

Technology

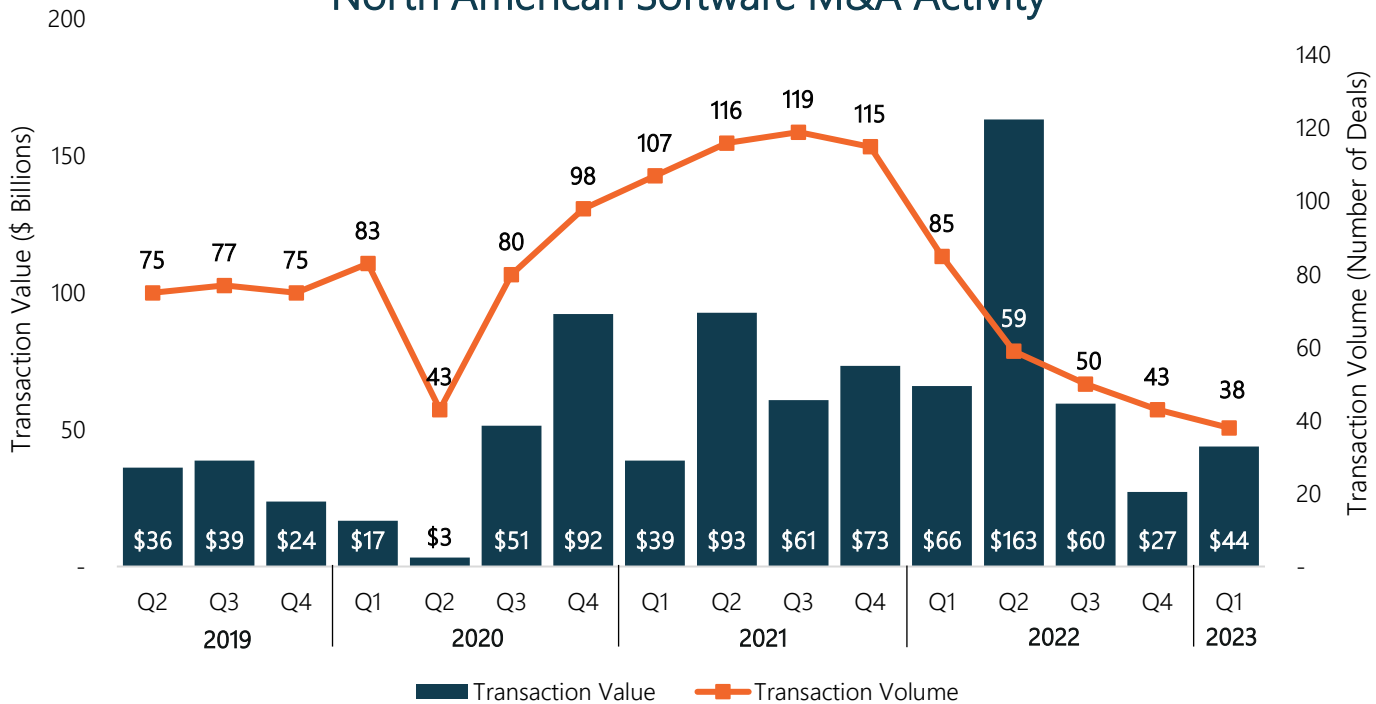
Quarterly Update | Q1 2023



Industry Overview

M&A Activity

North American Software M&A Activity



Source: S&P Capital IQ. Data as of March 31, 2023.

All figures are in CAD unless otherwise stated.

Transaction value is only inclusive of total transaction values which have been disclosed within Capital IQ.

