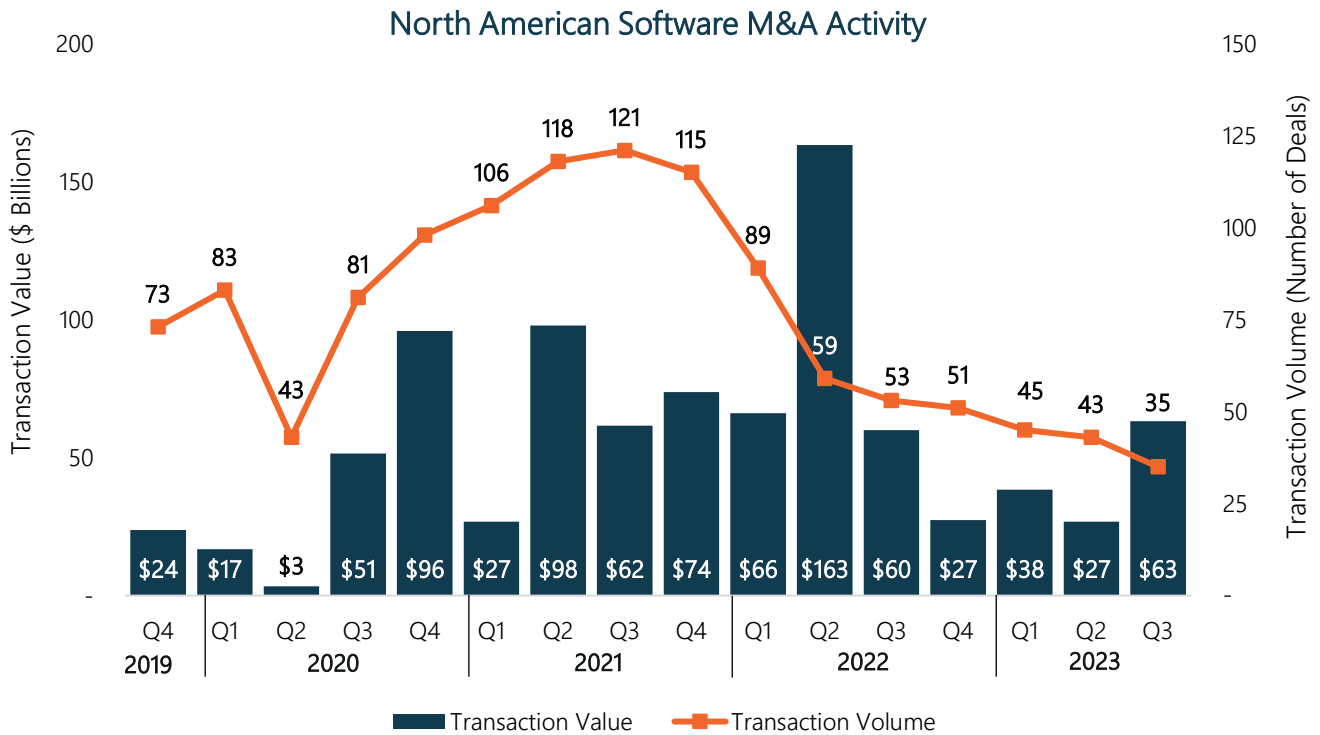


# Technology

Quarterly Update | Q3 2023





Source: S&P Capital IQ. Data as of September 30, 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)

Q3 Transactions

**35**

(-18.6% vs. Q2 2023)

Q3 Transaction Value

**\$63 billion**

(136.4% vs. Q2 2023)

2023 Transactions

**123**

(-38.8% vs. YTD 2022)

2023 Transaction Value

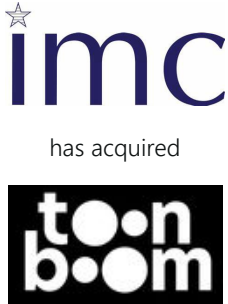
**\$128 billion**

(-55.7% vs. YTD 2022)

### M&A Market Update – Q3 2023

- North American software transaction volume fell for the eighth successive quarter to 35 transactions in Q3 2023. This is the lowest transaction volume through the illustrated four-year period.
- Although the transaction value increased to \$63 billion during the quarter, this is primarily attributable to the \$43 billion acquisition of Splunk Inc. by Cisco Systems Inc. Without this transaction, the transaction value is \$20 billion, representing the lowest since the onset of the pandemic in Q2 2020.
- Many mid-market software firms have spent the last several quarters optimizing their financial structure, including reducing costs to create more efficiencies and to achieve profitability. Alongside reduced costs, there have been certain growing trends in software, including improved quality of revenue with deeper customer analysis, focused sales and marketing, and prioritizing R&D on critical feature enhancement.
- Financial acquirers in the current environment will likely focus on targets with stable, growing, profitable businesses. Many high-quality software firms with growing annual recurring revenue (ARR) and sustainable profitability will continue to create premium equity value. In other words, targets with strong business and financial characteristics will continue to attract interest from private equity despite macroeconomic challenges.
- The stabilization of year-over-year inflation levels to around 4%, combined with a pause in central bank interest rate hikes in recent months, may provide deal-makers with more comfort heading into Q4.

