



M&A sector report
Nordic software and IT services transaction market

Q1-2022

Letter from the editors

The high level of M&A activity in the Nordics continued in the first quarter of 2022, recording a total of 79 transactions within software and IT services.

The number of software transactions in Q1-22 concluded at 74, up from the 62 deals recorded in Q1-21, and the 56 deals recorded in the latest quarter of 2021.

The Nordic IT services transaction market has slowed down over the last quarters, with only 6 deals being recorded in Q1-22, the same as in Q4-21. This is significantly lower than the 19 deals that was recorded one year ago in Q1-21.

The M&A pricing levels within software has declined over the last year with a median EV/Sales multiple of ~3.2x for the last twelve months as per end of Q1-22. For IT services, the pricing level is at a median EV/EBITDA of 11.2x LTM.

SaaS multiple valuations experienced another correction in Q1-22. This was driven by an increase in interest rates, and the expectation of rates to increase further going forward. The NTM sales valuations for the Deloitte Global and Nordic SaaS index concluded at 8.5x and 7.1x, this is significantly below the multiples seen over the course of the last year and a half during the covid pandemic. Peak EV/Sales valuations for the two indices, which was seen in Q1-21, was at levels around 18x and 14x NTM Sales for the Global and Nordic indices respectively.

The Nordic IT services shares sustained its strong valuations in Q1-22, trading at ~12x EV/NTM EBITDA, but below levels seen during 2021 above 15x EBITDA. The global IT services index experienced a small reduction in valuation multiples concluding at ~11x NTM.

The Q1-2022 report reflects transactions involving a Nordic target registered by Mergermarket, as well as our transaction experience and insights.



Nordic SaaS trading multiples at 7x NTM EV/Sales



Highest software deal volume over the last 5 years



Nordic IT services index trading at 12x NTM EV/EBITDA



Nordic software transactions LTM EV/Sales of ~3.2x



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TABLE OF CONTENTS

01

Software

- Public market data
- M&A activity

02

IT services

- Public market data
- M&A activity

03

Deloitte Insights

- Deloitte credentials and advisor ranking
- Sector team & contact details

01 Software

01 Software

74

A record high deal volume in Q1 2022 with a total of 74 transactions completed within the Nordic SaaS space

8x

The global SaaS index traded at approx. 8.5x next twelve-month revenues at the end of Q1, approx. 2x sales below the 5-year average

7x

The Nordic SaaS index traded at approx. 7.1x next twelve-month revenues as at quarter-end Q1, in line with the 5-year average

3x

Nordic software transactions concluded at a median EV/Sales multiple of ~3.2x for the last twelve months

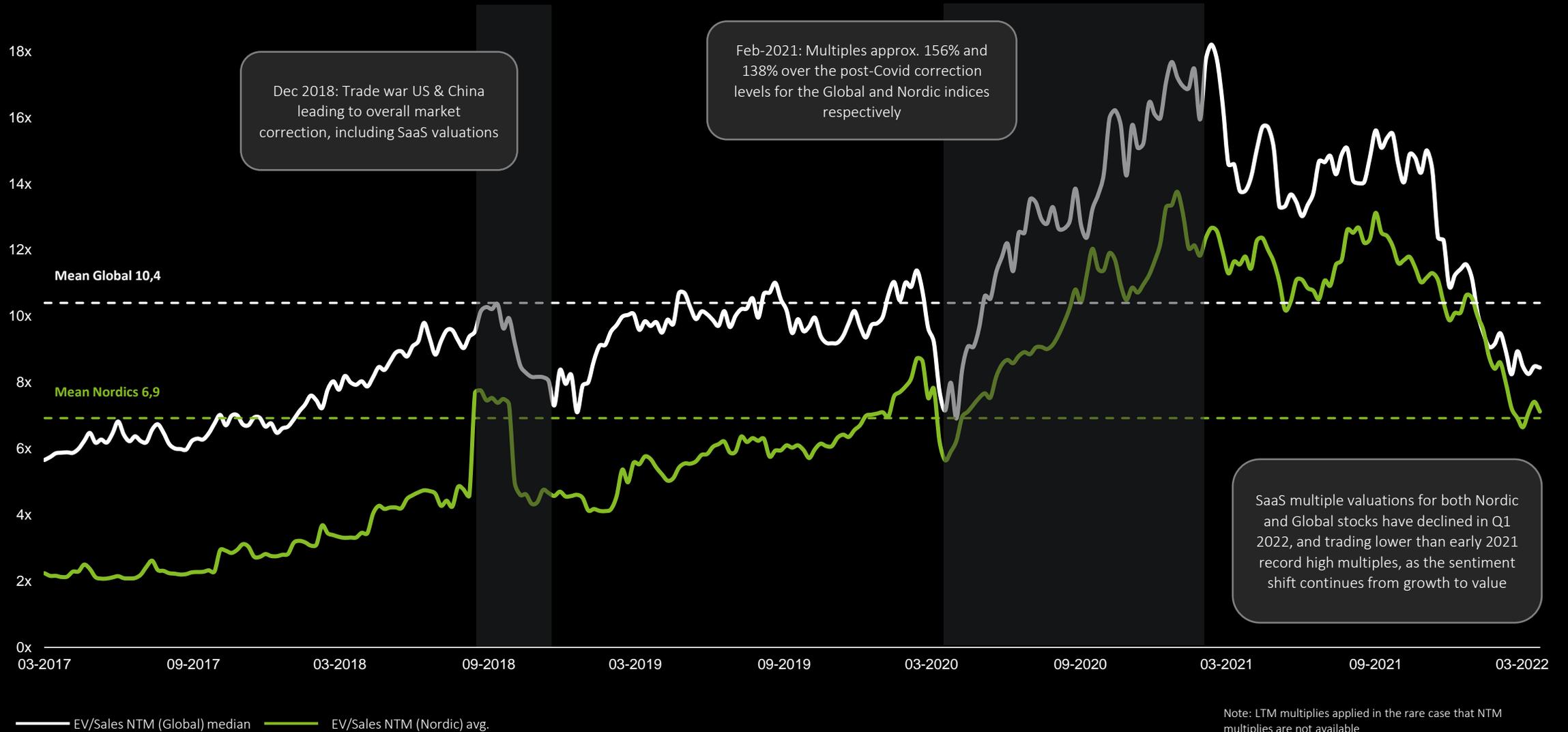
Another strong quarter for transaction volume in the Nordic software M&A market in the first quarter of 2022