Technology includes companies under Capital IQ categories: Software (Application Software and Systems Software)

Q1 Transactions

38

(-12% vs. Q4 2022)

Q1 Transaction Value

\$44 billion

(+61% vs. Q4 2022)

2023 Transactions

38

(-55% vs. Q1 2022)

2023 Transaction Value

\$44 billion

(-34% vs. Q1 2022)

M&A Market Update – Q1 2023

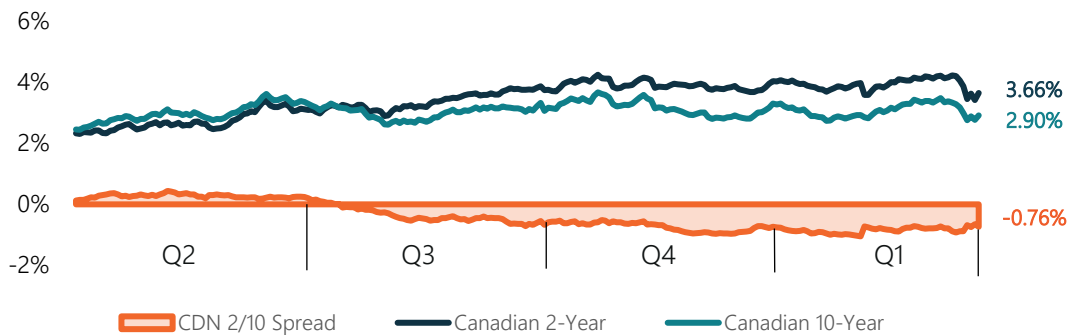
- Technology stocks began to recover in Q1 2023 with the Nasdaq 100 Technology Sector index up over 20%.
- In deal-making, the North American software industry experienced its lowest deal volume over the illustrated four-year period (38 deals), indicating that challenging macro-economic conditions continue to negatively impact M&A activity. Although Transaction Volume increased from \$27B to \$44B in Q1 2023, this is primarily driven by the largest deal in the quarter, Canada Pension Plan Investment Board (CPPIB) and Silver Lake's acquisition of Qualtrics for \$15B.
- The primary reasons for the unfavourable deal-making environment in North America across all sectors continue to be the uncertain economic and geopolitical environment and the persistence of high interest rates, making it difficult for dealmakers to agree on pricing.
- However, based on the most recent inflation data in Canada and the U.S., both countries' have edged notably closer to the Bank of Canada (BoC) and Federal Reserve's inflation target of 2%. Canada's Q1 2023 Consumer Price Index was 4.3%, the lowest it has been since Q3 2021. The BoC has suggested that the monetary policy tightening appears to be working, and, as such, signalled that it will hold borrowing costs at current levels while assessing the effects of past interest rate increases. Stabilization of interest rates may provide some relief to depressed valuations and M&A activities throughout the software and other high-growth sectors.

Macroeconomic Indicators

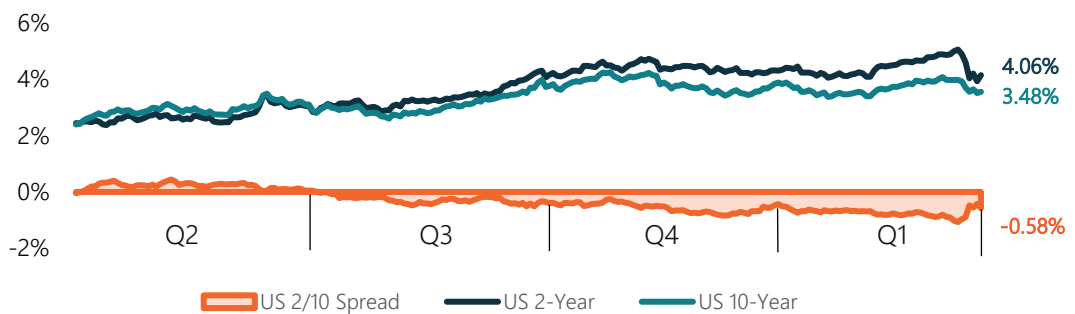
Key external drivers that affect the technology industry include changes in inflation rates (i.e. Consumer Price Index) and treasury yields. Interest rates have shown conflicting movement over the past several months for both Canada and U.S., where the 2-year bond yield exceeds the 10-year, which began in Q2 2022. Investors commonly consider this inverted yield curve to be a recession indicator.

