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ACTIVITY REPORT



SOFTWARE & FINTECH

Bryan Garnier stands as a leading advisor backing high-growth software companies and matching them with the best-suited global investors. In 2023, the team mainly advised sell-side deals with an average size exceeding USD100m, 80% of which involving leading private equity counterparts such as Bridgepoint, PSG and Hg Capital. We take pride in our ability to match local visionary innovators, such as smart mobility software provider Nomadia, with Tier 1 private equity firms such as Hg Capital, helping them on their way to becoming global champions. Our growing FinTech practice started 2023 strong by advising Indosuez on its acquisition of Wealth Dynamix, followed by software vendor Metaco for its USD250m sale to leading enterprise crypto company Ripple.

In 2024, our focus is sharpening on key subsectors, for which Bryan Garnier's proven expertise will continue to help growth software companies expand their technology globally.

70+

transactions since 2020

€4.8bn

deal value since 2020

95%

M&A, of which
75% sell-side

Subsectors

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RIDING THE **SUPPLY CHAIN** WAVE FROM ADOPTION TO AI-DRIVEN TRANSFORMATION

In response to challenges posed by supply chain disruption, changing consumer behaviour and post-Covid workforce issues, the logistics industry is undergoing transformative shifts. Three megatrends have emerged: i) digitalisation of business processes, ii) transparency and collaboration in the supply chain, and iii) the indispensable role of data analytics.

Critical to addressing these trends are Transport Management System (TMS) and Warehouse Management System (WMS) solutions, which are experiencing rapid growth on the back of factors such as accessibility, technological progress and cost reduction. Projections indicate robust expansion. By 2030 the TMS and WMS markets are expected to reach USD31.2bn and USD13.3bn respectively.

Europe, especially Eastern Europe, is witnessing a surge in TMS and WMS adoption, driven by the prevalence of cloud solutions. France stands out especially for extensive WMS utilisation, particularly in large warehouses. Although carriers have adopted TMS at a rate exceeding 60%, adoption by shipping companies remains at around 25%, thereby pointing to significant growth potential.

TMS and WMS play a pivotal role in enhancing efficiency, reducing costs, improving shipping accuracy and elevating client satisfaction. The competitive landscape in France and Europe's TMS and WMS markets is dynamic, characterised by global industry leaders and emerging local players. Specialised digital solutions provided by TMS and WMS vendors, along with niche players, further enhance the software offerings in this sector.

Bryan Garnier's software practice has been instrumental in shaping the TMS and WMS

sectors, advising on significant transactions such as the sale of Sinari Group to Bridgepoint in July 2023. Our expertise extends to approximately 15 companies in these sectors.

M&A trends in the TMS and WMS markets reflect diverse investor motivations. Financial investors are drawn to opportunities with recurring revenue and favourable EBITDA margins, while strategic investors focus on international expansion, completing offerings, and consolidating market share.

OUTLOOK FOR 2024

As we enter 2024, the supply chain software landscape is poised for transformative changes. Anticipated trends include strategic integration of generative AI, low-touch planning, and a heightened focus on data excellence. These innovations are expected to enhance operational efficiency, improve margins and contribute to a sustainable and resilient software ecosystem. Emphasis on transparency, low-code platforms and a dedicated approach to ESG and Scope 3 emissions is set to position 2024 as a pivotal year for organisations embracing change. The electrification and automation of logistics underscore the industry's commitment to innovation and sustainability.



HR TECH SHINES AT THE INTERSECTION OF HUMAN MANAGEMENT AND TECHNOLOGY

Human Resources Technology (HR Tech) serves as the convergence point for people and technology, representing a multi-billion-dollar opportunity for software vendors worldwide. This dynamic landscape offers a broad spectrum of applications, fuelling a continuous stream of M&A transactions and fundraises, amounting to over USD10bn in value over the recent years.

