

Q4 2023

# Nordic Tech M&A Outlook

Software and IT Services &  
Consulting market

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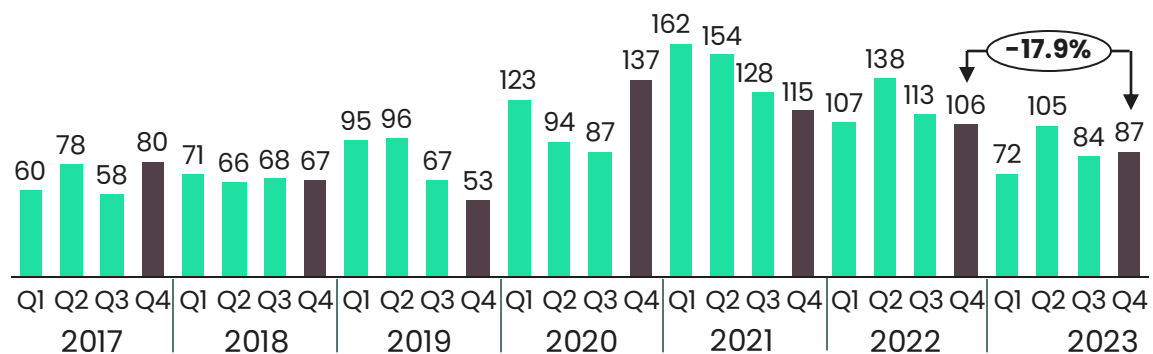
# Key highlights from Q4

- In **Q4 2023, there were 87 transactions** executed within the technology industry, which is similar to the previous quarter. On a full-year basis, the number of transactions was 348, which although lower than 2022, still significantly above 2019 and 2018.
- Public software SMEs continue to trade at levels seen throughout the year. **Software companies** have traded between **3x – 3.2x EV/Sales**. Public **IT-consulting** SMEs **valuations declined** in Q4 and **traded** at median **9x EV/EBITDA**.
- **Stable activity in the software market**, with Q4 2023 on par with the two previous quarters. Total of 49 transactions were executed in the last three months. **IT Service and consulting saw a drop** in activity for the final quarter, with 27 transactions. However, similarly to the overall tech activity, 2023 volumes are above pre-covid numbers.
- **Valuations for Nordic private M&A SaaS transactions have experienced minimal reductions since all-time high**, with increased competition for SaaS and significant amounts of dry powder driving the market.

