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

TRANSLINK SAAS VALUATION INSIGHTS

Q2/2024

Translink Corporate Finance SaaS Valuation Insights Q2/2024

SaaS M&A activity in the Nordics remained at same level as during the preceding three quarters, yet indications of an increase in activity are beginning to emerge

Introduction and contributors

- Our quarterly SaaS Valuation Insights centres on the Translink SaaS Index (“TSI”), featuring 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 **130 companies**, with 38% headquartered in the Nordics, 22% in other parts of Europe, only 31% in the United States, and roughly 9% 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, Mergermarket, 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:



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Key observations of Q2/'24

- Throughout Q2/'24, SaaS valuation multiples have remained close to their one-year averages, and no significant change in Nordic public valuations since Q3/'22. Presently, the EV/LTM Sales multiple for TSI stands at **3.4x**, notably below its five-year average of **5.7x**
- We observe ongoing valuation gaps between public and private assets, with public assets trading at a discount compared to private ones. Despite subdued overall activity in the Nordics, the Nordic SaaS deal activity has remained stable and robust
- We are already seeing clear indications of heightened activity, with several processes involving larger regional champions currently underway and expected to conclude in the third or fourth quarter of 2024. Based on numerous recent discussions with mid-market SaaS investors from local, regional, and global arenas, it is evident that virtually all investors anticipate a significant increase in deal activity and reduction in process friction from late 2024 into early 2025

Key statistics

TSI traded at
3.4x
LTM Sales at quarter-end
Q2/'24

5-year average EV/LTM
Sales multiple
5.7x
TSI

TSI increased
0%
during Q2/'24

Market outperformers¹
traded at
5.6x
2024E Sales at quarter-end
Q2/'24

SaaS transactions
completed
71
in the Nordics during
Q2/'24

Median EV/Sales multiple
4.5x
Nordic SaaS transactions
during H1/'24

Note: 1) Market outperformers are companies who have over 40 scores in the Rule of 40 principle.

1

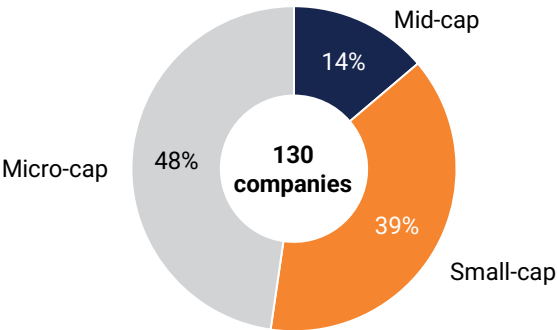
TRANSLINK SAAS VALUATION UPDATE Q2/2024

Overview of the Translink SaaS Index (TSI) (I/II)

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

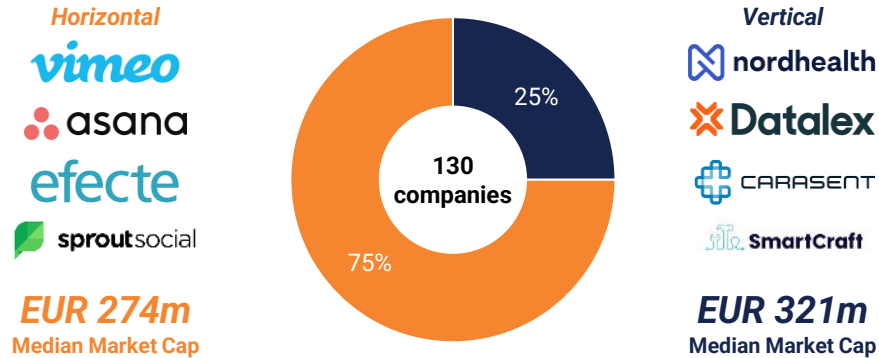
Micro and small-cap companies represent almost 90% of TSI

Size distribution¹, %



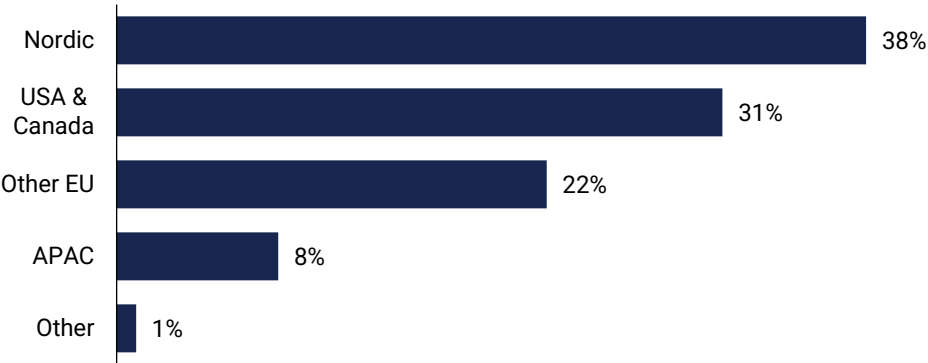
Over two-thirds of TSI is represented by horizontal SaaS companies

Horizontal and vertical distribution, %



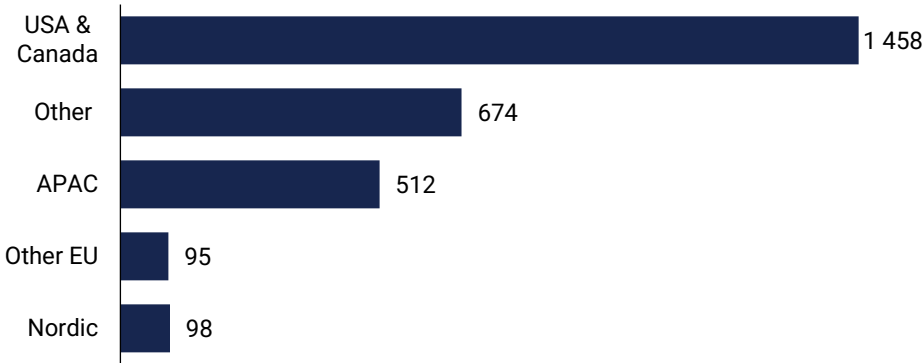
Nordic companies are well-covered in the index

Geographical distribution, %



Companies from the US and Canada have significantly higher market values

Geographical distribution, median market capitalisation in EUR million

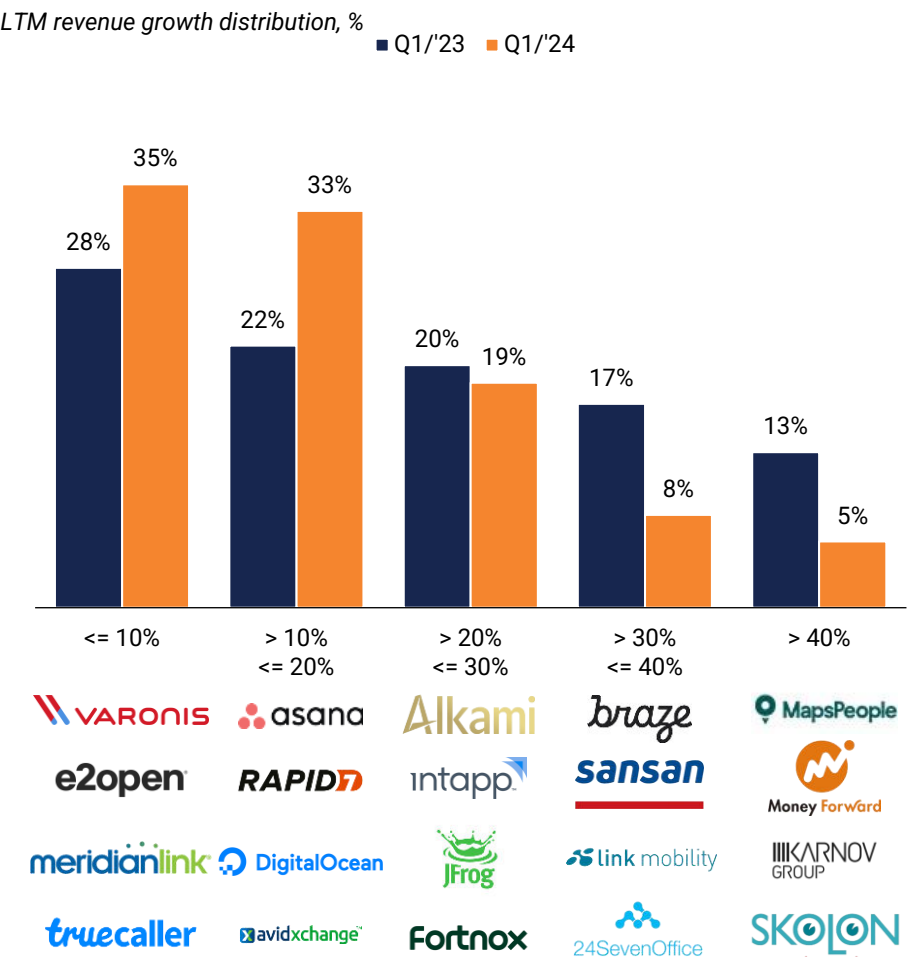


Sources: S&P Capital IQ as of June 26th, 2024. Note: 1) Micro-cap: Market value of less than EUR 250 million. Small-cap: Market value between EUR 250 million and EUR 2 billion. Mid-cap: Market value between EUR 2 billion and EUR 10 billion. Numbers may not sum 100 due to rounding.

