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Mid-year 2023 update on

M&A and IPO trends and insights in Norway



Challenging and complex M&A and IPO markets

Deal values in Norway are significantly down in the first six months of 2023, while deal volumes are closer to 2022-levels. The current macro-economic landscape in Norway, Europe and globally causes insecurity and adversely impacts deal values and volumes, while there is a growing deal pipeline waiting for the markets to stabilize and improve.

In terms of M&A deal volumes, the total number of deals in the first half of 2023 is down from 2022, with 341 in 2023 from 387 in 2022. Interestingly there is a slight downward trend from the first to the second quarter of 2023, with 174 deals in the first quarter to 167 in the second quarter, while historically, deal volumes have had an upward trend from the first to the second quarter.

Although the deal count is not materially different from 2022, deal values are significantly down in 2023. From EUR 20 billion in the first six months of 2022 to EUR 8.5 billion in the same period in 2023. And only three deals represented half of the deal values reported so far in 2023.

Public takeovers are slower than we expected at the start of the year. With the reduced share prices and low NOK to other currencies, we expected a peak in foreign investors launching public takeovers. However, the general uncertainty in the market also affects public takeovers, interested parties are hesitant, and deals are harder to conclude.

While there is still activity on private and public M&A, the IPO market has been slow with only seven listings on Norwegian marketplaces in the first six months of 2023 (compared to 17 in the same period in 2022). However, if we exclude up-listings, the IPO volumes in 2023 are close to 2022.



Deal activity is down due to market conditions

Uncertainty continues to impact the M&A market in Norway, and the number of deals in the first half of 2023 is declining. Macro-economics and markets are volatile, with interest rates continuing to rise and the level of inflation remaining high. Access to debt financing is still challenging, particularly for larger transactions, and the funding costs are increasing with the increasing interest rates.

In addition to market and macro-economic risks, we are also experiencing a political landscape in Norway that has prompted certain new considerations. New taxes on income from natural resources such as salmon farmed in the coastal waters (the “salmon tax”), wind power and hydro power, have reduced and/or postponed investments in the relevant sectors.

Further, the recent proposal from the Norwegian government that the gender representation requirements that apply to Norwegian Public Limited Companies also shall apply to Norwegian Private Limited Companies (down to companies with 30 employees), can also make governance structures in Norwegian companies more complicated.

In addition to the Norwegian legislative changes, EU legislative initiatives and focus areas, such as the Foreign Subsidies Regulation (FSR and Foreign Direct Investment (FDI), is also expected to affect the M&A markets going forward. For more information on the effects of FSR and FDI we refer to our separate articles covering these topics at www.wiersholm.no

Although both sellers and buyers are cautious, good deals are still being completed, particularly within sectors such as oil, oil service and shipping. For small and medium sized deals, the number of transactions is relatively good. And, as further described below, the public takeover activity is stable in terms of numbers, and increasing in terms of values: so far in 2023 at EUR 18.6 billion, up from EUR 4.8 billion in first half of 2022.

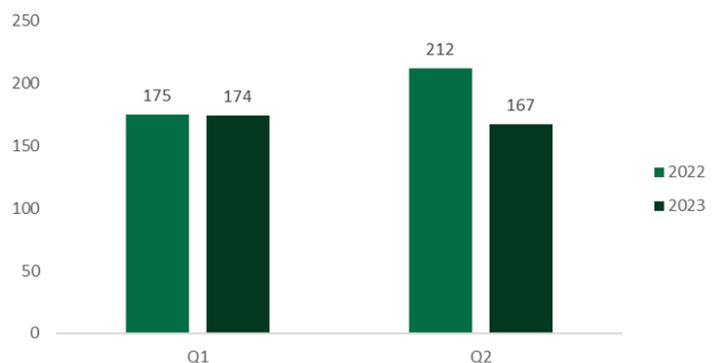
Challenging markets have also led to a new boost in creativity on deal structures and risk mitigation. Joint ventures, co-investments, minority investments and club deals are often used as tools for market participants wanting (or needing) to close a deal, but are reluctant to do so on more traditional terms.

This creativity, combined with a desire, or requirement, to conclude deals give hope for the rest of 2023 and beyond.

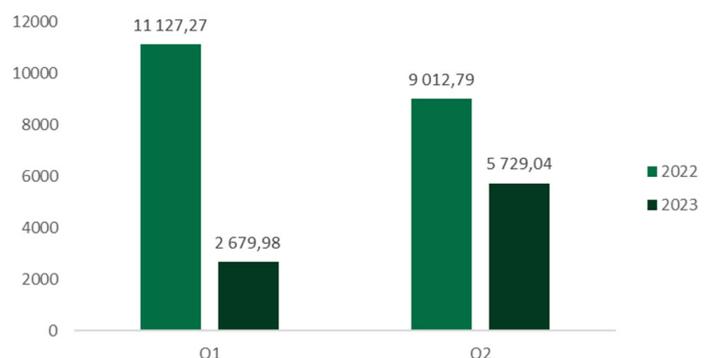
Although uncertainty in terms of macro-economics seems to continue in Q3, we see a growing deal pipeline waiting for the conditions to improve, investors and funds with equity waiting to be invested and well prepared IPO processes. More clarity on the salmon tax that was introduced in September 2022 is also likely to lead to more seafood deals. Some expect a repeat of the situation in 2020, when the IPO markets opened before the M&A market, leading to a spike in IPOs, and also multiple dual-track deals.