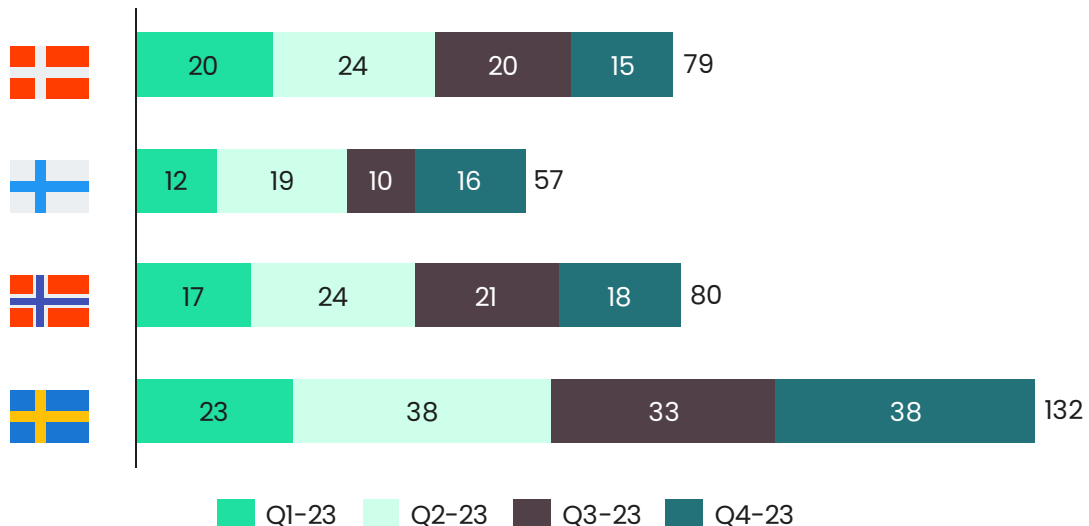


# Still high M&A tech volume compared to pre-covid level

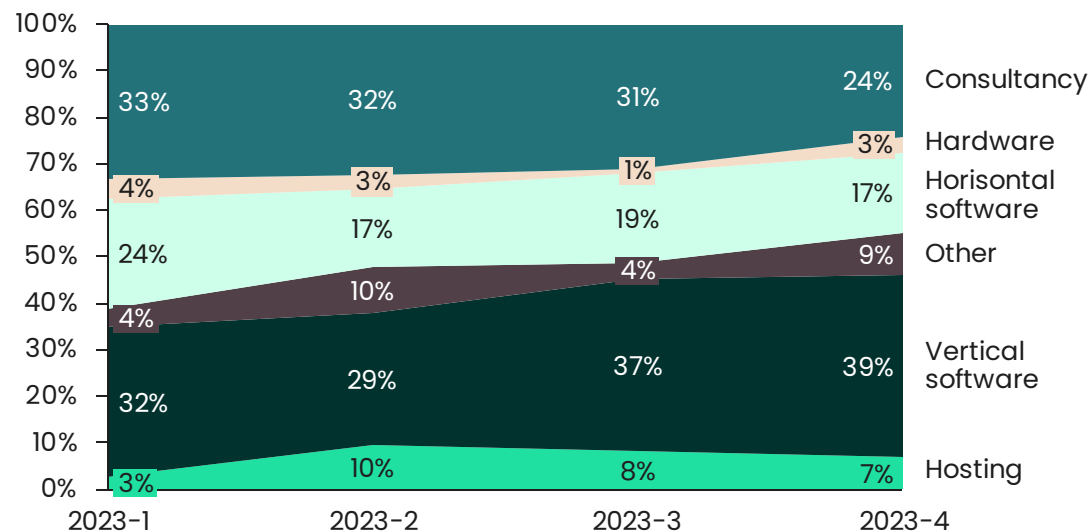
M&A transactions Nordic tech targets



Nordic transactions by target country



