

TRANSLINK

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

TRANSLINK CF SaaS VALUATION INDEX

Q4 2024

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01

Introduction

Status quo on valuation & deal volumes

Q4 FY 2024 is no different from the previous quarter and confirms the trend for 2024: **high deal volumes and stable valuations**

Deal volumes are stable year-on-year (+3,86%), although they show a slight decline compared to Q3. Overall, volume remains high, with the USA appearing to keep one foot on the brake in a quarter that saw President Trump elected for a second term in late November.

Q4 2024 saw just over 1 600 deals completed. Deal volume remains well above the 6-year average (c.1 200 deals per quarter), confirming sustained investor and peer interest in the SaaS sector.

Valuations remain at a median of 3,3x NTM revenues. **Now more than ever, a deeper dive into the numbers reveals the wide valuation gap between SaaS players, depending on their financial health.**

Source: mergermarket.com / CapitalIQ
(1):median EV / Next Twelve Months revenues

1 608

deals in SaaS for Q4 FY'24

1 548

deals in SaaS for Q4 FY'23 (+3,86%)

144

SaaS companies included in our SaaS Index

EV from

3,4x Revenues ⁽¹⁾

(Q4 2023)

|| TO

3,3x Revenues ⁽¹⁾

(Q4 2024)

Meet the team



MARC IRISSON

Partner - Head of TMT Group

Marc is a M&A professional, with over 12 years of experience. He started his career as an analyst with MK Finance and then completed his financial background with an MBA from Georgia State University, Atlanta, USA. He co-founded Financiere Monceau back in 2011, now Translink CF France, and headed up the TMT sector. He has completed dozens of transactions, both buy and sell-side, with French and foreign clients. He has participated in various deals within the IT sector.



RUBEN MORING

Partner

Ruben has been working in M&A since 2017. In addition to financial analysis and preparing high quality sales materials, Ruben actively participates in project management and sales. Prior to joining Translink, Ruben worked in business and technology consulting at Accenture. Ruben holds an M.Sc. (Econ.) from Åbo Akademi.

02

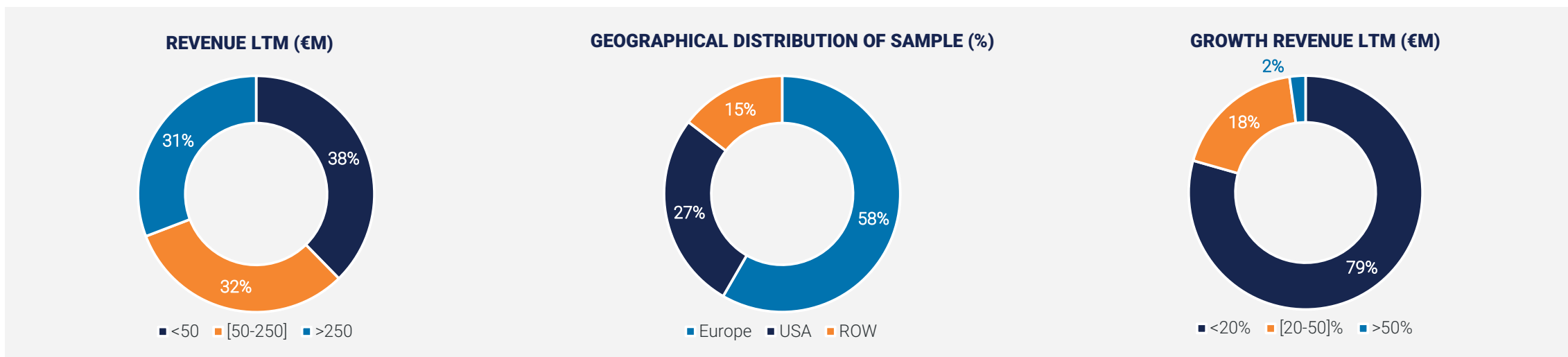
SaaS Valuation Index Q4 update

Our index – updated for 2024

A representative portfolio of SaaS companies across all continents: Update 2024

The index is built around our goal: To provide small and mid-size SaaS company owners with information that is relevant in terms of assessing the value of their business.

