

## SOFTWARE INDUSTRY

### FULL YEAR 2022 :: Mergers and Acquisitions Trend Report

#### 2022 KEY HIGHLIGHTS

- The first half of 2022 saw one of the most expensive acquisitions ever within the gaming industry; the buyout of Activision Blizzard by Microsoft. With the acquisition, Microsoft became the second-largest gaming company in the world, behind Sony.
- The highest value deal in 2022 was Broadcom Limited's announced acquisition of VMware Inc., a cloud computing and virtualization technology company, for \$70.36 billion.
- There were 563 financially sponsored transactions with an aggregate value of \$172.85 billion, representing 26 percent of the total volume and 38 percent of the total value, respectively.

#### 2022 KEY TRENDS

- Total transaction volume in 2022 decreased by 16 percent over 2021, from 2,878 to 2,421.
- Total transaction value in 2022 increased by 12 percent over 2021 from \$403.21 billion to \$452.75 billion.
- The median revenue multiple decreased from 5.1x in 2021 to 3.7x in 2022. The median EBITDA multiple declined from 18.9x in 2021 to 16.7x in 2022.
- The segment with the largest rise in value in 2022 over 2021 was Consumer Software, from \$25.49 billion in 2021 to \$138.62 billion in 2022.

#### M&A MARKET OVERVIEW

Berkery Noyes tracked 7,576 Software transactions between 2020 and 2022, of which 1,432 disclosed financial terms, and calculated the aggregate value to be \$842.79 billion. Based on known transaction values, we project values of 6,144 undisclosed transactions to be \$210.13 billion, totaling \$1,052.91 billion worth of transactions tracked over the past three years.

Disclosed median enterprise value multiples for all segments combined in this report during the last 36 months were 4.0x revenue and 17.1x EBITDA.

Over the past three years, deals in the \$10-\$20 million range received a median enterprise value multiple of 2.9x revenue, compared to 7.2x revenue for those in the \$160 million and above range.

#### M&A Market Dynamics

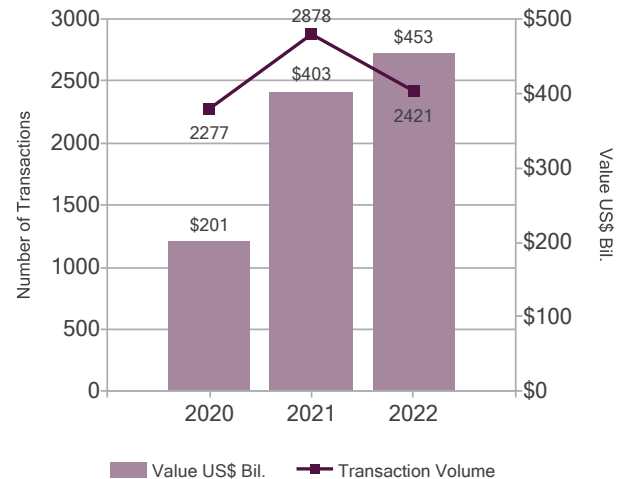


Figure 1. 2020-2022 value and volume comparison.