LTM development transactions by Stratema-class

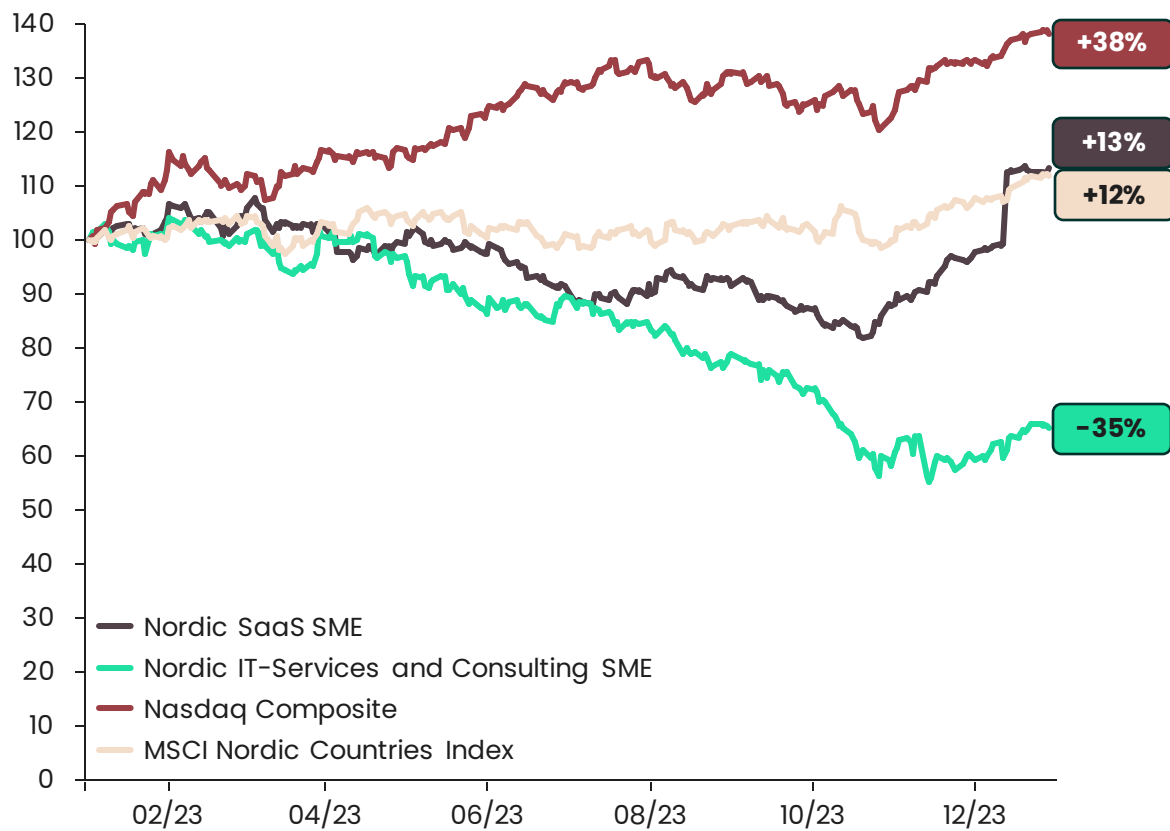


## Nordic Private tech M&A multiples LTM<sup>1</sup>

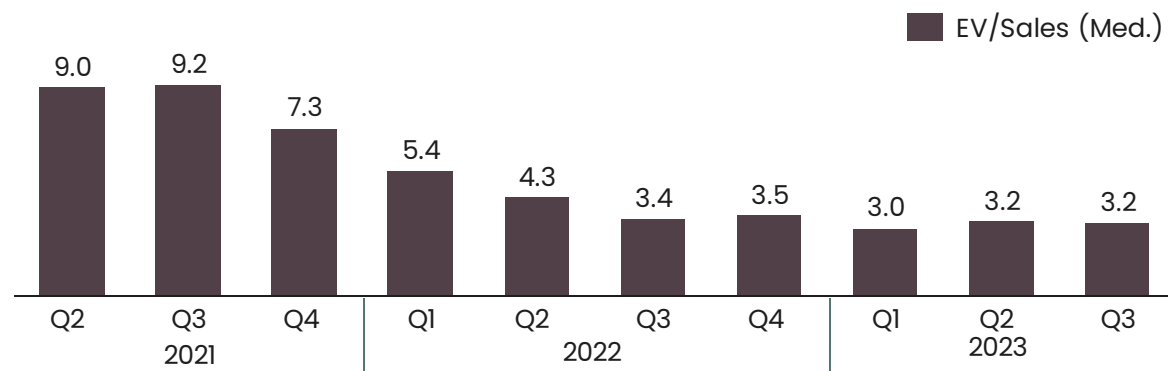
	SaaS	IT-consulting
Med. EV/Sales	3.4x	1.2x
Med. EV/EBITDA	11.9x	9.4x

