

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

#### Q1 & Q2 2022 Overview:

2022 has been a year of robust deal making activity in the Business Services sector. Many deals that were expected to close in Q4 2021 overflowed into January 2022 due to capacity constraints, resulting in heightened transaction volume in Q1 2022. M&A activity normalized in Q2 2022, but the sector is still seeing high levels of activity driven by the confluence of a number of beneficial factors within the capital markets and broader economy.

Q1 2022 saw 1,150 total transactions, up 6% from Q1 2021's 1,084. The high level of activity continued through Q2 of 2022, with a total of 851 transactions. There were 2,001 transactions in the first half of 2022.

Positive momentum in US deal activity was supported by favorable capital markets and macroeconomic dynamics, as strong tailwinds were seen from pandemic related pent-up demand as well as potential tax rate increases, driving the volume of deals to even higher levels. In fact, some sale processes experienced modest

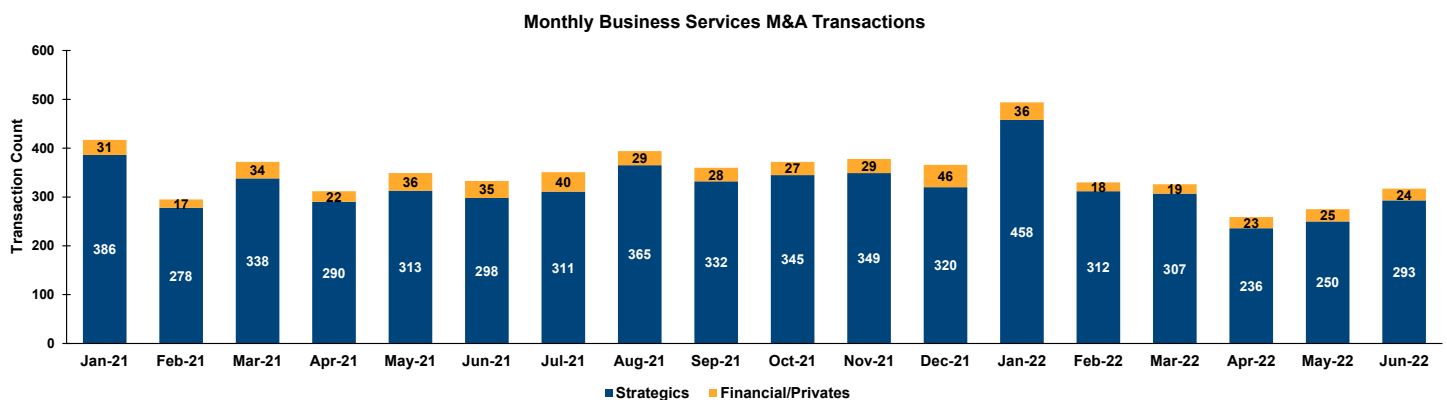
delays due to a lack of availability at third-party due diligence firms to service the high level of M&A activity in the second half of 2021, further contributing to the high watermark experienced in January.

While the M&A market has seen a normalization of supply/demand of 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 has resulted in a number of headline transactions during the first half of 2022, notably, take-private transactions of publicly listed companies across the Business Services sector.

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

### 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 Q1 & Q2 of 2022, M&A activity within the Business Services industry occurred primarily in three main sub-sectors: IT Services & Software (58.4%), Commercial & Industrial Services (21.7%), and Business Process Outsourcing (16.0%).

The mix for Q1 and Q2 2022 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.

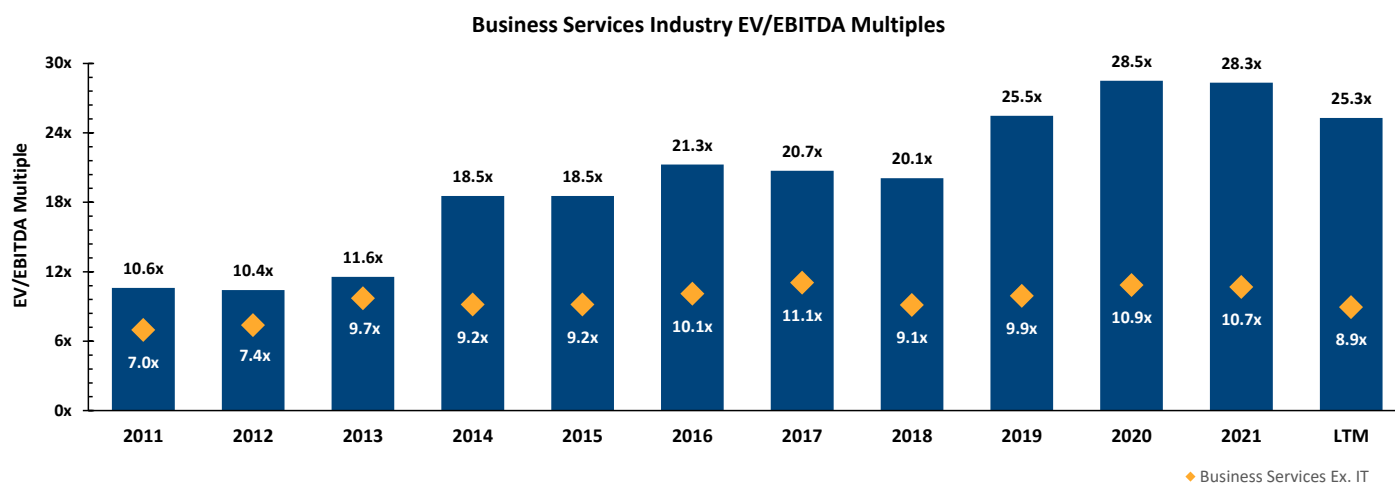
Activity in the Business Process Outsourcing (BPO) segment saw an uptick from prior periods on a relative basis. The strength of this segment is led by the demand for staffing and BPO providers in

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).

