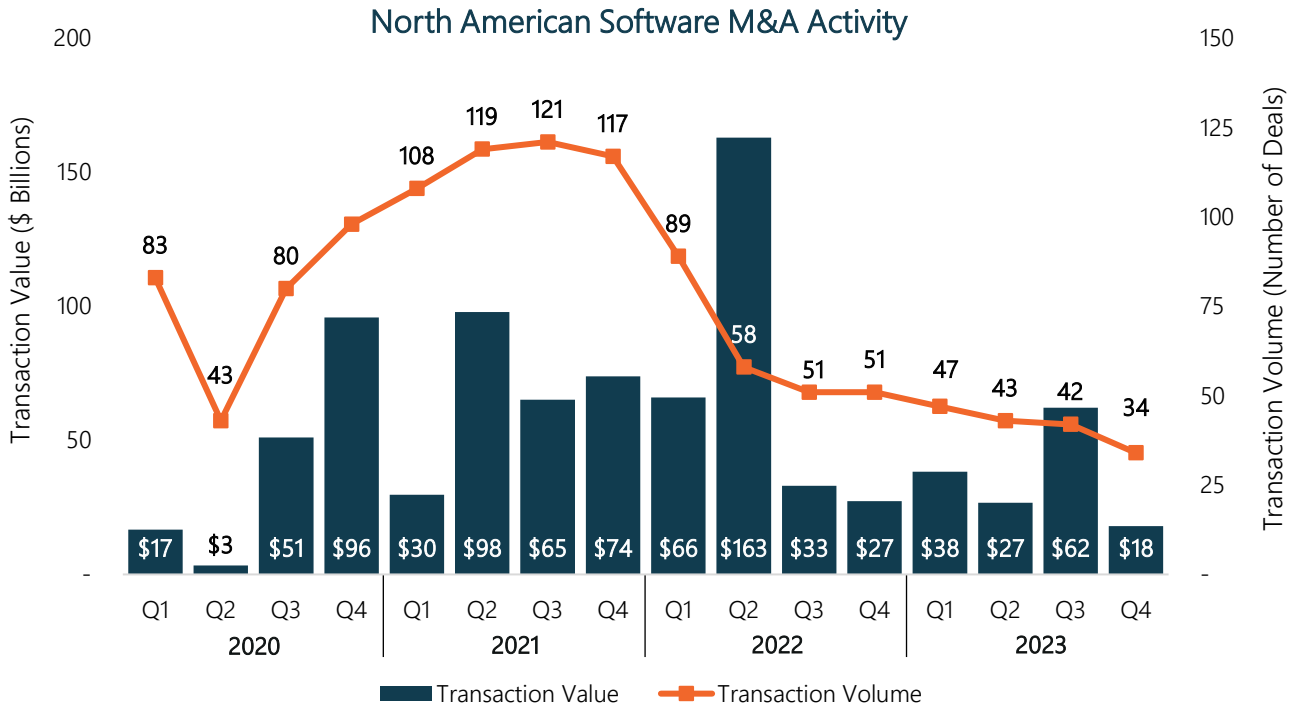


Technology

Quarterly Update | Q4 2023





Source: S&P Capital IQ. Data as of December 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).

Q4 Transactions

34

(-19.0% vs. Q3 2023)

Q4 Transaction Value

\$18 billion

(-71.0% vs. Q3 2023)

2023 Transactions

166

(-33.3% vs. 2022)

2023 Transaction Value

\$145 billion

(-49.8% vs. 2022)

M&A Market Update – Q4 2023

- In Q4 2023, North American software transaction volume fell to 34 transactions, while the transaction value also fell to \$18 billion.¹ The persistent bottoming in software M&A activity can be attributed to continued challenges related to high interest rates, inflationary pressures, and a more constrained financing environment.
- According to S&P Global, the appetite for M&A could grow stronger in 2024, especially for smaller tuck-in acquisitions.² Many of the companies in the lower and mid-market have been capital efficient, managed growth, have improved profitability since the pandemic, and are attractive assets with active buyers.
- Additionally, financial buyers (such as private equity firms and their platform investments) have accumulated record levels of dry powder with \$1.03 trillion of available capital to deploy (as of Dec 2023). Increasing pressures from Limited Partners to deploy capital and to realize returns should drive further deal activities.²
- Attractive software businesses with strong growth profiles, unique value propositions, healthy margins, and innovative product offerings will likely remain prime M&A targets, especially in the lower and mid-market.
- Canadian Technology stocks, including SaaS, FinTech, and eCommerce, generally experienced notable increases in share price throughout 2023, particularly in Q4 (pg. 6).