# Select Recent M&A Transactions



Closed	Aug 24, 2023
EV	\$147.5M
EV/EBITDA	Not disclosed
EV/Revenue	Not disclosed

**Integrated Media Company, LLC** closed the acquisition of **Toon Boom Animation Inc.** on August 24, 2023. Toon Boom offers digital content, storyboarding, and animation creation software and is headquartered in Montreal, QC.



Announced	Aug 29, 2023
EV	\$35.7M
EV/EBITDA	Not disclosed
EV/Revenue	4.0x

**Banneker Partners, LLC** announced the acquisition of **HS GovTech Solutions Inc. (CNSX:HS)** on August 29, 2023. HS GovTech is a SaaS company that develops and sells information and communications management systems for health inspections. The Company is located in Chilliwack, BC.



Closed	Aug 1, 2023
EV	\$3.3M
EV/EBITDA	Not disclosed
EV/Revenue	Not disclosed

**Stock Trend Capital Inc. (CNSX:PUMP)** closed the acquisition of **YOUNET** on August 1, 2023. YOUNET develops an artificial intelligence and engagement platform called Rabbit AI. YOUNET was incorporated in 2023 in Toronto, ON.



Closed	Jul 5, 2023
EV	\$2.5M
EV/EBITDA	Not disclosed
EV/Revenue	Not disclosed

**PDF Solutions, Inc.** closed the acquisition of **Lantern Machinery Analytics, Inc.** on July 5, 2023. Lantern Machinery develops software that provides automated image analysis and leverages AI/ML software for inspections to support the electric vehicle industry. Lantern Machinery is located in Vancouver, BC.

# Public Comparable Analysis

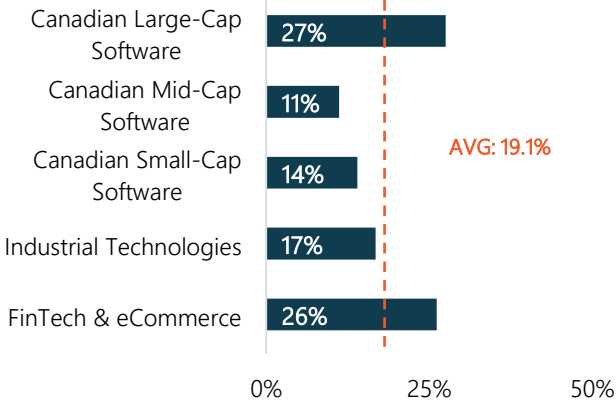
## Trading Multiples & Operating Statistics