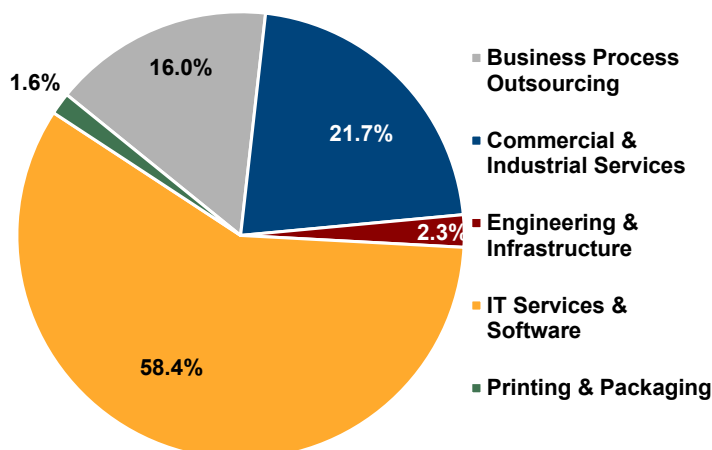
Overall EV/EBITDA valuation multiples in the broader Business Services sector, excluding IT Services/Software, have maintained in the last twelve month period at ~8.9x. Based on EdgePoint's experience with current transactions in the market, premium valuations continue to be available for high quality middle-market companies.

## Historical Average Business Services M&A Transaction Multiples

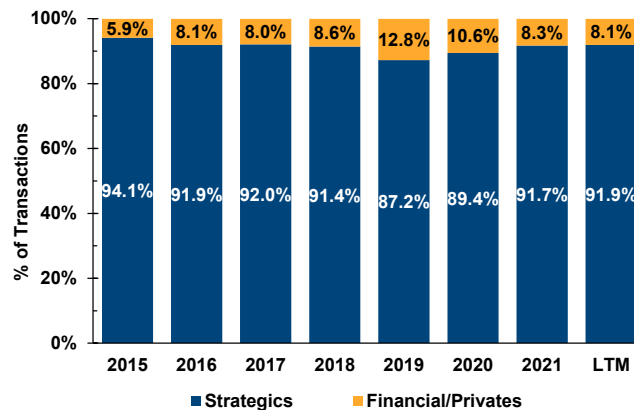


Source: EdgePoint Proprietary Database, Company Filings, CapIQ, News Releases

## Transactions by Sub-Sector (LTM)



## Share of Transactions by Buyer Type



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

## Select Noteworthy Transactions

| Date: May 2022 (Announced)  |   | Overview / Strategic Rationale:   | Transportation & Logistics   |
|---|---|---|------------------------------|
| Spinoff:  |    | <p>XPO Logistics (NYSE: XPO) announced a plan to separate its tech-enabled brokered transportation services from its less-than-truckload (LTL) business in North America, which will be called RXO. A separate transaction divests XPO's European business and North American intermodal operation.</p> <ul style="list-style-type: none"><li><i>RXO will be a leading platform for tech-enabled truck brokerage services in North America, with a long track record of industry-best revenue and margin growth, a highly efficient digital freight marketplace and access to vast truckload capacity, with complementary, asset-light offerings for last-mile logistics, managed transportation, and global forwarding.</i></li><li><i>After the spin-off, XPO's remaining North American LTL segment will be a pure-play LTL, and the third largest provider of domestic and cross-border LTL freight shipping.</i></li></ul> |                              |
| Parent:   |    |   |                              |
| <b>Key Metrics:</b><br>Enterprise Value (\$mm): N/A<br>EV/EBITDA: N/A<br>EV/Revenue: N/A          |   |   |                              |
| Date: March 2022  |   | Overview / Strategic Rationale:   | IT Services & Software       |
| Target:   |    | <p>An investor group led by Advent International closed the acquisition of McAfee Corp, a global leader in online protection. Focused on protecting people, not just devices, McAfee consumer solutions adapt to users' needs in an always online world, empowering them to live securely through integrated, intuitive solutions that protect their families and communities with the right security at the right moment.</p> <ul style="list-style-type: none"><li><i>Post-close the Company took on an additional undisclosed amount of development capital from ValueAct Capital Management.</i></li><li><i>The new owners plan to scale and strength McAfee operations, further improving the security of consumer's digital lives worldwide.</i></li></ul>  |                              |
| Acquirer (led by):  |    |   |                              |
| <b>Key Metrics:</b><br>Enterprise Value (\$mm): \$14.0bn<br>EV/EBITDA: 28.6x<br>EV/Revenue: 7.3x  |   |   |                              |
| Date: March 2022  |   | Overview / Strategic Rationale:   | Engineering & Infrastructure |
| Target:   |  | <p>CyrusOne announced the completion of its acquisition by funds managed by KKR, a leading global investment firm, and Global Infrastructure Partners ("GIP"), one of the world's leading infrastructure investors, in an all-cash transaction valued at approximately \$15 billion, including the assumption of debt.</p> <ul style="list-style-type: none"><li><i>CyrusOne owns/operates more than 8 million net rentable square feet of private data centers. Under private equity ownership, the Company plans to capitalize on identified growth opportunities driven by strong secular demand trends.</i></li><li><i>CyrusOne is primarily a wholesale provider, offering large spaces on longer-term leases and supplies its services primarily to cloud providers, financial service firms, and energy industry participants, providing key industry with mission-critical technological support.</i></li></ul>         |                              |
| Acquirer:   |  |   |                              |
| <b>Key Metrics:</b><br>Enterprise Value (\$mm): \$15.0bn<br>EV/EBITDA: 25.7x<br>EV/Revenue: 12.4x |   |   |                              |
| Date: May 2022  |   | Overview / Strategic Rationale:   | Environmental Services       |
| Target:   |  | <p>Republic Services, Inc. (NYSE: RSG), completed its acquisition of US Ecology, Inc. (NASDAQ-GS: ECOL), on May 2, 2022. The purchase price of \$48 per share in cash represents a total value of \$2.2 billion including debt net of cash acquired.</p> <ul style="list-style-type: none"><li><i>The transaction expands Republic's environmental solutions footprint across the US and Canada and provides vertically integrated capabilities for its environmental solutions business. It also provides a platform for accelerated growth, including cross-selling revenue opportunities and additional tuck-in acquisitions.</i></li><li><i>Republic plans to leverage its core capabilities, standardized operating model and investment in digital to enhance profitability across the new portfolio of assets.</i></li></ul>   |                              |
| Acquirer:   |  |   |                              |
| <b>Key Metrics:</b><br>Enterprise Value (\$mm): \$2.2bn<br>EV/EBITDA: 16.8x<br>EV/Revenue: 2.2x   |   |   |                              |

