THE TECHNOLOGY SERVICES GLOBAL M&A REPORT 2020

Market trends and key transactional insights for owners of knowledge-intensive services and software businesses

- Management consulting
- Technology services
- Marketing, communications and information services
- Engineering consulting & services
- Human capital management
- SaaS / Software

FOREWORD

David Jorgenson
CEO Equiteq

Equiteq is delighted to present the results of our thirteenth annual review of M&A and equity market trends across the technology services industry.

In 2019, technology services deal activity rose strongly and reached a ten-year high. M&A drivers include strong growth in digital spending, rising private equity appetite for deal flow, soaring stock prices, strong levels of capital available for new deals, and talent shortages in hot segments. Regionally we noted a strong rise in deal flow in Europe and Asia Pacific, as well as a large uptick in cross-border deal activity. Demand remains strong for those disruptive businesses that are innovating rapidly with new processes and tools in this changing environment.

The Equiteq Technology Services Share Price Index rose with broader equity market indices. Entering the new decade, we are experiencing new stock market turmoil, but also continue to observe strong levels of dry powder among buyers. Solid levels of capital available for M&A is coupled with skill shortages in hot areas of the market, such as machine learning, IoT, cyber security and advanced data analytics. This is maintaining some pressure on strategic and financial buyers to put their cash to work on new disruptive acquisitions.

Innovative technology services firms and their clients are transforming in a fast-changing interconnected digital world where knowledge can be generated, stored and transferred ever more effectively. Equiteq views this revolution as a rapid wave of disruption. There are enormous pressures on IT consulting businesses and their clients operating within the disruption zone.

The prevalence of the latest digital technologies and demographic shifts in the workplace are driving large shifts in employee expectations. Disruptive digital consulting firms are changing the way their team works by developing new workplace settings such as innovation labs that spur creative thinking and enable testing of new ideas, often in collaboration with their clients. It is also being observed by the continued growth of open talent networks.

As the market transforms, new competitors for client engagements and M&A are emerging, which is blurring industry boundaries across knowledge-intensive services and software. This trend is a key driver for skill shortages and demand for deal flow in the industry, as technology services firms addressing disruption compete with new market entrants for a broader array of requisite skills. It is also being reflected by an increase in partnerships among complementary services and product firms.

Despite recent market volatility, buyers are pushing forward with their acquisition strategy. The outlook for the remainder of 2020 is expected to be more uncertain than the prior year. Nevertheless, there remains an unparalleled opportunity for pioneering business owners and entrepreneurs to create value and make profitable exits within the disruption zone of the industry. We hope that this latest edition of The Technology Services Global M&A Report gives you a taste of Equiteq's deep insights into deal activity within this space.

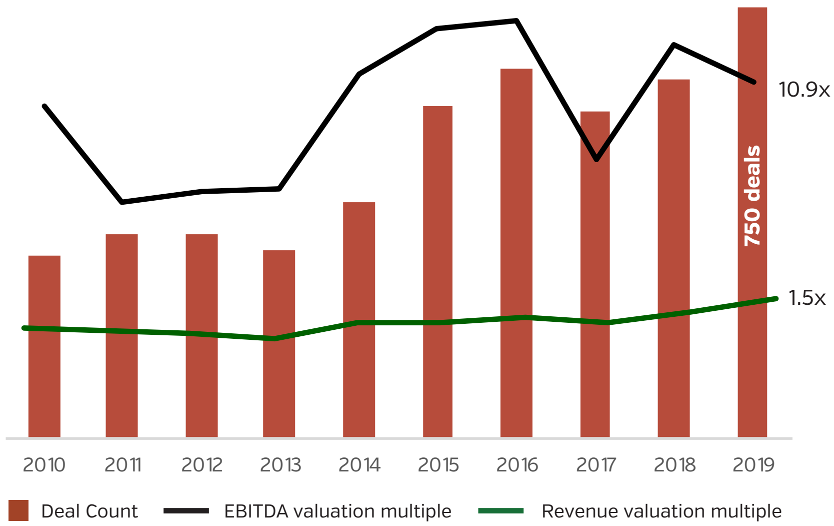
If you would like to have a chat about your current sale journey as a business owner or acquisition strategy as an acquirer, please get in touch.

SEGMENT REVIEWS

TECHNOLOGY SERVICES

KEY FINDINGS

M&A volumes and capital invested rose as demand for new digital capabilities continues to expand.



