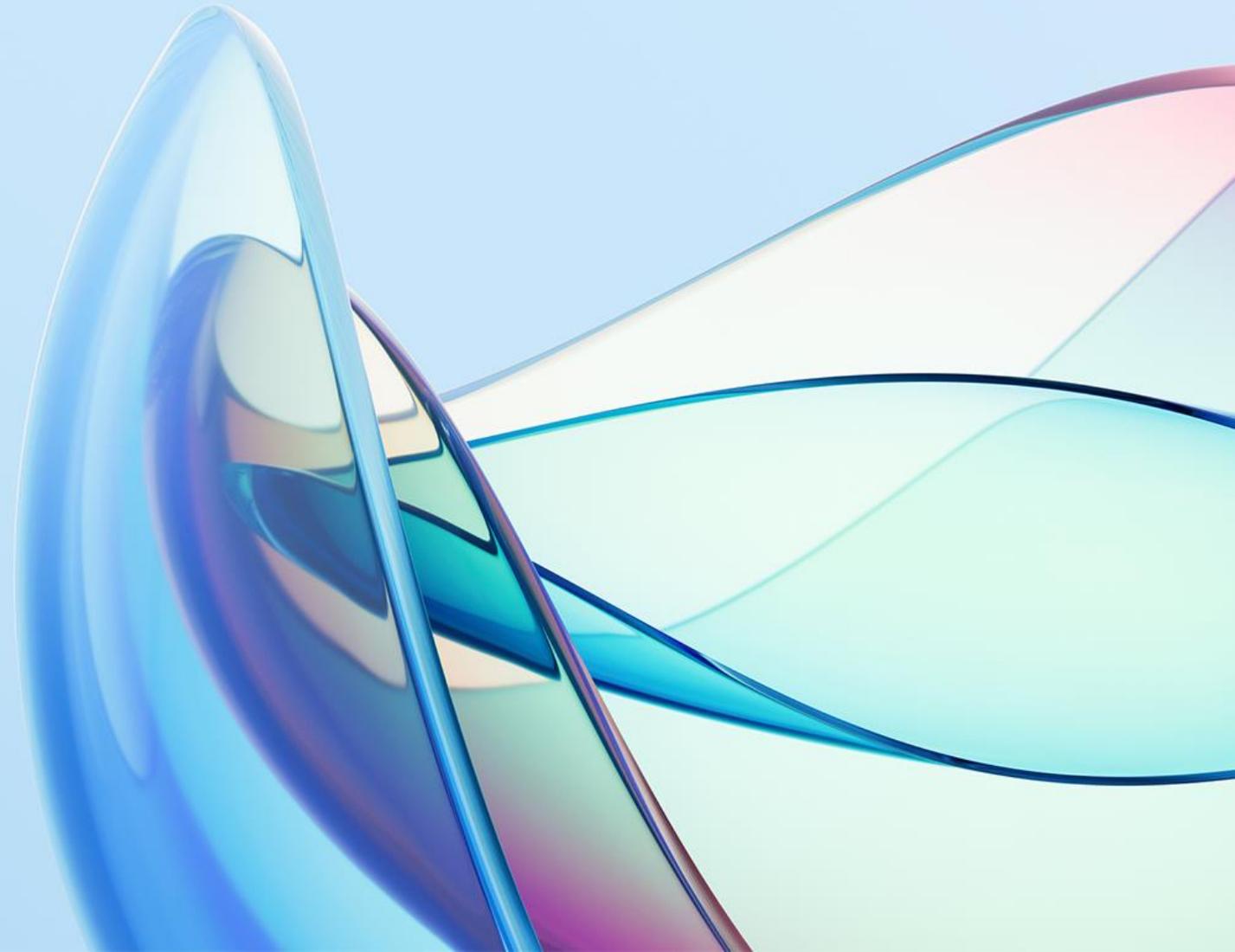




CUATRECASAS

M&A MARKET TRENDS IN SPAIN IN 2025

2026 Edition





Analysis of Spanish M&A market

This document presents an analysis of Spain's M&A market in 2025, covering (i) market evolution compared with previous years; (ii) the main sources of investment; and (iii) the distribution of transactions across different sectors.

We also include an overview of the key terms and conditions of the M&A transactions in which Cuatrecasas has been involved.



Market overview

In 2025, the Spanish M&A market reached a record high, with total announced deal value of €121.4 billion (+38.6%). This increase was driven by a sharp rise in crossborder transactions, both involving Spanish and international targets. By contrast, the average value of domestic deals experienced a slight decline.

A total of 1,755 transactions were recorded in 2025—practically the same as the previous year (-0.4%). This confirms a consistently high level of activity, nearly triple the number of deals reported in 2020.



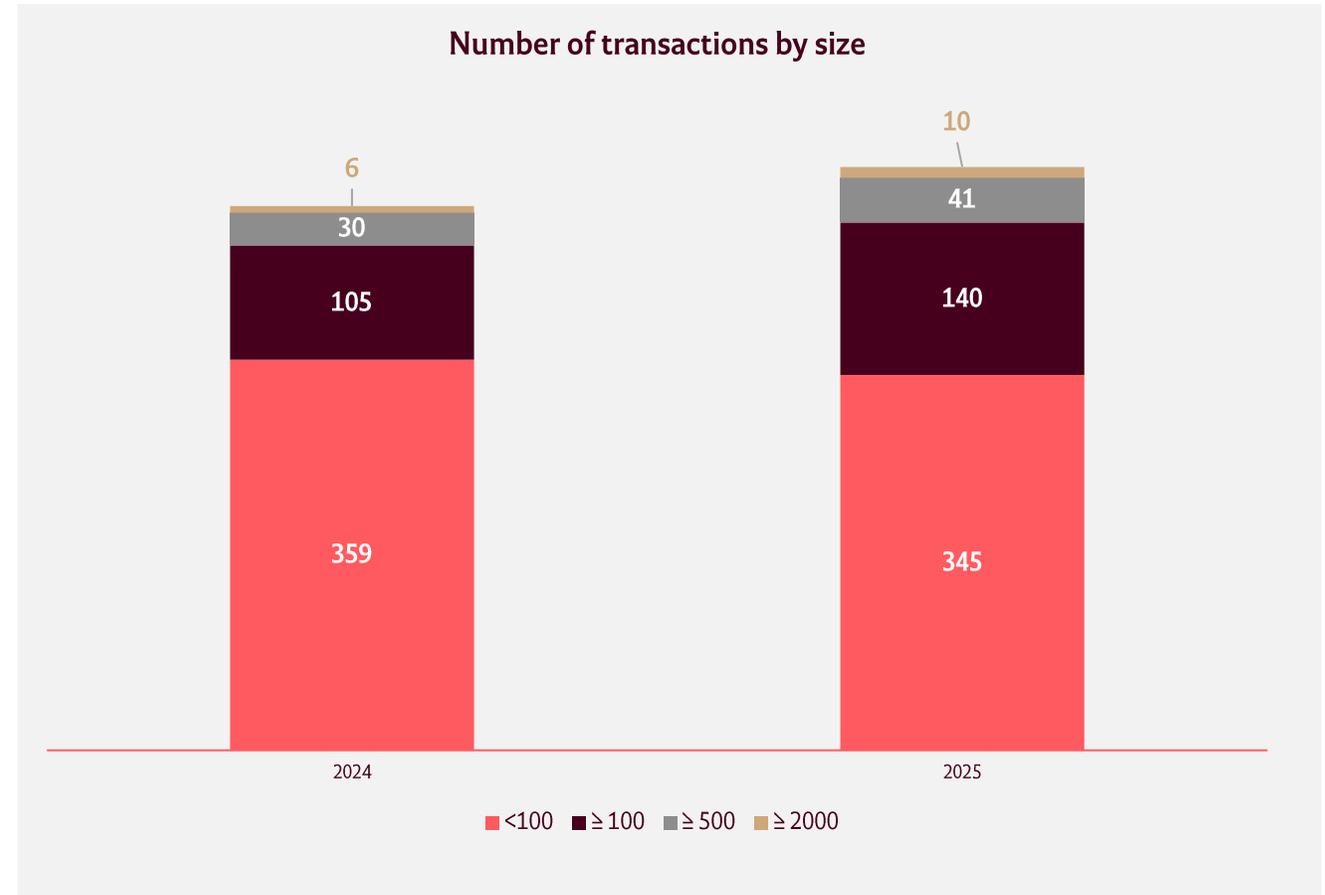
Source: Own elaboration based on data provided by Mergermarket.
Transactions announced between January 1, 2025, and December 31, 2025, involving a target, bidder or seller whose main jurisdiction is in Spain.
Canceled or rejected transactions are excluded.



