

greenstep



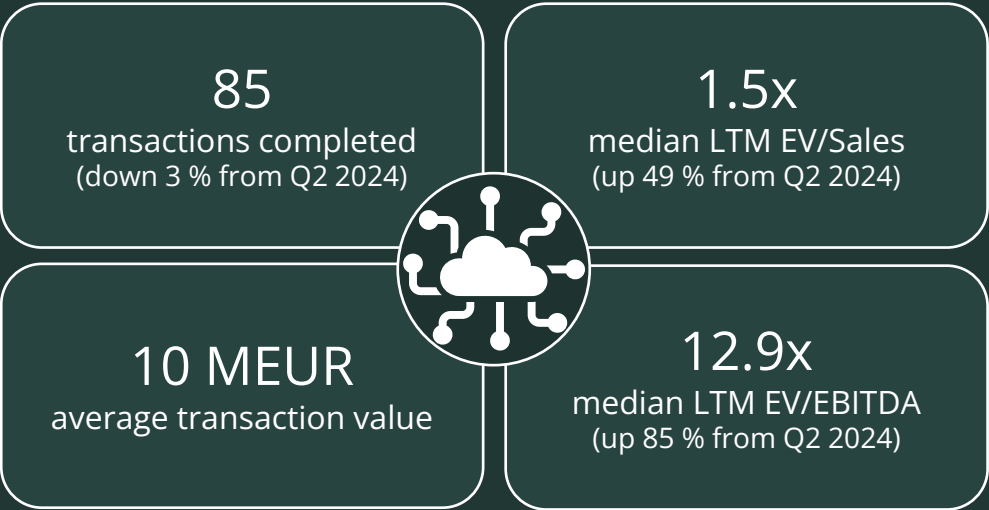
M&A report Q2 2025
Software & Services / Industrials markets

Key comments

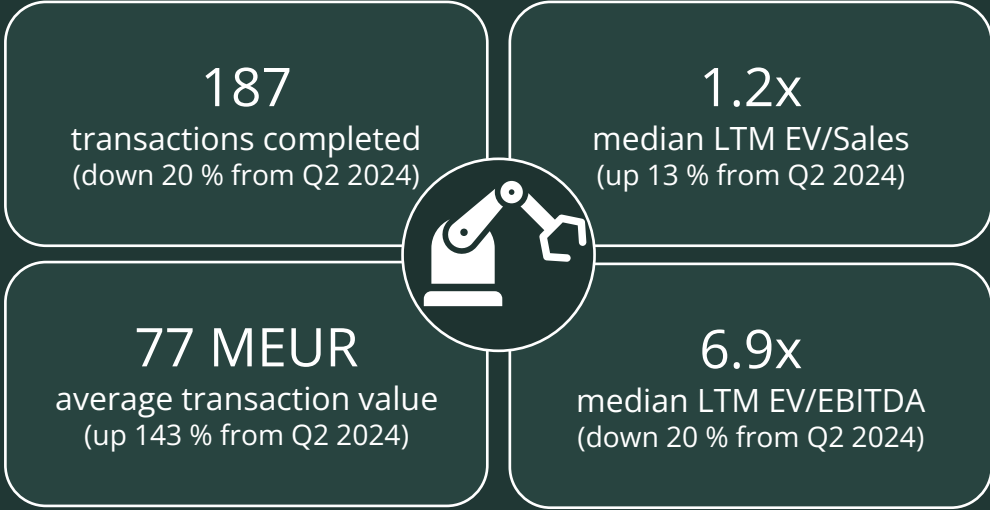
- ✓ Comparing Q2 2025 to Q2 2024, Nordic companies acquired 16 % less companies.
- ✓ Both software & Services and Industrial indices, as well as the number of transactions fluctuated a lot in the recent years. Both industries saw a quick decline in April 2025 but have then increased 22 – 26 % in the end of Q2 from the lowest price in April.
- ✓ Factors supporting recent stability and potential growth in the near future include AI powered productivity and automation, shift to cloud-based platforms, green transition, and interest rates and inflation trajectories.
- ✓ In Q2 2025 acquisitions made by Nordic companies decreased by 16 % compared to Q2 2024. Software & Services sector acquisitions decreased by 3 % while Industrials sector decreased by 20 %.
- ✓ Most of the acquisitions (97 %) were made by industrial buyers compared to funds (3 % of acquisitions).