Our index studies **144 SaaS companies listed in Europe, the USA and the rest of the world (RoW)**. Differentiated from other indexes, the Translink SaaS Valuation Index **provides an ideal benchmark for private small-to-mid-market B2B SaaS companies in Europe, with 58% of the total sample of constituents matching this profile.**



Our sample has remained consistent over the period in terms of size distribution. In Q1, 39% of the companies were below €50m and 29% above €250m.

Throughout the 2024 year, our sample has shown limited growth, with just over 20% of the companies growing +20% YoY.

Volume has been growing in 2024

6 691

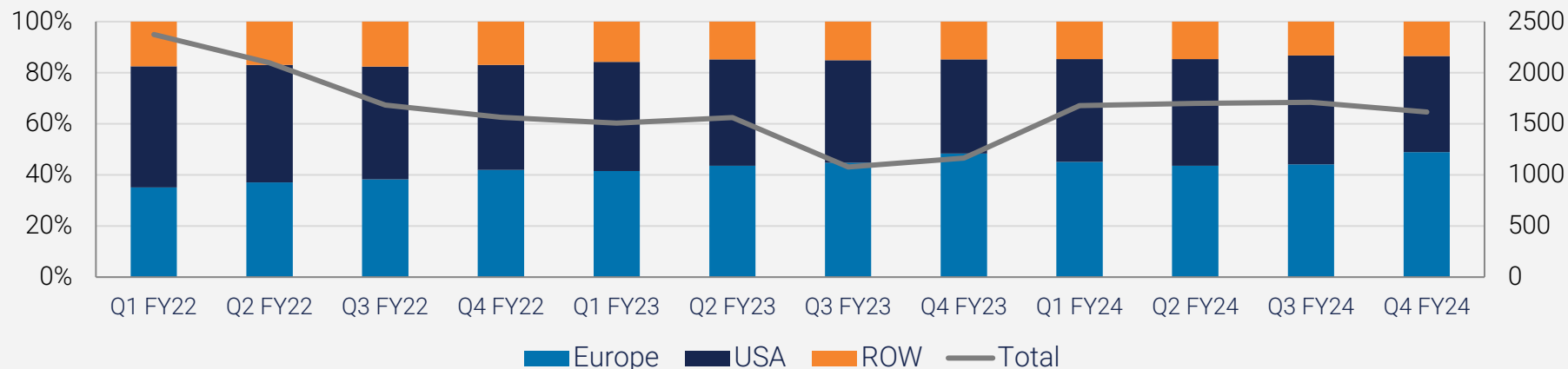
vs.

5 312

deals in SaaS in 2024
+25,9%

deals in SaaS in 2023

Except for 2022, 2024 saw the highest deal volume in the SaaS sector over the past 6 years