Market overview

The market's stronger performance was driven by larger transactions, which increased significantly across all segments. Smaller deals and those without reported value declined.

However, the average value of announced transactions in 2025 is less than half the pre-pandemic average. Although the number of reported deals has nearly tripled, the total announced deal value has not increased proportionally.



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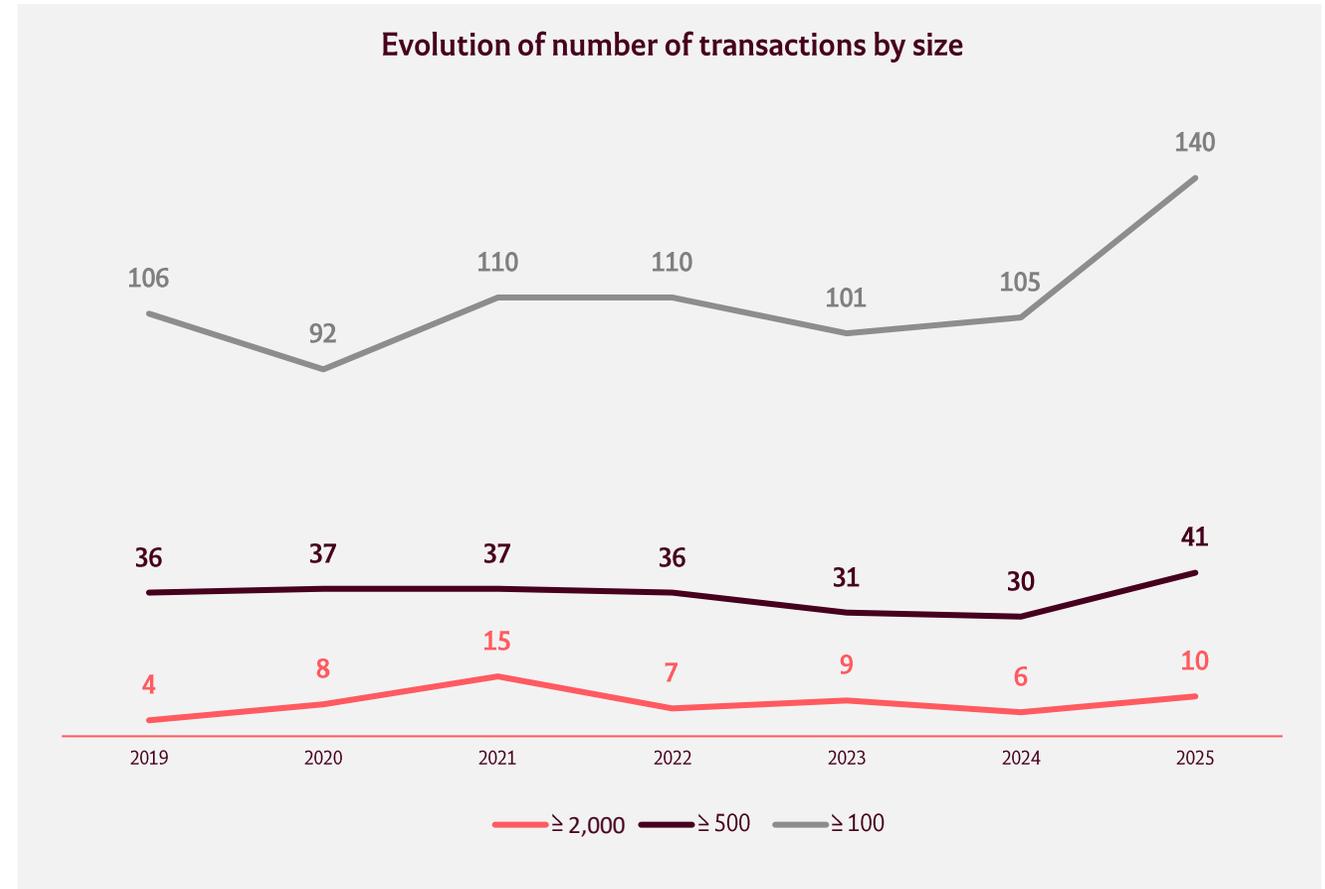


Market overview

The number of high-end transactions (with a value exceeding €2 billion) increased significantly in 2025 compared to 2024 (+67%).

The number of transactions between €500 million and €2 billion changed the recent decreasing trend and grew by +37%.

Likewise, transactions in the €100–500 million segment experienced a notable increase of 33%.



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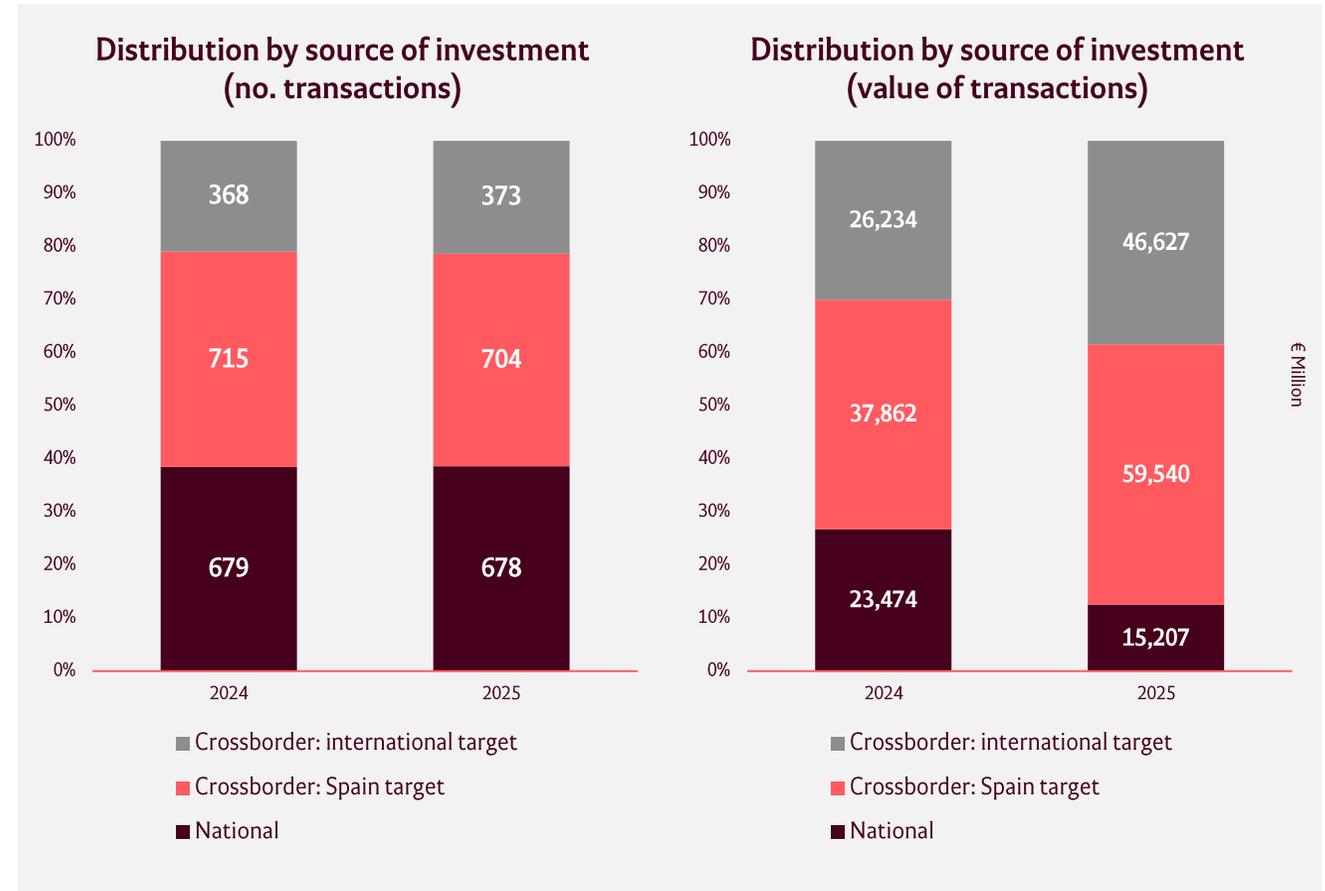


Source of investment

The market structure by number of transactions is almost identical: crossborder transactions (61% of the market) predominate, mainly involving inbound investments (Spanish target).

