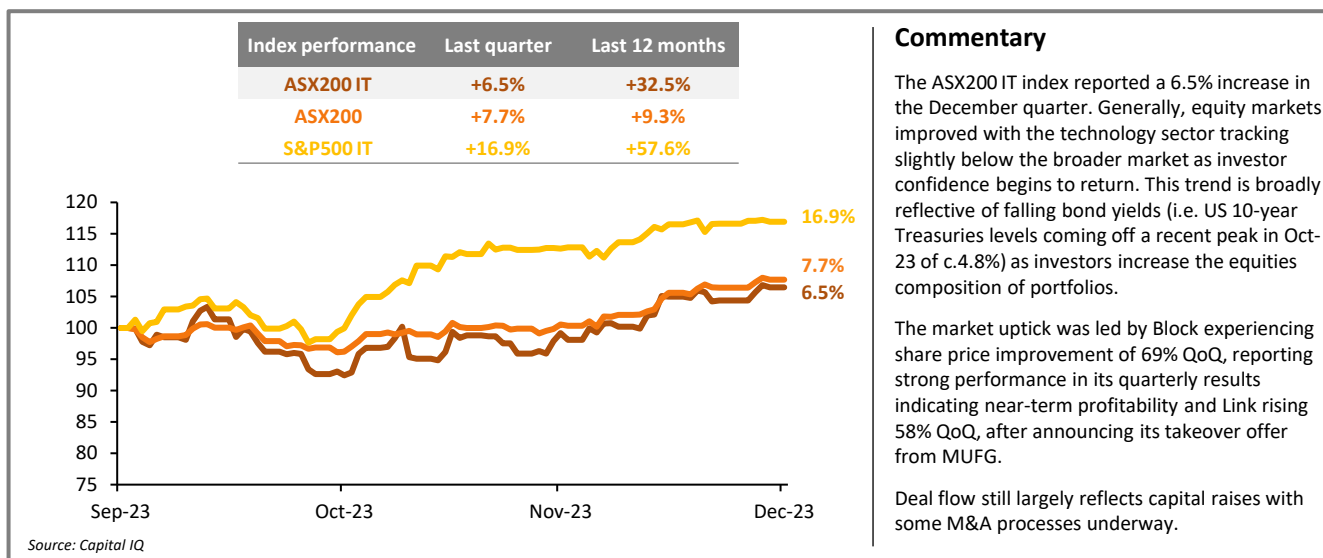


Quarterly performance



Commentary

The ASX200 IT index reported a 6.5% increase in the December quarter. Generally, equity markets improved with the technology sector tracking slightly below the broader market as investor confidence begins to return. This trend is broadly reflective of falling bond yields (i.e. US 10-year Treasuries levels coming off a recent peak in Oct-23 of c.4.8%) as investors increase the equities composition of portfolios.

The market uptick was led by Block experiencing share price improvement of 69% QoQ, reporting strong performance in its quarterly results indicating near-term profitability and Link rising 58% QoQ, after announcing its takeover offer from MUFG.

Deal flow still largely reflects capital raises with some M&A processes underway.

