Aventis *Advisors*

SaaS Valuation Multiples: 2015-2025

Q4 2025 update

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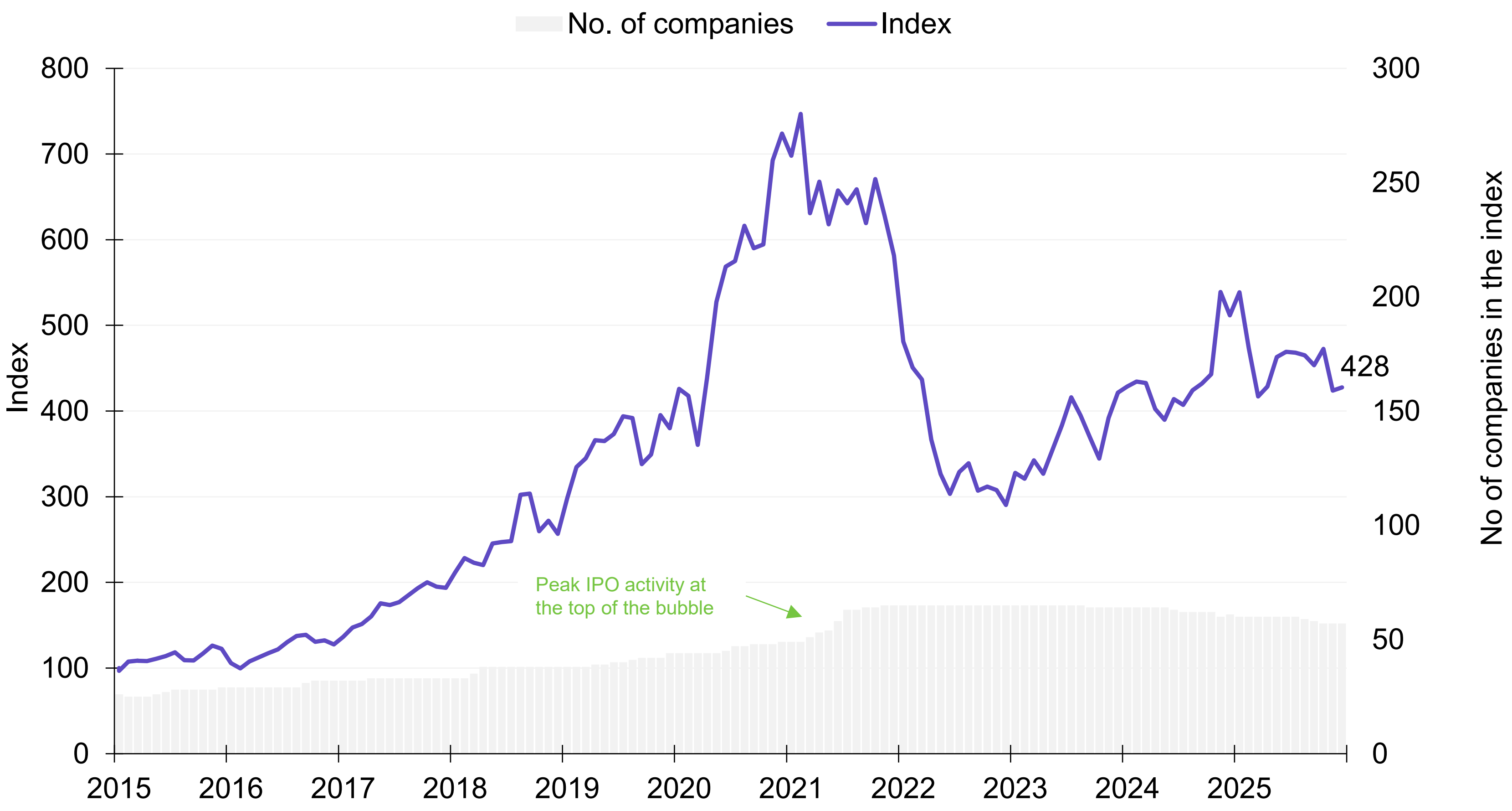
SaaS Valuations: Aventis SaaS Index

SaaS index rebounded in 2024 and stagnated in 2025, but is still very far from its peak in 2021

SaaS Index, 01.01.2015=100



Note: equal-weight index; 01.01.2015=100; IPO date=100 for companies that went public after 01.01.2015

Comment

- Index of SaaS companies has been slowly growing in the 2015-2020 period driven by the expanding valuation multiples, as well as by rapid growth of the companies
- After the unprecedented monetary and fiscal stimulus and COVID digitalization tailwinds, the index jumped in 2020 to over 600 points by early 2021
- After the investor sentiment changed, interest rates grew and profitability came back to focus, investors rushed to sell SaaS companies, especially the ones with no profits