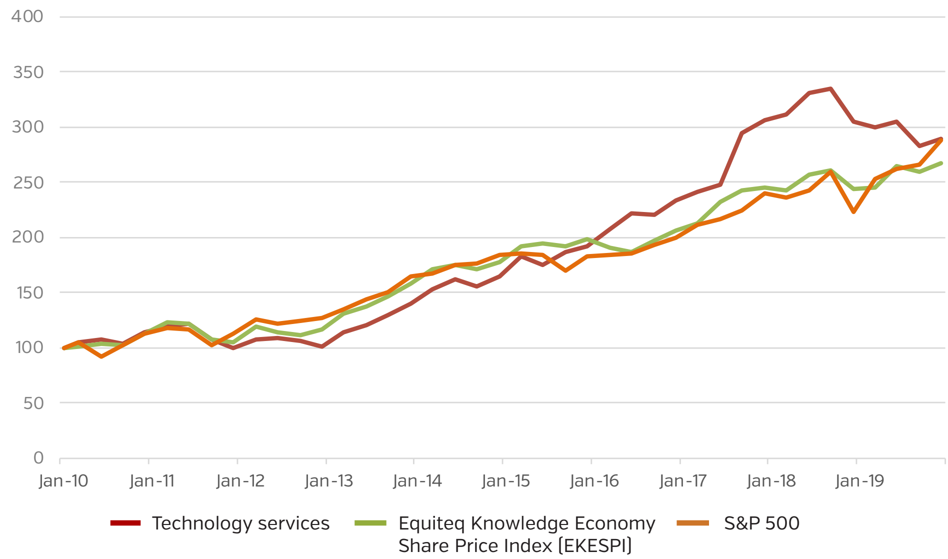
22%
Deal count 2019 vs. 2018

54%
Capital invested 2019 vs. 2018

40%
of deal count by private equity

32%
of capital invested by private equity

The Equiteq Technology Services Share Price Index (ETSSPI) rose in line with broader indices.



18%
ETSSPI return 2019

19%
ETSSPI average return 10 years

26%
EKESPI return 2019

17%
EKESPI average return 10 years

KEY TRENDS

Milestone deals from the major technology services players that are building scale.

Activity from prolific strategic buyers was strengthened by rising share prices and an abundance of capital available for new deals. A variety of mega deals were announced as buyers look to develop global scale to meet the growing demand for international digital transformation initiatives that require a range of complementary digital capabilities. Such transactions included Capgemini's acquisition of global innovation and engineering consulting & services firm Altran, Tieto's purchase of Norwegian technology services company EVRY, as well as DXC's acquisition of digital strategy and software engineering firm Luxoft.

A significant rise in private equity deal count.

Private equity activity accounted for c.40% of deal count in 2019, increasing from 32% in the prior year. However, capital invested by financial buyers fell from 44% of deal flow in 2018 to 32% in 2019. The rise in the proportion of capital invested by strategic buyers was a reflection of landmark strategic deals with reported transaction values over the year.

Private equity has significant capital available for new deals and are looking to deploy it in high growth industries. Many financial buyers have found success in leveraging the recurring revenues of many technology services firms, which has enabled them to pay premium prices and compete with strategic buyers for quality assets in high growth segments. Notable deals included Bain Capital's acquisition of digital transformation provider Brillio, BC Partners' purchase of cloud, security and digital infrastructure solutions provider Presidio and Thoma Bravo's acquisition of security software and hardware company Sophos.

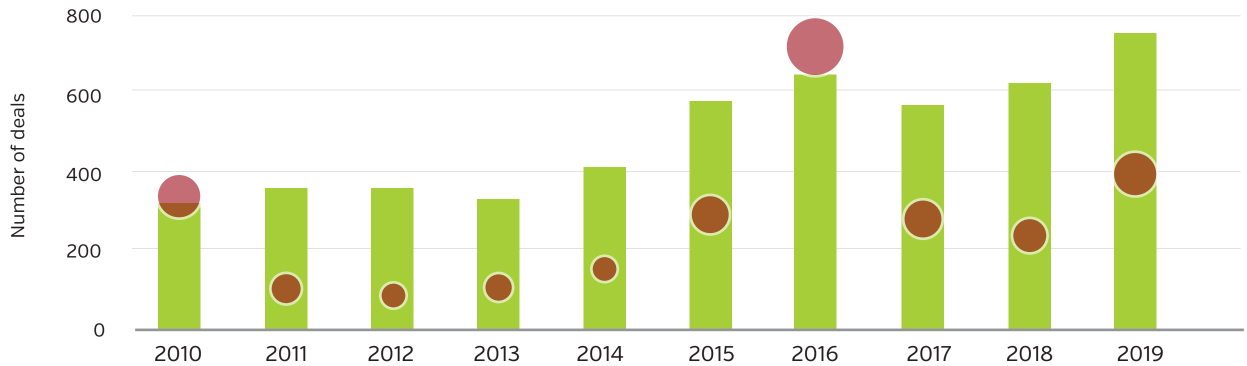
Notable cybersecurity acquisitions as accelerating digital transformation opens new vulnerabilities.

In addition to Sophos, there were a variety of major cybersecurity deals through the year. This included deals from Accenture Security like Déjà vu Security and BCT Solutions, as well as transactions like Orange's purchase of SecureData. Accelerating digital transformation of businesses across industries is opening new vulnerabilities to data security with the continued shift to new cloud-based systems, as well as the rising adoption of mobile devices, social media platforms and advanced data analytics tools. The global cybersecurity market is expected to grow to c.$250bn by 2023, representing a CAGR of 10.2%, according to data from *MarketsandMarkets*.

Outlook

We expect M&A themes like advanced data analytics, artificial intelligence, cybersecurity and connected systems to continue in 2020. Prolific strategic buyers will use M&A as a tool to search for new avenues of growth. There is the expectation of further mega deals to continue as traditional IT outsourcing players scale their digital transformation capabilities to service major global digital transformation projects and further pivot their business model away from their legacy offering.

