

RAYMOND JAMES | INVESTMENT BANKING

Government Technology Solutions Quarterly Market Update

Q2 2023

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Industry Experience ⁽¹⁾

| | | | | | |
|--|---|---|--|--|--|
| has been acquired by ARCFIELD™ a portfolio company of | has been acquired by iNovex a portfolio company of | has been acquired by iNovex a portfolio company of | has been acquired by eclipse a portfolio company of | has been acquired by CYDECOR | has been acquired by to form eclipse |
| has received a strategic investment from | a portfolio company of has been acquired by | has been acquired by amentum | a portfolio company of has been acquired by Jacobs | \$90,000,000 Initial Public Offering Joint Bookrunning Manager | has been acquired by |
| has been acquired by Booz Allen Hamilton | a portfolio company of & has been acquired by | has been acquired by maximus | has been acquired by | has been acquired by CARLYLE | a portfolio company of has been acquired by PAE |
| a portfolio company of has been acquired by CARLYLE | has received a strategic investment from | has been acquired by | has been acquired by a portfolio company of | has been acquired by V2X | has been acquired by cerberus |

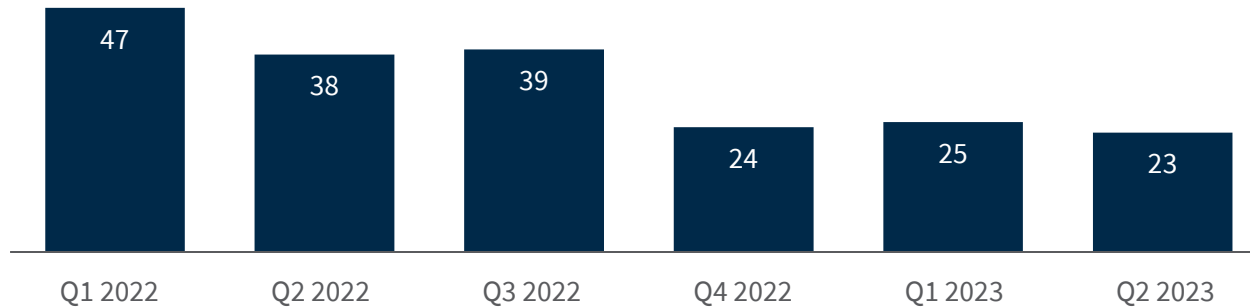
Sector-focused equity research coverage ⁽²⁾

| | | | |
|-----------------|----------------|---|-------------------------|
| APTIV | | | Booz Allen Hamilton |
| | | | COGNEX |
| ECHOSTAR | | | |
| iRobot | Jacobs | KROTOS DEFENSE & SECURITY SOLUTIONS | |
| | maximus | mercury | |
| | | PARSONS | |
| | V2X | Viasat | |

Notes: (1) Transactions occurred between March 2019 and August 2023
 (2) The public companies displayed are actively covered by Raymond James Equity Research analysts

Government Technology Solutions update

Recent Government Technology Solutions transaction activity ⁽¹⁾



Recent representative M&A transactions ⁽²⁾

| Target | Acquirer | Target | Acquirer |
|--------|----------|--------|----------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

M&A activity summary

- The number of M&A transactions in the Government Technology Solutions industry during Q2 2023 was in line with Q1 2023 and Q4 2022. Overall, 2023 M&A transactions are below 2022 levels
- M&A activity focused on cybersecurity continues to be a strong theme in 2023. Examples of this activity include Enlightenment Capital portfolio company iNovex’s acquisition of Secure Innovations and Innoplex, Agile Defense’s acquisition of XOR Security, and ASRC Federal’s acquisition of Broadleaf
- Private equity-backed platforms were highly acquisitive in Q2 2023, including Godspeed Capital-backed Silveredge’s acquisition of Gardetto Engineering, Battle Investment Group-backed B&A’s acquisition of iDoxSolutions, and Arlington Capital Partners-backed Eqlipse Technologies’ acquisition of Resolute Technologies

Industry news

- In a large first step for enabling low-latency access to the cloud from anywhere on the planet, CGI Federal successfully demonstrated the pilot testing of Microsoft Azure Orbital Cloud Access and Nokia Private 5G communications to support U.S. Marine Corps Logistics on May 31, 2023. The successful pilot represents the potential for enhanced mission effectiveness and real-time visibility in global operating environments
- The U.S. Defense Advanced Research Projects Agency announced a solicitation on May 8, 2023, for a program focused on implementing the world’s first quantum-augmented network (“QuANET”). The QuANET program seeks to develop a scalable, covert, and secure network to protect against future cyberattacks and to upgrade current network infrastructures within the DoD

