

EUROPEAN SUPPLY CHAIN SOFTWARE

INDUSTRY UPDATE

SPRING 2024 SUPPLY CHAIN SOFTWARE INSIGHTS

M&A ACTIVITY IN SECTOR EXPECTED TO INCREASE DURING NEXT 12 MONTHS

Spring saw an increase in M&A transaction volumes and valuation levels in the European supply chain software sector, giving us reasons to be optimistic. Companies in this space have shown resilience over the last two years against challenging market conditions. Financial sponsors continue to compete for high-quality software businesses, seeking profitable growth based on strong retention metrics. Over the past year, many companies have focused on securing retention and profitability; however, the emphasis is shifting to growth, backed by successful go-to-market strategies.

The supply chain software sector offers plenty of opportunities for further consolidation, which is one of the main factors supporting the strong M&A outlook. Private equity-backed sector companies are advancing their growth strategies with add-on acquisitions and strategic players are acquiring targets with complementary product suites. We also expect decreasing interest rate levels and an overall improvement in economic activity to boost interest in this sector. Overall, our outlook for M&A activity in the sector is optimistic, and we expect to see strong interest over the next 12 months.

“

Emphasis is shifting to growth stories on the back of successful go-to-market strategies”

OUR TAKE ON KEY SECTOR TOPICS

MARKET SENTIMENT

Market sentiment for supply chain software companies was cautious in early 2024. However, by spring, sentiment shifted to a more optimistic outlook based on future growth and development opportunities. This change is reflected in the valuation levels of our stock exchange-listed sector peer group, currently trading at an NTM/Revenue multiple of 6.6x compared to a 10-year median of 5.4x.

GROWTH

Growth was the main sector-wide challenge for Q4 2023, with many end-customers opting to delay decision-making on new supply chain software agreements.

RETENTION

The sector's mission-critical nature has kept churn relatively low, but challenges related to upselling and winning new clients have put pressure on the short-term growth outlook. Median growth estimates for 2024 for our stock exchange-listed sector peer group have decreased to 9.2% from 12.2% in 2023.

PRODUCT IMPROVEMENTS

The focus on customer experience and efficiency improvements prompted companies to invest in their products, enhance automation, and embrace cloud adoption. With greater product efficiency, companies are targeting improved sales and profitability.

CONTINUED CONSOLIDATION

Two channels drive continued consolidation in this space: private equity funds keen to invest in supply chain software platforms and add-on acquisition strategies by private equity-backed companies.

During Q2/2023-Q1/2024, 31 out of 61 acquisitions in the European supply chain software sector were executed by financial sponsors. We expect PEs to remain highly active in this sector over the next 12 months.



SUPPLY CHAIN SOFTWARE SEGMENTS

SALES & OPERATIONS PLANNING

Comprehensive business planning software connecting demand & sales forecasting to assortment, inventory, work, and capacity planning.

MANUFACTURING EXECUTION & PRODUCTION PLANNING

Software for production planning, scheduling, and information sharing between managers, workers, ERP, and production systems.

WAREHOUSE MANAGEMENT & INVENTORY OPTIMIZATION

Software for managing inventory availability, location control, stock balances, replenishment planning, lead-time, and production logistics.

PROCUREMENT & SOURCING MANAGEMENT

Software for managing suppliers, sourcing process, purchase orders, order status, and raw stocks.

ORDER TRACKING & LAST MILE DELIVERY

Software for order & distribution tracking as well as last mile delivery management & customer interface.

FREIGHT PLANNING & FLEET MANAGEMENT

Software for fleet monitoring, vehicle tracking, route planning, cost management, and driver management.