Examining historical trends reveals a noteworthy evolution in the digitalisation of core HR processes. Initially prevalent in large enterprises, this transformation has recently extended to the sizeable yet underpenetrated small and medium-sized business (SMB) market segment, further propelled by the SaaS revolution. Notable European companies such as Personio, Payfit, and Factorial have secured substantial funding, solidifying their status as highly sought-after SMB-focused HR Tech unicorns.

Beyond conventional applications, technology and software have empowered businesses to adeptly manage their workforce, whether behind a desk or in the field. This enables effective attraction and retention of mission-critical talent, fostering a positive and meaningful work experience. A case in point is the French market, exemplified by Welcome to the Jungle's successful fundraising of over EUR50m to facilitate talent acquisition in January 2023. Additionally, French industry giant Edenred's acquisition of Reward Gateway for over EUR1bn in May 2023, underscores the strategic focus on global employee engagement and benefit management to foster talent retention.

Looking at current trends, SMB-focused HR Tech software remains poised for significant expansion. The pivotal question arises: can local leaders successfully extend beyond their domestic markets? M&A emerges as a viable solution given the historical challenges associated with achieving organic international growth notably in the SMB segment.

Despite prevailing concerns related to economic turmoil and uncertainties regarding employment levels, competition in talent

acquisition and retention persists. A recent Gallup report on the State of the Global Workplace reveals that 59% of the world's employees are discreetly disengaging, resulting in an annual cost of approximately USD8.8tn

to the global economy. This underscores the imperative for talent-focused solutions, which will undoubtedly continue to attract venture capital and private equity funding.

OUTLOOK FOR 2024

Looking at 2024, market sentiment is cautiously optimistic. According to McKinsey, the sector as a whole should remain solid despite macro-uncertainties as CIOs maintain critical HR-related spending. HR Tech, as a predominantly horizontal segment, is set to witness a broad consolidation phase, not only within a specific core application in the pursuit of scale, but across applications to create one-stop-shop vendors who can provide both enterprises and SMBs a holistic view on their number one asset: people.

M&A will be the key lever to create winning integrated platforms and Bryan Garnier's Software team, combining deep sector expertise and proven M&A know-how, is uniquely equipped to help founders and financial investors create or scale tomorrow's HR Tech leaders.



HEALTHCARE SOFTWARE STANDING TALL

The Software market demonstrated remarkable resilience throughout 2022 and 2023, despite increased economic volatility. This resilience can be attributed to the pivotal role played by Software products and SaaS solutions in enhancing efficiency, cost control and automation for both IT and business users. A notable illustration of this trend is Gartner's October 2023 estimate, indicating a 3.5% global increase in IT spending, primarily fuelled by an estimated 12.9% growth in the Software segment, surpassing the 10.7% increase observed in 2022. Within the expansive Software market, our focus shifts towards healthcare Software - a segment experiencing robust growth driven by a compelling regulatory drive and a burgeoning opportunity for data analysis.

Our analysis reveals that the European Healthcare Software market surged by approximately 10% in 2023, marking a significant acceleration from the high single-digit rate observed in 2022 and the low-to-mid single-digit rate prevailing until 2021. This upswing is underpinned by three key factors. Firstly, the active initiation of government funded healthcare digitalisation programmes across Europe, exemplified by the EUR2bn *Le Ségur du Numérique* in France over three/five years and the EUR4.3bn *Hospital Future Act* in Germany. These programmes require

the replacement of legacy software with modern solutions. Secondly, data from various stakeholders in the health system is increasingly interoperable as shown by enriched electronic medical records. Lastly, the rise of new entrants providing digitised service portals for patients, Internet of Things (IoT) services, and data analytics for medical monitoring, diagnostics, clinical trials, and real-world evidence.

In France, with Le Ségur du Numérique, public authorities aim to exponentially increase the annual exchange of health documents via shared medical records (DMP) and secure messaging systems (MSS) from 10 million to 500 million. To reach this ambitious goal, software vendors must comply with 155 specifications related to interoperability, e-prescription and e-processing platforms, among others.

