



TRANSLINK

C O R P O R A T E F I N A N C E

TRANSLINK SAAS VALUATION UPDATE

Q3/2023

SaaS valuation insights Q3/2023

Translink Corporate Finance publishes its inaugural quarterly SaaS Valuation Update report

Introduction and contributors

- Our quarterly SaaS Valuation Update centers on the Translink SaaS Index (“TSI”), featuring an in-depth analysis of index constituents, SaaS M&A trends, and the broader European SaaS market. This update provides our key observations, insights, and analytical perspectives on the mid-market SaaS valuation landscape
- TSI distinguishes itself from other adjacent indices in terms of constituent characteristics and size. Comprising predominantly Nordic and European small to mid-sized public SaaS companies, our index includes **134 companies**, with 35% headquartered in the Nordics, 25% in other parts of Europe, only 30% in the United States, and roughly 10% in other global markets. Notably, our index purposefully excludes large-cap SaaS companies
- We firmly believe that our proprietary index serves as an effective valuation benchmark for small and mid-sized SaaS firms, which are the typical transactional focus within our core European markets
- Our data is meticulously sourced from reputable outlets, including S&P Capital IQ Pro, in addition to publicly available sources. Should you have any inquiries or require further information regarding this report, please do not hesitate to contact us at:



Ruben Moring
Partner

+358 50 426 1470
ruben.moring@translinkcf.fi



Juuso Marttinen
Partner

+358 50 561 4027
juuso.marttinen@translinkcf.fi



Hao Pan
Analyst

+358 50 518 9335
hao.pan@translinkcf.fi

Key observations of Q3/2023

- We observed a continued downward trend in SaaS valuation multiples in Q3/'23. The EV/LTM Sales multiple for TSI settled at **3.4x**, well below the 5-year average of **6.0x**. Excluding the Covid-19 impact¹ from the index, the average remains at **4.3x**, underscoring shifting market dynamics
- We anticipate that TSI is gradually approaching its local trough, particularly as the most intense phase of interest rate hikes appears to have passed. We do not foresee any substantial upward pressure on valuations in the immediate future, as it appears that we have largely settled into a new normal. Increased market activity is expected to emerge as market participants adapt to the current landscape. Nevertheless, it is noteworthy that companies demonstrating exceptional profitability and growth continue to command premium valuations
- Despite the market turbulence experienced in 2023, the SaaS market remained an active hub for M&A activity, affirming the industry's resilience and the enduring nature of deal-making

Key statistics

TSI traded at
3.4x
LTM Sales at quarter-end Q3/2023

5-year average EV/LTM Sales multiple
6.0x
TSI

Market outperformers² traded at
5.2x
LTM Sales at quarter-end Q3/2023

Median EV/Sales multiple
~4.5x
Nordic SaaS transactions
from 2020 to Q3/2023

Note: 1) Timeframe of May 2020 to May 2022 excluded from the calculation. 2) Markets outperformers are companies who have over 40 scores in the Rule of 40 principle.

Translink Corporate Finance in brief

Global mid-market M&A advisory with international reach and local execution

Integrated global mid-market M&A advisory

- Long track record of best-in-class M&A advisory
 - Founded in 1972 in Switzerland
- Global and local
 - Approachable local execution team and close collaboration with international colleagues throughout the project
 - Access to investors and buyers on all continents
- Efficient utilisation of global collective expertise
 - Sharing of collective knowledge, intelligence and best practices across the tight-knit global organisation
 - Specialist sector experience and dedicated industry groups
- Cross-border mid-market M&A focus
 - Typical transactions in the range of EUR 20-200 million



Fully integrated global group offers unparalleled scale, reach and local knowledge

Our services

Extensive financial and strategic advisory with international resources and locally produced services



Sell side M&A advisory

- ✓ Project management
- ✓ Sales materials
- ✓ Financial modelling
- ✓ Investor contacting
- ✓ Negotiations



Buy side M&A advisory

- ✓ Project management
- ✓ Target screening
- ✓ Target contacting
- ✓ Financial modelling
- ✓ Negotiations



Financing advisory

- ✓ IPOs
- ✓ Debt advisory
- ✓ Fundraising
- ✓ Private placements



Other services

- ✓ Valuation
- ✓ Financial modelling
- ✓ Strategic advisory
- ✓ Fairness opinions

Focus on mid-market M&A advisory services...

...supported by a broad offering of financial advisory


Translink Corporate Finance references


Selected SaaS transactions

TMT 
SEPTEMBER 2023
SWEDEN

M. MONTERRO
acquired a majority stake in
PLAYIPP

TRANSLINK
CORPORATE FINANCE
Advisor to the seller

TMT 
JUNE 2023
FINLAND | UNITED STATES

saas.group 
acquired
+Q AddSearch

TRANSLINK
CORPORATE FINANCE
Advisor to the seller

TMT 
JULY 2022
NORWAY | FRANCE


acquired
inqom

TRANSLINK
CORPORATE FINANCE
Advisor to the buyer

TMT 
MAY 2022
FINLAND


acquired
neuroflux

TRANSLINK
CORPORATE FINANCE
Advisor to the buyer

TMT 
OCTOBER 2021
FINLAND | DENMARK


acquired
SILVERBUCKET

TRANSLINK
CORPORATE FINANCE
Advisor to the seller

TMT 
JUNE 2021
SWEDEN | NETHERLANDS


acquired
Clinicbuddy

TRANSLINK
CORPORATE FINANCE
Advisor to the seller

TMT 
JUNE 2021
FINLAND | UNITED STATES


acquired
nordicid

TRANSLINK
CORPORATE FINANCE
Advisor to the seller

TMT 
MAY 2021
NORWAY


acquired
EG Landax

TRANSLINK
CORPORATE FINANCE
Advisor to the seller

TMT 
FEBRUARY 2021
FINLAND | NORWAY

Norvestor
acquired


TRANSLINK
CORPORATE FINANCE
Advisor to the seller

TMT 
JUNE 2019
DENMARK

VAAKA PARTNERS
acquired
LYYTI

TRANSLINK
CORPORATE FINANCE
Advisor to the seller

1

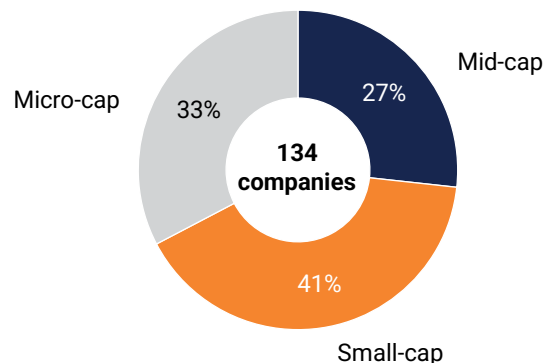
TRANSLINK SAAS VALUATION UPDATE Q3/2023

Overview of the Translink SaaS Index

A strong representation of European and US micro, small and mid-cap SaaS companies

