

SOFTWARE BENCHMARK REPORT | Q4 2025 EDITION

Valuations continue to cool over concerns around AI disruption

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Welcome to the latest edition of Silverpeak's Software Benchmark report

This report provides analysis of valuation and operating metrics across public software companies in the US and Europe.

Our methodology is based on median values to ensure robust, representative industry benchmarks. Using the S&P Capital IQ database, we screen publicly listed software companies across both regions, drawing insights from a dataset of 527 companies.

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Quarterly key findings

Software valuations cooled across markets amid continued caution around AI disruption, with the US hit hardest on both a QoQ and YoY basis. While some subsectors (e.g. security software) were relatively insulated and posted QoQ gains, others (incl. enterprise software) are now attracting private equity take-private interest as investors look to capitalise on softening valuations.

- **The US saw the steepest valuation declines**, reflecting greater exposure to previously stretched software multiples and heightened sensitivity to AI disruption.
- **European valuations** (particularly UK and DACH) **were relatively more resilient**, though starting from less elevated levels.
- Valuations continue to correlate to the Rule of 40, albeit with heightened focus on profitability vs. growth at all costs – **companies with similar Rule of 40 scores but higher profitability traded at a slight premium** (5.6x) to companies with higher growth and lower profitability (3.9x)

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With AI accelerating the reduction in the marginal cost of development, software valuations continue to be under scrutiny as investors prioritise defensibility and sectors where the cost of failure remains high.

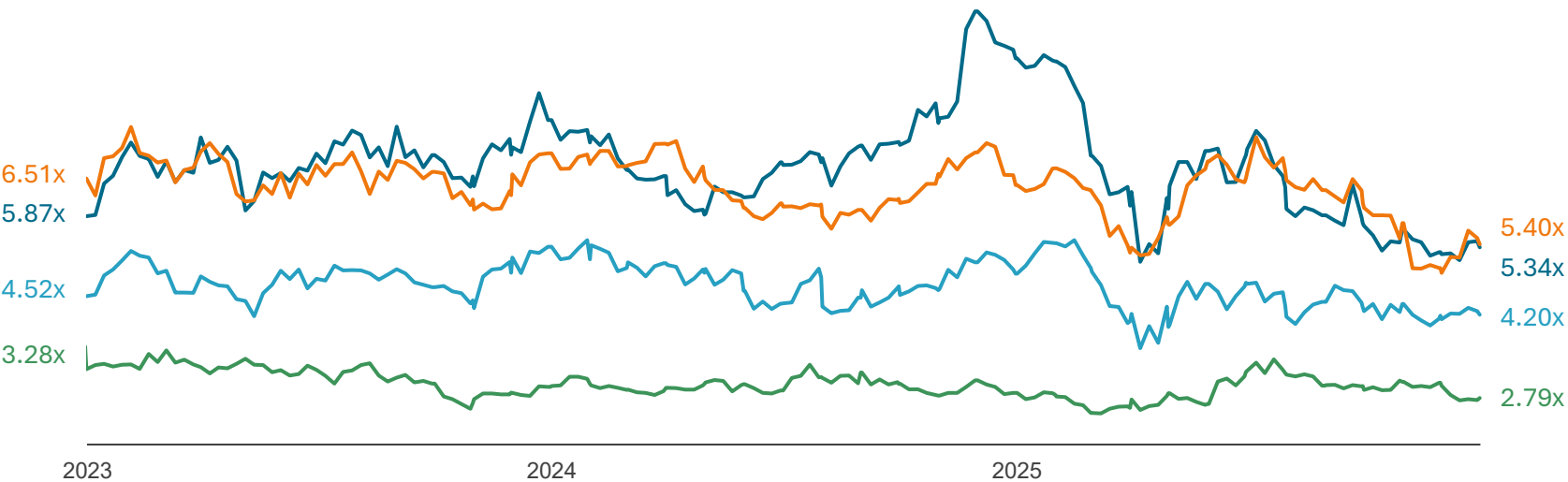
Depressed valuations are inviting increased levels of M&A activity with consolidation and opportunistic acquisitions on the rise.

THOMAS TISONE
VICE PRESIDENT, SILVERPEAK



Software EV/Revenue multiples cooled across categories in Q4 2025 reflecting market concerns over AI-driven competitive threats

CATEGORY EV/REVENUE MULTIPLES



		QoQ	YoY
US VERTICAL	5.34x	-7%	-37%
US SAAS	5.40x	-12%	-16%
US HORIZONTAL	4.20x	-3%	-14%
EUROPE	2.79x	-7%	-3%

Software valuations continued to decline in Q4 2025, reflecting rising investor concern that artificial intelligence could disrupt significant portions of the software stack.

