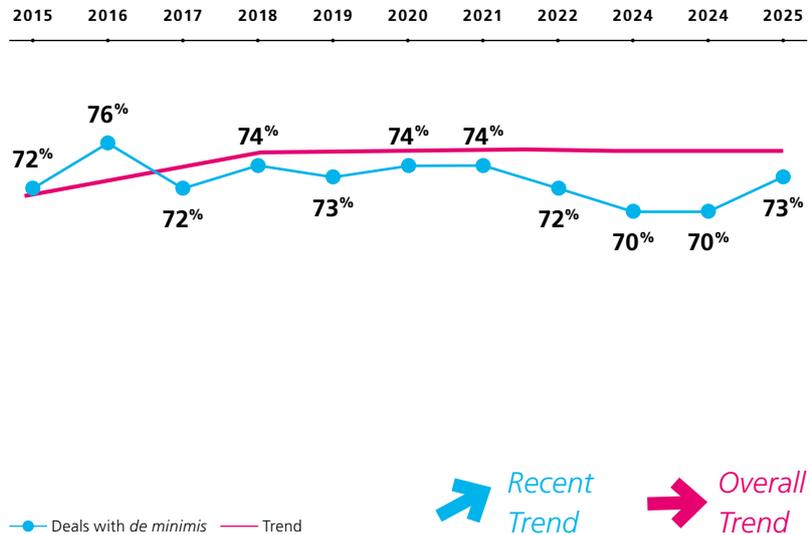
Alongside the *de minimis*, agreements commonly include a basket that bars recovery until aggregate warranty claims exceed an agreed amount, often expressed as a percentage of the price. Under a ‘first dollar’ basket, once the threshold is crossed the buyer recovers the full amount of a successful claim; under an ‘excess only’ basket, the buyer recovers only the portion above the threshold. Where there is W&I insurance, a separate basket may be unnecessary because the policy terms address this.

General Overview

In 2025, transactions with a *de minimis* clause rose to 73%, confirming it as the market norm across most European jurisdictions, though the concept may still be negotiated away in some deals (for example, where W&I insurance is in place).

CMS Trend Index

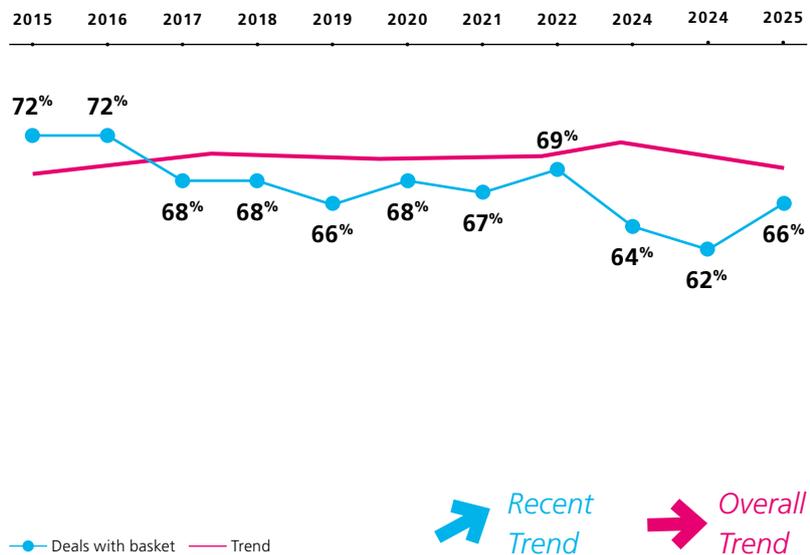
De Minimis



Basket provisions rose by 4% to 66%, reversing two years of decline. Together, these moves suggest sellers have been more successful in limiting warranty liability.

CMS Trend Index

Baskets



De minimis and basket provisions can be considered the market norm for European deals

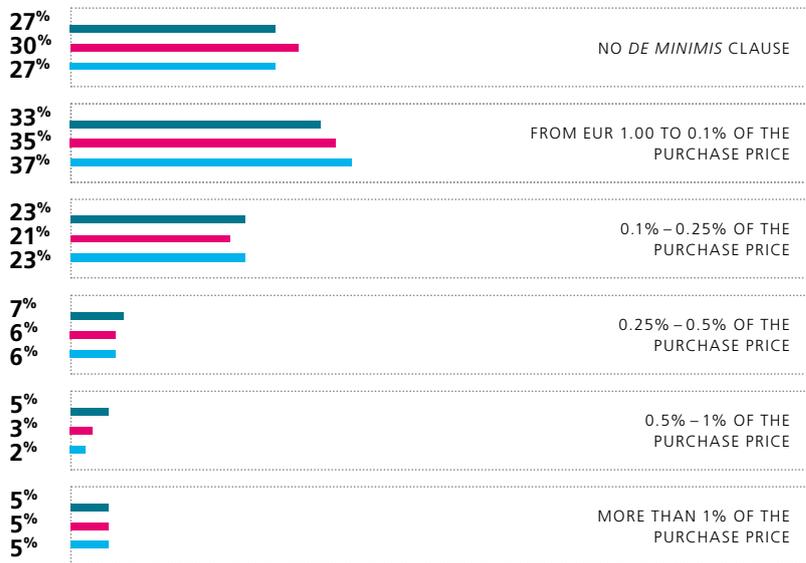
Specific Issues

De minimis and basket levels

De minimis thresholds clustered at EUR 1–0.25% of the purchase price, covering 60% of transactions; 27% of deals had no de minimis, in line with the ten-year average. Thresholds above 0.25% remained least used, at 13%.

Levels 2015–2025

De Minimis

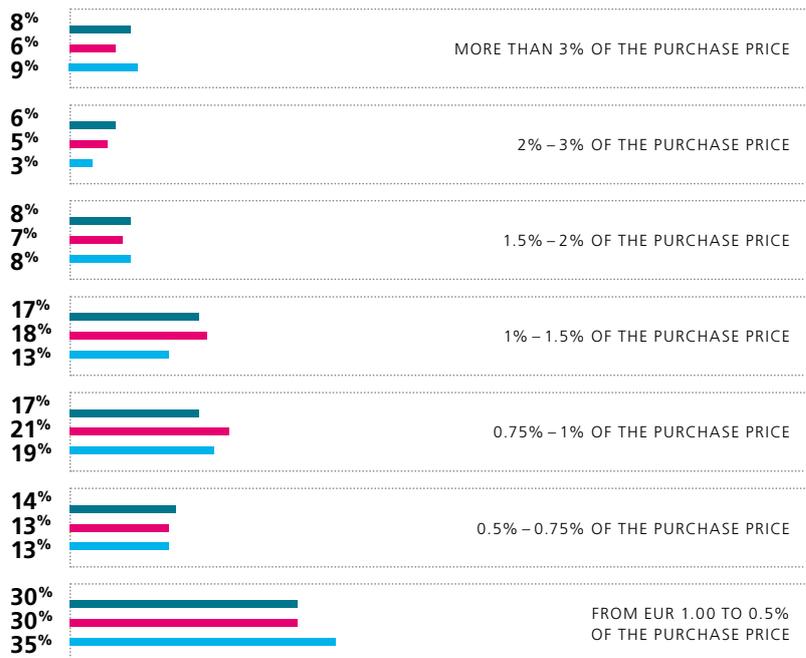


● 2015–2024 ● 2024 ● 2025
100% = all evaluated transactions

At the lowest basket level (EUR 1–0.5% of the price), usage rose by 5 % in 2025 to 35%. As in prior years, most baskets (67%) were set at up to 1% of the purchase price, with the remainder above 1%. First dollar baskets dominated (87%), putting buyers on risk up to the threshold but not beyond once it is exceeded. Transactions with baskets above 2% were broadly flat, supporting the view that baskets above 1.5% are off market.

Levels 2015–2025

Baskets



● 2015–2024 ● 2024 ● 2025
100% = all transactions with a basket clause

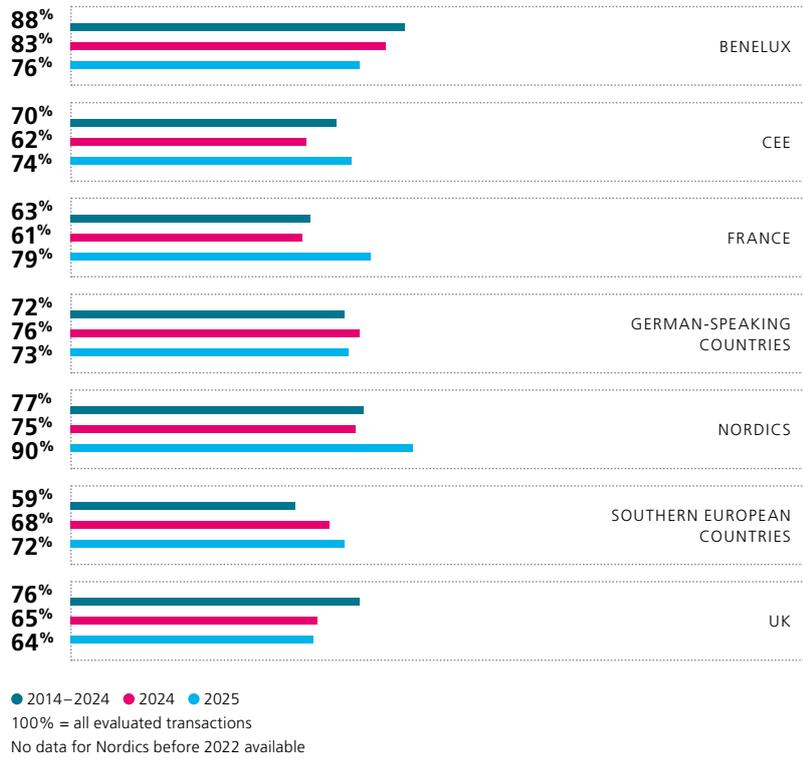
Basket sizes increased, with most at 1.5% of the purchase price or less

Regional Differences

De minimis usage continues to converge across Europe. The range now runs from 64% (UK) to 79% (France), with the Nordics an outlier at 90% after a sharp increase. Notably, France (up 18%) and the Nordics (up 15%) posted the largest gains – figures to watch for persistence next year.

Time Trend Europe

De Minimis



By contrast, basket usage was more dispersed across regions: Nordics +26%, CEE + 17%, France + 20%; Benelux – 7%, German-speaking – 2%, UK – 6%.

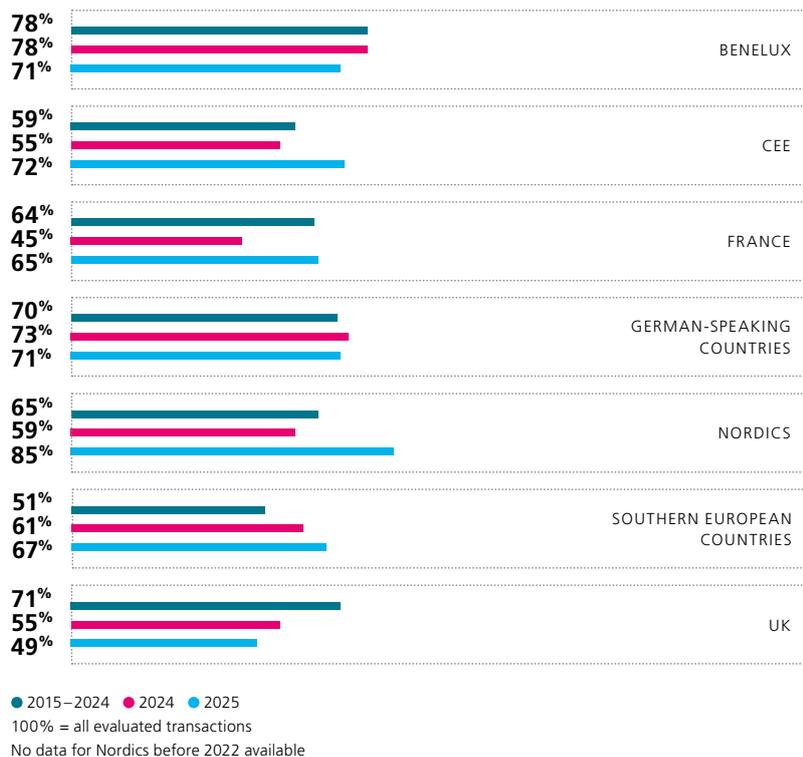
Meanwhile, use of ‘first dollar’ baskets remained high, albeit uneven: Benelux 94%, CEE 97%, Nordics 96%, UK 95%. For the third year running, all countries were above 70% except France (down 16% in 2025).

The ‘first dollar’ recovery in France

54% ↘

Time Trend Europe

Baskets



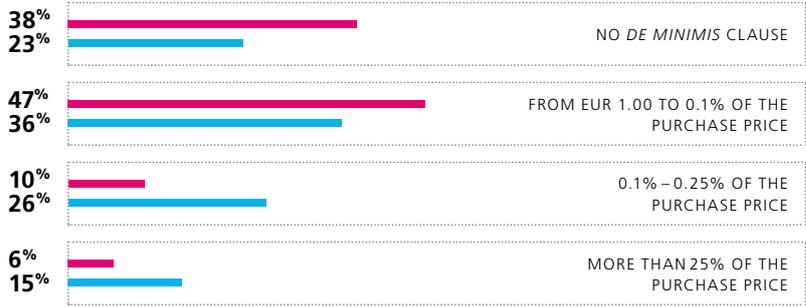
Impact of W&I Insurance

Comparative data continues to favour sellers where W&I insurance applies, and suggests scope to increase basket levels on non W&I deals.

Most notably, baskets set at up to 0.5% of the purchase price appear in 62% of W&I insured deals versus 30% of non W&I deals. W&I insured deals also skew towards very low or no *de minimis*: in 85% of cases the *de minimis* is below 0.1% of the price or omitted entirely.

De Minimis Thresholds for 2025

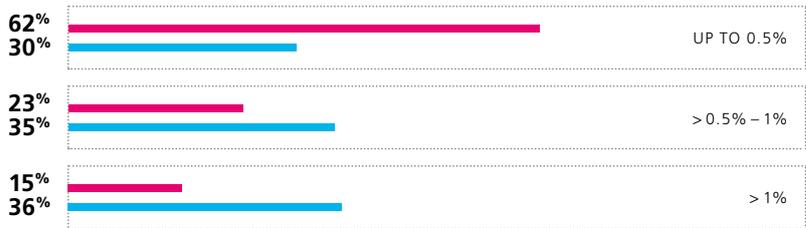
W&I deals + non-W&I deals



● W&I deals ● Non-W&I deals
100% = all evaluated transactions in the respective category

Basket Thresholds for 2025

W&I deals + non-W&I deals



● W&I deals ● Non-W&I deals
100% = all evaluated transactions in the respective category



De minimis provisions are far less common in the US (28% of transactions) than in Europe (73%).

