

SOFTWARE BENCHMARK REPORT

Forecast growth rates fall across the board

QUARTERLY OVERVIEW OF PUBLIC APPLICATION SOFTWARE SECTOR VALUATIONS

Welcome to the latest edition of the Silverpeak Benchmark report – a review of public software company valuation and operating metrics in the US and Europe.

We review median values to produce a robust industry reference benchmark. We screen US and European publicly listed software companies using the S&P Capital IQ database. Our insights and conclusions are derived from this S&P dataset, which consists of 571 companies.



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QoQ VALUATION HIGHLIGHTS

US VERTICAL	+14%	EV / REV
US	+11%	EV / REV
NORDICS	+7%	EV / EBITDA
INDUSTRIALS	+19%	EV / REV

Glossary and methodology on page 17

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With valuations remaining relatively low, de-listings are increasing, primarily driven by private equity. European companies are particularly vulnerable.

PADDY MccGWIRE
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KEY FINDINGS

- US had the highest regional EV/Revenue growth across this quarter, with an 11% increase
- Industrials recorded the strongest growth, with a 19% increase in its EV/Revenue multiple
- Despite strong growth in the subsets UK, Nordics and DACH, the EV/Revenue multiple for Europe overall, declined by 2%

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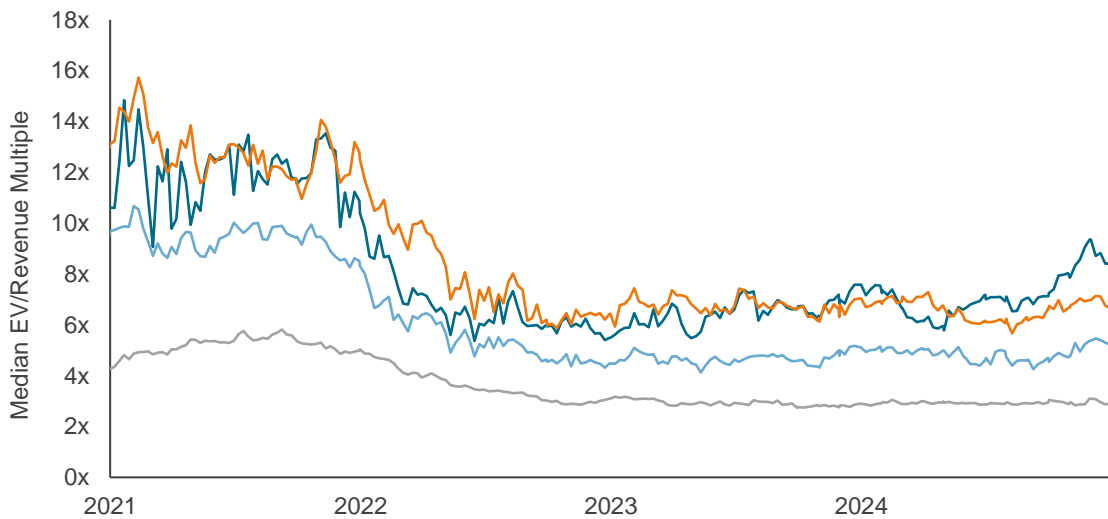
SECTION 1

Category valuation multiples

EV/Revenue multiples have increased across the US vertical and US horizontal categories

On an EV/Revenue basis, US vertical recorded the largest increase across all categories with a 14% quarter-on-quarter (QoQ) growth. US horizontal QoQ growth was weaker with a 6% increase, whilst Europe and US SaaS declined QoQ by 2% and 3%, respectively.

SOFTWARE CATEGORY VALUATION METRICS: MEDIAN EV / REVENUE MULTIPLES 2021-Q4 24



US vertical	US SaaS	US horizontal	Europe
8.10x	6.40x	5.00x	2.90x
QoQ change			
14% ▲	-3% ▼	6% ▲	-2% ▼
YoY change			
7% ▲	-9% ▼	-2% ▼	0% —