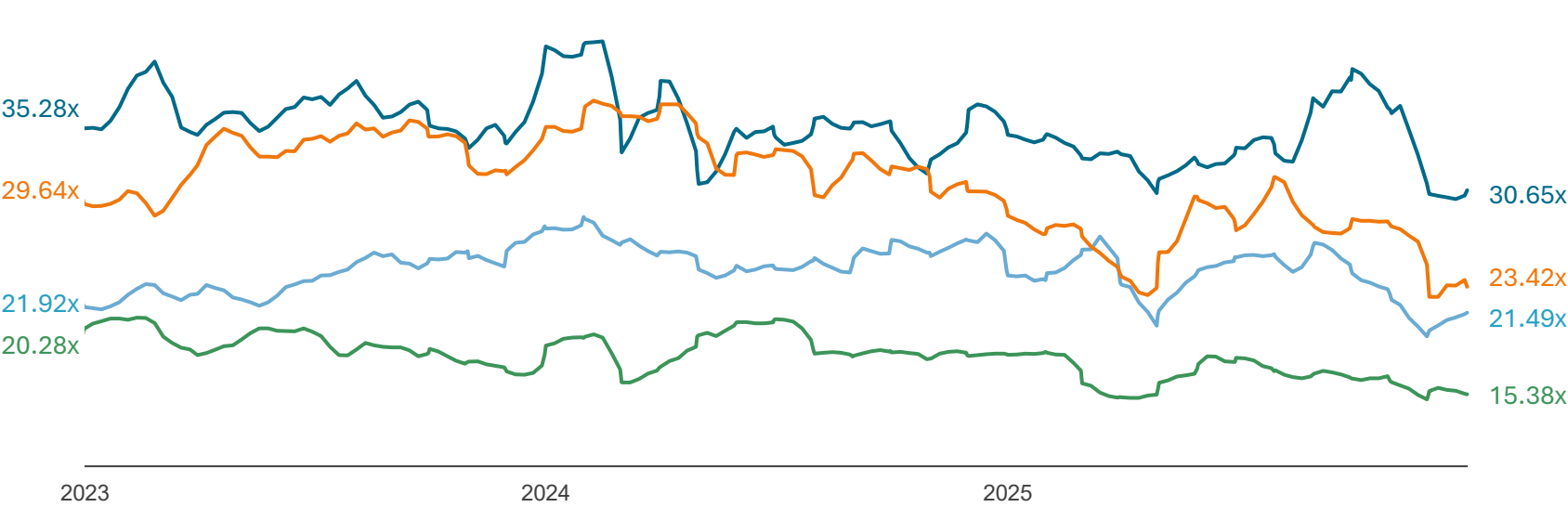
This AI-driven cooling of software multiples is creating attractive entry points for private equity, with a noticeable uptick in take-private activity as sponsors seek to capitalise on compressed valuations.¹

Steepest decline:
US SaaS -12% QoQ

Sources: CapIQ | 1) Financial Times
Note: Data as of 31 December 2025

Profitability metrics were also under pressure, with EV/EBITDA multiples falling across all categories

CATEGORY EV/EBITDA MULTIPLES



		QoQ	YoY
US VERTICAL	30.65x	-21%	-13%
US SAAS	23.42x	-17%	-20%
US HORIZONTAL	21.49x	-13%	-13%
EUROPE	15.38x	-7%	-16%

EV/EBITDA multiples declined across all categories in Q4 2025 on both a QoQ and YoY basis. US vertical software, while still trading at the highest multiple, saw the sharpest QoQ decline as investors questioned the AI defensibility of certain vertical solutions.

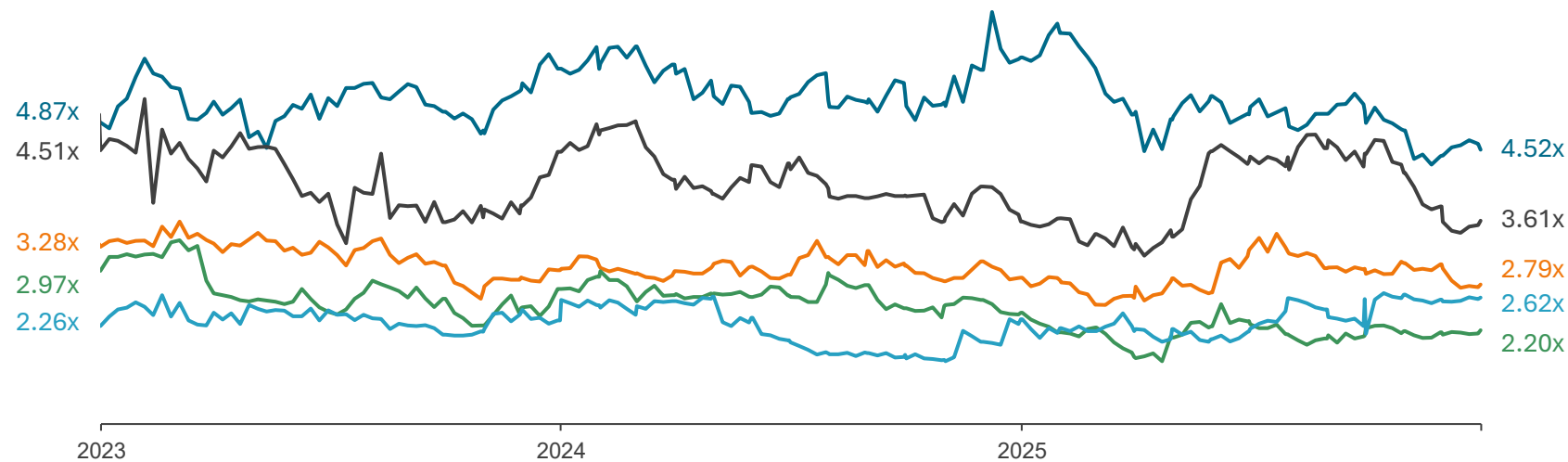
Europe experienced less severe QoQ declines but remained structurally discounted to the US, preserving its longer-term valuation gap.

