



Q2
2025

PROFESSIONAL & HUMAN CAPITAL SERVICES
Market Update

Market Insights

RECENT TRENDS IN PROFESSIONAL SERVICES

Despite significant volatility in the U.S. and global financial markets, largely driven by the “Liberation Day” announcements of new U.S. tariff levies, the S&P 500 ended Q2 2025 with a 13.6% year-over-year (YoY) increase as concerns somewhat abated. It was anticipated that professional services firms, which had thus far avoided tariff levies in 2025, would outperform their goods-producing and distribution counterparts. However, professional services, as measured by Lincoln’s combined subsector indices for specialty consulting (down 9.8%) and HR and training professional services (up a modest 3.6%), have materially underperformed the overall market increase.

Meanwhile, mergers and acquisitions (M&A) volume within these two subsectors was up a robust 22.6% on a YoY last-12-month (LTM) basis as compared to the overall M&A market, which declined 8.5% over the same period. There are several explanations for the somewhat paradoxical case of significantly increased M&A volume in the face of relatively weak values.

While professional services have not been subject to direct tariffs, the sector supports numerous targeted industries. The subsequent lowering, by economists, of U.S. GDP growth projections for 2025, in the wake of Liberation Day, touched off increasing apprehension among professional services investors tied to potential delays in project spending by clients. Meanwhile, potential changes to Medicare and federal funding for life sciences research have cast similar uncertainty on much of the healthcare sector.

In addition to near-term economic uncertainty, professional services face transformational business model changes driven by the application of generative AI in all of the knowledge work industries. Delivery models and pricing approaches are being reconsidered in light of the impact of AI, and providers who rapidly adopt AI have an opportunity to build competitive advantages. However, capital investments in software development and advanced data architectures required to deliver next-generation services will necessitate building greater scale via accelerating consolidation.

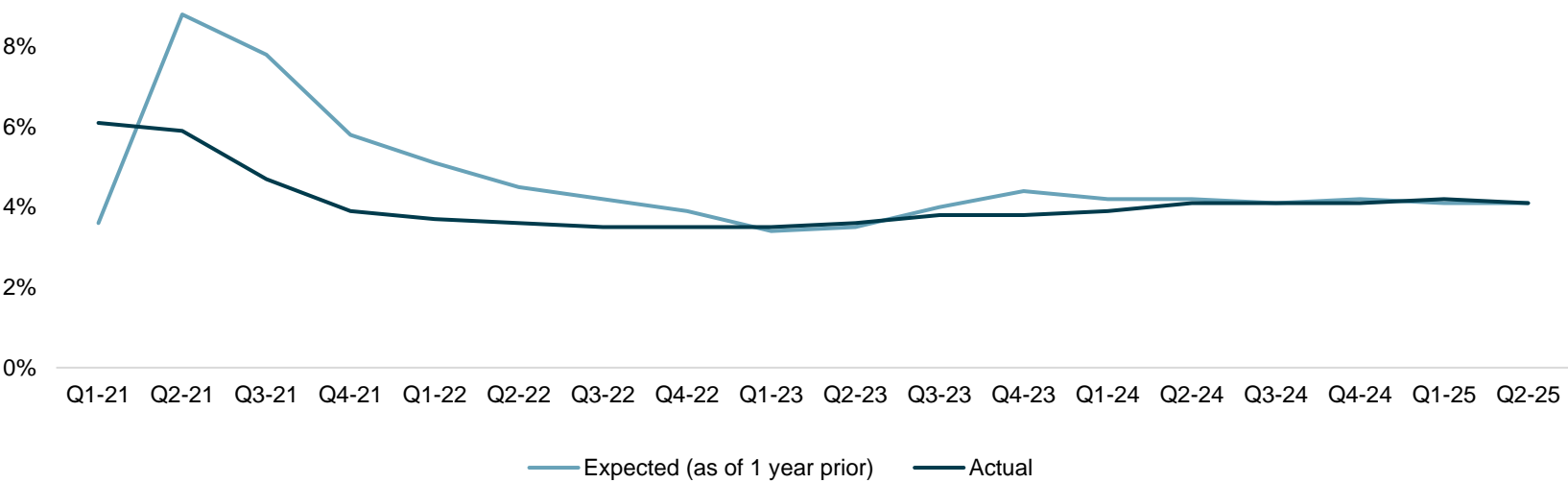
Private equity has remained a willing partner to professional services M&A, despite below-market-average revenue and EBITDA growth in the past one to two years. In addition to the appeal of only second-level exposure to the trade war, many investors see opportunity in enabling the transformation of business models with the application of AI. Several software-focused PE funds are showing interest in legacy professional services businesses where they can uniquely assist in accelerating the pace of change through existing portfolio investments in enabling technologies. Concurrently, in professions such as certified public accounting (and soon law), changing regulations and innovative corporate legal structures are allowing significant capital flows into previously off-limits partnership models. These changes will be essential for firms to fund enabling technology investments, expand service offerings and facilitate equity ownership reallocations from retired or retiring professionals to those most critical for driving transformation.