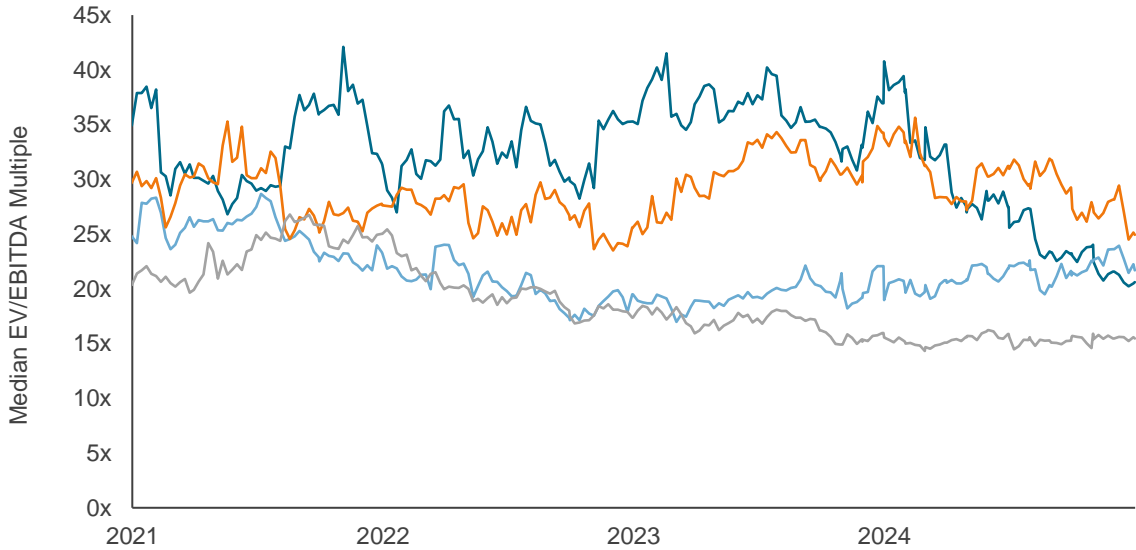
US vertical's 14% QoQ increase, brought its EV/Revenue multiple to 8.10x. A top performer in this category's dataset, Olo Inc., a vertical software provider for restaurants, had a QoQ revenue multiple increase of 95%. From a Year-on-year (YoY) perspective, US vertical also saw a 7% rise, maintaining its position as the category leader with the highest EV/Revenue multiple.

US horizontal had a more modest 6% QoQ increase, lifting its EV/Revenue multiple to 5.00x. Despite the latest QoQ increase, the US horizontal category still experienced a 2% YoY decline.

The US SaaS category experienced a 3% QoQ decline, reducing its EV/Revenue multiple to 6.40x and contributing to a 9% YoY decline. Whereas Europe's YoY EV/Revenue multiple remained stable at 2.90x, despite the recent 2% QoQ decline.

On an EV/EBITDA basis, the data for Q4 2024 showed a QoQ decline across US vertical, US SaaS, and Europe. US horizontal was the only category to record a QoQ increase in EV/EBITDA multiple. The prominent declines in US vertical and US SaaS, continues the downward trend we observed in our Q3 Report, and contributes to the categories' significant YoY EV/EBITDA multiple decrease of 44% and 27%, respectively.

