RESTORATION BROKERS OF AMERICA
AMERICA'S #1 RESTORATION BROKER

RESTORATION MARKET UPDATE

Q2 2025

Welcome Message

- ✓ The market has reengaged, and the impact of tariffs has been minimal to go-to-market decisions and transaction timelines.
- ✓ Pro-business government, but the industry is working to navigate new SBA guidelines that affect buyers in the transaction.
- ✓ M&A activity has picked up in 2025 with new PE firms entering the Restoration industry and direct buyer outreach on the rise.
- ✓ Buyers are more disciplined as cost of capital is relatively high.

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The RBA Market Update is Segmented into Two Categories

Main Street Business with Enterprise Value of $6M or Below

M&A Business with Enterprise Value of $6M or Above

The RBA Market Update examines this data in the context of four major themes:

- Deal flow improvement
- Financing Deals
- Market Multiple Resiliency
- Knowing Your Buyer

The RBA Team has curated 2025 market data from publications including the International Business Brokers Association (IBBA) and M&A Source to contextualize current movement in the restoration space. This report serves as a reflection of Q1 and Q2 2024 and a look forward to emerging trends in M&A and Mainstreet transactions.

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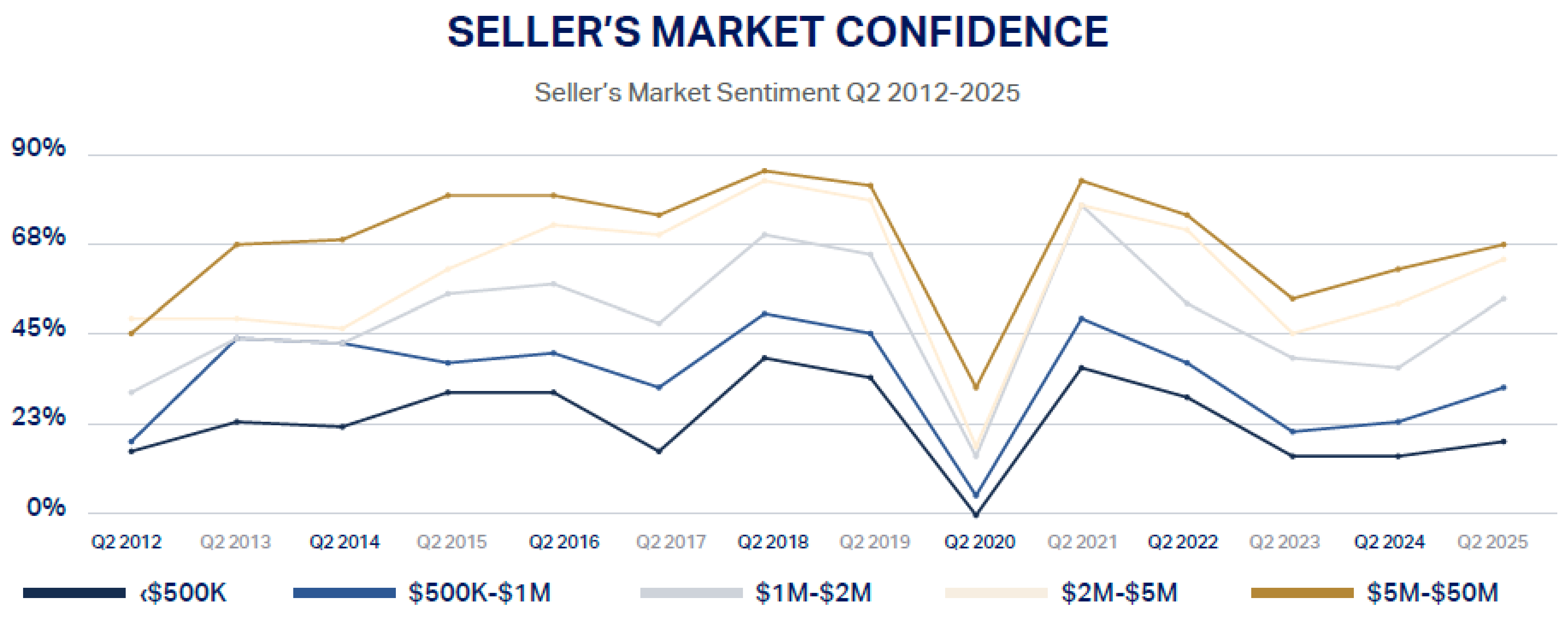
Deal Flow

Q2 saw deal activity return to more typical timelines, with cash-at-close levels holding strong.

While seller confidence is rising, particularly in the $1M–$2M range, many Main Street owners remain cautious.

