

The background is a dark blue, almost black, space filled with glowing, ethereal light trails. These trails consist of numerous thin, parallel lines that curve and swirl, creating a sense of motion and depth. Interspersed among these lines are small, bright white and light blue particles, some of which appear to be trailing off, giving the overall effect of a high-speed digital or data stream. The lighting is soft and diffused, with the brightest areas where the lines and particles are most concentrated.

Oaklins

MAY 2023

Quarterly Tech M&A Update Q1 2023

AGENDA

Tech sector Q1 2023 – Key takeaways



Software development providers with niche segment applications gained a high interest in Q1 2023. Private equity firms and private equity-backed companies made significant investments into platform software providers (i.e. management software, due diligence platforms or soccer platforms).



The Tech market has shown a slight decline in M&A activity for the first time in over twelve months. The number of European transactions decreased from 778 in the fourth quarter 2022 to 652 in the first quarter of 2023. Strategic buyers still account for 85% of all transactions showing the high appetite for inorganic growth strategies.



The continuation of high inflation rates and geopolitical tensions result in a rising uncertainty and decrease in valuation metrics of our public market peer groups although March improved again slightly and gives hope for the upcoming months.



After a strong end rally in Q4 2022, the first quarter of 2023 shows a significantly lower M&A activity in the Tech market. We continue to observe most transactions and the highest revenue multiples in the Application Software and Technology Software subsegment.

This report covers:

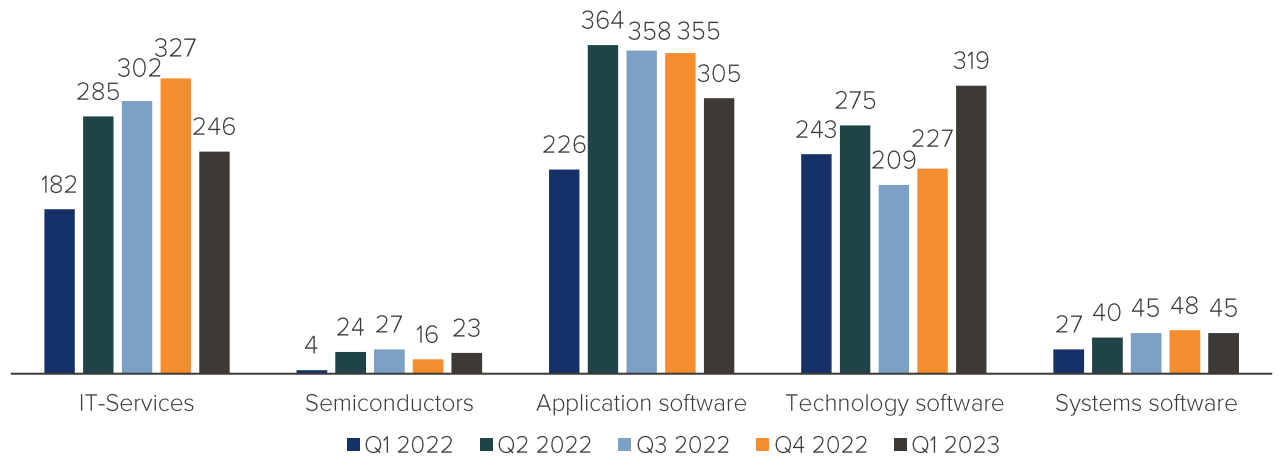
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EDITOR'S TOP TECH DEAL PICKS