Q4 2025 update

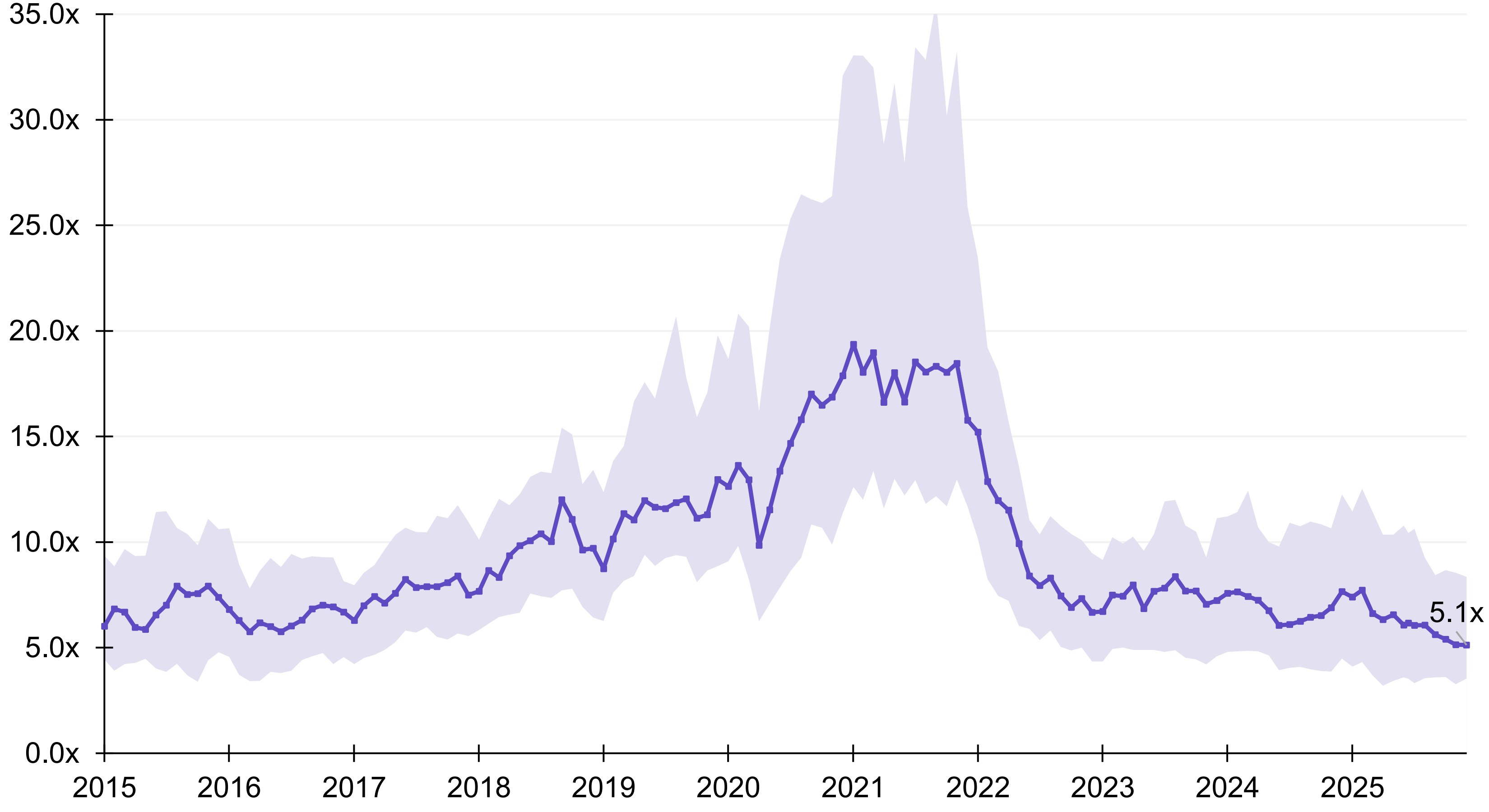
- As of December 2025, the Aventis SaaS Index is down by 16% YTD
- The index value was 428pts at the end of December 2025

Source: S&P Capital IQ

SaaS Valuations: EV/Revenue multiple

EV/Revenue valuation multiples for listed SaaS businesses have started steadily declining in the past few months

Median EV/Revenue multiple, 2015-2025



Comment

- Revenue multiples have been growing slowly between 2015-2019, reaching a median of 13.6x before the COVID drop
- Market drop in March 2020 was short lived, with the multiples quickly recovering
- Many SaaS companies went public during the peak of the valuations, with the 25% highest valued companies trading at above 30x Revenue
- The highest multiple recorded in our sample was Asana, closing at 89.0x LTM Revenue in November 2021

Q4 2025 update

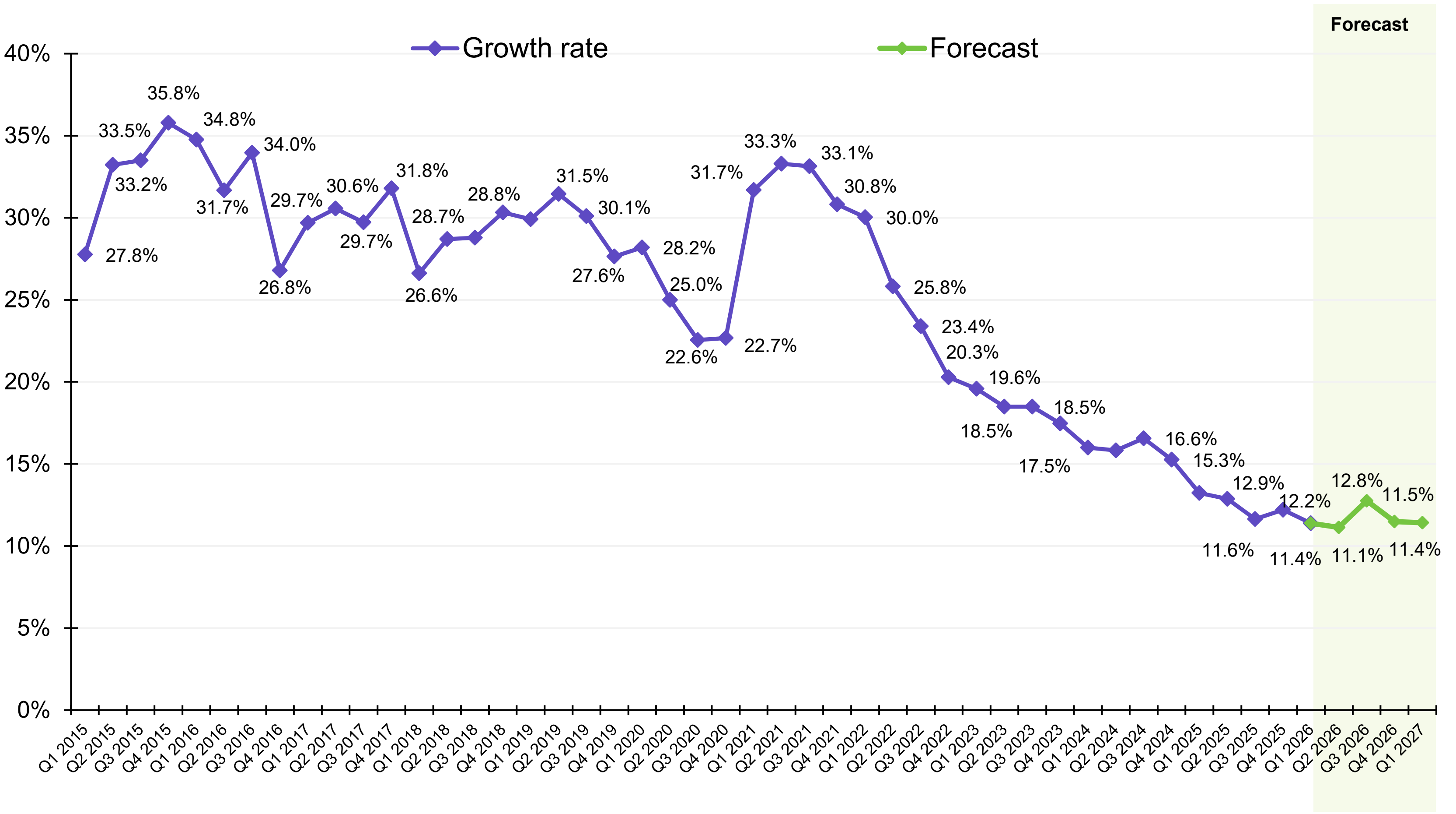
- As end of December 2025, the median revenue multiple was 5.1x