Listed software company valuations took another hit in the beginning of 2022, from the previous record high levels seen going in to the previous year

Nordic transaction multiples have decreased somewhat, and available transaction data showcase a median EV/Sales multiple last twelve months of ~3.2x Sales

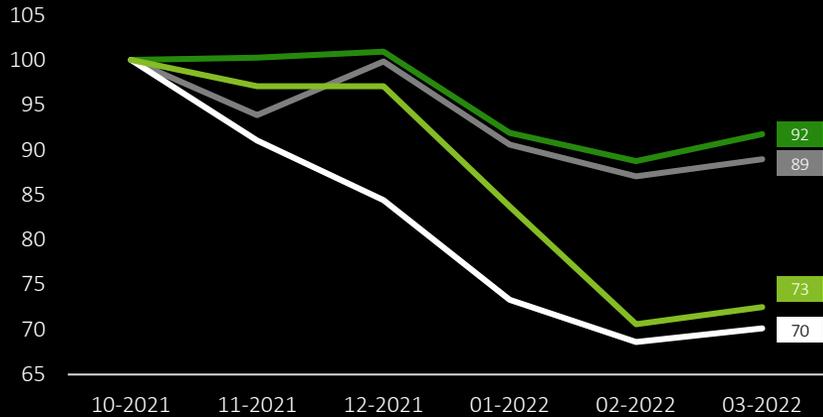
In the Nordics, strategic buyers continued to be highly acquisitive and were involved in 51% of software transactions, while financial investors and PE-backed companies accounted for 30% and 20% respectively

The Nordic SaaS index traded at 7.1x NTM sales at the end of Q1-2022, while the Global SaaS index traded at 8.5x NTM sales

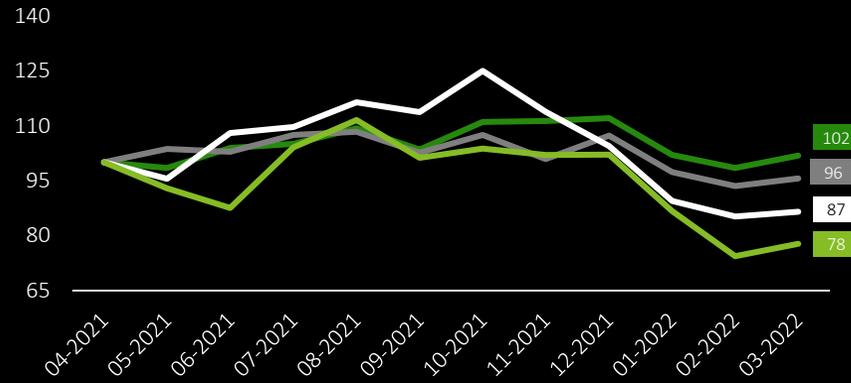


Nordic and global SaaS indices outperforming Nasdaq and MSCI Nordic the last five years

Deloitte SaaS indices vs Nasdaq Composite and MSCI Nordic - L6M



Deloitte SaaS indices vs Nasdaq Composite and MSCI Nordic - L12M



Key take aways



Over the last five years, the Global and Nordic SaaS indices has out-performed both the MSCI Nordic and Nasdaq index

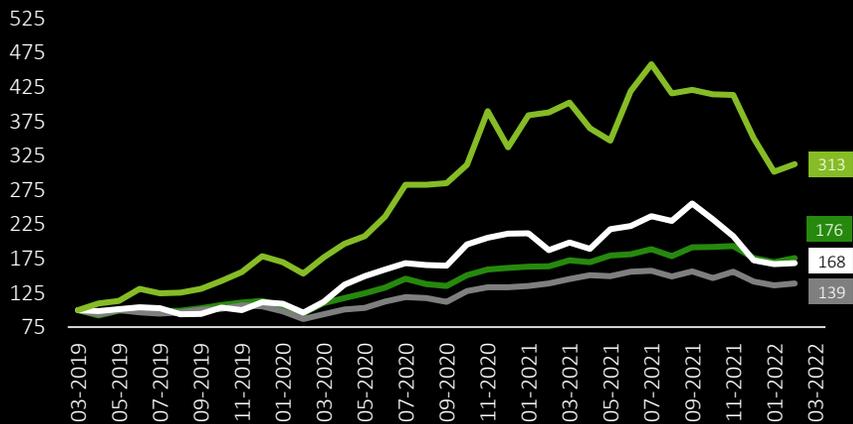


The SaaS indices accelerated the out-performance during Covid-19, however, both indices have underperformed the broader market the last 12 months

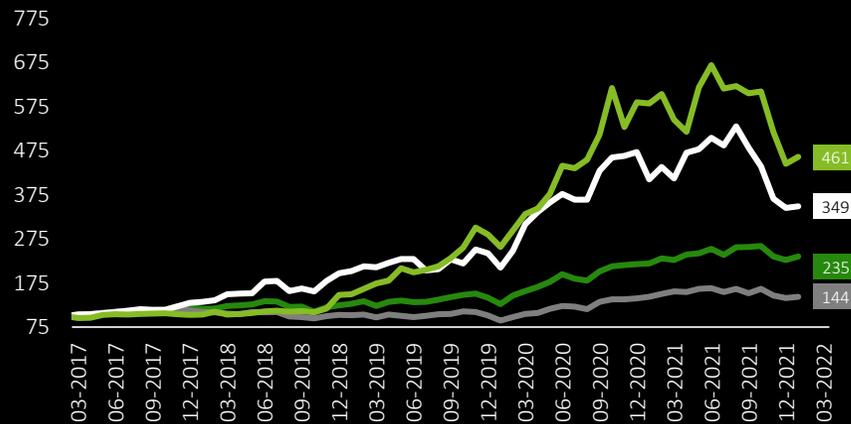


The overall strong performance of the SaaS indices underlines the continued strong demand for software companies