Date	Deal type	Target	Deal description & Investor rationale	Acquirer / Investor
MAR 2023	M&A	 	Mimacom AG, a software development company specializing in developing custom software solutions for various industries and providing software developing services, has been acquired by Ardian, a private equity firm and Mimacom's existing management.	  Existing Management 
MAR 2023	M&A	 	Integrity Next GmbH, a company offering a social media due diligence platform enabling organizations to monitor and manage risks associated with their social media presence, has been acquired by EQT AB, a private equity firm, for €100m.	 
MAR 2023	M&A	 	Qualtrics International Inc., a management software company offering cloud-based platforms to collect, analyze, and act on feedback from customers, employees, and other stakeholders, has been acquired by Silver Lake Partners, a private equity firm, and the Canada Pension Plan Investment Board, for €11bn.	   
MAR 2023	M&A	 	TorAlarm GmbH, a soccer app providing live scores, match updates, and other information related to soccer games in Germany, Austria, and Switzerland, has been acquired by Axel Springer SE and BILD GmbH.	   
MAR 2023	M&A	 	GK Software AG, a company developing software designed to help retailers improve their operational efficiency, reduce costs, and enhance the overall customer experience, has been acquired by Fujitsu Limited, an information and communication technology company, for €432m.	 
MAR 2023	M&A	 	Redslim AG, a company providing software applications, e-commerce solutions, and IT consulting services to help clients optimize their IT infrastructure, improve their business processes, and implement new technology solutions, has been acquired by Andera Partners SCA, a private equity firm.	 
FEB 2023	Financing	 	Build38 GmbH, a company specialized in mobile app shielding and hardening, which involves protecting mobile apps from external threats and vulnerabilities, has completed a financing round with a group of investors led by the asset manager Tikehau Capital North America LLC.	  <i>Among others</i>
JAN 2023	M&A	 	SWIAT GmbH, a fintech company developing blockchain-software for an open decentralized financial market infrastructure, has been acquired by a group of investors, led by Landesbank Baden-Wuerttemberg.	 
JAN 2023	M&A	 	Synk Ltd., a software security company that provides solutions for managing open-source security and license compliance risks in software applications, has been acquired by ServiceNow, Inc., a company providing enterprise IT cloud software and services.	 
JAN 2023	M&A	 	Immerok GmbH, a software company providing a serverless Apache Flink cloud platform that allows developers and data scientists to build and deploy Apache Flink applications without having to manage the underlying infrastructure, has been acquired by Confluent, Inc., a computer software company.	 

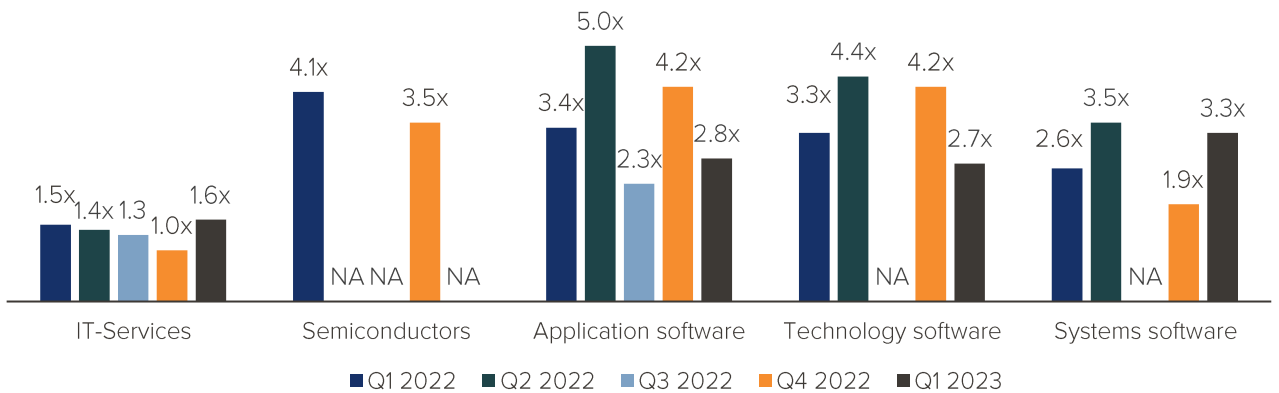
TECH SECTOR M&A TRANSACTION OVERVIEW

Number of M&A transactions in Europe between Q1 2022 and Q1 2023



The European Tech market is showing a slowdown in M&A activity in Q1 2023 showing signs of macroeconomic impacts in various sectors. Especially the segments IT-Services and Application software show a significant reduction in the transaction activity.

M&A transaction multiples¹ between Q1 2022 and Q1 2023 (Enterprise Value/Sales²)



Macroeconomic factors challenge the current European Tech sector and impacts valuation levels in various sub-segments. Most segments show lower valuation multiples in comparison to Q4 2022, but higher levels than in Q3 2022.