Source: S&P Capital IQ, Bank of Canada, data as of December 31, 2023.

1. The \$62B transaction value in Q3 2023 was due to a \$43 billion acquisition of Splunk Inc. by Cisco Systems Inc. Without this transaction, the transaction value was \$20 billion.

2. "Tech megadeals are out; smaller M&A set to bounce back in 2024" – S&P Global Market Intelligence.

Select Recent M&A Transactions



Fintech Scion Limited

is acquiring

All Assets of CICO Digital Solutions Limited

Announced	Oct 11, 2023
EV	\$340.0M
EV/EBITDA	Not disclosed
EV/Revenue	Not disclosed

Fintech Scion Limited (OTCPK:FINR) announced the asset purchase of CICO Digital Solutions Limited on October 11, 2023. CICO Digital Solutions Limited is a financial technology services business that provides foreign exchange, payment services, and money transfers. CICO Digital Solutions Limited is based out of Surrey, B.C.



is acquiring

Q4

Announced	Nov 13, 2023
EV	\$253.1M
EV/EBITDA	Not disclosed
EV/Revenue	2.9x

Sumeru Equity Partners, LP announced the acquisition of Q4 Inc. on November 13, 2023. Q4 Inc. is a capital market communication software platform. It also provides a cloud-based software platform for virtual events, CRM, and analytics products. Q4 Inc. is headquartered in Toronto, ON.



has acquired



Closed	Dec 12, 2023
EV	\$170.1M
EV/EBITDA	Not disclosed
EV/Revenue	Not disclosed

Perion Network Ltd. (NasdaqGS:PERI) closed the acquisition of Hivestack Inc. on December 12, 2023. Hivestack Inc. develops a digital, out-of-home advertising-based platform. Their platform leverages AI-based location advertising through geospatial dataset analysis. Hivestack Inc. is located in Montreal, QC.



is acquiring



Announced	Nov 16, 2023
EV	\$86.2M
EV/EBITDA	Not disclosed
EV/Revenue	3.3x

Fairfax Financial Holdings Limited (TSX:FFH) announced the acquisition of Farmers Edge Inc. (TSX:FDGE) on November 16, 2023. Farmers Edge Inc. operates two segments in the digital agriculture solutions space: digital agronomy operations and e-commerce. Farmers Edge Inc. is located in Winnipeg, MB.

