UK Lower Mid-Market M&A Outlook and Target Pipeline

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2026–27 Deal Outlook: What Will Drive Activity

Key Market Signals

- Global **deal volumes fell by 9%** in early 2025, while **deal values rose by 15%**, reflecting a flight to quality.
- UK **mid-market** activity remained resilient at **180 deals in 2024**, with an **aggregate value of £10.8bn**.
- **PE deployment into UK** companies reached nearly **$30bn in 2025**, with momentum expected through 2026.
- Europe is projected to have 2.3x more PE-backed firms than listed companies by 2026 (up from 1.5x in 2019).
- Overseas buyers accounted for 61% of UK mid-cap takeovers in 2025.
- Founder succession remains the primary sell-side driver, with **69% of owners citing retirement**.
- **Inflation expected to decline toward 2.1%** through 2026, supporting valuation alignment.

Market Evidence

- Recent global and UK service-sector transactions reinforce sustained PE appetite entering 2026.

Implication for Maaz Advisory

- Favourable conditions for founder-led exits and buy-and-build activity across engineering, technical services, fire and security, compliance and specialist manufacturing.

Sector Tailwinds

Where Buyer Appetite Is Most Concentrated

Engineering and Technical Services

- Strong consolidation momentum driven by regulation, compliance and fragmented ownership.
- Recurring service cycles and long-term customer relationships underpin predictable revenues.
- Active interest from both trade buyers and PE-backed platforms.

Fire and Security

- Recurring inspection, testing and compliance cycles underpin predictable revenues.
- Sector remains a key focus for buy-and-build strategies at the lower mid-market level.

IT and Specialist Services

- Buyers prioritise recurring revenue, infrastructure-critical services and cyber capability.
- Regional, founder-led providers remain underrepresented in formal sale processes.

Wider Market Context

- Rising merger activity across adjacent professional services sectors reinforces the broader consolidation theme.

Sourcing And Prioritisation Logic

How Targets Were Identified and Prioritised

Universe Definition

- Engineering, technical services, fire and security, IT and specialist manufacturing.
- Founder-led businesses with succession or growth considerations.
- East Anglia and South East focus.

Initial Screening

- Revenue and asset scale consistent with lower mid-market transactions.
- Evidence of profitability or an improving earnings profile.
- Clean ownership and governance structures.

Prioritisation Criteria

- Cash generation and balance sheet strength.
- Strategic relevance to known buyer appetite.
- Optionality across trade and financial buyers.

