

The logo consists of the letters 'IJW' in a white, serif font, centered within a dark blue hexagon. The hexagon is superimposed on a photograph of a modern skyscraper with a glass facade, viewed from a low angle looking up. The image is framed by a red geometric shape on the left and top, and a white background on the right.

IJW

North American Software & Technology

Monthly Market Report

April & May 2023








*All dollar values in this report are USD, except where noted CAD.



April & May 2023 M&A Highlights

April M&A Highlights

Notable American M&A Transactions

TARGET				
ACQUIRER		World Partners for Healthcare		
DETAILS	<ul style="list-style-type: none"> National Instruments, based in Texas, provides testing measurement equipment and integrated software for late-stage product testing. Transaction value: \$8.6B EV/ Revenue: 4.9x EV/ EBITDA: 27.3x 	<ul style="list-style-type: none"> Vezbi is a developer of a social community application intended to consolidate various community-related elements in one place. Transaction value: \$6.5B Undisclosed multiples 	<ul style="list-style-type: none"> Scopely is provider of an interactive entertainment platform that offers game design and development, live services, marketing, and analytics to clients. Transaction value: \$4.9B Undisclosed multiples 	<ul style="list-style-type: none"> Heska, based in Colorado, develops, sells, and supports veterinary products globally, with a focus on Point of Care diagnostics. Transaction value: \$1.5B Undisclosed multiples

Source: PitchBook

\$69.9B

Capital Invested in April

330









Transactions in April

4.8x

Median EV / Revenue

April M&A Highlights

Notable Canadian M&A Transactions

TARGET				
ACQUIRER				
DETAILS	<ul style="list-style-type: none"> Shaw Communications is a Canadian cable company that is one of the biggest providers of internet, television, and landline telephone services across Canada. Transaction value: \$18.9B EV/ Revenue: 5.5x EV/ EBITDA: 12.0x 	<ul style="list-style-type: none"> Magnet Forensics is a developer of digital investigation software based in Waterloo. Transaction value: \$1.1B EV/ Revenue: 11.8x EV/ EBITDA: 136.8x 	<ul style="list-style-type: none"> Iridian develops thin film design deposition and manufacturing technology for fiber optics in telecom and data centers. Transaction value: \$111.0M Undisclosed Multiples 	<ul style="list-style-type: none"> Paradocs is an Ottawa-based developer of mountain resort management software designed to simplify operations of snow and mountain operations. Transaction value: \$7.3M Undisclosed Multiples

Source: PitchBook

\$21.5B

Capital Invested in April

43









Transactions in April

5.5x

Median EV / Revenue

May M&A Highlights

Notable American M&A Transactions

TARGET				
ACQUIRER				
DETAILS	<ul style="list-style-type: none"> Maxar is a Colorado-based integrated space and geospatial intelligence company with a full range of space technology solutions for commercial and government customers. Transaction value: \$6.4B EV/ Revenue: 3.9x EV/ EBITDA: 38.4x 	<ul style="list-style-type: none"> Celsius is a New Jersey-based developer of an online financial platform designed to facilitate the secure digital trading of assets. Transaction value: \$2.0B Undisclosed multiples 	<ul style="list-style-type: none"> Massachusetts-based Desktop Metal manufactures 3D printing equipment that makes metal and carbon fiber 3D printing accessible. Transaction value: \$1.8B EV/ Revenue: 7.9x EV/ EBITDA: NM 	<ul style="list-style-type: none"> Sumo Logic, based in California, is a developer of a security analytics platform intended to monitor and prevent cloud threats. Transaction value: \$1.7B EV/ Revenue: 4.6x EV/ EBITDA: NM

Source: PitchBook; *NM: Not Meaningful

\$38.0B

Capital Invested in May

365









Transactions in May

3.3x

Median EV / Revenue

May M&A Highlights

Notable Canadian M&A Transactions

TARGET				
ACQUIRER				
DETAILS	<ul style="list-style-type: none"> Vancouver-based Absolute Software develops a cloud-based endpoint visibility and control platform that allows management and security of devices. Transaction value: \$870.0M EV/ Revenue: 3.9x EV/ EBITDA: 37.4x 	<ul style="list-style-type: none"> MSP Corp. is a managed service provider focused on cloud computing, cybersecurity, and IT support based in Guelph. Transaction value: \$100.0M Undisclosed Multiples 	<ul style="list-style-type: none"> Cyclica is a Toronto-headquartered developer of a patented cloud-based predictive AI analytics software designed to discover medicine. Transaction value: \$40.0M Undisclosed Multiples 	<ul style="list-style-type: none"> Montreal-based Valence Discovery is a developer of an AI-powered drug discovery platform designed for noisy datasets. Transaction value: \$35.1M Undisclosed Multiples

