

Software & Technology Enabled Services

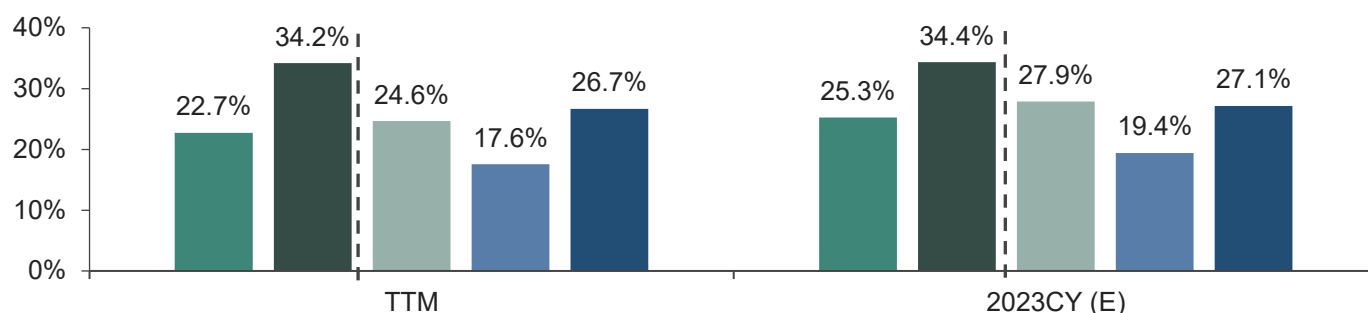
INDUSTRY UPDATE FEBRUARY 2023

- The pandemic materially accelerated consumer and business adoption of technology fueling growth in e-commerce, cloud, cybersecurity, collaboration platforms, and SaaS implementation
- While we witness the pandemic driven revenue growth continue into 2023, companies face a major challenge in weathering an anticipated economic slowdown with pressures of cutting labor costs and increasing efficiency
- Cooling investor sentiment due to rising interest rates, recessionary signals, regulatory actions and geopolitical tensions has resulted in a 22% decline in Tech M&A deals in 2022 and expected to continue into 2023

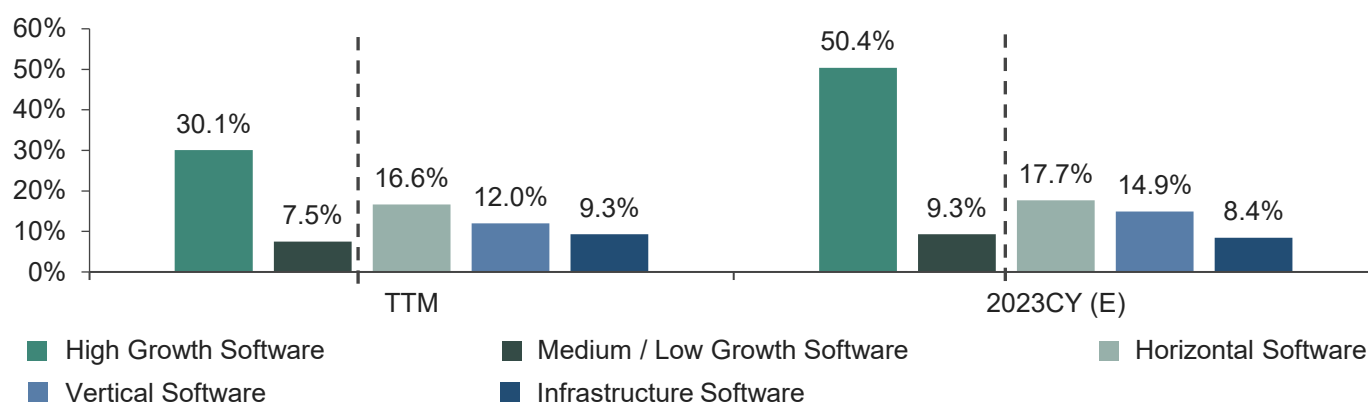
SOFTWARE & TECH ENABLED SERVICES HEADLINE TRANSACTIONS

TARGET	ACQUIRER	ACQUISITION SYNOPSIS
		The company was acquired by Voya Financial (NYS: VOYA) from Indaba Capital Management, BuildGroup and others for \$570 million on January 24, 2023. The acquisition accelerates Voya's strategy in health and wealth solutions, adding broad-based benefits administration capabilities that extend its reach across workplace benefits and savings.
GroundCloud		The company was acquired by Descartes Systems Group (TSE: DSG) for \$218 million on February 14, 2023. This acquisition will help Descartes to ensure seamless operations, end-to-end visibility, and standards of safety and compliance are met, including helping final-mile carriers comply with the various safety mandates of large transportation brands.
		The company was acquired by OpenText for GBP 6 billion on January 31, 2023. Through this acquisition, OpenText aims to help enterprise professionals secure their operations, gain more insight into their information, and better manage an increasingly hybrid and complex digital fabric with a new generation of tools that include cybersecurity, digital operations management, applications modernization and delivery and AI and analytics.

