



Australian Mid-Market Activity

Q3, 2025 Financial Year

We are happy to present the quarterly instalment of our mid-market M&A overview. The analysis focuses on the current quarter intending to provide you with a brief overview of recent mid-market M&A activity.

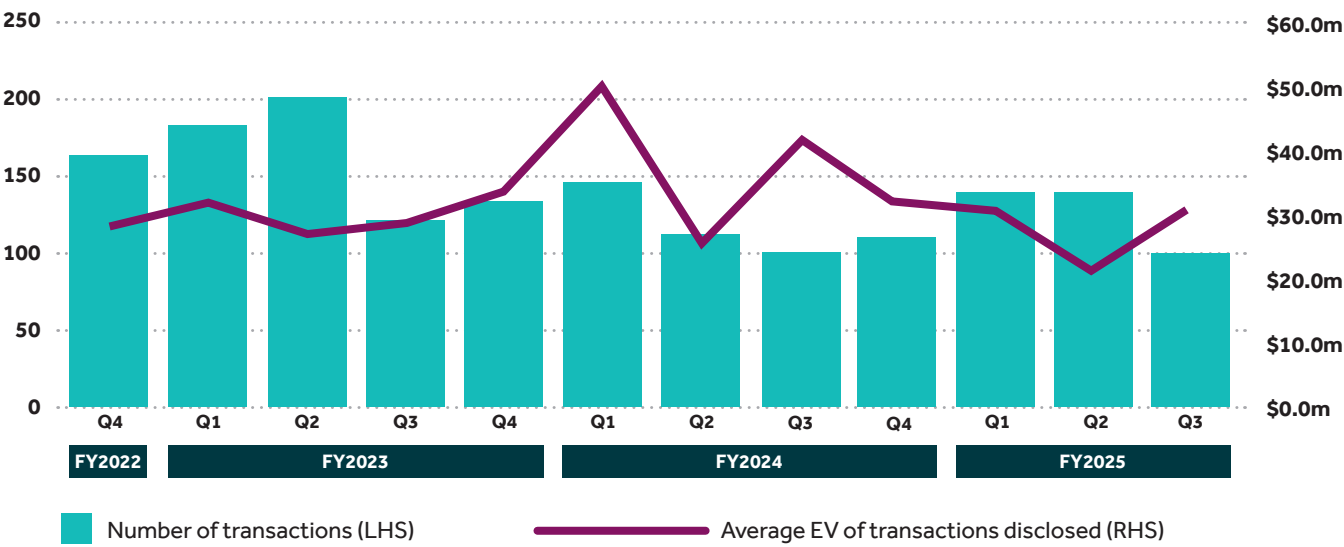
Overview

The number of transactions in Q3 FY2025 decreased from the previous quarter and was greater than the number of transactions in the same quarter in the prior year.

Overview

The average deal size increased from \$21.9 million in Q2 FY2025 to \$30.2 million in Q3 FY2025, an increase of 37.9%. Over the last 12 months, the average deal size decreased from \$31.2 million to \$28.3 million, a decrease of 9.4% from the average deal size in the 12 months to Q2 FY2025.

Number of transactions and disclosed average transaction value by quarter

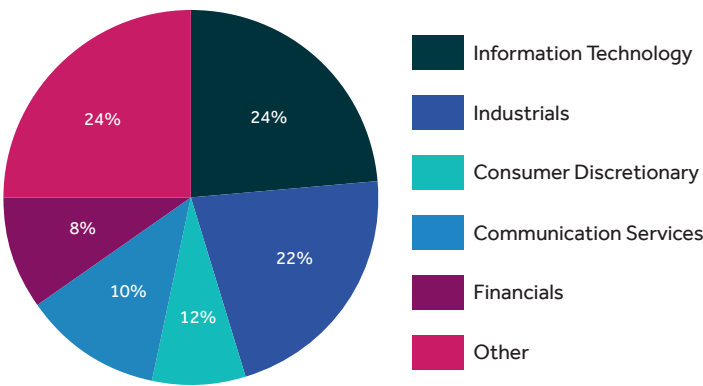


Sector

Information technology (24%), industrials (22%) and consumer discretionary (12%) were the most active sectors during the quarter, followed by communication services (10%) and financials (8%). These top five sectors represented 76% of all completed transactions in the quarter.

M&A activity in the information technology sector decreased from Q2 FY2025, from 38 transactions to 25 this quarter. The industrials sector also saw a decrease in M&A activity this quarter, with the number of transactions decreasing from 32 last quarter to 22 in Q3 FY2025.

Sector activity by volume

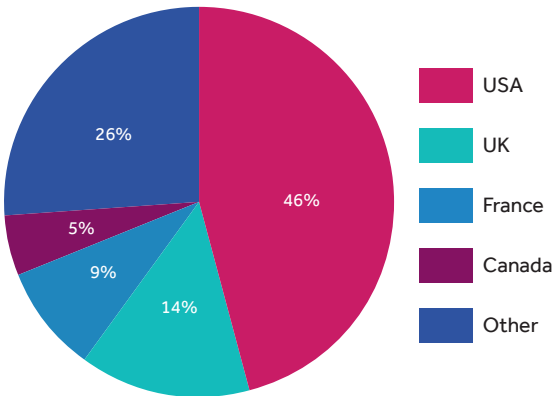


Geography

For transactions where a buyer was disclosed, overseas acquirers represented 42% of total transactions. The United States was the largest acquirer of Australian companies, representing 46% of overseas buyers in the quarter. The United Kingdom also actively acquired Australian companies, representing 14% of the total transactions.