Quarterly M&A and other news

Date	Description
20-Dec-23	Whispir (ASX:WSP), a cloud-communications company, received separate offers from Soprano and Pendula respectively offering A\$0.52 per share unconditionally, and A\$0.70 per share subject to due diligence, financing and renewing its contract with Telstra
18-Dec-23	Link Group (ASX:LNK), a superannuation and share registry administrator, received an offer from MUFG , a Japanese financial services group, at A\$1.2bn or A\$2.10 per share and A\$0.16 dividend per share via scheme of arrangement
14-Dec-23	Fusion5 , an IT services business backed by Waterman Capital, is to be acquired by BGH Capital , with a deal set to be signed before Christmas with pricing rumours of A\$250-300m
21-Nov-23	Appen was exploring a c.A\$25m equity raise after its share price has dropped 64% over the past 12 months
21-Nov-23	ImpexDocs , seeking c.A\$14m from a minority equity partner following a 50% annual growth rate over the past 3 years without external capital, additionally seeing a A\$1bn revenue opportunity from exporting businesses in Australia
15-Nov-23	Memories Group , a funeral digital memorial business seeking c.A\$8m for international expansion to US/UK, offering the raise in convertible notes with a 12.5% compound interest. TPG's InvoCare is coming on as the lead investor
14-Nov-23	Till Payments , a payments processor business, is set to be bought by Nuvei , a Canadian payments processor, for A\$47m. At its peak, Till was valued at ~A\$500m
13-Nov-23	CDC Data Centres , a Morrison & Co backed data center owner, is looking to increase its bank debt facilities by c.A\$1bn
10-Nov-23	Roller , a cloud-based venue management software provider, receives US\$50m (A\$78.6m) equity investment from Insight Partners , a New York venture capital firm
8-Nov-23	Navigate Global Payments , a foreign exchange and payments fintech, has completed a A\$30m recapitalisation with the Tozer & Co family office. The new company will rebrand as Navinici Global Markets
1-Nov-23	Virtual IT Group , an IT managed services provider, generating A\$20m in earnings a year has mandated Allier Capital to vet inbound approaches
1-Nov-23	Symbio (ASX:SYM), a communications software company, agrees to a A\$262m takeover by Aussie Broadband , a wholesale telecommunications business, making Aussie Broadband the fourth-biggest internet provider in Australia
17-Oct-23	Southern Cross Media , a radio station owner, received a bid from ARN Media , the owner of KIISFM and Anchorage Capital for A\$330m
13-Oct-23	Sky News , a dual-listed pay-TV provider, received an NBIO from a mystery international buyer; undisclosed offer price
11-Oct-23	Versent , a cloud services business agrees terms to be acquired by Telstra , advised by Record Point , for A\$267.5m
5-Oct-23	AirTrunk , a data centre business, mandates Goldman Sachs and Macquarie for A\$10bn+ IPO

Sources: Capital IQ, Mergermarket, press reports.

Record Point is an independent corporate advisory firm located in Sydney, Australia, New York and San Francisco, United States. Our team of professionals advises public and private companies across numerous sectors with a particular focus on healthcare, technology, consumer and industrials. Our team offers a wealth of experience having successfully led and executed transactions valued at more than A\$30 billion.

Learn more about us at www.record-point.com or contact us on +61 2 9078 8250 to discuss your next strategic move.

Largest 40 ASX-listed technology companies by market capitalisation (December 2023)