OUTLOOK FOR 2024

2024 is set to bring continued growth and innovation in the Healthcare Software market, the dynamics of which are set to be driven by ongoing digitisation programmes, coupled with an increased focus on data services and artificial intelligence. Leading vendors are expected to capitalise on legacy software replacement opportunities, solidifying their position as key players in this dynamic space.

Looking ahead, we project that the European Healthcare Software market could experience 9% annual growth by 2027, propelled by successive movements towards modernisation within ongoing programmes scheduled from 2024 to 2026.

Beyond these programmes, we anticipate further expansion fuelled by an increasing emphasis on data services and the integration of artificial intelligence functionalities into software products. Identified use cases for artificial intelligence include improving the patient journey, enhancing the detection of rare diseases, population health management, and augmenting the overall efficiency of the health system. Lastly, with a substantial wave of legacy software replacement, we anticipate that leading healthcare software vendors will increase their market share in all countries where they operate.



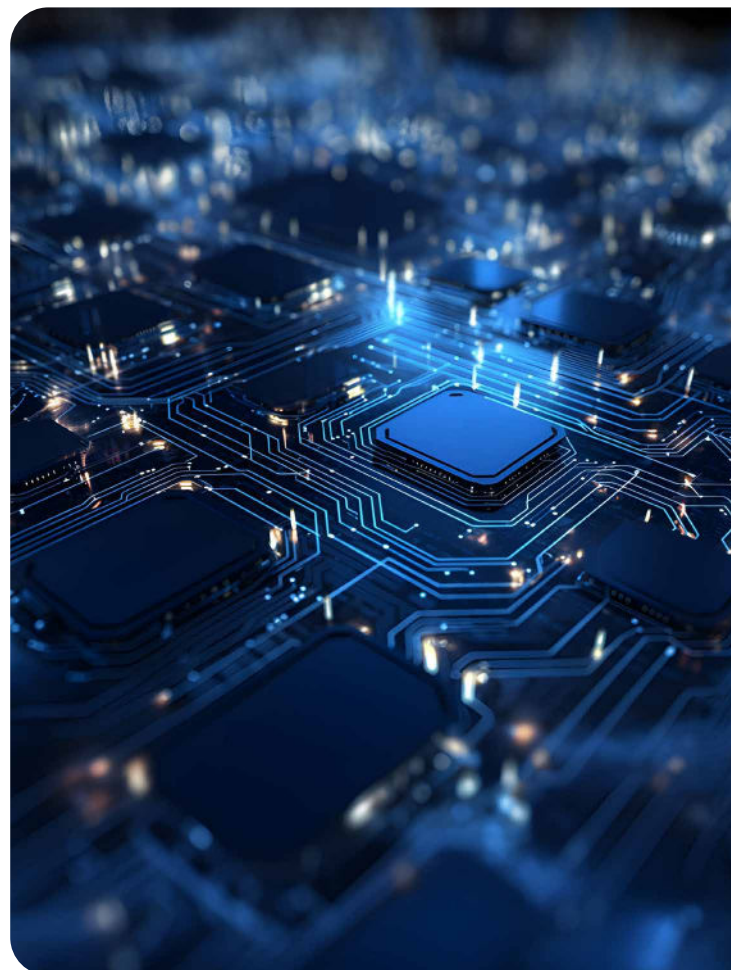
ONGOING STRATEGIC MOVES IN FINTECH AMID MARKET CHALLENGES

The FinTech sector proved to be durable throughout 2022 and 2023, despite navigating in a landscape marked by economic volatility. A combination of high baseline comparisons and a temporarily harsh interest rate environment contributed to a challenging year for FinTech companies globally. However, their enduring potential remained strong as the global economy continued its march toward digitalisation. Some sectors, particularly Open Banking and Digital Asset Services presented greenfield opportunities for redefining transaction processes. Meanwhile, more mature markets, including Wealth Management and Capital Market software, remained top priorities for both users and investors.

The trajectory of European FinTech funding tells a compelling story, beginning with a surge to USD28bn in 2021, followed by a sharp decline in 2022 and 2023.

