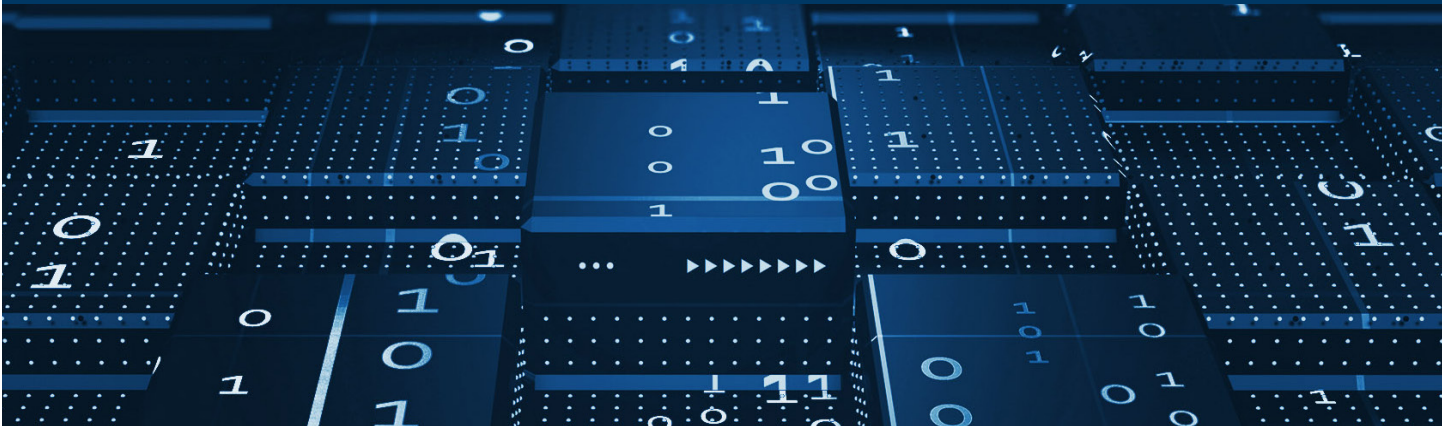


SOFTWARE & TECHNOLOGY M&A PULSE

SECOND QUARTER 2022



Q2'22

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PMCF Technology Coverage Team

ABOUT PMCF

P&M Corporate Finance ("PMCF"), a U.S. registered broker/dealer, is an investment bank focused exclusively on middle market transactions with professionals in Chicago, Detroit, Denver, and across the globe through Corporate Finance International partners. Offering a depth of advisory services, PMCF helps clients worldwide meet their sale, acquisition, financing, and strategic growth objectives. Additional information on PMCF can be found by visiting our website, pmcf.com.

INVESTMENT BANKING SERVICES:

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- Transaction Readiness Planning
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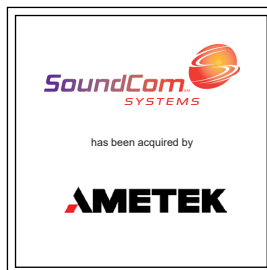


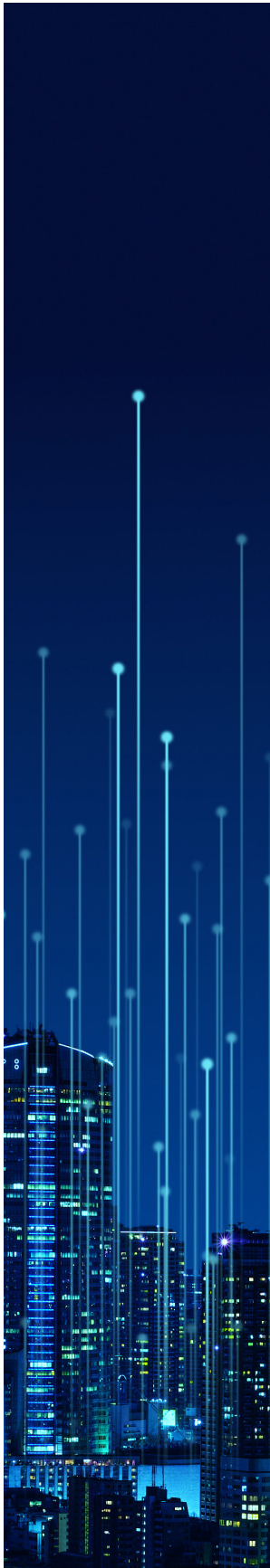
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SELECT PMCF TECHNOLOGY TRANSACTIONS