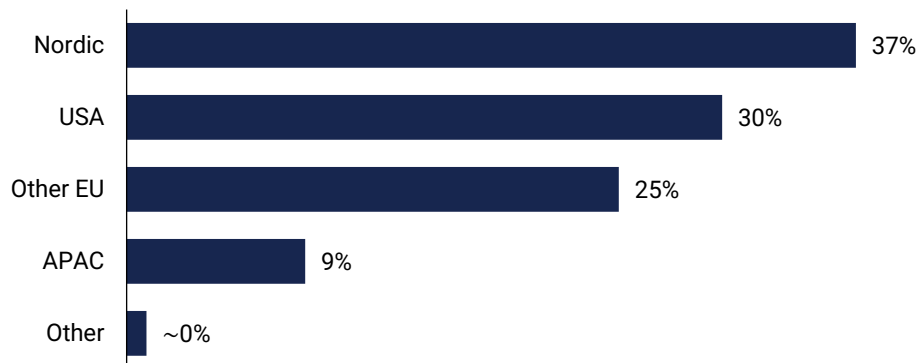
Micro and small-cap companies represent two thirds of TSI

Size distribution¹, %



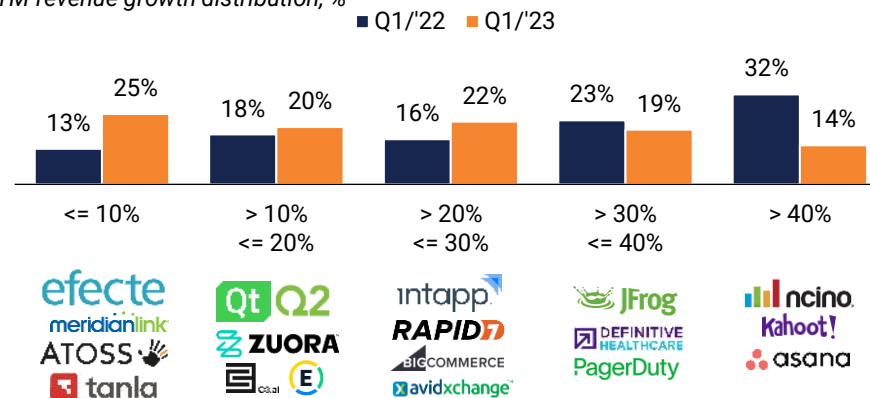
Nordic companies are well-covered in the index

Geographical distribution, %



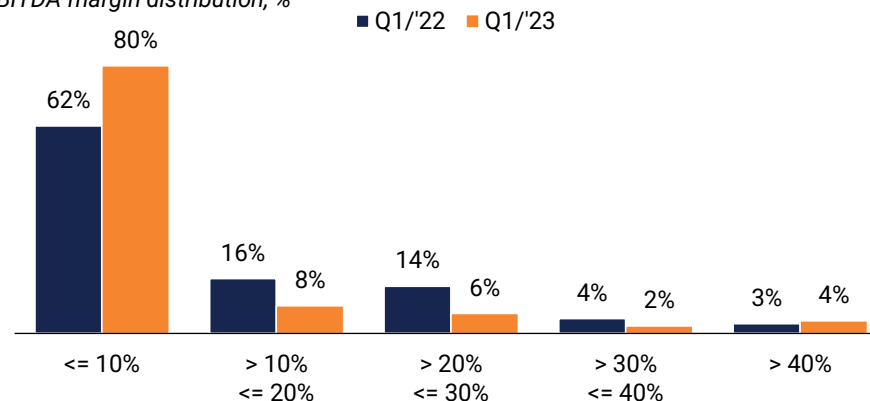
33% of the sample reported LTM revenue growth above 30% in Q1/2023¹

LTM revenue growth distribution, %



12% of the sample companies exceeded EBITDA margin of 20% in Q1/2023

EBITDA margin distribution, %



Sources: S&P Capital IQ as of 29 September 2023. Note: 1) Micro-cap: Market value of less than EUR 250 million. Small-cap: Market value between EUR 250 million and EUR 2 billion. Mid-cap: Market value between EUR 2 billion and EUR 10 billion. Numbers may not sum 100 due to rounding.

Rule of 40 distribution of TSI

Valuations for SaaS companies are now more closely tied to capital efficiency and profitability rather than sheer growth

Top quartile achieved median 55% Rule of 40 and 5.3x 2023E EV/Sales

Fourth quartile
Median Rule of 40:
55%
N: 29



Third quartile
Median Rule of 40:
32%
N: 28



Second quartile
Median Rule of 40:
18%
N: 28



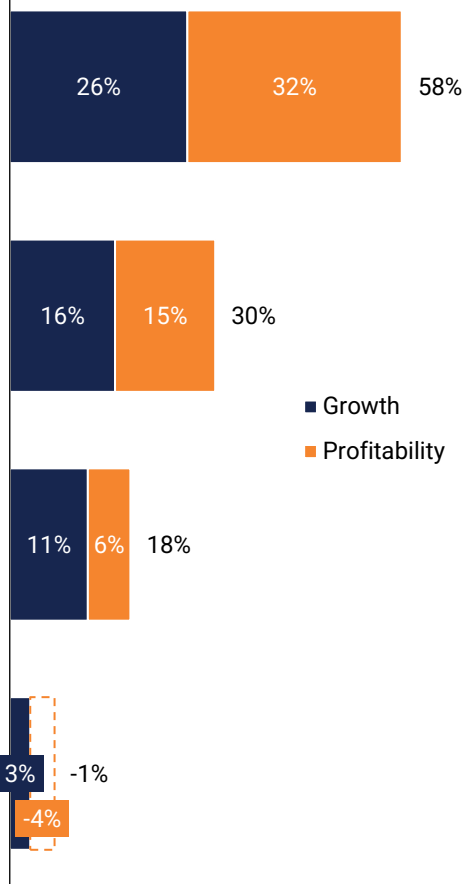
First quartile
Median Rule of 40:
-2%
N: 28



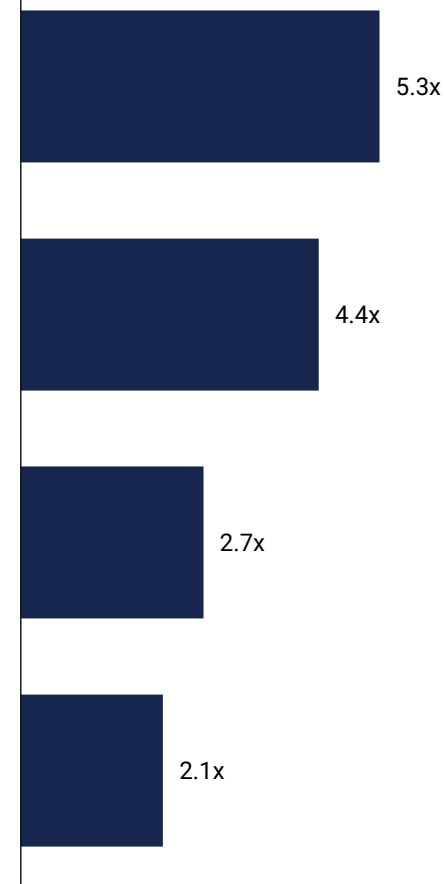
Prevailing market conditions have forced firms to focus on profitability¹

Investors are seeking more robust and profitable companies

Rule of 40 determinants, 2023E



EV/Sales multiple, 2023E



Sources: S&P Capital IQ as of 29 September 2023. Note: 21 companies excluded from the analyses due to insufficient data 1) Growth and profitability based on 2023E median values.