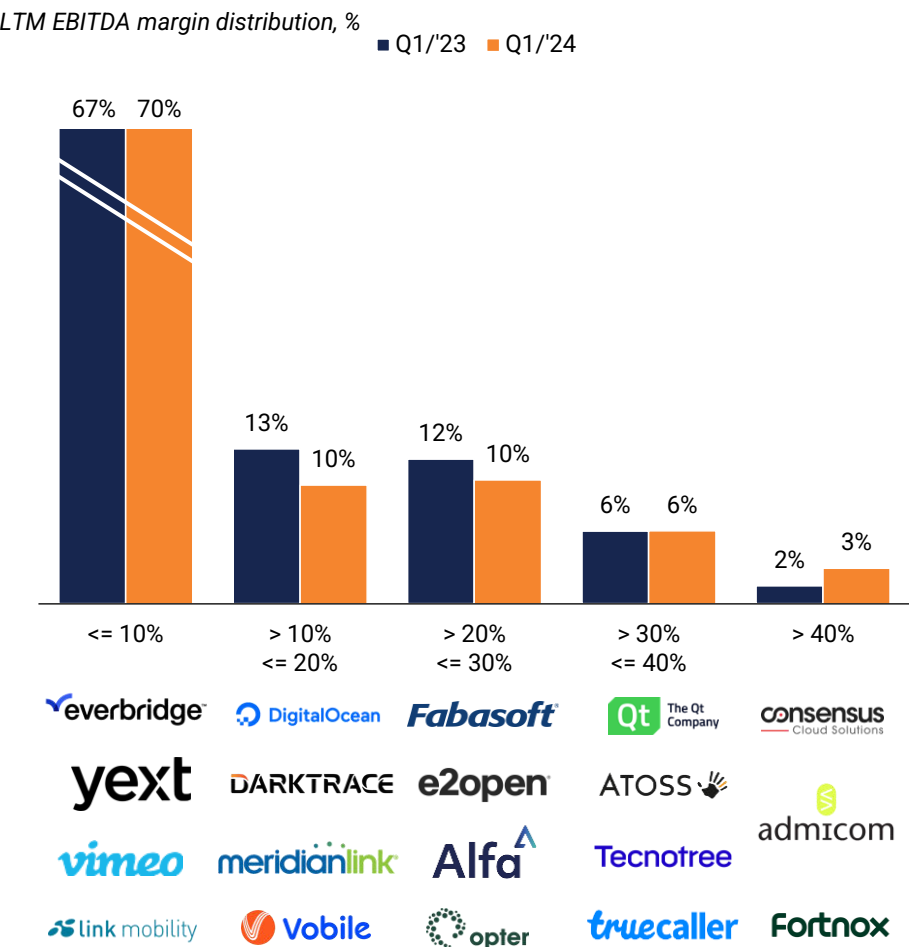
Overview of the Translink SaaS Index (TSI) (II/II)

Only 5% of the index constituents achieved growth exceeding 40% in the last twelve months ending in Q1/'24, down from 13% in Q1/'23

In Q1/2024, revenue growth slowed significantly compared to Q1/2023...



...yet companies have managed to maintain their profitability margins

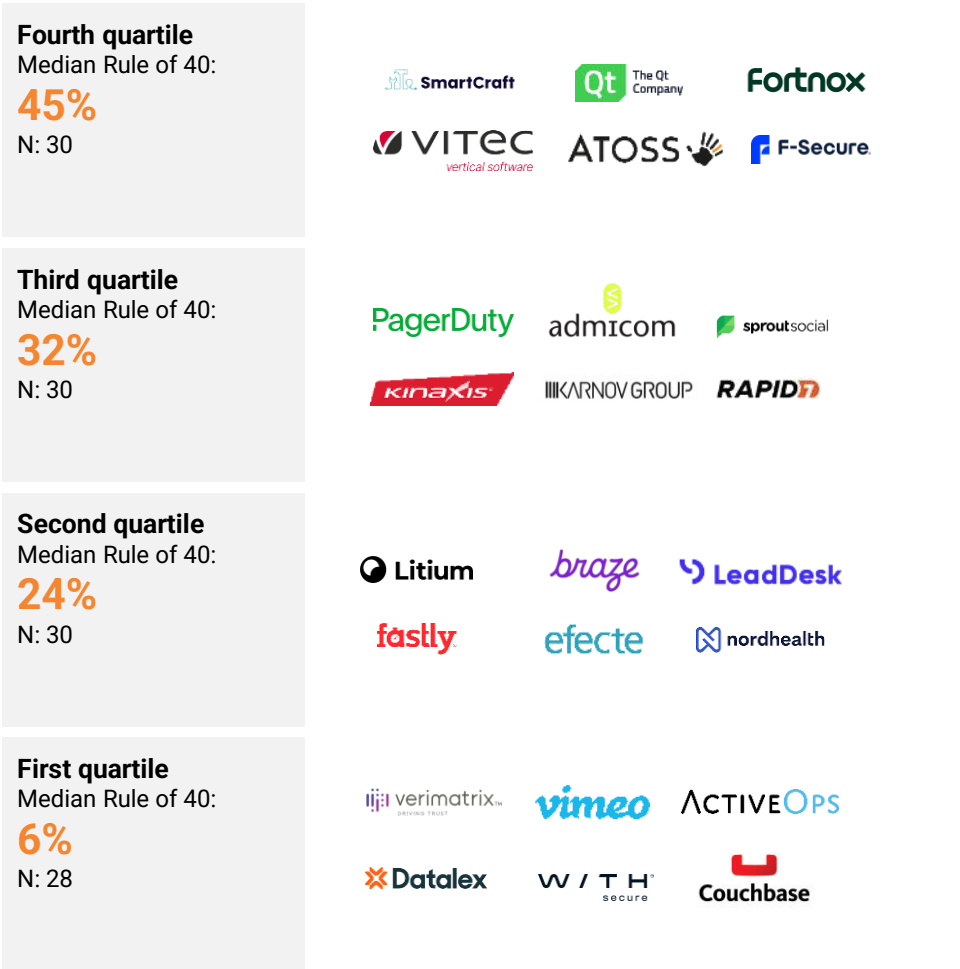


Sources: S&P Capital IQ as of June 26th, 2024. Note: Numbers may not sum 100 due to rounding.