Overall, the market points to steady activity now, with continued buyer demand expected to build through the remainder of 2025.



Data Sourced from Q2 Market Pulse Executive Summary

Adjusted Earning	Multiples
100,000 – 500,000	2x – 3x
500,000 – 1MM	3x – 4x
1MM – 2MM	4x – 5.5x
2MM – 3MM	5x – 6.25x
3MM+	6x – 7.5x

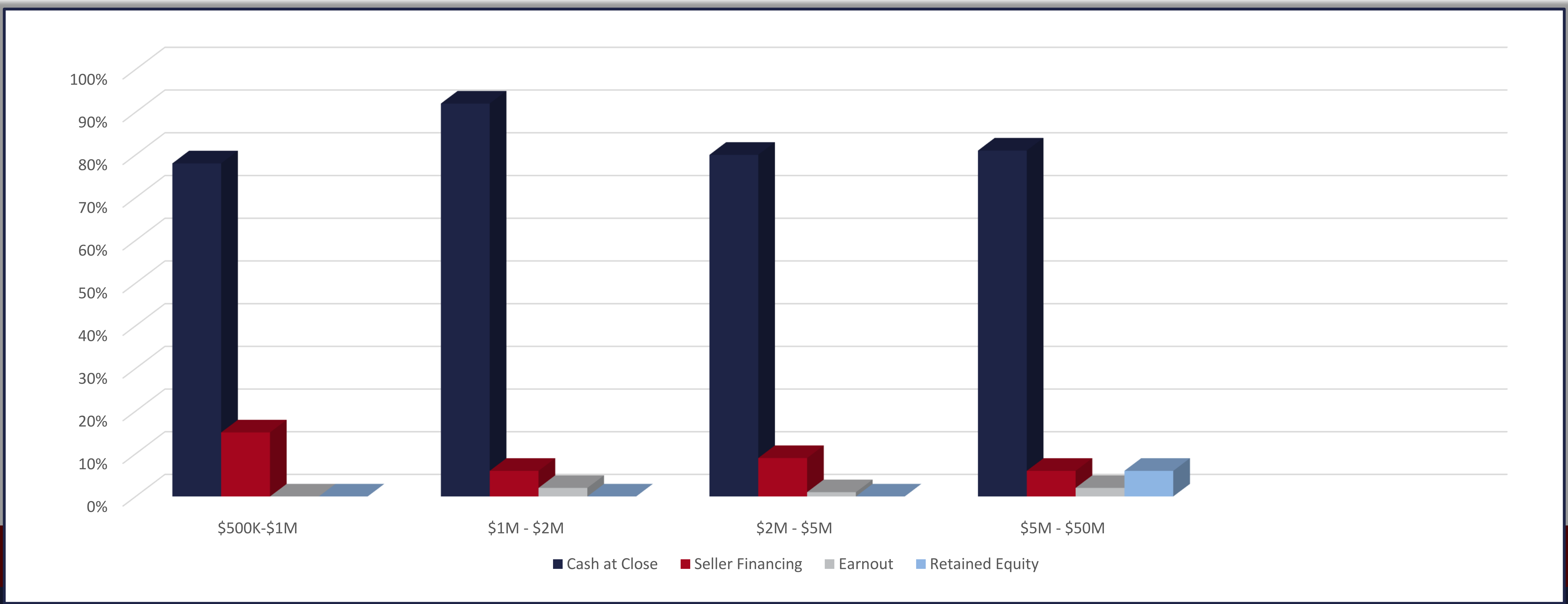
Data Sourced from Q2 2025 IBBA M&A Source Survey and amended to consider restoration-specific data collected by Restoration Brokers of America.

Multiples are Resilient

Market multiples held steady in Q2 2025, with notable strength in the $5M–$50M ranges, both recording rare rebounds.

We continue to see widening valuation gaps between well-prepared companies and those without proactive exit planning

Deal Financing Q2 2025



	$500K - $1M	$1M - $2M	$2M - $5M	$5M - $50M
Cash at Close	78%	92%	80%	81%
Seller Financing	15%	6%	9%	6%
Earnout	0%	2%	1%	2%
Retained Equity	0%	0%	0%	6%

