

**Technology**

INDUSTRY UPDATE

May 08, 2015

# Emerging Tech In 2015

## Canadian Technology Companies Making Life Surprisingly Easy

**Technology Hardware**

Sector Weighting: **MARKET WEIGHT**

**Technology Software**

Sector Weighting: **MARKET WEIGHT**



*All figures in Canadian dollars, unless otherwise stated.*

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# Emerging Technology In 2015

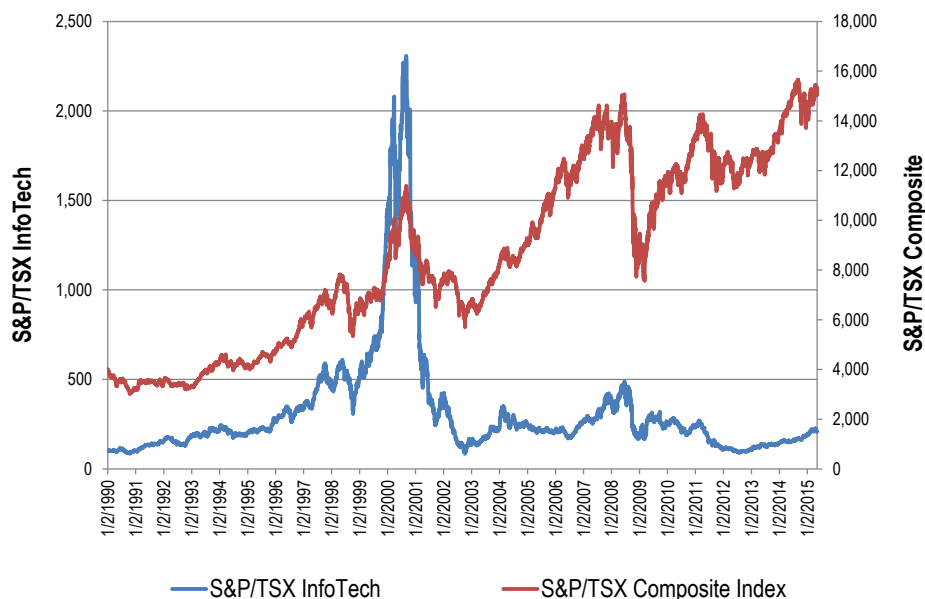
The Canadian technology sector in 2015 remains a strong market for investment. In our third year writing this report, we continue to see a rise in share prices. However, with the share appreciation, we are also seeing companies pace towards stronger earnings forecasts. On the private side, increased venture investments in technology companies are surging following a general step-up in sales. This translates into what we believe to be a better current opportunity and pipeline versus one year ago for investors.

**On the public market side**, the S&P/TSX InfoTech index is up 34% from year-ago levels. As a percentage of the TSX, the InfoTech index is near four-year highs at around 2.4% of the index weight. Valuations on a P/E basis however have actually come down from historical levels. Exhibits 1 through 4 provide a good overview of where we stand today.

Seven out of the nine companies in the Info Tech sub index were up in 2014. These companies have benefited from improving fundamentals as well as positive money flows out of more cyclical sectors. CGI Group, Constellation Software, Open Text, DH, Celestica, Sierra Wireless, and Descartes Systems Group all have done well while only Blackberry and Avigilon have lagged for various reasons.

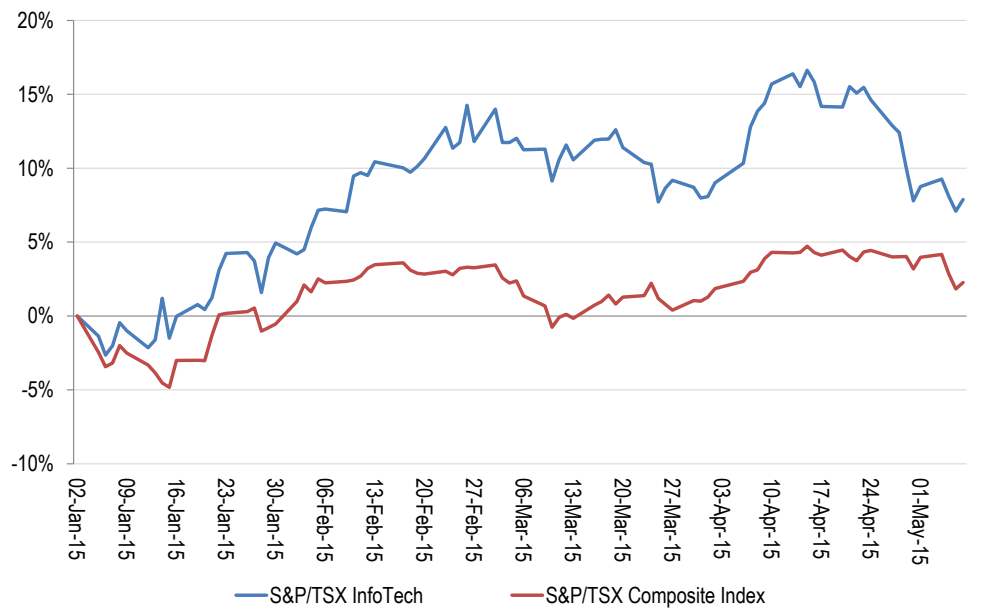
Companies just below the market float threshold to be included in the InfoTech index have also seen their share prices move higher. This includes Mitel Networks, Sandvine, Redknee Solutions and Kinaxis. According to CIBC's Index Group, it is highly likely that Mitel is added to the InfoTech index on June 12 for a rebalance of the index on June 19. Assuming these companies continue to perform, there is reason to believe their market float could meet the minimum 0.05% index weighting thresholds over the coming years.

**Exhibit 1. TSX Info Tech Versus The Composite Since 1990 – Material Upside Versus Historical Levels**



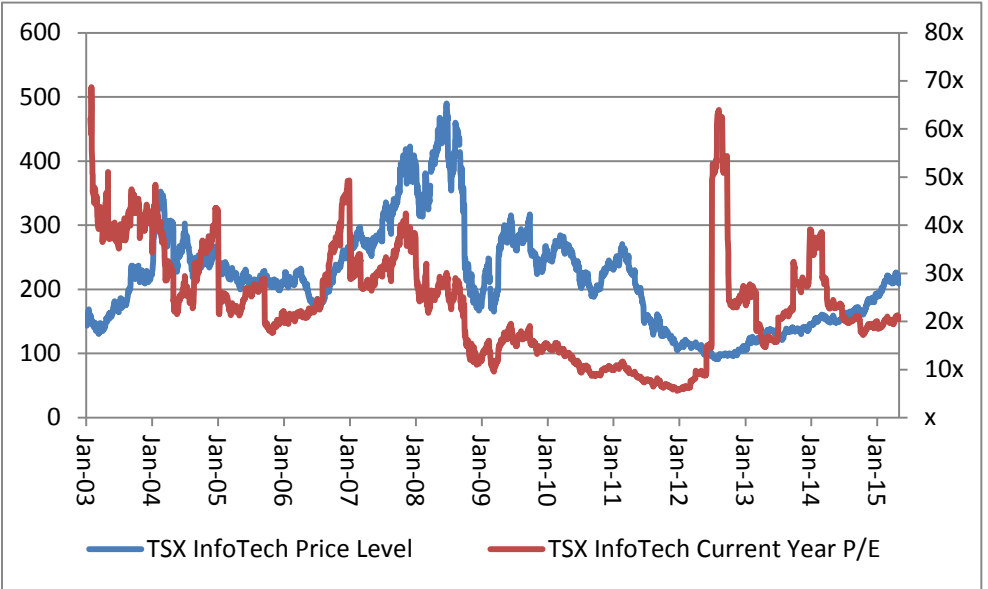
Source: Bloomberg and CIBC World Markets Inc.

Exhibit 2. Year-to-date Price Return – InfoTech Has Slightly Outperformed



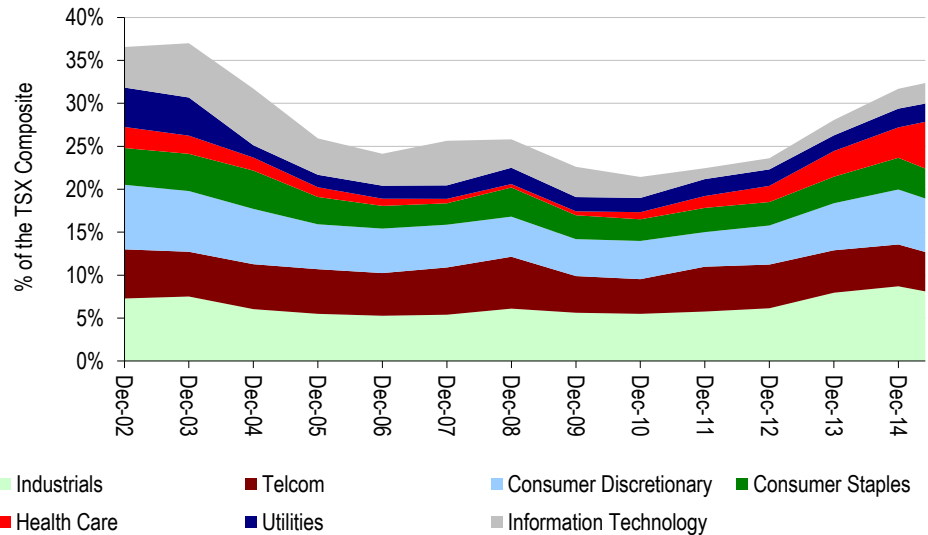
Source: Bloomberg and CIBC World Markets Inc.

Exhibit 3. TSX InfoTech Composite Price Levels And Current Year P/E – Forecasts Are Steady As Prices Rise



Source: Bloomberg and CIBC World Markets Inc.

#### Exhibit 4. TSX Non-Finance/Resource Sectors As A Percentage Of The TSX Composite



Source: Company reports and CIBC World Markets Inc.

The outperformance of tech is encouraging, and its success should allow more leeway for emerging companies to go public.

**On the private market side**, the Canadian ICT market saw its fifth straight year of steady to increasing investments in venture capital, rising to \$1.3 billion. We believe a number of private companies are reaching a tipping point in terms of stepping into the public markets. Seven years post the downturn, **exit opportunities necessary for venture funds are finally beginning to play out**. This has been aided by continued low interest rates opening up affordable financing options, a steady economy along with rising share prices in the public markets. Thus far in 2015, IPO filings from Shopify (IPO of \$100 million at a \$1 billion valuation) and Stingray Digital (IPO of \$120 million) are good indicators of a healthy market. We have no reason to believe these trends will not continue.

**Generally strong performances by Canadian tech IPOs in 2014 are a positive.** Kinaxis has been a star, with shares moving from an IPO price of \$13 to \$29. The Intertain Group has seen its share price rise from \$4 to over \$15 today. Lumenpulse has been a little less successful to date, with its shares initially rising above the \$16 IPO price before pulling back to around \$14 as investors appear concerned with recent growth and margin performance within the competitive LED market.

### P/E Valuations Have Improved

Valuations for Canadian technology companies have generally improved since 2007 on a P/E basis. On a P/S basis, valuations have generally steadied. In general, it appears that technology companies in the TSX composite are moving from growth companies post the 2008 downturn to maturing ones with improving earnings outlooks.

**Exhibit 5. Forward P/E Valuations Are Attractive Versus Recent History**

May 2015			2010			2007		
S&P/TSX Composite IT Sector Index	Weighting	Forward P/E	S&P/TSX Composite IT Sector Index	Weighting	Forward P/E	S&P/TSX Composite IT Sector Index	Weighting	Forward P/E
CGI Group Inc	31%	15.6x	BlackBerry Ltd	76%	2.3x	Research In Motion Ltd	71%	36.8x
Constellation Software Inc/Canada	19%	22.8x	CGI Group Inc	9%	52.7x	Nortel Networks Corp	9%	n/a
Open Text Corp	16%	14.x	Open Text Corp	6%	41.2x	Cognos Inc	6%	32.1x
BlackBerry Ltd	13%	n/a	Celestica Inc	5%	20.8x	CGI Group Inc	5%	16.8x
DH Corp	8%	16.4x	MacDonald Dettwiler & Associates Ltd	4%	36.5x	Open Text Corp	2%	28.9x
Celestica Inc	5%	11.6x			30.7x	Teranet Income Fund	2%	n/a
Sierra Wireless Inc	3%	32.3x				MacDonald Dettwiler & Associates	2%	18.3x
Descartes Systems Group Inc/The	3%	28.3x				Celestica Inc	2%	11.9x
Avigilon Corp	2%	21.1x				Emergis Inc	1%	n/a
<b>Average</b>		<b>20.3x</b>				Astra Technologies Ltd	1%	13.4x
						<b>Average</b>		<b>22.6x</b>

Source: Bloomberg, company reports and CIBC World Markets Inc.