D.A. Davidson MCF International's European Supply Chain Software cohort

~100

Companies

EUR 27m

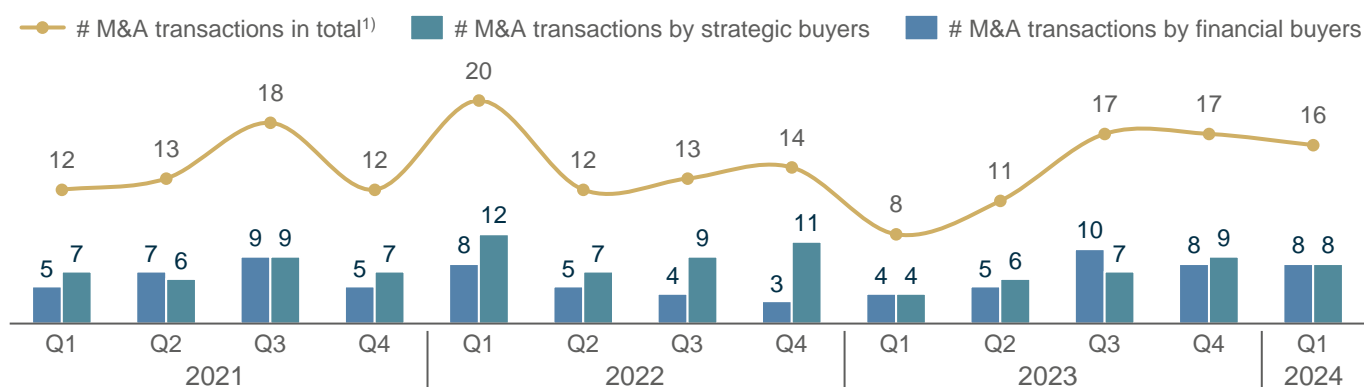
Median latest fiscal year revenue

12%

Median latest fiscal year EBITDA margin

M&A ENVIRONMENT (1/2)

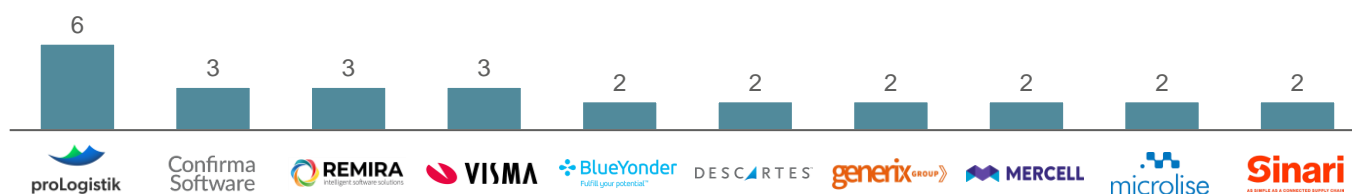
DEVELOPMENT OF THE EUROPEAN M&A MARKET IN THE SUPPLY CHAIN SOFTWARE SEGMENT



The European M&A landscape for supply chain software has shown notable resilience despite fluctuations in capital markets and valuation challenges in recent years. From Q1 2021 to Q1 2024, the sector saw substantial activity driven by both strategic and financial buyers, with strategic buyers making up 56% of all recorded transactions. This underscores the critical importance of supply chain software in organisational operations, a factor that remains steadfast even during periods of economic uncertainty. ProLogistik emerged as the most active among the strategic buyers, completing six acquisitions during this period. Confirma Software, REMIRA, and Visma each completed three transactions within the sector.

RECENT MOST ACTIVE CONSOLIDATORS IN EUROPE

■ # of SCM software acquisitions in Europe during Q1/2021 – Q1/2024



SELECTED CONSOLIDATOR PROFILES

Company	HQ	Revenue (EURm) ²⁾	Offering	Customer focus	Ownership
proLogistik GROUP		100	Logistics software, hardware, and service solutions	SMEs and enterprise customers	Elvaston
Confirma Software		80	ERP, POS, payroll, and quality management software	SMEs, public sector, and enterprise customers	ABRY PARTNERS
REMIRA		50	Manufacturing planning, demand, and inventory management software	SMEs and enterprise customers	Elvaston

Notes: 1) Includes Supply Chain Software majority transactions with deal values of at least USD 5m and minority share transactions as reported by Mergermarket, within Mergermarket's "Computer software" sector; 2) Latest available estimate
Sources: Mergermarket, MCF analysis