Key statistics

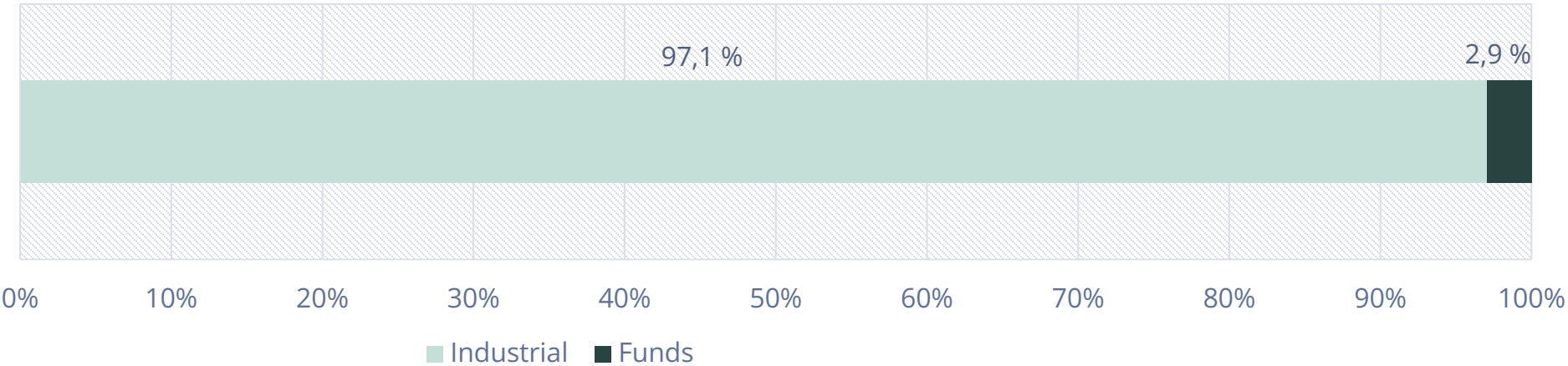
Software & Services



Industrials



Share of buyers from all transactions

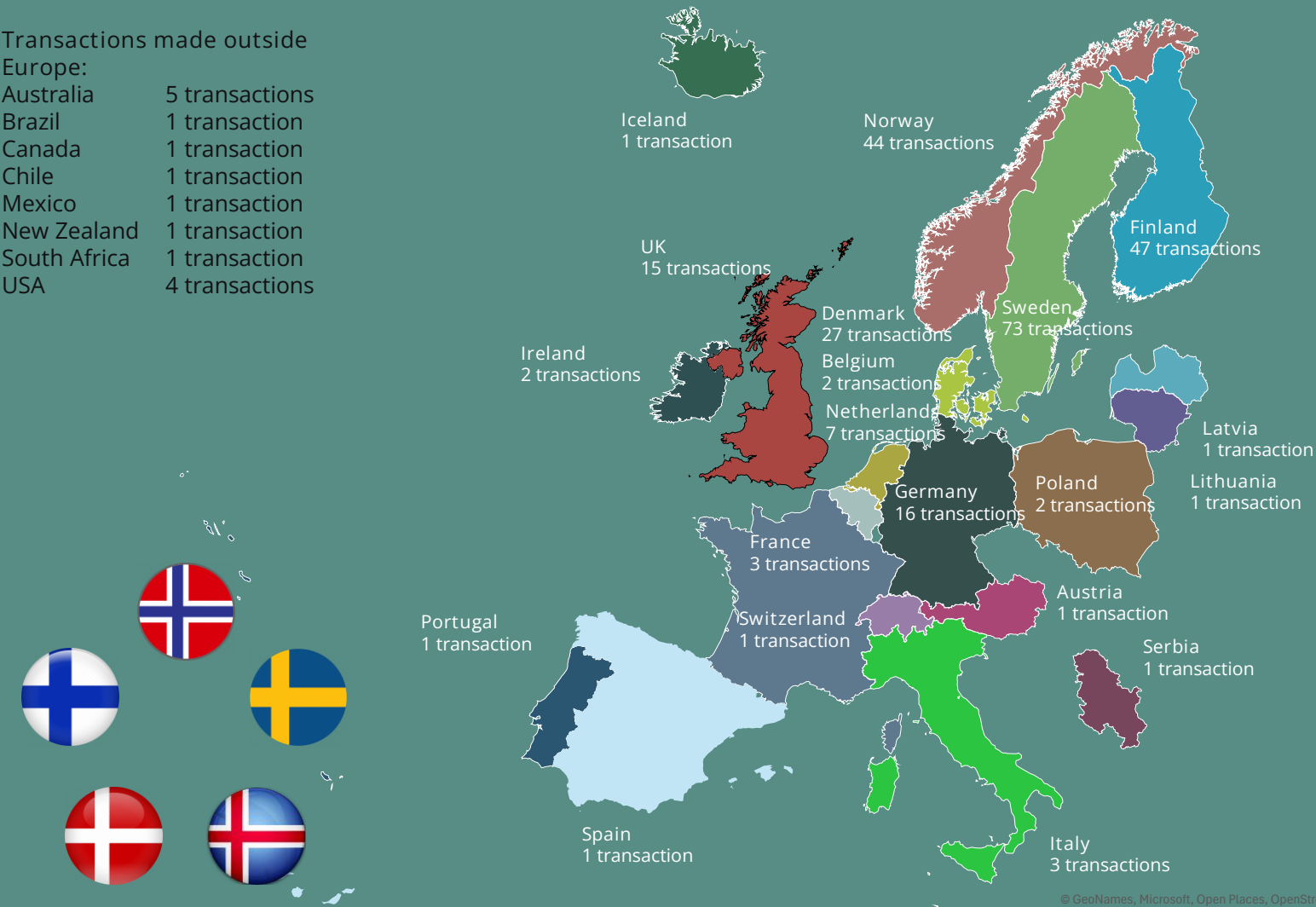