**Exhibit 6. Forward P/S Valuations Are In Line With Recent Historical Levels**

May 2015			2010			2007		
S&P/TSX Composite IT Sector Index	Weighting	Forward P/S	S&P/TSX Composite IT Sector Index	Weighting	Forward P/S	S&P/TSX Composite IT Sector Index	Weighting	Forward P/S
CGI Group Inc	31%	1.5x	BlackBerry Ltd	76%	0.4x	Research In Motion Ltd	71%	n/m
Constellation Software Inc/Canada	19%	4.1x	CGI Group Inc	9%	4.2x	Nortel Networks Corp	9%	0.1x
Open Text Corp	16%	3.2x	Open Text Corp	6%	7.7x	Cognos Inc	6%	n/a
BlackBerry Ltd	13%	1.8x	Celestica Inc	5%	0.3x	CGI Group Inc	5%	0.8x
DH Corp	8%	2.5x	MacDonald Dettwiler & Associates Ltd	4%	3.4x	Open Text Corp	2%	2.5x
Celestica Inc	5%	0.4x			3.2x	Teranet Income Fund	2%	n/a
Sierra Wireless Inc	3%	1.8x				MacDonald Dettwiler & Associates	2%	n/a
Descartes Systems Group Inc/The	3%	6.0x				Celestica Inc	2%	0.2x
Avigilon Corp	2%	2.6x				Emergis Inc	1%	n/a
<b>Average</b>		<b>2.7x</b>				Astra Technologies Ltd	1%	n/a
						<b>Average</b>	<b>100%</b>	<b>0.9x</b>

Source: Bloomberg, company reports and CIBC World Markets Inc.

## Leaders And Laggards After Two Years

In examining the share performance of the “hottest” public technology companies in Canada, results were admittedly mixed. The average share performance is up 19%, below the performance of the TSX InfoTech index (up 58%) and even the TSX (up 24%) versus our first report almost two years ago. The difference between the leaders and laggards has been execution, or a lack thereof.

Microcap companies mis-executing, leading to mistrust with investors and subsequently reducing said companies to nano caps, have been the primary source of underperformance. Investors need to be selective when considering the next set of emerging technology companies. We aim to help with a selection of companies offering viable business models and/or a real technological edge.

### Exhibit 7. Share Performance Of Public Companies And IPOs Since Inclusion In Our Reports

Name	Ticker	May 8, 2014 Or June 5, 2013	May 4, 2015	Price Change
Absolute Software	ABT	\$7.11	\$10.14	43%
Avigilon	AVO	\$17.41	\$21.18	22%
Baylin Technologies	BYL	\$3.60	\$2.65	-26%
Blackline GPS	BLN	\$1.51	\$2.05	36%
Enwave	ENW	\$1.50	\$1.07	-29%
BSM Wireless	GPS	\$2.57	\$0.89	-65%
C-Com Satellite	CMI	\$1.42	\$1.10	-23%
Canadian Solar	CSIQ-US	\$25.97	\$36.44	40%
Halogen Software	HGN	\$13.15	\$10.50	-20%
Kinaxis	KXS	\$13.00	\$27.55	112%
Nanotech Security	NTS	\$0.80	\$1.25	56%
Points International	PTS	\$23.80	\$14.35	-40%
RDM Corporation	RC	\$2.95	\$3.85	31%
Redknee Solutions	RKN	\$2.77	\$4.21	52%
Solium	SUM	\$7.37	\$7.15	-3%
Spectra7	SEV	\$0.65	\$0.63	-3%
Sylogist	SYZ	\$8.40	\$7.55	-10%
Tecsys	TCS	\$6.20	\$8.84	43%
Tucows	TC	\$7.28	\$22.03	203%
Vixs	VXS	\$1.49	\$1.05	-30%
Webtech	WEW	\$1.80	\$1.88	4%
<b>Average</b>				<b>19%</b>

Grey shaded companies are 2013 picks.

Source: Company reports and CIBC World Markets Inc.

### Leaders (Up 50%+)

**Tucows:** The company has kept its promise on focusing on return on investment through continued buybacks. The response and growth in subscribers of MVNO TING have also been somewhat of a positive surprise.

**Kinaxis:** The company has continued to grow both revenue and deferred revenue post its IPO. The market to that point had been skeptical of a similar Canadian SaaS IPO in Halogen.

**Nanotech Security:** The company has followed through on its ability to execute on its technology with material orders for its optical thin film.

**Redknee:** Executing on integrating NSN, while bumpy, has recently shown further progress and the company appears to be on path towards its 20%+ EBITDA margin targets.

### **Laggards (Down 50%+)**

**BSM Wireless:** The company has continued on the path of acquisitions and increasing recurring revenue, however expectations of EBITDA moving higher have not come to pass. Fiscal 2014 adjusted EBITDA was \$4.1 million versus \$3.7 million in fiscal 2013, while fiscal Q1/2015 EBITDA pro-rated dropped to \$3.2 million.

Other companies that have seen their shares move lower, including Points International (missing 2014 EBITDA targets), Slyce (lack of revenue), Enwave (lower-than-expected royalty revenue), and Vixs (continued negative earnings), have all seen their share price drop materially on disappointing results.

### **Conclusion**

While we remain generally confident in the outlook for these companies, we believe investors need to weigh the risks of a company's revenue and earnings path when coming to a decision.



## 2015 Emerging Technology Companies

This report highlights 25 of the fastest-growing private and/or under-covered small-cap public companies in Canada. For each company, we list a profile that includes sales, growth estimates, headcount, market sizing, venture funding and descriptions. We also qualitatively talk about the industry, company, products and the company's plans moving forward. For companies that have a clear business model, we attempt to lay it out.

Some of these companies are on pace to continue seeing revenue growth for the foreseeable future. The timing on earnings for many is more of a question mark.

### Exhibit 8. 25 Emerging Technology Companies

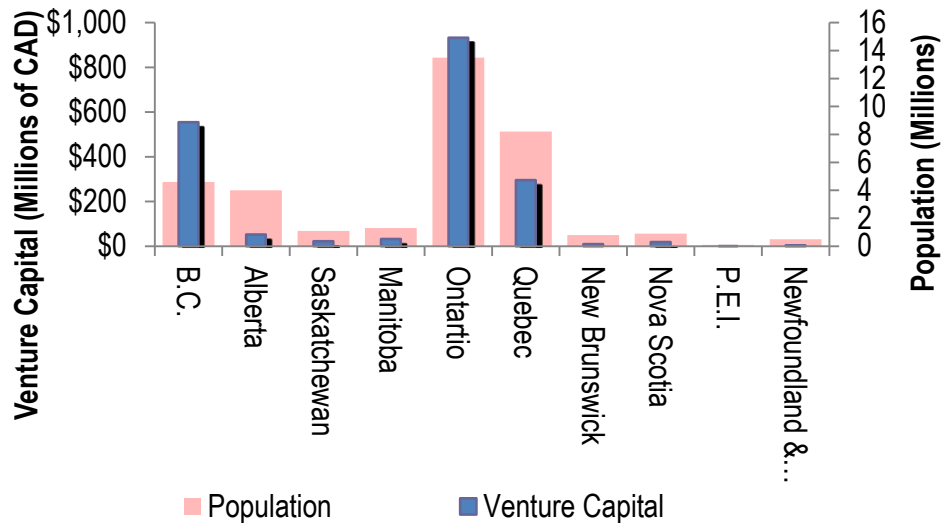
Company	Status	City	Industry
Aimetis Corp.	(Private)	Kitchener/Waterloo	Video Management Software and Analytics
Baylin Technologies	(TSX:BYL)	Toronto / Israel	Antennas Design And Manufacturer
BeyondThe Rack	(Private)	Montreal	e-Commerce
BSM Technologies	(V-GPS)	Toronto	GPS Fleet Tracking
BuildDirect	(Private)	Vancouver	e-Commerce
Cymax	(Private)	Vancouver	Home and Office Furniture e-Commerce
Datawind	(TSX-DW)	Mississauga	Wireless Web Access Products and Services
Desire2Learn	(Private)	Waterloo	Learning Management Systems
Espial	(TSX-ESP)	Ottawa	TV Software Solutions
Genetec	(Private)	Montreal	Video Management Software
Halogen Software Inc..	(TSX:HGN)	Ottawa	Talent Management Software
iQmetrix	(Private)	Vancouver	Retail Software
Lumenpulse	(TSX:LMP)	Montreal	LED Lighting Solutions
Miovision	(Private)	Kitchener/Waterloo	Traffic Management
nCrowd	(Private)	Atlanta / Toronto	e-Commerce
Pythian	(Private)	Ottawa	IT Managed Services
Shoes.com	(Private)	Ottawa	e-Commerce
Shop.ca	(Private)	Toronto	e-Commerce
Solace Systems Inc.	(Private)	Ottawa	Global Application Infrastructure and Middleware
Soti Inc.	(Private)	Mississauga	Mobile Device Management
StarTech	(Private)	London	IT Products
theScore	(V:SCR)	Toronto	Mobile App
Vision Critical Communications Inc.	(Private)	Vancouver	Online Survey Software
Wanted Technologies	(V:WAN)	Quebec City	Talent Marketplace Analytics
Wattpad	(Private)	Toronto	Semiconductor Market

Source: Company reports and CIBC World Markets Inc.

## By Geographic Region

When looking at Canada by regions, investment in technology companies are generally proportional with population. Two regions that received funding above what would normally be expected given their populations are B.C. and Ontario.

**Exhibit 9. Venture Capital (2014) Versus Populations (2012)**



Source: Company reports and CIBC World Markets Inc.

### British Columbia

The province has seen the largest outperformance, as well as the fastest growth among all provinces in terms of technology industry GDP since 2010. Success here is not by fluke, as we see a unique Provincial support system which includes:

1. Offering a 30% refundable tax credit on the value of investments in B.C. small businesses. This equated to roughly \$48 million in investments for the March 2015 fiscal year. It has been stated in prior years that about 50% of the credits go to IT companies and 25% to clean tech firms.
2. The existence of a large non-profit organization dedicated to the growth and advancement of technology companies. B.C. has a 20-person team known as the British Columbia Technology Industry Association (BCTIA).
3. The creation of the B.C. Discovery Fund. The fund's investments currently spans eight companies with \$39 million in net assets. Its investments include Avigilon and DragonWave.
4. UBC has historically been ranked #2 in Canada for engineering and technology according to Times Higher Education University Rankings. Minimum high school entrance requirements of 90% and significant international competition generally produce some of the top computer engineering talent in Western Canada. Simon Fraser is a 1b to UBC as well.

Because there are no signs of these trends changing, we believe B.C. will continue to outperform both in terms of funding and number of IPOs.

**Vancouver:** Canadian companies including BuildDirect, Hootsuite, Vision Critical, Cymax and iQmetrix are increasingly being forced to compete with Amazon, Facebook and Twitter for software engineering/web developer talent. For top talent, equity offers are an increasing part of compensation, and culture is also turning out to be another differentiating factor. We heard this last year that a no suits attitude is preferred by many top staff.

To promote its culture, Hootsuite hosts HootHire events. These events started three years ago attracting 300 to 400 people. In 2014, a single HootHire drew 1,200 people and over 4,000 resumes. For context, Hootsuite currently has about 900 people on staff, recently adding 100 in Vancouver and 150 in other markets around the world. This expansion came about from its own recent VC funding rounds.

## Ontario

The province continues to outperform for a number of reasons.

1. The presence of ex-Nortel employees continues to be a primary factor in the resurgence of the Ottawa/Montreal region. Espial, Genetec, Lumenpulse, Halogen, Solace Systems as well as other companies not in this report, such as Accedian Networks, Mitel, and BTI Systems, all have a large contingent of ex-Nortel employees that play key roles.
2. Waterloo continues to churn out the best computer science students in the country. Every company in our report based in Ontario (including Ottawa) has key software developers/engineers from the University of Waterloo.
3. Being the center of everything helps. Having both the Business Development Bank of Canada (\$74 million spent on 86 deals) and MaRS Discovery District (\$11 million over 27 deals) in Toronto have helped local venture spending growth, despite nationwide mandates. Ontario is thought to have the largest number and largest venture firms in the country. Over 50% of registered investment dealers are in Toronto, as are the majority of pension funds.
4. While not as significant a factor as the B.C. tax credits, Ontario does offer a 20% tax credit for Federal SR&ED expenditures through Ontario research institutes up to \$20 million and a 10% tax credit up to \$3 million for SR&ED expenditures.

**Ottawa:** In 2014, Kinaxis was the best-performing Canadian IPO and overall technology stock. In April 2015, Shopify hoped to carry on that trend with its \$100 million IPO. In addition Halogen, Pythian, Shoes.com, Solace Systems, Espial, Mitel and BTI Systems are examples of some of the 1,700 technology companies that as a whole are clearly outperforming what would be expected from its 900,000 population base.

"Are you likely to see in Ottawa some more [companies like] Shopify? The answer is absolutely yes," stated Terry Matthews, chairman of Mitel.

According to Bruce Lazenby, CEO of Invest Ottawa, "Everything has its timing and [the] timing's coming up very fast for the technology industry in Canada. It's doing better than it has for at least a decade."

**Toronto** offers the broadest technology market with engineering and business schools attracting the world's best talent. In March 2015, Bloomberg wrote a piece noting how emerging technology companies including Wattpad and Shopify are filling up brick and beam historic office spaces in downtown Toronto. That same day, Amazon Canada announced it will be moving into five floors (127,000 square feet) for software developers, engineers and programmers, southwest of

Union Station (120 Bremner Blvd.). The region south of Front Street, between the Rogers Centre and the ACC, is being dubbed by the CN Tower CEO as "SoCo". SoCo is becoming Toronto's tech hub with the likes of Cisco, Apple and BCE pushing the vacancy rate to only 2.4%. Tech companies were stated as the single-largest sector demanding real estate in Toronto at 17% in 2014.