Dealroom.co reported a sharp 74% year-to-date decline in FinTech funding, hitting a five-year low of USD6bn. The downtrend in VC funding persisted for seven consecutive quarters since the peak in Q1 2021. More specifically, the disappearance of fundraisings of USD100m or more was a striking feature, while smaller rounds, from pre-seed to Series B, managed to remain

active, reflecting investor inclination towards smaller bets. Public equity markets also saw continuous valuation drops in 2023, in the wake of disappointing results publications, notably for CAB Payments, Worldline and Adyen, with declines in market capitalisations of 81%, 62% and 18%, respectively, as of 1st December 2023. Despite two years of downtrends, the FinTech market could normalise in 2024, given that the funding market is well below its pre-pandemic levels.



OUTLOOK FOR 2024

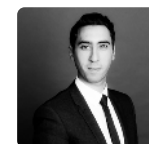
In 2023, FinTech funding dipped below pre-pandemic levels, signalling a potential bottoming out of the funding market. While a resurgence in FinTech dynamics hinges on a more favourable interest rate environment, 2024 presents a realistic opportunity for a return to upbeat trends. From a funding perspective, larger deals in the private market are expected to make a comeback in 2024. Sector-wise, demand for B2B services is set to be higher than consumer oriented FinTechs in 2024, as companies seek ways to optimise their finances. Hence, revenue-based financing, digital asset services, open banking, and financial software should present attractive opportunities in the FinTech landscape next year.

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METACO: PARTNERING WITH CRYPTO LEADER RIPPLE

“We are delighted to be joining forces with Ripple to drive the development of mission-critical infrastructure solutions for institutional digital asset management. Ripple’s scale, resources and global footprint will accelerate our joint mission of fostering a thriving digital asset economy. Bryan Garnier’s team expert advice and guidance were instrumental in completing this exciting partnership. With great enthusiasm, we look forward to collaborating with Ripple and we highly recommend Bryan Garnier as a trusted advisor.”

**Adrien Treccani**

Founder and CEO at Metaco

Bryan Garnier served as the exclusive financial advisor for Metaco and its shareholders, offering strategic options, including Series B financing and M&A execution.

Bryan Garnier’s teams in Europe and the US secured an oversubscribed Series B financing round amid challenging market conditions. This success eventually provided robust strategic support to Metaco, ensuring favourable terms in the M&A process.

Founded in Switzerland in 2015, Metaco develops a banking-grade core software platform for digital assets, seamlessly integrating with existing infrastructure. It has become the industry standard, with over half of the world’s largest custodian banks relying on its platform.

Ripple, renowned for its flagship payments products, was the first to address cross-border payment challenges using blockchain and cryptocurrency. Ripple and Metaco share strong crypto DNA, top-tier institutional customers, and a long history of working with regulated entities to create secure enterprise-grade solutions. With this strategic move, Metaco will dramatically accelerate its growth trajectory through access to Ripple’s established base of hundreds of customers, capital to address new demand, and resources to continue delivering on its commitment to institutional clients.

**NOMADIA:** GLOBAL EMPOWERMENT OF MOBILE WORKFORCES

“Bryan Garnier’s team played a pivotal role in allowing us to find the best partner. We are thrilled to be embarking on this exciting journey with Hg, which is the ideal match to accelerate our R&D and product innovation, particularly in the fields of AI and IoT.”