Steepest decline: US vertical - 21% QoQ

Sources: CapIQ
Note: Data as of 31 December 2025

Multiples contracted across most regions in 2025, with performance impacted by AI risks and geopolitical uncertainty

REGIONAL EV/REVENUE MULTIPLES



		QoQ	YoY
US	4.52x	-10%	-21%
EUROPE	2.79x	-7%	-3%
UK	2.20x	3%	-9%
DACH	2.62x	1%	12%
NORDICS	3.61x	-19%	0%

Sources: CapIQ

Note: Data as of 31 December 2025

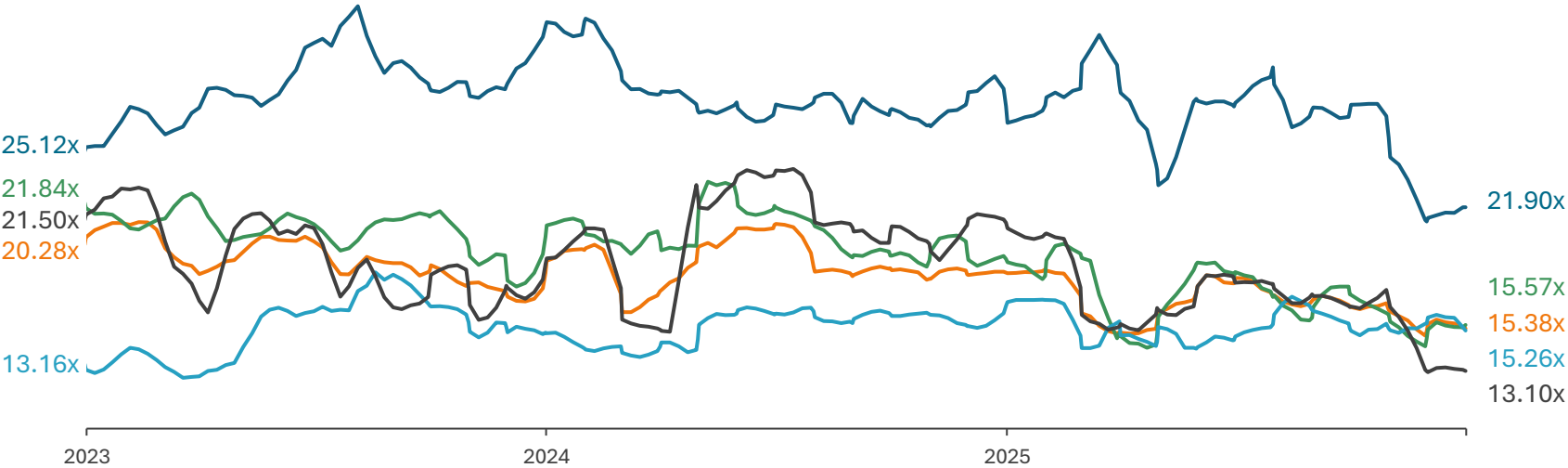
Regional software valuations diverged materially in Q4 2025. UK and DACH were broadly stable but continue to trade at a discount to the Nordics within Europe.

US software valuations continued to cool, with the -21% YoY decline highlighting sustained pressure on previously elevated software multiples, as AI risk intensified over the year.

Steepest decline:
Nordics -19% QoQ

Declines in revenue multiples were mirrored in EV/EBITDA trends, with the US and Nordics hit hardest

REGIONAL EV/EBITDA MULTIPLES



		QoQ	YoY
US	21.90x	-19%	-20%
EUROPE	15.38x	-7%	-16%
UK	15.57x	-10%	-19%
DACH	15.26x	-1%	-8%
NORDICS	13.10x	-21%	-38%

Sources: CapIQ
Note: Data as of 31 December 2025

Declines were more pronounced on an EV/EBITDA basis, with multiples falling across all regions in Q4 2025.

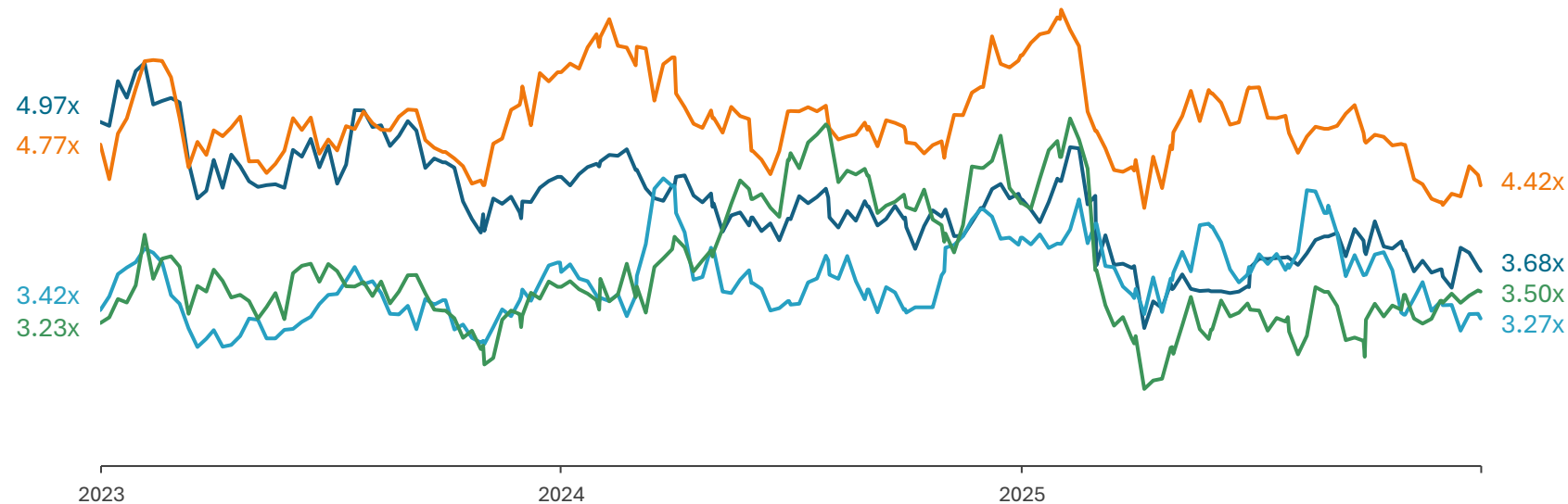
The US continued to trade at a clear long-term premium, but the -19% QoQ move indicates further normalisation of stretched valuations.