Source: PitchBook

\$1.0B

Capital Invested in May

36

Transactions in May

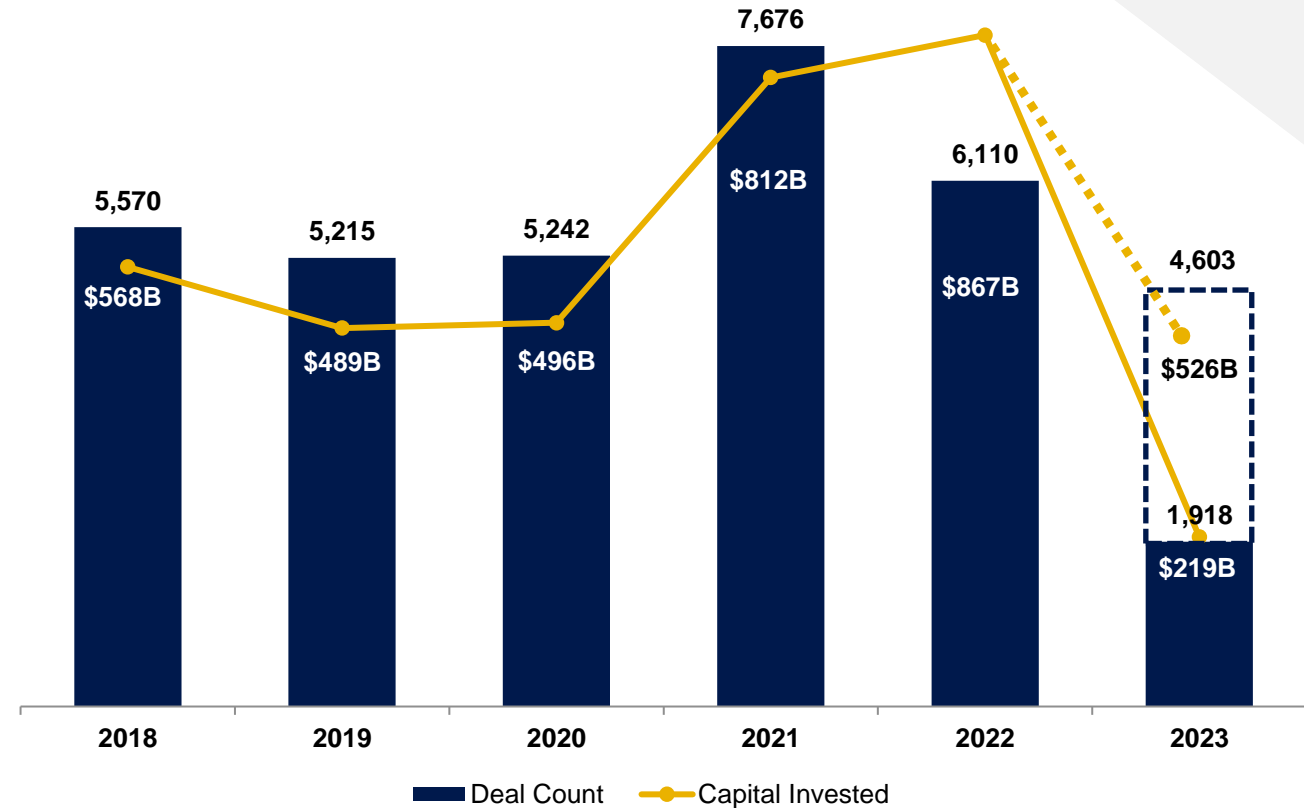
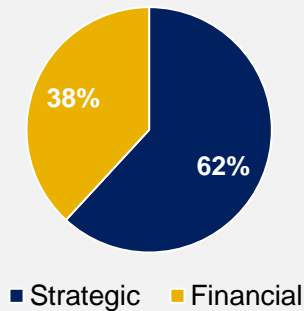
NM