Company	Market Cap	Enterprise Value	LTM Operating Figures				NTM Consensus		Valuation		
			Revenue	Revenue Growth	Gross Margin	EBITDA	EBITDA Margin	Revenue Growth	EBITDA Margin	LTM EV/EBITDA	LTM EV/REV
<b>Large-Cap Software</b>											
Constellation Software Inc.	\$59,423	\$62,210	\$9,974	31.4%	34.3%	\$1,692	17.0%	27.2%	25.6%	36.8x	6.2x
Open Text Corporation	\$12,710	\$23,550	\$5,939	28.4%	75.6%	\$1,533	25.8%	38.0%	37.0%	15.0x	3.9x
The Descartes Systems Group Inc.	\$8,483	\$8,192	\$693	14.3%	76.4%	\$287	41.4%	18.8%	43.5%	28.6x	11.8x
Kinaxis Inc.	\$4,364	\$4,047	\$523	26.6%	61.0%	\$40	7.6%	22.3%	14.8%	101.8x	7.7x
Docebo Inc.	\$1,761	\$1,494	\$213	30.0%	80.7%	(\$3)	(1.3%)	28.7%	10.3%	NM	7.0x
Enghouse Systems Limited	\$1,657	\$1,421	\$439	1.5%	67.8%	\$108	24.7%	12.3%	31.5%	13.1x	3.2x
<b>Median</b>	<b>\$6,423</b>	<b>\$6,120</b>	<b>\$608</b>	<b>27.5%</b>	<b>71.7%</b>	<b>\$197</b>	<b>20.8%</b>	<b>24.7%</b>	<b>28.6%</b>	<b>28.6x</b>	<b>6.6x</b>
<b>Mean</b>	<b>\$14,733</b>	<b>\$16,819</b>	<b>\$2,963</b>	<b>22.0%</b>	<b>66.0%</b>	<b>\$609</b>	<b>19.2%</b>	<b>24.5%</b>	<b>27.1%</b>	<b>39.1x</b>	<b>6.7x</b>
<b>Mid-Cap Software</b>											
Dye & Durham Limited	\$730	\$2,042	\$451	(5.0%)	88.5%	\$158	35.0%	5.8%	56.0%	12.9x	4.5x
Tecsys Inc.	\$413	\$384	\$160	15.9%	42.8%	\$7	4.7%	10.2%	6.5%	51.2x	2.4x
Thinkific Labs Inc.	\$179	\$68	\$74	23.3%	76.0%	(\$26)	(35.0%)	16.8%	(1.3%)	NM	0.9x
Sylogist Ltd.	\$176	\$188	\$61	N/A	61.8%	\$14	22.5%	15.2%	26.4%	13.7x	3.1x
Q4 Inc.	\$157	\$130	\$77	6.4%	64.2%	(\$33)	(42.3%)	17.0%	(0.5%)	NM	1.7x
<b>Median</b>	<b>\$179</b>	<b>\$188</b>	<b>\$77</b>	<b>11.2%</b>	<b>64.2%</b>	<b>\$7</b>	<b>4.7%</b>	<b>15.2%</b>	<b>6.5%</b>	<b>13.7x</b>	<b>2.4x</b>
<b>Mean</b>	<b>\$331</b>	<b>\$562</b>	<b>\$165</b>	<b>10.2%</b>	<b>66.7%</b>	<b>\$24</b>	<b>(3.0%)</b>	<b>13.0%</b>	<b>17.4%</b>	<b>25.9x</b>	<b>2.5x</b>
<b>Small-Cap Software</b>											
ProntoForms Corporation	\$79	\$80	\$30	14.0%	86.3%	(\$4)	(13.6%)	6.3%	(7.8%)	NM	2.6x
Optiva Inc.	\$34	\$135	\$71	(16.1%)	69.4%	\$10	14.2%	2.4%	30.4%	13.3x	1.9x
LifeSpeak Inc.	\$23	\$103	\$53	57.9%	90.8%	(\$3)	(6.5%)	4.0%	26.7%	NM	1.9x
<b>Median</b>	<b>\$34</b>	<b>\$103</b>	<b>\$53</b>	<b>14.0%</b>	<b>86.3%</b>	<b>(\$3)</b>	<b>(6.5%)</b>	<b>4.0%</b>	<b>26.7%</b>	<b>13.3x</b>	<b>1.9x</b>
<b>Mean</b>	<b>\$45</b>	<b>\$106</b>	<b>\$52</b>	<b>18.6%</b>	<b>82.2%</b>	<b>\$1</b>	<b>(2.0%)</b>	<b>4.2%</b>	<b>16.4%</b>	<b>13.3x</b>	<b>2.2x</b>
<b>Industrial Technologies</b>											
ATS Corporation	\$5,725	\$6,596	\$2,720	19.2%	28.5%	\$383	14.1%	7.9%	16.3%	17.2x	2.4x
Ag Growth International Inc.	\$1,012	\$1,886	\$1,513	14.4%	29.6%	\$200	13.2%	8.0%	18.1%	9.4x	1.2x
H2O Innovation Inc.	\$235	\$287	\$253	37.4%	25.2%	\$19	7.5%	8.6%	10.0%	15.2x	1.1x
Reko International Group Inc.	\$27	\$26	\$51	6.1%	24.2%	\$6	11.5%	NM	N/A	4.4x	0.5x
<b>Median</b>	<b>\$623</b>	<b>\$1,086</b>	<b>\$883</b>	<b>16.8%</b>	<b>26.8%</b>	<b>\$109</b>	<b>12.4%</b>	<b>8.0%</b>	<b>16.3%</b>	<b>12.3x</b>	<b>1.2x</b>
<b>Mean</b>	<b>\$1,750</b>	<b>\$2,199</b>	<b>\$1,134</b>	<b>19.3%</b>	<b>26.9%</b>	<b>\$152</b>	<b>11.6%</b>	<b>8.2%</b>	<b>14.8%</b>	<b>11.6x</b>	<b>1.3x</b>
<b>FinTech &amp; eCommerce</b>											
Shopify Inc.	\$94,772	\$89,840	\$8,346	26.0%	47.8%	(\$462)	(5.5%)	24.6%	11.4%	NM	10.5x
Lightspeed Commerce Inc.	\$2,907	\$1,906	\$1,014	26.3%	44.7%	(\$228)	(22.5%)	30.7%	2.0%	NM	1.9x
Nuvei Corporation	\$2,833	\$4,384	\$1,299	19.4%	79.9%	\$290	22.3%	37.5%	35.9%	15.1x	3.4x
Payfare Inc.	\$259	\$207	\$162	91.3%	14.7%	\$4	2.4%	35.3%	13.8%	53.1x	1.3x
<b>Median</b>	<b>\$2,870</b>	<b>\$3,145</b>	<b>\$1,157</b>	<b>26.1%</b>	<b>46.2%</b>	<b>(\$112)</b>	<b>(1.6%)</b>	<b>33.0%</b>	<b>12.6%</b>	<b>34.1x</b>	<b>2.6x</b>
<b>Mean</b>	<b>\$25,193</b>	<b>\$24,084</b>	<b>\$2,705</b>	<b>40.7%</b>	<b>46.8%</b>	<b>(\$99)</b>	<b>(0.8%)</b>	<b>32.1%</b>	<b>15.7%</b>	<b>34.1x</b>	<b>4.3x</b>