**Waterloo** is home to over 1,000 technology companies (versus 327 in 2011) and 150 research institutes. Patents granted per capita in the Waterloo region are 4x higher than the Canadian average. Recall the Kitchener/Waterloo region, with a population of 200,000, is home to emerging companies such as Desire2Learn, Kik, Miovision, and Aimetis as well as global public companies such as Open Text, COM DEV, Sandvine and Blackberry. A number of these companies were started by University of Waterloo students or graduates.

## Key Market Drivers

- A tight economy pushing increased levels of entrepreneurship;
- An experienced pool of talent in many parts of Canada;
- A growing number of engineering/computer science graduates driven by international students;
- An increased venture capital and government funding focus;
- Reasonable valuations versus historical levels;
- A relatively lower Canadian dollar; and,
- SR&ED tax credits for R&D.

**Dozens of Canadian technology companies with material revenue are at or nearing rapid profitable growth.** These success stories are coming from Canadian entrepreneurs, their teams, improved funding and the ability to outperform globally against often much larger peers in the markets in which they compete.

**We conclude from this report and reiterate what was said a year ago. The Canadian technology industry continues to see its biggest step-up in the public markets since 2007.** In our opinion, the stage is set for technology to continue to claim a larger weighting in portfolios.



## COMPANY UPDATE

## Aimetis Corp.

Doubling Of Sales And Support Staff  
Pushes Expectations Higher For 2015

## Industry

The US\$15 billion video surveillance market has been one of the most fragmented markets in technology. This has been driven by a wide variety of verticals, privacy considerations, geographies and costs/features. Over the years, this has spurred specialized hardware and software OEMs. IHS forecasts video surveillance to grow at a 12% CAGR until 2018, driven by demand from increased brand awareness, differentiation, and embedded analytics.

Recently, lower semiconductor component costs and increasing Chinese competition have shifted the competitive landscape. Acquisitions by incumbents looking to combine hardware/software to help differentiate against lowering prices on hardware reached a record pace in 2014 and this trend is expected to continue.

## Company

Aimetis, growing at over three times the rate of the market and twice as fast as its direct peers, primarily sells Video Management Software (VMS) and is not exposed to declining video camera prices. The company competes with other open platform VMS solutions such as Genetec, Milestone and OnSSI as well to a lesser extent with Exacq and Avigilon. About 80% of Aimetis' sales are outside North America.

## Products

Aimetis' primary product, Symphony, saw software unit sales rise close to 50% in 2014. The primary factor to this growth was increased product awareness. Symphony is an open platform software that runs on a computer or mobile device, managing IP and analog video cameras, as well as point of sale and access control data. Its embedded analytics counts people/cars, calculates dwell times, as well as notifies of perimeter/camera breaches.

## Plan Moving Forward

Having doubled its sales and support staff globally in 2014, while introducing Enterprise Manager (web-based dashboard for management through the cloud and Thin Client (compact 1080p decoder), the company expects record revenue again in 2015.

All figures in Canadian dollars, unless otherwise stated.

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May 8, 2015

## Video Surveillance

City: **WATERLOO**  
Employees: **60+**

## Key Ratios and Statistics

2014 Estimated Sales: US\$15M to US\$40M  
2014 Sales Growth: 44%

Sub-Sector: Video Management Software  
2013 Estimated Market Size (IHS): US\$700 Million  
Estimated Market Growth Rate (IHS) 23%

Founded: 2003

Fiscal Year Ends: December

CEO: Marc Holtenhoff  
Founders: Mike Janzen  
(Chief Software Architect)

Justin Schorn  
(VP, Product Management)

## Venture Rounds

## Venture Funds

Series A (Mar 2010): \$5 million

Covington Capital (\$2.5M)  
VentureLink  
Brighter Future Fund

	2012	2013	2014	2015
Sales Growth	30%+	30%+	44%	"Record Year"

## Company Description

Aimetis Corp. is a Waterloo, Canada-based software company offering integrated intelligent video management solutions for security surveillance and business intelligence applications.


**COMPANY UPDATE**

# Baylin Technologies Inc.

## What Replaces Samsung Revenue?

### Industry

The Distributed Antenna Systems (DAS) market was worth US\$2 billion in 2013 according to Infonetics, growing at a CAGR of 3%. The wireless LAN equipment market according to Infonetics was about US\$4 billion in 2012 and is expected to grow at a CAGR of 7% until 2017. The antennas for mobile devices remains the largest market according to Gartner, with 2.4 billion tablets/mobile phones shipped globally in 2014, growing at 4% in 2015.

### Company

Baylin, through its wholly-owned operating subsidiary Galtronics, designs, manufactures and sells over three specific antenna markets, broadband, mobile and infrastructure. The major issue for the company is replacing Samsung Galaxy mobile revenue after losing out on the Samsung Galaxy S5, as Samsung chose to go with a waterproof antenna. Samsung revenue declined from \$62 million in 2013 (78% of revenue) to \$21 million in 2014 (47% of revenue).

### Products

Within the phone, Baylin manufacturers most antennas outside of NFC. This includes 4G, 3G, 2G, GPS, Wi-Fi and Bluetooth antennas. In terms of infrastructure antennas, the company designs SISO and MIMO for both indoor and outdoor distributed antenna systems. For home and enterprise network antennas, the company designs Wi-Fi, LTE and Wi-MAX solutions including those for Cisco and Belkin consumer network routers.

### Plan Moving Forward

New CEO Randy Dewey believes recently re-won antenna business for the Samsung Galaxy S6 along with growth in its infrastructure business aided by approvals from Verizon and AT&T will help turn the business around. Particularly this involves increased mobile volumes along with its infrastructure MIMO antennas being used in larger venues, both for indoor and outdoor distributed antennas. Leverage is expected from its expanded Vietnam facility, which is optimized for LTE. In addition, its home gateway set-top box is expected to be a strong driver for revenue moving forward. These factors according to the CEO are expected to bring the company back to cash flow positive by Q2/2015.

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### Low Cost Tablet And Data Service

R&D Headquarters: **ISRAEL**  
Employees: **CHINA (578) | OTHER (140)**

### Key Ratios and Statistics

Trailing 12-Month Sales: \$44.9M  
BYL-TSX (5/1/15) \$2.65

Key Indices: None  
52-week Range \$2.08-\$4.45  
Shares Outstanding 0.19M  
Avg. Daily Trading Vol. 15,215  
Market Capitalization \$49.76M  
Dividend/Div Yield \$0 / 0%  
Fiscal Year Ends March  
Book Value \$2.43 per Shr  
2015 ROE (E) N/A  
Net Cash \$23.8  
Common Equity \$45.5M

	2012	2013	2014
<b>Revenue</b>	\$69M	\$80M	\$45M
<b>EPS</b>	\$0.41	\$0.07	-\$0.75

### Company Description

Baylin Technologies Inc. designs, manufactures and sells antennas for mobile devices, wireless broadband devices (i.e., Wi-Fi routers) and wireless infrastructure.



## COMPANY UPDATE

# Beyond The Rack

## Online Retailer Providing 70% Off Well Known Brands

### Industry

The Canadian business to consumer retail market was estimated to be \$22.3 billion in 2014 according to Forrester. This market remains fragmented, with no retailer outside of Amazon.ca possessing greater than a 5% share of Canadian retail spending. In addition to Amazon, major competitors include the likes of eBay, Beyond The Rack (BTR), and Wal-Mart. Growth of roughly 10% until 2018 according to Forrester is expected to come from a broader range of products and services available online as well as to a lesser extent increasing confidence in Canadian consumers in online products and services.

### Company

Beyond The Rack offers heavily discounted flash sales to its 13 million members. BTR members are notified in advance of each upcoming flash sale, which typically lasts for 48 hours. Its customers are generally split between the U.S. and Canada and about 85% of customers are women. The company continues its focus on market penetration.

### Products

BTR flash sales involve brand name products including apparel, accessories, home and beauty products. Prices are up to 70% less than traditional retail prices. Agreements are made with suppliers with the majority of products being sold on a consignment basis.

### Plan Moving Forward

Debt financing in October was for marketing purposes as well as to expand its product offering to potentially BTR branded clothes. The majority of growth moving forward is expected to come from mobile. Mobile devices accounted for 40% of purchases and saw average sales of \$170 versus desktop computers at \$100. BTR is expecting these larger purchases will help turn it towards profitability in the future.

May 8, 2015

e-Commerce

MONTREAL

~450

City:

Employees:

#### Key Ratios and Statistics

2014 Estimated Sales:	\$100 million+
2014 Estimated Sales Growth:	N/A

Sub-Sector:	North American e-Commerce
2014 Est. Market Size	US\$494 billion
(e-Commerce Facts):	
2014 Est. Growth	9%
(e-Commerce Facts):	

Founded:	2009
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Fiscal Year Ends	December
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CEO:	Yona Shtern
Founders:	Yona Shtern Robert Gold (COO)

Venture Rounds	Venture Funds
5 Rounds (Jan '10-Nov '13): \$78.6M	Real Ventures BDC Venture Capital iNova Capital Others
2 Rounds of Debt (Oct '12 & Oct '14): \$20M	Wellington Financial Silicon Valley Bank

	2013	2014	2015E
Est. Sales Growth	~30%	N/A	N/A

#### Company Description

Beyond The Rack is an online retailer offering flash sales events for a wide variety of products in North America.

All figures in Canadian dollars, unless otherwise stated.

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## COMPANY UPDATE

## BSM Technologies Inc.

## Leading Provider Of Remote Monitoring

## Industry

The Global Fleet management market is expected to grow from US\$9.1 billion in 2013 to US\$27.6 billion by 2018 according to ABI research. The 25% CAGR growth is being driven primarily by vendors increasing their install base of vehicles under management in industries outside the traditional trucking markets. This includes utility, service and government fleets as awareness about the benefits of fleet management and remote monitoring can improve costs and increase customer service-related metrics.

## Company

BSM Technologies provides wireless solutions to help companies manage their fixed and mobile assets. Customer verticals include rail, construction, utility and energy. BSM is launching its next generation platform that features both Wi-Fi hotspot and camera technology on a cost-optimized platform.

The company saw recurring revenue account for 64% of revenue in its last reported quarter and the company continues to see good traction from its acquired businesses (Lat-Lon and JMM), and orders from large customers.

## Products

Its primary product, Sentinel FM, provides regular transmission of GPS location and sensor data via wireless network and optional satellite communication. Its network allows companies to locate, monitor, provide equipment, fuel and maintenance status updates.

## Plan Moving Forward

The company has set up a number of three-year objectives and initiatives at the end of fiscal 2014. This objectives include developing and implementing defined vertical market plans, involving a channel strategy, streamlining business processes and growing partnerships. The next step for investors is seeing a step-up in EBITDA.

May 8, 2015

## Wireless Solutions

R&D Headquarters: TORONTO  
Employees: 100+

## Key Ratios and Statistics

Trailing 12-Month Sales: \$27.0M  
GPS-TSX (5/1/15) \$0.89

Key Indices: None  
52-week Range \$0.81-\$2.79  
Shares Outstanding 47.6M

Avg. Daily Trading Vol. 0.16M  
Market Capitalization \$42M  
Dividend/Div Yield \$0.00/ 0.0%  
Fiscal Year Ends September  
Book Value \$1.14 per Shr  
2015 ROE (E) NM  
LT Debt \$9.7M  
Common Equity \$51.8M  
Convertible Available No

	2013	2014	2015 (Pro-Rata)
Revenue	\$19.2M	\$29.9M	\$31.4M
EPS	\$0.29	\$0.01	-\$0.07

## Company Description

BSM Technologies Inc. develops and provides software-focused solutions to help companies better manage their fixed and mobile assets.

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**COMPANY UPDATE**

# BuildDirect.com

## Affordable Alternative In Home Improvement

### Industry

The home improvement industry was US\$303 million in 2014 according to the Home Improvement Research Institute, with sales growth of 4%. After seeing revenue in the industry dip in 2009 post the U.S. housing bubble, the big three retailers (Home Depot, Rona and Lowe's) have seen revenue growth between 0% and 5% on slightly slower than the market growth rate. e-Commerce has accounted for the difference, as Do-It-Yourself (DIY) buyers look for affordable alternatives.

### Company

The housing market dip in 2009 forced the company to shift strategies and take over shipments from manufacturers. Taking inventory on consignment, i.e., not taking ownership or product, has allowed BuildDirect to undercut retailers on price and rapidly gain market share.

The typical BuildDirect order is \$2,000 or 2,000 pounds versus an order from Amazon that typically deals with 5 pound packages, therefore in order to deliver packages at better than competitor rates, calculations need to be made for the most efficient shipping rates. The company has a proprietary supply chain software that tells manufacturers what to ship to BuildDirect's warehouse. Forbes values the company at over US\$350 million based on its latest \$50 million in funding.

### Products

The company lists over 2,500 products from over 270 manufacturers. Items for sale include flooring, decking, siding, roofing, kitchen, bath and even furniture and appliances.

### Plan Moving Forward

BuildDirect plans to raise its employee count to 400 as it continues to scale up. The release of its new platform will allow manufacturers to take pictures of items themselves (versus BuildDirect doing this), reducing the time to list. The company has a vision of connecting consumers to installers, both of which are frequent visitors to the site.