# Development in Nordic public tech<sup>1</sup>

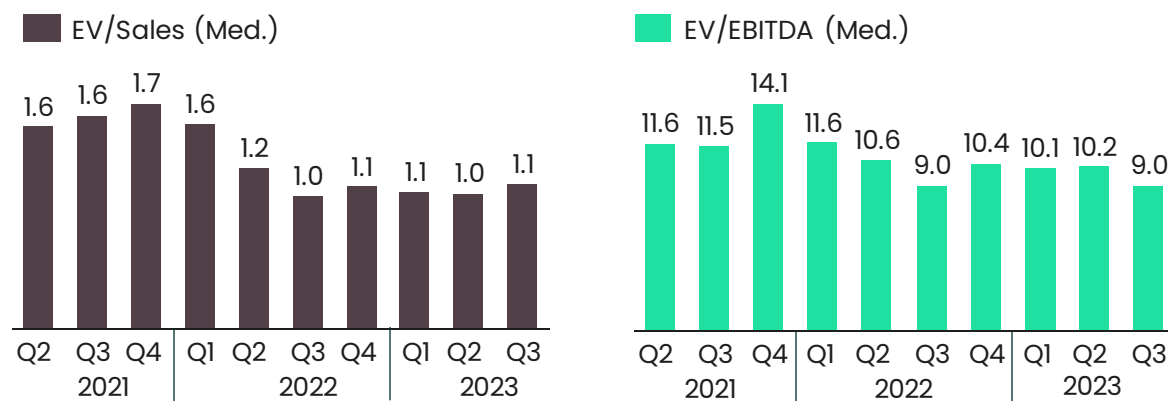
## Indexes<sup>2</sup>



## SME Nordic Public SaaS multiples<sup>3</sup>



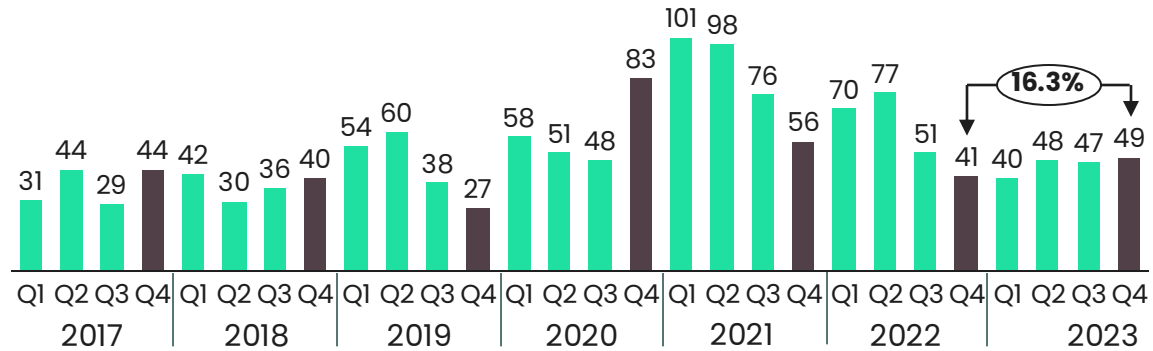
## SME Nordic Public IT-Services and Consulting multiples<sup>3</sup>



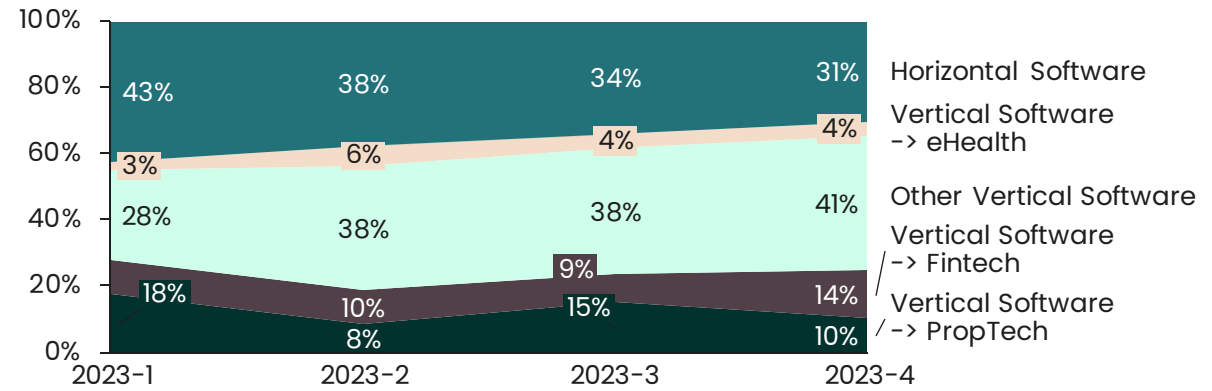
Note 1) Both Nordic IT-Consulting and Nordic SaaS are capitalization-weighted indexes created by Stratema.  
 Note 2) Nordic SaaS SME Index consists of 33 Nordic SaaS companies with market cap 100-3 000 MSEK. Nordic IT-Services and consulting SME Index consists of 63 companies with market cap 100 - 3 000 MSEK  
 Note 3) Multiples are compiled from publicly third-party sources.