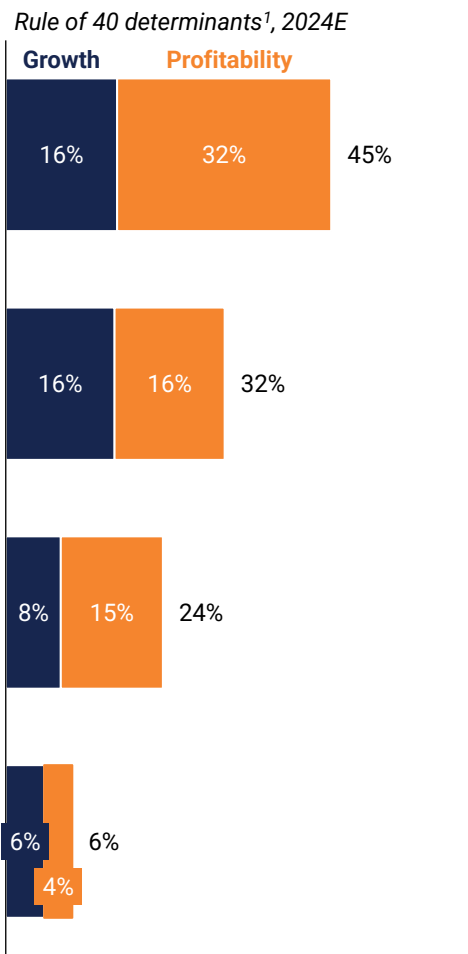
Rule of 40 distribution of TSI

The emphasis on demonstrating healthy profitability, alongside challenges in acquiring new customers, has elevated profitability over growth as the primary Ro40 component

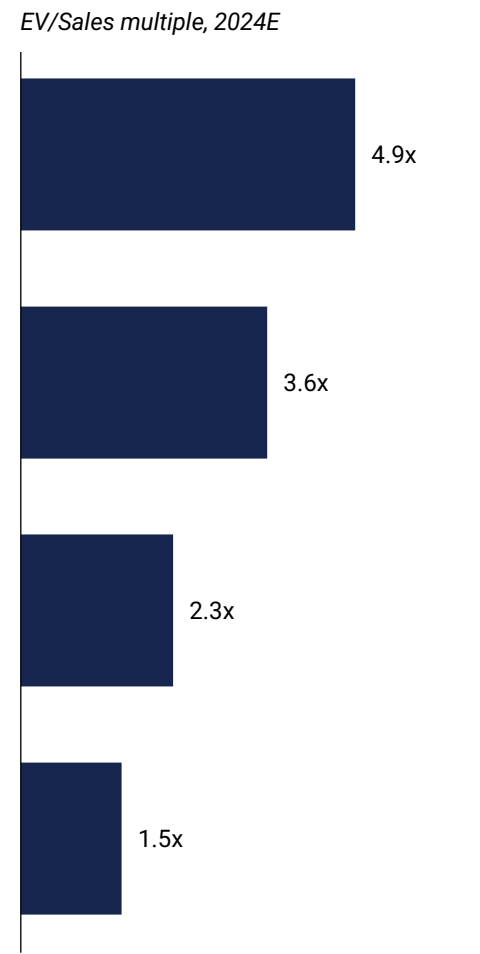
Top quartile achieved median 45% Rule of 40 and 4.9x 2024E EV/Sales



Prevailing market conditions have forced firms to focus on profitability



Investors are seeking more robust and profitable companies



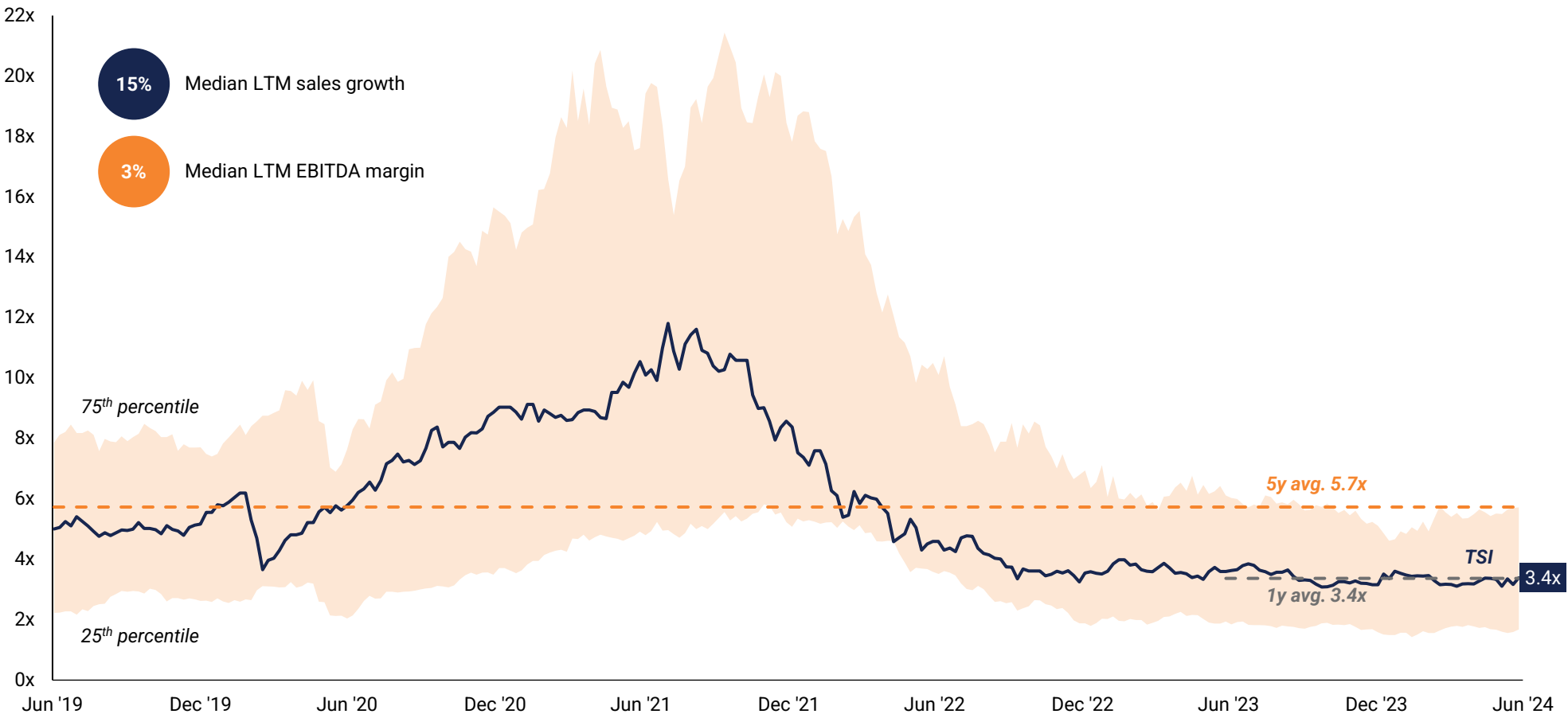
Sources: S&P Capital IQ as of June 26th, 2024. Note: 1) Median figures of Growth and Profitability separately. 16 companies excluded from the analyses due to insufficient data.

Development of TSI (I/V)

No significant change in Nordic public valuations since Q3/'22, however, we reiterate our expectation that valuations will revert closer to the long-term average during NTM period