Figure 1 Technology services M&A activity, annually (2010 to 2019)



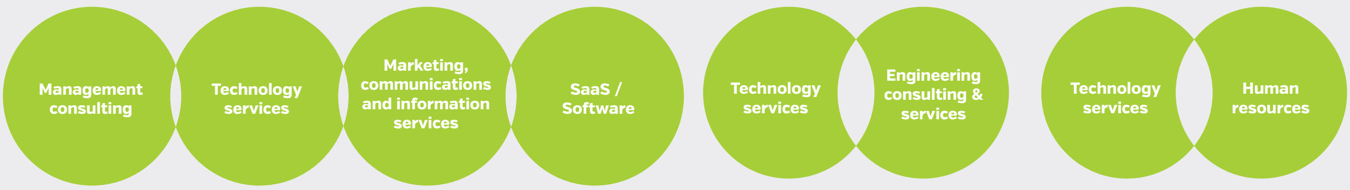
Note: Bubble size reflects comparative capital invested for the respective year.

The optimum size of a transaction will vary among buyers and the specific opportunity that they are considering. See **Consideration 1** in the back of the report for our perspectives on the relationship between business size and acquisition appetite.

In addition to running a competitive well-negotiated sale process, there are plenty of steps that owners can take to reduce risk in the eyes of a buyer which can make a material difference to their target deal structures. See **Consideration 2** in the back for our perspectives on the factors that influence deal structures.

INDUSTRY TRENDS

Areas of industry convergence



Digital transformation consulting

Advanced building information modeling

Digital HR

Hot spaces

Edge computing

Artificial intelligence & machine learning

Advanced data analytics

IoT & connected systems

Cyber security

Extended reality

Cloud services

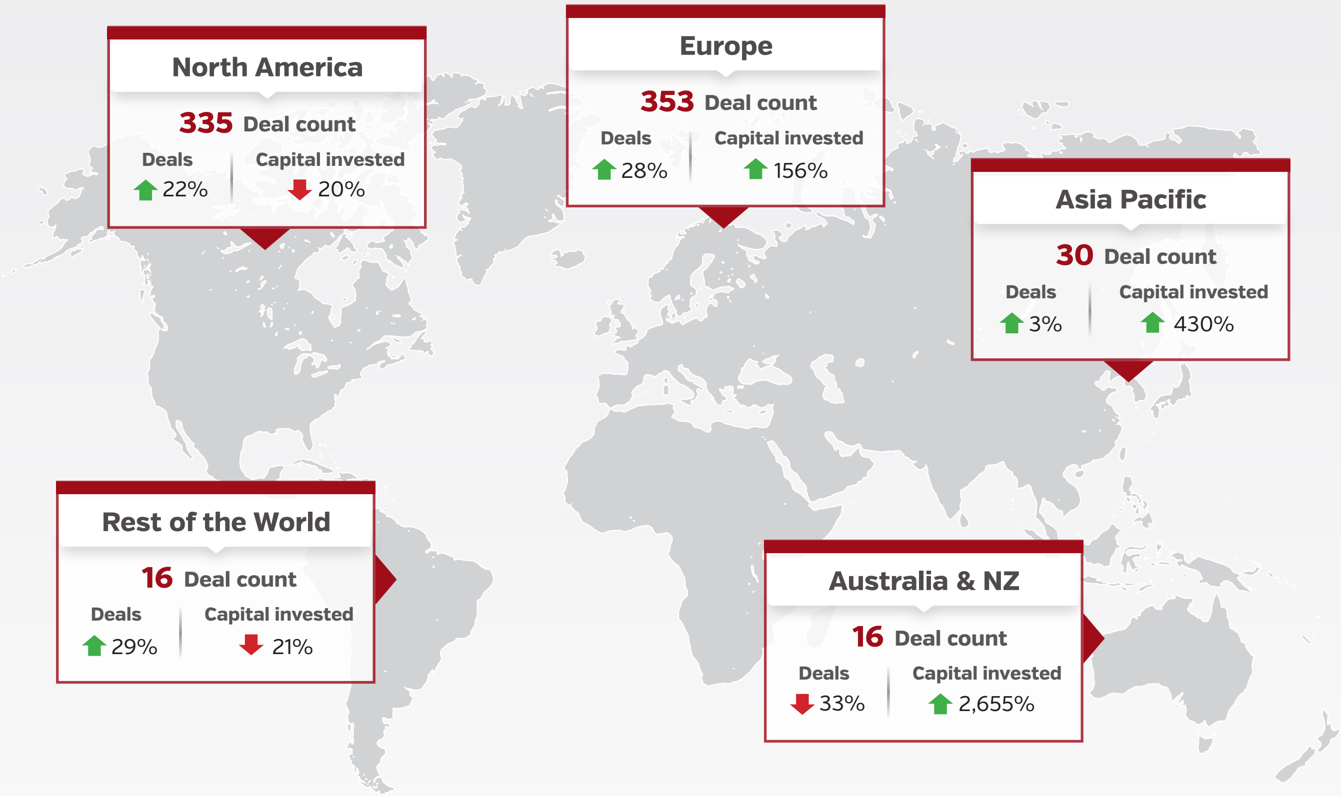
Buyers in adjacent industries may be willing to pay a strategic premium for an acquisition that enables expansion into a new space. See **Consideration 3** in the back for our perspectives on how to consider buyers across adjacent industries.