Sources: CapIQ, Company Filings, Pitchbook, News Releases

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

| Date                             | Target  | Acquirer  | Target Description   | EV (\$mm) | EBITDA Multiple | Revenue Multiple |
|----------------------------------|---|---|--|-----------|-----------------|------------------|
| COMMERCIAL & INDUSTRIAL SERVICES |   |   |  |           |                 |                  |
| 6/3/2022                         | Ergotron, Inc.                                | The Sterling Group, L.P.;<br>Constitution Capital Partners, LLC | Provides mobile digital platforms for classrooms in K-12 primary and secondary schools, as well as private and public colleges and universities. | \$520     | 17.1x           | -                |
| 5/17/2022                        | E Automotive Inc.                             | InterCap Inc.   | Provides digital automotive dealer solutions including a digital car auction platform.   | \$297     | -               | 2.5x             |
| 4/14/2022                        | Vidler Water Resources, Inc. (NasdaqGS: VWTR) | D.R. Horton, Inc. (NYSE: DHI)                                   | Private-sector water resource company focused on the development of water supplies in geographic areas lacking available water resources.        | \$263     | 20.9x           | 9.7x             |
| 4/7/2022                         | Civeo Corporation (NYSE: CVEO)                | Conversant Capital LLC  | Civeo provides long-term and temporary remote site accommodations, logistics, and facility management services.                                  | \$574     | 5.0x            | 0.9x             |
| 2/9/2022                         | US Ecology, Inc. (NasdaqGS: ECOL)             | Republic Services, Inc. (NYSE: RSG)                             | Environmental service provider to commercial and government entities.  | \$2,262   | 16.8x           | 2.2x             |
| ENGINEERING & INFRASTRUCTURE     |   |   |  |           |                 |                  |
| 5/31/2022                        | CatchMark Timber Trust (NYSE: CTT)            | PotlatchDeltic (NAS: PCH)                                       | Acquires, operates, manages, and disposes of timberland properties.  | \$500     | 6.3x            | 5.9x             |
| 5/11/2022                        | Switch (NYSE: SWCH)                           | DigitalBridge Group; IFM Advisors                               | Acquires and develops data centers.  | \$11,000  | 50.1x           | 17.6x            |
| 3/18/2022                        | SPX FLOW                                      | Lone Star Funds   | Provides process technology solutions that perform mixing, blending, fluid handling, separation, thermal heat transfer, and other activities.    | \$3,798   | 20.0x           | 2.5x             |
| 2/24/2022                        | South Jersey Industries (NYSE: SJI)           | J.P. Morgan Asset Management                                    | Acquires and develops utility companies.   | \$7,846   | 16.6x           | 3.9x             |
| BUSINESS PROCESS OUTSOURCING     |   |   |  |           |                 |                  |
| 5/9/2022                         | ServiceSource International                   | Concentrix Corporation (NasdaqGS: CNXC)                         | Provider of recruitment and human resource services for the healthcare sector.   | \$172     | 9.1x            | 0.7x             |
| 2/15/2022                        | MoneyGram International (NasdaqGS: MGI)       | Madison Dearborn Partners, LLC                                  | Provides cross-border peer-to-peer payments and money transfer services internationally.   | \$1,731   | 6.7x            | 1.3x             |
| 1/26/2022                        | ID Technologies                               | CACI International (NYSE: CACI)                                 | Provides artificial intelligence-based diagnostic services to healthcare patients worldwide.   | \$225     | -               | -                |
| 1/6/2022                         | True Digital Security, Inc.                   | Cerberus Cyber Sentinel Corporation (NasdaqCM: CISO)            | Provides cyber compliance and IT governance services to enterprise customers.  | \$171     | -               | -                |
| IT SERVICES & SOFTWARE           |   |   |  |           |                 |                  |
| 1/11/2022                        | Wind River Systems, Inc.                      | Aptiv PLC (NYSE: APTV)  | Provides security technology software addressing the emerging needs of the internet of things (IoT) operators.                                   | \$4,300   | 112.9x          | -                |
| 1/31/2022                        | Citrix Systems, Inc. (NasdaqGS: CTXS)         | TIBCO Software Inc.; Evergreen Coast Capital Corp.              | Provides workspace, app delivery and security, and professional services worldwide.  | \$16,655  | 26.1x           | 5.2x             |
| 2/9/2022                         | Tripwire, Inc.                                | HelpSystems, LLC  | Provides cybersecurity software intended for enterprises, industrial organizations, service providers and government agencies.                   | \$350     | 42.6x           | -                |
| 3/8/2022                         | Mandiant, Inc. (NasdaqGS: MNDT)               | Google LLC  | Provides cyber security solutions.   | \$5,357   | -               | 11.1x            |
| 4/11/2022                        | Datto Holding Corp.                           | Kaseya Limited  | Provides cloud-based software and technology solutions, serving the small and medium business IT sector.   | \$6,028   | 48.1x           | -                |
| PRINTING & PACKAGING             |   |   |  |           |                 |                  |
| 2/4/2022                         | Phoenix Color Corp.                           | LSC Communications US, LLC                                      | Provides printing services to the publishing industry.   | \$136     | 6.2x            | -                |
| 2/2/2022                         | R. R. Donnelley & Sons                        | Chatham Asset Management  | Provides integrated communication strategies by creating, managing and producing content on behalf of its customers.                             | \$1,960   | 7.5x            | 0.5x             |
| 4/7/2022                         | Houghton Mifflin Harcourt                     | Veritas Capital   | Supplies the education sector including digital and print content.   | \$2,800   | 19.8x           | 2.7x             |

