Sherwood
AUSTRALIA

AI Sector Report

Multiples, Transactions and Capital Flows

November 2026

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About this report

This report reviews the AI sector. It covers transaction and listed multiples (worldwide and Australian), industry trends, recent large transactions, the drivers of deal activity, private equity and venture capital activity, and the main AI subsectors.

It is based on Sherwood research, drawing on global transaction data, public market data and industry research.

Data at a glance

565
AI transaction candidates screened, March 2016 to September 2026

75 / 31
core and adjacent AI transactions classified

78 / 31
core and adjacent listed AI companies identified

14
ASX-listed AI companies profiled

1.0 Executive Summary

This report reviews the AI sector. It covers transaction and listed multiples (worldwide and Australian), industry trends, recent large transactions, the drivers of deal activity, private equity and venture capital activity, and the main AI subsectors. It is based on Sherwood research, drawing on global transaction data, public market data and industry research.[1]

8.1x
Median EV/Revenue, core AI transactions (73 deals)

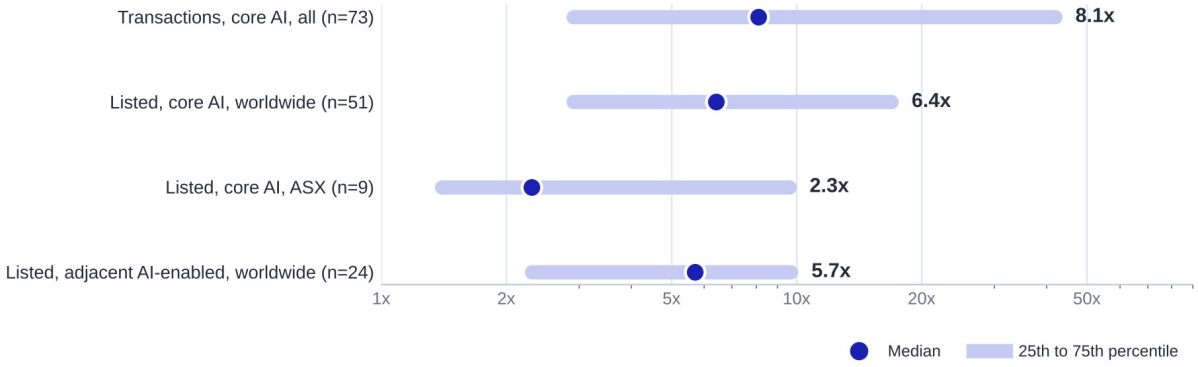
6.4x
Median EV/Revenue, listed core AI companies (51)

US$508.8bn
AI venture funding in 2026 to September, almost double 2025

65.1%
AI share of all venture funding, year to September 2026

Core AI transactions are priced at a median of 8.1x revenue, and listed core AI companies trade at a median of 6.4x revenue. EBITDA multiples are available for only a small share of companies, because most AI businesses are not yet profitable. Revenue is therefore the measure relied on.

Figure 1: Key EV/Revenue multiples (median and 25th to 75th percentile, log scale)



Source: Mergermarket published multiples (transactions, March 2016 to September 2026); public market data (stockanalysis.com, June to September 2026). Sherwood analysis.

Table 1: Summary of key multiples

EV/Revenue	n	Median	25th to 75th percentile
Transactions, core AI, all	73	8.1x	2.9x to 41.9x
Listed, core AI, worldwide	51	6.4x	2.9x to 16.9x
Listed, core AI, ASX	9	2.3x	1.4x to 9.6x
Listed, adjacent AI-enabled, worldwide	24	5.7x	2.3x to 9.7x

1 Transaction data: Mergermarket. Public market data: stockanalysis.com. Industry research: PitchBook.

Two markets, not one

Frontier labs

Raise money at very large valuations: OpenAI at US$1.25 trillion and Anthropic at up to US$1.41 trillion in its IPO.

≠

Mid-market AI companies

Are bought and sold at single-digit revenue multiples.

The sector is best read as two markets. The two groups are not comparable and should not be benchmarked against each other.

Key findings

Capital

AI venture funding reached US$508.8 billion in the nine months to September 2026, almost double the US$267.0 billion raised in all of 2025. AI took 65.1% of all venture funding in the twelve months to September. Horizontal platforms, such as the frontier model developers, took US$318.5 billion of the 2026 total.

Subsector

Subsector explains more of the spread in multiples than timing. Transaction medians range from 3.9x for AI services to 47.0x for AI infrastructure. A subject company should be matched to a subsector and a size band before any range is applied, because the sector-wide median is not a reliable guide.

Australia

The ASX AI universe is small and mostly early stage. Only one Australian AI transaction has an EBITDA multiple (Scancam, 4.6x in 2021), so worldwide evidence is the better reference.

Exits

M&A is the main exit. Acquisitions were 595 of 830 AI venture exits (72%) in the twelve months to September 2026. SpaceX acquired xAI for US$250 billion and Anysphere (Cursor) for US$60 billion, and Stripe agreed to buy OpenRouter for US$8 billion, about six times its valuation three months earlier. Private equity is active in the mid-market, for example Thoma Bravo's purchase of Darktrace (8.1x revenue) and EQT's purchase of Mamezo (5.2x).

2.0 Transaction Multiples

Core AI transactions carry a median EV/Revenue multiple of 8.1x across 73 deals and a median EV/EBITDA multiple of 31.5x across 27 deals. The ranges are very wide, from 0.3x to 1,605.9x for revenue. Transaction databases record venture rounds and small stakes at an implied 100% enterprise value, which produces nearly every multiple above 100x.

8.1x
Median EV/Revenue, core AI, all (73 deals)

4.8x
Median EV/Revenue, implied EV under A$100m (38 deals)

31.5x
Median EV/EBITDA, core AI (27 deals)

For a mid-market business, the size band is the better guide: deals with an implied enterprise value under A$100 million have a median of 4.8x revenue.

2.1 Worldwide

The table below shows the worldwide dataset, using published transaction multiples. Implied enterprise values are in Australian dollars. No outlier rule has been applied, so the full range is shown next to the median.