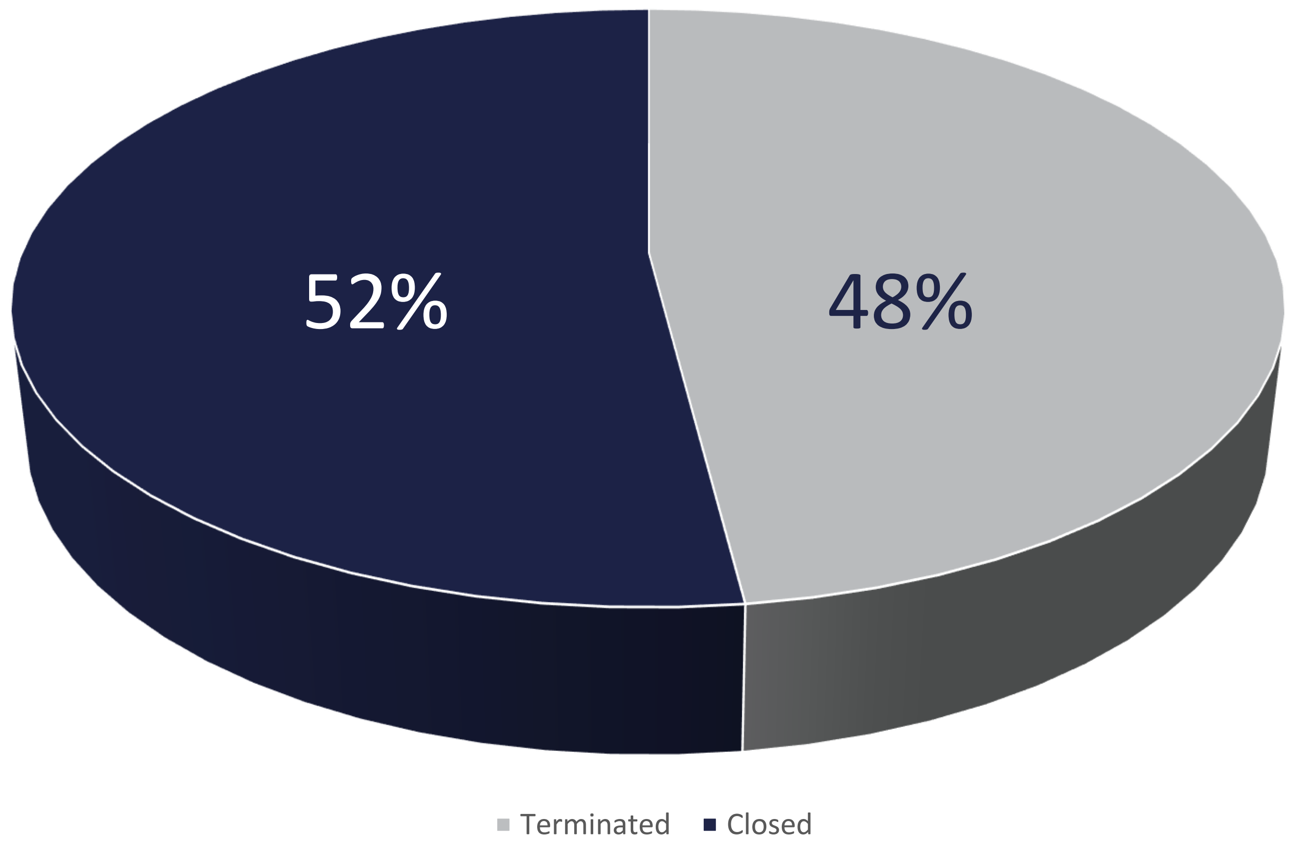
Data Sourced from Q2 2025 IBBA M&A Source Survey

They All Close, Right?

The percentage of transactions in the market that entered an LOI and then terminated without closing in 2025 Q1 was 49%.