Source: Capital IQ as of 31-March-2023

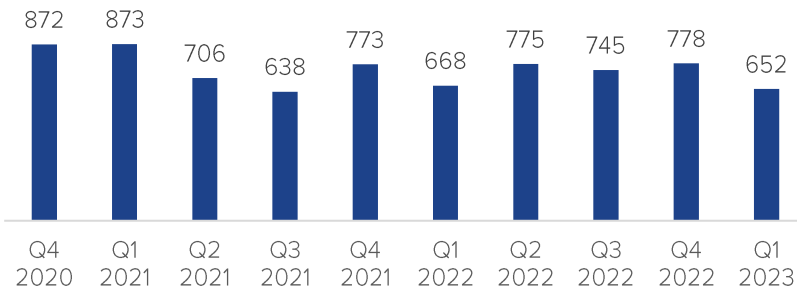
Notes: 1) Retrieved from Capital IQ excluding deals with revenue multiples >30.0x

2) Reported as LTM figures

M&A TECH TRANSACTION ACTIVITY

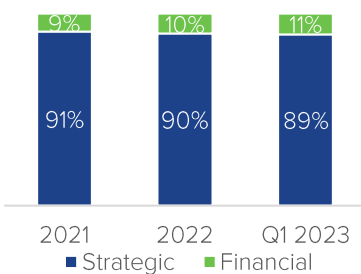
Transaction overview in Europe

Transactions per quarter (Q4 2020 – Q1 2023)

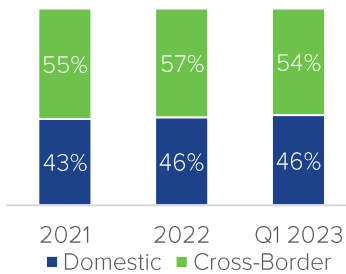


The current macroeconomic development has significantly impacted the European M&A activity for the first time in the last twelve months. The transactions in Q1 2023 show a decline of -16%.

Type of buyer



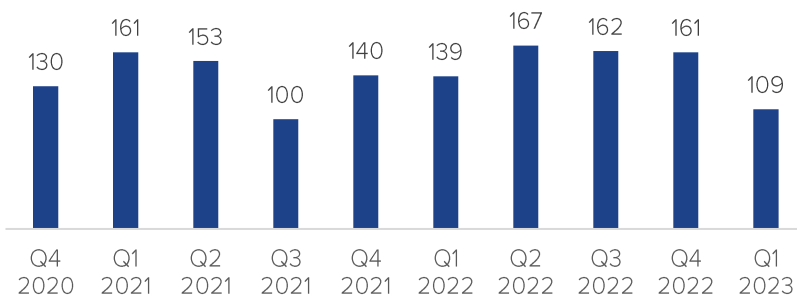
Type of transaction



In Europe, strategic buyers keep being the most active players in 2023 with 11% aiming to realize product, geographical and market share synergies. The cross-border share of Tech transactions has decreased from 57% in 2022 to 54% in Q1 2023, showing a larger appetite for national deals.

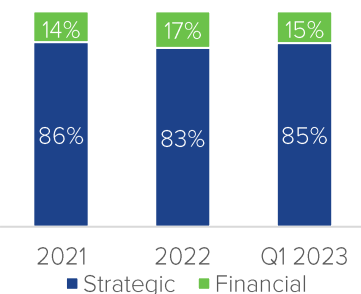
Transaction overview in Germany

Transactions per quarter (Q4 2020 – Q1 2023)

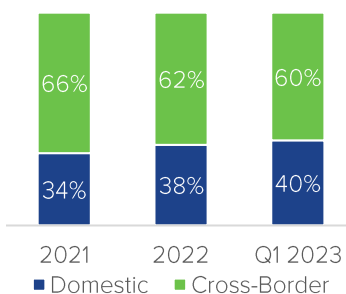


After the high number of transactions in the German Tech market in 2022, Q1 2023 shows a significant reduction of -33% of transactions displaying higher uncertainties and macroeconomic impacts.

Type of buyer



Type of transaction



In Germany, strategic buyers keep being the most active buyers in Q1 2023 with a share of 85%. Domestic transaction become more favorable for investors at the start of 2023.