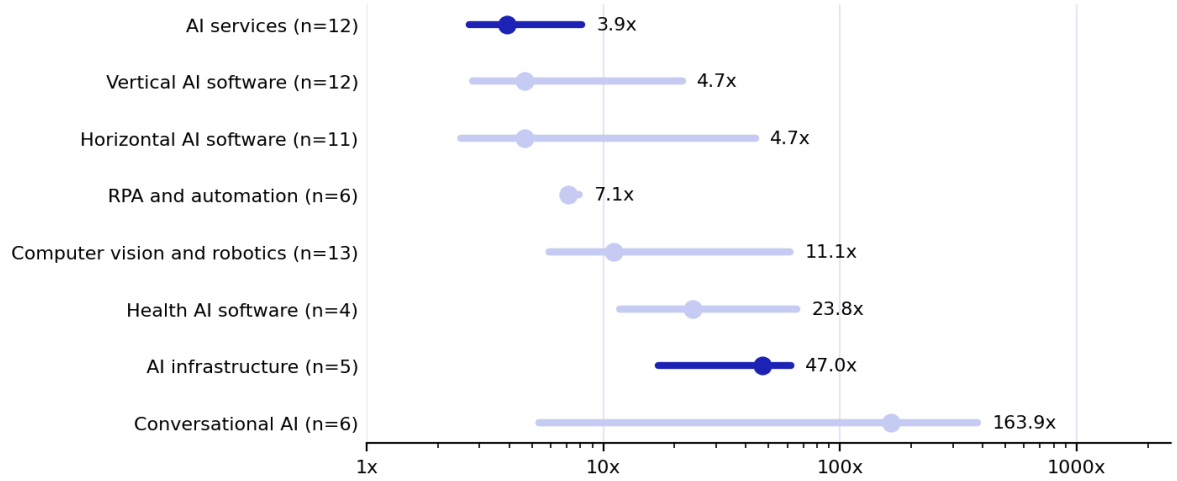
Table 2: Worldwide AI transaction multiples

Set	Metric	n	Low	25th	Median	75th	High
Core AI, all	EV/Revenue	73	0.3x	2.9x	8.1x	41.9x	1,605.9x
Core AI, all	EV/EBITDA	27	2.9x	14.9x	31.5x	118.2x	2,985.9x
Core AI, announced 2023 onwards	EV/Revenue	30	1.1x	2.9x	7.4x	58.1x	1,605.9x
Core AI, announced 2016 to 2022	EV/Revenue	43	0.3x	3.0x	8.2x	34.4x	286.0x
Core AI, implied EV under A$100m	EV/Revenue	38	1.1x	2.5x	4.8x	27.6x	1,605.9x
Core AI, implied EV A$100m to A$1bn	EV/Revenue	22	0.3x	4.6x	12.8x	56.4x	312.5x
Core AI, implied EV over A$1bn	EV/Revenue	13	7.1x	8.3x	15.5x	41.9x	394.9x
Adjacent AI-enabled	EV/Revenue	28	0.3x	2.7x	6.4x	13.9x	1,004.5x
Adjacent AI-enabled	EV/EBITDA	15	5.2x	9.8x	17.4x	24.3x	197.9x

Source: Mergermarket published multiples, core and adjacent AI transactions, March 2016 to September 2026. Sherwood analysis.

The chart below shows the median EV/Revenue multiple by subsector, with the interquartile range.

Figure 2: Transaction EV/Revenue by subsector (median and interquartile range, log scale)



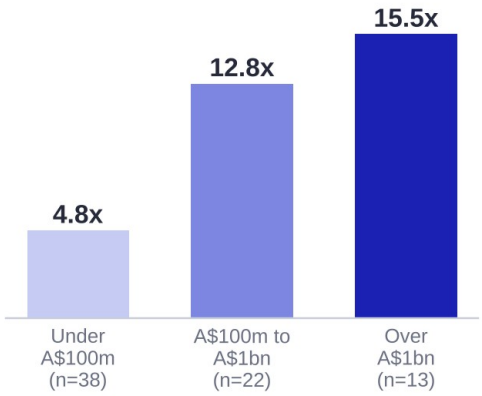
Source: Mergermarket published multiples for core AI transactions, March 2016 to September 2026. Sherwood analysis.

Subsector and timing. Deals announced from 2016 to 2022 (median 8.2x) and from 2023 (7.4x) are priced similarly. Subsector is the larger driver. AI services and vertical software sit at around 4x to 5x, while infrastructure and drug discovery sit at 47.0x and 75.8x (on five and two deals). Conversational AI (163.9x) is pushed up by minority stakes in two venture-backed companies.

Size. Size has a large effect on pricing. Deals with an implied enterprise value under A$100 million have a median of 4.8x, against 12.8x from A$100 million to A$1 billion and 15.5x above A$1 billion. Scale and strategic scarcity attract a premium, so smaller businesses carry a substantial size discount and a mid-market subject is better benchmarked against its own subsector and size band.

EBITDA. EV/EBITDA is mostly unusable. Only 27 of 75 core deals carry a meaningful multiple, and those are driven by a few profitable infrastructure and services businesses.

Figure 3: Median EV/Revenue by implied EV band

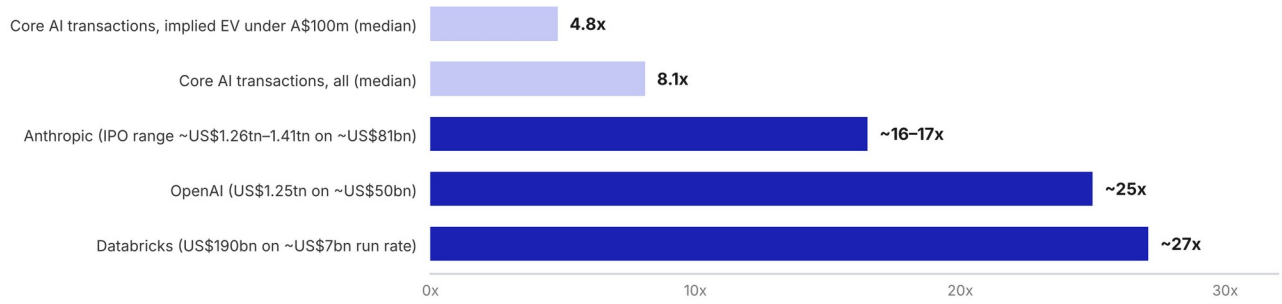


Source: Mergermarket, core AI transactions. Sherwood analysis.

Frontier labs

Frontier labs sit outside this dataset. Anthropic's IPO range of US$70 to US$78 a share values it at about US$1.26 trillion to US$1.41 trillion fully diluted, or about 16x to 17x its run-rate revenue of about US$81 billion. OpenAI closed the first US$11 billion of a new round at US$1.25 trillion, about 25x annualised revenue of about US$50 billion. The frontier labs are therefore valued at about 16x to 25x revenue, against 27x to 43x in early 2026, so revenue has grown faster than valuations. Databricks, a data and AI platform often grouped with them, is valued at US$190 billion on a run rate above US$7 billion, or about 27x. These are private round and IPO range valuations as at 12 November 2026, not transaction prices.[2]

Figure 4: Frontier lab revenue multiples against core AI transaction medians



Source: Anthropic IPO filing, Databricks, Bloomberg, Reuters and The New York Times (frontier valuations and revenue, as at 12 November 2026); Mergermarket (transaction medians). Frontier figures are private round and IPO range valuations, not transaction prices.