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May 8, 2015  
**e-Commerce**  
City: **VANCOUVER**  
Employees: **275+**

### Key Ratios and Statistics

2014 Estimated Sales: \$100 - \$150 million  
2014 Estimated Sales Growth: N/A

Sub-Sector: Global Home Building & Improvement  
2014 Est. Market Size (HIRI): US\$303 billion  
2014 Est. Growth Rate (HIRI): 4%

Founded: 1999

Fiscal Year Ends: December

CEO: Jeff Booth  
Founders: Jeff Booth (CEO)  
Rob Banks (Executive Officer)

Venture Rounds	Venture Funds
Series A1 (June '12): \$16 million	OMERS Ventures
Series A2 (Oct. '12): \$4 million	BDC Venture Capital
Series A3 (Nov '13): \$13 million	Difference Capital
Series B (Jan '14): \$30 million	BDC Venture Capital Mohr Davidow Ventures
Series C (Dec '14): \$50 million	BMO Capital Markets OMERS Ventures Mohr Davidow Ventures

	2013	2014	2015E
Est. Sales Growth	~100%	~50%	30%+

### Company Description

BuildDirect.com is an online manufacturer and wholesaler of home building materials.


**COMPANY UPDATE**

# Cymax

## Furniture On The Move

### Industry

Cymax specializes in a number of consumer retail markets. The consumer furniture and bedding market was US\$96.40 billion in 2014, growing at a modest 2.9% CAGR until 2019 according to the December 2014 Retail Planning Guide. Perhaps the most relevant factor for Cymax is the fact North American consumers are building larger homes and remodeling more.

The other major market that matters to Cymax is outdoor dining sales (a US\$2.1 billion market), which are projected to expand from US\$2.1 billion in 2014 to US\$2.5 billion by 2019 according to Casual Living market research and Easy Analytic Software Inc.

### Company

Cymax is driven by simple principles, including great selections, low prices, fast delivery, easy returns and exceptional customer service. The company has consolidated 115 websites to a one-stop shop for all things design and furniture.

### Products

With over 185 top-selling brands, 8,481 collections and nearly 100,000 products, Cymax offers ready-to-assemble, case goods (fully assembled) and home decor items. Cymax provides a "Shop with Confidence" guarantee to its customers and has a Better Business Bureau rating of A+ based on over 2 million orders since 2004. Cymax has consistently received excellent customer ratings including Amazon.com (4.7 Star feedback rating), eBay (98.3% positive feedback based on over 18,000 reviews), Google (Trusted Store rating of 4.4 star feedback based on over 2,500 reviews) and a Reseller Ratings score of 9/10.

### Plan Moving Forward

Cymax is focused on generating additional revenue streams by building on its flagship e-Commerce website [www.cymax.com](http://www.cymax.com). Key initiatives in 2015 include an expanding its product offerings by attracting major furniture vendors, allowing payments through mobile technologies and increasing brand awareness

May 8, 2015

**e-Commerce**
**VANCOUVER**
**85**

City:

Employees:

**Key Ratios and Statistics**

2014 Estimated Sales: \$130 million

2015 Estimated Sales Growth: 50%+

Sub-Sector: U.S. Retail Furniture

2012 Est. Market Size (Statista): US\$163 billion

'09 - '12 Est. CAGR (Statista): 3%

Founded: 2004

Fiscal Year Ends December

CEO: Arash Fasihi

Founders: Arash Fasihi (CEO)

Venture Rounds
Venture Funds

Series A (Aug '11): Undisclosed

Canopy Capital Partners

	2013	2014	2015E
<b>Est. Sales Growth</b>	~100%	~50%	50%+

**Company Description**

Cymax is an online retailer of home and office furniture.

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## COMPANY UPDATE

## DataWind Inc.

## \$80 2G Tablets The Key To The Business Model

## Industry

DataWind's primary target market is 2G low income subscribers, a shrinking but nonetheless large market. In Q4/2014, Ericsson estimated that there were 7.1 billion mobile subscriptions, growing at 5% a year. With roughly 7.3 billion people, and an estimated 26% of the population under the age of 14, this translates to a 130% penetration rate. In markets such as India however, this number is closer to 85% for those aged 14 and up. Assuming mobile connections in India could reach the average global penetration rate of 130%, this equates to over 400 million potential mobile subscribers in India alone that have yet to be reached.

Another angle to look at when sizing the market is taking Ericsson's 2014 estimate of 4 billion GSM/EDGE mobile subscriptions. By 2020, this number is expected to fall to 1.1 billion subscribers, primarily in India and Africa. It is a fair assumption that the 1 billion plus 2G subscribers would require a new device between 2014 and 2020.

## Company

DataWind is seeing revenue growth accelerate to over 50% Y/Y. In early 2014, DataWind launched a low-cost 2G Internet service plan and over the course of the year increased its coverage in India through further distribution channels. Gross margins remain at 18%. A recent doubling of sales and support staff however will keep DataWind EPS negative over the near term.

## Products

DataWind designs and sells tablets and smartphone devices as well as selling Internet services. Its U.S. patented technology allows a larger amount of data to be cached on servers versus being rendered on a device. Its UbiSurfer browser compresses data by 10x to 30x, making it ideal for 2G data subscribers in India.

## Plan Moving Forward

With the March 2015 announcement of DataWind offering bundled unlimited Internet browsing for one year over Reliance Communications' entire Indian network coverage, DataWind is now turning to increasing its distribution in the country.

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May 8, 2015

## Low Cost Tablet And Data Service

R&amp;D Headquarters: MONTREAL

Employees: CANADA (34) | INDIA (170)

## Key Ratios and Statistics

Trailing 12-Month Sales:	\$26.5M
DW-TSX (1/9/15)	\$1.95

Key Indices:	None
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52-week Range	\$1.63 - \$4.85
---------------	-----------------

Shares Outstanding	21.98M
--------------------	--------

Avg. Daily Trading Vol.	22,000
-------------------------	--------

Market Capitalization	\$63.53M
-----------------------	----------

Dividend/Div Yield	\$0.00/ 0.0%
--------------------	--------------

Fiscal Year Ends	March
------------------	-------

Book Value	\$0.83 per Shr
------------	----------------

LT Debt	NA
---------	----

Common Equity	\$18.3M
---------------	---------

	2013	2014
Revenue	\$22M	\$27M
EPS	N/M	-\$0.33

## Company Description

DataWind Inc. is a provider of low-cost Internet connectivity and devices targeted for emerging markets.



## COMPANY UPDATE

# Desire2Learn

## Learning Management System

### Industry

According to Bersin (a Deloitte firm), the 2014 Learning Management Systems (LMS) market saw record revenue of between US\$2.4 and US\$2.6 billion, driven by technology and a growing number of solutions. The largest companies have less than a 12% market share and the 12 largest companies represent about 50% of total industry revenue. Functionality was also very diversified among functions, platforms (Traditional, SaaS, Cloud), number of users, geographic regions, and verticals.

In the K-12 e-learning market, GSV Advisors expected a 50% CAGR in the market from 2012 to 2017. In comparison, the corporate e-learning market was expected to see a 12% CAGR. Moving from paper textbooks to digital textbooks is an increasing trend, especially in North America.

### Company

Desire2Learn's platform is used by 1,100 clients and 15 million users in education, government and other verticals. Named one of the Waterloo Area's Top Employers for the last five years, the company has managed to attract top software employees out of the University of Waterloo and other technology companies in the area such as Blackberry and Open Text. D2L continues to compete with Blackboard, which went private in 2011, for having its software used for online curriculum. The company continues to see record growth in higher education, K-12 and corporate markets.

### Products

Desire2Learn's integrated learning platform, known as Brightspace, allows users to access online learning content. Functionality includes the ability for parents to login, teacher and tutor feedback in a student dropbox, discussion boards, assessment, analytics on progress and results. Supporting both an online and blended experience. Brightspace allows for integration in Microsoft 365.

### Plan Moving Forward

Desire2Learn plans to extend its position as market leader in the education learning market system as a replacement to replace textbooks.

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May 8, 2015

### Learning Management Systems

City: **KITCHENER**  
Employees: **800+**

### Key Ratios and Statistics

2014 Estimated Sales: **\$75 million+**  
2014 Estimated Sales Growth: **50%**

Sub-Sector: **Learning Management System**  
'14 Estimated Market Size (Bersin): **US\$2.6 billion**  
'14 Estimated Market Growth (Bersin): **21%**

Founded: **1999**

Fiscal Year Ends: **December**

CEO: **John Baker**  
Founder: **John Baker**

### Venture Rounds

### Venture Funds

Series A (Sept. '12): \$80 million

OMERS Ventures  
New Enterprise Associates

Series B (August '14): \$85 million

OMERS Ventures  
New Enterprise Associates  
Columbus Nova Tech Partners  
Graham Holdings  
Four Rivers Group  
Aurion Capital  
Unnamed Institution

	2013	2014	2015E
Sales Growth	Record Growth	N/A	N/A

### Company Description

Desire2Learn provides cloud-based (SaaS) learning solutions for higher education, K-12 and Fortune 1000 companies.


**COMPANY UPDATE**

# Espial Group Inc.

## Solution For IP Content

### Industry

According to Digital TV Research, the number of TVs connected to the Internet globally is expected to increase from 397 million in 2014 to 759 million in 2018. Accessibility is opening up competition between cable, satellite and telecom operators with Netflix, YouTube and other video/streaming services. In order to compete with these new platforms, operators are being forced to offer content over IP.

### Company

Espial has taken an early leadership position in developing Reference Design Kit (RDK) solutions. This standard software stack allows TV and chipset OEMs at the set-top box level to run on one next generation IP video platform. With over 400 IP video-related patent claims and \$100 million spent on R&D, Espial expects to find further traction with both operators and SMART TV OEMs. Vodafone and Sharp (Espial TV Browser) are among the OEMs whose products are among the over 35 million Espial active licenses. The company typically receives revenue from professional services (upfront), software (recurring license) and support/maintenance with the sale of its product.

### Products

Espial HTML 5 STB Client provides a user interface and is used in broadcast, IPTV, OTT and Hybrid configurations.

Espial's TV Browser is an embedded web browser that is designed to support browsing requirements of Smart TVs and set-top boxes.

Espial MediaBase is an on-demand, video platform for delivery and content on any screen. It allows VoD, Timeshift TV, Remote Storage DVR and Network PVR. Espial Media Service Platform is a multi-screen video delivery system that allows pay TV operators to display on-demand, interactive and multiscreen TV applications.

### Plan Moving Forward

The company recently raised \$35 million (with an option to increase the offering to \$40 million) for working capital that may include a portion allocated to finance future potential acquisitions as well as for future hires. The goal for Espial is to become the preferred software solution provider to cable companies, enabling a best-in-class user experience.

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May 8, 2015	
<b>Multichannel Video Provider</b>	
R&D Headquarters:	<b>OTTAWA</b>
Employees:	<b>105</b>
<b>Key Ratios and Statistics</b>	
Trailing 12-Month Sales:	\$20M
ESP-TSX (5/4/15)	\$3.87
Key Indices:	None
52-week Range	\$4.30-\$1.37
Shares Outstanding	27.4M
Avg. Daily Trading Vol.	0.413M
Market Capitalization	\$105M
Dividend/Div Yield	\$0.00/ 0.0%
Fiscal Year Ends	December
Book Value	\$0.81 per Shr
2014 ROE (E)	5.3%
LT Debt	\$0.0M
Common Equity	\$22.1M

	2012	2013	2014
<b>Revenue</b>	\$13.3M	\$12.5M	\$20M
<b>EPS</b>	-\$0.19	-\$0.37	\$0.05

### Company Description

Espial Group Inc. is a leading provider of user experience software solutions to TV service providers and smart TV consumer electronic manufacturers.



## COMPANY UPDATE

## Genetec Inc.

## Making A Case For Open Architecture In Video Security

## Industry

The US\$15 billion video surveillance market has historically been one of the most fragmented markets in technology in terms of manufacturers, sales, and the systems themselves. This has been driven by customized solutions for vertical and geographic markets. IHS forecasts this market to grow at a 12% CAGR until 2018, driven by demand from increased brand awareness, differentiation, and embedded analytics.

Lower semiconductor costs and increasing Chinese competition have shifted the competitive landscape for hardware. Acquisitions by incumbents, with the goal of offering a full end-to-end solution to help differentiate against lowering prices, reached a record pace in 2014. This trend is expected to continue over the next few years.

## Company

Genetec sells Video Management Software (VMS) that manages third-party video security cameras and access control. It competes with other open platform VMS solutions such as Milestone, OnSSI and Aimetis as well to a lesser extent with Exacq and Avigilon.

## Products

Genetec's primary product, Security Center, unifies third-party IP security systems. It consists of Omnicast (VMS managing video security cameras), Synergis (software monitoring and access to doors) and AutoVu (automatic license plate recognition for city parking permits and security). Its software is generally thought of as the most capable VMS for large-scale deployments in the world. The company has a deeper than industry standard software integration with hundreds of video security camera and access control vendors globally.

## Plan Moving Forward

Genetec has remained quiet on its path moving forward. It has stated that customers are increasingly seeking to merge security systems into a single unified security platform. With perhaps its largest partner, Axis Communications, acquired by Canon, it remains to be seen if open-platform software can continue to excel.