Public Comparable Analysis

Trading Multiples & Operating Statistics

Company	LTM Operating Figures							NTM Consensus		Valuation	
	Market Cap	Enterprise Value	Revenue	Revenue Growth	Gross Margin	EBITDA	EBITDA Margin	Revenue Growth	EBITDA Margin	LTM EV/EBITDA	LTM EV/REV
Large-Cap Software											
Constellation Software Inc.	\$69,620	\$73,101	\$10,730	28.8%	34.7%	\$1,738	16.2%	18.6%	26.7%	42.1x	6.8x
Open Text Corporation	\$14,806	\$25,530	\$6,843	44.0%	76.1%	\$1,769	25.8%	15.4%	37.5%	14.8x	3.8x
The Descartes Systems Group Inc.	\$9,475	\$9,095	\$764	16.2%	76.1%	\$314	41.1%	7.8%	44.4%	29.0x	11.9x
Kinaxis Inc.	\$4,220	\$3,898	\$559	22.7%	60.8%	\$42	7.5%	15.9%	17.2%	93.1x	7.0x
Docebo Inc.	\$1,940	\$1,712	\$231	27.5%	80.9%	\$7	3.1%	22.4%	12.5%	243.1x	7.4x
Enghouse Systems Limited	\$1,940	\$1,712	\$454	6.2%	67.0%	\$109	24.0%	7.1%	31.1%	15.7x	3.8x
Median	\$6,848	\$6,496	\$661	25.1%	71.5%	\$212	20.1%	15.7%	28.9%	35.5x	6.9x
Mean	\$17,000	\$19,175	\$3,263	24.2%	65.9%	\$663	19.6%	14.5%	28.2%	73.0x	6.8x
Mid-Cap Software											
Dye & Durham Limited	\$788	\$2,071	\$451	(6.5%)	89.6%	\$150	33.3%	4.7%	58.6%	13.8x	4.6x
Tecsys Inc.	\$483	\$452	\$164	15.2%	43.0%	\$6	3.6%	12.3%	6.9%	77.5x	2.8x
Thinkific Labs Inc.	\$263	\$148	\$77	18.3%	76.2%	(\$19)	(24.1%)	12.0%	1.9%	NM	1.9x
Sylogist Ltd.	\$176	\$180	\$63	N/A	61.4%	\$14	21.7%	10.7%	26.4%	13.0x	2.8x
Q4 Inc.	\$241	\$214	\$79	5.1%	66.6%	(\$24)	(29.9%)	13.1%	2.5%	NM	2.7x
Median	\$263	\$214	\$79	10.1%	66.6%	\$6	3.6%	12.0%	6.9%	13.8x	2.8x
Mean	\$390	\$613	\$167	8.0%	67.3%	\$25	0.9%	10.6%	19.3%	34.8x	3.0x
Small-Cap Software											
TrueContext Corporation	\$93	\$96	\$32	14.2%	86.7%	(\$3)	(9.6%)	5.8%	(3.3%)	NM	3.0x
Quorum Information Technologies	\$46	\$55	\$40	5.3%	47.5%	\$0	1.1%	2.8%	18.9%	NM	1.4x
LifeSpeak Inc.	\$33	\$115	\$53	31.5%	90.7%	(\$3)	(6.5%)	0.5%	25.9%	NM	2.2x
NamSys Inc.	\$27	\$20	\$6	14.3%	60.1%	\$2	34.7%	(100.0%)	N/A	9.8x	3.4x
Optiva Inc.	\$20	\$129	\$68	(19.6%)	66.6%	\$3	4.5%	(1.0%)	9.5%	41.6x	1.9x
Median	\$33	\$96	\$40	14.2%	66.6%	\$0	1.1%	0.5%	14.2%	25.7x	2.2x
Mean	\$44	\$83	\$40	9.1%	70.3%	(\$0)	4.9%	(18.4%)	12.7%	25.7x	2.4x
Industrial Technologies											
ATS Corporation	\$5,648	\$6,591	\$2,867	22.0%	28.9%	\$422	14.7%	4.2%	16.4%	15.6x	2.3x
Ag Growth International Inc.	\$960	\$1,836	\$1,521	7.8%	30.3%	\$210	13.8%	8.7%	18.4%	8.8x	1.2x
Reko International Group Inc.	\$28	\$33	\$47	(16.0%)	23.1%	\$5	11.0%	NM	N/A	6.3x	0.7x
Median	\$960	\$1,836	\$1,521	7.8%	28.9%	\$210	13.8%	6.4%	17.4%	8.8x	1.2x
Mean	\$2,212	\$2,820	\$1,478	4.6%	27.4%	\$212	13.2%	6.4%	17.4%	10.2x	1.4x
FinTech & eCommerce											
Shopify Inc.	\$132,310	\$127,297	\$8,997	26.8%	48.9%	(\$31)	(0.3%)	18.5%	16.8%	NM	14.5x
Nuvei Corporation	\$4,844	\$6,379	\$1,473	30.4%	80.3%	\$334	22.6%	21.7%	36.7%	19.1x	4.3x
Lightspeed Commerce Inc.	\$4,250	\$3,252	\$1,099	23.7%	44.0%	(\$205)	(18.7%)	24.3%	2.8%	NM	3.0x
Payfare Inc.	\$297	\$240	\$174	63.0%	16.5%	\$9	5.0%	26.1%	13.8%	27.8x	1.4x
Median	\$4,547	\$4,815	\$1,286	28.6%	46.4%	(\$11)	2.3%	23.0%	15.3%	23.4x	3.6x
Mean	\$35,425	\$34,292	\$2,936	36.0%	47.4%	\$26	2.1%	22.7%	17.5%	23.4x	5.8x

Source: Capital IQ. Data as of December 31, 2023. All index constituents are headquartered in Canada.