Company	Market capitalisation (A\$m)	Share price (A\$)	Share price performance (%)			Premium / (discount) to 52 week (%)		Premium / (discount) to VWAP (%)			Multiples (FY24F) ⁽¹⁾		
			Last quarter	Year-to-date	Last 12 months	High	Low	1 month	3 months	6 months	EV/Revenue	EV/EBITDA	P/E
1 Block	70,081	116.70	69%	27%	27%	(5%)	93%	9%	37%	29%	2.0x	23.3x	30.8x
2 WiseTech	24,929	75.37	16%	49%	49%	(15%)	55%	5%	15%	5%	23.3x	n.m.	93.9x
3 REA	23,933	181.15	17%	63%	63%	(0%)	67%	8%	14%	15%	17.2x	30.8x	52.2x
4 Xero	17,012	112.30	(0%)	60%	60%	(12%)	67%	4%	5%	(1%)	10.3x	36.3x	n.m.
5 Computershare	14,591	24.39	(6%)	(7%)	(7%)	(9%)	20%	3%	0%	(1%)	3.7x	9.2x	14.1x
6 Carsales	11,741	31.14	11%	50%	50%	(1%)	54%	6%	9%	11%	12.0x	22.4x	35.3x
7 Pro Medicus	10,010	95.83	15%	73%	73%	(1%)	78%	4%	11%	20%	61.6x	n.m.	n.m.
8 SEEK	9,469	26.73	21%	28%	28%	(1%)	33%	7%	16%	15%	8.7x	19.7x	38.8x
9 NEXTDC	7,067	13.73	11%	51%	51%	(4%)	54%	3%	7%	7%	18.9x	39.6x	n.m.
10 Altium	6,181	46.85	8%	34%	34%	(5%)	37%	1%	7%	9%	12.1x	33.2x	48.5x
11 TechnologyOne	5,003	15.37	(1%)	17%	17%	(10%)	18%	1%	(0%)	(0%)	10.1x	25.3x	44.3x
12 Domain	2,177	3.45	(14%)	27%	27%	(20%)	31%	5%	(1%)	(6%)	6.0x	17.3x	41.1x
13 Dicker Data	2,156	11.96	24%	17%	17%	(3%)	59%	(0%)	8%	23%	0.7x	16.7x	26.2x
14 Macquarie Tech.	1,669	68.55	8%	15%	15%	(4%)	29%	3%	7%	4%	4.7x	16.0x	56.1x
15 Codan	1,550	8.55	8%	109%	109%	(6%)	118%	0%	3%	6%	3.2x	11.7x	20.3x
16 Life360	1,536	7.56	(9%)	56%	56%	(20%)	72%	5%	(2%)	(5%)	3.0x	44.6x	61.8x
17 IRESS	1,495	8.15	40%	(15%)	(15%)	(26%)	66%	4%	23%	17%	3.1x	14.7x	27.8x
18 Megaport	1,463	9.20	(22%)	46%	46%	(28%)	140%	(5%)	(10%)	(11%)	7.4x	26.2x	n.m.
19 SiteMinder	1,412	5.13	11%	69%	69%	(3%)	104%	2%	10%	15%	7.1x	n.m.	n.m.
20 Audinate	1,345	16.18	20%	116%	116%	(2%)	129%	4%	11%	19%	14.6x	n.m.	n.m.
21 Data#3	1,306	8.44	19%	25%	25%	(1%)	40%	3%	11%	16%	0.3x	14.8x	31.3x
22 Link	1,124	2.18	58%	10%	10%	(5%)	105%	16%	35%	43%	1.9x	7.9x	12.2x
23 Hansen	1,032	5.09	(4%)	(1%)	(1%)	(16%)	17%	1%	(2%)	(3%)	3.2x	9.9x	17.5x
24 Weebit	803	4.27	34%	31%	31%	(53%)	55%	6%	15%	0%	n.m.	n.m.	n.m.
25 FINEOS	646	1.91	(5%)	25%	25%	(31%)	74%	14%	11%	(6%)	2.8x	25.7x	n.m.
26 Nuix	609	1.90	33%	203%	203%	(3%)	203%	4%	17%	30%	3.1x	12.7x	n.m.
27 Tyro Payments	577	1.11	(18%)	(22%)	(22%)	(38%)	30%	4%	6%	(7%)	1.2x	10.1x	42.0x
28 Infomedia	540	1.44	(9%)	21%	21%	(19%)	30%	(2%)	(3%)	(6%)	3.5x	8.9x	26.0x
29 RPMGlobal	393	1.75	17%	-	-	(2%)	35%	8%	13%	14%	3.2x	17.8x	33.6x
30 OFX Group	360	1.51	(14%)	(37%)	(37%)	(39%)	14%	7%	2%	(12%)	1.4x	5.5x	11.7x
31 Novonix	359	0.74	(11%)	(50%)	(50%)	(63%)	20%	8%	2%	(11%)	73.9x	n.m.	n.m.
32 BrainChip	307	0.17	(11%)	(77%)	(77%)	(81%)	17%	(8%)	(11%)	(29%)	n.m.	n.m.	n.m.
33 EML	296	0.79	(33%)	25%	25%	(38%)	103%	(5%)	(18%)	(18%)	1.1x	6.2x	9.4x
34 4DMedical	279	0.72	59%	70%	70%	(44%)	147%	(9%)	(8%)	(4%)	32.6x	n.m.	n.m.
35 Symbio	255	2.97	13%	90%	90%	(6%)	103%	1%	1%	10%	1.1x	7.0x	23.0x
36 DUG Technology	224	1.90	-	202%	202%	(13%)	217%	5%	2%	10%	2.4x	8.0x	17.7x
37 Praemium	190	0.39	(34%)	(51%)	(51%)	(55%)	11%	1%	(11%)	(22%)	1.8x	7.1x	18.9x
38 4DS Memory	150	0.09	(36%)	139%	139%	(60%)	244%	(5%)	(16%)	(30%)	n.m.	n.m.	n.m.
39 Appen	133	0.63	(49%)	(75%)	(75%)	(84%)	13%	(3%)	(16%)	(48%)	0.2x	n.m.	n.m.
40 Alcidion	101	0.08	(32%)	(48%)	(48%)	(53%)	21%	(1%)	(3%)	(16%)	1.9x	n.m.	n.m.
Average	5,613		5%	34%	34%	(22%)	71%	3%	5%	2%	10.1x	18.0x	33.4x

