KROLL™

Global Software Sector Update

Industry Insights

Fall 2025

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Executive Summary

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2025 Deal Volume Is Already on Par with 2024, with One Quarter Remaining; Deal Value Is the Third Highest in the Past Decade

Q3 2025 Deal Volume Sets a New Record Surpassing Q1 2025; Third Quarter with Over 700 Deals in a Row

Deal Activity and Multiples Are Increasingly Bifurcated, Rewarding the Top Quartile in both Public and Private Markets

Key Market Updates

Software M&A activity accelerated further in Q3 2025, with year-to-date deal volume already matching the full year 2024. The market is now on track to exceed last year's total by 33%. Q3 set a new record, surpassing Q1, marking the third consecutive quarter with more than 700 transactions. Deal value for 2025 is projected to reach $307.7 bn by year-end—the highest since 2021. Q3 deal value rose 30% year-over-year, driven by a surge in transactions above $10 bn, including Palo Alto Networks' $24.1bn acquisition of CyberArk and Thoma Bravo's $12.7bn acquisition of Dayforce.

Activity remains bifurcated between mega-cap (> $10bn) transactions—where depressed public valuations create opportunities for large PE, sovereign wealth funds and major strategics—and sub-$100mn bolt-on acquisitions. The middle market ($100mn–$1bn) has yet to see a sustained rebound as both buyers and sellers remain cautious in a slower-growth, lower-multiple environment.

PE activity rebounded sharply, recording the highest number of PE-led deals since Q1 2022. Strategic buyers continue to pay meaningful premiums, with median enterprise value/last 12 months (EV/LTM) revenue multiples rising to 5.4x for strategics versus 4.6x for financial buyers, the largest strategic premium in over a decade. In public markets, SaaS valuations remained close to their 15-year median of 5.1x, despite a modest 4% decline in Q3. Top-quartile multiples expanded while the bottom quartile held flat, underscoring the ongoing polarization in both public and private markets.

This activity unfolds against a backdrop of moderating growth in the $435 bn enterprise software market. Gartner recently revised its 2025 forecast to 11.1%, down from 12.4%, citing an "uncertainty pause" in new project spending as enterprises reassess priorities amid tariff and macro headwinds and the rapid adoption of generative AI. The GenAI wave remains both a disruptive force and a structural tailwind for software spend, with many SaaS vendors re-engineering operations and products to capture the expected re-acceleration from 2026 onward.

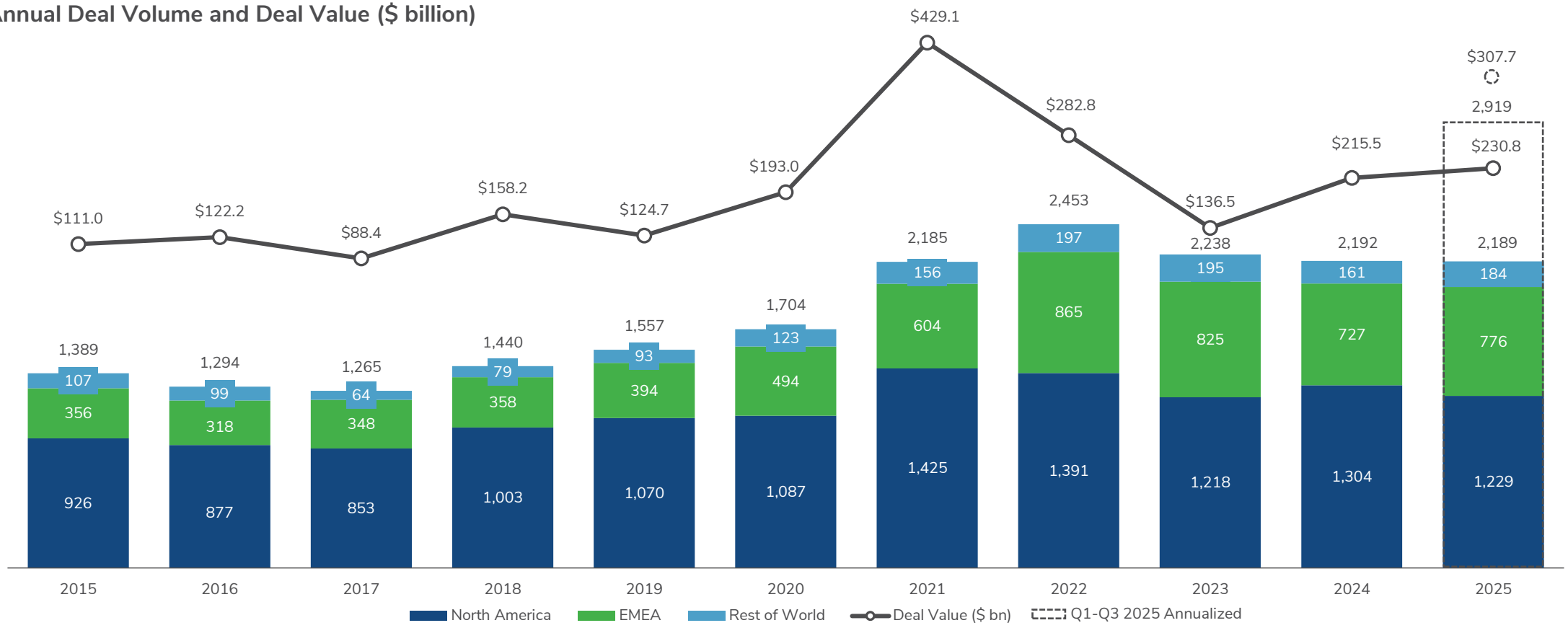
Key themes in Q3 included sustained strength in vertical market software, valued for deep domain expertise, high customer retention and artificial intelligence (AI) leverage potential. Notable vertical deals included EQT's acquisition of NeoGov (government), Xplor's acquisition of ClubEssential (hospitality) and Thoma Bravo's acquisition of Olo (hospitality/restaurant tech). Cybersecurity, HR software and AI platforms also saw elevated activity. Entering Q4, confidence is building in the middle market, suggesting the long-awaited recovery is beginning to filter through the broader ecosystem.