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

Subsector Profile: Trucking Sector of Transportation & Logistics

The Transportation and Logistics sector has experienced high levels of volatility since the beginning of the COVID-19 pandemic. Alongside supply and demand disruptions directly resulting from the pandemic, there have been regional supply and demand dislocations across the US stemming from several factors, including inflationary pressures on shipping costs, strong consumer spending, trucking sector capacity constraints, and global supply chain disruptions. As a result, spot rates remain elevated and contractual pricing for operators fractured.

From a capacity perspective, initial uncertainty related to the pandemic, which saw many truck drivers leave the industry immediately while consumer spending on direct-shipped products spiked, was followed by a growing backlog of net new Class 8 truck orders that continued until recent months. Production of class orders fell in April 2020 to nearly 0, which was then followed by 16 consecutive months of net new orders outpacing Class 8 builds, with a microchip shortage contributing in part to the lack of new builds. This growing backlog has just begun to ease toward historical average levels. However, this reversion was followed immediately by spikes in driver shortages throughout a majority of the first half of 2022. In the latter months of the second half of 2022, the restored levels of drivers began to decline again due to additional regulations placed on the trucking sector. Despite the increase in demand for trucking services relative to pre-COVID levels, employment of drivers has just reached pre-COVID levels.

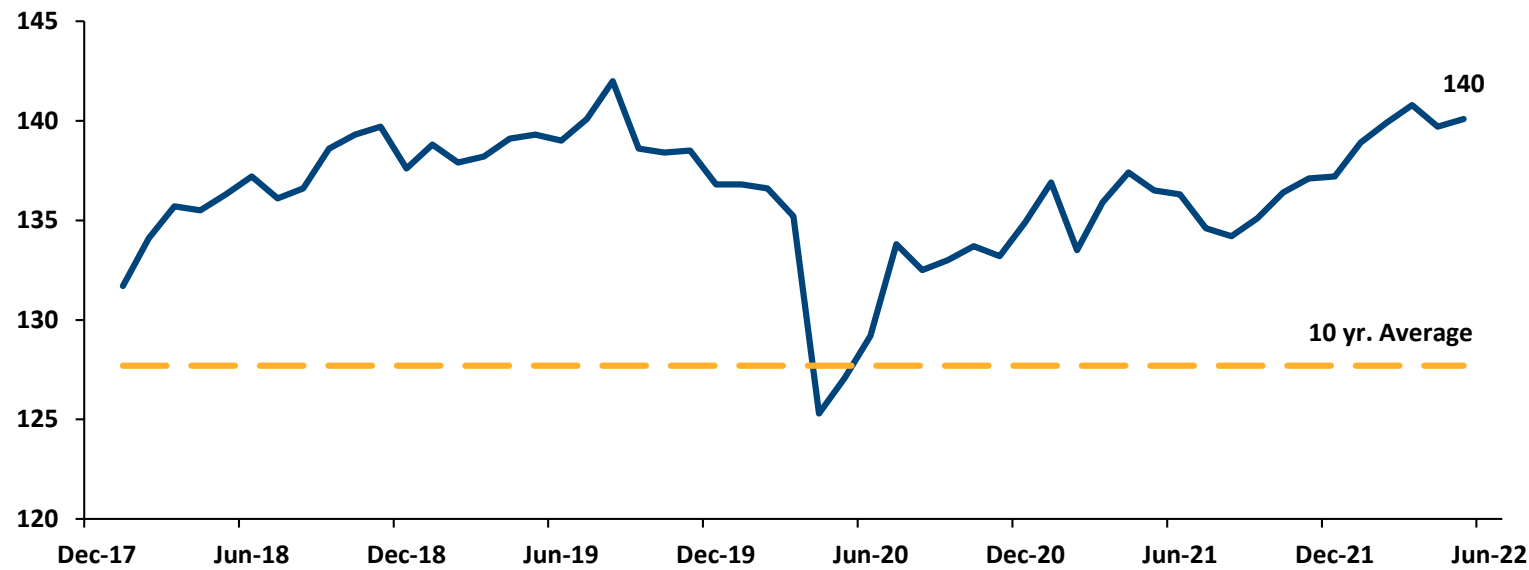
In addition to the aforementioned supply chain shocks, the trucking industry has experienced an evolution of its own in more