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- Professional & Human Capital Services Financial Performance
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Professional & HCS Financial Performance

EXPECTED VS. ACTUAL UNEMPLOYMENT RATE



YoY PRICE PERFORMANCE

Overperformers	Change	Underperformers	Change
Paycom Software	+61.8%	Robert Walters plc	-54.6%
Heidrick & Struggles International	+44.9%	Resources Connection	-51.4%
DHI Group	+42.1%	Kelly Services	-45.3%
Persol Holdings	+40.9%	ZipRecruiter	-44.9%
Huron Consulting Group	+39.6%	ASGN Incorporated	-43.4%

LINCOLN INTERNATIONAL’S PROFESSIONAL & HCS SECTOR

Lincoln International recognizes the importance of understanding a client’s industry, value drivers, growth opportunities and challenges.

Our extensive expertise provides in-depth market insights, deep relationships with the most active strategic and financial partners and superior knowledge of how to best position a business and overcome potential issues.

These attributes, combined with our globally integrated resources and expert execution, enable us to consistently deliver outstanding outcomes for our clients.

Lincoln’s dedicated professional & HCS team has established itself among the most active M&A advisors in the middle market. Our senior bankers provide sector-specific expertise, global buyer access and unmatched execution within the professional & HCS space.

This update tracks pricing and valuation metrics and transaction activity for five key professional & HCS subsectors:

- Human resources outsourcing
- HR professional and training services
- HR technology
- Specialty consulting
- Staffing services

INDICES HIGHLIGHTS

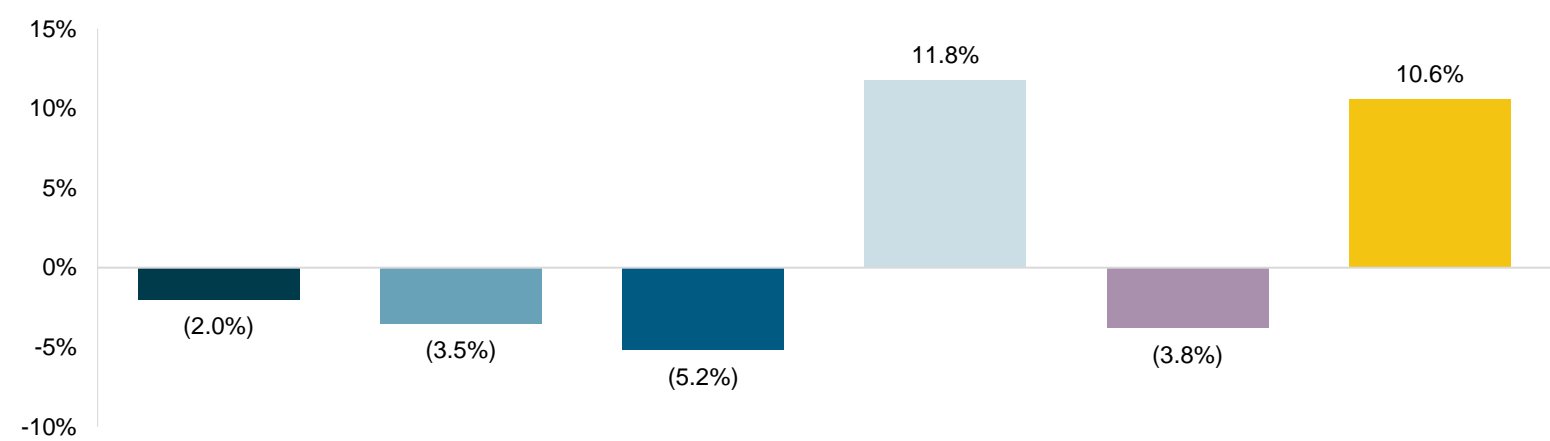
Despite 13.6% growth in the broader market over the LTM Q2 2025 period, the professional & HCS sector experienced mixed performance across subsectors. The HR technology services index led the group with 21.5% growth, followed by the HR outsourcing and HR professional and training services subsectors at 9.8% and 3.6%, respectively. In contrast, the staffing services and specialty consulting services indices declined by 22.4% and 9.8%, respectively.

The professional and HCS sector's relative underperformance to the market was driven by weaker earnings growth, with EBITDA increasing 6.4% YoY compared to 8.9% for the S&P 500. Despite slower growth, the sector experienced mild multiple expansion, with the average EV / EBITDA multiple rising 0.8% to 14.6x. Total enterprise value for the sector grew 11.8% over the same period. The S&P 500 experienced greater multiple expansion over the period, increasing 5.1% to 17.7x, and its stronger EBITDA growth drove a larger 15.4% increase in total enterprise value.