REGIONAL REVIEW

Strong growth in deal flow in Europe and Asia Pacific.

High-profile cross-border acquisitions across the knowledge economy are common and enable foreign buyers to penetrate new markets, gain new clients and grow revenues with existing global accounts. See **Consideration 4** in the back for our perspectives on incorporating international buyers into your sale process.

Figure 2 Regional M&A and cross-border review



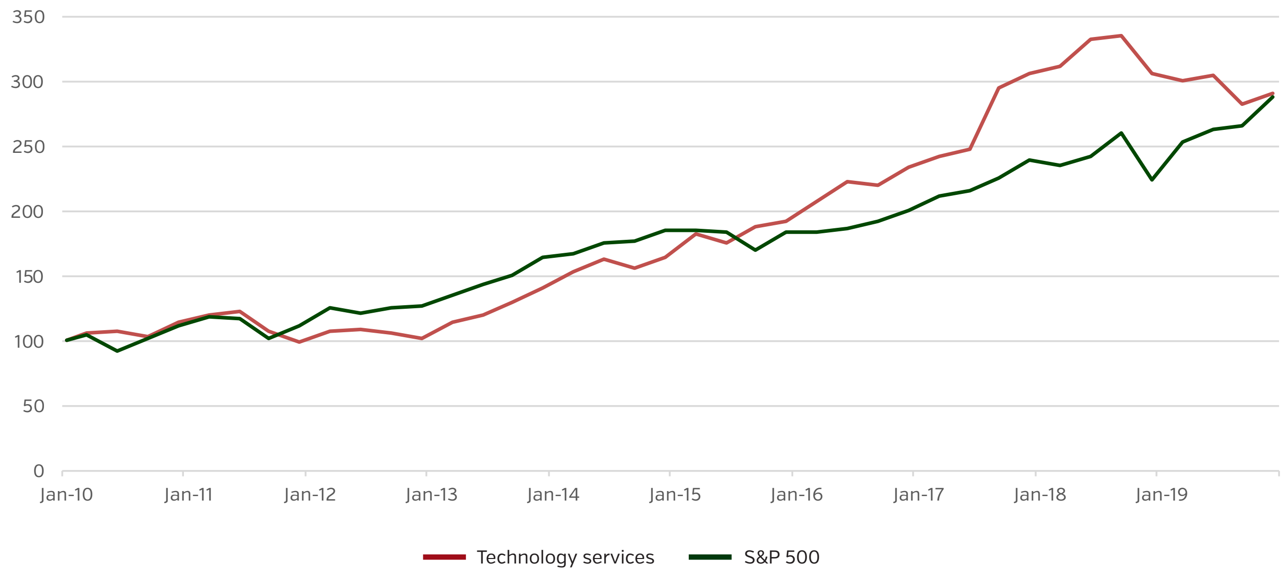
The proportion of M&A that was cross-border in nature accounted for 34% of all deals in 2019 (versus 30% in 2018)

OVERVIEW OF EQUITY MARKET PERFORMANCE

The Equiteq Technology Services Share Price Index achieved modest gains with large variations in performance among constituents.

Figure 3 Equiteq Technology Services Share Price Index (2019)

Figure 4 Equiteq Technology Services Share Price Index (2010 to 2019)



Note: The Equiteq Technology Services Share Price Index is the only published share price index which tracks the listed companies within the technology services industry. You will be able to receive further information on the index and its performance by joining Equiteq Edge at equiteq.com/equiteq-edge. The index is continually revised to consider new listed companies and to remove businesses that are no longer relevant in each quarter.

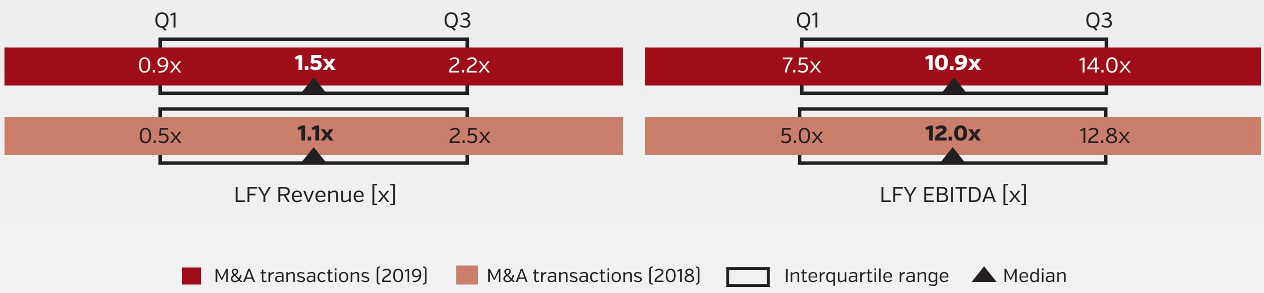
VALUATION MULTIPLES AND TRENDS

Valuation multiples for M&A transactions remain robust.

When reviewing this section, please note the issues of interpretation, along with the wide range of company and deal specific factors that influence the valuation of a knowledge economy business. The figures in this report are primarily a comparative guide and should not be used by sellers or buyers to value a business, for which we recommend you obtain independent financial advice.