Frequency 2025

De minimis clause US*

NO

YES

EUROPE

27%

73%

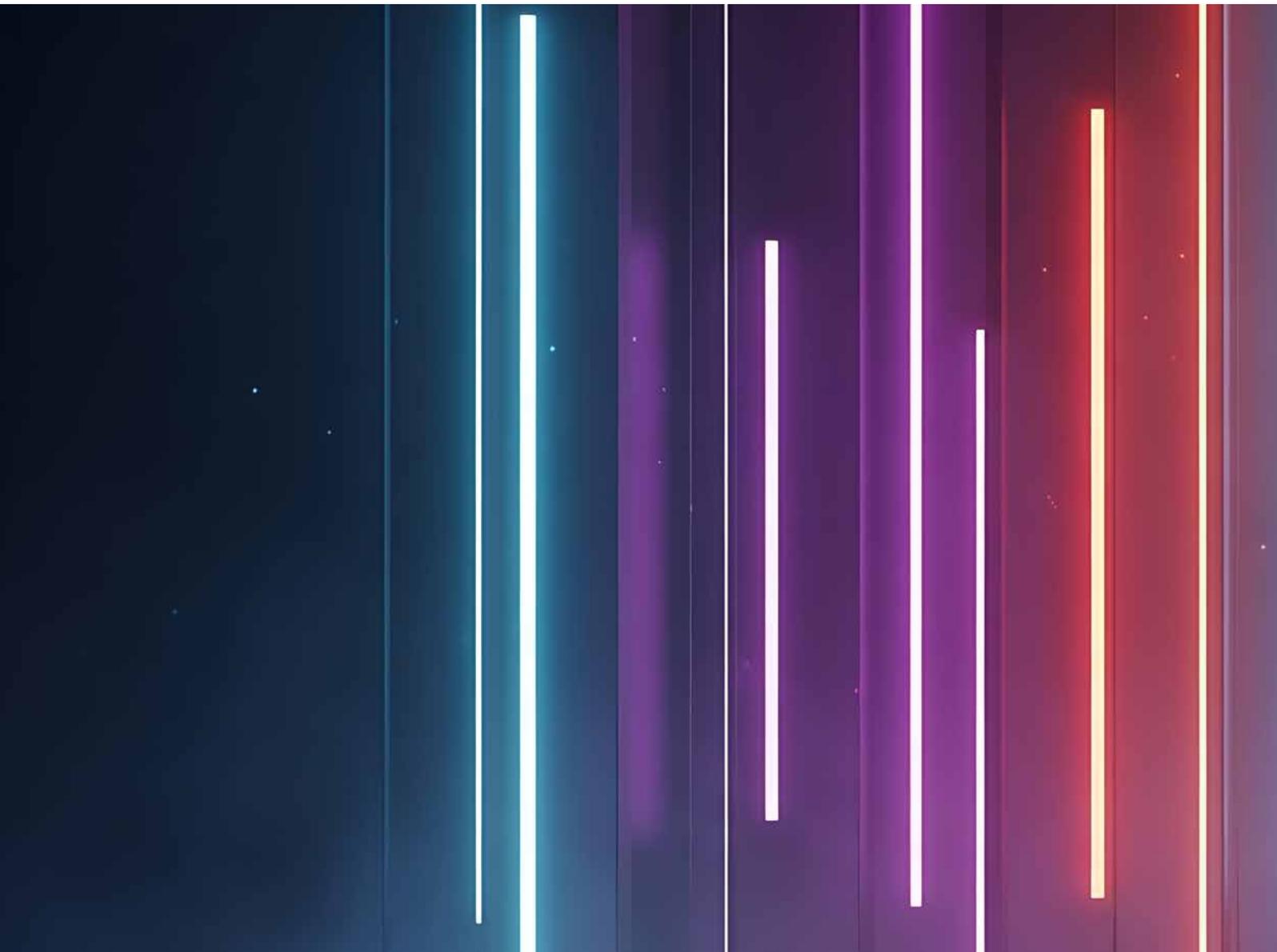
US

72%

28%

100% = all evaluated transactions

*The US data was derived from "SRS Acquiom 2025 M&A Deal Terms Study" produced by SRS Acquiom Inc.



The US also applies baskets in most deals (78%), with structure and size diverging: 'excess only' baskets feature in 49% of US deals versus 13% in Europe, where first dollar recovery dominates (87%), and only 10% of US deals set baskets above 1% of the purchase price compared with 34% in Europe.

Frequency 2025

Baskets

NO

YES

EUROPE

34%

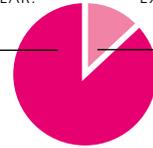
66%

FIRST DOLLAR:

87%

EXCESS ONLY:

13%



US

22%

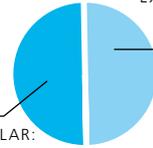
78%

EXCESS ONLY:

49%

FIRST DOLLAR:

50%



100% = all evaluated transactions



Liability caps

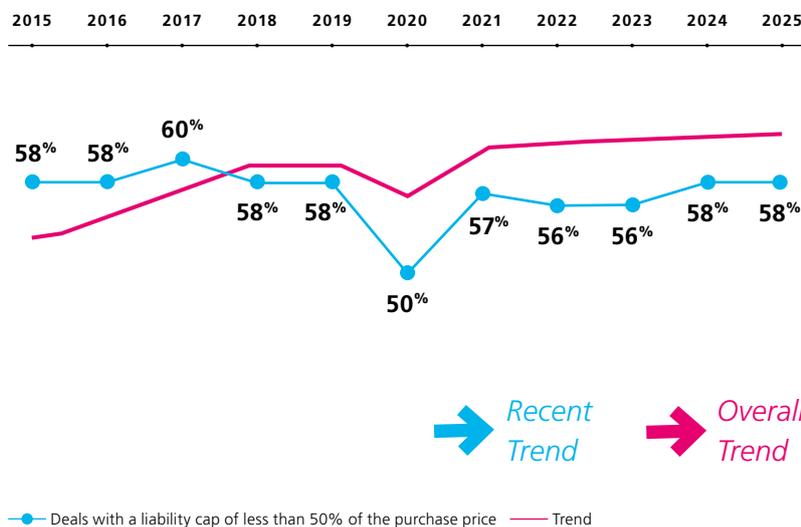
Liability caps are standard in M&A. The cap may be set at the purchase price, limiting the buyer's recovery to amounts paid, but the level is often heavily negotiated and varies by deal. Where W&I insurance is in place, the seller's cap is typically nominal, with the insurer assuming the warranty risk.

General Overview

In 2025, the prevailing pattern continued: most deals (58%) had liability caps set below 50% of the purchase price. Caps equal to the purchase price edged up for the second consecutive year, rising by 2% to 28%, while caps below 10% fell to 17%, in line with the 2015–2024 average. W&I insurance remained a key driver of lower caps, with sub 10% caps present in 55% of W&I insured deals.

CMS Trend Index

Liability Caps (less than 50% of purchase price)

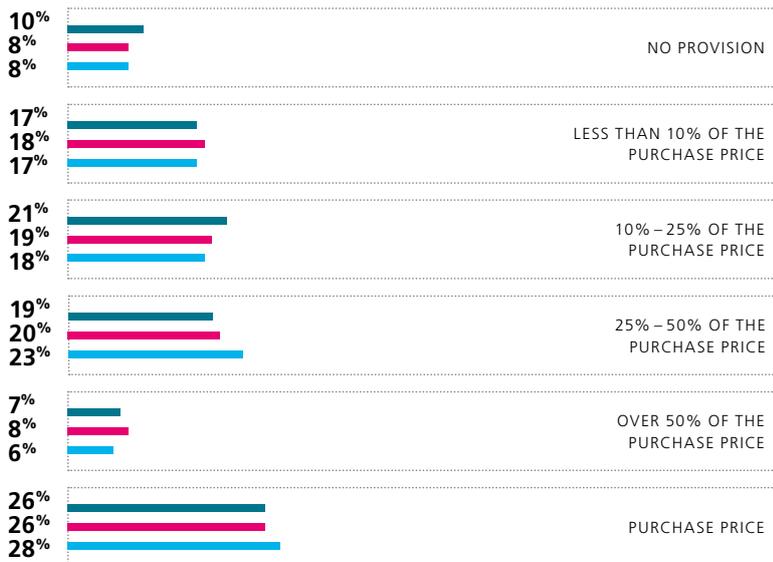


The number of deals with liability caps of less than 50% of the purchase price remains in the majority (58%)

The Study also records caps below 10% at 17% (down 1 percentage point), caps at 10–25% and 25–50% broadly steady at 18% and 23% respectively, and uncapped deals at 8% – 2 points below the 2015–2024 average.

Amount

Liability Caps



● 2015–2024 ● 2024 ● 2025
100% = all evaluated transactions

Deals with liability cap equal to the purchase price

28% ➔

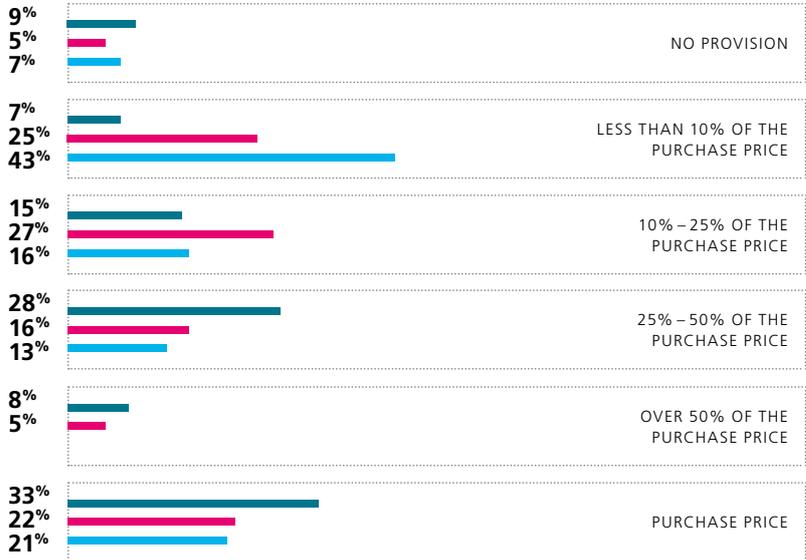
Analysis by Deal Size

Large transactions are more likely to feature caps below the purchase price, with sub 10% caps in 43% of large deals and 25% of medium-sized deals, compared with just 7% of small deals. For small deals in 2025, the cap most commonly equalled the purchase price, with a wider spread of caps above 10% up to the full consideration.

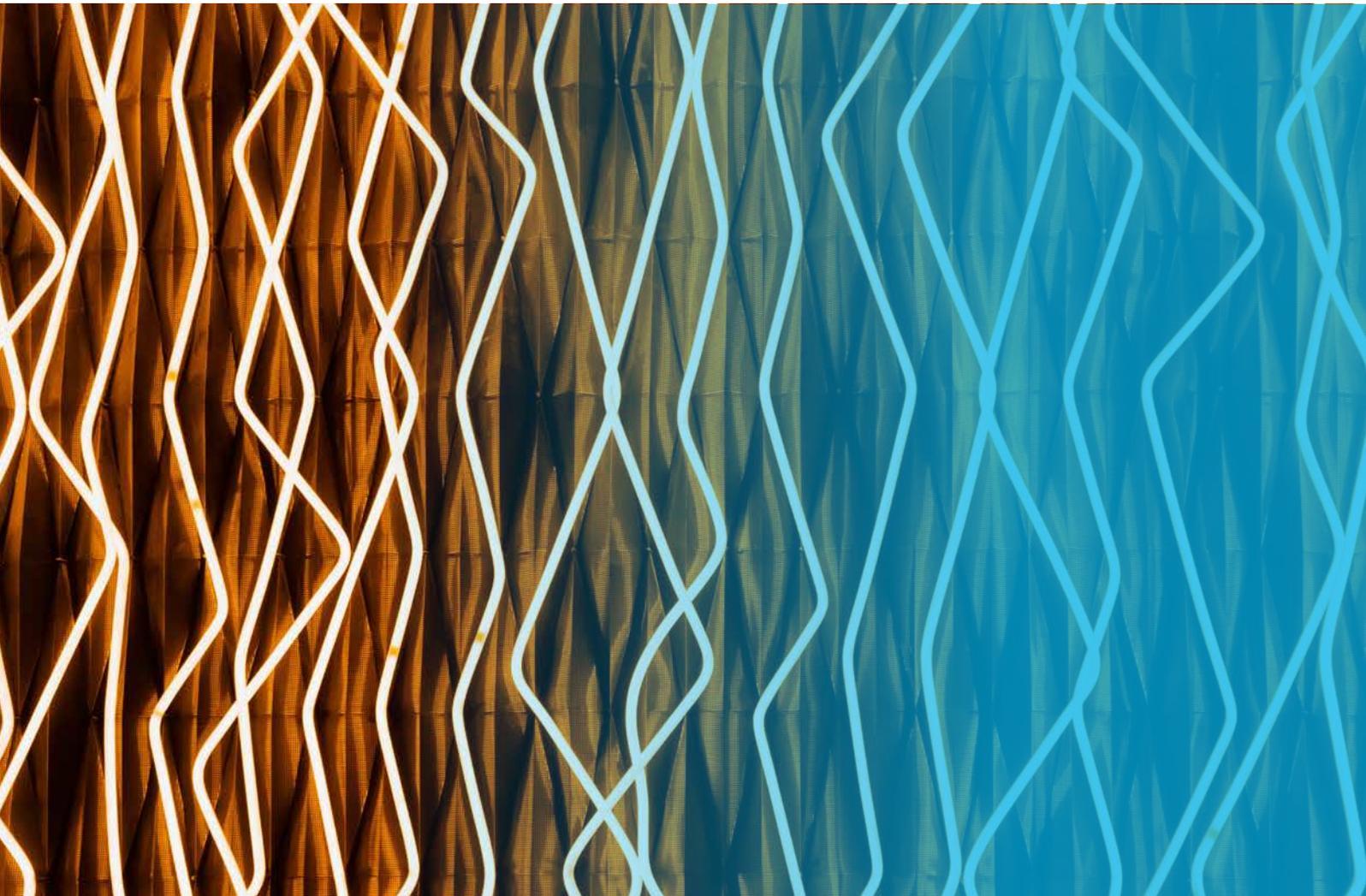
For small deals the purchase price is most likely to be the agreed position

Amount by Deal Size

Liability Caps



● < EUR 25m ● EUR 25m-100m ● > EUR 100m
100% = all evaluated transactions



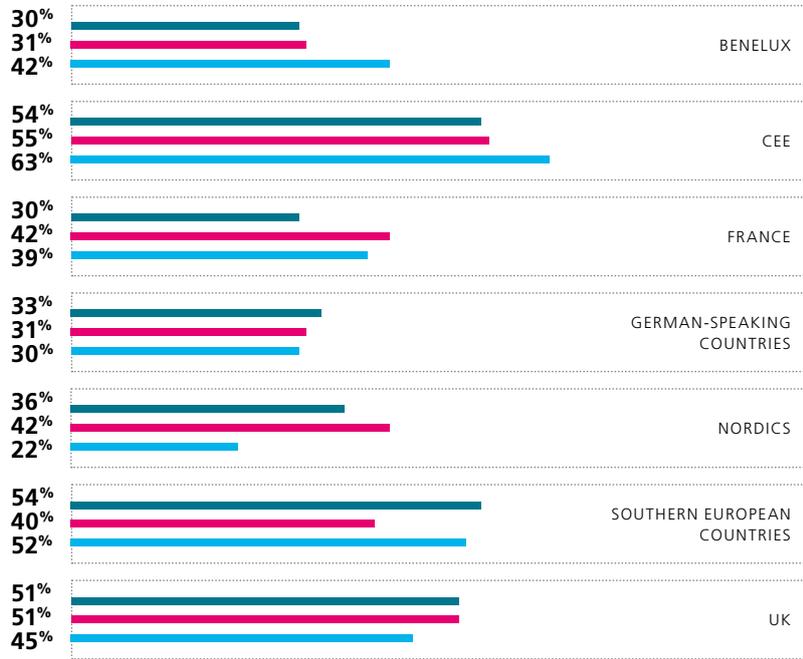
Specific Issues

Regional Differences

In 2025, 42% of European deals had liability caps above 50% of the purchase price, unchanged from 2024. Regionally, levels rose in CEE (up 8% to 63%), Benelux (up 11% to 42%) and Southern Europe (up 12% to 52%), but fell in the Nordics (down 20% to 22%) and the UK (down 6% to 45%). Caps above 50% vary widely across Europe.

Time Trend Europe

Liability Caps of more than 50%



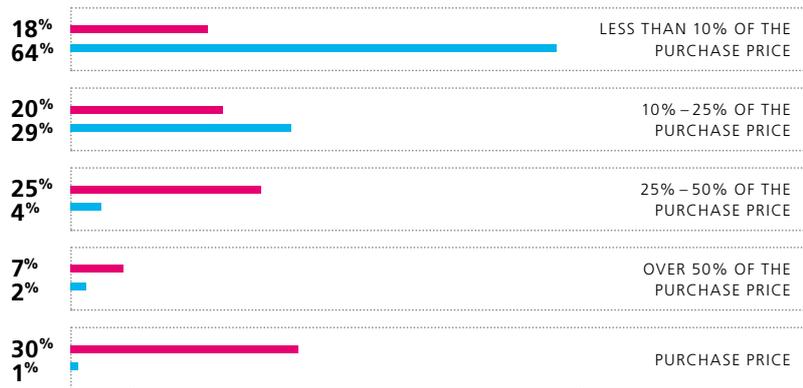
● 2015-2024 ● 2024 ● 2025
 100% = all evaluated transactions
 No data for Nordics before 2022 available

European/US Differences

In the US, liability caps are more uniform, with 93% of deals capped at 25% or less and 64% below 10%, whereas in Europe only 18% of 2025 deals had caps below 10% and the most common position was a cap equal to the purchase price (30%).