Development of TSI (I/II)

We anticipate that SaaS valuation multiples will normalise around the long-term average heading into 2024

TSI currently trading below its 5-year average

Median EV/LTM Sales

— TSI - - - 5y avg. - - - Avg. excluding Covid-19 peak¹



Sources: S&P Capital IQ as of 29 September 2023. Note: 1) Timeframe of May 2020 to May 2022 excluded from the calculation. Translink SaaS Index shows the Enterprise Value (EV) to last twelve months (LTM) revenue of public B2B SaaS companies from Europe, North America and Asia with EVs capped at EUR 4 billion. Median EV of the index is around EUR 0.7 billion.

Development of TSI (II/II)

European and US SaaS valuations are converging as cost of capital increases and investors shift focus towards recession proof businesses and near-term profitability

European and US companies' valuations are slowly converging, approaching a level of similarity

Median EV/LTM Sales

— TSI (Europe) - - - 5y avg. (Europe) — TSI (US) - - - 5y avg. (US)

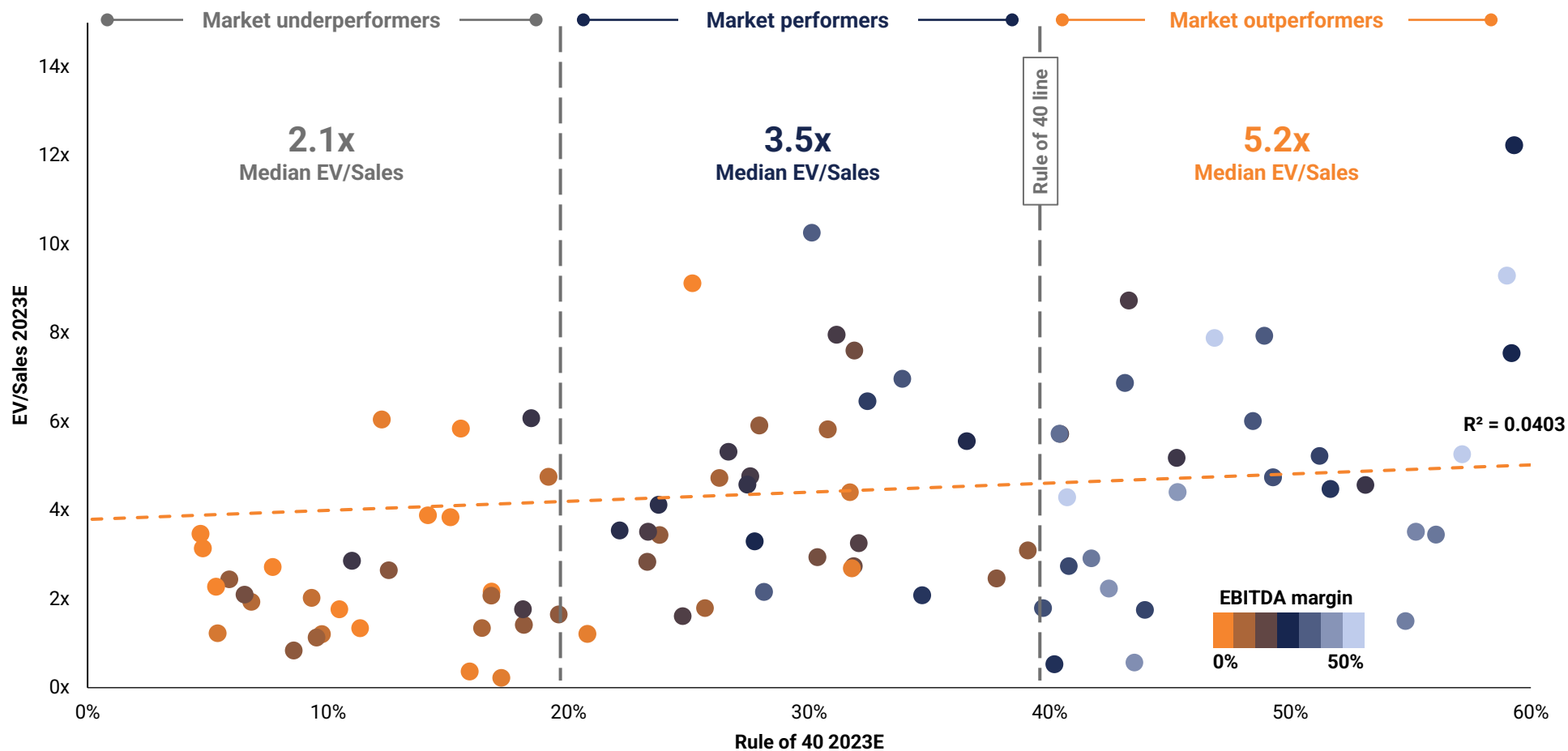


Sources: S&P Capital IQ as of 29 September 2023.

Valuation plot: EV/Sales and Rule of 40 (I/II)

While the valuations have declined, market outperformers still trade at around 5x 2023E Sales