See **Consideration 5** in the back on the key considerations when interpreting valuation metrics.

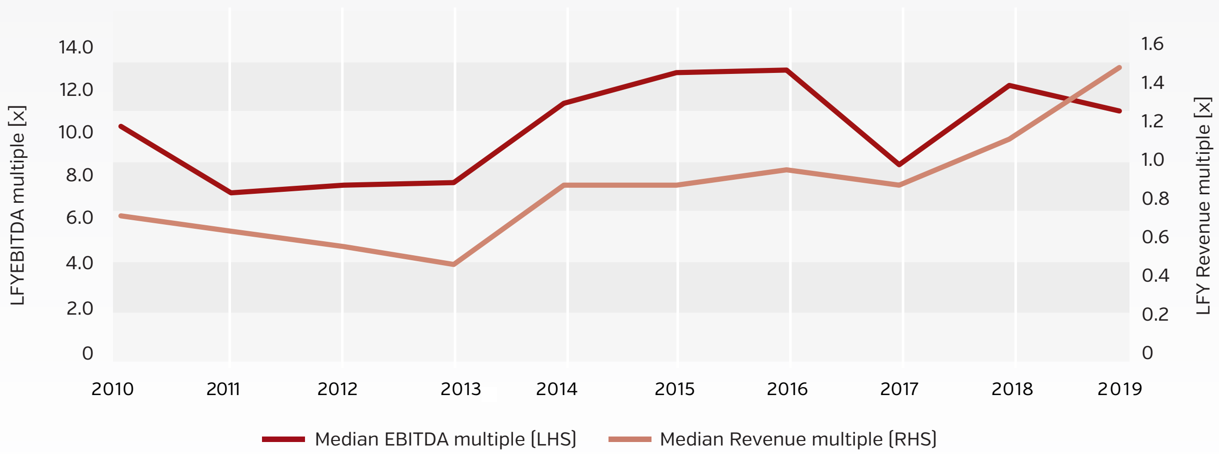
Figure 5 Enterprise Value (EV) as a multiple of Last Full Year (LFY) unadjusted revenue and EBITDA



Note: The interquartile range is a measure of variability, based on showing the range of data in ascending order from the 25th percentile (Q1, 1st quartile) result to the 75th percentile (Q3, 3rd quartile) result.

As their quoted valuation metrics and cash balances rise, so does competition for assets from listed buyers, who are looking for new avenues of growth and are able to make earnings accretive acquisitions by paying a discount to their premium earnings ratio. See **Consideration 6** in the back for our perspectives on what rising share prices implies for listed buyers.

Figure 6 Valuation metrics, 2010 to 2019 (M&A transactions)



BUYER TRENDS

Major prolific strategic buyers consisted of traditional IT outsourcers expanding their digital consulting capabilities.

40% (2019) **33%** (2018)

% of deal count by private equity

32% (2019) **44%** (2018)

% of capital invested by private equity

Selected notable strategic buyers

DXC Technology - US-headquartered global technology services firm.
In 2019, DXC Technology acquired six businesses across IT transformation, SAP cloud services, ITSM and software development. DXC's acquisition of Luxoft was the most transformational deal for the firm. It provides DXC with important capabilities in outsourced digital engineering, cloud and devops. It also enables DXC to deepen its capabilities for clients in the automotive and financial services sector verticals, particularly in Europe. DXC Technology was formed in 2016 following the merger of HPE's spin-off of most of its enterprise services business with Computer Sciences Corporation (CSC). Since its formation, DXC has been highly acquisitive and has focused its recent deals on high growth digital services.

Accenture - Ireland-headquartered global technology services and consulting firm.
Accenture budgeted c.$1.5bn for acquisition in FY 2019 and expects to invest up to $1.6bn in acquisitions for FY 2020. In 2019, acquisitions have continued to occur across consulting, digital services and media. Its most notable deal in the year was Droga5, the largest agency acquisition it has made. Investments in the firm's fast-growing digital and cloud services businesses have boosted revenue and gross margins in the first quarter of 2020. As part of the firm's earnings call, Accenture CEO Julie Sweet noted that the firm's acquisition strategy for the year continues to consist of three elements – 1. Scaling hot skill areas with a large market opportunity 2. Continuing to add skills and capabilities in "The New"; and 3. Deepening industry and functional expertise.

Capgemini - France-headquartered global technology services and consulting firm.
Capgemini acquired three businesses in 2019. Its largest announced deal is the purchase of Altran, which will transform the buyer's position in engineering, research and development (ER&D) to enable the digital transformation of industrial and tech companies. The acquisition builds on deal flow in areas like digital media, cyber security and financial services consulting, as well as the launch of Capgemini Invent, which combined Capgemini Consulting and expertise in technology and data science. The acquisition of Altran, along with other acquisitions and restructurings, better positions Capgemini against growing digital transformation competitors like Accenture, Cognizant and the Indian technology services players.

Logicalis - US-headquartered business and technology consulting firm.
Logicalis acquired three business in 2019. This included the acquisitions of Mars Technologies in South Africa, Orange Networks in Germany and Cilnet in Portugal. These purchases added capabilities across managed services, Microsoft consulting and infrastructure. The buyer announced a range of restructurings toward the end of the year, including appointing Robert Bailkoski as new CEO. Bob takes over from Mark Rogers, who has been extensively involved in M&A transactions and overseen the integration of acquired businesses into the Logicalis Group, which has expanded from operating in 9 countries in 2007 to growing its operations across 26 countries.