TECH SECTOR VALUATION (PUBLIC COMPANIES)

Semiconductors & Semiconductor Equipment

EBITDA margin 2023E: **33.2%**
 Revenue growth 2023E: **-12.1%**
 Stock returns Q1 2023: **22.1%**

IT Services

EBITDA margin 2023E: **19.2%**
 Revenue growth 2023E: **0.7%**
 Stock returns Q1 2023: **0.9%**

Application Software

EBITDA margin 2023E: **34.4%**
 Revenue growth 2023E: **1.0%**
 Stock returns Q1 2023: **18.3%**

Our top 10 publicly traded tech watchlist

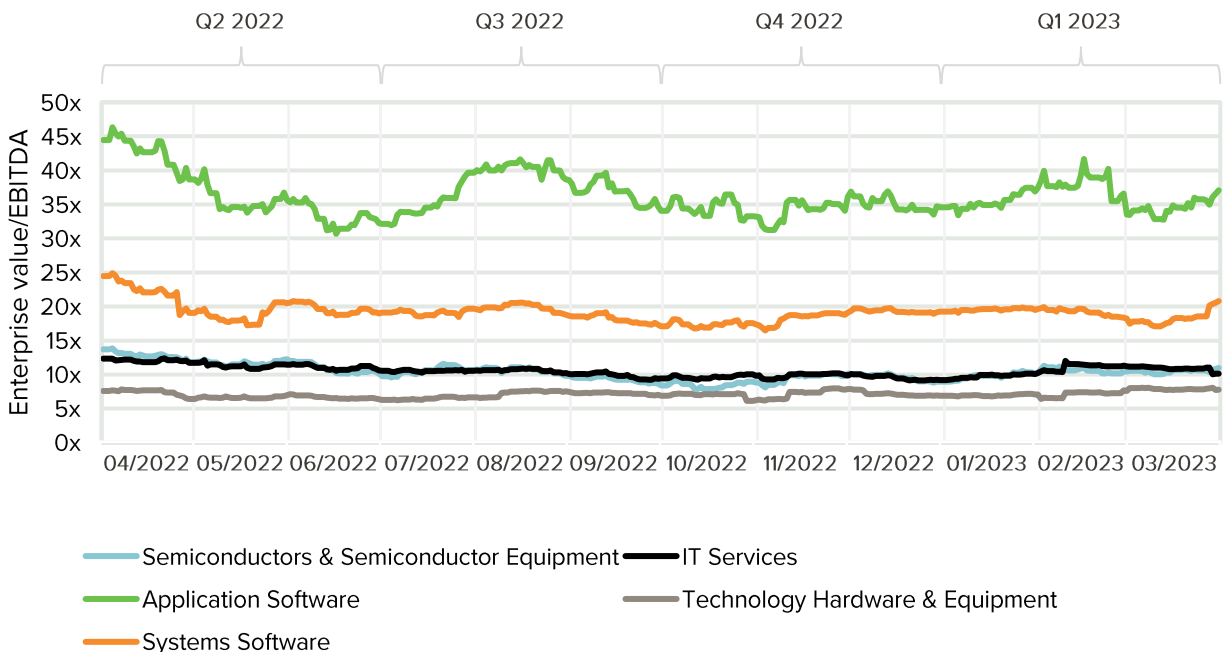
Technology Hardware & Equipment

EBITDA margin 2023E: **23.5%**
 Revenue growth 2023E: **-4.0%**
 Stock returns Q1 2023: **10.7%**

Systems Software

EBITDA margin 2023E: **45.7%**
 Revenue growth 2023E: **1.8%**
 Stock returns Q1 2023: **15.5%**