APPETITE FOR SOFTWARE INVESTMENTS

In uncertain economic environments, software investments can retain their appeal given the stickiness within technology stacks, recurring nature of revenue, and minimal capital expenditures needed to scale operations. Though the volume of software deal activity is slowing down, there remains strong demand for high performers, as evidenced by average SaaS deal size increasing to \$171M in Q2 2022 compared to \$156M in Q2 2021, driven by a significant median EV/Revenue multiple increase to 12.9x from 7.0x⁽¹⁾. The software industry is expected to continue to benefit from early stages of digital transformation of remote working environments and rapidly evolving markets.

EVOLVING BUYER LANDSCAPE

The competitive landscape between financial and strategic buyers could see a shift, with the former needing to deploy capital and the latter waiting until macro conditions improve. A recent Pitchbook survey revealed that 60% of C-suite executives anticipate a recession within the next 12 to 18 months⁽²⁾, potentially sidelining those buyers in M&A transactions. Conversely, private equity firms are sitting on an abundance of dry powder and looking to generate excess returns, which could lead to increased competition between financial sponsors.

THE VALUE OF A VISIBLE SALES PIPELINE

Buyers routinely look for demonstrable support for growth, and a sophisticated sales pipeline is a key focus area. An effective pipeline typically encompasses multiple prospect stages, ranging from an uncontacted prospect to a contractually-signed customer. Visible sales pipelines provide operators precise data to understand where CAC investments are spent and how to manage optimal customer acquisition. Accurate analysis of pipeline data provides insights into conversion ratios, which, when coupled with recurring revenue, offers clear support to a stated forecast. Tangible support for future performance is always essential, especially when the broader macro environment is unclear.

FOCUSING ON BUSINESS OPERATIONS

While 2021 was a record year for deal activity, deal volume, and valuation multiples, 2022 experienced a cooling off from those record highs. Additionally, there has been a shift in buyer behavior as investors are deploying capital to tier 1 assets, while showing less interest in tier 2 and tier 3 assets. As buyer behavior shifts, it is an excellent time to consistently generate and monitor business metrics (LTV, CAC, Rule of 40, retention, etc.) to compare and manage to industry expectations while investors navigate macroeconomic uncertainty.

Sources:

(1) Pitchbook

(2) Pitchbook, Q2 2022 US PE Breakdown

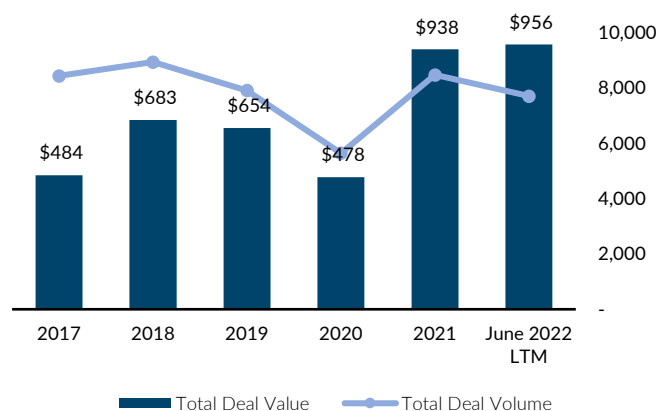
Q2 2022 Market Summary & Outlook

M&A MARKET DYNAMICS – SOFTWARE & TECHNOLOGY

- The second quarter of 2022 saw a noticeable decrease in both deal volume and value, with 1,282 transactions in the quarter combining for \$216B in value.
- Given the economic uncertainty, buyers are more attentive to higher quality assets and are willing to pay a premium for tier 1 companies. The slowdown in deal activity indicates hesitancy in the market for less attractive assets in 2022, whereas those assets were still pursued in 2021's record year.
- Q2 2022 represents a sizeable decline compared to Q1 2021's robust activity, with total deal value down 28% and volume down 36%. The quarter was buoyed by a few large deals, and M&A activity remains strong relative to historical years and was expected to cool coming off a record 2021.