Total number of deals Q1 & Q2 - 2022 vs 2023

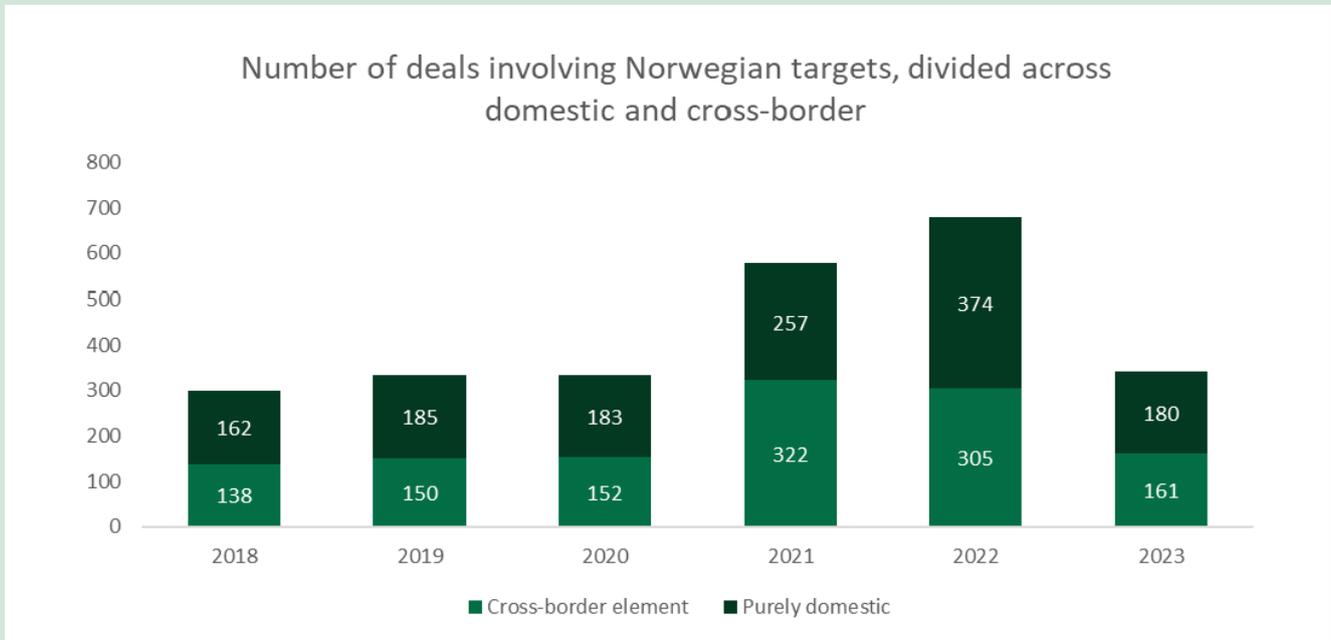


Total deal value (MEUR) Q1 & Q2 - 2022 vs 2023

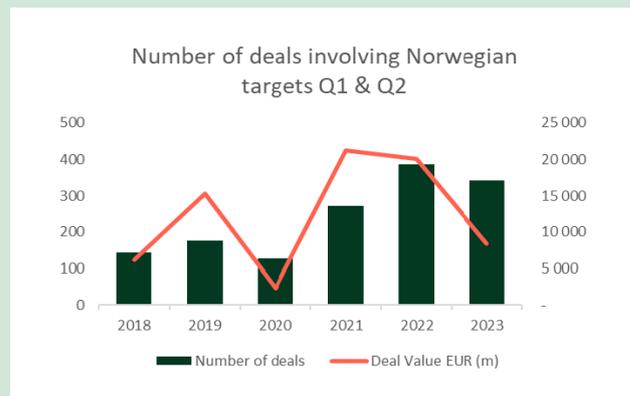
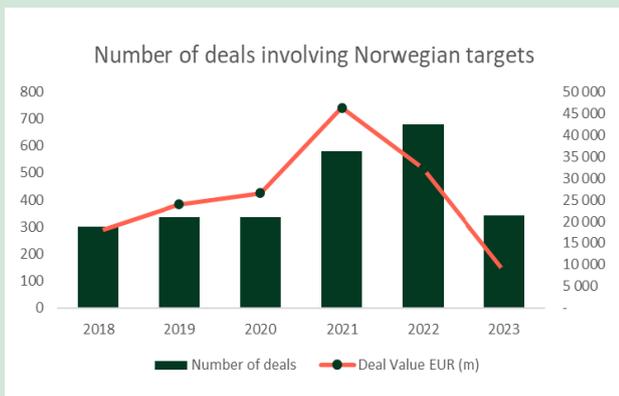


Cross border activity

Cross-border deal activity in Norway is stable and slightly increasing. For overseas investments into Norway, the 'big three', Sweden, the US and the UK retain their positions in the top three, reflecting their position as Norway's strongest investment partners. This is particularly evident in terms of deal values and especially the case for the UK and US, which together exceeds the deal value from Norwegian buyers.