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May 8, 2015

## Video Surveillance

City: MONTREAL  
Employees: 600+

## Key Ratios and Statistics

2014 Estimated Sales: \$50 million - \$100 million  
2014 Estimated Sales Growth: 20%+

Sub-Sector: Video Management Software  
2013 Estimated Market Size (IHS): US\$700 Million  
Estimated Market Growth Rate (IHS): 23%

Founded: 1997

Fiscal Year Ends: December

CEO: Pierre Racz  
Founder: Pierre Racz

Venture Funds: N/A

	2012	2013	2014
Est. Sales Growth	25%	25%	20%

## Company Description

Genetec Inc. is a global provider of IP video surveillance, access control and license plate recognition solutions unified in a single platform.




**COMPANY UPDATE**

# Halogen Software Inc.

## Talent Management Software

### Industry

Talent management software has historically been a niche add-on module for large ERP vendors such as Oracle, SAP, Workday and IBM. The reason for using these vendors for talent management was initially due to being easily integrated with an ERP system. However in recent years, newer solutions have found traction by shifting the talent management proposition from a top-down, HR-centric "system of record" function to data-driven processes to hire, engage, support and let employees manage themselves. A report by Deloitte estimates that the corporate talent management software market grew by 17% in 2013 and is now over \$5 billion in size.

### Company

Halogen develops and sells SaaS talent management solutions. The company has over 2,150 customers worldwide, with a 90% customer retention and a 100%+ dollar retention rate. No one company represented more than 2% of revenue in the last reported quarter. Halogen was ranked as a visionary in Gartner's magic quadrant report. One of its primary competitive advantages is its commitment to customers. This includes over 90% of customer calls being answered by live representatives within 60 seconds.

### Products

Halogen's TalentSpace suite consists of nine integrated modules. Each module is built organically and integrated into one platform. These modules include performance, learning, succession, compensation, job description, talent acquisition, 1:1 meetings, Myers-Briggs integration and a 360 Multirater.

### Plan Moving Forward

The company expects to continue to grow its customer base, expand its addressable market with new products as well as potentially make an acquisition. It should be noted that a significant amount of M&A has taken place in the talent management space over the last few years. This includes the likes of SumTotal (49M users), SuccessFactors (32M), Saba (31M) and Taleo (20M) being purchased.

*All figures in U.S. dollars, unless otherwise stated.*

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May 8, 2015	
<b>Talent Management Software</b>	
R&D Headquarters:	<b>OTTAWA</b>
Employees:	<b>~450</b>
<b>Key Ratios and Statistics</b>	
Trailing 12-Month Sales:	C\$64M
HGN-TSX (5/1/15)	C\$10.50
Key Indices:	None
52-week Range	C\$7.59-C\$10.73
Shares Outstanding	21.9M
Avg. Daily Trading Vol.	0.017M
Market Capitalization	C\$230M
Dividend/Div Yield	\$0.00/ 0.0%
Fiscal Year Ends	December
Book Value	\$1.21 per Shr
2015 ROE (E)	NM
LT Debt	\$0.0M
Common Equity	\$26.5M
Convertible Available	No

	2012	2013	2014
<b>Revenue</b>	\$38M	\$47.9M	\$56.7M
<b>EPS</b>	-\$1.61	-\$0.71	-\$0.71

### Company Description

Halogen Software Inc. designs and sells cloud-based talent management software targeted at customers in the mid-market..



## COMPANY UPDATE

## iQmetrix

## Making Retail Stores Larger

## Industry

The retail and Point-of-Sale (PoS) software industry was said to be US\$1.35 billion in 2014 and is expected to grow in line with the economy over the next three years. It is currently undergoing market consolidation as larger players look to increase market share through acquisitions.

## Company

iQmetrix processed US\$9.4 billion retail sales and over 48 million transactions in 2014. The company's solutions allow a unified brand experience across all touch points, from in-store, to e-Commerce and mobile. This also includes social media, customer communications and events.

## Products

XQ Shelf solutions are placed in stores, allowing customers to view products not at a physical location. It pairs with a dropship partner for delivery of a product at home or at a local store. It allows a consistent experience with the in-store experience.

RQ Retail management is used by retail staff to manage and streamline customer service. This includes improved PoS, client history, and inventory.

## Plan Moving Forward

The company plans to continue to grow its employee base, which now includes a move into the Australian market – iQmetrix's first expansion outside of North America. There are also plans to increasingly focus on moving towards a centralized commerce platform approach. Using flexible API connectivity, the platform would allow enterprise businesses to leverage the benefits of iQmetrix solutions according to their needs.

May 8, 2015

## Retail Software Market

City: VANCOUVER  
Employees: 300

## Key Ratios and Statistics

2014 Estimated Sales: \$108 million  
2014 Estimated Sales Growth: 25%

Sub-Sector: Retail and POS Software  
'14 Estimated Market Size: US\$1.35 billion

Founded: 1999

Fiscal Year Ends: December

CEO: Christopher Krywulak  
Founders: Christopher Krywulak  
Kelly Kazakoff (COO)  
Greg Krywulak (Director)

## Venture Rounds

## Venture Funds

Venture Funds: None

	2012	2013	2014
Revenue	\$73M	\$85M	\$108M

## Company Description

iQmetrix is a software as a service (SaaS) company that bridges the gap between physical and virtual retail channels.

All figures in Canadian dollars, unless otherwise stated.

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**COMPANY UPDATE**

# Lumenpulse Lighting

## Leader In LED Technology

### Industry

Taken as individual markets, the Solid State Lighting (US\$57 billion market growing at 19%) and the Light Emitting Diode (LED) (US\$18 billion market growing at 13%) markets are seeing surprisingly high growth rates that can be partially attributed to LED lighting. According to Strategies Unlimited, the US\$4.4 billion market in 2013 is expected to grow at a CAGR of 27% until 2018. Longer life, energy efficiency, environmental benefits and regulation, durability, design flexibility, and increased controls such as dimming are the primary drivers for this market.

### Company

Lumenpulse is a leading, pure-play specification-grade LED lighting solutions provider, having won numerous awards.

Competitive strengths are linked to strong design and engineering capabilities, breadth and quality of products, innovative control technologies and a wide network of relationships with specifiers and distribution channels. The company has over 80 agents and value-added resellers, which create a combined presence of over 400 outside sales professionals in North America as well as a growing network in EMEA and APAC, and a direct sales force in Europe. In the last reported quarter, Lumenpulse had 37% of its revenue outside of North America.

### Products

Products cover multiple lighting applications and offer numerous configurations, allowing architects, engineers, landscape architects and lighting designers to solve various lighting challenges, from small office interiors to large stadiums and resorts.

Today it has over 180 products and 29 patents, including technologies such as Lumendrive, an embedded ASIC microchip that eliminates the need for power supplies, and Lumentalk, which turns existing electrical wiring into a digital control network.

### Plan Moving Forward

Lumenpulse pursues a three-pillar growth strategy: expanding its market with new products, leveraging its current sales network and expanding channels internationally. Lumenpulse aims to drive growth both organically and through acquisition.

*All figures in Canadian dollars, unless otherwise stated.*

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May 8, 2015

**LED Lighting**
**MONTREAL**
**410**

R&amp;D Headquarters:

Employees:

**Key Ratios and Statistics**

Trailing 12-Month Sales: \$86.7M

LMP-TSX (5/4/15): \$14.35

Key Indices: None

52-week Range \$13.06 - \$23.95

Shares Outstanding 23.4M

Avg. Daily Trading Vol. 0.03M

Market Capitalization \$334M

Dividend/Div Yield \$0.00/ 0.0%

Fiscal Year Ends April

Book Value \$4.62 per Shr

2015 ROE (E) NM

LT Debt 0.3M

Common Equity \$108.0M

	2013	2014	2015 (YTD)
<b>EPS</b>			
Current	-\$1.57	-\$4.17	-\$0.01

**Company Description**

Lumenpulse Lighting designs, develops, manufactures and sells a wide range of high performance and sustainable specification-grade LED lighting solutions for commercial, institutional and urban environments.



## COMPANY UPDATE

# Miovision Technologies

## Reducing Transportation Planning Costs By 50%

### Industry

The Traffic Management market was said to be a US\$2.6 billion in 2013, according to MarketsandMarkets, with double-digit growth rates driven by the movement to smart, connected cities and traffic rising in importance for residents in larger cities. Collecting traffic data has historically meant using either inductive loop detectors (40%), which consist of a loop of wires on the ground or cameras/infrared/microwave/sound measurements (45%). While good at measuring and classifying vehicles, they are limited in scope and typically take time and money to bury on busy road surfaces. Other methods for planning include expensive equipment. Some municipalities also record patterns manually.

### Company

Miovision designs, manufactures and sells video collection hardware and video processing software. The company has over 500 customers in over 50 countries. Customers include the City of Edmonton, City of Charlotte, North Carolina and U.S. engineering firm Alfred Benesch & Company. The large majority of revenue comes from North America, with some sales in Europe and APAC.

### Products

The company's current products include the Scout Video Collection Unit, which records up to seven days of 720 x 480, 30 fps video and can withstand extreme cold and strong winds. The Miovision Traffic Data Platform allows reporting on unique studies such as origin-destination, trip generation, travel time and roundabout counts. Combined these methods allow a viable alternative to loop detectors in terms of time and costs. The product line can be expected to be upgraded in the near future.

### Plan Moving Forward

The company has a goal of \$100 million to \$1 billion in revenue. Its vision is to see traffic management real-time benefits from LTE cellular connectivity and new products related to this should be released in 2015. This was the primary reason for the \$30 million venture raise that should help the company realize this goal.

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May 8, 2015

### Traffic Management

City: **KITCHENER**  
Employees: **80+**

### Key Ratios and Statistics

2014 Estimated Sales: \$10 million - \$100 million  
2014 Estimated Sales Growth: 60% - 80%

Sub-Sector: Traffic Management Software  
2013 Estimated Market Size (IHS): US\$2.6 billion  
Estimated Market Growth Rate (IHS) 10%+

Founded: 2005

Fiscal Year Ends: December

CEO: Kurtis McBride  
Founder: Kurtis McBride (CEO)  
Tony Brijpaul (COO)  
Kevin Madill (CSO/CMO)

Venture Rounds		Venture Funds
Series A (Prior to 2009):	\$1.8 million	Unnamed
Series B (Feb 2015):	\$30 million	Investeco Capital, Renewal Funds, PlazaCorp. Ventures, Comerica

	2012	2013	2014
Est. Sales Growth	60%-80%	60%-80%	60%-80%

### Company Description

Miovision Technologies provides video equipment and software that more accurately and affordably tracks movements.



## COMPANY UPDATE

## nCrowd.ca

## Consolidator Of The Daily Deals Market In Canada

## Industry

The daily deal market, which was said to have peaked in 2012, has steadied over the last few years. Groupon daily deal revenue, represented about 60% of the U.S. daily deal market in 2013. However the popularity of daily email deals has declined, with Groupon reporting a 23% decline in email transaction volume from 2012 to 2014. Today the daily deals market has seen a large amount of consolidation, as email lists decline in importance and other methods such as search engine optimization, monetization and user referrals become the primary source of new business.

## Company

In September 2014, nCrowd acquired the assets of Dealfind.com, Teambuy.com as well as Menupalace.com. The primary asset was the group's 3 million subscriber list. These companies join the nCrowd brand (which included roughly 70 employees), which is the combined entity of Half Off Depot and CrowdSavings, which were already the end result of 19 prior acquisitions. The company has expanded into social commerce, which includes assisting merchants with running social media promotions and improving customer retention. nCrowd.ca is its Canadian site, which users from Canada are redirected to.

## Products

nCrowd.ca offers hundreds of daily product and service deals in Canada at a given time. Among the products for sale are apparel, auto, electronics, food and drinks, health and beauty, general household items and jewelry.

## Plan Moving Forward

A number of Dealfind.com's and Teambuy.com's 60 employees are expected to remain in Toronto.

May 8, 2015

## Online Daily Deals

City: ATLANTA / TORONTO  
Employees: 250+

## Key Ratios and Statistics

2015 Estimated Sales: \$10 million+  
2015 Estimated Sales Growth: n/a

Sub-Sector: Daily Deal Sites (U.S.)  
2014 Est. Market Size (IBISWorld): \$3 billion  
'13 to '18 Est. CAGR (IBISWorld): N/A

Founded: 2008

Fiscal Year Ends: December

CEO: Brian Conley  
Founders: Brian Conley

Venture Rounds	Venture Funds
n/a	n/a

	2013	2014	2014 revenue is pro-rata based on July 2104 YTD data
Est. Sales (Dealfind, Teambuy, and Menupalace)	\$14.4M	\$10.2M	

## Company Description

nCrowd.ca offers daily deals on a wide variety of products and services across Canada.

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## COMPANY UPDATE

## Pythian

## Accelerated Growth To Continue

## Industry

Market growth rate for IT services is expected to be 2.5% in 2015 resulting in a \$981 million market. In a 2014 report by Deloitte, 20% or more of respondents expected to outsource their Application hosting / support / maintenance. As the IT outsourcing market continues to mature, an increasing level of advanced services including database and application management are expected to be handled by third parties, growing at a rate faster than the industry average.