recent years. Fleet operators are rethinking their business model and evaluating new opportunities to attract and retain high-quality employees, while safely operating and monitoring their services, which has sparked a new wave of tech-enabled service utilized by industry participants.

From a business model perspective, the industry is seeing the proliferation and penetration of third-party logistics (“3PL”) providers. Although asset-based carriers have benefitted from the prolonged period of elevated spot rates and their substantial leverage in contractual renegotiations, these asset-based carriers face substantively more risk relative to 3PL peers. 3PLs remain significantly more cycle-neutral compared to the fixed-cost operating profiles of truckload carriers. Heightened degrees of magnitude, volatility, and uncertainty in the current cycle present substantially more risk to carriers with equipment that lacks the flexibility to quickly adapt. 3PLs, however, bear heightened importance during times of volatility, while generous levels of capital return and diversified networks of expansive capacity provide more balanced exposure to industry demand while benefitting from the temporary pricing structure of the market.

The North American trucking market is highly fragmented (92% of carriers operate fewer than 7 trucks), perfectly competitive (commoditized service with minimal barriers to entry), tightly regulated, and the primary mode of freight transportation in America (accounting for 75% of total tonnage shipped).

Freight Transportation Services Index (TSI)



Source: Federal Reserve Bank of St. Louis

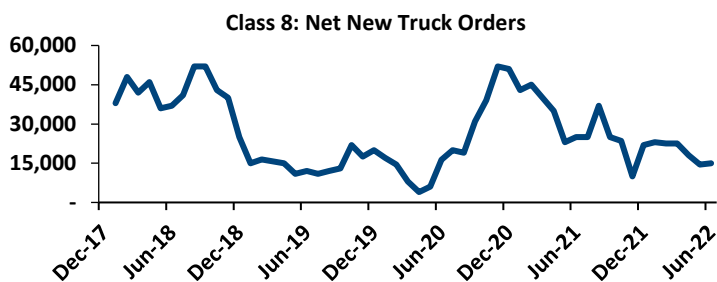
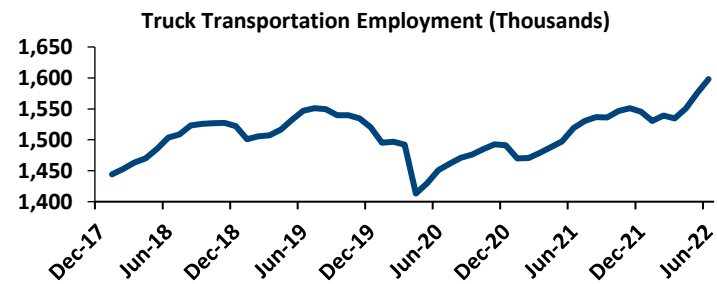
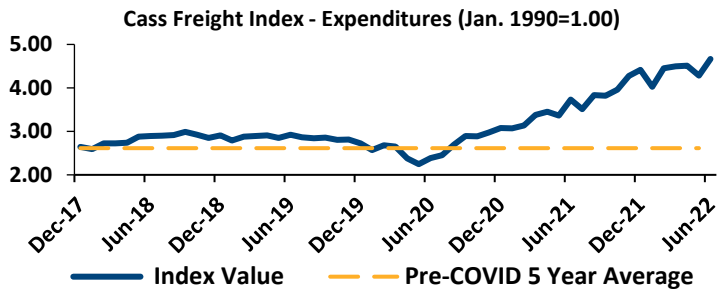
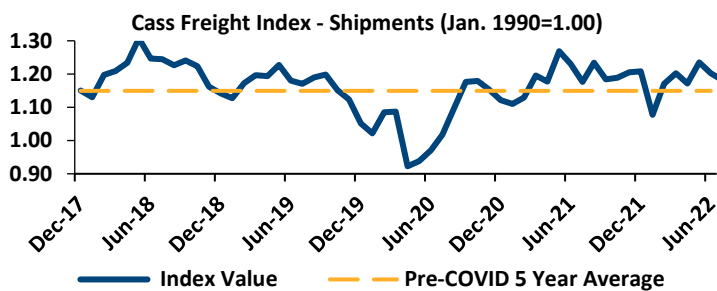
## Subsector Profile: Trucking Sector of Transportation & Logistics

