LINCOLN INTERNATIONAL

Q2
2026

PROFESSIONAL SERVICES

Market Update

Market Insights

Professional Services M&A Momentum Persists Despite Near-Term Volatility

Professional services mergers and acquisitions (M&A) activity across the U.S., Canada and Europe declined in the second quarter of 2026 alongside overall M&A activity amid geopolitical and economic uncertainty, including uncertainty associated with the U.S.-Iran conflict. However, it is clear that the secular trend in professional services is toward increased volumes across functional and vertical service areas. M&A volumes in the professional services subsectors tracked by Lincoln have had superior percentage volume changes versus the overall market for five straight quarters. While the rapid change confronting professional services due to the disruptive force of generative AI has caused significant uncertainty for investors and operators, it remains a key catalyst for professional services M&A as firms across the spectrum seek greater scale and investment capital to deploy in order to utilize AI within their business models as quickly as possible.

8% 2-year transaction volume CAGR

32% PE and PE-backed deal volume vs. prior-year LTM

5 QTRS Professional services YoY volume change outperformed global M&A

Looking at M&A volumes in professional services on a lagged last-12-month (LTM) basis (excluding Q2 noise) makes the longer-term trend clearer. Total volume increased from 680 transactions for the 12 months ended March 2024, to 768 for the 12 months ended March 2025 and 792 for the 12 months ended March 2026. In the most recent period, private equity (PE) buyers have been the more aggressive consolidators. After slowing their pace from 2024 into early 2025, PE firms making new platform acquisitions and PE-backed portfolio companies increased deal volumes by 32% from the 12 months ended March 2025 to the 12 months ended March 2026 and accounted for 48% of all deal volume. Strategic buyers decreased their acquisitions by 14% and represented 52% of all volume. Publicly traded firms, while no less urgent about their need to lead change within their organizations, appear to have moved toward a more diverse mix of organic and acqui-hire tactics in addition to M&A, as their diminished valuation multiples have made some of the most attractive M&A targets harder to buy given implied dilution.

The growth in private M&A volumes across subsectors, from finance & accounting to legal services, to engineering and design consulting, has occurred in an environment of relatively less volatile valuations in comparison to the public markets. Both transaction multiples and the data supplied by Lincoln's Valuations and Opinions Group indicate less value degradation than in the public markets which may indicate private market investors taking a more positive longer-term view on the evolution of professional services.

Sources: PitchBook Q2 2026 Global M&A Report, PitchBook data
Note: Includes U.S., Canada and European M&A activity

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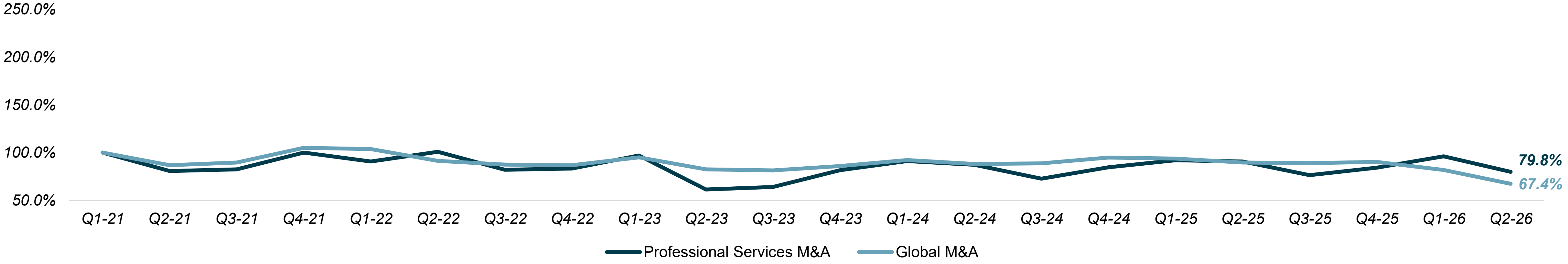
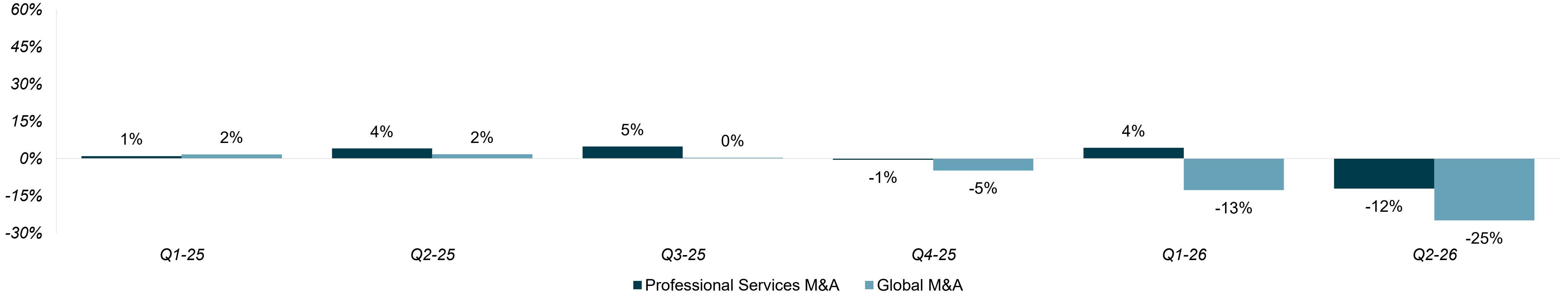
Professional Services M&A Activity