These transactions have gained importance, making up 87% of the market (14 percentage points more than in 2024).

Domestic transactions (Spanish buyer and Spanish target) saw a significant drop in their average value (-35%). It is worth noting that 2024 was an exceptional year for domestic M&A, strongly influenced by BBVA's takeover bid for Banco Sabadell.



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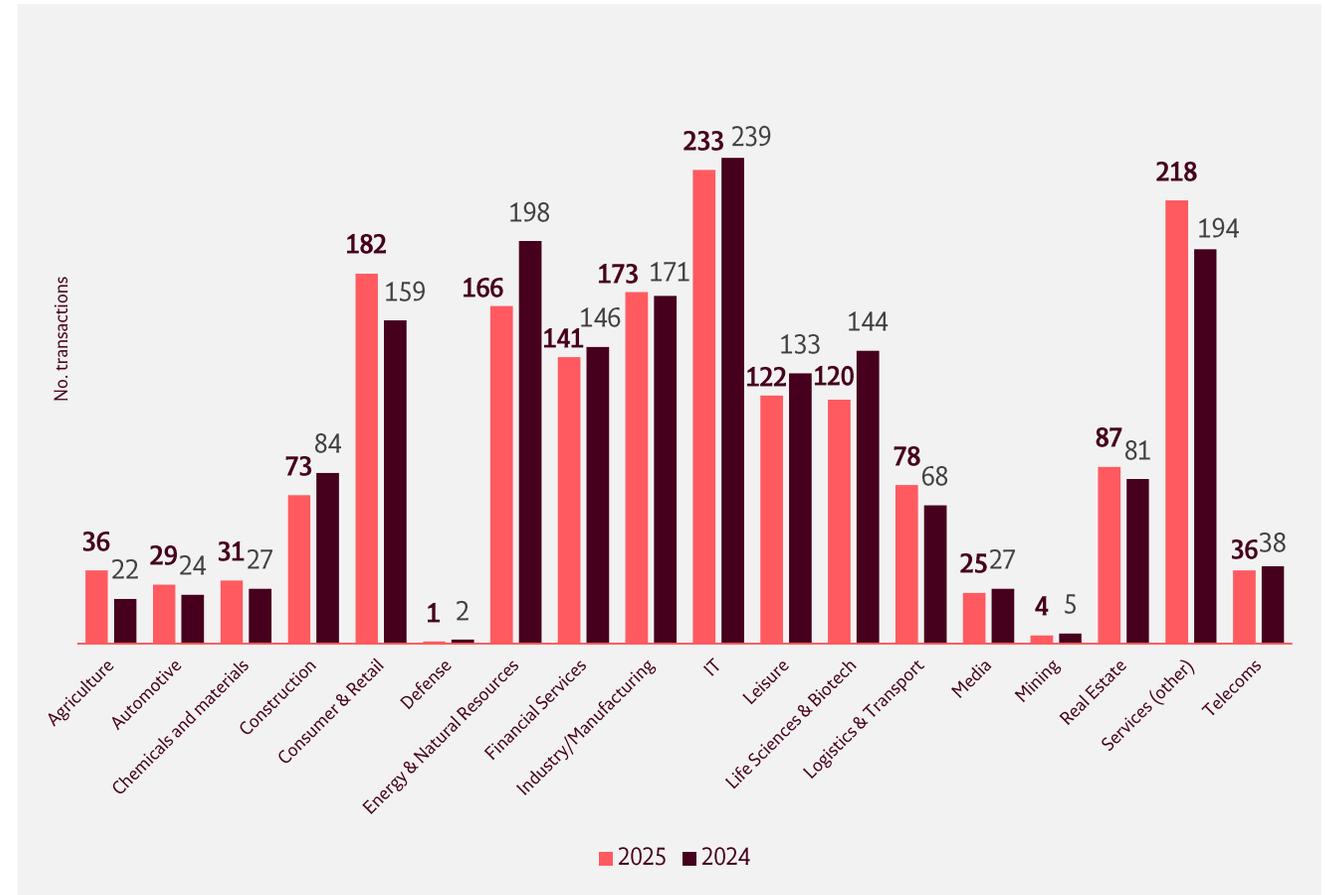


Overview of the main sectors

As in recent years, the technology/internet, industrial, services and consumer/retail sectors led the market by number of transactions, together accounting for nearly half of all recorded deals.

Although sector distribution remained broadly stable compared with 2024, one of the traditionally strongest sectors—energy—saw a decline in activity of 16%. The pharmaceutical/healthcare sector also recorded less activity compared to the previous year.

By contrast, M&A activity increased notably in the agriculture, consumer/retail, and services sectors.



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Transactions announced between January 1, 2025, and December 31, 2025, involving a target, bidder or seller whose main jurisdiction is in Spain.
Canceled or rejected transactions are excluded.



Analysis of M&A transactions

The following study reflects the main trends in the Spanish M&A market in 2025, based on the analysis of nearly 70 transactions in which Cuatrecasas acted as legal advisor during the year.

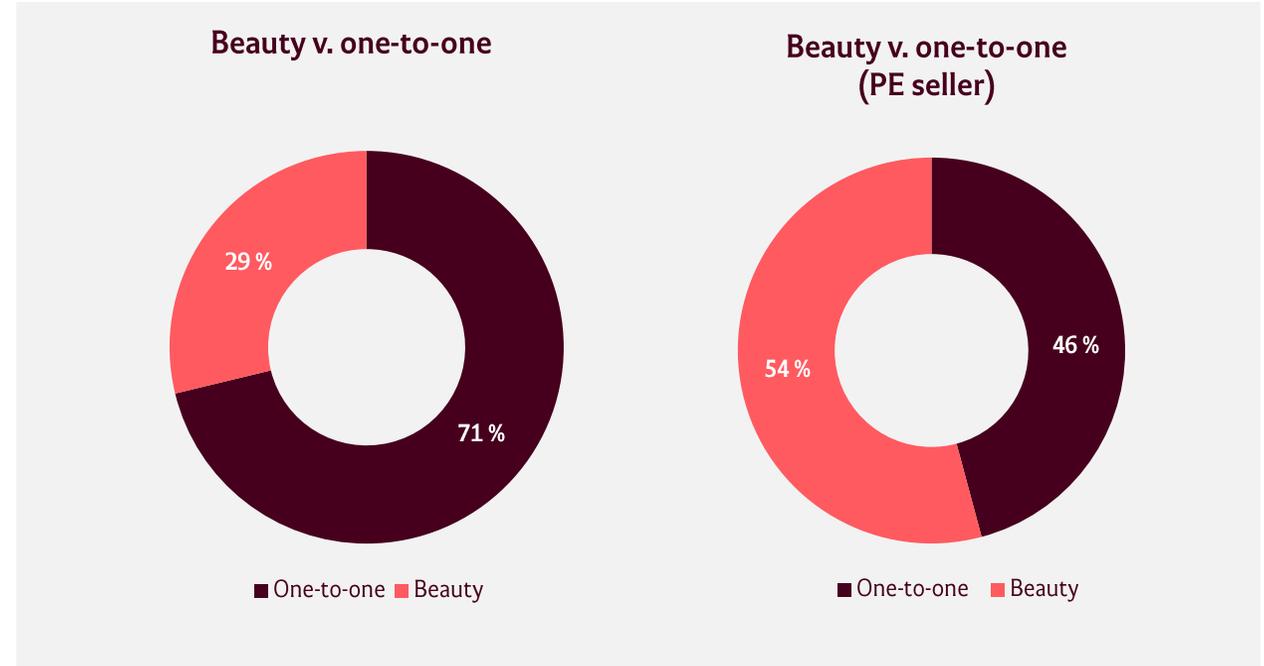
All the transactions examined in this study involve the acquisition or sale of shareholdings or shares in Spanish companies, each with a purchase price exceeding €10 million.



