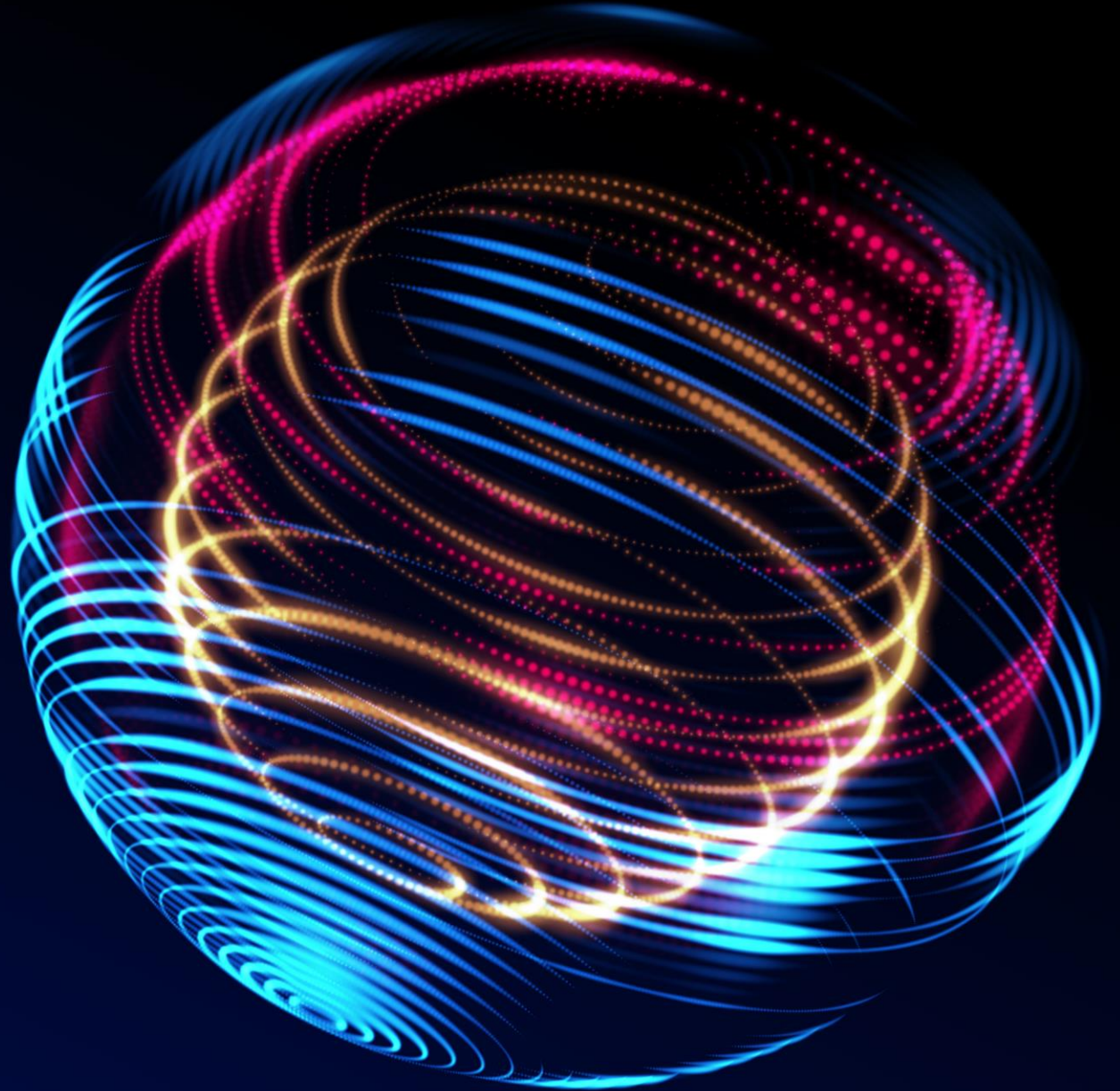




M&A sector report
Nordic software and IT services market

Q4-2023



Letter from the editors

The M&A activity level in the Nordics remained high in Q4-23, recording a total of 102 transactions within software and IT services.

The number of software transactions in Q4-23 concluded at 90, an increase from the 73 deals recorded in Q3-23. Furthermore, the 90 transactions recorded in Q4-23 is the joint-most active Q4 in the Nordic software space since 2016 (the historical period covered in this report).

In the Nordic IT services transaction market, 12 deals were recorded, down from 15 deals completed in Q3-23.

By recent transactions as per end of Q4-23 (LTM), the Nordic M&A software pricing level is at a median EV/Sales multiple of 7.8x. For IT services, the current pricing level is at a median EV/EBITDA of 9.4x. Several recent transactions within the software space reflects bids to acquire listed companies at (we have included relevant data for actual acquired stakes).

SaaS multiple valuations increased for Global and Nordic stocks during the quarter. The NTM EV/Sales valuations for the Deloitte Nordic SaaS index concluded at 3.4x, below the L5Y mean of 4.9x. The Deloitte Global SaaS index concluded at 5.6x NTM Sales, below the L5Y mean of 8.5x.

Global IT services stocks valuations currently trading at 9.9x EV/NTM EBITDA, compared to 10.0x at the end of Q3-23. Nordic IT services stocks valuations increased over the quarter to 8.2x EV/NTM EBITDA, up from 7.6x at the end of Q3-23.

Please note that per Q4-23, the Nordic and Global SaaS and IT service indices compositions have been updated to reflect delistings, IPOs and other relevant considerations.

The Q4-23 report reflects transactions involving a Nordic target registered by Mergermarket, supplemented by Deloitte’s transaction experience and insights. Deal volume is based on Mergermarket industry categories computer software and computer services.