SOFTWARE CATEGORY VALUATION METRICS: MEDIAN EV / EBITDA MULTIPLES 2021-Q4 24

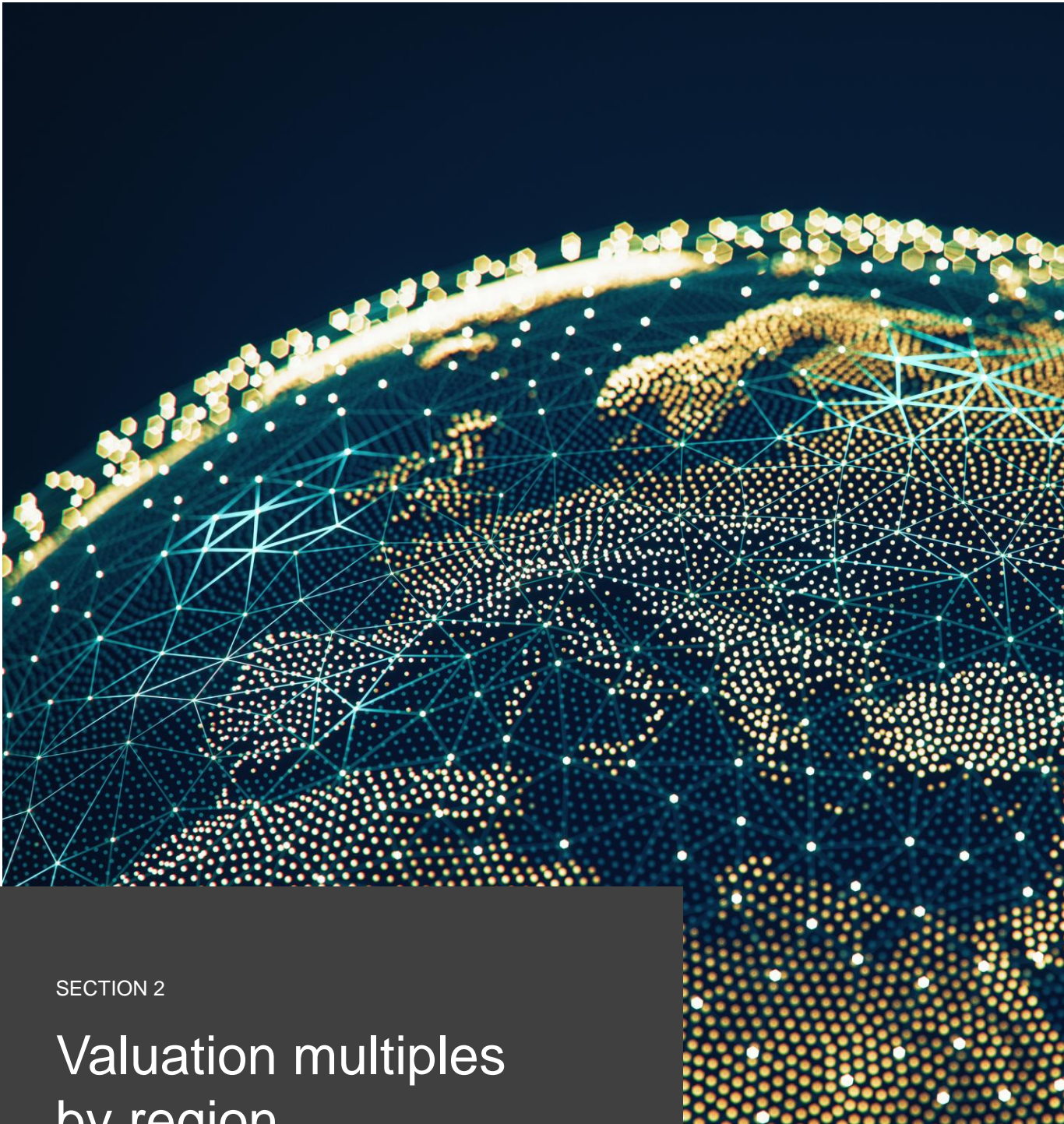


US vertical 20.62x	US SaaS 24.93x	US horizontal 21.68x	Europe 15.46x
QoQ change			
-11% ▼	-12% ▼	2% ▲	-1% ▼
YoY change			
-44% ▼	-27% ▼	-2% ▼	-3% ▼

US SaaS experienced the largest movement this quarter, with a 12% QoQ decline, bringing its EBITDA multiple to 24.93x. A company with a notable decline in this category, Adobe Inc. saw an 19% QoQ reduction in its EV/EBITDA multiple. Despite the category's decline, US SaaS continues to lead on an EV/EBITDA basis.

Similarly, US vertical experienced an 11% QoQ decrease, reducing its EBITDA multiple to 20.62x, and contributing to an extraordinary 44% YoY decline. It is now tracking at a lower multiple than US horizontal.

Meanwhile, US horizontal and Europe's EV/EBITDA multiple did not change significantly over the period. US horizontal posted a modest 2% QoQ increase to 21.68x, and with only a 2% YoY decline. Whereas Europe's EBITDA multiple showed a slight 1% QoQ decrease and a 3% YoY decline.



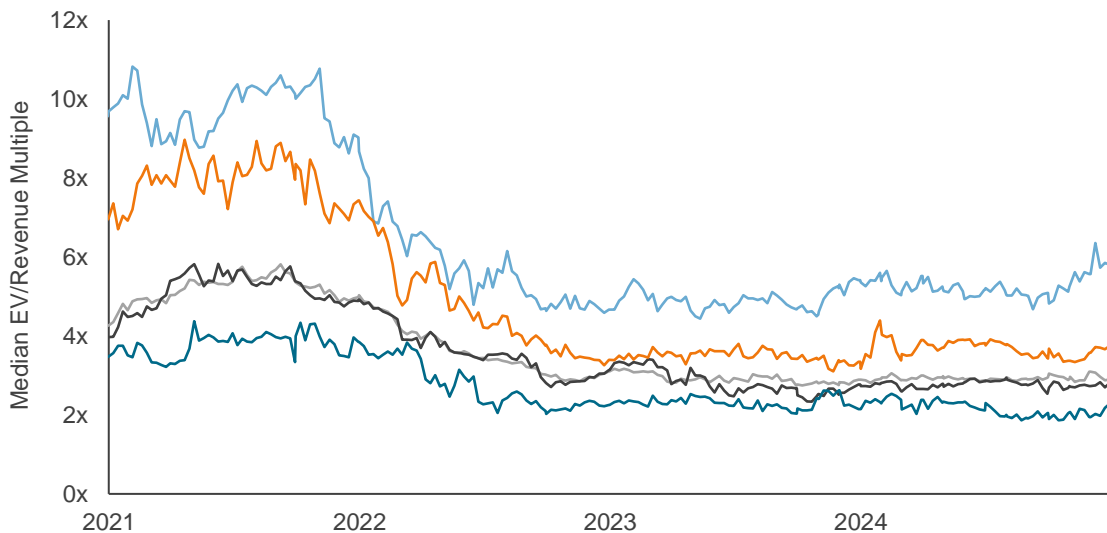
SECTION 2

Valuation multiples by region

UK, DACH and Nordics EV/Revenue valuations outperform Europe

In Q4 2024, the US, UK and Nordics QoQ EV/Revenue multiples showed the highest increase of 11%, 8% and 7%, respectively.