Median EV / Revenue

M&A Deal Volume & Capital Invested

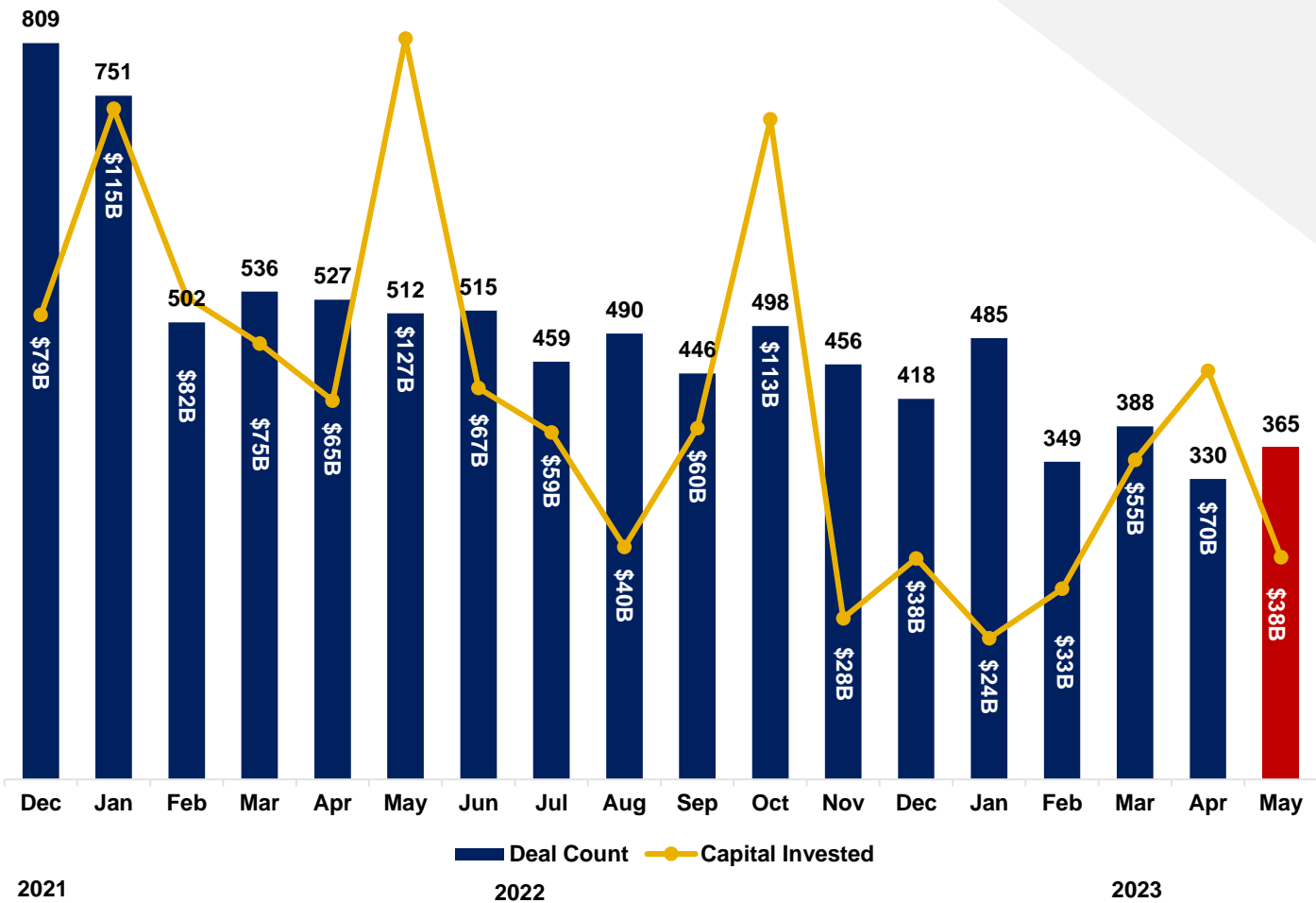
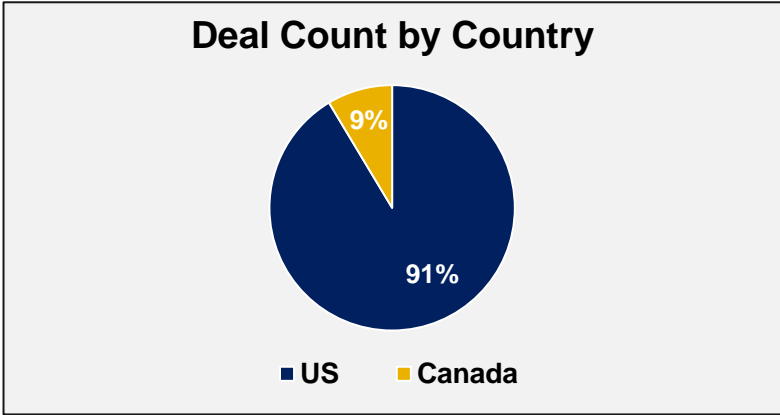
- 2023 has seen 1,918 M&A deals in North America with a total of \$219.2B of capital deployed alongside said deals.
- Given current projections, 2023 M&A activity is projected to be in line with pre-pandemic levels. If current trends persist, 2023 is on track to reach approximately \$526.0B in capital deployed (~39% decrease from 2022).
- Despite the heightened interest rates, PE activity has remained consistent over the past 18 months.
- PE firms continue to face pressure to strategically deploy capital in order to ensure returns outpace the increased cost of capital.