These factors often lead to less-than optimal results for shippers throughout industry cycles. When rates are strong, capacity expansion typically goes unchecked and overshoots demand, leading to firms' going out of business, then leading to contracting capacity and eventual tightening of the next cycle. While the volatility historically present in the trucking sector typically presents a challenge to trucking operators, these same factors present an opportunity for 3PLs. Rather than vet and maintain relationships with hundreds of small truck carriers, shippers rely on 3PLs to provide trucking capacity through a deep and expansive

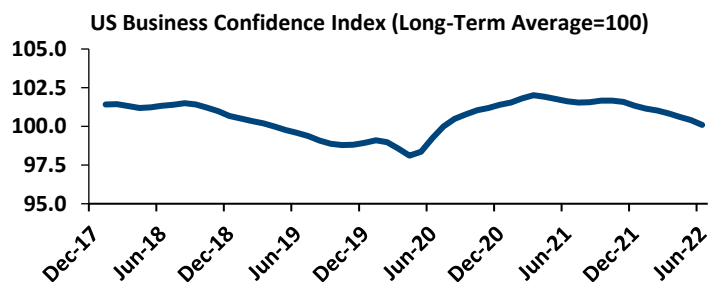
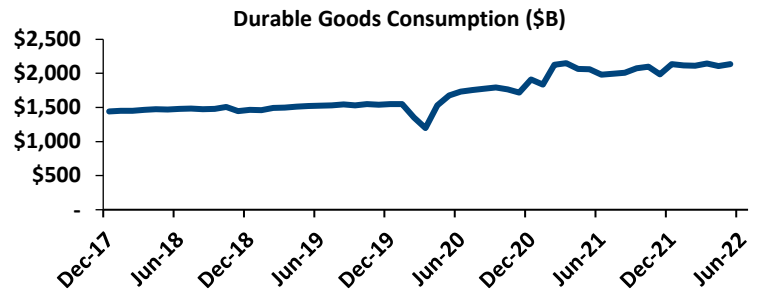
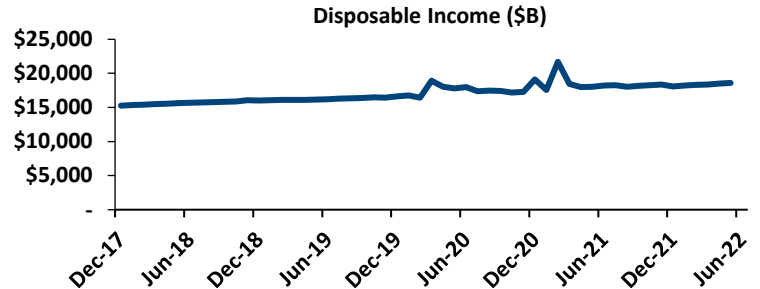
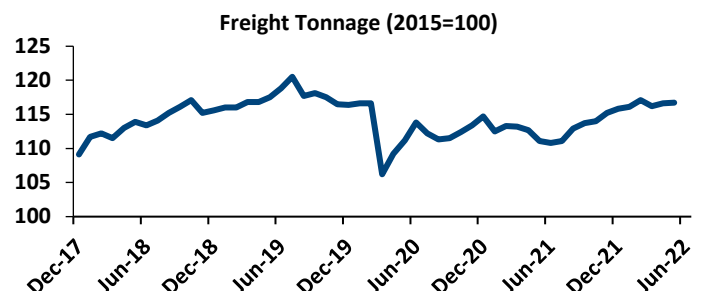
network of vetted and contracted capacity providers, thereby effectively consolidating the fragmented trucking market by serving as an intermediary. When trucking conditions are tightening, 3PLs source scarce capacity. When rates begin to loosen, 3PLs facilitate spot rate conversions to help shippers lower transportation costs and serve as a source of loads for shippers.

As a result of their support to market structure, 3PLs have increased from ~4% of tonnage shipped in 2000, to > 20% of tonnage shipped today.