EV/EBITDA¹ Multiples Tech Subsectors



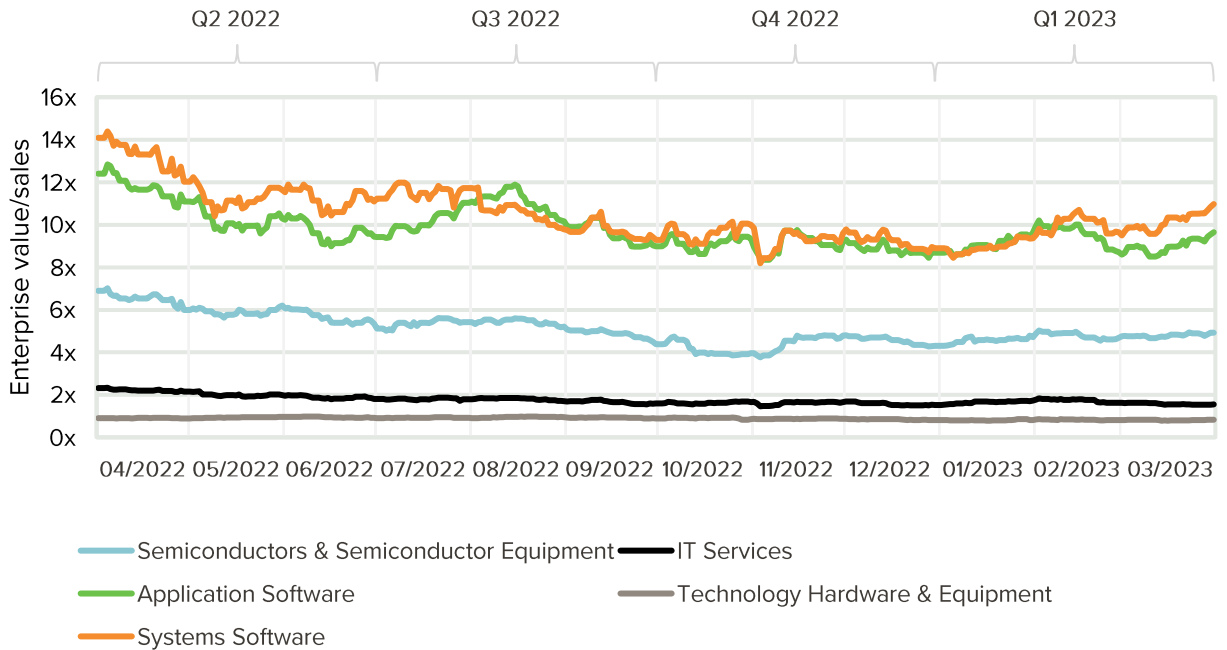
Sources: Capital IQ and Mergermarket as of 31-March-2023

Notes: 1) Daily total EV divided by lease and affiliate income adj. LTM EBITDA as of 31-March-2023 (Capital IQ)

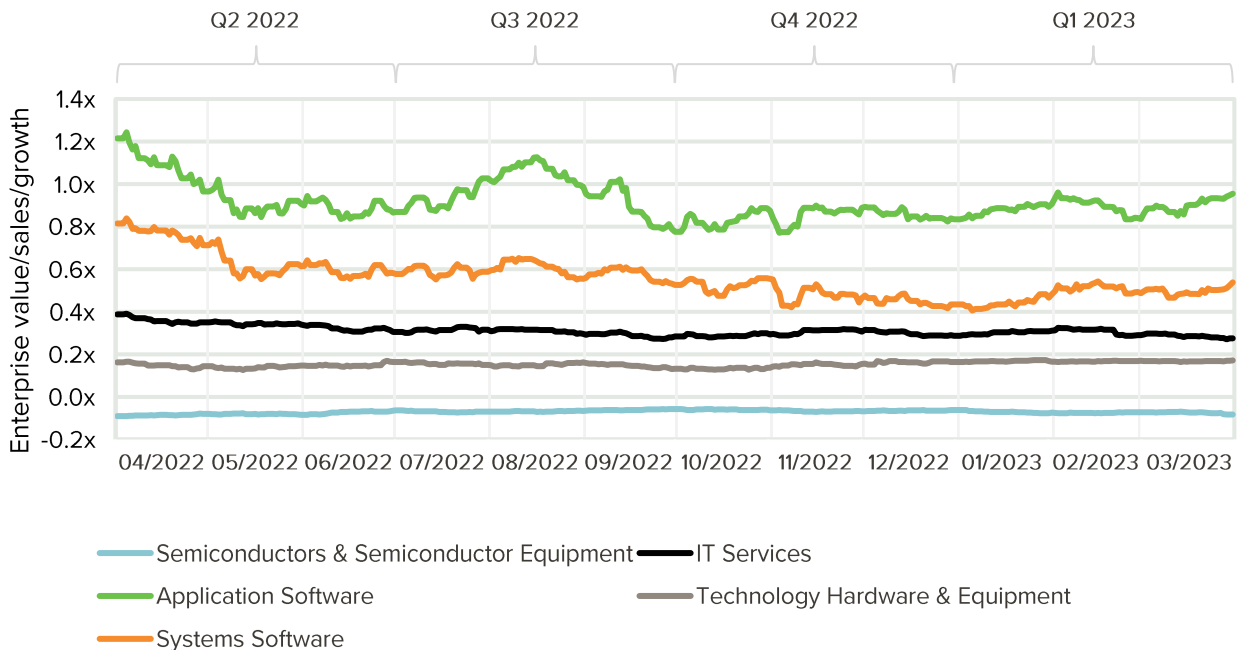
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TECH SECTOR VALUATION (PUBLIC COMPANIES)