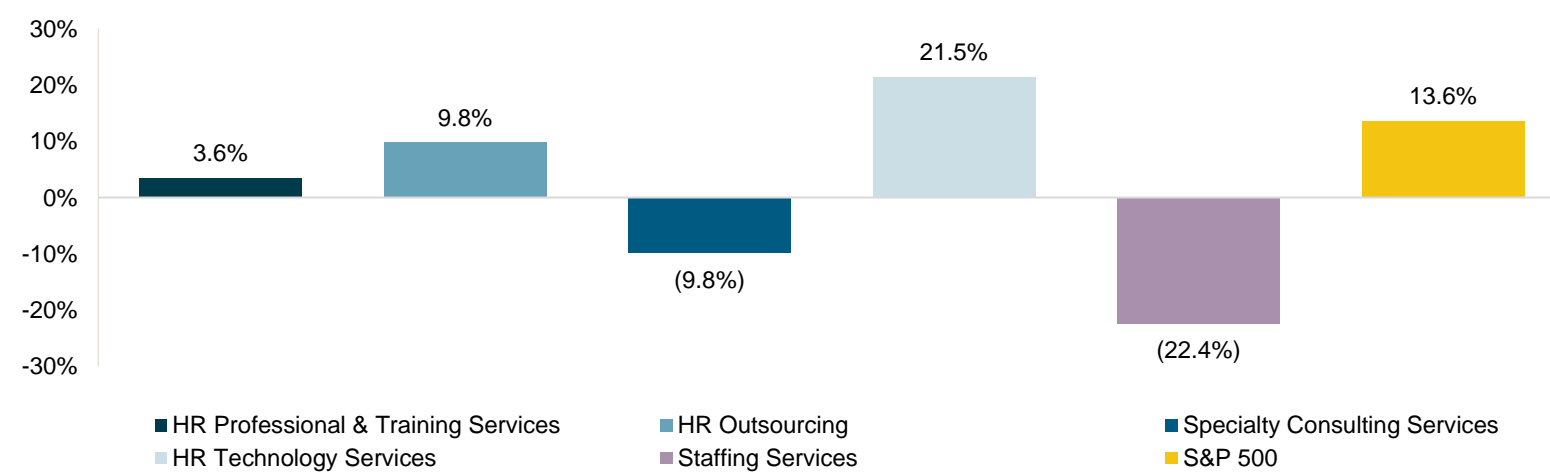
The professional & HCS sector continued to lag the broader market in Q2 2025, with most subsectors posting quarter-over-quarter declines. HR technology services was the only subsector to post growth, rising 11.8% and outpacing the S&P 500's 10.6% gain. In contrast, HR professional and training services (-2.0%), HR outsourcing (-3.5%), staffing services (-3.8%) and specialty consulting services (-5.2%) all declined for the three-month period ending June 30, 2025.