1. Auctions

The trend seen in 2024 continued, with an increase in transactions negotiated through competitive auction processes. These rose from just over 17% in 2023 to 23% in 2024 and 29% in 2025.

The auction structure remains the preferred divestment route for most private equity funds.





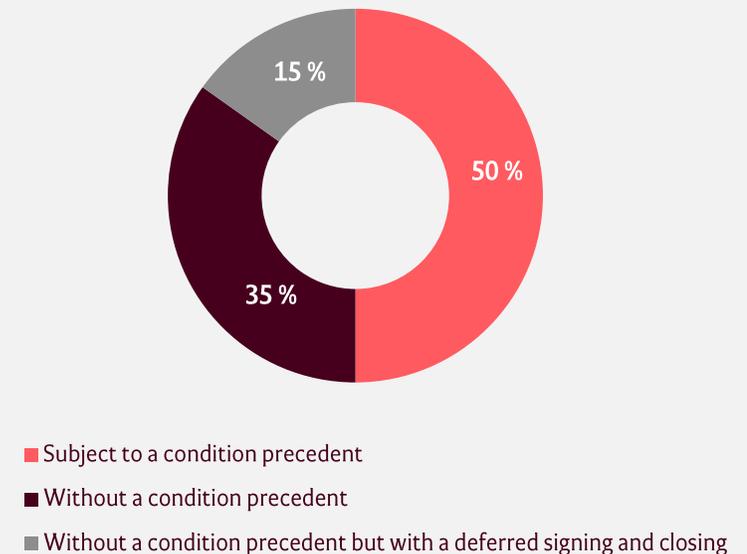
2. Conditions precedent

The vast majority of the transactions we advised on involved deferred signing and closing.

As is customary, the conditions precedent governing the agreements come in various forms. The most common were:

- (i) regulatory authorizations, primarily antitrust approvals and, to a lesser extent, FDI clearance. This year also saw additional regulatory approvals from other authorities, such as the DGSFP in insurance transactions, local councils, or specific ministries (e.g., the Ministry of Defense);
- (ii) requirements relating to the signing, maintenance or termination of certain strategic contracts;
- (iii) obtaining consents or waivers from counterparties under the target company's contracts in connection with change-of-control provisions; and
- (iv) implementation of pre-closing corporate restructuring steps, including carve-in and carve-out transactions.

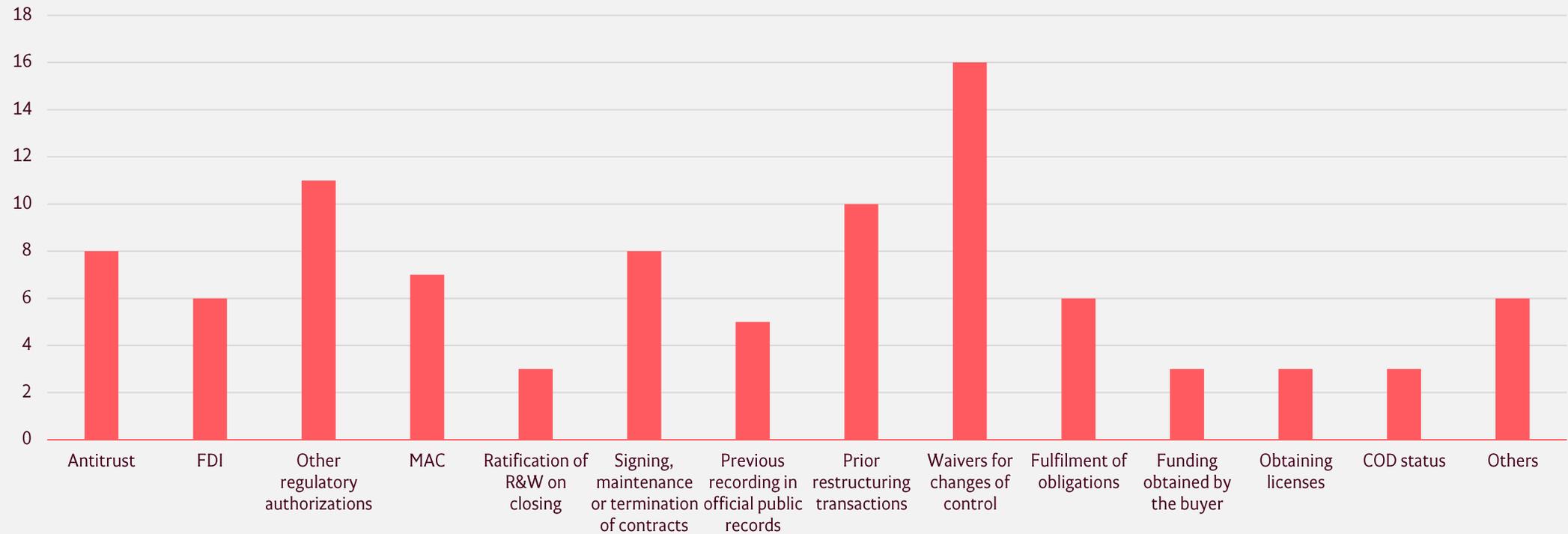
Simultaneous v. deferred signing and closing





2. Conditions precedent

Types of conditions precedent





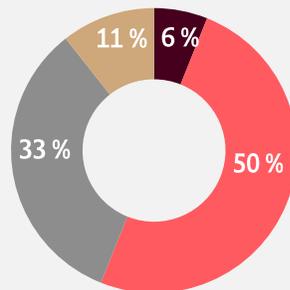
3. Price (price adjustment mechanism)

The locked box mechanism remained more widely used than price adjustments based on completion accounts, representing 50% of transactions (as against 33% for completion accounts, excluding hybrid locked-box and price adjustment structures).

Its prevalence was even more pronounced in private equity transactions, where nearly 90% of deals used a locked box.

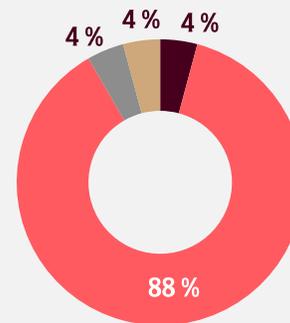
If we exclude private equity transactions, the closing accounts mechanism was used in 48% of deals—or in 63% if we include cases where the closing accounts mechanism is combined with a locked-box from the adjustment date until closing.