Companies exhibiting high profitability profile command premium valuations

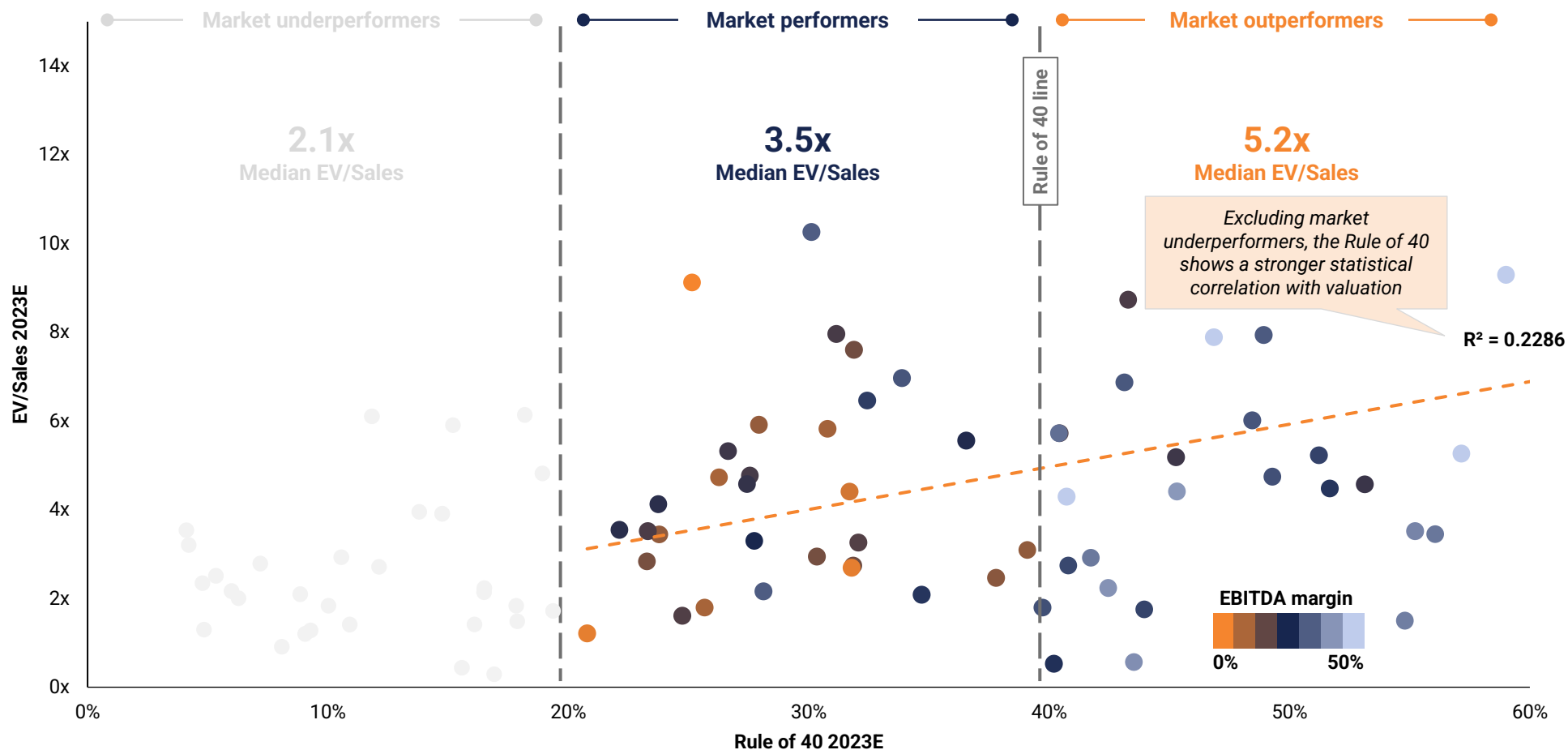


Sources: S&P Capital IQ as of 29 September 2023. Note: 21 companies excluded from the analyses due to insufficient data.

Valuation plot: EV/Sales and Rule of 40 (II/II)

While the valuations have declined, market outperformers still trade at around 5x 2023E Sales

Companies exhibiting high profitability profile command premium valuations



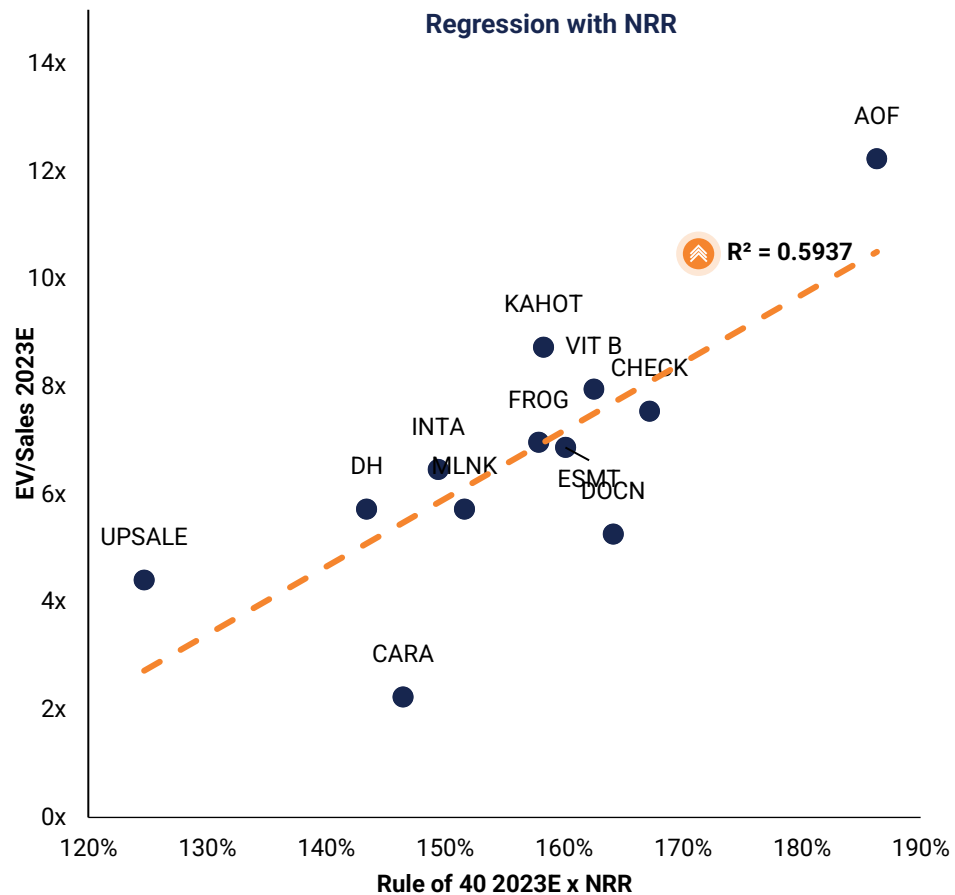
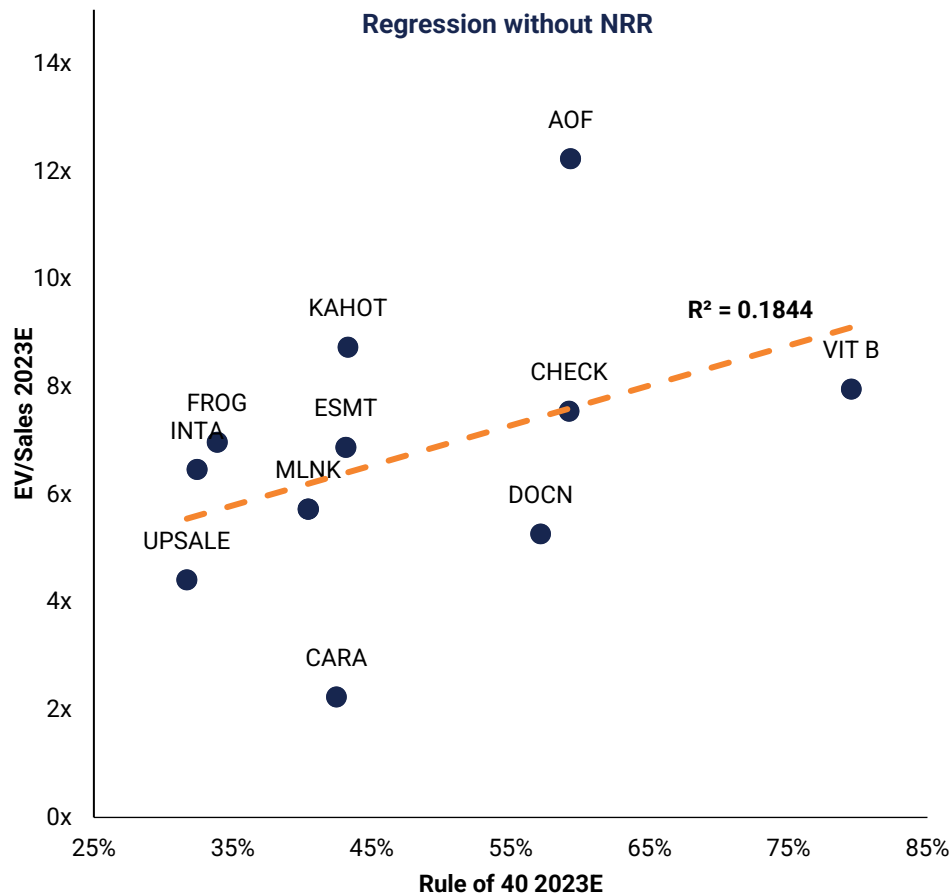
Sources: S&P Capital IQ as of 29 September 2023. Note: 21 companies excluded from the analyses due to insufficient data.