# Strong quarter, slightly above LTM average

## M&A transactions Nordic software targets



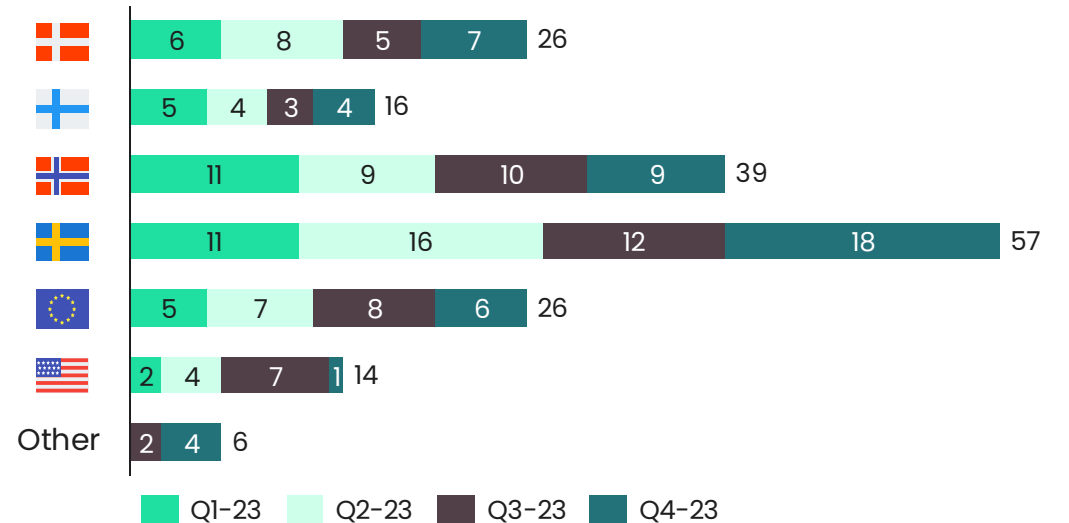
## Transactions by Stratema-class



## Key transactions this quarter

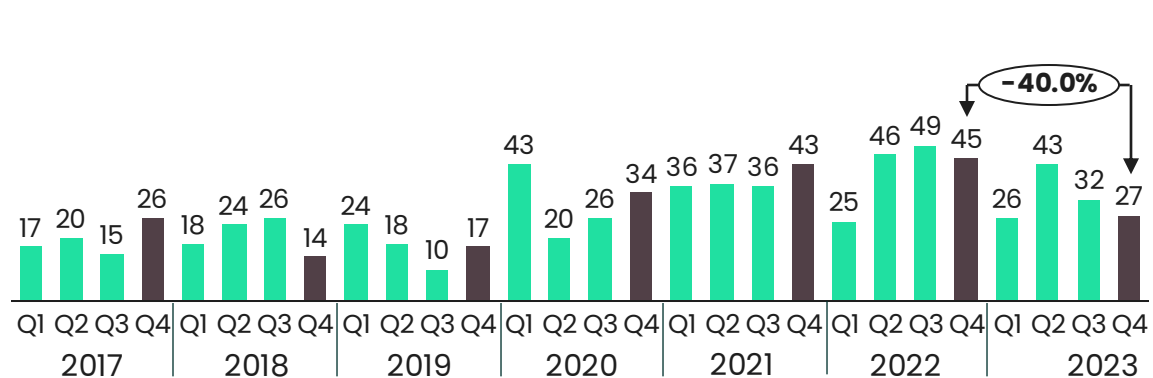
Target	Description	Buyer	Sales (MEUR)	Type
HYPERGENE	Financial planning Software	THOMABRAVO	30.0	PE
MINTRA	Maritim HCM and learning platform	FERD	26.8	PE
dualog	Maritime digitalization SaaS	NYK LINE	18.2	Add-on
xamera	Data-driven recruitment partner	HELIX Kapital	17.3	PE
Hantverksdata	ERP Software	IEQT	14.4	PE