All European regions declined, with the Nordics seeing the sharpest QoQ and YoY compression, leaving the region at its lowest EBITDA multiple over the period shown.

Steepest decline:
Nordics -21% QoQ

Sector multiples diverged in Q4, with Fintech leading the decline in EV/Revenue as consumer spending softened amid rising costs

SECTOR EV/REVENUE MULTIPLES



		QoQ	YoY
SECURITY	3.68x	-4%	-14%
ENTERPRISE	4.42x	-8%	-20%
FINTECH	3.27x	-11%	-19%
MARTECH	3.50x	19%	-18%

While EV/Revenue multiples declined across all software sectors on a YoY basis; QoQ performance diverged in Q4 2025.

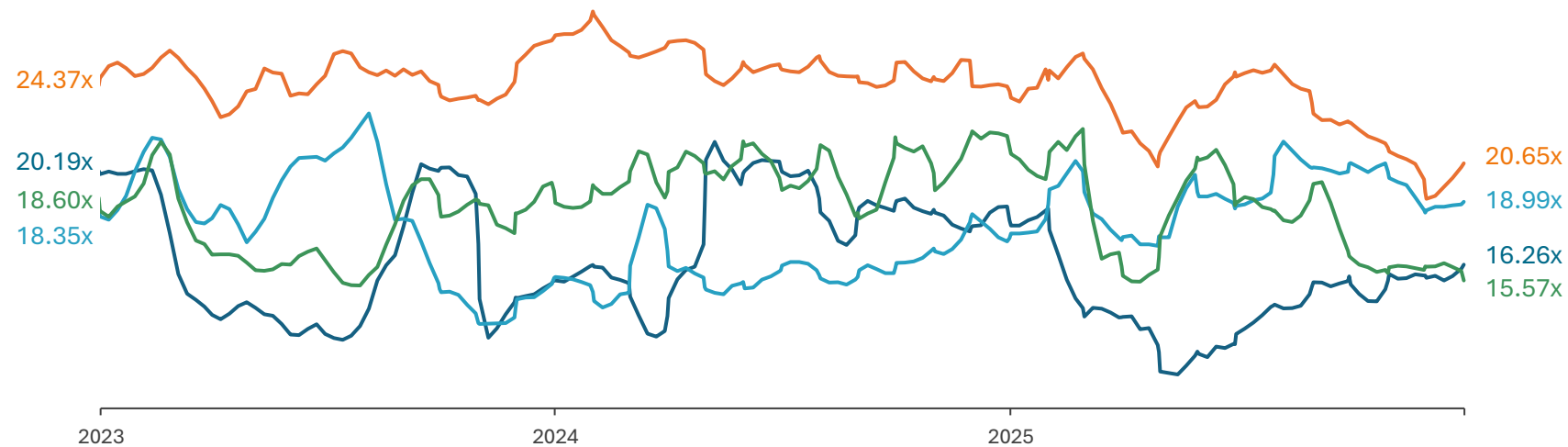
Fintech saw the sharpest QoQ contraction (-11%), in part reflecting its exposure to weakening consumer activity. In the UK, December consumer spending recorded the steepest YoY decline since 2021¹, increasing near-term revenue risk for payments and lending platforms.

By contrast, Martech multiples expanded QoQ, supported by strong quarterly performers such as Klaviyo.

 Steepest decline:
Fintech -11% QoQ

Security was the only segment to post QoQ gains on EV/EBITDA, whilst Enterprise multiple compression is attracting PE interest