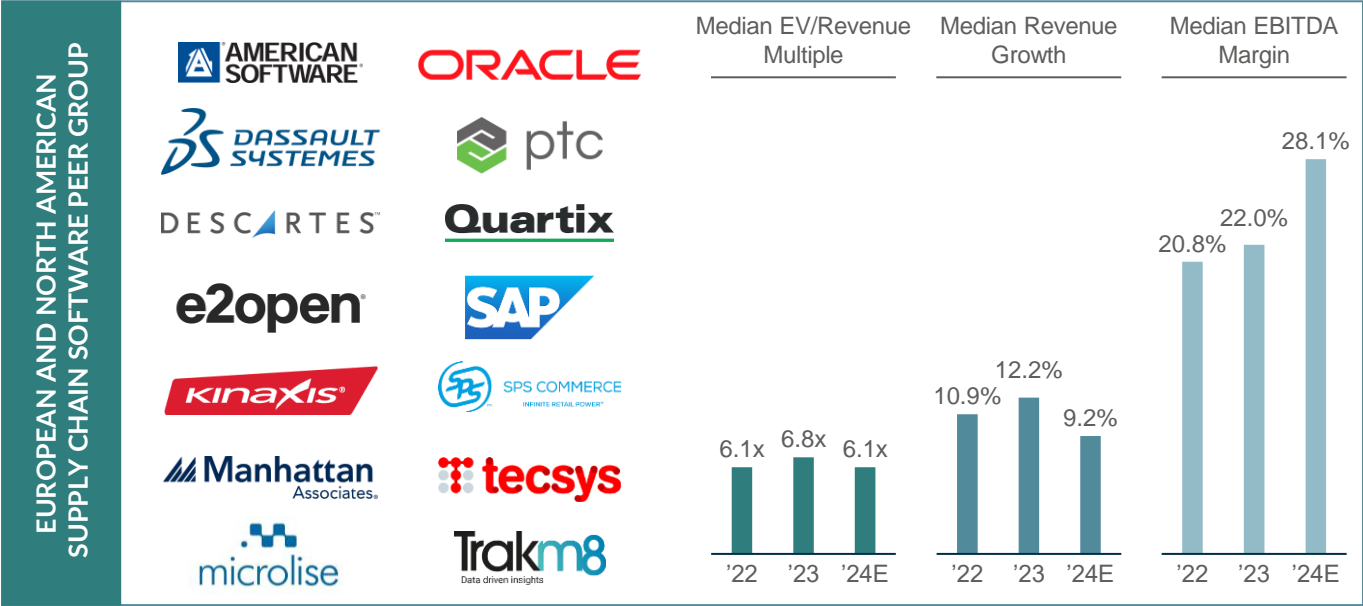
M&A ENVIRONMENT (2/2)

SELECTED EUROPEAN TRANSACTIONS IN THE LAST 12 MONTHS

Date ¹⁾	Target	HQ	Description	Acquirer	EURm	
					Revenue ²⁾	EV
05/2024			Inventoro, a provider of AI-driven sales forecasting and replenishment optimisation solutions, was acquired by Cin7, an inventory and order management software provider.		n/a	n/a
04/2024			Leanware, a provider of production, supply chain, and logistics software, was acquired by Elisa, a publicly listed telecom company and provider of AI and ML based software solutions for manufacturing industry.		11	n/a
02/2024			Flexis, a provider of production optimisation and transportation planning & execution software, was acquired by Blue Yonder, a supply chain software provider.		8	n/a
01/2024			Optimty, a provider of supply chain planning and optimisation software, was acquired by RELEX, a provider of supply chain and retail planning software.		4	n/a
11/2023			Enterprise Software Systems, a provider of transportation management software, was acquired by Microlise, a publicly listed provider of transport and fleet management software solutions.		6	10
11/2023			Aplus Informatique, a provider of transport management software, was acquired by Sinari, a transport management software provider.		6	n/a
11/2023			DSIA ("Logistar"), a provider of order, warehouse, and transportation management software, was acquired by proLogistik, a provider of warehouse and transportation management software.		20	n/a
07/2023			TIE Kinetix, a provider of cloud-based supply chain software, was acquired by SPS Commerce, a provider of comprehensive retail and supply chain analytics software.		n/a	68
07/2023			Once For All, a France based provider of compliance and supply chain management software, was acquired by GTCR, a US-based private equity firm.		n/a	~1,700
05/2023			Kabal, a logistics SaaS platform provider, received a significant growth investment from Insight Partners, a global software focused private equity.		17	n/a
03/2023			Sislog, a provider of warehouse management software, was acquired by Hardis Group, a digital consulting and software solutions provider.		n/a	n/a