Cognizant - US-headquartered global technology services and consulting firm.
Cognizant acquired four businesses across software, cloud transformation and support services in 2019. This notably included the purchase of UK-based premier enterprise DevOps and cloud transformation consultancy Contino for $240m. This came as the buyer announced a restructuring in October resulting in job cuts to offset a fall in spending by financial clients. Digital currently accounts for around a third of the firm's revenue and it is set to focus on continuing the growth in this space with an emphasis on investing in data, digital engineering, cloud, and IoT.

SELECTED TRANSACTIONS

Announced date	Target	Key services of target	Buyer	Deal value	EV / LFY revenue (x)
Jan-20	The Shelby Group	E-procurement transformation and optimization consultancy	WestView Capital	-	-
Dec-19	Infocentric	Digital agency	Valtech	-	-
Dec-19	Flux7	AWS premier consulting	NTT Data	-	-
Dec-19	AgilityWorks	SAP consulting	Ernst & Young	-	-
Dec-19	Apis Group	Government specialist consulting	Accenture	-	-
Nov-19	Intuitus	Technology advisory services	Endava	-	-
Nov-19	NAYA	Technology distribution	EPAM	-	-
Nov-19	Quosphere	Supply chain solutions	Ingram Micro	-	-
Nov-19	Silveo	Financial services cloud-based SaaS	Accenture	-	-
Nov-19	Virtual Clarity	ITaaS transformation advisory	DXC Technology	-	-
Nov-19	Obsidian Solutions	Cloud migration and data management	Alpha FMC	$7.33m	-
Nov-19	Bluleader	Customer Experience consulting	DXC Technology	-	-
Nov-19	Onica	AWS Premier consulting	Rackspace	-	-
Sep-19	Mitrais	Software development	CAC Holdings Corporation	-	-
Oct-19	ATOM Solutions	IT consulting	Capco	-	-
Oct-19	X-Perion	SAP Consulting	Atos	-	-
Oct-19	Presence of IT	Workforce management and human resources consulting	Deloitte	-	-
Oct-19	Contino	Professional services for federal agencies	Cognizant	$240m	-
Oct-19	Sophos	Cybersecurity	Thoma Bravo	£3.1bn	-
Sep-19	Orange Networks	Microsoft services business	Logicalis	-	-
Aug-19	Analytics8	Data and analytics consulting	Accenture	-	-
Aug-19	Presidio	Cisco solutions	BC Partners	$2,342m	0.8
Aug-19	Northstream	Communications service consulting	Accenture	-	-
Jul-19	ISS Consulting	Software development	itelligence AG	$7.71m	-
Jul-19	Connexta	AI, machine learning and advanced analytics	Octo Consulting Group	-	-
Jun-19	BCT Solutions	Cybersecurity	Accenture	-	-
Jun-19	Youperience	Salesforce consulting partner	Persistent Systems	£6.80m	-
Jun-19	Altran	Engineering and R&D services	Capgemini	-	-
Jun-19	EVRY	Tech and consulting	Tieto	-	-
Jun-19	Zenith Technologies	Life sciences manufacturing technology	Cognizant	-	-
Jun-19	Objectwise Consulting Group	IT consulting	Tech Mahindra	$2.75m	-

SELECTED TRANSACTIONS

Announced date	Target	Key services of target	Buyer	Deal value	EV / LFY revenue (x)
Jun-19	Deja vu Security	Information security and consulting services	Accenture	-	-
Jun-19	Mobiquity	Digital consultancy	Hexaware Technologies	$182m	-
Jun-19	SCISYS	Software solutions	CGI Group	£87m	-
Jun-19	TopLine Strategies	CRM and BI solutions	Wipfli	-	-
May-19	The Chartis Group	Healthcare advisory and analytics	Audax Group	-	-
Apr-19	KSM Consulting	Management and technology advisory	Renovus Capital Partners	-	-
Apr-19	eGlobalTech	Government technology and management consulting	Tetra Tech	-	-
Apr-19	Cognosante Consulting	Health IT consulting	NTT Data	-	-
Mar-19	Converging Data	Risk management consulting	Deloitte	-	-
Mar-19	Acando	Digital services	CGI	$367.1m	-
Mar-19	Enterprise System Partners	Life sciences consulting and manufacturing services	Accenture	-	-
Feb-19	Nielsen+Partner	Temenos WealthSuite specialist	Larsen & Toubro Infotech	$31.6m	-
Feb-19	Kivu Consulting	Cybersecurity consulting	Bow River Capital	-	-
Feb-19	SecureData	Cybersecurity	Orange	-	-
Jan-19	Sqware Peg	Platinum Salesforce Partner	Simplus	-	-
Jan-19	Mastodon Design	Manufacturer of radio equipment for intelligence agencies	CACI International	$225m	-
Jan-19	LGS Innovations	Technology company supporting national defense	CACI International	$750m	-
Jan-19	EG A/S [Service Business]	Microsoft Dynamics 365 integration	DXC Technology	-	-
Jan-19	SLAIT Consulting	IT consulting and solutions provider	ePlus Technology	-	-
Jan-19	Avanxo	Cloud transformation	Globant	$48.6m	-
Jan-19	Ruletronics	BPM and CRM solutions	Larsen & Toubro Infotech	$7.5m	2.2
Jan-19	Cervello	Business analytics and data management consulting	A.T. Kearney	-	-
Jan-19	Brillio	Digital technology consulting and solutions	Bain Capital	-	-
Jan-19	Capax Global	Microsoft Cloud business applications	Hitachi Solutions	-	-
Jan-19	T-Systems [Mainframe Service Business]	Cloud and data platform solutions	IBM	-	-
Jan-19	Luxoft	Software development	DXC Technology	$2,078.4m	-