Deal Count by Buyer Type



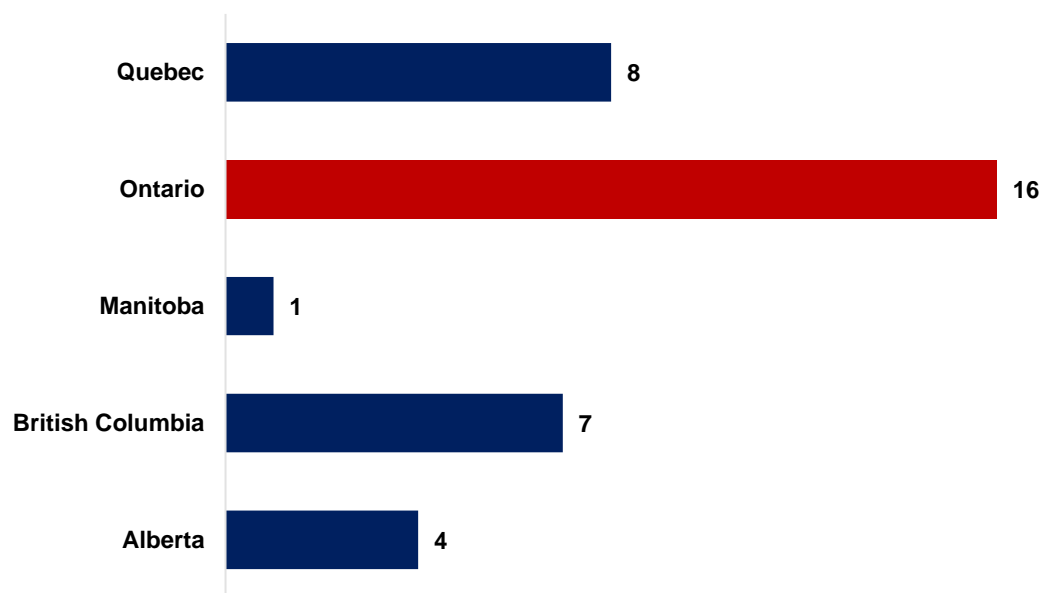
April & May M&A Deal Activity

- Deal volume across the software and technology sectors increased in May, with a total of 365 deals being announced or completed.
- Overall, capital deployed in May 2023 was \$38.0B, a ~45.9% decrease from April 2023 and an ~70.0% decrease from May 2022.
- April witnessed the highest level of capital deployed in 2023, driven in part by Rogers' acquisition of Shaw.
- M&A activity has been impacted by high interest rates and an unclear macroeconomic outlook so far in 2023. With the Fed indicating further rate hikes, albeit at a slower, we may not see activity increase as much as initially expected until 2024.