Inflation in Canada declined to 4.30% year-over-year in March 2023, down from its peak of 8.1% in Q2 2022. Similarly in the U.S., inflation decreased to 4.98% in March 2023. According to the BoC, inflation eased due to lower energy prices, normalizing global supply chains, and tighter monetary policy. However, because of persistent service price inflation and wage growth, the BoC remains determined to bring inflation back to the 2% target. In a change from the aggressive monetary policy adopted in the past quarter, the BoC is taking more of a wait-and-see approach by assessing multiple economic indicators.

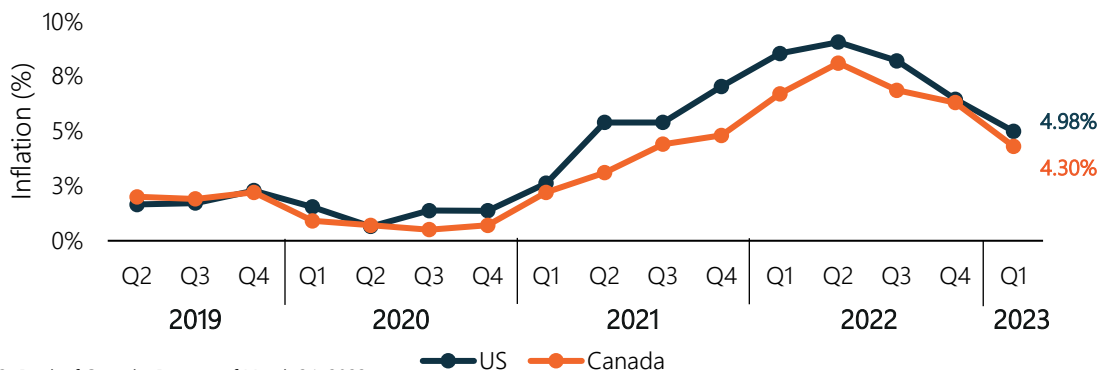
Canadian Government Bond Yields



USA Government Bond Yields



CPI Inflation



Source: Capital IQ, Bank of Canada. Data as of March 31, 2023.

Bank of Canada maintains policy rate, continues quantitative tightening: <https://www.bankofcanada.ca/2023/04/fad-press-release-2023-04-12/>

Select Recent M&A Transactions



has acquired



Closed	Mar 1, 2023
EV	\$92.43 million
EV/EBITDA	Not disclosed
EV/Revenue	Not disclosed

Co-operators Financial Services Ltd. acquired 97.9% of **Smart Employee Benefits Inc.** (TSXV:SEB) on March 1, 2023. Smart Employee Benefits Inc. is a Canadian-based technology provider that offers software-enabled services in healthcare transaction processing and also provides professional services. The company has two operating divisions: its benefit segment and its technology segment. The total consideration was \$91.54 million cash.



is acquiring

Idle Lifestyle Inc.

Announced	Jan 27, 2023
EV	\$15.35 million
EV/EBITDA	Not disclosed
EV/Revenue	Not disclosed

Metachain Holdings (Ultron Capital Corp) announced the acquisition of **Idle Lifestyle Inc.** (CNSX:IDLX) on January 27, 2023. Idle Lifestyle Inc. is a developer of AI technology and applications based out of Vancouver, BC. The total consideration is approximately \$15.35 million in an all stock transaction.



is acquiring

wecommerce

Announced	Jan 23, 2023
EV	\$287 million
EV/EBITDA	28.0x
EV/Revenue	5.6x

Tiny Capital Ltd. announced the acquisition of **WeCommerce Holdings Ltd.** (TSXV:WE) in a reverse merger transaction on January 23, 2023. WeCommerce engages in development, support, and sale of website themes and applications through multiple segments. The total consideration is approximately \$287 million in an all stock transaction.

Morpheus Purchaser Inc.

is acquiring



Announced	Jan 20, 2023
EV	\$1.63 billion
EV/EBITDA	51.7x
EV/Revenue	10.2x

Morpheus Purchaser Inc. announced on January 20, 2023 that it is acquiring a 60.92% stake in **Magnet Forensics Inc.** Magnet Forensics develops digital investigation software. The software is used to acquire, analyze, report, and manage evidence from a variety of different digital sources. Magnet Forensics leverages information from computers, mobile devices, IoT devices, and cloud services. The total consideration is approximately \$1.14 billion in an all cash transaction.