Top 10 best performers in the last quarter⁽²⁾

Company	Market capitalisation (A\$m)	Share price (A\$)	Share price performance (%)			Premium / (discount) to 52 week (%)		Premium / (discount) to VWAP (%)			Multiples (FY24F) ⁽¹⁾		
			Last quarter	Year-to-date	Last 12 months	High	Low	1 month	3 months	6 months	EV/Revenue	EV/EBITDA	P/E
1 Block	70,081	116.70	69%	27%	27%	(5%)	93%	9%	37%	29%	2.0x	23.3x	30.8x
2 4DMedical	279	0.72	59%	70%	70%	(44%)	147%	(9%)	(8%)	(4%)	32.6x	n.m.	n.m.
3 Link	1,124	2.18	58%	10%	10%	(5%)	105%	16%	35%	43%	1.9x	7.9x	12.2x
4 IRESS	1,495	8.15	40%	(15%)	(15%)	(26%)	66%	4%	23%	17%	3.1x	14.7x	27.8x
5 Weebit	803	4.27	34%	31%	31%	(53%)	55%	6%	15%	0%	n.m.	n.m.	n.m.
6 Nuix	609	1.90	33%	203%	203%	(3%)	203%	4%	17%	30%	3.1x	12.7x	n.m.
7 Dicker Data	2,156	11.96	24%	17%	17%	(3%)	59%	(0%)	8%	23%	0.7x	16.7x	26.2x
8 SEEK	9,469	26.73	21%	28%	28%	(1%)	33%	7%	16%	15%	8.7x	19.7x	38.8x
9 Audinate	1,345	16.18	20%	116%	116%	(2%)	129%	4%	11%	19%	14.6x	n.m.	n.m.
10 Data#3	1,306	8.44	19%	25%	25%	(1%)	40%	3%	11%	16%	0.3x	14.8x	31.3x
Average	8,867		38%	51%	51%	(14%)	93%	4%	16%	19%	7.5x	15.7x	28.0x

Top 10 worst performers in the last quarter⁽²⁾

Company	Market capitalisation (A\$m)	Share price (A\$)	Share price performance (%)			Premium / (discount) to 52 week (%)		Premium / (discount) to VWAP (%)			Multiples (FY24F) ⁽¹⁾		
			Last quarter	Year-to-date	Last 12 months	High	Low	1 month	3 months	6 months	EV/Revenue	EV/EBITDA	P/E
1 Appen	133	0.63	(49%)	(75%)	(75%)	(84%)	13%	(3%)	(16%)	(48%)	0.2x	n.m.	n.m.
2 4DS Memory	150	0.09	(36%)	139%	139%	(60%)	244%	(5%)	(16%)	(30%)	n.m.	n.m.	n.m.
3 Praemium	190	0.39	(34%)	(51%)	(51%)	(55%)	11%	1%	(11%)	(22%)	1.8x	7.1x	18.9x
4 EML	296	0.79	(33%)	25%	25%	(38%)	103%	(5%)	(18%)	(18%)	1.1x	6.2x	9.4x
5 Alcidion	101	0.08	(32%)	(48%)	(48%)	(53%)	21%	(1%)	(3%)	(16%)	1.9x	n.m.	n.m.
6 Megaport	1,463	9.20	(22%)	46%	46%	(28%)	140%	(5%)	(10%)	(11%)	7.4x	26.2x	n.m.
7 Tyro Payments	577	1.11	(18%)	(22%)	(22%)	(38%)	30%	4%	6%	(7%)	1.2x	10.1x	42.0x
8 Domain	2,177	3.45	(14%)	27%	27%	(20%)	31%	5%	(1%)	(6%)	6.0x	17.3x	41.1x
9 OFX Group	360	1.51	(14%)	(37%)	(37%)	(39%)	14%	7%	2%	(12%)	1.4x	5.5x	11.7x
10 Novonix	359	0.74	(11%)	(50%)	(50%)	(63%)	20%	8%	2%	(11%)	73.9x	n.m.	n.m.
Average	581		(26%)	(5%)	(5%)	(48%)	63%	1%	(7%)	(18%)	10.6x	12.1x	24.6x

Source: Capital IQ as at 31 December 2023.

Notes: (1) Calendarised to June year end. EV/EBITDA multiples are considered 'n.m.' if they are ≥50x. P/E multiples are considered 'n.m.' if they are ≥100x; (2) Top 10 best and worst performers are based on companies with a minimum market capitalisation of A\$50 million and have traded for the full quarter.