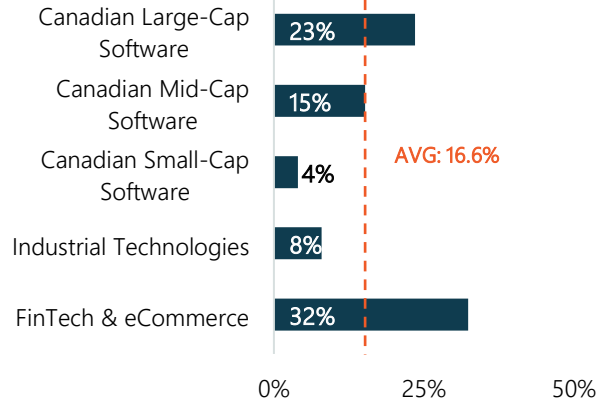
# Public Comparable Analysis

## Growth, Margins & Multiples

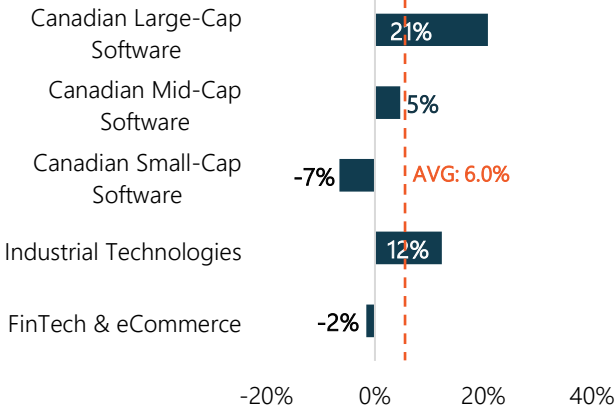
### LTM REVENUE GROWTH



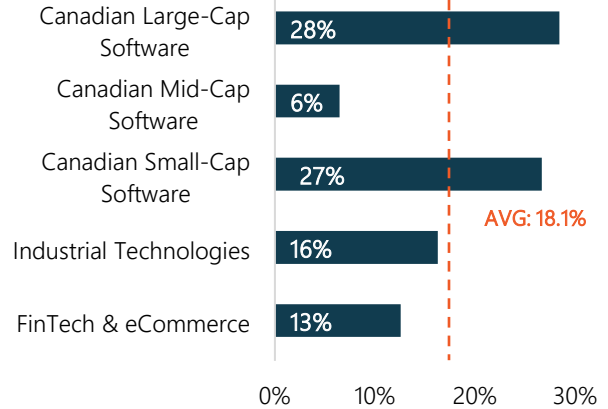
### NTM REVENUE GROWTH



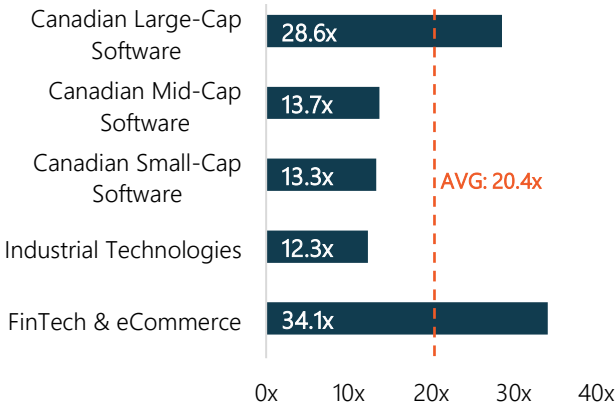
### LTM EBITDA MARGIN



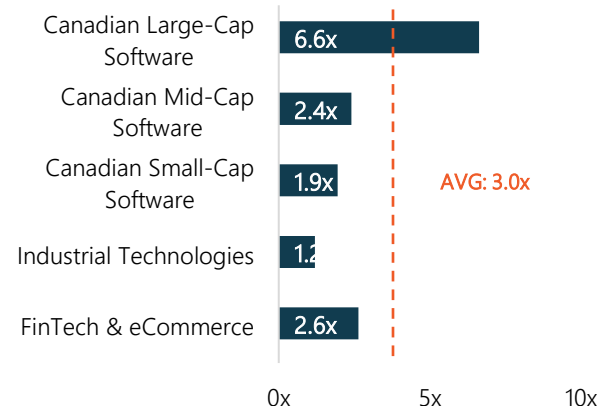
### NTM EBITDA MARGIN



### LTM EV/EBITDA



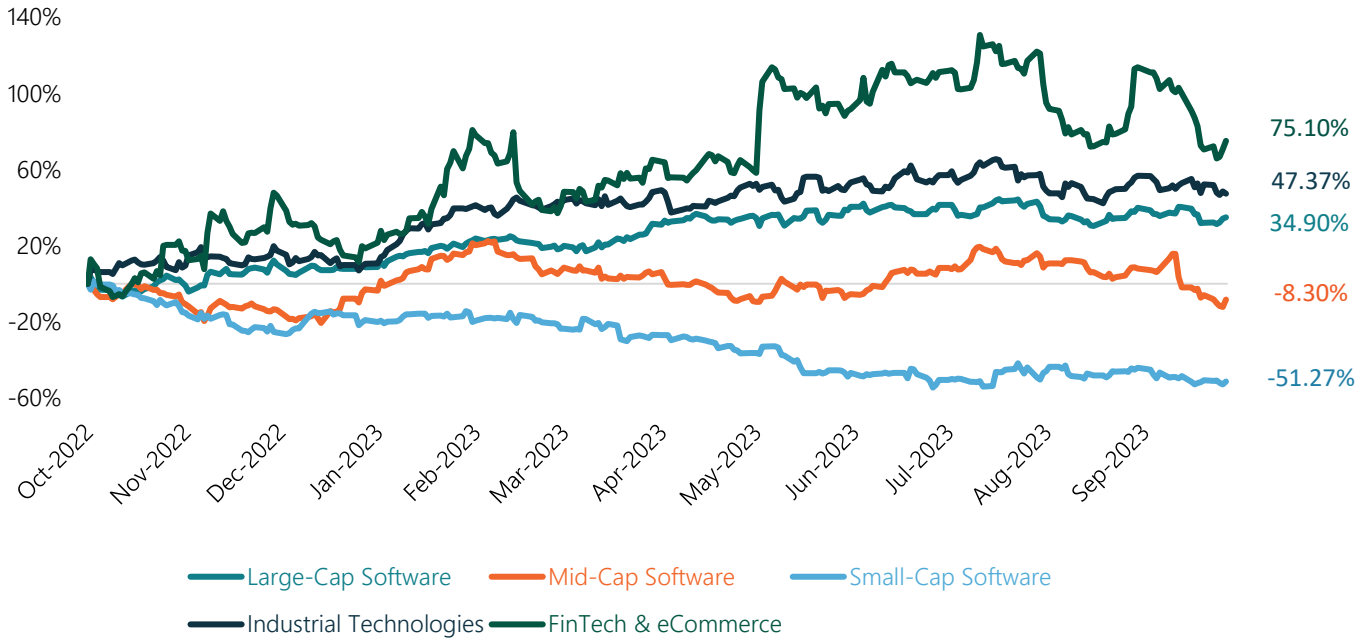