Source: S&P Capital IQ as of 31 Dec 2025

Deep-dive: SaaS growth rates

SaaS revenue growth rates continued to deteriorate, however seem to be stabilizing at a median of 11.4% going into 2026

Median YoY quarterly revenue growth, %



Comment

- SaaS growth rates have been slowly decelerating over the past ten years, as many companies reached scale
- By Q3 2020, the median growth rate of SaaS business declined to 23% YoY
- Pandemic provided a temporarily relief, pulling forward the demand for software and accelerating the growth by 11pp
- After peaking in Q2 2021, the growth rates are slowly returning to the long-term trendline and may even overshoot to the downside in case of a major recession

Q4 2025 update

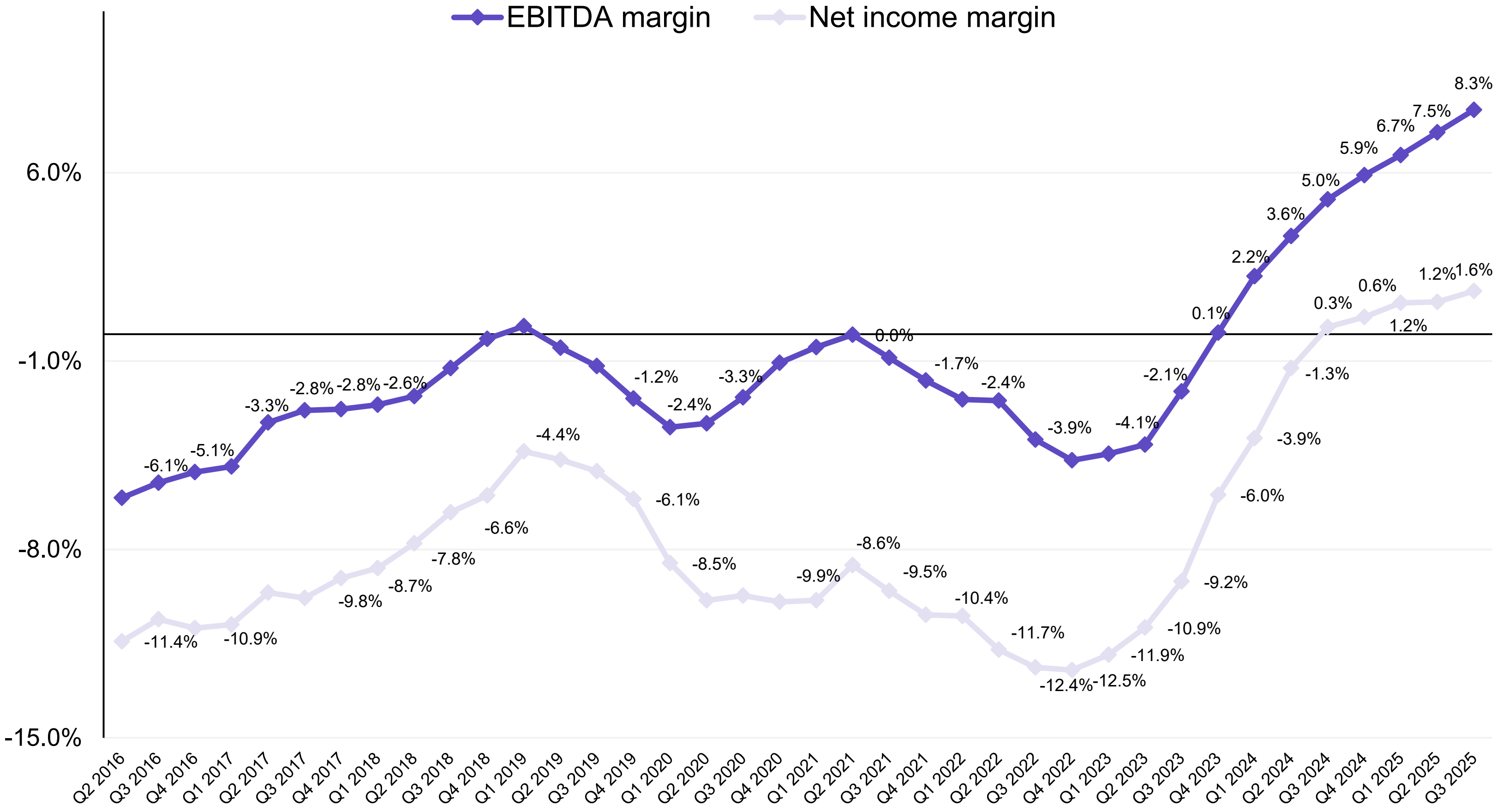
- A continued decline of SaaS growth rate in 2025, driven by lower new adds and a shift of growth in the AI space

Source: S&P Capital IQ

Deep-dive: SaaS profitability

After large layoffs signaling cost control and focus on efficiency, profitability margins of SaaS companies have moved towards positive territory

4 quarters rolling average margin, %



Comment

- Over the 2015-2022 period, a median SaaS company lost money on both Net Income and EBITDA margin basis
- Following the margin increase in 2016-2019, SaaS margins deteriorated again as the companies invested in growth aggressively
- By Q3 2025, both EBITDA and Net Income margins are near their strongest levels in a decade, but the rate of improvement is slowing, indicating that further gains will require revenue growth rather than additional cost cutting