## Company

Founded in 1997, Pythian is a technology services company specializing in the design, implementation, management and optimization of technology systems that support business revenue or are otherwise unusually valuable. Pythian helps companies benefit from disruptive technologies that are driving today's innovative, agile businesses – delivering velocity, continuous transformation, and uninterrupted operational excellence. Key focus areas include Cloud, Big Data, DevOps and advanced Infrastructure Management. Approximately 80% of Pythian's revenue comes from recurring managed services and 20% from consulting, which is often a precursor to an ongoing managed services relationship.

The company was named among Canada's top small and medium employers of 2015 and count among its clients leading e-Commerce companies Nordstrom, eBay, American Apparel, and SAAS companies such as Shutterfly, Citrix, TravelClick and more.

## Products

The company has developed a number of software products that are used in the delivery of technical services, most notably Adminiscope. This solution provides secure access to client systems, and monitors as well as records all activity performed by system and database administrators.

## Plan Moving Forward

Pythian plans to maintain an aggressive growth trajectory and is well positioned to do this given a growing international footprint and scalable hiring systems.

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May 8, 2015

## IT Managed Services

City: OTTAWA  
Employees: 400+

## Key Ratios and Statistics

2014 Estimated Sales: \$41 million  
2014 Estimated Sales Growth: 30%

Sub-Sector: IT Services  
'14 Estimated Market Size (Gartner): \$956 billion  
'15 Est. Market Size (Gartner): 2.5% growth

Founded: 1997

Fiscal Year Ends: December

CEO: Paul Vallee  
Founders: Paul Vallee

## Venture Rounds

## Venture Funds

Venture Round (March '14): \$6 million

BDC  
Royal Bank of Canada

	2012	2013	2014
Revenue	\$25M	\$31M	\$41M

## Company Description

Pythian is a technology services company specializing in the design, implementation, management and optimization of technology systems that support business revenue or are otherwise unusually valuable.


**COMPANY UPDATE**

# Shoes.com

## Canada's Biggest Option For Online Shoe Shopping

### Industry

The footwear category in North America was said to be over US\$50 billion according to Shoes.com CEO Roger Hardy. In Canada, online purchases were \$21.6 billion (up 16%) in 2013, with the majority of this figure coming from U.S. companies, in particular Amazon. There remain pockets within retail however in which Amazon has not entered to any large extent. One of the markets is fashionable footwear and this market remains underserved in Canada.

### Company

Shoes.com was formally re-launched in March, and consists of the combination of Vancouver-based ShowMe.ca and OnlineShoes.com. The combined entity created Canada's largest online footwear company. OnlineShoes.com was the first online footwear retailer in the U.S. and has done more than US\$1 billion in cumulative sales since launching in 1996. CEO Roger Hardy, who previously founded Costal Contacts and eventually sold it for \$430 million, has brought on previous employees Dominic Uy as CTO and Nick Bozikis as CFO.

### Products

Shoes.com offers over 450 brands and 30,000 different shoes. Prices are typically 20% to 25% lower than traditional retail through economies of scale and no retail leases at the moment, although stores are possible in the future. The company offers free delivery and returns.

### Plan Moving Forward

The company has publically targeted a 2015 IPO on either the TSX or a U.S. exchange under the name Shoes.com Technologies. CEO Roger Hardy projects a sales CAGR of 30% over the next five years.

May 8, 2015

**e-Commerce**

City: **VANCOUVER / SEATTLE**

Employees: **250+**
**Key Ratios and Statistics**

2015 Estimated Sales: \$250 million+

2015 Estimated Sales Growth: 25%

Sub-Sector: e-Commerce in Canada

2013 Est. Market Size \$21.6 billion

(Borderfree):

'13 to '18 Est. CAGR 12%

(Borderfree):

Founded: 2013

Fiscal Year Ends December

CEO: Roger Hardy

Founders: Roger Hardy (CEO)

Sean Clark (President of Canadian Operations)

Venture Rounds
Venture Funds

None

None

	2013	2014	2015E
Est. Sales Growth	N/A	N/A	25%

**Company Description**

Shoes.com is an online retailer of footwear focused on the North American market.

All figures in Canadian dollars, unless otherwise stated.

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**COMPANY UPDATE**

# SHOP.CA

## One Stop Shopping For Canadians

### Industry

The Canadian retail e-Commerce market was estimated to be \$25 billion in 2014 according to eMarketer, with expectations of the market growing 17% in 2015 alone. The market remains fragmented, with no retailer outside of Amazon.ca possessing greater than a 5% share of Canadian retail spending. In addition to Amazon, major competitors include the likes of eBay, Beyond The Rack (BTR), and Wal-Mart. Growth of 10% until 2018 is expected to come from a broader range of products and services available online as well as to a lesser extent increasing confidence in Canadian consumers in online products and services.

### Company

Since launching in 2012, SHOP.CA has quickly grown to be a top 10 mobile e-Commerce site in Canada. SHOP.CA offers daily promotions on a wide variety of goods as well as offering thousands of products on its site. The company ships only to Canada and does not charge additional duty or brokerage fees on top of the listed price. Shoppers can earn Aeroplan miles (\$1 equals one Aeroplan mile) and are given cash rewards (\$25) for referral purchases over \$75.

### Products

SHOP.CA lists more than 30 categories of products, most recently adding WineOnline, which offers free delivery of wine to most Ontarians. Its products range from auto parts to health & beauty to pet supplies. SHOP.CA offers top global brands including LG, Sony, Breville, Cuisinart, and NESPRESSO.

### Plan Moving Forward

SHOP.CA continues towards its goal of becoming the largest online retailer in Canada. The company launched its mobile app in 2014 and expects total sales to grow faster than the market.

May 8, 2015

**e-Commerce**

City: **TORONTO**

Employees: **~450**

### Key Ratios and Statistics

2014 Estimated Sales: n/a

2014 Estimated Sales Growth: n/a

Sub-Sector: Canadian E-Commerce

2014 Est. Market Size \$25 billion

(e-Commerce Facts):

2014 Est. Growth 17%

(e-Commerce Facts):

Launched: 2012

Fiscal Year Ends December

CEO: Jamie Haggarty

Founders: Trevor Newell

Drew Green

### Venture Rounds

### Venture Funds

Series A (Jan '10-Nov '13): \$21M

Torstar

Slaight Communications

CoreGen Capital

Difference Capital

Others

Series B (May '14): \$31M

Shaw Ventures

TorStar

Slaight Communications

	2013	2014	2015E
Est. Sales Growth	n/a	n/a	n/a

### Company Description

SHOP.CA is a leader in online Canadian shopping site, with over 30 categories and over 5,000 brands.

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## COMPANY UPDATE

## Solace Systems

## Fast Messaging Of Important Messages

## Industry

High-speed, reliable information sharing is a critical part of modern IT initiatives, from accelerating legacy business processes to enabling big data, cloud computing and the Internet of Things. Today firms handle diverse data distribution problems with a variety of legacy and emerging products, standards and open source technologies. Key players in the space include IBM, Informatica, Microsoft, Oracle, Software AG and TIBCO.

## Company

Solace has made Deloitte's Technology Fast 50 for five straight years and has a rapidly growing customer base that includes companies from around the world such as Barclays, U.S. Department of Homeland Security, Harris Corporation, RBC Capital Markets and bet365.

## Products

Solace makes messaging middleware technology that unifies a variety of data movement so companies can collect and distribute all of the data associated with executing business processes, making decisions and serving customers. Solace lets companies adapt legacy applications to meet modern requirements, allowing them to overcome challenges associated with implementing big data, cloud, e-Commerce mobility and Internet of Things initiatives. Solace offers higher performance and capacity versus other technologies, along with lower complexity and TCO.

## Plan Moving Forward

Solace's strategy is twofold: 1) extend technology leadership by enabling high-volume information flow between an increasing number and diversity of applications, devices and users; and, 2) continue to establish and grow market leadership in geographies, industries and trends where the real-time sharing of large volumes of information is beneficial and valued.

Initial customer deals tend to be measured in the hundreds of thousands, but repeat buyers with full deployment sales have potential sizes of \$10 million to \$100 million, suggesting Solace's upside remains material.

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May 8, 2015

## Messaging Middleware

City: KANATA  
Employees: 150+

## Key Ratios and Statistics

2014 Estimated Sales: \$30+ million  
2014 Estimated Sales Growth: n/a

Sub-Sector: Mission Critical Middleware  
'13 Estimated Market Size (WinterGreen Research): US\$10.3 billion  
'13 – '20 Est. Market CAGR (WinterGreen Research): 18%

Founded: 2001

Fiscal Year Ends: December

CEO: Craig Betts  
Founder: Craig Betts

## Venture Rounds

## Venture Funds

Venture Funds (Various Dates): Wesley Clover  
Genuity Capital Partners  
Tandem Expansion  
Edgestone Capital  
Teachers Private Capital

	2012	2013	2014
Revenue	\$20M+	\$25M+	\$30M+

## Company Description

Solace provides messaging middleware that improves the speed and efficiency with which information flows between applications, connected devices, datacenters and people. Solace unifies various types of data movement so companies can cost-effectively move information.



# SOTI

## Over 80 Straight Quarters Of Profitability

### Industry

As North American and European enterprise awareness of app productivity and cost savings through employee Bring-Your-Own-Device (BYOD) grows, along with general global enterprise mobility growth, the BYOD market is expected to grow at a CAGR of 25% to US\$285 billion until 2019 according to market research firm MicroMarketManager. In particular, the more specific Enterprise Mobility Management (EMM) market, which manages the corporate devices, is expected to grow at 22% until 2018.

### Company

SOTI is seeing the fastest organic growth of any major EMM solution on the market. At the same time, it is also the most profitable, seeing positive net income every quarter since its inception in 1995. SOTI has over 1,400 resellers, 14,000 enterprise customers and millions of devices under management. Customers include Air Canada, American Airlines, Canadian Tire, Forzani Group, The Brick, Best Buy, H&M, and Nestlé. SOTI's general reputation is one of reliable, customer-focused, first-to-market EMM solutions. It is acknowledged as the leading EMM solution for Android devices, partnered with over 75 of the world's largest Android OEMs. Its solutions are internally developed (no M&A), 100% owned by its founder and has no debt.

### Products

SOTI has developed a number of solutions for enterprise mobility management. Its primary product, SOTI MobiControl, provides a single solution that provides management of all operating systems, deployment models (e.g., BYOD, corporate-liable, dedicated purpose), and connected form factors including smartphones, tablets, laptops, and connected peripherals. MobiAssist is a complete helpdesk solution for remote support and diagnostics of mobile devices and desktop computers. PocketController provides remote control, presentation and training features to enhance efficiency and productivity.

### Plan Moving Forward

SOTI is in year three of a five-year, long-term growth trajectory.

May 8, 2015

### Enterprise Mobility Management

City: **MISSISSAUGA**  
Employees: **~500**

### Key Ratios and Statistics

2014 Estimated Sales: \$50 to \$100 million  
2014 Estimated Sales Growth: ~40%

Sub-Sector: Enterprise Mobility Management  
2014 Est. Market Size (451 Research): US\$3.8 billion  
'14 to '18 Est. CAGR (451 Research): 22%

Founded: 1995

Fiscal Year Ends: July 31

CEO: Carl Rodrigues  
Founders: Carl Rodrigues

Venture Rounds	Venture Funds
None	None

	2013	2014	2015E
Est. Sales Growth	~40%	~40%	~54%

### Company Description

SOTI's solutions allow organizations to manage and secure devices, applications, content and corporate data, and provide workforce enablement from the warehouse to the top of an organization. Headquartered in Mississauga, the company also has regional headquarters in the UK, Australia, India, and Dubai.

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**COMPANY UPDATE**

# StarTech.com

## 30,000 Active Resellers Of Unique Products

### Industry

According to IDC, total PC shipments are expected to contract by 5% in 2015, driven by lower-than-expected demand for desktop and portable PCs. Gartner expects the global computing device market to drop 7% and the number of units sold to decline 2% to 206 million units. A declining euro/US\$ is expected to force vendors in Europe to raise prices, hurting sales. In the U.S., the decline should be significantly less.

### Company

StarTech.com has managed to overcome tough end-markets, having grown from selling computer dust covers to seeing growth of over 20% a year for the past six years. After 30 years in business, the company's growth has accelerated due to a material ramp-up of its resellers. The company re-brands white label solutions, offering only higher-quality overseas products through a rigorous ISO 9001 process. Offering its respected brand name, support and service to high-quality products has allowed StarTech.com to consistently set itself apart from competitors. Among the company's 30,000 resellers and distributors are Best Buy, Staples, Amazon, Dell, Hartco and D&H distributing.

### Products

StarTech.com sells over 2,500 parts and over 100 connector types, mostly dealing with hard to find computer, audio/video cables, networking cables, and other accessories. Each part has full specifications and customer reviews online and the company offers free shipping with a minimum \$45 purchase.

### Plan Moving Forward

Growth overseas with the company's added resellers is expected to continue. As a result, hiring for bilingual service and support continues. The company remains quiet on the potential for the public market.