SECTOR EV/EBITDA MULTIPLES



		QoQ	YoY
SECURITY	16.26x	3%	-11%
ENTERPRISE	20.65x	-8%	-13%
FINTECH	18.99x	-8%	9%
MARTECH	15.57x	-6%	-27%

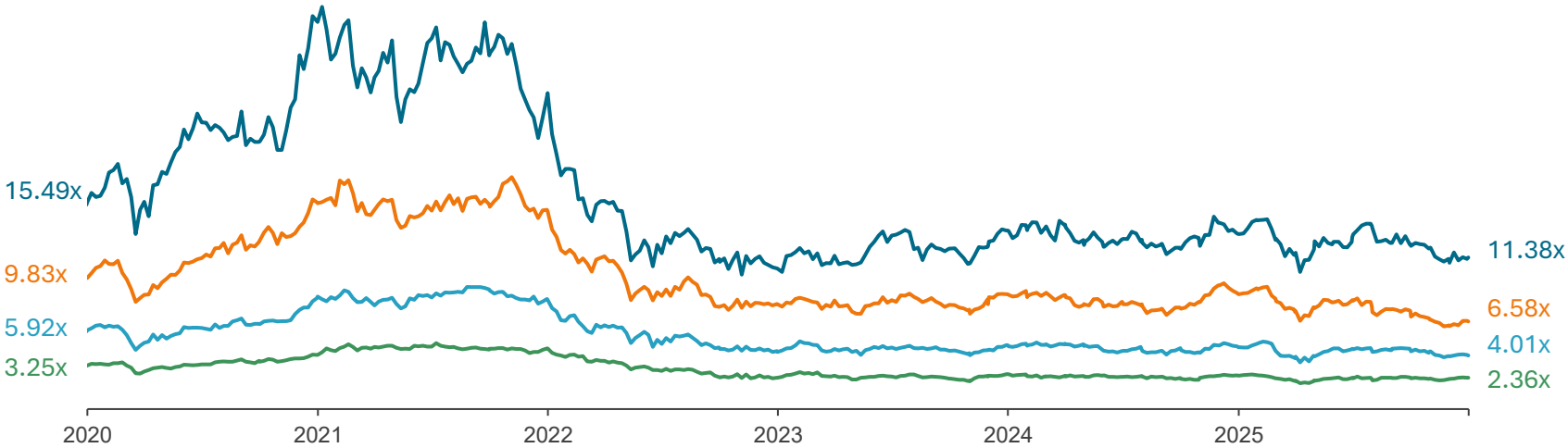
Performance across sector EV/EBITDA multiples was mixed in Q4 2025, with security the only sector to post a QoQ increase, supported by heightened cybersecurity concerns.

Enterprise software, which continues to trade at the highest premium despite a longer-term downtrend, has seen increased take-private activity as private equity seeks to utilise short-term pessimism. Within enterprise, US HCM platform Dayforce agreed a \$12.3bn all-cash take-private by Thoma Bravo, expected to close in Q1 2026.¹

Steepest decline:
Martech -27% YoY

Driven in part by a flight to value, lower-quartile asset multiples grew in Q4 2025, while median, upper quartile and top decile valuations declined

SOFTWARE EV/REVENUE MULTIPLES



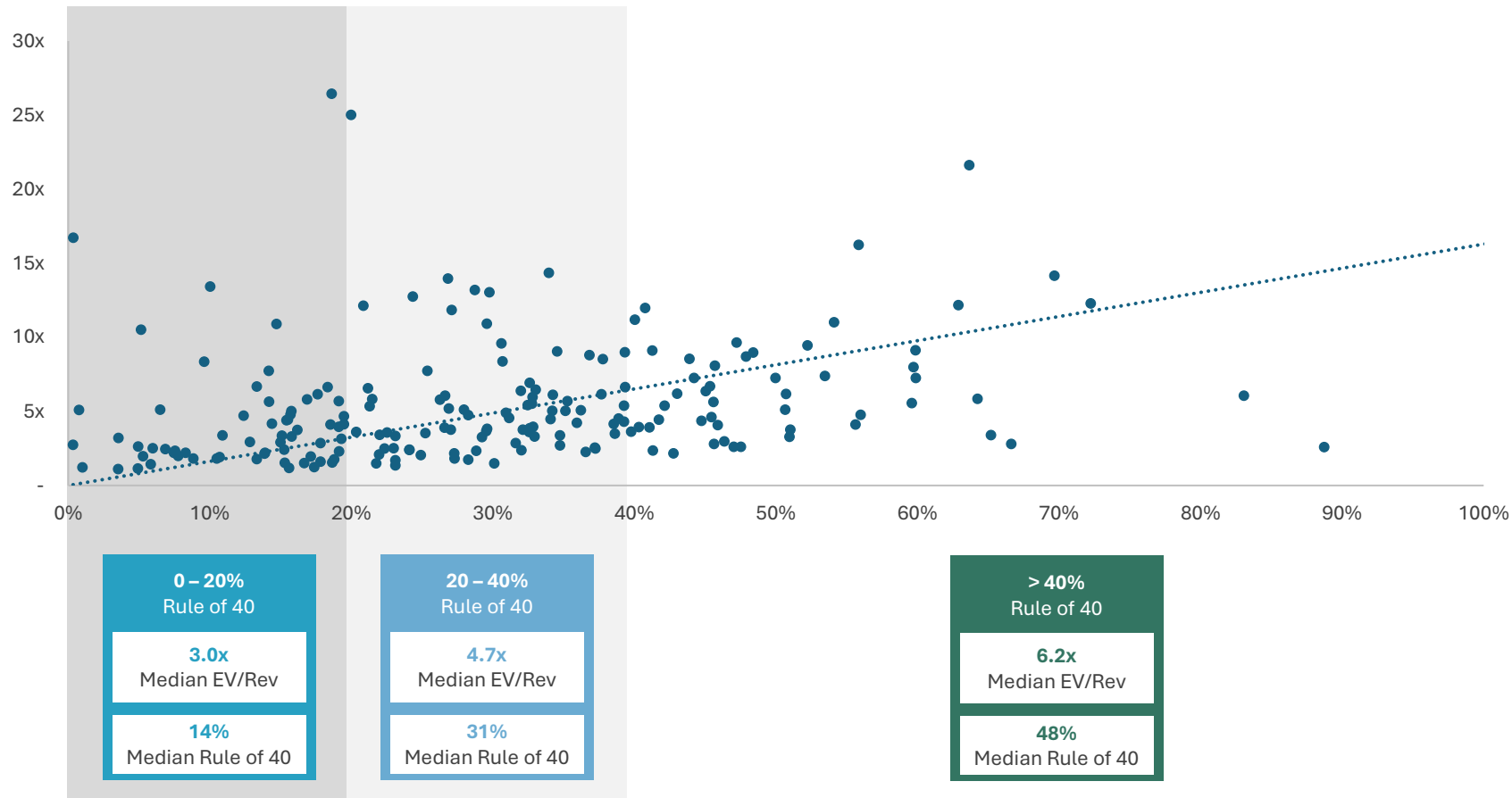
		QoQ	YoY
90 th PERCENTILE	11.38x	-6%	-13%
75 th PERCENTILE	6.58x	-6%	-24%
50 th PERCENTILE	4.01x	-9%	-13%
25 th PERCENTILE	2.36x	3%	-6%