### LTM EV/REVENUE



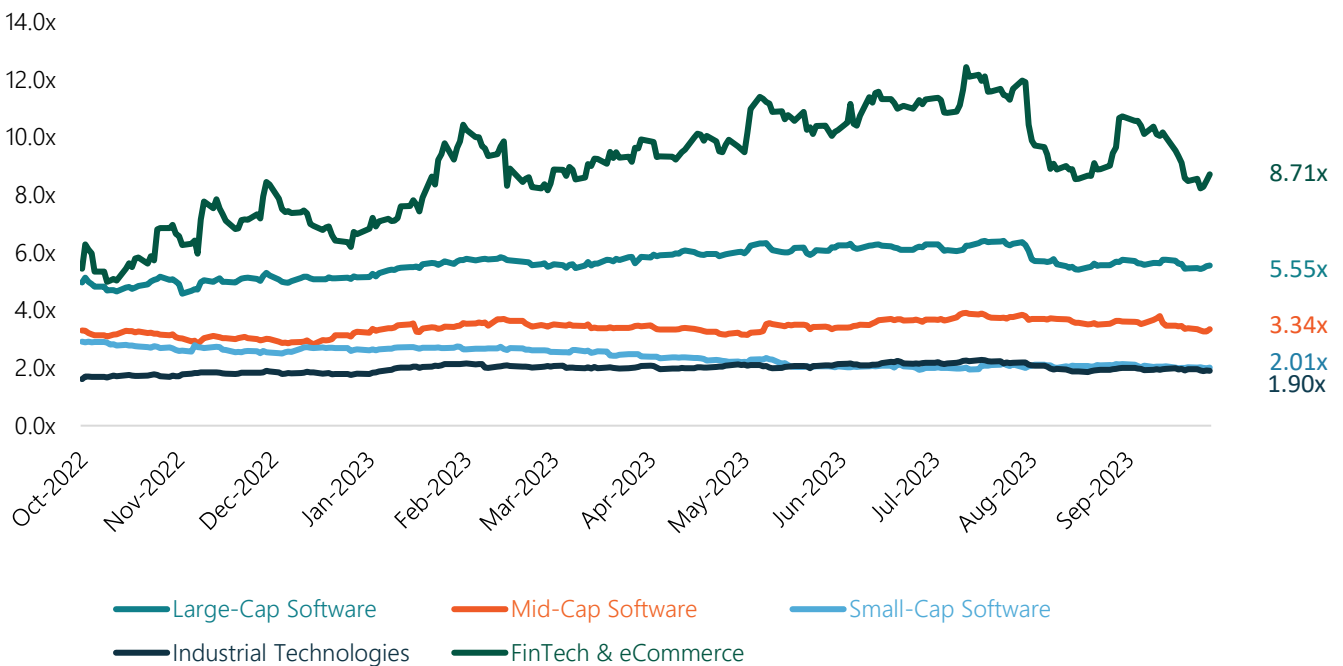
# Public Comparable Analysis

## Peer Group Performance

### Share Price Performance – LTM



### EV/Revenue Multiple Performance – LTM

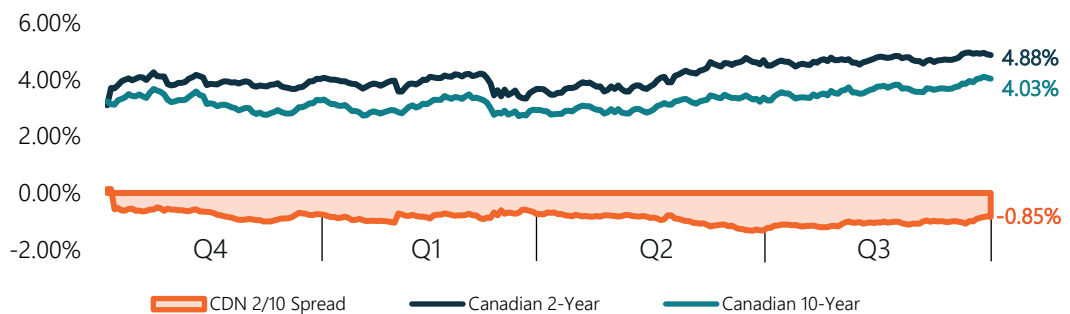


Key external drivers that affect the technology industry include changes in inflation rates (i.e., Consumer Price Index) and treasury yields. Treasury yields have