### Supply



### Demand



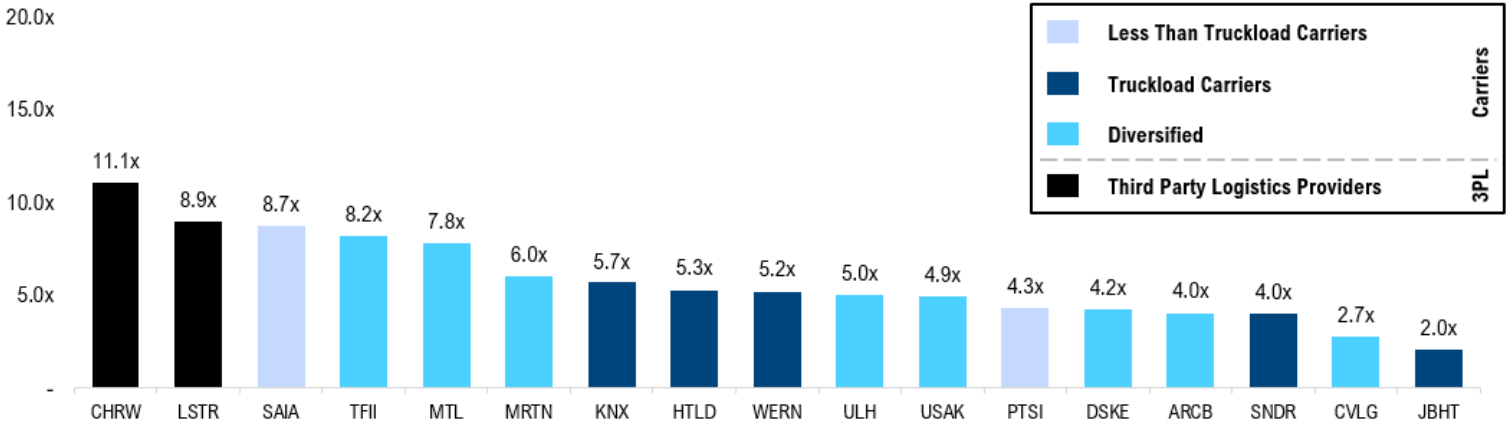
Source: Federal Reserve Bank of St. Louis, Cass Information Systems, Wall Street Research

## Subsector Profile: Trucking Sector of Transportation & Logistics

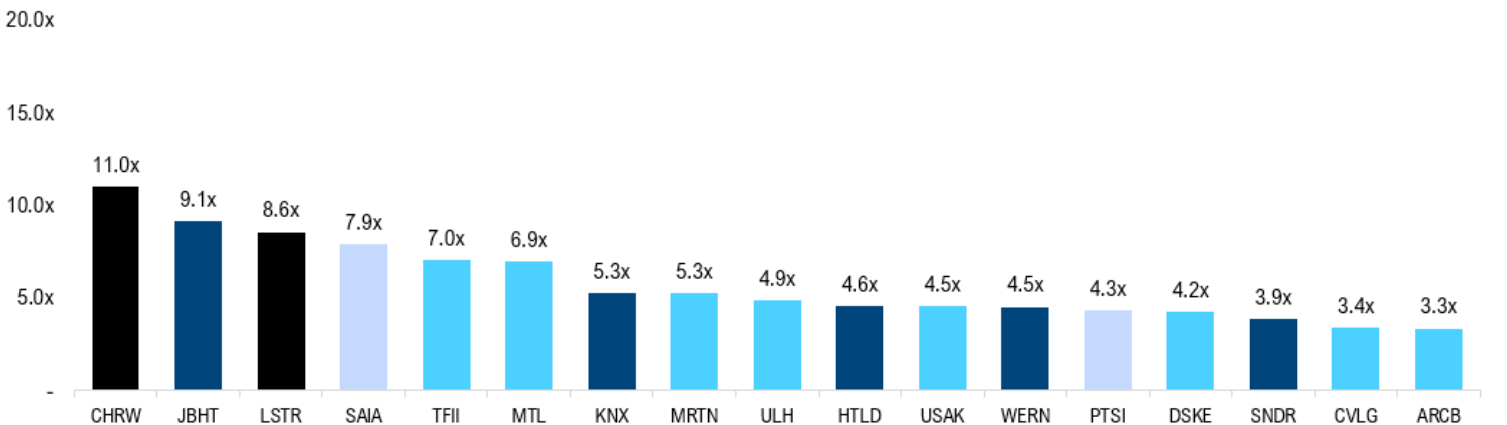
In addition to the significant value in the 3PL sector, asset-light and less than truckload (“LTL”) carriers benefit from similar factors and are experiencing heightened valuation relative to truckload and diversified peers. It’s important to note that the spread between

valuations in the middle market and public companies is significantly lower in this sector. The broader T&L market is large and continues to remain ripe for consolidation.

Public Comparables – EV / LTM EBITDA



Public Comparables – EV / NTM EBITDA



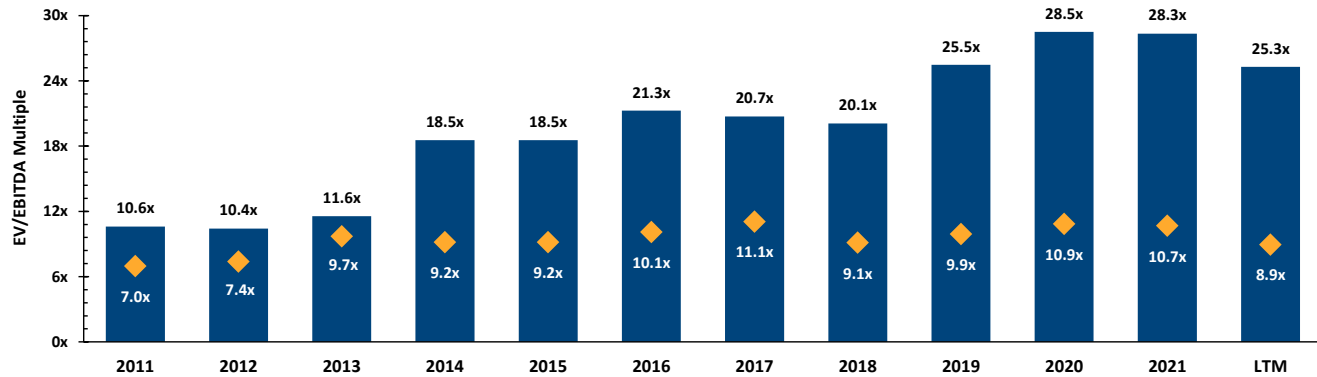
Middle Market M&A Trucking Sector of Transportation & Logistics Industry - Carriers Only