While all percentiles experienced a contraction in multiples YoY, investor concerns over threats from AI hit the median of the market proportionally hardest in Q4 2025. By contrast, discount assets have been more resilient, as investors shift toward perceived value in periods of risk.

Sources: CapIQ
Note: Data as of 31 December 2025

Rule of 40 correlation to EV/Revenue valuations across the entire software benchmark

SOFTWARE EV/REVENUE MULTIPLES



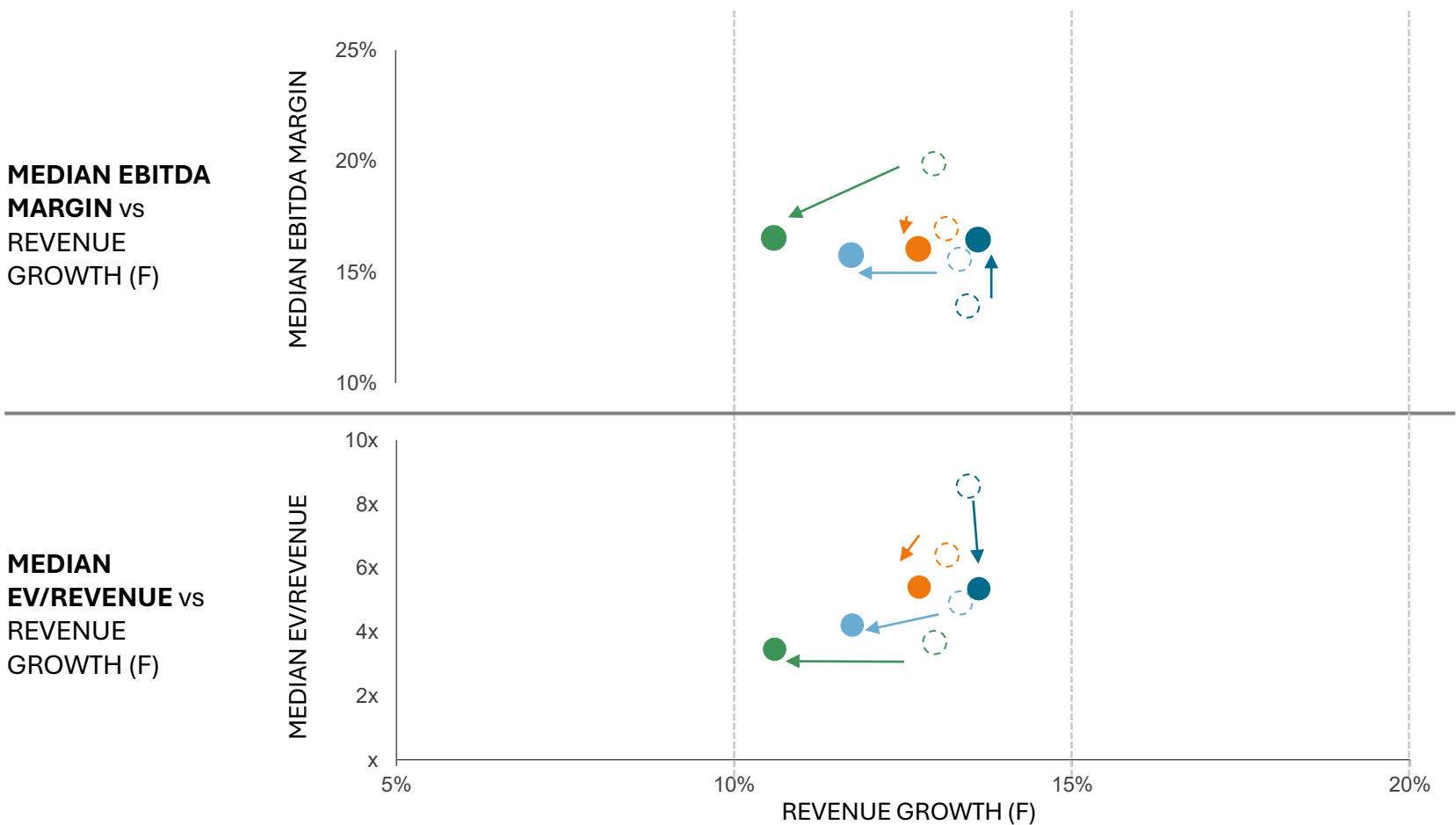
Valuations across software increase in line with Rule of 40 performance, with assets below a score of 20 trading at a >50% discount to those with a score above 40.

The largest share of companies in our universe (43%) sit in the 20-40% Rule of 40 band, with 12% scoring higher than 50.

For a breakdown of multiples by growth rate and EBITDA margin, see page 13.