TSI is currently trading at 3.4x EV/LTM Sales

Median EV/LTM Sales

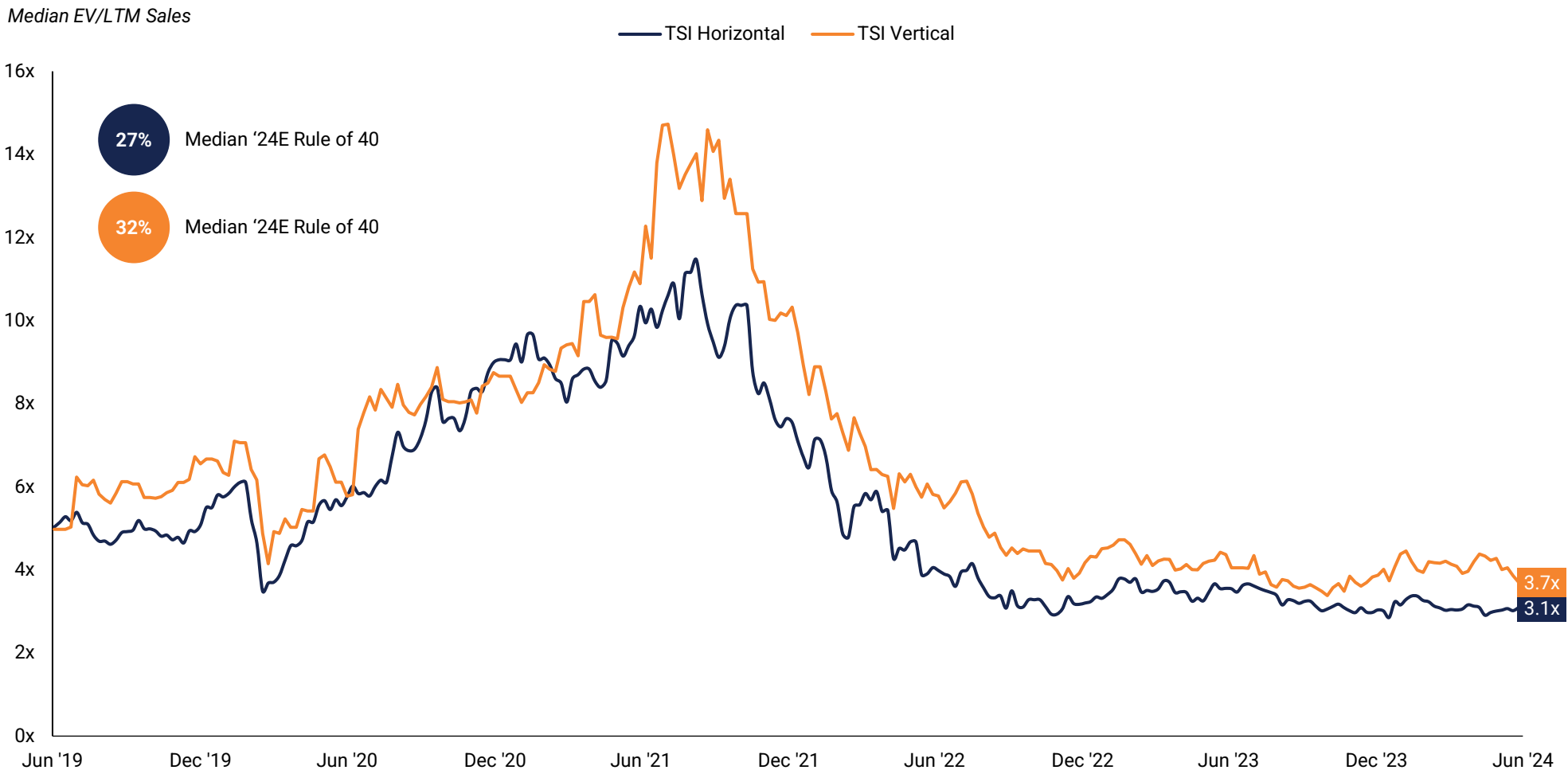


Sources: S&P Capital IQ as of June 26th, 2024. Note: Translink SaaS Index shows the Enterprise Value (EV) to last twelve months (LTM) revenue of public B2B SaaS companies from Europe, North America and Asia with EVs capped at EUR 4 billion. Median EV of the index is around EUR 0.3 billion.

Development of TSI (II/IV)

Horizontal and vertical SaaS valuations have converged over the past two years due to slower growth across both categories and nearly equal median Rule of 40 figure in Q2/'24

Vertical SaaS companies traded around 20% higher in EV/LTM Sales than Horizontal SaaS companies at the end of Q2/'24



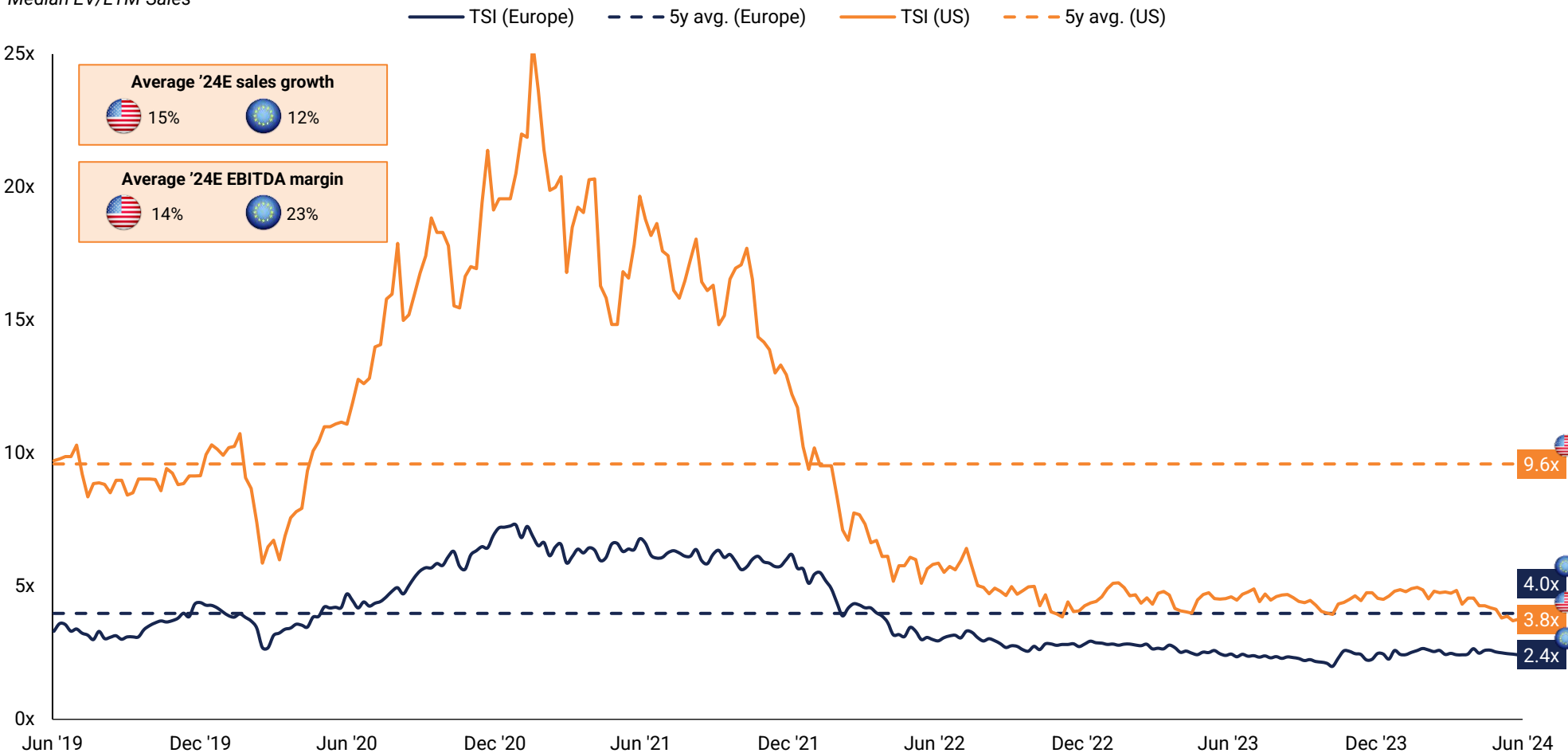
Sources: S&P Capital IQ as of June 26th, 2024.

Development of TSI (III/IV)

Despite forecasted growth and profitability being close to their European peers in 2024, North American SaaS companies continue to command a premium valuation

At the end of Q2/'24, US SaaS companies were valued almost 60% higher than its European peers

Median EV/LTM Sales



Sources: S&P Capital IQ as of June 26th, 2024.

Development of TSI (IV/IV)

In Q2/'24, TSI maintained the same index value as in Q1/'24 – However, we expect the upward trend to continue in Q3/'24

5-year indexed share price development for TSI and STOXX Europe 600 Technology Index

