

Datatax Business Services Limited

Transaction Opportunity

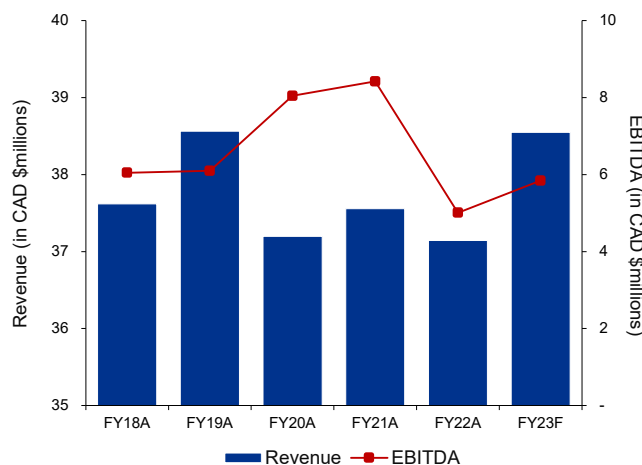


A unique opportunity to acquire a leading tax and accounting services provider in Canada.

Company Overview

- Datatax Business Services Limited and its affiliates (collectively, the “**Company**”) is a leading provider of tax and accounting services to small businesses across Canada.
- Founded in 1952, the Company provides tax and accounting services to clients (including farms, trades, construction, transportation, and other service providers). Services include but are not limited to: tax preparation, bookkeeping, payroll, and financial & estate planning.
- Operating through a member model (described below), the Company has been able to achieve consistent positive EBITDA growth and strong revenues.
- The Company serves over 20,000 members across its network of 12 offices in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Atlantic Canada, including administration centres in London and Calgary.

Financial Highlights¹



1. Company has an August 31 fiscal year-end

Operational Highlights

\$39M Revenue **\$6M** EBITDA **95%** Retention Rate **20K+** Members

18Y Average Membership Tenure **\$2K** ARPU* **\$25K** ALRV**

*Average revenue per user, **Average lifetime revenue value

Investment Highlights

Membership Model

- Unique membership model with a loyal, hard to reach client base in underserved markets. This model provides clients with year-round personalized support, facilitating a member-centric and long-term approach resulting in strong client retention and loyalty.

Service Model

- The Company has established a multi-faceted service model to address the needs of their members with national, local, and virtual services.

Technological Innovation

- The Company takes a robust approach to technology, incorporating powerful core systems consisting of a centralized client database, a tax optimization engine, and a suite of mobile service apps, which offer efficiency gain and empower client engagements.

Sector Expertise and Specialization

- The Company takes a sector focused approach specializing in tax and accounting services for small businesses in agriculture, trades, construction, transportation, and services with \$150,000+ in annual revenue. The Company is supported by a highly experienced management team (and 200+ employees across the country) that delivered strong revenue and earnings year-over-year growth in FY23.

Market Resiliency

- The Company has recession-resilient financials with consistent growth and strong EBITDA margin.

Value-Add Services

- The Company is able to offer a variety of value-added accounting and business support services, leveraging software solutions and strategic partnerships to deliver non-core services.



Datatax Business Services Limited

Transaction Opportunity



A unique opportunity to acquire a leading tax and accounting services provider in Canada.

Background

- On August 14, 2023, Datatax Business Services Limited (“**Datatax**”) filed a Notice of Intention to Make a Proposal (the “**NOI**”) pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act (Canada)* and KPMG Inc. was named as the trustee under the NOI (the “**Proposal Trustee**”).
- On August 17, 2023, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted an order approving, among other things; (i) a sale solicitation process in respect of business and assets of Datatax (the “**SSP**”), including a description of the bidding procedures (the “**Bidding Procedures**”) to be used in connection therewith; and (ii) an asset Purchase Agreement dated August 11, 2023 between Datatax and 2872802 Ontario Inc. as the stalking horse sale agreement (the “**Stalking Horse Bid**”) for purposes of the SSP, subject to higher or otherwise better offers. The total consideration offered under the Stalking Horse Bid was approximately \$40.7 million (plus assumption of certain liabilities).
- The Proposal Trustee, in consultation with Datatax, will have overall supervision of the SSP and is contacting potential interested parties to discuss this transaction opportunity.
- Under no circumstances should any party make direct contact with the shareholders, management, employees, customers or suppliers of the Company.

Process Instructions

The SSP was designed to provide prospective purchasers with an opportunity to present a bid superior to that contemplated by the Stalking Horse Bid and contemplates the following general steps:

- Interested parties shall be required to execute a non-disclosure agreement and return it to the Proposal Trustee in order to gain access to confidential information maintained in a virtual data room (the “**VDR**”). A copy of the Bidding Procedures and the Stalking Horse Bid will be made available in the VDR.
- Parties interested in acquiring the Company are required to submit offers (the “**Offers**”) to the Proposal Trustee by no later than 12pm EST on September 29, 2023 (the “**Bid Deadline**”).
- In order to be considered, Offers must conform to the requirements for a Qualified Bid (as outlined in the Bidding Procedures) and must be submitted in the form of the Stalking Horse Bid, showing any amendments and modifications thereto.
- If one or more Qualified Bids are received, the Proposal Trustee will conduct an auction on October 4, 2023. Further information will be provided to Qualified Bidders invited to attend after the Bid Deadline but prior to the auction.

Key Contacts

Pritesh Patel
Senior Vice President
prtipatel@kpmg.ca
+1 416 468 7923

Broderick Lomax
Senior Consultant
blomax@kpmg.ca
+1 416 228 7203

This introductory document has been distributed to a limited number of prospective buyers.

The transaction overview contains basic information, statements, and estimates provided to the Proposal Trustee by the Company and its management.

If there is a discrepancy between this document and the SSP or Bidding Procedures, the SSP and Bidding Procedures shall prevail.

The transaction overview contains certain statements, estimates and projections with respect to the anticipated future performance of the Company. Such statements, estimates and projections reflect various assumptions made by the management of the Company concerning anticipated results, which assumptions may or may not prove to be correct. No representation is made as to the accuracy of such statements, estimates and projections.