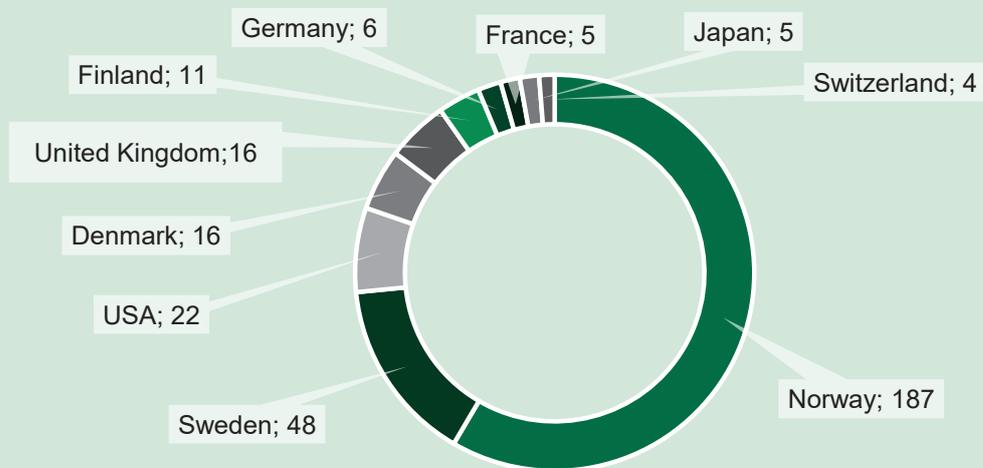


Number of deals and deal value involving Norwegian targets

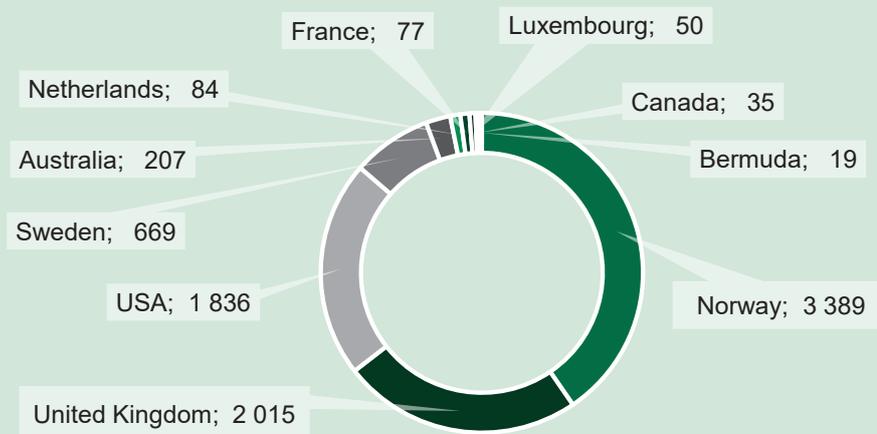


Buyer geography

Buyer geography number of deals



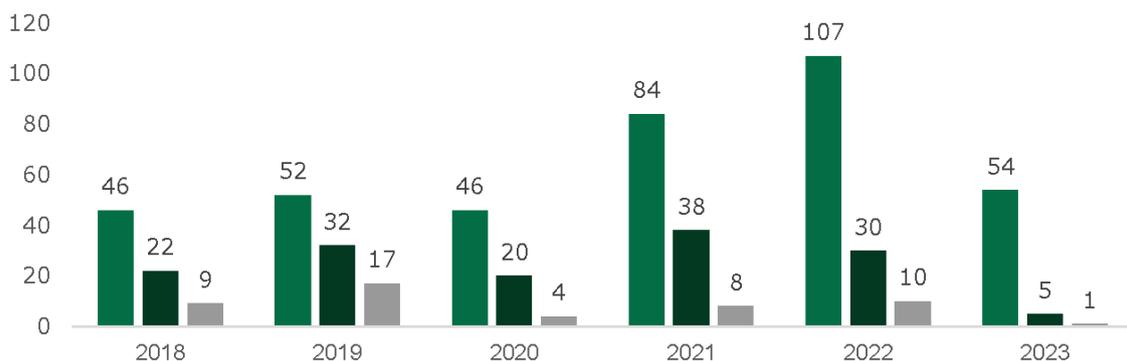
Buyer geography deal value (MEUR)



