

M&A sector report  
Nordic software and IT services market

Q2-2023

# Letter from the editors

The M&A activity level in the Nordics increased from last quarter during the second quarter of 2023, recording a total of 116 transactions within software and IT services.

The number of software transactions in Q2-23 concluded at 95, an increase from the 88 deals recorded in Q1-23. The 95 transactions recorded in Q2-23 is on par with the most active quarter in the software space since 2016 (the historical period covered in this report).

The Nordic IT services transaction market experienced a significant increase in volume in the last quarter, with 21 deals recorded, up from 13 deals completed in Q1-23.

By recent transactions as per end of Q2-23, the Nordic M&A software pricing level is at a median EV/Sales multiple of 4.7x. For IT services, the current pricing level is at a median EV/EBITDA of 12.0x.

SaaS multiple valuations continued their downward trajectory for global and Nordic stocks during the quarter. The NTM EV/Sales valuations for the Deloitte Nordic SaaS index concluded at 3.0x, with valuation below the L5Y mean of 5.1x. The Deloitte Global SaaS index concluded at 4.6x NTM Sales, significantly below the L5Y mean of 8.8x.

Global IT services stocks valuations increased over the quarter, trading at 9.7x EV/NTM EBITDA compared to 9.0x at the end of the previous quarter. Nordic IT services stocks valuations decreased over the quarter, trading at 7.6x EV/NTM EBITDA compared to 8.6x at the end of Q1-23.

Please note that per Q1-23 and Q2-23, the Nordic and Global SaaS and IT service indices compositions have been updated to reflect delistings, IPOs and other relevant considerations.

The Q2-23 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 and IT services deal volume*



*Nordic IT services index trading at 7.6x NTM EV/EBITDA*



*Nordic software transactions LTM EV/Sales of 4.7x*



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# 01 Software

# 01 Software

Key statistics Q2 2023

**95**

transactions completed within the Nordic SaaS space

The Nordic SaaS index traded at

**3.0x**

NTM sales at quarter-end Q2

The Global SaaS index traded at

**4.6x**

NTM sales at quarter-end Q2

**1<sup>st</sup>**

most active M&A quarter since 2016<sup>1</sup>

The Nordic SaaS index decreased

**2.3%**

over the last three months

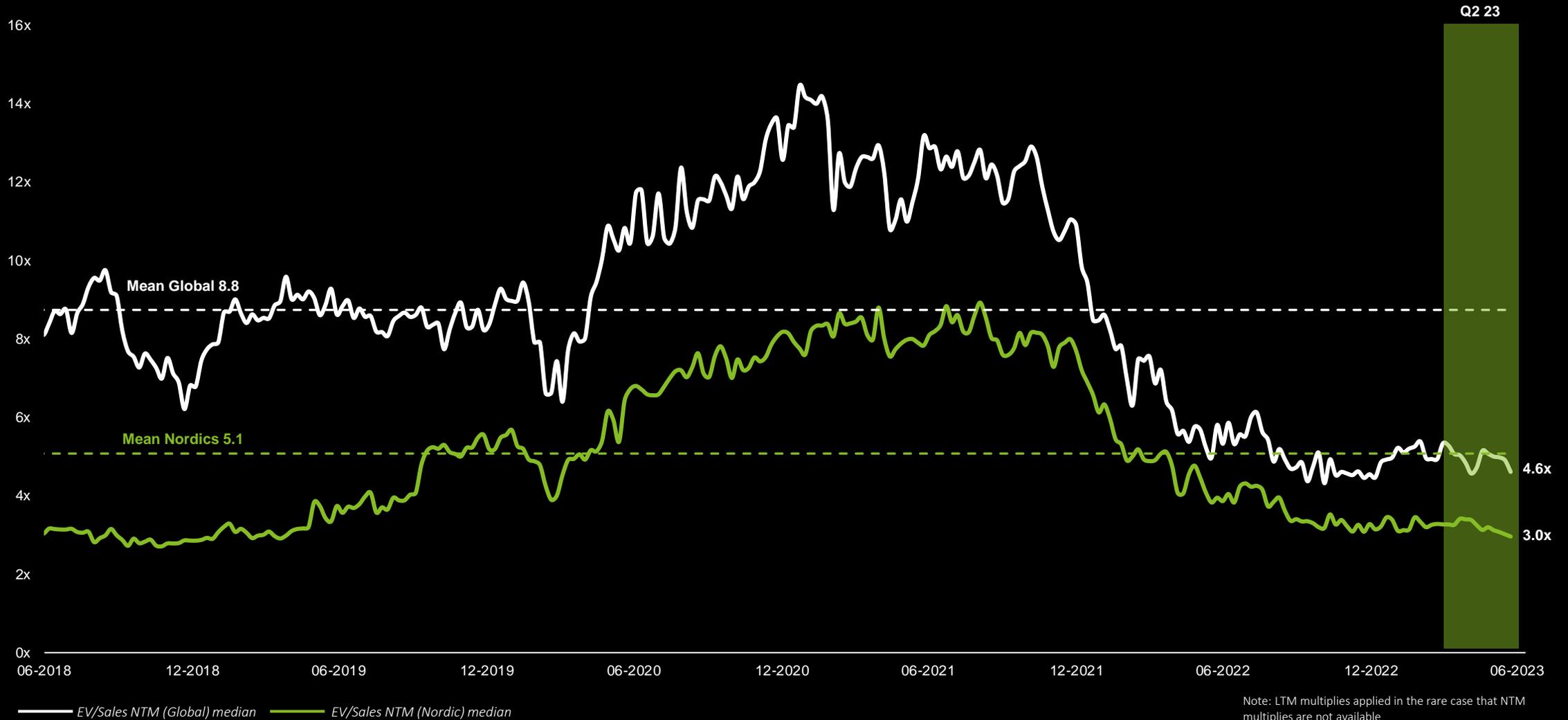
**4.7x**

LTM Nordic software transaction EV/Sales multiples median<sup>2</sup>

Notes: 1) Start of historical lookback-period for this report. 2) Selected 9 transactions last 13 months with available data

