

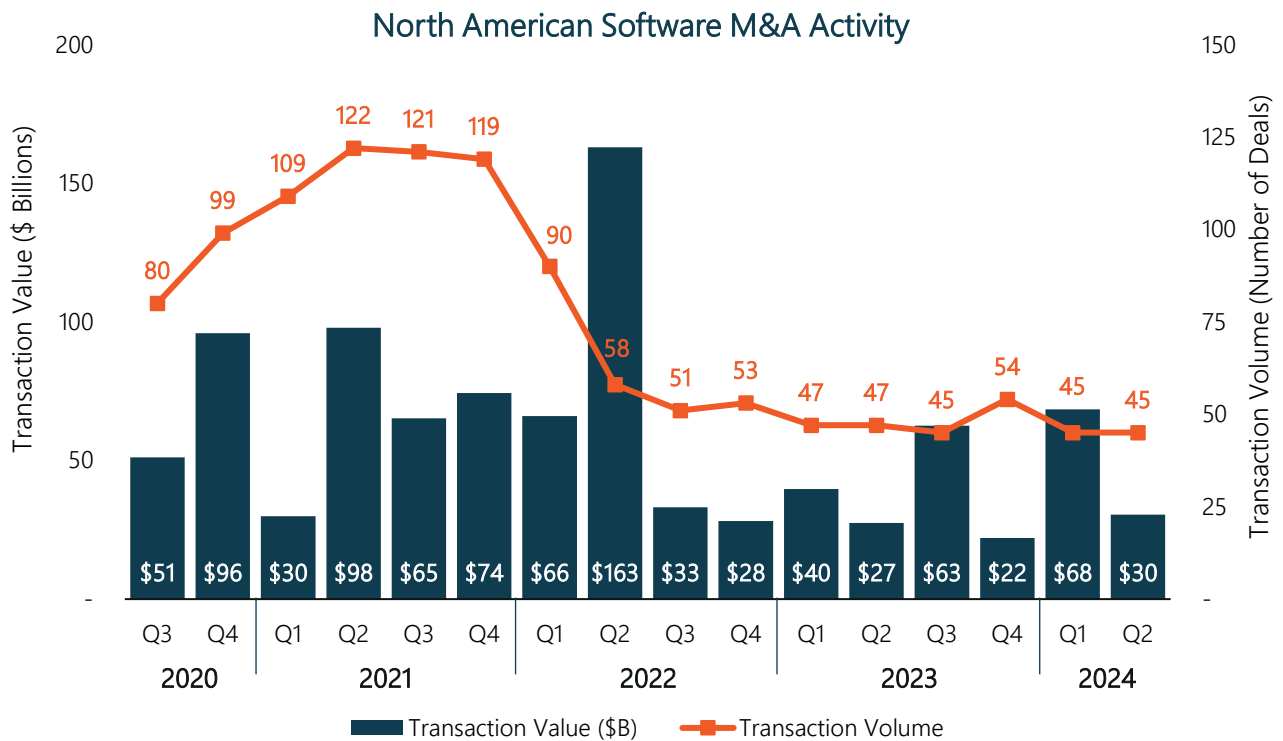
# Technology

Quarterly Update | Q2 2024



# Industry Overview

## M&A Activity



Source: S&P Capital IQ. Data as of June 30, 2024.

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).

Q2 Transactions

**45**

(Same as Q1 2024)

Q2 Transaction Value

**\$30 billion**

(-55.4% vs. Q1 2024)

2024 Transactions

**90**

(-4.3% vs. YTD 2023)

2024 Transaction Value

**\$98 billion**

(47.4% vs. YTD 2023)