Private Equity / Venture Capital

Private equity has a strong footprint in Norway. Although the number of deals in 2023 are down from the record in H1 2022, it remains at a strong level compared to previous years. It is also interesting to see that even though the number PE/VC buyers dropped by approximately 50%, from H1 2022 to H1 2023, the number of PE/VC sales dropped even further, with more than 80%. Our impression is that current PE/VC owners seem to continue to believe in their investments, and is awaiting more stable market conditions before initiating exit processes, and only sell assets that are attractive regardless of market conditions. At the same time, the PE/VC buy-rate still suggests that PEs/VCs are still looking for new targets to invest in. The result is an increased PE/VC footprint, and potentially laying the ground for more deal activity once the conditions stabilizes.

Sum of Private Equity / Venture Capital deals



Private Equity / Venture Capital industry buy/sell distribution and number of deals

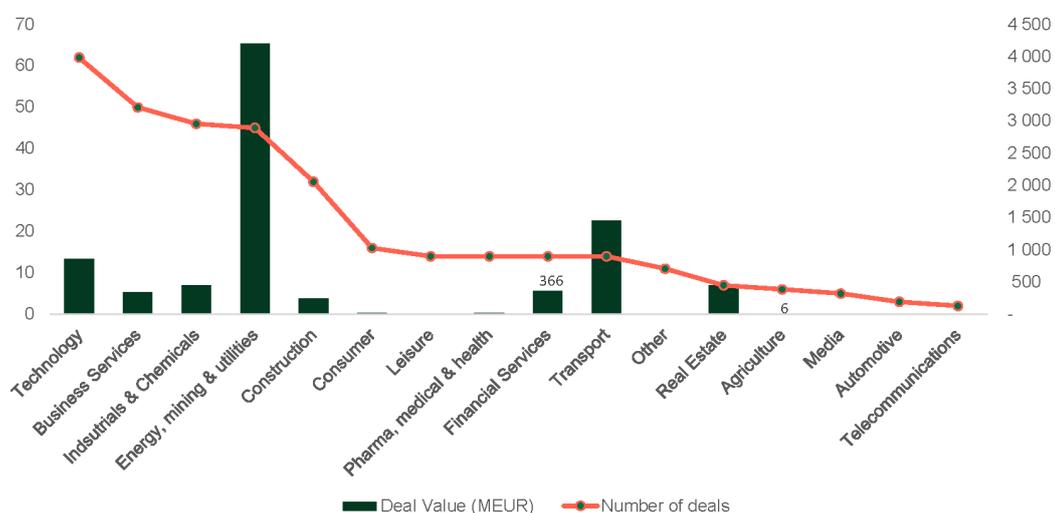


Sectors

The by far most active sector so far in 2023 has been Energy, and particularly oil, oil service and shipping. Energy has long been a dominant sector in Norway. We saw a temporary change in H1 2022, where 5 of the 10 largest deals related to seafood, and three of the four “top 10” deals relating to energy were renewables, but recently, particularly on larger deals, the oil and oil service sectors have increased their dominance again.

After an almost full stop of transactions within the seafood sector after the introduction of a 40% additional salmon tax in September 2022, we have begun to see more activity within the seafood sector following the reduction of the additional salmon tax to 25% and getting more clarity on the future tax framework for the sector. We expect this to continue in H2 2023.

Industries number of deals and deals value Q1 & Q2 2023





Largest deals measured by deal value in H1 2023

2023

| Target Company | Consolidated industry | Bidder Company | Deal Value (MEUR) |
|--|----------------------------|---|-------------------|
| Neptune Energy Group Midco Ltd (Norway business) (100% stake) | Energy, mining & utilities | Var Energi AS | 2 084 |
| DOF ASA (100% Stake) | Energy, mining & utilities | Subsea 7 SA | 1 647 |
| Froy ASA (100% Stake) | Transport | Goldman Sachs Asset Management | 900 |
| Meltwater NV (100% Stake) | Technology | Altor Equity Partners AB; Marlin Equity Partners, LLC | 574 |
| Solstad Offshore PSV fleet (100% Stake) | Transport | Tidewater Inc. | 543 |
| Devico AS (100% Stake) | Industrials & Chemicals | Imdex Limited | 207 |
| Statfjord Unit (23.93% Stake) ; Statfjord Nord (28% Stake); Statfjord Ost Ubit (14% Stake); Sygna Unit (15.4% Stake) | Energy, mining & utilities | Okea ASA | 205 |
| Soederberg & Partners AS | Financial Services | KKR & Co Inc | 200 |
| SinkabergHansen AS (44.4% Stake) | Business Services | BEWI ASA; BEWI Invest AS | 195 |
| BO Coliving AS (100% Stake) | Real Estate | Heitman LLC | 157 |
| Grand Total | | | 6 713 |

