

WINDSOR DRAKE

Fintech Valuations: Q2 2026

MAY 2026

Windsor Drake · Market Intelligence

Valuation Stabilization

Windsor Drake's working benchmark for the broad fintech market has settled into a **4–5x EV/Revenue** core.

- The floor rests on profitability and disciplined pricing, not a revival of 2021 momentum.
- Sector averages screen far higher, pulled up by a thin tail of AI and crypto outliers.
- Quarter-to-quarter volatility has compressed sharply versus the 2022–24 repricing.
- Buyer and seller expectations have converged, unlocking transaction flow.

Sector Fundamentals

Fintech fundamentals have strengthened materially against legacy incumbents.

- **69%** of public fintechs reached profitability in 2024, up from under half a year earlier (BCG).
- Average EBITDA margin widened from roughly 12% to **~16%** over the same period.
- Sector revenue grew **~21%**, versus roughly 6% for traditional financial services.
- The largest scaled fintechs grew faster still, compounding the divergence.

The Great Divergence

Headline averages mask a profound and widening split in the market.

- **Scaled winners** clearing the Rule of 40 command 7.3x+ revenue.
- **Sub-scale growth** plays remain tethered to compressed 2.0x–4.0x multiples.
- The middle is hollowing as capital concentrates at the top of the quality curve.
- Profitability, not growth alone, now decides which side of the divide an asset sits on.

Macroeconomic Backdrop

Monetary policy is a cautious but constructive tailwind for high-growth assets.

- The Fed funds range holds at **3.50%–3.75%** after a third consecutive hold.
- The March dot plot signals one further 2026 cut, easing the cost of capital.
- Lower discount rates disproportionately lift long-duration, high-growth valuations.
- A pro-business regulatory posture adds to a broadly constructive risk appetite.

IPO Window Widening

The public listing window reopened decisively across 2025.

- **Chime, Klarna, Circle and eToro** all completed market debuts.
- Most 2025 fintech IPOs, however, now trade below their issue price.
- The window rewards scaled, profitable issuers, not growth-only stories.
- Strong private names are choosing to stay private and set marks via tenders.

The AI Premium

AI integration has become a measurable, primary driver of valuation.

- Private **AI-native** platforms command roughly 15x revenue.
- Capability M&A in fraud, identity and agentic infrastructure is accelerating.
- Banks are decisively buying, rather than building, next-generation AI stacks.
- Proven, governed AI now reads as core infrastructure, not an experiment.

Strategic Consolidation

Scale has become the primary defence against margin compression.

- **Global Payments / Worldpay** (\$24.25B) closed in January 2026.
- Q1 2026 recorded 199 fintech deals, a six-quarter low in count.
- Deal value is rising even as count falls, as capital concentrates on scale.
- Commoditised processors increasingly face a consolidate-or-be-consolidated choice.

Private Capital Pressure

Record private capital is intensifying competition for quality assets.

- About **\$3.7T** of global PE dry powder is seeking deployment.
- Fintech PE/VC investment rose roughly **44%** to about \$18.5B in 2025.
- Aging 2020–22 vintages are forcing a parallel wave of sponsor exits.
- Sponsors are concentrating capital in larger, platform-scale acquisitions.

1. Rule of 40 Achievement

Revenue Growth % plus EBITDA Margin % at or above 40% is the non-negotiable baseline for a premium valuation, and the market is pricing it harder each quarter.

- Top-quartile performers command **50–100%** valuation premiums.
- Build board-level visibility on monthly progress toward the threshold.

2. Unit Economics Mastery

Efficiency metrics are now scrutinised more heavily than topline growth; durable economics beat raw expansion.

- Target LTV/CAC **>5:1** with payback inside 12 months.
- Sustain Net Revenue Retention **>120%** to validate stickiness.

3. AI Integration Strategy

AI is no longer optional; it is a primary driver of deal size, buyer interest and multiple expansion.

- AI-native platforms command roughly **15x** revenue in private rounds.
- Prove agentic workflows and measurable operating leverage, not pilots.

4. Capital-Light Models

Market bifurcation explicitly penalises balance-sheet intensity and unsecured credit-risk exposure.

- SaaS and infrastructure trade **6–15x**; carriers and lenders at **2–4x**.
- Pivot toward embedded or partnership layers to shed capital drag.

5. Public Market Discipline

Private marks are converging with public benchmarks, so pricing discipline is now required even for private firms.

- Windsor Drake's **4–5x** broad-market benchmark now anchors private rounds.
- Most 2025 fintech IPOs trade below issue; price the round realistically.

6. Buyer-Readiness Discipline

With about \$3.7T of dry powder chasing quality, the prepared asset captures the competitive tension.

- Clean financials, documented APIs and a defensible data room.
- Map specific capability gaps for each of your top five acquirers.

Founder FAQs: Valuations, Timing & Strategy

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The questions founders ask most, answered against the Q2 2026 market.

Q1 Which valuation metric applies to my business?

Use **EV/Revenue** for high-growth SaaS and infrastructure, **EV/EBITDA** for mature payments and lending, and **Price-to-Book** for balance-sheet-intensive neobanks and carriers. Always reference the correct subsector cohort, never a broad market average.

Q3 Why is the Rule of 40 so critical?

It is the single best predictor of a premium multiple. Only an estimated **10–15%** of fintechs clear it; those growing 20–40% **with** profitability trade near 7.9x revenue versus roughly 3.9x for sub-20% growers, a re-rating of close to 2x.

Q5 When is the optimal time to run a process?

After demonstrating **4–6 quarters** of predictable performance, while still holding 12–18 months of runway. Negotiating from a position of strength, rather than necessity, is what captures the scarcity premium.

Q7 Is the IPO window a viable alternative to M&A?

It has reopened but remains selective, favouring scaled, profitable assets above roughly \$200M ARR. With most 2025 fintech IPOs trading below issue, a strategic sale often delivers a superior risk-adjusted outcome via control premiums.

Q2 What are the key subsector ranges right now?

Infrastructure leads, with **Blockchain/Crypto at 14–17x** and **AI WealthTech at 14–16x**. Vertical SaaS and embedded finance trade **7.0–9.5x**, while legacy processors have compressed to **3–4x**. The gap reflects revenue quality, not sector labels.

Q4 How do public and private valuations compare?

The historical private premium has all but inverted. The broad market clusters near Windsor Drake's **4–5x** benchmark; quality private names trade **5–7x+**, and AI-native platforms higher still. Public comparables now cap late-stage private round pricing.

Q6 Who are the most active buyers today?

Traditional FIs acquiring AI and data-rail capability, **PE platforms** with about \$3.7T of dry powder executing roll-ups, and **strategic consolidators** defending scale against structural margin compression in commoditised segments.

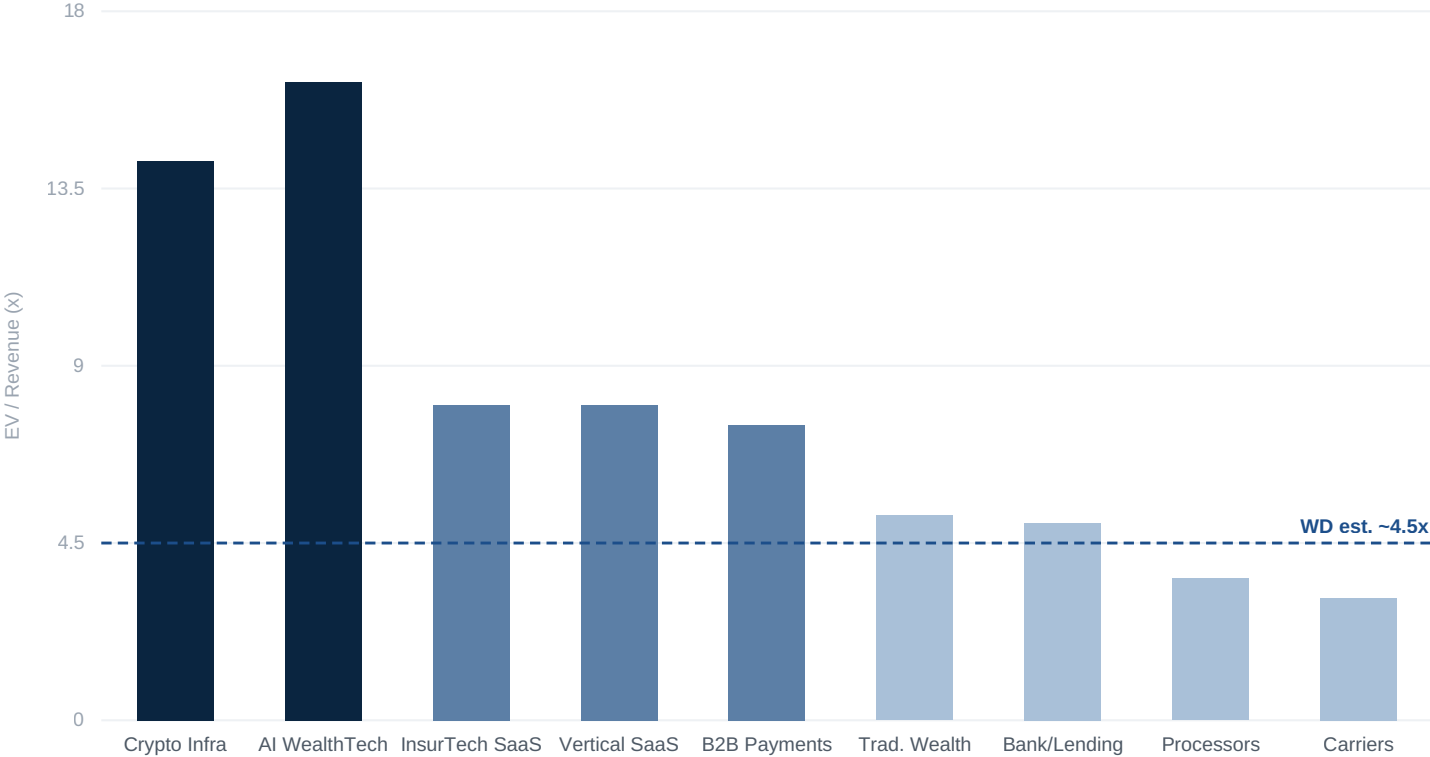
Q8 How do we maximise our multiple, and expect earn-outs?