Professional & HCS Financial Performance

Q / Q PRICE CHANGE



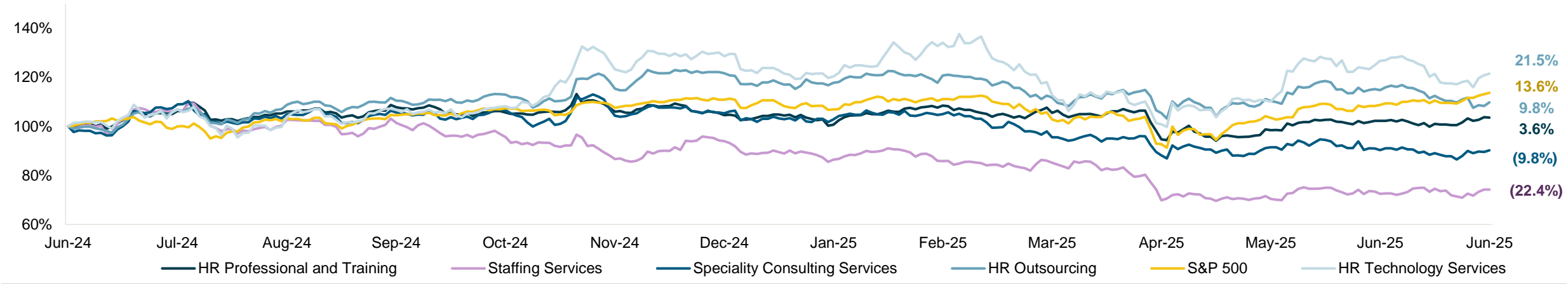
YoY PRICE CHANGE



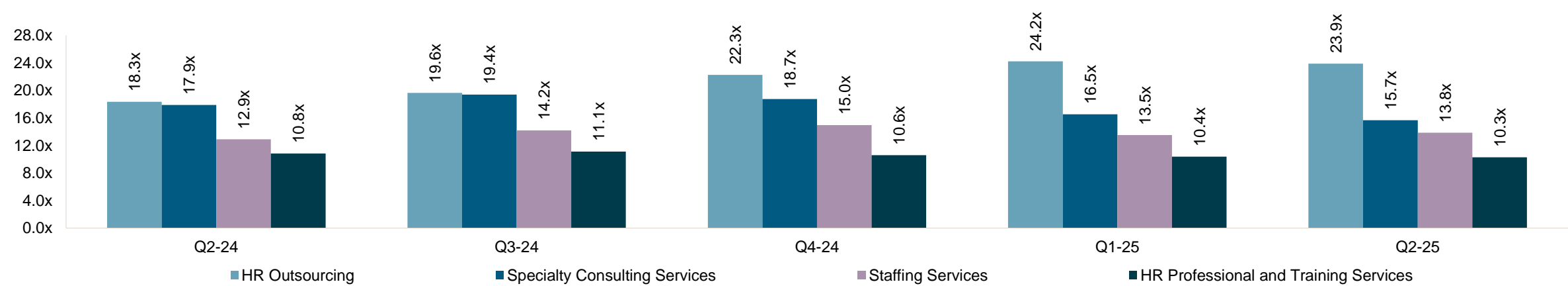
Source: Capital IQ as of 6/30/2025

Professional & HCS Financial Performance (cont.)