2022

| Target Company | Consolidated industry | Bidder Company | Deal Value (MEUR) |
|--|----------------------------|---|-------------------|
| NTS ASA (100% Stake) | Agriculture | Mowi ASA | 2 594 |
| NTS ASA (52.69% Stake) | Agriculture | Salmar ASA | 1 726 |
| Glitre Energi AS (100% Stake) | Energy, mining & utilities | Agder Energi AS | 1 526 |
| Norway Royal Salmon ASA (100% Stake) | Agriculture | Salmar ASA | 1 107 |
| Fortum Oslo Varme AS (50% Stake) | Energy, mining & utilities | HitecVision AS; Areim AB; Infranode | 1 036 |
| Martin Linge field; Norpipe Oil; Equinor ASA (non-operated share in the Greater Ekofisk Area) | Energy, mining & utilities | Sval Energi AS | 948 |
| Salmonor AS (100% Stake) | Agriculture | Norway Royal Salmon ASA | 829 |
| Visma AS (IT consulting business) (100% stake) | Technology | CVC Advisers Ltd.; CVC Capital Partners | 807 |
| NTS ASA (47.62% Stake) | Agriculture | NTS ASA (Shareholders) | 630 |
| TronderEnergi (Wind power, energy management and energy services, property, hydropower business) (50% Stake) | Energy, mining & utilities | HitecVision AS | 612 |
| Grand Total | | | 11 816 |



Stable public takeover activity

Public takeovers have increased slightly compared to both the first and the last six months of 2022, with six public bids announced this far in 2023. While tech-takeovers dominated the takeover statistics in 2022, the more traditional sectors shipping and renewables have dominated 2023. Deal values thus far in 2023 totaled EUR 18.6 billion, which is significantly up from the EUR 4.8 billion in the second half of 2022 but lower than the EUR 23.3 billion deal values in the first half of 2022.

Predictions for public takeovers for the rest of 2023 are the same as for private M&A and IPOs: complex. There is a lot of activity, and a willingness to do deals, but the markets are challenging. Investors are more risk averse, and sellers' expectations still appear to be relatively high.

The following table shows public to private transactions launched in 2022 and 2023:

Public to Private market overview 2022-2023

| Target | Offeror | Sector | Marketplace | Date of the Offer Document | Voluntary/Mandatory | Consideration | Transaction value mNOK |
|---------------------------|--------------------------------|-----------------------|----------------------|----------------------------|---------------------|---------------|------------------------|
| 2022 | | | | | | | |
| NTS ASA | SalMar ASA | Seafood | Oslo Børs | 17. mar. 2022 | Voluntary | Cash+shares | 15 100,00 |
| Instabank ASA | Lunar Group A/S | Banking and finance | Euronext Growth Oslo | 28. mar. 2022 | N/A | Cash | 1 300,00 |
| EcoOnline Holding AS | Erling Bidco AS | Technology | Euronext Growth Oslo | 13. jun. 2022 | N/A | Cash | 3 750,00 |
| Ørn Software Holding AS | EG Norge Holding AS | Technology | Euronext Growth Oslo | 8. jun. 2022 | N/A | Cash | 590 |
| Mercell Holding ASA | Spring Bidco (Norway) AS | Technology | Oslo Børs | 10. jun. 2022 | Voluntary | Cash | 3 150,00 |
| Play Magnus AS | Chess Growthco LLC | Technology | Euronext Growth Oslo | 24. aug. 2022 | N/A | Cash | 800,00 |
| Magseis Fairfield ASA | TGS ASA | Oil service | Oslo Børs | 24. aug. 2022 | Mandatory | Cash+shares | 2 500,00 |
| 5th Planet Games A/S | Skybound Game Studios, Inc | Technology | Oslo Børs | 27. mai. 2022 | Mandatory | Cash | 100,00 |
| Q-Free ASA | Rieber & Søn AS | Technology | Oslo Børs | 24. nov. 2022 | Mandatory | Cash | 700,00 |
| House of Control Group AS | Visma Norge Holding AS | Technology | Euronext Growth Oslo | 26. sep. 2022 | N/A | Cash | 650,00 |
| 2023 | | | | | | | |
| Quantafuel ASA | Viridor | Renewables | Euronext Growth Oslo | 2. mar. 2023 | N/A | Cash | 1 050,00 |
| Seaway 7 ASA | Subsea 7 S.A. | Shipping / Renewables | Euronext Growth Oslo | 13. mar. 2023 | Voluntary | Shares | 350,00 |
| Meltwater N. V. | MW Investment B.V. | Technology | Oslo Børs | 30. mar. 2023 | Voluntary | Cash+shares | 5 650,00 |
| Lumi Gruppen AS | Lola Bidco AS | Education | Euronext Growth Oslo | 26. apr. 2023 | N/A | Cash | 850,00 |
| Treasure ASA | Wilh. Wilhelmsen Holding ASA | Shipping | Oslo Børs | 7. jun. 2023 | Other | Cash | 4 100,00 |
| Frøy ASA | Goldman Sachs Asset Management | Shipping / Seafood | Oslo Børs | Pending | Pending mandatory | Cash | 6 600,00 |