Nordic SaaS index trading multiples at 3.4x NTM EV/Sales



Continued strong software deal volume



Nordic software transactions LTM EV/Sales of 7.8x



Nordic IT services index trading at 8.2x NTM EV/EBITDA



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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

- Recent Deloitte credentials
- Sector team & contact details

01 Software

01 Software

Key statistics Q4 2023

90

transactions completed within the
Nordic software space

The Nordic SaaS index traded at

3.4x

NTM sales at quarter-end Q4

The Global SaaS index traded at

5.6x

NTM sales at quarter-end Q4

1st

highest deal volume in Q4 since 2016¹

The Nordic SaaS index increased

9.2%

in the quarter

7.8x

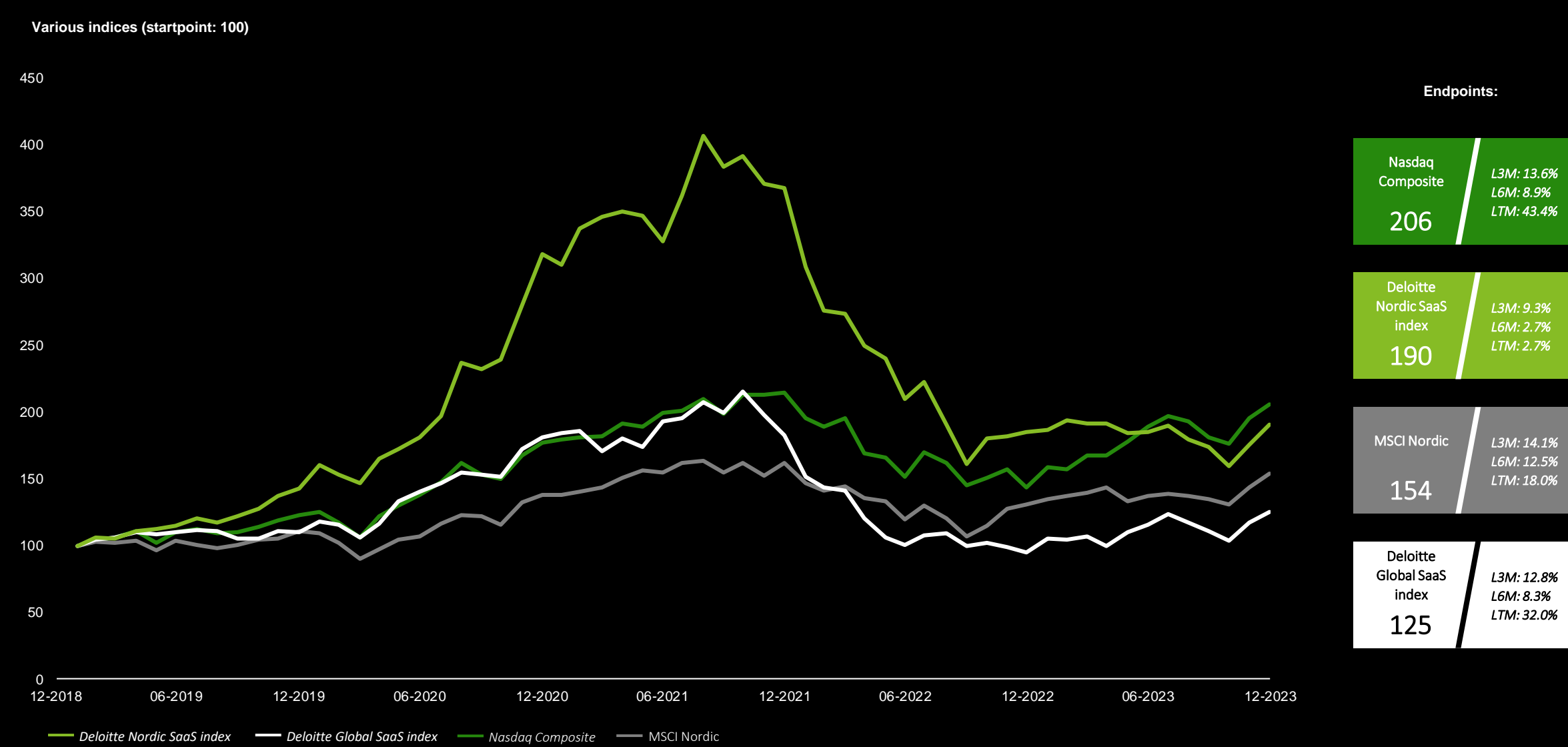
LTM Nordic software transaction
EV/Sales multiples median²

Notes: 1) Start of historical lookback-period for this report. 2) Selected transactions last 12 months with available data

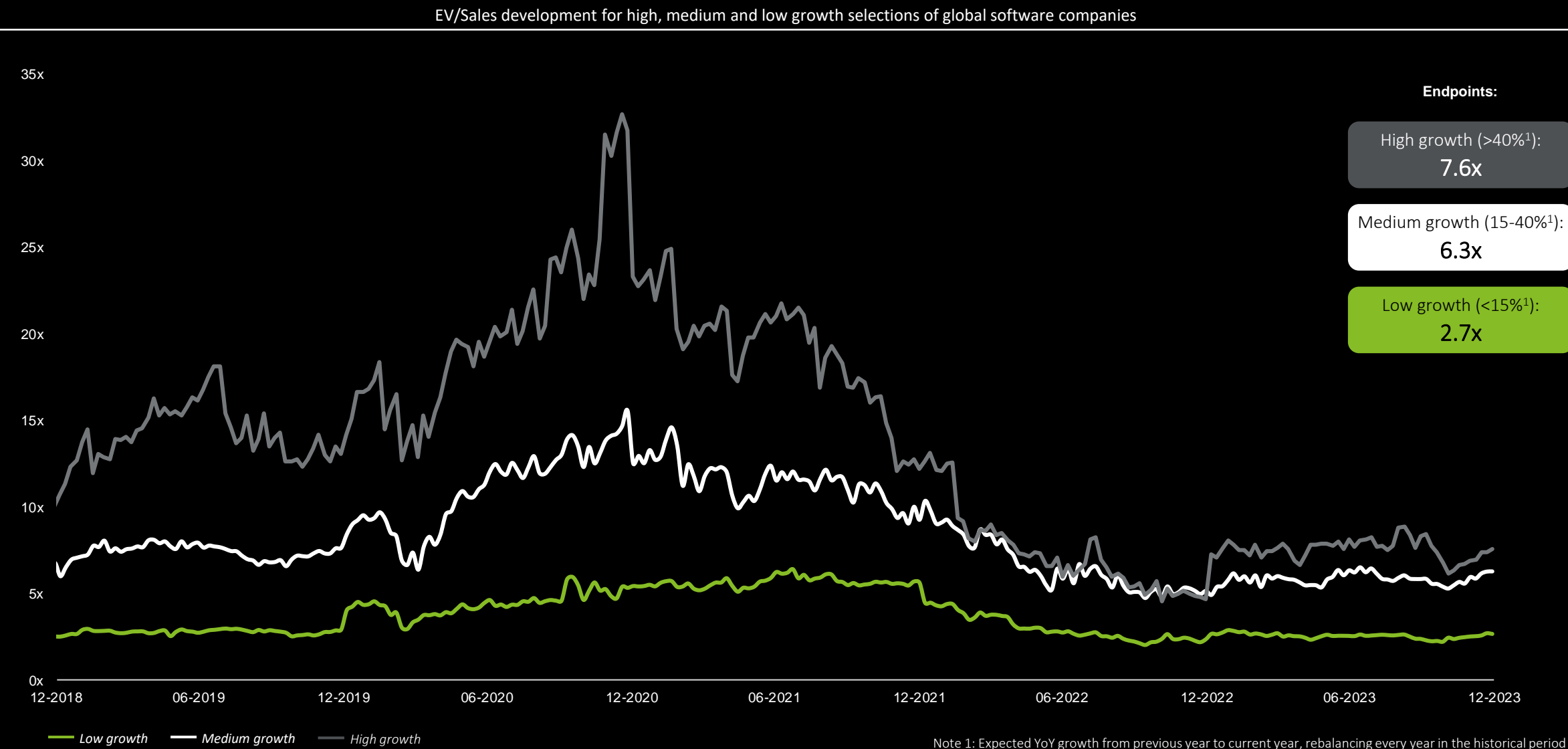
Software multiple valuations rising in Q4-23, with the Nordic SaaS index trading at ~3.4x, and the global index trading at ~5.6x NTM EV/Sales. Both indices are trading below the 5Y mean