Liability Caps

Liability Caps of more than 50%



● Europe ● US
 100% = all transactions with a general liability cap
 US data refers to 'transaction value'

Sector Differences

Of European deals, 35% had caps of up to 25% of the purchase price. Sector outliers included Hospitality, Travel & Leisure (50%), Real Estate (43%), Banking & Finance (42%) and both Energy & Climate Change and Industry (41%). Infrastructure & Projects saw the sharpest fall, down 33% to 17%.

For caps up to 50% of the price, the most prevalent sectors were Real Estate (70%), Life Sciences & Healthcare (67%), Industry (66%) and Hospitality, Travel & Leisure (64%). Given significant year-on-year variation by sector, deal size and geography remain the principal drivers when agreeing appropriate liability caps.

Frequency

Liability Caps up to 25%

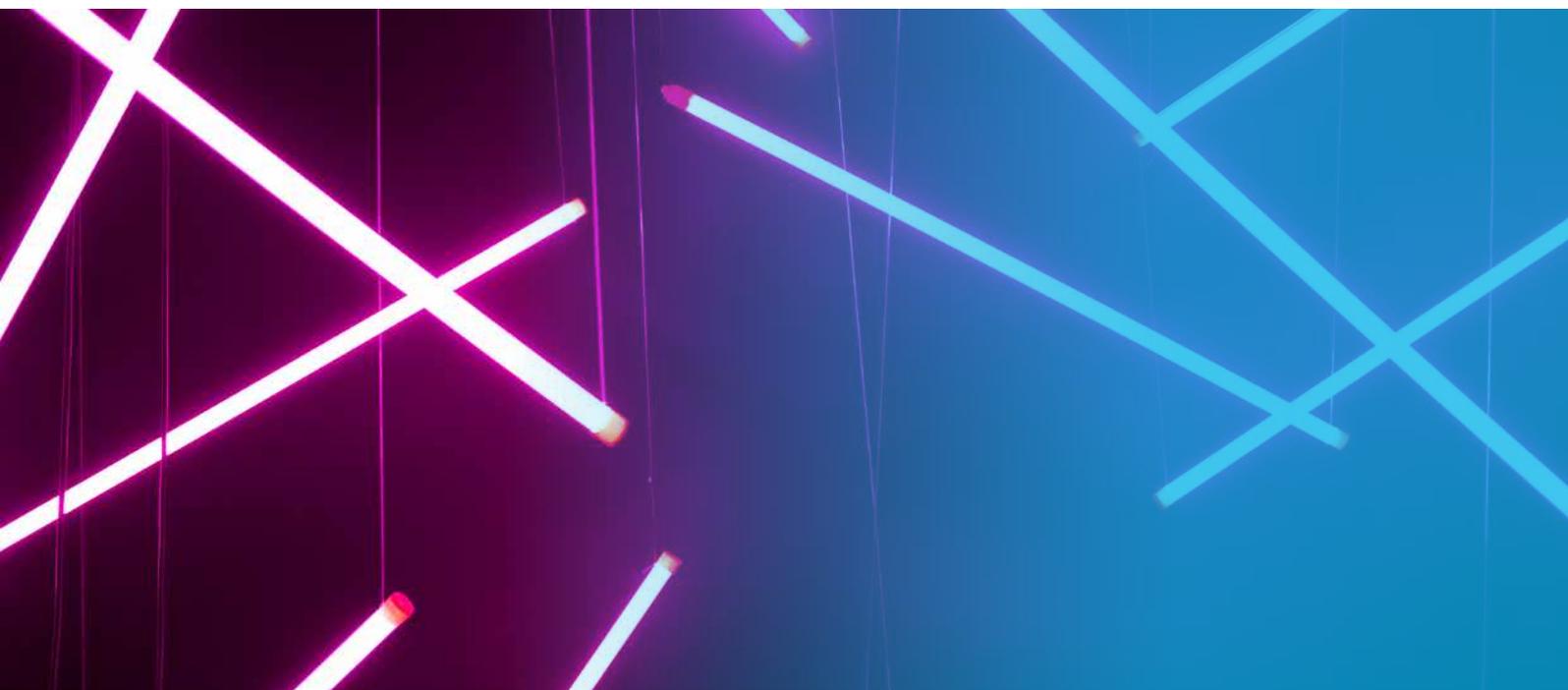
SECTOR	2015 – 2024	2024	2025
BANKING & FINANCE	35%	28%	42%
HOSPITALITY, TRAVEL & LEISURE	45%	55%	50%
ENERGY & CLIMATE CHANGE	30%	39%	41%
CONSUMER PRODUCTS	40%	33%	28%
TECHNOLOGY, MEDIA & COMMUNICATIONS	34%	26%	31%
INFRASTRUCTURE & PROJECTS	30%	50%	17%
LIFE SCIENCES & HEALTHCARE	37%	44%	24%
REAL ESTATE	49%	47%	43%
INDUSTRY	40%	32%	41%
BUSINESS (OTHER SERVICES)	36%	39%	33%
CMS AVERAGE	38%	37%	35%

100% = all evaluated transactions of the respective sector

Liability Caps up to 50%

SECTOR	2015 – 2024	2024	2025
BANKING & FINANCE	55%	45%	58%
HOSPITALITY, TRAVEL & LEISURE	57%	62%	64%
ENERGY & CLIMATE CHANGE	44%	52%	54%
CONSUMER PRODUCTS	59%	56%	49%
TECHNOLOGY, MEDIA & COMMUNICATIONS	55%	54%	51%
INFRASTRUCTURE & PROJECTS	56%	69%	33%
LIFE SCIENCES & HEALTHCARE	60%	69%	67%
REAL ESTATE	67%	66%	70%
INDUSTRY	61%	51%	66%
BUSINESS (OTHER SERVICES)	59%	65%	58%
CMS AVERAGE	57%	58%	58%

100% = all evaluated transactions of the respective sector



二〇一〇年九月二十八日 28-30 SEPTEMBER



WATHI COMPLI

Warranty & Indemnity insurance

M&A deals may use W&I insurance when there is no suitable or willing warrantor (such as private equity sellers) or when warrantors are unable to provide sufficient financial cover. In these cases, an insurer assumes the risk of potential warranty claims through a W&I insurance policy.

General Overview

W&I usage in 2025 was broadly unchanged from 2024, with 23% of deals incorporating cover, though uptake varied markedly by deal size and geography. Pricing remained attractive and competitive, making W&I a compelling option across sectors and particularly on higher value transactions.

Time Trend

W&I Insurance

NO

YES

2015–2024

83%

17%

2024

76%

24%

2025

77%

23%

100% = all evaluated transactions

The market this year

Brian Hendry, Managing Director of specialist W&I insurance broker HWF notes that from their perspective:

“The UK and European W&I insurance market continues to grow, driven by expanding established underwriting operations, increased geographic reach, and new market entrants. Appetite is broadening across sectors, deal sizes, and jurisdictions.

While London remains the central hub, the establishment and expansion of new teams across Europe’s major financial centres is beginning to shape distinct regional market conditions. Cost, coverage, and process efficiency remain key differentiators.

Market data in recent years indicates that average premium rates and policy retentions have been trending downward, with competitive pressure pushing W&I pricing toward historic lows – a trend expected to continue into 2026. At the same time, the scope of available coverage continues to expand. Insurers are increasingly offering 'add on' enhancements that, in practice, provide broader protection than warranties typically negotiated in a standard SPA.

Despite competitive pricing and coverage innovation, underwriting processes are also becoming more streamlined, improving the overall policy placement experience. However, the core principles of disclosure and thorough due diligence remain fundamental.”

Analysis by Deal Size

W&I insurance uptake continued to skew towards large deals, but usage fell across all size bands in 2025. The sharpest decline was on transactions over EUR 100m, down 13% to 59%. Small deals dipped by 1 point to 7%, and medium-sized deals by 5 points to 40%, though both remained above the rolling ten-year average.

W&I Insurance

Time trend

< EUR 25M

NO YES
2014–2024



2024



2025



EUR 25M–100M

NO YES
2014–2024



2024



2025



> EUR 100M

NO YES
2014–2024



2024



2025



100% = all evaluated transactions

W&I insurance most used on large deals; reduced popularity across all deal sizes

Specific Issues

Sector Differences

W&I insurance usage by sector was less consistent than by deal size. In 2025, Real Estate again led adoption – consistent with W&I insurance being standard in that sector – while uptake fell in Energy & Climate Change and Life Sciences & Healthcare, and rose in Banking & Finance, Hospitality, Travel & Leisure, Consumer Products as well as Real Estate.

Real Estate is once again most popular sector for W&I insurance

Regional Differences

W&I insurance usage varied by region in 2025. The UK remained the most comfortable market at 39% – down 4% year-on-year but still 9 points above the ten-year average – with similar declines in France, the German-speaking countries and the Nordics, and increases in Benelux and Southern Europe. W&I also remained more prevalent in the US, where RWI was purchased on approximately 42% of deals (up 4%), broadly in line with the UK.

UK remains most popular market in Europe for W&I insurance

Frequency

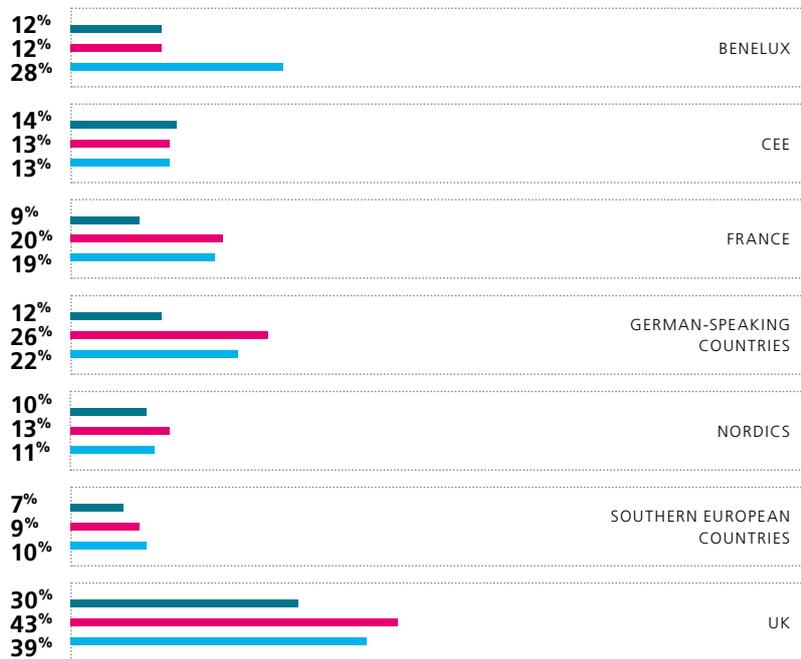
W&I Insurance

SECTOR	2015 – 2024	2024	2025
BANKING & FINANCE	3%	3%	7%
HOSPITALITY, TRAVEL & LEISURE	10%	6%	10%
ENERGY & CLIMATE CHANGE	15%	19%	10%
CONSUMER PRODUCTS	8%	5%	9%
TECHNOLOGY, MEDIA & COMMUNICATIONS	16%	16%	13%
INFRASTRUCTURE & PROJECTS	2%	3%	2%
LIFE SCIENCES & HEALTHCARE	8%	15%	6%
REAL ESTATE	19%	11%	21%
INDUSTRY	10%	11%	10%
BUSINESS (OTHER SERVICES)	8%	12%	11%
CMS AVERAGE	17%	24%	23%

100% = all evaluated transactions of the respective sector

Time Trend Europe

W&I Insurance



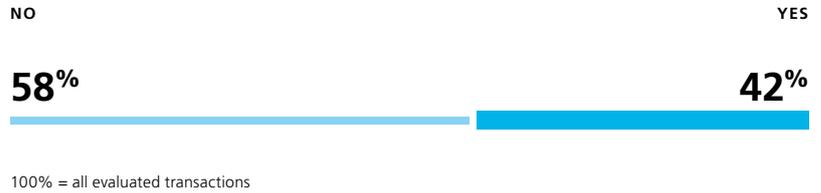
● 2015 – 2024 ● 2024 ● 2025
 100% = all evaluated transactions
 No data for Nordics before 2022 available

Type of Policy/ Responsibility for Costs

In 2025, W&I insurance policies were buy-side in 96% of cases (i.e., the buyer was insured). Nonetheless, sellers increasingly agreed to fund some or all of the premium – 42% of deals, up from 39% in 2024 – often via a purchase price reduction, and where they contributed, their share of the costs tended to be higher, typically 50–75%.

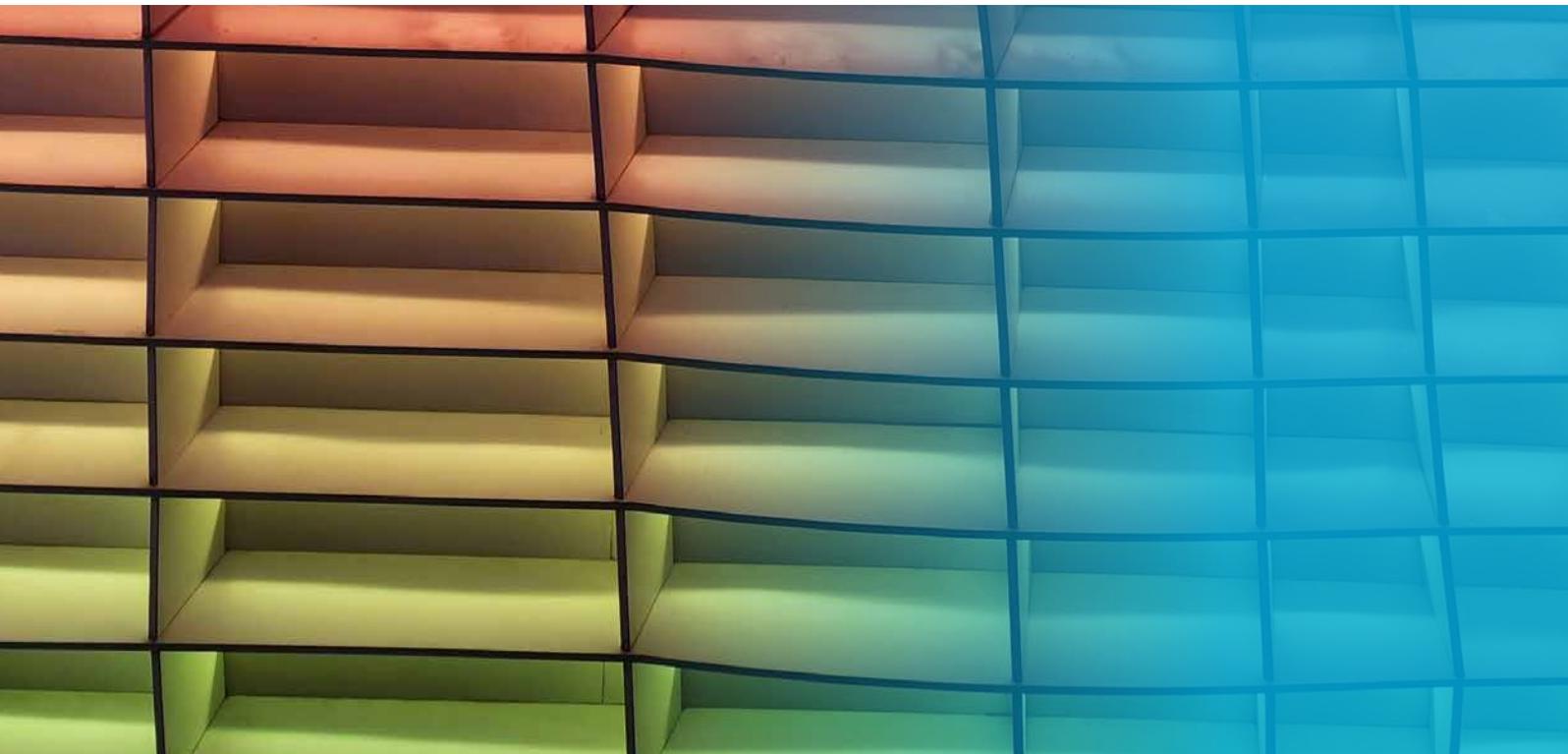
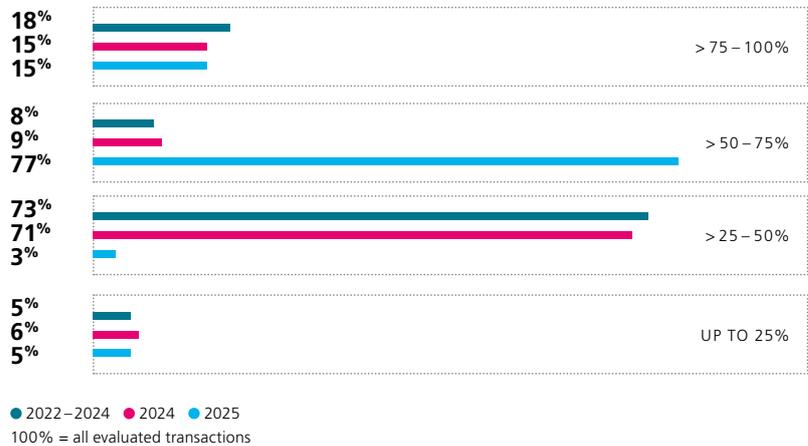
W&I Insurance