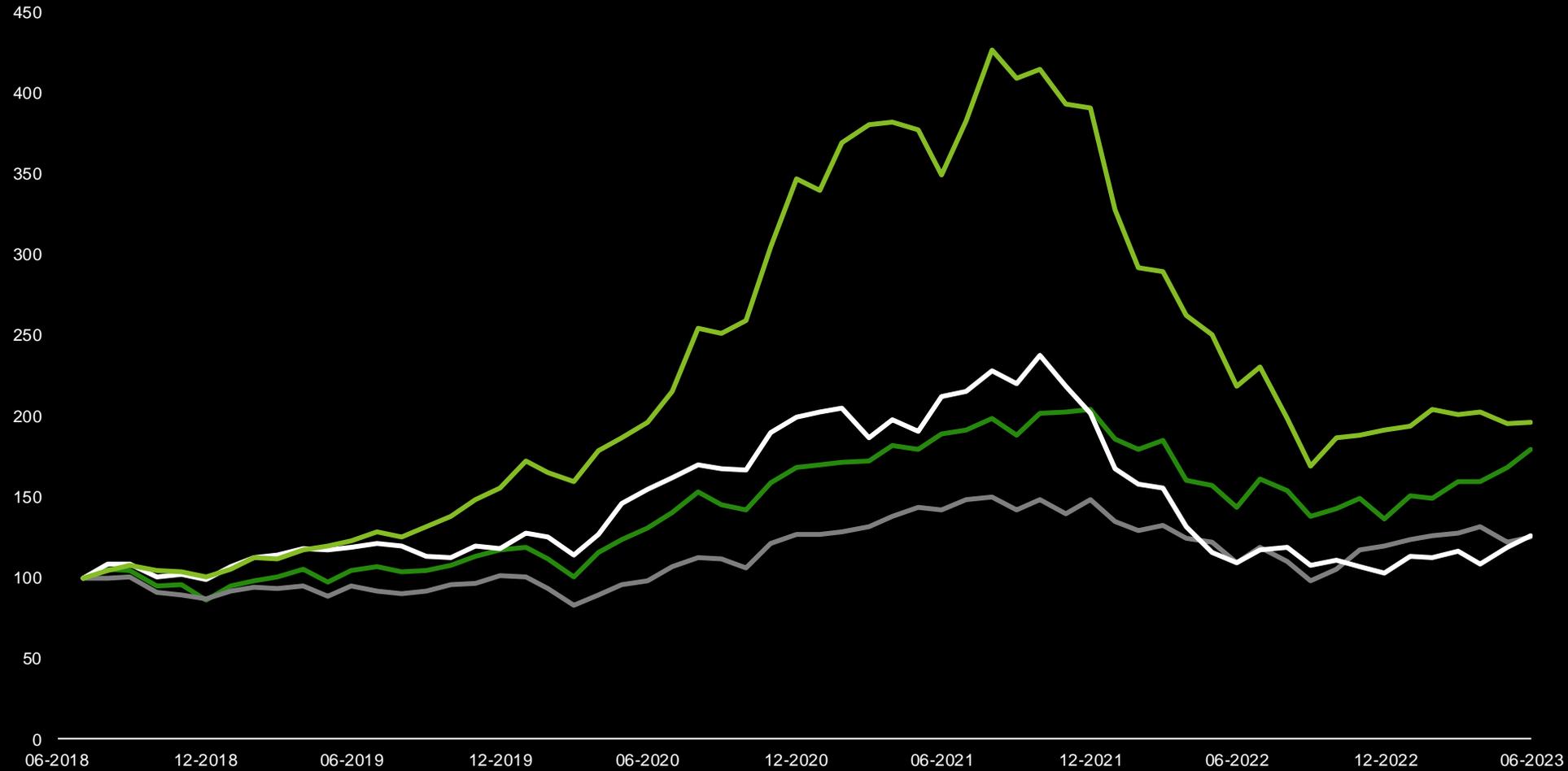
Software multiple valuations stabilised through H1-23, with the Nordic SaaS index ending at ~3.0x whilst the global index ended at ~4.6x NTM EV/Sales

EV/Sales NTM



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

Various indices (startpoint: 100)



Endpoints:

Deloitte Nordic SaaS index	L3M: -2.3%
	L6M: 2.6%
	LTM: -10.1%
<b>196</b>	

Nasdaq Composite	L3M: 12.8%
	L6M: 31.7%
	LTM: 25.0%
<b>180</b>	

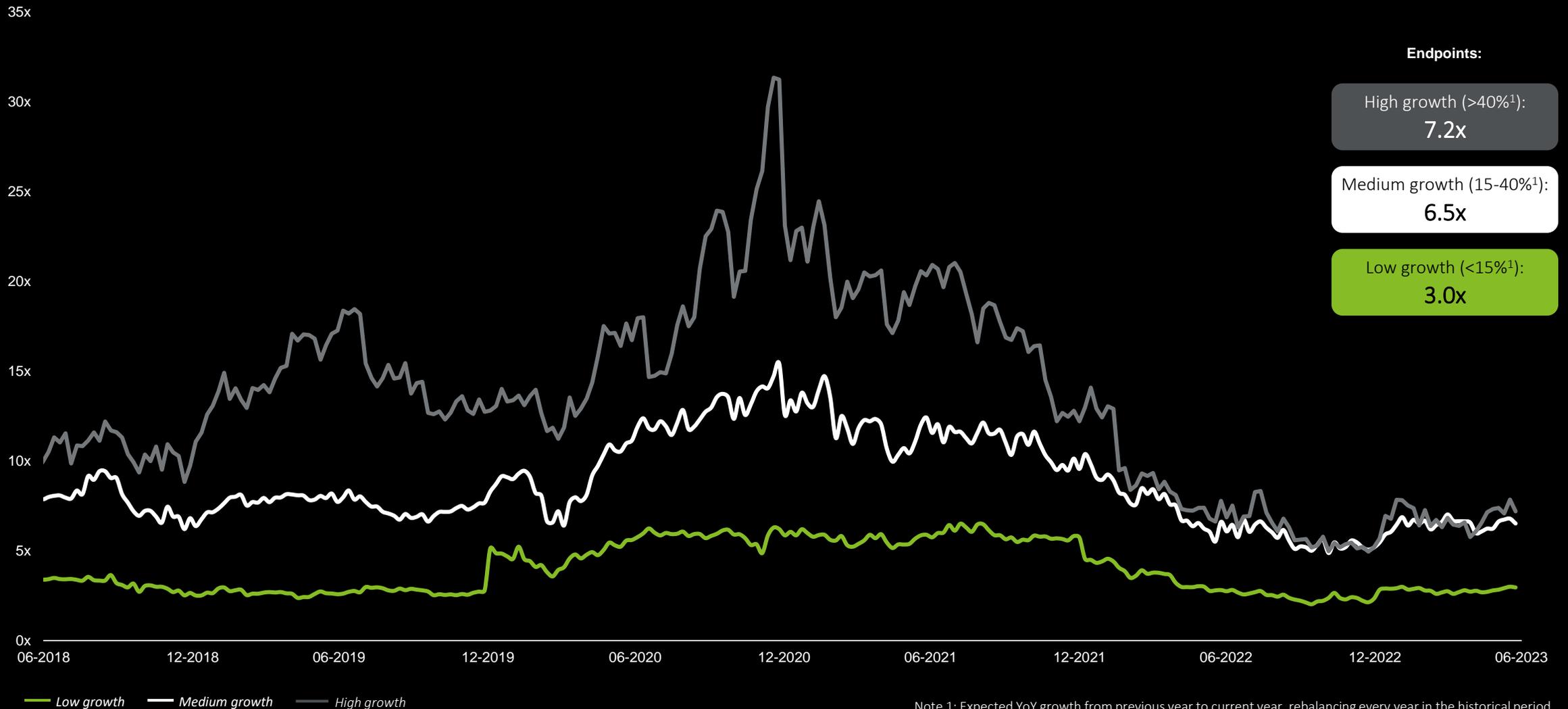
MSCI Nordic	L3M: -1.8%
	L6M: 4.9%
	LTM: 14.4%
<b>125</b>	