2.2 Australia

The Australian deal record is thin and weighted to minority stakes. The table below lists the five transactions identified, which include two minority stakes in icetana and one reverse takeover. Implied enterprise values for minority stakes are not shown because the published figures could not be reconciled to the trading values of the companies.

Table 3: Australian AI transactions identified

Announced	Target	Acquirer	Stake	EV/Revenue	EV/EBITDA
Jun 2025	icetana (video analytics)	SoftBank Robotics Singapore	15.0%	5.0x	n/a
Oct 2022	icetana (video analytics)	Macnica Holding	16.7%	1.6x	n/a
Aug 2021	BCI Media Group (construction data, adjacent)	Hubexo Nordic Holdco	n/a	4.3x	n/a
May 2021	Scancam Industries (AI for fuel retailers)	SenSen Networks	n/a	n/a	4.6x
Apr 2017	SenSen Networks (video analytics)	Reverse takeover	n/a	24.7x	n/a

Source: Mergermarket. Sherwood analysis.

Four of the five carry revenue multiples between 1.6x and 24.7x. Only Scancam carries an EBITDA multiple. An Australia-only screen is therefore not viable and worldwide subsector evidence is the better reference.

Later stage Australian venture activity is also constrained, with a shallow local LP base and limited exit pathways the main obstacles to scaling beyond Series B.[3]

2 Anthropic IPO filing and Series H announcement; Databricks announcement (August 2026); Bloomberg; Reuters; The New York Times. As at 12 November 2026.
3 PitchBook.

3.0 Listed Multiples

Listed core AI companies trade at a median EV/Revenue multiple of 6.4x across 51 companies, within a range of 0.5x to 92.2x. Only 12 of 78 have an EBITDA multiple, as most are loss-making, so the 27.6x median EV/EBITDA is indicative only. These multiples predate the October 2026 sell-off in AI stocks.

6.4x
Median EV/Revenue, listed core AI worldwide (51)

27.6x
Median EV/EBITDA, indicative only (12 of 78 have one)

2.3x
Median EV/Revenue, ASX core AI (9)

3.1 Worldwide

The table below summarises listed multiples worldwide and for the ASX. The worldwide core set excludes pre-revenue companies, companies with EBITDA or enterprise value close to nil, distressed micro-caps and delisted companies. AI-enabled companies in other sectors are shown separately as adjacent.

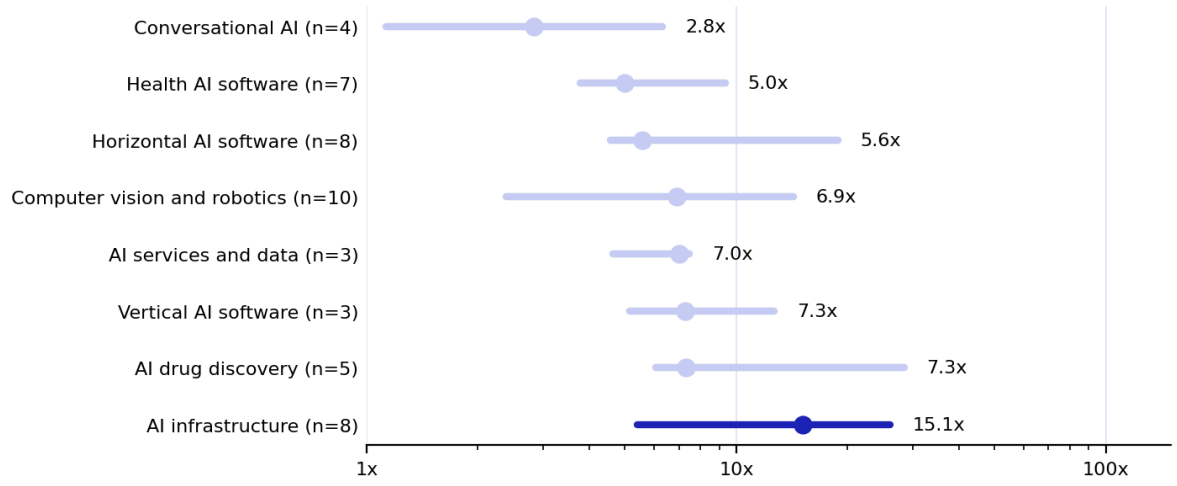
Table 4: Listed AI multiples

Set	Metric	n	Low	25th	Median	75th	High
Core AI, worldwide	EV/Revenue	51	0.5x	2.9x	6.4x	16.9x	92.2x
Core AI, worldwide	EV/EBITDA	12	3.4x	16.4x	27.6x	35.7x	260.5x
ASX core, all with a multiple	EV/Revenue	9	0.1x	1.4x	2.3x	9.6x	92.2x
ASX core, three names excluded	EV/Revenue	6	1.8x	3.0x	7.3x	16.3x	92.2x
Adjacent AI-enabled, worldwide	EV/Revenue	24	0.4x	2.3x	5.7x	9.7x	24.7x
Adjacent AI-enabled, worldwide	EV/EBITDA	15	2.3x	16.7x	19.4x	48.5x	81.9x

Source: Sherwood analysis of public market data (stockanalysis.com), June to September 2026. Indicative trailing twelve month multiples.

The chart below shows the median EV/Revenue multiple by subsector, with the interquartile range.

Figure 5: Listed EV/Revenue by subsector (median and interquartile range, log scale)



Source: Sherwood analysis of public market data (stockanalysis.com), June to September 2026. Indicative trailing twelve month multiples.

Infrastructure companies trade well above the other subsectors. NVIDIA trades at 17.8x revenue and CoreWeave at 12.4x. Palantir (72.8x revenue) is the main outlier in horizontal software. Most other

subsectors sit between 5x and 7x, with conversational AI lowest at 2.8x. The few meaningful EBITDA multiples belong to profitable infrastructure and services companies. Adjacent AI-enabled companies trade at similar revenue multiples (5.7x) but have usable EBITDA multiples more often.

3.2 Australia

The ASX AI universe is small and mostly early stage. Thirteen core AI companies have a combined market capitalisation of about A$2.0 billion, and Artrya (pre-revenue) accounts for 45% of it. Only four have an enterprise value above A$150 million.