Deloitte SaaS indices vs Nasdaq Composite and MSCI Nordic - L3Y



Deloitte SaaS indices vs Nasdaq Composite and MSCI Nordic - L5Y

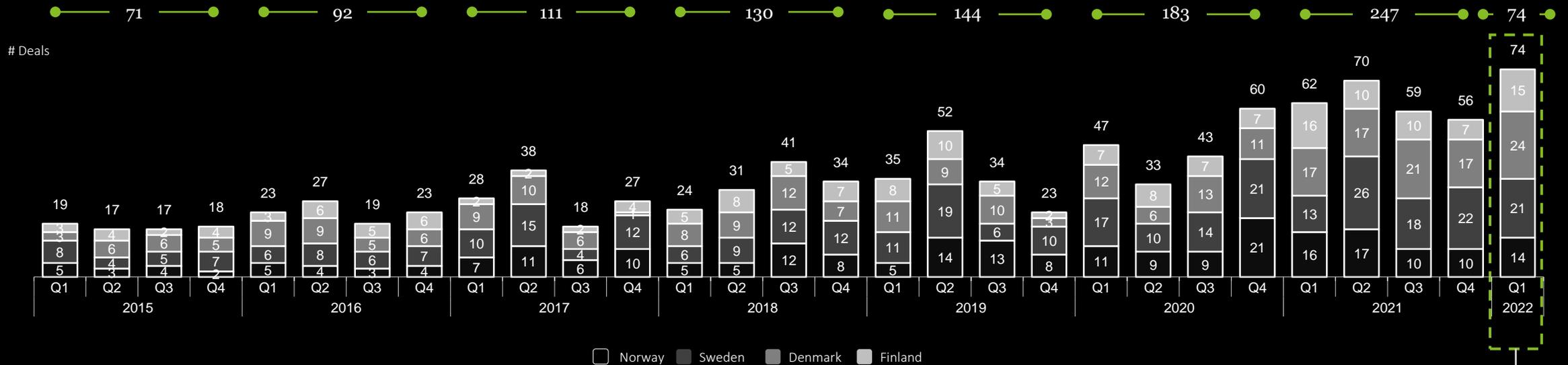


Deloitte Nordic SaaS index | Deloitte Global SaaS index | Nasdaq Composite | MSCI Nordic

Record high quarter for M&A within software across the Nordics in Q1-22

M&A Transaction volume

The high deal volume across the Nordic countries continued within software in Q1-22



Norway

Deal volume increased in Norway in Q1-22 with four more deals completed than in Q4, however 3 less compared to Q1-21

Financial and strategic buyer accounted for 38% both of the deals in Q1-22, whilst PE-backed companies accounted for 23%

Norwegian companies completed a total of 8 deals, whilst Nordic buyers completed 5 deals in Q1-22

Sweden

The highest M&A volume registered in a 1st quarter over the period, with growth of above 60% compared to Q1-21

Strategic investors accounted for 57% of the deals in Q1-22, with financial sponsors and PE-backed companies accounting for 29% and 14% respectively

Swedish software companies attracted significant interest from Nordic investors, completing 13 of the deals in Q1-22. Other international investors completed 8 deals

Denmark

A record breaking quarter of M&A volume registered throughout the period in the Danish market, completing 7 more deals compared to Q4-21

Strategic investors accounted for 52% of the deals completed in Q1-22, whilst financial buyers and PE-backed companies completed 26% and 22% respectively

Nordic investors completed a total of 15 deals in Q1-22, whilst other international buyers completed 9 deals

Finland

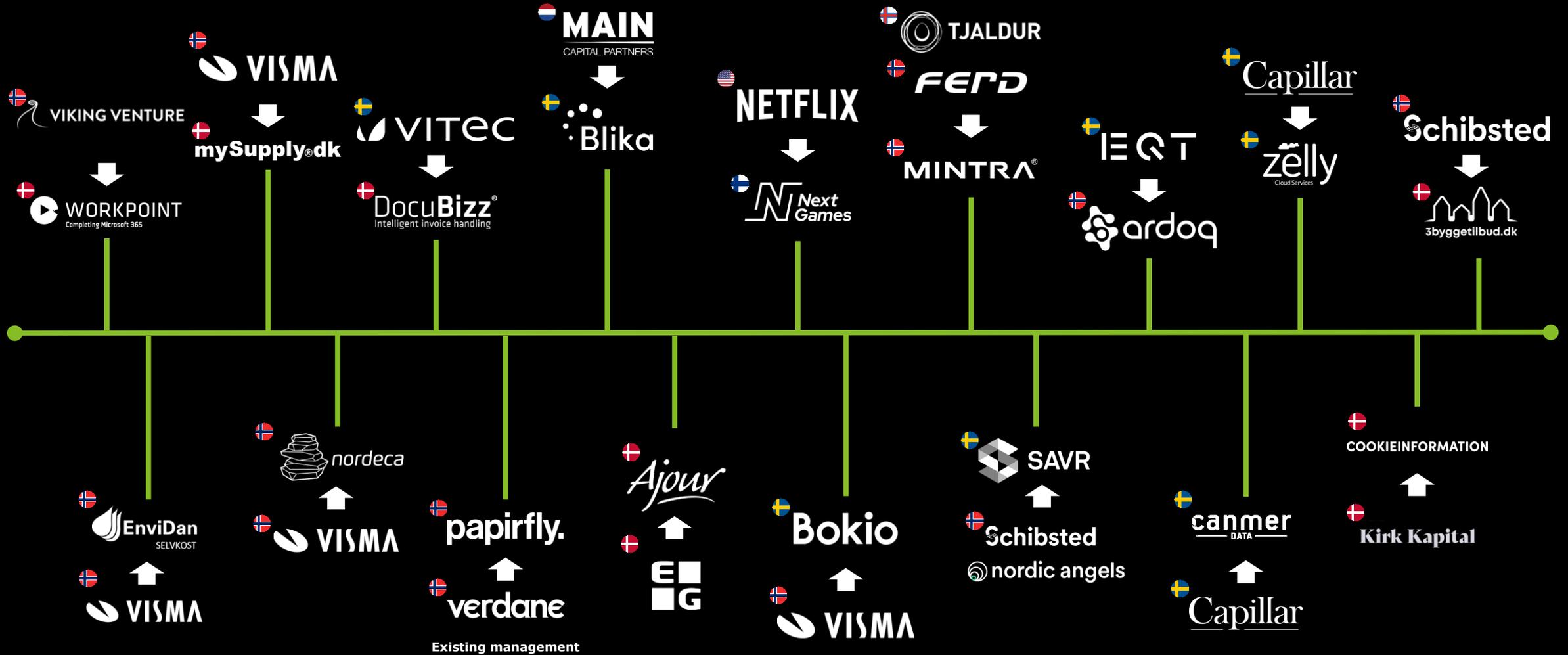
Deal volume increased in Finland in Q1-22 compared to the previous quarter in 2021, completing 8 more deals