Deloitte Global SaaS index	L3M: 8.5%
	L6M: 23.3%
	LTM: 15.7%
<b>126</b>	

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

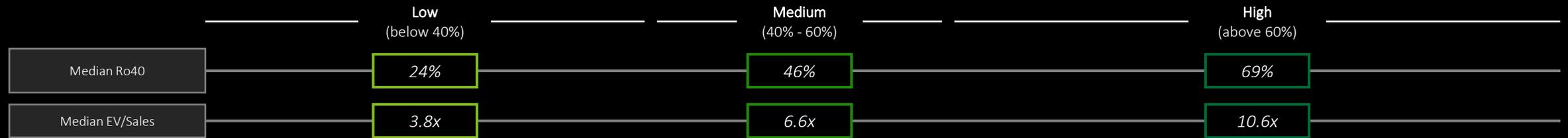
# High growth multiples currently trading slightly above medium growth SaaS companies; low growth companies continuously trading at a discount compared to high and medium growth SaaS companies

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

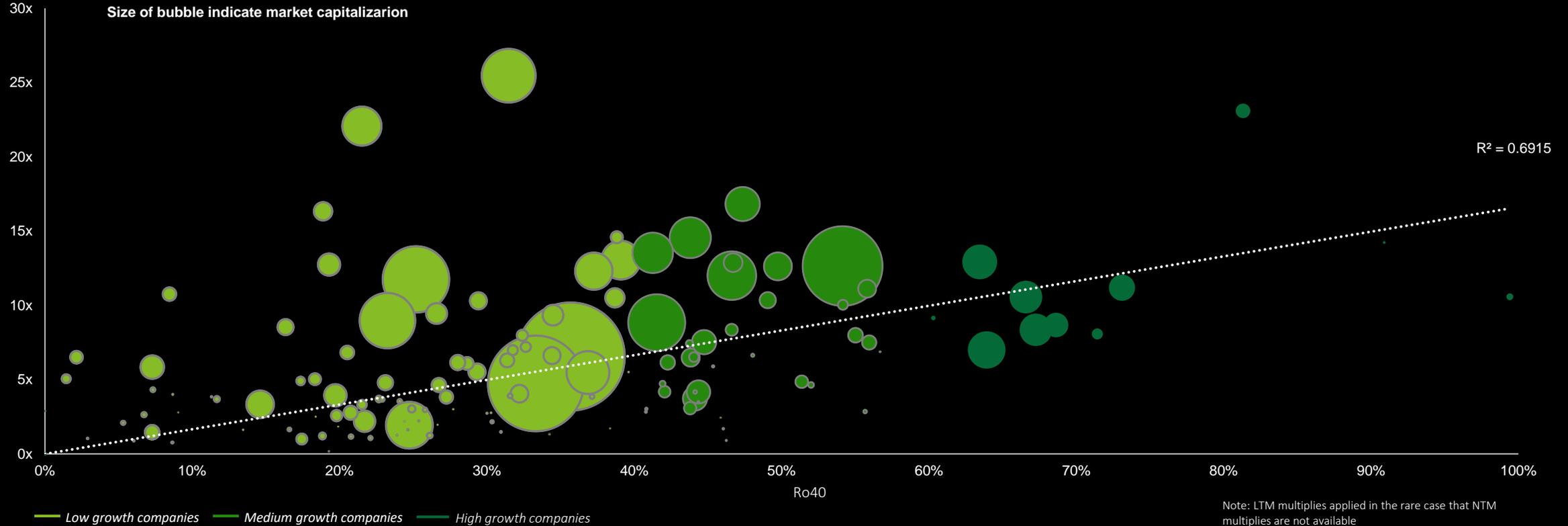


Note 1: Expected YoY growth from previous year to current year, rebalancing every year in the historical period

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



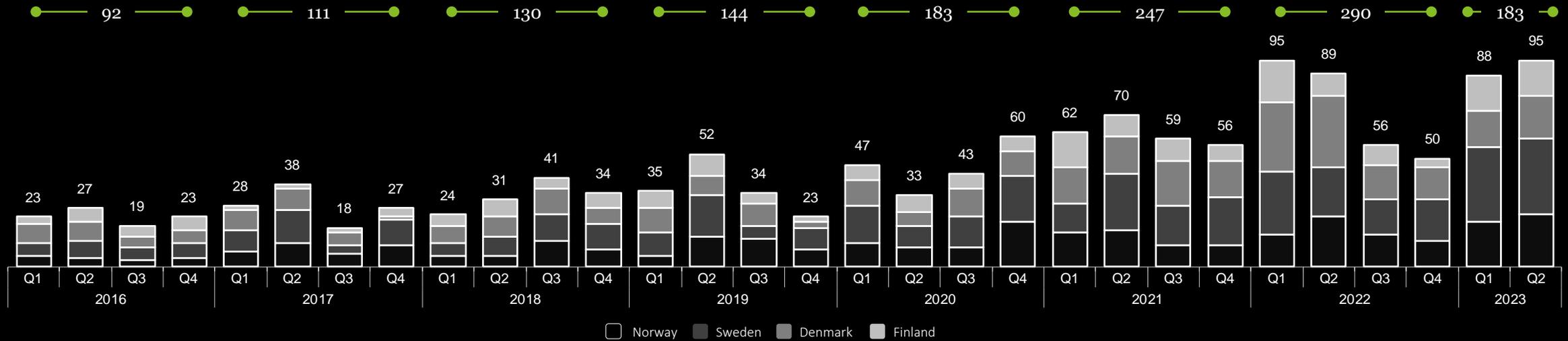
EV/Sales (2023e)