Clear the **Rule of 40**, sustain **NRR >120%**, and de-risk compliance ahead of diligence. Expect **earn-outs** to bridge valuation gaps; they are now standard structure for AI-focused or early-traction assets, paid over 12–24 months.

Q2 2026 Valuation Landscape Overview

Premium multiples cluster in AI-native infrastructure; capital-intensive operators stay compressed.

Median EV / Revenue Multiple by Subsector (x)



BROAD-MARKET BENCHMARK

~4.5x

Windsor Drake's working EV/Revenue benchmark for the broad fintech cohort.

AI-NATIVE PREMIUM

~15x

Private AI-native platforms command double-digit revenue multiples.

PROFITABLE PUBLIC FINTECHS

69%

Reached profitability in 2024, up sharply from under half a year earlier.

Key Driver

Disciplined exuberance has replaced speculative growth: acquirers reward efficiency and scarcity, not topline alone.

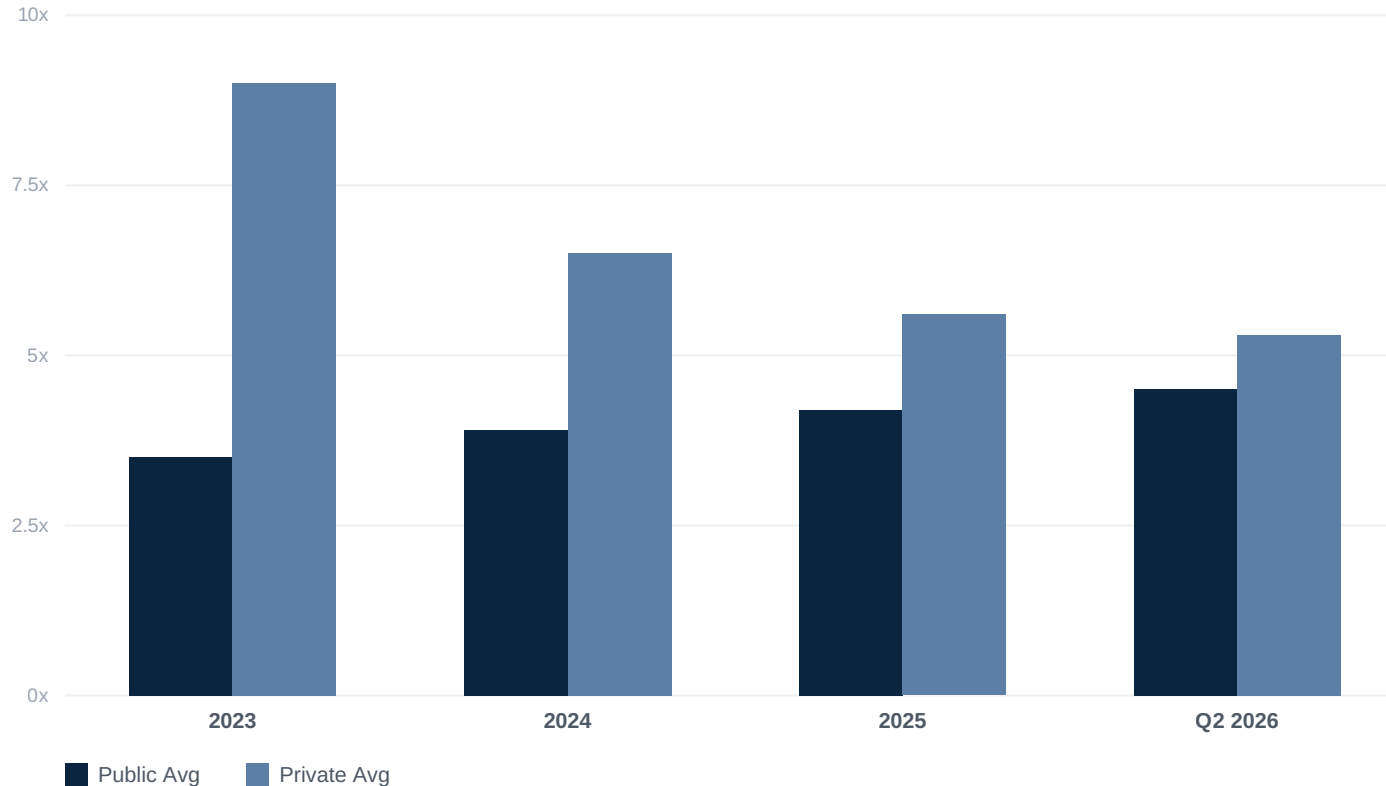
Deep bifurcation: the gap between infrastructure winners (14–17x) and capital-intensive operators (<5.5x) is the defining feature of the market, driven by margin quality and scalability.

Sources: PitchBook; CB Insights; S&P Global Market Intelligence; Windsor Drake analysis. See appendix.

Public vs Private Market Convergence

The historical private premium has compressed to roughly 1x as public markets recover and private marks reset.

Average EV / Revenue Multiple, Public vs Private (x)



PUBLIC / PRIVATE SPREAD

~0.8x

Down from about 5.5x in 2023, a near-complete convergence of the two markets.

DOWN-ROUND PRESSURE

Persistent

Headline 2025 IPOs crystallised resets; Chime and Klarna both priced below peak.