"LTM" refers to last twelve months. "NTM" refers to next twelve months.

Large-Cap Software includes Canadian software companies with market capitalizations of over \$1 billion.

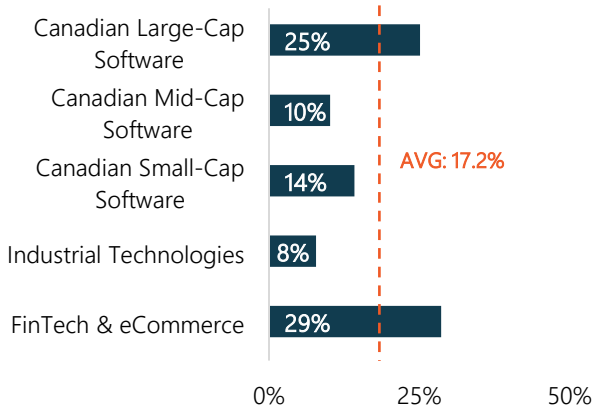
Mid-Cap Software includes Canadian software companies with market capitalizations between \$150 million and \$1 billion.

Small-Cap Software includes Canadian software companies with market capitalizations between \$20 million and \$150 million.

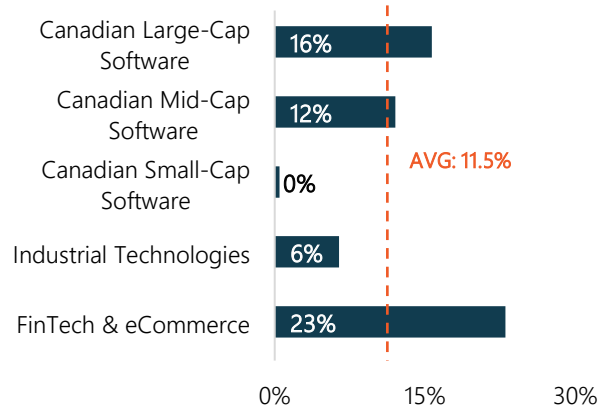
Public Comparable Analysis

Growth, Margins & Multiples

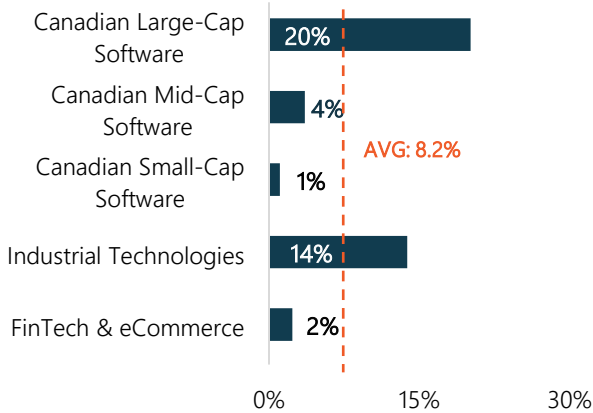