#### Median Enterprise Value Multiples

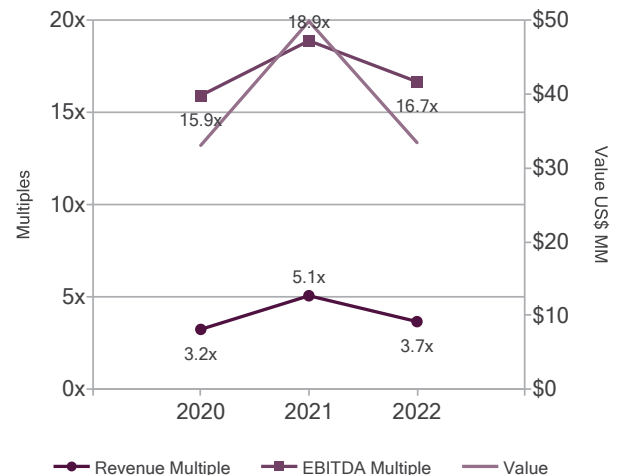
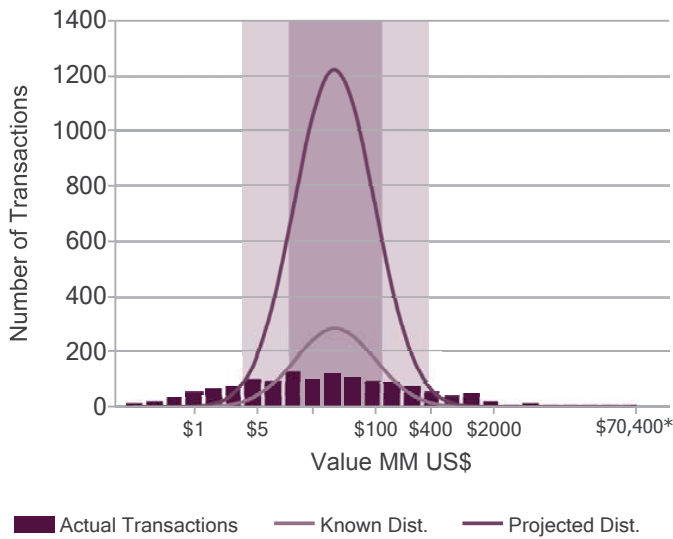


Figure 2. 2020-2022 median value, revenue, EBITDA comparison.

# Transaction Analysis :: January 1, 2022 – December 31, 2022

**Bell Curve - Histogram**



**Figure 3.** Shows distribution of Software transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly two-thirds of companies purchased had transaction values of \$2.7 million to \$403.4 million. Based on this data, we estimate the total transaction value of deals done in 2022 at \$1,052.9 billion.

\* Indicates largest industry transaction from Jan. 1, 2022 to Dec. 31, 2022.

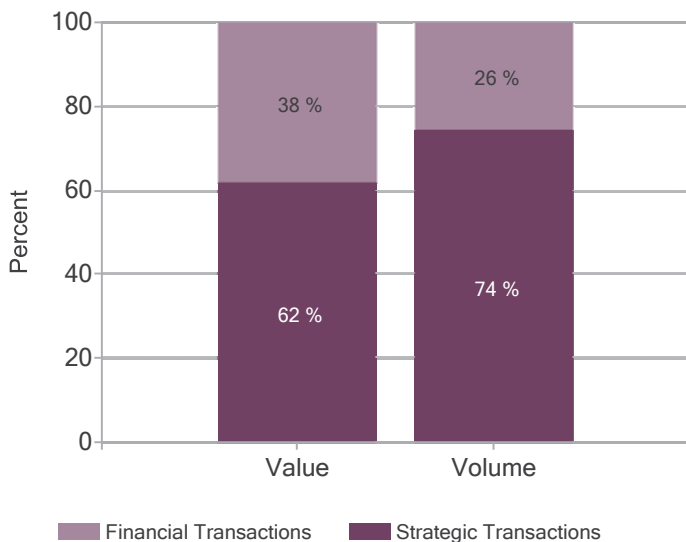
**Distribution Table**

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	15	0	15	1 %	1 %
\$0.4	23	0	23	2 %	3 %
\$0.6	38	0	38	3 %	5 %
\$1.0	57	2	59	4 %	9 %
\$1.6	71	12	83	5 %	14 %
\$2.7	78	50	127	5 %	20 %
\$4.5	103	155	258	7 %	27 %
\$7.4	95	379	473	7 %	34 %
\$12.2	132	719	851	9 %	43 %
\$20.1	105	1,064	1,168	7 %	50 %
\$33.1	124	1,225	1,348	9 %	59 %
\$54.6	106	1,099	1,204	7 %	66 %
\$90.0	93	767	860	6 %	73 %
\$148.4	92	417	509	6 %	79 %
\$244.7	78	177	254	5 %	84 %
\$403.4	56	58	114	4 %	88 %
\$665.1	42	15	56	3 %	91 %
\$1,096.6	47	3	49	3 %	95 %
\$1,808.0	23	0	23	2 %	96 %
\$2,981.0	11	0	11	1 %	97 %
\$4,914.8	17	0	17	1 %	98 %
\$8,103.1	9	0	9	1 %	99 %
\$13,359.7	6	0	6	0 %	99 %
\$22,026.5	2	0	2	0 %	99 %
\$36,315.5	1	0	1	0 %	99 %
\$59,874.1	2	0	2	0 %	100 %
Total #	1432	6144	7576		
Total \$ Value	\$842,787	\$210,127	\$1,052,914		
Middle 3rd of Industry		Middle 2/3rds of Industry			