## Nationality of buyers of Nordic targets LTM

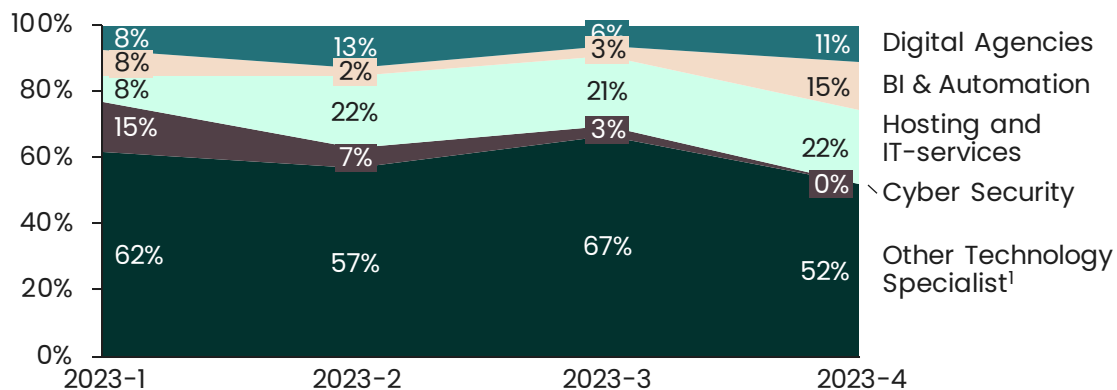


# Fall from previous quarters, although above pre-covid

M&A transactions Nordic IT services & consulting targets



Transactions by Stratema-class



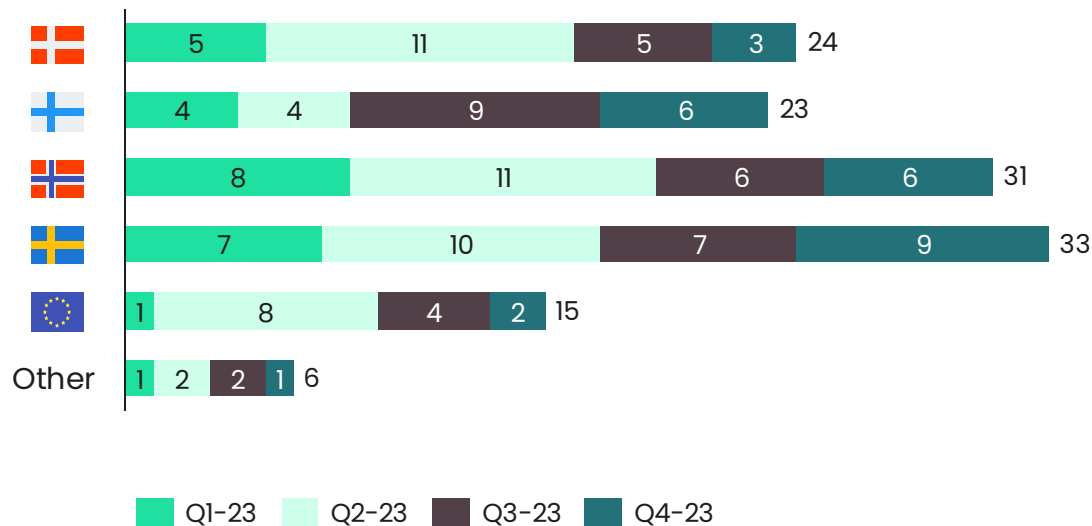
Key transactions this quarter

Target	Description	Buyer	Sales (MEUR)	Type
<b>rts</b>	IT Infrastructure and digitalization	<b>advania</b>	60.1	PE-backed
<b>SENTIA</b>	Cloud services development	<b>æeven</b>	55.9	Add-on
