

M&A Activity Remains High With Select Business Services Sectors Outperforming

Q3 & Q4 Overview:

2021 was a year of robust dealmaking activity in the Business Services sector. Transactions occurred as pent-up demand from the COVID pandemic was serviced and the sector is now seeing high levels of activity driven by the confluence of a number of beneficial factors within the capital markets and the broader economy.

2021 saw a historic pace of deal-making activity. Q3 2021 saw 1,105 total transactions, up significantly from Q3 2020's 701 deals. On a year-over-year basis, Q3 2021 deal activity was up significantly, growing 57% from Q3 2020 levels. The high level of activity continued through Q4 of 2021, with a total of 1,116 transactions. There were a total of 2,221 transactions in the second half of 2021, up 7% from the first half of 2021 and up 40% from the second half of 2020.

Positive momentum in U.S. deal activity was supported by favorable capital markets and macroeconomic dynamics, strong

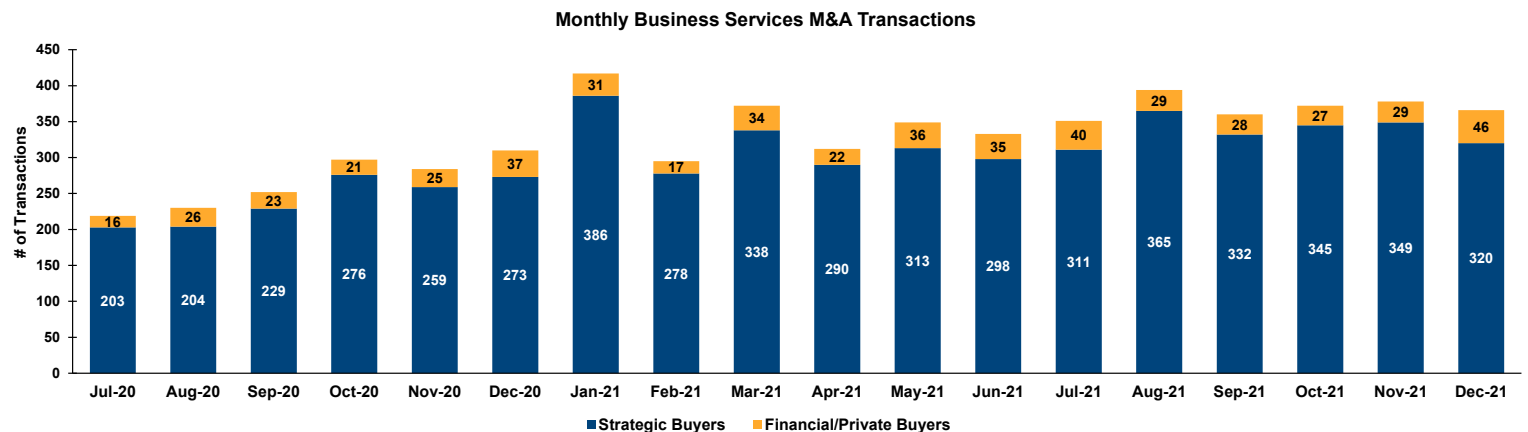
tailwinds from pent-up demand resulting from the pandemic, and tax-rate increases, driving the volume of deals to unprecedented levels. In fact, some sale processes experienced modest delays due to a lack of availability at third-party due diligence firms to service the high level of M&A activity in 2H 2021.

While the M&A market has seen a normalization of supply/demand of both sellers and buyers, the demand for high-quality businesses and the increased willingness of some owners to sell given premium deal values supported by high capital availability are resulting in an acceleration of M&A transactions.

Private and strategic buyers are expected to continue exploring acquisitions with overall deal activity expected to continue rising. Business Services M&A activity remains very strong with many buyers having returned to the market, and supporting robust deal valuations, which are continuing to hold at high levels.

Business Services Sector: Monthly M&A Transaction Volume

(Financial/Private Buyers represent platform investments)



Source: EdgePoint Proprietary Database, Company Filings, CapIQ, News Releases.

Key Metrics

For Q3 & Q4 of 2021, M&A activity within the Business Services industry occurred primarily in three main sub-sectors: IT Services & Software (59.4%), Commercial & Industrial Services (20.9%), and Business Process Outsourcing (15.6%).

The mix for Q3 & Q4 2021 represents a consistent theme for the IT Services & Software segment, which experienced strong resiliency in the face of the pandemic followed by hastened digitization throughout the economy as operators continue to adapt to flexible working options, labor shortages, and supply chain disruptions. The average deal size in the Software segment remained consistent with recent periods as companies were acquired by growth focused buyers.