**Figure 4.** Presents the data depicted in the bell curve histogram.

## Strategic vs. Financial Comparison

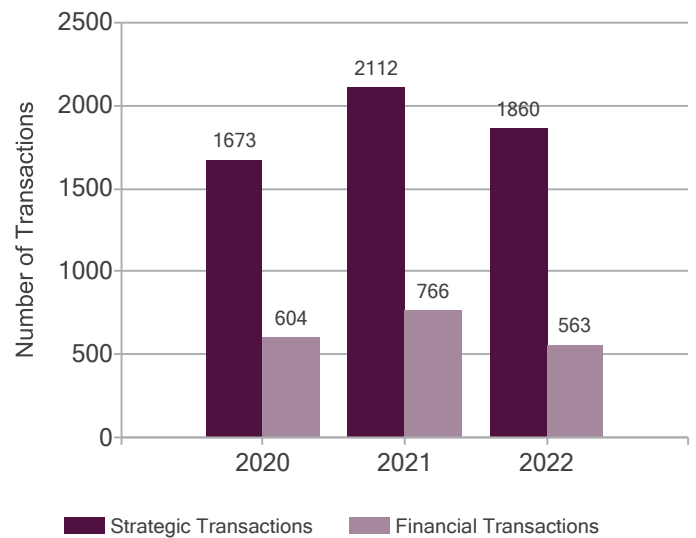
**M&A Dynamics By Transaction Type**



**Figure 5.** 2022 value and volume comparison by acquirer type.

**Note:** Financial transactions are those financed by private equity, venture capital, and other investment firms. This includes acquisitions by portfolio companies of the investment firms.

**Transaction Type**



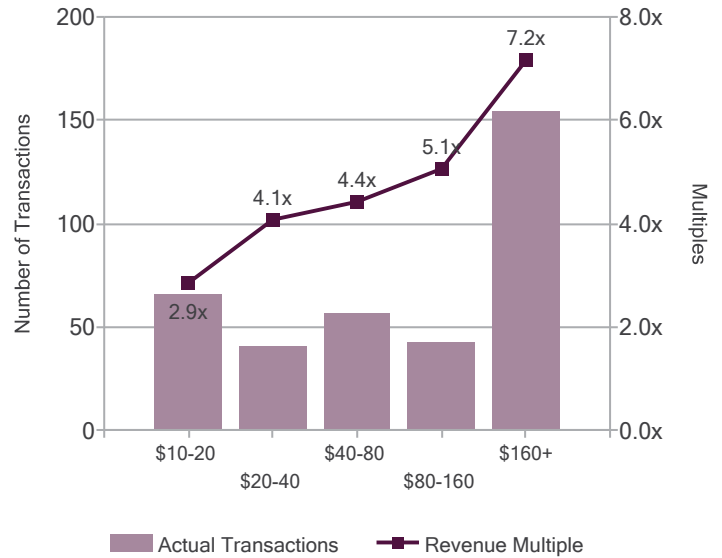
**Figure 6.** 2020-2022 acquirer type comparison.