GLOBAL SOFTWARE AND TECHNOLOGY M&A VOLUME

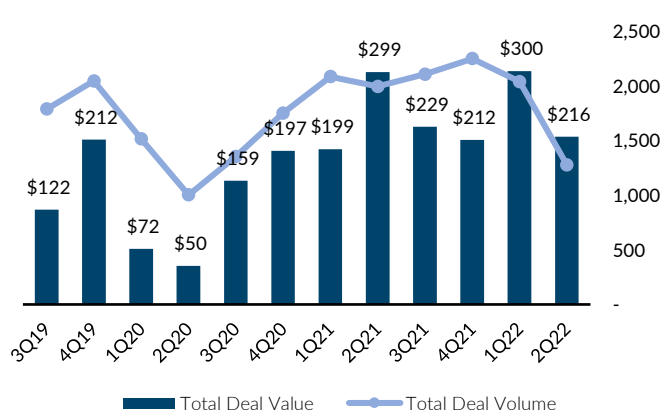
(\$ in Billions)



Source: 451 Research

GLOBAL SOFTWARE & TECHNOLOGY M&A VOLUME

(\$ in Billions)



Source: 451 Research

SECTOR SPOTLIGHT: Supply Chain Tech

Supply chain tech encompasses a range of functions including enterprise supply chain management, warehousing tech, freight tech, and last mile delivery. The turmoil of the past few years has exposed the fragility of global supply chains and increased the prevalence of this industry. Price fluctuations, hoarding, misinformation, product returns, inflation, port congestion, trucker strikes, pandemics, and wars are just some of the issues supply chain tech looks to solve.

Investors are sensing the opportunity brought on by these problems and are placing significantly more capital into supply chain tech. The industry is still young with significant room for growth driven by investments in system dynamics, predictive analytics, real-time data integration, and artificial intelligence. Evolving these technologies to further connect global supply chains is an exciting opportunity for many investors.

TECHNOLOGY COMPANY SPOTLIGHT: Flexport

flexport.

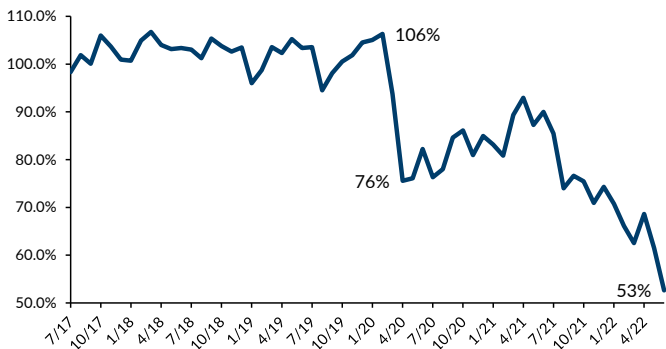
Ownership: Privately Held (VC-backed)
 Headquarters: San Francisco, CA
 Operations: Global

Business Description:

- Developer of a freight forwarding platform designed to provide visibility and control over the entire supply chain
- Flexport's platform generates data on inventory impacts, transit time, costs, container utilization, and exceptions. This provides metrics and market data to expedite real-time supply chain decision-making.
- The company received funding to accelerate the development of its platform and continue both organic and inorganic growth strategies.

Macroeconomic Trends & Signals

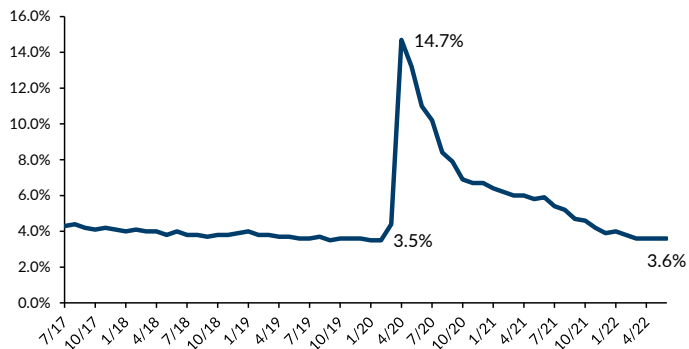
CONSUMER CONFIDENCE INDEX (CCI)



Source: Federal Reserve of St. Louis

The CCI continued to decline in the second quarter, falling to 53% in June, as uncertainty around macro economic factors persists.