LTM REVENUE GROWTH



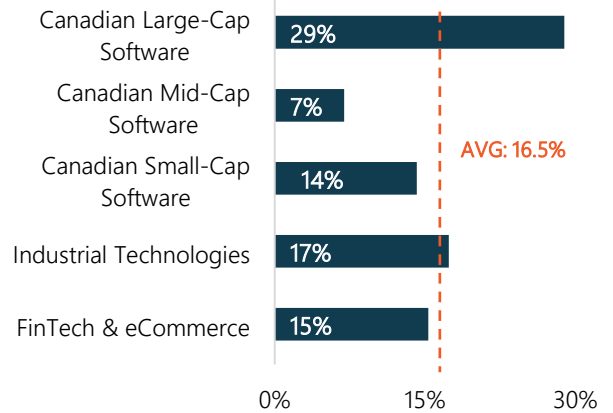
NTM REVENUE GROWTH



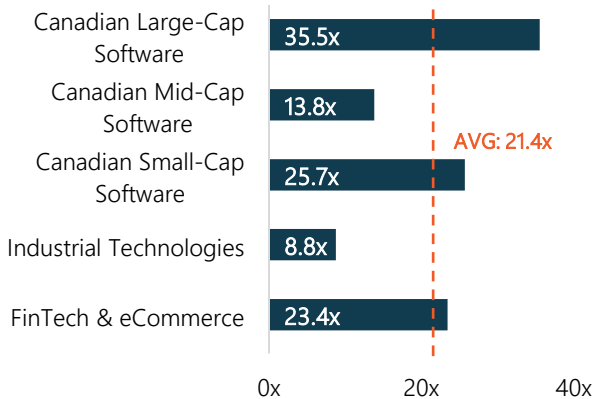
LTM EBITDA MARGIN



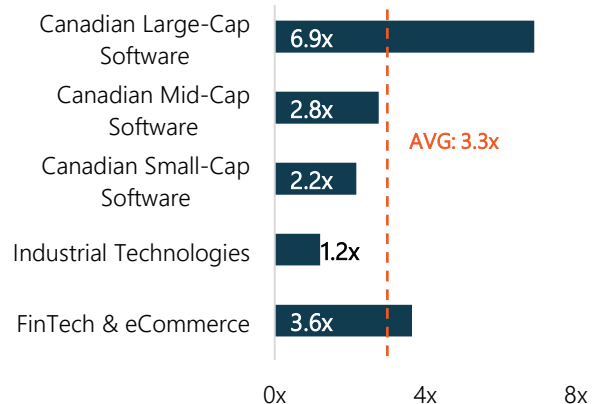
NTM EBITDA MARGIN



LTM EV/EBITDA



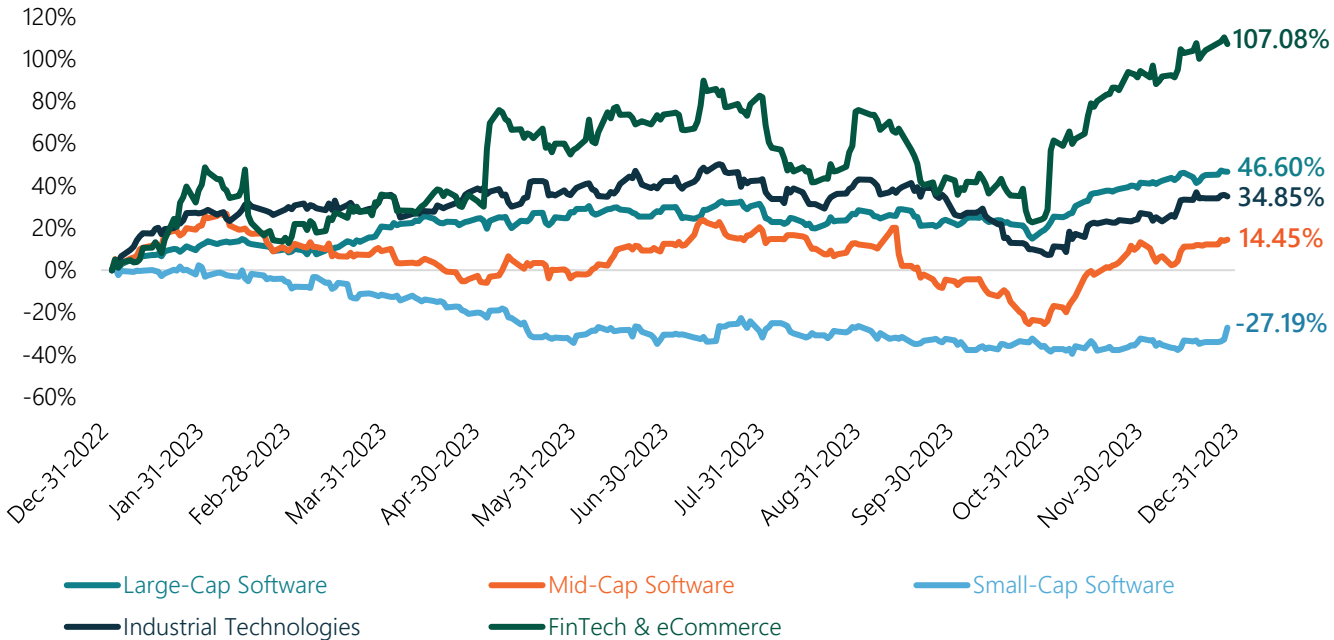
LTM EV/REVENUE



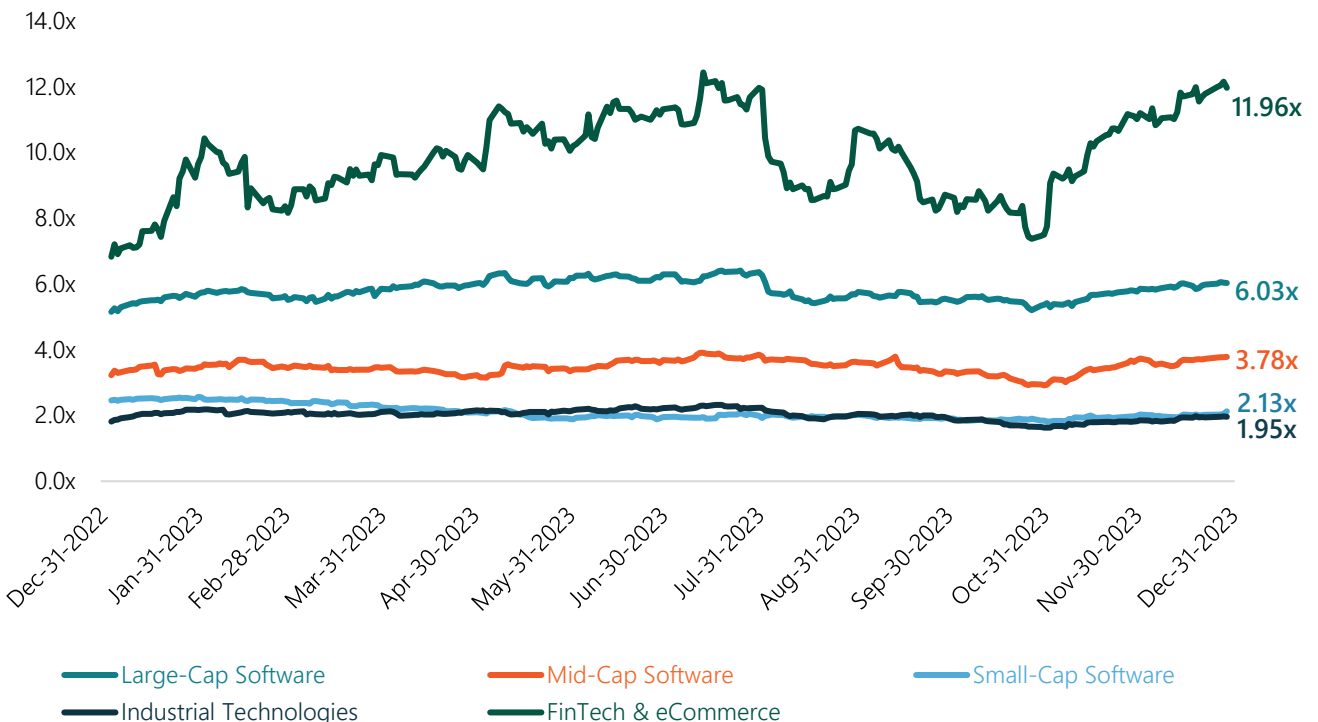
Public Comparable Analysis

Peer Group Performance

Share Price Performance – LTM



EV/Revenue Multiple Performance – LTM



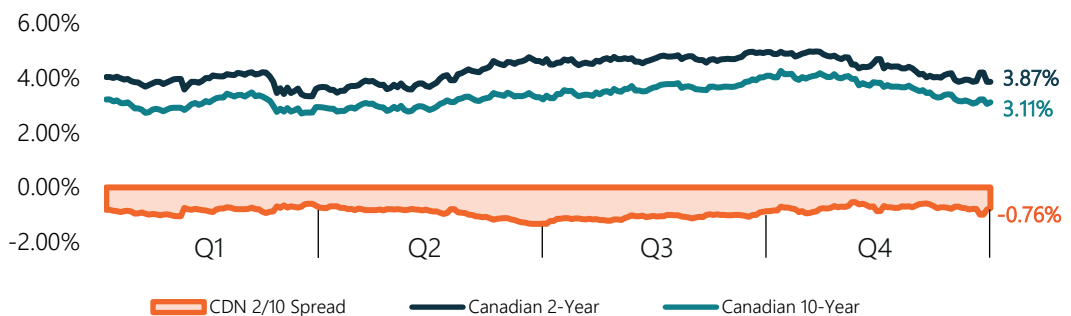
Macroeconomic Indicators