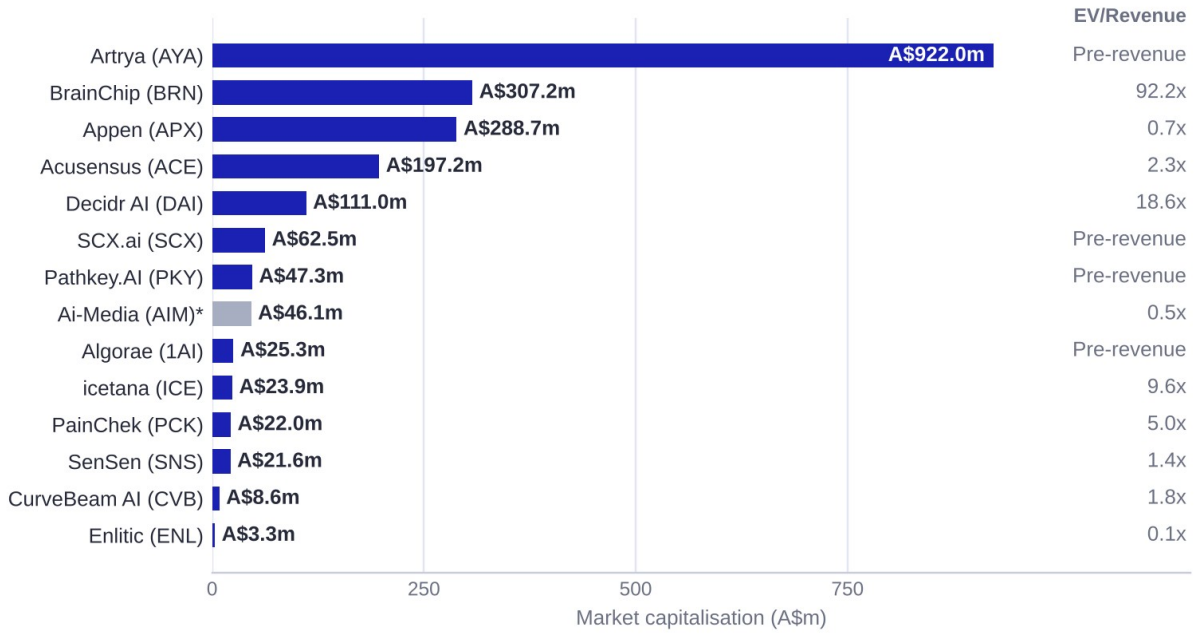
13
Core AI companies listed on the ASX

~A$2.0bn
Combined market capitalisation

45%
Share held by Artrya (pre-revenue)

4
Companies with EV above A$150m

Figure 6: ASX-listed AI companies by market capitalisation



*Source: public sources, indicative trailing twelve month values taken between July and September 2026. * Ai-Media is treated as adjacent (captioning).*

The table below lists the ASX-listed AI companies identified, ranked by market capitalisation. Figures are indicative trailing twelve month values from public sources, taken between July and September 2026.

Table 5: ASX-listed AI companies

Company (ticker)	Subsector	Market cap (A$m)	EV (A$m)	EV/Revenue
Artrya (AYA)	Health software	922.0	845.8	Pre-revenue
BrainChip (BRN)	Infrastructure	307.2	260.9	92.2x
Appen (APX)	Services and data	288.7	234.8	0.7x
Acusensus (ACE)	Computer vision	197.2	163.6	2.3x
Decidr AI Industries (DAI)	Horizontal software	111.0	100.6	18.6x
SCX.ai (SCX)	Infrastructure	62.5	62.5	Pre-revenue
Pathkey.AI (PKY)	Health software	47.3	43.9	Pre-revenue
Ai-Media Technologies (AIM)	Adjacent (captioning)	46.1	29.8	0.5x

Company (ticker)	Subsector	Market cap (A$m)	EV (A$m)	EV/Revenue
Algorae Pharmaceuticals (1AI)	Drug discovery	25.3	23.4	Pre-revenue
icetana (ICE)	Computer vision	23.9	21.9	9.6x
PainChek (PCK)	Health software	22.0	17.2	5.0x
SenSen Networks (SNS)	Computer vision	21.6	22.9	1.4x
CurveBeam AI (CVB)	Health software	8.6	21.7	1.8x
Enlitic (ENL)	Health software	3.3	0.8	0.1x

The median EV/Revenue multiple is 2.3x for the nine ASX core companies with a revenue multiple. It rises to 7.3x if Appen and SenSen (EBITDA close to nil) and Enlitic (distressed pricing) are excluded. A sample of this size depends heavily on its makeup. No ASX core company has a usable EV/EBITDA multiple.

3.3 ASX AI company profiles

Artrya | ASX:AYA

Artrya's Salix software uses AI to analyse coronary CT angiograms and measure plaque. The Salix Coronary Plaque module has FDA clearance and the company is moving into US hospital rollout. Revenue is at an early stage.

BrainChip | ASX:BRN

BrainChip licenses and sells its Akida neuromorphic processor technology for low-power AI at the edge. It has started shipping silicon and remains loss-making.

Appen | ASX:APX

Appen supplies the human-labelled data used to train and evaluate AI models. It is the largest company here by revenue, with half-year revenue up 17.5%, but earnings are close to nil.

Acusensus | ASX:ACE

Acusensus makes AI cameras that detect mobile phone use and seatbelt offences, sold to government road safety agencies. It is expanding internationally and recently won a A$1.7 million Victorian freeway camera trial.

Decidr AI Industries | ASX:DAI

Decidr sells Australian beauty, functional food and nutraceutical products online and also runs an AI business software platform. Its revenue is largely consumer products. It is included as core AI for its software platform.

SCX.ai | ASX:SCX

SCX.ai provides sovereign AI inference, running AI models on SambaNova chips in Australian data centres so that data stays onshore. It listed in August 2026 after a A$40 million IPO at A$0.30 a share. Contracted annual recurring revenue was A$6.5 million at 31 July 2026 across 49 paying customers. A trailing revenue multiple is not yet available.

Pathkey.AI | ASX:PKY

Pathkey.AI (formerly Opyl) sells AI tools that design and predict the success of clinical trials (TrialKey and TrialGen). It is pre-revenue.

Smaller companies

Ai-Media provides live captioning, now AI-assisted, and is treated as adjacent. Algorae Pharmaceuticals is an early stage company applying AI to drug discovery. icetana and SenSen Networks sell AI video analytics (SenSen mainly to traffic and gaming customers). PainChek sells an AI pain assessment app for aged care. CurveBeam AI combines point-of-care CT scanners with AI imaging software. Enlitic provides AI tools for medical imaging data and trades at distressed levels.