REGIONAL EUROPEAN & US VALUATION METRICS: MEDIAN EV / REVENUE MULTIPLES 2021–Q4 24



US	Europe	UK	DACH	NORDICS
5.65x	2.90x	2.79x	2.14x	3.66x
QoQ change				
11% ▲	-2% ▼	8% ▲	4% ▲	7% ▲
YoY change				
4% ▲	0% —	0% —	0% —	9% ▲

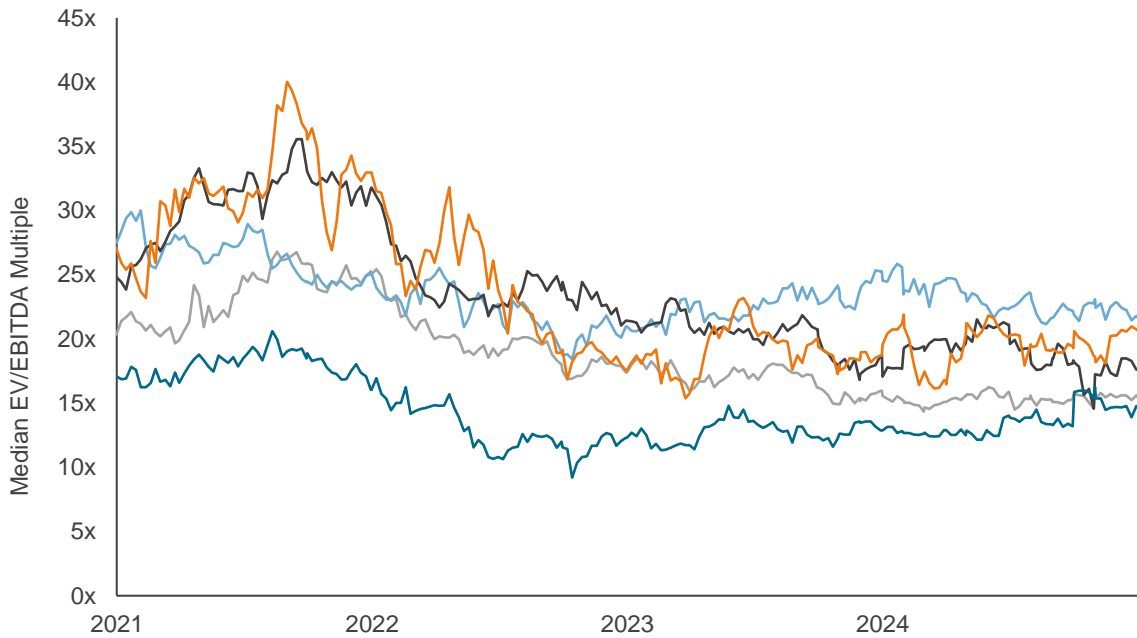
The US had the strongest performance this quarter, with a 11% QoQ increase bringing its EV/Revenue multiple to 5.65x and generating a 4% YoY multiple increase. A standout company within this dataset, Agilysys had a 23% increase in its revenue multiple.

The UK closely followed the US with an 8% QoQ increase, lifting its EV/Revenue multiple to 2.79x. Similarly, the Nordics experienced a 7% QoQ rise, bringing its multiple to 3.66x, and a standout 9% YoY increase, the highest YoY growth across all regions.

Europe saw a slight 2% QoQ decline, maintaining a revenue multiple of 2.90x with no YoY change. The DACH region remained relatively stable, with a 4% QoQ increase and no YoY change.

The Nordics and DACH were the only regions to show an increase in QoQ EV/EBITDA multiples. Whereas the US, Europe and UK regions all experienced declines in QoQ and YoY EV/EBITDA multiples.