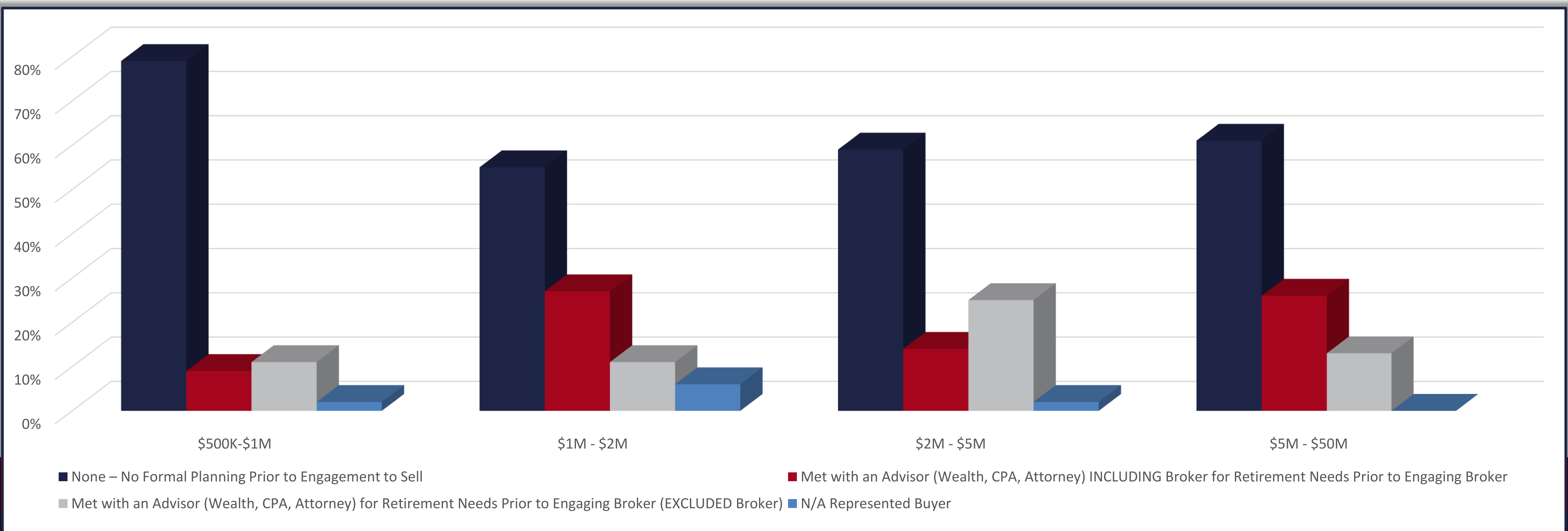
RBA maintains a close rate of over 90% for businesses that come under LOI.

Transactions Terminated after Entering LOI



Data Sourced from Q1 2025 IBBA M&A Source Survey

Exit Planning



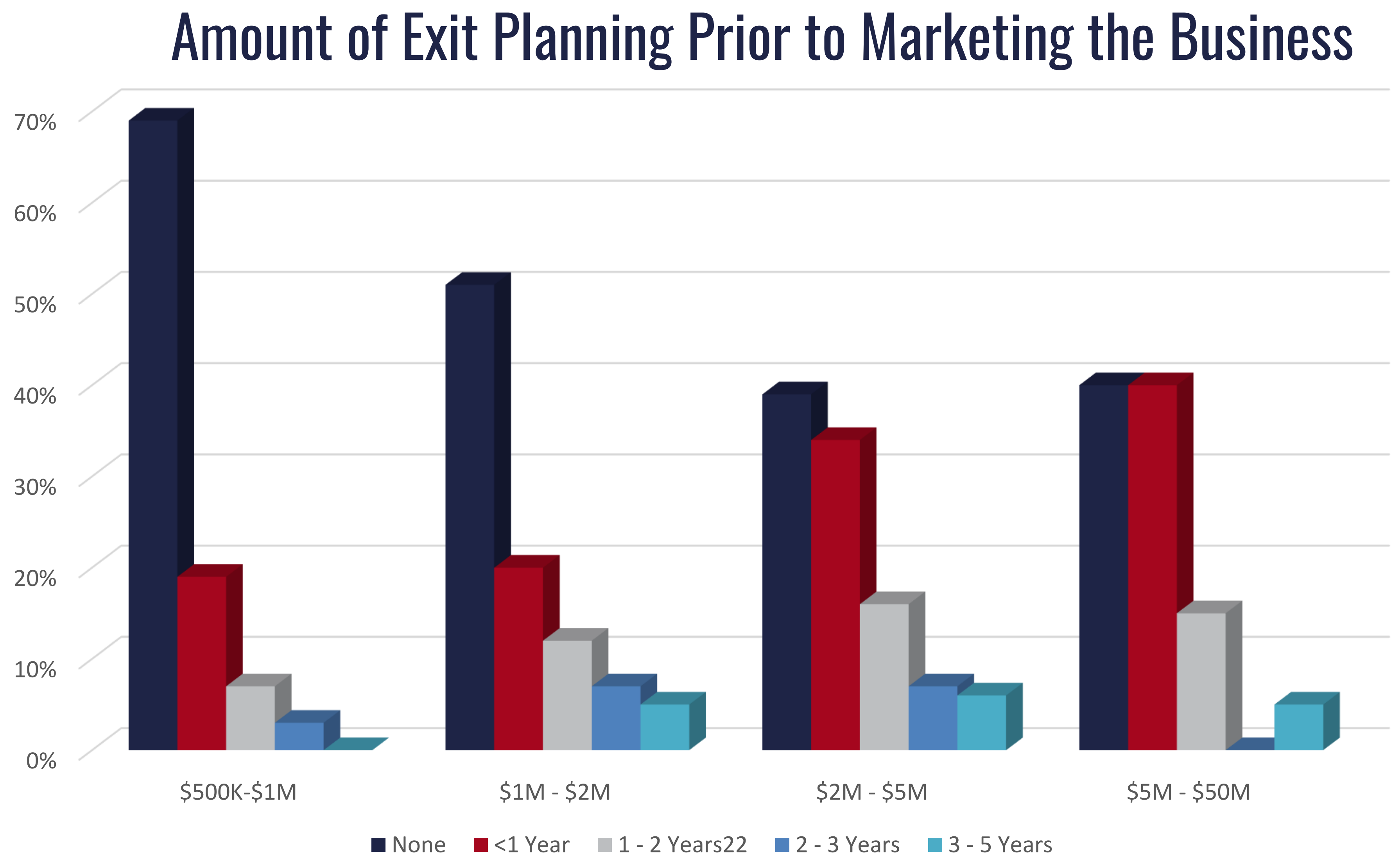
	$500K - $1M	$1M - $2M	$2M - $5M	$5M - $50M
None – No Formal Planning Prior to Engagement to Sell	79%	55%	59%	61%
Met with an Advisor (Wealth, CPA, Attorney) INCLUDING Broker for Retirement Needs Prior to Engaging Broker	9%	27%	14%	26%
Met with an Advisor (Wealth, CPA, Attorney) for Retirement Needs Prior to Engaging Broker (EXCLUDED Broker)	11%	11%	25%	13%
N/A Represented Buyer	2%	6%	2%	0%