Source: Gartner, Pitchbook, 451 Research, Capital IQ as of September 30, 2025

2025 Deal Volume Is Already on Par with 2024, with a Quarter Remaining; Deal Value Is the Third Highest in the Past Decade

2025 Deal Volume Is Projected to Surpass 2024 by 33%, While Deal Value Is Expected to Be the Highest Since 2021

Annual Deal Volume and Deal Value ($ billion)



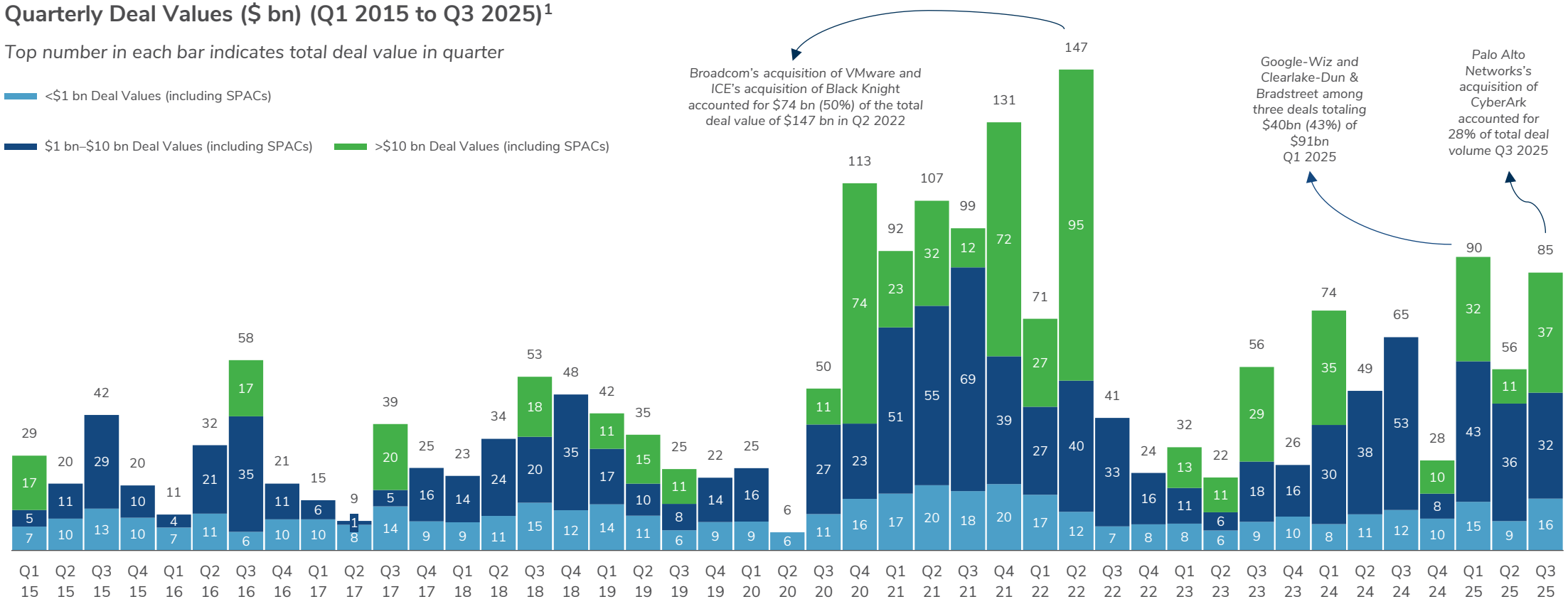
Source: 451 Research and Mergermarket as of September 30, 2025

Q3 2025 Deal Value Rose 30% Year-over-Year, Driven by an Uptick in Deals Over $10 Billion

Deal Value in the <$ 1 bn Range Increased by 22% Compared to Q3 2024

Quarterly Deal Values ($ bn) (Q1 2015 to Q3 2025)[1]

Top number in each bar indicates total deal value in quarter



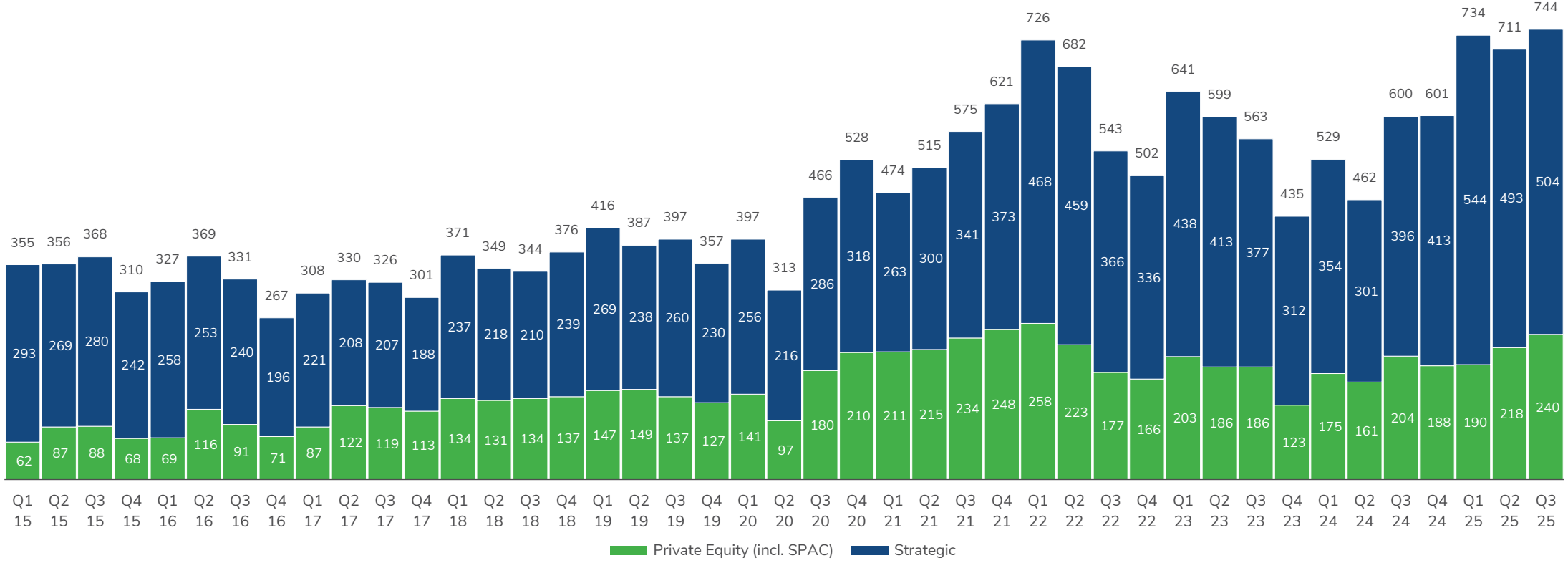
[1]Between January 1, 2015, September 30, 2025; SPAC = Special Purpose Acquisition Company
Source: 451 Research and Mergermarket as of September 30, 2025

Q3 2025 Deal Volume Sets A New Record Surpassing Q1 2025; Third Quarter with Over 700 Deals in a Row

Q3 Deal Volume up 24% Year on Year, with Number of PE Deals Highest Since Q1 2022

Quarterly Deal Volume (Q1 2015 to Q3 2025)[1]

Top number in each bar indicates total deal volumes in quarter



[1]Between January 1, 2015, and September 30, 2025; Private Equity includes acquisitions made by PE-backed platforms, whereby the PE holds a majority stake in the acquirer
Source: 451 Research and Mergermarket as of September 30, 2025

Top Six Software Acquisitions over Q3 2025 by Enterprise Value

July 2025

CYBERARK acquired by paloalto NETWORKS

$24.1 bn | 22.0x

CyberArk provides cloud-native identity security and Privileged Access Management (PAM) software and services for businesses globally. The software enables secure access for human and machine identities across hybrid and multicloud environments, with features for intelligent privilege controls, adaptive multifactor authentication, lifecycle automation and threat detection.