Note: The date of the deal relates to the announced date. Deals outlined are those announced and not necessarily completed in 2019.

KEY CONSIDERATIONS

The following considerations relate to some of the strategic issues that business owners on a sale journey should consider while reviewing the data analysis and findings within the report.

Consideration 1:

The relationship between business size and acquisition appetite

Although landmark deals grab headlines, there is notable deal flow at smaller transaction sizes, as highlighted by the large difference between mean and median deal sizes across segments each year. Nevertheless, we typically find that serial buyers do not focus on smaller deals below certain revenue thresholds, unless they offer exceptional synergy or intellectual property or are part of a team hire with limited cash consideration being paid. Buyers may also pay a premium for larger businesses with an established brand, attractive client relationships, embedded intellectual property and the investment in infrastructure that will enable future growth. The importance of revenue size to many buyers, highlights the benefits of setting a clear growth plan and a target scale at exit.

Consideration 2:

The factors that can influence a deal structure

A knowledge-intensive services acquisition can be structured in a variety of ways, but typically involves some mixture of upfront cash element, fixed deferred cash and an earn-out. The earn-out offers additional compensation in the future if the business achieves certain financial goals. There are many factors which influence deal structure, however those features which tend to drive more significant earn-out elements include:

- Owners' desire to share in synergy benefit and access to the buyers' clients;
- Buyers' perceived risk of acquisition, including dependency on the owner and ability to retain talent;
- Nature of the buyer;
- Nature of the sale process; and
- Owner awareness and ability to negotiate on deal structuring options.

There are a variety of steps that owners can take to reduce transaction risk for a buyer, which can improve target deal structures. Furthermore, we find that deal structures can be improved upon in well-managed competitive negotiations.

Consideration 3:

Considering buyers across adjacent industries

Convergence is a continuing trend in both operational and M&A growth for large players across the knowledge economy. Buyers in adjacent segments are often willing to pay premium prices that reflect the considerable synergy opportunity of cross-selling a broader set of complementary services among existing and new clients. Sellers should be aware that the highest price could therefore come from a strategic buyer outside of your core industry. Considering appropriate buyers across adjacent segments and appropriately positioning the synergy opportunity with these buyers is crucial to effectively managing a broad sale process.

Consideration 4:

Considering international buyers

Acquiring in desirable regions enables strategic buyers to gain quick access to lucrative markets, brands, intellectual property, local market knowledge, new clients and specific local expertise. As a result of this, overseas buyers may pay a premium to gain a market foothold.

It is therefore important to consider a range of appropriate international buyers in a broad sale process. To attract these buyers to the local market, it is important to demonstrate the attractiveness of the market and its position. It is also key to articulate why the acquisition will be less risky and deliver a faster return than opening an office and recruiting local talent.

Consideration 5:
Key considerations when interpreting valuation metrics

The typical metrics used by a buyer to value a knowledge economy business are Enterprise Value (EV) as a multiple of a seller's last full year (LFY) of revenue and EV as a multiple of a seller's LFY of EBITDA (referred to as "valuation multiples"). A buyer will typically consider reported valuation multiples on comparable M&A transactions, although only a small proportion of deals in the knowledge economy report revenue multiples and an even lower proportion report EBITDA multiples.

On larger transactions, buyers may also consider the valuation multiples of large global listed companies that are tracked within the Equiteq Knowledge Economy Share Price Index. Their valuation multiples are quoted publicly on a stock exchange at a given point in time and are therefore useful benchmarks of valuation based on current market sentiment.

It should be noted that to directly compare publicly quoted valuation multiples with transaction multiples requires the application of a strategic control premium and a liquidity discount, which can vary between company and equity market. Furthermore, valuation multiples for both transactions and listed companies typically relate to historic unadjusted financials. These issues with interpretation are compounded for EBITDA valuation metrics, where companies may under-report profits and not account for adjustments with respect to one-off items and equity components within salary expenses.

Given these issues of interpretation, along with the wide range of company and deal specific factors that influence the valuation of a knowledge economy business, valuation multiples will vary widely. The figures in this report are therefore primarily a comparative guide and to show trends year on year. They should not be used by sellers or buyers to value a business, for which we recommend you obtain independent financial advice.

Consideration 6:
What rising share prices means for listed buyers

As the publicly quoted valuation multiples and cash balances of listed buyers rise, so does competition for assets from this buyer group. Listed companies that are growing will be looking for new avenues of growth to meet shareholder expectations, and acquisitions quickly enables them to achieve this.