Data Sourced from Q1 2025 IBBA M&A Source Survey

Exiting Without a Plan

Even though retirement is far and away the biggest reason sellers go to market, most business owners are doing little to no exit planning. The smaller the business, the less likely owners are to plan. Of those owners who did plan, most started less than a year before putting their business on the market.

A business owner typically has 70-90% of their net worth tied up in their business. Most of them are doing no advanced planning before going to market with their largest asset. Lack of planning can have a tragic outcome, with a significant loss in value or the inability to sell at all.



Data Sourced from Q1 2025 IBBA M&A Source Survey

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Conclusion

Market activity has leveled to more typical timelines, with steady multiples and strong cash-at-close trends supporting seller confidence.

Private equity groups, strategic buyers, and serial entrepreneurs remain highly active, and direct outreach to owners is increasing across both Main Street and the Lower Middle Market.

The Good: Sellers have a growing pool of buyer types competing for quality opportunities.

The Challenging: These buyers are disciplined and often approach owners directly, meaning unprepared sellers risk leaving value on the table without representation and advance planning.

It is more important than ever to prepare your business for sale and ensure its appeal to potential buyers. Under present conditions, if you have your business on the market and are not speaking with multiple buyers, you risk leaving money on the table. One of the questions we are often asked is the timing of the market.

No one can predict the market with 100% accuracy. What you can do is focus on building a great company. By correctly implementing the technology and success strategies to take your business to market, you will expose it to the right buyers. Your efforts are better rewarded by executing solid strategies to build a solid, sellable company.

The International Business Brokers Association (IBBA) is the largest international non-profit association operating exclusively for people and firms engaged in business brokerage and mergers and acquisitions. This association provides business brokers education, conferences, professional designations, and networking opportunities. Formed in 1983, the IBBA has more than 650 business intermediaries across the world. (http://www.ibba.org)

The M&A Source was established in 1991 to address the professional issues of merger and acquisition professionals. They are the world's largest international organization of experienced and dedicated merger and acquisition intermediaries representing the lower middle market. Their mission is to promote members' professional development and interests to better serve their clients' needs, and maximize public awareness of professional intermediary services available for middle market merger and acquisition transactions. The M&A Source currently has more than 350 cooperative intermediaries across the world. (http://www.masource.org)

About **RBA**

Restoration Brokers of America (RBA) works to provide insight into the restoration industry's mergers and acquisitions trends. As restoration specialists with over $550M in restoration company sales, RBA studies the industry growth and fluctuation to bring straightforward advice and knowledge about the restoration & remediation space.

The Restoration Market Report is a collection of industry-specific observations and overall trends in business brokering and how restoration industry M&A trends compare.

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Restoration Brokers of America is located in Orlando, Florida and sells restoration companies across the United States. With an elite, specialized team, RBA is focused on providing superior client service and maximizing the sale of your business.

RBA implements a full range of high-touch, high-technology business services for small to lower-middle market businesses in the restoration industry. We offer professional Business Brokerage as well as Mergers & Acquisitions.

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THANK YOU

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