Indexed share price $t(0)=100$, equally weighted

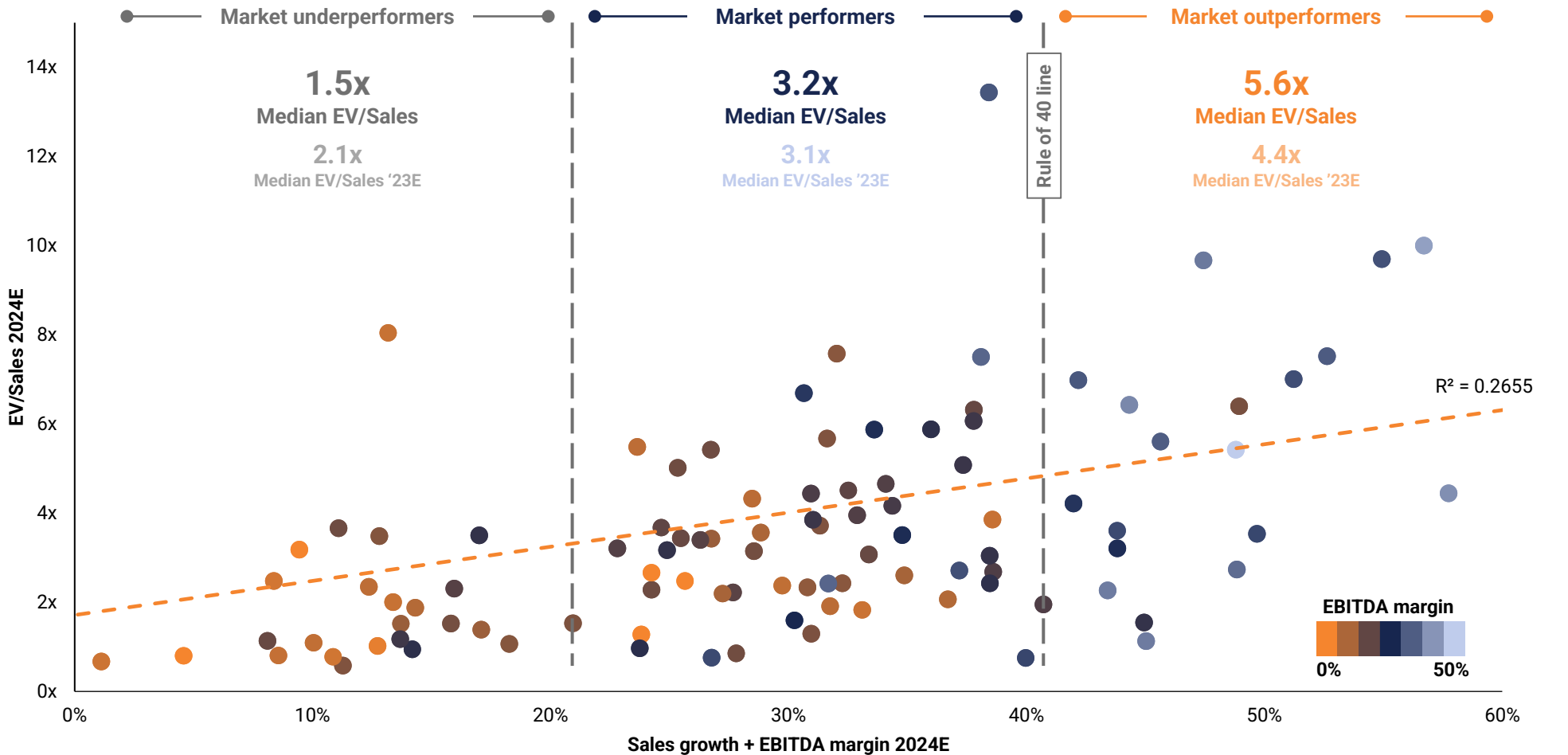


Sources: S&P Capital IQ as of June 26th, 2024.

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

Market outperformers with high profitability and growth prospects trade at around 5.6x 2024E Sales

Companies exhibiting a high profitability profile command premium valuations

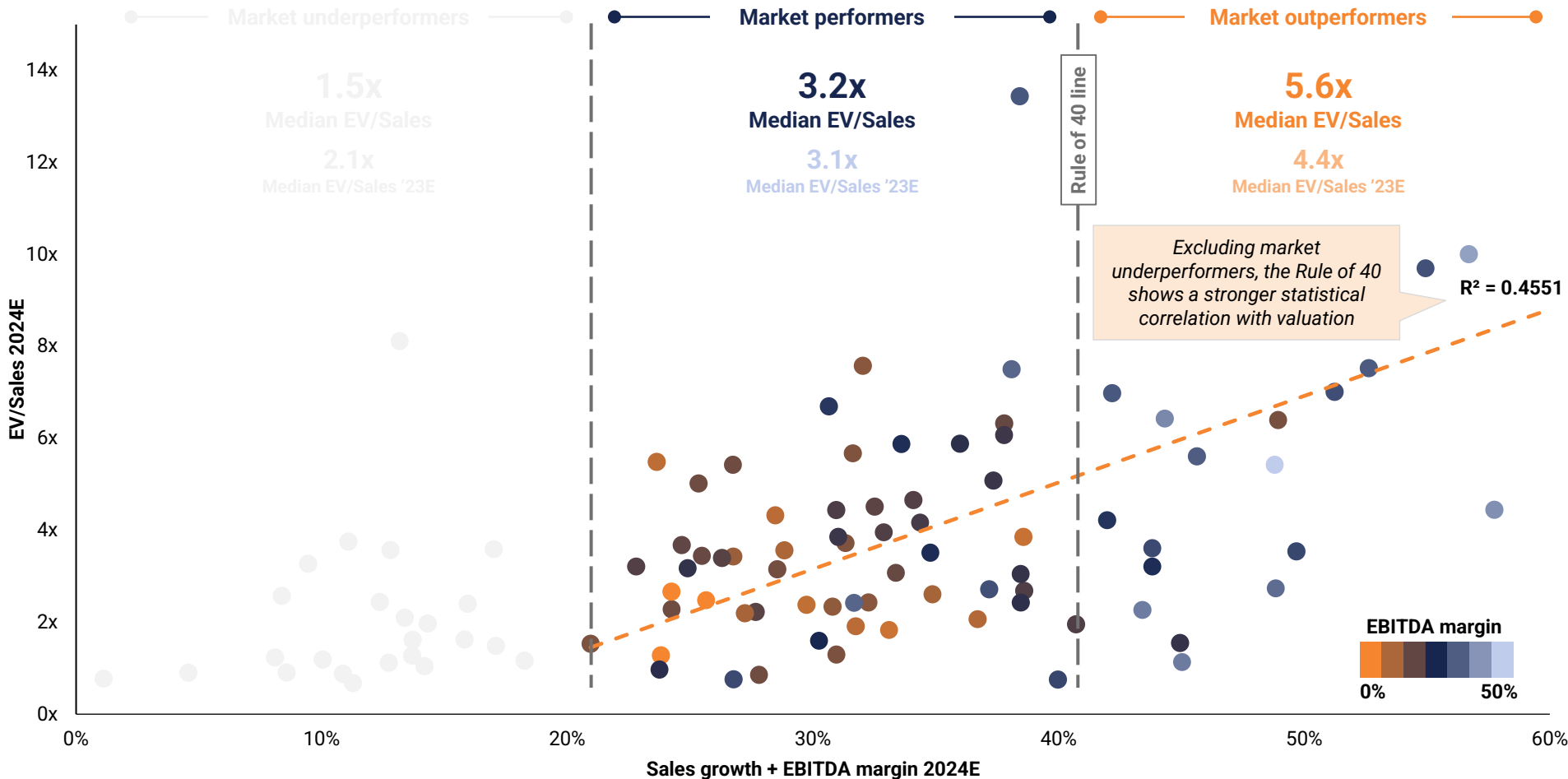


Sources: S&P Capital IQ as of June 26th, 2024. Note: 16 companies excluded from the analyses due to insufficient data.

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

Excluding market underperformers leads to a significant improvement in regression accuracy