EV/Sales Multiples¹ Tech Subsectors



EV/Sales/Growth² Multiples Tech Subsectors



Sources: Capital IQ and Mergermarket as of 31-March-2023

Notes: 1) Daily total EV divided by total LTM revenues as of 31-March-2023 (Capital IQ)
 2) Daily EV/Sales multiple divided by 1-year annual revenue growth consensus estimate as of 31-March-2023 (Capital IQ)

OAKLINS' TECH DEAL OF THE QUARTER



March 2023

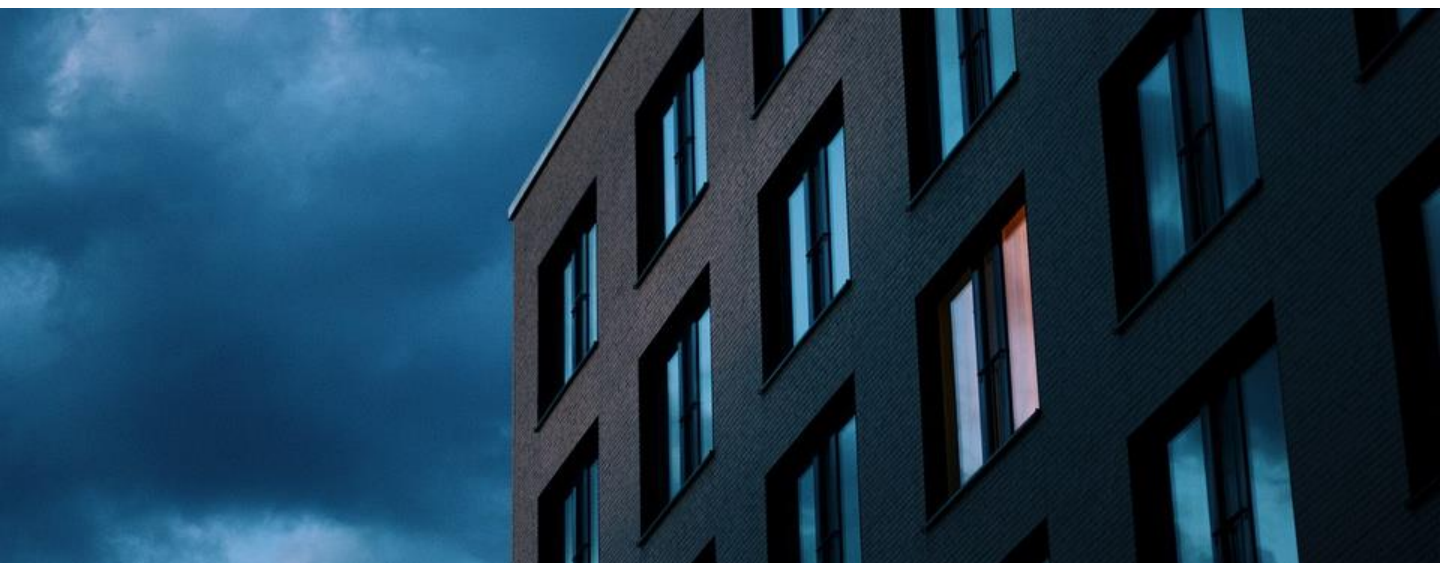
Software company ‘Embrace The Human Cloud’ has been acquired by Aareon

Embrace The Human Cloud (Embrace), a Netherlands-based leading all-in-one customer engagement software company, has been acquired by Aareon, a Germany-based leading provider of SaaS solutions for the European property industry. The acquisition strengthens Aareon’s position as a SaaS PropTech company and emphasizes its international growth strategy by expanding Aareon’s portfolio in the Netherlands.