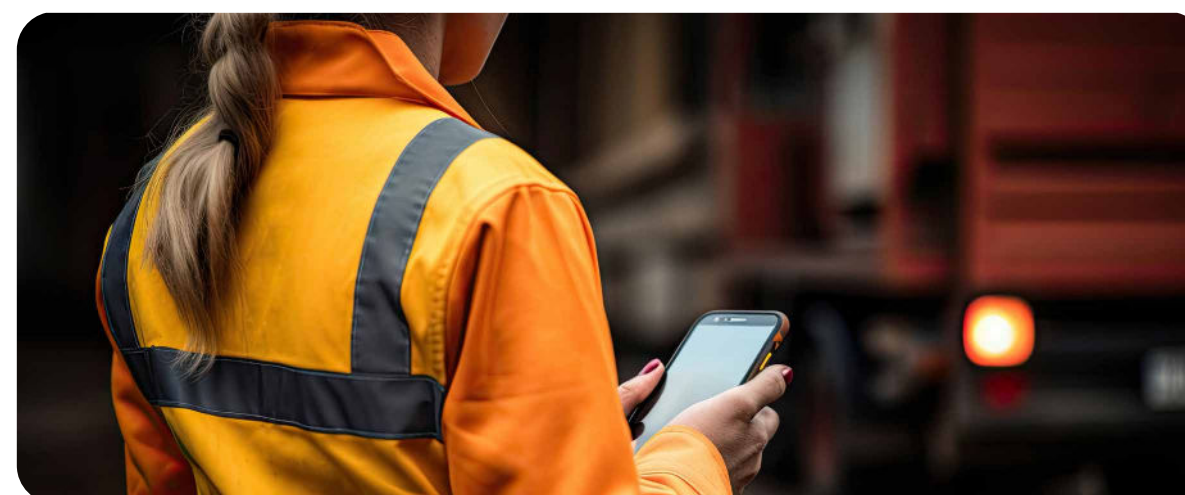
**Fabien Breget**

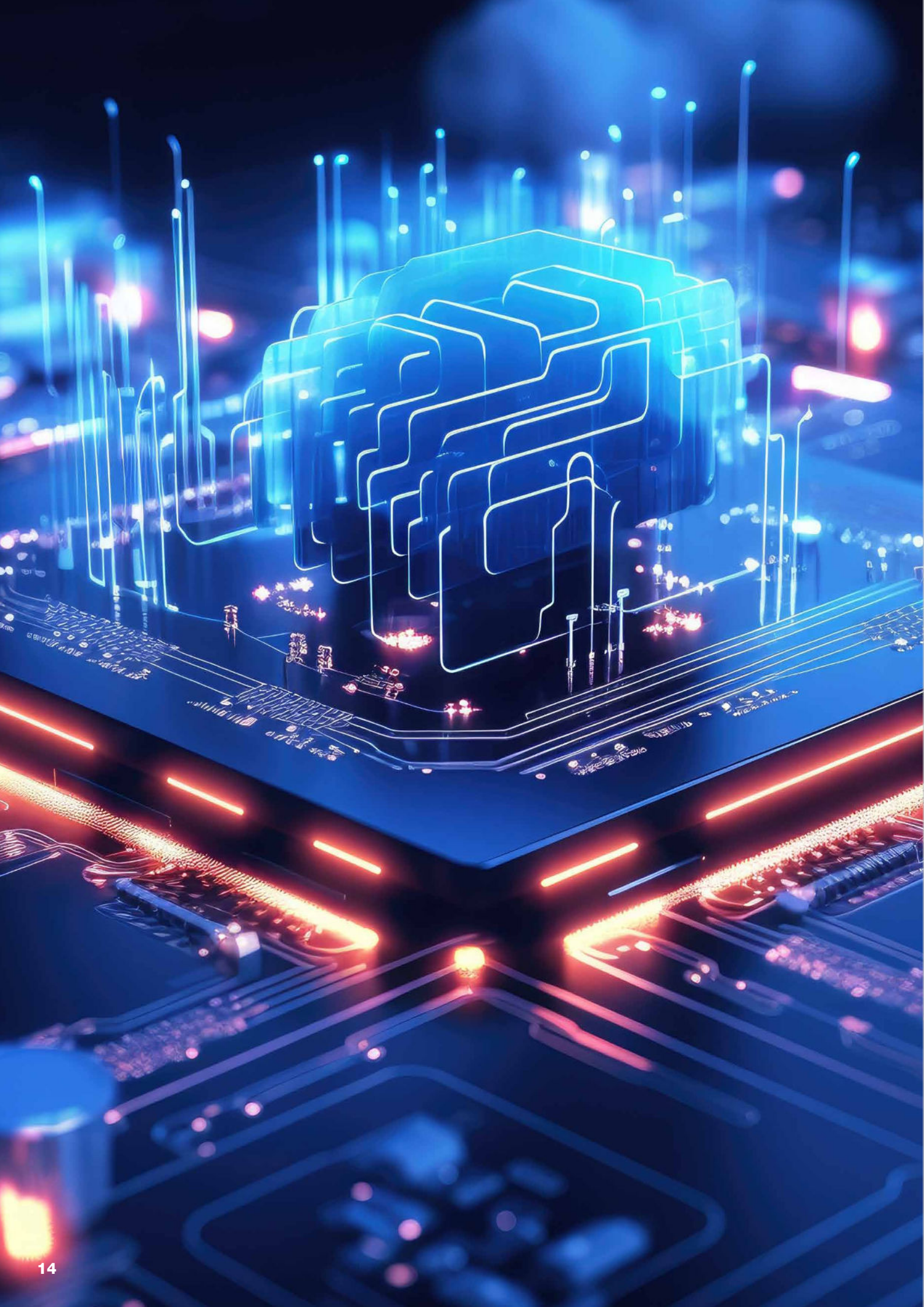
CEO of Nomadia

Bryan Garnier acted as the Sole Financial Advisor, leading a competitive process involving select Tier-1 French and international private equity firms. This resulted in a highly attractive valuation from Hg, reflecting confidence in Nomadia’s management and unique value proposition.

Headquartered in France, Nomadia’s mobile applications and SaaS solutions optimise real-time planning for mobile professionals like technicians, sales representatives, and delivery drivers. Recognised in the Gartner Magic Quadrant, Nomadia serves over 2,200 clients and more than 188,000 users across 28 countries.













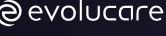









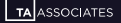




Going forward Hg’s investment and expertise will be used to support Nomadia’s investment in R&D and product innovation, including in AI, IoT and machine learning. The company will be able to leverage best practices from the Hg portfolio, notably in go-to-market, operational excellence, and tech platform roadmap, while capitalising on access to Hg’s deep network of talent. Hg will also support Nomadia’s international growth, both organically and via acquisitions, to reinforce the company’s leadership position in Europe.





SOFTWARE & FINTECH

SELECTED TRANSACTIONS

| | | | |
|---|---|--|--|