Companies exhibiting a high profitability profile command premium valuations



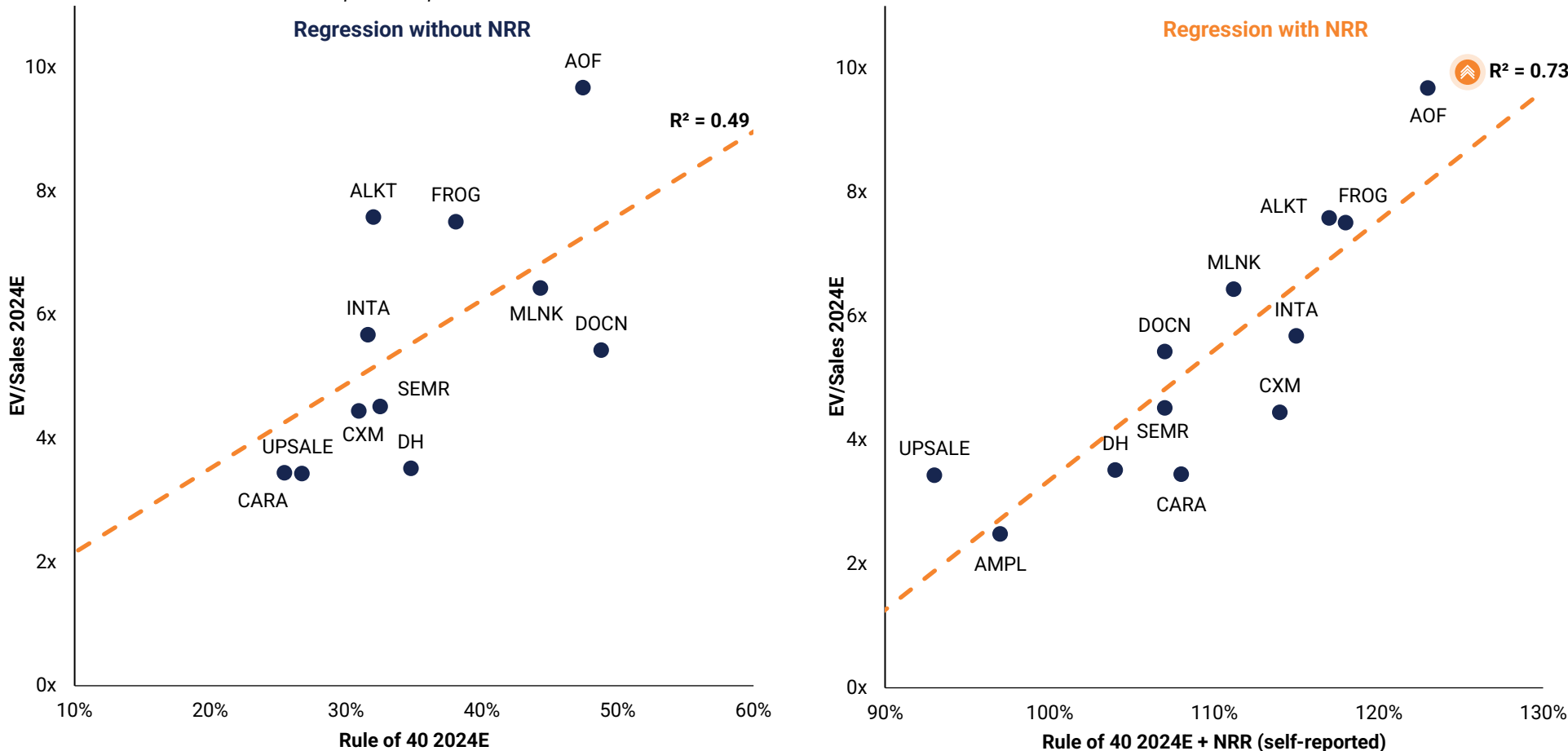
Sources: S&P Capital IQ as of June 26th, 2024. Note: 16 companies excluded from the analyses due to insufficient data.

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

By including net revenue retention in the equation, the explanatory power is enhanced, and we recommend this approach for a more accurate comparison

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 June 26th, 2024, Companies earnings reports. Note: Net Revenue Retention figures are self-reported by Companies and are based on the latest figure.



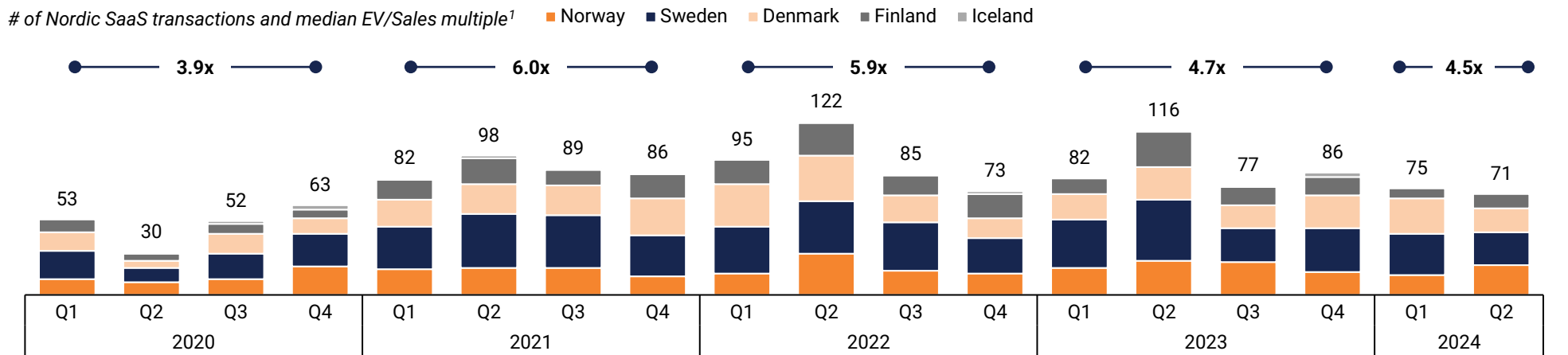
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NORDIC SAAS M&A TRANSACTIONS

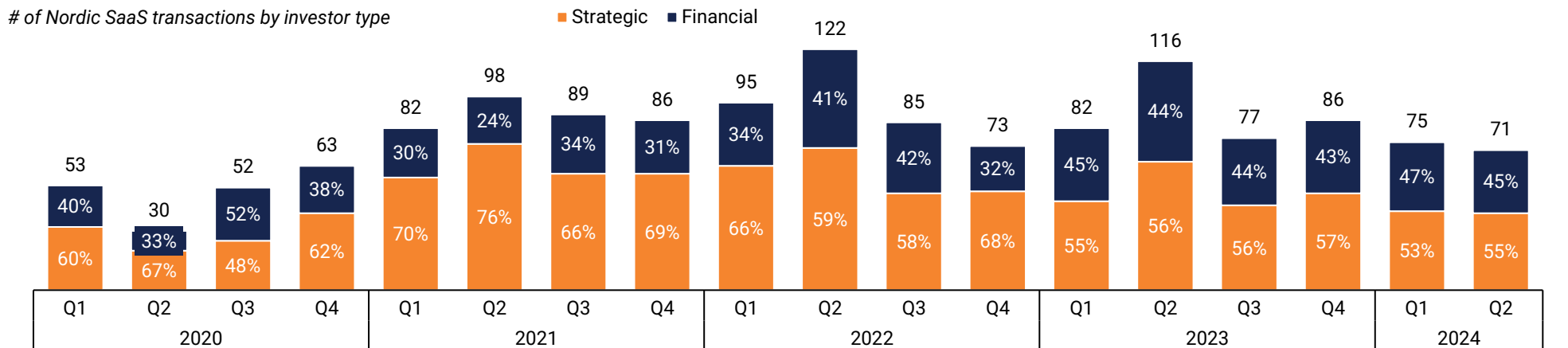
Nordic SaaS transactions from 2020 to Q2/2024

Nordic SaaS M&A market shows consistent activity this spring despite comparison to peak years

Nordic SaaS transaction volumes in Q2/'24 were at large on the same level as in Q1/'24



Activity between financial and strategic investors was roughly evenly split in the Nordic SaaS space for Q2/'24



Sources: Mergermarket as of June 28th, 2024, Valu8. 1) Each transaction has been validated and is based on Mergermarket output of selected sector criteria and free text search "SaaS" or "Cloud" for Nordic countries. Yearly median EV/Sales is only for transactions with publicly available multiples.
















Selected Nordic SaaS transactions from the first half of 2024

Achieving a double-digit multiple in today's market is challenging, but such deals are still occurring. It is entirely dependent on performance and outlook

Transaction multiples,
EV/Sales

Median
EV/Sales

EUR million

Target	pridok	relesys	Marketplace .	Mestro	efecte	PAGERO	SportAdmin	BYGGFAKTA GROUP
Country								
Enterprise value	52.0	42.3	17.0	16.7	98.0	716.6	15.6	1 148.7
Premium, % ¹	-	-	-	-	90.8%	11%	-	31%
Date	Jun'24	Apr'24	Apr'24	Feb' 24	Jan' 24	Jan' 24	Jan' 24	Jan' 24
Stake	Majority	Majority	Minority (49%)	Majority	Majority	Majority	Majority	Majority
Sales	3.5	7.7	1.3	3.2	23.5	80.9	4.1	204.5
Sales growth	25.5%	29.2%	142.3%	25.4%	20.9%	35.4%	56.6%	42.7%
EBITDA	1.7	-1.7	NA	-0.9	-0.8	-17.3	0.1	42.5
EBITDA margin	51.7%	-22.8%	NA	-26.9	-3.4%	-26.3%	3.2%	20.8%
Rule of 40	77.2%	6.4%	NA	-1.5%	17.5%	9.1%	59.8%	63.5%
Acquirer								Investor group

Sources: S&P Capital IQ and MergerMarket as of June 28th, 2024. Note: 1) Premium based on last closing price before the offer.