Source: DACIS, DefenseNews

Notes: (1) Totals include all closed transactions reported by DACIS / Infobase as of 6/30/2023

(2) Transactions were announced and completed between April 2023 and June 2023 and are organized by most recent transaction date

Spotlight: Adoption of digital identity platforms

Digital ID by the Numbers

4.1B

Projected users of digital identity applications globally by 2027

\$43.0B

Total losses resulting from identity fraud in 2022 alone

293.0M

People impacted by data breaches in 2021

Digital identity applications are rapidly expanding in use, both in private and government applications. A digital identity is a set of validated digital attributes and credentials for the digital world to show proof of identity of citizens and are usually issued or regulated by national electronic ID (“eID”) programs. Currently 30+ countries have established national eID programs with the overarching goal of providing universal identity for everyone. These digital identities can then be used as a source of verification for numerous services provided by the government or private sector.

One of the most recent actions taken in the U.S. regarding digital identity was through introduction of bill S.884: the “Improving Digital Identity Act of 2023.” Congress’s hope for the bill is that through the establishment of an Improving Digital Identity Task Force, they will be able to improve security, privacy, equity, and accessibility of online personal identification for all citizens, particularly by promoting the development of digital versions of existing credentials, including driver’s licenses, social security credentials, and birth certificates.

Use cases for digital identity applications



Immigration – Improves and enhances border control security measures and streamlines immigration processes to upgrade legacy methods



Military & Defense – Allows operators to quickly and easily provide security clearance, access mission critical resources, and augment their digital signature when necessary



Public Healthcare – Increases security measures for access to medical records, simplifies disease prevention and control initiatives, and improves patient identification and privacy



Taxation & Revenue Services – Permits secure and convenient authentication and fraud prevention for tax collection and return processing

Public Government Technology Solutions market performance

Market Commentary

- The Government Technology index has outperformed the S&P 500 over the last eighteen-month period showing the resiliency of the sector as the DoD remains focused on funding for software and solutions; however, the Diversified IT index has underperformed compared to the S&P 500 as the overall market surged in Q2 2023
- Additionally, over the past eighteen months, Government Technology has outperformed Diversified IT due to a focus on upgrading to next generation systems across the DoD

January 2022 – present Government Technology Solutions index performance



Source: Capital IQ; data as of 06/30/2023

Note: Companies included are those tracked internally by Raymond James, individual assets disclosed on next page