Activity in the Business Process Outsourcing (BPO) segment saw an uptick from prior periods on a relative basis. The strength of this segment is led by the demand for staffing and BPO providers in traditional, lower wage fields, as well as

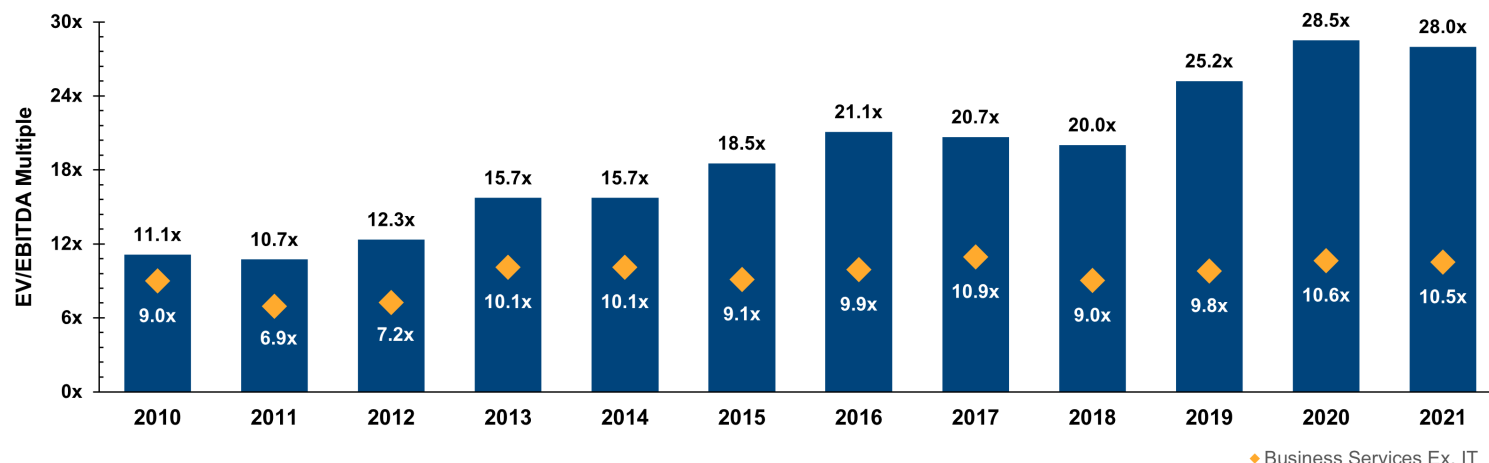
professional and technical services, which are driven by the need for employers to solve for the shortage of workers displaced by the pandemic, or where there is a significant skills gap.

Activity in the Commercial & Industrial Services segment remains consistent on a relative basis. The strength of this segment is supported by recurring maintenance-related businesses and companies focused on non-discretionary services (e.g., infrastructure maintenance).

Overall EV/EBITDA valuation multiples in the broader Business Services segment, excluding IT Services/Software, have maintained in the LTM period at ~10.5x. Based on our firm's experience with current transactions in the market, pre-COVID level valuations continue to be available for quality middle-market companies.

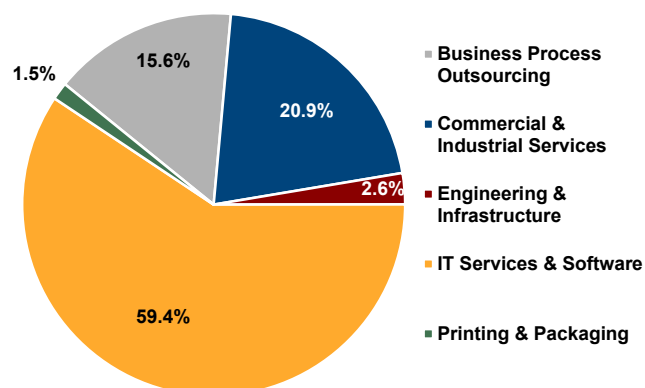
Historical Average Business Services M&A Transaction Multiples