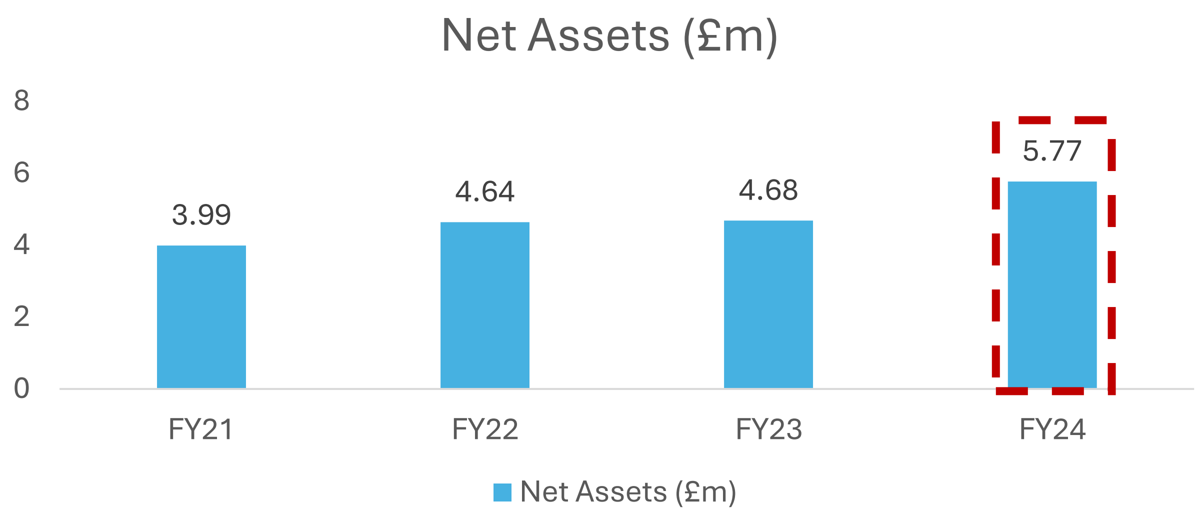
Pipeline Discipline

- Targets tiered by conviction rather than treated as a static list.
- Deprioritisation applied where scale, ownership or complexity reduced feasibility.
- Continuous monitoring rather than one-off screening.

A-Level Target 1

H&V Building Services Limited: Strong Working Capital Position With Clear Succession Logic

Snapshot	
Location	East of England
Sector	HVAC / Building Services
Ownership	Founder-led
Size fit	Strong match for Maaz's £1–25m turnover bracket



Financial Highlights

- **Net assets** up from £4.68m to **£5.77m (+23%)**.
- Cash increased from £0.09m to £1.19m.
- **Net current assets** at **£5.11m** indicate strong liquidity.
- Financial profile and recurring commercial demand suggest steady margins and defensible cashflows.

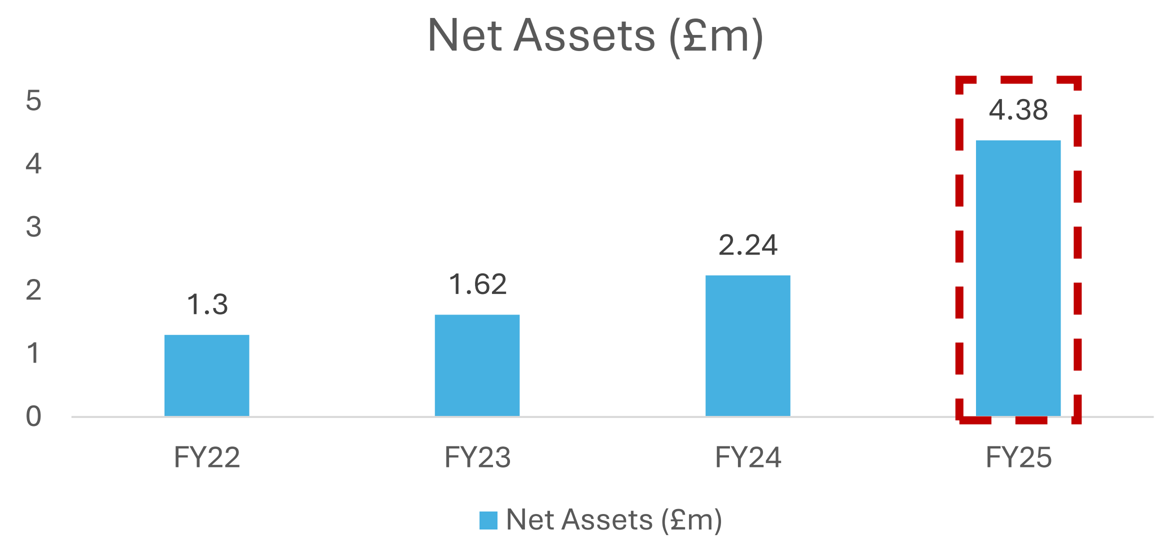
Deal Angle

- Succession-led sell-side opportunity. Clean financials, strong asset base, predictable demand.
- Excellent candidate for trade buyers or regional consolidators.

A-Level Target 2

EPPH Ltd: High Cash Generation and Strong Demand Drivers in Specialist Mechanical Services

Snapshot	
Location	Essex
Sector	Mechanical & Electrical / Plumbing & Heating
Ownership	Founder-managed
Size fit	Solidly within lower mid-market range



Financial Highlights

- Net assets grew from £2.23m to **£4.38m (+96%)**.
- Cash increased from £2.07m to £2.09m.
- **Debtors increased** from £2.3m **to £6.2m**, supporting revenue scale-up.
- Consistent growth across working capital categories.