<b>QVIK</b>	Mobile applications and cloud services	<b>Bocap</b>	12.0	PE
<b>AGREAT</b>	Software Engineering	<b>BROVIKEN</b>	10.8	PE
<b>UTVECKLAR BÖLAGET</b>	System development	<b>SOLID</b>	5.4	Add-on

**stratema.**

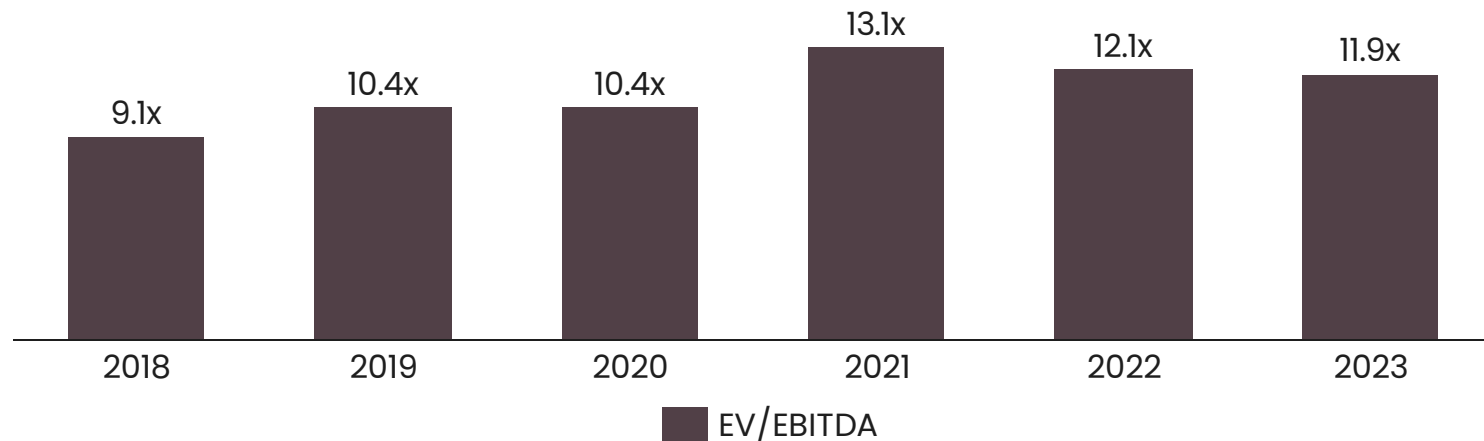
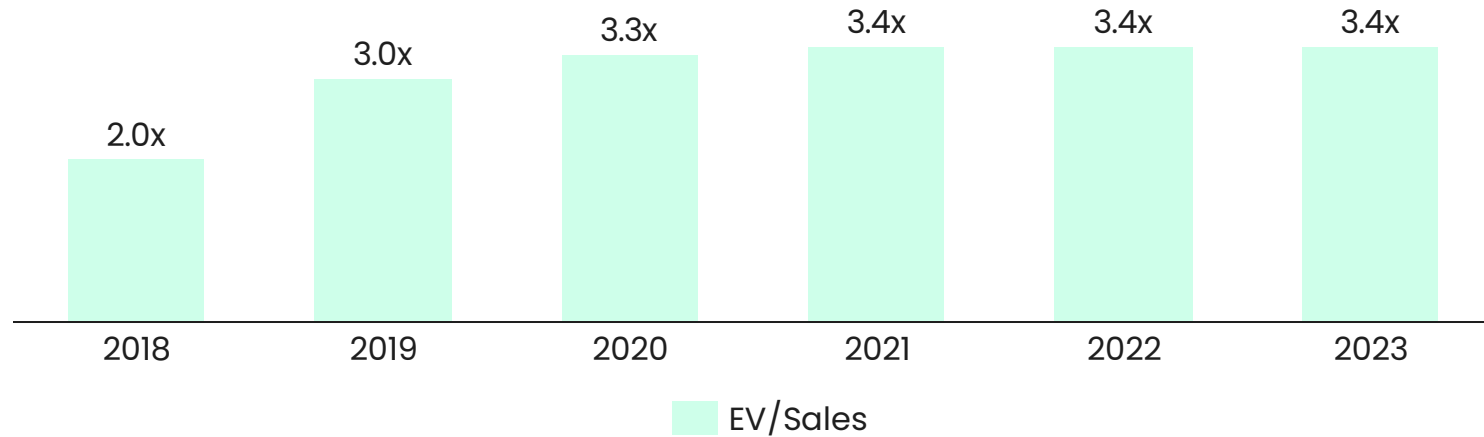
Sources: Stratema Transaction Database  
 Note 1) Includes consulting firms specializing in various services such as ERP implementation, software development, digital strategy