Strategic investors accounted for 50% of the deals, with financial sponsors and PE-backed companies accounting for 29% and 21% respectively

Finnish software companies continue to attract interest from Nordic investors and other international investors, accounting for 67% and 33% respectively

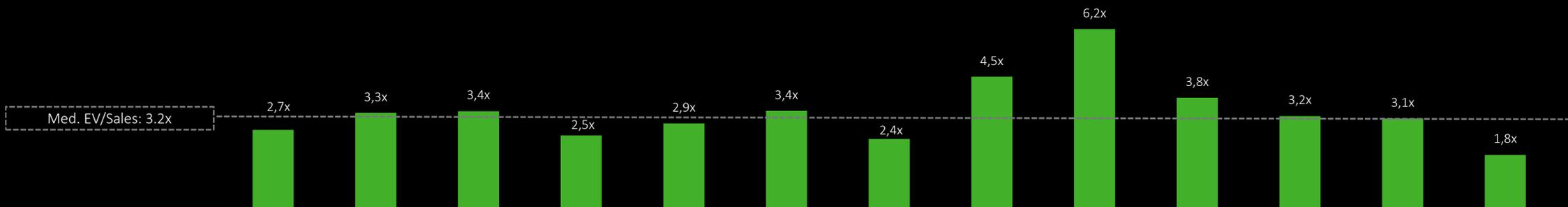
Significant deal activity across the Nordics from both financial and strategic investors in Q1-22

Selected Nordic software transactions



Nordic software transactions LTM concluded at a median EV/Sales multiple of 3.2x

Transaction multiples



NOKm

Target	MINTRA®		languagewire		ØkonomiBistand		ZETA DISPLAY		aspit		LANDAX		carmenta	
Country	NO	SE	DK	NO	NO	DK	SE	FI	NO	SE	NO	NO	SE	
Enterprise value	646	63	1,957	55	409	46	906	358	384	104	91	1,508	145	
Year	2022	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	
Stake	39%	100%	100%	100%	100%	100%	96%	100%	100%	100%	100%	100%	100%	
Revenue (LFY)	228	19	584	22	139	14	378	79	62	27	29	486	78	
EBITDA (LFY)	56	n.a	n.a	n.a	n.a	n.a	37	17	n.a	2	9	n.a	10	
EBITDA-margin (LFY)	25 %	n.a	n.a	n.a	n.a	n.a	10 %	21 %	n.a	7 %	33 %	n.a	12 %	
EBIT-margin (LFY)	13 %	20 %	n.a	n.a	n.a	n.a	1 %	n.a	n.a	n.a	n.a	n.a	n.a	
Acquirer	FERD TJALDUR		Bridgepoint		EquipCapital		HANOVER INVESTORS		nordhealth		Ørn Software		SCAM	
	SPECTRUM ONE		SmartCraft		ECC ONLINE		Ørn Software		CARASANT		QUORUM BUSINESS SOLUTIONS, INC.			

02 IT services

02 IT services

12x

The Nordic IT services index traded at 12x next twelve-month EBITDA at the end of Q1, 2x above the 5-year average

11x

The Global IT services index traded at ~11x next twelve-month EBITDA at the end of Q1, 1x above the 5-year average

11x

Nordic IT services transactions concluded at a median EV/EBITDA multiple of ~11.2x LTM

6

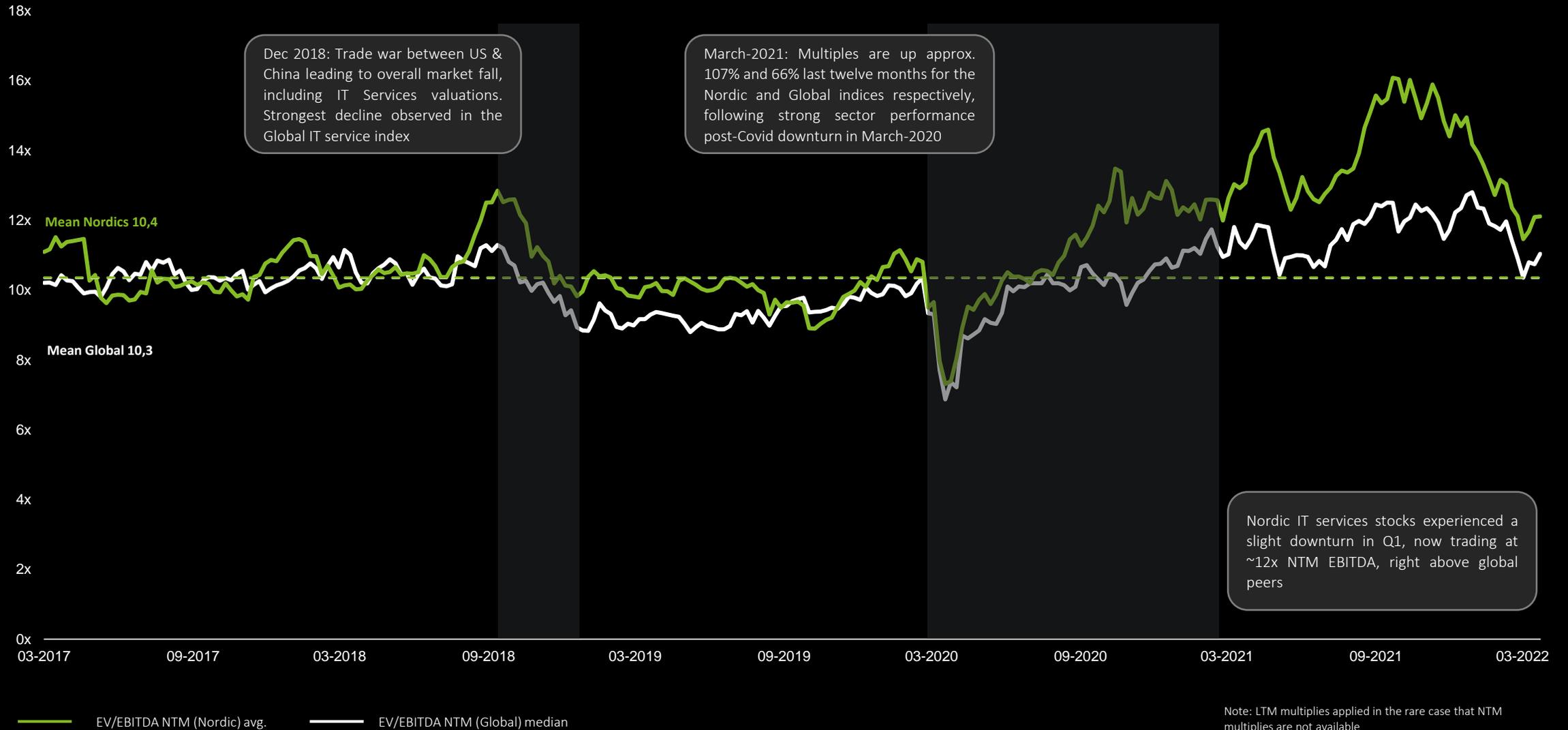
A total of 6 transactions have been completed within the Nordic IT services space in Q1-2022