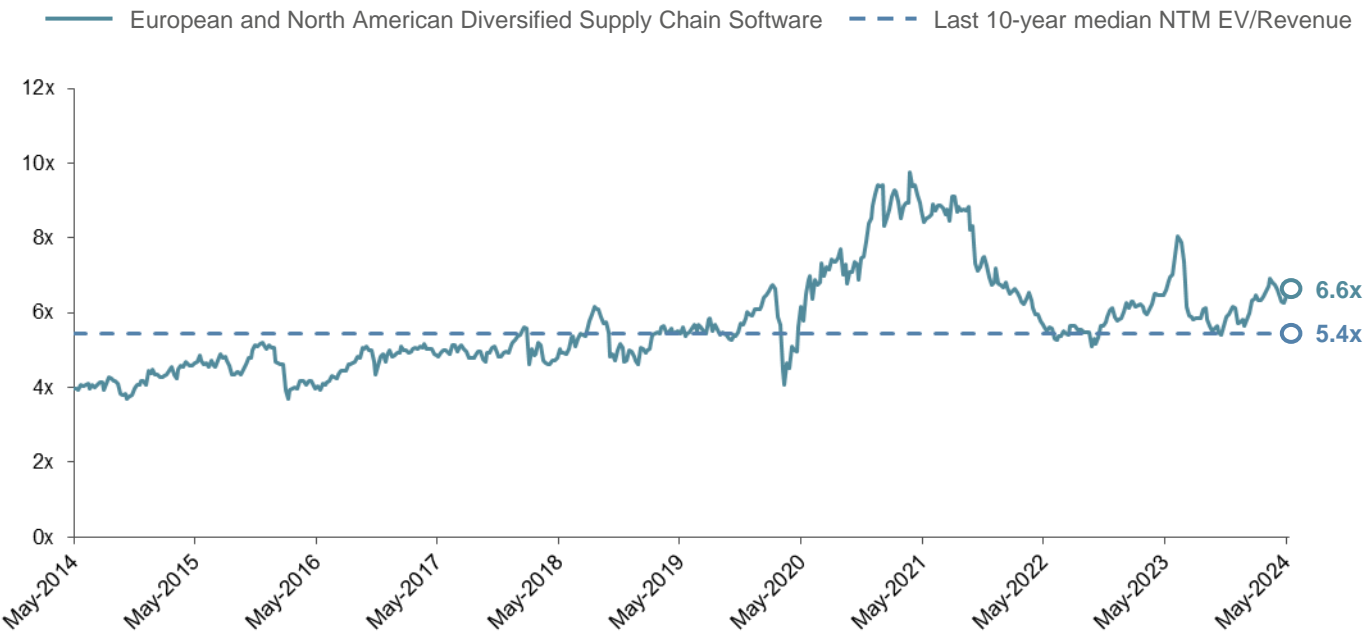
PUBLIC VALUATION ENVIRONMENT

PUBLIC TRADING MULTIPLES OF EUROPEAN & NORTH AMERICAN SUPPLY CHAIN SOFTWARE COMPANIES



Valuation levels remain high in 2024 but have decreased from the record levels in 2021. With an NTM EV/Revenue multiple of 6.6x, European and North American diversified supply chain software companies are trading above the historical 10-year median of 5.4x.