The Nordic and Global SaaS indices increased significantly in Q4-23, with the Nordic SaaS index returning 9.3% and the Global SaaS index returning 12.8%



Global high growth software companies valued at premium to medium growth companies; low growth companies trading at a sizeable discount compared to high and medium growth software companies

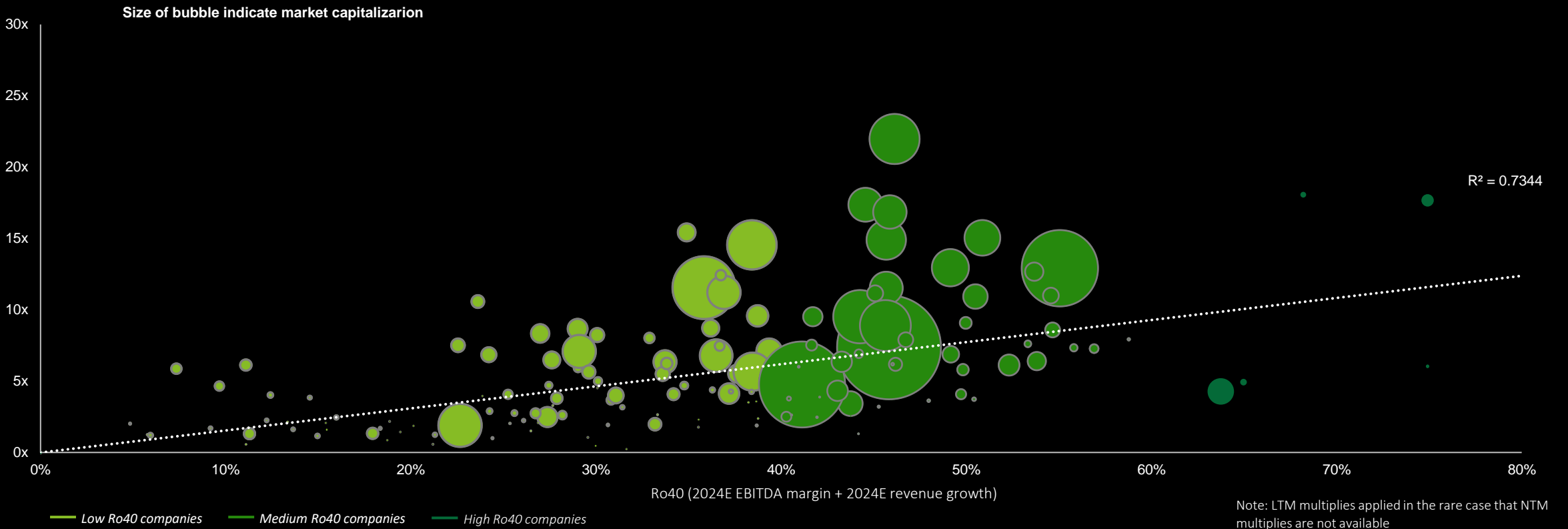


Note 1: Expected YoY growth from previous year to current year, rebalancing every year in the historical period