Public Comparable Analysis

Trading Multiples & Operating Statistics

Company	Market Cap	Enterprise Value	LTM Operating Figures				NTM Consensus		Valuation	
			Revenue	Growth	EBITDA	Margin	Revenue Growth	EBITDA Margin	LTM EV/EBITDA	LTM EV/REV
SaaS Leaders										
Constellation Software Inc.	\$53,846	\$55,987	\$8,962	29.7%	\$1,812	20.2%	20.5%	26.3%	30.9x	6.2x
Open Text Corporation	\$13,935	\$17,491	\$4,783	2.9%	\$1,413	29.5%	57.8%	33.0%	12.4x	3.7x
The Descartes Systems Group Inc.	\$9,252	\$8,894	\$648	14.4%	\$275	42.4%	14.7%	43.5%	32.4x	13.7x
Kinaxis Inc.	\$5,207	\$4,978	\$497	46.3%	\$70	14.1%	15.7%	14.3%	71.0x	10.0x
Enghouse Systems Limited	\$2,114	\$1,882	\$423	(7.9%)	\$113	26.8%	9.7%	30.6%	16.6x	4.4x
Docebo Inc.	\$1,811	\$1,523	\$193	37.1%	(\$6)	(3.2%)	27.1%	7.3%	NM	7.9x
Median	\$7,230	\$6,936	\$572	22.1%	\$194	23.5%	18.1%	28.4%	30.9x	7.1x
Mean	\$14,361	\$15,126	\$2,584	20.4%	\$613	21.6%	24.2%	25.8%	32.6x	7.7x

Industrial Technologies										
ATS Corporation	\$5,195	\$6,302	\$2,450	23.8%	\$369	15.1%	9.3%	16.1%	17.1x	2.6x
Ag Growth International Inc.	\$1,161	\$2,018	\$1,458	21.7%	\$194	13.3%	9.3%	16.7%	10.4x	1.4x
H2O Innovation Inc.	\$239	\$303	\$224	44.7%	\$19	NM	13.0%	10.5%	15.7x	1.4x
Reko International Group Inc.	\$28	\$27	\$54	14.8%	\$6	10.9%	(100.0%)	N/A	4.7x	0.5x
Median	\$700	\$1,161	\$841	22.7%	\$107	13.3%	9.3%	16.1%	13.0x	1.4x
Mean	\$1,656	\$2,163	\$1,046	26.2%	\$147	13.1%	(17.1%)	14.4%	12.0x	1.5x

FinTech & eCommerce										
Shopify Inc.	\$91,902	\$86,909	\$7,579	21.4%	(\$457)	(6.0%)	18.2%	0.3%	NM	11.5x
Nuvei Corporation	\$8,223	\$7,912	\$1,141	16.4%	\$261	22.9%	46.6%	37.6%	30.3x	6.9x
Lightspeed Commerce Inc.	\$3,098	\$2,000	\$938	43.1%	(\$318)	(34.0%)	22.3%	(0.3%)	NM	2.1x
Payfare Inc.	\$339	\$297	\$130	209.6%	(\$4)	(3.4%)	50.1%	12.5%	NM	2.3x
Median	\$5,661	\$4,956	\$1,040	32.3%	(\$161)	(4.7%)	34.5%	6.4%	30.3x	4.6x
Mean	\$25,891	\$24,279	\$2,447	72.6%	(\$130)	(5.1%)	34.3%	12.5%	30.3x	5.7x