LTM RELATIVE STOCK INDICES PRICE PERFORMANCE

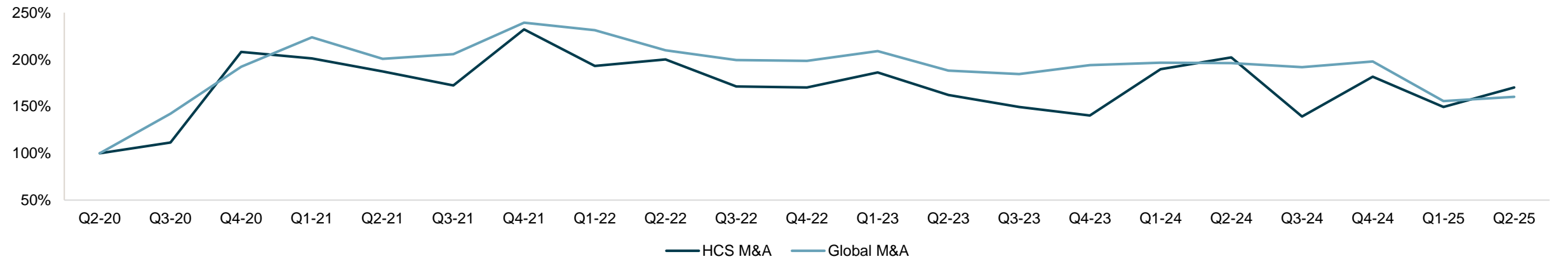


HISTORICAL ENTERPRISE VALUE / LTM EBITDA VALUATION PERFORMANCE

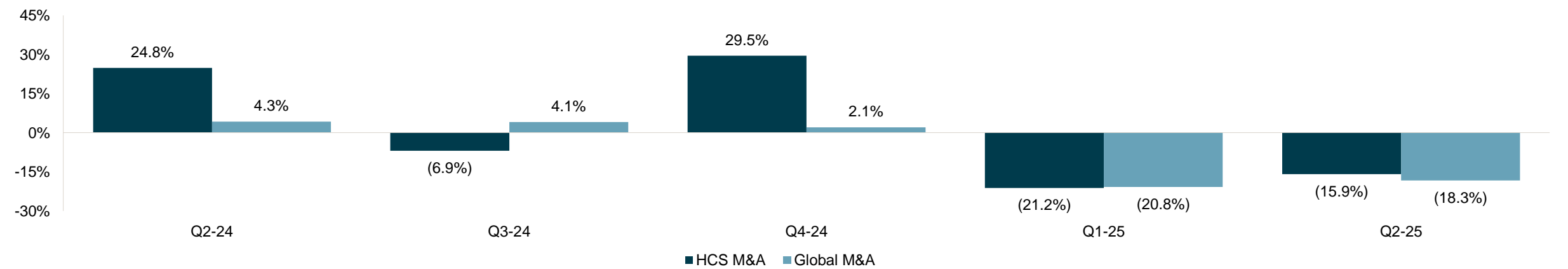


Professional & HCS M&A Activity

INDEXED M&A VOLUME

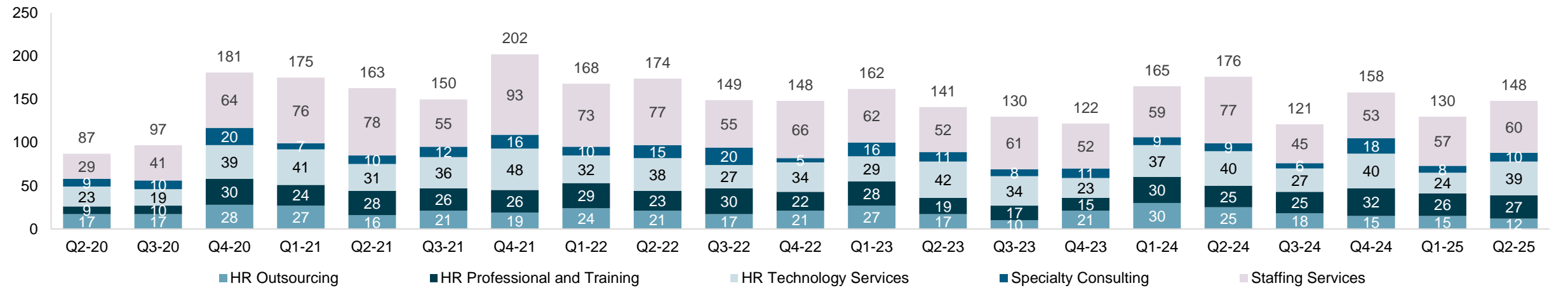


YoY CHANGE IN QUARTERLY DEAL VOLUME

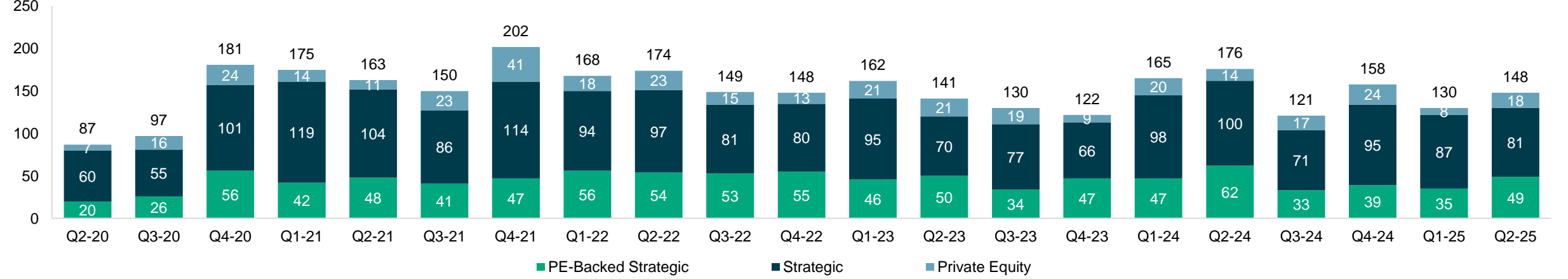


Professional & HCS M&A Activity (cont.)

TRANSACTION COUNT BY SUBSECTOR



TRANSACTION COUNT BY ACQUIRER TYPE



Sources: Pitchbook Q2 2025 Global M&A Report, Pitchbook data
Note: Includes U.S. and European M&A activity

Market Intelligence

APR 2025:

Organizations across the professional and HCS sector are rapidly adopting AI to drive innovation and efficiency, yet they face mounting regulatory uncertainty. Key regulatory shifts under the current administration have left companies exposed to litigation, compliance gaps and ethical scrutiny. With federal guidance eroding and inconsistent state regulations emerging, proper AI governance is now a critical business competency.

To navigate this evolving landscape, organizations must adopt robust, multidisciplinary AI governance and risk frameworks. This includes establishing cross-functional steering committees, conducting bias audits, validating models and maintaining transparency in AI decision-making. Legal exposure often stems not just from adverse outcomes but also from a lack of explainability and oversight. Subsectors such as healthcare and employment are especially high-risk, with litigation already underway. To mitigate risk and ensure responsible AI use, companies must proactively embed compliance, ethics and legal review into their AI strategies. Successful firms will turn uncertainty into a strategic advantage.⁽¹⁾

APR 2025:

The Mintz Group's acquisition of Greylhawk Intelligence Group highlights a growing trend in the professional and HCS space of firms blending specialized expertise and advanced technology with human capital. As clients look for more nuanced, cross-border due diligence, there is a clear shift toward on-the-ground human intelligence networks that go beyond what digital tools alone can offer. Greylhawk's strong regional presence across EMEA and its top-tier capabilities in asset tracing and investigative work make it a natural fit for these evolving needs.

This acquisition, along with Mintz's recent partnership with the AI-powered platform Xapien, shows how leading firms are combining deep investigative experience with cutting-edge technology to stay ahead of rising compliance, reputational and geopolitical risks. For the professional and HCS sector, both expertise and the global reach of a firm's human capital are becoming key differentiators. This combination of people and technology enables firms to deliver high-stakes, actionable intelligence in an increasingly complex market.⁽²⁾

JUN 2025:

Sorren is a newly established top-50 accounting firm formed by a group of U.S. firms that had long collaborated through the BDO Alliance. This union brings together more than 1,000 professionals in 20 offices nationwide, with an additional 300 team members based in India, the Philippines and St. Lucia. The firms joined forces to enhance their collective capabilities while maintaining their local relationships and personalized client service.