Nationality of buyers of Nordic targets LTM



# Minor price fall for M&A private transactions

Price development Nordic private SaaS M&A transactions



- Due to high uncertainties surrounding macroeconomic conditions, access to new capital and performance of targets, overall tech activity has been lower over the past 18 months compared to all time high.
- However, as a result of high focus on cash flow, stable revenue streams and large amounts of private equity dry powder from 2020-21, the competition for profitable SaaS remain high.
- As such, pricing for private Nordic SaaS companies have experienced smaller fluctuations, with little changes in EV/Sales, albeit a slight reduction in EV/EBITDA.
- Stratema previously interviewed several market participants regarding price expectations for the upcoming 6-12 months, with several noting that the competition for profitable SaaS will remain going forward.

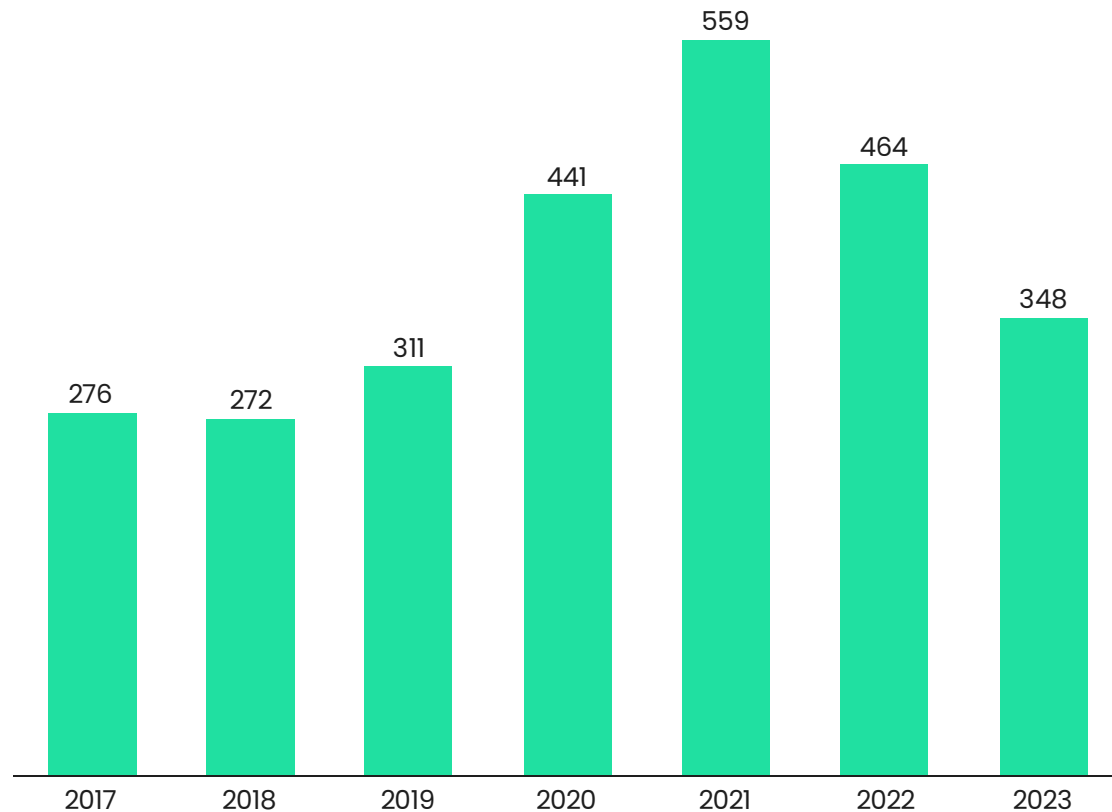
# Appendix



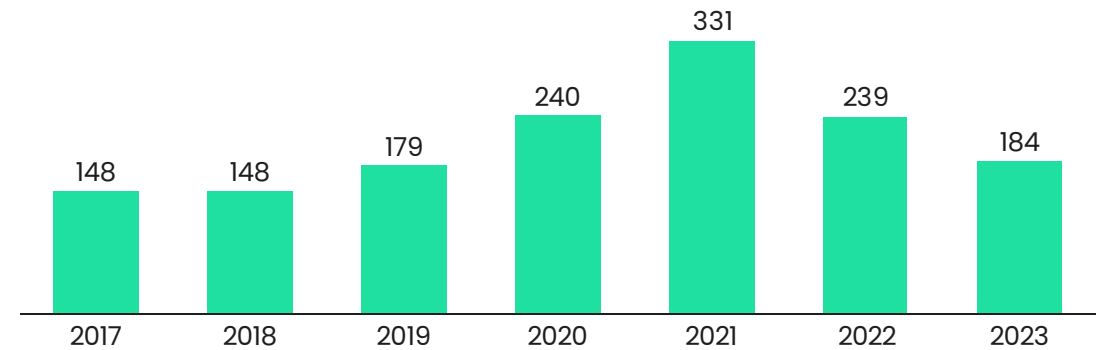
# Full year basis

Significant activity compared to pre-covid

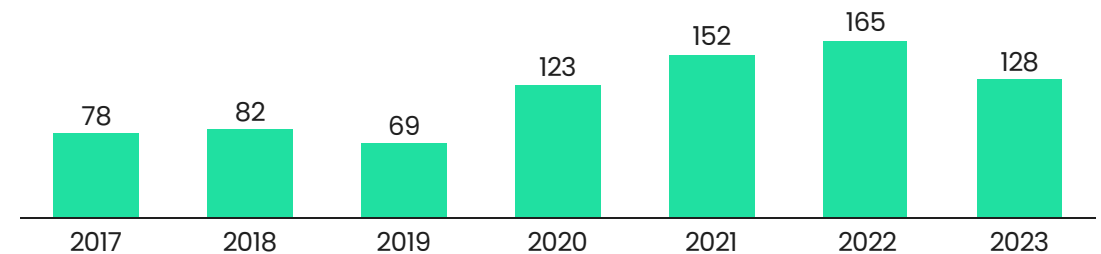
M&A transactions Nordic tech targets



M&A transactions Nordic software targets



M&A transactions Nordic IT services & consulting targets



# Tech transaction database

- Stratema's M&A transaction database is a result of years of extensive research, focusing on the Nordic technology market.
- Continuous updates are made using various external resources, proprietary research as well as from communication with market participants.
  - Database inception: 2015
  - 8000+ M&A transactions
  - 4000+ Nordic (targets) M&A transactions
  - Nordic target focus





# About Nordic Tech M&A Outlook

Stratema's quarterly M&A outlook covers the Nordic SME technology private market, with a focus on software, IT services and hosting, as well as tech consulting.

All data from private M&A transactions are sourced from Stratema's proprietary transaction database.

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