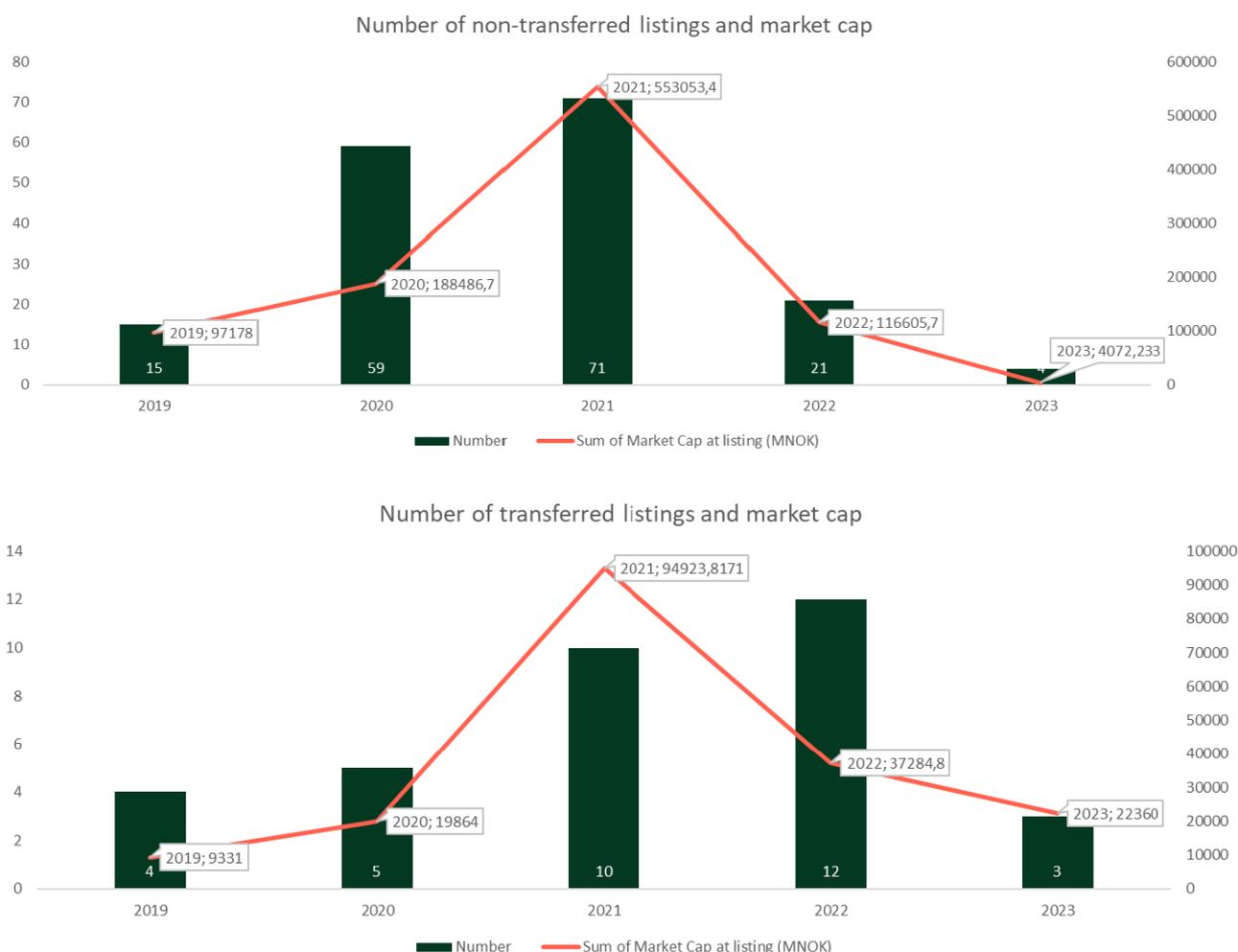
IPO market remains on hold

Our summary for IPO activities is the same as at the end of 2022: There is still an anticipated pipeline of companies looking to list in Norway. But some companies that have pushed back their planned listings since 2021, have now started to look at other deal structures or longer IPO timelines (beyond 2023).