Backed by private equity firm DFW Capital Partners, Sorren aims to continue its strategic growth by partnering with firms that share its commitment to community, client focus and innovation. Led by CEO Michael O'Donnell, the firm offers tax, assurance, client accounting services and advisory solutions. Sorren's formation sets a precedent for purpose-led consolidation in the professional and HCS sector, specifically the tax and accounting subsectors.⁽³⁾

JUN 2025:

Prosperity Partners, a Chicago-based tax and accounting firm backed by Unity Partners, has acquired Danaher Attig & Plante (DAP), a Vermont-based firm known for its tax advisory and compliance services. Founded in 2005, DAP serves individuals, businesses, trusts and estates and will continue operating under its current leadership while joining Prosperity's growing national platform. All DAP employees will be included in Prosperity's Employee Purpose Plan, an ownership initiative that reflects a rising trend in the professional and HCS space of firms leveraging employee equity and people-first cultures to attract, retain and empower talent.

The acquisition expands Prosperity's geographic footprint to Vermont and strengthens its service capabilities. Leadership from both firms emphasizes cultural alignment and a shared commitment to high-quality client service. With this partnership, Prosperity continues to scale strategically and demonstrates success by bringing together trusted local firms under a unified, growth-focused platform supported by private equity investment.⁽⁴⁾

(1) Resolution Economics: Complex by Design: Navigating AI Compliance in Healthcare, Life Sciences and Employment with Confidence

(2) Mintz Group: Mintz Group Expands Reach with Acquisition of Chambers-ranked UK Corporate Intelligence Firm

(3) Sorren: Leading Accounting Firms Unite to Create 'Sorren' – a New Top 50 Firm

(4) BusinessWire: Prosperity Partners Completes Acquisition of Danaher Attig & Plante


Recent Lincoln International Professional & HCS Transactions

INVESTCORP

has acquired

Miebach

Buy-Side



Provides supply chain, logistics and material flow consulting

Founding shareholders

have sold

ACTURE GROEP

to

Investment Partners

Sell-Side

Provides specialized outsourced services and insurance products

EGERIA

has sold

venk

to

WORLD OF TALENTS

a portfolio company of

CVC BALTISSE

Sell-Side

Provides staffing to technical and public end markets

JMH Capital

has sold

ALL4

to

LEVINE LEIGHTMAN CAPITAL PARTNERS

Sell-Side



Provides technical consulting for environmental compliance

HORIZON CAPITAL


has formed and invested in

Adeptio Law Group

which completed the acquisition of

fbcmaby bowdler SOLICITORS

Acquisition Financing



Provides legal services to smaller enterprises and individuals

Deutsche Beteiligungs AG

has acquired

UNITY CONSULTING & INNOVATION

Acquisition Financing



Provides technology consulting and digital transformation services

Audax Private Equity

has sold

CHARTIS

to

Blackstone

Sell-Side



Provides comprehensive healthcare advisory services

CVC

has made an investment in

WORLD OF TALENTS

from

BALTISSE Capital in search of excellence

Buy-Side

Provides HR solutions for white-collar bottleneck professionals

Professional & HCS Public Company Data

Company Name	Stock Price	% of 52 Week High	Market Cap	Enterprise Value	LTM		YoY Revenue Growth	EBITDA Margin	Gross Margin	Enterprise Value / LTM		Enterprise Value / 2025E	
					Revenue	EBITDA				Revenue	EBITDA	Revenue	EBITDA
HR Outsourcing													
Alight, Inc.	\$5.66	63.4%	\$2,988	\$4,918	\$662	\$367	(31.2%)	15.9%	38.7%	2.1x	13.4x	2.0x	7.4x
Automatic Data Processing, Inc.	308.40	93.5%	125,187	126,873	6,658	6,026	7.1%	29.3%	48.4%	6.2x	21.1x	5.7x	19.1x
Barrett Business Services, Inc.	41.69	92.7%	1,071	995	82	64	8.4%	5.5%	21.9%	0.8x	15.5x	0.8x	12.2x
Dayforce Inc.	55.39	67.0%	8,856	9,530	718	267	13.5%	14.4%	50.9%	5.1x	35.8x	4.4x	13.3x
First Advantage Corporation	16.61	79.9%	2,885	4,866	465	124	38.0%	11.8%	47.0%	4.7x	39.3x	3.0x	10.5x
Insperty, Inc.	60.12	57.3%	2,262	2,130	267	78	2.4%	1.2%	14.6%	0.3x	27.3x	0.3x	8.0x
Paychex, Inc.	145.46	90.2%	52,438	55,798	3,336	2,539	5.6%	45.6%	72.4%	10.0x	22.0x	8.2x	16.7x
TriNet Group, Inc.	73.14	62.9%	3,540	4,210	4,993	238	0.7%	4.8%	16.8%	0.8x	17.7x	3.6x	9.9x
Mean		75.9%					5.5%	16.0%	38.8%	3.8x	24.0x	3.5x	12.1x
Median		73.4%					6.3%	13.1%	42.8%	3.4x	21.5x	3.3x	11.3x
HR Professional and Training Services													
BTS Group AB	\$24.29	70.6%	\$471	\$466	\$282	\$38	10.7%	13.4%	43.6%	1.7x	12.3x	1.4x	8.4x
Franklin Covey Co.	22.82	51.3%	296	260	280	31	(0.4%)	11.0%	77.0%	0.9x	8.5x	0.9x	NM
Heidrick & Struggles International, Inc.	45.76	93.3%	944	719	1,156	99	9.0%	8.6%	23.1%	0.6x	7.3x	0.6x	5.8x
Korn Ferry	73.33	90.9%	3,807	3,338	2,730	374	(1.2%)	13.7%	24.6%	1.2x	8.9x	1.2x	6.6x
Marsh & McLennan Companies, Inc.	218.64	88.2%	107,730	128,748	25,799	7,580	9.2%	29.4%	44.2%	5.0x	17.0x	4.5x	15.5x
Synergie SE	37.58	92.8%	859	520	3,297	112	(4.0%)	3.4%	10.1%	0.2x	4.7x	0.1x	3.1x
Willis Towers Watson Public Limited Company	306.50	89.1%	30,389	34,861	9,808	2,594	1.3%	26.4%	43.1%	3.6x	13.4x	3.4x	12.1x
Mean		82.3%					3.5%	15.1%	38.0%	1.9x	10.3x	1.7x	8.6x
Median		89.1%					1.3%	13.4%	43.1%	1.2x	8.9x	1.2x	7.5x