Valuation plot: EV/Sales with Rule of 40 and NRR

Incorporating Net Revenue Retention into Rule of 40 computation significantly increases the explanation power behind the valuation

The statistical power is greatly enhanced when NRR is included in the regression

Illustration of how NRR increases the explanation power behind the valuation



Sources: S&P Capital IQ as of 29 September 2023, Companies earnings reports. Note: Net Revenue Retention figures are self-reported by Company and are based on the latest figure.

2

NORDIC SAAS M&A TRANSACTIONS

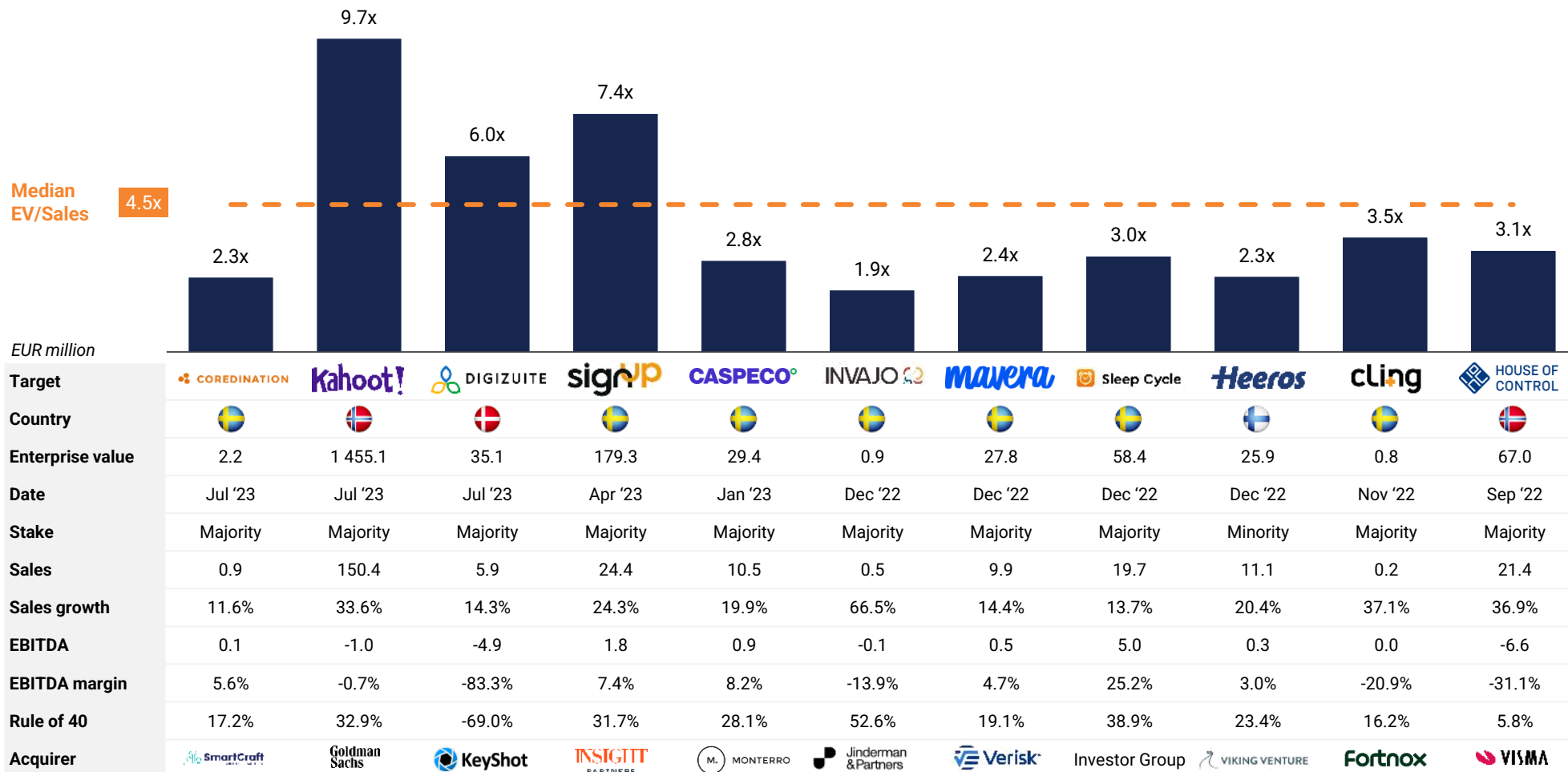
Transactions multiples (I/V)

Selected Nordic SaaS transactions indicate an EV of ~4.5x Sales between 2020 – Q3/2023 with median Rule of 40 metric at approx. 27%

Transaction multiples, EV/Sales

EV/Sales Median EV/Sales

Summary continues on the next slide



Sources: S&P Capital IQ as of 29 September 2023, Valu8

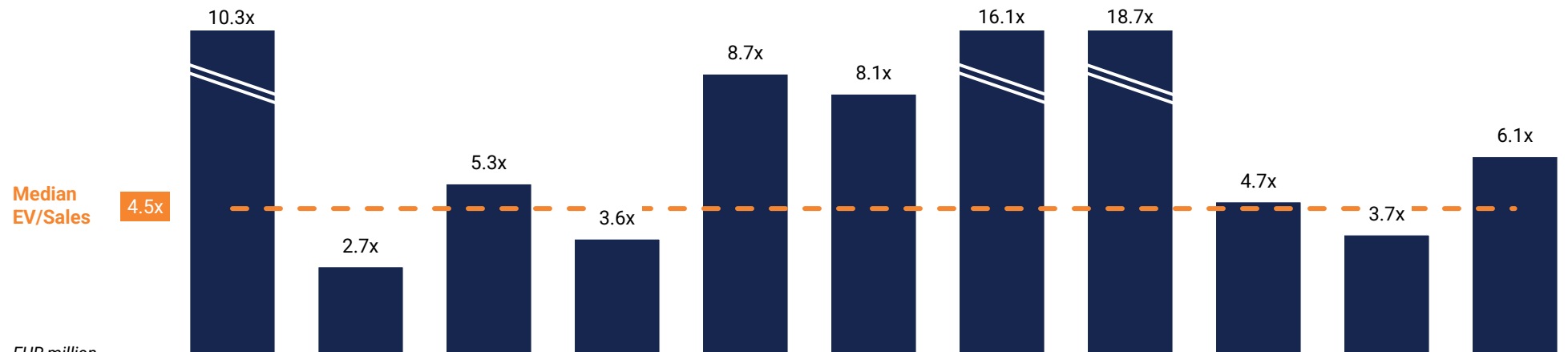
Transactions multiples (II/V)