Nordic transactions

Nordic counties' acquisitions in Q2 2025 per target location

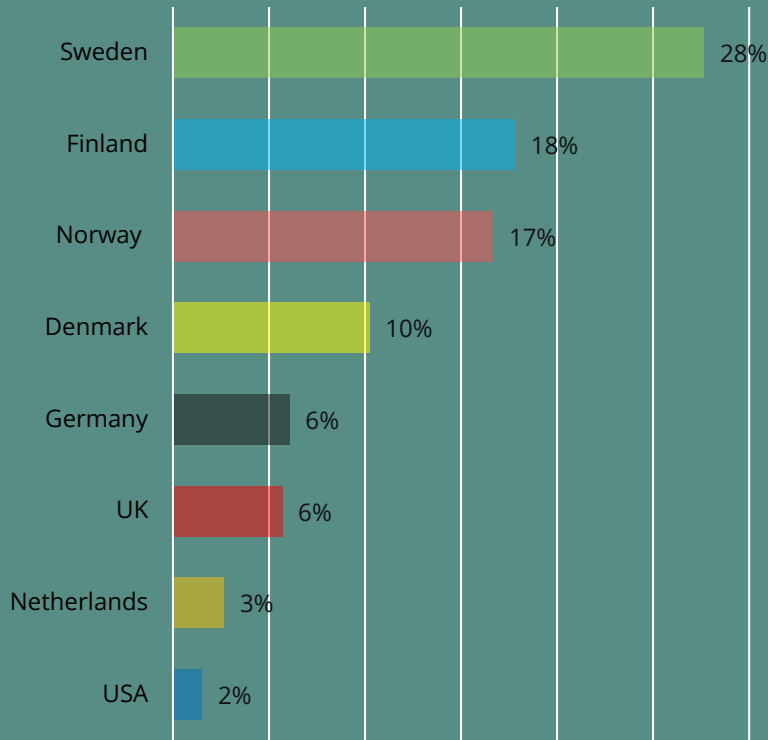
Transactions made outside Europe:

Australia	5 transactions
Brazil	1 transaction
Canada	1 transaction
Chile	1 transaction
Mexico	1 transaction
New Zealand	1 transaction
South Africa	1 transaction
USA	4 transactions



- This map contains all transactions that the Nordic countries made during Q2 2025 in the Software & Services and Industrials sectors divided to target's country.
- Most transactions did not have transaction value available, which is why we have only the number of transactions made shown.

% of total transactions





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Software & Services largest transactions





Buyer country	
Target country	
Announced date	24.6.2025
Deal value	102 MEUR
Stake	100%



Buyer country	
Target country	
Announced date	8.5.2025
Deal value	17 MEUR
Stake	100%
EV/Revenue LTM	1.0x
EV/EBITDA LTM	12.3x





Buyer country	
Target country	
Announced date	14.4.2025
Deal value	11 MEUR
Stake	100%
EV/EBITDA LTM	6.5x





Industrials largest transactions



SVITZER

Buyer country	
Target country	
Announced date	2.4.2025
Deal value	1 129 MEUR
Stake	100%
EV/Revenue LTM	2.0x
EV/EBITDA LTM	6.9x

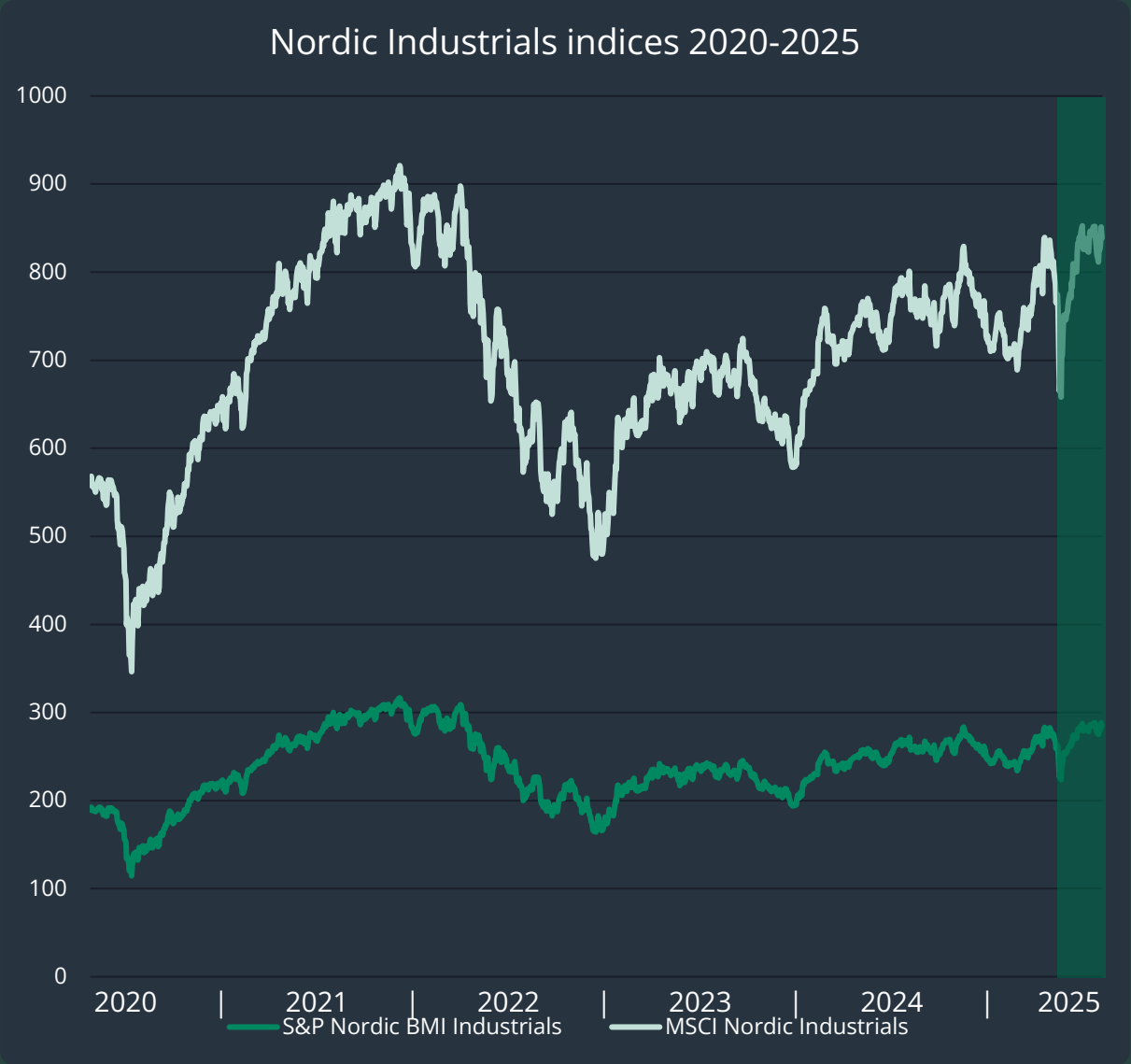
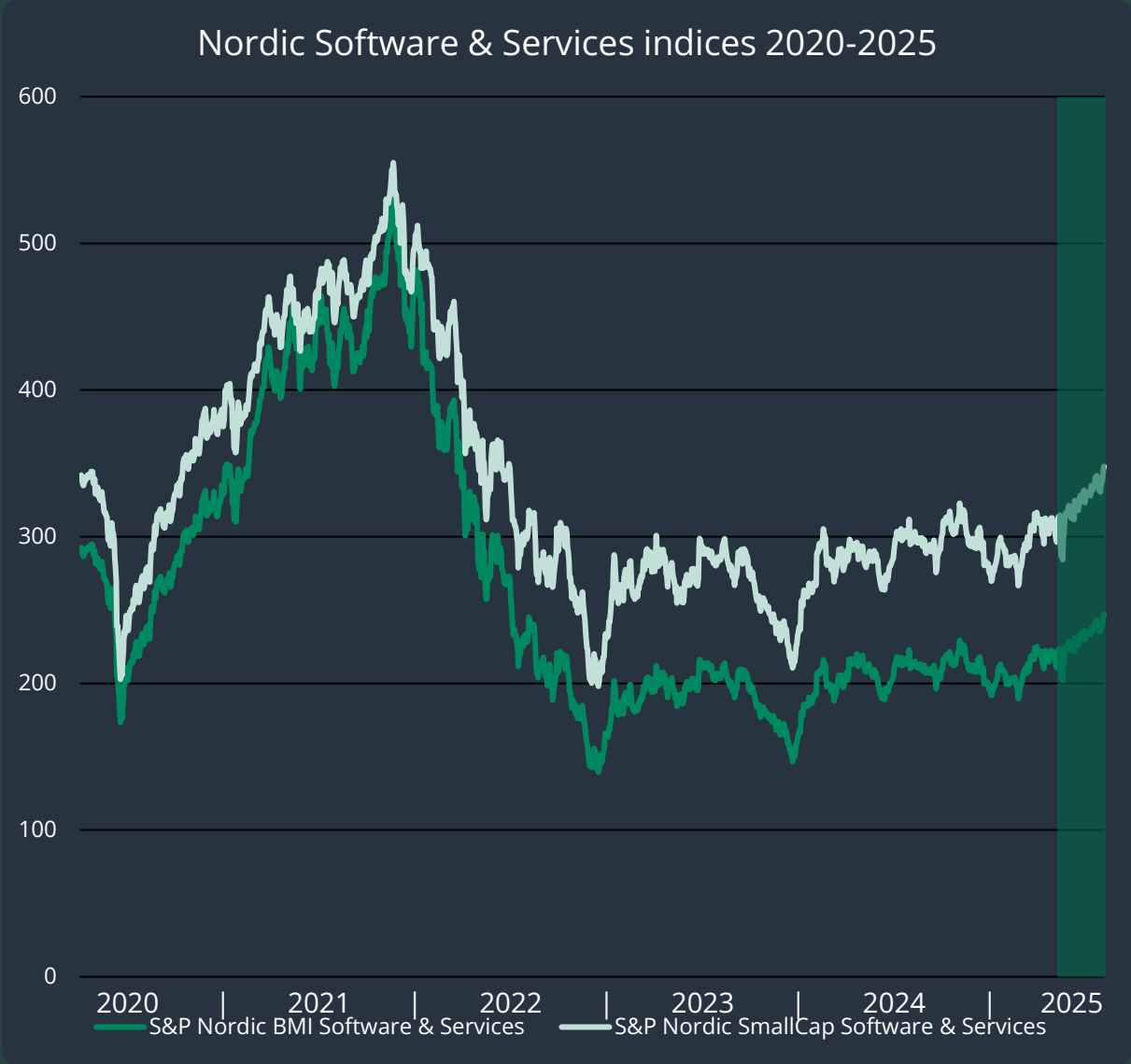
Comwell HOTELS