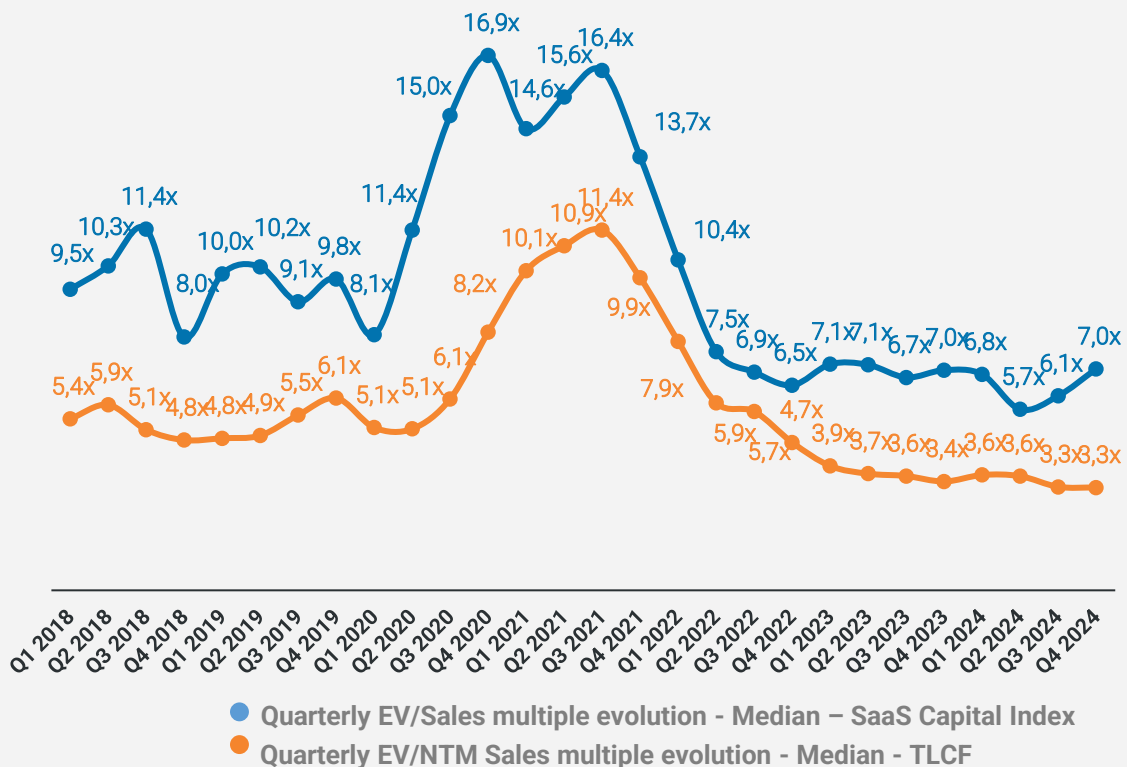


Source: mergermarket.com / CapitalIQ

Quarterly EV / Sales Index

Valuations trend declines in the context of higher deals volume

Quarterly EV/Sales multiple evolution - Median vs. SaaS Capital Index



The Next Twelve Months revenue multiple was stable in Q4 for the companies in our index. The median valuation stands at **3,3x NTM revenue** in Q4 2024.

While the companies included the SaaS Capital Index seem to be recovering better than those in ours, they are merely catching up after a strong decrease in Q2.

Other takeaways:

- Next year, revenue growth in our index is expected to remain low, with a median growth of c.10%, suggesting that expectations remain cautious
- Median valuations hide a wide variety of situations: the market is not a one-size-fits-all!
- Strong premiums are paid for high R40 companies
- Vertical software trades at higher multiples