May 8, 2015

**Specialized Computer Accessories**

City: **LONDON**  
Employees: **250+**

**Key Ratios and Statistics**

2014 Estimated Sales: \$177 million  
2014 Estimated Sales Growth: 29%

Sub-Sector: Global Computing Devices  
'13 Estimated Market Size: US\$226 billion  
'13 - '17 Est. Market CAGR: -7%

Founded: 1985

Fiscal Year Ends: November

CEO: Paul Seed  
Founders: Paul Seed  
Ken Kalopsis (Vice-Chairman)

Venture Rounds
Venture Funds

Venture Funds: None

	2012	2013	2014
Revenue	\$98M	\$137M	\$177M

**Company Description**

StarTech.com is a ISO 9001 registered company that tests and distributes over 3,000 products, with operations in 11 countries with over 30,000 active resellers.

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# theScore, Inc.

## 10.2 Million Active Users, Up 112% Y/Y

### Industry

The US\$21 billion mobile consumer app market remains competitive within the Google Play and Apple App Store ecosystems according to Digi-Capital. This market is expected to grow to US\$74 billion by 2017 (a 37% CAGR). Non-gaming apps in particular were expected to see a 61% CAGR over this time, with sports making up a small but increasing portion of this market.

### Company

theScore is a spin-out of Score Media's digital media business after Rogers' 2012 purchase of The Score Television Network. The spun-out entity consisted of mobile web applications, theScore.com domain and some other assets not associated with the television station. Since March 2012, theScore's mobile platforms have seen monthly active users increase from 1.9 million to 10.2 million today. Roughly 60% of its users were in the U.S., 21% in Canada, and 19% from other international markets with U.S. usage seeing the most growth. Increased U.S. usage and advertising is the primary factor for the company seeing 47% Y/Y revenue growth in 2014. In 2014, theScore saw revenue of \$7.82 million and IFRS operating costs of \$18.62 million.

### Products

theScore's primary products are its mobile app and web platform, which advertising revenues are derived from. The platforms provide real-time scores, news, videos, stats and other features for dozens of the most popular sports and sports leagues around the world. Advertising includes direct campaigns with a number of major brands such as Puma, Nike, Subway, and Universal.

### Plan Moving Forward

In March, theScore raised \$26.5 million in proceeds via a bought deal financing for: 1) product development and content; 2) sales and marketing; and, 3) working capital and general corporate purposes. It also recently acquired daily fantasy sports game Swoopt and the company expects to continue to gain traction with its demographic in 2015 with both an improved product and greater range of offerings. theScore also recently become the first major sports media company to launch a dedicated mobile app for eSports.

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	May 8, 2015
	<b>Mobile App</b>
R&D Headquarters:	<b>TORONTO</b>
Employees:	<b>TORONTO (109)   U.S. (6)</b>
<b>Key Ratios and Statistics</b>	
Trailing 12-Month Sales:	\$10.6M
SCR-TSX (5/4/15)	\$0.73
Key Indices:	None
52-week Range	\$0.24-\$0.90
Shares Outstanding	306.6M
Float	29.5M Shrs
Avg. Daily Trading Vol.	1,735,235
Market Capitalization	\$223.9M
Dividend/Div Yield	\$0./ 0%
Fiscal Year Ends	August
Book Value	\$1.04 per Shr
2014 ROE (E)	N/M
Net Cash	\$15.5M
Common Equity	\$30.7M
Convertible Available	Yes

	F2013	F2014	F1H/15 Annualized
<b>Revenue</b>	\$5.3M	\$7.8M	\$12.5M
<b>EPS</b>	-\$0.11	-\$0.05	-\$0.04

### Company Description

theScore, Inc. offers real-time news, scores, stats, alerts and daily fantasy sports contests via its mobile sports platforms 'theScore,' 'theScore eSports,' 'ScoreMobileFC' and 'Swoopt.'


**COMPANY UPDATE**

# Vision Critical

## Vision Is Proving Critical For Business

### Industry

More than US\$1.5 trillion is spent on marketing and communications worldwide. More relevant in this case, US\$130 billion is being spent on marketing technology while US\$33 billion is spent on market research, with the industry seeing a significant evolution in the past decade. Companies are faced with the need to make customer-driven decisions at the speed of business. In the age of the empowered customer, companies must quickly understand buyer needs in order to give them what they want. Enter customer intelligence, a primary driver in the more defined predictive analytics market, which is expected to reach US\$3.4 billion by 2018, a growth rate of over 30% over the next four years.

### Company

Vision Critical provides a cloud-based customer intelligence platform that allows companies to build engaged, secure communities of customers they can use continuously, across the enterprise, for ongoing, real-time feedback and insight. Designed for today's always-on, social and mobile savvy customer, Vision Critical's technology helps large, customer-centric enterprises discover what their customers want so they can deliver what they need. Unlike traditional customer research, which is slow, expensive and gathers dust on a shelf, Vision Critical's customer intelligence platform replaces static data and cumbersome reports with real-time actionable customer intelligence that companies need to build better products, deliver better services and achieve better business outcomes.

### Products

Vision Critical's customer intelligence platform helps companies understand their customers. The platform features a secure, online insight community, as well as a wide variety of online applications and activities made for businesses to continuously engage with thousands of their customers at a time for insight in order to help drive better business outcomes.

### Plan Moving Forward

Vision Critical expects to continue on its high growth path in the customer intelligence space. The company has seen its growth accelerate and the need for customer intelligence rise as the demand for business to be more customer-centric has increased.

*All figures in Canadian dollars, unless otherwise stated.*

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May 8, 2015  
**Customer Intelligence Software**  
City: **VANCOUVER**  
Employees: **~700**

#### Key Ratios and Statistics

2014 Estimated Sales: Over \$100 million  
2014 Estimated Sales Growth: n/a

Sub-Sector: Predictive Analytics Market  
'13 Estimated Market Size US\$695 million  
(Micromarket Monitor):  
'13 – '19 Est. Market CAGR 32%  
(Micromarket Monitor):

Founded: 2000

Fiscal Year Ends December

CEO: Scott Miller  
Founder: Andrew Reid

<u>Venture Rounds</u>	<u>Venture Funds</u>
Venture Round 1 (Oct. '06): \$3M	Wellington Financial
Venture Round 2 (Aug '12): \$20M	OMERS Ventures
*Venture Round 3 (Jan '14): \$3.5M	Difference Capital
*Venture Round 4 (Jul '14): \$16M	Kensington Global Northleaf Venture Georgian Partners
*Secondary	

	2012	2013	2014
Revenue	\$78M	\$95	\$100M+

#### Company Description

Vision Critical provides a cloud-based customer intelligence platform, allowing companies to build online communities of customers for feedback and insight used to make more informed business decisions.


**COMPANY UPDATE**

# WANTED Technologies

## Talent Is Wanted

### Industry

The talent management market according to Falvey Partners was US\$3.8 billion in 2012, growing at a CAGR of 11% until 2016. WANTED's addressable market is estimated to be 30% of this. It includes recruiting, workforce analytics, compensation planning/strategy and performance management.

### Company

WANTED Technologies gathers, cleanses, transforms, analyzes, and productizes hiring and jobs data, to deliver a real-time talent market analytics tool. The tool helps organizations compete for talent, make intelligent hiring decisions, and allows more effectively management of their workforce. [www.wantedanalytics.com](http://www.wantedanalytics.com) is an online SaaS based analytical solution based on 25,000 talent market sources and is used by the likes of Cisco, Citi, Verizon Wireless, GE and Microsoft to find candidates for hard-to-fill positions. Services are mostly delivered electronically and are paid via an annual recurring subscription payment (90% of revenue) tied to the number of individual users within an organization. Revenue is increasingly being diversified among vertical end markets. A partner agreement that terminated in June 2014 pushed Y/Y comps from up 21% in the last reported quarter to up 5%. Excluding this one agreement, business continues to grow at a healthy pace.

### Products

WANTED Analytics is an open source, scalable platform, which uses algorithms to gather, extract, normalize and interpret data to help users extract prescriptive and predictive trends on the employment market. It targets corporate HR (financial services, technology, insurance, health care and manufacturing are top verticals,) staffing and recruitment agencies, government and media/job boards. It has over 1 billion records, 25,000 sources and 11,000 job categories.

### Plan Moving Forward

The company sees a business opportunity and growth stemming from three key areas. This includes enabling broader customer usage through integration of WANTED Analytics with other CRM and talent management platforms (browser plug-in), offering the International version of its Analytics product and using its dataset and analytics API within and beyond HR.

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May 8, 2015

### Talent Management Analytics

R&D Headquarters: **QUEBEC CITY**  
Employees: **60**

### Key Ratios and Statistics

Trailing 12-Month Sales: \$10.3M  
WAN-Venture (1/9/15) \$1.20

Key Indices: None  
52-week Range \$0.90 - \$1.47  
Shares Outstanding 24.9M

Avg. Daily Trading Vol. 0.056M  
Market Capitalization \$31M  
Dividend/Div Yield \$0.00/ 0.0%  
Fiscal Year Ends September  
Book Value \$1.14 per Shr  
2015 ROE (E) NM  
LT Debt \$0.05M  
Common Equity \$9.0M

	F2013	F2014	F2015 (Pro-Rata)
Revenue	\$7.2M	\$10.1M	\$10.7M
EPS	\$0.11	\$0.06	n/m

### Company Description

WANTED Technologies provides real-time data analytics for the talent marketplace.


**COMPANY UPDATE**

# Wattpad

## Monetizing 11 Billion Minutes A Month Is Proving Successful

### Industry

From 2010 to 2014, the number of social media users worldwide market has increased on average by 17% a year to 1.8 billion according to eMarketer. However, growth is expected to slow to 8% from 2015 to 2018 as North America and Europe as well as platforms such as Facebook mature. The primary monetization method for web applications with a large user base is advertising. Digital ad spending is forecast to grow 15% over the same rate frame, and was US\$145 billion in 2014 according to eMarketer (27% of total global ad spending). However sub-sectors including mobile ads (growing at 41% from 2014 to 2018) and native ads (growing at 39%) are what is expected to drive revenue in 2015 and beyond.

### Company

Wattpad is the world's largest community of online readers (90% of users) and writers, allowing immediate interaction between the two. 40 million active users spend over 11 billion minutes a month on the site, with the majority of its users under the age of 30. Users are being added at a pace between 80,000 and 100,000 a day. In addition, 85% of traffic is from mobile devices.

### Products

Versus our last profile two years ago, Wattpad has found a viable path to monetization. Creative native ads include some of Wattpad's most talented writers being commissioned by companies such as Cadbury, Sony, Paramount and Unilever to create content in order to increase awareness and/or interest in a product. One example was USA Network partnering with Wattpad to release a "Prequel" to their TV series "Dig". The USA Network account now has 42K followers and a more loyal viewership for the television show. Wattpad also receives premium banner ad revenues due to its young, mobile device centric, loyal (295 minutes/month) audience.

### Plan Moving Forward

Wattpad may introduce some premium content for a fee, while leaving the app and general content free of charge. Growth will come from the expansion of its user base.

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May 8, 2015

### Social Media And Digital Advertising

City: **TORONTO**  
Employees: **100+**

### Key Ratios and Statistics

2014 Estimated Sales: Less than \$10 million  
2014 Estimated Sales Growth: 50%

Sub-Sector: Native Advertising  
2013 Estimated Market Size (Mintel): US\$1.8 billion  
Est. Market Growth Rate (Mintel): 39%

Founded: 2006

Fiscal Year Ends: December

CEO: Allen Lau  
Founder: Allen Lau (CEO)  
Ivan Yuen (CPO)

### Venture Rounds

### Venture Funds

Seed Funding (Jan 2010): \$600,000	Unnamed
Series A (Sept. '11): \$3.5 million	Union Square Ventures Version One Ventures Golden Venture Partners
Series B (June '12): \$17.3 million	Khosla Ventures OMERS Ventures AME Cloud Ventures + All Series A Investors
Series C (April '14): \$46 million	August Capital Raine Ventures Northleaf Venture Catalyst + All Series B Investors

	2013	2014	2015E
Monthly Users (EoY)	24M	36M	60M+

### Company Description

Wattpad is the world's largest community of readers and writers.



## IMPORTANT DISCLOSURES:

**Analyst Certification:** Each CIBC World Markets research analyst named on the front page of this research report, or at the beginning of any subsection hereof, hereby certifies that (i) the recommendations and opinions expressed herein accurately reflect such research analyst's personal views about the company and securities that are the subject of this report and all other companies and securities mentioned in this report that are covered by such research analyst and (ii) no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by such research analyst in this report.