REGIONAL EUROPEAN & US VALUATION METRICS: MEDIAN EV / EBITDA MULTIPLES 2021–Q4 24

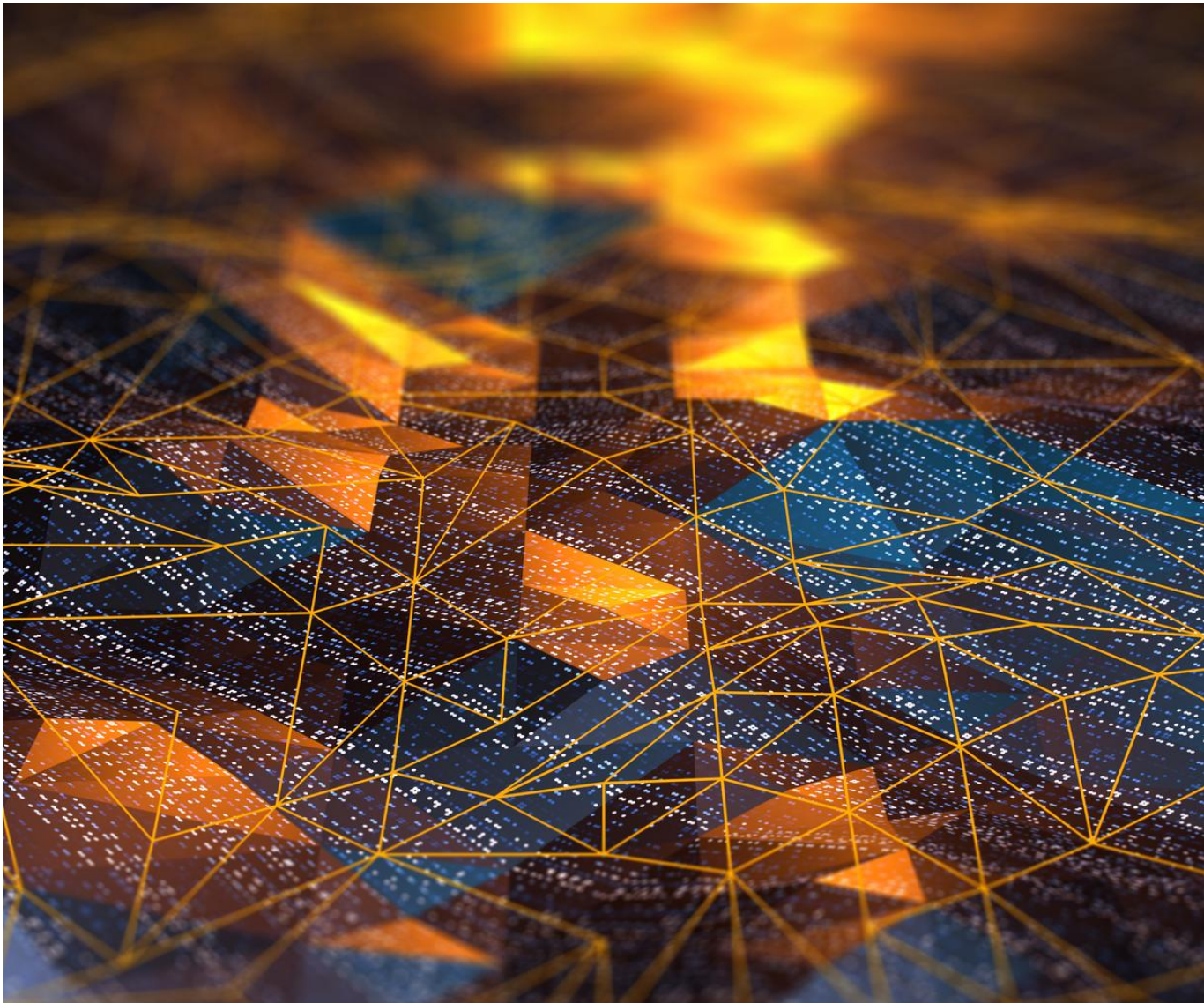


US	Europe	UK	DACH	NORDICS
21.68x	15.46x	17.60x	14.67x	20.66x
QoQ change				
-2% ▼	-1% ▼	-4% ▼	3% ▲	7% ▲
YoY change				
-14% ▼	-3% ▼	-6% ▼	14% ▲	10% ▲

The Nordics had the highest QoQ increase of 7%, bringing its EV/EBITDA multiple to 20.66x. This region also recorded a 10% YoY increase, reflecting continued multiple growth. Within this dataset, Truecaller AB, a communication verification platform, had a notable increase of 30% in its EBITDA multiple.

The DACH region had a more modest 3% QoQ increase, lifting its EV/EBITDA multiple to 14.67x. DACH also posted the highest YoY growth of 14%. In contrast, the UK experienced the largest QoQ decline, with a 4% drop bringing its EV/EBITDA multiple to 17.60x.

The US and Europe showed relative QoQ stability, with EV/EBITDA multiples declining by 2% and 1%, respectively. However, the US region’s YoY change was much more prominent with a 14% decline in EV/EBITDA multiple. Nevertheless, the US EV/EBITDA multiple still leads across all regions and is trading at 21.68x at the close of 2024.