INDEXED M&A VOLUME



YoY CHANGE IN QUARTERLY DEAL VOLUME



Sources: PitchBook Q2 2026 Global M&A Report, PitchBook data
Note: Global M&A deal volume reflects reported transactions and exclude PitchBook estimates for late-reporting transactions; recent-period counts are subject to upward revision

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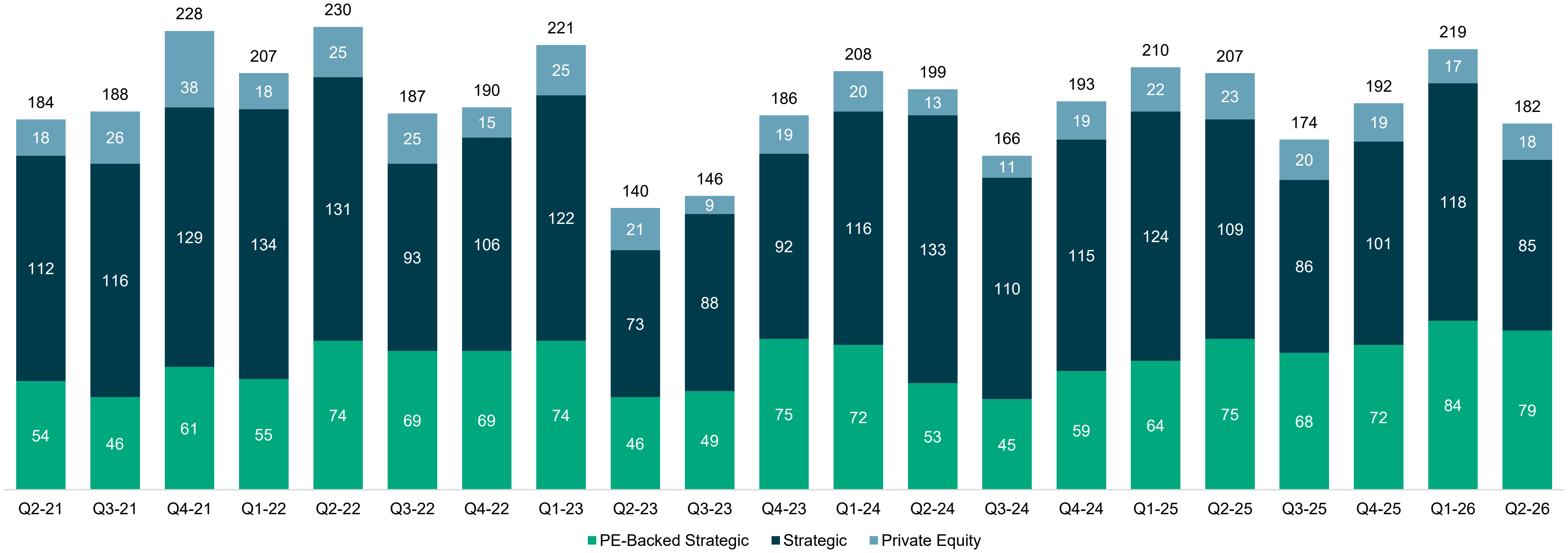
Professional Services M&A Activity (cont.)

TRANSACTION COUNT BY ACQUIRER TYPE



Note: Includes U.S., Canada and European M&A activity

INDEX HIGHLIGHTS

Private professional services valuation multiples remained relatively stable over the last two years. Mean EV / EBITDA ranged from 12.4x to 12.8x between Q1 2024 and Q3 2025 before moderating to 11.7x in Q1 2026 and recovering modestly to 11.9x in Q2 2026. At 11.9x, the Q2 2026 mean EV / EBITDA multiple was approximately 6% below its prior-year level, compared with an average decline of approximately 31% across the three tracked public professional services subsectors over the same period.

Mean EV / Revenue followed a similar trajectory. The multiple remained between 3.3x and 3.5x through the first half of 2025, increased to 3.6x in Q3 2025 and subsequently declined to 3.2x in 1Q26. The modest recovery to 3.3x in Q2 2026, together with the improvement in EV / EBITDA, suggests that derived private professional services valuations have remained comparatively resilient after two consecutive quarters of compression.