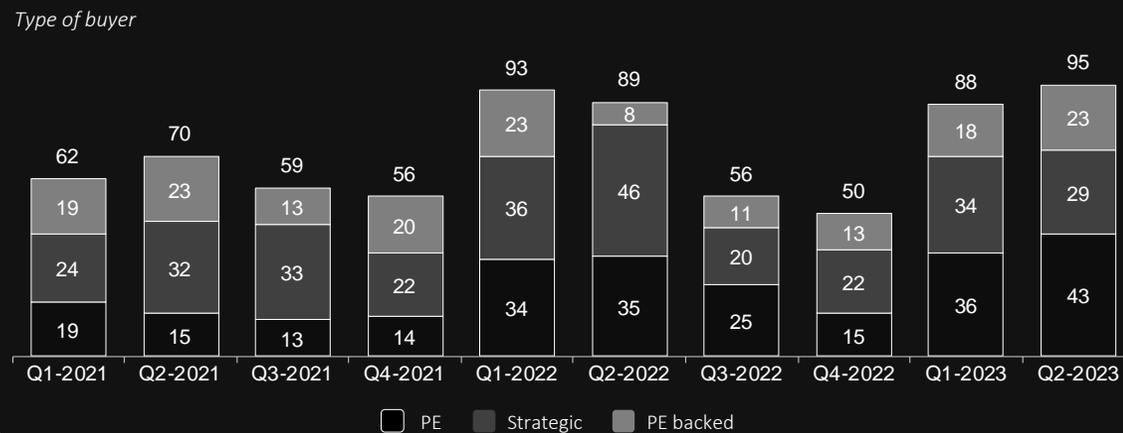
Note: LTM multiplies applied in the rare case that NTM multiplies are not available

# Deal volume increased in Q2 compared to previous quarter

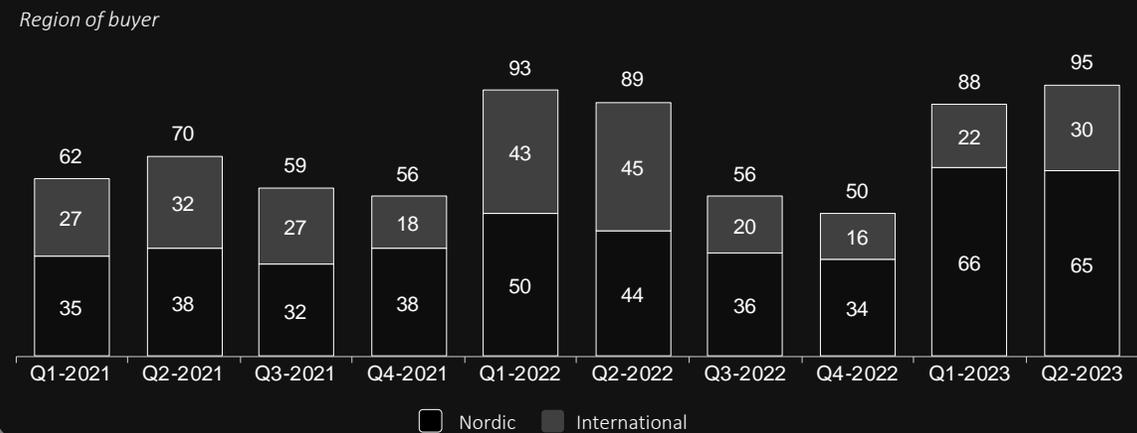
Deal volume across the Nordic countries within software (target region)



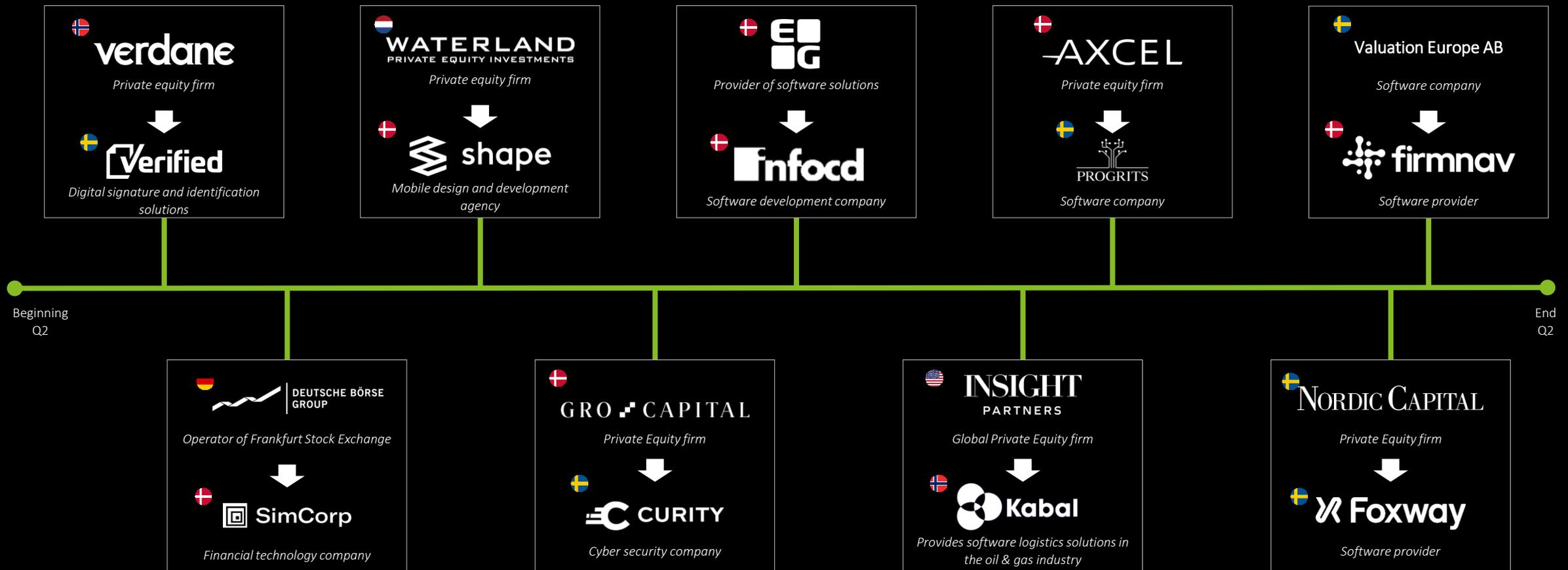
High M&A activity for financial investors during Q2