Selected Nordic SaaS transactions indicate an EV of ~4.5x Sales between 2020 – Q3/2023 with median Rule of 40 metric at approx. 27%

Transaction multiples, EV/Sales

EV/Sales Median EV/Sales

Summary continues on the next slide



EUR million

Target	SHAPE GAMES	PLAY MAGNUS	FINDITY	FINAZILLA	KOTOPRO	momentum	JBQ.Global	LOGENTIA	Orn Software	MERCELL
Country	Denmark	Sweden	Sweden	Finland	Denmark	Finland	Sweden	Denmark	Finland	Denmark
Enterprise value	78.1	57.6	25.9	4.3	389.2	15.3	156.6	145.6	7.1	85.0
Date	Sep '22	Sep '22	Aug '22	Jul '22	Jun '22	Jun '22	Jun '22	June '22	May '22	May '22
Stake	Majority	Majority	Majority	Majority	Majority	Majority	Majority	Majority	Majority	Majority
Sales	7.6	21.1	4.9	1.2	44.9	2.2	9.7	7.8	1.5	22.9
Sales growth	28.5%	72.5%	32.3%	70.5%	35.8%	15.2%	25.3%	8.9%	22.8%	164.2%
EBITDA	2.8	-13.2	-1.2	0.2	-4.8	0.2	1.5	3.9	0.8	3.0
EBITDA margin	36.8%	-62.2%	-24.6%	17.5%	-10.8%	8.9%	15.1%	49.7%	48.9%	12.9%
Rule of 40	65.3%	10.3%	7.7%	88.0%	25.0%	24.1%	40.4%	58.5%	71.2%	177.1%
Acquirer	Kambi	Chess.com	CREADES	lemonsoft	Apax	admicom	Aareal	lemonsoft	EG	THOMABRAVO

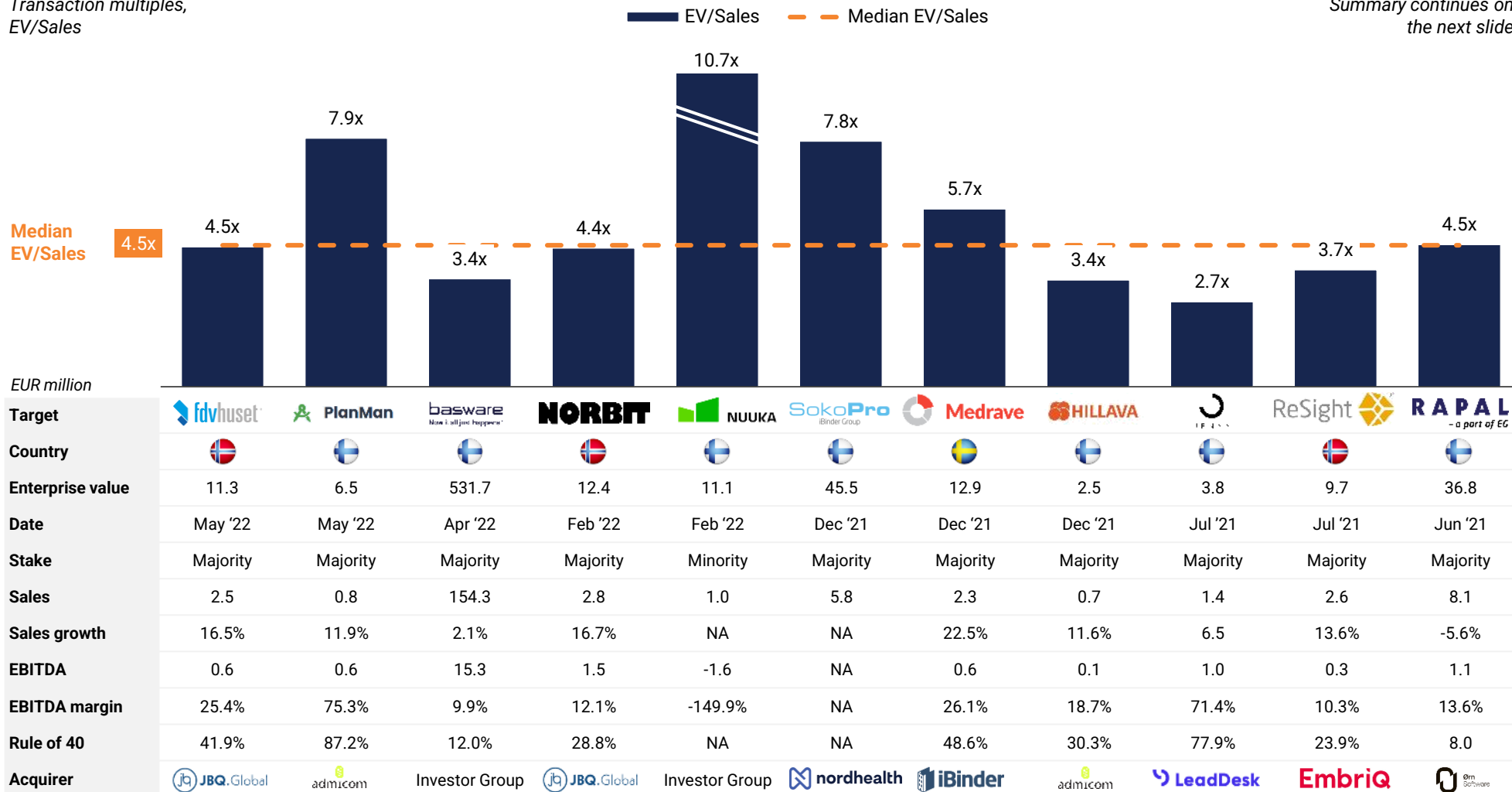
Sources: S&P Capital IQ as of 29 September 2023, Valu8

Transactions multiples (III/V)

Selected Nordic SaaS transactions indicate an EV of ~4.5x Sales between 2020 – Q3/2023 with median Rule of 40 metric at approx. 27%