PUBLIC BENCHMARK ANCHOR

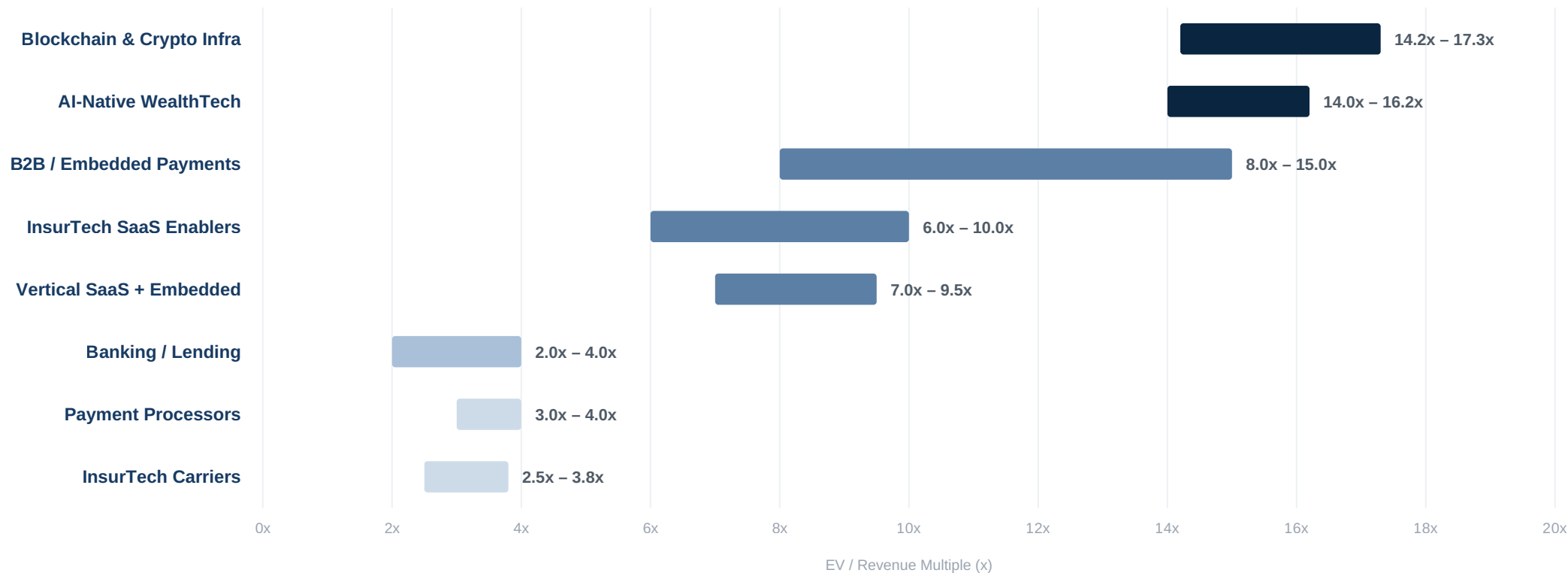
~4.5x

Public comparables now cap late-stage private round pricing for non-AI assets.

Rapid convergence: the public-to-private spread has narrowed from about 5.5x in 2023 to under 1x, driven by public-market recovery and continued private-market capitulation as 2021-vintage valuations reset.

Exit Valuation Multiples by Subsector

A sharp bifurcation persists between AI-native infrastructure (14–17x) and balance-sheet-intensive models (2–4x).



KEY OBSERVATION

The market is paying for recurring-revenue quality and scalability, not balance-sheet size. The 4x-plus revenue-multiple gap between embedded software and legacy processing reflects the shift from processing volume to workflow ownership.

Valuation Multiple Drivers: Expansion vs. Compression

Net expansion to roughly 4.5x is driven by macro tailwinds and strategic premiums, partly offset by commoditisation and regulatory drag.



NET EXPANSION OF +0.5X

Rate stabilisation and the efficiency dividend of AI outweigh a combined 0.7x drag from regulatory pressure and commoditisation in legacy processing. The bridge reflects Windsor Drake analysis of the cited institutional data.

Capital Markets: IPO Window & Listing Benchmarks

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The 2025 listing class reopened the window but reset expectations: scale and profitability now gate access.

Klarna (NYSE)

Listed September 2025 at about \$40 per share for a roughly **\$15B** valuation.

- Well below the \$45.6B 2021 peak, but a decisive recovery from the 2022 down-round.
- Reopened the public window for consumer-facing fintech and BNPL.
- Confirmed that profitability, not scale alone, gates a successful listing.

Chime (Nasdaq)

Debuted June 2025, priced at \$27 for a roughly **\$11.6B** valuation.

- Popped sharply on day one, but the mark sits below its \$25B last private round.
- A clear public-market reset for the neobank category.
- Signalled that primary-account economics still command investor attention.

Circle & eToro

Both completed 2025 debuts into a volatile public tape.

- Circle's listing spiked then re-rated sharply; eToro opened up about 29%.
- Post-listing volatility underlines a selective, discriminating window.
- Stablecoin and trading-platform models are being priced with fresh scrutiny.

Stripe & Revolut (Private)

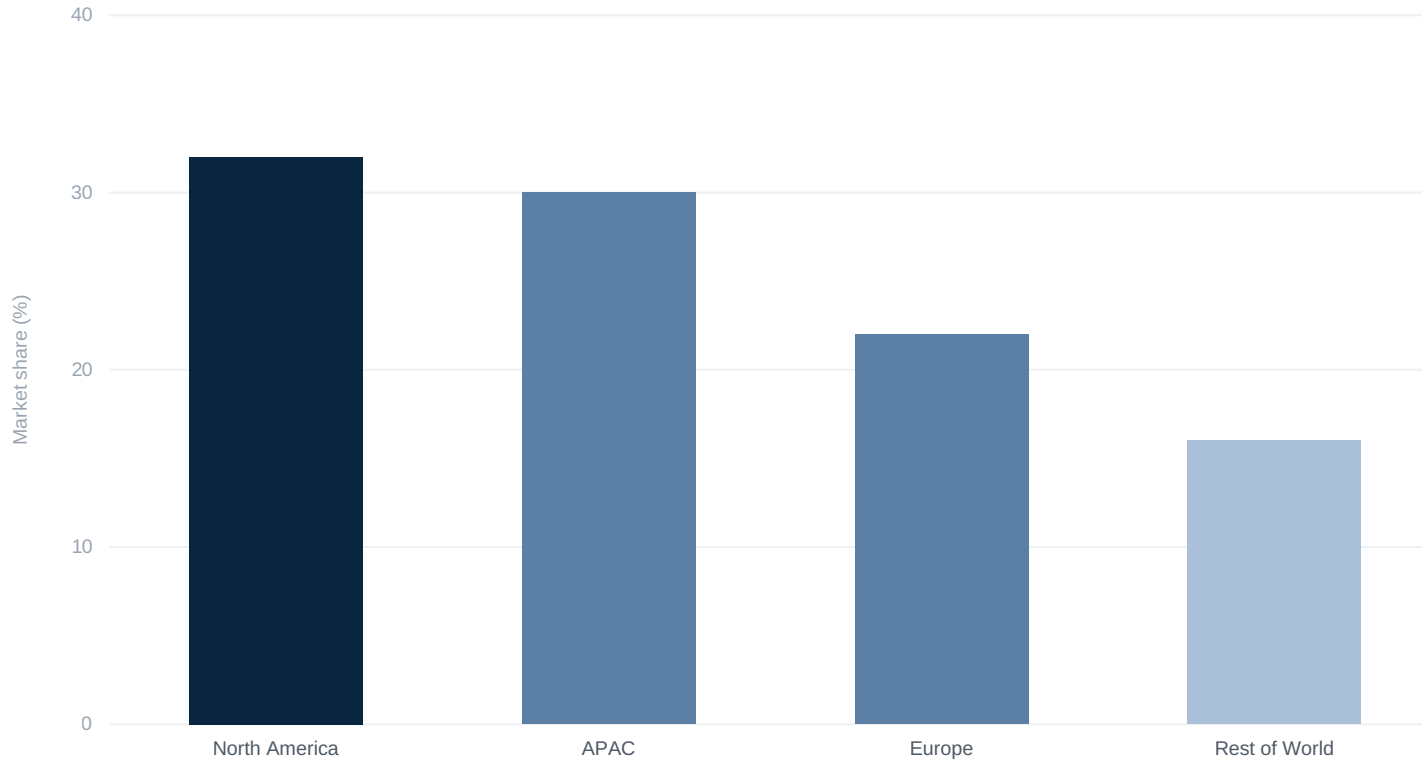
The strongest assets are setting fresh marks without listing at all.

- A February 2026 tender valued **Stripe at \$159B**, up from \$91.5B a year earlier.
- Revolut's late-2025 secondary cleared **\$75B**.
- Tender and secondary markets now offer liquidity without a public listing.

Geographic Valuation Variations

North America commands an innovation premium; Europe offers a value-arbitrage opportunity for cross-border acquirers.

Share of Global Fintech Market by Region (%)



NORTH AMERICA

Premium

About 32% of the global fintech market, with the deepest exit liquidity and the highest purchase multiples.

EUROPE

Discount

About 22% share; regulatory moats offer value, but fragmentation persists versus US peers.