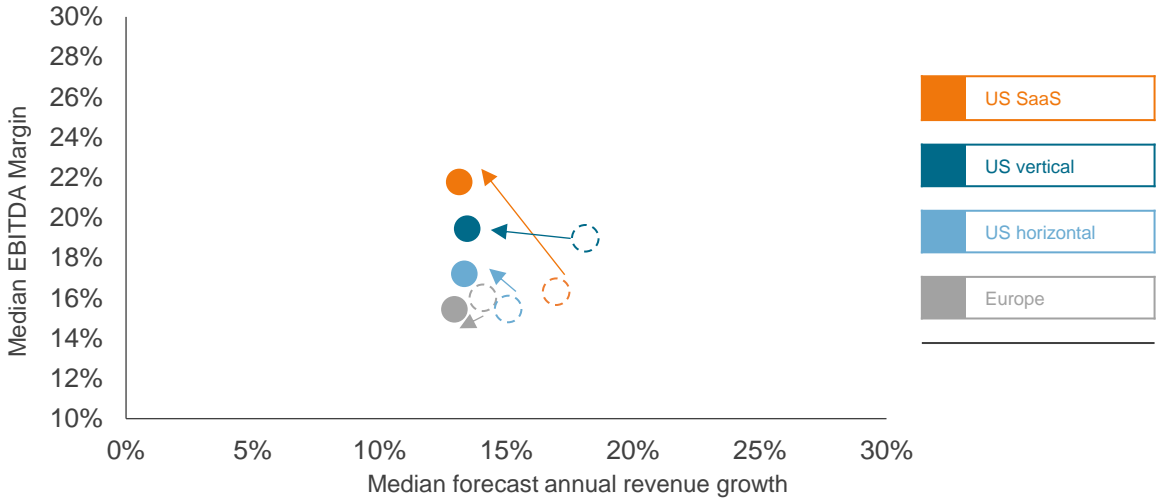


SECTION 3

Operating metrics

US categories' EBITDA margins increased, but growth forecasts have been revised down

SOFTWARE CATEGORY OPERATING METRICS: EBITDA MARGIN vs REV GROWTH (F) Q4 23 – Q4 24



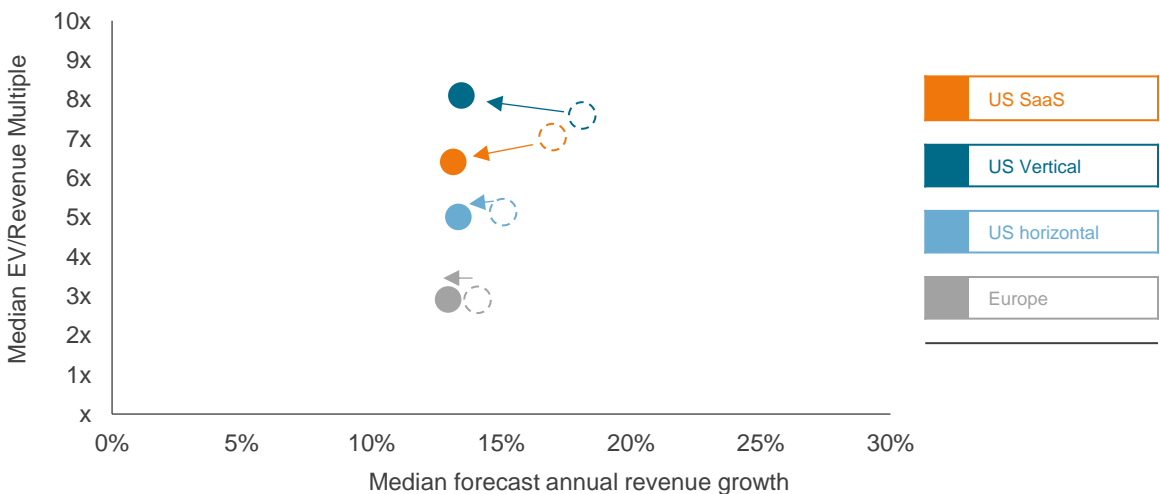
Key Q4 2023 (dashed circle) Q4 2024 (solid circle)

Growth revised down across all categories with the greatest by 5% for US vertical.

The median EBITDA margin rose highest for US SaaS, up 5%, whilst US horizontal also increased by 2%. Europe remained relatively stable declining by 1%.

EV/Revenue multiples increased YoY only for US vertical, despite its forecast growth reduction by 5%.