Business Services Industry EV/EBITDA Multiples



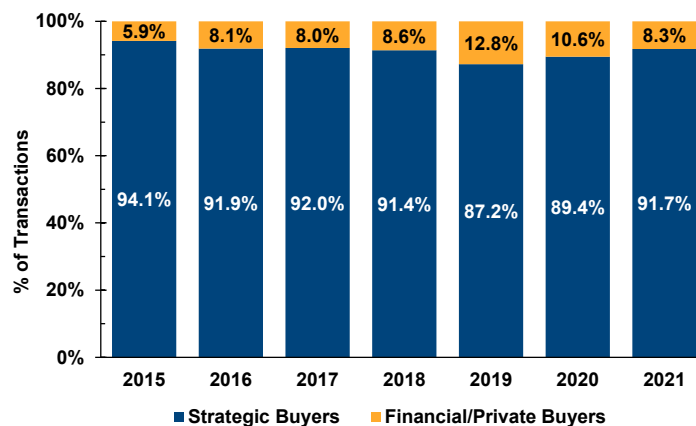
Source: EdgePoint Proprietary Database, Company Filings, CapIQ, News Releases

Transactions by Sub-Sector (LTM)



Source: EdgePoint Proprietary Database, Company Filings, CapIQ, News Releases

Share of Transactions by Buyer Type



Select Noteworthy Transactions

Date: 10/8/2021 (Closed)	Overview / Strategic Rationale:	Waste & Environmental Services
Targets: 	<p>Clean Harbors, Inc. (NYSE: CLH) entered into an agreement to acquire HydroChemPSC (HPC) on August 4, 2021. HPC is a leading U.S. provider of industrial cleaning, specialty maintenance and utilities services. The acquisition will increase the size, scale, and capabilities of Clean Harbors' Industrial Services and Field Services businesses.</p> <ul style="list-style-type: none"><i>HPC has more than 5,000 employees and operates a sizeable fleet of specialized vehicles and equipment. The fleet consists of more than 5,600 units including vacuum trucks, roll-off trucks, high pressure water blasters, and light duty vehicles.</i><i>HPC is the only provider of industrial cleaning and specialty services with a dedicated manufacturing and technology center. HPC's proprietary technology and ability to fabricate and create custom tools for complex or unique applications provides a unique competitive advantage.</i>	
Acquirer: 		
Key Metrics: Enterprise Value (\$mm): \$1,250 EV/2021F EBITDA: 10.9x EV/2021F Revenue: 1.7x		
Date: 12/30/2021 (Closed)	Overview / Strategic Rationale:	Engineering & Infrastructure
Target: 	<p>Henkels & McCoy Group Inc., was acquired by MasTec (NYSE: MTZ) on December 30, 2021. Henkels & McCoy operates as an infrastructure engineering and construction company. The acquisition helps support MasTec's expertise in oil and gas, communications, power generation, and power delivery.</p> <ul style="list-style-type: none"><i>Henkels & McCoy Group Inc., provides design and construction services related to power, oil and gas pipeline, gas distribution, and communication infrastructure projects.</i><i>The acquisition of Henkels & McCoy Group Inc., increases MasTec's ability and resources to serve customers in renewable energy, oil and gas, communications, and power due to the overlap in industries and services provided by both companies.</i>	
Acquirer: 		
Key Metrics: Enterprise Value (\$mm): \$593 EV/EBITDA: ND EV/Revenue: ND		
Date: 10/4/2021 (Closed)	Overview / Strategic Rationale:	Business Process Outsourcing
Target: 	<p>ChyrsCapital acquired ResultsCX on October 4, 2021. ResultsCX is a provider of customer experience management services. ChyrsCapital hopes to expand ResultsCX into new geographies.</p> <ul style="list-style-type: none"><i>Under ChyrsCapital's ownership, ResultsCX hopes to expand their global presence and increase their investments in emerging technologies. Additionally, ChyrsCapital has a deep expertise in the technology sector and an established global network ResultsCX will benefit from.</i><i>The Company offers automation-enabled customer support, acquisition, enrollment, retention, membership assistance, technical support and transaction processing services, enabling its clients to increase their efficiency, brand loyalty levels, and reduce costs.</i>	
Acquirer: 		
Key Metrics: Enterprise Value (\$mm): \$400 EV/EBITDA: ND EV/Revenue: ND		
Date: 12/21/2021 (Closed)	Overview / Strategic Rationale:	IT Services & Software
Target: 	<p>Workday Incorporated (NYSE: WDAY) acquired VNDLY on December 21, 2021. VNDLY is a platform that offers talent acquisition and workforce management solutions. The acquisition will increase Workday's capabilities to provide a more rounded approach to organizations.</p> <ul style="list-style-type: none"><i>VNDLY provides talent acquisition and workforce management solutions to Fortune 500 companies, managed service providers, and vendors to help manage the non-employee engagement lifecycle, implementation, and integration.</i><i>VNDLY allows Workday to build a comprehensive strategy to manage an organization's entire workforce which allows for greater visibility, planning, and compliance.</i>	
Acquirer: 		
Key Metrics: Enterprise Value (\$mm): \$510 EV/EBITDA: ND EV/Revenue: ND		