Transaction multiples, EV/Sales

Summary continues on the next slide

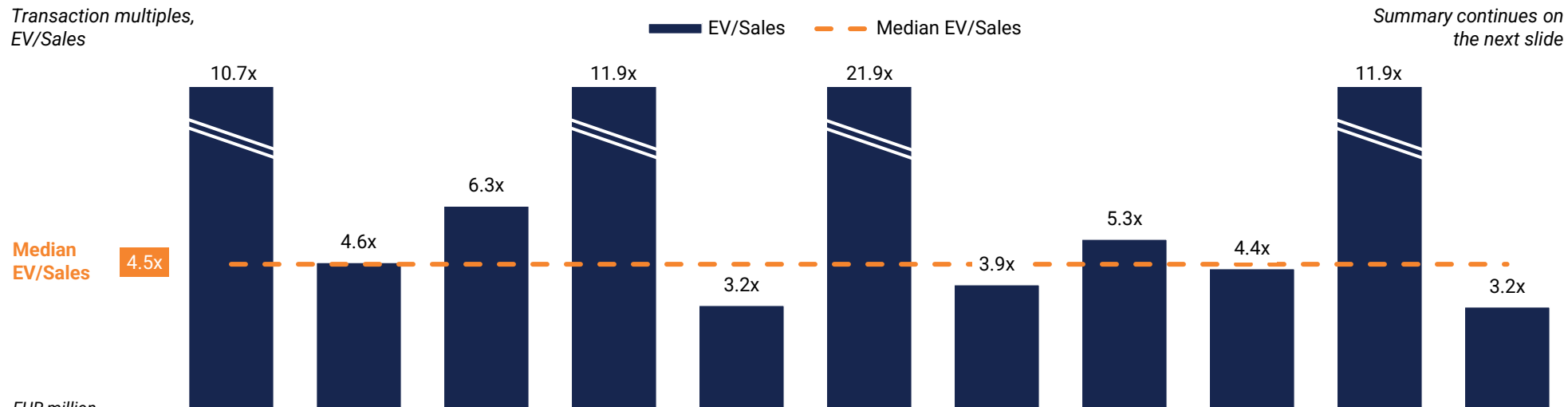


Sources: S&P Capital IQ as of 29 September 2023, Valu8

Transactions multiples (IV/V)

Selected Nordic SaaS transactions indicate an EV of ~4.5x Sales between 2020 – Q3/2023 with median Rule of 40 metric at approx. 27%

Transaction multiples, EV/Sales



Summary continues on the next slide

EUR million

Target	Cloudia	HomeRun.net	exerp	CONTRA	EG Landax	Planday	CONGRID	EXICOM	avans	TE	TimeLog
Country	🇫🇮	🇫🇮	🇩🇰	🇩🇰	🇩🇰	🇩🇰	🇫🇮	🇸🇪	🇩🇰	🇸🇪	🇩🇰
Enterprise value	102.5	4.2	53.1	35.1	9.4	184.0	8.9	18.8	11.8	13.1	11.2
Date	Jun '21	May '21	May '21	May '21	May '21	Mar '21	Mar '21	Jan '21	Dec '20	Nov '20	Nov '20
Stake	Majority	Majority	Majority	Majority	Majority	Majority	Majority	Majority	Majority	Majority	Majority
Sales	9.6	0.9	8.4	3.0	2.9	8.4	2.3	3.6	2.7	3.1	3.5
Sales growth	0.4%	10.3%	-27.0%	3.3%	NA	1.8%	30.2%	-4.1%	39.4%	-3.3%	NA
EBITDA	3.1	0.0	3.9	-0.6	1.8	-1.1	0.3	0.4	0.2	1.1	0.2
EBITDA margin	32.7%	-0.5%	46.4%	-19.6%	62.1%	-13.1%	15.1%	10.1%	9.1%	35.5%	5.7%
Rule of 40	33.1%	9.8%	19.4%	16.3	NA	-10.3%	45.3%	6.0%	48.5%	32.2%	NA
Acquirer	MERCELL	SmartCraft	CLUB ESSENTIAL HOLDINGS	MUST	Om Software	xero	SmartCraft	24SevenOffice	CARASENT	MONTERRO	VIKING VENTURE

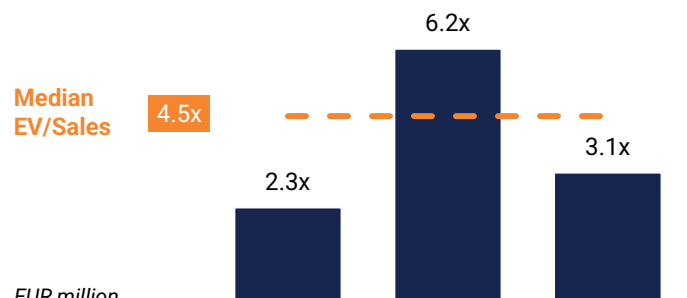
Sources: S&P Capital IQ as of 29 September 2023, Valu8

Transactions multiples (V/V)

Selected Nordic SaaS transactions indicate an EV of ~4.5x Sales between 2020 – Q3/2023 with median Rule of 40 metric at approx. 27%

Transaction multiples,
EV/Sales

■ EV/Sales - - - Median EV/Sales



EUR million

Target	LOXY SOFT	Filemail	TOCOMAN
Country			
Enterprise value	15.1	7.1	10.3
Date	Nov '20	Nov '20	Mar '20
Stake	Majority	Majority	Majority
Sales	6.7	1.1	3.3
Sales growth	NA	26.7%	10.0%
EBITDA	NA	0.8	0.2
EBITDA margin	NA	71.7%	6.1%
Rule of 40	NA	98.4%	16.1%
Acquirer			