Growth forecasts continue to decline whilst US vertical valuations disconnect from margins

MEDIAN EBITDA MARGIN AND REVENUE GROWTH FORECASTS



In part driven by continued SaaS spend rationalisation, forecast revenue growth expectations softened across most software categories YoY, with Europe seeing the largest downward revision.

EBITDA margins were broadly flat to lower, with US Vertical the only category to post a YoY increase. Despite this, US Vertical saw the biggest drop in EV/Revenue multiples, as AI competition concerns overrode fundamentals.

	Q4 2024	Q4 2025
US SaaS		
US Vertical		
US Horizontal		
Europe		

Sources: CapIQ
Notes: Data as of 31 December 2025, Arrows illustrate QoQ shifts from Q4 2024 to Q4 2025

At similar Rule of 40 levels, software valuations are more closely correlated with profitability than growth

MEDIAN EV/REVENUE MULTIPLES

		LTM Revenue growth			
		<10%	10-20%	20-30%	>30%
LTM EBITDA margin	<10%	2.09x	3.95x	4.90x	3.94x
	10-20%	2.28x	5.95x	3.91x	3.77x
	20-30%	4.23x	5.04x	7.82x	6.05x
	>30%	5.64x	7.32x	14.15x	19.90x

Within our dataset EV/Revenue multiples now show a stronger correlation to EBITDA margins than to revenue growth. Rising margins consistently drive a valuation uplift, while incremental increases in growth, particularly at lower margin levels, deliver limited multiple expansion.

High growth without profitability is not sufficient to command premium valuations. The data indicates investors continue to prioritise earnings quality and sustainability, with the highest multiples achieved for companies that combine strong margins with growth, rather than growth alone.

Sources: CapIQ
Note: Data as of 31 December 2025

US and European publicly listed software companies are screened using the S&P Capital IQ database.

The dataset is reviewed quarterly to incorporate newly listed or de-listed companies and to ensure continued relevance.

A range of financial indicators is tracked weekly, including:

- EV/Revenue
- EV/EBITDA multiples
- Forecast revenue growth
- Gross margin
- EBITDA margin

Companies with EVs below \$50m were excluded, along with recently EBITDA-positive companies where EV/EBITDA multiples are not yet meaningful.

Private company performance is not directly comparable to public valuation benchmarks.

BY CATEGORY

		NO OF COMPANIES
US SAAS	US-headquartered companies operating a Software as a Service (SaaS) model, typically with gross margins above 75%	92
US VERTICAL	US-headquartered companies focused on one or a small number of vertical markets.	65
US HORIZONTAL	US-headquartered companies offering solutions across a broad set of verticals.	219
EUROPE	European (including UK, DACH and Nordics) headquartered publicly listed software companies.	243

BY SECTOR

		NO OF COMPANIES
SECURITY	Providers of software solutions for data, applications, and IT environment, such as cybersecurity.	82
ENTERPRISE	Software that enhances enterprise operations, such as HR, CRM, and supply-chain management.	231
MARTECH	Digital marketing, content management, advertising, and customer engagement, including martech, adtech, and media distribution.	52
FINTECH	Technologies supporting payments and financial services, such as insurtech, blockchain, mobile wallets.	62

About Silverpeak



We go further to understand a company's full value

We uncover the hidden value in technology, growth potential, executive strength and strategic vision.

Once we've unlocked the full value story, we engage the buyers and investors best positioned to maximise returns.



€30-300m

M&A transactions

€15-150m

Growth financing

Silverpeak is a
boutique
investment bank
specialising in M&A
and financing for
technology growth
companies

With experience of over 400 deals, our team understands what makes tech businesses valuable, connecting them with the right buyers and investors globally.

25+

team concentrated
in a single office

400+

completed deal
experience

60%+

transactions with North
American counterparties
in the last 3 years

M&A success across Europe and North America

<p>UK UK Dec 2025</p> <p>myHappyMind</p> <p>Digital mental health solutions for schools</p> <p>Minority sale to</p> <p>LDC</p>	<p>AU DE Oct 2025</p> <p>Blue Ocean MARINE TECH SYSTEMS</p> <p>Autonomous underwater vehicles (AUVs) for C4ISR</p> <p>Sale to</p> <p>Helsing</p>	<p>UK AU US May 2025</p> <p>rotageek</p> <p>Intelligent workforce management platform</p> <p>Sale to</p> <p>ELMO KI Investment Management</p>	<p>UK UK Apr 2025</p> <p>ScreenCloud</p> <p>Global leader in digital signage software</p> <p>Sale to</p> <p>TENZING</p>	<p>CH US Feb 2025</p> <p>IDQ FROM VISION TO TECHNOLOGY</p> <p>Quantum secure networking</p> <p>Sale to</p> <p>IONQ</p>
<p>AUT AUT Oct 2024</p> <p>JICO Technology GmbH</p> <p>Quartz, silicon, and ceramic for semiconductors</p> <p>Majority sale to</p> <p>Wietersdorfer</p>	<p>UK UAE Aug 2023</p> <p>SHIPSERV</p> <p>Maritime e-procurement platform</p> <p>Sale to</p> <p>marcura BACKED BY MARLIN EQUITY PARTNERS</p>	<p>AU DE Dec 2022</p> <p>camplify</p> <p>Travel P2P marketplace</p> <p>€30m acquisition of</p> <p>Paul Camper MARKET LEADER IN GERMANY</p>	<p>UK US Nov 2022</p> <p>AVVIO</p> <p>Hotel technology platform driving direct bookings</p> <p>Sale to</p> <p>SHR BACKED BY Serent CAPITAL</p>	<p>UK NO Sep 2024</p> <p>CYBEROWL</p> <p>Maritime software company</p> <p>Sale to</p> <p>DNV</p>
<p>BG IE US Mar 2024</p> <p>GemSeek</p> <p>Data science & analytics provider for CX transformation</p> <p>Sale to</p> <p>accenture</p>	<p>UK UK Mar 2022</p> <p>worksmart</p> <p>Regtech SaaS solution</p> <p>Sale to</p> <p>Davies</p>	<p>UK UK Oct 2021</p> <p>cloudtrade</p> <p>Data extraction & document automation SaaS ML platform</p> <p>Sale to</p> <p>advanced People. Partnership. Solutions.</p>	<p>NO CA Sep 2021</p> <p>Safran</p> <p>Project management and risk analysis software</p> <p>Sale to</p> <p>JDM Technology Group</p>	<p>NL US Sep 2021</p> <p>LOGINVSI</p> <p>Application testing software</p> <p>Majority sale to</p> <p>WAVECREST GROWTH PARTNERS</p>