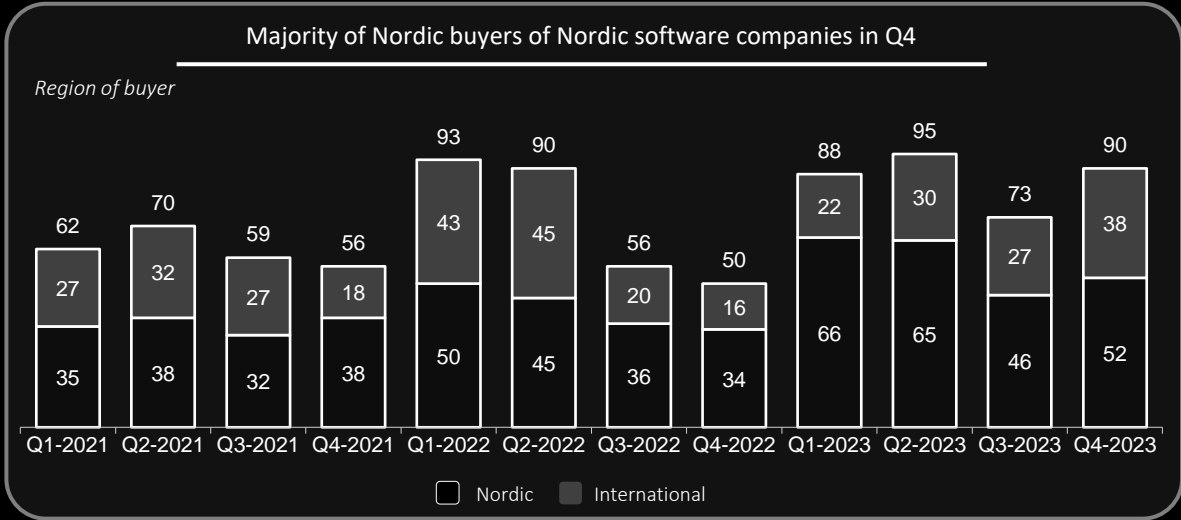
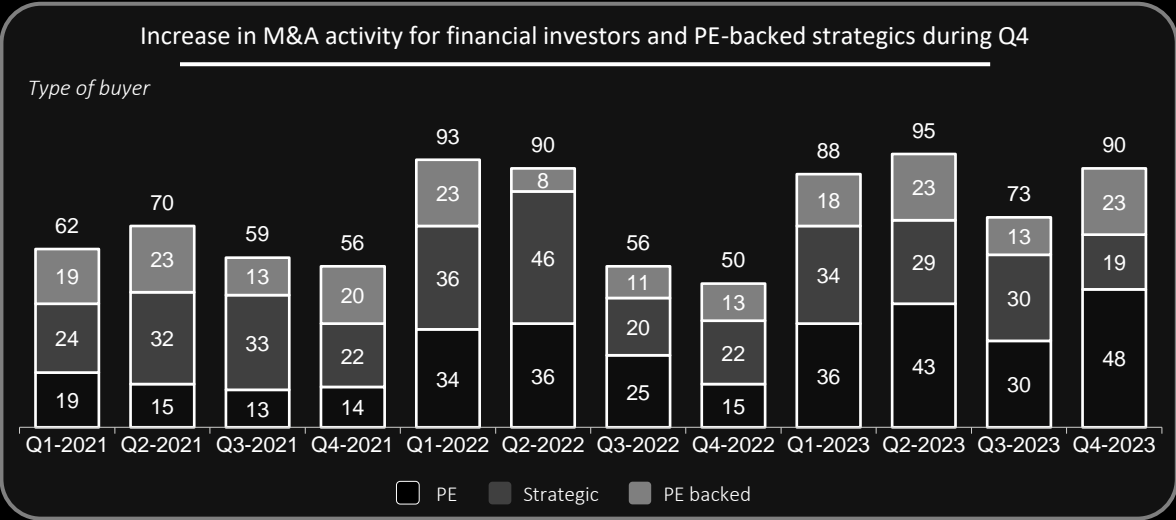
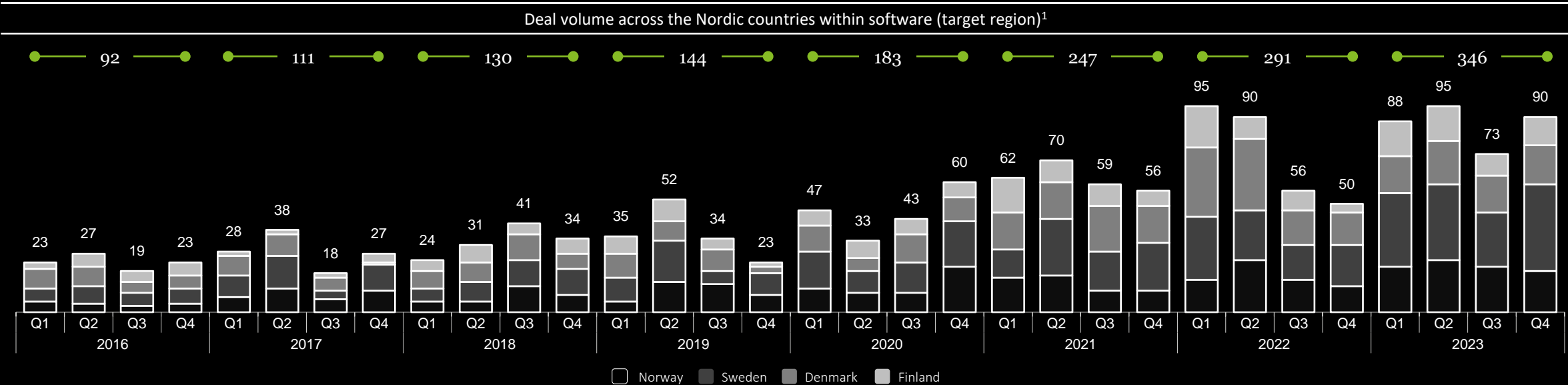
Rule of 40 metric (low, medium and high Ro40 categories) explaining valuation premiums for global software companies

Ro40 categories	Low (below 40%)	Medium (40% - 60%)	High (above 60%)
Average Ro40	26%	47%	75%
Average EV/Sales	4.2x	7.8x	9.1x

EV/Sales (2024e)

