

Q4 Inc. Issues Letter to Shareholders Reiterating Value-Maximizing Benefits of Proposed Acquisition by Sumeru Equity Partners

- *Both leading proxy advisory firms – ISS and Glass Lewis – have recommended Shareholders vote FOR the Arrangement*
- *The Arrangement delivers immediate, significant, and certain value following a robust strategic review process overseen by an independent Special Committee of the Board*
- *Q4 sets the record straight regarding FINSIGHT's misleading criticisms of the Arrangement – which are based on ill-informed speculation, questionable motives, and faulty assumptions*
- *Urges Shareholders to vote FOR the proposed Arrangement today or well in advance of the deadline of January 22, 2024 at 10 a.m. Toronto Time.*

TORONTO--(BUSINESS WIRE)--January 15, 2024--Q4 Inc. (TSX:QFOR) (“Q4” or the “Company”), the leading capital markets access platform, today issued a letter to shareholders reiterating why they should support the proposed arrangement transaction (the “Arrangement”), whereby Q4 would be acquired by a newly formed entity controlled by Sumeru Equity Partners (“Sumeru”), a leading technology-focused investment firm. A special meeting (the “Special Meeting”) of holders (the “Shareholders”) of the Company’s common shares (the “Common Shares”) related to the proposed Arrangement will be held on January 24, 2024 at 10:00 a.m. (Toronto Time).

In the letter – signed by the independent Special Committee (the “Special Committee”) of the Board of Directors – Q4 highlights a number of crucial points it believes Shareholders should consider before voting. The Company also addresses recent criticism of the proposed transaction from FINSIGHT Group Inc. (“FINSIGHT”), a New York City based financial technology provider that competes with Q4.

Additional information regarding the Special Meeting and the Arrangement, including a recently released investor presentation, can be found here: <https://investors.q4inc.com/Special-Meeting-Vote/Special-Meeting/>

The full letter is included below:

Dear Shareholders,

The Q4 Inc. (TSX:QFOR) (“Q4” or the “Company”) Special Meeting of Shareholders (“Special Meeting”) – to be held on January 24, 2024 at 10 a.m. (Toronto Time) – is fast approaching. At the Special Meeting, you will have an opportunity to vote on the proposed Arrangement (the “Arrangement”), whereby Q4 would be acquired by a newly formed entity controlled by Sumeru Equity Partners (“Sumeru”), a leading technology-focused investment firm.

The Board (other than those directors who declared an interest in the transaction and did not participate in the deliberations) unanimously recommends that you vote **“FOR”** the proposed Arrangement, because it will deliver immediate, significant, and certain value following a robust

strategic review process overseen by an independent Special Committee (the “Special Committee”) of the Board of Directors.

FINSIGHT Group Inc. (“FINSIGHT”), a New York City based financial technology competitor to Q4, has launched what we believe to be a misleading and ill-informed campaign to block the deal. We encourage you to keep the facts in mind and consider the following before casting your vote:

The Arrangement resulted from a robust and independent strategic review process

- Q4’s review of all strategic options – including continuing to operate the Company’s standalone business strategy – was overseen and directed by a Special Committee of independent directors advised by sophisticated legal and financial advisors.
- From start to finish, the process was conducted over approximately 121 days – the agreement to transact with Sumeru was in no way rushed.
- The initial exploration of interest from the likeliest potential acquirers was arm’s length and competitive, resulting in four expressions of interest, three non-binding bids, and a final \$6.05 per share proposal from Sumeru that was an improvement from its initial \$5.75 per share proposal.
- Post-announcement, the deal process was supplemented with a typical 35-day Go-Shop process that featured contact with 23 parties and five confidentiality agreements but **resulted in no acquisition proposals.**
- At no point before the price was set did funds associated with Ten Coves Capital (“Ten Coves”), Darrell Heaps, the Founder, President, and Chief Executive Officer of the Company, Neil Murdoch, a director of the Company, and another individual shareholder (collectively, the “Rolling Shareholders”) have input into the merger consideration that would be offered to non-rolling Shareholders. The fact that certain Shareholders agreed to roll allowed for a higher price to be offered to non-rolling Shareholders.
- *FINSIGHT’s criticism of the strategic review process ignores the clear reality that the Special Committee ensured there was every opportunity for a better offer to emerge. None did.*

The proposed transaction delivers fair value and is in the best interests of ALL Shareholders

- The Arrangement offers Shareholders a compelling **36%** premium over Q4’s share price on the last trading date prior to the transaction announcement.¹ Further, the premium is **43%** over the 20-day pre-deal volume-weighted average price, and **46%** over the 60-day VWAP.
- Stifel Nicolaus Canada Inc., which was retained by the Special Committee to provide an independent formal valuation, concluded that Q4’s fair market value was in the range of \$5.50 to \$6.80 per share, based on an analysis of a discounted cash flow model, market comparables, and precedent transactions. The consideration under the Arrangement is well within this valuation range.
- FINSIGHT’s use of EQS Group AG’s (“EQS”) proposed acquisition by Thoma Bravo as a comparable transaction is highly misleading. Whereas Q4’s revenue grew

approximately 5% in 2023 and its EBITDA margin was nil, EQS grew revenue 18% with a 14% EBITDA margin. Q4's management forecasts expect the Company will not deliver levels of revenue growth and profitability akin to those of EQS until 2026 (18.2% revenue growth and 19.7% EBITDA margin).