Buyer country	
Target country	
Announced date	30.4.2025
Deal value	134 MEUR
Stake	100% of one hotel

slb Capturi

Buyer country	
Target country	
Announced date	9.5.2025
Deal value	54 MEUR
Stake	20%

Indices



Market analysis

Analysis of S&P's Nordic Software & Services indices

The S&P Nordic Software & Services indices have followed similar overall trends but with varying volatility. Both indices saw a steep rise after the pandemic-induced drop in early 2020, with gains accelerating through late 2020 and peaking late 2021. The SmallCap index outperformed the broader BMI index during the upswing, reaching slightly higher relative levels before both experienced a sharp downturn. From late 2021 to late 2022, both indices suffered significant declines, with the SmallCap index showing deeper drawdowns but also sharper rebounds during shorter-term recoveries. The broader BMI index mirrored the pattern but with more moderate fluctuations.

By 2025, the Nordic Software & Services sector entered a more nuanced recovery phase, with Q2 emerging as a pivotal quarter for both indices. The SmallCap index maintained its leadership, rising steadily from the start of the year and gaining additional momentum through April and May. By June, it had approached levels not seen since early 2022, signaling renewed investor confidence in the growth potential. The BMI index showed its most consistent positive movement in over two years.

Several factors may contribute to this recent increase, including:

- Sector-wide technology upgrades: Nordic firms accelerated adoption of AI-driven automation, cloud-native platforms, and cybersecurity tools. This wave of modernization contributed to stronger revenue pipelines, particularly in B2B software services.
- Private investment in Small Caps: Increased venture capital and private equity activity in the Nordics channeled funding into niche software providers, boosting valuations in the SmallCap segment.
- Macroeconomics: The stabilization of inflation, decrease of interest rates, and reduced volatility in Nordic currencies during Q2 improved cross-border software sales, benefiting both indices.

In summary, in Q2 2025 Nordic Software & Services indices continued their recovery, with Small Caps clearly outperforming the broader market. The S&P indices climbed steadily, nearing early 2022 levels, fueled by AI adoption, private investment, and macroeconomic stability. Investor sentiment was cautiously optimistic, favoring agile, high-growth companies, and widening the performance gap between small and large caps.