The graph to the right represents the country split of the overseas transactions throughout the quarter, excluding Australian acquirers.

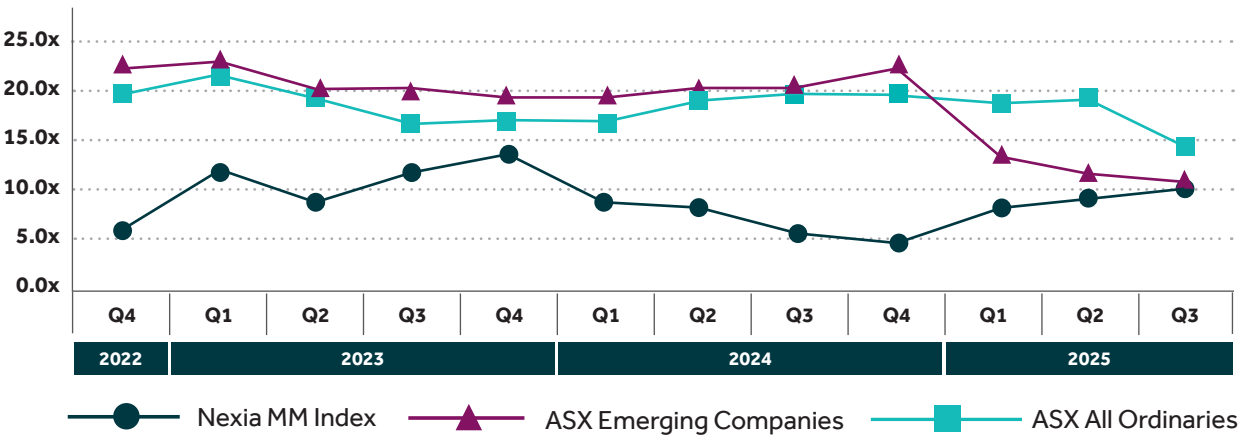
Overseas transactions by volume



EBITDA multiples

The EBITDA multiples of the Nexia MM Index (see below regarding methodology and limitations) has been compared to relative ASX indices in the graph.

The Nexia MM Index compared to relative ASX listed companies

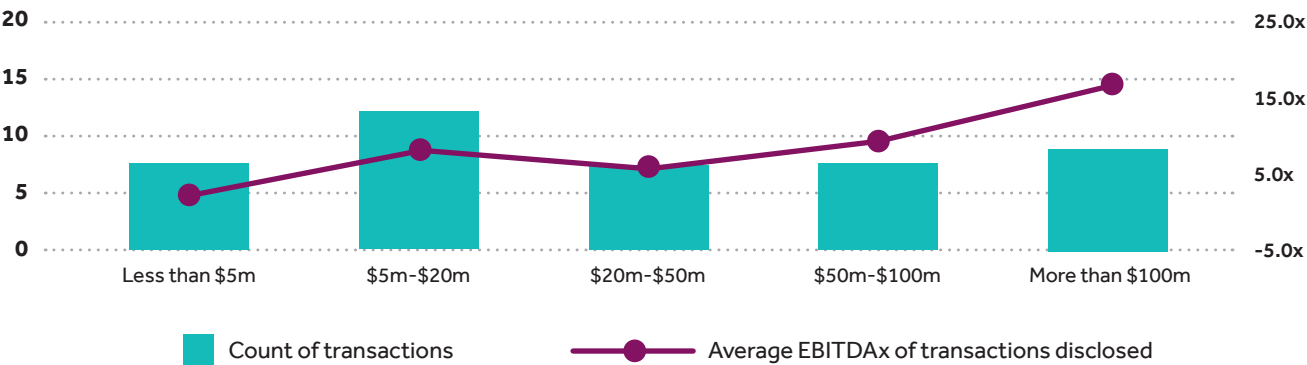


The ASX Emerging Companies index decreased by 11% on the prior quarter's figures, and the ASX All Ordinaries index decreased by 20% from the prior quarter. The Nexia MM increased by 19% in the current quarter.

One transaction can have a significant impact on the Nexia MM Index. To provide more insight into the Nexia MM Index, we have highlighted the enterprise value and capitalisation multiple of some of the transactions.

Although the same limitations apply to this analysis as the overall index, the study bears the relationship between multiples and size, whereby companies with lower enterprise values receive lower multiples.