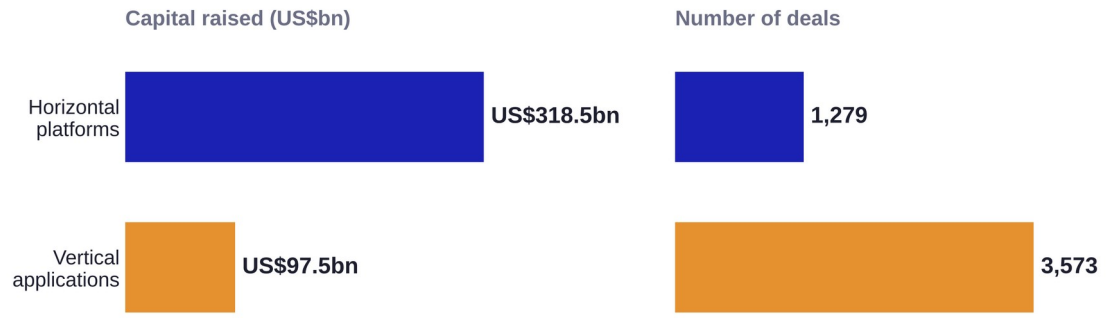
4.0 Industry Overview and Trends

In this report, the AI sector means businesses whose core product is AI. That covers software, services and data, infrastructure (compute, chips and cloud), computer vision and robotics, and health and drug discovery. AI-enabled businesses in other sectors are treated separately as adjacent.

Capital is concentrating

In the nine months to September 2026, horizontal platforms took US$318.5 billion across 1,279 deals and vertical applications US$97.5 billion across 3,573 deals. In 2025 the two were close, at US$116.6 billion and US$106.2 billion. Vertical deal counts have fallen from a peak of 7,077 in 2021 to 5,663 in 2025, and each quarter of 2026 has been lower than the last (1,282, 1,179 and 1,112). Fewer companies are receiving larger cheques. The pattern is not uniform: vertical applications led funding in Q3 2026 (US$40.0 billion against US$27.6 billion), although horizontal platforms are expected to regain the lead. Sovereign AI initiatives are expected to keep directing state-backed capital into horizontal platforms.[4]

Figure 7: Horizontal platforms against vertical applications, nine months to September 2026



Source: PitchBook, Q3 2026 AI Report.

Six trends shaping the sector

Infrastructure spending and the software debate

Global spending on AI data centres and model training is estimated to be approaching US$1 trillion a year. In early 2026, hyperscaler spending was read as a sign of margin risk, and software vendors were sold down on fears that agentic AI would replace seat-based revenue. Enterprise commentary indicates that software budgets are not shrinking and that AI is being funded from labour budgets.[5]

From pilots to deployment

Enterprises are moving from the pilots of 2024 and 2025 to broad deployment in 2026. Deployment needs controls for security, compliance and oversight of autonomous agents. Vendors that move to outcome-based pricing can reach labour budgets, while those that do not are exposed to valuation pressure.

4 PitchBook.
5 PitchBook.

Competition

Value destruction is expected among undifferentiated start-ups in AI code generation, marketing tools, second-tier medical scribes, drones and parts of AI cybersecurity. Legacy analytics, ERP and IT operations tools are the incumbent categories most exposed to AI-native competitors. The expected winners combine network effects, proprietary data, domain insight and strong distribution.[6]

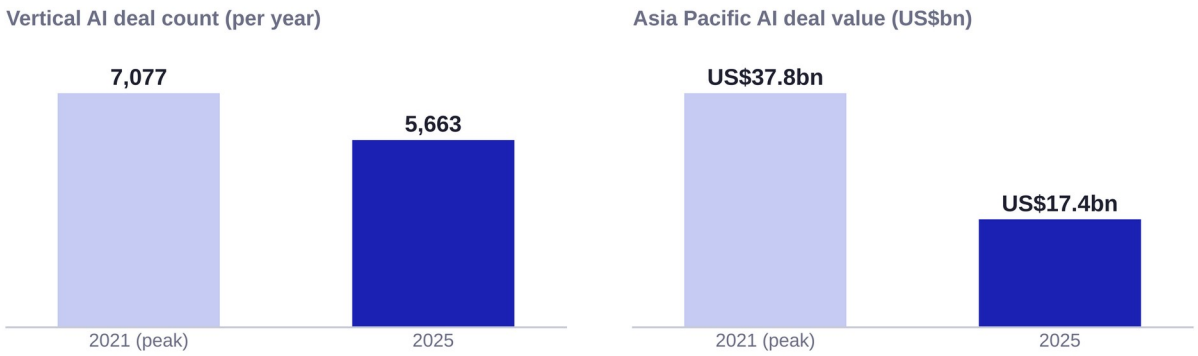
Exits

Venture-backed IPO volume has fallen short of expectations outside a few very large issuers. SpaceX traded below its IPO price at the end of August 2026. Anthropic is expected to list on Nasdaq on 19 November 2026, and OpenAI is not expected to list before 2027. Acquisitions were 133 of 181 AI VC exits in Q3 2026 (73%), and the quarter's five largest exits were all acquisitions. M&A is expected to remain the more realistic exit below the frontier tier.

Macro and region

Geopolitical risk and high energy prices are the main weight on risk appetite.[7] Asia Pacific AI deal value was US$17.4 billion in 2025, against a peak of US$37.8 billion in 2021. Capital in the region is more dispersed than in the US, and Australia and South East Asia are held back by a shallow local LP base and limited exits.

Figure 8: Vertical AI deal count and Asia Pacific AI deal value, 2021 peak against 2025



Source: PitchBook, Q3 2026 AI Report; PitchBook APAC AI venture tracking.

6 PitchBook.
7 PitchBook.

5.0 Recent Large Transactions

The largest AI exits since 2025 are concentrated in frontier platforms and infrastructure. SpaceX's US$250 billion acquisition of xAI is larger than all AI M&A recorded in the prior three years. SpaceX followed in August 2026 with the US$60 billion purchase of Anysphere, the maker of Cursor. Below that tier, the largest deals are strategic purchases of infrastructure, security and software capability.

US$250bn
SpaceX acquisition of xAI, larger than all AI M&A in the prior three years

US$60.0bn
SpaceX acquisition of Anysphere, the maker of Cursor (AI coding)

US$8.0bn
Stripe acquisition of OpenRouter, about 6x its Series B valuation

The table below lists the largest acquisitions and listings since 2025, most recent first. US dollar values are reported deal values and Australian dollar values are implied enterprise values.