APAC

Growth

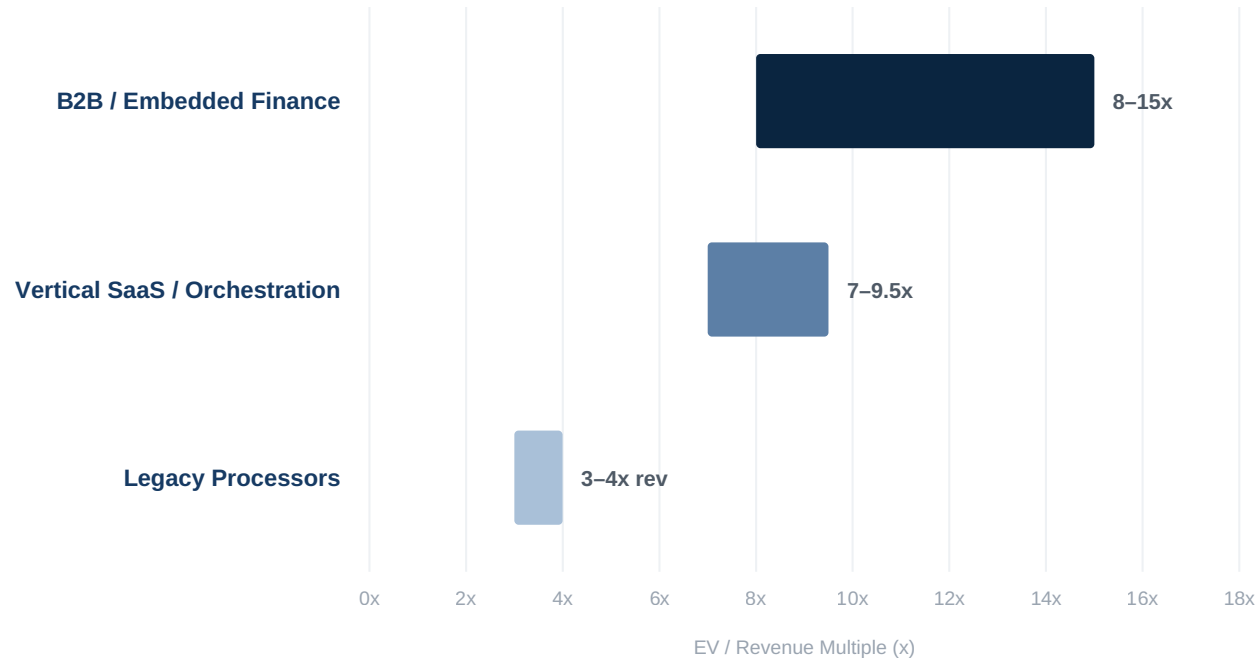
About 30% share and the fastest-growing region, led by super-app and mobile-first ecosystems.

Valuation gap: North America continues to command a premium, with M&A purchase multiples averaging roughly 6x EV/LTM revenue, on the strength of deep capital markets and AI leadership. Europe trades at a fragmentation discount that US acquirers are increasingly arbitraging.

Payments: Exit Benchmarks & Buyer Landscape

Valuation bifurcation rewards embedded finance while commoditised processors consolidate on EBITDA.

EV / Revenue Multiple Range (x)



Valuation Drivers

Embedded Stickiness

Vertical SaaS integration reduces churn versus standalone processing, justifying 2 to 3 times higher revenue multiples for captive, mission-critical payment volume.

Scale Consolidation

Commoditised processors trade on EBITDA (about 7 to 10x) as take-rate erosion forces M&A; scale has become the primary survival mechanism in merchant acquiring.

Buyer Priorities

Networks and PE platforms are paying up for new rails and vertical capability that expand the addressable market beyond pure transaction fees.

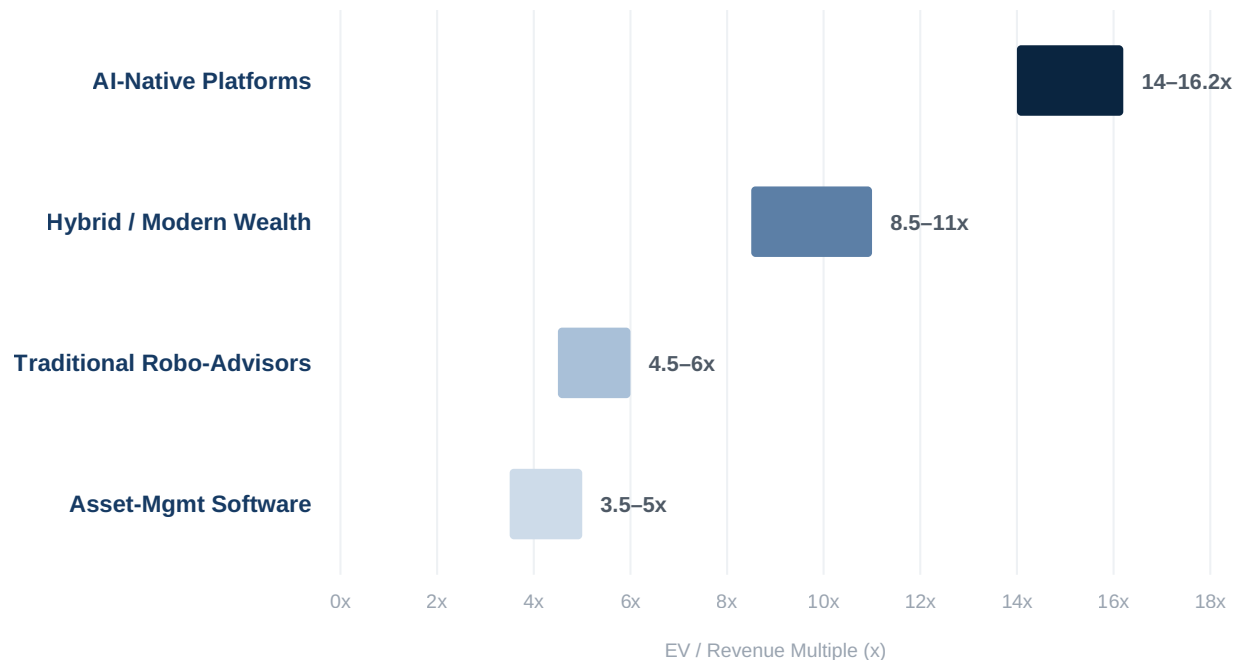
KEY OBSERVATION

The revenue-multiple gap between embedded finance and legacy processing reflects the market's shift from processing volume to workflow ownership.

WealthTech Exit Landscape: The AI Premium

AI-native platforms command roughly three times the revenue multiple of traditional digital advisors as the wealth transfer accelerates.

EV / Revenue Multiple Range (x)



Valuation Drivers

AI Personalisation & Scale

LLMs enable hyper-personalised advice at near-zero marginal cost, breaking the human-capital constraint and justifying software-plus multiples.

Generational Wealth Transfer

A multi-decade asset shift to digital-native heirs is forcing incumbents to acquire modern, tech-first platforms to defend assets under management.

Strategic Acquirers

Wirehouses and PE firms are aggressively acquiring scalable B2B enablement infrastructure in preference to consumer robo-advisors.

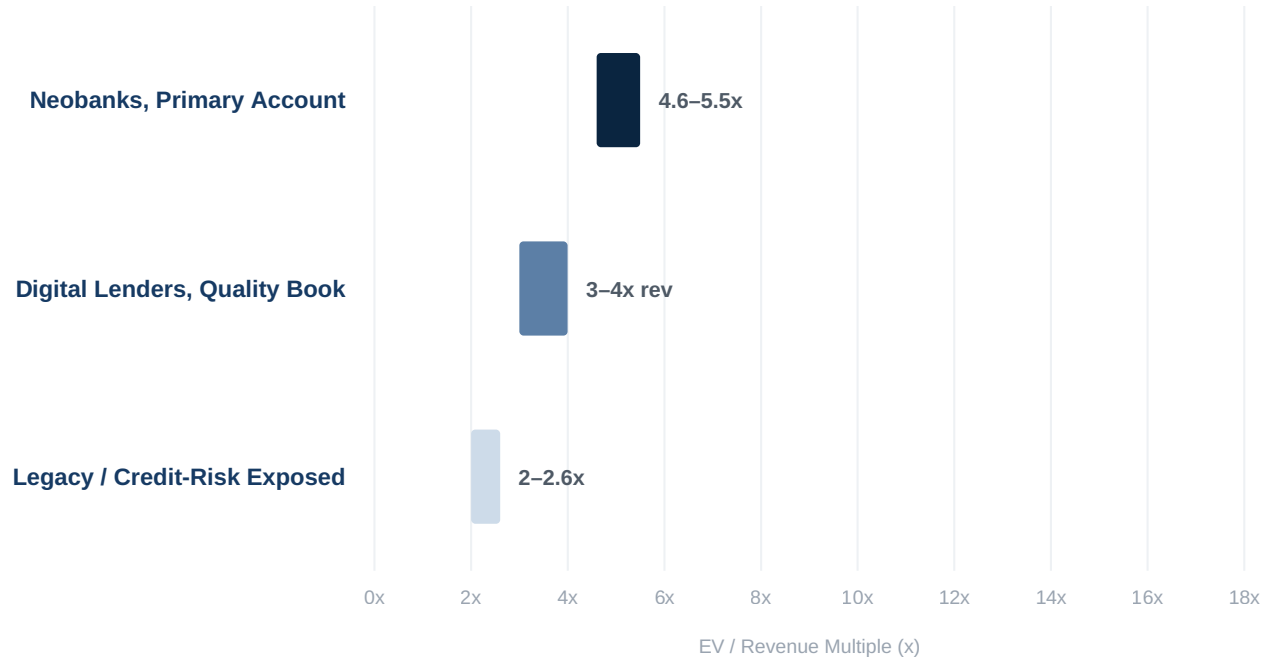
KEY OBSERVATION

WealthTech screens as the highest-multiple subsector, an innovation-supercycle premium on technology that structurally alters the cost to serve.