Palo Alto Networks's acquisition marks a formal entry into Identity Security (IS), establishing it as a core pillar of the company's multiplatform strategy. Combining CyberArk's long-standing leadership in IS and PAM with Palo Alto Networks' comprehensive AI-powered security platforms will extend privileged identity protection - foundational technology that is essential for securing the AI era.

August 2025

dayforce acquired by THOMABRAVO

$12.7 bn | 6.9x

Dayforce provides AI-powered human capital management software for businesses globally. The software provides features for payroll management, people analytics, workforce management, document management, training, talent management and reporting.

Thoma Bravo's acquisition creates a significant opportunity to accelerate growth, deepen customer impact and continue to drive innovation across the global Human Capital Management (HCM) landscape. Thoma Bravo views Dayforce as a clear category leader that is poised to define the future of HCM in the age of AI, and supports Dayforce's differentiated platform, global scale and world-class team, making it well-positioned to meet the growing and evolving needs of employers and employees around the world.

September 2025

HEXAGON SMART SOLUTIONS (D&E business) acquired by cadence

$3.2 bn | 10.9x

Hexagon Smart Solutions provides AI-powered electronic design automation (EDA) software, hardware emulation and prototyping and IP for businesses globally. The software provides features for the automation of semiconductor and PCB design tasks and enables verification through simulation, debug analysis and emulation.

Cadence's acquisition will allow it to serve a broader customer base, including leading aerospace and automotive OEMs and Tier 1 suppliers such as Volkswagen Group, BMW, Toyota, Lockheed Martin, BAE and Boeing, among others, which use Hexagon's D&E solutions for mission-critical simulation workflows. Hexagon's high-margin D&E unit also boosts Cadence's competitive edge, aligning with AI adoption in automotive/aerospace.

July 2025

NEOGOV acquired by EQT

$3.0 bn | 13.6x

NEOGOV provides HR and compliance management software and related mobile applications for businesses in the government agencies in the U.S. The software provides features for candidate relationship management, payroll, time and attendance, policy management, recruiting and applicant tracking, background investigation, performance management, employee documents, analytics and reporting, learning and training management, onboarding and talent development.

EQT's investment will enable NEOGOV to continue developing its product capabilities and enhance its AI offering. In addition, EQT's deep software expertise and network will help the company to accelerate new logo wins and expand within NEOGOV's highly satisfied customer base.

September 2025

CLUBESSENTIAL HOLDINGS acquired by xplor

$3.0 bn | N/A

Clubessential Holdings operates and invests in businesses that provide golf, city, office and yacht private club management enterprise resource planning (ERP) and customer relationship management (CRM) software to businesses globally. The software provides features for recruitment, website management, accounting, marketing automation, budgeting, forecasting, sales automation, automated task management and reservation management.

Xplor Technologies, backed by Advent International, acquired Clubessential to create a combined, scaled global platform for software and payments in the fitness, wellness, childcare and field services industries, accelerating innovation, expanding market reach and combining complementary technologies.

July 2025

ACCULYNX acquired by Verisk

$2.4 bn | N/A

AccuLynx provides business management software for residential roofing contractors in the U.S. The software provides features for lead generation, sales and customer relationship management (CRM), virtual measurements, materials ordering, labor sourcing, payment processing and job management.

Verisk's acquisition of AccuLynx enhances its Property Estimating Solutions (PES) portfolio by adding highly complementary capabilities by enabling more streamlined contractor workflows and greater efficiency across the insurance ecosystem. Additionally, AccuLynx's strong revenue growth and attractive EBITDA margins will be highly accretive for Verisk.

EV = enterprise value; LTM = last twelve months

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Source: 451 Research, Mergermarket, Press Releases as of September 30, 2025

Note: Acquisition of EA was excluded due to consumer facing

EV | EV/LTM Rev

Other Notable Software Deals during Q3 2025

Strategic Deals (Q3 2025)

Date	Target	Acquirer	Enterprise Value and Multiple[1]	Target Abstract
Jul-25	iodine	WAYSTAR	$1.2 bn N/A	Healthcare CDI SaaS
Sep-25	1 WORLD SYNC	Syndigo	$1.1 bn N/A	Content orchestration software
Sep-25	Sana	workday.	$1.1 bn N/A	Enterprise learning management software
Sep-25	STATSIG	OpenAI	$1.1 bn N/A	Software development tool
Sep-25	vimeo	BENDING SPOONS	$1.1 bn N/A	Video creation & management software
Jul-25	CALASTONE	SS&C	$1.1 bn N/A	Fund transaction automation software
Aug-25	PARADOX	workday.	$1.0 bn 7.1x	Conversational recruiting assistant software
Sep-25	DX	ATLASSIAN	$1.0 bn N/A	Developer intelligence software
Jul-25	COGNIGY	NiCE	$960 mn N/A	Customer service conversational AI software
Sep-25	NOZOMI NETWORKS	MITSUBISHI ELECTRIC	$950 mn N/A	OT & IoT security management software
Aug-25	SmartRecruiters	SAP	$900 mn N/A	Talent acquisition software

PE Deals[2] (Q3 2025)