# Purchaser Analysis

## Top Ten Notable Transactions 2022

Deal Date	Target Name	Buyer	Value MM US\$
05/27/22	VMware, Inc.	Broadcom Limited	\$70,358
01/18/22	Activision Blizzard	Microsoft Corporation	\$68,625
04/26/22	Twitter, Inc.	Elon Musk	\$41,773
09/15/22	Figma	Adobe Systems Incorporated	\$20,000
01/31/22	Citrix Systems, Inc.	TIBCO Software Inc., Elliott Management Corp.	\$16,620
05/04/22	Black Knight, Inc.	Intercontinental Exchange	\$15,916
01/11/22	Zynga, Inc.	Take-Two Interactive Software, Inc.	\$12,510
06/24/22	Zendesk	Hellman & Friedman LLC, Permira	\$10,200
03/21/22	Anaplan, Inc.	Thoma Bravo, LLC	\$9,796
08/08/22	Avalara, Inc.	Vista Equity Partners	\$8,248
2022 Aggregate Transaction Value			\$452,746
Top 10 Aggregate Transaction Value			\$274,046
Top 10 Aggregate Value as a Percentage of All Transactions			61 %

## Median EV/Revenue Multiples by Size



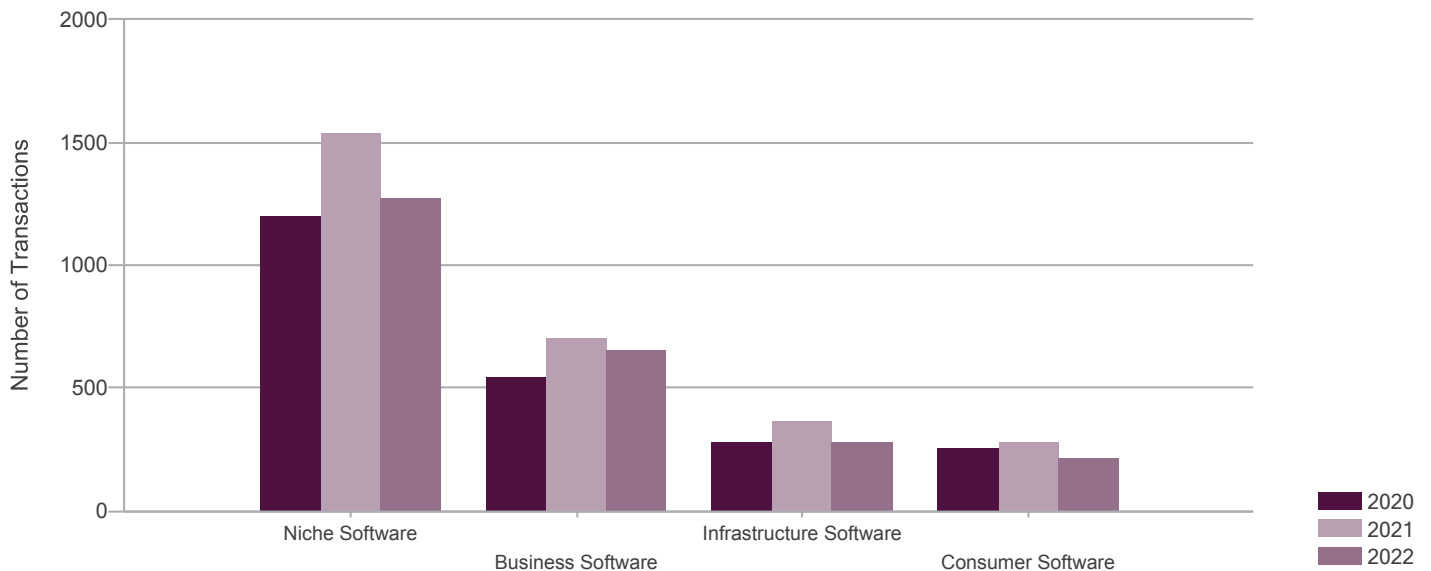
**Figure 7.** Lists the top ten transactions for 2022 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown in Figure 1 & 4.

**Note:** Transaction data based on **announced date**. Deal value represents total consideration paid by the acquirer.

**Figure 8.** Presents the median enterprise value/revenue multiples paid for companies in the Software Industry from Jan. 1, 2020 to Dec. 31, 2022 based on publicly available data.

## Transaction Volume by Segment :: January 1, 2020 – December 31, 2022

### Transactions By Market Segment



**Figure 9.** Presents transaction volume by target segment within the Software Industry from Jan. 1, 2020 through Dec. 31, 2022.

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