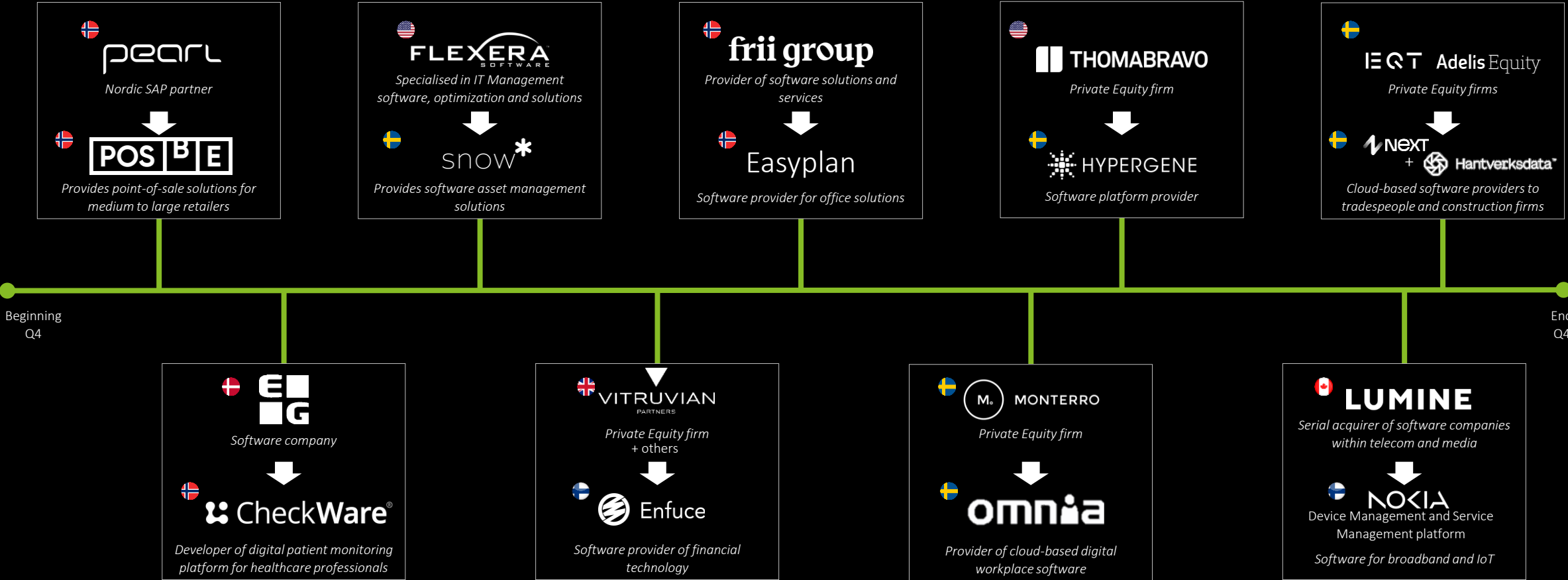


Significant deal volume increase in 2023 compared to the previous years

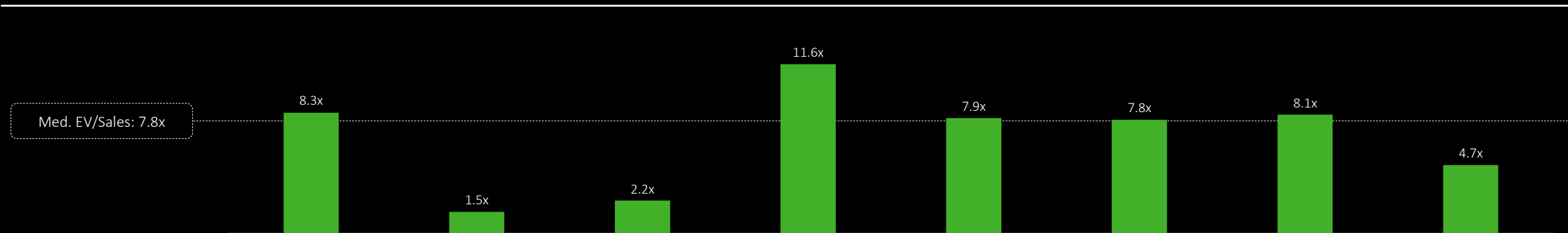


Note: 1) Deal volume based on Mergermarket industry category «computer software»

Selected transactions in the Nordic software market in Q4-23



Selected Nordic software transactions concluded at a median multiple of 7.8x EV/Sales LTM



NOKm	
Target	
Country	
Enterprise value	
Year	
Stake	
Revenue (LFY)	
EBITDA (LFY)	
EBITDA-margin (LFY)	
EBIT-margin (LFY)	
Acquirer	

213,570	1,539 ¹⁾	228	17,583 ²⁾	463	45,000	64	473
2023	2023	2023	2023	2023	2023	2023	2023
21%	81%	27%	100%	100%	100%	100%	14%
25,864	1,010	103	1,574	60	5,790	8	101
7,438	68	(18)	3	(60)	1,326	(6)	(15)
29 %	7 %	-18 %	0 %	-100 %	23 %	-70 %	-15 %
14 %	3 %	-28 %	-4 %	-101 %	20 %	-89 %	-17 %
		Existing management					Viking Venture Management AS