The Rule of 40 (R40) in 2024

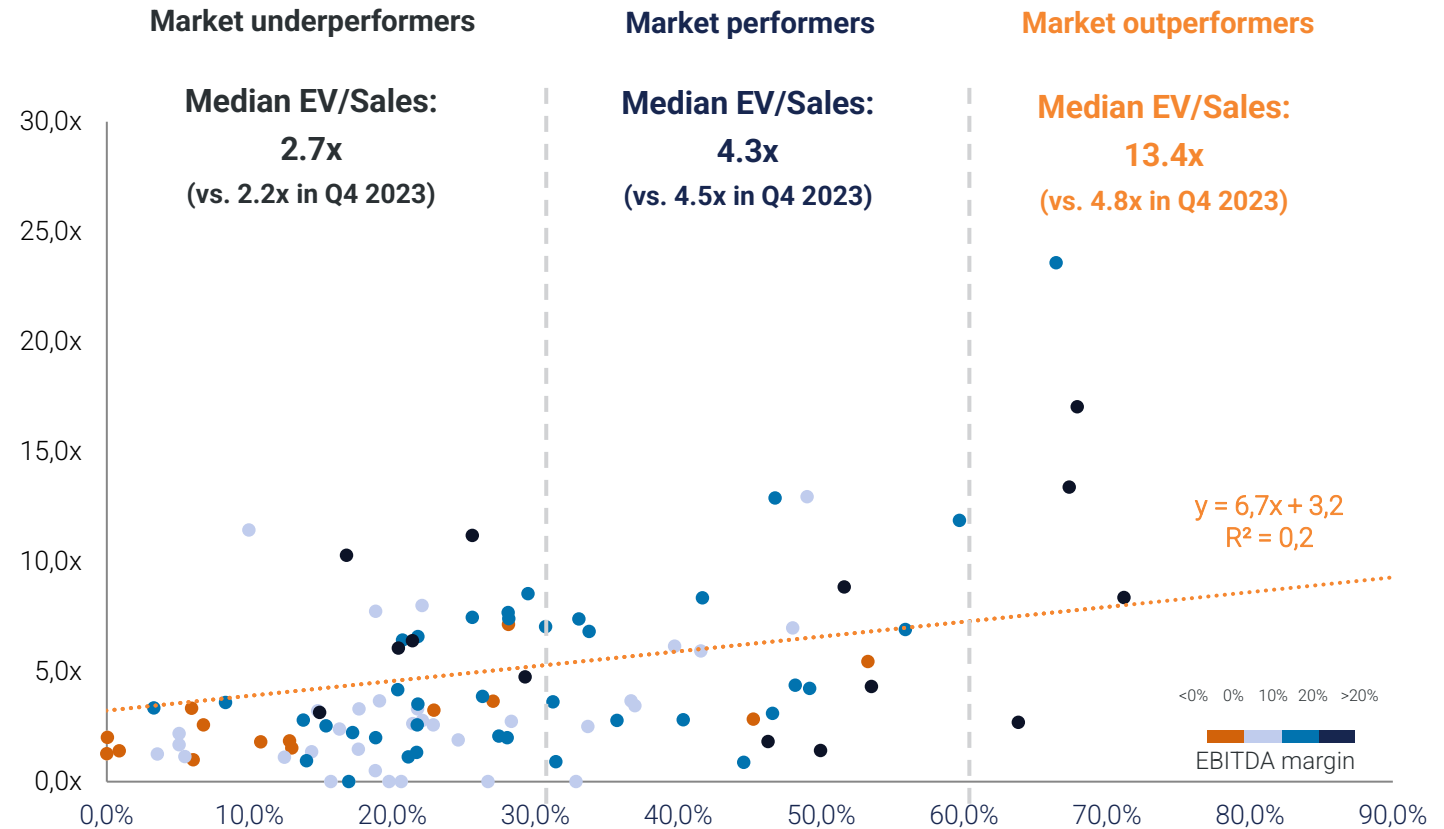
A selective market

SaaS companies that showed a R40 above 60 traded at an average premium of +396% (!) compared to underperformers. **This premium has skyrocketed over the past quarters, hitting a record high since we started our index.**

We also note that there are **very few outperformers this quarter**. They rely on a **median NTM EBITDA margin of 38,1%**, and on **solid growth anticipated (+31,7%)**.

The **strongest performers are strategically building on their reliability and clear vision for the future to attract investors.**

RETREATED CORRELATION BETWEEN EV / SALES AND RULE OF 40 RESPECT
(Q4 2024 vs Q4 2023)