Table 6: Largest AI acquisitions and listings since 2025

Date	Target	Buyer or event	Value	Notes
Sep 2026	Dragos (majority stake)	Accenture	US$3.25bn	Industrial cybersecurity
Sep 2026	Fin (formerly Intercom)	Salesforce	US$3.6bn	AI customer service agent
Sep 2026	Airtable	Bending Spoons	US$2.25bn	Workflow and database software
Aug 2026	OpenRouter	Stripe	US$8.0bn	Cash and stock. About 6x the Series B valuation of US$1.3bn three months earlier
Aug 2026	Anysphere (Cursor)	SpaceX	US$60.0bn	AI coding. Largest AI VC exit in Q3 2026
Aug 2026	MaintainX	Autodesk	US$3.6bn	Maintenance and operations software
Jun 2026	Nagarro (adjacent)	Persistent Systems	A$2.1bn	Digital engineering with AI. 1.3x revenue and 9.3x EBITDA
Feb 2026	Celestial AI	Marvell Technology	US$6.0bn	AI interconnect. Third largest AI VC exit in Q1 2026
Feb 2026	xAI	SpaceX	US$250.0bn	Completed ahead of the SpaceX IPO
Jan 2026	Chronosphere	Palo Alto Networks	US$3.35bn	Observability platform
Jan 2026	Mamezo	EQT	A$543m	AI engineering and cloud consulting. 5.2x revenue and 24.8x EBITDA
Jan 2026	MiniMax	Public listing	US$5.9bn	Horizontal platform
Jan 2026	Zhipu	Public listing	US$6.0bn	Horizontal platform. Second largest AI VC exit in Q1 2026
Jan 2026	Biren Technology	Public listing	US$5.9bn	Semiconductors
Sep 2025	Sana	Workday	US$1.1bn	VC-backed exit
Sep 2025	Statsig	OpenAI	US$1.1bn	VC-backed exit
Sep 2025	Cognigy	NICE	US$955m	VC-backed exit
Aug 2025	Regrello	Salesforce	US$2.1bn	VC-backed exit
May 2025	Shine Analytics	Wolters Kluwer	A$747m	AI legal spend management. 19.3x revenue
Mar 2025	Ampere Computing (91.9%)	SoftBank Group	A$9.4bn	AI and cloud processors. 394.9x revenue

Source: PitchBook (US$ values); Mergermarket (implied enterprise values in A$); company announcements (buyers of Q3 2026 exits).

Stripe and OpenRouter

Stripe agreed in August 2026 to acquire OpenRouter for US$8.0 billion in cash and stock. The price is about six times OpenRouter's Series B valuation of US$1.3 billion three months earlier.

The deal is seen as evidence that M&A is beating IPOs as the exit for AI companies.[8] Stripe made only AI or crypto acquisitions in 2025 and 2026.

Figure 9: OpenRouter valuation step-up

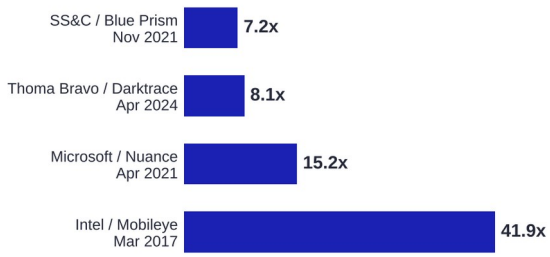


Source: PitchBook OpenRouter deal note, 31 August 2026.

Benchmark acquisitions

Earlier large acquisitions remain the main benchmarks for the sector: Thoma Bravo and Darktrace (April 2024, 8.1x revenue), SS&C and Blue Prism (November 2021, 7.2x), Microsoft and Nuance (April 2021, 15.2x) and Intel and Mobileye (March 2017, 41.9x).

Figure 10: Benchmark acquisitions, EV/Revenue



Source: Mergermarket.

Listing pipeline

1 June 2026
Anthropic
Filed a confidential draft S-1.

8 June 2026
OpenAI
Filed confidentially. Listing now expected in 2027.

19 November 2026
Anthropic
Expected to list on Nasdaq (ANT) at US$70 to US$78 a share.[9]

Anthropic's prospectus is now public. OpenAI's is not, so its valuation rests on its latest private round.

8 PitchBook, OpenRouter deal note, 31 August 2026.
9 Anthropic IPO filing, as reported by Bloomberg and Reuters, November 2026.

6.0 Transaction Drivers

Our research identifies four established groups of AI acquirers (Big Tech, NVIDIA, enterprise software incumbents and frontier labs) and a fifth group of high-growth private companies such as Stripe.[10] Private acquirers now make up a growing majority of VC-backed M&A.



Established acquirer groups (blue) and the fifth, growing group (orange).

The main drivers of activity

1. Buy versus build

Buying AI capability is often faster and more reliable than building it. Stripe made only AI or crypto acquisitions in 2025 and 2026.

2. Platform defence

Incumbents such as GitLab and Atlassian are expected to buy AI-native point solutions to close product and security gaps. PE-owned healthcare IT platforms are buying AI capability (R1 RCM acquired Phare Health).

3. Securing compute and capability

SpaceX acquired xAI ahead of its IPO and Anysphere (Cursor) after it. Marvell acquired Celestial AI for its interconnect technology.

4. Liquidity pressure

Net cash flows to VC limited partners have been about negative US$200 billion since 2022. Cash and stock deals deliver distributions while letting value compound in a private acquirer.

5. Weak IPO window

M&A is the more realistic route for companies below the frontier tier. Second-tier companies in crowded categories, such as AI medical scribes, are expected to sell at discounted valuations.

6. Sponsor interest and corporate demand

Sponsors have taken private larger AI-enabled software businesses (Darktrace, New Relic and Anaplan). Corporates are buying AI services capacity (Accenture and Aidemy, Chiba Bank and Edge Technology).

Early 2026 valuations reflect fast markups. OpenRouter was acquired at about six times its Series B valuation from three months earlier. Well-capitalised strategic buyers are expected to pay a premium for fit and synergies, even shortly after a funding round.[11]

10 Acquirer groupings follow PitchBook.
11 PitchBook.

7.0 PE and VC Activity

Venture capital is the main source of private capital for AI. Funding reached US$508.8 billion in the nine months to September 2026, almost double the US$267.0 billion raised in all of 2025 and a new annual record. It slowed through the year, from US$248.0 billion in Q1 to US$166.5 billion in Q2 and US$94.3 billion in Q3. In the twelve months to September, AI took 65.1% of all venture deal value but only 19.1% of deal count. In 2026 to date, horizontal platforms took 63% of AI deal value (US$318.5 billion), and vertical applications took 64% of AI deal count (3,573 deals). Autonomous machines raised US$58.9 billion across 417 deals and semiconductors US$33.7 billion across 309 deals.

US$508.8bn
AI venture funding, nine months to September 2026

65.1% / 19.1%
AI share of VC deal value / deal count, year to September 2026

US$318.5bn
Taken by horizontal platforms in 2026 to September (63% of AI deal value)

5,578
AI venture deals, nine months to September 2026

The table below compares the last two twelve month periods to September. Funding more than doubled while deal counts fell. Acquisitions were 72% of exits in the latest period.