shown modest increases over the past four quarters for both Canada and the U.S., where the two-year bond yield has continued to exceed the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

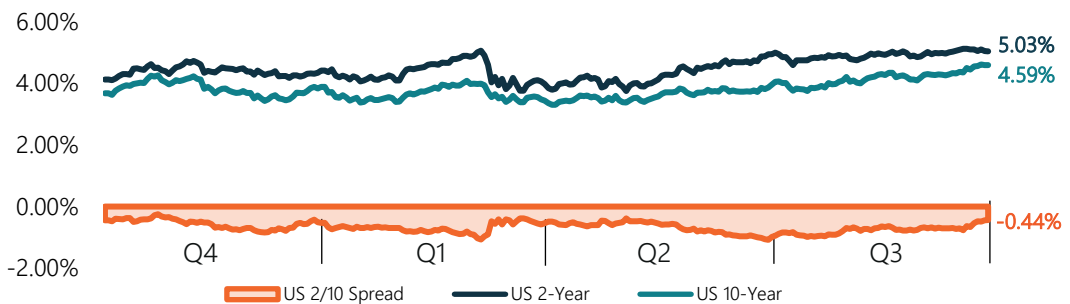
Inflation in Canada increased slightly to 3.8% in September 2023. Still, this is a notable decline from 6.9% a year prior. Similarly, in the U.S., inflation marginally increased to 3.7%.