Data from CapitalIQ

Quarterly EV / NTM Sales Index

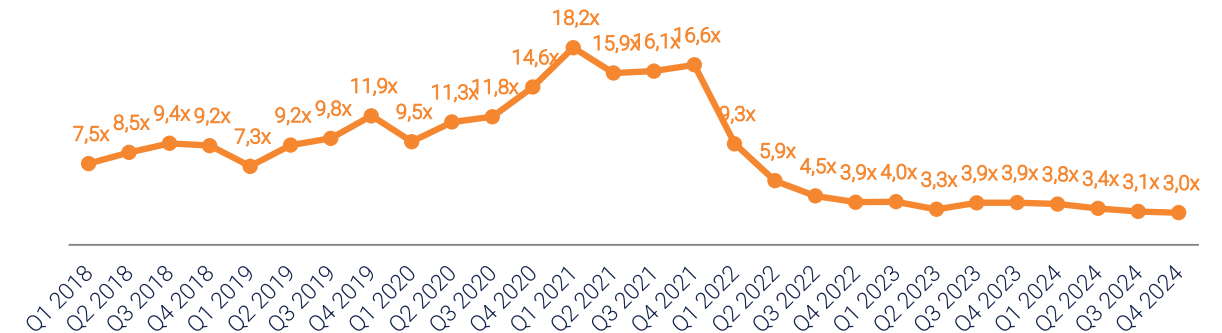
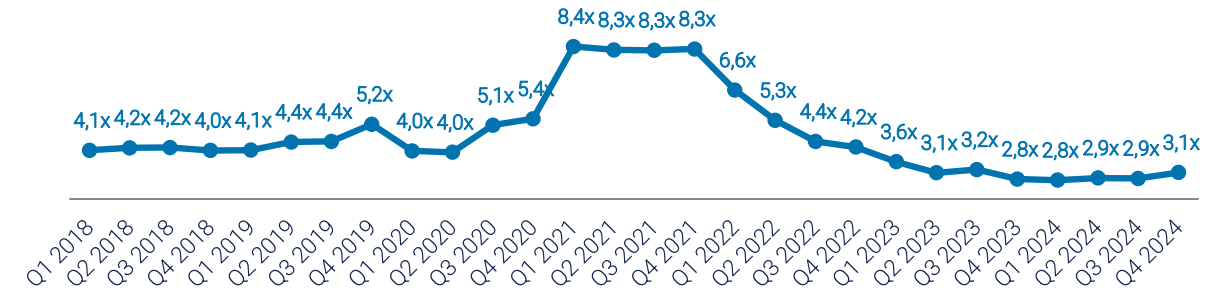
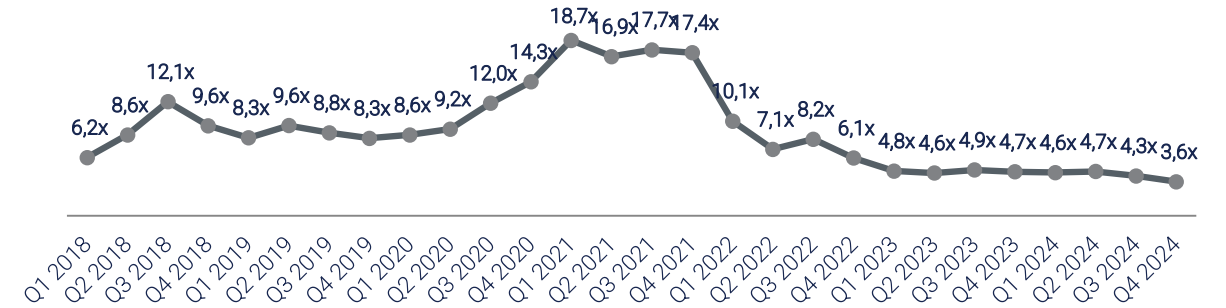
Regional deep dive: Who is leading the pack?

USA: In Q4, uncertainty remained high in the USA, with the presidential election in early November. The outcome was broadly seen as positive for tech companies, but our Index doesn't yet reflect this, instead showing **a record low median of 3,6x NTM revenues**. All eyes are now watching what will happen as Trump begins his second term.

Europe: The European market continues to **lead the pack in terms of deal volume, by a comfortable margin**. The continued strong deal flow came together with another increase in the median valuation, now up to **3,1x NTM sales – the highest point for over a year**.

Rest of World: Valuations of SaaS companies in the RoW continued to decrease to a **low of 3x NTM revenues**, the lowest point for our sample. With lower volumes and a yet-to-see recovery in deal numbers, the RoW looks less attractive from an investor perspective now.

USA – QUARTERLY EV/NTM SALES MULTIPLE EVOLUTION (SAMPLE MEDIAN / 2018 – 2024)



Takeaways from 2024

Growth wanted! But not at all costs

Growth at all costs is old fashioned – but **zero growth is not good either**. Small and mid-sized companies in our Index demonstrated little growth throughout the year, and profitability did not skyrocket. The premium for strong performers is higher than ever.

Deal volumes were extremely high in 2024, demonstrating again how attractive the SaaS industry is. There are still **strong tailwinds** favouring market players: digitisation, cloud adoption and...AI.

Strategic buyers accounted for 53% of the deals in 2024, compared to 54% in 2023 and 48% in 2022. 2024 confirmed that consolidation is still active in the general market.

Outlook 2025

All in on AI?

Inevitably, the medium-term narrative will be dominated by AI. **2025 will be the year that AI really impacts SaaS company performance** as AI tools that have been built into SaaS products are tried and tested, and work effectively. Also, the **entry of DeepSeek in January 2025** will have important repercussions on SaaS valuations for those who can capture its implied efficiencies. **We expect to see this manifesting in profit and growth, driving the Rule of 40 for companies that embrace it, and polarising the market in terms of buyer/investor appetite.**

2025 may be the year that we see SME M&A in the AI sector take off, with those trailing behind playing catch up and those leading trying to lap the rest of the field. **Premiums will still be paid for SaaS players that show a high R40.** We do not see any reason for the private equity/strategic ratio to change dramatically, and expect it to remain balanced.