Figure 11: AI venture funding and exits, twelve months to September

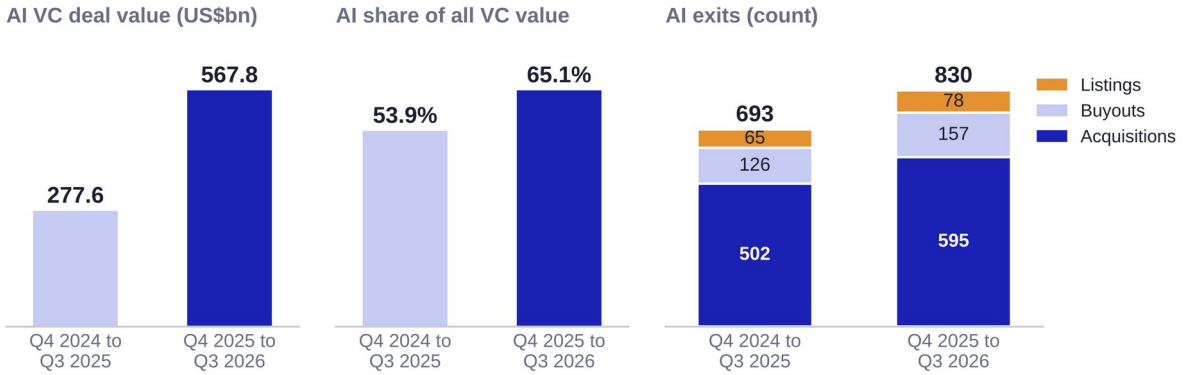


Table 7: AI venture activity, twelve months to September

Measure	Q4 2024 to Q3 2025	Q4 2025 to Q3 2026
AI VC deal count	8,623	7,717
AI VC deal value (US$bn)	277.6	567.8
Share of all VC deal value	53.9%	65.1%
Exit count	693	830
Acquisitions	502	595
Buyouts	126	157
Public listings	65	78

Source: PitchBook, Q3 2026 AI Report.

Valuations and liquidity

Valuations. Median pre-money valuations rose at every stage in Q1 2026. Series D and later AI companies had a median of US$4.7 billion, nearly four times non-AI companies at the same stage. Each US$0.90 sought by a venture growth AI company was matched by US$1.00 of supply, while non-AI companies

received US$1.00 for every US$1.70 sought. The median time between AI financing rounds is 1.3 years, against 1.9 years for non-AI companies.

Liquidity. Median DPI is below 1.0x for North American VC vintages from 2015 onwards, and five large managers took 73.1% of capital raised in Q1 2026. LP co-investment is growing as a lower-fee way to gain direct AI exposure. AI's share of private company secondary trading rose from 2% in 2022 to 44% in 2025.[12] The table below lists the largest AI financings in Q1 2026. Since then, Anthropic has raised US$65 billion at US$965 billion (May 2026), Databricks US$5 billion at US$190 billion (August 2026) and OpenAI the first US$11 billion of a new round at US$1.25 trillion (November 2026).

Figure 12: Largest AI financings, Q1 2026

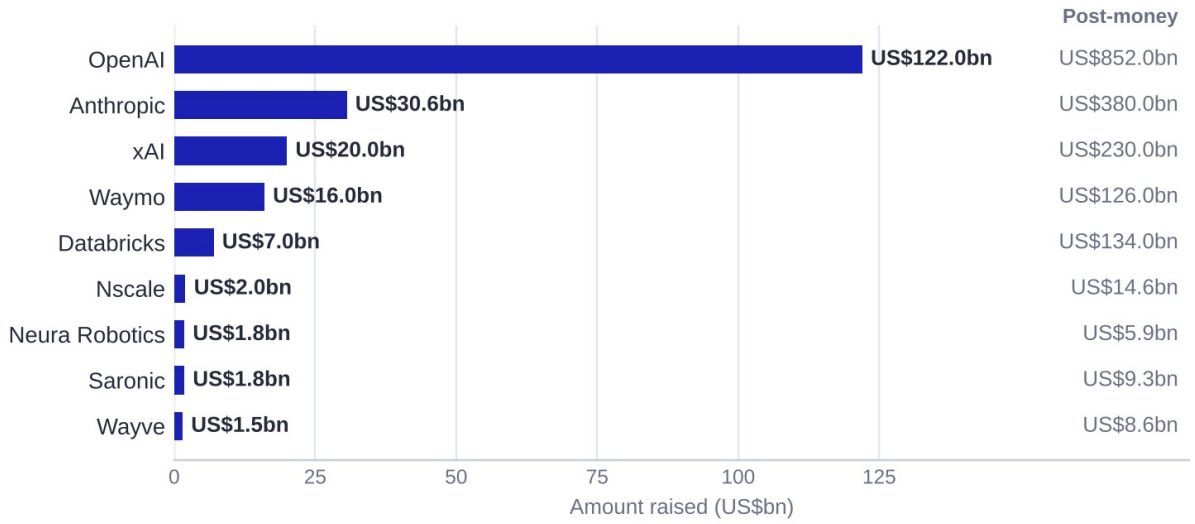


Table 8: Largest AI financings, Q1 2026

Company	Close	Amount (US$bn)	Post-money (US$bn)	Lead investors
OpenAI	Mar 2026	122.0	852.0	Amazon, Andreessen Horowitz, NVIDIA, SoftBank Group
Anthropic	Feb 2026	30.6	380.0	Coatue, Dragoneer, Founders Fund, GIC, ICONIQ, MGX, D. E. Shaw
xAI	Jan 2026	20.0	230.0	NVIDIA, Valor Equity Partners
Waymo	Feb 2026	16.0	126.0	DST Global, Dragoneer, Mubadala, Sequoia
Databricks	Feb 2026	7.0	134.0	Fidelity, Insight Partners, J.P. Morgan Growth Equity
Nscale	Mar 2026	2.0	14.6	8090 Industries, Aker
Neura Robotics	Mar 2026	1.8	5.9	Not disclosed
Saronic	Mar 2026	1.8	9.3	Kleiner Perkins
Wayve	Feb 2026	1.5	8.6	Balderton, Eclipse, SoftBank Investment Advisers

Source: PitchBook, AI VC Trends Q1 2026. PitchBook has since restated its Q1 2026 totals.

12 Forge Global, as cited by PitchBook.

Asia Pacific and Australia

AI funding in Asia Pacific is more dispersed than in the US and runs through corporate investors. The enabling stack (software and hardware infrastructure) took more than 1,000 deals and about US$8 billion in 2025. The region averages about 35 AI acquisitions a year, against 17 listings and three buyouts. Australia lacks local LP depth and exit liquidity, which limits progress beyond Series B.