Key external drivers that affect the technology industry include changes in inflation rates (i.e., Consumer Price Index) and treasury yields. Treasury yields have decreased modestly over the past quarter for Canada and the U.S., where the two-year bond yield has continued to exceed the 10-year. Investors commonly consider this inverted yield curve to be a recession indicator.

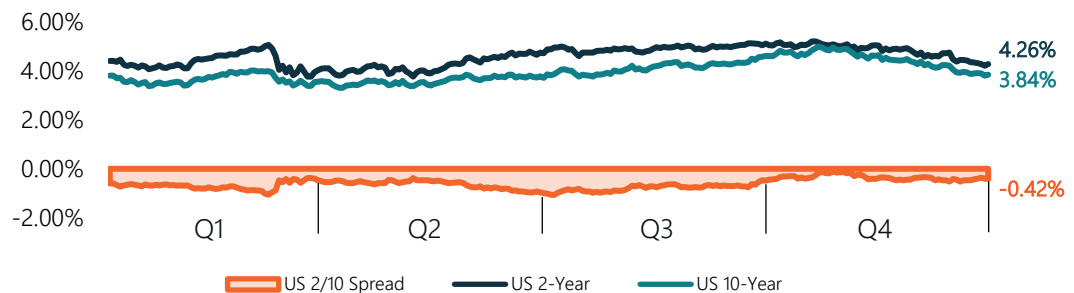
The Canadian Consumer Price Index measured 3.40% in December, down from 6.30% a year prior. Similarly, the U.S. inflation rate decreased to 3.35% from 6.45% in Q4 2022.

