

M&A sector report
Nordic software and IT services market

Q1-2023

Letter from the editors

The M&A activity level in the Nordics increased from last quarter during the first quarter of 2023, recording a total of 101 transactions within software and IT services.

The number of software transactions in Q1-23 concluded at 88, a significant increase from the 50 deals recorded in Q4-22.

The Nordic IT services transaction market experienced a small increase in volume in the last quarter, with 13 deals recorded, up from 11 deals completed in Q4-22.

For the last twelve months as per end of Q1 2023, M&A software pricing levels is at a median EV/Sales multiple of 4.4x. For IT services, the current pricing level is at a median EV/EBITDA of 12.0x at the end of Q1 2023.

SaaS multiple valuations continued their downward trajectory for global stocks, while Nordic stock valuations remained flat during the quarter. The NTM EV/Sales valuations for the Deloitte Nordic SaaS index concluded at 3.3x, with valuation below the L5Y historical mean of 5.1x. The Deloitte Global SaaS index concluded at 5.1x NTM Sales, significantly below the L5Y mean of 8.9x.

IT services stocks valuations remained fairly stable over the quarter, trading at 8.6x EV/NTM EBITDA and 9.0x EV/NTM EBITDA for the Deloitte Nordic and Global indices respectively at the first quarter of 2023.

The Q1-2023 report reflects transactions involving a Nordic target registered by Mergermarket, as well as our transaction experience and insights.



Nordic SaaS trading multiples at 3.3x NTM EV/Sales



Continued strong software deal volume



Nordic IT services index trading at 8.6x NTM EV/EBITDA



Nordic software transactions LTM EV/Sales of 4.4x



Kasper Harbitz Erichsen

Corporate Finance
kerichsen@deloitte.no



Kasper Svold Maagaard

Corporate Finance
kmaagaard@deloitte.dk



Carsten V. Haukås

Corporate Finance
chaukas@deloitte.no



Andreas Barfod

Corporate Finance
abarfod@deloitte.no

TABLE OF CONTENTS

01

Software

- Public market data
- M&A activity

02

IT services

- Public market data
- M&A activity

03

Deloitte Insights

- Recent Deloitte credentials
- Sector team & contact details

01 Software

01 Software

Key statistics Q1 2023

88

transactions completed within the
Nordic SaaS space

The Nordic SaaS index traded at

3.3x

NTM sales at quarter-end Q1

The Global SaaS index traded at

5.1x

NTM sales at quarter-end Q1

3rd

most active M&A quarter since 2018

The Nordic SaaS index increased

8.9%

over the last three months

4.4x

2022 Nordic software **transaction**
multiples median

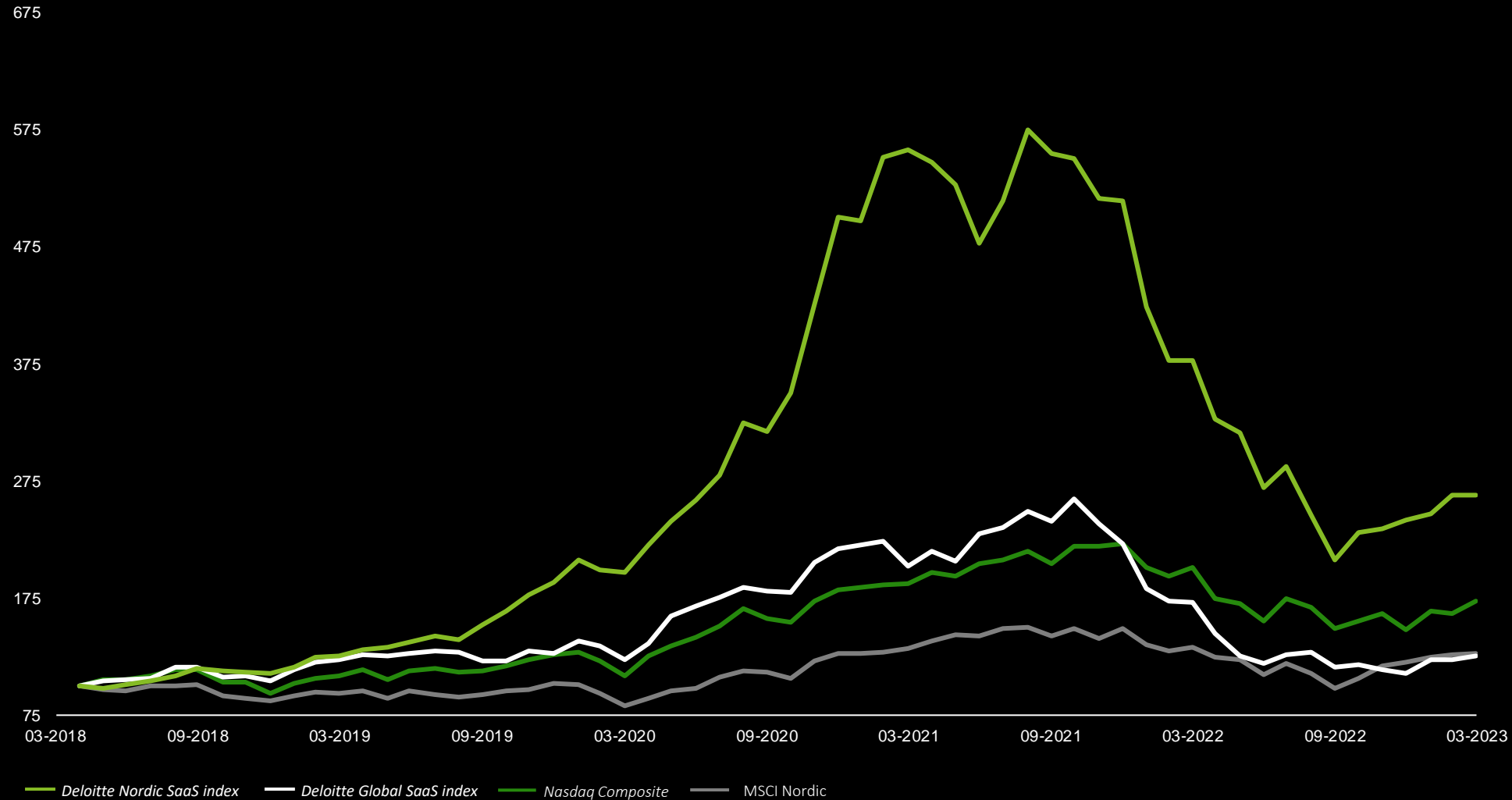
Software multiple valuations stabilised through Q1-23, with the Nordic SaaS index ending at ~3.3x whilst the global index ended at ~5.1x

EV/Sales NTM



Nordic and Global SaaS indices are rising after a significant decline over the last year

Various indices (startpoint: 100)



