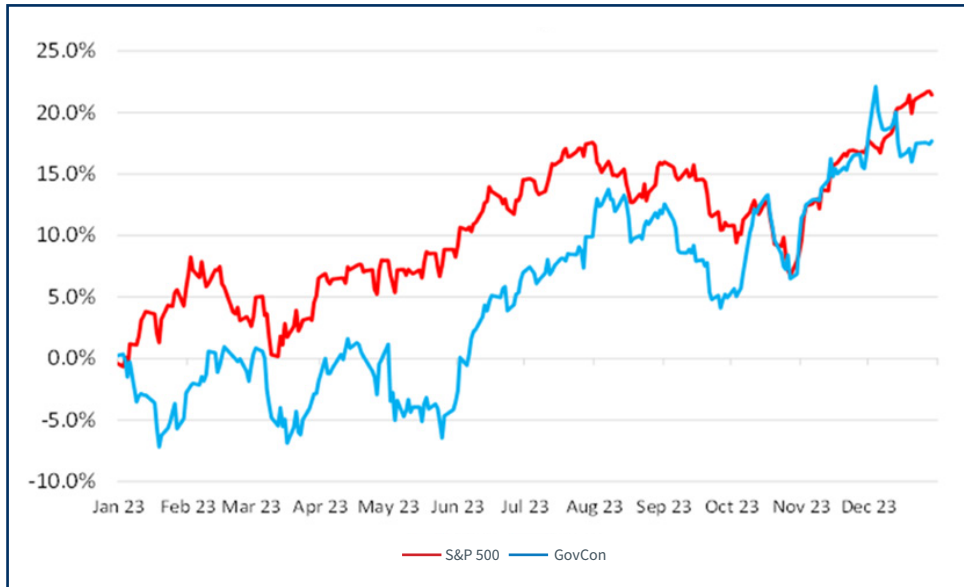


CohnReznick Government Contractor Valuation H2 2023 Tracker

Welcome to the fifth edition of our Government Contractor Valuation semi-annual update. This update includes key valuation indicators to help GovCon management teams and investors keep track of industry valuation benchmarks and trends. We will continue to update this information on a semi-annual basis.

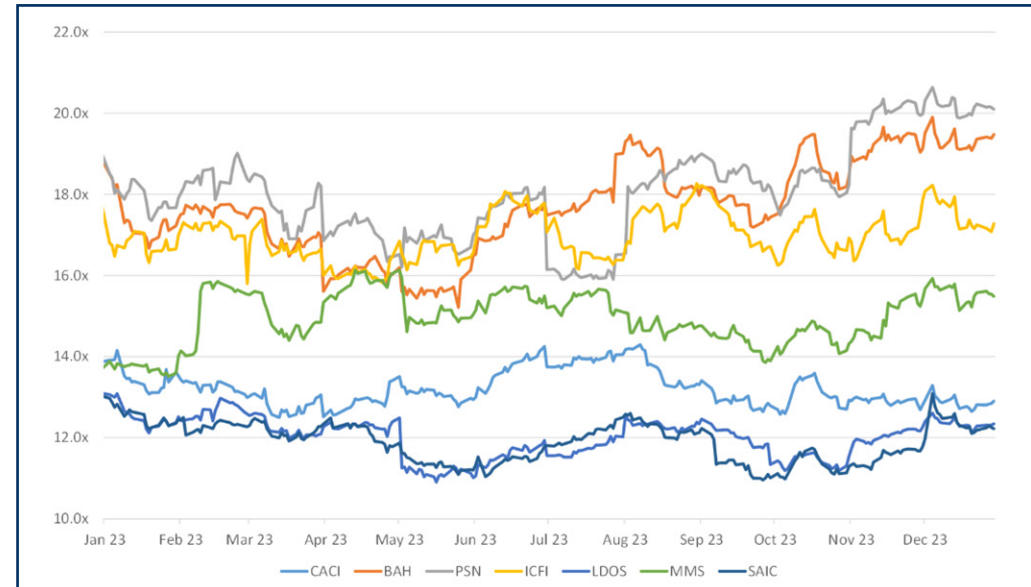
Government Services Composite vs S&P 500



The returns for this select group of public government services contractors* underperformed the S&P 500 in 2023 through October. By the end of 2023, government services companies had caught up. In 2023, the S&P 500 was up approximately 21.4%, compared to 17.7% for the government contractors. The ongoing conflict in the Middle East, which escalated in October 2023, may have been a contributing factor in the catch up in performance during Q4 of 2023 of defense-oriented government contractors.

*Contractors included in composite are: CACI, BAH, PSN, ICFI, LDOS, MMS, SAIC.

EV/TTM EBITDA H2 2023 Lookback



Public government services contractors generally traded between 11.0x to 20.0x EBITDA. The median EBITDA multiple has remained stable over the last twelve months ranging from 13.5x to 16.0x. BAH was negatively impacted by a DOJ investigation into its cost accounting and indirect cost charging practices in the first half of 2023, but its performance has recovered in the second half of the year.

Mergers & Acquisitions in the Last Twelve Months

In USD Millions

Transaction Date	Target Name	Acquirer Name	Net Sales (\$M)	EBITDA (\$M)	EBITDA Margin %	Enterprise Value	EV/Net Sales	EV/EBITDA
11/22/2023	HS GovTech Solutions Inc.	Banneker Partners	7	(6)	-86.1%	27	4.1x	NM
11/2/2023	RSR Partners (d/b/a Regency Technologies)	Iron Mountain Inc.	100	27	26.7%	200	2.0x	7.5x
8/23/2023	Sealing Technologies Inc.	Parsons	NA	20	>10%	200	NA	10.0x
5/6/2023	Logistics and supply chain management business of SAIC	ASRC Federal	650	NA	NA	350	0.5x ¹	NA
4/14/2023	Global Traffic Technologies, LLC	Miovision Technologies Incorporated	40	11	27.0%	108	2.7x	10.0x
3/22/2023	Global Technology And Management Resources, Inc.	Castellum, Inc.	10	NA	NA	6	0.6x	NA
1/31/2023	Atlas Technical Consultants, Inc.	GI Partners	599	72	12.0%	1,050	1.8x	14.6x

Enterprise Value Multiples	Net Sales (\$M)	EBITDA (\$M)	EBITDA Margin %	Enterprise Value	EV/Net Sales	EV/EBITDA
25th Percentile	18	11	-12.5%	67	0.9x	9.4x
Median	70	20	19.3%	200	1.9x	10.0x
75th Percentile	474	27	26.8%	275	2.5x	11.2x

Source: S&P Capital IQ | ¹Reflects forward Y1 multiple

We tracked seven transactions in the GovCon space that closed or were announced over the last twelve months with publicly disclosed valuation multiples or other data. The median EBITDA multiple was 10.0x and below the public company valuation multiples. It should be noted that the highest revenue multiple transaction, HS GovTech Solutions, Inc., is a Software-as-a-Service (SaaS) platform company that provides IT, data, and management systems to federal, state, and local governments in the U.S. and Canada.

Generally, deal volume in 2023 was lower than the elevated levels in 2021 due to higher interest rates. Going forward, if the Federal Reserve lowers rates in 2024, we could expect deal levels to improve.

TTM = Trailing 12-month; **EBITDA** = Earnings before interest, taxes, depreciation, and amortization, GovCon Composite based on straight average with no regard to size or other factors.

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