Professional & HCS Public Company Data (cont.)

Company Name	Stock Price	% of 52 Week High	Market Cap	Enterprise Value	LTM		YoY Revenue Growth	EBITDA Margin	Gross Margin	Enterprise Value / LTM		Enterprise Value / 2025E	
					Revenue	EBITDA				Revenue	EBITDA	Revenue	EBITDA
HR Technology Services													
DHI Group, Inc.	\$2.97	89.6%	\$138	\$178	\$138	\$24	(7.4%)	17.2%	85.0%	1.3x	7.5x	1.4x	5.6x
Paycom Software, Inc.	231.40	86.4%	12,962	12,523	1,914	486	9.9%	25.4%	85.9%	6.5x	25.8x	5.6x	13.3x
Paylocity Holding Corporation	181.19	81.0%	10,007	9,830	1,595	415	13.7%	26.0%	68.9%	6.2x	23.7x	5.5x	15.3x
Upwork Inc.	13.44	74.1%	1,769	1,517	771	116	7.2%	15.0%	77.8%	2.0x	13.1x	1.9x	6.9x
Workday, Inc.	240.00	81.6%	64,043	59,466	8,696	967	15.0%	11.1%	75.7%	6.8x	NM	5.5x	16.8x
ZipRecruiter, Inc.	5.01	44.5%	450	534	462	(7)	(20.9%)	(1.4%)	89.5%	1.2x	NM	1.1x	10.2x
Mean		76.2%					2.9%	15.5%	80.4%	4.0x	17.5x	3.5x	11.4x
Median		81.3%					8.5%	16.1%	81.4%	4.1x	18.4x	3.7x	11.8x
Specialty Consulting Services													
CBIZ, Inc.	\$71.71	79.6%	\$3,834	\$5,777	\$2,421	\$366	46.5%	15.1%	14.5%	2.4x	15.8x	1.9x	12.0x
CRA International, Inc.	187.37	87.6%	1,276	1,435	713	98	9.3%	13.7%	32.0%	2.0x	14.7x	1.9x	14.9x
Exponent, Inc.	74.71	64.5%	3,792	3,627	519	143	2.6%	27.6%	39.2%	7.0x	25.3x	6.4x	23.4x
FTI Consulting, Inc.	161.50	66.3%	5,439	5,683	3,663	403	(0.9%)	11.0%	31.7%	1.6x	14.1x	1.4x	12.7x
The Hackett Group, Inc.	25.42	74.7%	703	715	309	34	3.9%	11.0%	38.3%	2.3x	21.1x	2.1x	9.3x
Huron Consulting Group Inc.	137.54	88.7%	2,199	2,792	1,526	196	7.1%	12.8%	32.2%	1.8x	14.3x	1.6x	10.8x
ICF International, Inc.	84.71	47.1%	1,560	2,243	1,977	220	(0.5%)	11.1%	37.1%	1.1x	10.2x	1.2x	10.2x
Resources Connection, Inc.	5.37	44.1%	178	132	551	13	(12.9%)	2.4%	37.6%	0.2x	10.0x	0.2x	NM
Mean		69.1%					6.9%	13.1%	32.8%	2.3x	15.7x	2.1x	13.3x
Median		70.5%					3.2%	12.0%	34.7%	1.9x	14.5x	1.7x	12.0x

Sources: Bloomberg, Capital IQ and company filings, as of 6/30/2025

Professional & HCS Public Company Data (cont.)