Deloitte Nordic SaaS index
264
L3M: 8.9%
L6M: 26.5%
LTM: -30.3%

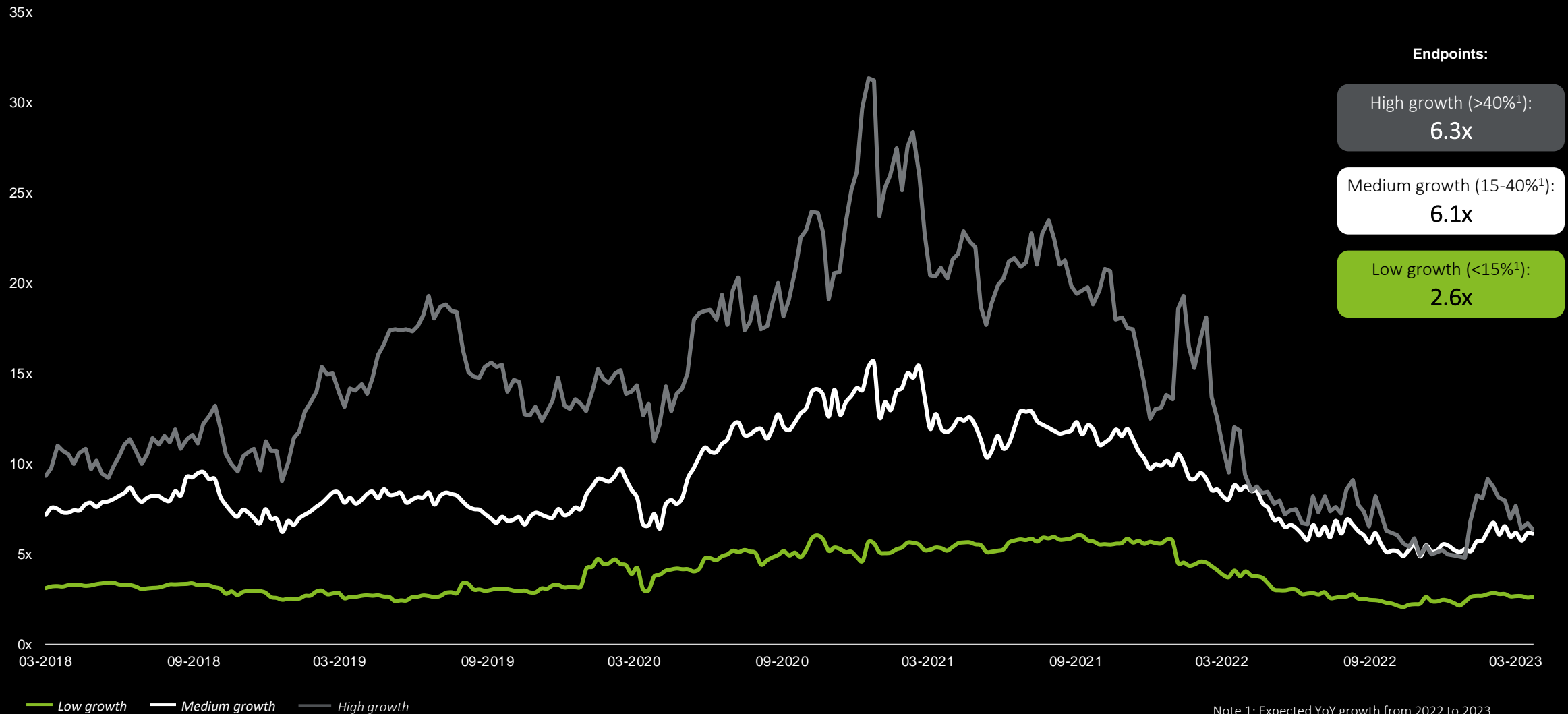
Nasdaq Composite
173
L3M: 16.8%
L6M: 15.6%
LTM: -14.1%

MSCI Nordic
129
L3M: 6.8%
L6M: 30.4%
LTM: -3.3%

Deloitte Global SaaS index
126
L3M: 14.0%
L6M: 8.3%
LTM: -26.4%

High growth multiples currently trading around medium growth SaaS companies; low growth companies continuously trading at a discount compared to high and medium growth SaaS companies

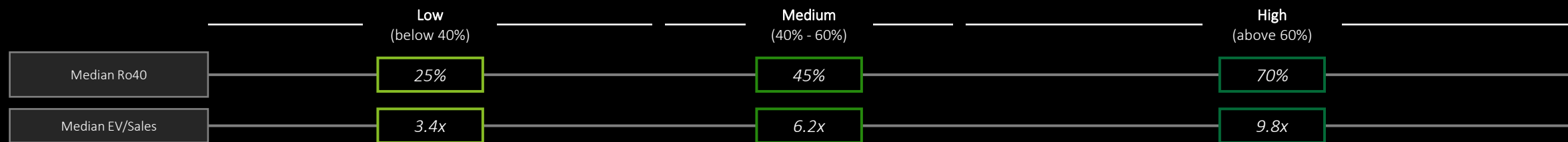
EV/Sales development for low, medium and high growth selections of global software companies



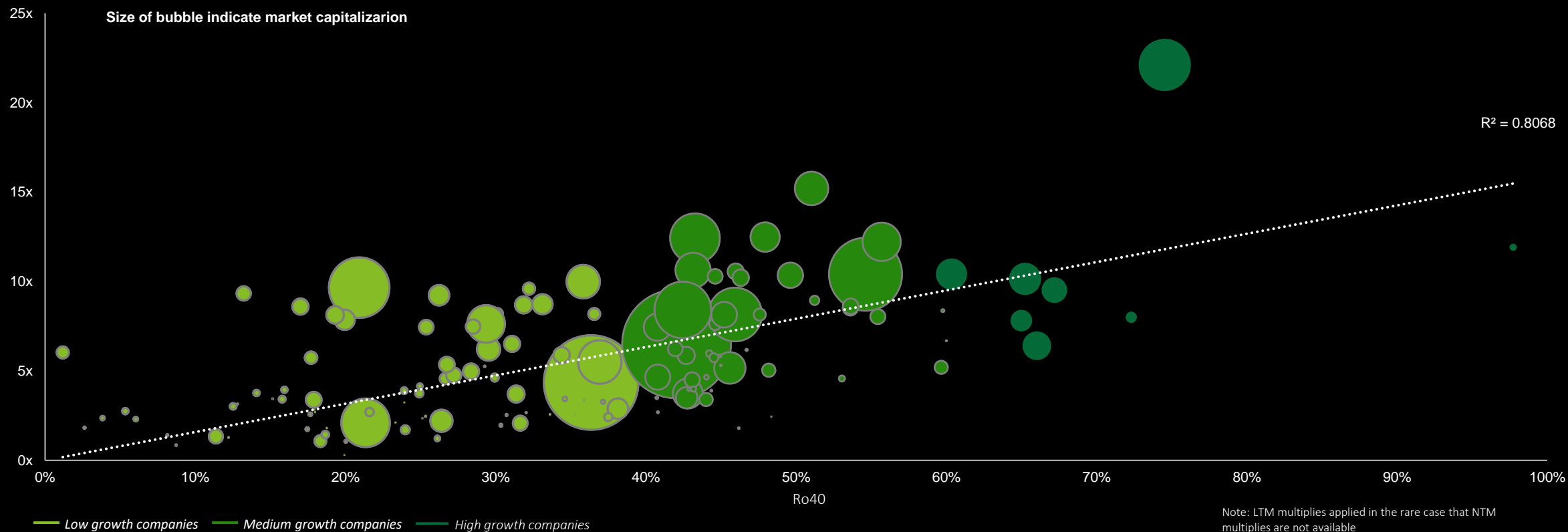
Note 1: Expected YoY growth from 2022 to 2023