Sources: CapIQ, Company Filings, Pitchbook, News Releases

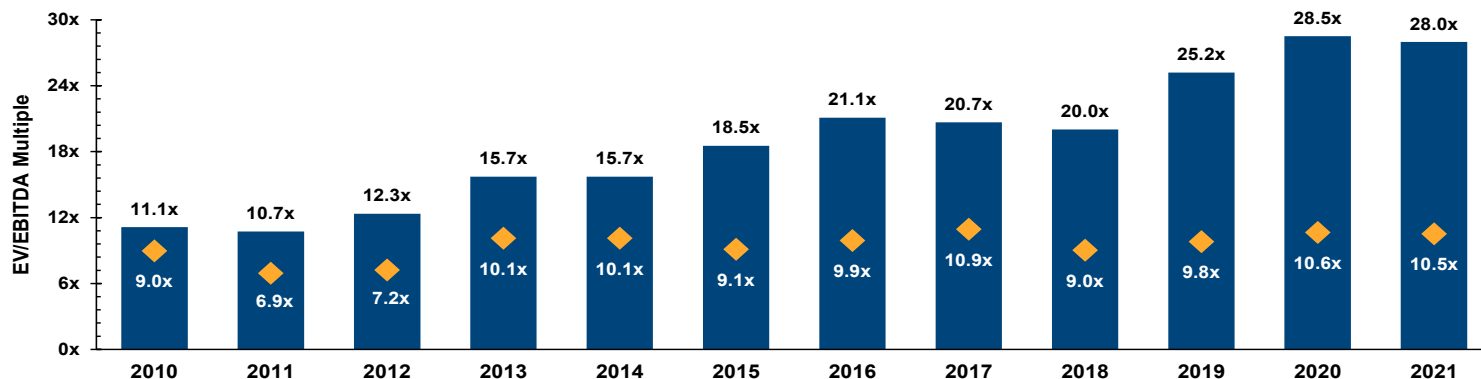
Recent Announced & Closed Transactions *(select transactions, not intended to be all-inclusive)*

Date	Acquirer	Target	Target Description	EV (\$mm)	Revenue Multiple	EBITDA Multiple
COMMERCIAL & INDUSTRIAL SERVICES						
12/28/2021	Darling Ingredients	Valley Proteins	Valley Proteins, Inc. is engages in the recovery, rendering, and recycling of animal by-products.	\$1,100	-	-
11/18/2021	TriArtisan Capital Advisors	EnergySolutions	EnergySolutions, Inc. provides nuclear services to government and commercial customers in the United States, the United Kingdom, and internationally.	-	-	-
11/4/2021	BlueScope Steel Limited	Ferrous scrap steel recycling business of Metalx	EnergySolutions, Inc. provides nuclear services to government and commercial customers in the United States, the United Kingdom, and internationally.	\$240	-	-
9/3/2021	Corbett Technology Solutions	AFA Protective Systems	AFA Protective Systems, Inc. installs, operates, maintains, and sells protective systems to safeguard life and property from various hazards primarily in the eastern United States.	\$132	1.6x	22.9x
7/14/2021	EQT Partners	Covanta Holding Corporation	Covanta Holding Corporation, through its subsidiaries, provides waste and energy services to municipal entities primarily in the United States and internationally.	\$5,331	2.7x	16.6x
ENGINEERING & INFRASTRUCTURE						
12/8/2021	Johns Lyng Group Limited	Reconstruction Experts	Reconstruction Experts Inc. provides reconstruction, restoration, renovation, and remodeling services for residential, commercial, and industrial properties.	\$201	1.6x	7.8x
9/29/2021	Peak Rock Capital	Surveying And Mapping	Surveying And Mapping, LLC provides geospatial services for various industries.	-	-	-
9/2/2021	Quanta Services	Blattner Holding Company	Blattner Holding Company, Inc. operates as an electrical generation contractor in the United States.	\$2,400	1.0x	8.2x
BUSINESS PROCESS OUTSOURCING						
12/20/2021	Wipro Limited	Edgile	Edgile, LLC provides security strategy, identity and access management, data protection, cloud computing and governance, and risk and compliance services.	\$230	5.2x	-
12/20/2021	Exl Service.com	Clairvoyant AI	Clairvoyant, LLC provides big data and analytics consulting services.	\$100	2.6x	-
12/13/2021	ICF Incorporated	Creative Systems and Consulting	Creative Systems and Consulting LLC provides information technology consulting services to the Federal Agencies.	\$160	-	-
7/15/2021	ProfitPay Technologies	PayCertify	PayCertify, Inc. provides payment processing services, card issuing, compliance, and fraud prevention solutions for businesses and agents.	\$750	-	-
IT SERVICES & SOFTWARE						
12/31/2021	Variant Equity Advisors	CompuCom Systems	CompuCom Systems, Inc. provides information technology (IT) managed services, infrastructure solutions, consulting, and products to companies.	\$305	-	-
9/15/2021	Goldman Sachs Bank	GreenSky	GreenSky, Inc. enables promotional financing at the point of sale for merchants, consumers, and bank partners.	\$2,380	4.5x	22.4x
7/1/2021	H.I.G. Capital	Oxford Global Resources	Oxford Global Resources, LLC provides information technology (IT), engineering, and regulatory and compliance consultants, project teams, and strategic outsourcing services in North America and Europe.	\$525	-	-
PRINTING & PACKAGING						
12/31/2021	RBO PrintLogistix	Reign Print Solutions	Reign Print Solutions, Inc. provides print related solutions.	-	-	-
12/21/2021	Sycamore Partners Management	Digital Room	Digital Room, LLC., an online printing company, offers printing services for small and medium-size businesses in the United States.	-	-	-
10/12/2021	Chatham Asset Management	R. R. Donnelley & Sons Company	R.R. Donnelley & Sons Company, an integrated communications provider, enables organizations to create, manage, deliver, and optimize their multichannel marketing and business communications.	\$2,708	0.5x	5.8x
7/28/2021	Avery Dennison Corporation	Vestcom	Vestcom, Inc. provides data-driven and shelf-edge communications for retailers and CPGs in the United States.	\$1,460	3.7x	-