Public Government Technology Solutions companies

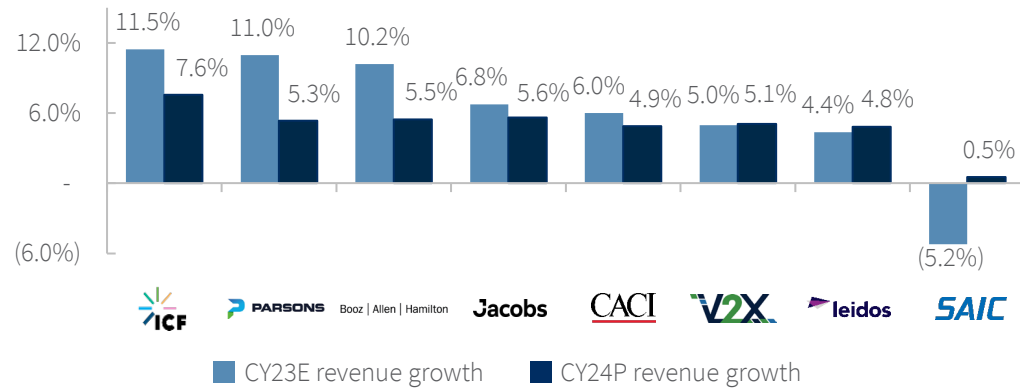
| | Market Data | | | | | Financial Data LTM | | | | Valuation Multiples TEV / LTM | | Valuation Multiples TEV / CY 2023 (E) | | Valuation Multiples TEV / CY 2024 (P) | | |
|-----------------------|--|----------------|-----------------------|-------------------|-----------------|--------------------|-----------------|-----------------|----------------|-------------------------------|-------------|---------------------------------------|--------------|---------------------------------------|--------------|--------------|
| | Company Name | Ticker | Stock Price 6/30/2023 | % of 52-Week High | Equity Value | Enterprise Value | Total Sales | EBITDA | EBITDA Margin | Debt / EBITDA | Total Sales | EBITDA | Total Sales | EBITDA | Total Sales | EBITDA |
| Government Technology | Booz Allen Hamilton Holding Corporation | NYSE:BAH | \$111.60 | 99.2% | \$14,618 | \$17,265 | \$9,259 | \$1,014 | 11.0% | 2.9x | 1.9x | 17.0x | 1.7x | 16.2x | 1.6x | 15.5x |
| | CACI International, Inc. | NYSE:CACI | \$340.84 | 99.4% | \$7,769 | \$9,746 | \$6,642 | \$687 | 10.3% | 2.7x | 1.5x | 14.2x | 1.4x | 13.1x | 1.4x | 12.4x |
| | ICF International, Inc. | NasdaqGS:ICFI | \$124.39 | 96.7% | \$2,337 | \$3,151 | \$1,850 | \$201 | 10.9% | 3.5x | 1.7x | 15.7x | 1.6x | 14.7x | 1.5x | 13.5x |
| | Jacobs Solutions, Inc. | NYSE:J | \$118.89 | 86.1% | \$15,081 | \$18,766 | \$15,023 | \$1,382 | 9.2% | 2.7x | 1.2x | 13.6x | 1.1x | 12.4x | 1.1x | 11.3x |
| | Leidos Holdings, Inc. | NYSE:LDOS | \$88.48 | 79.8% | \$12,137 | \$17,389 | \$14,601 | \$1,481 | 10.1% | 3.3x | 1.2x | 11.7x | 1.2x | 11.4x | 1.1x | 10.6x |
| | Parsons Corporation | NYSE:PSN | \$48.14 | 96.0% | \$5,048 | \$5,801 | \$4,419 | \$369 | 8.4% | 2.1x | 1.3x | 15.7x | 1.2x | 14.5x | 1.2x | 13.3x |
| | Science Applications International Corporation | NYSE:SAIC | \$112.48 | 95.4% | \$6,038 | \$8,112 | \$7,736 | \$696 | 9.0% | 3.3x | 1.0x | 11.7x | 1.1x | 12.1x | 1.1x | 11.9x |
| | V2X, Inc. | NYSE:VVX | \$49.56 | 97.2% | \$1,537 | \$2,819 | \$3,377 | \$251 | 7.4% | 3.7x | 0.8x | 11.2x | 0.7x | 9.3x | 0.7x | 8.5x |
| | Median: | | | 96.3% | \$6,904 | \$8,929 | \$7,189 | \$692 | 9.7% | 3.1x | 1.3x | 13.9x | 1.2x | 12.7x | 1.2x | 12.1x |
| | Average: | | | 93.7% | \$8,071 | \$10,381 | \$7,863 | \$760 | 9.5% | 3.0x | 1.3x | 13.9x | 1.3x | 13.0x | 1.2x | 12.1x |
| Diversified IT | Accenture plc | NYSE:ACN | \$308.58 | 94.1% | \$194,651 | \$189,937 | \$63,550 | \$10,835 | 17.0% | 0.3x | 3.0x | 17.5x | 2.9x | 16.4x | 2.8x | 14.7x |
| | Capgemini SE | ENXTPA:CAP | \$189.47 | 89.6% | \$32,572 | \$36,682 | \$24,818 | \$3,352 | 13.5% | 2.3x | 1.6x | 10.9x | 1.4x | 10.2x | 1.4x | 9.2x |
| | CGI, Inc. | TSX:GIB.A | \$105.50 | 98.2% | \$24,580 | \$26,522 | \$10,600 | \$1,869 | 17.6% | 1.4x | 2.5x | 14.2x | 2.4x | 12.2x | 2.3x | 11.5x |
| | Cognizant Technology Solutions Corporation | NasdaqGS:CTSH | \$65.28 | 92.1% | \$33,128 | \$32,154 | \$19,394 | \$3,446 | 17.8% | 0.4x | 1.7x | 9.3x | 1.7x | 9.7x | 1.6x | 8.9x |
| | DXC Technology Company | NYSE:DXC | \$26.72 | 83.5% | \$5,630 | \$9,460 | \$14,430 | \$2,274 | 15.8% | 2.0x | 0.7x | N.M. | 0.7x | N.M. | 0.7x | N.M. |
| | International Business Machines Corporation | NYSE:IBM | \$133.81 | 87.3% | \$121,506 | \$165,856 | \$60,525 | \$12,985 | 21.5% | 4.3x | 2.7x | 12.8x | 2.7x | 10.8x | 2.6x | 10.2x |
| | NTT DATA Corporation | TSE:9613 | \$13.88 | 92.4% | \$19,461 | \$36,577 | \$26,255 | \$3,989 | 15.2% | 3.8x | 1.4x | 9.2x | 1.2x | 9.1x | 1.2x | 8.3x |
| | | Median: | | | 92.1% | \$32,572 | \$36,577 | \$24,818 | \$3,446 | 17.0% | 2.0x | 1.7x | 11.9x | 1.7x | 10.5x | 1.6x |
| | Average: | | | 90.9% | \$61,647 | \$71,027 | \$31,367 | \$5,536 | 16.9% | 2.1x | 1.9x | 12.4x | 1.9x | 11.4x | 1.8x | 10.5x |