SOFTWARE CATEGORY OPERATING METRICS: EV / REV vs REV GROWTH (F) Q4 23 – Q4 24



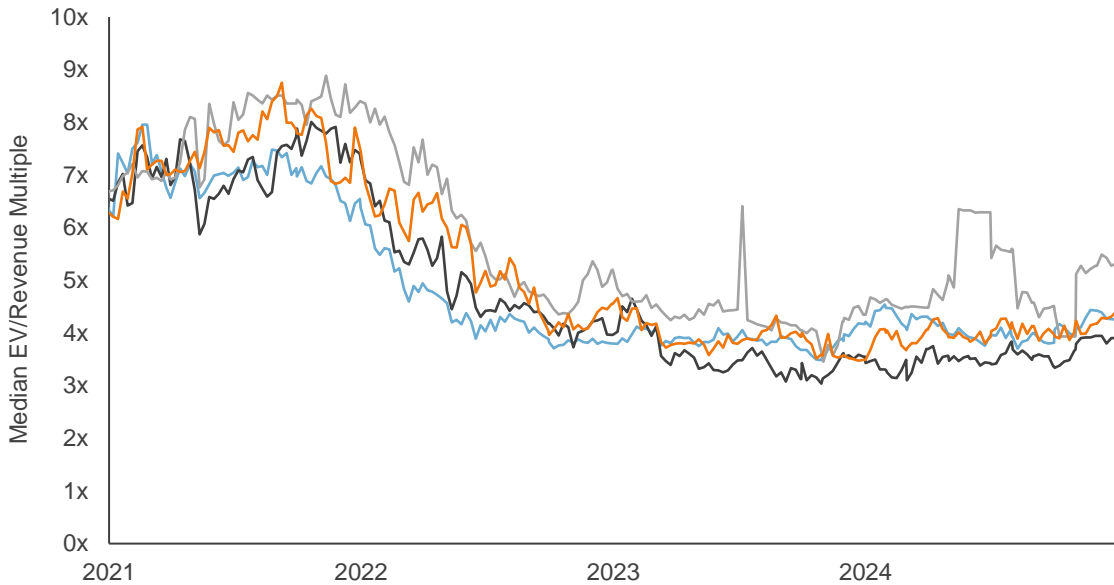


SECTION 4

Sector valuation multiples

All sectors QoQ EV/Revenue multiples surged, with Industrials recording the largest gain

SOFTWARE SECTOR VALUATION METRICS: MEDIAN EV / REVENUE MULTIPLES 2021 – Q4 24



Security	Enterprise	Fintech	Industrials
4.30x	4.23x	3.93x	5.38x
QoQ change			
8% ▲	11% ▲	17% ▲	19% ▲
YoY change			
23% ▲	1% ▲	11% ▲	24% ▲

The industrials sector had a 19% QoQ increase in EV/Revenue multiple, rising to 5.38x in Q4 2024. Some of this volatility could be linked to certain take-private transactions. For example, industrial software and systems provider, Volue AS, was taken private by Advent, Arendals Fossekompani, and Generation IM. Prior to being acquired in a deal valued at \$602m, the business was trading at a 3.93x EV/Revenue multiple.

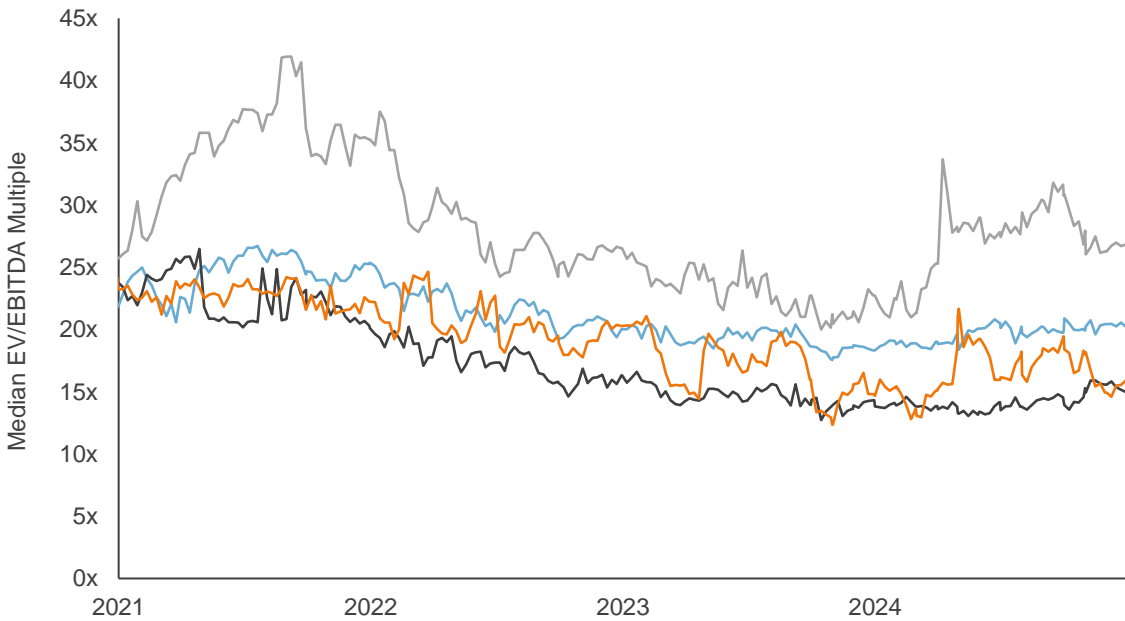
Fintech followed with a 17% QoQ increase in EV/Revenue multiple to 3.93x, whilst enterprise and security sectors also recorded increases in QoQ EV/Revenue of 11% and 8%, respectively.