Proportion of costs that the seller party bore



W&I Insurance

Proportion of costs that the seller party bore

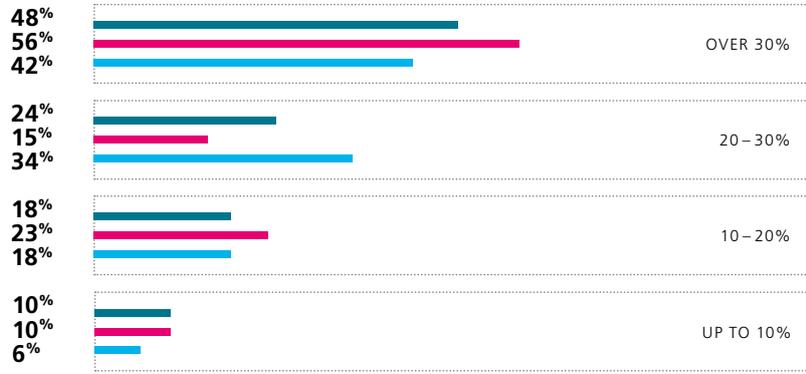


Level of coverage

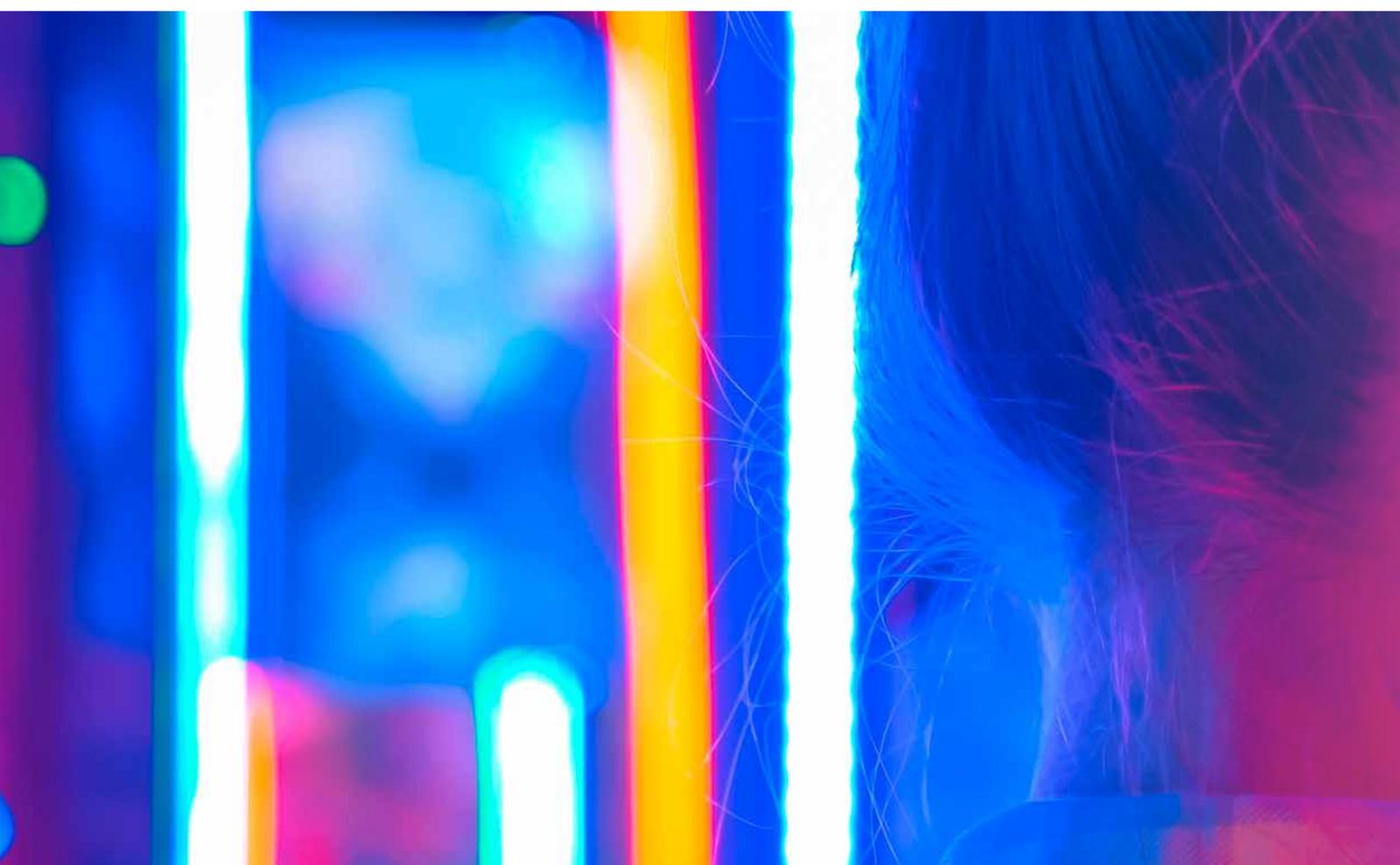
In our fourth year of tracking this data we noted an increase in cover limits of between 20–30% (up 19% to 34%) and a 12% drop in coverage of over 30% to 42% albeit this level remained the most popular policy limit.

W&I Insurance

Level of coverage



● 2022–2024 ● 2024 ● 2025
100% = all evaluated transactions



Claims Notifications

Specialist W&I insurance broker HWF's 2025 European W&I Claims Study ("HWF Study") provides insight on, among other topics, claims notifications and claims paid in respect of 18,563 W&I insurance policies placed by 24 European insurers since 2016. Key takeaways include that over the relevant period claims notifications were made on average in 12.46% of policies and claims were paid on 4.29% of policies (or 48.51% of notifications). Across the nine-year period covered by the HWF Study, nearly 50% of notifications related to breaches flowing from seller fraud, non-disclosure and third-party claims, being matters which could not in the ordinary course be discovered through due diligence.

*claims notifications
were made on average in*

12.46% *of policies*

claims were paid on

4.29% *of policies*
(or 48.51% of notifications)





Limitation period for warranty claims

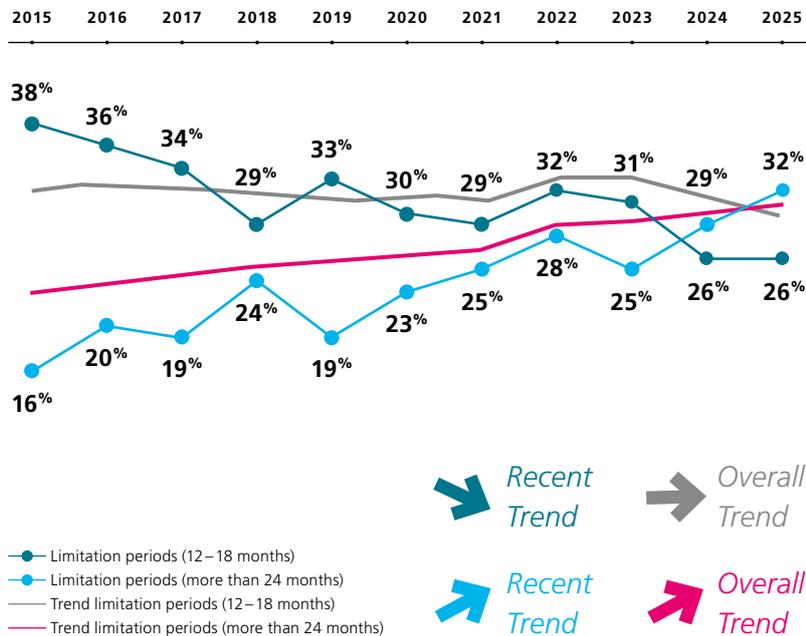
Sellers typically seek contractual limitation periods for 2025 warranty claims that are shorter than the statutory default, narrowing the window for buyers to bring claims; buyers, by contrast, push for the longest practicable limitation period.

General Overview

Following a modest decline in 2023 in limitation periods exceeding 24 months, 2024 reversed the trend, and 2025 pushed it further: periods over 24 months reached a new peak of 32%, indicating stronger buyer bargaining power. This confirms the post-2015 upward trajectory, interrupted only by minor dips in 2017 (-1%), 2019 (-5%) and 2023 (-3%).

CMS Trend Index

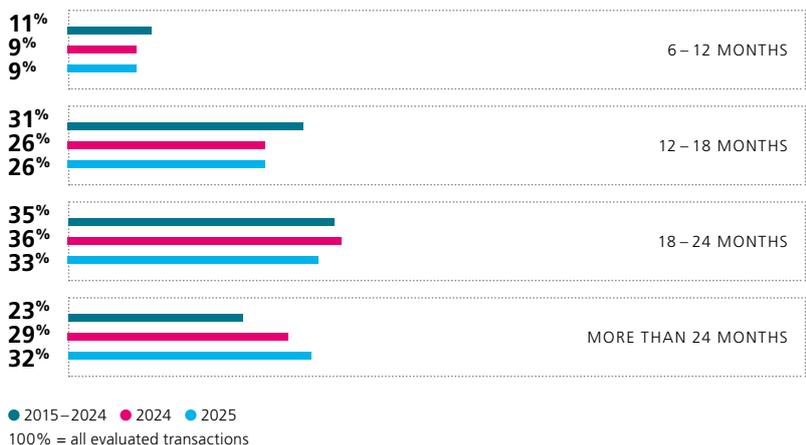
Limitation Periods



In line with the above, 18-24 month periods fell by 3% to 33%, while shorter periods were stable at 9% (6-12 months) and 26% (12-18 months), further entrenching deviations from the 2015-2024 averages (down 2 and 5 points, respectively).

Time Trend

Limitation Periods



Longer limitation periods continue to dominate the M&A market – in line with the average development since 2015

Specific Issues

Regional Differences

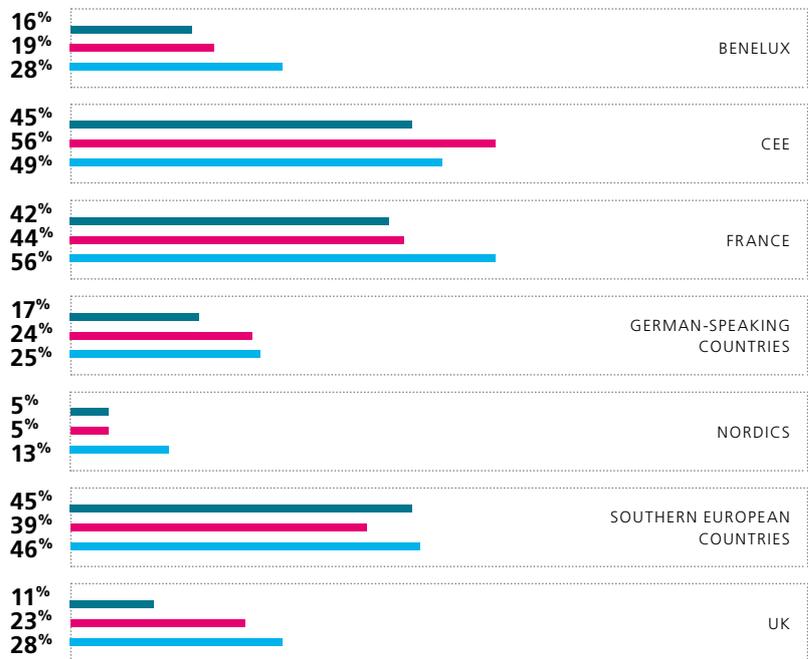
The 2025 rise in periods over 24 months was led by France (up 12%), the Nordics (up 8%), Southern Europe (up 7%) and Benelux (up 9%). Across most regions, over 24 month periods increased versus 2024 and remain higher than the 2015–2024 averages (ranging from an increase of 1% in Southern Europe to plus 17% in the UK).

Exceptions were limited: German-speaking countries were broadly flat, and CEE declined from 56% in 2023–2024 to 49% in 2025 – though in both CEE and Southern Europe roughly half of deals still provide for the 2025 rise over 24 month periods, consistent with the decade long pattern.

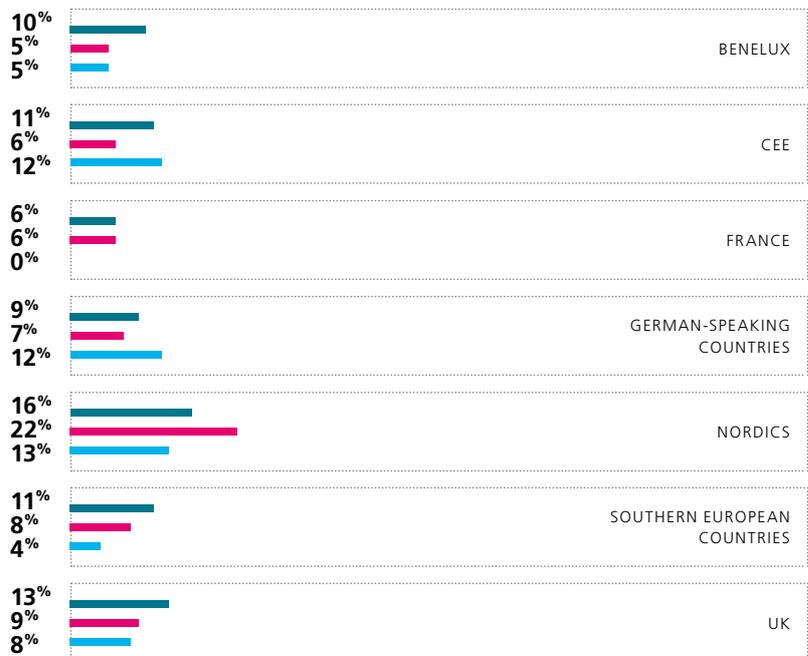
Traditional splits persist: long periods are more common in CEE, France and Southern Europe than in Benelux, German-speaking countries and the UK. Short periods (6–12 months) fell in several regions but rose in CEE (6% to 12%) and German-speaking countries (7% to 12%).

Time Trend Europe

More than 24 months



6 to 12 months



● 2015–2024 ● 2024 ● 2025
 100% = all evaluated transactions
 No data for Nordics before 2022 available

Sector differences

In 2025, longer periods (over 24 months) were most prevalent in Banking & Finance (39%), Life Sciences & Healthcare (38%) and Energy & Climate Change (37%), well above their 2015–2024 averages of 19%, 26% and 26% respectively. Notable deviations from decade averages also appeared in TMC (up 10%) and Real Estate (up 14%).