### M&A Market Update – Q2 2024

- In Q2 2024, North American software transaction volume remained steady at 45 transactions, compared to the previous quarter. However, the total transaction value decreased to \$30 billion, primarily due to the absence of large deals during this period.
- Year-to-date (YTD) 2024 transaction value, on the other hand, surpassed that of YTD 2023. YTD 2024 transaction value reached \$98 billion, compared to \$67 billion for YTD 2023. This increase is largely attributable to several significant transactions completed in 2024, including 13 deals valued over \$1 billion each, such as Synopsys' acquisition of ANSYS for \$45 billion and IBM's acquisition of HashiCorp for more than \$10 billion.
- Looking ahead, there is growing potential for increased M&A activity within the North American technology sector in the latter half of 2024. This is supported by the Bank of Canada's recent interest rate cuts and the continued easing of inflationary pressures (see illustrative macroeconomic indicators on page 7).<sup>1</sup>
- Data from Q2 2024 suggests that market valuations are beginning to recover after reaching a low point. However, this rebound is largely concentrated among a select group of high-growth startups, particularly in the AI sector, while many mid-growth startups continue to face significant challenges.<sup>2</sup>

Source: S&P Capital IQ, Bank of Canada, data as of June 30, 2024.

1. "Strong M&A Market Expected in 2024" - CapWest

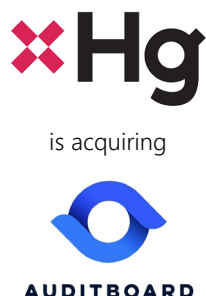
2. Pitchbook; The Daily Pitch: July 24, 2024

# Select Recent M&A Transactions



Announced	Jun 11, 2024
EV	\$967M
EV/EBITDA	NM
EV/Revenue	10.0x

**Industrial and Financial Systems AB (IFS)** announced the acquisition of **Copperleaf Technologies Inc.** on June 11, 2024, for \$967 million. Copperleaf is a leading global provider of AI-powered enterprise asset investment planning and management software. IFS is a leader in enterprise software for field service management and enterprise service management. Copperleaf is headquartered in Vancouver, BC.



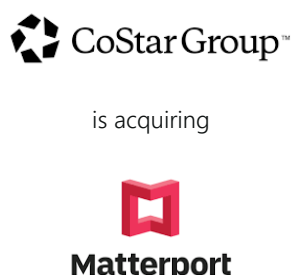
Closed	May 23, 2024
EV	\$4.1B
EV/EBITDA	NM
EV/Revenue	15.0x

**HgCapital LLP** announced the acquisition of **AuditBoard, Inc.** on May 23, 2024, for \$4.1 billion. AuditBoard is a leader in transforming audit, risk, compliance, and ESG management through its recognized cloud-based connected risk platform. AuditBoard is headquartered in Cerritos, California.



Announced	Apr 24, 2024
EV	\$10.5B
EV/EBITDA	NM
EV/Revenue	11.0x

**IBM** announced the acquisition of **HashiCorp, Inc.** on April 24, 2024, for \$10.5 billion. HashiCorp, Inc. is a San Francisco, California-based company that allows businesses to automate multi-cloud and hybrid environments.



Closed	Apr 22, 2024
EV	\$2.7B
EV/EBITDA	NM
EV/Revenue	10.5x

**CoStar Group, Inc.** announced the acquisition of **Matterport, Inc.** on April 22, 2024, for \$2.7 billion. Matterport, Inc. is a spatial data company that provides a 3D camera and interactive viewing platform allowing users to interact, upload, and create digital copies of real-world environments. Matterport is headquartered in Sunnyvale, California.