02 IT services

02 IT services

Key statistics Q4 2023

12

transactions completed within the
Nordic IT services space

8.2x

The Nordic IT services index traded at

NTM EBITDA at quarter-end Q4

9.9x

The Global IT services index traded at

NTM EBITDA at quarter-end Q4

10.9%

The Global IT services index increased

in the quarter

9.8%

The Nordic IT services index increased

in the quarter

9.4x

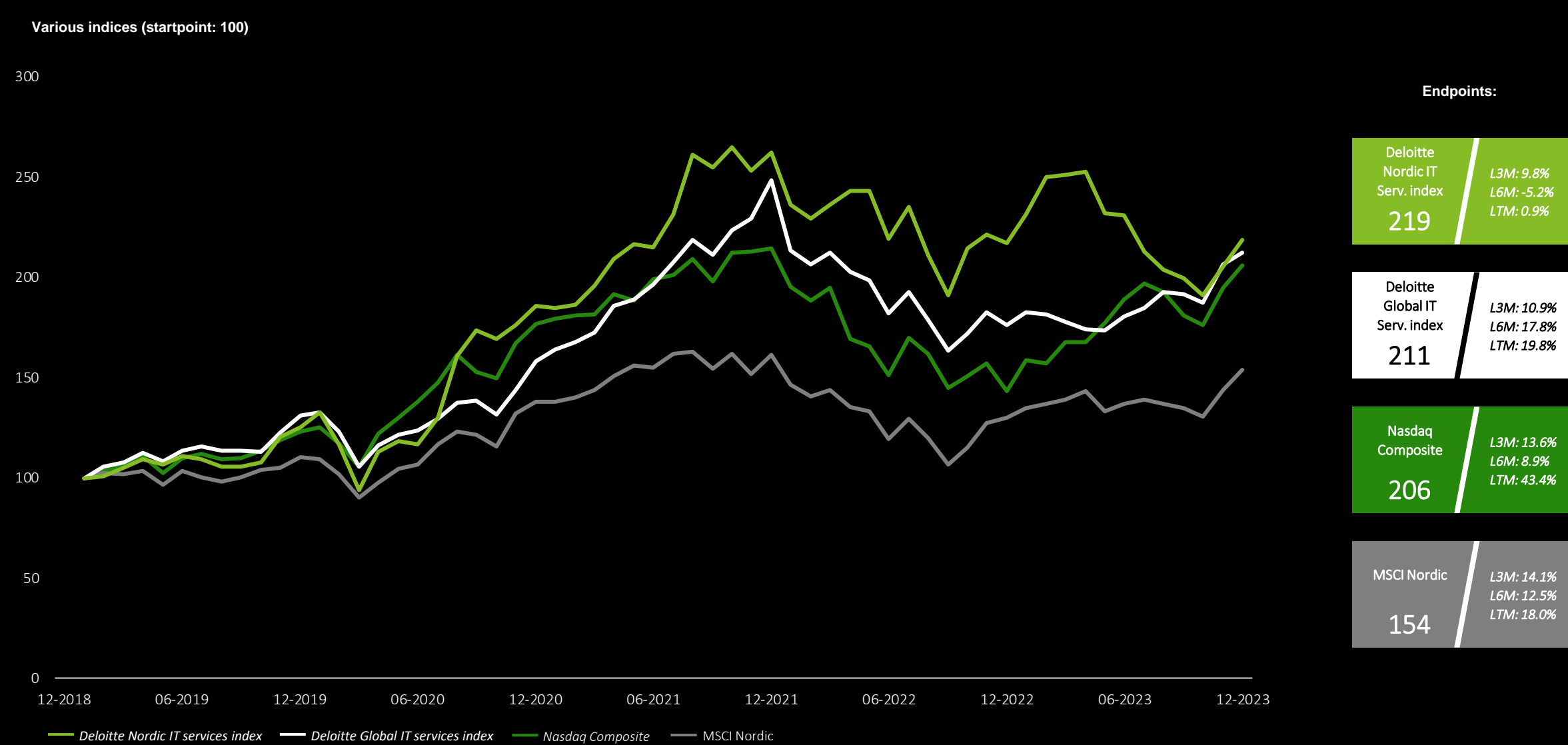
Nordic IT services transaction
EV/EBITDA multiples median¹

Note: 1) Selected recent transactions recorded with available data

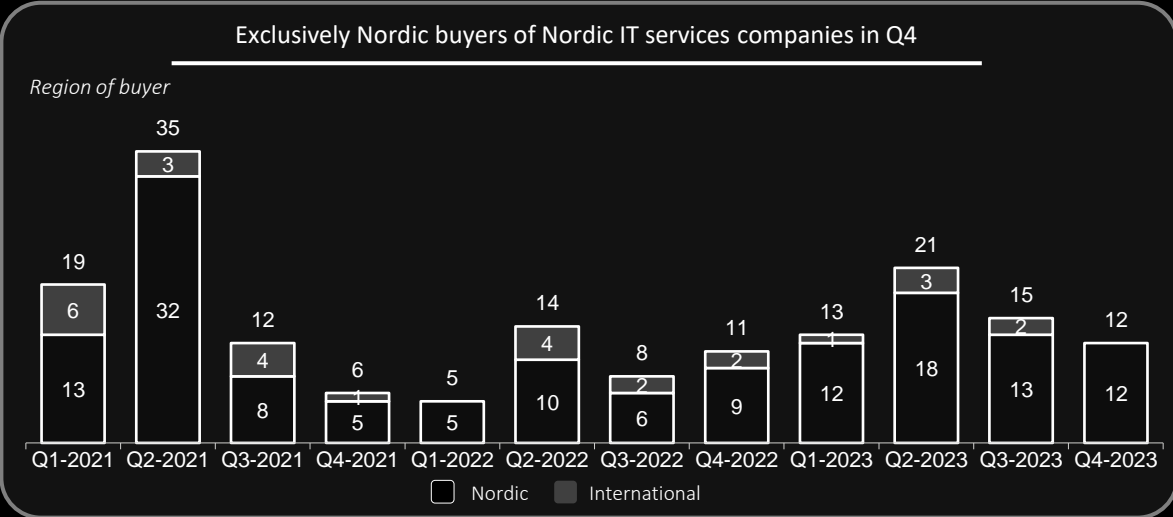
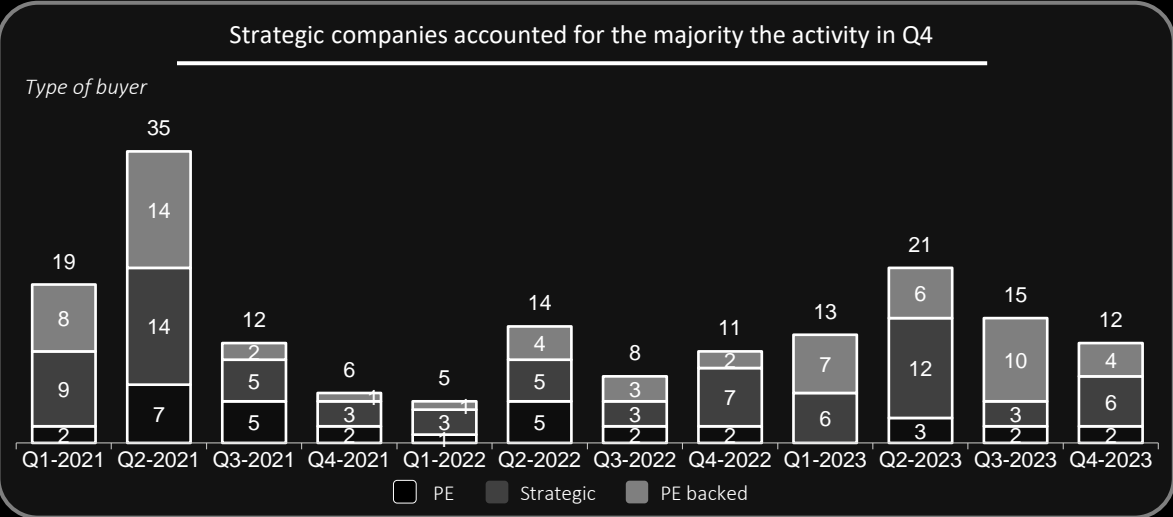
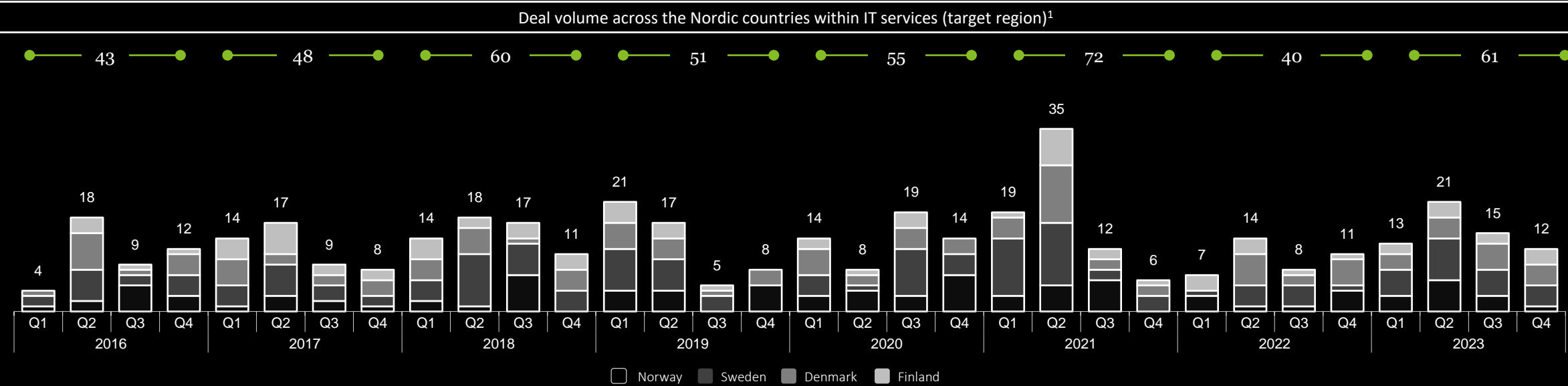
Per end of Q4-23, the Nordic IT Services index trades at ~8.2x NTM EBITDA. The Global IT Services index trades at ~9.9x NTM EBITDA per end of Q4-23, around the 5Y mean



