



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

Q2-2022

Letter from the editors

The high level of M&A activity in the Nordics continued in the second quarter of 2022, recording a total of 104 transactions within software and IT services.

The number of software transactions in Q2-22 concluded at 89, up from the 70 deals recorded in Q2-21, but down from the 95 deals recorded in the first quarter of 2022.

The Nordic IT services transaction market increased during the last quarter, with 15 deals being recorded in Q2-22, up from 7 deals recorded in Q1-22. However, this is significantly lower than the 35 deals that was recorded one year ago in Q2-21.

The M&A pricing levels within software has increased over the last quarter with a median EV/Sales multiple of ~3.4x for the last twelve months as per end of Q2-22. For IT services, the pricing level is at a median EV/EBITDA of 11.2x.

SaaS multiple valuations experienced another downturn in Q2-22. This was driven by increasing inflation and interest rates. The NTM sales valuations for the Deloitte Global and Nordic SaaS index concluded both at 6.7x, this is significantly below the multiples seen over the course of the last year. 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 Q2-22, trading at ~11x 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 ~10x NTM.

The Q2-2022 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



Continued strong software deal volume



Nordic IT services index trading at ~11x NTM EV/EBITDA



Nordic software transactions LTM EV/Sales of ~3.4x



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01 Software

01 Software

89

High deal volume in Q2 2022 with a total of 89 transactions completed within the Nordic SaaS space, somewhat down from record high 95 transactions in Q1-22

7x

The Global SaaS index traded at ~7x next twelve-month sales at the end of Q2, lower than the 5-year average of 10x NTM sales

7x

The Nordic SaaS index traded at ~7x next twelve-month sales as at quarter-end Q2, slightly lower than the 5-year average

3x

Nordic software transactions concluded at a median EV/Sales multiple of ~3.4x for the last twelve months

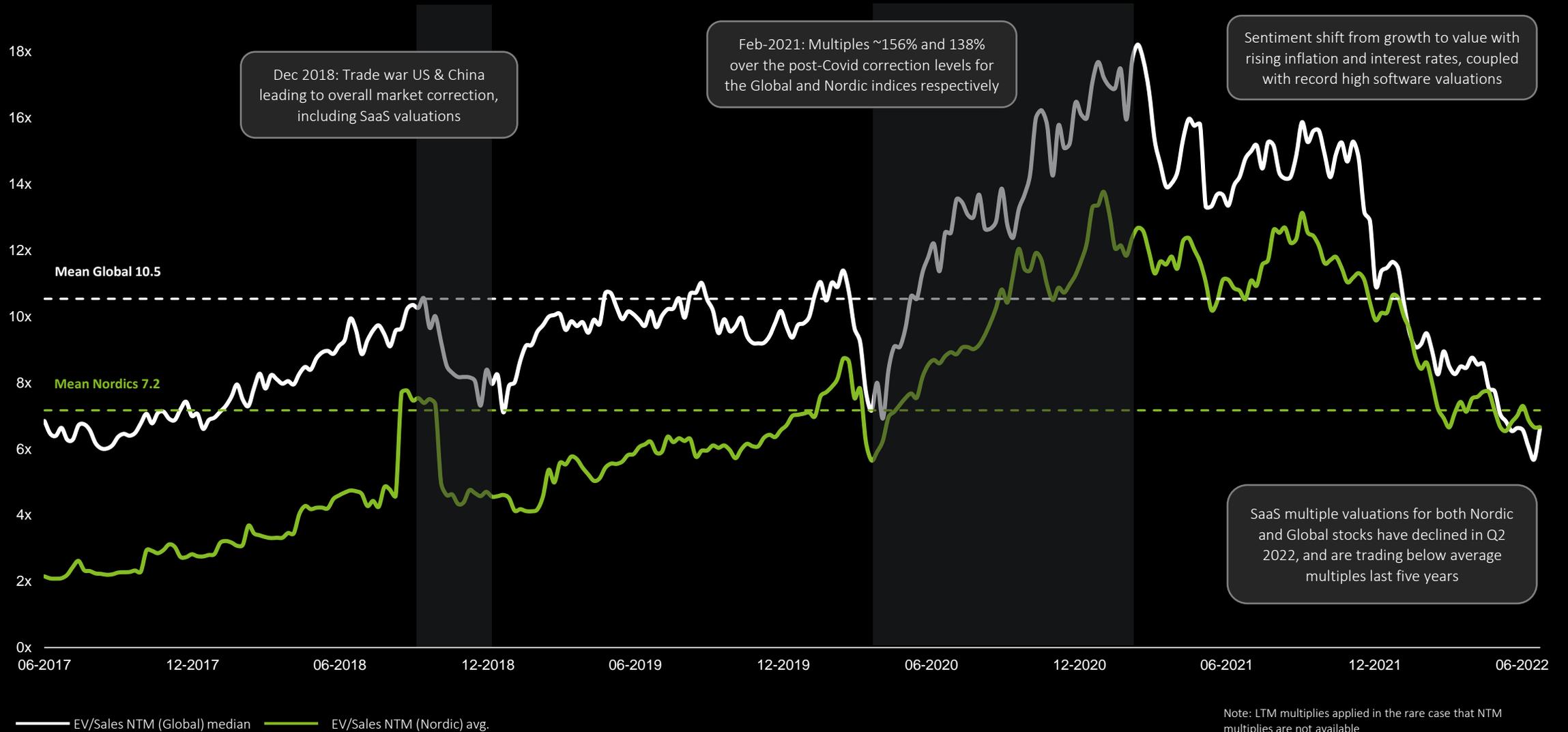
Another strong quarter for transaction volume in the Nordic software M&A market in the second quarter of 2022

Listed software company valuations took another hit in Q2 2022, from previous record high levels, and are now trading below last five year average EV/Sales multiples

Nordic transaction multiples has somewhat decreased, and available transaction data showcase a median EV/Sales multiple last twelve months of ~3.4x Sales