The Bank of Canada (BoC) and the U.S. Federal Reserve held their benchmark interest rates steady at their most recent meetings. As of December, the BoC overnight interest rate held steady at 5.0% for the sixth straight month, while the Federal Reserve held rates between 5.25% and 5.50%. The consensus amongst tier 1 banks in Canada indicates that the overnight rate, and bank rates with it, may begin to decrease in 2024 as inflation continues to slow.

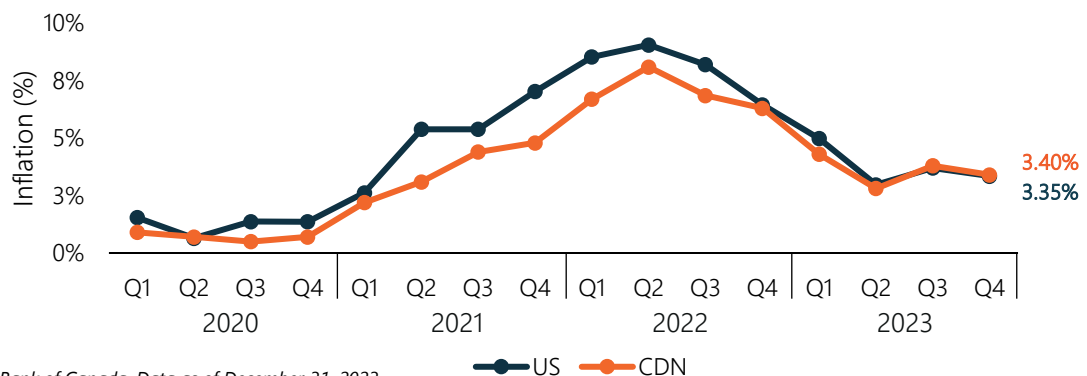
Canadian Government Bond Yields



US Government Bond Yields



Consumer Price Index



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.