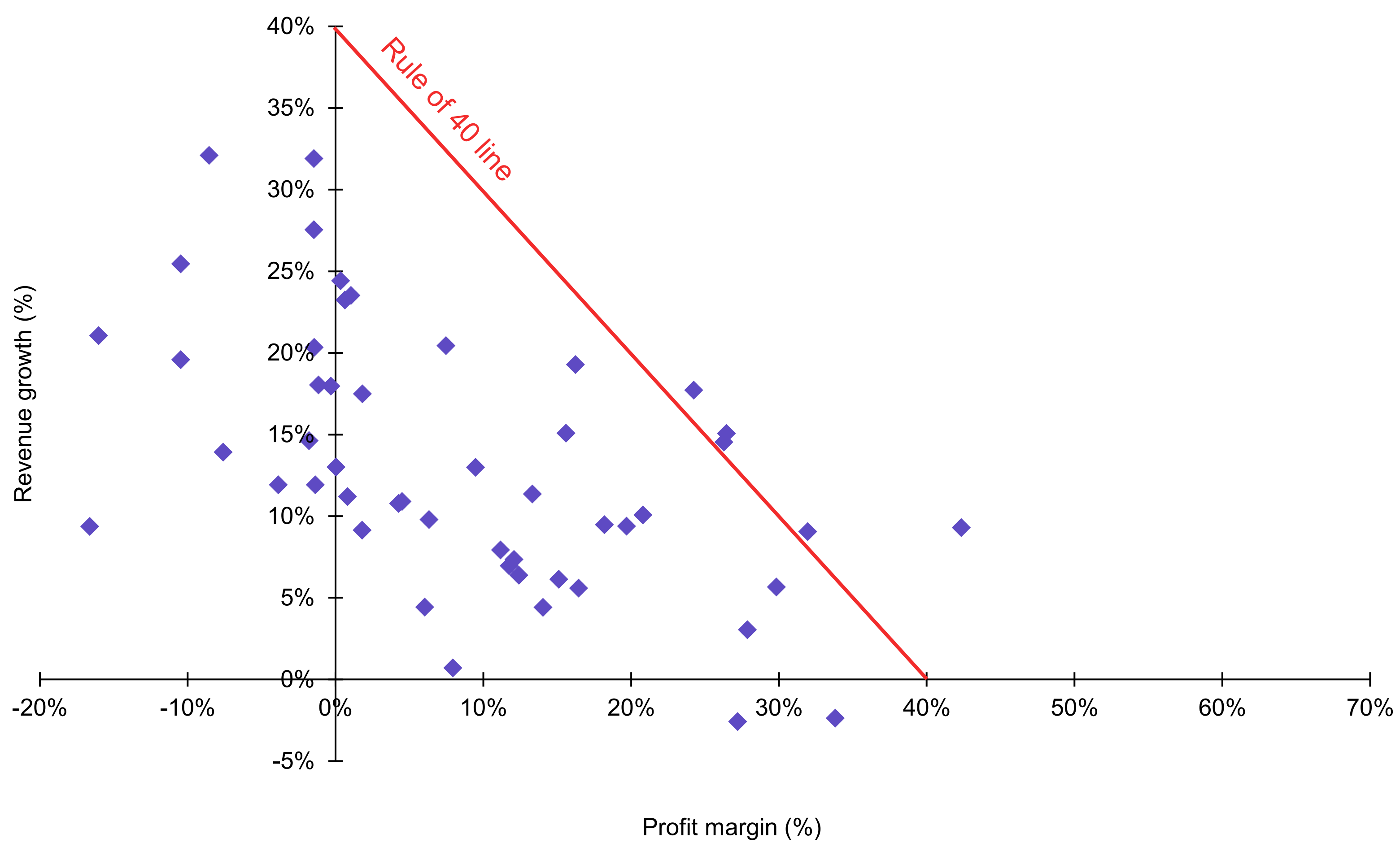
Q3 2025 update

- As of September 2025, SaaS companies have continued to improve profitability, with the median EBITDA margin reaching 8.8% and Net Income margin at 1.6%

Deep-dive: Rule of 40

Very few companies are satisfying Rule of 40 in our analysis from 2015-2025

Profit margin vs. Revenue growth, % As of Q3 2025



Comments

- Among 71 companies in our sample, only a few stayed above Rule of 40 as of Q3 2025
- The companies comfortably above Rule of 40 included Adobe, Shopify, Autodesk,
- Rule of 40 implies a one-to-one tradeoff between a percentage point of revenue growth and margin