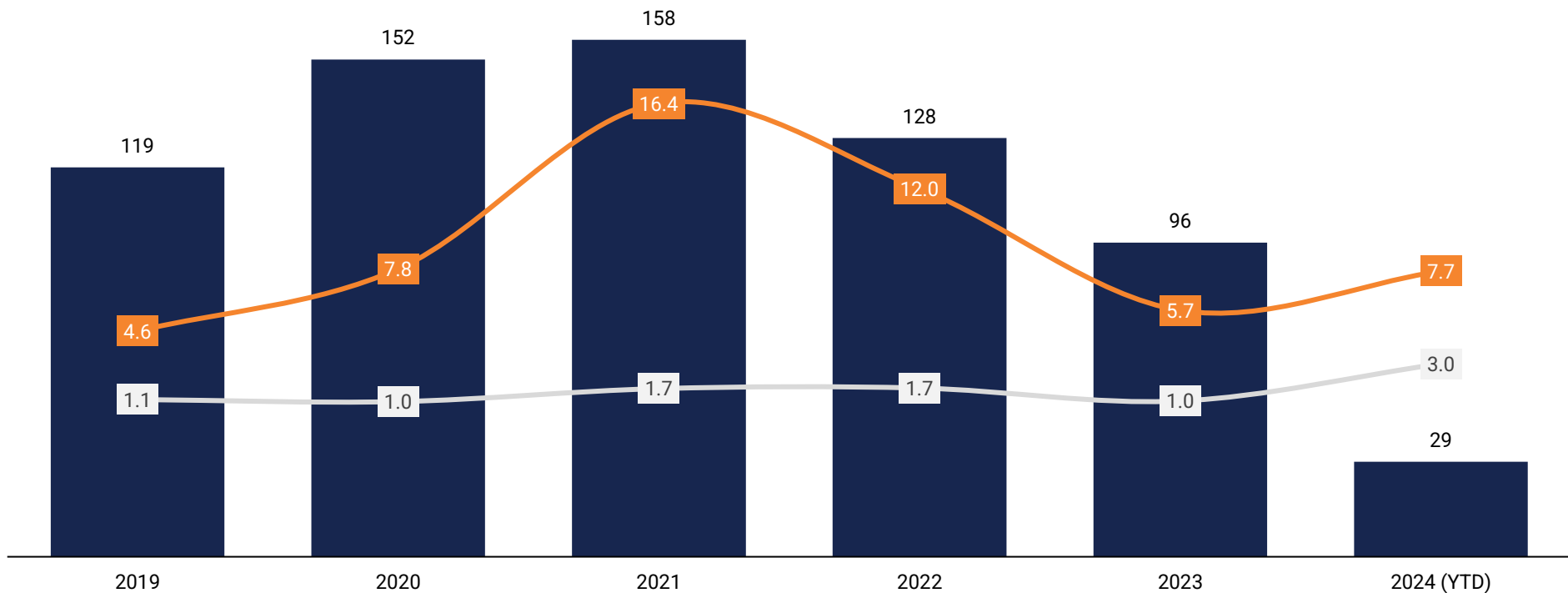
Nordic SaaS funding spotlight (I/II)

Nordic SaaS funding rounds have cooled down from their peak levels – We observed fewer but larger rounds in H1/2024 compared to H1/2023

Nordic SaaS funding activity has remained tepid at the start of 2024

Nordic SaaS funding rounds
USD million, 2019 - 2024

of rounds Median investment size Average investment size



Sources: Crunchbase as of June 28th, 2024, and company press releases.

Nordic SaaS funding spotlight (II/II)

Several significant B2B SaaS funding rounds were successfully completed during the first half of the year, with AI-first companies being particularly overrepresented

Several notable VC investors have been active in the Nordic SaaS space early in the year

Selected Nordic SaaS funding rounds in H1/2024

SEAYA

Lead investor in **\$9.1 million** round for the off-shore wind sector intelligence platform



octopus ventures

Lead investor in **\$10.3 million** round for the sales order automation software



People
Ventures

Lead investor in **\$4.3 million** round for the fashion trend forecasting software



PARTINC

Lead investor in **\$3.0 million** round for B2B subscription management and billing platform



MAM

MANDATUM
ASSET MANAGEMENT

Lead investor in **\$12.8 million** funding round for experience management platform



NORTH
VENTURES

Lead investor in **\$3.6 million** round for the software investment optimisation and automation platform



J12

Lead investor in **\$7.6 million** funding round for next-gen e-commerce profit analytics platform



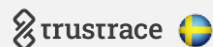
BLACKFIN
CAPITAL PARTNERS

Lead investor in **\$16.3 million** funding round for compliance operations platform



CIRCULARITY
CAPITAL

Investor in **\$23.9 million** funding round for product traceability and compliance platform



Expedition¹

Investor in **\$40.0 million** funding round (growth equity) for Software Asset Management platform



VÆKSTFONDEN

Lead investor in **\$40.0 million** funding round (debt financing) for cloud backup and SaaS workload protection platform



Angular
Ventures

Lead investor in **\$5.0 million** funding round for cloud backup and SaaS workload protection platform



Sources: Crunchbase as of June 28th, 2024, and company press releases

The background image is a monochromatic, blue-tinted photograph of a grand, historic train station. On the left, a large, arched stone entrance is visible, with the word "STATION" partially legible in large, dark letters. To the right, a tall, ornate clock tower rises into the sky, featuring multiple clock faces. In the foreground, two large, classical statues of figures holding lanterns stand prominently. The overall scene is atmospheric and suggests a sense of history and urban infrastructure.

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APPENDIX

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

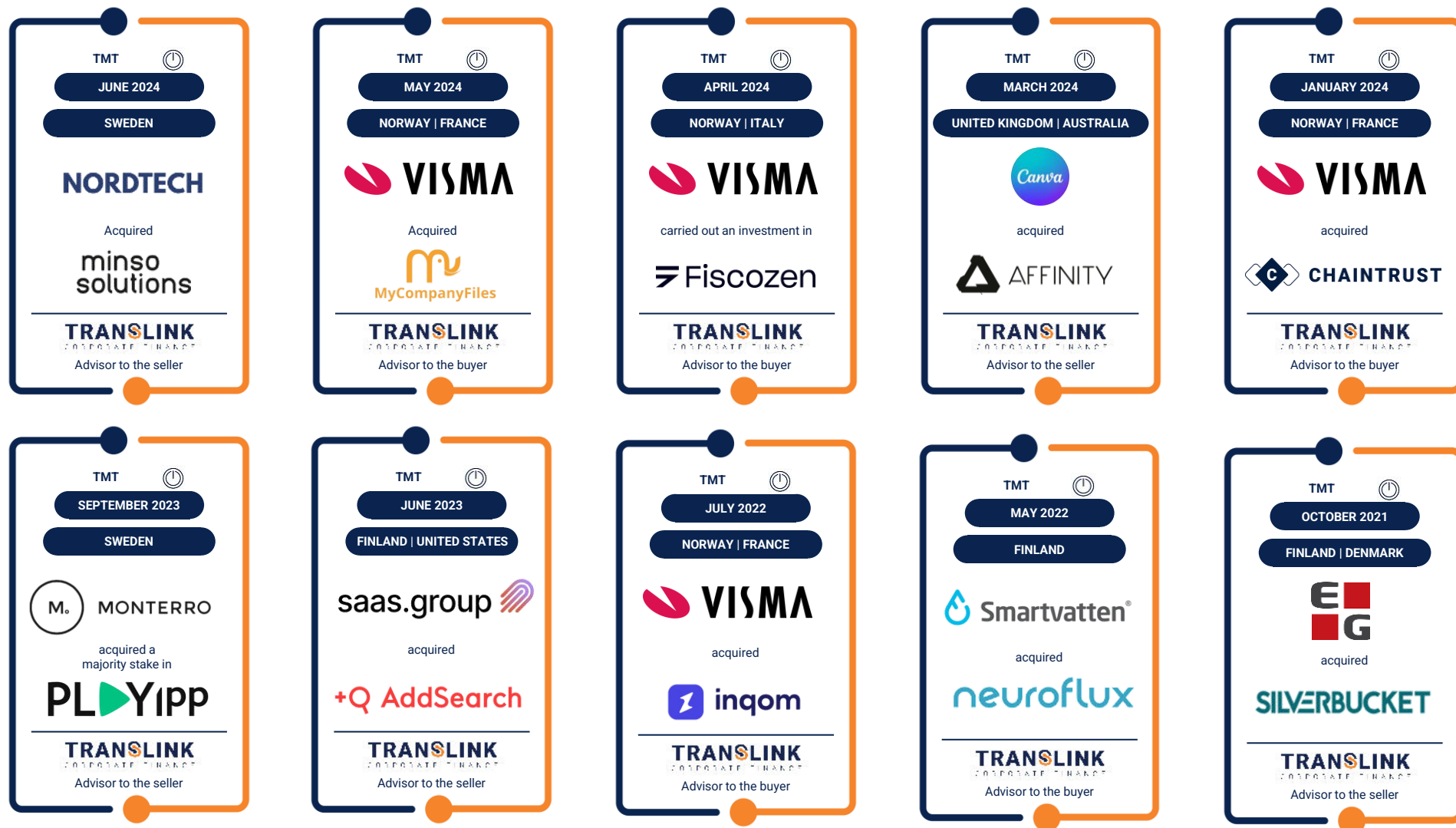
- ✓ Valuation
- ✓ Financial modelling
- ✓ Strategic advisory
- ✓ Fairness opinions