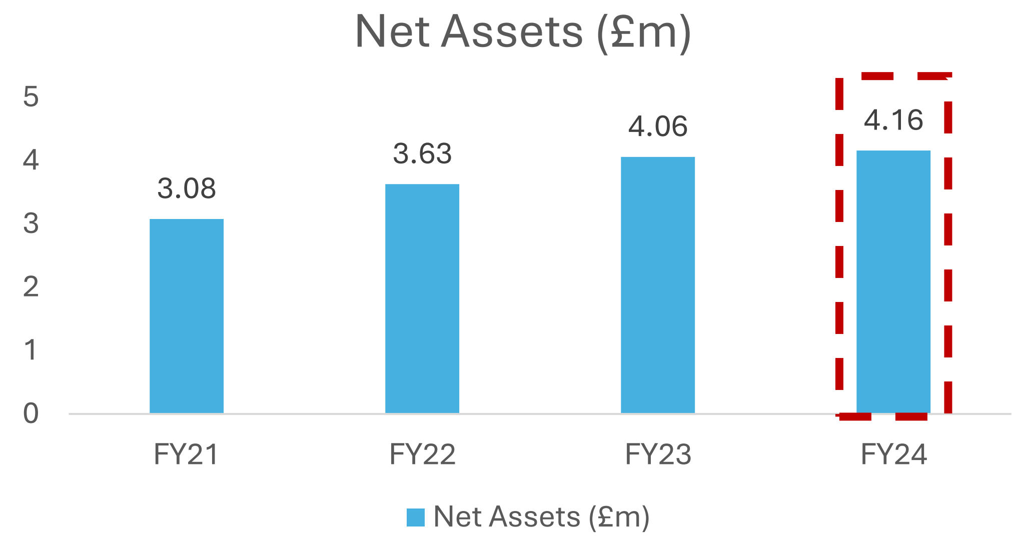
Deal Angle

- Succession-led. A highly cash-generative operation with scalable mechanical services demand.
- Excellent bolt-on for a regional strategic or PE platform.

A-Level Target 3

Eastern Power Systems: Strong Balance Sheet and Recurring Revenue Signals

Snapshot	
Location	East Anglia
Sector	Electrical & Power Systems
Ownership	Private, founder-linked
Revenue profile likely contract-based	



Financial Highlights

- **Net assets** grew from £4.06m to **£4.16m** in FY2024 **(+2%)**, showing continued stability.
- Cash at bank decreased from £1.79m to £1.04m, but remains adequate relative to scale.
- **Short-term debtors increased** from £2.78m **to £3.85m**, supporting working capital strength.
- Long-term creditors reduced materially from £1.53m to £0.60m, reinforcing **low leverage** profile.

Deal Angle

- Attractive engineering services target with long-term customer relationships.
- Strong fit for trade buy-and-build strategies.

WATCHLISTS AND TARGET MAPPING

Additional Maaz Relevant Opportunities

TP Fire & Security (Norfolk)

- Sector: Fire & Security
- Net assets: £1.15m (up from £0.49m).
- Strong stock and debtor base.
- Angle: Bolt-on or owner succession.

Lightfoot Defence (East)

- Sector: Defence / Specialist Engineering
- Net assets: £2.24m (up from £1.38m).
- Cash increased significantly YoY.
- Angle: Strong recurring defence demand; succession or growth capital.

Hadleigh Castings (Suffolk)

- Sector: Precision Engineering / Casting
- Net assets: £4.43m.
- Turnover £9.4m with improved profitability.
- Angle: Strategic sale; niche engineering value.

Cloudfm (Sector Benchmark Only)

- Founder-controlled FM and technical services provider.
- Turnover £47m with recurring service contracts.
- Illustrates ongoing consolidation in technical services.
- Useful for buyer appetite mapping.