NTM EV/REVENUE DEVELOPMENT OF SUPPLY CHAIN SOFTWARE COMPANIES



TECHNOLOGY REFERENCES

WE ARE ONE OF THE MOST ACTIVE MID-MARKET TECH ADVISORY FIRMS

<p>TECHNOLOGY</p> <p>nimly EasyAccess sold to RCO a portfolio company of NOVAX</p> <p>SELL-SIDE ADVISER</p> <p>2024 </p>	<p>TECHNOLOGY</p> <p>visitgroup a company backed by Standout Capital received a strategic growth investment from PSG</p> <p>SELL-SIDE ADVISER</p> <p>2023   </p>	<p>TECHNOLOGY</p> <p>UNIADMISSIONS sold to TESTBUSTERS STUDENTI PER GLI STUDENTI</p> <p>SELL-SIDE ADVISER</p> <p>2023  </p>	<p>TECHNOLOGY</p> <p>vizlib sold to insightsoftware a portfolio company of TA ASSOCIATES GENSTAR Hg</p> <p>SELL-SIDE ADVISER</p> <p>2023   </p>	<p>TECHNOLOGY</p> <p>Voyantic sold to IMPINJ</p> <p>SELL-SIDE ADVISER</p> <p>2023  </p>
<p>TECHNOLOGY</p> <p>TUTUS has been acquired by Formica Capital-backed C-Resiliens</p> <p>FINANCIAL ADVISER</p> <p>2023 </p>	<p>TECHNOLOGY</p> <p>LiquidPlanner a portfolio company of TVC CAPITAL sold to Tempo a portfolio company of DIVERSIS CAPITAL</p> <p>SELL-SIDE ADVISER</p> <p>2023 </p>	<p>TECHNOLOGY</p> <p>ADWAY Automated Social Recruitment Marketing Series A Funding octopus ventures</p> <p>FINANCIAL ADVISER</p> <p>2022  </p>	<p>TECHNOLOGY</p> <p>CONNEXPAY has received an investment from FTV CAPITAL PANORAMIC F-PRIME</p> <p>FINANCIAL ADVISER</p> <p>2022 </p>	<p>TECHNOLOGY</p> <p>earnup has received Series C investments from multiple companies</p> <p>FINANCIAL ADVISER</p> <p>2022 </p>
<p>TECHNOLOGY</p> <p>PROTECHT has received a growth equity investment from arrowroot Capital</p> <p>FINANCIAL ADVISER</p> <p>2022  </p>	<p>TECHNOLOGY</p> <p>PLYTICS sold to LexisNexis a portfolio company of RELX</p> <p>SELL-SIDE ADVISER</p> <p>2022   </p>	<p>TECHNOLOGY</p> <p>seriline sold to FSN CAPITAL</p> <p>SELL-SIDE ADVISER</p> <p>2022  </p>	<p>TECHNOLOGY</p> <p>etradingsoftware has received a significant investment from LDLC BACKING AMBITION FOR 40 YEARS</p> <p>FINANCIAL ADVISER</p> <p>2022 </p>	<p>TECHNOLOGY</p> <p>NINJA TRADER Architects of Electronic Trading Innovation a portfolio company of LONG RIDGE acquired tradovate</p> <p>BUY-SIDE ADVISER</p> <p>2022 </p>
<p>TECHNOLOGY</p> <p>Formulate sold to RELEX</p> <p>SELL-SIDE ADVISER</p> <p>2022  </p>	<p>TECHNOLOGY</p> <p>confermapay sold to Sabre</p> <p>FINANCIAL ADVISER</p> <p>2022  </p>	<p>TECHNOLOGY</p> <p>visitgroup acquired VISBOOK</p> <p>BUY-SIDE ADVISER</p> <p>2022  </p>	<p>TECHNOLOGY</p> <p>GOFORE acquired emundo Software-Projekte & IT-Beratung</p> <p>BUY-SIDE ADVISER</p> <p>2022  </p>	<p>TECHNOLOGY</p> <p>Miradore a portfolio company of Standout Capital sold to GoTo</p> <p>SELL-SIDE ADVISER</p> <p>2022   </p>




CASE STUDY | VOYANTIC

THE DEAL


Voyantic, a leading provider of RAIN RFID test and measurement solutions, was acquired by Impinj Inc., a wireless RAIN RFID communication technology company.

Impinj sees that Voyantic's RAIN RFID test and measurement solutions enable closer engagement with label & service bureau partners and advance Impinj platform's leading position in RAIN quality, reliability, and readability. Voyantic sees that the transaction creates more opportunities to grow and strengthen offering to the RAIN RFID industry. Furthermore, the parties view their values and cultures highly similar – valuing expertise and achievement.