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### Important Disclosure Footnotes for Companies Mentioned in this Report that Are Covered by CIBC World Markets Inc.:

#### Stock Prices as of 05/08/2015:

Air Canada (2g, C38) (AC-TSX, C\$11.58, Sector Outperformer)  
Avigilon Corporation (2g) (AVO-TSX, C\$16.91, Sector Outperformer)  
BCE Inc. (2g, 7, 9) (BCE-TSX, C\$53.62, Sector Performer)  
BlackBerry Limited (2g, 7) (BBRY-NASDAQ, US\$9.84, Sector Underperformer)  
Canadian Tire Corporation, Ltd. (2g, 7, 13) (CTC.A-TSX, C\$128.22, Sector Outperformer)  
Celestica Inc. (2g, 3a, 3c, 6a, 12) (CLS-NYSE, US\$12.47, Sector Outperformer)  
CGI Group Inc. (2g, 7, 12) (GIB.A-TSX, C\$52.66, Sector Outperformer)  
COM DEV International Ltd. (2g) (CDV-TSX, C\$4.85, Sector Performer)  
Constellation Software Inc. (2g) (CSU-TSX, C\$493.38, Sector Underperformer)  
Descartes Systems Group Inc. (2g, 7) (DSGX-NASDAQ, US\$14.70, Sector Performer)  
DH Corp. (2a, 2c, 2e, 2g, 7) (DH-TSX, C\$41.16, Sector Performer)  
DragonWave Incorporated (2a, 2c, 2e, 2g) (DWI-TSX, C\$0.83, Sector Outperformer - Speculative)  
MacDonald, Dettwiler and Associates Ltd. (2g) (MDA-TSX, C\$99.30, Sector Performer)  
Mitel Networks Corporation (2a, 2b, 2e, 2g) (MITL-NASDAQ, US\$8.79, Sector Outperformer)  
Open Text Corporation (2a, 2e, 2g, 7, 9) (OTEX-NASDAQ, US\$49.41, Sector Performer)  
Redknee Solutions Incorporated (2g, 7) (RKN-TSX, C\$4.50, Sector Outperformer)  
Rogers Communications Inc. (2g, 7, 13) (RCI.B-TSX, C\$43.52, Sector Performer)  
RONA Inc. (2g) (RON-TSX, C\$15.95, Sector Underperformer)  
Royal Bank of Canada (2a, 2c, 2e, 2g, 3a, 3c, 7) (RY-TSX, C\$79.23, Sector Outperformer)  
Sandvine Corporation (2g, 7) (SVC-TSX, C\$4.28, Sector Performer)  
Sierra Wireless Inc. (2a, 2e, 2g) (SWIR-NASDAQ, US\$34.57, Sector Performer)  
Solium Capital Inc. (2g) (SUM-TSX, C\$7.27, Sector Outperformer)

## Companies Mentioned in this Report that Are Not Covered by CIBC World Markets Inc.:

### Stock Prices as of 05/08/2015:

Absolute Software (ABT-TSX, C\$10.06, Not Rated)  
Amazon.com (AMZN-NASDAQ, US\$432.36, Not Rated)  
American Airlines Group Inc. (AAL-NASDAQ, US\$49.46, Not Rated)  
American Apparel Inc. (APP-AMEX, US\$0.68, Not Rated)  
Apple Inc. (AAPL-NASDAQ, US\$126.86, Not Rated)  
AT&T, Inc. (T-NYSE, US\$33.76, Not Rated)  
Barclays PLC (BARC-L, p2.59, Not Rated)  
Baylin Technologies Inc. (BYL-TSX, C\$2.48, Not Rated)  
Best Buy Co. Inc. (BBY-NYSE, US\$36.51, Not Rated)  
Blackline GPS (BLN-V, C\$2.00, Not Rated)  
Breville Group Ltd. (BRG-AUS, A\$7.49, Not Rated)  
BSM Technologies Inc. (GPS-V, C\$0.92, Not Rated)  
C-Com Satellite Systems (CMI-V, C\$1.12, Not Rated)  
Canadian Solar Inc. (CSIQ-NASDAQ, US\$36.42, Not Rated)  
Canon Inc. (7751-T, ¥4231.50, Not Rated)  
Cisco Systems (CSCO-NASDAQ, US\$29.30, Not Rated)  
Citigroup (C-NYSE, US\$53.67, Not Rated)  
Citrix Systems (CTXS-OTC, US\$66.61, Not Rated)  
Comcast (CMCSA-NASDAQ, US\$58.27, Not Rated)  
Datawind Inc. (DW-TSX, C\$3.10, Not Rated)  
eBay Inc. (EBAY-OTC, US\$58.85, Not Rated)  
Enwave Corporation (ENW-V, C\$1.10, Not Rated)  
Espial Group Inc. (ESP-TSX, C\$3.81, Not Rated)  
Facebook Inc. (FB-NASDAQ, US\$78.31, Not Rated)  
General Electric (GE-NYSE, US\$27.32, Not Rated)  
Google Inc. (GOOG-NASDAQ, US\$539.00, Not Rated)  
H & M Hennes & Mauritz AB (HM.B-ST, [SEK]278.90, Not Rated)  
Halogen Software (HGN-TSX, C\$10.25, Not Rated)  
Harris Corporation (HRS-NYSE, US\$78.75, Not Rated)  
Hartco Inc. (HCI-TSX, C\$3.40, Not Rated)  
Home Depot (HD-NYSE, US\$113.06, Not Rated)  
Informatica Corporation (INFA-OTC, US\$48.41, Not Rated)  
International Business Machines (IBM-NYSE, US\$172.51, Not Rated)  
Intertain Group Ltd. (IT-TSX, C\$16.69, Not Rated)  
Kinaxis Inc. (KXS-TSX, C\$28.16, Not Rated)  
Leon's Furniture Limited (LNF-TSX, C\$15.15, Not Rated)  
LG Corp. (003550-KS, [KRW]66800.00, Not Rated)  
LM Ericsson AB (ERIC-NASDAQ, US\$11.48, Not Rated)  
Lowe's Companies (LOW-NYSE, US\$73.56, Not Rated)  
Lumenpulse Inc. (LMP-TSX, C\$14.40, Not Rated)  
Microsoft Corporation (MSFT-NASDAQ, US\$47.72, Not Rated)  
Mondelez International Inc. (MDLZ-NASDAQ, US\$39.50, Not Rated)  
Nanotech Security Corp. (NTS-V, C\$1.20, Not Rated)  
Nestle SA (NESN-VX, [CHF]72.50, Not Rated)  
Netflix Inc (NFLX-NASDAQ, US\$571.64, Not Rated)  
Nike, Inc. (NKE-NYSE, US\$102.97, Not Rated)  
Nordstrom (JWN-NYSE, US\$77.52, Not Rated)  
Nortel Networks Corporation (NRTLQ-OTC, US\$0.01, Not Rated)

## **Companies Mentioned in this Report that Are Not Covered by CIBC World Markets Inc.: (Continued)**

### **Stock Prices as of 05/08/2015:**

Oracle Corporation (ORCL-NYSE, US\$43.92, Not Rated)  
Panasonic Corp. (6752-T, ¥1661.00, Not Rated)  
Points International Ltd. (PTS-TSX, C\$14.25, Not Rated)  
Puma (PUM-F, €159.95, Not Rated)  
RDM Corporation (RC-TSX, C\$3.88, Not Rated)  
Reliance Communications Ltd (532712-BO, [INR]63.10, Not Rated)  
Samsung Corp. (000830-KS, [KRW]57400.00, Not Rated)  
SAP AG (SAP-NYSE, US\$76.01, Not Rated)  
Sharp Corp. (6753-T, ¥258.00, Not Rated)  
Shutterfly, Inc. (SFLY-NASDAQ, US\$45.04, Not Rated)  
Slyce (SLC-V, C\$0.51, Not Rated)  
Software AG (SOW-F, €26.37, Not Rated)  
Sony Corp. (6758-T, ¥3623.00, Not Rated)  
Spectra7 Microsystems Inc. (SEV-V, C\$0.62, Not Rated)  
Staples Inc. (SPLS-NASDAQ, US\$16.53, Not Rated)  
Sylogist Ltd. (SYZ-V, C\$7.01, Not Rated)  
Tecsyst Inc. (TCS-TSX, C\$8.90, Not Rated)  
The Brick Ltd. (BRK-TSX, C\$5.40, Not Rated)  
The Forzani Group Ltd. (FGL-TSX, C\$26.51, Not Rated)  
TheScore (SCR-V, C\$0.70, Not Rated)  
Tucows Inc. (TC-TSX, C\$21.30, Not Rated)  
Twitter Inc. (TWTR-NYSE, US\$37.69, Not Rated)  
Unilever PLC (UL-NYSE, US\$44.51, Not Rated)  
Verizon (VZ-NYSE, US\$50.13, Not Rated)  
Viacom, Inc. (VIA-NASDAQ, US\$67.03, Not Rated)  
ViXS Systems Inc. (VXS-TSX, C\$1.00, Not Rated)  
Vodafone Group plc (VOD-L, p2.33, Not Rated)  
Wal-Mart (WMT-NYSE, US\$78.86, Not Rated)  
Wanted Technologies (WAN-V, C\$1.13, Not Rated)  
WebTech Wireless (WEW-TSX, C\$1.92, Not Rated)  
Workday (WDAY-NYSE, US\$89.80, Not Rated)

**Important disclosure footnotes that correspond to the footnotes in this table may be found in the "Key to Important Disclosure Footnotes" section of this report.**



## Key to Important Disclosure Footnotes:

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- 1a CIBC WM Corp. makes a market in the securities of this company
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- 2e CIBC World Markets Inc. has received compensation for investment banking services from this company in the past 12 months.
- 2f CIBC World Markets Corp. expects to receive or intends to seek compensation for investment banking services from this company in the next 3 months.
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- 5a The CIBC World Markets Corp. analyst(s) who covers this company also has a long position in its common equity securities.
- 5b A member of the household of a CIBC World Markets Corp. research analyst who covers this company has a long position in the common equity securities of this company.
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- 9 An executive committee member or director of Canadian Imperial Bank of Commerce ("CIBC"), the parent company to CIBC World Markets Inc. and CIBC World Markets Corp., or a member of his/her household is an officer, director or advisory board member of this company or one of its subsidiaries.
- 10 Canadian Imperial Bank of Commerce ("CIBC"), the parent company to CIBC World Markets Inc. and CIBC World Markets Corp., has a significant credit relationship with this company.
- 11 The equity securities of this company are restricted voting shares.
- 12 The equity securities of this company are subordinate voting shares.
- 13 The equity securities of this company are non-voting shares.
- 14 The equity securities of this company are limited voting shares.
- C38 The Class A shares of Air Canada are variable voting shares. The Class B shares of Air Canada are converted to Class A shares if they become held by a person who is not a Canadian.

## CIBC World Markets Inc. Stock Rating System

Abbreviation	Rating	Description
<b>Stock Ratings</b>		
SO	Sector Outperformer	Stock is expected to outperform the sector during the next 12-18 months.
SP	Sector Performer	Stock is expected to perform in line with the sector during the next 12-18 months.
SU	Sector Underperformer	Stock is expected to underperform the sector during the next 12-18 months.
NR	Not Rated	CIBC World Markets does not maintain an investment recommendation on the stock.
R	Restricted	CIBC World Markets is restricted (due to potential conflict of interest) from rating the stock.
<b>Sector Weightings (note: Broader market averages refer to S&amp;P 500 in the U.S. and S&amp;P/TSX Composite in Canada.)</b>		
O	Overweight	Sector is expected to outperform the broader market averages.
M	Market Weight	Sector is expected to equal the performance of the broader market averages.
U	Underweight	Sector is expected to underperform the broader market averages.
NA	None	Sector rating is not applicable.

"Speculative" indicates that an investment in this security involves a high amount of risk due to volatility and/or liquidity issues.

### Ratings Distribution\*: CIBC World Markets Inc. Coverage Universe

(as of 08 May 2015)	Count	Percent	Inv. Banking Relationships	Count	Percent
Sector Outperformer (Buy)	151	41.4%	Sector Outperformer (Buy)	145	96.0%
Sector Performer (Hold/Neutral)	167	45.8%	Sector Performer (Hold/Neutral)	163	97.6%
Sector Underperformer (Sell)	37	10.1%	Sector Underperformer (Sell)	33	89.2%
Restricted	9	2.5%	Restricted	9	100.0%

\*Although the investment recommendations within the three-tiered, relative stock rating system utilized by CIBC World Markets Inc. do not correlate to buy, hold and sell recommendations, for the purposes of complying with NYSE and NASD rules, CIBC World Markets Inc. has assigned buy ratings to securities rated Sector Outperformer, hold ratings to securities rated Sector Performer, and sell ratings to securities rated Sector Underperformer without taking into consideration the analyst's sector weighting.

### Ratings Distribution: Technology Hardware Coverage Universe

(as of 08 May 2015)	Count	Percent	Inv. Banking Relationships	Count	Percent
Sector Outperformer (Buy)	4	40.0%	Sector Outperformer (Buy)	4	100.0%
Sector Performer (Hold/Neutral)	3	30.0%	Sector Performer (Hold/Neutral)	3	100.0%
Sector Underperformer (Sell)	3	30.0%	Sector Underperformer (Sell)	3	100.0%
Restricted	0	0.0%	Restricted	0	0.0%

Technology Hardware Sector includes the following tickers: AVO, BBRY, DWI, EXFO, MITL, SMT, SVC, SWIR, VCM, WILN.

### Ratings Distribution: Technology Software Coverage Universe

(as of 08 May 2015)	Count	Percent	Inv. Banking Relationships	Count	Percent
Sector Outperformer (Buy)	1	100.0%	Sector Outperformer (Buy)	1	100.0%
Sector Performer (Hold/Neutral)	0	0.0%	Sector Performer (Hold/Neutral)	0	0.0%
Sector Underperformer (Sell)	0	0.0%	Sector Underperformer (Sell)	0	0.0%
Restricted	0	0.0%	Restricted	0	0.0%

Technology Software Sector includes the following tickers: RKN.

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## CIBC World Markets Inc. Price Chart

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