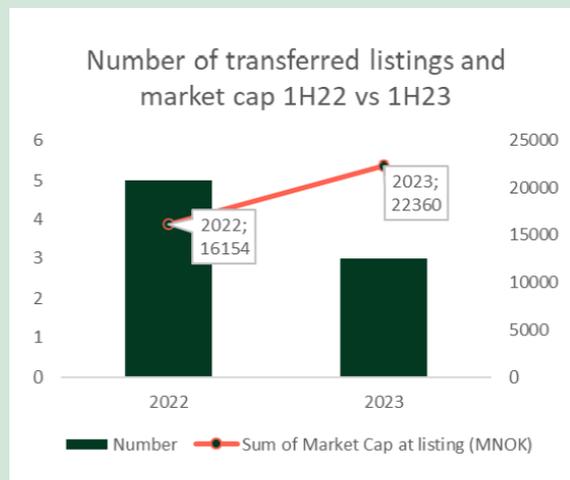
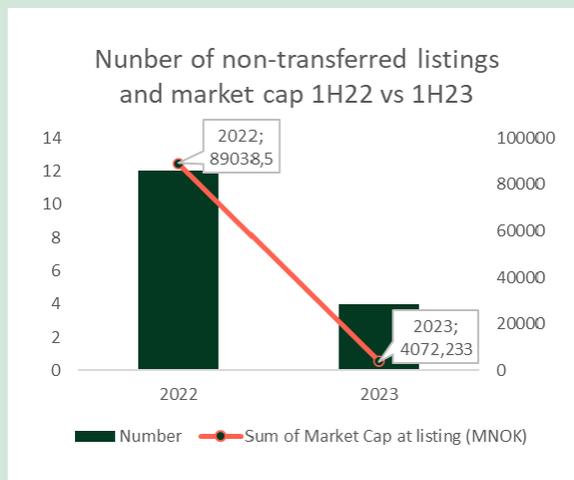
There has only been two IPOs on Oslo børs this far in 2023, and two new companies listing on Euronext Growth Oslo. Offerings totaling approximately NOK 3.2 billion have been completed in 2023, which stands in large contrast to 2022, when Offerings totaling approximately NOK 10.2 billion were completed in the first half of 2022, and approximately NOK 38 billion in 2021. However, if looking more closely at the numbers, the contrast is not as large, as the Vår Energi IPO in first half of 2022 represented NOK 8.9 billion in deal value.

We expect that the large cap IPOs will come to market once the IPO window opens again. In June 2023, there were some indications of an improved IPO market in Europe, which is the likely reason for the cautious optimism for IPOs in the remainder of 2023.

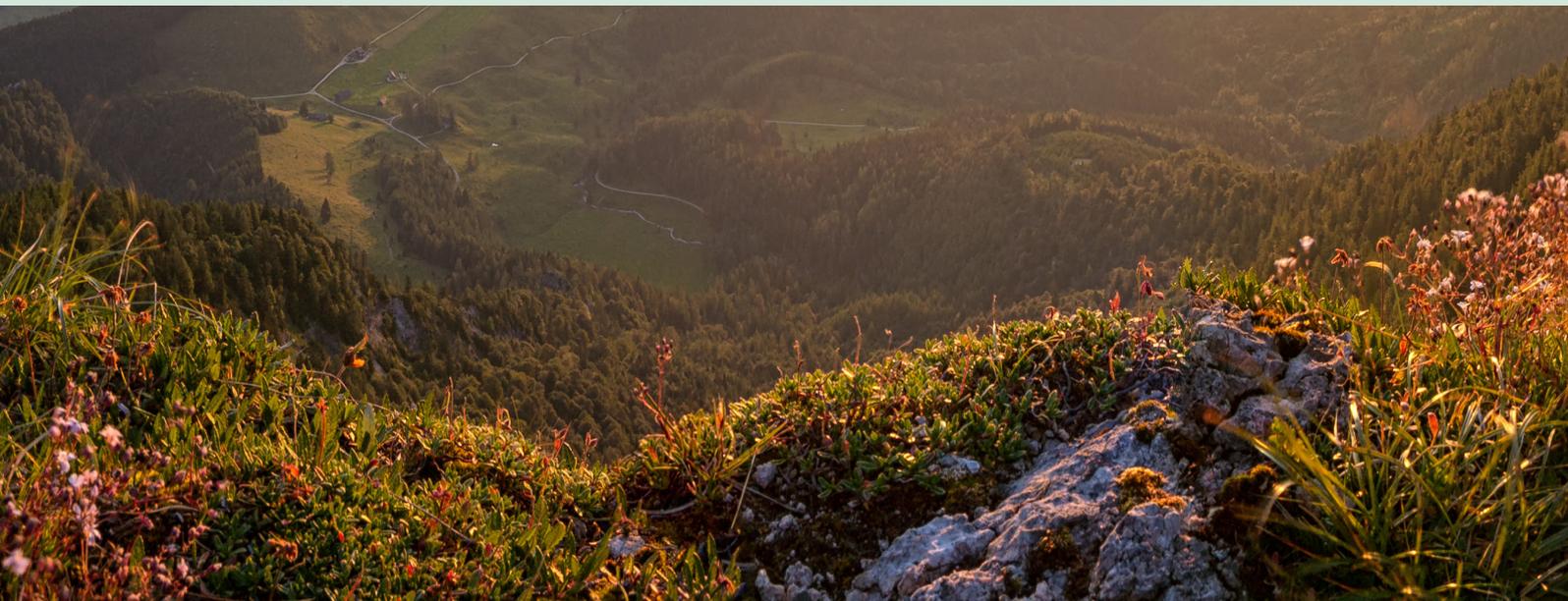
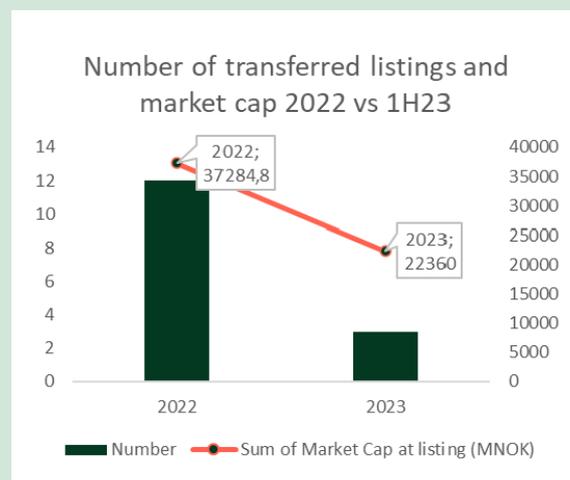
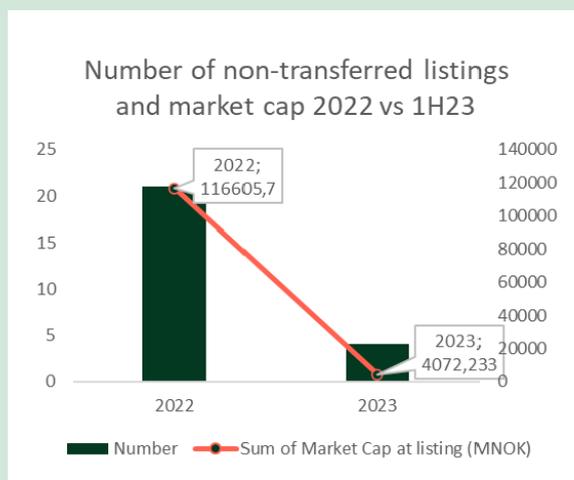
Number of listings and market cap 2019-2023 (new listings and transfers)