TECHNOLOGY



 **Voyantic**

sold to

 **IMPINJ**

SELL-SIDE ADVISER

2023

In this Technology transaction, MCF advised the owners of Voyantic and helped facilitate the deal through its proven ability to successfully execute bilateral transactions. It highlights the success of MCF's partnership with U.S.-based D.A. Davidson and showcases the Technology team's ability to execute cross-Atlantic transactions and offer clients deep industry expertise.

THE BUYER

Impinj (NASDAQ: PI) helps businesses and people analyse, optimise, and innovate by wirelessly connecting billions of everyday things – such as apparel, automobile parts, luggage, and shipments – to the Internet. The Impinj platform uses RAIN RFID to deliver timely data about these everyday things to business and consumer applications, enabling a boundless Internet of Things. If it's a thing, the Impinj platform can connect it. The company enables digital transformation by extending the Internet's reach from the cloud, through edge connectivity devices, all the way to physical items.



A PARTNERSHIP THAT BRIDGES THE ATLANTIC

IN AN INCREASINGLY INTERCONNECTED WORLD, OUR CLIENTS REQUIRE A GLOBAL APPROACH

The D.A. Davidson MCF International brand is a strategic partnership between D.A. Davidson and MCF Corporate Finance. Together, we offer clients unparalleled access to a transatlantic M&A and debt advisory platform. Our team's international expertise provides best-in-class capabilities to clients in the middle market.

BULGE BRACKET CAPABILITIES & BOUTIQUE FOCUS ON CLIENTS

D | A | DAVIDSON



D.A. Davidson is a US-based, employee-owned financial services firm offering a full-service platform spanning Investment Banking, Equity Research, Sales & Trading, Fixed Income Capital Markets and Wealth Management. With more than 1,500 employees and 100+ offices, we offer a reach that few firms can provide.

MCF Corporate Finance is a leading independent M&A and debt advisory firm with offices in Hamburg, Helsinki, London, Stockholm and Frankfurt. Our mission is to provide honest and relationship-driven advice, tailor-made to fit each client's business journey.

170+

Investment Banking
Professionals

1,200+

M&A Transactions

17

Transatlantic
Locations

55

Senior Partners

OUR TECHNOLOGY PRACTICE

BRINGING DEEP DOMAIN EXPERTISE ACROSS KEY VERTICALS

APPLICATION SOFTWARE	FINTECH	INFRASTRUCTURE SOFTWARE
INTERNET & DIGITAL MEDIA	TECH-ENABLED SERVICES	COMMUNICATION & HARDWARE

OUR TEAM OFFERS DIFFERENTIATED ADVICE TO LEADING TECHNOLOGY BUSINESSES

<p>ONE TEAM DEVOTED TO MIDDLE MARKET TECHNOLOGY TRANSACTIONS</p>	<p>DEEP VERTICAL EXPERTISE TRANSLATING INTO SUPERIOR RESULTS</p>	<p>GLOBAL M&A EXECUTION EXPERTISE PAIRED WITH LOCAL PRESENCE</p>
---	---	---

D.A. Davidson MCF International's technology team offers honest, relationship-driven and informed advice to clients in sell-side and buy-side M&A, capital raises, strategic transactions as well as debt advisory.

We offer access to an international investor universe, using our comprehensive coverage of the financial sponsor space on both sides of the Atlantic. D.A. Davidson MCF International has an extensive list of successful references across a variety of transactions involving sponsors and trade buyers.

Our scale and deep domain expertise give us direct access to senior executives and decision makers at major strategic acquirers, ensuring that we have real time insights into market value drivers. Our joint practice is enriched by D.A. Davidson's proprietary equity research, market reports and thought leading industry events.

D.A. DAVIDSON MCF INTERNATIONAL



CONNECT WITH US



Erik Pettersson

Partner, Stockholm

+46 73 517 38 13

pettersson@mcfcorpfin.com



Christoph Bregulla

Partner, Hamburg

+49 175 580 48 64

bregulla@mcfcorpfin.com



Robert Sällström

Director, Helsinki

+358 50 320 7887

sallstrom@mcfcorpfin.com



Philipp Landow

Director, Hamburg

+49 171 56 56 193

landow@mcfcorpfin.com