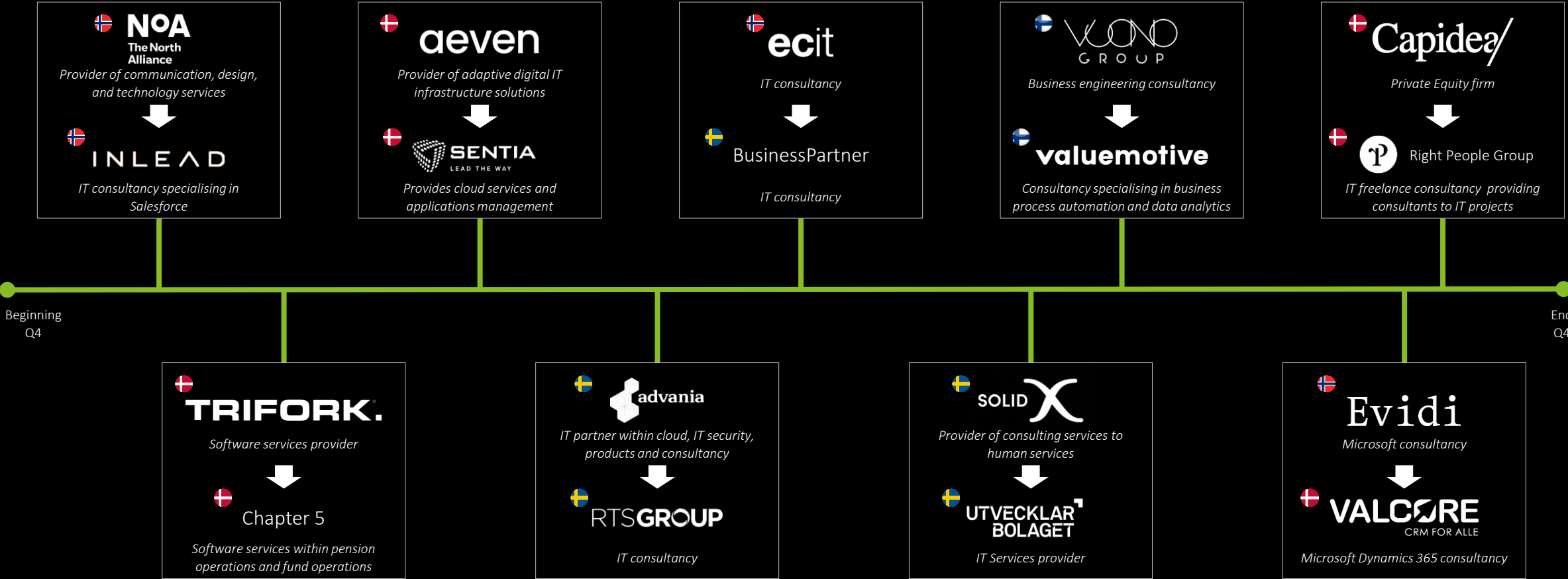
Significant increase for both the Nordic and the Global IT services indices of 9.8% and 10.9%, respectively