Sources: EdgePoint Proprietary Database, Company Filings, CapIQ, News Releases

Public Company Comparison Trading Multiples

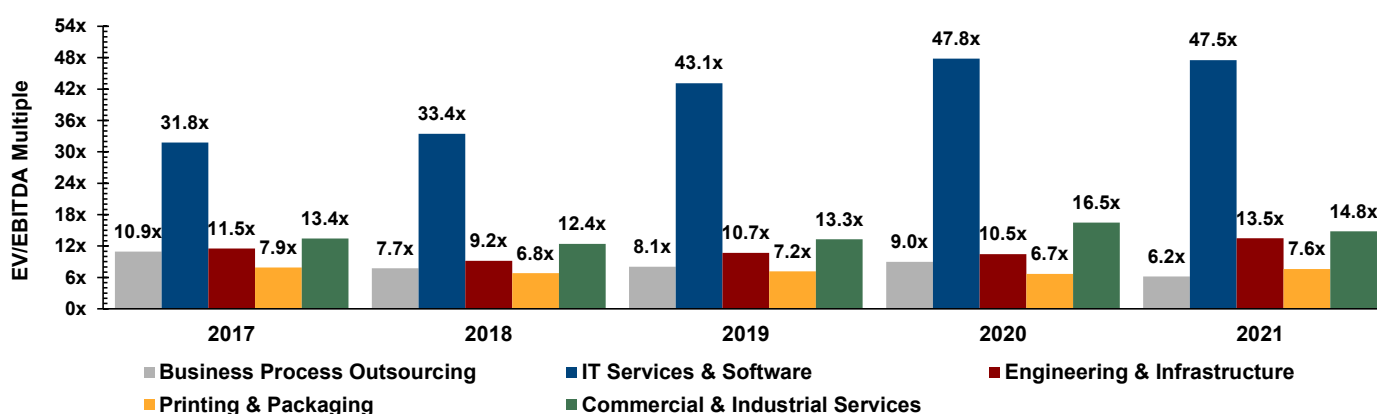
Business Services Industry EV/EBITDA Multiples



Source: CapIQ, public trading data as of December 31, 2021

♦ Business Services Ex. IT

Business Services Sub-Sector Public EV/EBITDA Multiples



Source: CapIQ, public trading data as of December 31, 2021

Representative EdgePoint Business Services Transactions



EdgePoint is an **independent, advisory-focused,**
investment banking firm serving the **middle market.**

M&A
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RESULTS *with*
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