Limitation Periods

More than 24 months

SECTOR	2015 – 2024	2024	2025
BANKING & FINANCE	19%	16%	39%
HOSPITALITY, TRAVEL & LEISURE	27%	25%	30%
ENERGY & CLIMATE CHANGE	26%	38%	37%
CONSUMER PRODUCTS	24%	42%	24%
TECHNOLOGY, MEDIA & COMMUNICATIONS	20%	27%	30%
INFRASTRUCTURE & PROJECTS	14%	0%	33%
LIFE SCIENCES & HEALTHCARE	26%	26%	38%
REAL ESTATE	21%	30%	35%
INDUSTRY	24%	28%	24%
BUSINESS (OTHER SERVICES)	23%	30%	41%
CMS AVERAGE	23%	29%	32%

100% = all evaluated transactions of the respective sector

Longest limitation periods in the Banking & Finance, Energy & Climate Change and Life Sciences & Healthcare sectors

18 to 24 months

SECTOR	2015 – 2024	2024	2025
BANKING & FINANCE	39%	52%	35%
HOSPITALITY, TRAVEL & LEISURE	24%	21%	33%
ENERGY & CLIMATE CHANGE	31%	36%	32%
CONSUMER PRODUCTS	33%	19%	41%
TECHNOLOGY, MEDIA & COMMUNICATIONS	37%	40%	32%
INFRASTRUCTURE & PROJECTS	33%	47%	11%
LIFE SCIENCES & HEALTHCARE	40%	42%	42%
REAL ESTATE	34%	36%	33%
INDUSTRY	37%	32%	30%
BUSINESS (OTHER SERVICES)	35%	34%	29%
CMS AVERAGE	35%	36%	33%

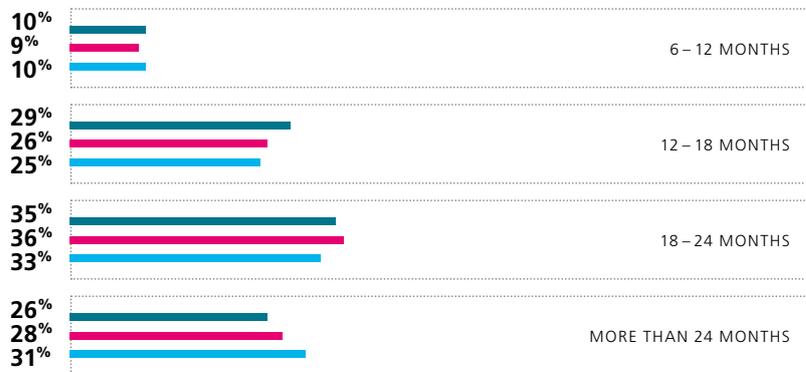
100% = all evaluated transactions of the respective sector

Analysis by Deal Size

Deal size is not a primary driver of limitation periods. Across all bands, periods over 24 months continued to rise in 2025, led by large deals (up 14% versus 2024). The 18–24 month band, the most common in 2024 (36% across all deals), edged down in 2025 but remained the prevailing range for small and medium-sized deals.

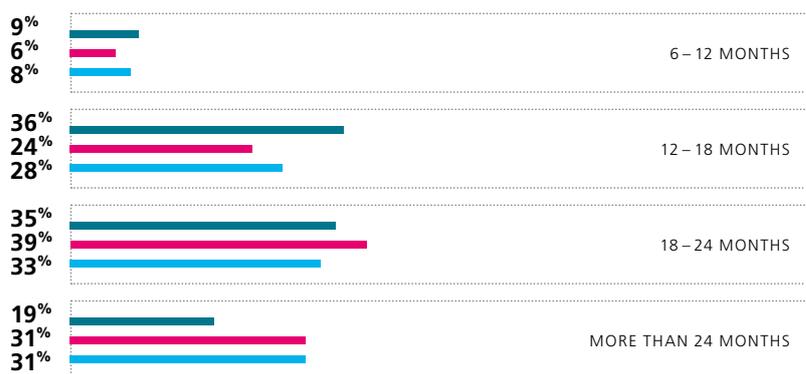
Time Trend

By purchase price less than EUR 25m



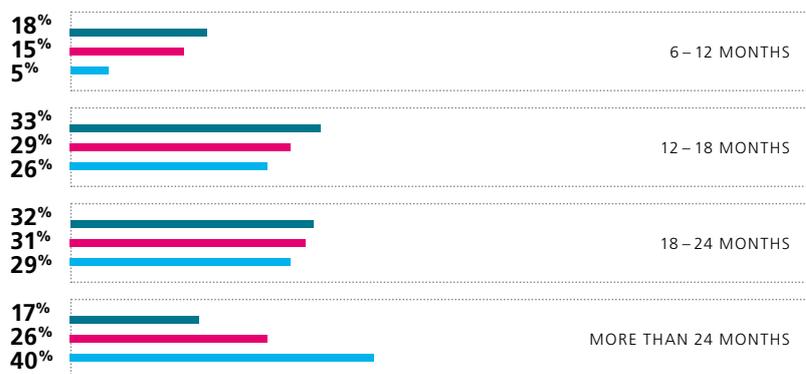
● 2015–2024 ● 2024 ● 2025
100% = all evaluated transactions

By purchase price EUR 25m–100m



● 2015–2024 ● 2024 ● 2025
100% = all evaluated transactions

By purchase price more than EUR 100m



● 2015–2024 ● 2024 ● 2025
100% = all evaluated transactions

Limitation periods between 18 and 24 remain the preferred period for small and medium-sized deals

Short periods (6–12 months) stayed unpopular overall, with a sharper decline on large deals (down 10% year-on-year; down 13% versus the 2015–2024 average). On large deals, the shift was from the minimum to the maximum end of the spectrum.

Limitation periods of more than 24 months rose across all deal sizes, most sharply on large deals



Security for warranty claims

Where the buyer is concerned about the seller's ability to pay claims, the parties may include security for warranty recovery. The type and value of security depend on factors such as the likelihood of claims, the seller's covenant strength, and the cost, administration and timing of putting a given structure in place. The principal forms of security covered in the Study are escrow account, retention/holdback, parent or bank guarantees.

General Overview

In 2025, use of security for warranty claims fell by 5% from 2024 to 20% (one in five deals). Consistent with the post-2015 pattern, overall usage remains low, reflecting a seller friendly market in which sellers avoid providing security in 80% of transactions.

This decline tracks continued uptake of W&I insurance: cover featured in 23% of deals in 2025 (down 1 point year-on-year but above the ten-year average of 17%) reported above. With W&I insurance protection in place, buyers require less direct recourse against sellers, helping explain the drop from 25% in 2024 to 20% in 2025. Whether further W&I insurance growth will drive lasting changes in security usage remains to be seen.

Time Trend

Security

NO

YES

2015–2024

71%

29%

2024

75%

25%

2025

80%

20%

100% = all evaluated transactions

Security for warranty claims used in every fifth transaction



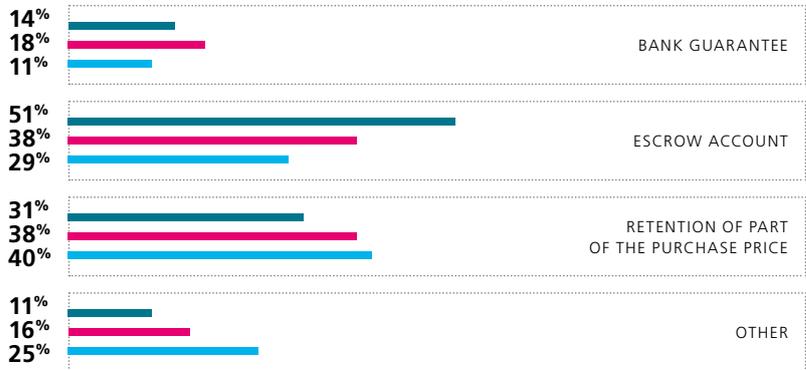
Specific Issues

By mechanic, retentions rose slightly to 40% of evaluated transactions, while escrow accounts fell to 29% (from 38% in 2024). Both remain the leading mechanisms, with retentions now most popular.

Type of Security

Between 2015 and 2024, escrow accounts dominated, featuring in 51% of secured deals versus 31% for purchase price retentions. Since 2024, the balance has shifted: escrow use fell to 38% in 2024 and 29% in 2025, while retentions rose to 38% and 40% respectively. This indicates a move towards retentions despite escrows' historical dominance. Bank guarantees remained less common, declining from 18% in 2024 to 11% in 2025. We have noted in recent years that this shift reflects the administrative burden of establishing escrows and the cost of guarantees, which make them less attractive than a straightforward retention or holdback.

Time Trend Security



● 2015-2024 ● 2024 ● 2025
100% = transactions with safeguarding mechanism – more than one type of security possible

Popularity of escrow accounts decreasing – retentions now more popular than escrow accounts

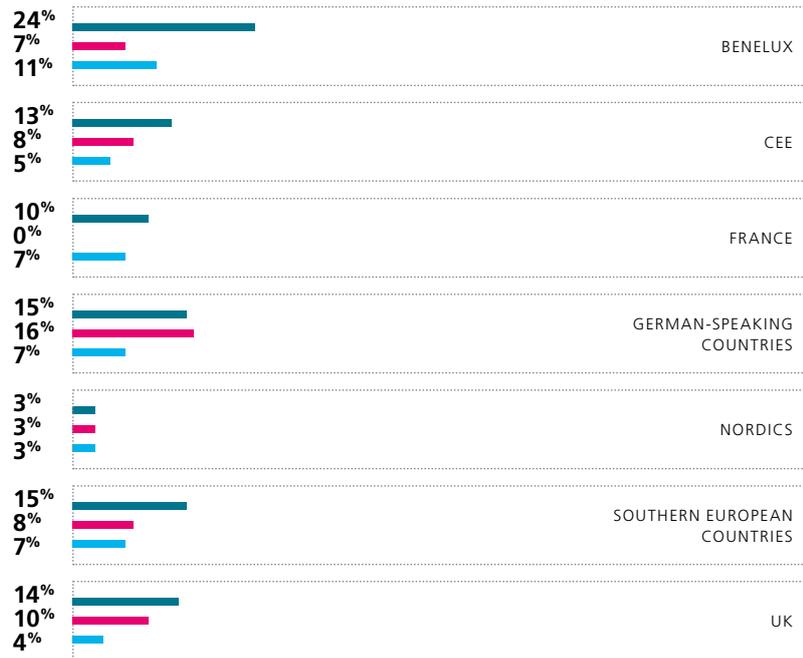


Regional Differences

Escrow usage has fluctuated markedly over the past decade. In 2025, it declined in German-speaking countries (down from 16% to 7%) and the UK (down from 10% to 4%), but rose in Benelux (from 7% to 11%) and France (up from 0% to 7%), with the French level aligning more closely with its ten-year trend. CEE, the Nordics and Southern Europe showed only minor shifts (plus or minus 1–3%).

Time Trend Europe

Use of escrow accounts

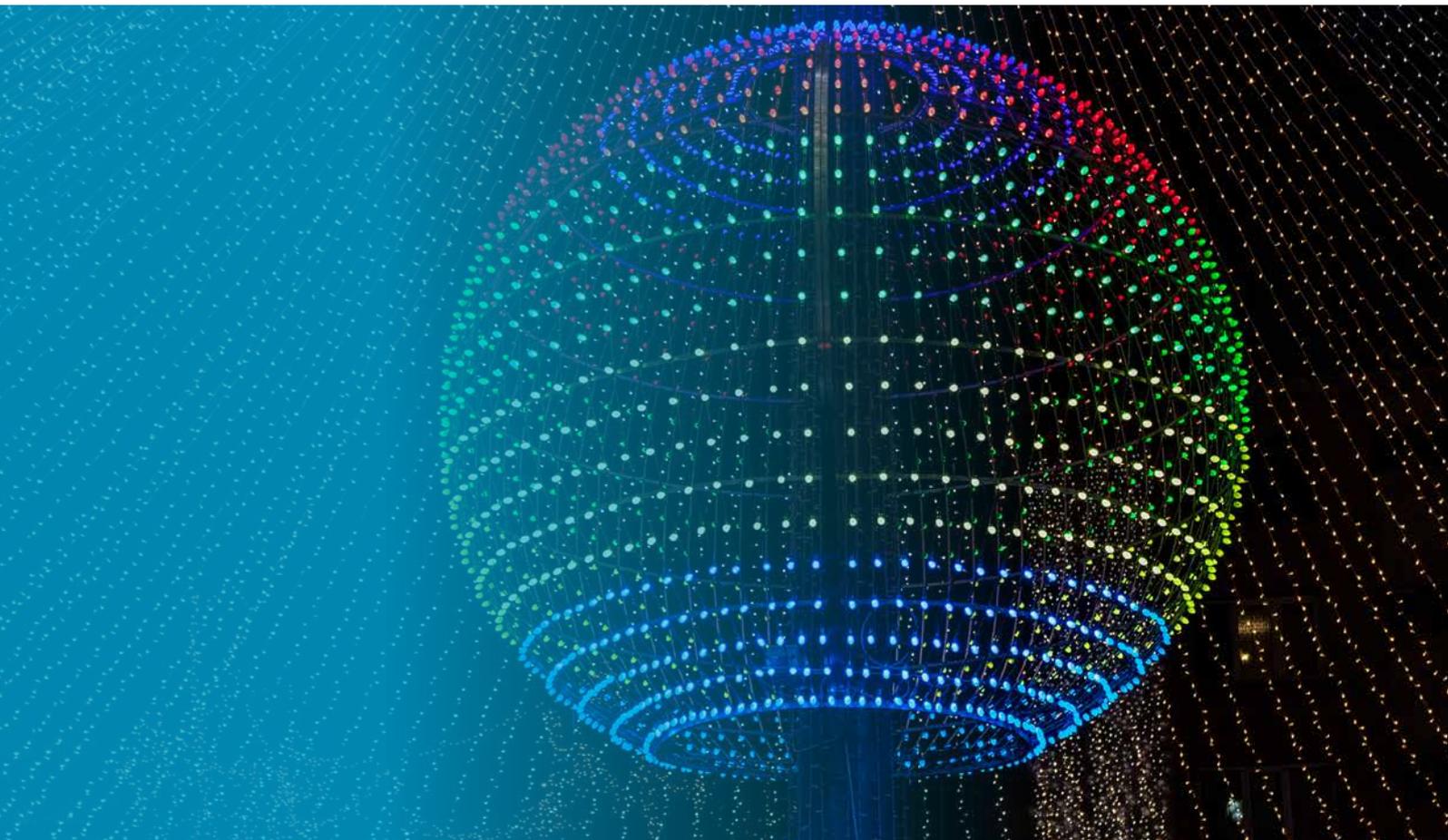


● 2015–2024 ● 2024 ● 2025

100% = all evaluated transactions

No data for Nordics before 2022 available

Escrows lose popularity across Europe



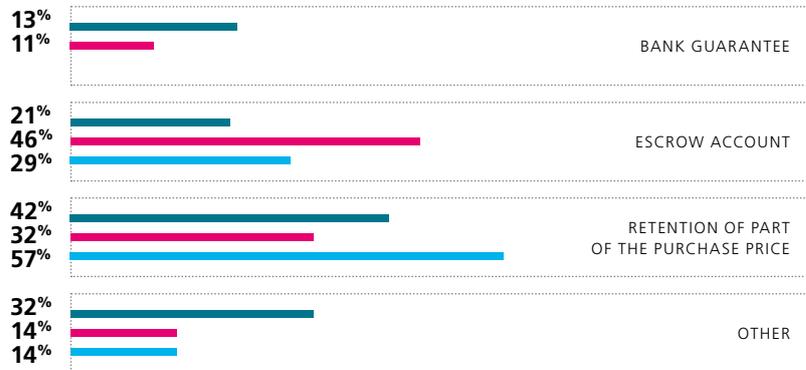
Analysis by Deal Size

In 2025, purchase price retentions remained the most used security on small deals at 42% (unchanged from 2024). The same pattern extended to large deals, where retentions jumped from 19% in 2024 to 57% in 2025, against a ten-year average of just 23% for large deals.

Conversely, escrow use on large deals fell sharply from 69% to 29%, ceding the lead. Escrows also declined on small deals (down 9 points to 21%) and remained the market leader only for medium-sized deals (46% escrow versus 32% retention). The steep fall on large deals likely reflects sensitivity to the higher cost and complexity of escrows even at higher deal values when compared to the perceived ease of taking out W&I insurance.