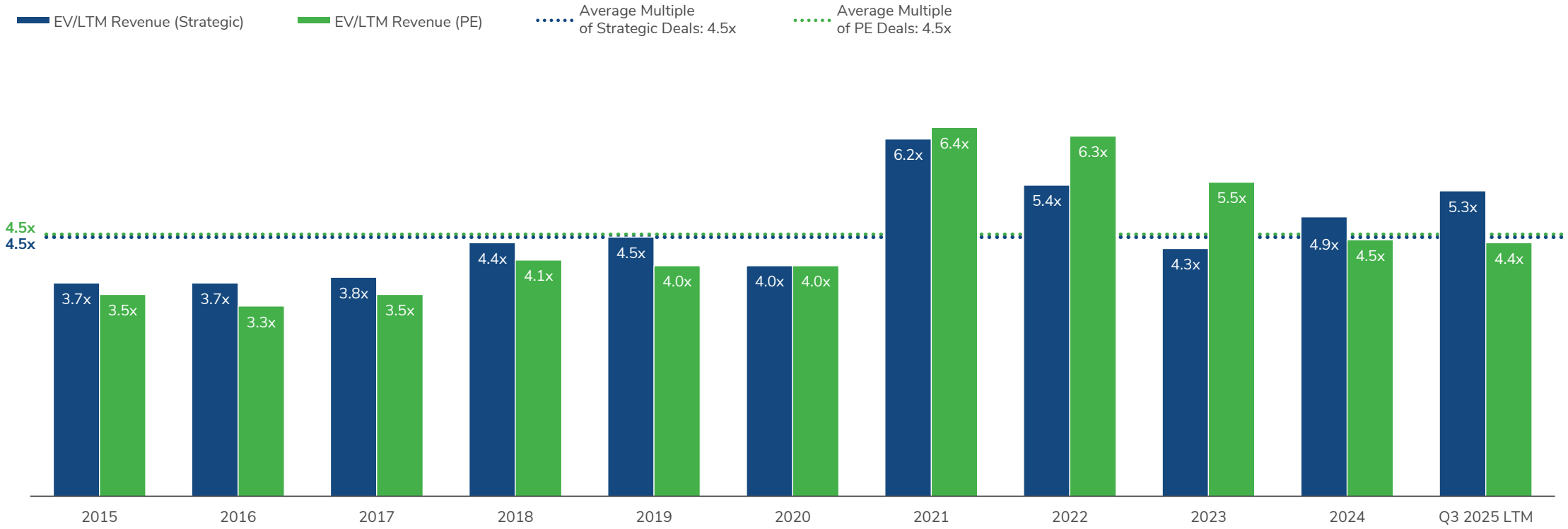
Date	Target	Acquirer	Enterprise Value and Multiple[1]	Target Abstract
Aug-25	SAPIENS	Advent	$2.3 bn 4.2x	Insurance management SaaS
Aug-25	VERINT	THOMABRAVO	$2.1 bn 2.3x	Contact center & customer engagement software
Aug-25	meridianlink	Centerbridge	$2.0 bn 6. 2x	Digital lending & loan origination software
Sep-25	IAS	NOVACAP	$1.8 bn 3.2x	Digital advertising verification software
Jul-25	olo	THOMABRAVO	$1.6 bn 5.1x	Online ordering & delivery management software
Sep-25	PROS	THOMABRAVO	$1.4 bn 4.1x	Price optimization & management software
Aug-25	sendinblue	GENERAL ATLANTIC Oakley Capital	$1.2 bn N/A	Self-service solution software
Aug-25	first due	JMI EQUITY	$810 mn 16.2x	Public safety operations management software
Sep-25	GE VERNOVA (Manufacturing software business)	TPG	$600 mn N/A	Manufacturing execution system software
Jul-25	Wolters Kluwer (Finance, Risk and Regulatory Reporting)	REGNOLOGY NORDIC CAPITAL	$520 mn 4.1x	Regulatory reporting software
Sep-25	AUTOMIC GROUP	Advent	$480 mn N/A	Investor administration management software

[1]Deal Multiple = Enterprise Value/LTM Revenue, unless otherwise specified; [2]PE deals include acquisitions made by PE-backed strategics, whose owners are indicated below the gray line, and exclude deals involving SPAC vehicles; All trademarks, trade names or logos referenced herein are the property of their respective owners;
Source: 451 Research and Mergermarket as of September 30, 2025

Strategic Multiples Have Recovered to 2022 Levels, While PE Multiples Have Stabilized Around Their Long-Term Average

Strategic Buyers Continue to Pay Premiums for Strategic Assets

Annual Median Deal Multiples



EV = Enterprise Value or Market Capitalization + Total Debt – Cash
PE deals include acquisitions made by PE-backed strategics
Source: 451 Research as of September 30, 2025

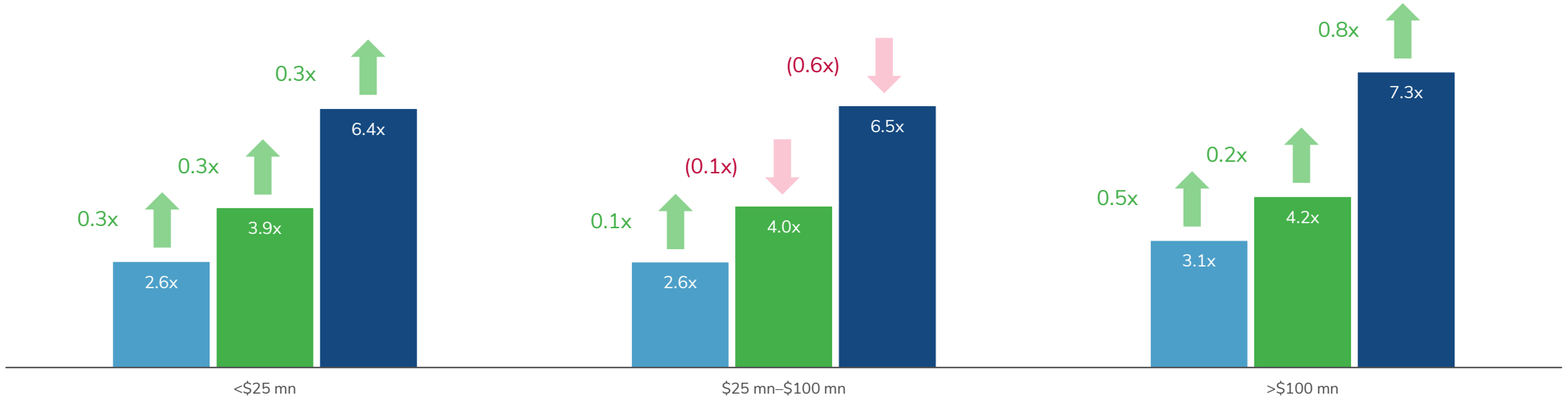
SaaS Deal Multiples in Most Revenue Brackets Have Stabilized, with a Small Uplift Compared to Q2 2025

Only $25 mn - $100 mn Bracket Saw a Slight Decrease in Median and Top Quartile Multiples

Deal Multiples Quartiles by Last 12 Months Revenue

First Quartile | Median | Third Quartile

Values in green / red indicate change in multiples compared to Q2 2025 EV / Revenue multiples