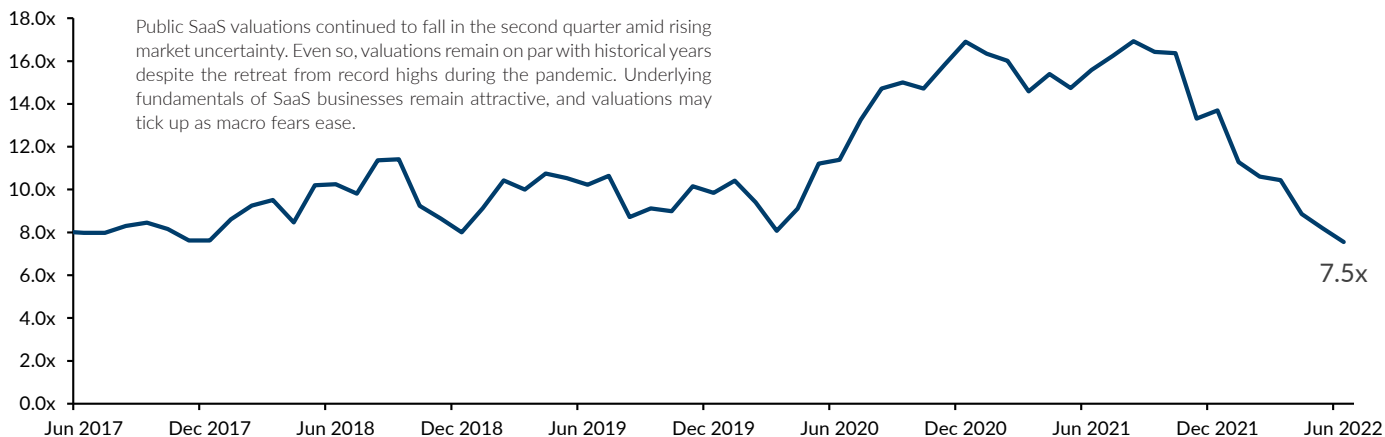
U.S. UNEMPLOYMENT RATE



Source: Federal Reserve Bank of St. Louis

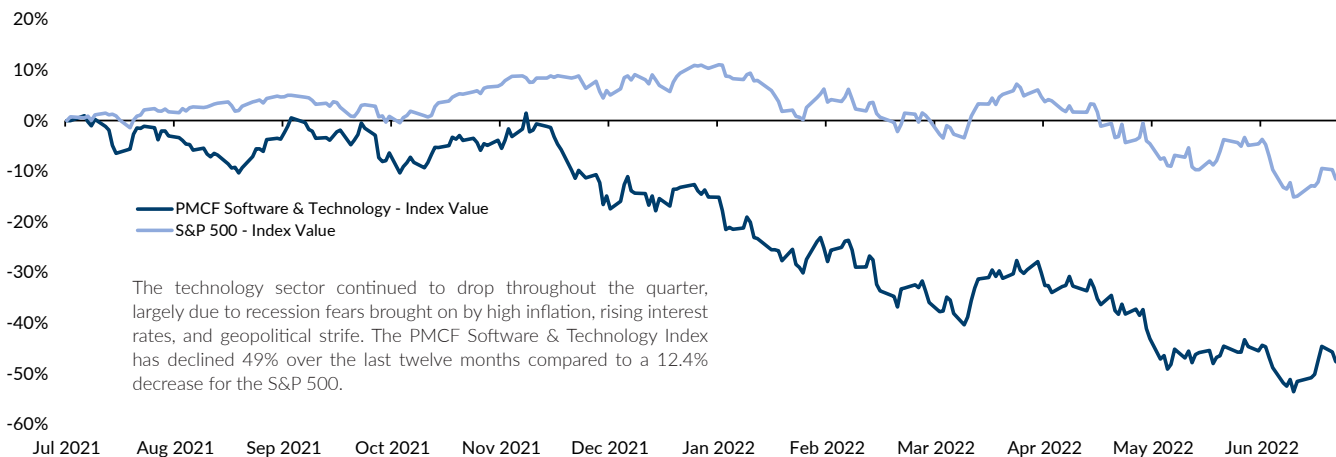
The U.S. unemployment rate continued its trend during the second quarter, hovering around a healthy 3.6%, although the job market remains tight.

PUBLIC SaaS MEDIAN ANNUAL RUN-RATE REVENUE (ARR) MULTIPLE



Source: SaaS Capital index of 69 B2B publically traded SaaS companies

PMCF SOFTWARE & TECHNOLOGY INDEX - MARKET VALUATION



Source: Capital IQ - PMCF Technology Index of 31 publically traded SaaS companies

Software & Technology M&A Activity

Strategic Acquisition

Concentrix acquires ServiceSource

Concentrix Corp. (NASDAQ: CNXC), a leading global provider of customer experience solutions and technologies, acquired Denver-based ServiceSource International, a global market leader in B2B digital sales. This transaction positions Concentrix for greater expertise in B2B sales capabilities on a global scale, further enhancing its portfolio of offerings and ability to deliver stronger returns for some of the most innovative technology and new economy brands in the world. The transaction was valued at approximately \$131 million.