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

...supported by a broad offering of financial advisory

Translink Corporate Finance references

Selected SaaS transactions



TSI constituents

Index constituents and respective stock tickers

Sprout Social, Inc.	NASDAQCM:SPT	Esker SA	ENXTPA:ALESK	Greater Than AB	OM:GREAT	Definitive Healthcare Corp.	NASDAQGS:DH
Fortnox AB	OM:FNOX	Zuora, Inc.	NYSE:ZUO	Ansarada Group Limited	ASX:AND	Olo Inc.	NYSE:OLO
Asana, Inc.	NYSE:ASAN	Cint Group AB	OM:CINT	Verimatrix SA	ENXTPA:VMX	Vobile Group Limited	SEHK:3738
Braze, Inc.	NASDAQGS:BRZE	Yext, Inc.	NYSE:YEXT	Efecte Oy	HLSE:EFFECTE	Dye & Durham Limited	TSX:DND
Kinaxis Inc.	TSX:KXS	BigCommerce Holdings, Inc.	NASDAQGM:BIGC	Bambuser AB	OM:BUSER	Alfa Financial Software Holdings PLC	LSE:ALFA
Varonis Systems, Inc.	NASDAQGS:VRNS	Cybozu, Inc.	TSE:4776	ActiveOps Plc	AIM:AOM	cBrain A/S	CPSE:CBRAIN
DigitalOcean Holdings, Inc.	NYSE:DOCN	WalkMe Ltd.	NASDAQGS:WKME	Growens S.p.A.	BIT:GROW	Blend Labs, Inc.	NYSE:BLND
PagerDuty, Inc.	NYSE:PD	Expensify, Inc.	NASDAQGS:EXFY	Vantea SMART S.p.A.	BIT:VNT	Fluence Corporation Limited	ASX:FLC
Lightspeed Commerce Inc.	TSX:LSPD	Coveo Solutions Inc.	TSX:CVO	LeadDesk Oyj	HLSE:LEADD	Cerillion Plc	AIM:CER
Jamf Holding Corp.	NASDAQGS:JAMF	Couchbase, Inc.	NASDAQGS:BASE	Zenvia Inc.	NASDAQCM:ZENV	CS Disco, Inc.	NYSE:LAW
JFrog Ltd.	NASDAQGS:FROG	Vimeo, Inc.	NASDAQGS:VMEQ	GetBusy plc	AIM:GETB	SmartCraft ASA	OB:SMCRT
Sprinklr, Inc.	NYSE:EXM	F-Secure Oyj	HLSE:FSECURE	Penneo A/S	CPSE:PENNEO	Admicom Oyj	HLSE:ADMCM
Darktrace plc	LSE:DARK	Agora, Inc.	NASDAQGS:API	PCI-PAL PLC	AIM:PCIP	Nordhealth AS	OB:NORDH
AvidXchange Holdings, Inc.	NASDAQGS:AVDX	Domo, Inc.	NASDAQGM:DOMO	essensys plc	AIM:ESYS	Quartix Technologies plc	AIM:QTX
Rapid7, Inc.	NASDAQGM:RPD	dotdigital Group Plc	AIM:DOTD	Heeros Oyj	HLSE:HEEROS	Carasent ASA	OB:CARA
Money Forward, Inc.	TSE:3994	Lime Technologies AB	OM:LIME	Agilic A/S	CPSE:AGILC	msg life ag	HMSE:MSGL
E2open Parent Holdings, Inc.	NYSE:ETWO	ReadyTech Holdings Limited	ASX:RDY	24SevenOffice Group AB	NGM:247	4C Group AB	OM:4C
Intapp, Inc.	NASDAQGS:INTA	Fabasoft AG	XTRA:FAA	Ifirma SA	WSE:IFI	Skolon AB	OM:SKOLON
Truecaller AB	OM:TRUE B	WithSecure Oyj	HLSE:WITH	Mapspeople A/S	CPSE:MAPS	Datalex plc	ISE:DLE
C3.ai, Inc.	NYSE:AI	LINK Mobility Group Holding ASA	OB:LINK	Nepa AB	OM:NEPA	Vertiseit AB	OM:VERT b
Amplitude, Inc.	NASDAQCM:AMPL	Sidetrade SA	ENXTPA:ALBFR	Briox AB	NGM:BRIX	Physitrack PLC	OM:PTRK
ATOSS Software SE	XTRA:AOF	Xuan Wu Cloud Technology Holdings Limited	SEHK:2392	Crimson Tide plc	AIM:TIDE	CodeLab Capital AS	OB:CODE
Sansan, Inc.	TSE:4443	Tecnotree Oyj	HLSE:TEM1V	OTRS AG	DB:TR9	Opter AB	OM:OPTER
Qt Group Oyj	HLSE:QTCOM	Shoper S.A.	WSE:SHO	Litium AB	OM:LITI	Itim Group Plc	AIM:ITIM
Linklogis Inc.	SEHK:9959	Eagle Eye Solutions Group plc	AIM:EYE	Clavister Holding AB (publ.)	OM:CLAV	Omda AS	OB:OMDA
NSFOCUS Technologies Group Co., Ltd.	SZSE:300369	Unifiedpost Group SA	ENXTBR:UPG	BIMobject AB	OM:BIM	Volue ASA	OB:VOLUE
MeridianLink, Inc.	NYSE:MLNK	Lemonsoft Oyj	HLSE:LEMON	Enea AB	OM:ENEA	Karnov Group AB	OM:KAR
Fastly, Inc.	NYSE:FSLY	NFON AG	XTRA:NFN	Generic Sweden AB	OM:GENI	Sectra AB	OM:SECT B
Learning Technologies Group plc	AIM:LTG	Pexip Holding ASA	OB:PEXIP	Sinch AB	OM:SINCH		
Tanla Platforms Limited	NSE:TANLA	Oneflow AB	OM:ONEF	Zalaris ASA	OB:ZAL		
Everbridge, Inc.	NASDAQGM:EVBG	Checkin.Com Group AB	OM:CHECK	nCino, Inc.	NASDAQGS:NCNO		
Semrush Holdings, Inc.	NYSE:SEMR	Upsales Technology AB	OM:UPSALE	Q2 Holdings, Inc.	NYSE:Q2WO		
Consensus Cloud Solutions, Inc.	NASDAQGS:CCSI	Formpipe Software AB	OM:FPIP	Vitec Software Group AB	OM:VIT B		
GB Group plc	AIM:GBG	Awardit AB	OM:AWRD	Alkami Technology, Inc.	NASDAQGS:ALKT		

Sources: S&P Capital IQ as of June 26th, 2024.

Important information

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