Transactions selected are based on the following parameters: (i) target company with SaaS business model; (ii) transaction announced between September 30, 2023, and September 30, 2025; (iii) disclosed EV/LTM revenue multiple; and (iv) excluding outliers and SPAC transactions
Source: 451 Research and Mergermarket as of September 30, 2025

Kroll's Technology Investment Banking Practice Tracked Universe of Public Software Companies

Analytics & Data Management
AvePoint, C3.ai, coveo, DATADOG, DOMO, dynatrace, elastic, FICO, GBG, Mitek, opentext, PagerDuty, Palantir, teradata., Verisk, veritone

Collaboration & Productivity
asana, ATLASSIAN, box, docusign, Dropbox, jamf, monday.com, Planisware, zoom

Customer Experience & Engagement
agora, Enghouse Systems, Five9, NICE, RingCentral, SoundHound, TeamViewer, twilio, text|

Marketing
Adobe, Amplitude, APPLOVIN, BIGCOMMERCE, braze, dotdigital, DV DoubleVerify, Figma, freshworks, HubSpot, klaviyo, LIVEPERSON, /LiveRamp, PEGA, salesforce, SEMRUSH, shopify, similarweb, sprinklr, sproutsocial, YeXT, zoominfo, ZETA

Cybersecurity
CHECK POINT, CROWDSTRIKE, Extreme networks, f5, FORTINET, F-Secure, Gen, netskope, okta, paloalto, Qualys, radware, RAPID7, rubrik, SailPoint, SentinelOne, tenable, TREND, VARONIS, zscaler

Vertical Software
appfolio, agilysys, blackbaud, CBRAIN, CCC, cerillion, CONSTELLATION SOFTWARE INC, the craneware group, Dye & Durham, doximity, Evercommerce, GitLab, HealthStream, idox, INTAPP, mntn, PROCORE, ReposiTrak, samsara, ServiceTitan, Unity, Veeva, VTEX, WAYSTAR, weave

Engineering
AUTODESK, Bentley, cadence, CMG, DASSAULT SYSTEMES, HEXAGON, NEMETSCHEK GROUP, PDF/SOLUTIONS, ptc, Roper, SYNOPSYS, Trimble

ERP & Supply Chain
DESCARTES, KINAXIS, Manhattan, Microsoft, ORACLE, SAP, servicenow, SPS COMMERCE, technology, TOTVS, wisetech global

Financial & Accounting
bill, BLACKLINE, Expensify, INTUIT, onestream, Sage, Wolters Kluwer, Workiva, xero, VERTEX

Banking & Insurance
Alfa, Alkami, Broadridge, CLEARWATER ANALYTICS, FIS, FINEOS, GUIDEWIRE, VERTICALS, iress, meridianlink, MSCI, ncino, Q2, SS&C, temenos

HCM
ADP, ATOSS, docebo, PAYCHEX, paycom, Paycor, paylocity, workday

Infrastructure
74Software, Akamai, appian, CISCO, CLOUDFLARE, Commvault, CONFLUENT, DigitalOcean, fastly, JFrog, MongoDB, N-ABLE, NetApp, NETSCOUT, NUTANIX, OVHcloud, Progress, PURESTORAGE, snowflake, UiPath, VERISIGN

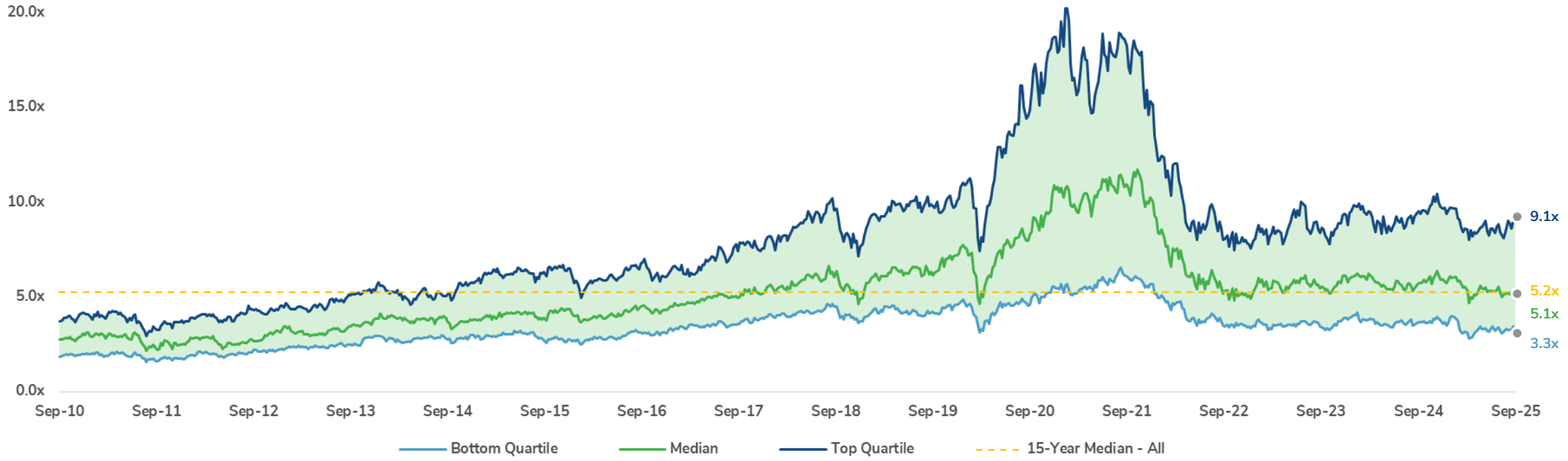
ERP = Enterprise Resource Planning; HCM = Human Capital Management
Source: S&P Global Market Intelligence as of September 30, 2025, including the most actively traded software companies for respective covered sectors and excluding most microcap companies
All trademarks, trade names, or logos referenced herein are the property of their respective owners

Public SaaS Companies' EV/NTM Revenue Multiples in Line with the 15-Year Median

Median Multiple Trading at 5.1x EV/NTM Revenue Versus Long-Term Average of 5.2x

Performance of Our Technology Investment Banking Practice SaaS Index over the Past 15 Years