EBITDA MARGINS



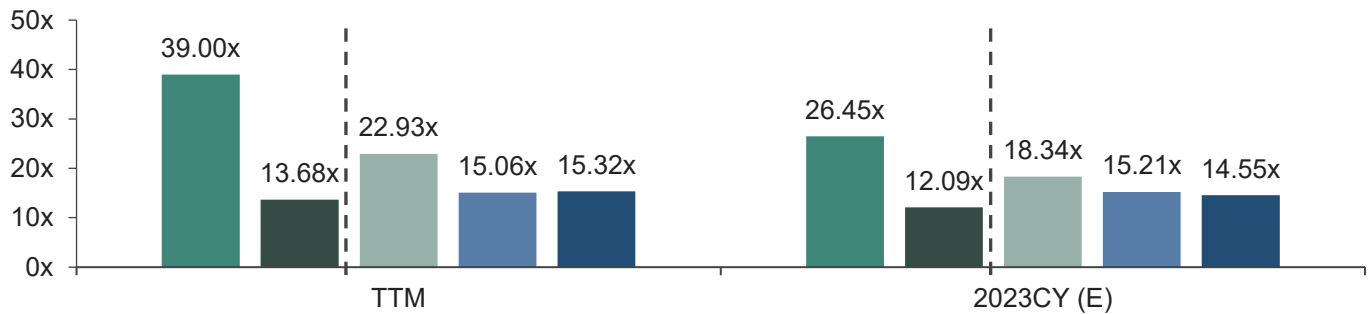
Revenue Growth



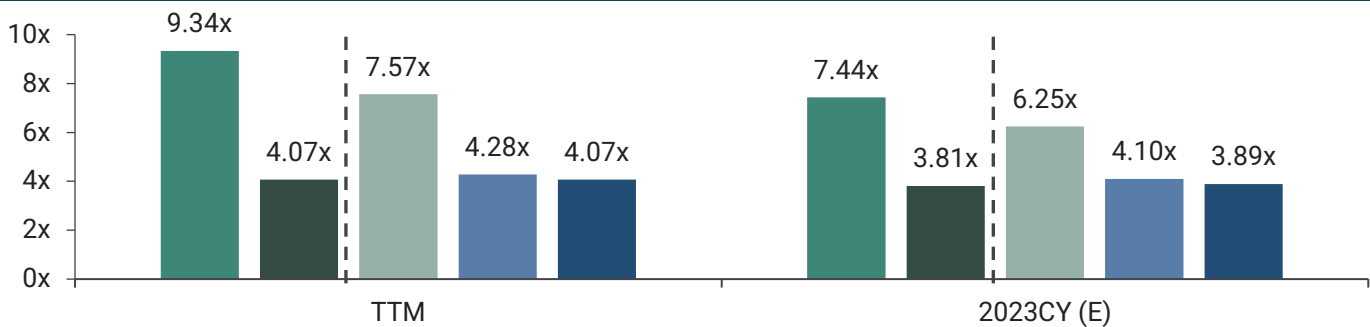
Notes: High Growth Software defined as any company with > 20% revenue growth and Medium/Low Growth Software defines as any company with < 20% revenue growth
Source: Data from Pitchbook as of 02/09/2023, Raymond James Software Monthly Update – December 2022

- In our last coverage, we witnessed expanded revenue and forward EBITDA multiples from 2021 to 2022 as share price targets rose in an environment with strong tailwinds and near – zero interest rates
- Revenue, EBITDA and PE multiples are now all dipping back to early 2020 levels for the Software and Tech Enabled Services Industry as a whole
- Despite rising Revenue growth and EBITDA Margins in 2023, the market continues to remain erratic with declining PE multiples by 3% and EBITDA multiples by 8% on average across Horizontal, Vertical and Infrastructure Software companies

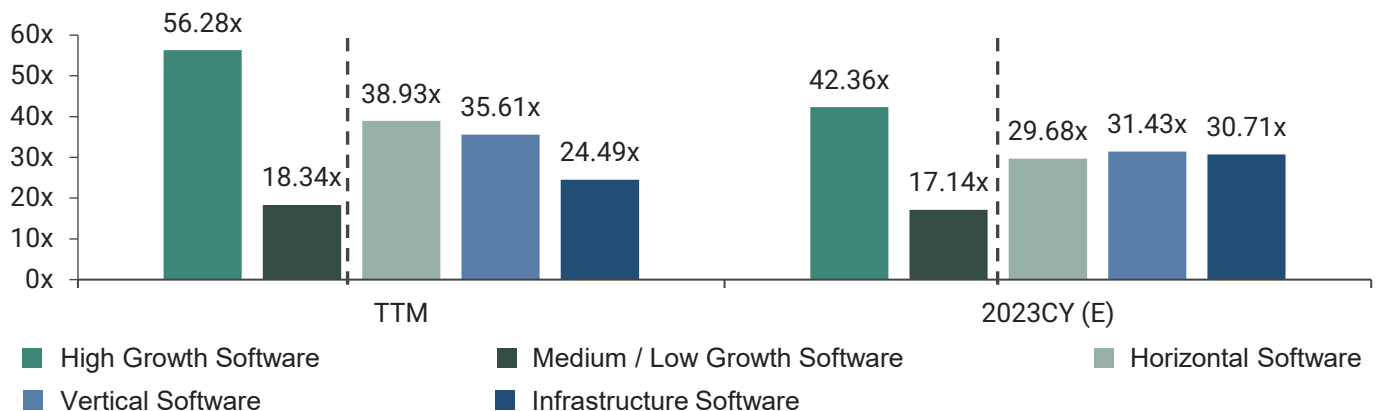
ENTERPRISE VALUE / EBITDA



ENTERPRISE VALUE / REVENUE



PRICE/EARNINGS



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