Bolt-On Acquisition

Avant acquires PlanetOne

Avant Communications, an IT decision-making platform backed by Pamlico Capital, acquired Scottsdale-based PlanetOne, a cloud-based telecommunications service provider. The transaction follows Pamlico's strategy of scaling the business through the adoption of PlanetOne's proprietary platform SENTIENT and integration of the PlanetOne team, allowing for greater operational synergies. Terms of the transaction were not disclosed.

Platform Acquisition

Bain Capital acquires LeanTaaS

Bain Capital, a middle market private equity firm, acquired Silicon Valley-based LeanTaaS, a software company focused on lean principles, predictive analytics, and machine learning to help optimize health systems. The company's technology is used by more than 500 hospitals and 130 health systems. The acquisition gives Bain Capital a foothold in the healthcare AI and automation space. Terms of the transaction were not disclosed.

Platform Acquisition

Ven Capital Partners acquires Eleven Software

Ven Capital Partners, a middle market private equity firm, acquired Portland, OR-based Eleven Software, a leader in cloud-based Wi-Fi management solutions for the hospitality, multifamily, and community Wi-Fi sectors. ElevenOS is the #1 Wi-Fi connectivity platform for brands enabling a consistent connection experience regardless of Wi-Fi service provider. Eleven experiences 20 million device connections daily in over 50 countries. Terms of the transaction were not disclosed.

Sources: Company Press Releases, CapIQ, Pitchbook

Software & Technology M&A Activity (Cont.)

Strategic Acquisition

Softheon acquires
NextHealth Technologies

Softheon, a leading cloud-based eligibility, enrollment and billing provider, acquired Denver-based NextHealth Technologies, an AI-powered SaaS-based healthcare analytics platform. With the acquisition, Softheon will be better able to help health plans sell and deliver efficient, high-quality care through synergies in the companies' respective products and solutions. NextHealth investors, Norwest Venture Partners and TT Capital Partners, will become investors in Softheon. Terms of the transaction were not disclosed.

Platform Acquisition

Charles Thayne Capital acquires
nClouds

Charles Thayne Capital, a growth-oriented and technology-focused private investment firm, acquired San Francisco-based nClouds, a technology-enabled provider of cloud and DevOps services. nClouds has deep expertise in helping organizations build and manage cloud infrastructure on AWS and is an AWS Premier Tier Services Partner. Terms of the transaction were not disclosed.

Strategic Acquisition

BigCommerce acquires BundleB2B

BigCommerce (NASDAQ: BIGC), a leading open SaaS ecommerce platform for fast growing and established B2C and B2B brands, announced the acquisition of Las Vegas-based BundleB2B, a longtime BigCommerce technology partner that provides next-level B2B functionality for BigCommerce merchants. The deal furthers BigCommerce's ability to deliver dynamic ecommerce functionality to B2B merchants. Terms of the transaction were not disclosed.

Strategic Acquisition

Broadcom to acquire VMware

In one of the quarter's largest transactions, Broadcom Inc. (NASDAQ: AVGO), a global technology leader that designs, develops, and supplies semiconductor and infrastructure software solutions, announced an agreement to acquire VMware, Inc. (NYSE: VMW). VMware is a leading innovator in the enterprise software industry. Following the close of the transaction, Broadcom will rebrand and operate as VMware. The acquisition values VMware at \$61B representing an EV of 5.3x Revenue.

Software & Technology M&A Activity (Cont.)