Lending & Banking: Valuation Recovery

Valuations have rebounded to 4 to 5.5x as funding costs ease, though credit quality remains a critical gating factor.

EV / Revenue Multiple Range (x)



Valuation Drivers

Primary-Account Premium

Neobanks winning direct-deposit relationships command the ceiling, benefiting from a lower cost of deposits as policy rates normalise toward 3%.

Credit-Risk Sensitivity

Investors heavily discount unsecured lending books with deteriorating vintages, favouring secured assets and proven, through-cycle credit models.

BaaS Regulatory Scrutiny

Enhanced oversight of partner-bank models is raising compliance costs and compressing margins for middleware and Banking-as-a-Service players.

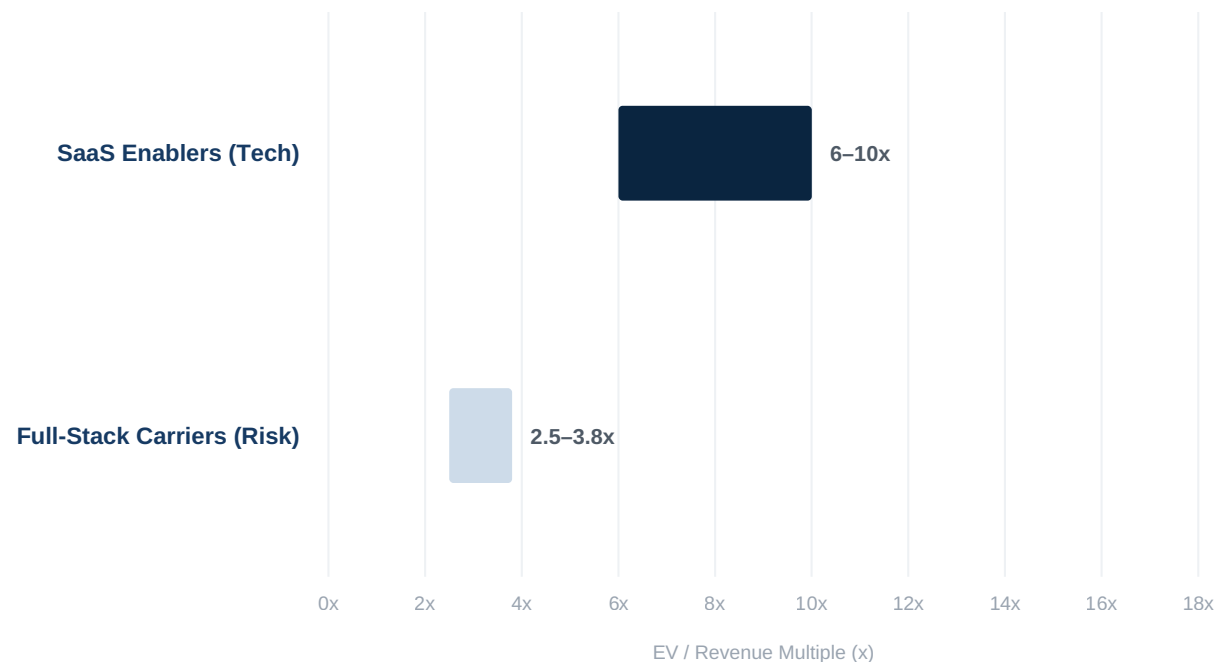
VALUATION IMPACT

The wide spread between EBITDA and revenue multiples highlights the capital intensity of lending relative to pure software infrastructure.

InsurTech: Enablers vs. Carriers

The market bifurcates between capital-light SaaS enablers (6–10x) and balance-sheet carriers (2.5–3.8x).

EV / Revenue Multiple Range (x)



Valuation Drivers

SaaS Premium Logic

Investors reward zero balance-sheet risk and high recurring revenue with enterprise-software multiples in the 8 to 10x range for the best enablers.

Carrier Discount

Despite modern tech front-ends, full-stack carriers trade alongside traditional incumbents due to regulatory capital drag and loss-ratio exposure.

Buyer Priorities

Strategic interest centres on AI-driven claims automation and fraud detection tools that measurably improve incumbent loss ratios.

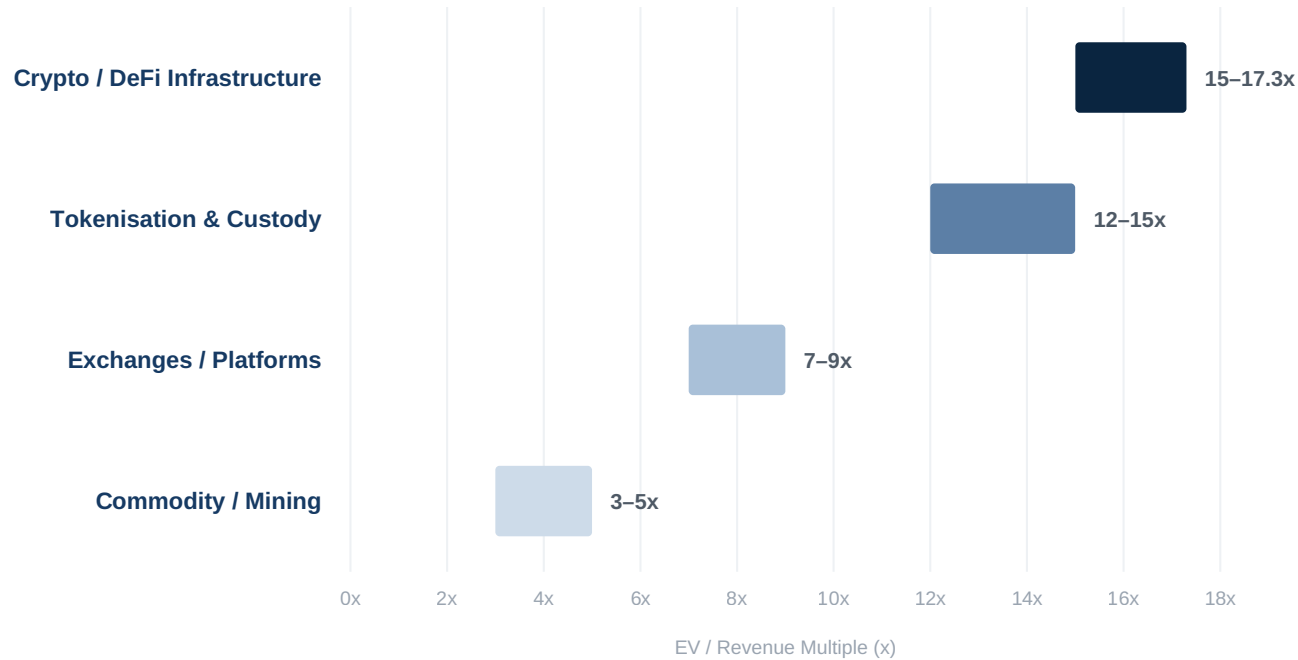
KEY OBSERVATION

The roughly threefold multiple gap between enablers and carriers is the clearest expression of the market's preference for asset-light, recurring-revenue models.

Blockchain & Crypto Infrastructure

Infrastructure providers command premium valuations (14–17x) on institutional adoption and regulatory clarity.

EV / Revenue Multiple Range (x)



Valuation Drivers

Institutional Adoption

Spot-ETF flows and clearer custody guidance have shifted institutional allocation models toward compliant settlement and custody layers.

Asset Tokenisation (RWA)

Banks are acquiring infrastructure to move real-world assets on-chain, valuing protocol layers as the future rails of regulated banking.

Regulatory Clarity

Frameworks such as MiCA favour established infrastructure over speculative tokens, creating a durable flight-to-quality premium.