The Bank of Canada and Federal Reserve both held their benchmark interest rates steady at their most recent meetings. In September, the Bank of Canada held its overnight interest rate steady at 5.0%, while the Federal Reserve held rates between 5.25% to 5.50%. The Federal Reserve indicated that it still expects one more hike before the end of the year and fewer cuts than previously indicated next year.

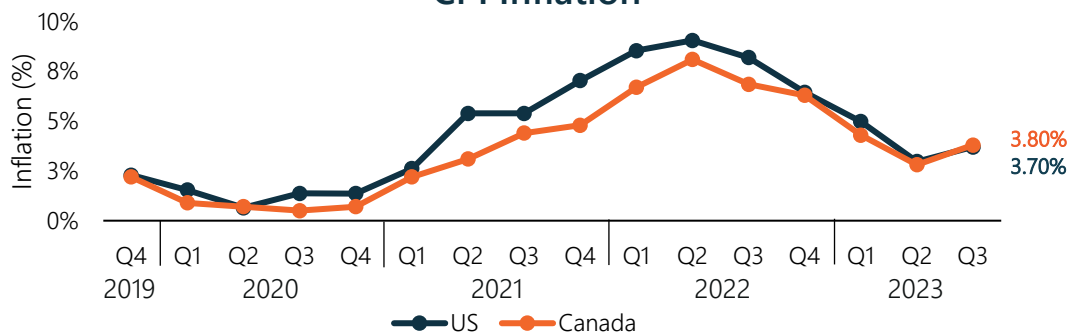
## Canadian Government Bond Yields



## US Government Bond Yields



## CPI Inflation



# 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.

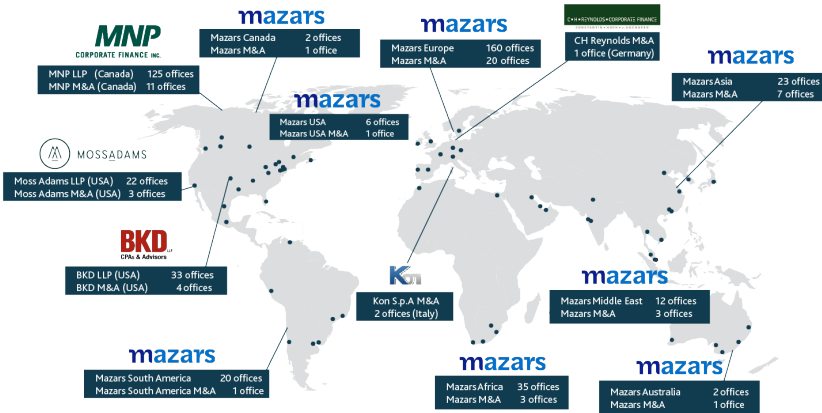
Our typical transactions range in value between \$3 million and \$300 million.

## 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)

has acquired

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

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Global Physical Asset Management in structuring and negotiating this transaction.

has acquired

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

has acquired

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

has acquired

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

has acquired

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

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

MNP Corporate Finance Inc. acted as exclusive financial advisor and debt placement monitor to Northern Energy Services in this transaction.

has acquired

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

has acquired

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

has acquired a majority interest in

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



# 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
- 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.

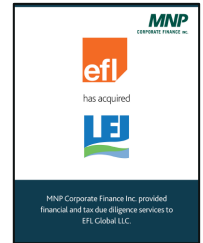
## Integrated Service Offering

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)



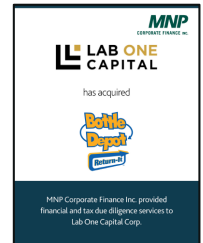
MNP Corporate Finance Inc. provided financial due diligence services to Lift Auto Group Ltd.



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



MNP Corporate Finance Inc. provided financial due diligence services to Environmental 360 Solutions Ltd.



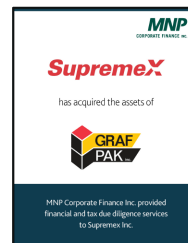
MNP Corporate Finance Inc. provided financial and tax due diligence services to Lab One Capital Corp.



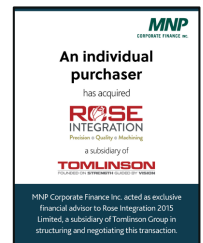
MNP Corporate Finance Inc. acted as exclusive financial advisor to IFR Workwear Inc. in structuring and negotiating this transaction.