The Nordic IT services M&A market continues to perform strongly, trading at above-average historical multiples, but with a slower M&A deal activity

Both the Global and the Nordic IT services indices are trading above the 5-year average NTM EBITDA after a sustained period of strong performance from the Covid-19 dip in March 2020

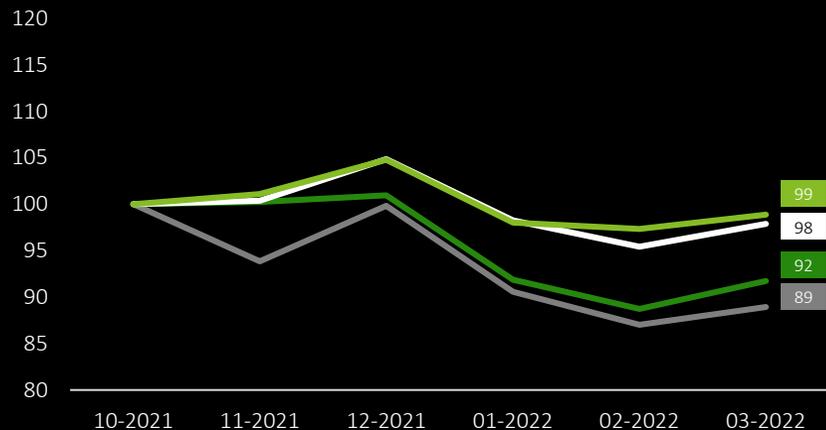
M&A activity within the Nordic IT services industry slowed down in Q1-22.

For Q1-2022, the Nordic IT Services index ended at ~12x next twelve month EBITDA, while the Global IT Services index ended at ~11x next twelve-month EBITDA

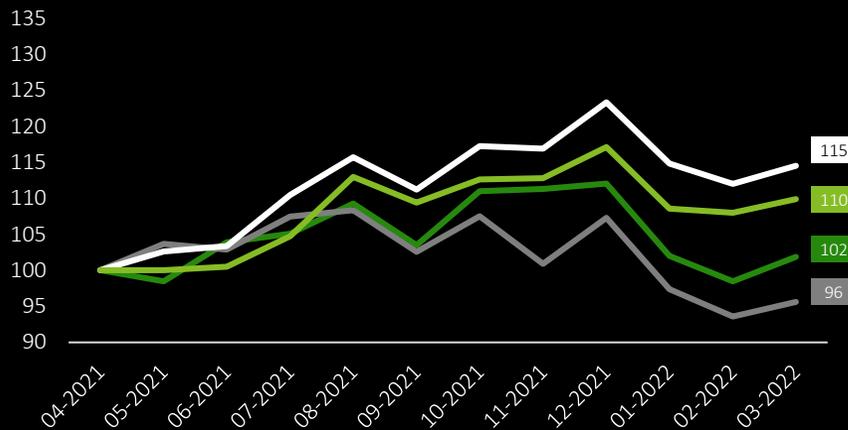


Strong performance last 6 months; the Nordic IT services index outperforming the global IT services index and the Nasdaq over the last five years

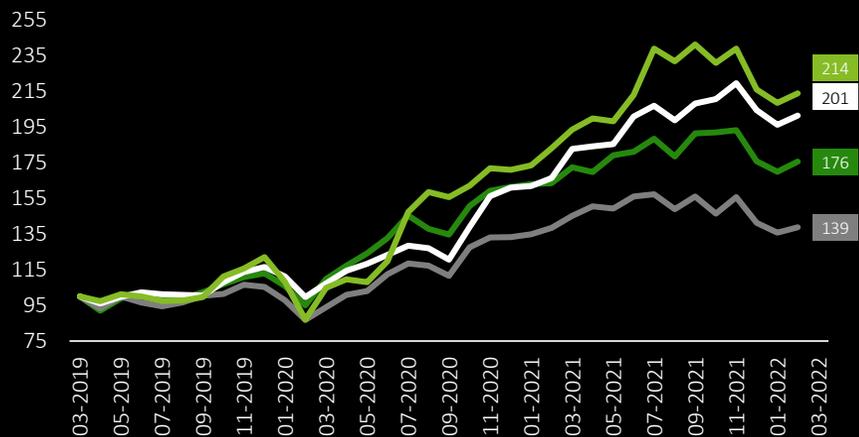
Deloitte IT services indices vs Nasdaq Composite and MSCI Nordic - L6M