Purchase price mechanism



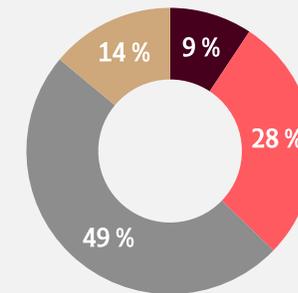
- Fixed
- Locked-box
- Price adjustment with completion accounts
- Combined locked-box and price adjustment

Pricing mechanism (only PE)



- Fixed
- Locked-box
- Price adjustment with completion accounts
- Combined locked-box and price adjustment

Pricing mechanism (without PE)



- Fixed
- Locked-box
- Price adjustment with completion accounts
- Combined locked-box and price adjustment

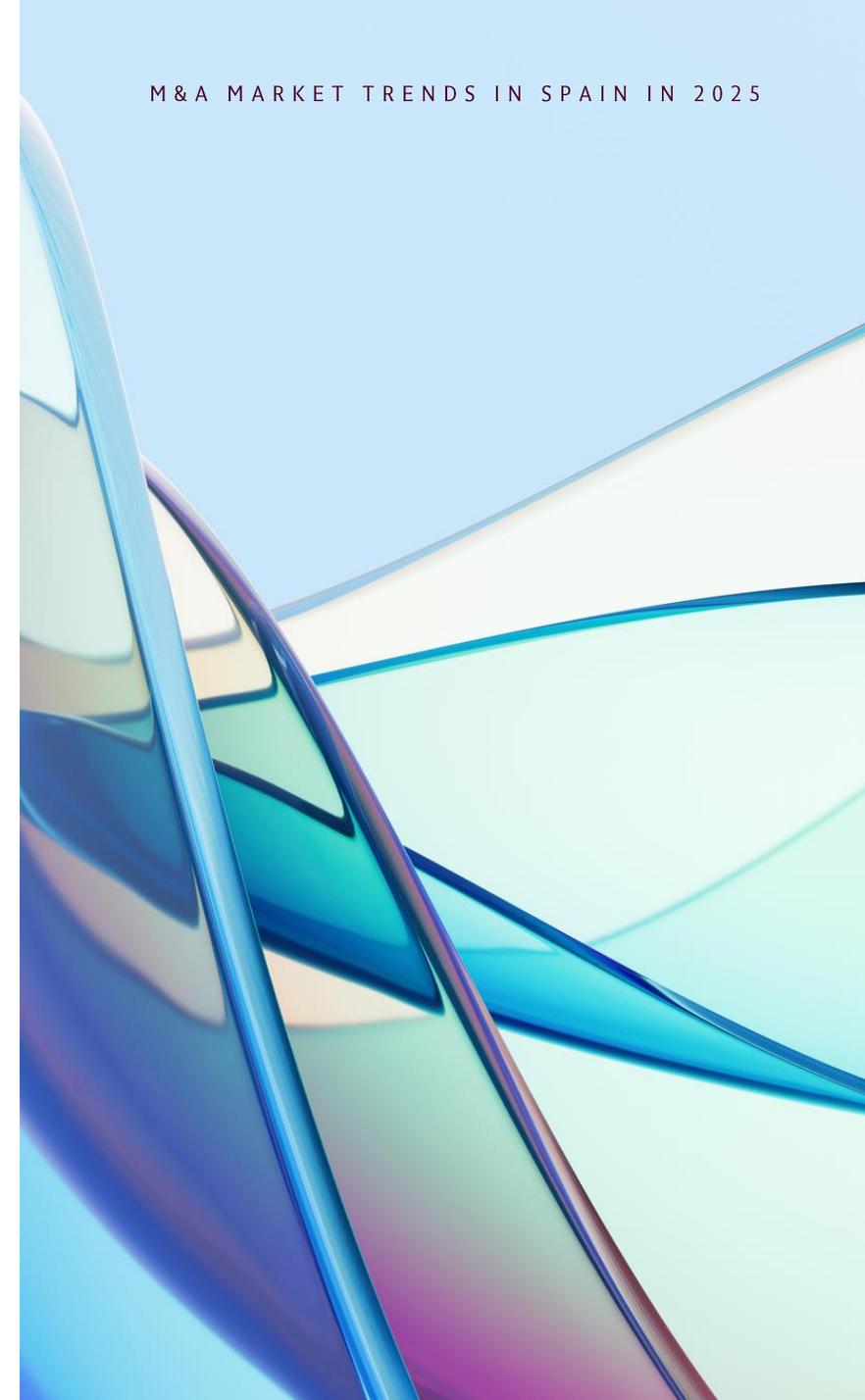


3. Price (price adjustment mechanism)

Equity ticker: 30% of the transactions that used a locked-box mechanism included an equity ticker, i.e., interest on the price or a fixed daily amount applied between the locked-box date (or the signing date) and closing. Most of these were private equity deals.

Additionally, 10% of transactions included interest applied to any unauthorized leakage.

Completion-accounts adjustment parameters For transactions using completion accounts, the financial parameter used in all cases was net financial debt. Just under 40% of deals also included a working-capital adjustment.





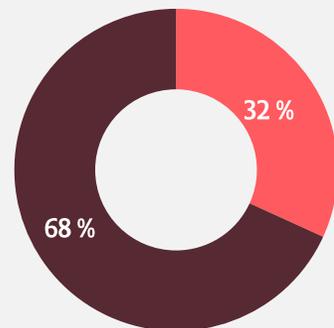
3. Price (earnouts)

Almost one-third of transactions included an earnout, in line with previous years.

In cases where there was a significant valuation gap between buyer and seller, earnouts enabled the parties to reconcile differing expectations regarding the company's future performance.

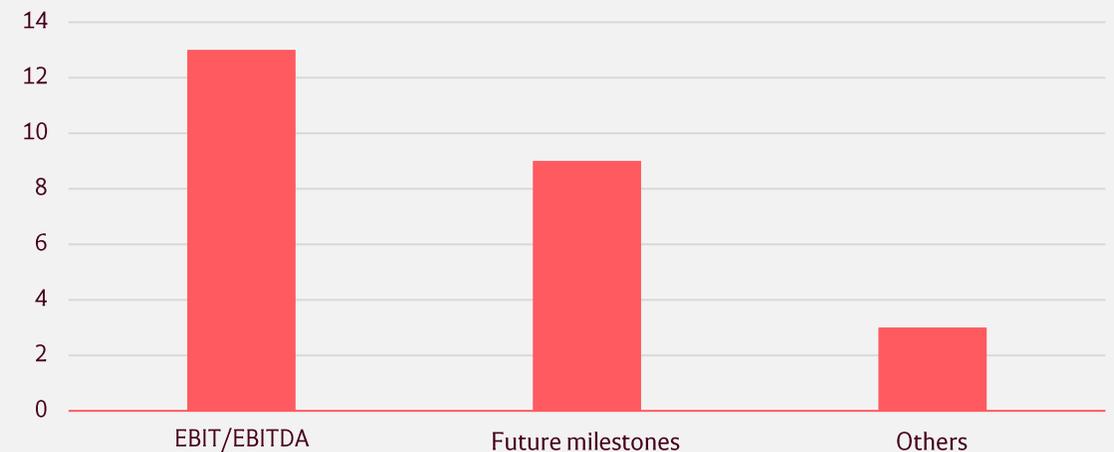
Earnouts were primarily tied to (i) EBIT or EBITDA; and (ii) specific milestones, such as resolving a dispute, obtaining a license, or collecting a significant receivable.