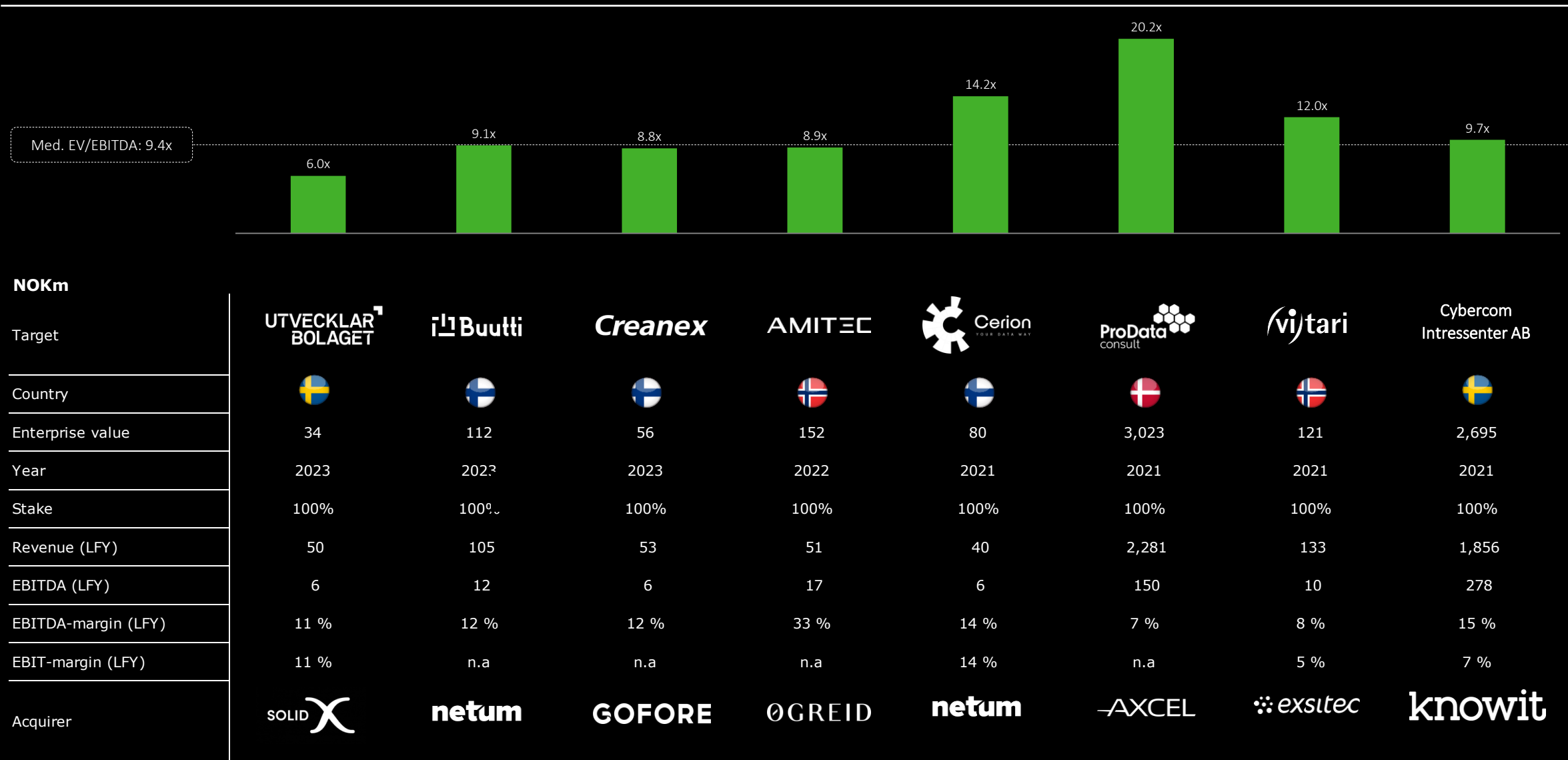
Deal volume declined in Q4 compared to previous quarter



Selected transactions in the Nordic IT services market in Q4-23



Selected recent Nordic IT services transactions concluded at a median EV/EBITDA multiple of 9.4x



03 Deloitte Insights

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




sold to

Monterro

Deloitte.

acted as exclusive financial adviser to
ag analytics A/S



Broad process

AI powered SaaS platform for the automotive industry




sold to

Teledyne Technologies

Deloitte.

acted as exclusive financial adviser to
Xena Networks



Broad process

High-speed TbE performance test solutions



sold to

CapMan

Deloitte.

acted as exclusive financial adviser to
Fuzion



Broad process

Data centre colocation provider




In the sale of

Obsidian Group
to
Findos

Deloitte.

acted as exclusive financial adviser to
Capidea



Broad process

Danish digital marketing company




In the merger with

Netsecurity

Deloitte.

acted as exclusive financial adviser to
Data Equipment



Broad process

Norwegian IT security and network 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

Deloitte Corporate Finance acted as exclusive financial adviser to the shareholders of ag analytics in the majority sale to the Nordic software focused private equity fund Monterro

Description of the process

Situation



The shareholders of ag analytics contacted Deloitte Corporate Finance to help them find a partner to support on and accelerate the future growth journey following years with high and profitable growth



ag analytics had developed a unique AI powered SaaS platform for the automotive industry with established market presence across the Nordics. The Company was looking to find a partner with the necessary expertise to scale the company across Europe at a high pace

Outcome



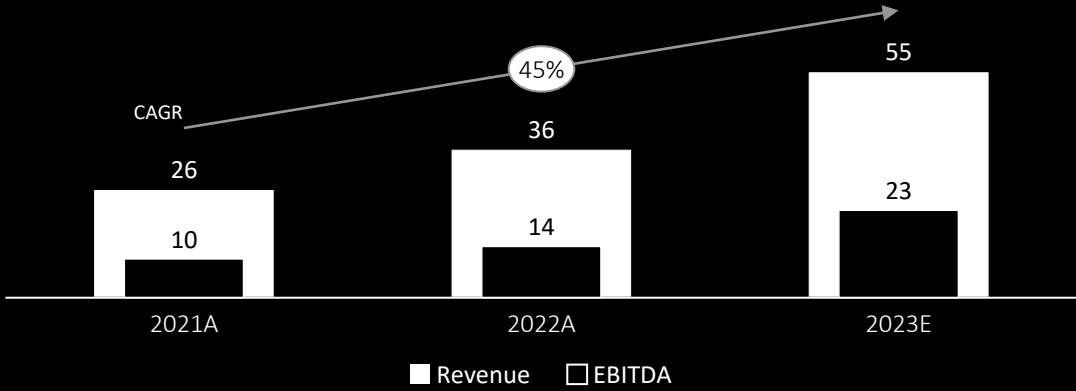
In December 2023, ag analytics and Monterro signed an agreement for Monterro to acquire a majority of the shares in ag analytics



Deloitte Corporate Finance acted as exclusive financial adviser to the shareholders of ag analytics in the process

Financials - ag analytics a/s

NOKm



Transaction summary

Transaction entity

ag analytics

Provider of AI software for the automotive market designed to automate and tailor aftermarket customer interactions, currently used by +70% of the Danish automotive industry

Buyer



MONTERRO

Nordic growth focused private equity firm investing in and developing B2B software companies with offices in Stockholm, Oslo and München

Acquisition



Strengthening of ag analytics' European AI expansion and acceleration of the company's future growth journey

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