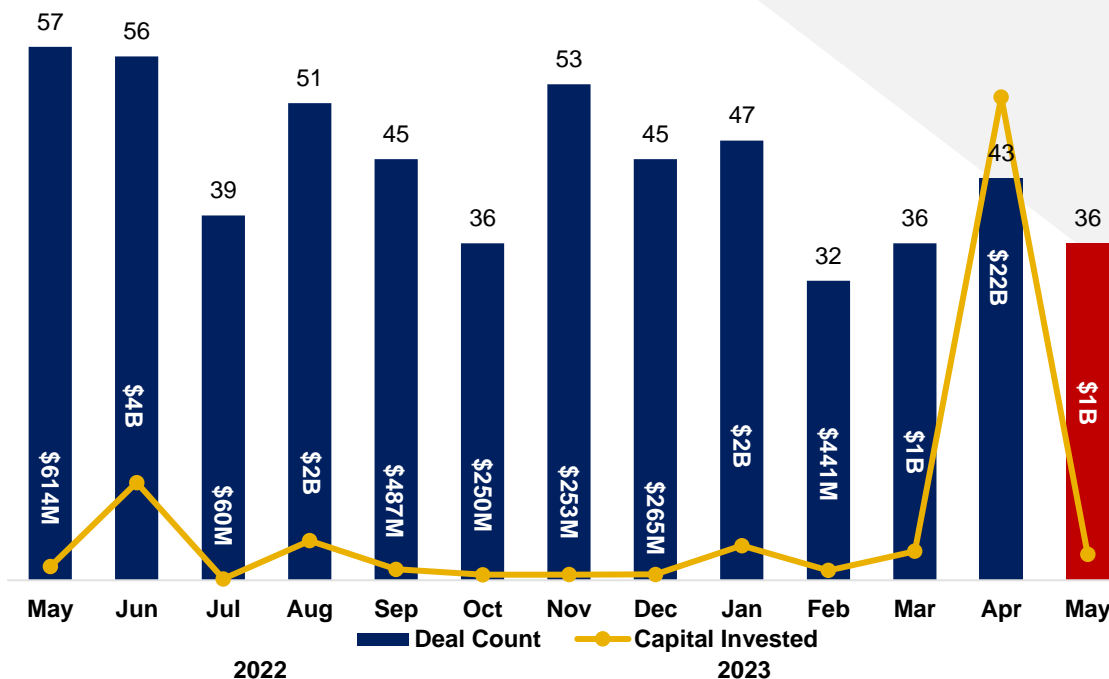


Canadian M&A Deal Volume

M&A Deal Count by Province



M&A Deal Count vs Capital Invested

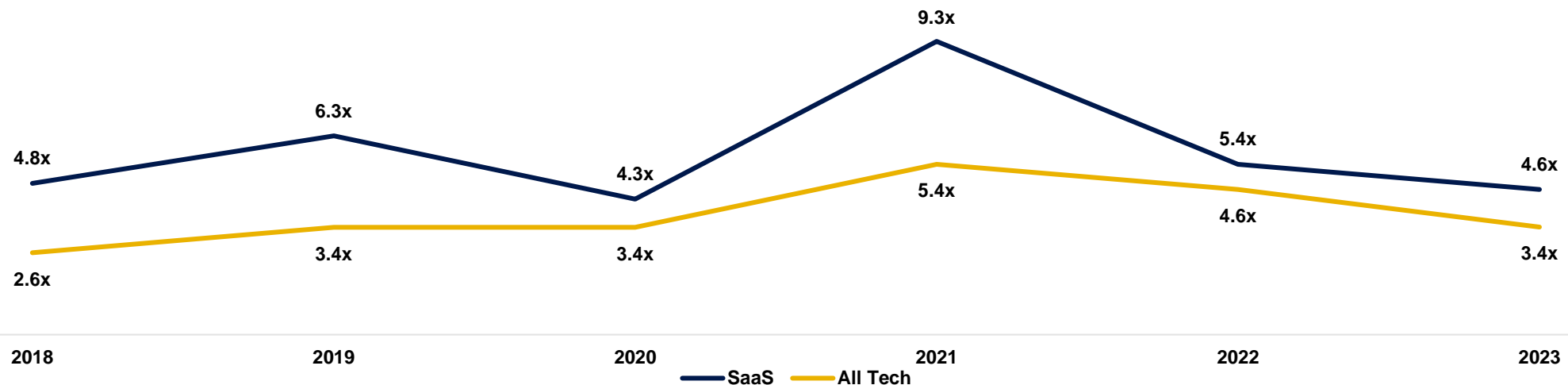


- As has historically been the case, Ontario was the province with the highest deal count in Canada, reaching a total of 16 deals in May 2023.
- Ontarian deal flow represented ~44.4% of all Canadian deals in May 2023.

- Canadian deal flow decreased month-over-month with 36 deals completed or announced during the month of May.
- May saw a return to a more normal level of capital deployed. Capital deployed in April was significantly higher than usual due to Rogers' acquisition of Shaw.

Median SaaS vs All-Tech Revenue Multiples

- As has historically been the case, SaaS companies continue to transact at a premium relative to the broader technology industry, with SaaS companies transacting at a median 4.6x revenue YTD. Assets across the broader technology sector have transacted at a median of 3.4x revenue so far in 2023.
- Median SaaS revenue multiples have continued on their downward trend, contracting by a magnitude of 0.8x revenue from the multiples observed in 2022. The continued contraction has been influenced by several factors, including continued interest rate hikes and uncertainty in the equity market, as well as the continued lack of visibility into the future state of the macroeconomic environment.
- Programmatic acquirers have been more aggressive in 2023, especially those who have large cash balances. Acquirers with substantial dry powder have been able to capitalize on lower multiples and enhance their overall growth profiles through add-on acquisitions.
- IJW maintains a strong belief that the mid-market technology sector will remain active as acquirers look to strategically expand their portfolios. Financial buyers are expected to prioritize add-on acquisitions, as earnings growth will be the main driver of returns for private equity buyers rather than multiple expansion in the coming quarters.