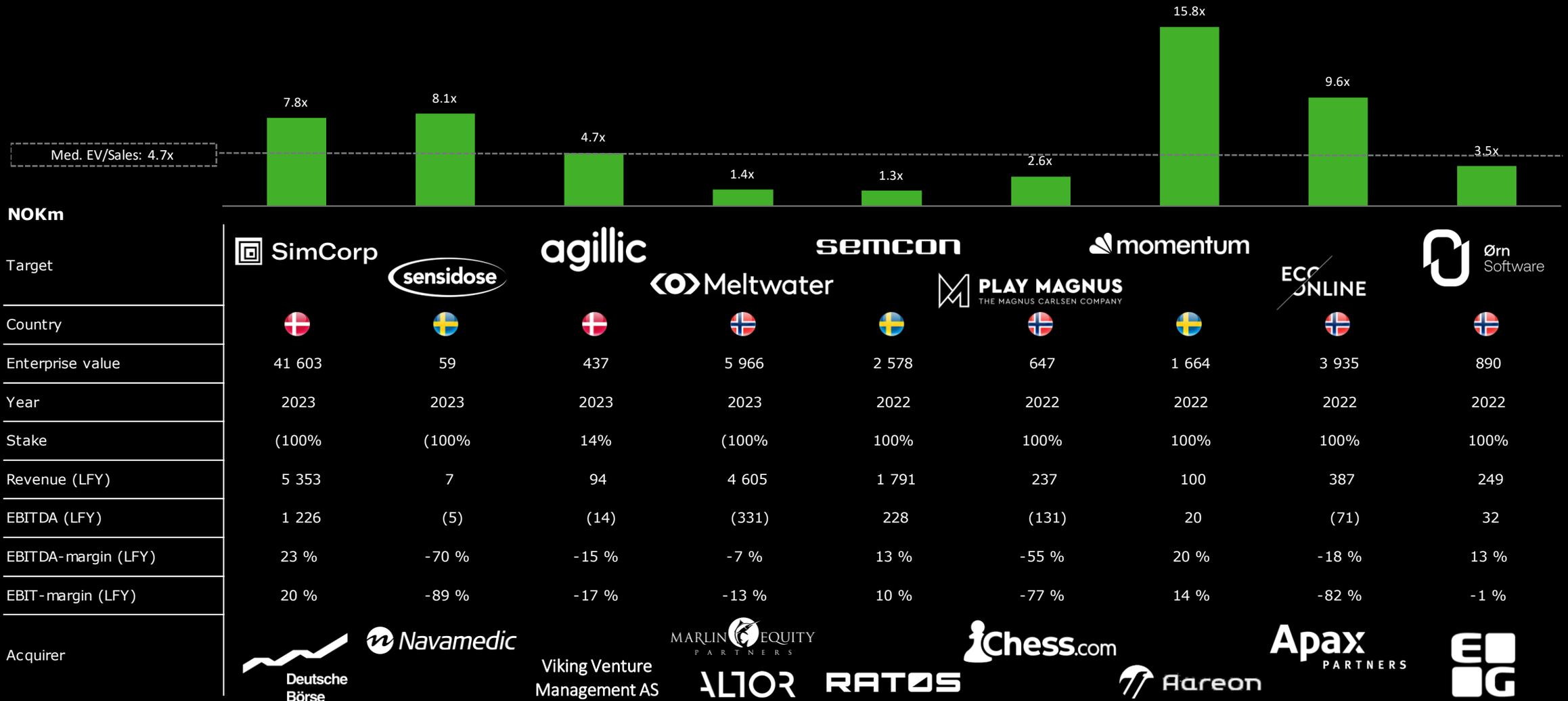
Majority of Nordic buyers of Nordic software companies in Q2 23