Sources: S&P Capital IQ as of 29 September 2023, Valu8

3

APPENDIX

TSI constituents

Index constituents and respective stock tickers

Sprout Social, Inc.	NASDAQCM:SPT	Linklogis Inc.	SEHK:9959	cBrain A/S	CPSE:CBRAIN	Access Intelligence Plc	AIM:ACC
nCino, Inc.	NASDAQGS:NCNO	NSFOCUS Technologies Group Co., Ltd.	SZSE:300369	Blend Labs, Inc.	NYSE:BLND	Upsales Technology AB (publ)	OM:UPSALE
EngageSmart, Inc.	NYSE:ESMT	MeridianLink, Inc.	NYSE:MLNK	Fluence Corporation Limited	ASX:FLC	Formpipe Software AB (publ)	OM:FPIP
Fortnox AB (publ)	OM:FNOX	Fastly, Inc.	NYSE:FSLY	Cerillion Plc	AIM:CER	Sikri Group ASA	OB:SIKRI
Asana, Inc.	NYSE:ASAN	Learning Technologies Group plc	AIM:LTG	CS Disco, Inc.	NYSE:LAW	Mintra Holding AS	OB:MNTR
Braze, Inc.	NASDAQGS:BRZE	Olo Inc.	NYSE:OLO	dotdigital Group Plc	AIM:DOTD	Awardit AB (publ)	OM:AWRD
Kinaxis Inc.	TSX:KXS	Tanla Platforms Limited	NSEI:TANLA	Lime Technologies AB (publ)	OM:LIME	Skolon AB (publ)	OM:SKOLON
Varonis Systems, Inc.	NASDAQGS:VRNS	Everbridge, Inc.	NASDAQGM:EVBG	SmartCraft ASA	OB:SMCRT	Greater Than AB	OM:GREAT
DigitalOcean Holdings, Inc.	NYSE:DOCN	Vobile Group Limited	SEHK:3738	ReadyTech Holdings Limited	ASX:RDY	SHH Resources Holdings Berhad	KLSE:SHH
PagerDuty, Inc.	NYSE:PD	Semrush Holdings, Inc.	NYSE:SEMR	Fabasoft AG	XTRA:FAA	Datalex plc	ISE:DLE
Lightspeed Commerce Inc.	TSX:LSPD	Consensus Cloud Solutions, Inc.	NASDAQGS:CCSI	WithSecure Oyj	HLSE:WITH	Ansarada Group Limited	ASX:AND
Jamf Holding Corp.	NASDAQGS:JAMF	GB Group plc	AIM:GBG	Admicom Oyj	HLSE:ADMCM	CSAM Health Group AS	OB:CSAM
JFrog Ltd.	NASDAQGS:FROG	Esker SA	ENXTPA:ALESK	LINK Mobility Group Holding ASA	OB:LINK	Verimatrix SA	ENXTPA:VMX
Sprinklr, Inc.	NYSE:CXM	Dye & Durham Limited	TSX:DND	Sidetrade SA	ENXTPA:ALBFR	Efecte Oyj	HLSE:EFFECTE
Darktrace plc	LSE:DARK	Zuora, Inc.	NYSE:ZUO	Xuan Wu Cloud Technology Holdings Limited	SEHK:2392	Bambuser AB (publ)	OM:BUSER
AvidXchange Holdings, Inc.	NASDAQGS:AVDX	Cint Group AB (publ)	OM:CINT	Tecnotree Oyj	HLSE:TEM1V	ActiveOps Plc	AIM:AOM
Rapid7, Inc.	NASDAQGM:RPD	Yext, Inc.	NYSE:YEXT	Pagero Group AB (publ)	OM:PAGERO	Growens S.p.A.	BIT:GROW
Money Forward, Inc.	TSE:3994	BigCommerce Holdings, Inc.	NASDAQGM:BIGC	Shoper S.A.	WSE:SHO	Vertiseit AB (publ)	OM:VERT b
Q2 Holdings, Inc.	NYSE:QTWO	Cybozu, Inc.	TSE:4776	Eagle Eye Solutions Group plc	AIM:EYE	Vantea SMART S.p.A.	BIT:VNT
E2open Parent Holdings, Inc.	NYSE:ETWO	WalkMe Ltd.	NASDAQGS:WKME	Unifiedpost Group SA	ENXTBR:UPG	OrderYOYO A/S	CPSE:YOYO
Intapp, Inc.	NASDAQGS:INTA	Kahoot! ASA	OB:KAHOT	Nordhealth AS	OB:NORDH	LeadDesk Oyj	HLSE:LEADD
Truecaller AB (publ)	OM:TRUE B	LiveChat Software S.A.	WSE:LVC	Lemonsoft Oyj	HLSE:LEMON	Zenvia Inc.	NASDAQCM:ZENV
C3.ai, Inc.	NYSE:AI	Expensify, Inc.	NASDAQGS:EXFY	Quartix Technologies plc	AIM:QTX	GetBusy plc	AIM:GETB
Vitec Software Group AB (publ)	OM:VIT B	Coveo Solutions Inc.	TSX:CVO	NFON AG	XTRA:NFN	Penneo A/S	CPSE:PENNEO
Amplitude, Inc.	NASDAQCM:AMPL	Couchbase, Inc.	NASDAQGS:BASE	Carasent ASA	OB:CARA	PCI-PAL PLC	AIM:PCIP
ATOSS Software AG	XTRA:AOF	Vimeo, Inc.	NASDAQGS:VMEQ	msg life ag	HMSE:MSGL	essensys plc	AIM:ESYS
Sansan, Inc.	TSE:4443	Alfa Financial Software Holdings PLC	LSE:ALFA	Pexip Holding ASA	OB:PEXIP	Relesys A/S	CPSE:RELE
Alkami Technology, Inc.	NASDAQGS:ALKT	F-Secure Oyj	HLSE:FSECURE	4C Group AB (publ)	OM:4C	Heeros Oyj	HLSE:HEEROS
Qt Group Oyj	HLSE:QTCOM	Agora, Inc.	NASDAQGS:API	Oneflow AB (publ)	OM:ONEF	Agillic A/S	CPSE:AGILC
Definitive Healthcare Corp.	NASDAQGS:DH	Domo, Inc.	NASDAQGM:DOMO	Checkin.Com Group AB (publ)	OM:CHECK	Physitrack PLC	OM:PTRK
24SevenOffice Group AB (publ)	NGM:247	Mapspeople A/S	CPSE:MAPS	Briox AB (publ)	NGM:BRIX	Litium AB (publ)	OM:LITI
Ifirma SA	WSE:IFI	Nepa AB (publ)	OM:NEPA	Crimson Tide plc	AIM:TIDE	Clavister Holding AB (publ.)	OM:CLAV
CodeLab Capital AS	OB:CODE	Digizuite A/S	CPSE:DIGIZ	Itim Group Plc	AIM:ITIM		
Opter AB (publ)	OM:OPTER	BuildData Group AB (publ)	OM:BUILD	OTRS AG	DB:TR9		

Sources: S&P Capital IQ as of 29 September 2023.

Important information

Disclaimer

This document (the “**Document**”) has been produced by Translink Corporate Finance Oy (“**Translink**”) solely for information and educational purposes. The alignment of information and data set out in this Document is the exclusive property of Translink and Translink retains all proprietary rights therein.

The information set out in this Document has been gathered solely from such sources as identified in the Document as well as from publicly available information but has not been independently verified. The information set out herein has been derived from sources that Translink consider reliable, but Translink cannot guarantee the veracity, completeness or accuracy of the indices or other information presented in this Document and all information is provided on an “as-is” basis. The information presented herein are not, and do not purport to be, appraisals of any securities, company or markets and does not contain, or purport to contain, complete information about any securities, company or markets. No representation or warranty (express or implied) is made with regards to the information contained herein.

This Document does not constitute or form part of, and is not prepared or made in connection with, an offer or invitation to sell, or any solicitation of any offer to subscription for or purchase any securities. Information in this Document should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities or other financial products or instruments.

Certain information in this Document is forward-looking in its nature. Such forward-looking information speak only as of the date of this Document. Such information is based on current expectations and beliefs and, by their nature, is subject to a number of known and unknown risks and uncertainties that could cause the actual results, performances and achievements to differ materially from any expected future results, performance or achievements expressed or implied by such forward-looking information. None of Translink or any of its directors, officers or employees provides any assurance that the assumptions underlying such forward-looking information are free from errors nor does any of them accept any responsibility for the future accuracy of the options expressed in this Document or the actual occurrence of the forecasted developments described herein.

None of Translink and its affiliates or any such person’s directors, officers, employees, advisors or representatives shall have any liability whatsoever arising directly or indirectly from the use of this Document. This Document speaks as of the date hereof, and Translink does not assume any responsibility to update the information set out herein.

This Document is subject to Finnish law and any dispute arising out of or in connection with this Document is subject to exclusive jurisdiction of Finnish courts with Helsinki as legal venue.

TRANSLINK

C O R P O R A T E F I N A N C E

We get the deal done

Get in touch here

www.translinkcf.fi

www.linkedin.com/translink