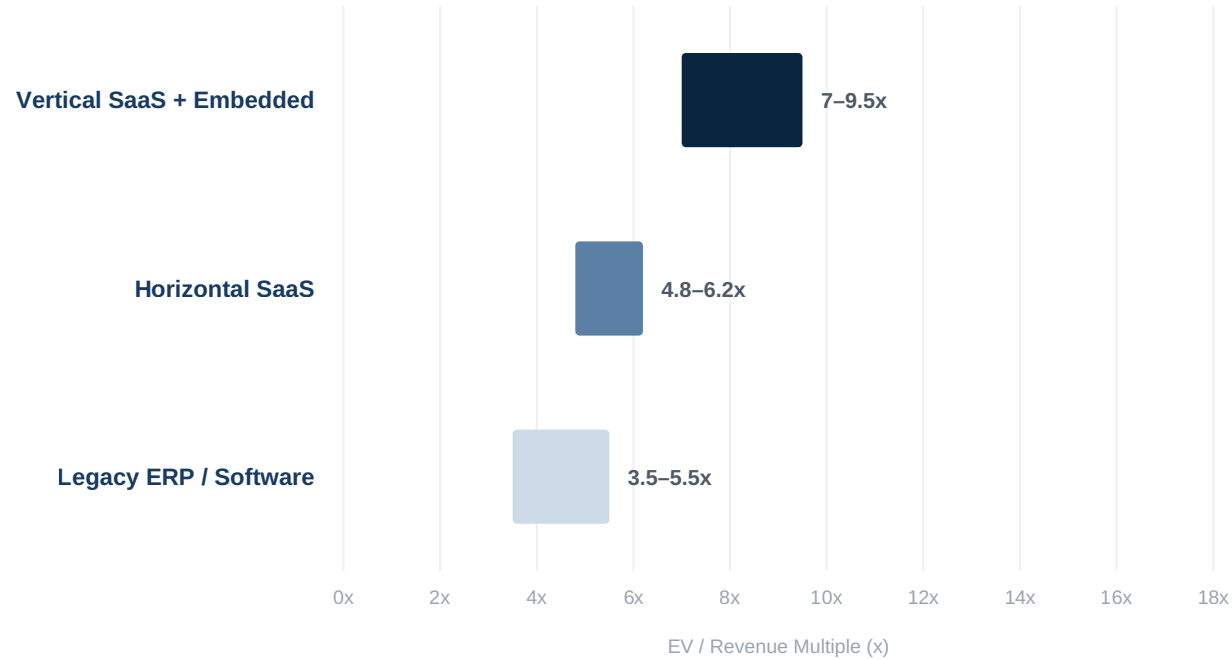
KEY OBSERVATION

Core infrastructure is priced as a critical utility, a toll road on settlement and custody, while consumer-facing apps trade far lower.

Vertical SaaS & Embedded Finance

Integrated software-plus-finance platforms command 7.0 to 9.5x premiums over horizontal peers.

EV / Revenue Multiple Range (x)



Valuation Drivers

Workflow Stickiness

Deep integration into daily operations creates high switching costs; embedded-payments platforms become the operating system for their vertical.

ARPU Expansion

Cross-selling payments, lending and payroll expands revenue per user with minimal incremental customer-acquisition cost.

Buyer Premium

PE platforms and software incumbents pay up for embedded-finance cores to drive durable, compounding platform theses.

VALUATION DRIVER

Vertical platforms own the system of record, enabling lower CAC for financial products and expanding LTV by 2 to 3 times through monetisation.

Comparable Transaction Analysis Framework

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A rigorous quality-of-revenue filter rather than broad industry codes.

1. Select Peer Set

Identify genuinely comparable assets by fundamental business characteristics: model (SaaS vs transactional), revenue quality and growth profile, never by broad sector labels alone.

2. Normalise Metrics

Adjust KPIs to a pro-forma basis: normalise growth for M&A, standardise profitability, and reconcile net versus gross retention for a true comparison.

3. Adjust for Structure

Account for deal-specific terms (earn-outs, stock-versus-cash mix and control premiums) that pull headline valuation away from underlying economic value.

50

TRACKED TRANSACTIONS

2019–26

EXIT INDEX COVERAGE

Proprietary Transaction Index

Calibration draws on Windsor Drake's proprietary index of **50 verified and reported fintech transactions (2019–2026)**, a living comparable-set database refreshed each quarter.

Quality-of-Revenue Filter

Peer selection prioritises recurring versus re-occurring revenue, gross-margin profile (above 70% versus below 40%), and customer-concentration risk.

Rule of 40 Premium Adjustment

A specific premium layer is applied for top-decile efficiency performers; offsetting discounts are applied for heavy earn-out components.

Control Premium Calibration

Indications include a control-premium layer, typically **20–30%**, where cost and revenue synergies can be concretely underwritten.

Strategic Acquirer Mapping by Sector

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Traditional FIs seek modernisation; PE targets cash flow; tech platforms prioritise embedded ecosystems.

Sector	Traditional FIs	Private Equity	Tech Platforms
Payments	MODERATE Consolidation and cross-border rails to modernise legacy stacks.	HIGH Take-privates of processors; margin and efficiency focus.	HIGH Embedded payments into SaaS to capture transaction volume.
WealthTech	HIGH Wealth-transfer defence; AI advisory and asset retention.	MODERATE Platform roll-ups of RIA aggregators to build scale.	LOW Selective interest in direct-to-consumer models.
Lending	MODERATE Niche asset-class acquisition to diversify loan books.	MODERATE Specialty finance and distressed-asset opportunities.	LOW Regulatory aversion limits appetite for balance-sheet risk.
InsurTech	MODERATE Carriers acquiring distribution and claims automation.	HIGH SaaS enablers with high recurring revenue and low risk.	LOW Limited direct involvement in underwriting risk.
Blockchain	MODERATE Custody and clearing infrastructure for institutional clients.	LOW Venture-style bets only; regulatory ambiguity avoided.	HIGH Web3 infrastructure and tokenisation rails.
Vertical SaaS	LOW Outside core competency unless payments-integrated.	HIGH Prime buy-and-build and multiple-arbitrage target.	HIGH Deep vertical integration for ecosystem lock-in.

High Activity / Priority Target

Moderate / Opportunistic

Low Activity / Niche Only

Traditional Financial Institutions as Buyers

Incumbents are pursuing defensive capability acquisitions to modernise legacy infrastructure.

Strategic Motives: Buy vs. Build

The internal build cycle for agentic AI and blockchain rails is too slow to counter fintech disruptors. That gap is compelling banks to acquire modern stacks outright, treating M&A as defensive modernisation rather than expansion.

Acquisition Patterns

The clear preference is for bolt-on technology deals under \$2B, often preceded by a strategic partnership or JV that de-risks the technology before a full buyout.

<\$2B

PREFERRED DEAL SIZE

Buy

OVER BUILD, ON AI

Semi-Autonomous Integration

A federated model preserves the target's innovation culture and retains talent, while bank-grade compliance and risk management are overlaid at the backend.

Priority: Fraud & AI Defence

The top focus is AI-driven fraud detection and identity verification, capability that can be deployed across an entire legacy customer base.

Priority: Regulatory Automation

RegTech assets that automate compliance are valued as a deflationary lever, permanently reducing the operating-expense ratio.

Priority: Real-Time Infrastructure

Modernising core rails for instant settlement, such as FedNow and RTP, remains a primary acquisition driver for incumbent banks.

Private Equity Acquisition Patterns

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Record dry powder is creating intense deployment pressure on efficient, cash-generative assets.

Deployment Pressure

With roughly \$3.7T of global dry powder to deploy, sponsors face acute pressure to transact. Fintech PE and VC investment rose about 44% to \$18.5B in 2025, even as deal count fell, as capital concentrates in larger platform acquisitions.

Public-to-Private Thesis

Public fintechs trading below intrinsic value remain prime targets; recent take-privates span enterprise-software and data assets at multi-billion-dollar valuations.

~\$3.7T

GLOBAL DRY POWDER

+44%

FINTECH PE/VC, 2025

Ideal Target Profile

Sponsors prioritise **Rule of 40** adherence, a recurring-revenue mix above 80%, and low churn, the profile that supports leverage capacity.

Value-Creation Playbook

Pricing optimisation, a mix-shift toward high-margin software revenue, and buy-and-build consolidation of fragmented verticals.

Aging-Portfolio Catalyst

Roughly half of PE holdings now exceed a five-year hold, signalling a coming wave of secondary buyouts and strategic exits.

Deal Structure Trends

A resurgence of all-cash transactions for deal certainty, with earn-outs bridging gaps on unproven AI capability.

Competitive Moats Driving Premium Valuations

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Valuations above 10x revenue are reserved for companies that can demonstrate structural defensibility.

Data Moats

ASSET VALUE: HIGH

Proprietary data training predictive models

- Creates a virtuous cycle of product improvement that rivals cannot easily replicate.
- Powers unique underwriting, risk or personalisation capability.
- Compounds in value as the install base and data history grow.
- **Action:** deepen first-party data capture across every customer touchpoint.

AI-Native Operations

SCALE VALUE: HIGHEST

Scalability decoupled from headcount

- LLM-driven support and automated compliance cut the marginal cost to serve.
- Demonstrates non-linear margin expansion as the business scales.
- Directly lifts the Rule of 40 score that gates premium multiples.
- **Action:** integrate AI into core operations to drive operating leverage.