SELECT SOFTWARE & TECHNOLOGY TRANSACTIONS

\$ in Millions

Announced Date	Target	Buyer	Implied EV	EV/TTM Revenue
Jun-22	Datum Consulting Group, LLC	Alithya Group Inc.	\$46	2.6x
May-22	PC Specialists, Inc.	Converge Technology Solutions Corp.	74	0.2x
May-22	Redbox Entertainment Inc.	Chicken Soup for the Soul Entertainment, Inc.	286	1.0x
May-22	RealNetworks, Inc.	UNDISCLOSED	22	0.4x
May-22	ServiceSource International, Inc.	Concentrix Corporation	172	0.9x
Apr-22	GTY Technology Holdings Inc.	GI Manager L.P	417	6.6x
Apr-22	Rizing, LLC	Wipro Limited	575	3.0x
Apr-22	Futbin and related assets	Better Collective A/S	113	8.1x
Apr-22	Coinberry Limited	WonderFi Technologies Inc.	11	1.1x
Apr-22	Creative Breakthroughs, Inc.	Converge Technology Solutions Corp.	64	0.7x
Mar-22	Swift Labs Inc.	Blackline Safety Corp.	\$5	1.5x
Mar-22	RailComm LLC	Tracsis plc	14	2.4x
Mar-22	MediaAgility Inc.	Persistent Systems Limited	72	2.8x
Mar-22	Fintech Meetup, LLC	Hyve Group Plc	55	42.3x
Mar-22	Logistyx Technologies, LLC	E2open, LLC	185	4.6x
Feb-22	Sezzle Inc.	Zip Co Limited	323	2.8x
Feb-22	Loop Integration LLC	Kin and Carta plc	11	1.2x
Feb-22	Assets of Data Glove, Inc.	Persistent Systems Limited; Persistent Systems Germany GmbH	86	1.7x
Feb-22	Tripwire, Inc.	HelpSystems, LLC	350	3.3x
Feb-22	SOC Telemed, Inc.	Patient Square Capital, LP	360	3.8x
Jan-22	Pratum, Inc.	Infinite Group, Inc.	9	1.9x
Jan-22	Vitalyst, LLC	Alithya Group Inc.	45	1.7x
Jan-22	Credly, Inc.	Pearson plc	246	18.5x
Jan-22	EdgeCast, Inc.	Limelight Networks, Inc. (nka:Edgio, Inc.)	205	0.6x
Dec-21	Startek, Inc.	Capital Square Partners Pte Ltd	470	0.7x
Dec-21	Edgile, LLC	Wipro Limited	230	5.2x
Dec-21	CompuGain LLC	Unisys Corporation	87	1.5x
Dec-21	ITRenew, Inc.	Iron Mountain Incorporated	905	2.2x
Dec-21	OPIN Inc.	Portage CyberTech Inc.	5	1.7x
Dec-21	CognisantMD	WELL Health Technologies Corp.	19	6.1x
Nov-21	MindBeacon Holdings Inc.	CloudMD Software & Services Inc.	24	1.5x
Nov-21	Catapult Systems, LLC	Quisitive, LLC	52	1.0x
Nov-21	Zix Corporation	Open Text Corporation	710	2.9x
Nov-21	Codifyd, Inc.	Pivotree Inc.	16	1.2x
Oct-21	Resetera, LLC	M.O.B.A. Network AB (publ)	5	6.5x
Oct-21	BioDiscovery, Inc.	Bionano Genomics, Inc.	100	27.8x
Oct-21	AgJunction Inc.	Kubota Corporation	66	5.4x
Oct-21	LPA Software Solutions, LLC	Converge Technology Solutions Corp.	12	0.9x
Sep-21	PIPEDO HD, Inc.	Advantage Partners, Inc.	158	2.4x
Sep-21	Software Corporation International	Persistent Systems, Inc.	46	2.7x
Sep-21	KEMP Technologies, Inc.	Progress Software Corporation	258	3.7x
Sep-21	SQLI SA	DBAY Advisors Limited	183	0.8x
Sep-21	Vario Secure Inc.	HEROZ, Inc.	56	2.9x
Sep-21	Elastic.io	Cogia	8	3.2x
Sep-21	Gradeup	BYJU'S	50	6.2x
Sep-21	Agent Vi	Irisity	68	9.6x
Median			\$69.6	2.5x
Mean			\$158.1	4.6x