Sources: Mergermarket, Deloitte, S&P CapitalIQ, NKP

Rule of 40 metric, split into growth categories explaining valuation premiums for global software companies



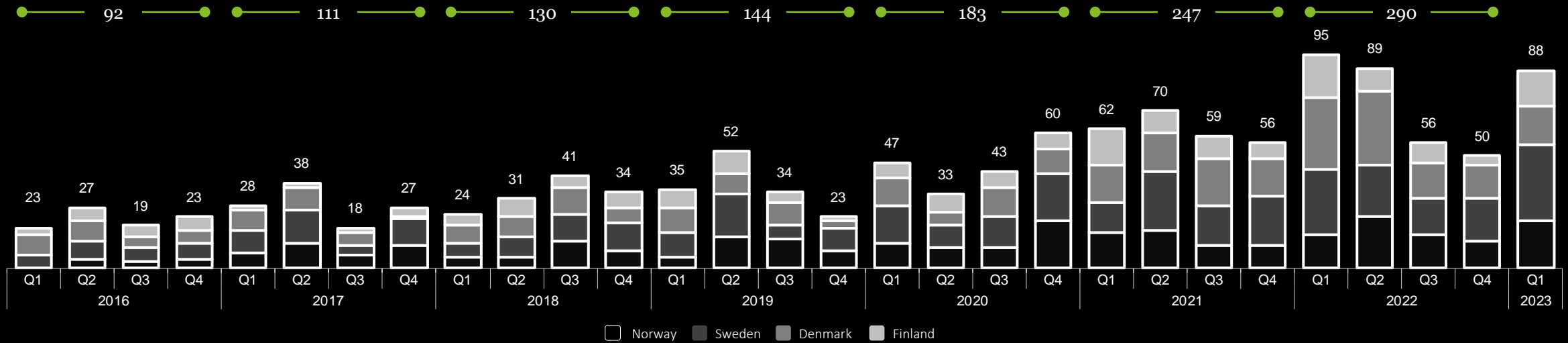
EV/Sales (2023e)



Note: LTM multiplies applied in the rare case that NTM multiplies are not available

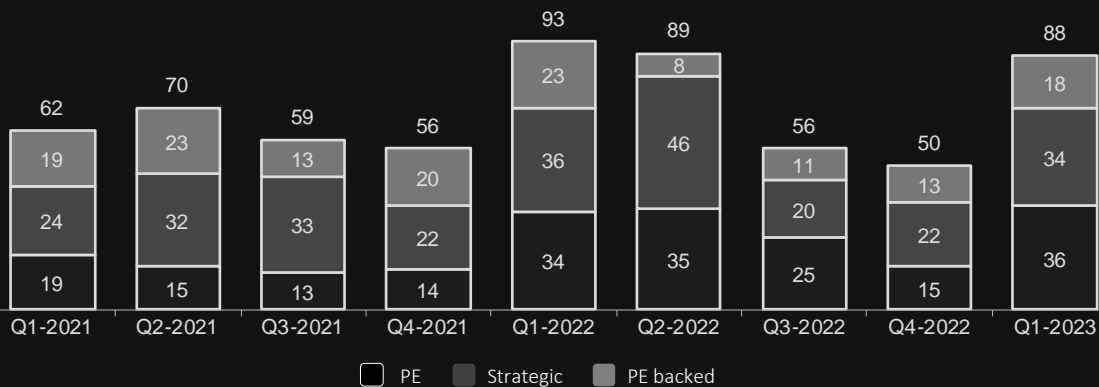
Deal volume significantly increased in Q1-23 compared to the previous quarter

Deal volume across the Nordic countries within software (target region)



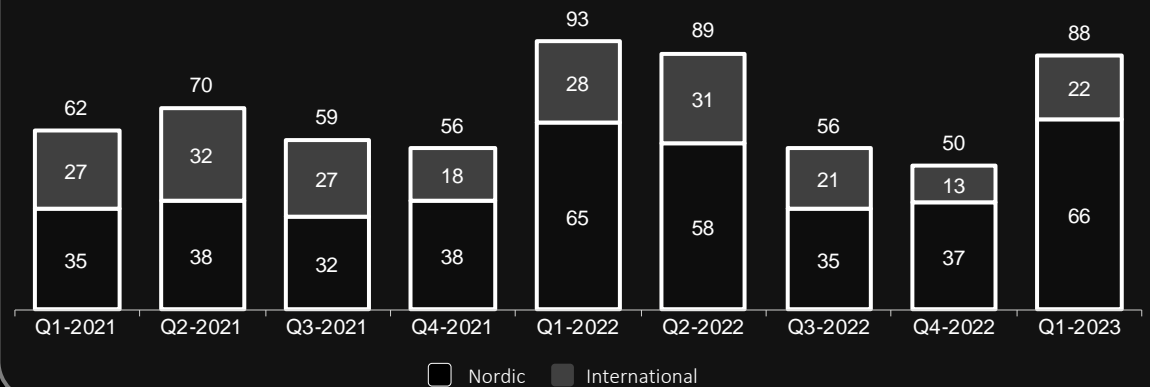
High M&A activity for financial investors during Q1