# Public Comparable Analysis

## Trading Multiples & Operating Statistics

	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
Company											
Large-Cap Software											
Constellation Software Inc.	\$83,534	\$87,088	\$11,972	24.3%	35.3%	\$2,339	19.5%	22.7%	26.7%	37.2x	7.3x
Open Text Corporation	\$10,958	\$21,264	\$7,987	51.4%	77.0%	\$2,180	27.3%	(6.5%)	32.6%	9.6x	2.6x
The Descartes Systems Group Inc.	\$11,318	\$11,000	\$808	16.1%	76.0%	\$334	41.4%	13.1%	44.5%	32.9x	13.6x
Kinaxis Inc.	\$4,469	\$4,131	\$603	20.4%	60.8%	\$49	8.1%	17.4%	19.4%	84.1x	6.9x
Enghouse Systems Limited	\$1,671	\$1,417	\$480	11.7%	66.3%	\$120	25.0%	11.5%	28.9%	11.8x	2.9x
Docebo Inc.	\$1,603	\$1,496	\$258	25.3%	80.9%	\$16	6.1%	NM	N/A	NM	5.8x
Median	\$7,714	\$7,566	\$705	22.4%	71.2%	\$227	22.3%	13.1%	28.9%	32.9x	6.3x
Mean	\$18,926	\$21,066	\$3,685	24.9%	66.1%	\$840	21.2%	11.6%	30.4%	35.1x	6.5x
Mid-Cap Software											
Dye & Durham Limited	\$824	\$2,082	\$458	(0.6%)	90.5%	\$125	27.4%	3.9%	58.0%	16.6x	4.5x
Tecsys Inc.	\$518	\$484	\$171	12.3%	44.3%	\$6	3.6%	8.5%	8.7%	78.5x	2.8x
Thinkific Labs Inc.	\$299	\$182	\$82	13.3%	75.2%	(\$9)	(10.8%)	16.9%	2.1%	NM	2.2x
Sylogist Ltd.	\$237	\$246	\$66	13.6%	59.5%	\$15	23.5%	12.2%	26.0%	15.9x	3.7x
Median	\$408	\$365	\$127	12.8%	67.4%	\$11	13.5%	10.3%	17.3%	16.6x	3.3x
Mean	\$469	\$749	\$194	9.7%	67.4%	\$35	10.9%	10.4%	23.7%	37.0x	3.3x
Small-Cap Software											
Quorum Information Technologies Inc	\$57	\$65	\$40	2.5%	48.8%	\$3	6.7%	3.4%	20.8%	23.8x	1.6x
Optiva Inc.	\$43	\$165	\$63	(20.1%)	61.8%	(\$5)	(8.3%)	10.7%	(1.0%)	NM	2.6x
NamSys Inc.	\$24	\$16	\$6	8.6%	60.3%	\$2	35.2%	NM	N/A	7.2x	2.5x
LifeSpeak Inc.	\$23	\$98	\$51	(1.2%)	90.2%	\$0	0.8%	0.5%	22.1%	253.1x	1.9x
Median	\$33	\$81	\$46	0.6%	61.1%	\$1	3.7%	3.4%	20.8%	23.8x	2.2x
Mean	\$37	\$86	\$40	(2.6%)	65.3%	\$0	8.6%	4.9%	14.0%	94.7x	2.2x
Industrial Technologies											
ATS Corporation	\$4,340	\$5,475	\$3,033	17.7%	28.4%	\$470	15.5%	(3.1%)	15.5%	11.6x	1.8x
Ag Growth International Inc.	\$1,001	\$1,852	\$1,494	(1.2%)	31.7%	\$231	15.4%	11.0%	18.9%	8.0x	1.2x
Reko International Group Inc.	\$20	\$24	\$46	(8.9%)	20.3%	\$4	7.9%	NM	N/A	6.4x	0.5x
Median	\$1,001	\$1,852	\$1,494	(1.2%)	28.4%	\$231	15.4%	4.0%	17.2%	8.0x	1.2x
Mean	\$1,787	\$2,450	\$1,524	2.5%	26.8%	\$235	13.0%	4.0%	17.2%	8.7x	1.2x
FinTech & eCommerce											
Shopify Inc.	\$116,540	\$111,021	\$10,038	25.6%	50.7%	\$737	7.3%	22.9%	14.5%	NM	10.9x
Nuvei Corporation	\$6,242	\$7,799	\$1,718	43.3%	81.6%	\$333	19.4%	14.4%	36.7%	23.4x	4.5x
Lightspeed Commerce Inc.	\$2,833	\$1,886	\$1,231	24.5%	42.4%	(\$148)	(12.0%)	23.4%	3.8%	NM	1.5x
Payfare Inc.	\$289	\$205	\$196	32.0%	18.4%	\$15	7.5%	32.7%	14.3%	14.0x	1.0x
Median	\$4,537	\$4,843	\$1,474	28.8%	46.5%	\$174	7.4%	23.1%	14.4%	18.7x	3.0x
Mean	\$31,476	\$30,228	\$3,296	31.3%	48.3%	\$234	5.5%	23.4%	17.3%	18.7x	4.5x

Source: Capital IQ. Data as of June 30, 2024. 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.