Enterprise was the only sector to not deliver double-digit YoY EV/Revenue multiple growth. Whereas industrials, security and fintech delivered YoY revenue multiple growth of 24%, 23% and 11%, respectively.

On an EV/EBITDA basis, security and industrials had the largest movement this quarter, with 19% and 12% respective QoQ declines. The enterprise sector remained relatively flat with a 2% QoQ increase in EV/EBITDA multiple to 20.33x. Fintech was the only sector to record material QoQ gains of 5%.

All sectors experienced YoY growth in EV/EBITDA multiple with industrials, despite its QoQ decrease, leading the sectors with a 19% increase to 26.96x.

SOFTWARE SECTOR VALUATION METRICS: MEDIAN EV / EBITDA MULTIPLES 2021 – Q4 24



Security	Enterprise	Fintech	Industrials
15.76x	20.33x	14.95x	26.96x
QoQ change			
-19% ▼	2% ▲	5% ▲	-12% ▼
YoY change			
7% ▲	11% ▲	4% ▲	19% ▲



SECTION 5

Methodology

Methodology

US and European publicly listed software companies are screened using the S&P Capital IQ database. The dataset is reviewed and updated on a quarterly basis to include newly listed and de-listed companies and to ensure that existing companies remain pertinent to the report. A variety of financial indicators are tracked on a weekly basis including EV/Revenue and EV/EBITDA multiples, forecast annual revenue growth, gross margin, EBITDA margin and others. Companies with Enterprise Values (EV) of less than \$10m were excluded from the sample and multiples outside the 1x-100x range were disregarded from median calculations.

Private company performance cannot be directly compared against public valuation metrics.

Company classification

BY CATEGORY

To allow comparison, we group companies covered in the report into one of four categories.

(In brackets, the number of public companies trading in each dataset at 31/12/2024)

Europe (189)

European (including UK, DACH and Nordics) headquartered, publicly quoted software companies.

US SaaS (70)

US-headquartered, operating a Software as a Service (SaaS) model, with a gross margin of 75%+

US vertical (44)

US-headquartered, with a strong focus on one (or a small number of) vertical market(s).

US horizontal (175)

US-headquartered, selling solutions across a wide range of vertical markets.

BY SECTOR

We also classify companies according to common sectors.

(In brackets, the number of public trading in each dataset at 31/12/2024)

Enterprise Software (175)

Software designed to improve enterprise operations, including HR, CRM, and supply chain management solutions.

Fintech (57)

Software technologies that facilitate payments and financial services, such as insurtech, blockchain, mobile wallets.

Industrials (23)

Software for use in industrial sector applications, including energytech, constructiontech, design automation.

Security (55)
















Companies that provide software solutions for data, applications, and IT environment, such as cybersecurity.

About Silverpeak

Silverpeak is a mid-market technology specialist representing European growth businesses in M&A and financing transactions. Our high energy team of technology enthusiasts has experience of over 400 completed deals between them.

We have deep business and product understanding, which we use to focus on discovering the full, and often hidden, strategic value in a company. We then articulate this value to the right buyers and investors wherever they are.

Recently completed mandates

<p>AUT AUT Oct 2024</p>  <p>Quartz, silicon, and ceramic for semiconductors</p> <p>Sale to</p> 	<p>UK NO Sep 2024</p>  <p>Maritime cybersecurity</p> <p>Sale to</p> 	<p>DK Apr 2024</p> <p>FOUNDERS</p> <p>Venture Capital</p> <p>Fintech single asset secondary sale</p> <p>MULTIPLE INVESTORS</p>
<p>BE IE Feb 2024</p>  <p>Data science & analytics provider for CX transformation</p> <p>Sale to</p> 	<p>CA US UK ROW Aug 2023</p>  <p>Photonically networked silicon spin quantum computers</p> <p>\$100m financing</p>     <p>Delivered by British Business Bank</p> 	<p>UK UAE Aug 2023</p>  <p>Maritime e-procurement platform</p> <p>Sale to</p>  

We go further to understand a company's full value

There is often hidden value in a company's technology, growth potential, management team and its vision.

We unlock all this potential value and articulate it to the acquirers or investors who prize it most.

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Generalists may do a reasonable job, but valuable insights can only come from advisors that focus their knowledge, expertise and networks, specifically in your domain. This is where Silverpeak is strongly differentiated.

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