# Selected transactions in the Nordic software market in Q2-23



# Selection of Nordic software transactions concluded at a median multiple of 4.7x EV/Sales



# 02 IT services

# 02 IT services

Key statistics Q2 2023

**21**

transactions completed within the Nordic IT services space

The Nordic IT services index traded at

**7.6x**

NTM sales at quarter-end Q1

The Global IT services index traded at

**9.7x**

NTM sales at quarter-end Q1

The Nordic IT services index decreased

**7.1%**

over the last three months

**3<sup>rd</sup>**

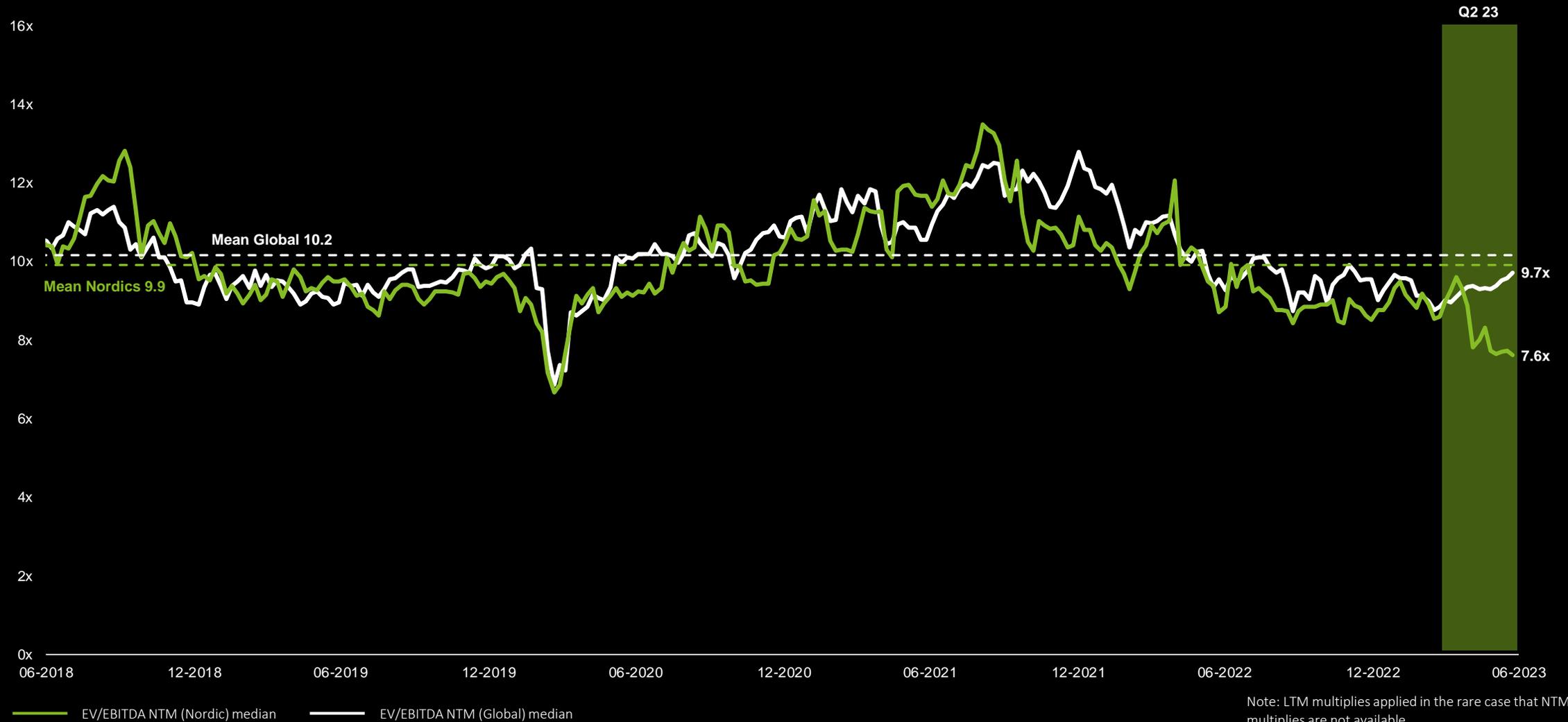
most active quarter since 2016

**12.0x**

Nordic IT services transaction EV/Sales multiples median<sup>1</sup>

Note 1: Most recent 7 transactions recorded with available data

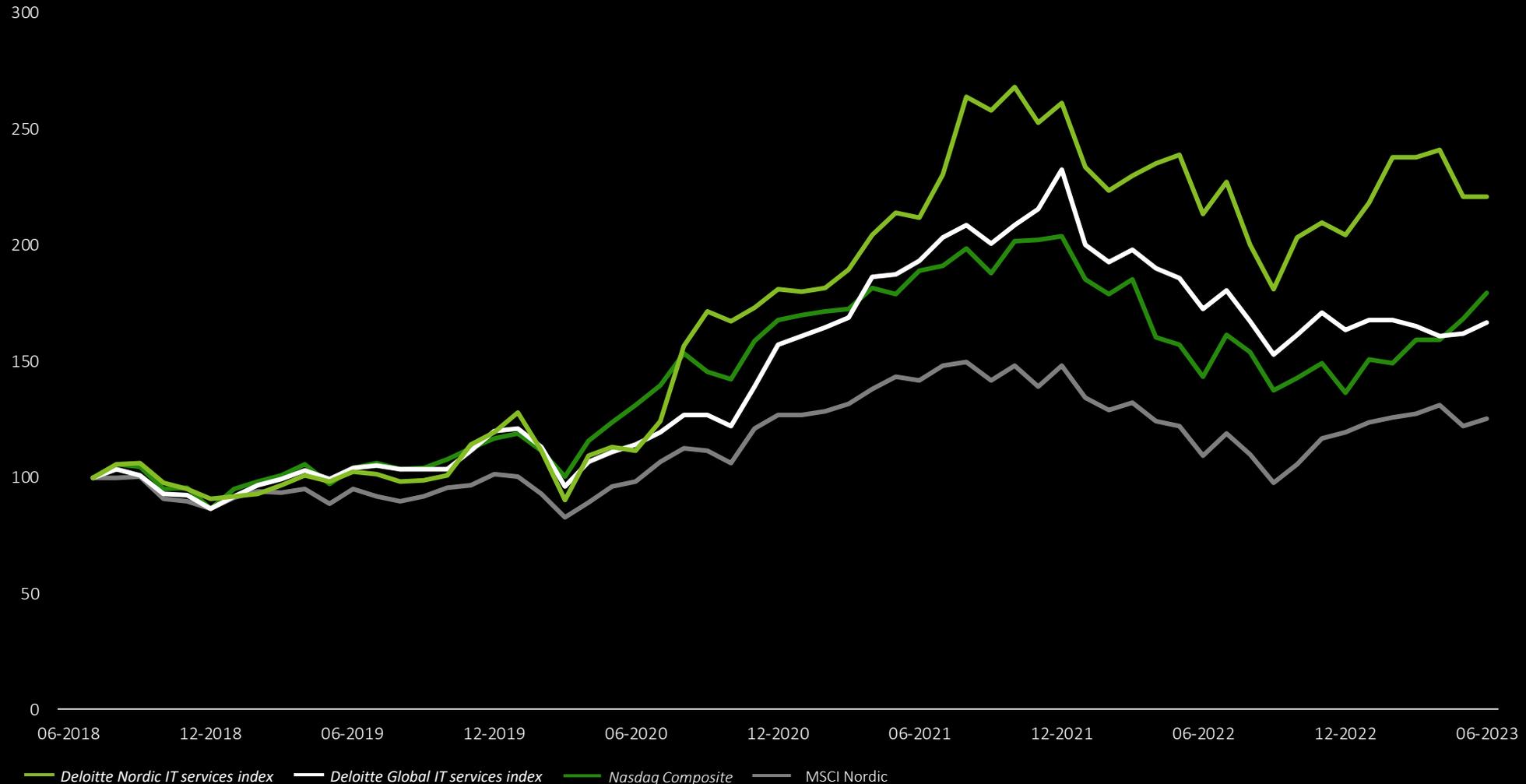
For Q2-23, the Nordic IT Services index ended at ~7.6x next twelve month EBITDA, while the Global IT Services index ended at ~9.7x next twelve-month EBITDA



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

# Slow quarter for Nordic and Global IT services indices, with Nordic and Global L3M development at -7.1% and 0.8%, respectively

Various indices (startpoint: 100)



Endpoints:

Deloitte Nordic IT Serv. index	L3M: -7.1% L6M: 8.1% LTM: 3.4%
<b>221</b>	

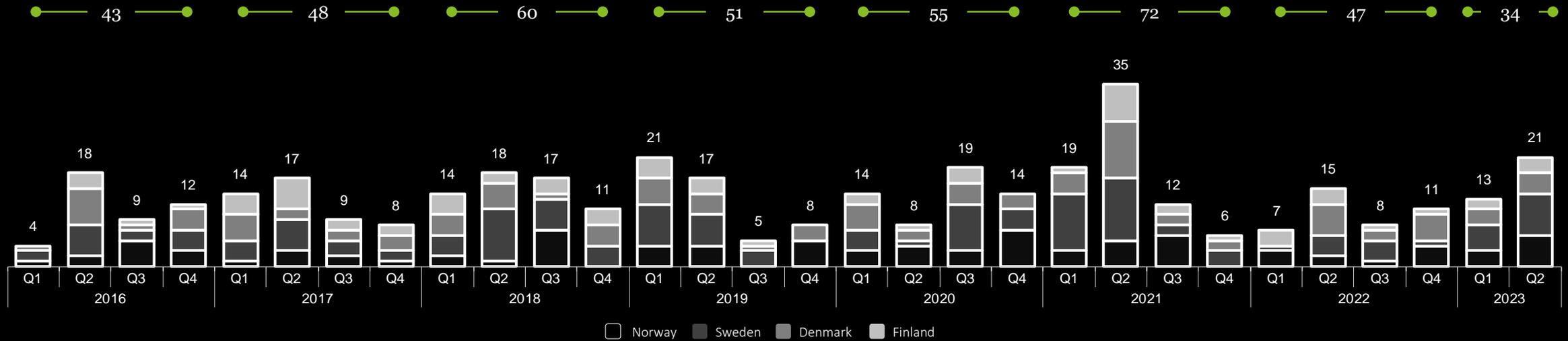
Nasdaq Composite	L3M: 12.8% L6M: 31.7% LTM: 25.0%
<b>180</b>	