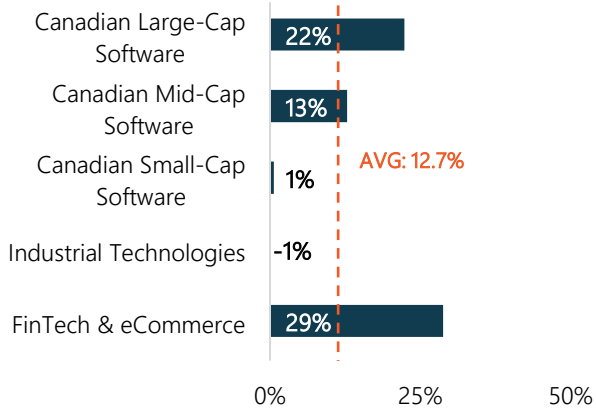
Mid-Cap Software includes Canadian software companies with market capitalizations between \$150 million and \$1 billion.

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

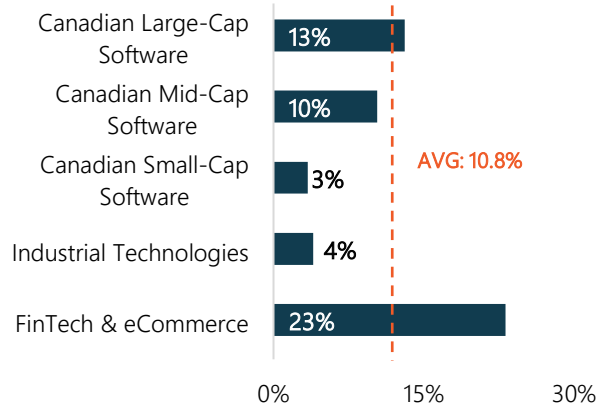
# Public Comparable Analysis

## Growth, Margins & Multiples

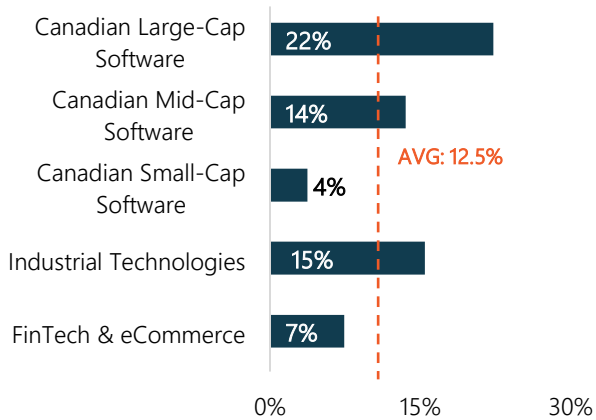