Security for warranty claims

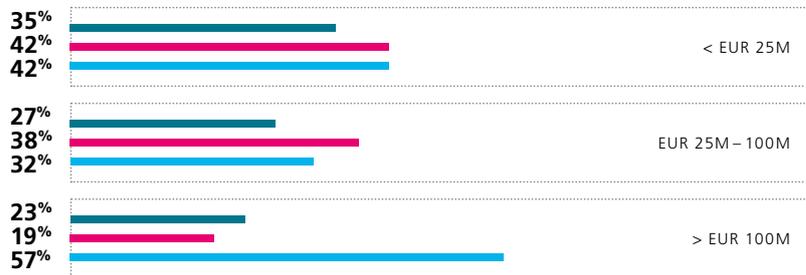
By purchase price 2025



● < EUR 25m ● EUR 25m-100m ● > EUR 100m
100% = transactions with safeguarding mechanism – more than one nomination possible

Retention of part of the purchase price

By purchase price 2015-2025



● 2015-2024 ● 2024 ● 2025
100% = transactions with safeguarding mechanism – more than one nomination possible

Escrow accounts

By purchase price 2015-2025



● 2015-2024 ● 2024 ● 2025
100% = transactions with safeguarding mechanism – more than one nomination possible



MAC clause

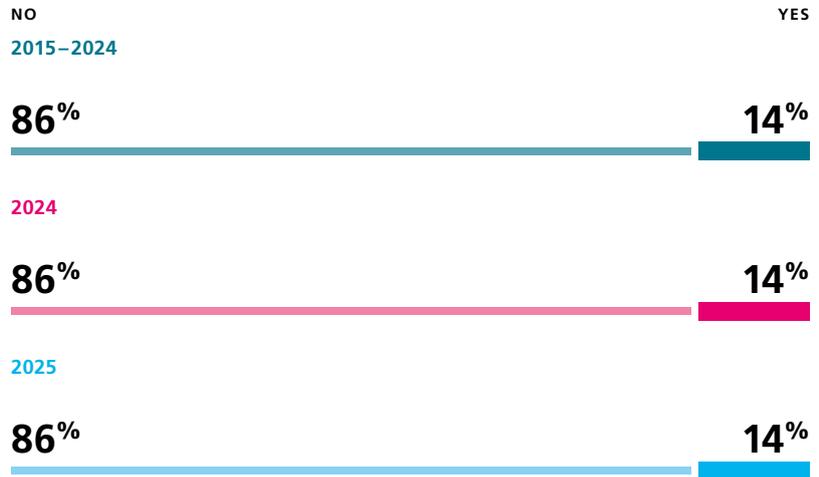
Where signing and completion are split, buyers seek to guard against fundamental pre-completion changes. Material adverse change (“MAC”) clauses allocate this risk by allowing the buyer to terminate if specified adverse events occur before completion. The trigger events are expressly defined and heavily negotiated. Sellers typically seek broad carve-outs for systemic or unavoidable matters – such as general economic downturns, industry-wide effects, changes in law, or force majeure – so that only target-specific, disproportionate, or seller-controlled events can trigger a MAC.

General Overview

After declines in 2022 (13%) and 2023 (10%), MAC usage rose to 14% in 2024 and held at 14% in 2025. Given multiple global crises, this rise is unsurprising, though one might have expected a sharper rise amid heightened volatility. Overall, 2025's level remains broadly in line with the prior decade.

Time Trend

MAC Clauses



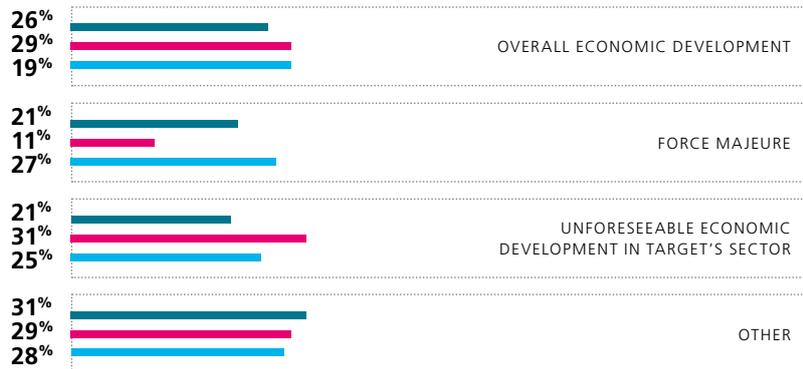
100% = all evaluated transactions

Use of MAC clauses remains in line with ten-year average

If a seller agrees to a MAC clause, it will seek to narrow its scope with carve-outs for changes beyond its control. In 2025, exemptions for sector-specific economic developments fell from 31% to 25%, and for overall economic developments from 29% to 19%, while force majeure carve-outs regained prominence, rising from 11% to 27%.

Exemptions

MAC Clauses



● 2015–2024 ● 2024 ● 2025

100% = all transactions including a MAC clause – more than one exemption possible

The frequency of back-door MAC clauses (i.e. a right of the buyer to rescind or terminate the SPA if warranties given as of signing are not true and accurate after signing or at completion) also eased slightly: included in 17% of deals in 2025, down from 20% in 2024, broadly in line with the 2015 – 2024 average of 19%.

Back-Door

MAC Clauses 2015–2025

MAC CLAUSES

NO YES
2015–2024



2024



2025



BACK-DOOR MAC

NO YES
2015–2024



2024



2025



Specific Issues

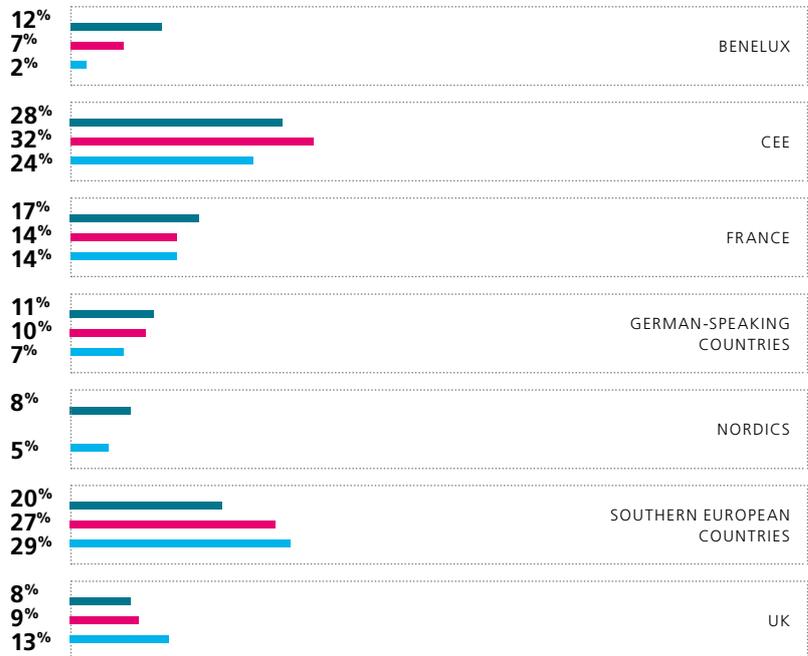
Regional Differences

Stark regional disparities persist. Southern Europe (29%) and CEE (24%) recorded the highest MAC usage in 2025, while other regions ranged from 0% to 14%. Year-on-year, usage fell in Benelux (7% to 2%), CEE (32% to 24%) and German-speaking countries (10% to 7%), but rose by up to 5% in the Nordics, Southern Europe and the UK.

MAC clauses most popular in CEE and Southern European countries

Time Trend Europe

MAC Clauses



● 2015–2024 ● 2024 ● 2025
100% = all evaluated transactions
No data for region Nordic before 2022 available

Sector Differences

In 2025, MAC clauses were most prevalent in Energy & Climate Change (up 1% to 26%), Life Sciences & Healthcare (up 2% to 25%) and Banking & Finance (up 9% to 26%). Infrastructure & Projects saw a marked turnaround: from 6% in 2024 to 20% in 2025 – around twice the ten-year average (10%).

Frequency

MAC Clauses

SECTOR	2015 – 2024	2024	2025
BANKING & FINANCE	17%	17%	26%
HOSPITALITY, TRAVEL & LEISURE	13%	13%	7%
ENERGY & CLIMATE CHANGE	15%	25%	26%
CONSUMER PRODUCTS	13%	16%	11%
TECHNOLOGY, MEDIA & COMMUNICATIONS	12%	5%	3%
INFRASTRUCTURE & PROJECTS	10%	6%	20%
LIFE SCIENCES & HEALTHCARE	17%	23%	25%
REAL ESTATE	14%	10%	12%
INDUSTRY	14%	13%	11%
BUSINESS (OTHER SERVICES)	11%	5%	12%
CMS AVERAGE	14%	14%	14%

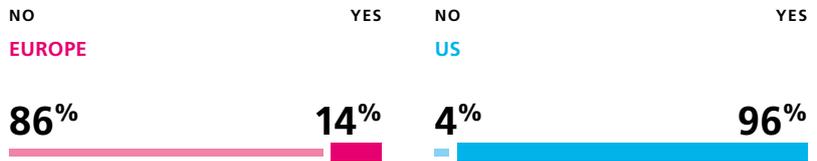
100% = all evaluated transactions of the respective sector

European/US Differences

MAC clauses remain rare in Europe (14% in both 2024 and 2025) but are near universal in the US (96% in 2025). This divergence reflects stronger seller leverage and a premium on deal certainty in Europe, where more transactions sign and close simultaneously – removing the need for a MAC altogether.

Europe/US 2025

MAC Clauses



100% = all evaluated transactions

Disparity between Europe (14%) and the US (96%) persists

Analysis by Deal Size

The 2024 pattern persisted in 2025: MAC clauses were used more often in medium-sized and large deal agreements than on small deals, albeit the differential narrowed. Over 2015–2025, small and large deals were broadly stable (fluctuating by only 1–2 %), while medium-sized deals fell from 24% to 17% – now aligned with the post-2015 average of 17%.

MAC Clauses 2015–2025

By purchase price

< EUR 25M

NO YES
2015–2024



2024



2025



EUR 25M–100M

NO YES
2015–2024



2024



2025



> EUR 100M

NO YES
2015–2024



2024



2025



The use of MAC clauses decreased in medium-sized and large deals

100% = all evaluated transactions



Arbitration

Parties must decide whether disputes will be resolved in court or by private tribunal. Arbitration offers key benefits: avoiding courts in jurisdictions where proceedings are lengthy or outcomes unpredictable, and reducing publicity through confidentiality. Its drawbacks include relatively high costs and the risk that anticipated efficiency gains are not realised in practice. That said, enforceability often proves decisive. In many jurisdictions, foreign court judgments remain difficult to enforce, whereas arbitral awards are widely enforceable across borders – typically making arbitration the preferred choice where cross-border enforcement is a priority.

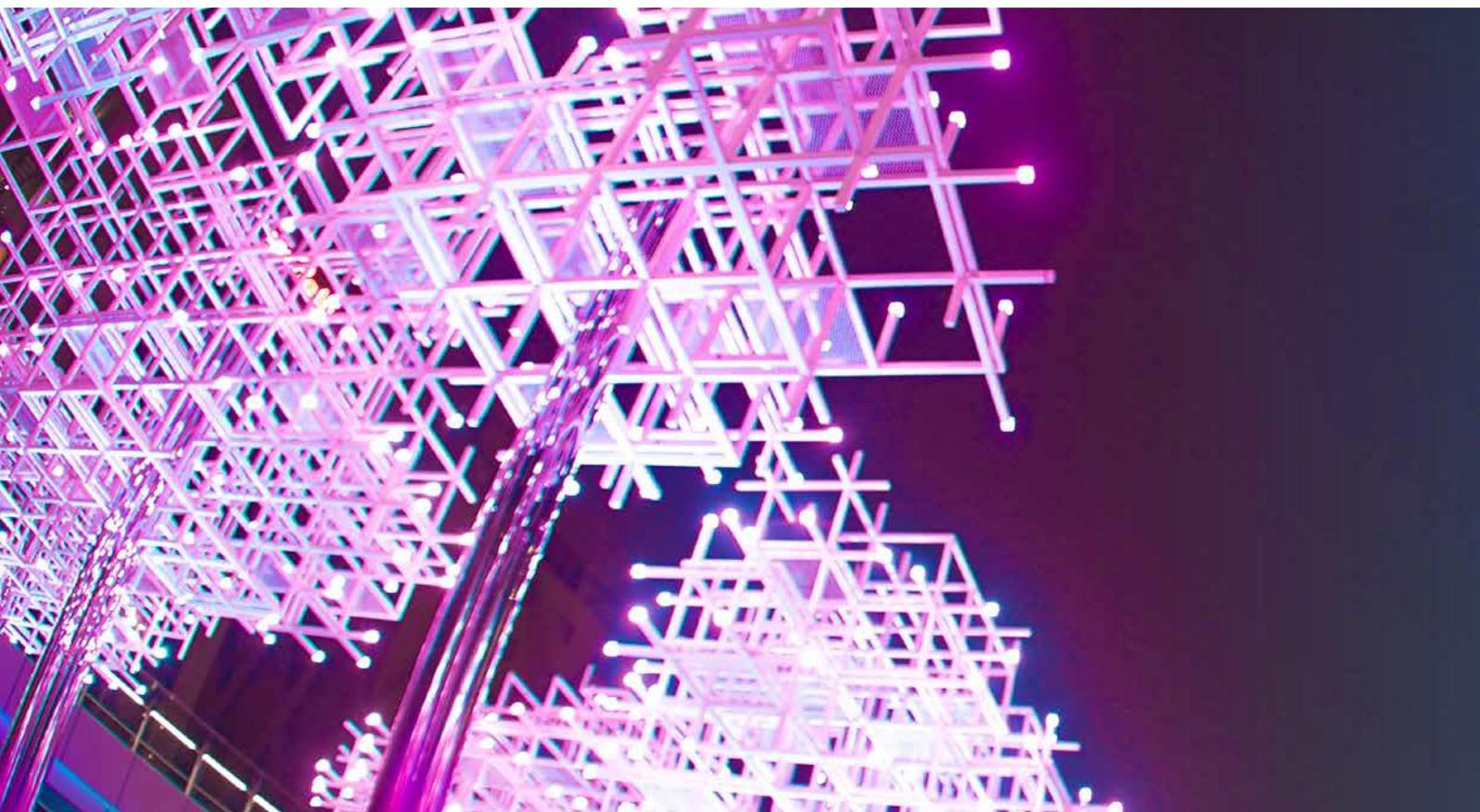
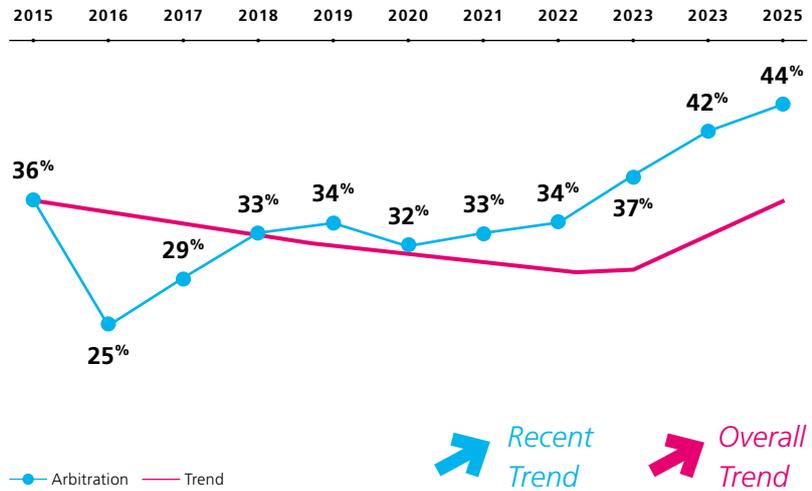
General Overview

In 2025, the share of deals with specified dispute resolution mechanisms rose from 42% to 44%. Since 2016, arbitration clauses have grown steadily, aside from a 2% fall in 2020. The trend reflects companies' desire to avoid public, time-consuming court proceedings and to secure enforceable outcomes across borders – benefits that, in many cases, outweigh arbitration's higher costs.

Arbitration continues to be on the rise in M&A transactions

CMS Trend Index

Arbitration



Arbitration clauses are increasingly common, signalling a shift towards greater international standardisation. Nevertheless, national rules remain the predominant frameworks, though their share fell from 70% in 2024 to 62% in 2025.