Type of buyer

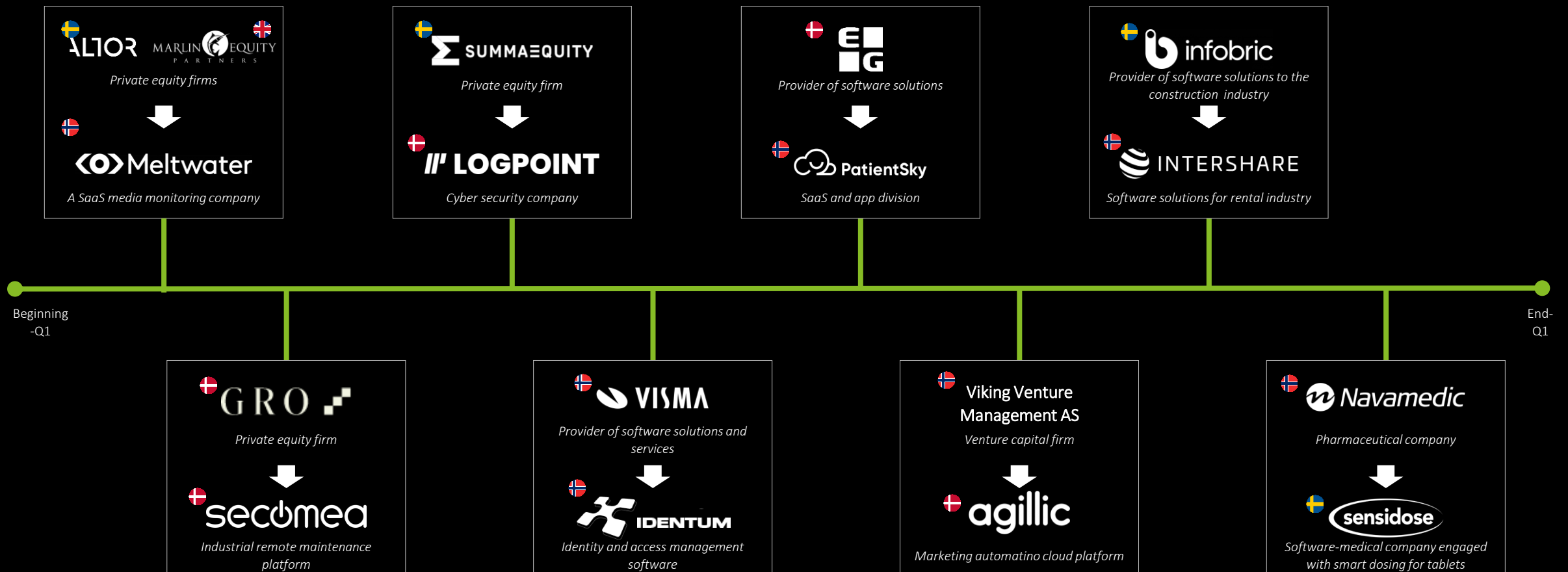


Nordic transactions in Q1 was dominated by Nordic buyers

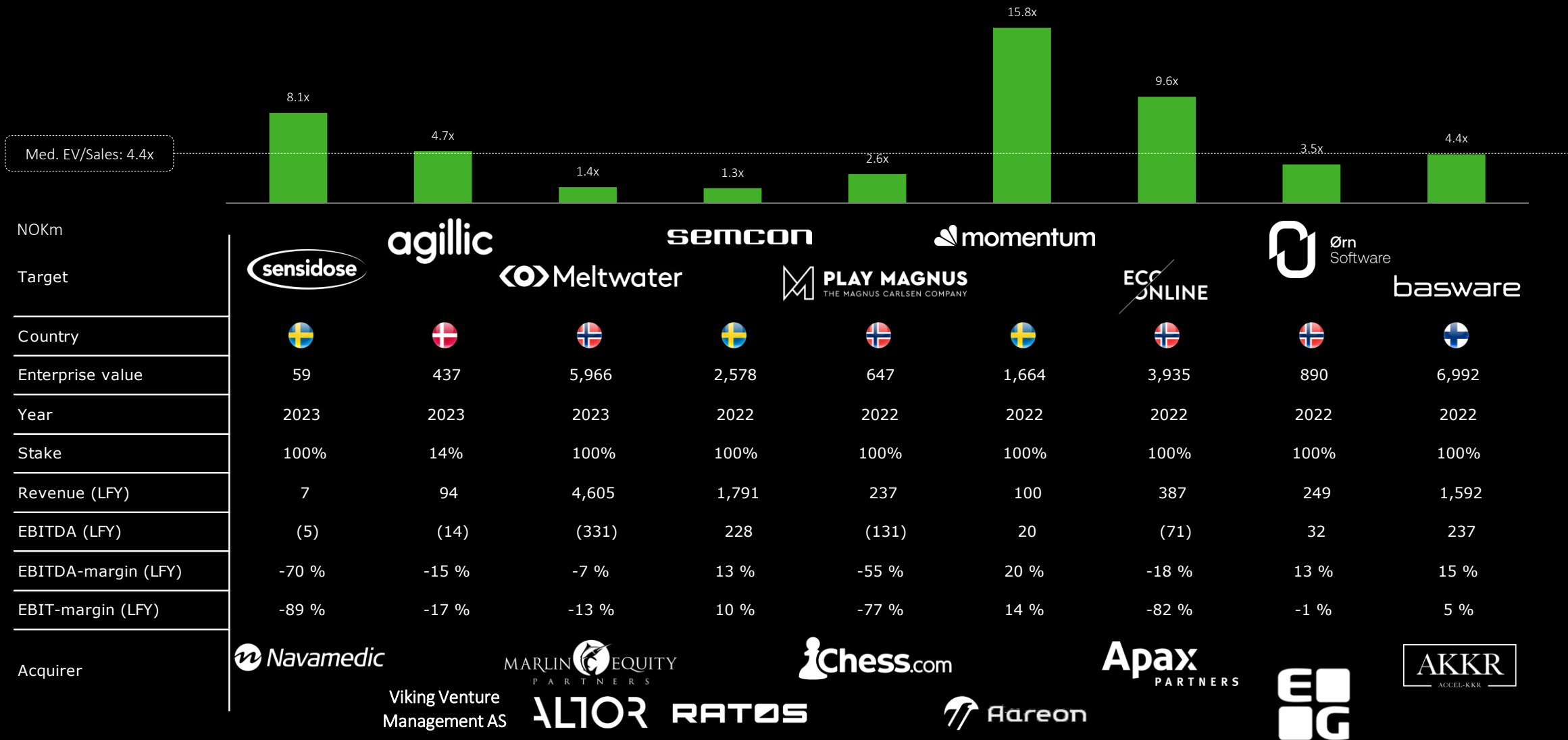
Region of buyer



Selected transactions in the Nordic software market in Q1-23



Selection of Nordic software transactions concluded at a median multiple of 4.4x EV/Sales over the LTM