Finally, with the new administration in the USA, **we expect a dynamic year in the region – and globally – in terms of volume and valuation.**

03

Translink CF TMT industry expertise

Translink Corporate Finance

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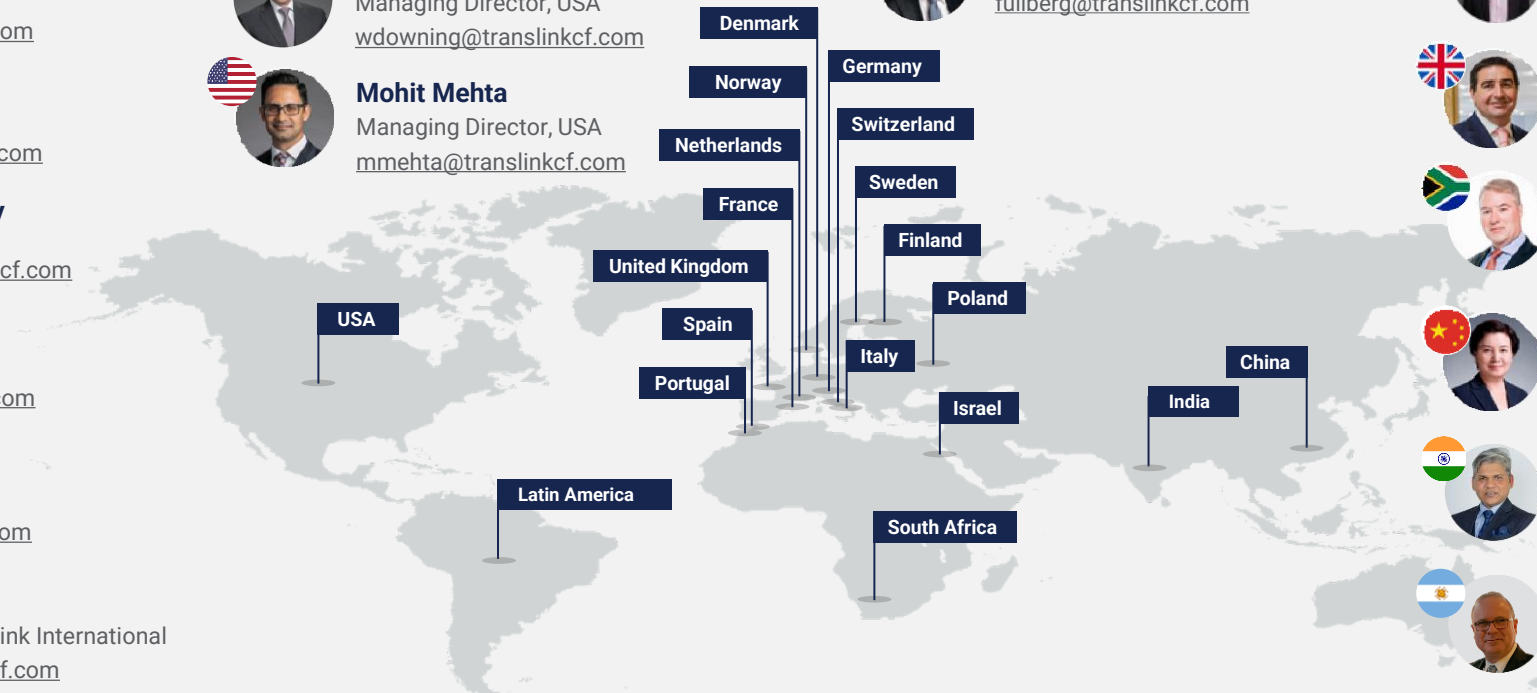
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Translink CF landmark deals for 2024

Visma is the leading provider of mission-critical business software for a more efficient and resilient society. **After establishing a #1 position in Northern Europe, they are on track to expand their leadership presence to the rest of Europe.**

As part of its M&A strategy, Visma engaged Translink CF as M&A advisor in France, Spain and Italy. After the successful deals marking their entry into France, Visma made their first acquisition in Italy in 2024.

Fiscozen is one of Italy's most innovative SaaS companies, achieving 100% year on year growth. Their platform redefines the way Italian tax consultants work with freelancers and small entrepreneurs. Despite having completed their last fundraising round only one year earlier, Fiscozen was drawn to having Visma as a long-term partner that shares their growth vision. The acquisition by Visma represents a landmark deal to enter the Italian market and to signal Visma's leadership and capabilities in software for tax and accounting.