Earnout



■ Earnout ■ Without earnout

Earnout parameters

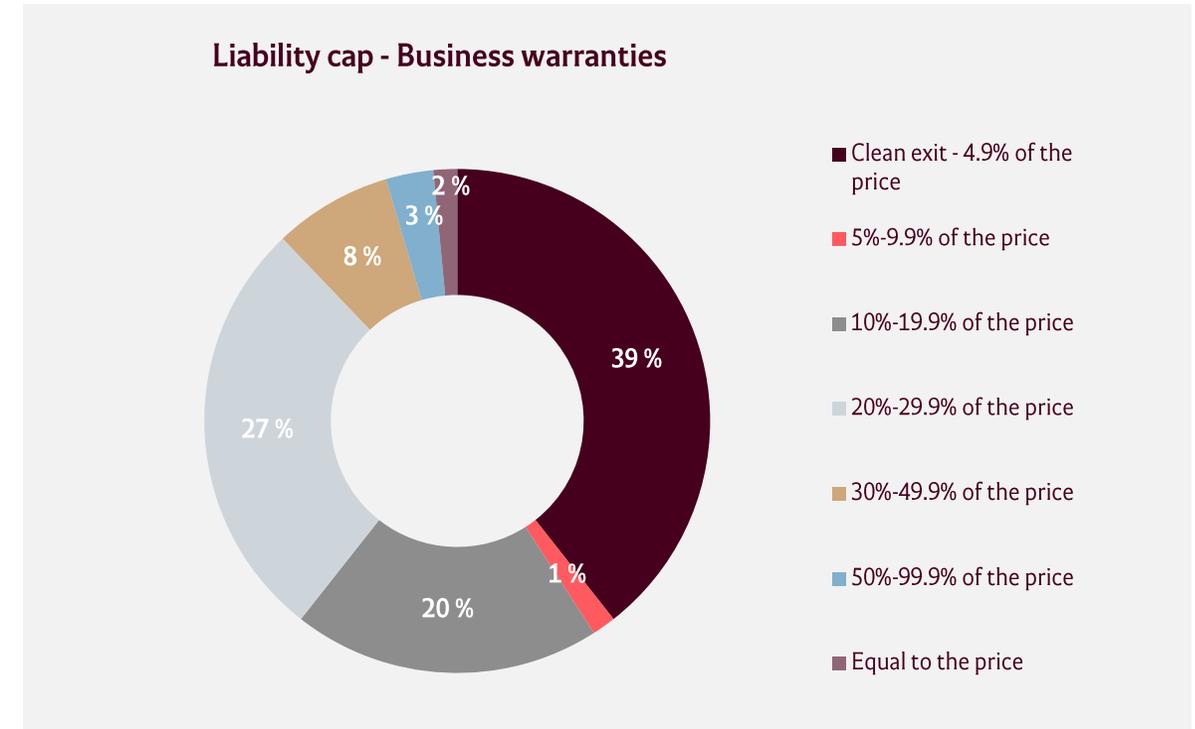




4. Seller's liability (liability cap - Business warranties)

Liability caps for business representations and warranties given by the seller varied across transactions, but in deals without W&I insurance, the vast majority fell between 10% and 30% of the purchase price.

Compared to the transactions analyzed in 2024, clean exit structures have increased, supported by the rising use of W&I insurance, which grew from 33% to nearly 40% of transactions.

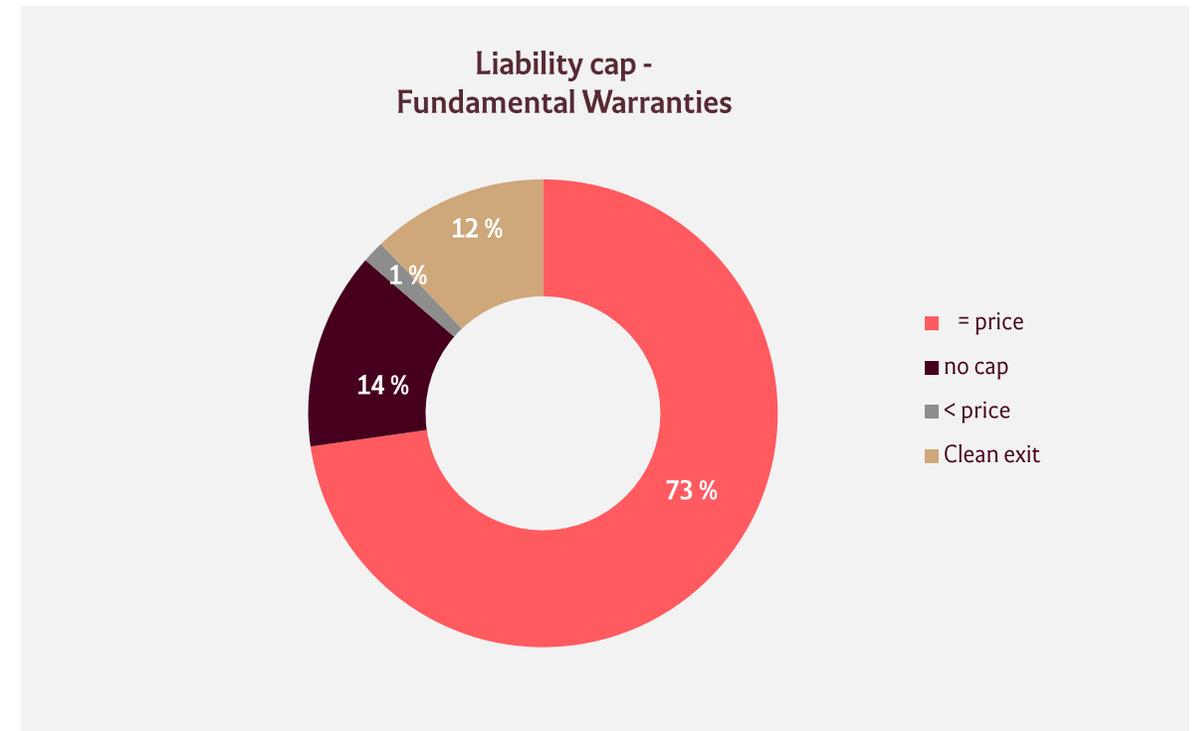




4. Seller's liability (liability cap - Fundamental warranties)

With respect to the seller's liability for breaches of title, capacity and no-encumbrance warranties (the fundamental warranties), the vast majority of agreements set a liability cap equal to the purchase price, or include no cap at all, as is standard market practice.

In the cases where a cap below 100% of the price was agreed, these typically corresponded to clean exit structures supported by W&I insurance.



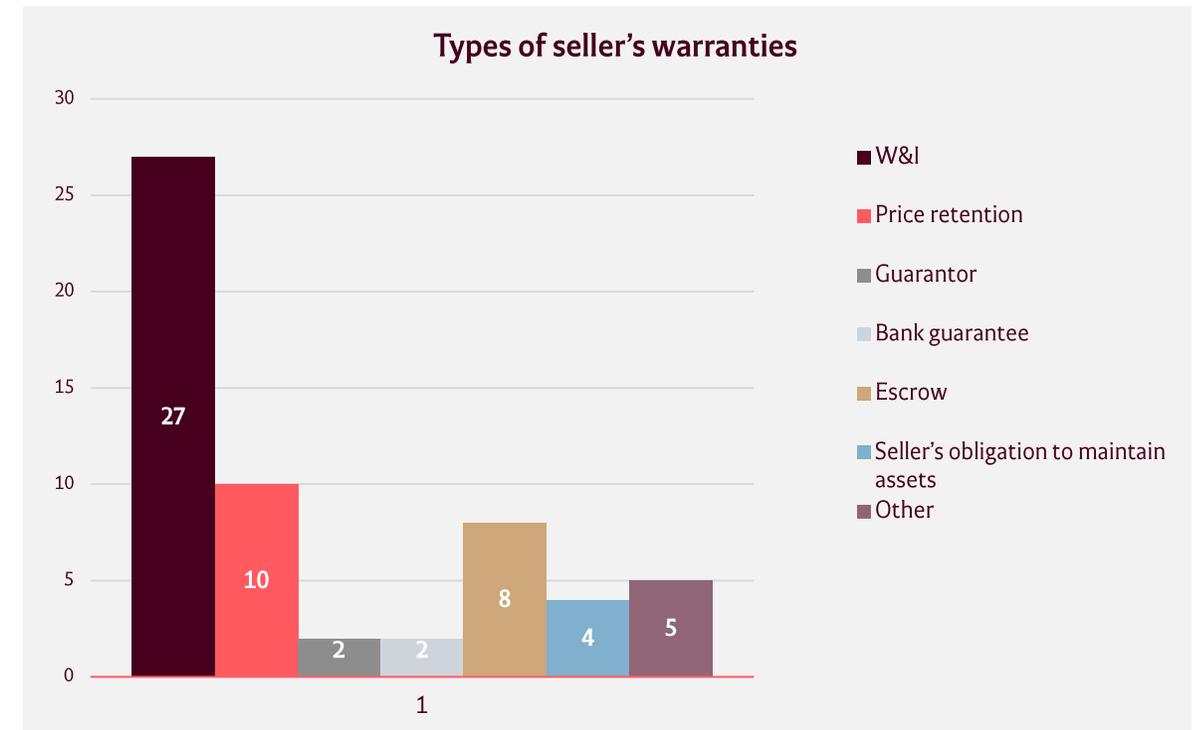


4. Seller's liability (types of seller's warranties)

Around 70% of transactions included a seller guarantee in favor of the buyer for breaches of representations and warranties.