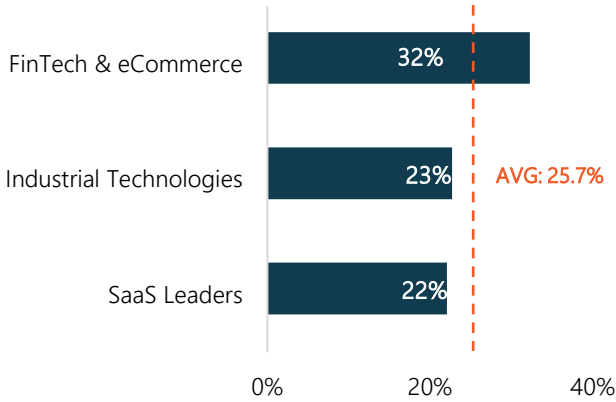


Source: Capital IQ. Data as of March 31, 2023. All index constituents are headquartered in Canada. "LTM" refers to last twelve months. "NTM" refers to next twelve months.

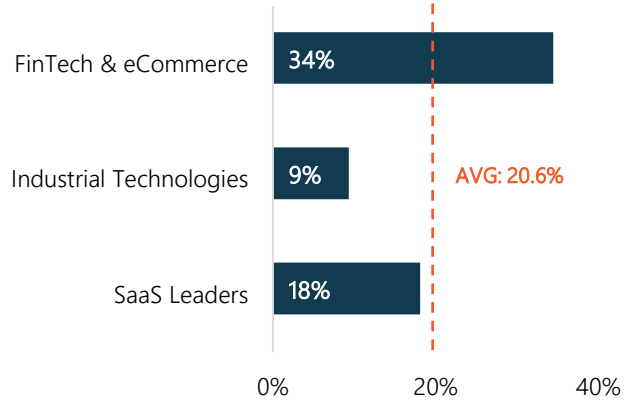
Public Comparable Analysis

Growth, Margins & Multiples

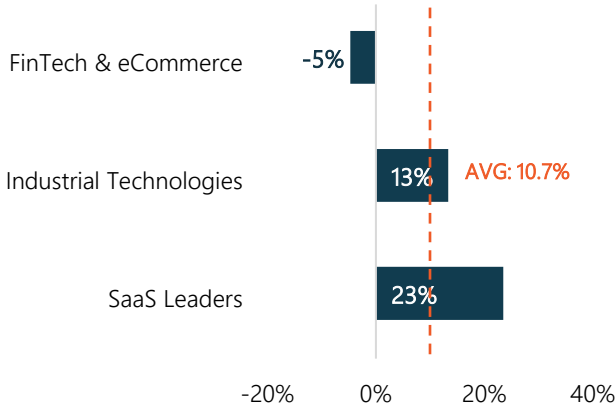
LTM REVENUE GROWTH