Q3 2025 update

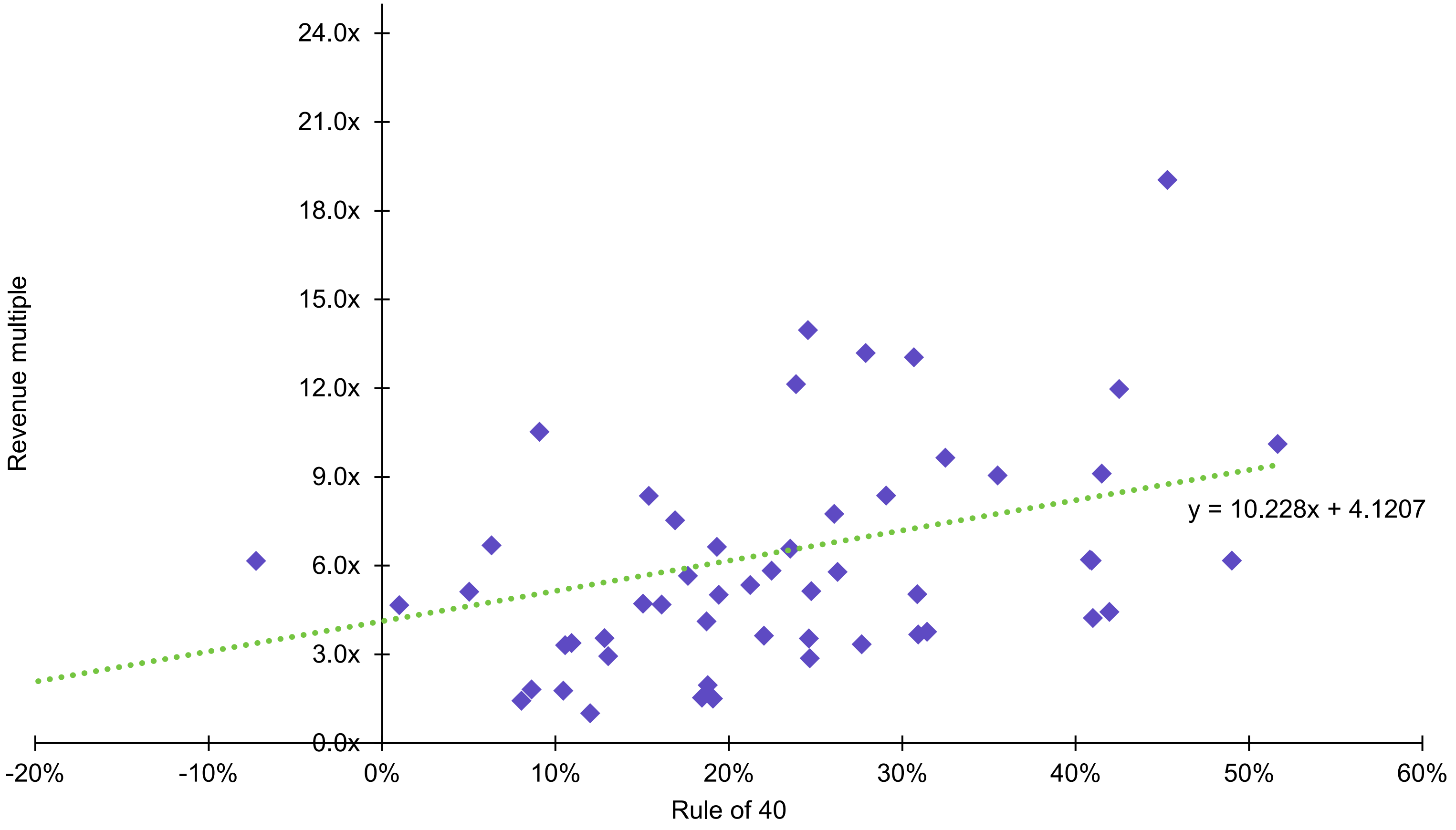
- Most companies still fail to meet the Rule of 40 score
- Out of 58 actively traded SaaS companies in our index, 48 companies had a Rule of 40 score below 40

Source: S&P Capital IQ

Deep-dive: Rule of 40

A 10-point improvement in Rule of 40 metric is generally corresponding to a ~1.02x revenue multiple growth

Revenue multiple vs Rule of 40



Comments

- The Rule of 40 has regained importance as a key predictor of SaaS valuations, with its influence strengthening compared to prior quarters
- Companies with a near-zero Rule of 40 are currently expected to trade at approximately 3.7x revenue, based on the regression intercept
- While higher Rule of 40 scores are generally linked to higher multiples, there remains significant variation, with companies at similar Rule of 40 levels trading between 3x and 20x+ revenue, driven by factors like market positioning and strategic value

Q3 2025 update

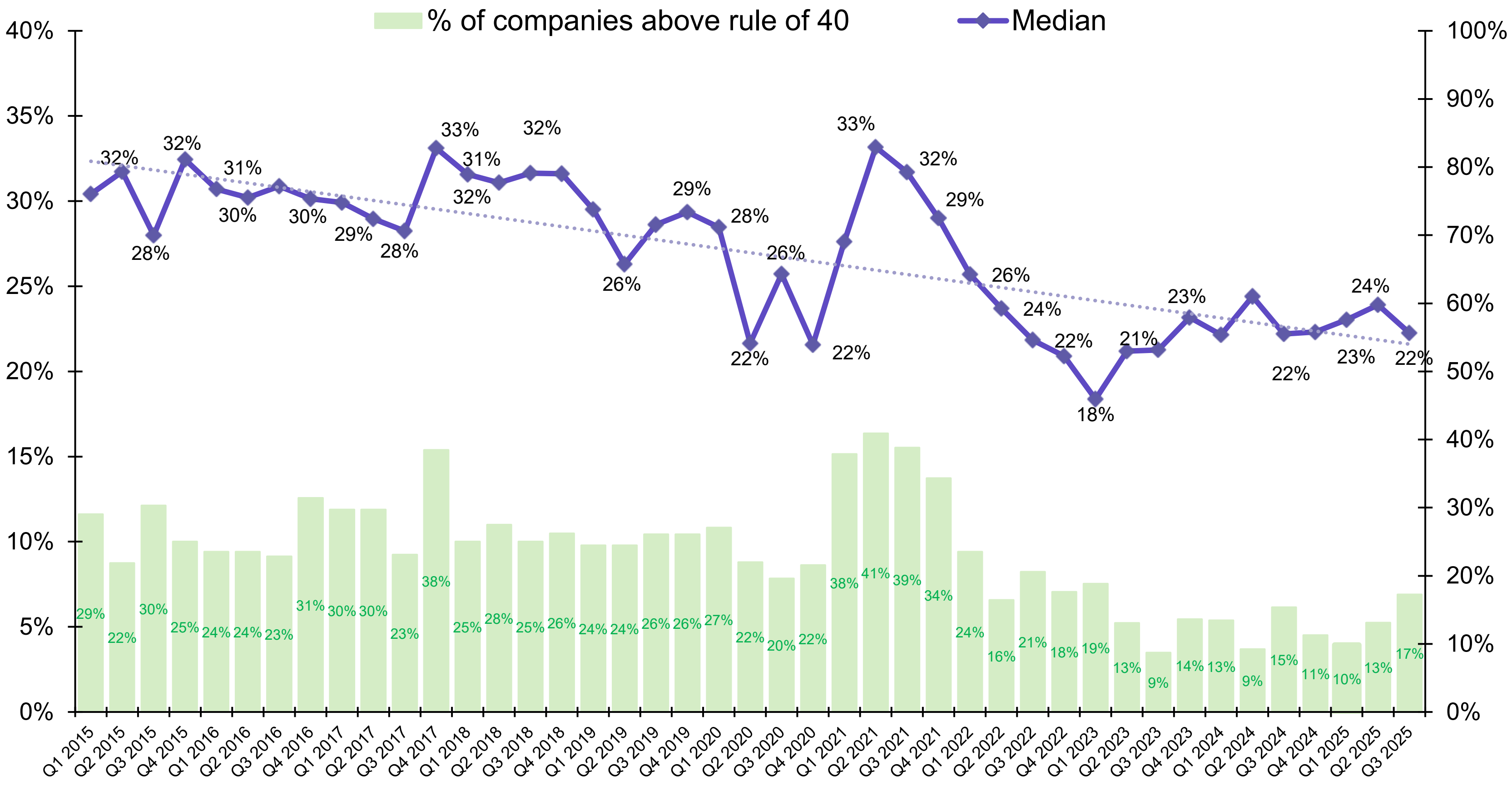
- In Q3 2025, a 10-point increase in the Rule of 40 adds about 1.02x to the EV/Revenue multiple
- This is up from 0.8x in Q1 2025 but slightly below levels seen in September 2024