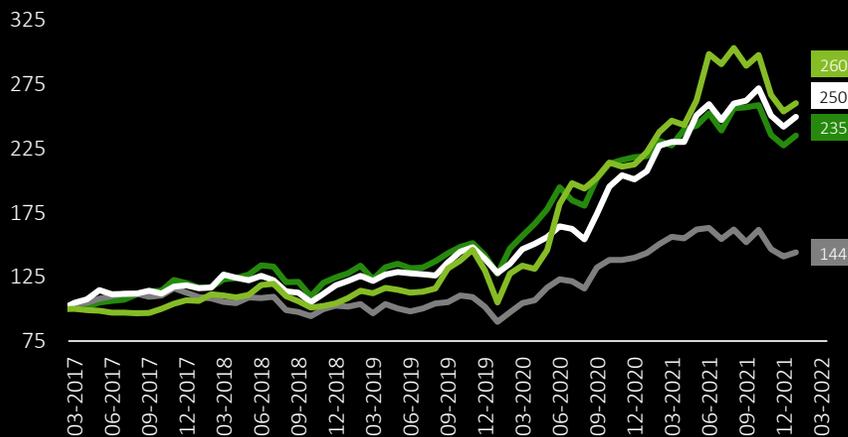
Deloitte IT services indices vs Nasdaq Composite and MSCI Nordic- L12M



Deloitte IT services indices vs Nasdaq Composite and MSCI Nordic - L3Y



Deloitte IT services indices vs Nasdaq Composite and MSCI Nordic - L5Y



— Deloitte Nordic IT services index
 — Deloitte Global IT services index
 — Nasdaq Composite
 — MSCI Nordic

Key take aways



Over the last five years the Nordic and Global IT services index have outperformed the Nasdaq



The IT services indices have outperformed the broader Nasdaq index both L12M, following strong IT sector performance

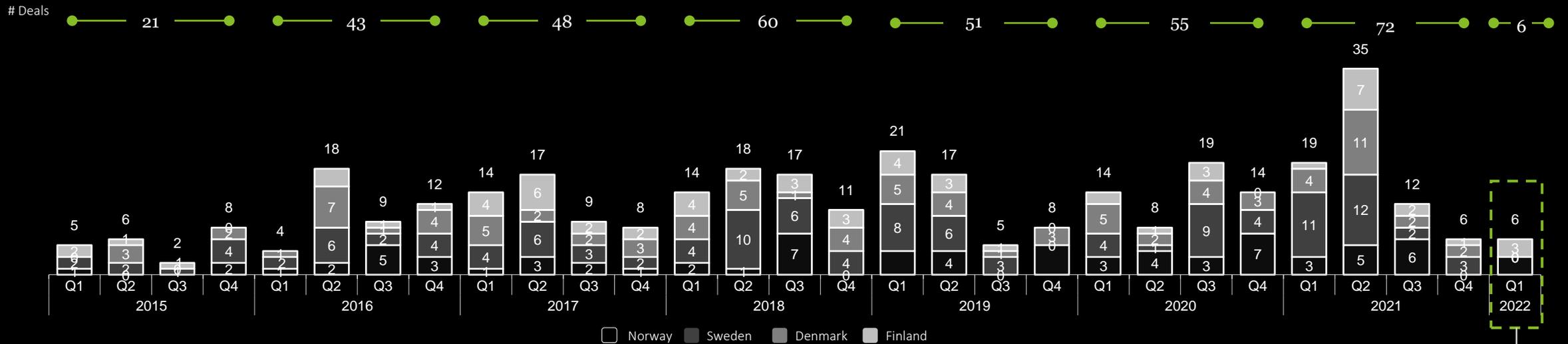


The overall strong performance of the IT Service indices underlines the continued strong demand for IT services companies

Deal volume within IT services in the Nordics is in line with the last quarter

M&A Transaction volume

IT services deal volume across the Nordic countries



The number of transactions involving Norwegian IT services companies increased in Q1, with three more deals compared to Q4-21

Financial investors accounted for 67% of the transactions in Q1 2022, whilst strategic companies completed 33%

Norwegian buyers completed all of the three deals in Q1-22

Deal activity slowed down in Sweden with zero deals reported in Q1-22

Deal activity slowed down in Denmark with zero deals reported in Q1-22, four less deals compared to Q1-21

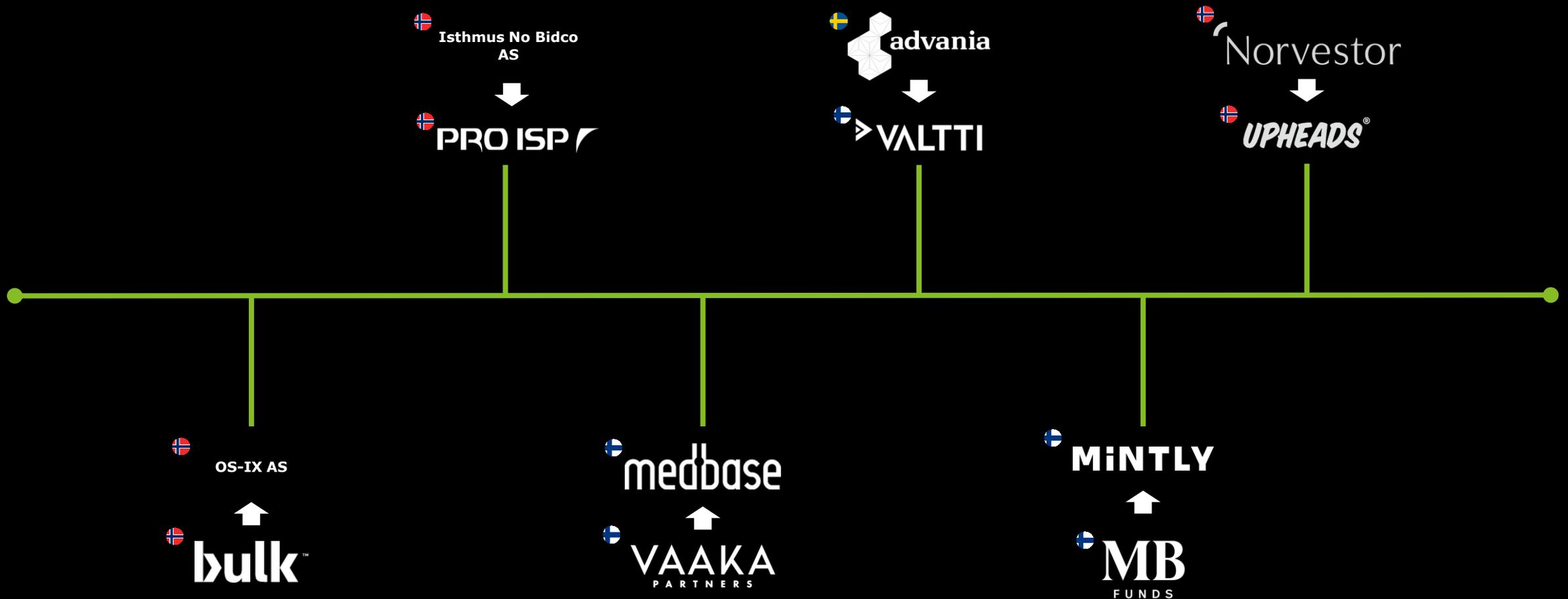
The number of transactions involving Finnish IT services companies increased in Q1, with two more deals compared to Q1-21