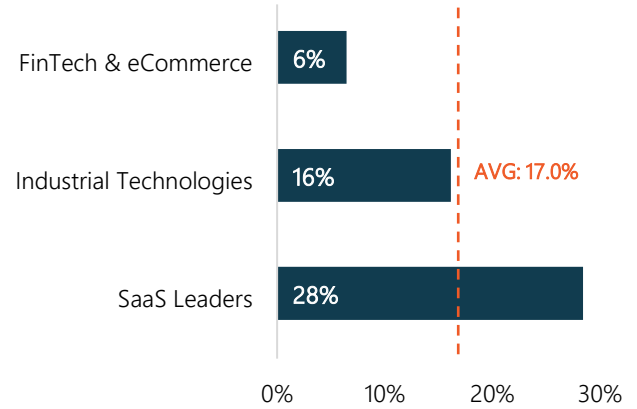
NTM REVENUE GROWTH



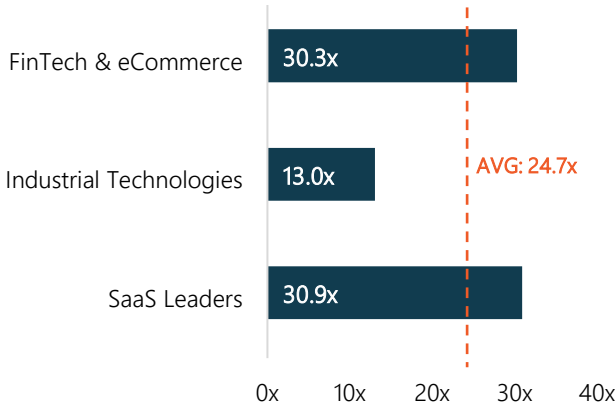
LTM EBITDA MARGIN



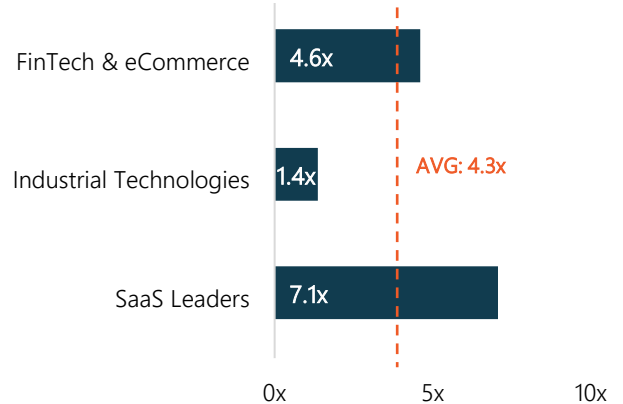
NTM EBITDA MARGIN



LTM EV/EBITDA



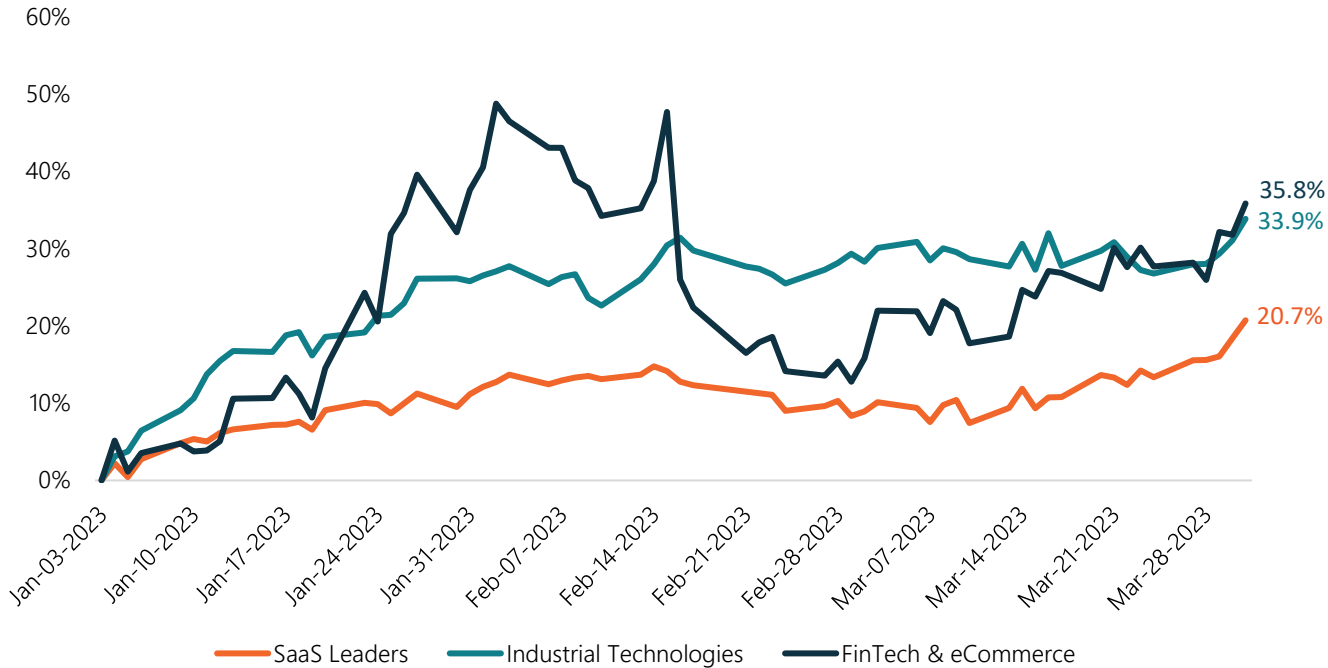
LTM EV/REVENUE



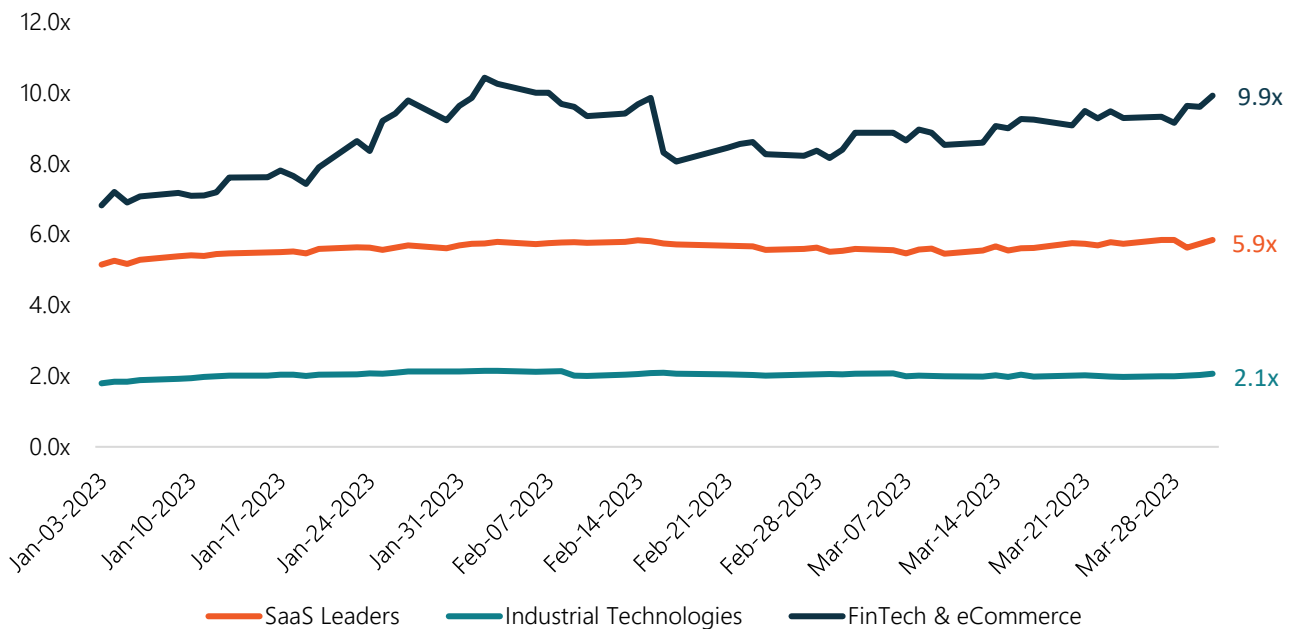
Public Comparable Analysis

Peer Group Performance

Share Price Performance – Q1