Source: S&P Capital IQ

Deep-dive: SaaS Rule of 40

Rule of 40 metric for SaaS companies have been slowly declining over the past nine years

Rule of 40, %



Comment

- Rule of 40 for a median SaaS company, calculated as sum of revenue growth and EBITDA margin, has been slowly declining since 2015
- The median Rule of 40 metric declined from around 30% in 2015 to around 20% in 2025

Q3 2025 update

- Only 17% of companies in the index exceeded a Rule of 40 score, while the median score was 22%

Source: S&P Capital IQ

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SaaS Multiples

Since 2015, SaaS companies have had median EV/Revenue of 4.5x and EV/EBITDA of 23.0x

Multiple	Sample (n)	Median deal size	1st quartile	Median	3rd quartile
EV/Revenue	537	**$79M**	**2.4x**	**4.5x**	**8.1x**
EV/EBITDA	227	**$188M**	**12.9x**	**23.0x**	**46.9x**

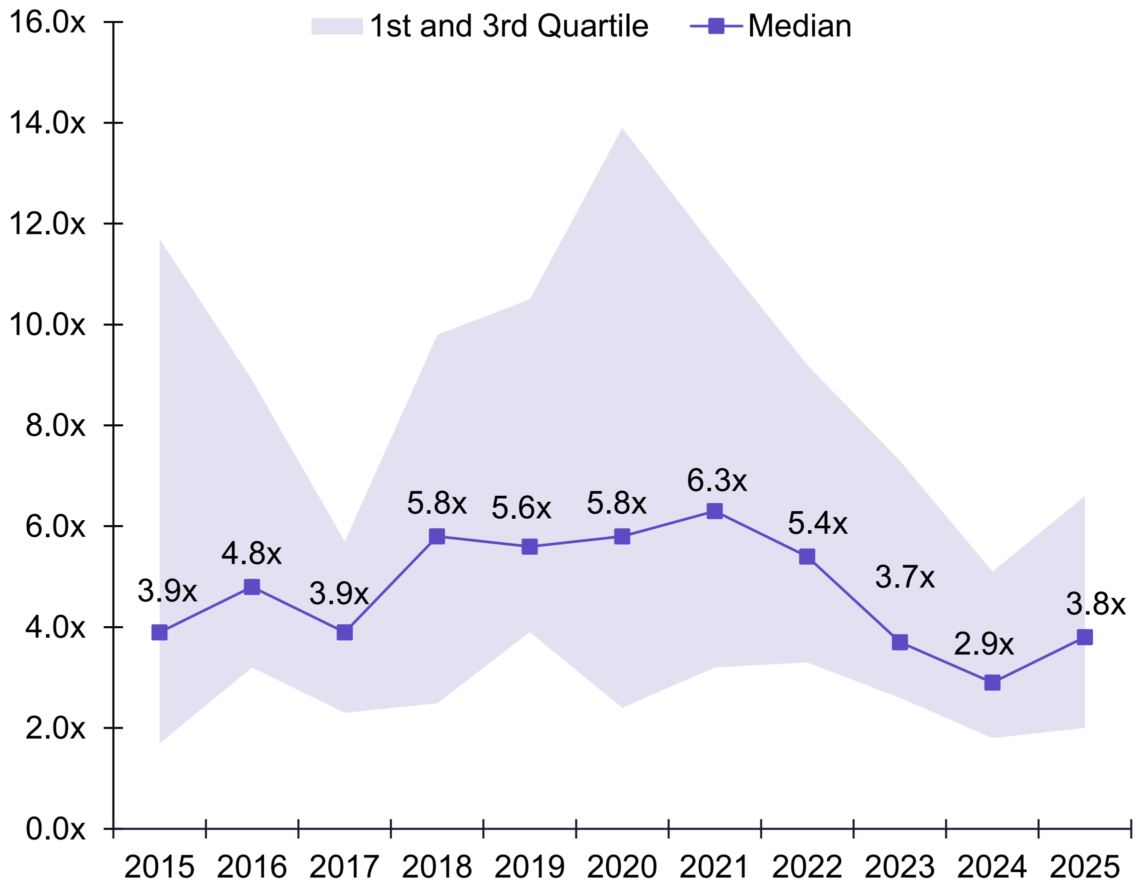
Search criteria:
Industry is Computer Software; Software as a Service (SaaS) targets selected
Deal value and multiples are disclosed
Period: 01.01.2015 – 31.12.2025
N=537 transactions