Despite a challenging and competitive software landscape, the key takeaway is that having a unique and innovative business model can be transformative for success in the deal for both the buyer and the seller.



ACQUIRED



Advisor to the buyer

April 2024 | Italy & Norway

Translink

Recent SaaS deals (1/3)

For more information on Translink's expertise in Technology, Media and Telecommunication (TMT), visit:

www.translinkcf.com/industry-sectors/TMT/

<p>TMT 🕒</p> <p>Norway Spain</p> <p>VISMA</p> <p>acquired</p> <p>tugesto</p> <p>TRANSLINK CORPORATE FINANCE Advisor to the buyer</p>	<p>TMT 🕒</p> <p>veden Finland Polar</p> <p>SALESmanago a portfolio company of PER WYN & SilverTree PRIVATE EQUITY</p> <p>acquired</p> <p>Leadoo</p> <p>TRANSLINK CORPORATE FINANCE Advisor to the buyer</p>	<p>TMT 🕒</p> <p>France</p> <p>sogelink</p> <p>acquired</p> <p>NETISYS</p> <p>TRANSLINK CORPORATE FINANCE Advisor to the seller</p>	<p>TMT 🕒</p> <p>Norway Italy</p> <p>VISMA</p> <p>acquired</p> <p>Fiscozen</p> <p>TRANSLINK CORPORATE FINANCE Advisor to the buyer</p>	<p>TMT 🕒</p> <p>Finland</p> <p>Smartvatten</p> <p>acquired</p> <p>neuroflux</p> <p>TRANSLINK CORPORATE FINANCE Advisor to the buyer</p>
<p>TMT 🕒</p> <p>Germany</p> <p>COHEMI Consulting with Heart and Mind a portfolio company of SILVER INVESTMENT PARTNERS</p> <p>acquired</p> <p>SYCOR IQ solutions GmbH a subsidiary of SYCOR GmbH</p> <p>TRANSLINK CORPORATE FINANCE Advisor to the buyer</p>	<p>TMT 🕒</p> <p>Finland Norway</p> <p>Norvestor</p> <p>acquired a majority stake in</p> <p>Smartvatten</p> <p>TRANSLINK CORPORATE FINANCE Advisor to the seller</p>	<p>TMT 🕒</p> <p>France</p> <p>IK Partners</p> <p>acquired a minority stake in</p> <p>CCTIME GROUP</p> <p>TRANSLINK CORPORATE FINANCE Advisor to the buyer</p>	<p>TMT 🕒</p> <p>Sweden Netherlands</p> <p>MAIN CAPITAL PARTNERS alfa eCARE</p> <p>acquired</p> <p>Clinicbuddy</p> <p>TRANSLINK CORPORATE FINANCE Advisor to the seller</p>	<p>TMT 🕒</p> <p>United States</p> <p>PELICAN ENERGY — PARTNERS —</p> <p>has partnered with</p> <p>BLUE WAVE AI LABS</p> <p>TRANSLINK CORPORATE FINANCE Advisor to the buyer</p>

Translink

Recent SaaS deals (2/3)

For more information on Translink's expertise in Technology, Media and Telecommunication (TMT), visit:

www.translinkcf.com/industry-sectors/TMT/

<p>TMT</p> <p>UK United States</p> <p>ieDigital</p> <p>acquired</p> <p>connect</p> <p>TRANSLINK CORPORATE FINANCE</p> <p>Advisor to the seller</p>	<p>TMT</p> <p>Norway France</p> <p>VISMA</p> <p>acquired</p> <p>MyCompanyFiles</p> <p>TRANSLINK CORPORATE FINANCE</p> <p>Advisor to the buyer</p>	<p>TMT</p> <p>Denmark</p> <p>Gostotech ApS</p> <p>acquired</p> <p>sPeople</p> <p>TRANSLINK CORPORATE FINANCE</p> <p>Advisor to the seller</p>	<p>TMT</p> <p>France Canada</p> <p>HR Path.</p> <p>Your way to people success</p> <p>acquired</p> <p>GroupeX SOLUTIONS</p> <p>TRANSLINK CORPORATE FINANCE</p> <p>Advisor to the buyer</p>	<p>TMT</p> <p>Denmark Sweden</p> <p>pamir.</p> <p>acquired</p> <p>PC SCHEMATIC</p> <p>TRANSLINK CORPORATE FINANCE</p> <p>Advisor to the seller</p>
<p>TMT</p> <p>France United Kingdom</p> <p>eagle eye</p> <p>acquired</p> <p>UNTIE NOTS</p> <p>TRANSLINK CORPORATE FINANCE</p> <p>Advisor to the seller</p>	<p>TMT</p> <p>United Kingdom</p> <p>Kortext</p> <p>invested in</p> <p>SOLUTIONPATH</p> <p>TRANSLINK CORPORATE FINANCE</p> <p>Advisor to the seller</p>	<p>TMT</p> <p>United States</p> <p>magna</p> <p>a portfolio company of</p> <p>NEWSPRING</p> <p>acquired</p> <p>Interphase</p> <p>TRANSLINK CORPORATE FINANCE</p> <p>Advisor to the seller</p>	<p>TMT</p> <p>Finland Sweden</p> <p>DMC Stena</p> <p>acquired</p> <p>SUORA Live Broadcasting Company</p> <p>TRANSLINK CORPORATE FINANCE</p> <p>Advisor to the seller</p>	<p>TMT</p> <p>Germany</p> <p>adesso</p> <p>acquired</p> <p>HAUERTMANN IT-CONSULTING</p> <p>TRANSLINK CORPORATE FINANCE</p> <p>Advisor to the seller</p>

Translink

Recent SaaS deals (3/3)

For more information on Translink's expertise in Technology, Media and Telecommunication (TMT), visit:

www.translinkcf.com/industry-sectors/TMT/

<p>TMT</p> <p>Sweden</p> <p>M. MONTERRO</p> <p>acquired a majority stake in</p> <p>PL▶YIPP</p> <p>TRANSLINK CORPORATE FINANCE Advisor to the seller</p>	<p>TMT</p> <p>Switzerland</p> <p>avalog An NEI Company</p> <p>sold</p> <p>avalog outline</p> <p>to</p> <p>SPS Swiss Post Solutions</p> <p>TRANSLINK CORPORATE FINANCE Advisor to the seller</p>	<p>TMT</p> <p>Finland United States</p> <p>BRADY</p> <p>public takeover of the entire share capital of</p> <p>nordicid</p> <p>TRANSLINK CORPORATE FINANCE Certified Advisor</p>	<p>TMT</p> <p>France</p> <p>breega</p> <p>invested in</p> <p>NEOBRAIN</p> <p>TRANSLINK CORPORATE FINANCE Advisor to the seller</p>	<p>TMT</p> <p>France</p> <p>isai Seventure</p> <p>invested in</p> <p>Expensya</p> <p>TRANSLINK CORPORATE FINANCE Advisor to the seller</p>
<p>TMT</p> <p>Norway France</p> <p>VISMA</p> <p>acquired</p> <p>inqom</p> <p>TRANSLINK CORPORATE FINANCE Advisor to the buyer</p>	<p>TMT</p> <p>Finland Germany</p> <p>KLETTGRUPPE</p> <p>acquired</p> <p>Studeo</p> <p>TRANSLINK CORPORATE FINANCE Advisor to the seller</p>	<p>TMT</p> <p>United Kingdom</p> <p>CROSSLAKE</p> <p>acquired</p> <p>TRANSLINK CORPORATE FINANCE Advisor to the seller</p>	<p>TMT</p> <p>Norway France</p> <p>VISMA</p> <p>acquired</p> <p>CHAINTRUST</p> <p>TRANSLINK CORPORATE FINANCE Advisor to the buyer</p>	<p>TMT</p> <p>Finland United States</p> <p>saas.group</p> <p>acquired</p> <p>+Q AddSearch</p> <p>TRANSLINK CORPORATE FINANCE Advisor to the seller</p>

04

Appendix

04 Appendix

Enterprise value of the companies retained in the index is derived from the stock price.

EV/Revenue multiples take into consideration the full amount of revenue for each company.

It may be that some of the companies record set up or service revenue that could slightly distort the numbers.

Numbers are based on information that is available to the public.





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