02 IT services

02 IT services

Key statistics Q1 2023

13

transactions completed within the Nordic SaaS space

The Nordic SaaS index traded at

8.6x

NTM sales at quarter-end Q1

The Global SaaS index traded at

9.0x

NTM sales at quarter-end Q1

The Global IT services index increased

1.0%

over the last three months

The Nordic IT services index increased

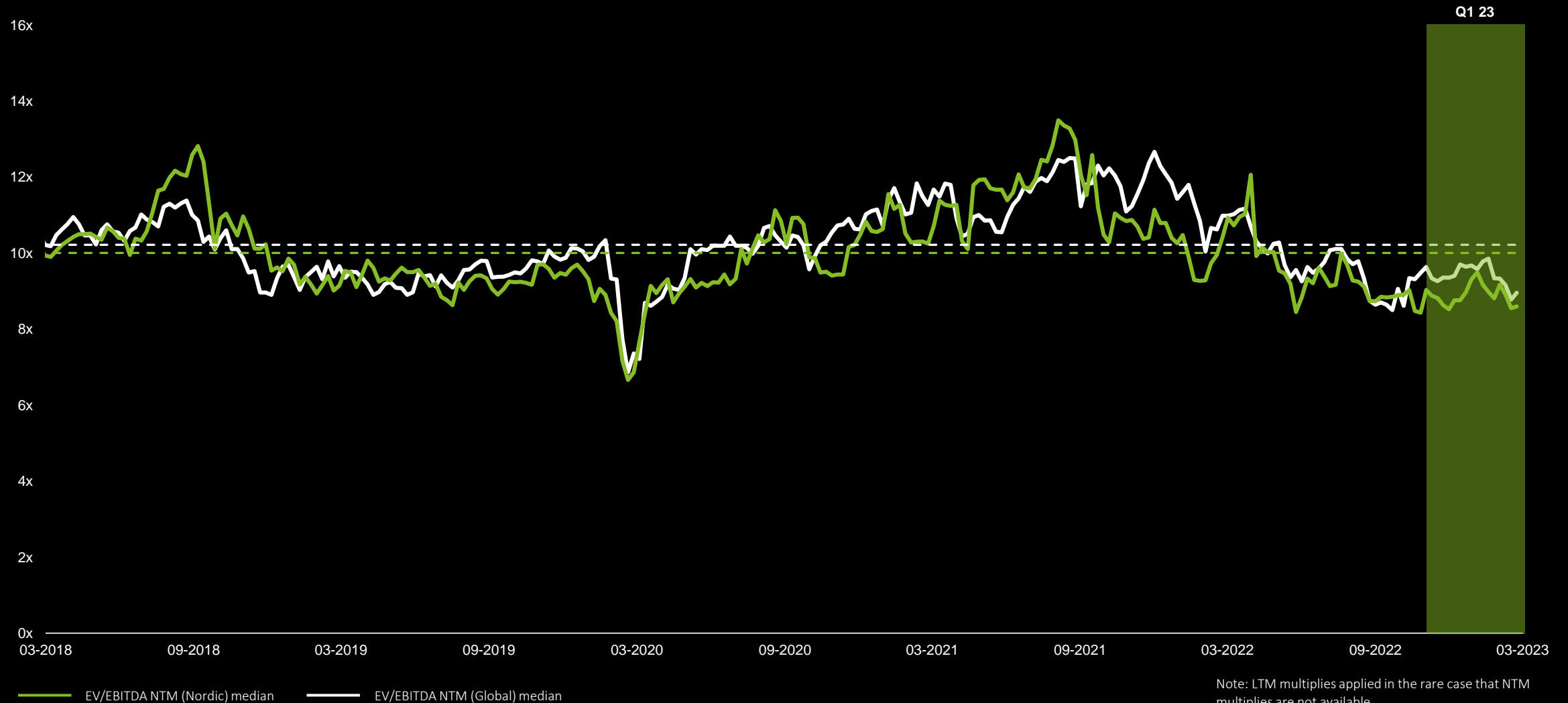
16%

over the last three months

12.0x

2022 Nordic software transaction multiples median

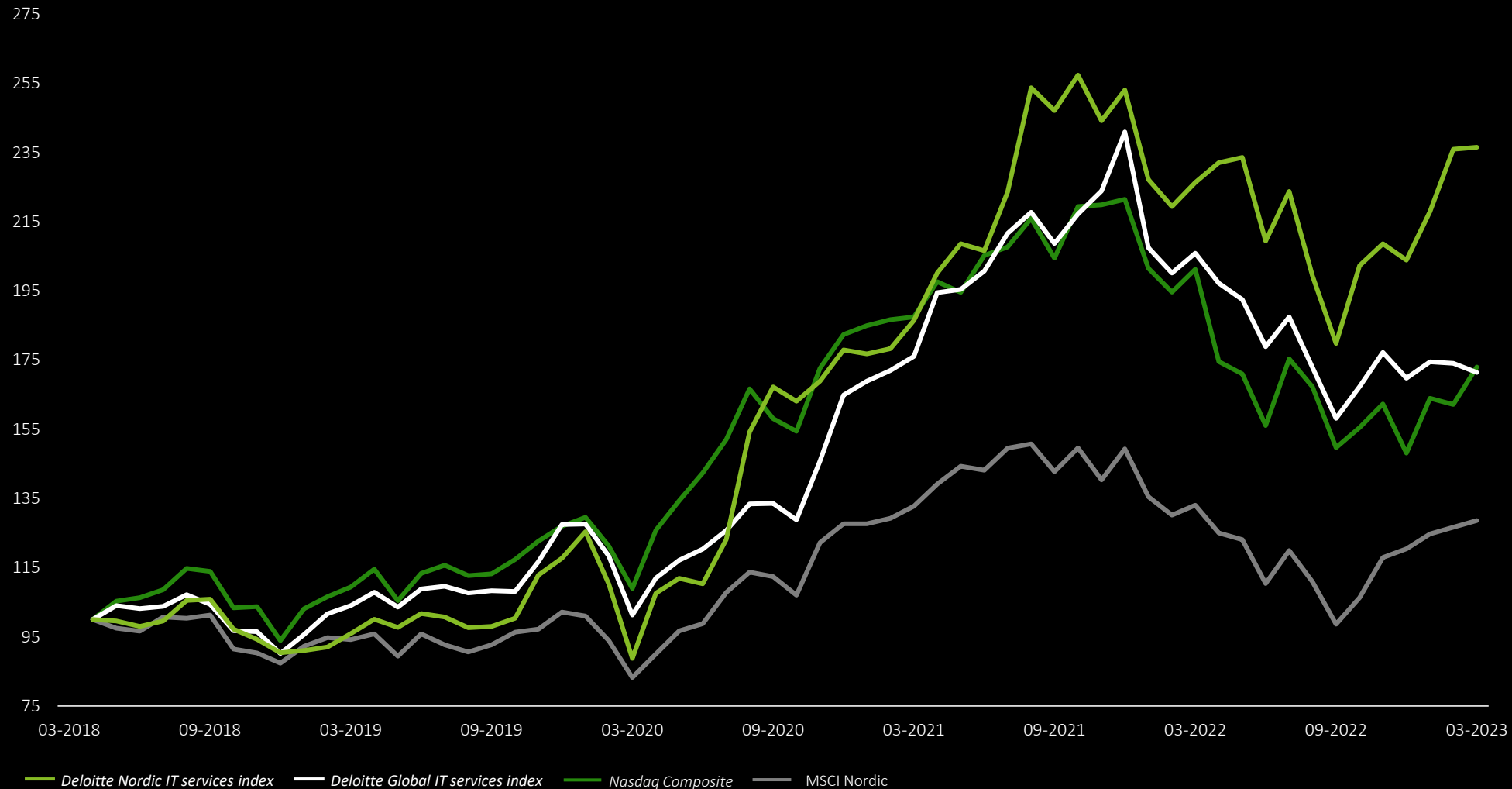
For Q1-23, the Nordic IT Services index ended at ~8.6x next twelve month EBITDA, while the Global IT Services index ended at ~9.0x next twelve-month EBITDA