Until recently, W&I insurance was relatively uncommon and largely limited to private equity transactions. This has changed significantly in recent years. In 2025, 40% of the transactions advised by Cuatrecasas included a W&I policy, and a large share of these were non-private-equity deals.

Beyond W&I insurance, which has been by far the most chosen option, the other common forms of security were purchase price retentions and escrow arrangements.



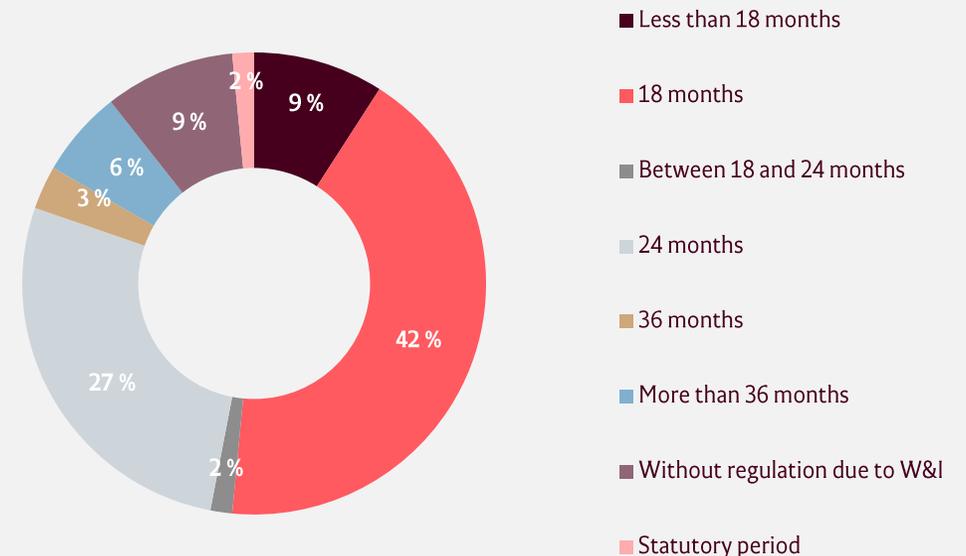


4. Seller's liability (temporary limitation of the seller's liability)

With respect to the time limits on the seller's liability, the most common limitation periods for business representations and warranties were 18 months (42% of transactions) and 24 months (27% of transactions). These figures are similar to those from 2024, with a slight shift toward shorter, more seller-friendly periods.

For fundamental representations and warranties (both as to title and capacity), as well as tax, labor, and social security matters, the limitation period typically aligned with the statutory limitation period. Depending on the type of transaction and the sector, this extension to the statutory period was also applied to warranties relating to criminal, administrative, and—less frequently—intellectual property or data protection matters.

Temporary limitation of the seller's liability





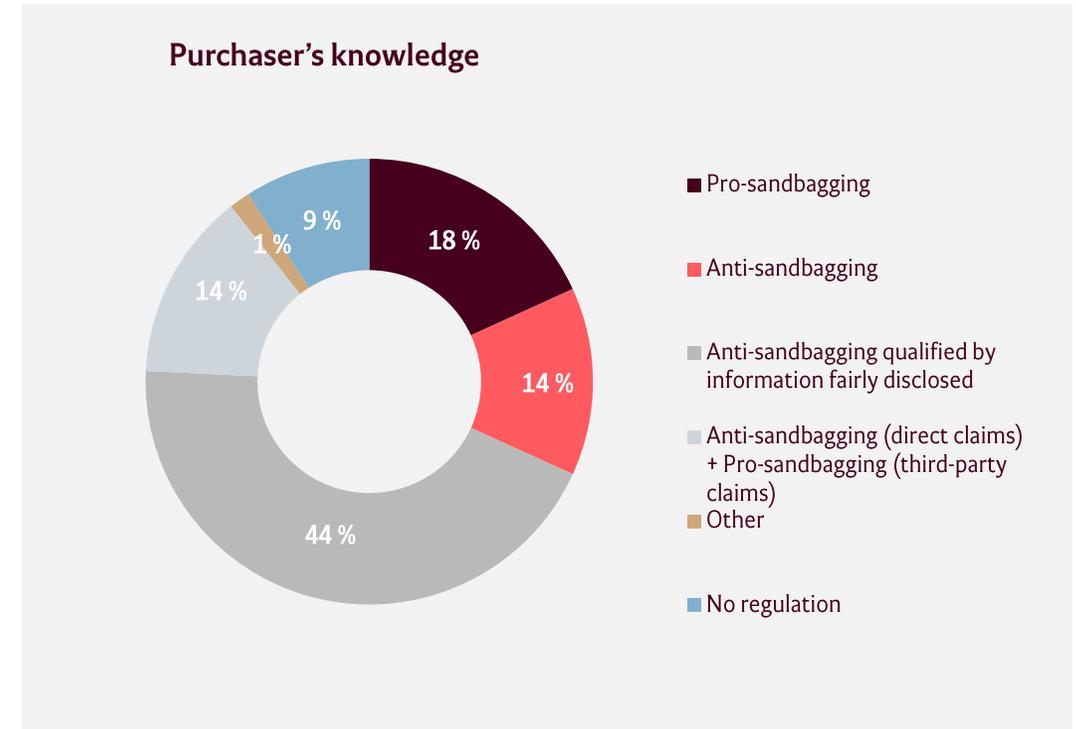
4. Seller's liability (sandbagging)

It is increasingly common for SPAs to regulate the impact of the buyer's knowledge on the seller's liability, which occurred in 91% of transactions.

The most frequent approach was an anti-sandbagging clause, limiting the seller's liability to information fairly disclosed in the due-diligence materials or otherwise (44%).

In the remaining cases, parties agreed either on:

- Pure anti-sandbagging: buyer knowledge limits the seller's liability (14%);
- Hybrid: buyer knowledge does not exclude liability for third-party claims, but does exclude liability for direct claims (14%); or
- Pro-sandbagging: buyer knowledge does not limit the seller's liability (18%).



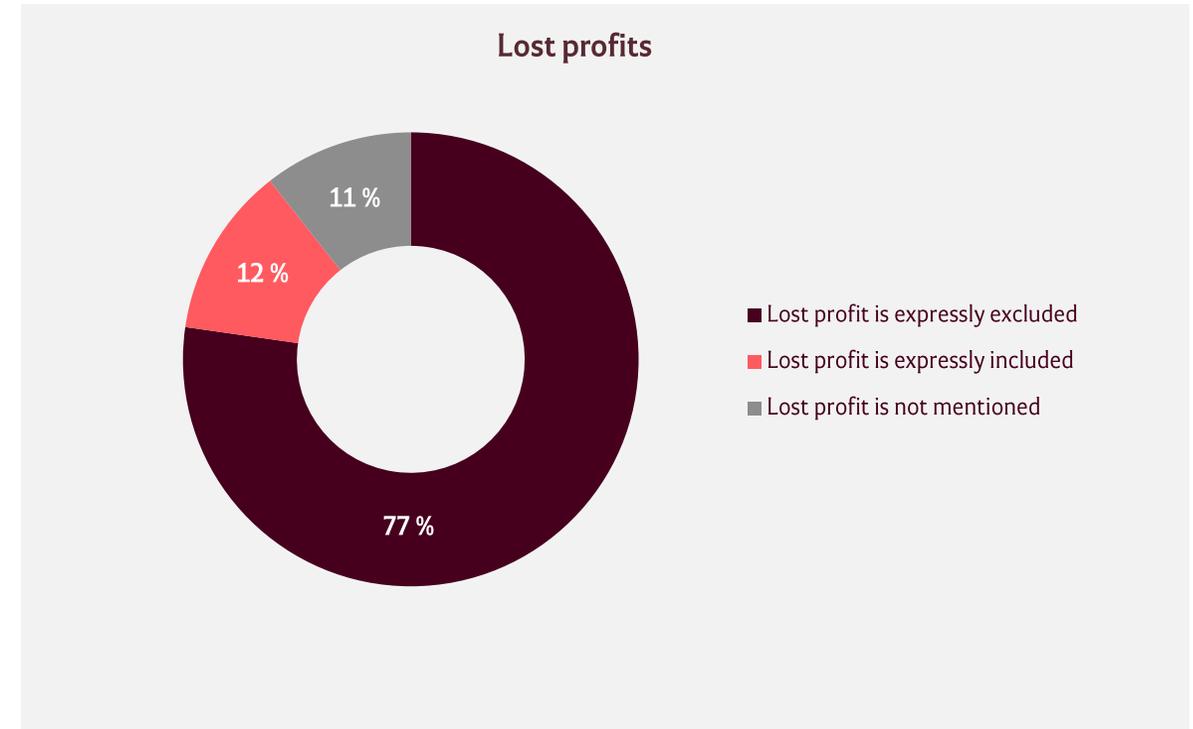


4. Seller's liability (damage concept)

Most SPAs converged on a definition of recoverable damages that: (i) limits indemnifiable losses to effective damages (*daños emergentes*), and (ii) expressly excludes lost profits (*lucro cesante*) and indirect or consequential damages.