Regulatory Licenses

BARRIER VALUE: MED-HIGH

Hard-to-acquire charters and approvals

- Provide direct rail access without costly middleware dependencies.
- Function as compliance-by-design, a structural barrier to entry.
- Are increasingly central to cross-border acquisition theses.
- **Action:** leverage licenses to reduce unit costs and widen the moat.

Network Effects

GROWTH VALUE: HIGH

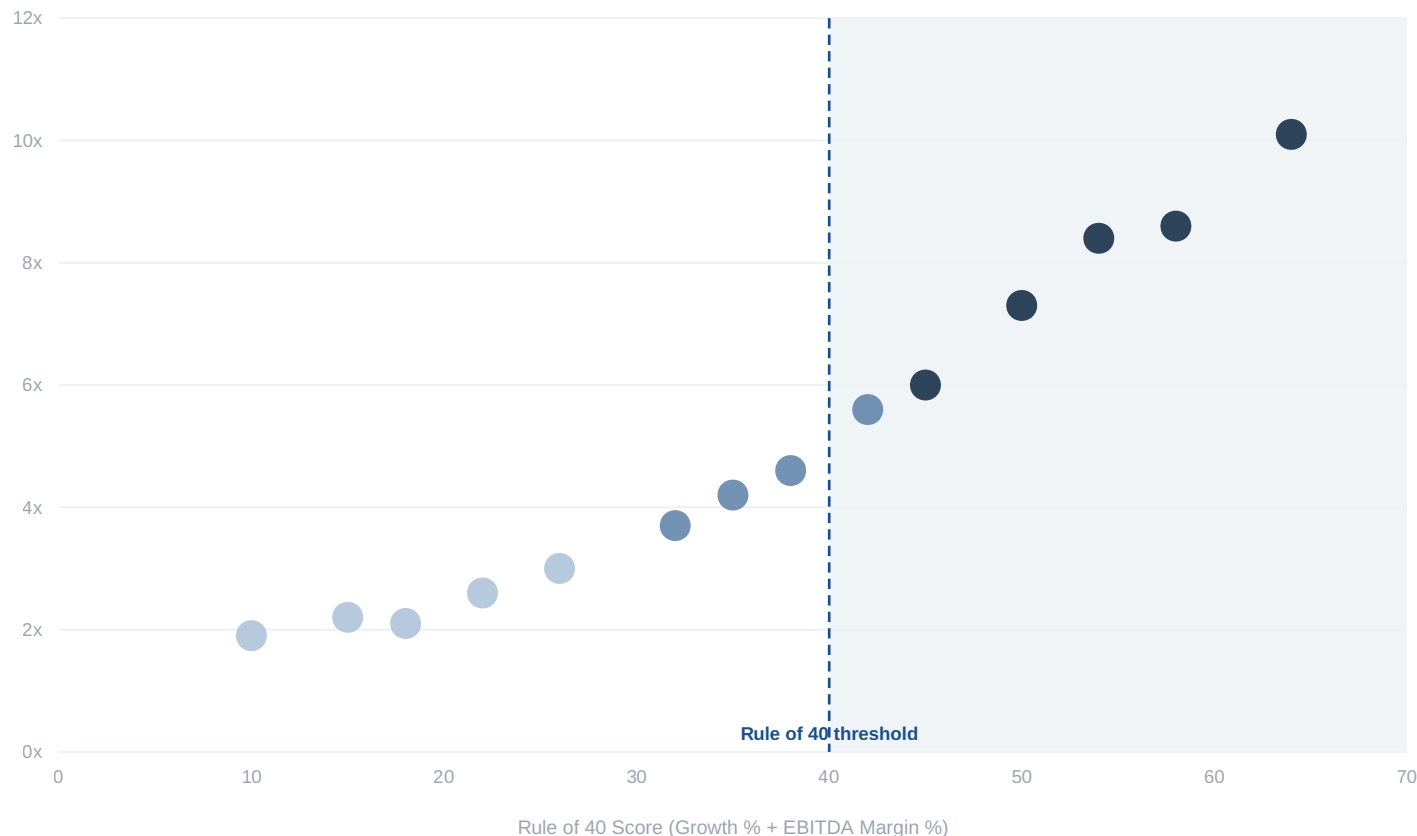
Two-sided platform value creation

- Each incremental user adds value across the entire ecosystem.
- Drives structurally lower CAC and higher retention over time.
- Raises switching costs as the network density compounds.
- **Action:** incentivise participant-led growth loops.

Rule of 40 Performance Distribution

Clearing the Rule of 40 unlocks a 50 to 100% valuation premium; sub-scale performers face deep discounts.

EV / Revenue Multiple vs Rule of 40 Score



TOP QUARTILE (SCORE >50)

7.3x+

Scaled winners; the primary targets for premium strategic M&A.

RULE OF 40 MET (40 TO 50)

5.5–7x

A healthy growth and profit balance; credible IPO-ready candidates.

BELOW THRESHOLD (<40)

2–5x

Transition and value-trap zones; vulnerable to consolidation.

Only an estimated 10 to 15% of fintechs currently clear the Rule of 40, but it remains the single best predictor of a premium multiple, and the market is pricing the metric more aggressively each quarter.

Cross-Border M&A Considerations

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Jurisdictional divergence is the primary deal risk, and the primary arbitrage, in 2026.

Regulatory Regimes

Heightened scrutiny of national payment rails and data infrastructure (CFIUS and FDI review), and divergence between EU AI Act compliance and US frameworks, materially complicate tech-stack integration and lengthen approval timelines.

Currency & WACC Impact

US acquirers are leveraging a strong dollar and premium domestic multiples to buy discounted European assets; managing divergent regional rate environments is central to any debt-financed deal.

12–18mo

CROSS-BORDER CYCLE

+30–50%

LONGER CLEARANCE

Extended Timelines

Regulatory clearance for cross-border fintech deals now runs 30 to 50% longer than domestic transactions; ensure runway to withstand delay without losing leverage.

Milestone-Tied Earn-Outs

Regulatory earn-outs unlock tranches of consideration on specific license transfers or data-sovereignty approvals, rather than on revenue alone.

Tax & Structure Efficiency

Establish efficient holding structures early; optimise repatriation and IP transfer pricing well before LOI discussions begin.

Dual-Track & Local Partners

Run IPO readiness alongside the M&A process for competitive tension, and retain local management to navigate post-close regulatory nuance.

Exit Valuation Optimisation Strategies

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Four levers that systematically de-risk the asset while amplifying its scarcity value.

1. Pricing Power & Margins

6 TO 12 MONTHS PRE-EXIT

Demonstrate defensible unit economics

- Shift from cost-plus to **value-based pricing** models.
- Implement usage-based tiers to capture customer upside.
- Target a 15%-plus ARPU lift across the top customer cohorts.
- Evidence pricing elasticity with clean, auditable cohort data.

2. Revenue Quality

PREDICTABILITY

Engineer resilience into the revenue model

- Increase the recurring revenue mix to **80%+** of total.
- Improve Net Revenue Retention to **>120%** via cross-sell.
- Reduce concentration so the top 10 accounts are under 20%.
- Lengthen contract duration to extend revenue visibility.

3. Rule of 40 Efficiency

PREMIUM TIER

Prove scalable profitability

- Reallocate operating expense from low-ROI channels into R&D.
- Deploy AI to decouple headcount from revenue growth.
- Achieve **above 40%** on growth plus EBITDA margin.
- Track the score monthly with board-level visibility.

4. Strategic Narrative

COMPETITIVE TENSION

Frame the asset as a platform enabler

- Position as platform infrastructure, not a point tool.
- Present quantified synergy cases covering revenue and cost.
- Map specific capability gaps for the top five acquirers.
- Run a structured process to manufacture competitive tension.

Positioning for Strategic Acquisition

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Strategic value is driven by capability fit, integration ease and synergy density.

Capability Fit

Demonstrate unique IP and proprietary data or AI assets that fill a specific, declared buyer gap, making the buy-versus-build decision self-evident for the acquirer.

Integration Ease

Acquirers pay clear premiums for plug-and-play assets. Minimise critical dependencies, document APIs thoroughly, and present clean, audited financials.

Synergy Density

Quantify the revenue lift from cross-selling into the acquirer's base, and model the cost synergies from shared infrastructure, to support a higher multiple.

Strategic Buyer Mapping

Run a structured gap analysis of potential acquirers and map your capabilities directly to each buyer's declared strategic deficits.

Proof-of-Integration

Develop technical materials that demonstrate speed-to-value within the acquirer's ecosystem, pre-empting the technical diligence phase.