Company Name	Stock Price	% of 52 Week High	Market Cap	Enterprise Value	LTM		YoY Revenue Growth	EBITDA Margin	Gross Margin	Enterprise Value / LTM		Enterprise Value / 2025E	
					Revenue	EBITDA				Revenue	EBITDA	Revenue	EBITDA
Staffing Services													
Adecco Group AG	\$29.65	75.0%	\$4,964	\$8,838	\$26,923	\$837	6.3%	3.1%	19.2%	0.3x	10.6x	0.3x	8.0x
Amadeus FiRe AG	94.89	72.8%	515	618	467	50	(3.6%)	10.6%	52.8%	1.3x	12.5x	1.2x	7.0x
ASGN Incorporated	49.93	47.3%	2,190	3,435	4,005	368	(6.3%)	9.2%	28.8%	0.9x	9.3x	0.8x	7.7x
Hays plc	0.98	71.9%	1,556	1,744	8,483	65	(8.5%)	0.8%	3.0%	0.2x	26.8x	0.2x	11.0x
HireQuest, Inc.	10.01	63.6%	140	144	34	13	(7.7%)	37.5%	100.0%	4.3x	11.4x	4.4x	9.9x
Kelly Services, Inc.	11.71	49.2%	413	652	4,452	118	(3.5%)	2.6%	20.5%	0.1x	5.5x	0.1x	3.5x
Kforce Inc.	41.13	57.5%	729	809	1,361	64	(5.8%)	4.7%	27.2%	0.6x	12.7x	0.6x	8.9x
ManpowerGroup Inc.	40.40	51.6%	1,870	2,946	17,540	357	(3.8%)	2.0%	17.1%	0.2x	8.3x	0.2x	6.2x
PageGroup plc	3.65	60.8%	1,140	1,196	2,177	82	(15.0%)	3.7%	48.5%	0.5x	14.7x	0.5x	7.1x
Persol Holdings	1.95	95.7%	4,328	4,405	9,691	608	10.5%	6.3%	22.9%	0.5x	7.2x	0.4x	6.3x
Randstad N.V.	46.04	84.1%	8,067	10,234	27,656	739	5.5%	2.7%	19.0%	0.4x	13.9x	0.4x	7.5x
Recruit Holdings Co., Ltd.	59.16	71.8%	84,345	80,256	24,500	4,034	13.7%	16.5%	58.8%	3.3x	19.9x	3.1x	15.5x
Robert Half Inc.	41.05	52.4%	4,122	4,022	5,569	219	(7.0%)	3.9%	38.0%	0.7x	18.4x	0.7x	9.6x
Robert Walters plc	2.51	40.8%	165	192	1,145	8	(7.1%)	0.7%	35.3%	0.2x	23.8x	0.2x	3.9x
TrueBlue, Inc.	6.48	52.7%	176	268	1,535	(13)	(13.0%)	(0.9%)	24.7%	0.2x	NM	0.2x	6.4x
Mean		63.1%					(3.0%)	6.9%	34.4%	0.9x	13.9x	0.9x	7.9x
Median		60.8%					(5.8%)	3.7%	27.2%	0.5x	12.6x	0.4x	7.5x
Total Mean		71.4%					2.2%	12.2%	41.8%	2.3x	15.9x	2.1x	10.2x
Total Median		72.4%					1.8%	11.0%	37.8%	1.3x	14.1x	1.3x	9.7x

Sources: Bloomberg, Capital IQ and company filings, as of 6/30/2025

About Lincoln International

We are trusted investment banking advisors to business owners and senior executives of leading private equity firms and their portfolio companies and to public and privately held companies around the world. Our services include mergers and acquisitions advisory, private funds and capital markets advisory, and valuations and fairness opinions. As one tightly integrated team of over 1,000 professionals in more than 25 offices across 16 countries, we offer an unobstructed perspective on the global private capital markets, backed by superb execution and a deep commitment to client success. With extensive industry knowledge and relationships, timely market intelligence and strategic insights, we forge deep, productive client relationships that endure for decades. Connect with us to learn more at www.lincolninternational.com.



Connect with a professional in Lincoln International's Business Services Group at <http://www.lincolninternational.com/whoweserve/business-services/>

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GLOBAL INDUSTRY GROUPS

Business Services

Consumer

Energy Transition, Power &
Infrastructure

Financial Institutions

Healthcare

Industrials

Technology

ADVISORY SERVICES

Mergers & Acquisitions

Capital Advisory

Private Funds Advisory

Valuations & Opinions

LINCOLN'S BUSINESS SERVICES GROUP COMMITTED TO SERVING OUR CLIENTS

We are immersed in the constantly evolving, rapidly growing service-based economy. Our breadth of transactional, operational and technical experience enables us to intuitively communicate the underlying dynamics in key subsectors and generate excellent outcomes for our clients' individual needs.