Growth financing across software, deeptech and digital services

<p>US US Apr 2025</p> <p>mPower TECHNOLOGY</p> <p>Satellite silicon solar cell technology</p> <p>\$24m+ Series B financing</p> <p>RAZOR'S EDGE</p> <p>SHIELD CAPITAL</p> <p>LOCKHEED MARTIN</p>	<p>UK JP Mar 2025</p> <p>Alloyed</p> <p>Digital additive manufacturing and alloy development platform</p> <p>\$47m Series B financing</p> <p>DBJ SPARX OSF</p> <p>REDSTONE AVIVA</p>	<p>IT UK DE ROW Mar 2025</p> <p>2D PHOTONICS</p> <p>Graphene-based photonic technology</p> <p>€25m Series A funding</p> <p>Frontier IP Group plc NIF</p> <p>cdp JOIN. CAPITAL INDACO</p> <p>Sony Innovation Fund Bosch Ventures BOSCH</p>	<p>DK Apr 2024</p> <p>FOUNDERS</p> <p>Venture Capital</p> <p>Fintech single asset secondary sale</p> <p>MULTIPLE INVESTORS</p>	<p>CA US UK ROW Aug 2023</p> <p>photonics</p> <p>Photonically networked silicon spin quantum computers</p> <p>\$100m financing</p> <p>Microsoft BCI</p> <p>Amadeus Capital Partners NATIONAL SECURITY INVESTMENT FUND</p> <p>INOVIA</p>
<p>CH PL LU US Dec 2022</p> <p>clearspace today</p> <p>In-orbit servicing and space debris removal</p> <p>\$29m Series A investment by</p> <p>dtb swisscom Ventures IAKT STAR</p> <p>LUXEMBOURG FUTURE FUND iqt</p>	<p>UK NO US AE Oct 2022</p> <p>vaarst ROVCO</p> <p>Autonomous subsea robotics technology</p> <p>\$26m+ Series B</p> <p>Legal & General equinor</p> <p>iqt Martlet Foresight</p>	<p>IT US May 2022</p> <p>CRP CRP USA</p> <p>Additive manufacturing services and proprietary composite materials</p> <p>Investment by</p> <p>ITT</p>	<p>UK JP WW Apr 2023</p> <p>zodia CUSTODY</p> <p>Institutional digital asset infrastructure provider</p> <p>\$36m Series A financing</p> <p>SBI scventures</p> <p>AND UNDISCLOSED INVESTORS</p>	<p>EU UK FR Mar 2023</p> <p>SIPEARL</p> <p>High-end CPU for AI applications</p> <p>€115m Series A financing</p> <p>European Investment Bank European Innovation Council</p> <p>EVIDEN arm</p>
<p>IT WW Jan 2022</p> <p>DORBIT</p> <p>In-space services and satellite transport</p> <p>€51.5m pre-SPAC convertible bond by</p> <p>COBHAM iqt IN-Q-TEL</p> <p>& OTHER INVESTORS</p>	<p>UK UK Jun 2021</p> <p>Origami POWER OVER ENERGY</p> <p>Trading and automation SaaS for renewable energy</p> <p>£20m investment led by</p> <p>BARCLAYS</p>	<p>UK LU, US Feb 2021</p> <p>isotropic systems</p> <p>Satellite antenna technology</p> <p>\$40m investment by</p> <p>SES BOEING HORIZONX</p>	<p>UK EU Oct 2020</p> <p>VNOVA</p> <p>Video compression solutions</p> <p>\$33m investment by</p> <p>INVESTMENT FIRMS & TECH ENTREPRENEURS</p>	<p>UK US Sep 2020</p> <p>ZZOOMM</p> <p>Fibre broadband network operator</p> <p>£100m investment by</p> <p>OAKTREE</p>

A decorative background featuring a dark blue gradient with colorful bokeh (orange, blue, green, red) and a network diagram of connected nodes and lines. A large white quotation mark is positioned at the top left of the blue box.

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Silverpeak’s global reach and deep sector expertise were invaluable in securing high-quality strategic investors. Their guidance helped us articulate our equity story to a sophisticated investor base, and we’re grateful for their support in navigating this milestone transaction.

KEVIN HELL, PRESIDENT & CEO, MPOWER TECHNOLOGY



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