Deloitte Global IT Serv. index	L3M: 0.8% L6M: 1.8% LTM: -3.5%
<b>167</b>	

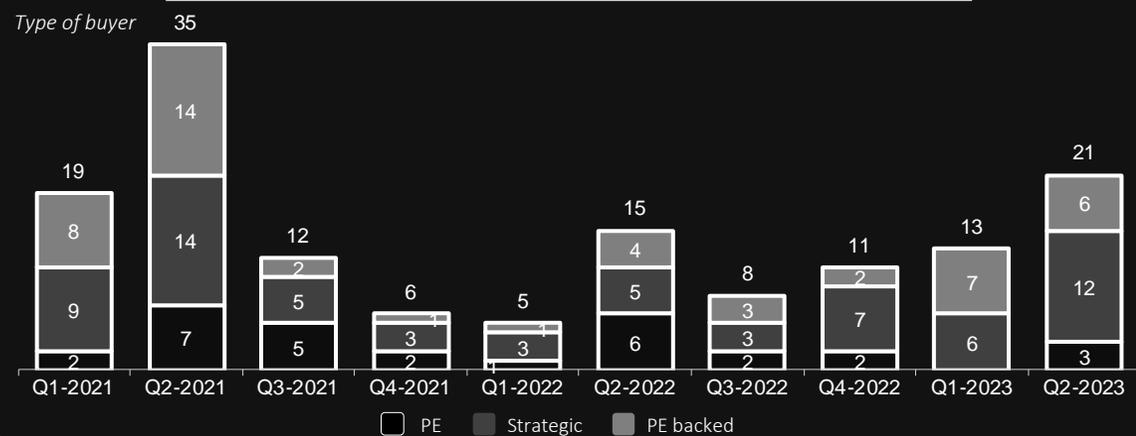
MSCI Nordic	L3M: -1.8% L6M: 4.9% LTM: 14.4%
<b>125</b>	

# Deal volume increased in Q2 compared to previous quarter

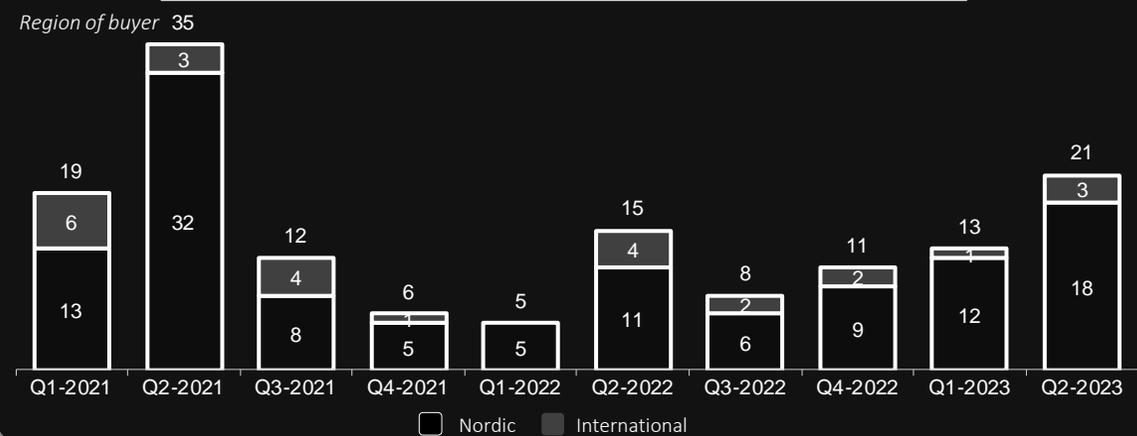
Deal volume across the Nordic countries within IT services (target region)



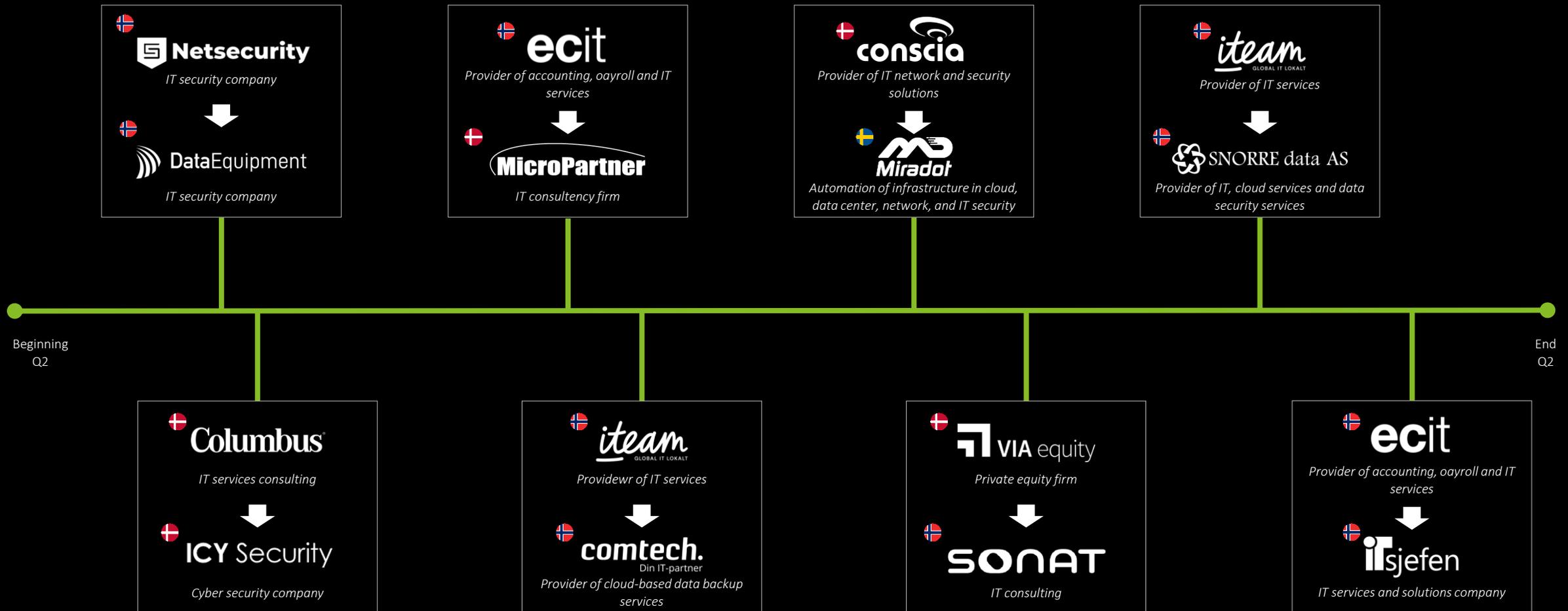
Strategic and PE-backed companies accounted for the majority the activity in Q2