EV/Revenue Multiple Performance – Q1



About Us

MNP Corporate Finance (MNPCF) has a dedicated team of over 100 M&A, capital markets, and due diligence professionals across Canada. MNPCF works with clients in virtually all industries as they prepare, plan and execute transactions.

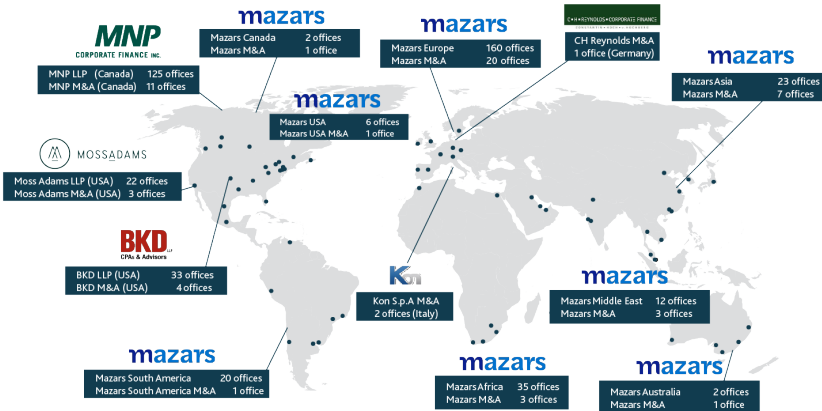
Our typical transactions range in value between \$3 million and \$300 million.