Time Trend

Arbitration

NO

YES

2015–2024

66%

34%

NATIONAL RULES: 65%

INTERNATIONAL RULES: 35%

2024

58%

42%

NATIONAL RULES: 70%

INTERNATIONAL RULES: 30%

2025

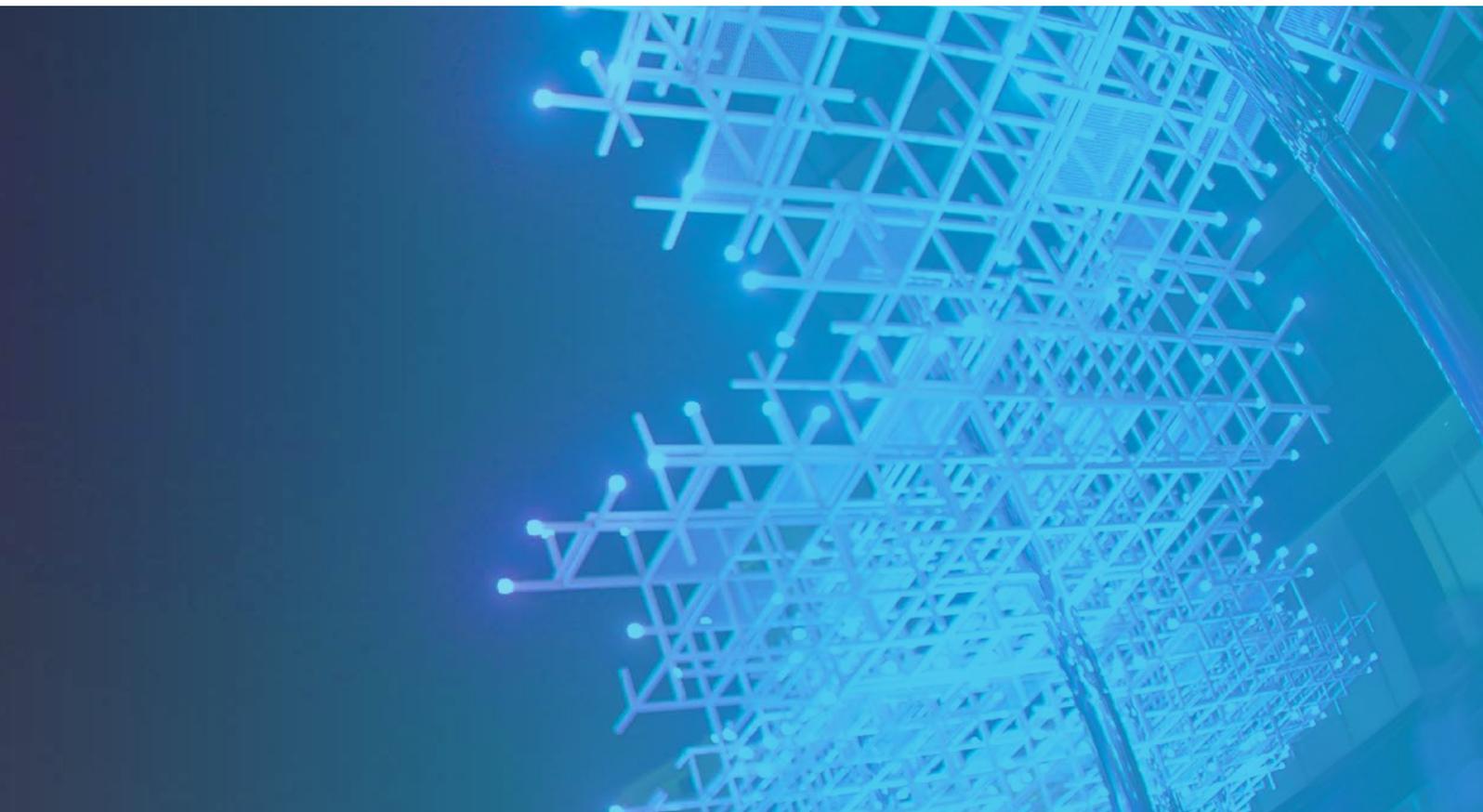
56%

44%

NATIONAL RULES: 62%

INTERNATIONAL RULES: 38%

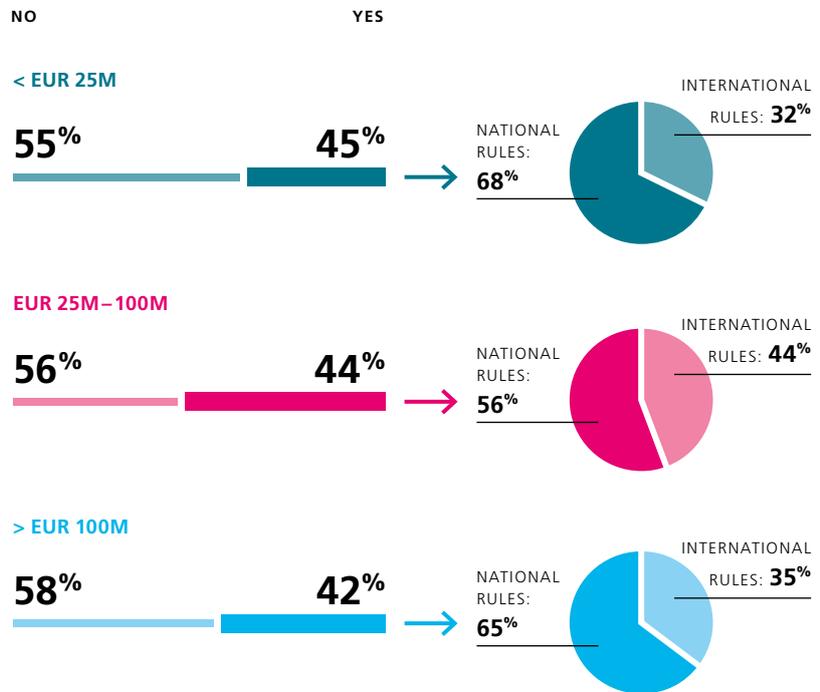
100% = all evaluated transactions



Analysis by Deal Size

Arbitration clauses are used in almost every second deal regardless of the deal size

Use of Arbitration By Purchase Price 2025



100% = all evaluated transactions with an arbitration clause



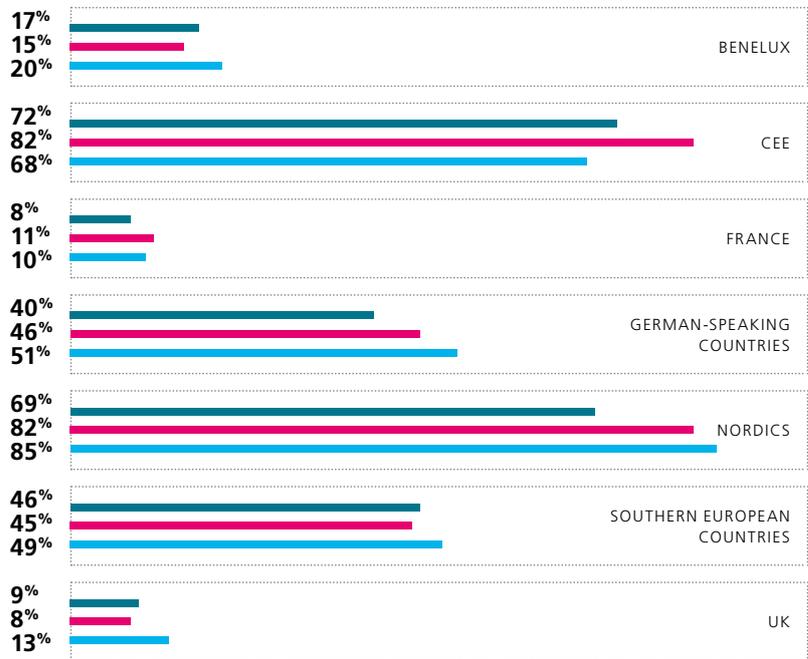
Specific Issues

Regional Differences

In 2025, arbitration clauses remained relatively uncommon in Benelux, France and the UK. Usage ticked up by 5% in Benelux (to 20%) and the UK (to 13%), but edged down in France (11% to 10%). CEE saw a sharper decline – from 82% to 68% – though arbitration still features in roughly two-thirds of transactions there. By contrast, adoption increased by 3–5% in the German-speaking countries, the Nordics and Southern Europe, while other regions were broadly stable.

Time Trend Europe

Arbitration



● 2015–2024 ● 2024 ● 2025
 100% = all evaluated transactions
 No data for Nordics before 2022 available

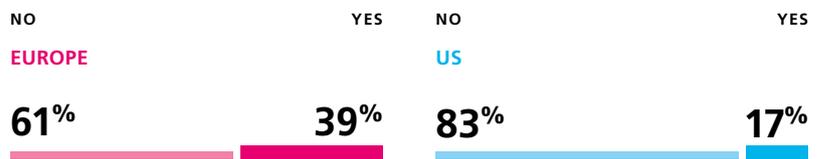
Arbitration clauses remain most common in the CEE and the Nordics

European/US Differences

Arbitration remained much more popular in Europe (39%) than in the US (17%) in 2025

Europe/US

Arbitration Clauses



100% = all evaluated transactions



Tax

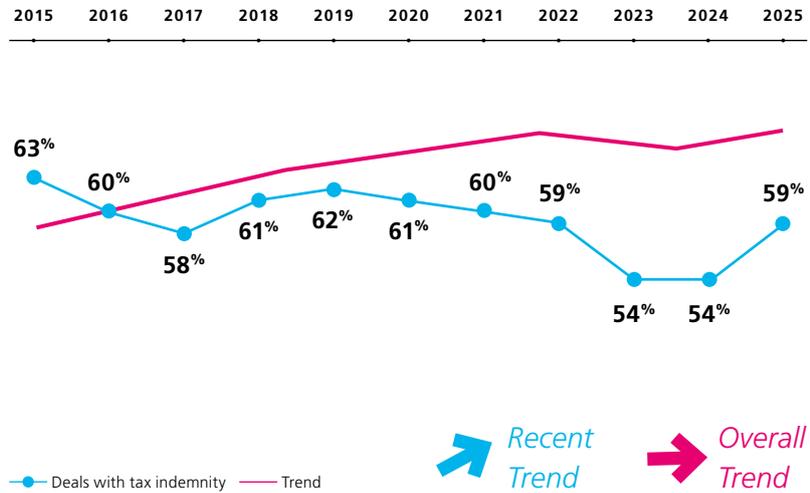
The purpose of a tax indemnity is to hold the buyer harmless for pre-completion tax risks. These provisions typically include specified caps and bespoke time limits. Two types of limitation period are commonly used. An 'absolute' period bars tax claims after a fixed date. A 'relative' period is tied to a decision by the relevant tax authority: the (usually short) clock does not start until that decision is made.

General Overview

The decade long decline in the inclusion of tax indemnities reversed in 2025. After a 5% fall to 54% in 2023 and 2024 – the lowest level since 2015 – usage increased by 5% in 2025 to 59%.

CMS Trend Index

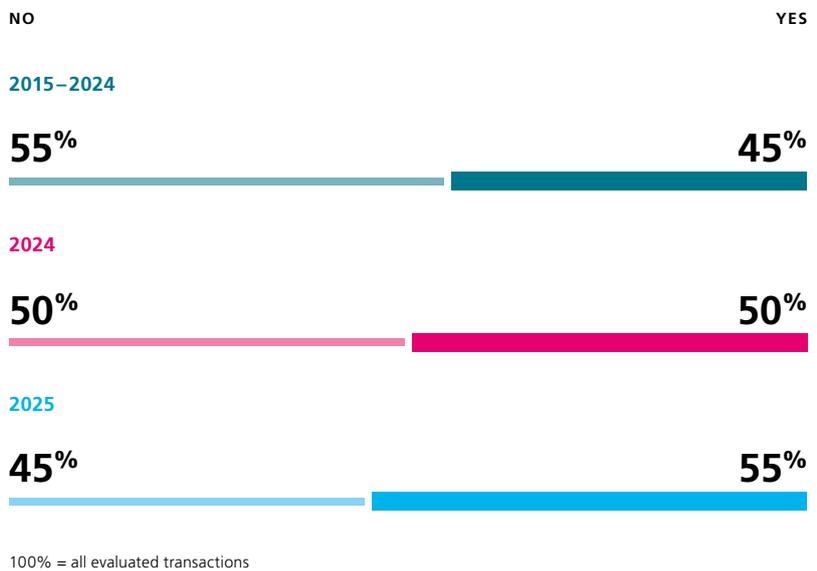
Tax indemnity agreed



Participation right at a future tax audit

Seller participation rights in tax audits also rebounded after 2023's buyer-friendly low. In 2024, sellers were granted a right to participate in a future tax audit in 50% of transactions with a tax indemnity, up from 37% in 2023. The upward trend continued in 2025, reaching 55%.

Participation Right in Future Tax Audit

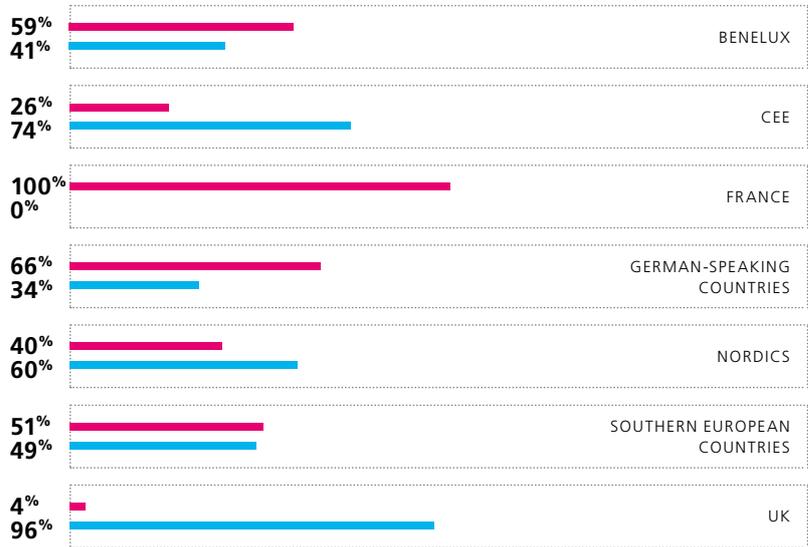


Specific Issues

Regional Differences

As in 2024, strong regional differences persisted in 2025. Absolute limitation periods dominated in the UK (96%) and were also more common than relative periods in CEE (74%) and the Nordics (60%). By contrast, relative limitation periods predominated in France (100%) and were more prevalent in the Benelux (59%) and German-speaking countries (66%).

Absolute and Relative Limitation Period 2025



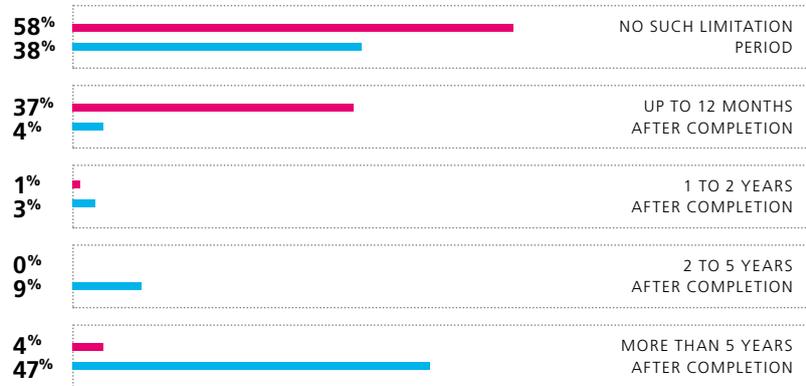
● Relative ● Absolute
100% = all transactions with tax indemnity clause
No data for Nordics before 2022 available



Duration of limitation periods

Where parties adopted an absolute limitation period, the most common duration was more than five years post-completion (47%). For relative limitation periods, the majority opted for up to 12 months from the relevant tax authority decision (37%).