EV/NTM Revenue



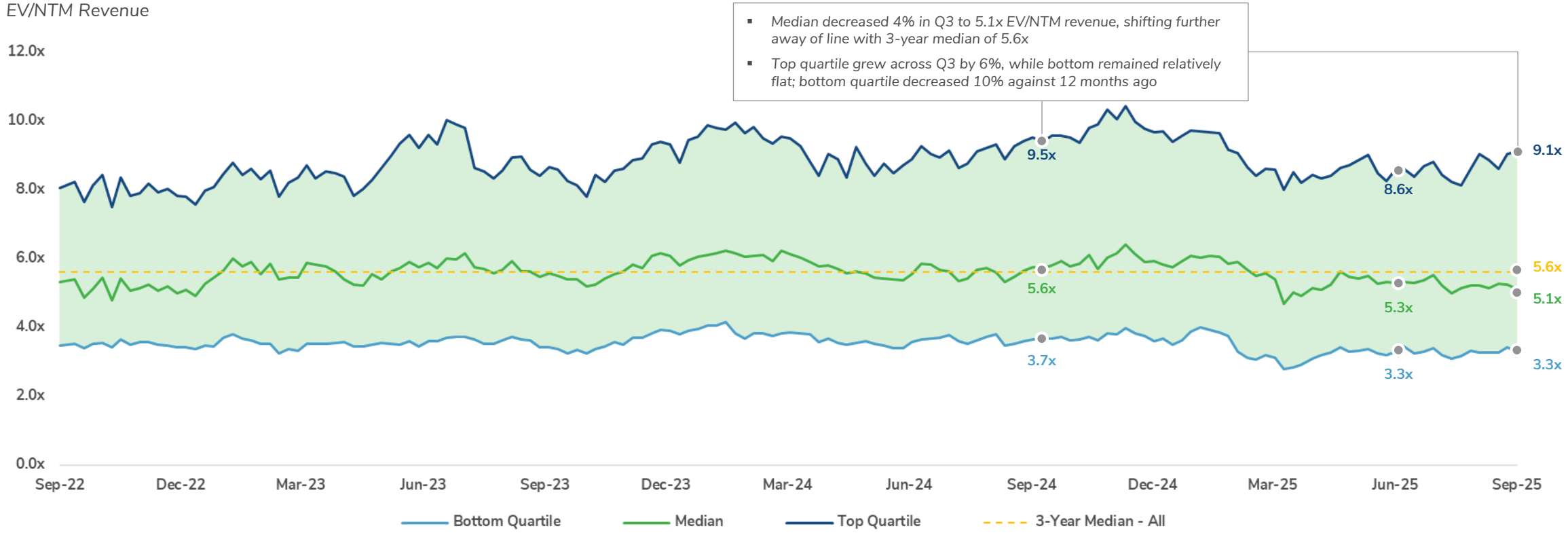
Our Technology Investment Banking Practice SaaS Index includes 178 companies that offer SaaS solutions; NTM = Next Twelve Months
Source: Capital IQ as of September 30, 2025

Revenue Multiples Have Remained Relatively Flat in the Last 3 Years, with a Modest Decrease in Q3 2025

Median EV/NTM Revenue Multiple Decreased by 4% in Q3, Remaining Below the 3-Year Median

Performance of Our Technology Investment Banking Practice SaaS Index over the Past Three Years

EV/NTM Revenue

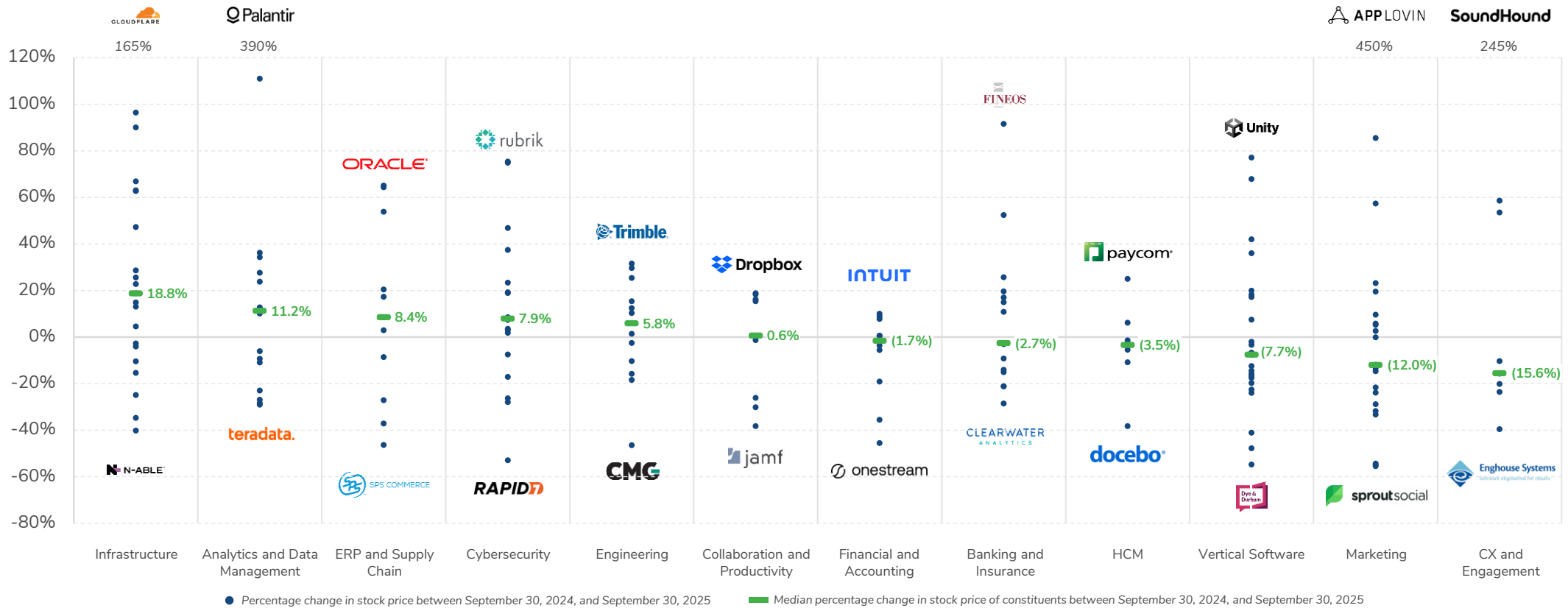


Our Technology Investment Banking Practice SaaS Index includes 178 companies that offer SaaS solutions; NTM = Next Twelve Months
Source: Capital IQ as of September 30, 2025

Last 12 Months Performance of Stock Prices

Positive Performance Across Half of the Subsectors, with Significant Differences between High and Low Performers

Performance of Our Technology Investment Banking Practice's Tracked Software Universe between September 30, 2024, and September 30, 2025