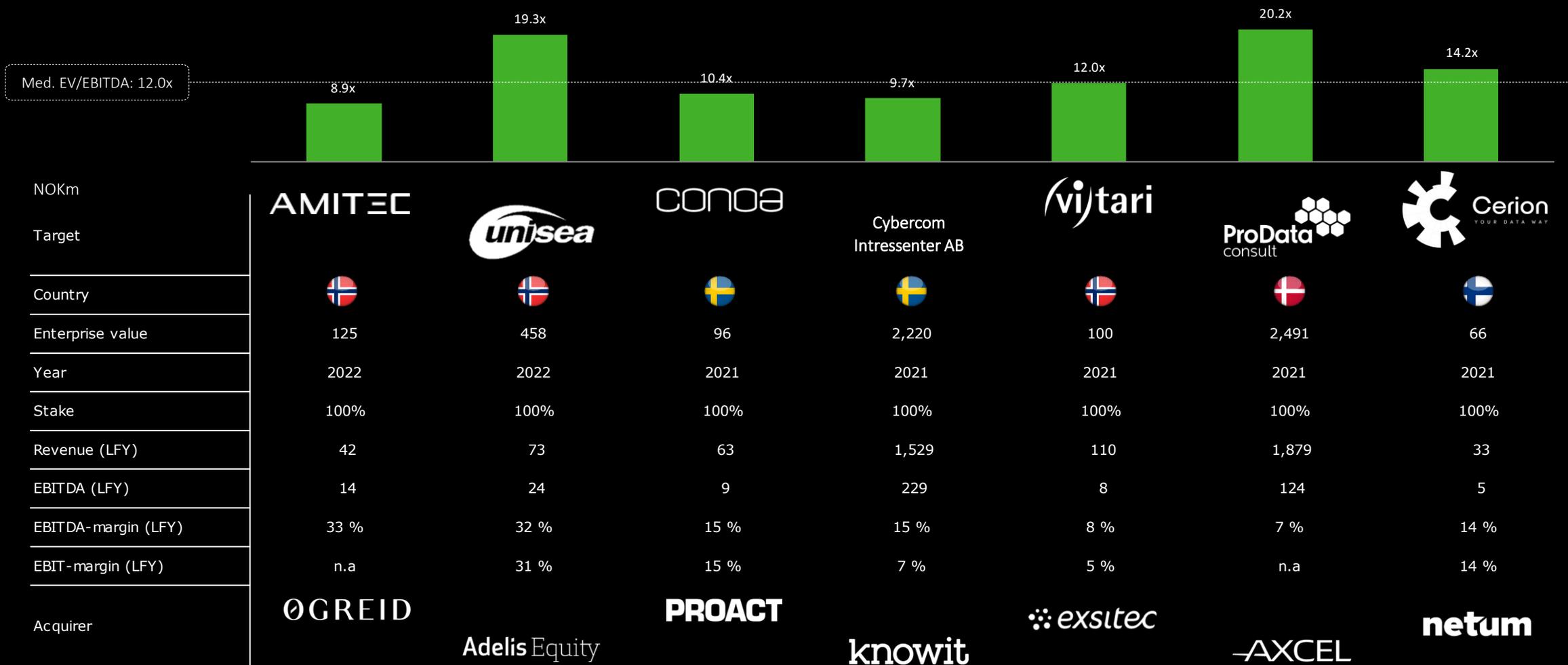
Majority of Nordic buyers of Nordic IT services companies in Q2 23



# Selected transactions in the Nordic IT services market in Q2-23



# 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



In the sale of

**Obsidian Group**  
to  
**Findos**

**Deloitte.**

acted as exclusive financial adviser to Capidea



Broad process

*Danish digital marketing company*



sold to

**Netsecurity**

**Deloitte.**

acted as exclusive financial adviser to Data Equipment



Broad process

*Norwegian IT security provider*



sold to

**Insightsoftware**

**Deloitte.**

acted as exclusive financial adviser to Power ON



Broad process

*Software development company*



acquired by

**Infranode**

**Deloitte.**

acted as exclusive financial adviser to Infranode



Broad process

*Infrastructure company*



sold to

**Trill Impact**

**Deloitte.**

acted as exclusive financial adviser to Kimbrer Computer



Partnership agreement

*Danish supplier of IT hardware*



sold to

**Accent Equity**

**Deloitte.**

acted as exclusive financial adviser to CataCap



Broad process

*Danish logistic software and system integrator*



sold to

**AnaCap**

**Deloitte.**

acted as exclusive financial adviser to AnaCap



Focused process

*Payment solution business*

# Deloitte Corporate Finance acted as exclusive financial adviser to the shareholders of Data Equipment in the merger with Netsecurity, creating one of the largest IT security companies in Norway

## Description of the process

### Situation

The sale of Data Equipment was a result of a strategic review, where the shareholders of the Company initiated a process to find a new partner to support Data Equipment's growth ambitions in a high growth market

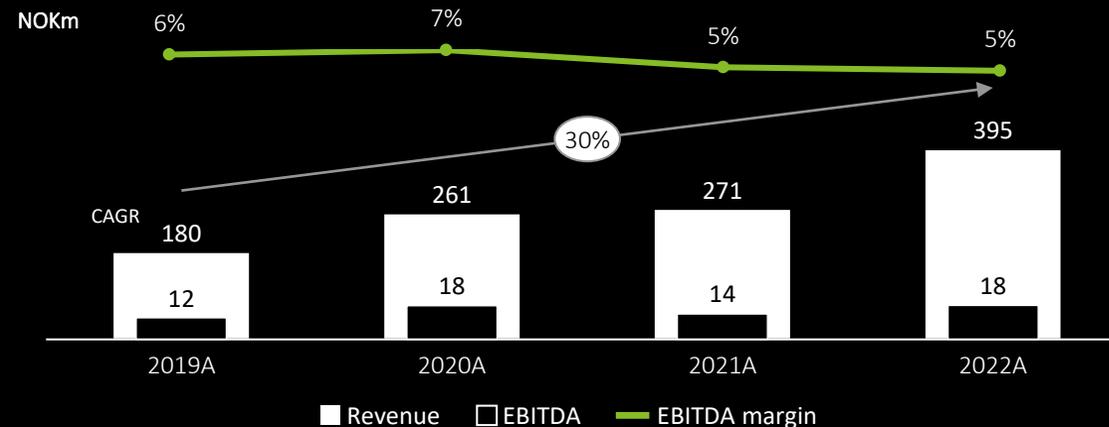
By partnering with the highly competent technical organization of Data Equipment, the Å Energi Invest backed Netsecurity enables accelerated growth, positive synergies and a strong position in the Norwegian IT security market

### Outcome

In April 2023, the parties signed an agreement to merge Data Equipment and Netsecurity, creating one of the largest IT security companies in Norway, under the Netsecurity name

Deloitte Corporate Finance acted as exclusive financial adviser to the shareholders of Data Equipment in the process

## Financials - Data Equipment



## Transaction summary

### Transaction entity

**DataEquipment**

Leading adviser and competence partner within design, implementation and delivery of complex IT security and network solutions and services

### Buyer

**Netsecurity**

IT security company delivering best-of-breed technology products and services, and is a provider of one of the leading next generation SOCs in Norway

Merger

**DataEquipment + Netsecurity**

One of the leading IT security companies in Norway, with 600+ customers and combined 23B revenues of ~NOKm 800

Highly competent organization, with more than 150 employees

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