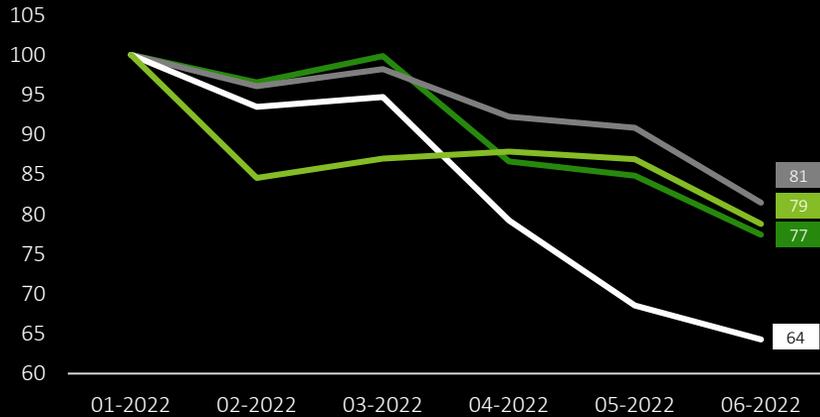
Both financial and strategic investors where highly acquisitive, accounting for 43 and 46 of the deals completed

Both the Global SaaS index and the Nordic SaaS index traded at 6.7x NTM sales at the end of Q2-2022

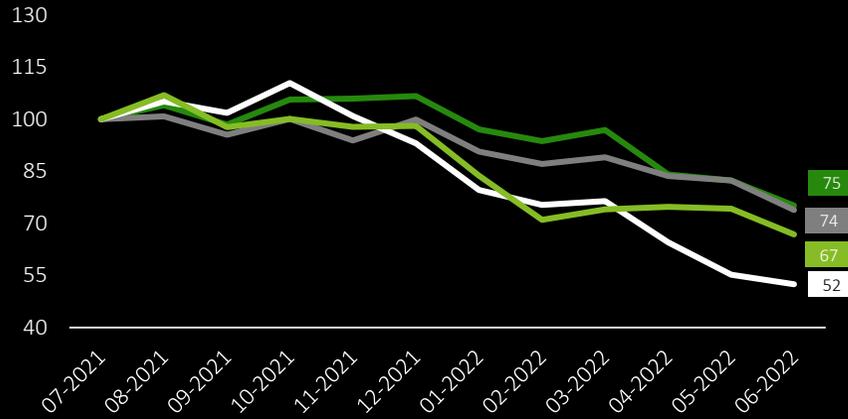


Nordic and global SaaS indices outperforming Nasdaq and MSCI Nordic the last five years

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 have outperformed both the MSCI Nordic and Nasdaq index

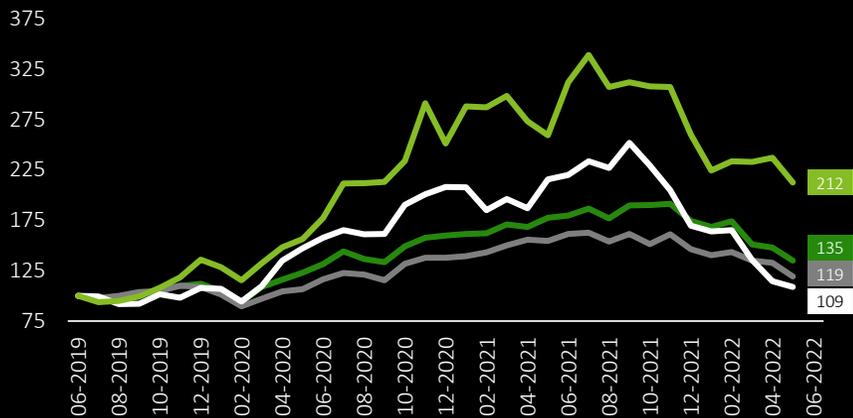


Both SaaS indices have underperformed the broader market the last 12 months, the Global SaaS index has significantly underperformed the broader indices L6M

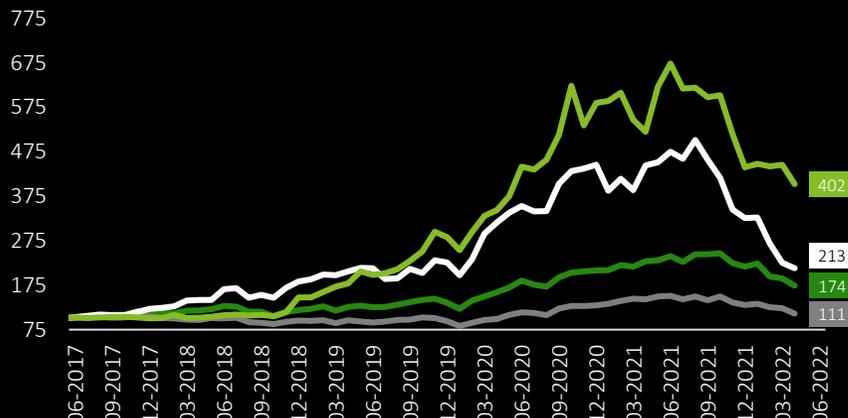


The overall strong performance of the SaaS indices over the last five years showcase the strong demand for software companies over this period