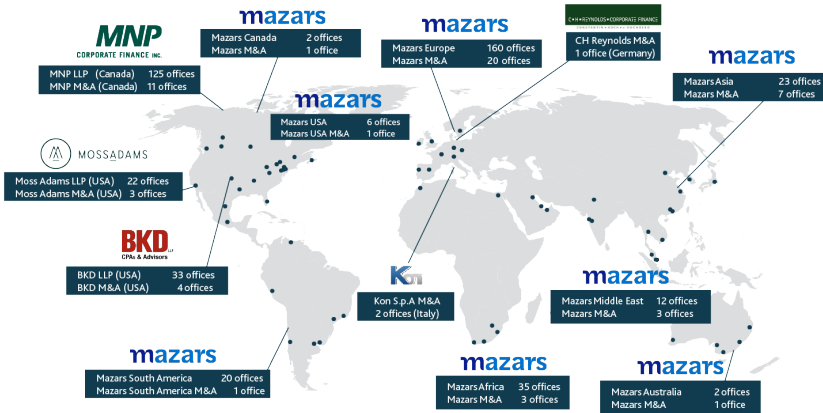
Our typical transactions range in value between \$3 million and \$300 million.

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.



CFxB CFXborder - Global reach with local relationships
Our corporate finance team through CFXb 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)

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 265 transactions worth over \$4.5 billion (not including due diligence engagements).

Industry Experience

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

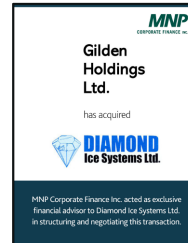
Hands-on Approach

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)



MNP
CORPORATE FINANCE INC.

Gilden Holdings Ltd.

has acquired

DIAMOND
Ice Systems Ltd.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Diamond Ice Systems Ltd. in structuring and negotiating this transaction.



MNP
CORPORATE FINANCE INC.

KCP KIRTLAND CAPITAL PARTNERS

has acquired

GALATI
CHEESE COMPANY LTD.

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



MNP
CORPORATE FINANCE INC.

TRS
COMPONENTS LTD.

has acquired

INI
INDUSTRIAL NETWORKS

MNP Corporate Finance Inc. provided financial due diligence services to TRS Ltd.



MNP
CORPORATE FINANCE INC.

LANDMARK
TRANSPORT SERVICES

has acquired

MARTIN'S
BUS SERVICE LTD.

MNP Corporate Finance Inc. acted as exclusive financial advisor to C. Martin's Bus Service Ltd. in structuring and negotiating this transaction.



MNP
CORPORATE FINANCE INC.

NGL
NORTHERN NATURAL GAS ALLIANCE

has acquired a \$100,000,000 equity interest in the

Access NGL
Pipeline System

MNP Corporate Finance Inc. acted as exclusive financial advisor and debt placement monitor to Northern Natural Gas Alliance in this transaction.



MNP
CORPORATE FINANCE INC.

AMMOLITE
INVESTMENT PARTNERS

has acquired

SILVERLINE
OILFIELD SERVICES

MNP Corporate Finance Inc. acted as exclusive financial advisor to Silverline Oilfield Services in structuring and negotiating this transaction.



MNP
CORPORATE FINANCE INC.

Regimen Equity Partners

has acquired

THOMAS
INDUSTRIES

MNP Corporate Finance Inc. provided financial and tax due diligence services to Regimen Equity Partners.



MNP
CORPORATE FINANCE INC.

NIBE

has acquired a majority interest in

MILES
INDUSTRIES

MNP Corporate Finance Inc. provided financial and tax due diligence services to NIBE Industrier AB.



MNP
CORPORATE FINANCE INC.

LIFT AUTO
GROUP

has acquired

Herbers
Autobody Repair

MNP Corporate Finance Inc. provided financial due diligence services to Lift Auto Group Ltd.



MNP
CORPORATE FINANCE INC.

efl

has acquired

LEI

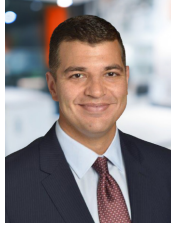
MNP Corporate Finance Inc. provided financial and tax due diligence services to EFL Global LLC.

Leadership Team

Transaction Leadership



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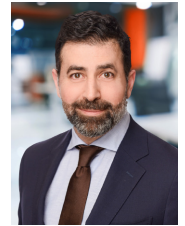
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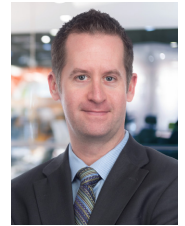
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