Source: Mergermarket

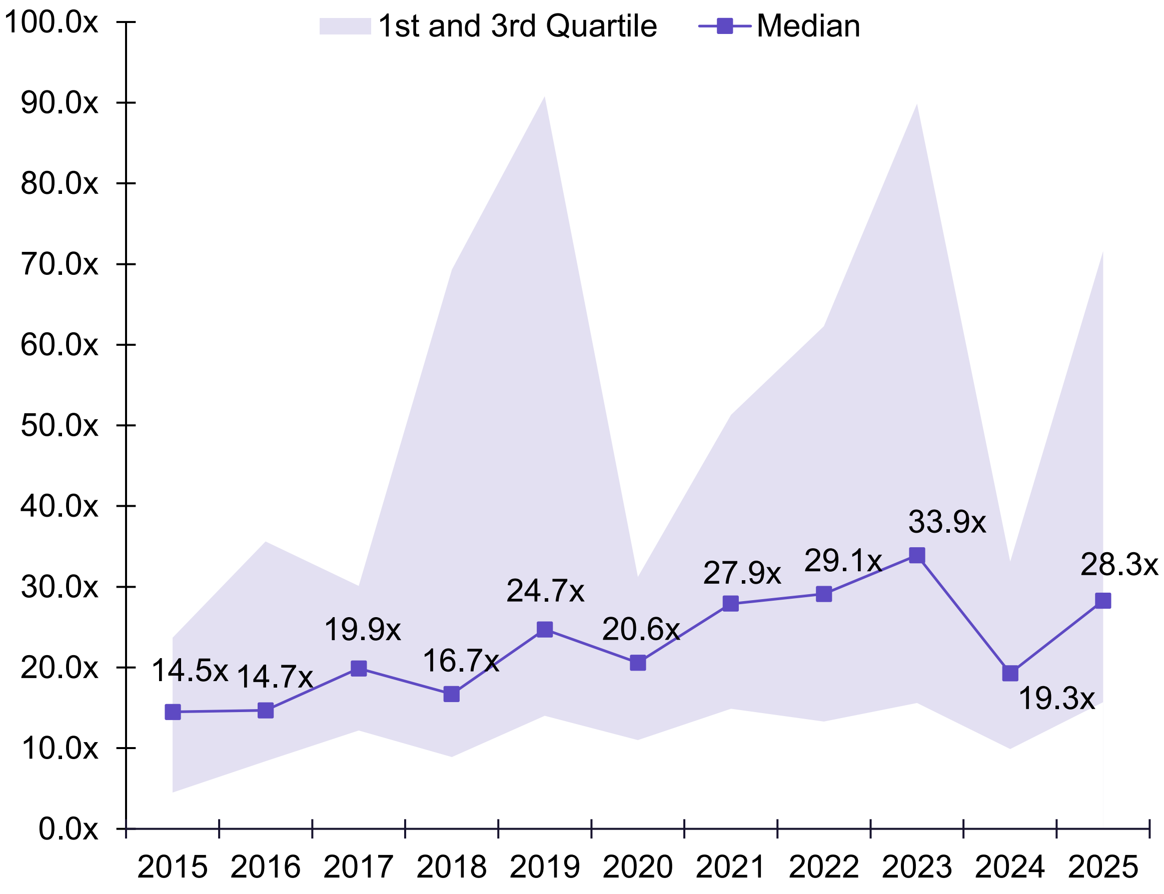
SaaS valuation multiples in M&A transactions

Median valuation multiples increased as large deal share doubled year-over-year

Median EV/Revenue multiple, 2015-2025 (n=537)



Median EV/EBITDA multiple, 2015-2025 (n=227)