Deloitte SaaS indices vs Nasdaq Composite and MSCI Nordic - L3Y



Deloitte SaaS indices vs Nasdaq Composite and MSCI Nordic - L5Y

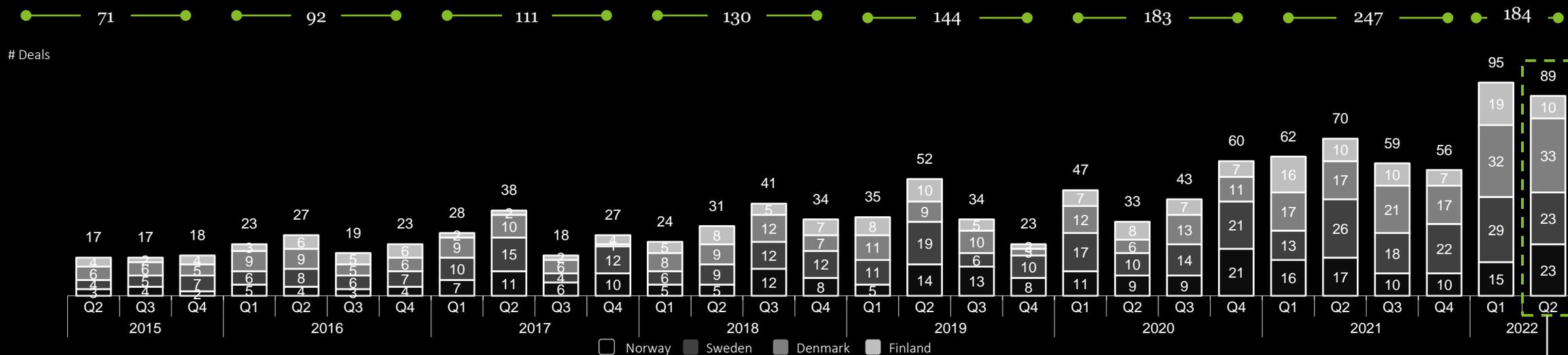


Deloitte Nordic SaaS index | Deloitte Global SaaS index | Nasdaq Composite | MSCI Nordic

Historical high deal volume in a 2nd quarter for M&A within software across the Nordics in Q2-22

M&A Transaction volume

The high deal volume across the Nordic countries continued within software in Q2-22



Norway

- Deal volume increased in Norway in Q2-22 with eight more deals completed than in Q1, and six more compared to Q2-21
- Strategic investors accounted for 57% of the deals in Q2-22, whilst PE and PE-backed companies accounted for 30% and 13% respectively
- Nordic buyers completed 16 deals in Q2-22, whilst other international buyers completed 7

Sweden

- Deal volume decreased in Q2-22 with 23 deals completed. However still high activity YTD with 52 completed deals, which is 13 more compared to the same period in 2021
- Strategic investors accounted for 65% of the deals in Q2-22, whilst PE and PE-backed accounted for 31% and 4% each
- International investors completed 13 deals, while Nordic investors completed 10 of the deals in Q2-22

Denmark

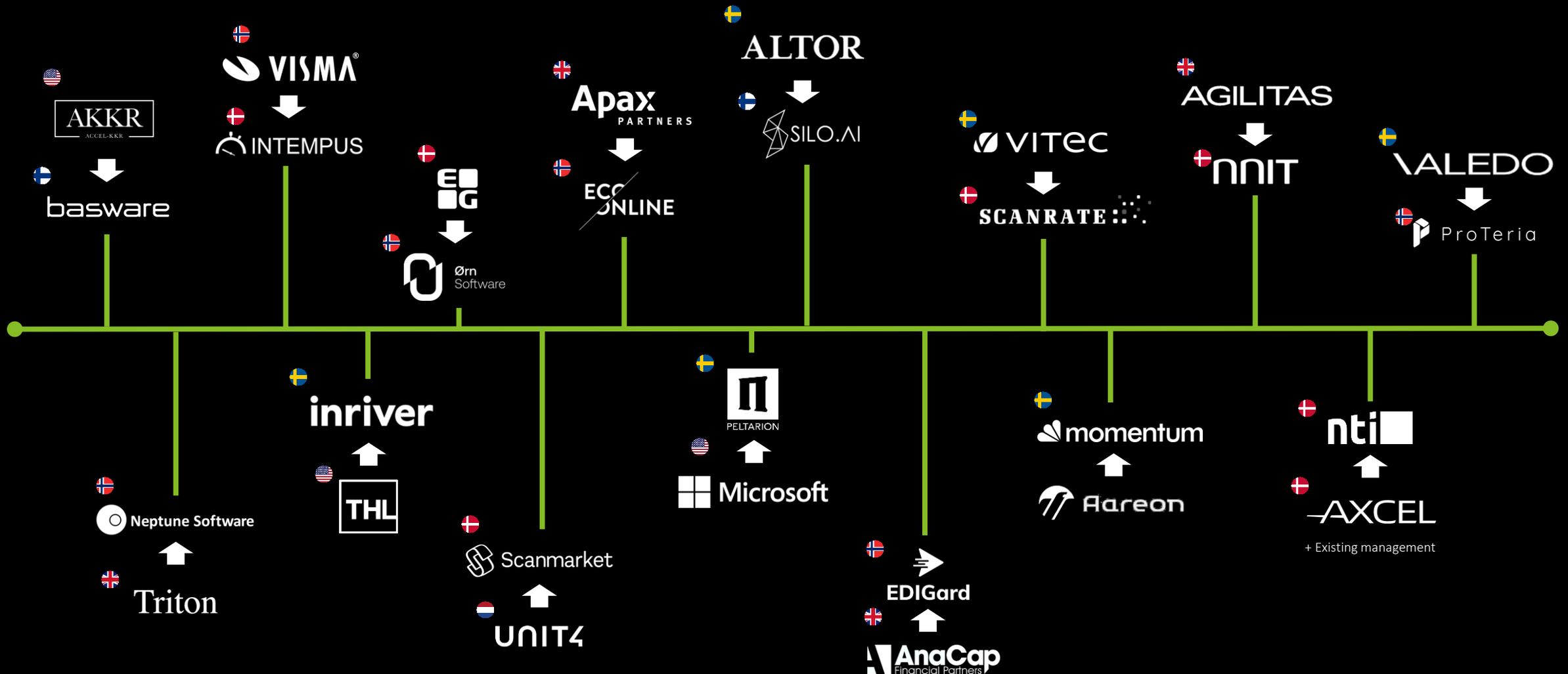
- Significant increase in completed deals registered in Q2-22, completing 16 more deals compared to Q2-21
- Strategic investors accounted for 49% of the deals completed in Q2-22, whilst financial buyers and PE-backed companies completed 39% and 12% respectively
- Danish software companies attracted significant interest from international investors completing 21 deals in Q2-22, while Nordic investors completed 12 deals