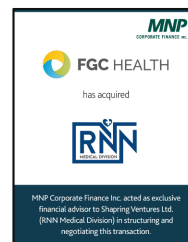
MNP Corporate Finance Inc. acted as exclusive financial advisor to Case Furniture Ltd. in structuring and negotiating this transaction.



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



MNP Corporate Finance Inc. acted as exclusive financial advisor to Rose Integration 2015 Limited, a subsidiary of Tomlinson Group in structuring and negotiating this transaction.



MNP Corporate Finance Inc. acted as exclusive financial advisor to Shipping Ventures Ltd. (RNN Medical Division) in structuring and negotiating this transaction.

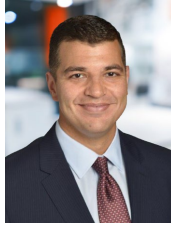


MNP Corporate Finance Inc. provided financial and tax due diligence services to TerraNova Partners LLP.

## Transaction Leadership



**Brett Franklin**  
President  
Winnipeg  
Brett.Franklin@mnp.ca  
204.336.6190



**Aleem Bandali**  
Managing Director  
Vancouver  
Aleem.Bandali@mnp.ca  
778.374.2140



**Bryce Davis**  
Managing Director  
Vancouver  
Bryce.Davis@mnp.ca  
604.637.1514



**Mike Reynolds**  
Managing Director  
Calgary  
Mike.Reynolds@mnp.ca  
587.702.5909



**Mark Reynolds**  
Managing Director  
Calgary  
Mark.Reynolds@mnp.ca  
403.536.5548



**Mark Regehr**  
Managing Director  
Edmonton  
Mark.Regehr@mnp.ca  
780.969.1404



**Erik St-Hilaire**  
Managing Director  
Winnipeg  
Erik.St-Hilaire@mnp.ca  
204.336.6200



**Stephen Shaw**  
Managing Director  
Toronto  
Stephen.Shaw@mnp.ca  
416.515.3883



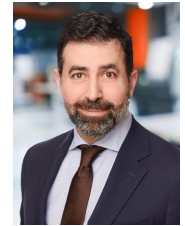
**Kevin Tremblay**  
Managing Director  
Toronto  
Kevin.Tremblay@mnp.ca  
647.943.4051



**Chris Chapman**  
Managing Director  
Toronto  
Chris.Chapman@mnp.ca  
416.596.1711



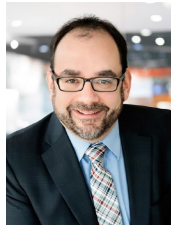
**Jon Edgett**  
Managing Director  
Waterloo  
Jon.Edgett@mnp.ca  
519.772.7460



**Patrick Khouzam**  
Managing Director  
Montreal  
Patrick.Khouzam@mnp.ca  
514.228.7874



**Jean-Raymond Lafond**  
Managing Director  
Drummondville  
Jean-Raymond.Lafond@mnp.ca  
819.473.7251



**Éric Grondin**  
Managing Director  
Sherbrooke  
Éric.Grondin@mnp.ca  
819.823.3290



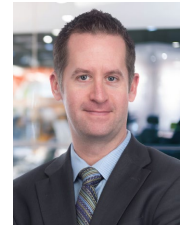
**Jasmin Allard**  
Managing Director  
Sherbrooke  
Jasmin.Allard@mnp.ca  
819.560.7856



**Jonathan Banford**  
Managing Director  
Chicoutimi  
Jonathan.Banford@mnp.ca  
418.696.3924



**Frédéric Fortin**  
Managing Director  
Chicoutimi  
Frederic.Fortin@mnp.ca  
418.696.4561



**Craig Maloney**  
Managing Director  
Halifax  
Craig.Maloney@mnp.ca  
902.493.5430

## Due Diligence Leadership



**Johnny Earl**  
Managing Director  
Vancouver  
Johnny.Earl@mnp.ca  
604.637.1504



**Jonathan Conly**  
Managing Director  
Vancouver  
Jonathan.Conly@mnp.ca  
604.637.1516



**John Caggianiello**  
Managing Director  
Toronto  
John.Caggianiello@mnp.ca  
416.513.4177



**Wilson Lai**  
Managing Director  
Toronto  
Wilson.Lai@mnp.ca  
289.695.4386



**Saad Arif**  
Managing Director  
Toronto  
Saad.Arif@mnp.ca  
647.943.4104



**David Cyr**  
Managing Director  
Montreal  
David.Cyr@mnp.ca  
514.884.1764