

Deal Terms for M&A Escrows

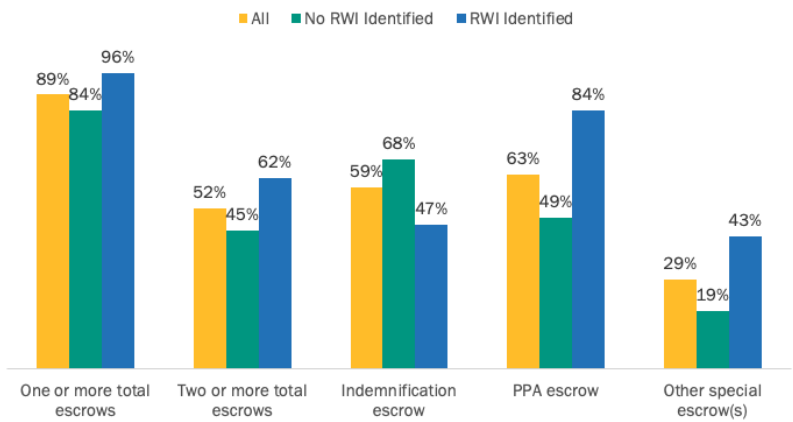
1 Buyers’ thorough due diligence led to over 90% of deals with escrows

General indemnification escrows do not tell the entire story. Most deals (historically about two-thirds) include an indemnification escrow (often in addition to a special escrow). However, nearly 90% of deals have some escrowed amount.

Deal Escrows: Frequency by Category and Aggregate Medians/Averages*
Subset: 2024 deals; includes holdbacks

PERCENTAGE OF ALL DEALS THAT INCLUDE AN ESCROW, BY CATEGORY

Subset: 2024 deals with escrows/holdbacks



To go deeper into the study, click on the chart or tables.

AGGREGATE SIZE OF ALL ESCROWS AS A % OF TRANSACTION VALUE

Subset: 2024 deals with an indemnification escrow

	Average	Median
All Deals	10.25%	10.0%
No RWI Identified	13.2%	11.3%
RWI Identified	4.1%	2.1%

SIZE OF GENERAL INDEMNIFICATION ESCROWS AS A % OF TRANSACTION VALUE

Subset: 2024 deals with an indemnification escrow

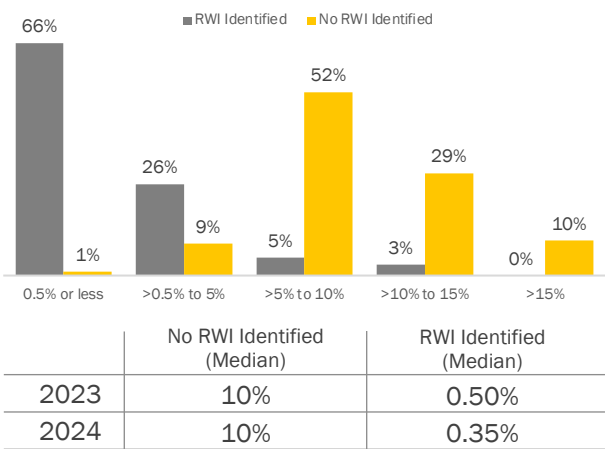
	Average	Median
All Deals	7.8%	9.0%
No RWI Identified	10.9%	10.0%
RWI Identified	1.4%	0.35%

2 Sellers made inroads when negotiating indemnification provisions

While indemnification terms, such as escrow sizes and survival periods, shifted slightly in favor of sellers in 2024 compared to prior years, these protective provisions continued to be highly negotiated.

ESCROW SIZE AS A % OF TRANSACTION VALUE

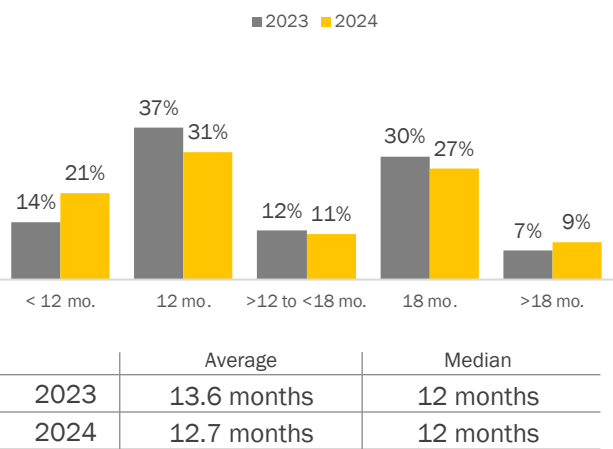
Subset: 2024 deals with escrows/holdbacks



To go deeper into the study, click on any of the charts or tables.

ESCROW DURATION (SURVIVAL PERIOD)

Subset: 2023–2024 deals with escrows/holdbacks



3 Buyers and sellers are paying closer attention to post-closing claims

+ Most deals have PPAs[†]

92% 92% of deals have a purchase price adjustment (PPA) mechanism.

91% 91% of deals with a PPA mechanism had an adjustment. 55% of such adjustments were buyer favorable.

+ Expense fund sizes are trending larger^{*}

\$261,000+

The average expense fund was approximately \$227,000 for deals without earnouts and \$337,000 for earnout deals.

+ Claims are taking longer to resolve[‡]

5.6 MONTHS For deals that primarily closed in 2021 and early 2022, resolution times increased for post-closing indemnification claims (median of 5.6 months).

28% Indemnification claims (excluding PPAs) were made in 28% of all deals.

27% 27% of deals with at least one claim had claims totaling at least \$1MM.

1/3 Nearly 1/3 of all indemnity claims were for breaches of tax representations.

To go deeper into any study or report, click on any yellow stat.

LEARN ABOUT OUR ESCROW SERVICES →

^{*}2025 SRS Acquiom M&A Deal Terms Study; [†]2025 SRS Acquiom M&A Working Capital PPA Study; [‡]2024 SRS Acquiom M&A Claims Insights Report