### LTM REVENUE GROWTH



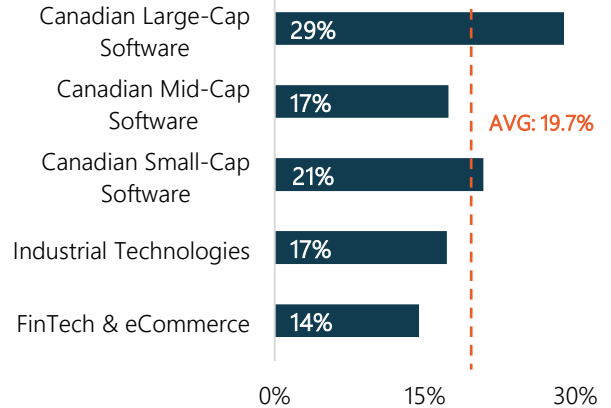
### NTM REVENUE GROWTH



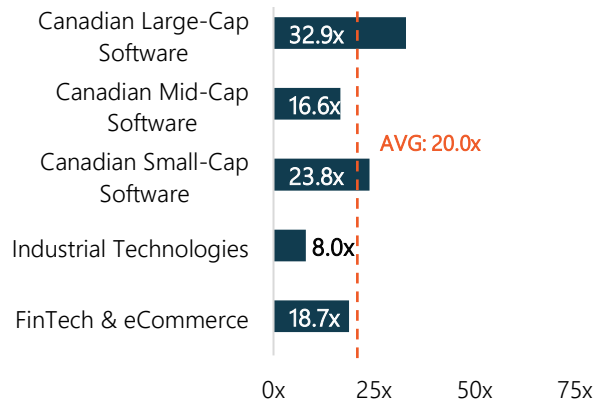
### LTM EBITDA MARGIN



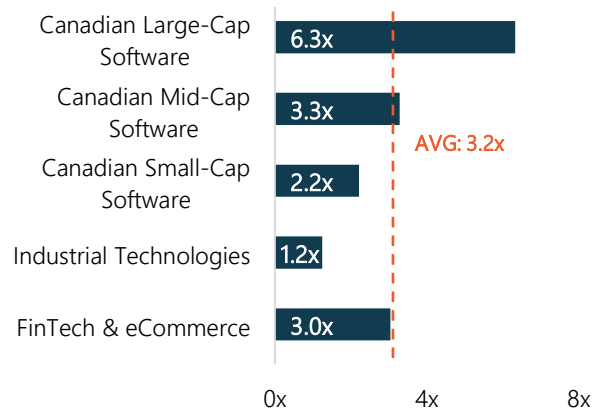
### NTM EBITDA MARGIN



### LTM EV/EBITDA



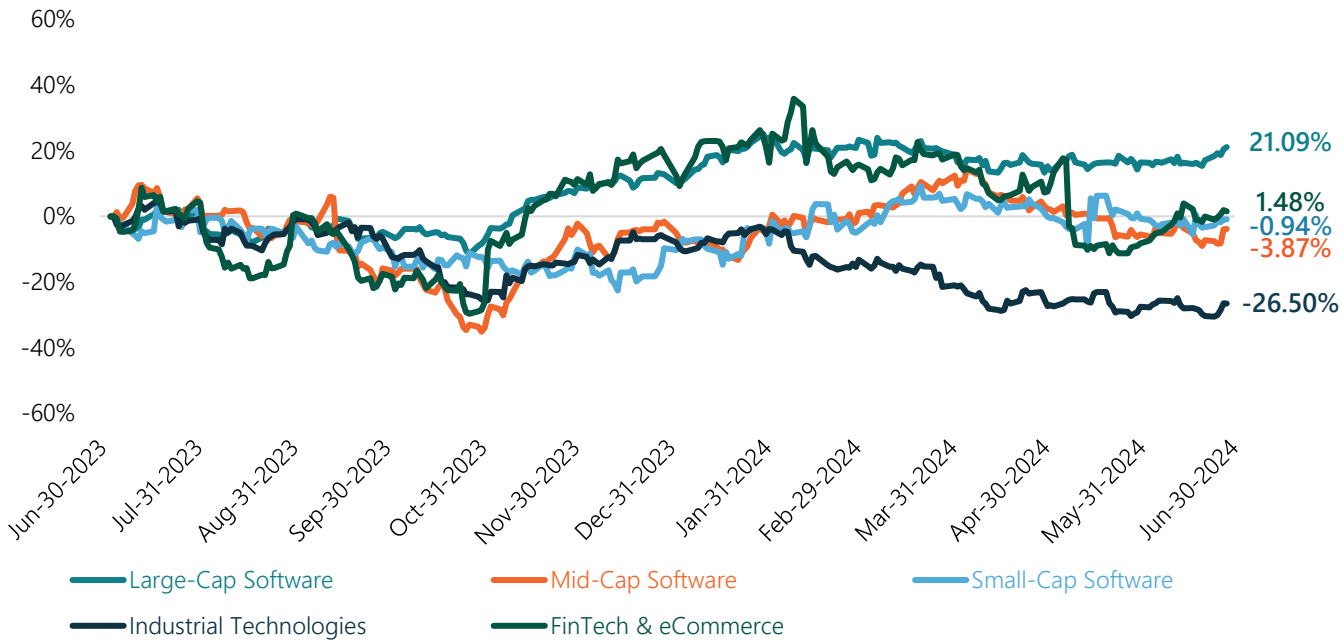
### LTM EV/REVENUE



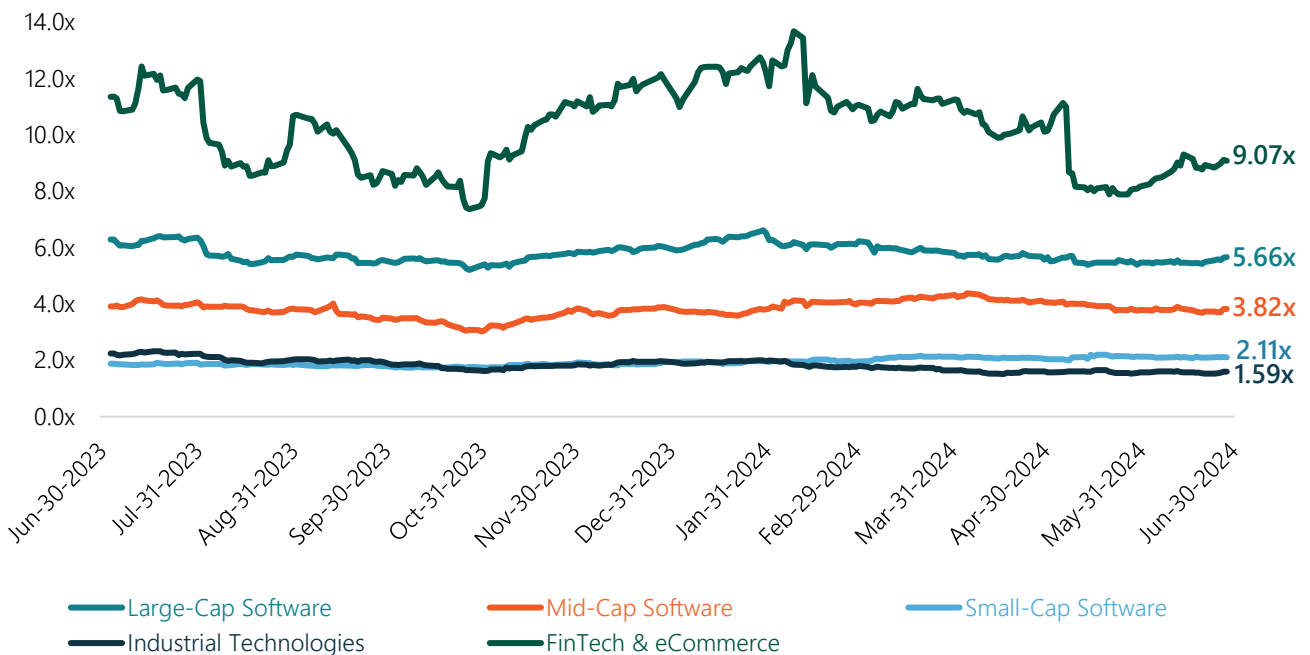
# Public Comparable Analysis

## Peer Group Performance

### Share Price Performance – LTM



### EV/Revenue Multiple Performance – LTM



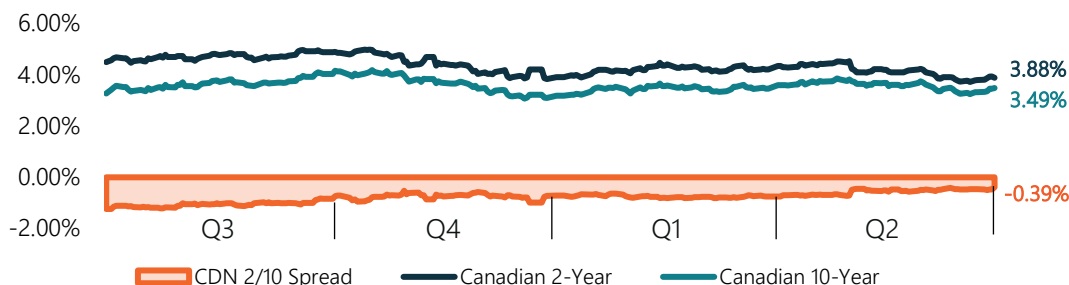
# Macroeconomic Indicators

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 slightly 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.