April & May 2023 Capital Raise Highlights

April Capital Raise Highlights

Notable North American VC Transactions

INVESTEE	 PACKETFABRIC	 Zipline	 Svante	 OpenAI
LEAD INVESTOR	 x^e partners	Undisclosed Investors	 3M Chevron	 andreesen. horowitz COATUE
DETAILS	<ul style="list-style-type: none"> ▪ PackedFabric is a developer of a network connectivity management platform. ▪ Transaction value: \$372.6M ▪ Later Stage VC 	<ul style="list-style-type: none"> ▪ Zipline is a provider of automated drone delivery services intended for the distribution of blood and other medical supplies. ▪ Transaction value: \$330.0M ▪ Later Stage VC 	<ul style="list-style-type: none"> ▪ Svante is a developer of a GHG absorption technology. ▪ Transaction value: \$300.0M ▪ Later Stage VC 	<ul style="list-style-type: none"> ▪ OpenAI is a developer of an AI based research and deployment platform. ▪ Transaction value: \$300.0M ▪ Later Stage VC

Source: PitchBook



Capital Invested in April










Transactions in April



Median Capital Invested

May Capital Raise Highlights

Notable North American VC Transactions

INVESTEE		ANTHROPIC		
LEAD INVESTOR				
DETAILS	<ul style="list-style-type: none"> Stripe is a developer of an online financial infrastructure platform. Transaction value: \$6.8B Later Stage VC 	<ul style="list-style-type: none"> Anthropic is an AI research platform that is developing large-scale AI models. Transaction value: \$450.0M Later Stage VC 	<ul style="list-style-type: none"> Nexamp is a provider is a provider of clean energy solutions. Transaction value: \$400.0M Later Stage VC 	<ul style="list-style-type: none"> Amplify is a provider of next-generation curriculum and assessment programs for students. Transaction value: \$350.0M Later Stage VC

Source: PitchBook

\$18.1B

Capital Invested in May

1,239

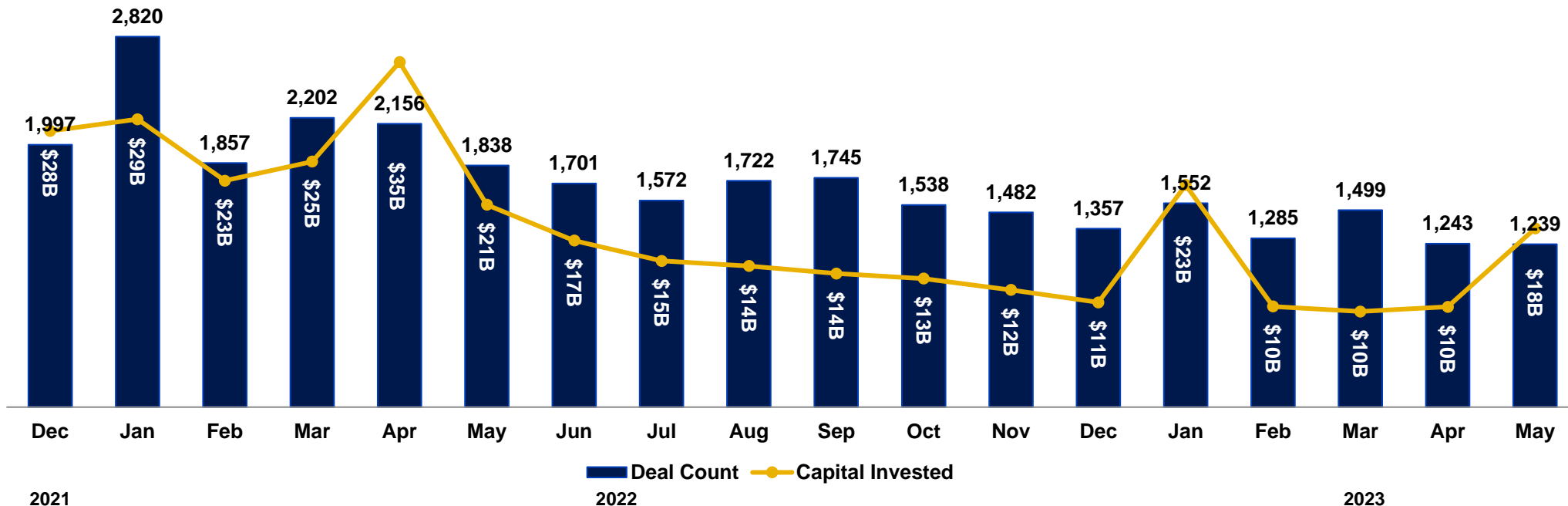
Transactions in May

\$3.5M

Median Capital Invested

VC Investment by Month

- VC funding has rebounded in May with the asset class seeing a total of 1,239 deals and \$18.1B in capital deployed, an increase of ~77% in capital deployed from April.
- AI has become a hot sector for VC investment, with companies such as OpenAI and Anthropic raising some of the largest rounds in April and May, respectively. IJW anticipates that this sector will remain in demand in the coming months, attracting large valuations and investments.
- Investors have begun taking a closer look at profitability rather than growth, especially when evaluating SaaS companies. Moving forward, IJW anticipates VCs to increasingly place importance on margins and cashflow generation when evaluating opportunities.
- Impatient LPs have begun pushing for earlier exits, causing VC firms to exit their portfolio companies earlier than expected. Large VC investors like Tiger Global have begun to make a push towards exiting a significant number of their investments in recent months. IJW expects other VCs to follow suit and attempt to return capital to LPs.