Earnings per share is a key metric that is tracked by public company shareholders to consider the dividend potential of the business. Earnings accretive acquisitions are often a key target of listed businesses. An accretive acquisition will increase a listed buyer's earnings per share and is expected to quickly be achieved by paying a forward EBITDA multiple that is at a discount to a buyer's own quoted EBITDA ratio. Therefore, premium and rising publicly quoted earnings ratios offers a buyer more scope to make earnings accretive acquisitions at higher prices.

With respect to deal structuring, some of these buyers will also be able to offer equity components to target companies. Listed equity is increasingly valuable as share prices rise and can be used to create potentially more compelling offers over private acquirers.

Consideration 7:
Key considerations when selling to a private equity firm

Private equity (PE) buyers differ from strategic buyers, in that the former acquire strictly to realize a cash return on their invested equity. Strategic buyers typically acquire to realize long-term strategic value. As a result, PE buyers will look for specific traits in an acquisition and selling to a PE buyer will have different implications as compared with selling to a trade buyer.

To make a return on their invested equity, PE buyers look for a company that has value enhancement potential and acquire it at a favorable price with financing. With knowledge economy businesses, they are attracted by the relatively high profit margins compared to other industries, the potential for high growth if a business is in a hot space and the barriers to entry that can be maintained if proprietary expertise is retained and leveraged through intellectual property.

APPENDIX

ABOUT EQUITEQ

Equiteq is a global leader in providing strategic advisory and merger & acquisition services to owners of IP-rich technology and services businesses

There are unique challenges to value growth and equity realization for shareholders and investors in the knowledge economy. Equiteq helps owners transform equity value and then realize maximum value through global sale processes.

Selected recent Equiteq transactions:

Equiteq advised on the transaction	Sold to
Allolio&Konrad Telecoms Consultancy	**Analysys Mason**
ChoiceFS Fintech software	**Raisin**
The Shelby Group Procurement operations	**WestView Capital Partners**
Access Partnership Public policy advisory	**Mobeus Equity Partners**
Intuitus Technology Advisory services	**Endava**
Caiman Consulting Management Consulting	**Sia Partners**
Mitrais Software Development	**CAC Holdings**
Live Rice Index Price Reporting Agency	**S&P Global Platts**
WGroup IT Management Consulting	**Wavestone**
RevUnit Digital Strategy & Product Studio	**Mountaingate Capital**
Cervello Data Analytics Consulting	**A.T. Kearney**
Orbium Business & Technology Consulting	**Accenture**

KEY DEFINITIONS

Equiteq segments the knowledge economy into six key segments, which span a broad array of knowledge-intensive industries. These sub-sectors are defined further below:

Management Consulting	**Firms engaged in strategic or operationally focused business advisory services.**
Technology Services	**Firms focused on IT architecture, IT strategy, IT implementation or IT maintenance.**
Media Agencies	**Firms in this space cover all the main disciplines relating to the advertising and marketing process.**
Engineering Consulting & Services	**Firms involved in professional services relating to engineering, design and construction.**
Human capital management	**Firms engaged in human capital management or related technology consulting, employee benefit services, leadership consulting, training and recruitment.**
Software / SaaS	**Providers of computer software used to satisfy the needs of an organization rather than individual users.**

For the purposes of this report we have broken down buyers into four groups, defined further below:

Private equity or financial buyers
Investment firms investing private capital into "portfolio companies", which are typically held, grown organically and with "add-on acquisitions", and then exited after a hold-period.

Serial buyers or prolific buyers
Buyers that have made multiple knowledge economy acquisitions over the last three years.

Strategic or corporate buyers
Non-private equity investors who have existing businesses which will typically make acquisitions that form part of their existing operations.

Listed buyers
Buyers whose equity is publicly traded on a stock exchange.

EQUITEQ MARKET INTELLIGENCE AND DATA SOURCES

The report utilizes multiple data sources including proprietary newsfeeds, press releases, various third-party information sources and data services. Additionally, our daily activities in the M&A marketplace with buyers and sellers provide insights into emerging trends and informs our research report's point of view. It is important to note that financial data, including valuation multiples, are derived from various sources including PitchBook and S&P Capital IQ information databases, combined with findings from our daily activities in the market with buyers and sellers that we utilize on an anonymized basis.

FURTHER RESOURCES

Join Equiteq Edge, a source of information, advice and insight to help you prepare for sale and sell your knowledge economy firm. Equiteq Edge gives you access to the findings of unique research conducted amongst buyers of knowledge economy firms from around the world, insight from those who have sold their businesses and other expert advice.

Join Equiteq Edge at equiteq.com/equiteq-edge

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Note 1: The returns of the S&P 500 index in this presentation act as appropriate benchmarks for comparison to the Equiteq Knowledge Economy Share Price Index and its constituent segment indices. The S&P 500 represents the Standard & Poor's 500 Index. We believe it is relevant to compare the Equiteq Knowledge Economy Share Price Index with broad U.S. and international public equities. These indices each focus on large capitalization public equities and can be viewed as proxies for the market overall. Notwithstanding the foregoing, there will not necessarily be a correlation between the performance of the Equiteq Knowledge Economy Share Price Index, on the one hand, and either of these indices, on the other hand. Investments cannot be made directly in indices and such indices may re-invest dividends and income.

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