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IPEV 2025:
Raising the standard for defensible fair value

October 2026

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What has changed?

The International Private Equity and Venture Capital Valuation (IPEV) Guidelines are widely recognised as a leading global framework for the valuation of private capital investments. The 2025 update, published in December 2025 is effective for quarterly reporting periods beginning on or after 1 April 2026.

The 2025 Guidelines reinforce and clarify the practical application of several established principles, particularly calibration, the use of current market-participant assumptions and the treatment of complex capital structures. It reflects how the private markets landscape has evolved and provides additional guidance in areas where valuation teams face increasing complexity, significant judgement and heightened stakeholder scrutiny.

The 2025 update largely preserves the existing valuation framework. Rather than introducing new valuation rules, IPEV has enhanced explanatory guidance and expanded practical application guidance in several areas:

- More guidance, rather than new valuation principles
- Expanded treatment of complex capital structure and liquidation preferences
- New practical guidance for venture debt, CLNs, SAFEs and ASAs[1]
- Clarification of calibration, recent transaction prices and known or knowable information
- Additional guidance on co-investments, timely valuations and sustainability factors

[1] Convertible Loan Notes (CLNs), Simple Agreements for Future Equity (SAFEs) and Advance Subscription Agreements (ASAs)

Three priorities for the 2026 valuation season

1. Calibration should be at the center of the valuation process

Calibration is not a new concept. It has long been embedded in fair value measurement and remains a fundamental requirement under both accounting standards and the IPEV framework. The 2025 Guidelines provide additional clarity on how calibrated valuation approaches should be applied and reassessed over time. While recent transaction prices remain highly relevant, IPEV is clear that a historic transaction cannot automatically be assumed to represent fair value indefinitely. Valuations must be reassessed as company performance, market conditions and investor expectations evolve. The objective is not simply to reference historic transaction pricing, but to understand how the underlying valuation drivers have evolved over time.

In practice, this means that discussions around valuation increasingly focus on understanding and explaining value movements between reporting periods. The key question is no longer whether the latest valuation equals the last transaction price, but whether the assumptions supporting the valuation remain consistent with current performance and market conditions.

Deloitte POV: Deloitte's recent Portfolio Valuation Services (PVS) Survey, published in June 2025[2] and based on interviews with 27 investment firms, suggests that many Swedish investors already incorporate some form of calibration, particularly following significant company-specific or market-related developments. In our experience, some valuation processes still place disproportionate weight on historical financing rounds and other transaction events.

Further, valuation discussions with LPs[3], investment committees or auditors rarely center on whether a selected EBITDA multiple should have been, for example, 9.0x or 9.5x. More often, the discussion focuses on whether there is a coherent and documented explanation for why value has increased, decreased or remained unchanged since the previous reporting period and why it reflects fair value.

A structured and well-documented calibration framework can reduce repeated questions during the review process and make valuation conclusions easier to explain to investors, investment committees and boards.

[2] PVS Survey 2025

[3] Limited Partners

Three priorities for the 2026 valuation season

2. Look beyond headline financing-round valuations

One of the most practically significant areas of expanded guidance relates to complex capital structures and financial instruments, particularly in the context of venture capital and growth investments. The updated Guidelines provide substantially more detail regarding share classes, liquidation preferences, convertible instruments, venture debt and allocation of value between instruments.

For many Swedish investors this is not an emerging issue but an existing valuation challenge. Capital structures have become more complex as companies have raised capital through multiple financing rounds and an increasingly diverse range of instruments.

In practice, this means investors should be cautious about relying solely on headline post-money valuations from recent funding rounds. A financing round may establish a reference point for one class of shares, but it does not necessarily determine the value of other instruments within the capital structure. Different rights, preferences and return profiles can have a significant impact on value allocation.

Deloitte POV: There are situations where using the standard (static) waterfall for value allocation across the capital structure is perfectly reasonable. Then there are situations where the different rights and preferences carry significant value that impacts other instruments. We expect investors, auditors and boards to place greater emphasis on whether allocation methodologies appropriately reflect the economic rights embedded in the capital structure. In practice, that is likely to increase the use of scenario-based approaches and option-based methodologies for certain investments.

3. Market evidence and defensibility matter more than ever

Fair value is determined from the perspective of a hypothetical market participant at the measurement date. As such, valuation conclusions cannot be supported solely by internal expectations, strategic plans or long-term investment conviction. Those views must ultimately be translated into assumptions that a market participant would take into account when determining value today. The 2025 Guidelines continues to reinforce the importance of current market conditions and market participant assumptions when estimating fair value.

Deloitte POV: One of the most common valuation challenges is not determining whether an asset is attractive, but assessing how much of its expected upside would already be reflected in a market participant's pricing. Our experience suggests that stakeholders increasingly focus less on the valuation conclusion itself and more on the evidence supporting that conclusion. In practice, a defensible valuation process typically means: a clearly documented rationale for peer and multiple selection; an explicit explanation of why value has increased, decreased or remained stable since the prior period; and evidence that assumptions reflect what a market participant would use at the measurement date. The 2025 Guidelines also reinforce the role of backtesting: comparing actual exit prices to prior fair value estimates to identify systematic biases and improve future processes.

What we're seeing in the Swedish market

Our PVS Survey suggests that valuation frameworks are now well established across the Swedish market. However, the degree of sophistication, governance, valuation frequency and alignment with IPEV varies significantly between firms. While market-based approaches dominate, implementation of calibration, valuation policy design and review procedures remains far from uniform.

The survey also highlights increasing expectations from investors, LPs and regulators regarding valuation consistency, transparency and governance. As private market portfolios grow and stakeholder scrutiny increases, valuation processes are becoming a more important component of overall fund governance.

Deloitte perspective

For investment managers and in-house valuation specialists preparing for the 2026 valuation season, the focus should be on demonstrating a clear link between transaction pricing, market evidence, company performance and valuation conclusions. Firms that can clearly explain how value has evolved, and why, are likely to be best positioned when engaging with LPs, boards, investors, auditors and regulators.

We see three main areas that should be addressed:

1. Strengthen calibration procedures

Ensure there is a clear bridge between prior and current valuations, supported by documented changes in company performance, market conditions and valuation inputs.

2. Revisit complex securities

Review whether preference structures, convertibles, venture debt or other contractual rights have implications for value allocation within the capital structure.

3. Focus on defensibility

Evaluate whether valuation methodologies, assumptions and supporting documentation would withstand scrutiny from auditors, investors and other stakeholders.

How Deloitte can help

Deloitte's Portfolio Valuation Services team works with private equity firms, venture capital investors, infrastructure funds, family offices and investment companies across Sweden and the Nordics. In light of the 2025 Guidelines update, we can support you with:

- **Calibration framework design and review** - building a structured, documented process that goes beyond mechanical and static adjustments;
- **Complex capital structure and allocation analyses** - assessing whether preference structures, convertibles, venture debt and other instruments are appropriately reflected in your valuations;
- **Valuation defensibility assessments** - reviewing methodologies, peer selection, documentation and governance to ensure your process would withstand scrutiny from auditors, LPs and regulators;
- Independent portfolio valuations and methodology reviews;
- Valuation policy and governance enhancements

We welcome the opportunity to discuss how these developments apply to your specific portfolio and valuation process. Please reach out to our team.



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