Founded in 2001, Embrace, based in Groningen, Netherlands, is the Benelux leader in the digital workspace and customer engagement SaaS market. The company serves clients in various sectors, including public housing, healthcare and local government. The company offers a one-stop-shop software solution consisting of portals, social intranet and omnichannel conversation tools, including e-mail, voice, chat, social and messaging tools and (AI) chatbots. Until 2019, Embrace consisted of the individual brands Embrace, Umbrella and Q-Vision.

By joining forces with Aareon, Embrace can further accelerate growth and realize its international growth ambitions. Together with Aareon, Embrace envisages to leverage its market leading position in the Benelux and expand across Europe.

Oaklins’ team in the Netherlands served as the exclusive sell-side advisor to Embrace’s shareholders during the sale to Aareon AG.



OAKLINS' TECH SECTOR TRANSACTIONS Q1 2023



has been acquired by



M&A SELL-SIDE
Private Equity/TMT

March 2023



has been acquired by



M&A SELL-SIDE
Private Equity/TMT

March 2023



have sold



to



M&A SELL-SIDE
Private Equity/TMT

March 2023



has been acquired by



M&A SELL-SIDE
TMT

February 2023



has sold its portfolio company



to




M&A SELL-SIDE
Private Equity/TMT

February 2023




has been acquired by




M&A SELL-SIDE
Private Equity/TMT

January 2023



has sold



to

the management team

M&A SELL-SIDE
Private Equity/TMT

January 2023



has been acquired by



M&A SELL-SIDE
Private Equity/TMT

January 2023




has been acquired by




M&A SELL-SIDE
Aerospace, Defense & Security/Business Support Services/TMT

January 2023




has been acquired by




M&A SELL-SIDE
Private Equity/TMT

January 2023



has been acquired by



M&A SELL-SIDE
Healthcare/TMT

January 2023

OAKLINS GERMANY TECH SECTOR TEAM

Our industry expertise

Oaklins is a global advisory firm specialized in M&A, corporate finance, valuation, due diligence and fundraising. With more than 850 dedicated professionals in over 45 countries, we leverage our local presence in order to provide the best possible service on the ground.

Each year Oaklins completes more than 50 transactions within the global tech sector. Our German tech sector team brings decades of combined industry experience and has closed a variety of transactions with most of them requiring a cross-border approach.

The tech sector team maintains close contact with decision-makers, industry leaders & movers from the German tech industry.

Tech transactions advised by Oaklins (2018-2022)

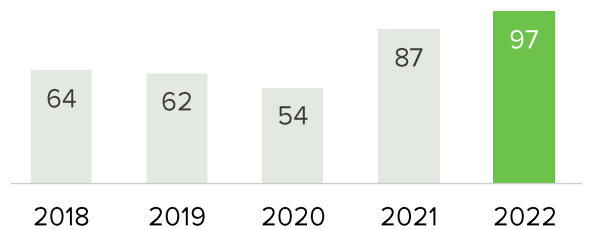
364

Transactions closed

40%

Cross-border transactions

No. of Tech transactions per year (Oaklins)



Your Tech Sector Team at Oaklins Germany



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Sweden, Stockholm
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 Brazil, São Paulo
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 Canada, Toronto
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 Colombia, Bogotá
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 Peru, Lima
 United States, Atlanta
 United States, Boston
 United States, Dallas
 United States, Irvine
 United States, Jacksonville
 United States, Los Angeles
 United States, New York
 United States, Savannah

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Australia, Melbourne
 Australia, Sydney
 China, Hong Kong
 China, Shanghai
 India, Mumbai
 Singapore, Singapore

AFRICA

Morocco, Casablanca
 South Africa, Johannesburg



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