Financial investors accounted for 67% of the transactions in Q1 2022, whilst strategic companies completed 33%

Finnish and Nordic investors completed 66% and 33% of the deals respectively

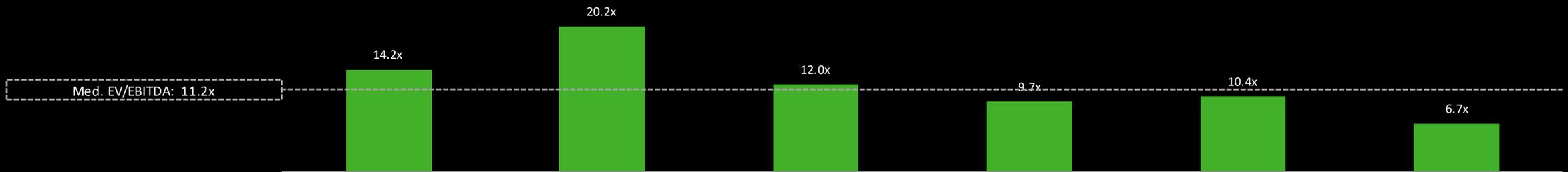
Limited transaction activity in the Nordic IT services market in Q1-22

Selected Nordic IT services transactions



Nordic IT services transactions concluded at a median EV/EBITDA multiple of ~11.2x

Transaction multiples



NOKm

Target

Country

Enterprise value

Year

Stake

Revenue (LFY)

EBITDA (LFY)

EBITDA-margin (LFY)

EBIT-margin (LFY)

Acquirer



Cerion
YOUR DATA WAY



71

2021

100%

36

5

14 %

14 %

netum



2 692

2021

100%

2 031

134

7 %

n.a

AXCEL



108

2021

100%

118

9

8 %

5 %

exsitec

Cybercom
Intressenter AB



2 399

2021

100%

1 652

248

15 %

7 %

knowit

CONOA



103

2021

100%

68

10

15 %

15 %

PROACT



105

2021

100%

78

16

20 %

n.a

exsitec

03 Deloitte Insights

Deloitte Corporate Finance acted as exclusive financial adviser to Waterland in the sale of EnviDan Selvkost (a subsidiary of EnviDan A/S) to Visma

Description of the transaction

Background

- Norwegian company Momentum Selvkost AS became part of EnviDan in 2016, and then changed its name to EnviDan AS. The company, which specializes in calculating and documenting municipal fees, has now been sold to Norwegian-owned software company Visma
- The EnviDan group is owned by the European private equity fund Waterland

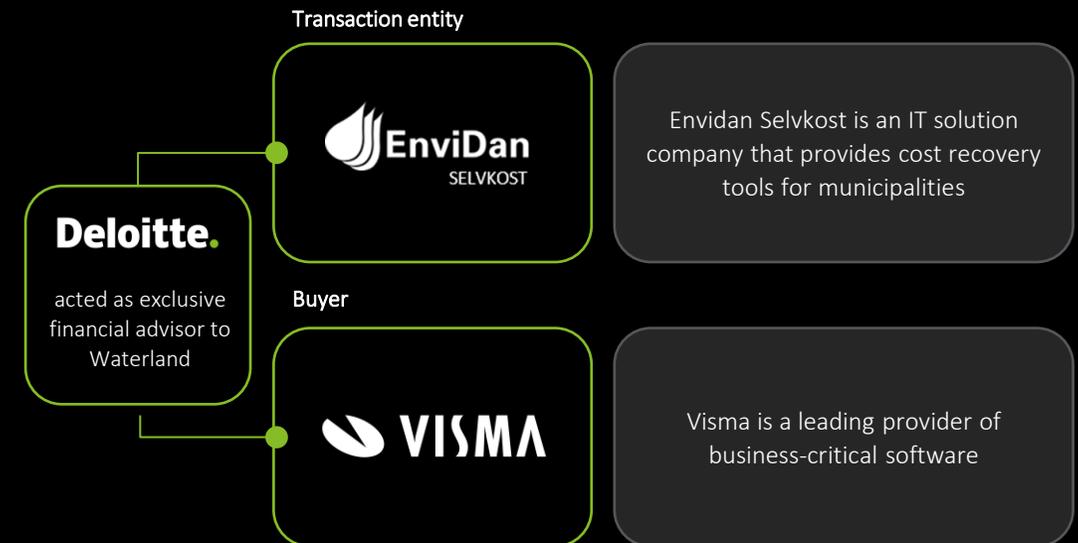
Situation

- Following a strategic review by Waterland and EnviDan, to focus on its water cycle supplier business, it was determined that the IT solution and cost recovery business, EnviDan Selvkost, was not part of the core offering

Outcome

- In January-22, the owners signed an agreement to sell the Company to Visma
- Deloitte Corporate Finance acted as exclusive financial advisor to private equity Waterland, the owner of EnviDan A/S, in the process

Transaction overview



Deloitte CF is the most active M&A advisor within the software and IT services sector in the Nordics