Synergy Quantification

Explicitly model top-line and bottom-line impact in the management presentation to anchor the valuation conversation on hard numbers.

Comprehensive VDR Readiness

Build a defensive data room addressing regulatory, IP and customer-concentration risk before the first buyer engagement.

Timing the Exit: 12-18 Month Roadmap

WINDSOR DRAKE

A full process runs 12 to 18 months end to end. Founders who prepare in the current cycle meet the market while today's alignment of buyer demand, capital availability and stable pricing still holds.



Readiness & Hygiene

Q3 2026

- Audit completion to PCAOB standard
- AI governance and data-rights review
- Unit-economics optimisation
- Clean up the cap table and option pool

KEY MILESTONE

Clean IP and open-source scan



Strategic Positioning

Q4 2026

- Launch dual-track process preparation
- Build the strategic buyer-targeting list
- Draft the CIM and management presentation
- Lock key-employee retention packages

KEY MILESTONE

Retention packages locked



Market Engagement

Q1 2027

- Fireside chats with priority strategics
- Solicit initial indications of interest
- Deliver management presentations
- Open the virtual data room

KEY MILESTONE

Competitive bid tension



Execution & Closing

Q2 2027

- Definitive agreement negotiation
- Regulatory filings (HSR and CFIUS)
- Confirmatory diligence support
- Closing and integration kickoff

KEY MILESTONE

No-MAC event verification

2026 Valuation Forecast Scenarios

With the broad-market benchmark near 4.5x, forward trajectories diverge sharply on rates and the pace of AI adoption.



BULL CASE

5.5x

Key Drivers

- Aggressive Fed cuts beyond 100bps
- An AI supercycle fuels multiple expansion
- The IPO window fully reopens

STRATEGY: ACCELERATE GROWTH

BASE CASE

4.8x

Key Drivers

- Steady rate normalisation, one cut
- Mid-single-digit M&A volume growth
- Selective IPOs and consolidation

STRATEGY: BALANCE GROWTH & PROFIT

BEAR CASE

3.5x

Key Drivers

- Inflation resurgence or rate holds
- Public fintechs stay below issue price
- A geopolitical shock freezes M&A

STRATEGY: CASH PRESERVATION

Emerging Opportunities & Buyer Trends

WINDSOR DRAKE

Capital is flowing into the connective-tissue infrastructure of an AI-first financial system.

B2B(2X) Payments

Treasury automation, AI-driven AP and AR reconciliation, and sophisticated cash-management tools are replacing legacy ERP modules, a large and underpenetrated workflow.

Embedded Finance 2.0

Deeper integration into non-financial platforms, across healthcare revenue cycle, education tuition flows and supply-chain finance, extends the embedded model into new verticals.

RegTech AI

Explosive demand for automated compliance and fraud detection, including deepfake defence and real-time regulatory reporting engines.

Capability Acquisitions

Banks are prioritising AI and data-analytics capability over pure customer-base distribution, buying technology to modernise legacy stacks.

PE Platform Roll-Ups

Sponsors are consolidating fragmented verticals, in vertical SaaS and specialty lending, to build scale and drive multiple expansion.

Regional Champions Go Global

European and APAC leaders are acquiring North American assets to capture premium valuations and access deeper capital markets.

Market Intelligence

Top-tier forecasts point to a 2026 uptick in deal volume. Record dry powder and capability-driven demand are chasing a supply of quality assets that has not kept pace.

M&A Case Study: Global Payments & Worldpay

WINDSOR DRAKE

The defining consolidation event of the cycle, and the playbook it sets for founders.

The Consolidation Playbook

Global Payments' acquisition of **Worldpay**, valued at **\$24.25B** and closed in **January 2026**, is the defining consolidation event of the cycle. It confirms that scale has become the primary defence against structural margin compression in commoditised processing.

Strategic Rationale

- **Scale defence:** aggregating volume to drive unit-cost efficiency against take-rate erosion.
- **Portfolio focus:** paired with a divestiture of Issuer Solutions, sharpening the merchant-acquiring pure-play.
- **SaaS cross-sell:** layering value-added software over processing rails to expand and defend margin.

Implications for Founders

Scale Is Now Existential

In commoditised processing, **scale consolidation** has displaced organic growth as the primary survival strategy. Mid-market players face a stark consolidate-or-be-consolidated choice, and the window to choose is narrowing.

Quantify Synergies Pre-LOI

Headline multiples on mature assets rest on **identifiable, underwritable cost synergies**. Vague strategic fit no longer moves valuation; rigorous synergy math, presented before the LOI, does.

Platform vs. Point Solution

Assets framed as broad **platforms** capable of absorbing bolt-ons trade at clear premiums to narrow point solutions. Integration readiness, clean APIs and modular architecture, is itself a valuation lever.

Valuation Methodology: Choosing the Right Metric

WINDSOR DRAKE

The right metric depends on business model, profitability profile and capital intensity.

EV / Revenue

7-12X+

High-growth SaaS & infrastructure

- Applied where profitability is suppressed by deliberate growth reinvestment.
- Software revenue (around 80% margin) is valued far above processing revenue.
- The Rule of 40 score dictates where in the range an asset sits.
- Best suited to WealthTech, InsurTech SaaS and RegTech.

EV / EBITDA

7-22X

Mature & cash-generative

- Essential for mature processors and scaled neobanks.
- Many firms valued on revenue in 2024 are now assessed on EBITDA.
- Margin expansion and volume scale are the key value drivers.
- Captures the cash-flow reality of consolidating segments.

Price / Earnings

VARIES

Stable, profitable leaders

- Suited to established neobanks and public fintech leaders.
- Focus shifts to the recurrence and consistency of net income.
- Long-term earnings CAGR is the principal driver.
- Most relevant once growth has durably normalised.

Price / Book

1.0-1.5X

Balance-sheet-intensive

- The standard for digital lenders, neobanks and carriers.
- Premiums accrue to superior credit quality and low funding cost.
- Carriers typically trade at a discount to book value.
- Tangible book value proxies core operational capacity.

Appendix: Sources & Methodology (Part 1)

WINDSOR DRAKE

Institution	Report / Source	Date
BCG / QED Investors	<i>Fintech's Next Chapter: Scaled Winners and Emerging Disruptors</i>	Jun 2025
McKinsey & Company	<i>Global Private Markets Report 2026</i>	Mar 2026
McKinsey & Company	<i>2026 M&A Trends: Navigating a Rebounding Market</i>	Feb 2026
Goldman Sachs	<i>2026 Global M&A Outlook</i>	Jan 2026
Bain & Company	<i>Global Private Equity Report 2026</i>	Feb 2026
S&P Global Market Intelligence	<i>Private Equity Investment in Fintech Up 44% in 2025</i>	Feb 2026
S&P Global Market Intelligence	<i>Private Equity Dry Powder Recedes from All-Time Highs</i>	Dec 2025
KPMG	<i>Pulse of Fintech (H2 2025)</i>	2026
PitchBook	<i>Q4 2025 Fintech & Payments Public Comp Sheet & Valuation Guide</i>	2026
CB Insights	<i>State of Fintech 2025</i>	2026

Appendix: Sources & Methodology (Part 2)

WINDSOR DRAKE

Institution	Report / Source	Date
PitchBook	<i>Q4 2025 Fintech VC Trends</i>	2026
Federal Reserve	<i>FOMC Statement (Apr 2026); Summary of Economic Projections (Mar 2026)</i>	2026
McKinsey & Company	<i>Software value-creation research on the Rule of 40</i>	2025
Bain & Company	<i>Hacking Software's Rule of 40</i>	2025
EY	<i>M&A Outlook 2026 (Deal Barometer)</i>	Jan 2026
Global Payments Inc.	<i>SEC Form 8-K, Worldpay acquisition close</i>	Jan 2026

VALUATION METHODOLOGY NOTES

Source Standard

Inputs are restricted to top-tier institutions: bulge-bracket banks, the major consultancies, elite data houses, and primary regulatory and filing sources. Boutique and market-report vendors are excluded.

Structural Adjustments

Private-market valuations are adjusted for earn-outs, liquidation-preference overhang and lack-of-marketability discounts, typically in the 20 to 30% range.

Peer Set & Normalisation

Peers are filtered on business-model alignment, revenue quality (above 80% recurring) and Rule of 40 profile. Financials are adjusted to a pro-forma basis excluding one-time items and stock-based compensation.

Synthesis & Attribution

Figures labelled as firm analysis or house estimate, including the roughly 4.5x broad-market benchmark, are the firm's own synthesis of the cited institutional data, presented as a house view rather than third-party consensus.