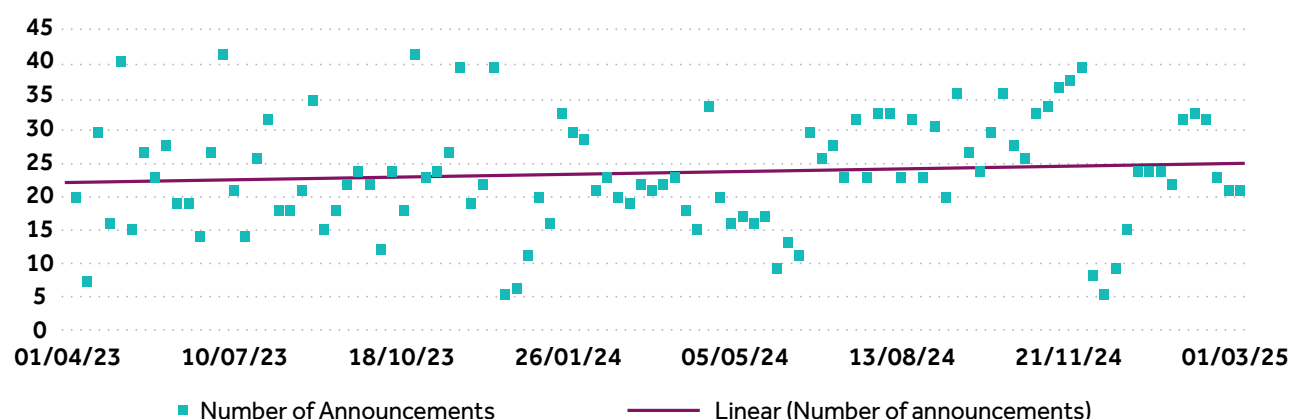
Number of transactions and disclosed EBITDA multiple average value by enterprise value category



M&A Transaction Announcements

The below graph highlights the number of M&A transaction announcements per week over the last 24 months where Australian companies have been the target, regardless of size, and is an indicator of future M&A activity. There has been a steady increase in activity over the last 24 months.

Number of transaction announcements per week in the last 24 months



Methodology

The analysis was prepared based on data sourced from S&P Capital IQ at the end of each quarter. Our data set has not been updated for transactions that may be added to S&P Capital IQ retrospectively as data becomes available. Data analysed, excluding analysis on M&A transaction announcements, is for completed transactions with a primary geographic location in Australia and an implied enterprise value of less than \$200 million from 1 April 2022 to 31 March 2025. Transactions, where no value was disclosed are included in the volume data with the implicit assumption that these would relate to smaller transactions and therefore meet the criteria.

Overall, 1,643 transactions are included within the data analysed. Transaction values were disclosed for 566 (34%) of these transactions with an aggregated transaction value of \$27.1 billion. 44 of these transactions (3%) had sufficient data disclosed to calculate the EBITDA multiples.

In respect of our methodology, we note that this is a simple analysis to give an overview of the market and potential movements. It should in no way be seen as a substitute for a rigorous review of any potential opportunity that you may be considering, and you should seek appropriate professional advice for your circumstances.

We note that the source data is limited by the amount of information that is made public and captured in the S&P Capital IQ database. The calculations we have performed due to the limited number of data points in respect of EBITDA multiples, can be heavily influenced by a single transaction which reflects that transaction's particular circumstances rather than a reflection of the market as a whole.

Analysis of all transactions, including sector and buyer location, is based on S&P Capital IQ classifications.

About the Nexia MM Index

The Nexia mid-market EBITDA multiple (**Nexia MM Index**) analysis is a simple analysis of EBITDA for acquisitions of unlisted mid-market companies where the data is reported. It is indicative of a trend in the overall market rather than implying the multiple that should be considered for a particular company. The Nexia MM is limited by several factors, including that there are a small number of transactions in Australia where the data is available. As a result, the average EBITDA multiple can be significantly influenced by individual transactions where the specific characteristics of the transaction may have resulted in a higher or lower multiple than would otherwise be achieved. To minimise the impact, we have shown a rolling annual EBITDA multiple for disclosed transactions above.

Considering the data against the listed company comparative, the Nexia MM is based on acquisitions and therefore implicitly reflects a control premium whereas the multiple for the listed companies reflects a portfolio interest.

The range in the identified EBITDA multiples is significant at 0.2x to 24.6x for FY2022, 1.1x to 30.5x for FY2023, 1.8x to 17.7x for FY2024 and 4.0x to 44.8x for FY2025.

Who we are

At Nexia Australia, we're here to help you achieve your goals and plan for future success with bespoke solutions and personalised, practical advice. Equipped with unparalleled experience and expertise in advisory, tax, audit, business strategy, personal wealth services, and strategic thinking, we're the team you can trust to empower you to achieve your objectives and reach new heights.

We specialise in several key industries and cater to a wide range of clients, from small to medium-sized businesses to large private company groups, not-for-profit entities, subsidiaries of international companies, publicly listed companies, and high-net-worth individuals. We've had the privilege of working with market leaders in many sectors of Australian and New Zealand business, and we're here and ready to help you too.

We take pride in
being responsive,
progressive, and
proactive in identifying
and implementing the
solution to your
success.

Contact us

Learn how Nexia Australia can help set you and your organisation up for success. Contact your local Nexia Advisor below to get started.

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