2021 league table and Nordic Deloitte Software and IT services deal statistics

Top 10 Nordic advisers – Based on deal count¹



Deloitte Nordic Software and IT services deal statistics



EUR +800m
in total deal value

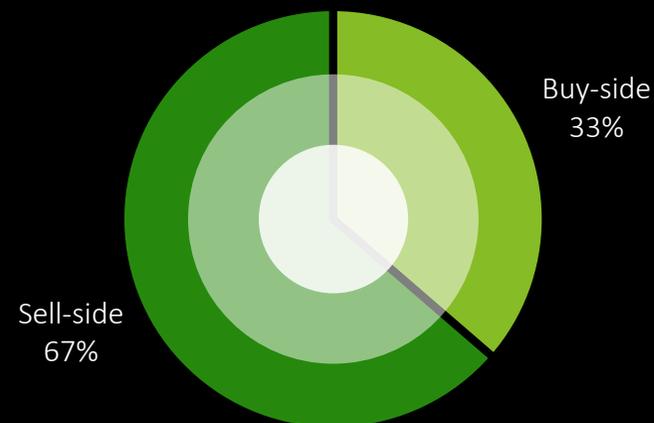


EUR ~70m
average deal value

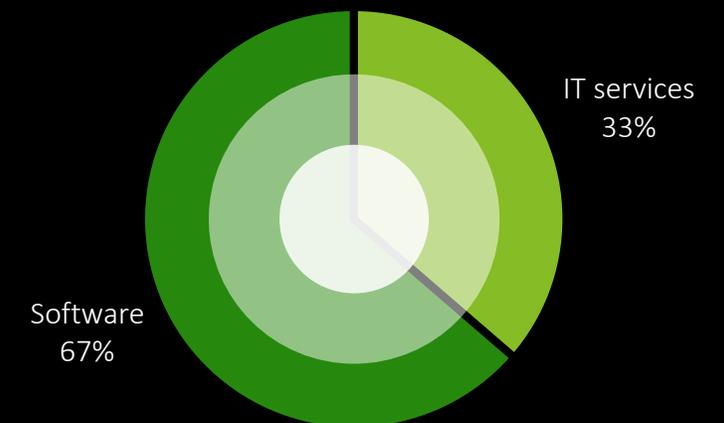


58%
of deals are cross-border

Deal types by volume



Sub-sector activity by deal volume

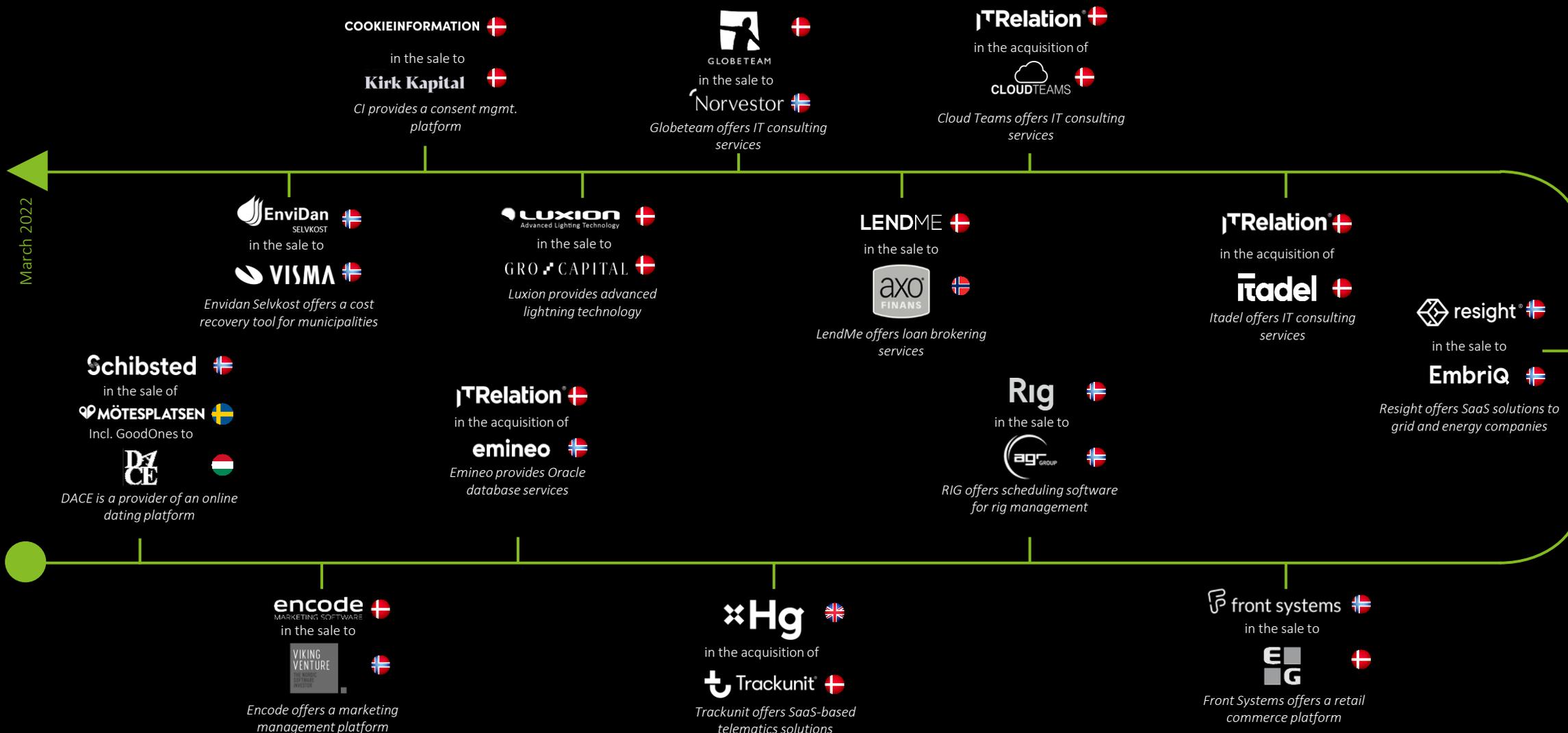


MergerMarket Nordic M&A financial adviser ranking – Computer software and computer services

Deloitte CF is the most active M&A advisor within the software and IT services sector in the Nordics

Recent Nordic Deloitte Software and IT services transactions

Deloitte Nordic software and IT services recent transactions



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