Note: LTM multiplies applied in the rare case that NTM multiplies are not available

Nordic and Global IT services indices are rising after experiencing a decline in 2022

Various indices (startpoint: 100)



Deloitte Nordic IT Serv. index	L3M: 16.0%
	L6M: 31.6%
	LTM: 4.5%
237	

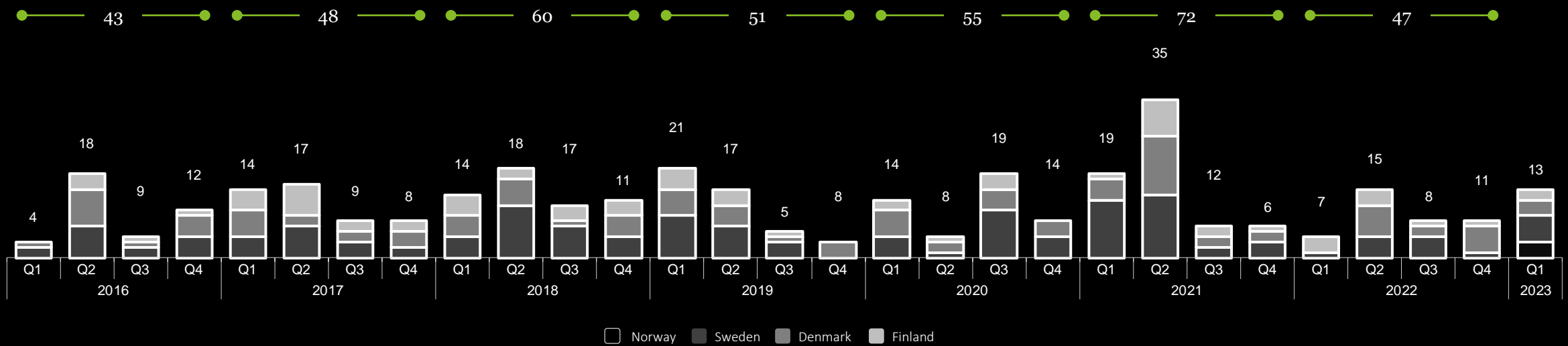
Nasdaq Composite	L3M: 16.8%
	L6M: 15.6%
	LTM: -14.1%
173	

Deloitte Global IT Serv. index	L3M: 1.0%
	L6M: 8.4%
	LTM: -16.8%
171	

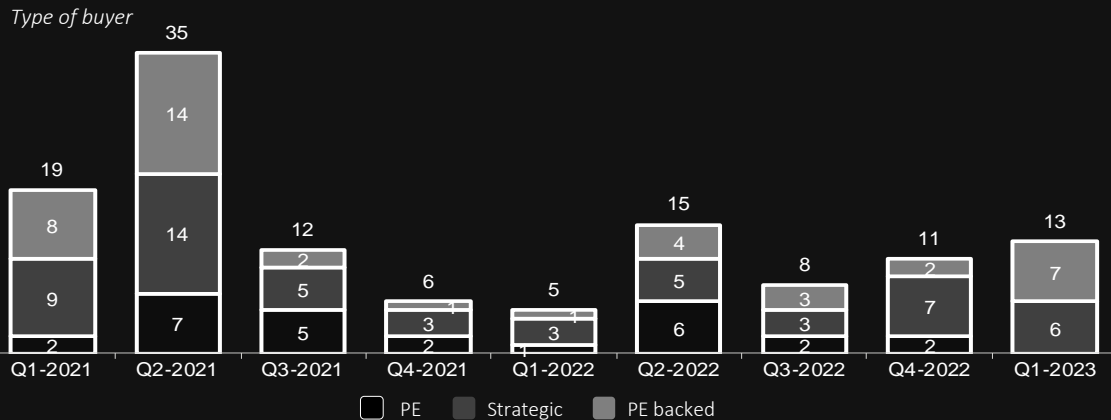
MSCI Nordic	L3M: 6.8%
	L6M: 30.4%
	LTM: -3.3%
129	

Stable development in deal volume entering 2023

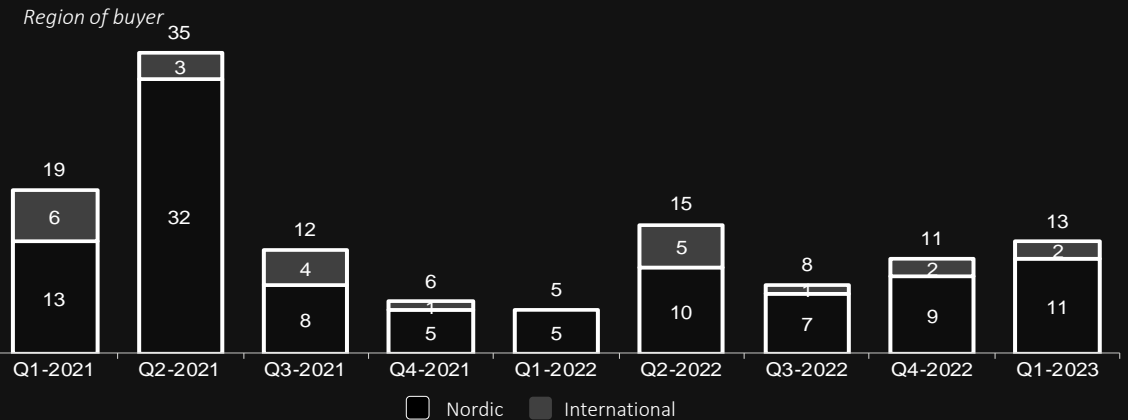
Deal volume across the Nordic countries within IT services (target region)