- EQS was acquired at over 7x ARR because it has a Rule of 40 score of 42 (2024 revenue growth of 22% plus 2024 EBITDA margin of 20%), in contrast to Q4's Rule of 40 score of 15.8 (12.1% growth plus 3.7% EBITDA).² The two companies' expected cash flows are not comparable, and neither are their expected values in a takeout.
- FINSIGHT's assessment of Q4's potential future value is highly speculative and is based on faulty assumptions.

The Arrangement with Sumeru mitigates operating risk and is the best path forward for Q4

- Q4's revenues are highly dependent on initial public offering volume, which in 2023 declined to less than half of the annual IPO volume at the time that Q4 shares started trading publicly. Shareholders are currently exposed to uncertainty regarding when IPO volume will recover.
- Before its IPO, Q4 was able to grow by more than 30% annually; half of this growth was through acquisitions. Absent this M&A, Q4's prospects of growth are materially impaired.
- FINSIGHT's perspective that Q4 is "well positioned for growth" with "multiple options for unlocking immediate value" ignores the practical realities of operating in a challenging macroeconomic environment as a small scale, microcap public technology company listed on the TSX. Further, this type of growth and value-enhancement would be delayed and potentially limited without the flexibility provided by being a private company backed by a private equity sponsor.
- Termination of the Arrangement will eliminate the offer control premium in the share price and result in an immediate share price decline.
- The notion that FINSIGHT has a better line of sight than management and the Board into the dynamics of Q4's business and its future performance is deliberately misleading. The downside risk for Q4's business – and for its Shareholders if it remains public – is very real.

The proposed transaction has received broad support from leading independent third parties

- Leading proxy advisors Institutional Shareholder Services Inc. ("ISS") and Glass Lewis & Co. ("Glass Lewis") have recommended that Q4 Shareholders vote FOR the Arrangement.
 - ISS concluded that: "The sale process was ultimately conducted on a comparable basis to other recent notable Canadian software transactions and helped facilitate price discovery," and that, "The offer represents a significant premium to the unaffected price and the valuation appears credible."³

- Glass Lewis found that: “All told, we believe the board has presented a sufficient case to support its view that the strategic opportunity presented by the Purchaser is attractive.”
- Sell-side analysts Canaccord Genuity, Eight Capital, and RBC Royal Bank have issued reports that respectively found the Arrangement to be a “positive outcome,” “reasonable,” and “attractive.”
- Where is the third-party support for FINSIGHT’s case? Nowhere. Because it doesn’t exist.

FINSIGHT’s misguided campaign is not in Shareholders’ best interests

- FINSIGHT is not a typical investor – it is a financial technology company that competes in many areas with Q4.
- FINSIGHT’s claim that Q4 has multiple options for immediately unlocking value is naïve at best and purposefully misleading at worst.
 - The truth is, Q4 management has explored a wide variety of options to stimulate the share price, including product and market expansion, discontinuing unprofitable businesses, operational cost reductions, lower R&D expenditures, workforce reductions, offshoring talent, and share repurchases.
- Although FINSIGHT claims to speak for Shareholders who have been invested since the IPO, it is a short-term investor that, we understand, began investing in late 2022, built its position by March of 2023, and therefore acquired most of its shares for less than \$3. As it has noted, FINSIGHT stands to make a significant return on the Sumeru transaction it is publicly fighting against.
- If Shareholders follow FINSIGHT’s recommendation and reject the transaction without a superior proposal on the table, Q4 will be liable for significant transaction costs, including up to US\$4.85 million in expense reimbursement to Sumeru. The result will be a Q4 with less cash on its balance sheet, a greater likelihood of needing to access its debt facility, and lower share liquidity due to the broken sale.
 - FINSIGHT’s expectation of a higher share price under those circumstances is irrational.
- In our conversations with other Shareholders, several have asked us what FINSIGHT’s end game truly is. Our response has been simple: you will have to ask FINSIGHT.
- Shareholders should question FINSIGHT’s true motivations for seeking to block the Arrangement – is it about what is best for Q4 and its shareholders, or what is only best for FINSIGHT?

Shareholders are urged to read the Circular and its appendices carefully and in its entirety as the Circular contains extensive detail regarding the background to the Arrangement, detailed reasons for the recommendation of the Special Committee and the Board (including the above reasons) and other factors considered. FINSIGHT’s narrative doesn’t hold up.

After careful consideration of all these factors, including the recommendations of the Company’s financial advisors and the unanimous recommendation of the Special Committee, the Board

(with conflicted directors not in attendance or participating in the decision) unanimously determined the Arrangement is the best interests of the Company and is fair to Shareholders (other than the Rolling Shareholders).

As such, we strongly encourage you to vote “**FOR**” the proposed Arrangement.