Local and International Reach

MNP is a participating firm within Praxity, a unique global alliance of independent accounting / advisory firms created to answer global business needs. As a member of Praxity, we are able to offer access to corporate finance, accounting and tax advisory services worldwide. We are also affiliated with Corporate Finance Cross Border, which consists of 250+ M&A professionals in more than 30 countries.



CFxBorder - Global reach with local relationships
 Our corporate finance team through CFxBorder consists of 250 plus M&A professionals in more than 30 countries



Services

- Divestitures
- Acquisitions
- Debt Financing
- Due Diligence
- Transaction Advisory Services

Recently Closed Deals (National)

MNP Corporate Finance Inc. acted as exclusive financial advisor to Prairie Gold Produce Ltd. in structuring and negotiating this transaction.

MNP Corporate Finance Inc. provided due diligence services to York Analytical Laboratories Inc.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Enviro-Works Inc. in structuring and negotiating this transaction.

MNP Corporate Finance Inc. provided financial and tax due diligence services to Danilee Capital.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Compagnie Motoparts Inc. in structuring and negotiating this transaction.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Kost Fire Equipment Ltd. in structuring and negotiating this transaction.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Les Quais Bertrand Inc. in structuring and negotiating this transaction.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Esteem Medical Esthetics in structuring and negotiating this transaction.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Simpson Seeds Inc. in structuring and negotiating this transaction.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Convertus Group in structuring and negotiating this transaction.

About Us

Deal Experience

Since our inception, our team has advised on hundreds of transactions, in a wide range of industries with diverse enterprise values. In the past 10 years alone, we have completed over 250 transactions worth over \$4.5 billion (not including due diligence engagements).

Industry Experience

- Food & Beverage
- Retail & Distribution
- Manufacturing
- Agriculture
- Automotive
- Materials
- Health Care
- Pharmaceutical
- Transportation
- Construction
- Software
- Financial Services
- Technology
- Energy
- Oilfield Services
- Real Estate

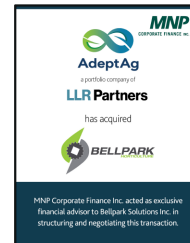
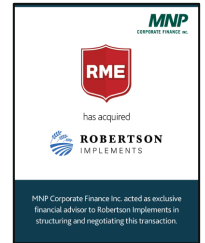
Hands-on Approach

Current M&A transactions require a hands-on approach from start to finish including the active engagement of senior resources. Our senior resources are dedicated to our clients and are available as necessary and appropriate. We keep our clients regularly informed of the engagement status, issues we are encountering, successes and overall progress.

Integrated Service Offering

We draw on the vast experience and deep specialist knowledge network of our partners locally, nationally and internationally as specialty issues arise, such as pre-transaction tax planning, transaction structuring, estate planning, valuation, due diligence, performance improvement, and risk management.

Recently Closed Deals (National)

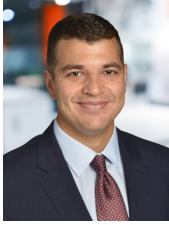


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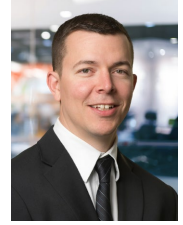
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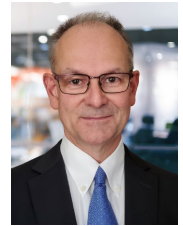
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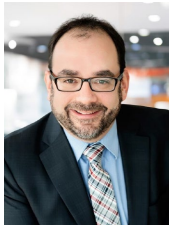
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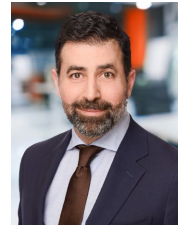
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