

Compounding Pharmacy

M&A MARKET UPDATE

KEY M&A CONSIDERATIONS FOR SELLERS IN 2026

Compounding pharmacy remains a sector that competes on innovation, clinical value, and service—not price. Businesses that compete primarily on price, are simply rearranging the deck chairs on the Titanic. Customer relationships and provider trust drive enterprise value. Sellers must clearly understand the core assets of their company and how the market values them—because sellers lose leverage when buyers control the narrative.

Momentum Is Real — But Capital Is Selective

- Strategic buyers, family offices, and PE-backed platforms remain active acquirers.
- Compounding pharmacy continues to experience explosive growth, but acquirers remain disciplined and focused on shaping their portfolios.
- Exit planning continues to diversify as sellers explore a broader range of deal opportunities and buyer profiles.

WHY IT MATTERS

M&A has become more targeted. Buyers increasingly pursue acquisitions that fill capability gaps or strengthen strategic platforms, rather than simply adding incremental revenue. Capital remains available, but underwriting standards have tightened materially. As a result, buyers prioritize businesses that demonstrate operational resilience, scalable growth trajectories, and clean compliance histories before awarding premium valuation multiples.

“***Sellers lose leverage when buyers control the narrative.***”

Deal Structure Continues to Evolve to Bridge Valuation Gaps

- Demand remains concentrated in the \$10–50MM enterprise value range, creating a sweet spot for middle-market pharmacies, while large-cap exits remain more challenging.
- EBITDA premiums favor multi-state operators with strong entrepreneurial leadership, diversified therapy offerings, and demonstrated compliance discipline.
- Compounding pharmacy M&A activity will increase in 2026; however, transactions will grow more complex as buyers place greater emphasis on integration and synergy realization.

WHY IT MATTERS

In this environment, sellers require creative and strategic transaction advice to maximize value and manage execution risk. This becomes particularly important when structuring transactions such as platform builds, joint ventures, and minority recapitalizations, where thoughtful deal architecture can materially influence both valuation and long-term outcomes.

Key Trends

- Regulatory scrutiny continues to increase. FDA issuance of Form 483 observations reached 561 in 2024 and continues to climb in 2025, tracking toward 600+.
- Portfolio rationalization continues as companies carve out non-core assets and focus on core platform growth.
- GLP-1 has become a hyper-competitive battleground, attracting significant capital and driving a dense M&A

environment. Initiatives such as TrumpRx signal potential shifts in pricing channels and increase scrutiny around pricing strategies.

- Operational efficiency and technology adoption have become critical differentiators in an increasingly competitive market.

WHY IT MATTERS

The current administration continues to create tailwinds for the industry. Public statements and policy signals from Oz, Makary, and RFK suggest potential regulatory and market developments that could accelerate sector growth, if realized. However, those opportunities will favor platforms positioned to capitalize on them. Pharmacies must pursue proactive growth strategies—targeting niche mandates, investing in operational capabilities, and building differentiated, innovation-driven organizations that stand apart in an increasingly competitive marketplace.

In the current environment, the highest valuations favor operators that combine regulatory credibility, operational sophistication, and differentiated clinical capabilities.

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