Source: Capital IQ, company websites and PMCF proprietary research

Public Equity Market Valuations

PUBLIC COMPARABLES

\$ in Millions

Company Name	Primary Industry	Market Cap.	Enterprise Value	TTM Revenue	TTM Gross Margin	TTM EBITDA Margin	Net Debt/ EBITDA	EV / TTM Revenue
Fastly, Inc.	Internet Services and Infrastructure	\$1,403	\$1,430	389	48.7%	(48.3%)	(0.4x)	3.8x
Nutanix, Inc.	Application Software	3,281	3,382	1,586	79.8%	(24.5%)	(0.3x)	2.1x
Qualys, Inc.	Systems Software	4,899	4,404	428	78.6%	37.3%	(3.1x)	10.3x
Q2 Holdings, Inc.	Application Software	2,206	2,530	533	45.0%	(9.3%)	(6.8x)	4.9x
BlackLine, Inc.	Application Software	3,950	4,344	473	75.6%	(7.8%)	(10.0x)	9.7x
New Relic, Inc.	Application Software	3,349	3,101	821	68.2%	(22.3%)	1.7x	3.9x
Appian Corporation	Systems Software	3,426	3,322	422	71.8%	(25.8%)	0.7x	8.4x
Kinaxis Inc.	Application Software	2,977	2,791	291	67.5%	11.8%	(5.6x)	9.9x
ACI Worldwide, Inc.	Application Software	2,972	4,010	1,447	54.0%	21.5%	3.3x	2.8x
Box, Inc.	Application Software	3,622	4,212	910	72.5%	6.2%	1.8x	4.6x
Momentive Global Inc.	Application Software	1,320	1,343	469	83.8%	(14.0%)	(0.4x)	2.9x
Bandwidth Inc.	Alternative Carriers	476	814	525	42.9%	3.1%	21.8x	1.6x
LivePerson, Inc.	Application Software	1,053	1,320	492	64.8%	(18.9%)	(2.9x)	2.7x
SPS Commerce, Inc.	Application Software	4,081	3,857	415	65.6%	20.8%	(2.8x)	9.6x
2U, Inc.	Education Services	807	1,635	971	71.6%	(3.1%)	(27.5x)	1.7x
SecureWorks Corp.	Systems Software	922	757	517	59.5%	(6.0%)	5.3x	1.5x
Workiva Inc.	Application Software	3,437	3,289	469	76.3%	(7.4%)	4.2x	7.0x
Cardlytics, Inc.	Application Software	761	789	298	38.2%	(29.5%)	(0.9x)	2.8x
Yext, Inc.	Application Software	591	471	397	74.5%	(21.3%)	1.4x	1.2x
PROS Holdings, Inc.	Application Software	1,185	1,298	262	59.2%	(25.2%)	(1.7x)	5.1x
Zuora, Inc.	Systems Software	1,156	963	360	60.1%	(23.9%)	2.2x	2.7x
Upland Software, Inc.	Application Software	455	853	311	67.4%	13.9%	9.0x	2.8x
Domo, Inc.	Application Software	938	979	272	74.4%	(37.4%)	(0.4x)	3.6x
HealthStream, Inc.	Health Care Technology	664	644	259	65.4%	11.6%	(0.5x)	2.5x
Benefitfocus, Inc.	Application Software	264	484	255	50.9%	2.9%	20.0x	1.9x
ChannelAdvisor Corporation	Application Software	444	342	171	76.5%	12.4%	(4.8x)	2.0x
Brightcove Inc.	Internet Services and Infrastructure	263	261	213	65.0%	2.4%	(0.8x)	1.2x
Synchronoss Technologies, Inc.	Application Software	99	337	281	62.5%	4.5%	12.1x	1.2x
CareCloud, Inc.	Health Care Technology	52	56	148	37.4%	12.5%	0.2x	0.4x
Median					65.6%	(6.0%)	(0.4x)	2.8x
Mean					64.1%	(5.6%)	0.5x	4.0x

Market capitalizations and total enterprise values as of June 30, 2022; income statement and balance sheet data as of last period reported

Currency conversions assume historical rate

Source: Capital IQ



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2021 M&A ATLAS AWARD WINNER – USA MIDDLE MARKETS
ENERGY PRODUCTS & SERVICES DEAL OF THE YEAR



2021 M&A ATLAS AWARD WINNER – USA MIDDLE MARKETS
PLASTICS & PACKAGING DEAL OF THE YEAR



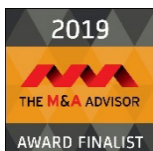
2020 M&A ATLAS AWARD WINNER – AMERICAS
PLASTICS & PACKAGING DEAL OF THE YEAR



2020 M&A ATLAS AWARD WINNER – AMERICAS
INDUSTRIALS BOUTIQUE INVESTMENT BANK OF THE YEAR



2019 MiBiz DEAL OF THE YEAR WINNER
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2019 M&A ADVISORS AWARD FINALIST
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