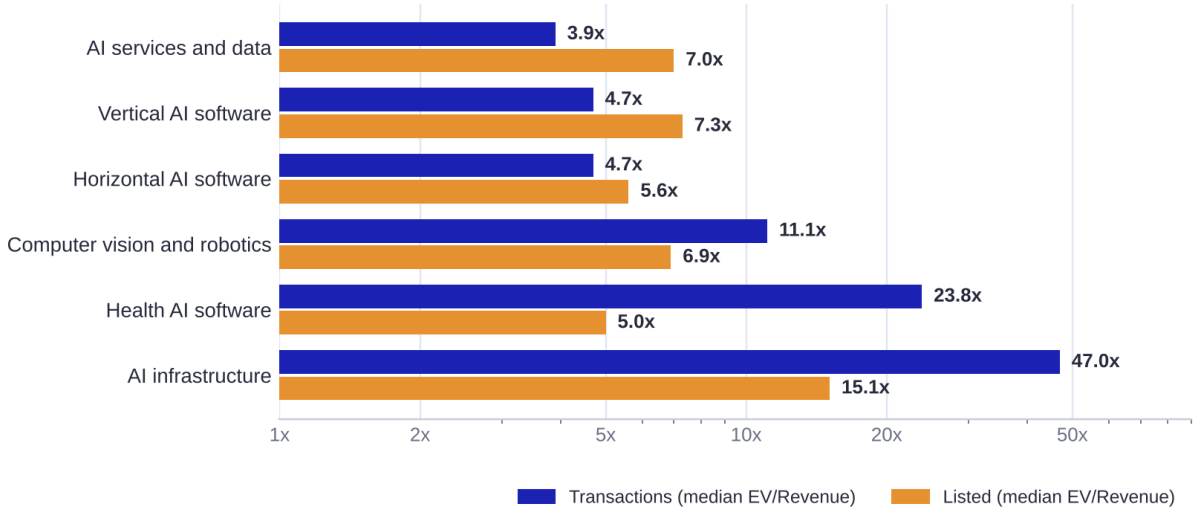
Private equity

PE is a smaller channel than VC but is active in the mid-market and in take-privates. Buyouts were 157 of 830 AI venture exits in the twelve months to September 2026. Recent sponsor transactions include Thoma Bravo and Darktrace (8.1x revenue), EQT and Mamezo (5.2x), and TPG and Francisco Partners with New Relic (6.8x, adjacent).

8.0 AI Subsectors

Economics, margins and buyers differ sharply between AI subsectors, and multiples follow those differences. The subsectors below follow the classification used in the multiples analysis.

Figure 13: Median EV/Revenue by subsector, transactions against listed companies (log scale)



Source: Mergermarket (transactions, March 2016 to September 2026); stockanalysis.com (listed, June to September 2026). Medians as shown in Figures 2 and 5. Sherwood analysis.

AI software and SaaS

This group covers horizontal platforms and tools sold across industries, including foundation models, data management, process automation, conversational AI and AI security. Foundation models are expected to grow fastest (US$25.3 billion in 2025 rising to US$136.2 billion in 2030).[13] Code generation and marketing tools are flagged as overheated. Listed examples are Palantir, C3.ai, UiPath and SoundHound.

Transactions 4.7x | Listed 5.6x (horizontal AI software)

Vertical AI

Vertical AI builds AI into the workflows of a single industry, such as healthcare, financial services, legal or logistics. Deal counts have fallen but capital per deal has risen. Areas with a clearer path to profit, such as compliance and financial management software, are expected to exit in 2026. Recent deals include Wolters Kluwer and Shine Analytics and Ciprun and Jiangsu Opsoft. ASX-listed examples are PainChek, CurveBeam AI and Artrya.

Transactions 4.7x | Listed 7.3x

13 PitchBook.

AI services, consulting and data

These businesses earn revenue from labour and implementation rather than software licences, and they transact at the lowest revenue multiples of any core subsector. PE-owned platforms are buying capability to keep pace with AI-native competitors. Recent deals include Accenture and Aidemy and EQT and Mamezo. Listed comparables are Appen (ASX), Innodata and BigBear.ai (US).

Transactions 3.9x | Listed 7.0x

AI infrastructure

This group covers GPU cloud, AI chips and data centre capacity. It carries the highest multiples and the largest strategic deals, such as Marvell and Celestial AI (US$6.0 billion). In Australia, Firmus Technologies raised US$541.1 million in November 2025 and withdrew a planned ASX listing in October 2026. BrainChip and SCX.ai are the ASX-listed names.

Transactions 47.0x | Listed 15.1x

Computer vision, robotics and autonomy

Autonomous machines raised US$58.9 billion in the nine months to September 2026, more than double the US$24.9 billion of all of 2025 (Waymo raised US$16 billion). In Asia Pacific, industrial, robotics and mobility AI is the largest applied vertical at US$1.9 billion in 2025. Australia has committed A$1.7 billion to the Anduril Ghost Shark program. ASX-listed examples are Acusensus, SenSen Networks and icetana.

Transactions 11.1x | Listed 6.9x

Health AI and drug discovery

AI drug discovery is rated the top healthcare subsector for venture returns, on the view that AI could lift clinical trial success from 8% to 17%.[14] AI scribes have taken the most share but are crowded. Recursion's 2024 acquisition of Exscientia is the main large deal. Health AI attracted US$1.1 billion of Asia Pacific venture funding in 2025.

Health AI software: transactions 23.8x | Listed 5.0x

14 PitchBook.

9.0 Data Notes and Sources

Classification

Core AI companies are those where AI is the product. Adjacent companies are AI-enabled businesses in another sector.

Transactions

Transaction records from March 2016 to September 2026 were screened on AI terms. Of 565 candidates, 75 were classified as core and 31 as adjacent. Multiples are as published by the data provider and have not been recomputed. Enterprise values are in Australian dollars. Minority stakes remain in the dataset with the stake shown.

Listed companies

276 keyword matches were reduced to 78 core and 31 adjacent companies after removing false matches and duplicate listings. Multiples are trailing twelve month figures from public market data (June to September 2026), in listing currency. They are indicative only and predate the sell-off in AI stocks that began in October 2026.

Statistics

No outlier rule has been applied. The number of observations and any exclusions are stated beside each statistic. Valuations and market forecasts are third-party estimates and have not been independently verified. Frontier lab valuations are as at 12 November 2026: OpenAI at US$1.25 trillion (first close of its current round) and Anthropic at its IPO range, before pricing. Venture figures use PitchBook's Q3 2026 data, which restates earlier quarters. The SpaceX acquisition of xAI is dated to 2 February 2026.

Sources. PitchBook (Q3 2026 AI Report, 4 November 2026; AI VC Trends Q1 2026; OpenRouter deal note, 31 August 2026; Anthropic S-1 note; LP co-investments; APAC AI venture tracking; 2026 AI Outlook; Advanced Computing Q4 2025), Mergermarket, stockanalysis.com and Forge Global (as cited by PitchBook). Frontier lab figures: Anthropic IPO filing and Series H announcement, Databricks announcement (August 2026), Bloomberg, Reuters and The New York Times.

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