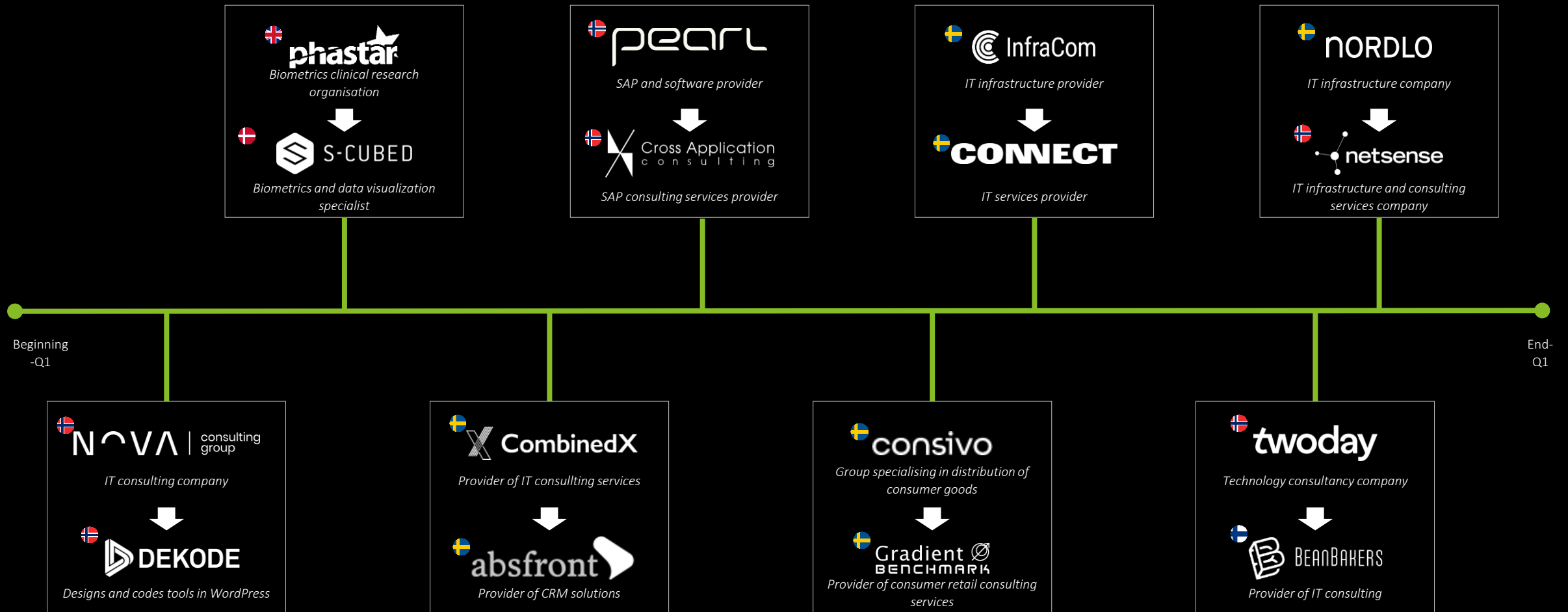
Strategic and PE-backed companies accounted for the activity in Q1



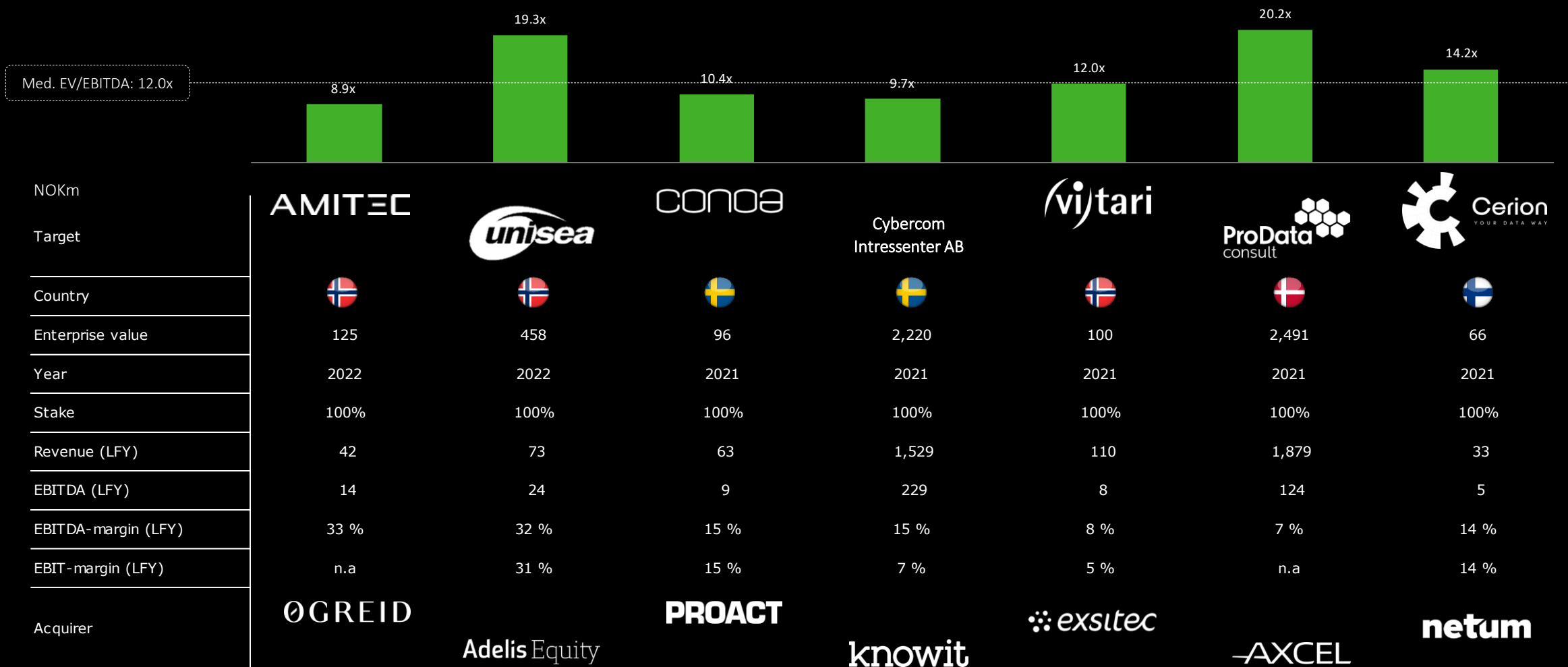
Nordic transactions in Q1 was dominated by Nordic buyers



Selected transactions in the Nordic IT services market in Q1-23















Nordic IT services transactions concluded at a median EV/EBITDA multiple of 12.0x



03 Deloitte Insights

Deloitte is one of the most active advisors within the TMT sector in the Nordics

 <p>Capidea</p> <p>In the sale of Obsidian Group to Findos</p>	 <p>DataEquipment</p> <p>merger with Netsecurity</p>	 <p>Sola bredbånd</p> <p>acquired by Infranode</p>	 <p>KIMBRER COMPUTER</p> <p>sold to Trill Impact</p>	 <p>Lyngsoe Systems</p> <p>sold to Accent Equity</p>	 <p>EDIGard</p> <p>acquired by AnaCap</p>
<p>Deloitte.</p> <p>acted as exclusive financial adviser to Capidea</p>  <p>Broad process</p> <p><i>Danish digital marketing company</i></p>	<p>Deloitte.</p> <p>acted as exclusive financial adviser to Data Equipment</p>  <p>Broad process</p> <p><i>Norwegian data security provider</i></p>	<p>Deloitte.</p> <p>acted as exclusive financial adviser to Infranode</p>  <p>Broad process</p> <p><i>Norwegian broadband provider</i></p>	<p>Deloitte.</p> <p>acted as exclusive financial adviser to Kimbrer Computer</p>  <p>Partnership agreement</p> <p><i>Danish supplier of IT hardware</i></p>	<p>Deloitte.</p> <p>acted as exclusive financial adviser to CataCap</p>  <p>Broad process</p> <p><i>Danish logistic software and system integrator</i></p>	<p>Deloitte.</p> <p>acted as exclusive financial adviser to AnaCap</p>  <p>Focused process</p> <p><i>Payment solution business</i></p>