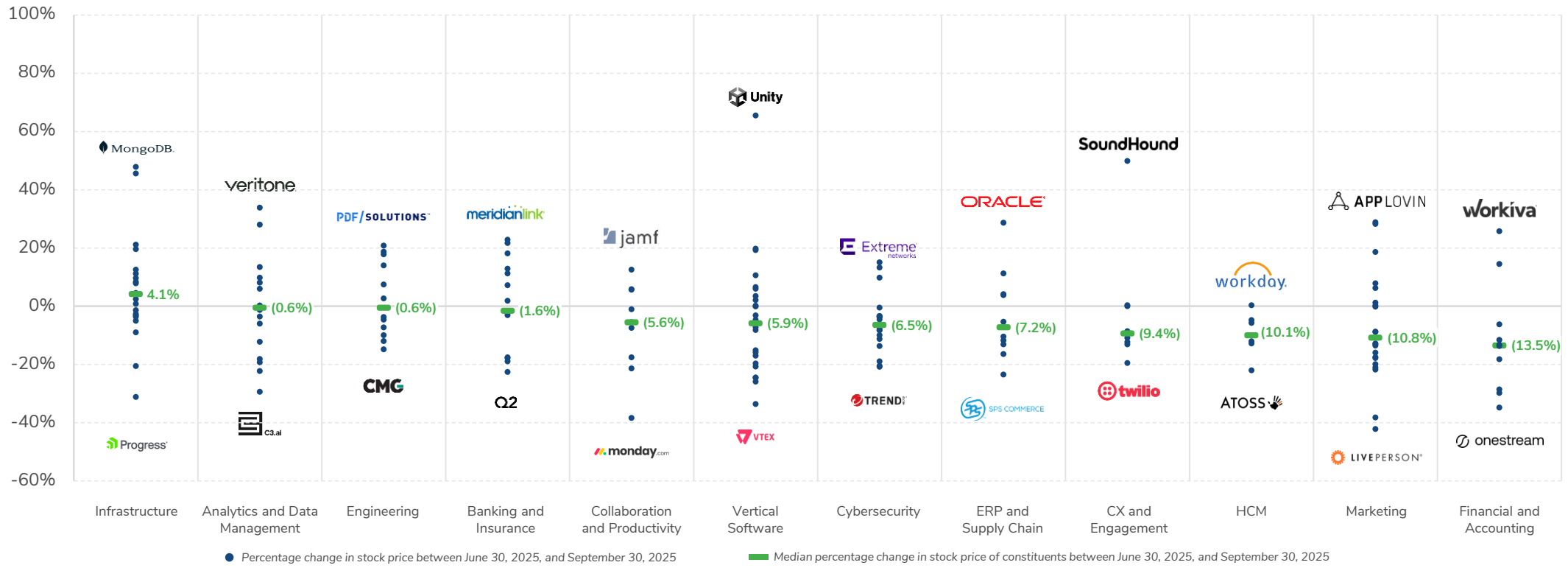


Does not include companies listed after June 30, 2025; Buckets ordered by median percentage change in stock price between September 30, 2024, and September 30, 2025; All trademarks, trade names, or logos referenced herein are the property of their respective owners
Source: Capital IQ as of September 30, 2025

Quarterly Performance of Stock Prices

On Aggregate, Most Software Subsectors Have Declined During The Last Three Months

Performance of Our Technology Investment Banking Practice's Tracked Software Universe between June 30, 2025, and September 30, 2025



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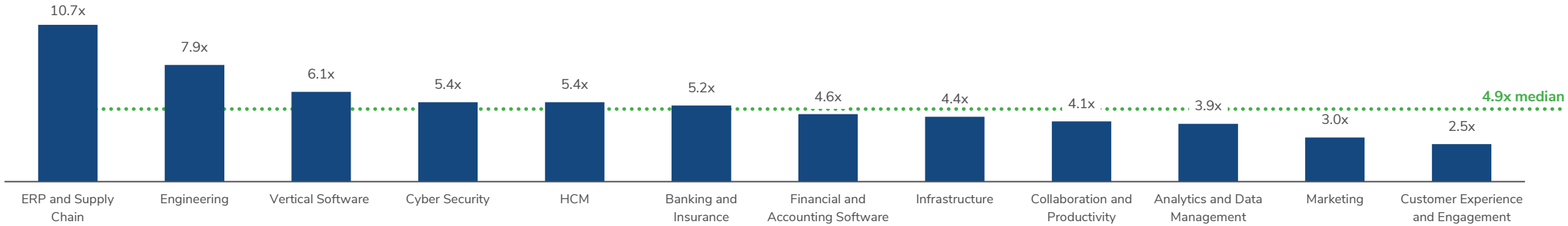
Source: Capital IQ as of September 30, 2025

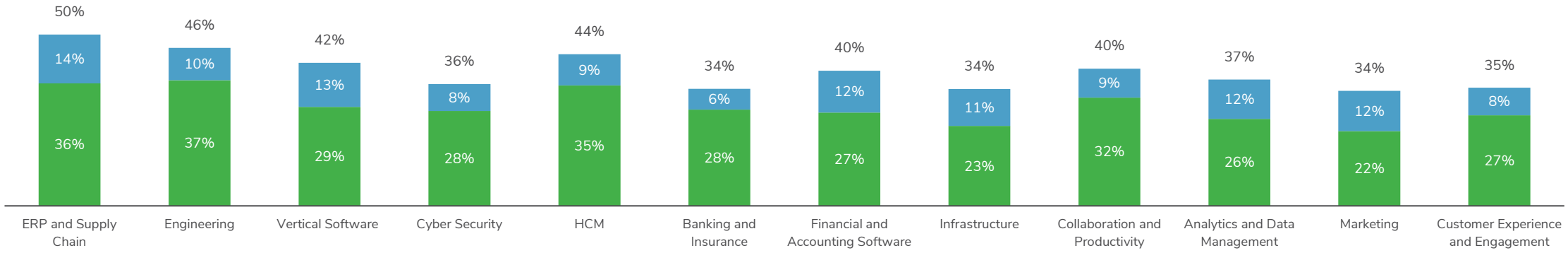
Significant Differences Exist in Multiples Between Software Subsectors

High Multiples for ERP and SCM and Engineering Subsectors Reflected in Strong Revenue Growth and EBITDA Margins