Finland

- Deal volume decreased in Finland in Q2-22 compared to Q1-22, but is on par with number of deals completed in Q2-21
- PE and Pe-backed firms accounted for 80% of the deals, whilst strategic investors accounted for 20% respectively
- Finnish software companies continue to attract interest from Nordic and international investors completing 5 deals each in Q2-22

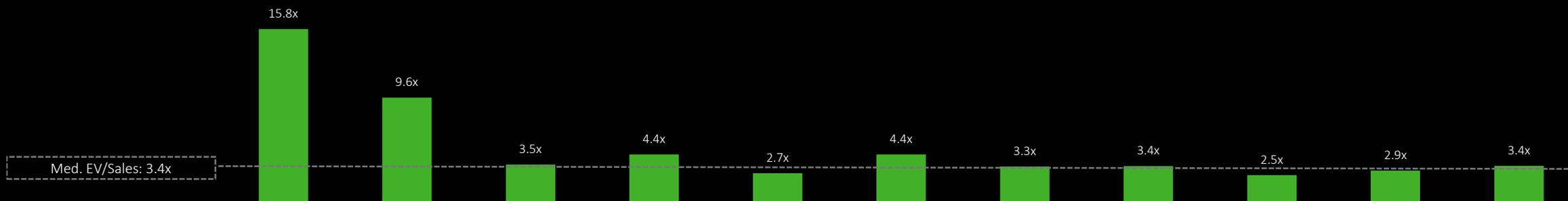
Significant deal activity across the Nordics from both financial and strategic investors in Q2-22

Selected Nordic software transactions



Nordic software transactions concluded at a median EV/Sales multiple of 3.4x LTM

Transaction multiples



NOKm

Target											
Country											
Enterprise value	163	386	87	686	68	13	7	205	6	43	5
Year	2022	2022	2022	2022	2022	2022	2021	2021	2021	2021	2021
Stake	100%	100%	100%	100%	39%	70%	100%	100%	100%	100%	100%
Revenue (LFY)	10	38	24	156	24	3	2	61	2	15	1
EBITDA (LFY)	2	(7)	3	23	6	1	n.a	n.a	n.a	n.a	n.a
EBITDA-margin (LFY)	20 %	-18 %	13 %	15 %	25 %	51 %	n.a	n.a	n.a	n.a	n.a
EBIT-margin (LFY)	14 %	-82 %	-1 %	5 %	13 %	n.a	20 %	n.a	n.a	n.a	n.a
Acquirer											

02 IT services

02 IT services

15

A total of 15 transactions have been completed within the Nordic IT services space in Q2-2022

11x

The Nordic IT services index traded at ~11x next twelve-month EBITDA at the end of Q2

10x

Global IT services transactions concluded at a median EV/EBITDA multiple of ~10x at the end of Q2

11x

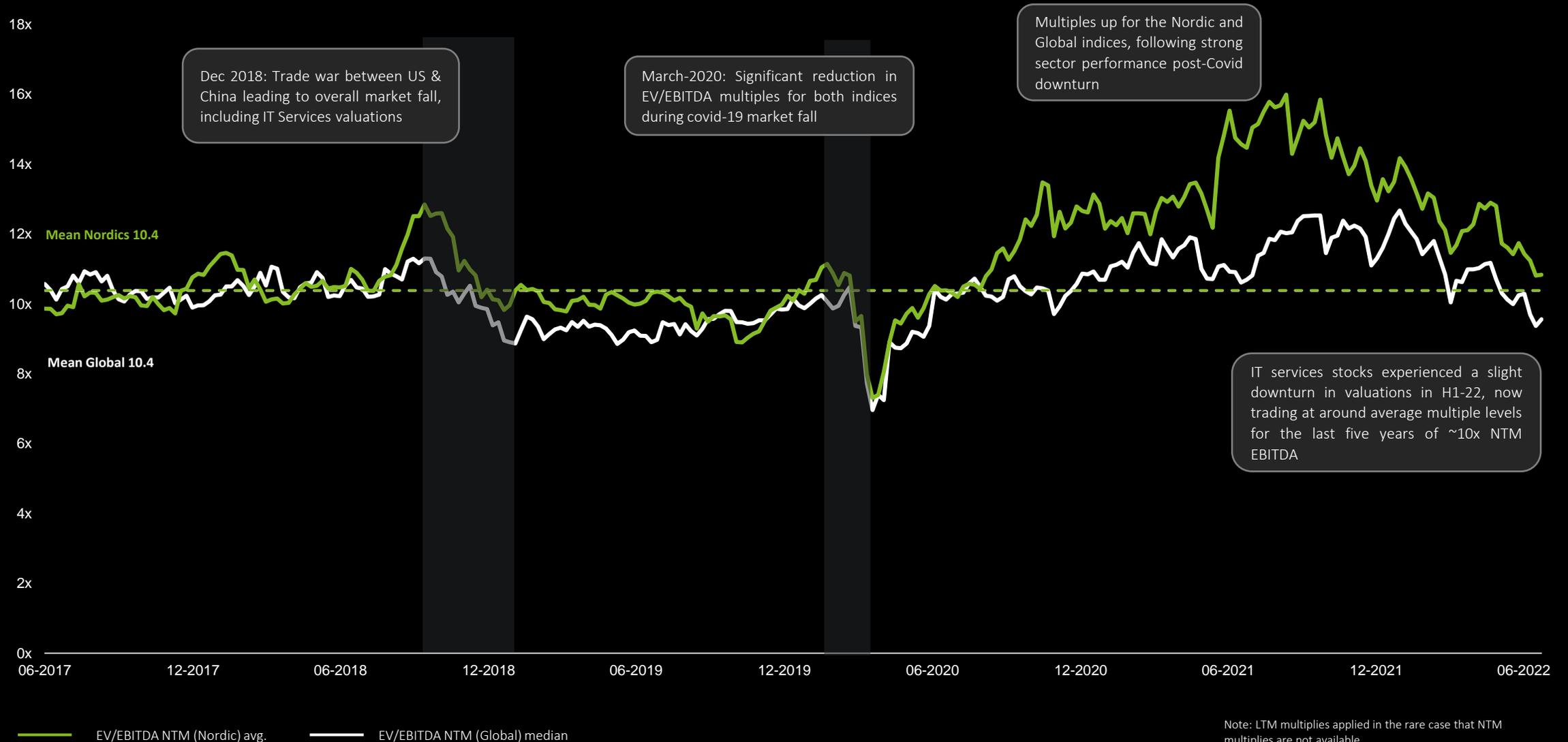
Nordic IT services transactions concluded at a median EV/EBITDA multiple of ~11x