Source: Capital IQ; data as of 06/30/2023

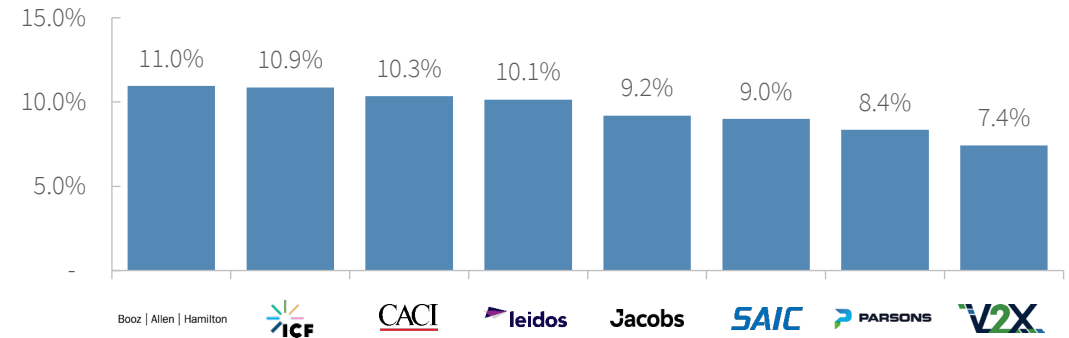
Notes: Financial projections are sourced from Capital IQ consensus estimates; foreign traded companies are listed in U.S. dollars at 06/30/2023 spot exchange rate; TEV / EBITDA valuation multiples less than 5.0x are considered not meaningful ("N.M."); Debt / LTM EBITDA figures represent total debt divided by LTM EBITDA, which includes a lease adjustment