Number of listings and market cap 1H22 vs 1H23 (new listings and transfers)

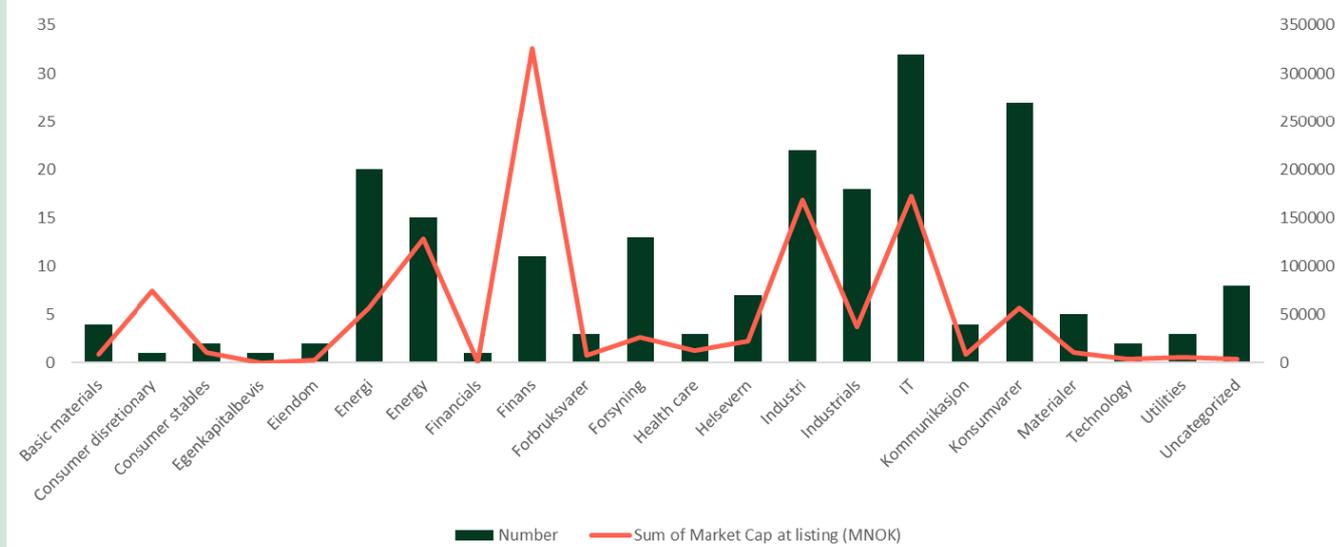


Number of listings and market cap 2022 vs 1H23 (new listing and transfers)





Industry total number of listings and market cap 2019-2023



Sources:

Except for the public to private overview, and the IPO statistics (which are based on publicly available deal information compiled by Wiersholm), the main source for statistics used in this report is [Mergermarket.com](https://www.mergermarket.com)

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