| TEV Range (\$MM)                                   | TEV (\$MM)    | Revenue (\$MM) | TTM Rev Growth (%) | EBITDA Margin (%) | TEV/REV     |
|--|---------------|----------------|--------------------|-------------------|-------------|
| <b>Specialized Freight Trucking</b>                |               |                |                    |                   |             |
| 10 - 25  | \$19.2        | \$23.9         | 21.9%              | 16.5%             | 0.8x        |
| 25 - 50  | \$36.5        | \$51.6         | 31.6%              | 18.2%             | 0.8x        |
| 50 - 250   | \$101.0       | \$98.1         | 17.2%              | 17.7%             | 1.1x        |
| <b>Total</b>                                       | <b>\$61.1</b> | <b>\$65.2</b>  | <b>22.4%</b>       | <b>17.5%</b>      | <b>0.9x</b> |
| <b>General Freight Trucking</b>                    |               |                |                    |                   |             |
| 10 - 25  | \$19.0        | \$27.5         | 6.1%               | 21.9%             | 1.4x        |
| 25 - 50  | \$32.8        | \$43.3         | 9.8%               | 17.6%             | 0.9x        |
| 50 - 250   | \$142.4       | \$185.6        | 5.9%               | 14.9%             | 0.9x        |
| <b>Total</b>                                       | <b>\$61.9</b> | <b>\$81.9</b>  | <b>7.2%</b>        | <b>18.3%</b>      | <b>1.1x</b> |
| <b>Specialized Freight Trucking, Local</b>         |               |                |                    |                   |             |
| 10 - 250   | \$79.7        | \$82.2         | 24.8%              | 14.4%             | 0.9x        |
| <b>Total</b>                                       | <b>\$79.7</b> | <b>\$82.2</b>  | <b>24.8%</b>       | <b>14.4%</b>      | <b>0.9x</b> |
| <b>Specialized Freight Trucking, Long-Distance</b> |               |                |                    |                   |             |
| 25 - 100   | \$56.0        | \$64.6         | 10.0%              | 17.0%             | 0.9x        |
| <b>Total</b>                                       | <b>\$56.0</b> | <b>\$64.6</b>  | <b>10.0%</b>       | <b>17.0%</b>      | <b>0.9x</b> |
| <b>Average</b>                                     |               |                |                    |                   | <b>1.0x</b> |

Source: CIQ, Pitchbook, GF Data

## Public Company Comparison Trading Multiples

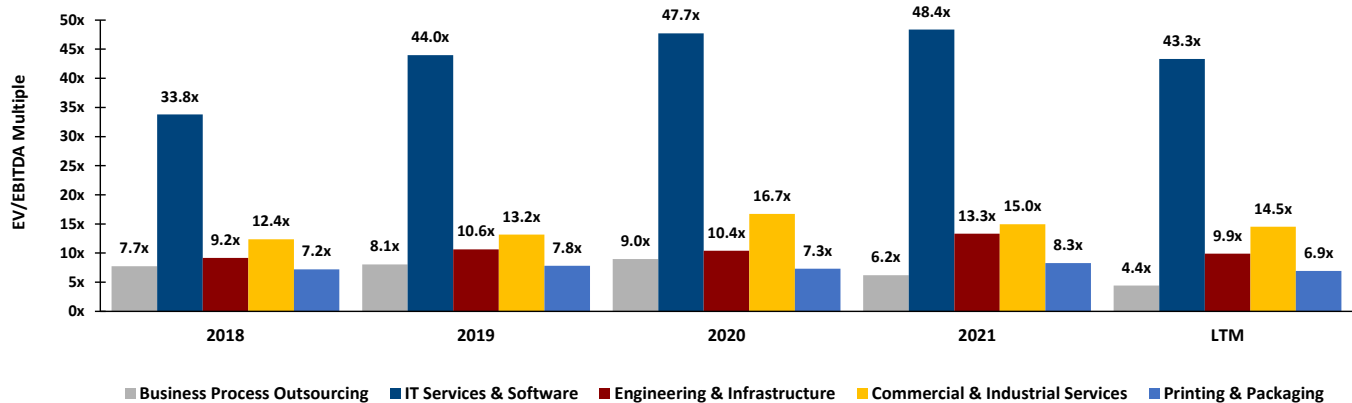
Business Services Industry EV/EBITDA Multiples



◆ Business Services Ex. IT

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

Business Services Sub-Sector Public EV/EBITDA Multiples



■ Business Process Outsourcing ■ IT Services &amp; Software ■ Engineering &amp; Infrastructure ■ Commercial &amp; Industrial Services ■ Printing &amp; Packaging

Source: CapIQ, public trading data as of June 30, 2022

## Representative EdgePoint Business Services Transactions



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

**M&A**  
Advisory  
RESULTS with  
INTEGRITY™