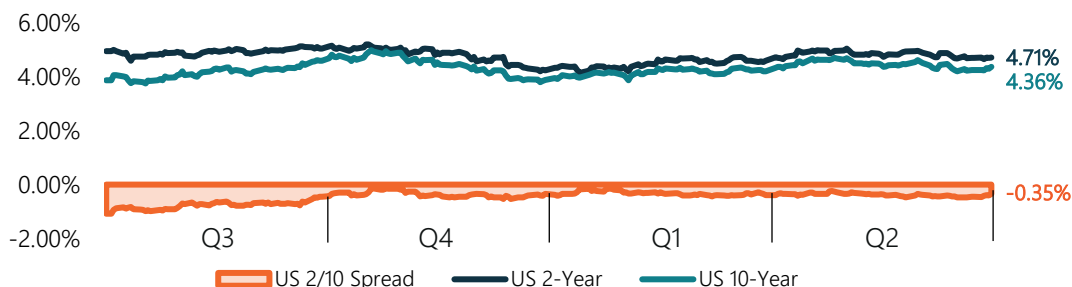
The Canadian Consumer Price Index measured 2.70% in June, down from 8.10% two years prior. Similarly, the U.S. inflation rate decreased from 9.06% to 2.97% in that same period. Q2 2024 marks the fourth consecutive quarter where Canadian inflation has decreased, dropping by 1% over the past year. Inflation has settled to a point where the Bank of Canada has begun to reduce interest rates.

The BoC overnight interest rate decreased from 5.00% to 4.75% as of June and another interest rate drop is anticipated in the coming months. The Federal Reserve, however, has continued to hold rates between 5.25% and 5.50%. It is expected that U.S. rates will likely drop to a 4.75% to 5.00% target before the end of the year.

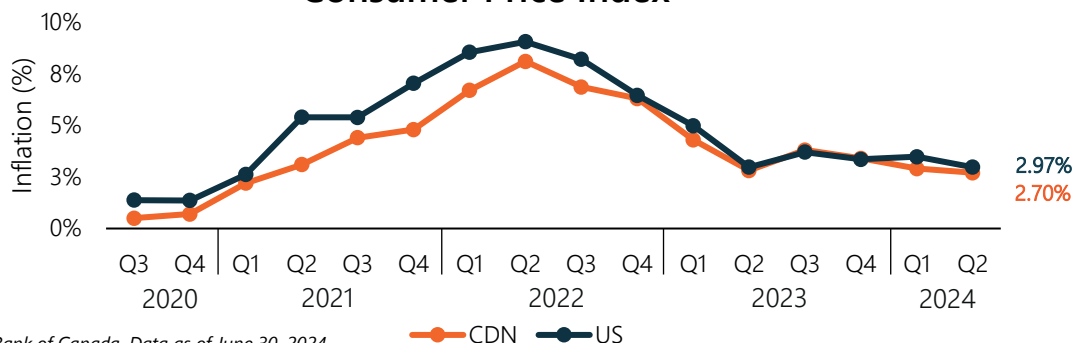
## Canadian Government Bond Yields



## 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.

## 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 285 transactions worth almost \$5 billion (not including due diligence engagements).

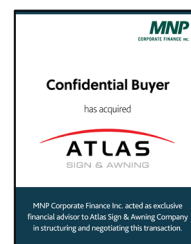
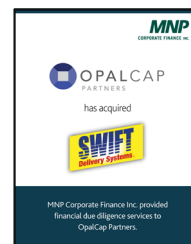
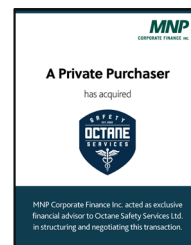
## Industry Experience

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

## Services

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

## Recently Closed Deals (National)



# About Us

## 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

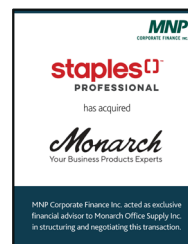
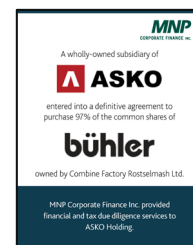
We draw on the vast experience and deep specialist knowledge network of our partners locally, nationally and internationally as specialty issues arise, such as pre-transaction tax planning, transaction structuring, estate planning, valuation, due diligence, performance improvement and risk management.

## 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.



## Recently Closed Deals (National)

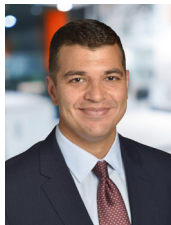


# Leadership Team

## Transaction Leadership



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