EV / CY26 Revenue Multiples



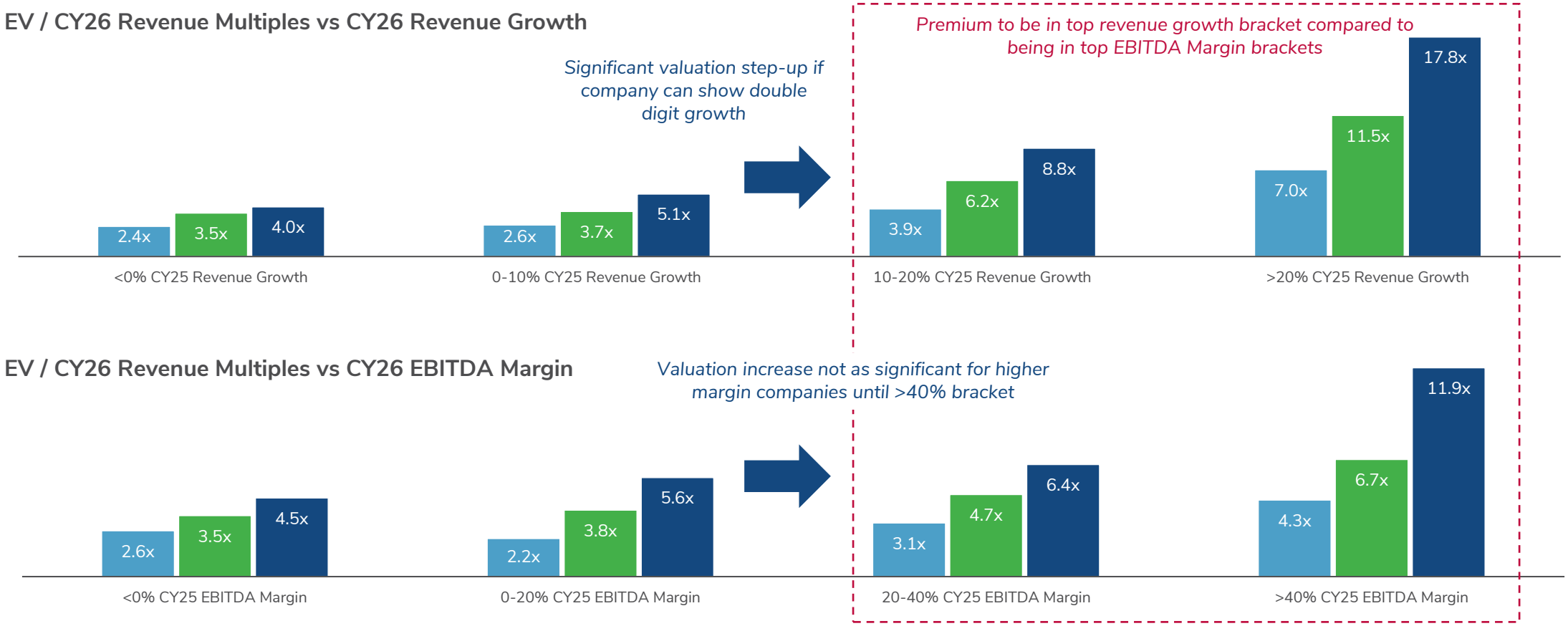
Revenue Growth & EBITDA Margins



Buckets ordered by CY26 revenue multiples
Source: Capital IQ as of September 30, 2025

Public Markets Continue to Pay a Premium for Top Bracket Growth Rates

Significant Valuation Step-Up for Companies that Show Double Digit Growth



Source: Capital IQ as of September 30, 2025

Strong Track Record Closing Deals with Tech-Focused Investors and Acquirers

Select Private Equity Transactions

INFINITYHR has received investment from PSG Providence Strategic Growth	Aucerna has received investment from THOMABRAVO	insightsoftware has received investment from TA ASSOCIATES
resonate has received investment from ZMC Zelnick Media Capital	accruent has received investment from VISTA	First BILLING has received investment from GTCR
AIA Contract Documents has received investment from TRUE WIND	avangate has received investment from F|P Francisco Partners	ZEST AI has received investment from INSIGHT PARTNERS

Select Strategic Buyer Transactions

Brightpearl has been acquired by Sage	FLUIDMESH NETWORKS has been acquired by CISCO	metaio has been acquired by Apple
CAMILION SOLUTIONS has been acquired by SAP	ADECN has been acquired by Microsoft	EntropySoft has been acquired by salesforce
TALARI Networks has been acquired by ORACLE	DataMirror has been acquired by IBM	sensity has been acquired by verizon

Technology & Business Services Investment Banking

Practice Overview

Significant Transaction Experience	Strong track record of execution, 500+ transactions completed
Unparalleled Access to Buyers	Deep reach into tech and business services focused financial sponsors and strategics
Deep Domain Expertise	Fluency in key trends in the tech & business services sectors
Unconflicted and Focused Approach	Singular focus on sector advisory services

Verticals & Thematic Areas of Focus

- Human Capital Management
- Office of the CFO
- Retail & Commerce
- Marketing & Media
- Cybersecurity
- Governance, Regulatory & Compliance
- Information Technology
- Supply Chain & Logistics
- Financial Services
- Data & Analytics

Select Transaction Experience

sendle has merged with ACI Logistix and first mile	BATCHLEADS BATCHDIALER has been acquired by PROPSTREAM a portfolio company of stewart	SOJO has received investment from S2G	xFact has received investment from RENOVUS CAPITAL	BLUE MARBLE GEOGRAPHICS has received investment from Charlesbank	Avenza SYSTEMS INC. has received investment from Charlesbank
MAGZTER has been acquired by VERSE	screendragon has received investment from Kennet Federated Hermes	geoblink has been acquired by mytraffic	eCard SYSTEMS has been acquired by HOUSATONIC	LUXSCI® has received a majority investment from MAIN CAPITAL PARTNERS	lineup has been acquired by Chartbeat
ZEST AI a portfolio company of lightspeed has received investment from INSIGHT PARTNERS	CARD.COM has been acquired by ECHO PAYMENT SYSTEMS	resonate has received a majority investment from ZMC ZELNICK MEDIA CAPITAL	NXC IMAGING has been acquired by Canon	TIGA has merged with Grindr	techex. has received investment from WestBridge
MAXIMA TECH has been acquired by VOLARIS a portfolio company of CONSTELLATION SOFTWARE INC.	NGL Collective has been acquired by GoDIGITAL MEDIA GROUP	BCN MONETIZE has been acquired by entravision	SAP has acquired taulia	WinDelivery has been acquired by Glovo	360Learning has acquired loop

KROLL™

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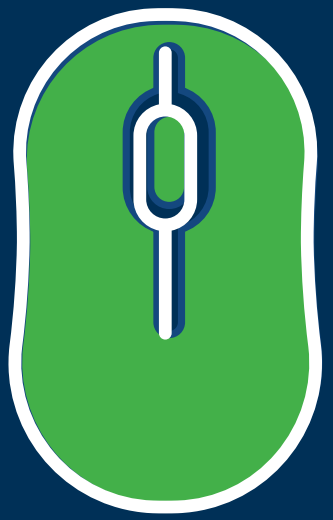

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