IJW

About **IJW & Co.**

Notable Technology Clientele



Team



Giancarlo Petraro, LL.B., J.D., LL.M. – CEO & Managing Director

As CEO & Managing Director, Giancarlo oversees all aspects of IJW & Co.'s business operations, including oversight of both the M&A Advisory and Valuation practices.

Giancarlo has helped numerous clients successfully navigate complex M&A transactions. Over the last decade, he has advised founders, executives, and corporate boards on middle market transactions in the technology, consumer products, and business services sectors. He strives to cultivate long-term relationships with his clients based on trust and providing thoughtful strategic advice to help maximize value.

Giancarlo holds a Bachelor of Laws degree and a Juris Doctor, North American Common Law from the Université de Montréal, as well as a Master of Laws in Banking and Financial Law from Boston University School of Law. He is a member of the New York State Bar.



Drew Stuart Dorweiler, MBA, CPA (IL), CPA-ABV, CBV, ASA, CFE, CBA, CVA, FRICS – Managing Director

Drew is the Managing Director of IJW & Co.'s valuation practice. With over 39 years of experience advising on thousands of valuations and litigation-support mandates globally, Drew is an expert in his field. He has held numerous positions throughout his career, including Principal at Wise Blackman, Vice-President at RSM Richter, Senior Manager of Financial Advisory Services at BDO, and has worked in various other capacities with Lazard, Merrill Lynch, and Deloitte in New York City.

Drew holds a dual MBA in Corporate Finance and Accounting from the Lubin Graduate School of Business at Pace University and received a Bachelor's degree in Economics from Dartmouth College. He is the Chair of the Membership Standards and Recognition Board of the International Valuation Standards Council in London, a former Trustee of The Appraisal Foundation in Washington DC, and a Fellow of the Royal Institution of Chartered Surveyors and of the Canadian Institute of Chartered Business Valuators (CBV Institute).



Sami Kabir, CFA, MBA – Director, Investment Banking

As Director, M&A, Sami oversees the M&A practice at IJW & Co. With an extensive investment banking background, as well as experience working in capital markets and corporate finance at Brookfield Asset Management, and corporate banking at Scotiabank, Sami has gained extensive knowledge and experience in the field of M&A and corporate finance.

Sami joined IJW & Co. in 2019 after working for over three years between two boutique investment banks in Ottawa and Toronto. He completed his MBA at the Smith School of Business at Queen's University, and holds a Bachelor's Degree in Commerce with a major in Accounting from the Sprott School of Business at Carleton University. Sami also holds a Chartered Financial Analyst (CFA) designation.

Sami holds expertise in the financial markets and is skilled at managing complex financial transactions. At IJW, Sami has worked on numerous transactions with a specialization advising software companies globally.

Team



Ifiti Ifhar – Operating Partner, Software & Technology

Ifiti is a seasoned global technology executive and M&A professional with over 30 years of experience. He has successfully led global companies as CEO and CFO, achieving strategic exit transactions with renowned acquirers like Philips, AUO Corporation, and Hewlett Packard. Notably, as CEO of ComQi, he scaled the business and facilitated its acquisition by AUO. With expertise in the full M&A cycle and post-merger integration, Ifiti's extensive knowledge and leadership skills drive business growth and create value.

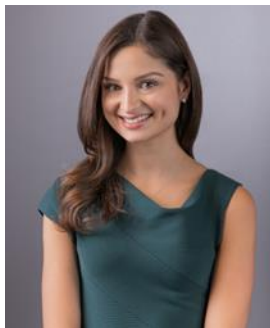
Ifiti holds a BA degree in Accounting and Economics and an Executive MBA degree from Tel Aviv University. Currently an operating partner specializing in software and technology, Ifiti continues to make significant contributions to the industry.



Nicolas Bouchard – Operating Partner, Software & Technology

Nick has amassed nearly a decade of experience in Venture Capital. Currently, Nick holds the position of General Partner at Inertia Ventures. Prior to joining Inertia, Nick was associated with 500 Startups and played a key role in co-founding Panache Ventures, which stands as one of Canada's most active seed funds. Nick's approach involves closely collaborating with founders, and establishing a relationship of trust and collaboration right from the company's earliest stages.