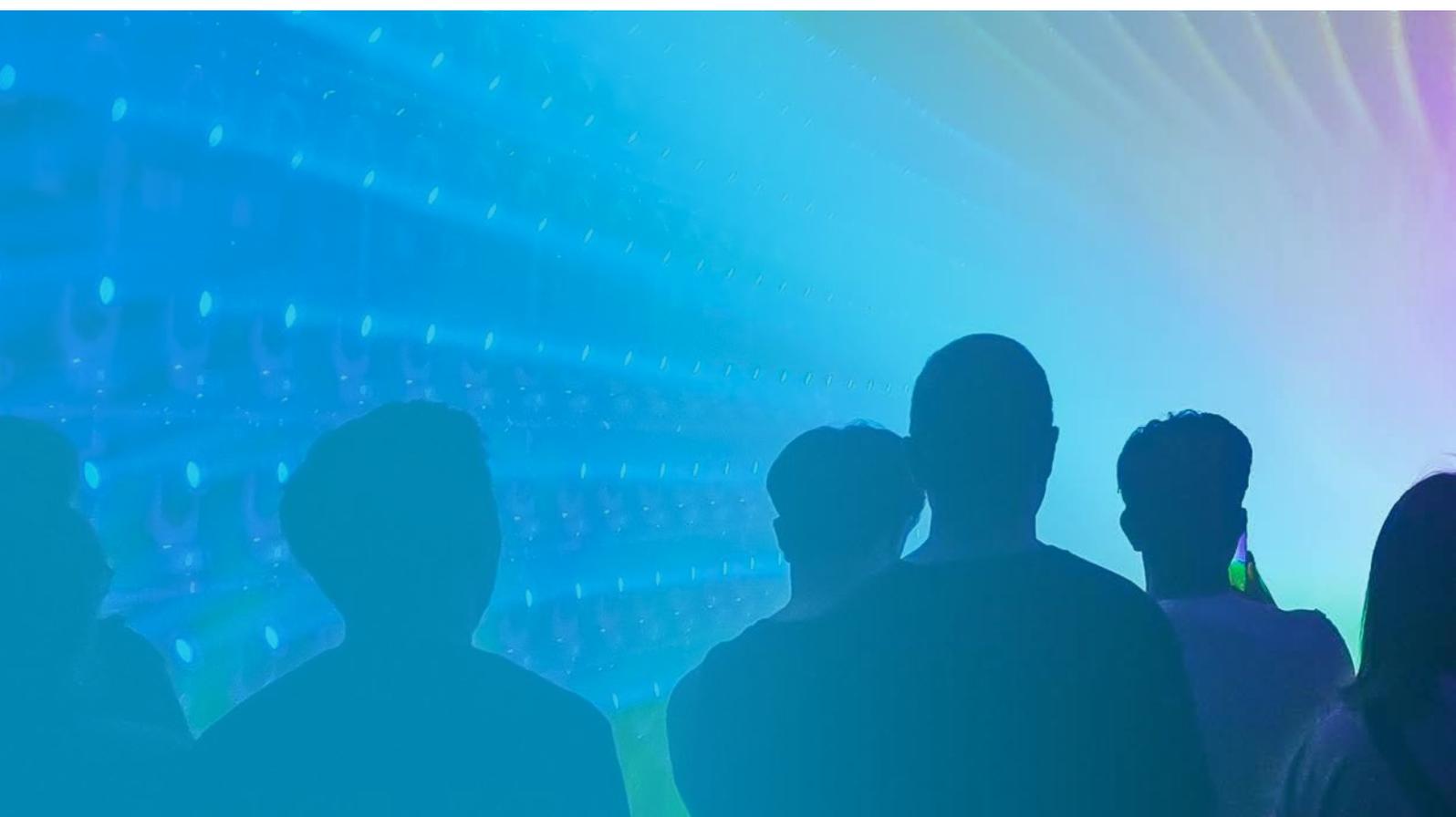
Absolute and Relative Limitation Period 2025



● Relative ● Absolute

100% = all evaluated transactions with a tax indemnity clause

Due to rounding, totals do not correspond with the sum of the separate figures.



Analysis by Deal Size

As in previous years, tax indemnities were more frequently included in medium-sized transactions (70%) and large deals (66%) than in small deals (53%). This aligns with the 2024 pattern. Versus 2024, usage in 2025 rose by 1% in medium-sized deals and fell by 4% in large deals. Despite already lower adoption on small deals, usage there increased by 7% overall (from 46% in 2024 to 53% in 2025).

Tax Indemnity Agreed

By purchase price

2024

NO

YES

< EUR 25M

54%

46%

2025

NO

YES

< EUR 25M

47%

53%

EUR 25M–100M

31%

69%

EUR 25M–100M

30%

70%

> EUR 100M

30%

70%

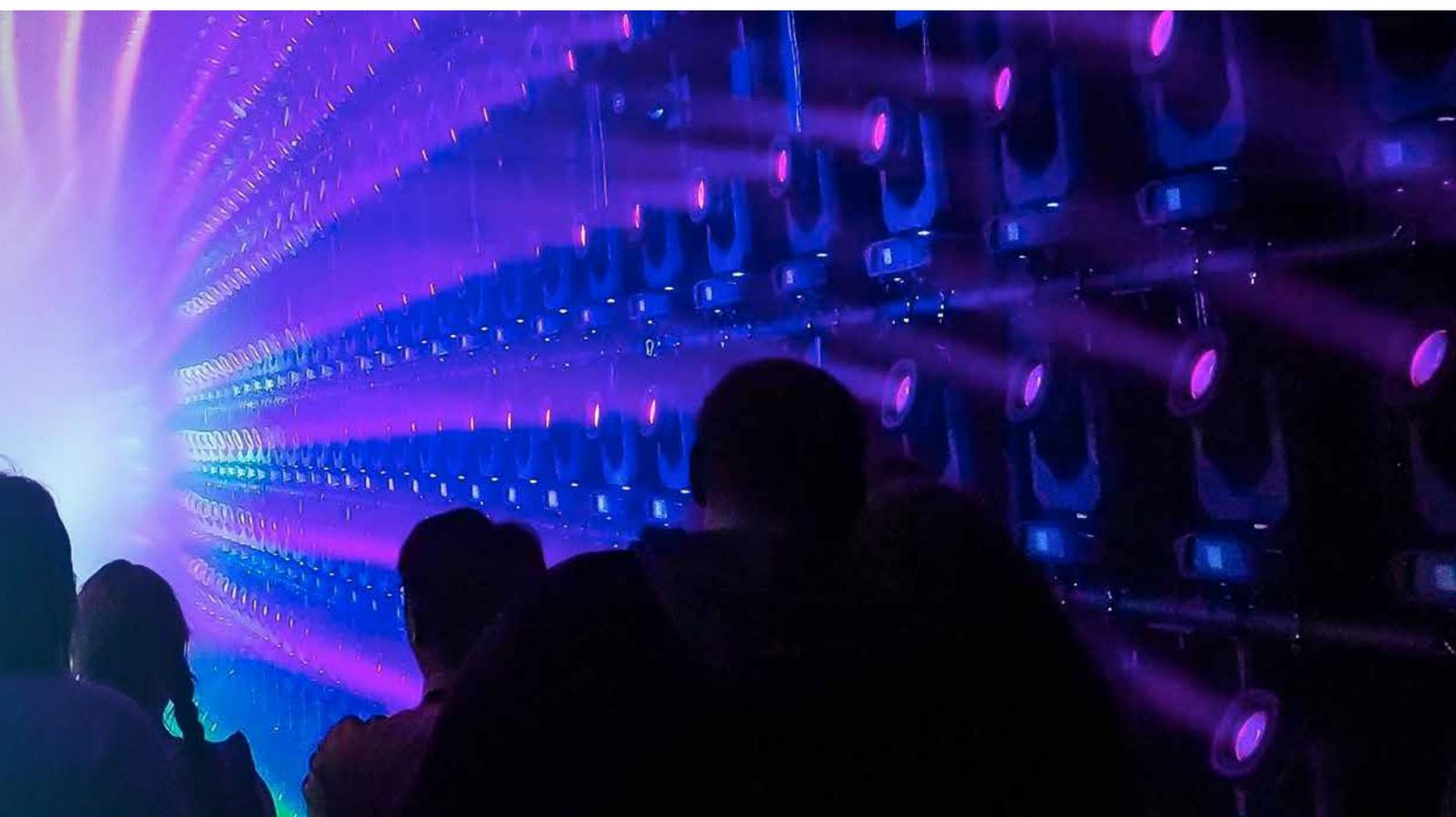
> EUR 100M

34%

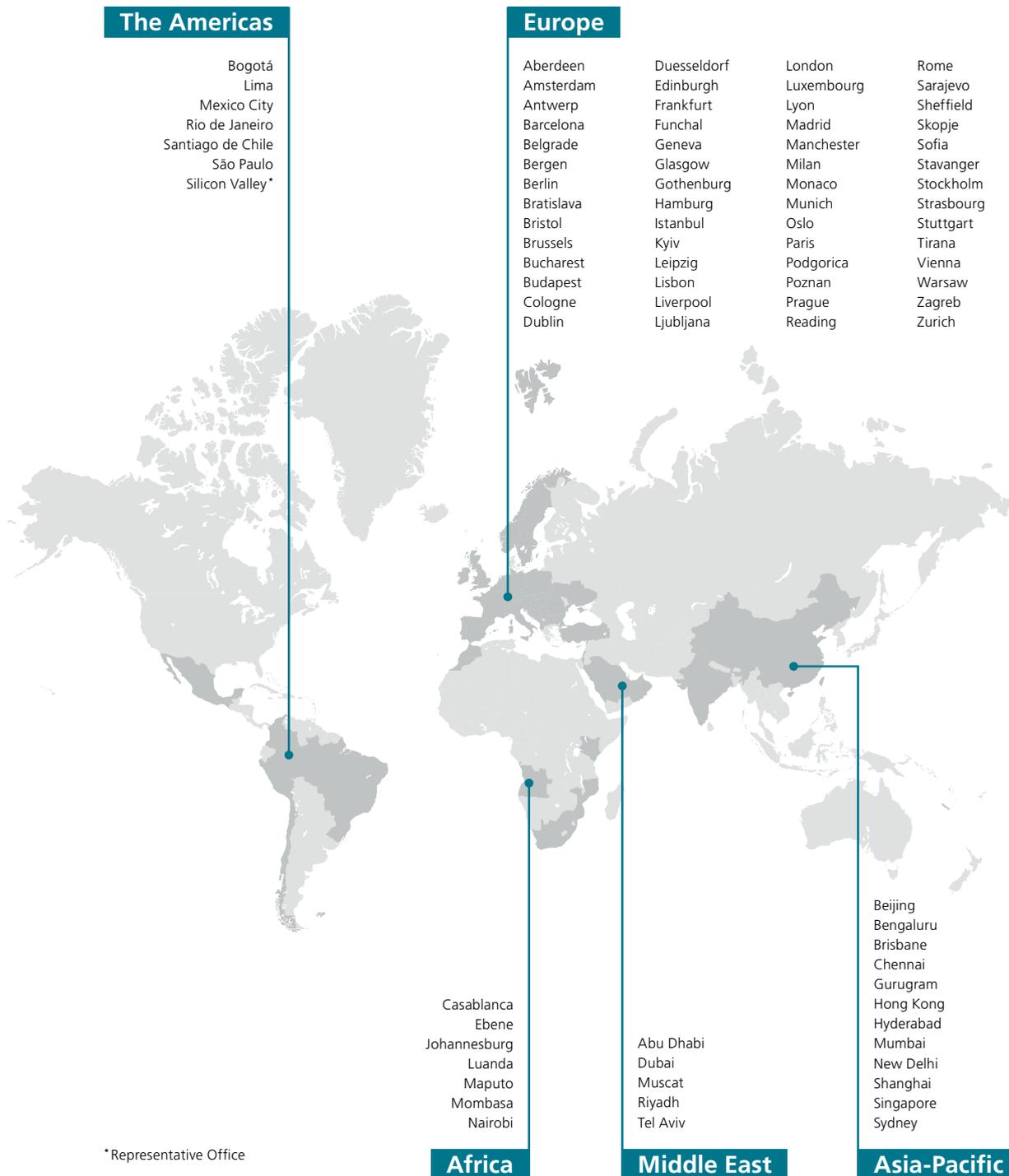
66%

Tax indemnities continue to dominate in medium-sized deals

100% = all evaluated transactions



Global reach, local knowledge



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Our latest CMS Corporate / M&A headline deals

Advent International

CMS advised leading global private equity investor, Advent International, on the sale of pharmaceutical company, Zentiva, to Chicago-based private equity firm GTCR, for EUR 4.1bn (USD 4.80bn).

Ahold Delhaize

CMS advised on the EUR 1.3bn (EUR 1.8bn post-IFRS 16) acquisition of the Romanian retailer Profi, the largest grocery deal in Central and Eastern Europe (CEE) history.

Ametek

CMS advised on their USD 920m acquisition of imaging solutions company FARO Technologies, in a transaction involving a joint CMS team across Germany, UK, Austria, Belgium, China, France, Italy, Mexico, Netherlands, Poland, Portugal, Singapore, Spain, Sweden, Switzerland, Turkey and Brazil.

Louis Dreyfus Company (LDC)

CMS advised the Louis Dreyfus Company (LDC) on their acquisition of Viterra's former grains and oilseeds businesses in Hungary and Poland from Bunge. The deal included the direct acquisition of seven former Viterra subsidiaries.

Maspex

CMS advised Maspex Group (Maspex) on its successful voluntary takeover bid for Purcari Wineries Public Company Limited (Purcari), marking Maspex's debut transaction on the Romanian capital market.

Phillips 66

CMS advised Phillips 66 on EUR 1.5bn sale by its subsidiary, Phillips 66 Continental Holding GmbH of a 65% interest in its German and Austrian retail marketing business including JET-branded sites.

Primary Healths Properties

CMS advised Primary Health Properties on recommended GBP 1.79bn competitive offer for Assura and GBP 1.225bn facilities agreement.

Renalfa IPP

CMS advised Renalfa IPP on the successful development of its EUR 1.2bn investment programme. Renalfa IPP is a Vienna-based developer and independent power producer established as a joint venture between Renalfa Solarpro Group GmbH and the French infrastructure fund manager RGREEN INVEST. The EUR 315m EBRD-led club loan facility, signed on 23 July 2025 and backed by an InvestEU loss guarantee, will play a pivotal role in advancing decarbonisation across CEE.

Scandic Hotel Grou

CMS advised on a framework agreement with a consortium led by Pandox, who have made a EUR 1.4bn recommended cash offer under Irish Takeover Rules, to acquire the shares in Dalata Hotels Group.

Tubulis

CMS advised a biotech company Tubulis on record-breaking Series C financing round. Tubulis GmbH has successfully closed a Series C financing round, raising a total of EUR 308m. This marks the largest Series C financing round for a European biotech company and is also the largest financing worldwide for a privately held developer of antibody-drug conjugates (ADCs). The closing of this round sets a new benchmark for the biotech industry and underscores Tubulis's innovative strength.

VisionEdgeOne Group

CMS advised the buyer in the due diligence, negotiation and acquisition of the Citybike Global Group worldwide.

Methodology

The Study includes deals which were structured either as a share sale or an asset sale, including transactions where a seller held less than 100% of the target company's share capital, provided this represented the seller's entire shareholding in the target company. The Study also includes property transactions provided they involved the sale or acquisition of an operating enterprise such as a hotel, hospital, shopping centre or comparable business, and not merely a piece of land. Internal group transactions were not included in the Study. The data has been divided for comparative purposes into four European regions. The countries included in each of these regions are as follows:

- Benelux:
Belgium, The Netherlands and Luxembourg
- Central and Eastern Europe (CEE):
Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia, Slovenia, Serbia and Ukraine
- German-speaking countries:
Austria, Germany and Switzerland
- Nordics:
Norway and Sweden
- Southern European countries:
Italy, Spain and Portugal

France and the United Kingdom are presented as individual categories.

Transactions included in the Study cover the following sectors:

- Banking & Finance
- Hospitality, Travel & Leisure
- Energy & Climate Change
- Consumer Products
- Technology, Media & Communications
- Infrastructure & Projects
- Life Sciences & Healthcare (pharmaceutical, medicinal and biotechnical products)
- Real Estate
- Industry
- Business (Other Services)

Some comparative data from the US was derived from "SRS Acquiom 2025 M&A Deal Terms Study" produced by SRS Acquiom Inc. Due to rounding, some totals may not correspond with the sum of the separate figures.



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#1 CEE

#1 DACH, Germany, Poland

#2 Europe

*2025 deal count Bloomberg, Factset, LSEG, Mergermarket

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