Analysis of S&P's and MSCI's Nordic Industrials indices

The MSCI and S&P Nordic Industrials indices have shown a long-term upward trend punctuated by notable fluctuations over the past five years. Following the sharp but brief pandemic-induced drop in early 2020, both indices rebounded strongly, with the S&P Nordic Industrials index outpacing the MSCI equivalent. The rally continued into late 2021 before a pronounced downturn set in, lasting through much of 2022. From 2023 onward, the indices began to diverge more clearly. S&P Nordic Industrials demonstrated stronger recovery momentum, climbing steadily through 2023 and 2024, despite intermittent corrections. MSCI Nordic Industrials exhibited more moderate growth, maintaining a steadier but slower upward trajectory.

More recently, both indices experienced short-term weakness, likely tied to macroeconomic uncertainty and shifting investor sentiment. However, Q1 2025 marked the beginning of a renewed upswing, with Q2 2025 showing continued strength, particularly in the S&P index, which neared multi-year highs. The MSCI index also gained in Q2, though at a more measured pace.

Factors influencing Q2 2025 performance and the future expectations:

- Improved manufacturing output: In Nordic economies, output in the Industrials sector was supported by resilient domestic demand and selective export growth.
- Technological integration: companies in industrial operations boosted their productivity and margins with AI, cloud-based software and other technological advancement, especially larger listed companies.
- Macroeconomics: Supply chain disruptions reduced due to geopolitics, and investor sentiment seems more positive due to economic stability in inflation and interest rates. Industrial sector also benefits from anticipated infrastructure and capital investments.

In summary, in Q2 2025 the Nordic Industrials sector extended its recovery from the late 2024 dip, with the S&P Nordic Industrials index approaching its pre-downturn highs and the MSCI index maintaining steady gains. Stronger manufacturing activity, operational efficiencies, easing supply chain constraints, and stabilizing economic climate have supported the rally, though growth remains more pronounced in the S&P-tracked companies.



Letter from the editors

In Q2 of 2025 the M&A activity in the Nordics experienced a decline, with a total of 272 transactions completed in the Software & Services and Industrials sectors combined, down from 323 transactions in Q2 2024.

In the Software & Services sector, 85 transactions were recorded, reflecting a 3 % decrease in deal numbers. The median EV/Sales LTM multiple increased to 1.5x from 1.0x in Q2 2024, while the median EV/EBITDA LTM multiple increased to 12.9x from 7.0x. 94 % of buyers were industrial buyers and 6 % were funds.

This growth can be attributed to several factors, including increasing demand driven by ongoing digital transformation initiatives, a more favorable investment climate with more accessible financing due to decrease in interest rates and inflation, and the overall stability of the sector, which has fostered confidence among investors.

Similarly, the Industrials sector saw a decrease in M&A activity, with 187 transactions completed compared to 235 in Q2 2024. Valuation multiples however, increased, with median EV/Sales LTM multiple rising to 1.2x from 1.0x while the median EV/EBITDA LTM multiple dropped to 6.9x from 8.6x in Q2 2024. 98 % of buyers were industrial buyers and 2 % were funds. Even though deal numbers decreased, multiples have mainly increased compared to previous year and the previous quarter.

The driving factors behind this decline in deal numbers include economic uncertainty, which has led to hesitancy in dealmaking, market volatility characterized by fluctuations in commodity prices and supply chain disruptions, and a reassessment of risk by investors. The increased uncertainty has not however transferred to deal multiples, which have mainly increased. Indices' prices have seen an increase (especially the industrials indices) in Q2 2025 compared to the previous quarter, which can explain the increase in transaction multiples. Software & Services transaction multiples have also seen a positive turn in recent months.

Overall, while the indices have shown resilience amidst economic uncertainty, both sectors have faced challenges that have resulted in a notable decline in M&A activity. However, with the recent easing of interest rates and inflation, there is potential for renewed investments and growth in the coming quarters.

This report reflects the M&A markets in the Nordics (Finland, Denmark, Iceland, Sweden and Norway). Deal volume, transaction information, and multiples are sourced from S&P Capital IQ. LTM numbers were used instead of NTM, since there was too little data on the forward-looking multiples.



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