The Nordic IT services M&A market experienced an uptick in deal volume in Q2-22 compared to the last two quarters, with 15 registered deals

The Nordic- and Global IT services indices are trading around the 5-year average NTM EBITDA multiple of 10x after a downturn in multiples during H1-22

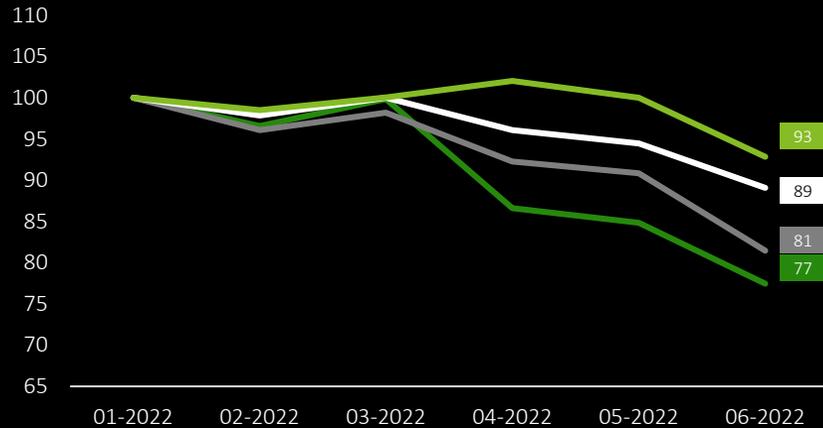
The average EV/EBITDA transaction multiple registered over the last year is approx. 11x, somewhat above traded peers

For Q2-2022, the Nordic IT Services index ended at ~10.8x next twelve month EBITDA, while the Global IT Services index ended at ~9.6 next twelve-month EBITDA

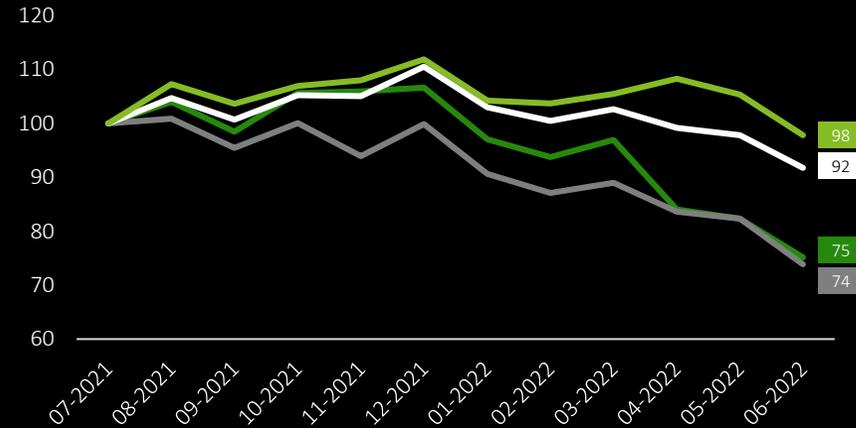


Strong performance last 6 months; the Nordic IT services index outperforming the global IT services index and the Nasdaq over the last five years

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



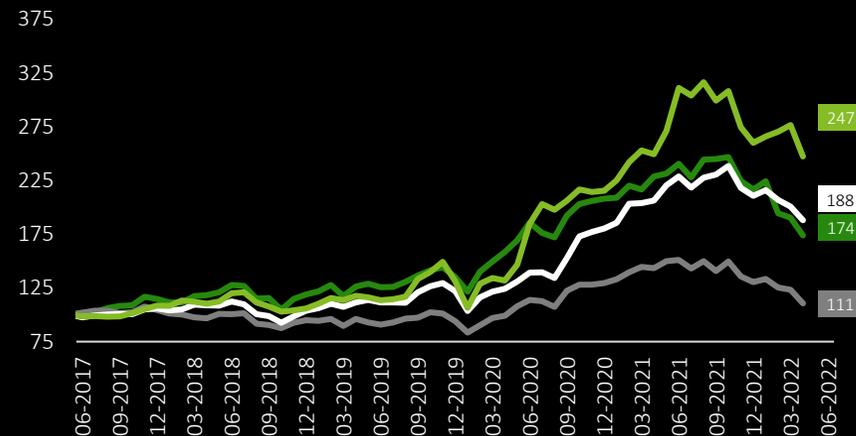
Deloitte IT services indices vs Nasdaq Composite and MSCI Nordic- L12M



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 both the Nasdaq and the MSCI Nordic indices