| <div></div> <div>Acquired by</div> <div></div> <div>November 2023 Sole Financial Advisor to the Sellers</div> | <div></div> <div>Acquired by</div> <div> Subsidiary of </div> <div>September 2023 Sole Financial Advisor to the Sellers</div> | <div></div> <div>Acquired by</div> <div> Portfolio company of </div> <div>July 2023 Sole Financial Advisor to the Sellers</div> | <div></div> <div>Acquired by</div> <div></div> <div>July 2023 Sole Financial Advisor to the Sellers</div> |
| <div></div> <div>Acquired by</div> <div></div> <div>July 2023 Sole Financial Advisor to the Sellers</div> | <div></div> <div>Acquired by</div> <div> € 170 000 000</div> <div>July 2023 Joint Financial Advisor to the Sellers</div> | <div></div> <div>Investment in</div> <div></div> <div>July 2023 Joint Financial Advisor to the Buyer</div> | <div></div> <div>Minority stake acquired by</div> <div></div> <div>June 2023 Sole Financial Advisor to the Shareholders</div> |
| <div></div> <div>Acquired by</div> <div> \$ 250 000 000</div> <div>May 2023 Sole Financial Advisor to the Sellers</div> | <div></div> <div>Acquired by</div> <div> Portfolio company of </div> <div>April 2023 Sole Financial Advisor to the Sellers</div> | <div></div> <div>Acquired by</div> <div> Portfolio company of NORDIC CAPITAL</div> <div>April 2023 Sole Financial Advisor to the Seller</div> | <div></div> <div>Acquired by</div> <div></div> <div>January 2023 Sole Financial Advisor to the Buyer</div> |



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