Government Technology benchmarking

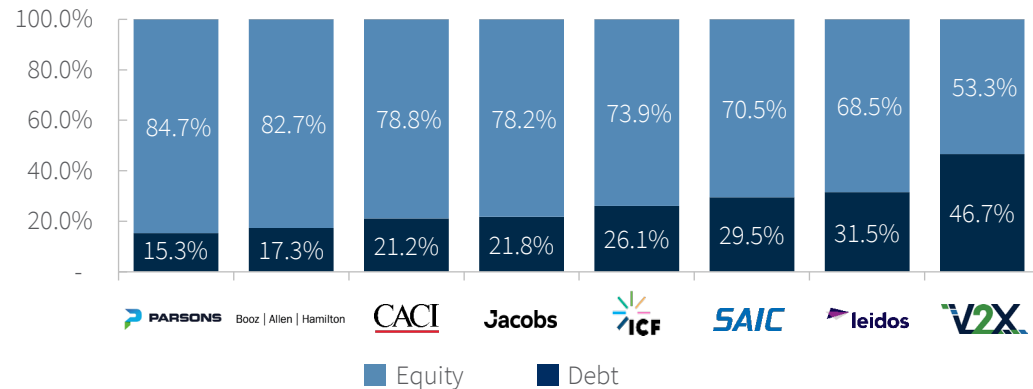
Revenue growth ⁽¹⁾



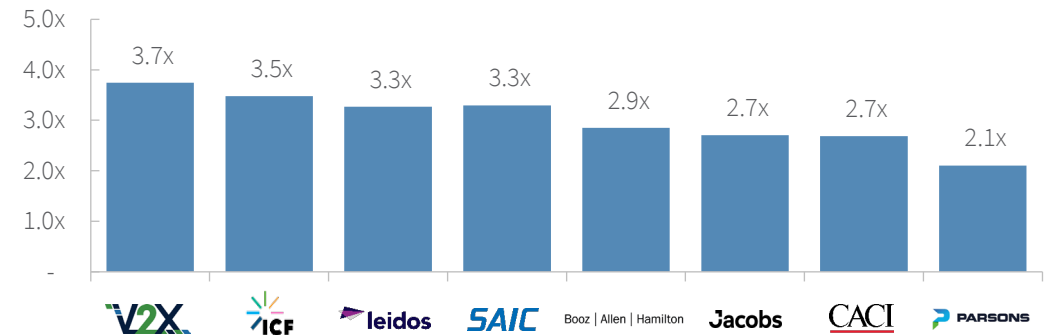
LTM EBITDA margin



Capital structure



Total debt to LTM EBITDA ratio

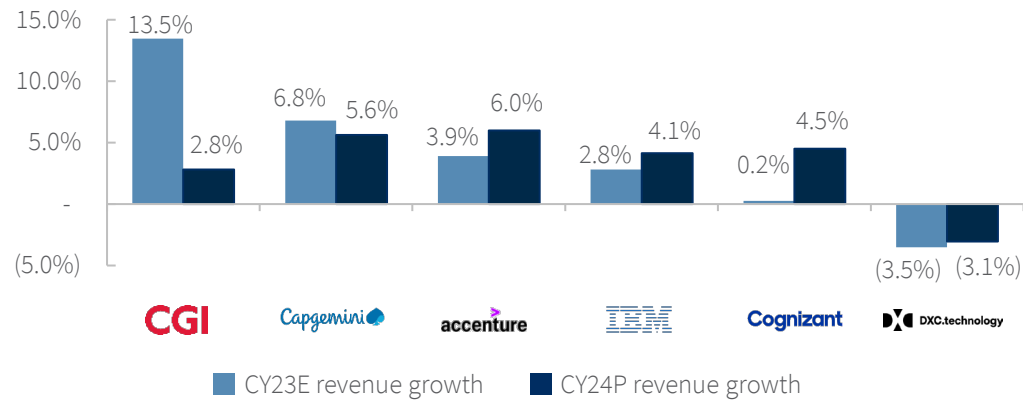


Source: Capital IQ; data as of 06/30/2023.

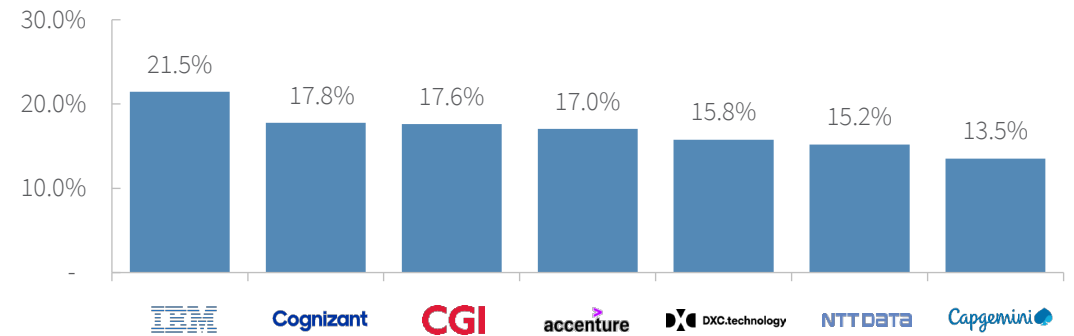
Notes: (1) V2X, Inc. revenue growth includes pro forma financials from the merger of Vectrus, Inc. and The Vertex Company in July of 2022