Deloitte professionals covering TMT in Norway


Corporate Finance Advisory



Carsten V. Haukås
Corporate Finance
+47 91 555 035
chaukas@deloitte.no
[LinkedIn](#)



Kasper Harbitz Erichsen
Corporate Finance
+47 906 50 679
kerichsen@deloitte.no
[LinkedIn](#)




Andreas Barfod
Corporate Finance
+47 901 02 027
abarfod@deloitte.no
[LinkedIn](#)

M&A Strategy




Sheil Malde
M&A Strategy
+47 959 20 982
smalde@deloitte.no
[LinkedIn](#)

M&A Transaction Services




Are Skjø
Transaction Services
+47 907 26 899
askjoy@deloitte.no
[LinkedIn](#)



Nikolai Maldan
Transaction Services
+47 952 68 729
nmaldan@deloitte.no
[LinkedIn](#)

M&A Tax




Audun Frøland
M&A Tax
+47 913 48 997
afroland@deloitte.no
[LinkedIn](#)

M&A and Business Transformation



Joachim Gullaksen
Post Merger Integration
+47 905 34 970
jogullaksen@deloitte.no
[LinkedIn](#)



Ole Rødland
Technology Due Diligence
+47 938 89 949
orodland@deloitte.no
[LinkedIn](#)

M&A Legal



Mari Wetlesen
M&A Legal Services
+47 909 65 187
mwetlesen@deloitte.no
[LinkedIn](#)

Deloitte.

Please visit us at:



[Deloitte Corporate Finance](#)



[Deloitte Corporate Finance](#)



[Deloitte Norway](#)




Dronning Eufemias Gate 14
0191 Oslo, Norway

Deloitte professionals covering TMT in Denmark


Corporate Finance Advisory




Kasper Svold Maagaard
Corporate Finance
+45 30 93 54 54
kmaagaard@deloitte.dk
LinkedIn



Sebastian Kvist Guldberg
Corporate Finance
+45 40 33 61 37
seguldberg@deloitte.dk
LinkedIn



Tore Stürmer Heyden
Corporate Finance
+45 30 93 00 33
theyden@deloitte.dk
LinkedIn




Preben Krab Larsen
Corporate Finance
+45 22 32 82 51
prlarsen@deloitte.dk
LinkedIn




Frederik Holm Andersen
Corporate Finance
+45 50 48 64 86
fandersen@deloitte.dk
LinkedIn

Other Deloitte professionals covering TMT in Denmark



Thomas Strand
Transaction Services



Adam Norsker
M&A Strategy



Mikkel Boe
Post Merger Integration



Michael Hoe Knudsen
M&A Tax

Deloitte.

Please visit us at:



[Deloitte Corporate Finance](https://www.deloitte.com/dk)



[Deloitte Corporate Finance](https://www.linkedin.com/company/deloitte-dk)



[Deloitte Denmark](https://www.deloitte.com/dk)



Weidekampsgade 6
2300 Copenhagen S, Denmark

Deloitte professionals covering TMT in Sweden

Corporate Finance Advisory



David Järnland

Corporate Finance
 +46 70 080 28 49
 djarnland@deloitte.se
 [LinkedIn](#)

M&A Strategy



Nils Lindstrand

M&A Strategy
 +46 70 080 29 70
 nlindstrand@deloitte.se
 [LinkedIn](#)

M&A Transaction Services



Marcus Ekehov

Transaction Services
 +46 70 080 33 12
 mekehov@deloitte.se
 [LinkedIn](#)

M&A and Business Transformation



Debbie Wrench

Post Merger Integration
 +46 70 080 29 80
 dewrench@deloitte.se
 [LinkedIn](#)



Thomas Rauschning

Corporate Finance
 +46 70 080 29 81
 trauschning@deloitte.se
 [LinkedIn](#)



Tom Pernodd

Transaction Services
 +46 73 397 10 60
 tpernodd@deloitte.se
 [LinkedIn](#)



Jonas Malmlund

Consulting
 +46 73 397 13 03
 jmalmlund@deloitte.se
 [LinkedIn](#)

M&A Tax



Johan Rasmussen

M&A Tax
 +46 70 080 29 59
 johrasmussen@deloitte.se
 [LinkedIn](#)

Valuation & Modelling



Mats Lindqvist

Valuation & Modelling
 +46 73 397 21 14
 mlindqvist@deloitte.se
 [LinkedIn](#)



Please visit us at:



[Deloitte Corporate Finance](#)



[Deloitte Corporate Finance](#)



[Deloitte Sweden](#)




Rehngatan 11
113 79 Stockholm, Sweden

Deloitte professionals covering TMT in Finland

Corporate Finance Advisory




Henrik Wickström
Corporate Finance
+358 40 539 1087
henrik.wickstrom@deloitte.fi
[LinkedIn](#)




Matti Saarimaa
Corporate Finance
+358 40 549 4631
matti.saarimaa@deloitte.fi
[LinkedIn](#)


M&A Transaction Services



Marko Pöllänen
Transaction Services
+358 40 730 7053
marko.pollanen@deloitte.fi
[LinkedIn](#)




Niko Annola
Transaction Services
+358 40 571 0472
niko.annola@deloitte.fi
[LinkedIn](#)



Santeri Karvinen
Transaction Services & Analytics
+358 40 044 4519
santeri.karvinen@deloitte.fi


Other Deloitte professionals covering TMT in Finland




Tapio Koivumäki
Post Merger Integration
+358 40 357 6138
tapio.koivumaki@deloitte.fi
[LinkedIn](#)



Jukka-Petteri Suortti
Consulting
+358 50 563 6436
jukka-petteri.suortti@deloitte.fi
[LinkedIn](#)




Mikko Lahtinen
Audit
+358 50 599 4278
mikko.lahtinen@deloitte.fi
[LinkedIn](#)



Tomi Karsio
M&A Tax
+358 40 836 5171
tomi.karsio@deloitte.fi
[LinkedIn](#)



Tuomo Saari
Consulting
+358 40 505 9159
tuomo.saari@deloitte.fi
[LinkedIn](#)



Nikolas Sjöberg
M&A Legal
+358 44 750 5663
nikolas.sjoberg@deloitte.fi
[LinkedIn](#)



Please visit us at:



[Deloitte Financial Advisory](#)



[Deloitte Corporate Finance](#)



[Deloitte Finland](#)



Salmisaarenaukio 2,
00180 Helsinki, Finland



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.no to learn more.

Deloitte Norway conducts business through two legally separate and independent limited liability companies; Deloitte AS, providing audit, consulting, financial advisory and risk management services, and Deloitte Advokatfirma AS, providing tax and legal services.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the “Deloitte organization”) serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 312,000 people make an impact that matters at www.deloitte.no.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.