Notable among his investments are Flinks (successfully acquired by National Bank of Canada), NOLK, Skillful, FightCamp, Gainful, Acto, Valence Discovery (successfully acquired by Recursion), Perkys, and Pathway. Furthermore, Nick serves as a board advisor for Flinks and Front Row Ventures, the pioneering student-led VC fund in Canada. He also takes on mentorship roles with prominent organizations like Techstars, CDL, FounderFuel, and the Holt Accelerator.



Gabrielle Desjardins – Senior Analyst, Investment Banking

Gabrielle is an accomplished Senior Analyst within the Mergers & Acquisition practice at IJW & Co., with extensive experience in middle market transactions in the technology, consumer products, and business services sectors. Gabrielle graduated from the Rowe School of Business at Dalhousie University with a Bachelor's Degree in Commerce, majoring in Finance with Distinction.

Prior to joining IJW & Co., Gabrielle completed two Co-op terms; the first was as a Business Strategy & Support Analyst at Export Development Canada, followed by an Asset Management role at a Commercial Real Estate and Property Management Company in Ottawa, Ontario. Gabrielle was an active member of the Dalhousie Investment Society (DALIS), the Women in Business Association (WIBA), and the Golden Key International Honour Society during her time at university.

Team



Sarina Gill – Senior Analyst, Investment Banking

Sarina Gill is a driven Senior Analyst with a passion for finance and economics. She earned her Bachelor of Commerce degree from the prestigious Joseph L. Rotman School of Management at the University of Toronto, where she specialized in finance and economics. Sarina joined IJW in 2021 and is currently a Level I Candidate in the CFA program.

During her undergraduate studies, Sarina worked as a Research Assistant analyzing patent data alongside faculty members. She also held the role of Economic Development Student Intern for her municipality's Enterprise Centre in Oakville, Ontario. In 2020, Sarina joined a financial commentary blog as an Equity Research Analyst, where her articles have been published.

Sarina graduated with honors from the Rotman School of Management and was a member of the Dean's List.



William Robinson, MBA – Analyst, Investment Banking

William is a seasoned finance professional with a diverse background in management consulting, venture analysis, and banking. He holds an MBA from the prestigious Smith School of Business at Queen's University, with a specialization in Finance.

Before joining IJW, William worked as a management consultant for a technology company in Seattle, where he gained valuable experience working with high-growth startups. He also collaborated with his school's venture capital fund as a venture analyst, where he honed his skills in financial analysis and valuation. Prior to business school, William spent three years at TD Bank, where he worked his way up to managerial roles.



Bronte Macfarlane, MBA – Analyst, Investment Banking

Brontë is a finance professional with a Bachelor degree in Commerce, majoring in Finance from the John Molson School of Business at Concordia University. Brontë has recently completed her MBA in Investment Management from the Goodman Institute of Investment Management, where she was a consistent member of the dean's list and received scholarships for her outstanding performance in the program. With her strong educational background and diverse experience, Brontë has gained valuable insight into the inner workings of the finance industry. She has worked as an Analyst at the pharmaceutical company, Novartis, financial management firm, State Street, as well as at a single-family office here in Montreal.

Team



Simon Cinq-Mars – Deal Origination Lead

Simon is a highly experienced business development and investment banking professional with a background in finance, economics, and management. He holds a Bachelor degree in Economics with a minor in Finance from McGill University and a Master's degree in Management with a specialization in Finance from Imperial College in London, UK.

Simon has worked as an M&A Business Development Analyst at Modaxo, a Constellation Software portfolio company, where he analyzed potential M&A deals and identified growth opportunities for the company. He also has prior experience in private equity and consulting, where he gained valuable experience in financial analysis and due diligence.



Mateo Murr – Analyst, Deal Origination

Mateo is an Investment Banking Analyst at IJW & Co. Mateo joined the firm in 2023 after graduating from the Ivey Business School at Western University with an Honors in Business Administration. Before the HBA program at Ivey, Mateo studied Political Science.

Prior to joining as an analyst, Mateo completed an internship at IJW, an American buy-out firm as well as an independent management consulting practice.



Shreya Vaidya – Analyst, Investment Banking

Shreya is completing an Investment Banking Internship at IJW & Co. Shreya recently completed her Master's in Finance at McGill University, where she worked as an equity analyst in the renewables sectors for the university's investment fund.

Prior to investment banking, Shreya worked as a Trade Commissioner Assistant at Global Affairs Canada, as well as on the Financial Advisory team at Edward Jones Investments.

Shreya holds a Bachelor's Degree from the University of Western Ontario.

Team



Caleb Defreyne – Analyst, Investment Banking

Caleb is completing an Investment Banking Internship at IJW & Co. Caleb is a Bachelor of Business Administration and Financial Math student at Wilfrid Laurier University.

Before joining IJW, Caleb worked at BlackTide Capital Group, a Texas-based search fund.



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Thank You.



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