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

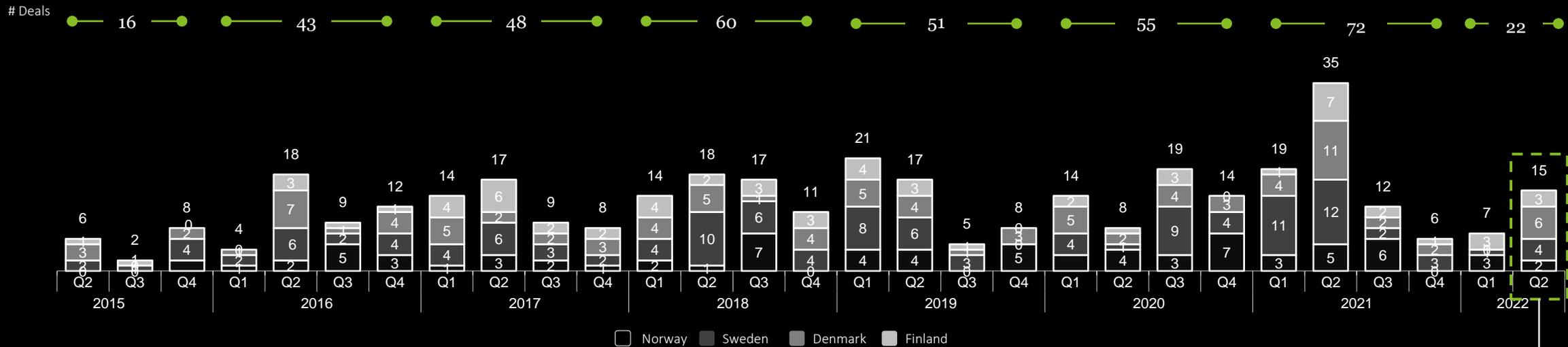


The overall strong performance of the IT Services indices underlines the continued strong demand for IT services companies

IT services deal volume in the Nordics picks up in Q2-22 after a slow Q1

M&A Transaction volume

IT services deal volume across the Nordic countries



Norway

- The number of transactions involving Norwegian IT services companies decreased slightly in Q2-22, compared to Q1-22
- Financial investors accounted for 100% of the transactions in Q2 2022
- Swedish and international investors completed one deal each in Q2-22

Sweden

- Deal activity increased in Sweden in Q2 2022, going from zero deals in Q1 2022 to 4 deals
- Strategic investors accounted for 50% of the transactions in Q2 2022, whilst PE firms and PE backed companies accounted for 25% each
- Nordic investors completed all of the deals in Q2-22

Denmark

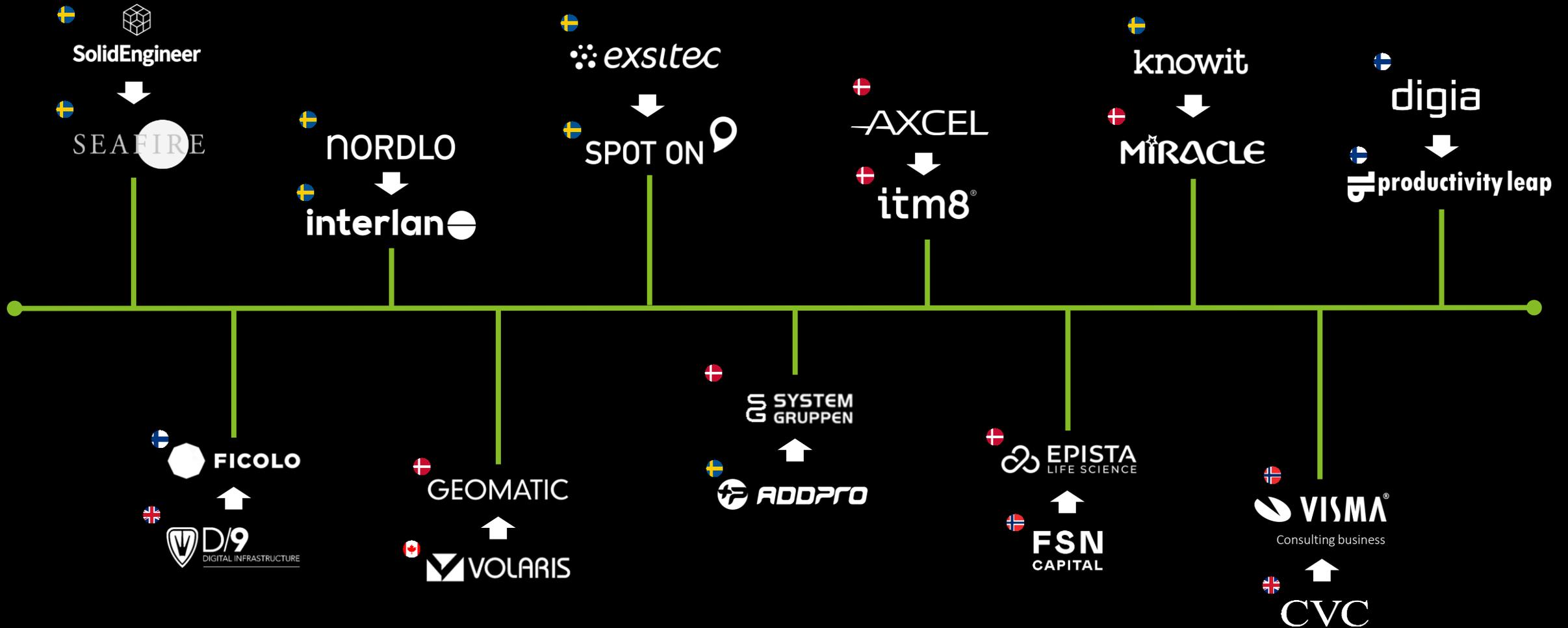
- After no deals in Q1-22, deal activity involving Danish companies picked up in Q2 and amounted to 6 deals
- PE firms accounted for 50% of the transactions in Q2-22, whilst strategics and PE backed firms account for 33% and 17% respectively
- Nordic investors completed 4 of the deals in Q2-22, whilst international buyers completed 2 deals

Finland

- Number of deals involving Finnish IT services companies remained stable in Q2-22 compared to previous quarter
- Strategic investors accounted for 67% of the transactions in Q1 2022, whilst PE firms completed 33%
- Nordic buyers completed two deals in Q2-22 and international investors completed one deal