Diversified IT benchmarking

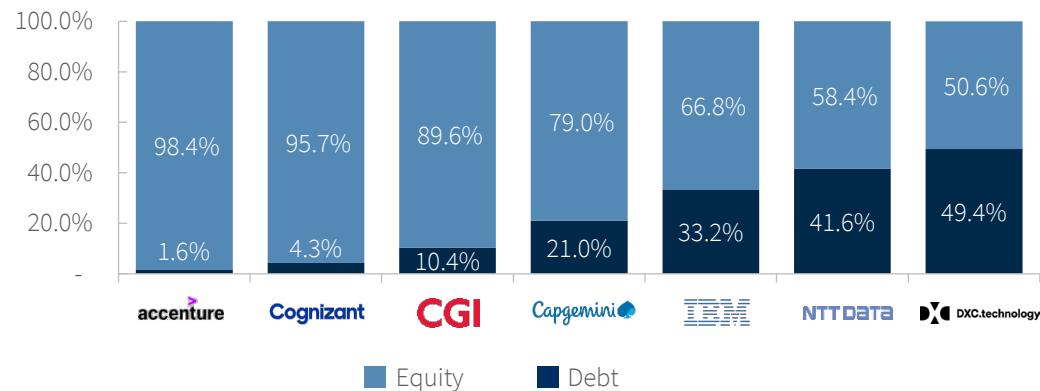
Revenue growth ⁽¹⁾



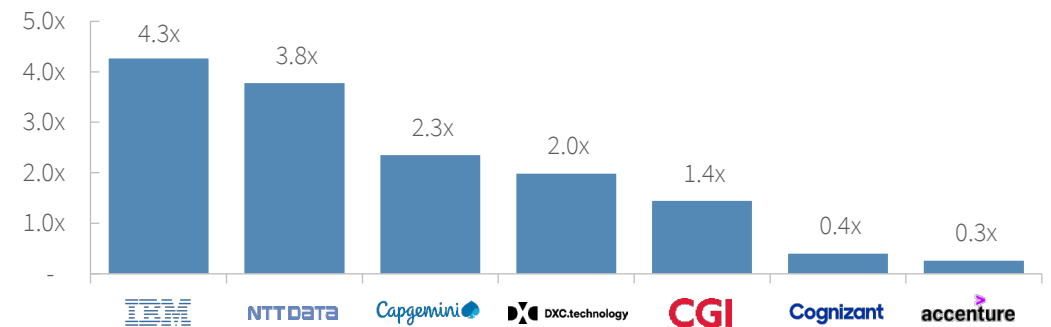
LTM EBITDA margin



Capital structure



Total debt to LTM EBITDA ratio




Source: Capital IQ; data as of 06/30/2023

Notes: (1) NTT Data excluded due to projections exhibiting outsized revenue growth and therefore not comparable to the other companies included in the index


Recent Government Technology Solutions transactions

-  Capabilities
-  Customers
-  Buyer / seller perspective




JUNE 2023



has been acquired by



- Application modernization
- Cloud transformation
- Cyber security
- Human-centered design

The Senior Vice President of Public Sales of CDW stated, “Our CDW Public Sector team is passionate about helping our Government and Education customers achieve their mission outcomes. The customer and technology expertise Enquizit brings will further amplify the value that we can bring to our customers.”

JUNE 2023



has been acquired by



a portfolio company of



- Cybersecurity solutions development
- Security automation
- Systems security engineering
- Vulnerability assessment




A Partner of Enlightenment Capital stated, “Secure Innovations bring a devoted team, a culture of innovation, and a complementary set of cyber capabilities, all of which will enhance iNovex’s ability to solve some of the nation’s most complex national security challenges.”

MAY 2023



has been acquired by



a portfolio company of



- Algorithm design and development
- Circuit board engineering
- Digital signal processing
- Systems engineering





The CEO of SilverEdge stated, “Gardetto and SilverEdge share a common vision of leveraging specialized expertise to best serve the critical and sensitive missions of our customers. The Gardetto team strengthens our engineering capabilities and expands our competencies in digital and hardware design. We are very pleased to welcome the Gardetto team to SilverEdge.”

Recent Government Technology Solutions transactions

MAY 2023



- Cloud-based microservices
- IT operations
- Signals analysis
- Software defined radios



The CEO of iNovex stated, "iNovex and INNOPLEX have operated and grown alongside each other, developing a close relationship over nearly two decades. We hold shared values and philosophies on doing business the right way, with a mission to solve our customers' toughest challenges by driving innovation and technology. We are excited to welcome and work collaboratively with INNOPLEX as one team."

MAY 2023



- Aviation technical services
- Electronic warfare
- Instructional training solutions
- Model based systems engineering



A Partner of Bluestone Investment Partners stated, "We are excited to partner with a highly experienced management team led by Scott. We have been extremely impressed by the team's level of commitment to their customers' missions and we are excited about the opportunity to expand the business and its capabilities through strategic M&A."

APRIL 2023



- IT systems
- Mission critical cybersecurity
- Systems engineering
- Training services



Partners of Renovus Capital stated, "The combination of Panum and Miracle under the Aretum umbrella is yet another step in our growing commitment to support the mission of government agencies with technology and management consulting services. We are confident that Aretum will bring technology-focused innovative solutions to support our customers while unlocking value for our investors and stakeholders."

- Capabilities
- Customers
- Buyer / seller perspective

Locations and disclosure



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