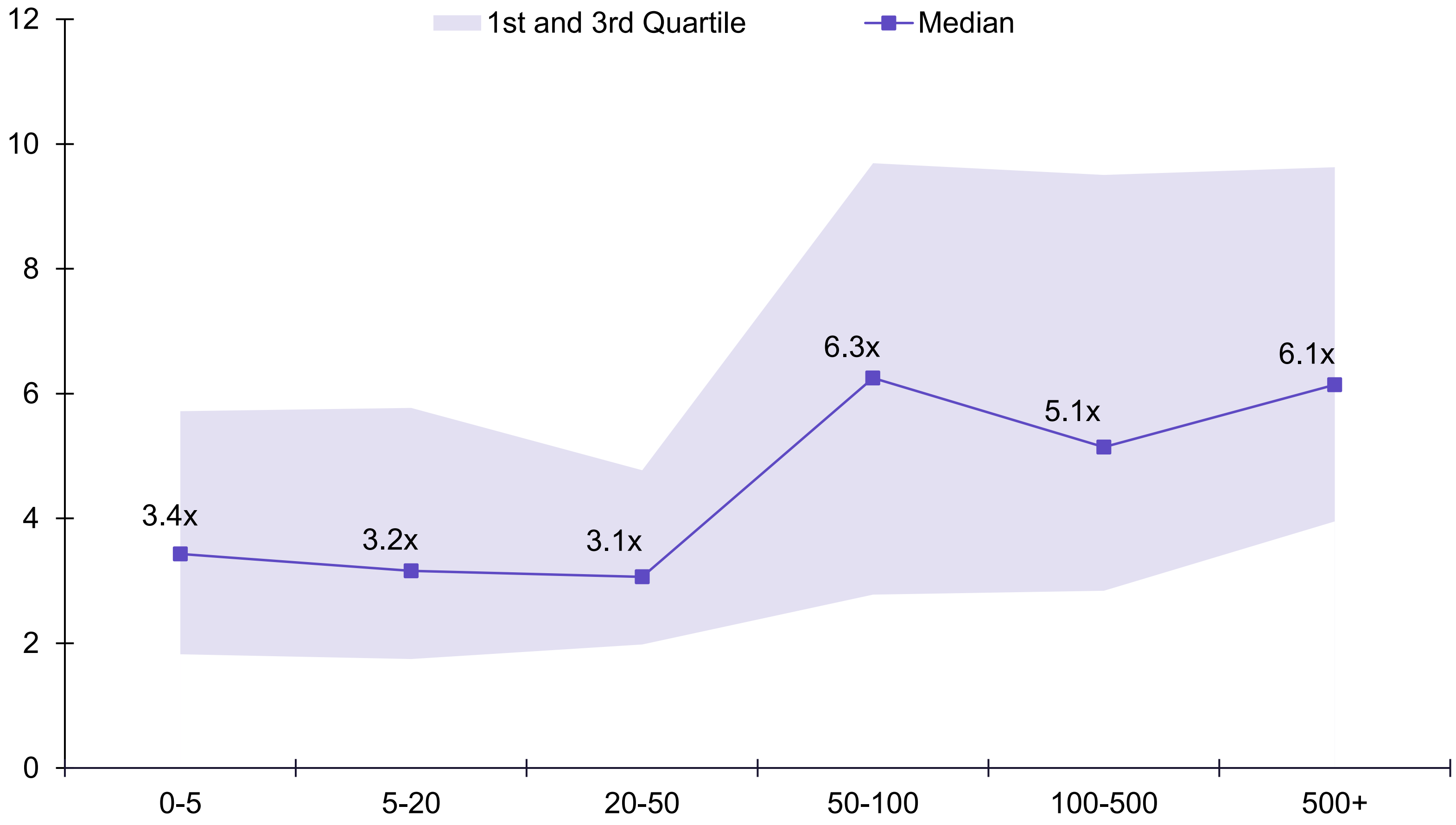


Source: Mergermarket

Valuation drivers: Deal size

Deals above $50M have significantly higher valuations than smaller deals

Median EV/Revenue multiple by deal size, 2015-2025



Key findings

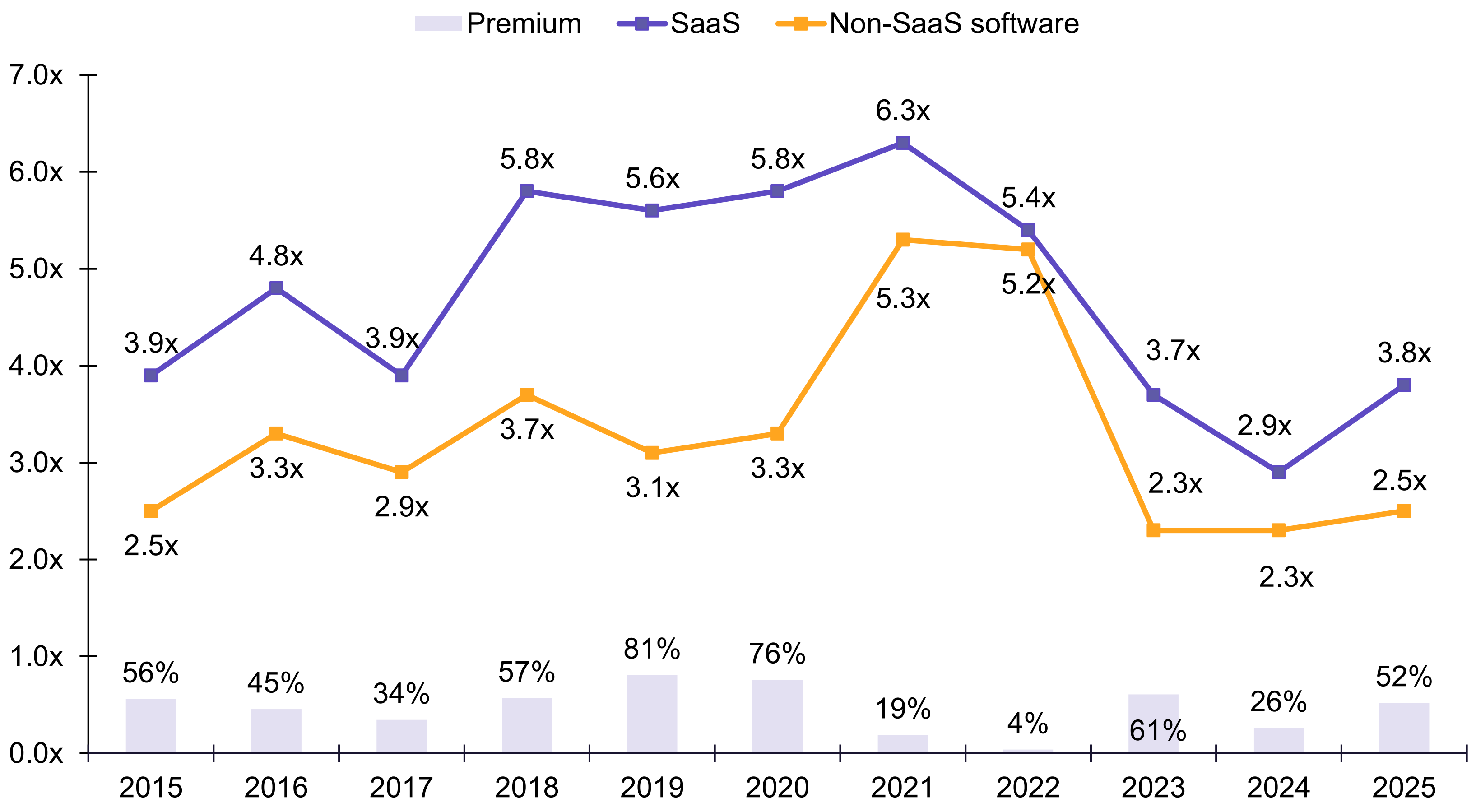
- The EV/Revenue multiple for acquired SaaS companies tends to increase with the size of the company
- The gap between the 1st and 3rd quartile of the EV/Revenue multiple widens as the size of the company increases
- Larger deals include strategic acquirers, take-private transactions, yet the elevated competition for such deals is also a major factor

Source: Mergermarket

Valuation drivers: SaaS vs Non-SaaS business model

SaaS companies continue to trade at higher multiples, with the SaaS premium rebounding sharply in 2025 after years of decline

SaaS vs Non-SaaS software, EV/Revenue multiple



Key findings

- In the sample analyzed, SaaS companies had consistently higher EV/Revenue ratios than other types of software companies
- The “SaaS premium” stayed elevated in the 2015-2020 period but has since declined
- We believe the increased competitiveness of investors for any software deals, as well as ongoing transition to the cloud contributed to its decline

Source: Mergermarket

Valuation drivers: Target location

US SaaS companies made up most acquisitions in the sample and had the highest valuations and deal sizes

Country of Target Company	Number of deals	Median size, m USD	Median EV/Revenue	Median EV/EBITDA
USA	216	430	5.3x	33.4x
United Kingdom	66	26	4.0x	18.0x
Norway	25	27	5.2x	22.7x
Australia	30	58	3.6x	18.1x
Canada	20	73	3.4x	26.1x
France	20	48	2.7x	10.8x
Other	160	22	3.3x	18.1x
Total	**537**	**79**	**4.5x**	**23.0x**

Source: Mergermarket

About Aventis Advisors

We advise founders of **technology and growth** companies on company exits and strategy.

Our focus sectors are **Software and IT Services.**

Our job is to make sure you **sell at the right time to the right people** for the best valuation.

Technology M&A focus

Cross-border expertise

Thought leadership

Contact us

Get in touch with our advisors to discuss how much your business could be worth and how the M&A process looks.

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