Thank you for your continued support of Q4.

Sincerely,

The Special Committee of the Board of Directors of Q4

**Due to the Essence of Time, Shareholders are encouraged to vote online or by telephone as described in the enclosed voting form and on Q4’s website at:
<https://investors.q4inc.com/Special-Meeting>.**

The proxy voting deadline is on January 22, 2024 at 10 a.m. Toronto Time.

Shareholder Questions and Assistance

Shareholders who have questions regarding the Arrangement or require assistance with voting may contact Laurel Hill Advisory Group, the Company’s shareholder communications advisor and proxy solicitation agent at:

Laurel Hill Advisory Group
North American Toll Free: 1-877-452-7184 (+1 416-304-0211 Outside North America)
Email: assistance@laurelhill.com.

About Q4 Inc.

Q4 Inc. (TSX: QFOR) is the leading capital markets access platform that is transforming how issuers, investors, and the sell-side efficiently connect, communicate, and engage with each other.

The Q4 Platform facilitates interactions across the capital markets through IR website products, virtual events solutions, engagement analytics, investor relations CRM, shareholder and market analysis, surveillance, and ESG tools. The Q4 Platform is the only holistic capital markets access platform that digitally drives connections, analyzes impact, and targets the right engagement to help public companies work faster and smarter.

The company is a trusted partner to more than 2,500 public companies globally, including many of the most respected brands in the world, and maintains an award-winning culture where team members grow and thrive.

Q4 is headquartered in Toronto, with offices in New York and London. Learn more at investors.Q4inc.com.

All dollar figures in this release are in Canadian dollars unless otherwise indicated.

About Sumeru Equity Partners

Sumeru Equity Partners provides growth capital at the intersection of people and innovative technology. Sumeru seeks to embolden innovative founders and management teams with capital and scaling partnership. Sumeru has invested over US\$3 billion in more than fifty platform and add-on investments across enterprise and vertical SaaS, data analytics, education technology, infrastructure software and cybersecurity. The firm typically invests in companies throughout North America and Europe. For more information, please visit sumeruequity.com.

Cautionary Note Regarding Forward-Looking Information

This release includes “forward-looking information” and “forward-looking statements” (collectively, “forward-looking statements”) within the meaning of applicable securities laws. Forward-looking statements include, but are not limited to, statements with respect to the purchase by the Purchaser of all of the issued and outstanding Common Shares, the rationale of the Board for entering into the Arrangement Agreement, the anticipated timing and the various steps to be completed in connection with the Arrangement, including receipt of Shareholder and court approvals, the anticipated timing for closing of the Arrangement, the potential impacts to the Company and its share price if the Arrangement is terminated, the Company’s operations and financial performance and potential growth opportunities.

In some cases, but not necessarily in all cases, forward-looking statements can be identified by the use of forward-looking terminology such as “plans” “targets”, “expects” or “does not expect”, “is expected”, “an opportunity exists”, “is positioned”, “estimates”, “intends”, “assumes”, “anticipates” or “does not anticipate” or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, “will” or “will be taken”, “occur” or “be achieved”. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances contain forward-looking statements. Forward-looking statements are not historical facts, nor guarantees or assurances of future performance but instead represent management’s current beliefs, expectations, estimates and projections regarding future events and operating performance. Forward-looking statements are necessarily based on a number of opinions, assumptions and estimates that, while considered reasonable by the Company as of the date of this release, are subject to inherent uncertainties, risks and changes in circumstances that may differ materially from those contemplated by the forward-looking statements. Important factors that could cause actual results to differ, possibly materially, from those indicated by the forward-looking statements include, but are not limited to, the possibility that the proposed Arrangement will not be completed on the terms and conditions, or on the timing, currently contemplated, or at all, the possibility of the Arrangement Agreement being terminated in certain circumstances, the ability of the Board to consider and approve a Superior Proposal for the Company, and the other risk factors identified under “Risk Factors” in the Company’s latest annual information form and management’s discussion and analysis for the year ended December 31, 2022 and in the management’s discussion and analysis for the period ended September 30, 2023, and in other periodic filings that the Company has made and may make in the future with the securities

commissions or similar regulatory authorities in Canada, all of which are available under the Company's SEDAR+ profile at www.sedarplus.ca. These factors are not intended to represent a complete list of the factors that could affect the Company. However, such risk factors should be considered carefully. There can be no assurance that such estimates and assumptions will prove to be correct. You should not place undue reliance on forward-looking statements, which speak only as of the date of this release.

Although the Company has attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other risk factors not currently known to us or that we currently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking statements. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, you should not place undue reliance on forward-looking statements. The forward-looking statements represent the Company's expectations as of the date of this release (or as the date it is otherwise stated to be made) and are subject to change after such date. However, the Company disclaims any intention and undertakes no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable Canadian securities laws. All of the forward-looking statements contained in this release are expressly qualified by the foregoing cautionary statements.

¹As of November 10, 2023

²Source: S&P Global Market Intelligence

³Permission to quote ISS was neither sought nor obtained.

Contacts

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