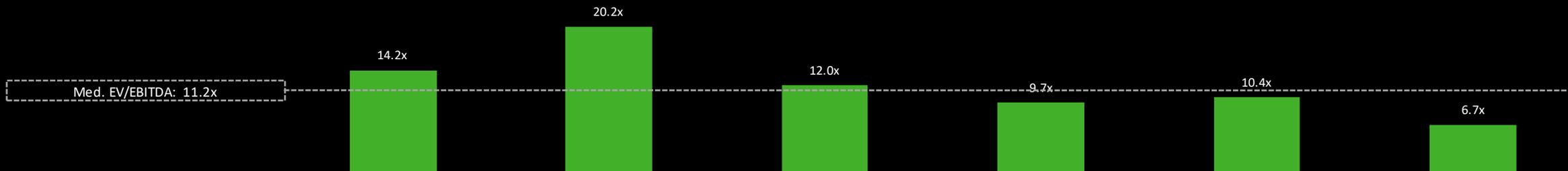
Several transaction in the Nordic IT services market in Q2-22

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 AnaCap in the acquisition of EDIGard from Nets (a part of Nexi Group)

Description of the transaction

Background

- Nets have collaborated with EDIGard since 2013 and fully acquired the company in 2017
- EDIGard is a leading pan-Nordic end-to-end SaaS platform covering the full bill payments ecosystem for enterprises and SMEs
- EDIGard is headquartered in Norway and operates across Sweden, Denmark, Finland, UK and Germany. It comprises the EdiEX branded platform and was a part of Nets Issuer & eSecurity Services umbrella

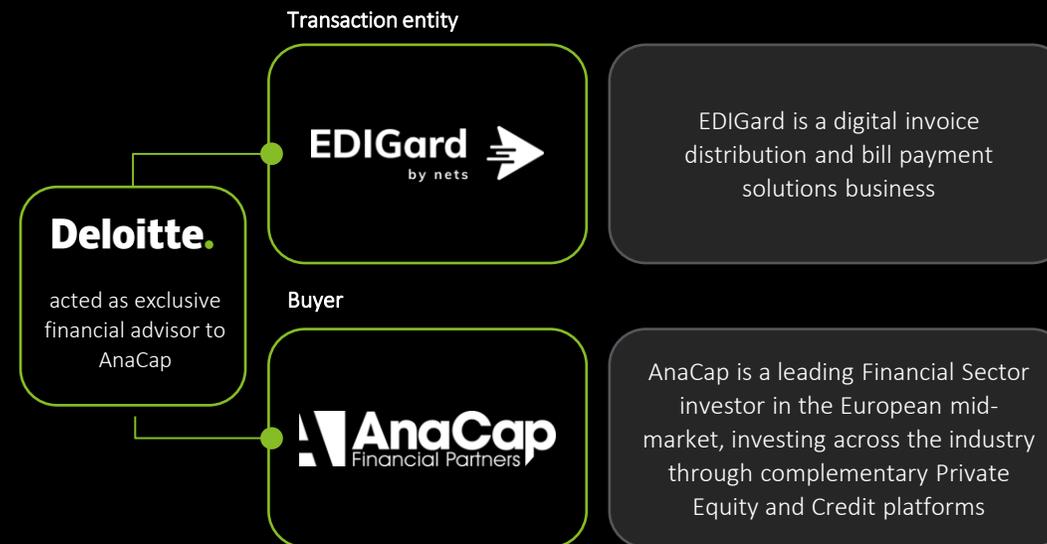
Situation

- The sale of EDIGard was a result from a strategic review and allow Nets to focus on the core business within Issuer & eSecurity Services
- AnaCap aim to partner with the already strong management team that in recent years has achieved impressive growth across the Nordics. The business aligns with a number of AnaCap's core strengths including the continuous demand for the adoption of tech-enabled and digitalisation processes

Outcome

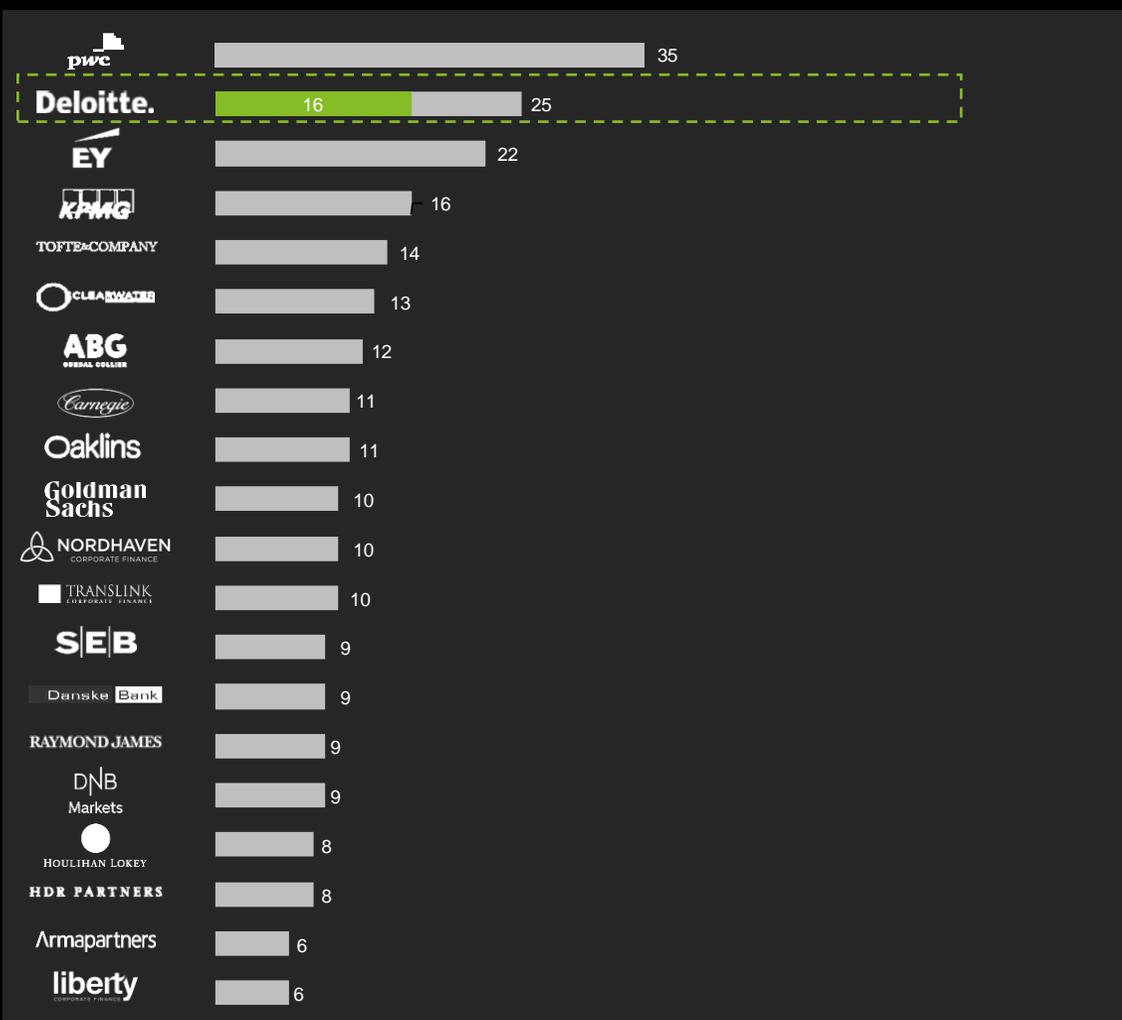
- In June 2022, AnaCap signed an agreement to acquire EDIGard from Nexi Group through Nets
- Deloitte Corporate Finance acted as exclusive financial advisor to private equity firm AnaCap