Breakdown:

- 77% of transactions expressly excluded lost profits.
- 12% expressly included them.
- 11% made no specific reference to lost profits, either to include or exclude them.





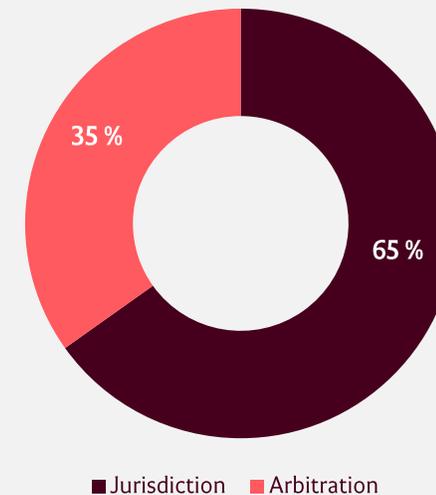
5. Dispute resolution

Arbitration as a dispute-resolution mechanism increased compared with 2024, being used in 35% of transactions in 2025. Nevertheless, court jurisdiction remained the preferred option for most deals.

In transactions where arbitration was chosen, the arbitral seat was exclusively Madrid (primarily) or Barcelona.

The most frequently chosen institutions were the Chamber of Commerce, Industry and Services of Madrid and the International Chamber of Commerce (ICC).

Jurisdiction v. arbitration





What can we expect in 2026?

01.

DYNAMIC MARKET

We expect the M&A market to remain highly dynamic in 2026, driven by strong interest from foreign investors in high-value transactions and by the continued prominence of private equity, whose activity was already very intense in the fourth quarter of 2025.

For this expected momentum to materialize, buyers and sellers will need to adopt more realistic valuation expectations.

02.

GREATER SUPERVISION OF TRANSACTIONS SUBJECT TO REGULATORY APPROVAL

As anticipated in 2024, regulatory approvals have continued to be a decisive factor in M&A transactions. Not requiring regulatory authorizations—or having a clear, well-defined strategy for obtaining them—is increasingly decisive when selecting the buyer in auction processes.

Authorities have intensified their scrutiny of FDI controls and merger control. There has been an increase in Phase II approvals and even the first prohibition since the entry into force of the Spanish Competition Act. This heightened level of supervision is expected to become even more pronounced in 2026.



What can we expect in 2026?

03.

FOCUS ON LARGER ASSETS AND THE RISE OF STRATEGIC SECTORS

The M&A market has continued the upward trend that began in 2024, sustained not so much by the number of transactions as by an increase in higher-value deals. We expect this trend to continue in 2026.

We also anticipate continued focus on strategic sectors such as technology, along with sustained interest in the food and insurance sectors.

04.

GROWTH OF SECONDARY FUNDS AND CONTINUATION FUNDS IN PE

We have seen the expected rebound in private equity divestments, as funds that postponed exits in search of better conditions have now begun to execute them.

The market for secondary funds and continuation funds has also expanded. We expect both trends to continue in 2026.



Key contacts



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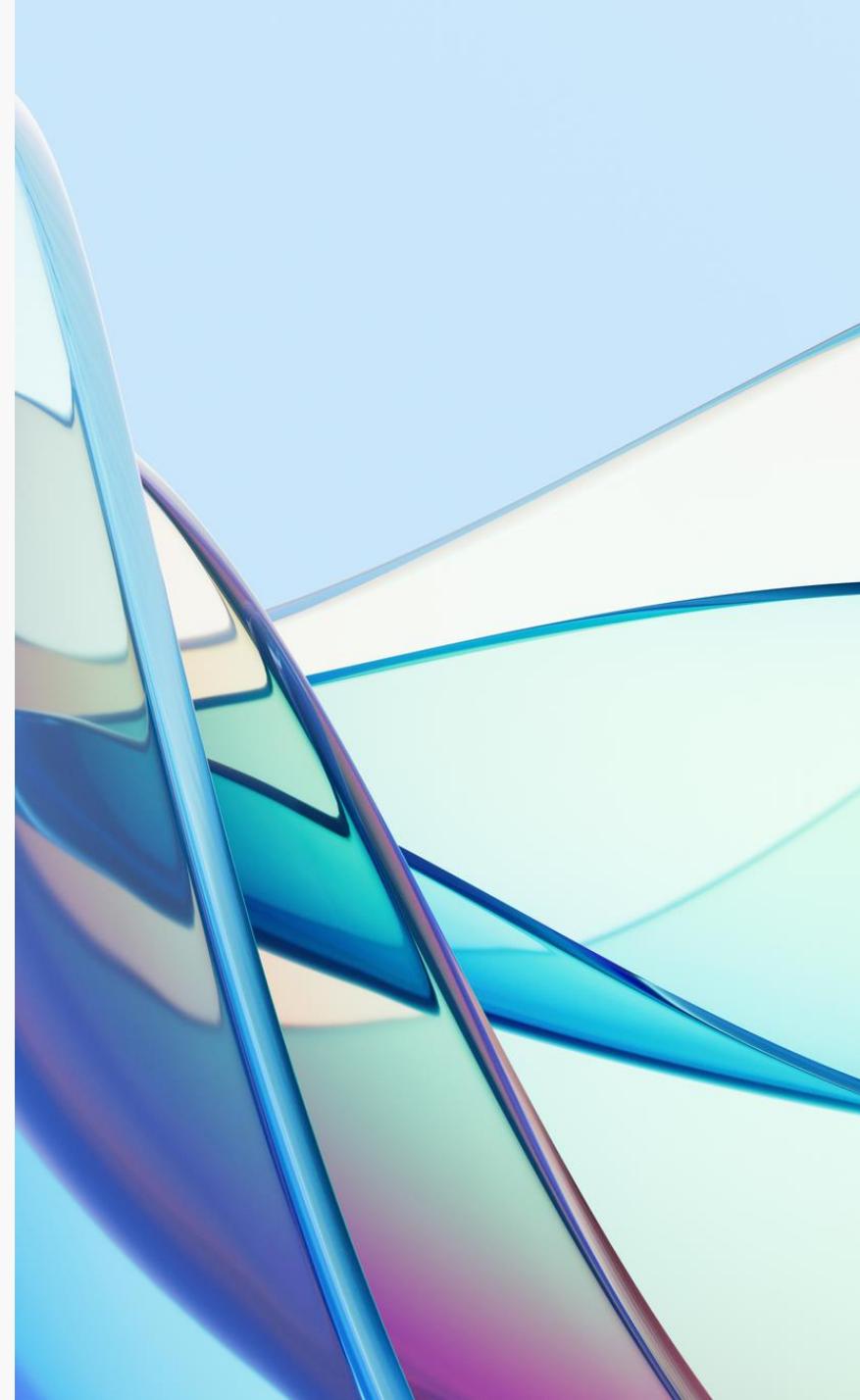
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Corporate & M&A

“The Cuatrecasas team provides very high-quality advice. They are reliable, agile, business-oriented and efficient in executing and closing M&A transactions.”

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Fact sheet

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