Transaction overview



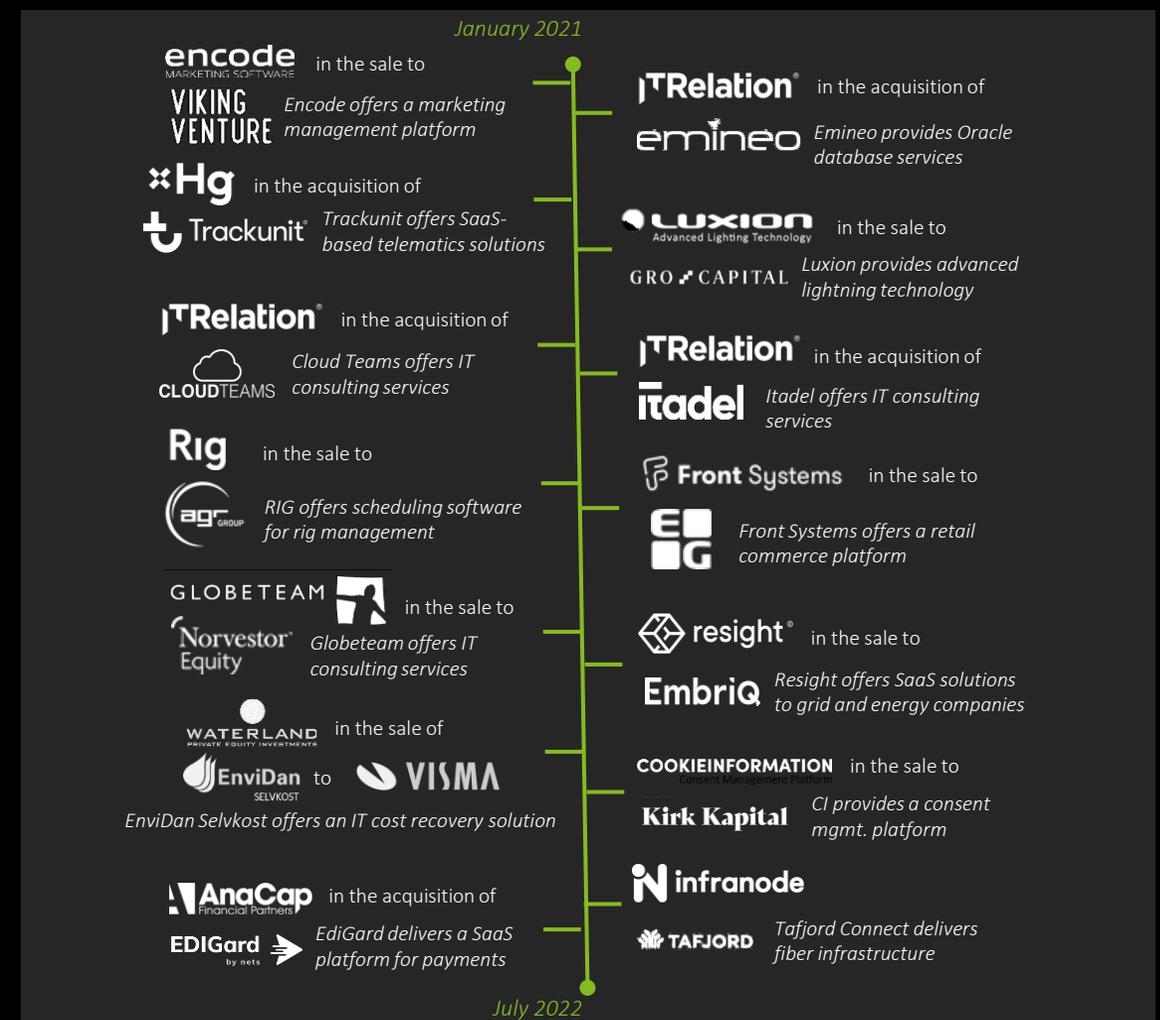
Deloitte is one of the most active advisors within the IT sector in the Nordics

Mergermarket Nordic league table by volume (2021-YTD22)



Deloitte is one of the most active advisors in the Nordic IT M&A market ...

Strong activity 2021-YTD22 (selected credentials)



... with strong references within both sell-side and buy-side advisory

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