The aggregate valuation trends provide a foundation for the proprietary analysis that follows. Lincoln's VOG data further examines the underlying components of enterprise value growth, recent revenue and EBITDA performance and differences in valuation resilience across professional services subsectors. While public market valuations have experienced greater volatility, derived private company valuations have remained differentiated based on growth, profitability and earnings visibility.

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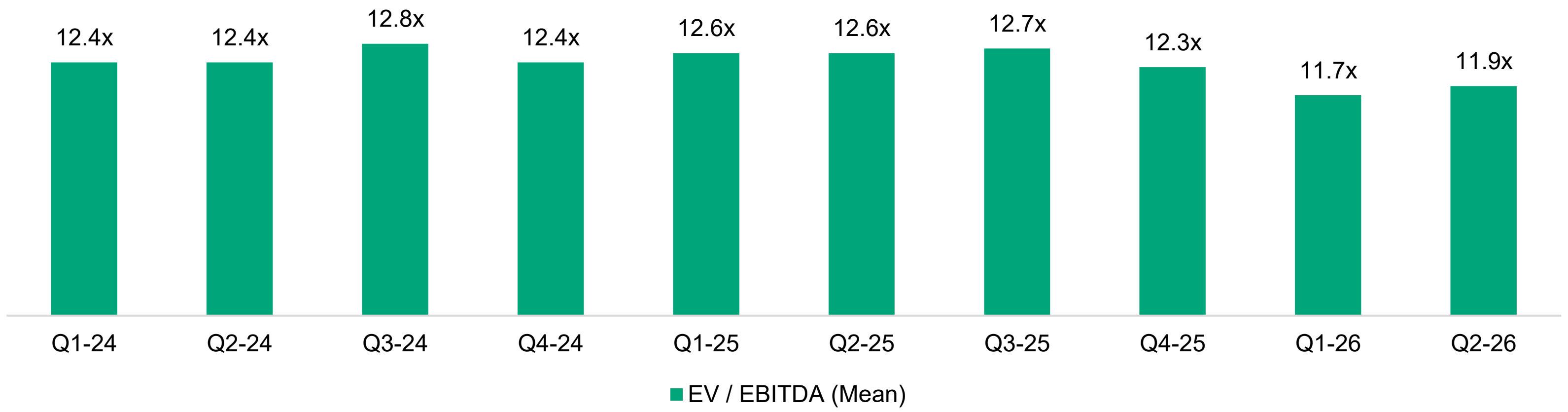
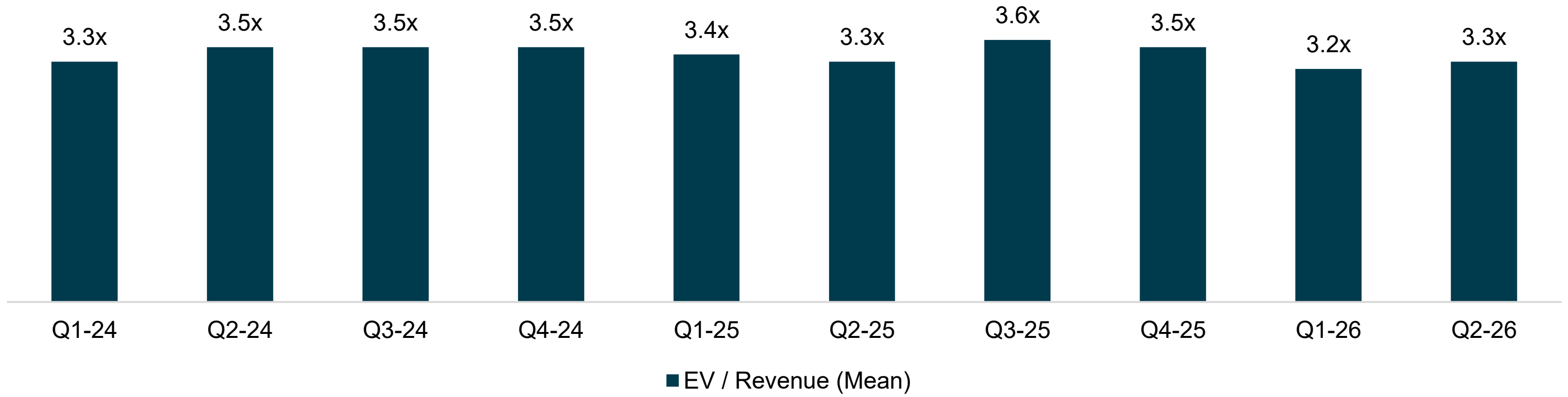
Professional Services Financial Performance

PRIVATE PROFESSIONAL SERVICES QUARTERLY EV / EBITDA VALUATION MULTIPLES



PRIVATE PROFESSIONAL SERVICES QUARTERLY EV / REVENUE VALUATION MULTIPLES

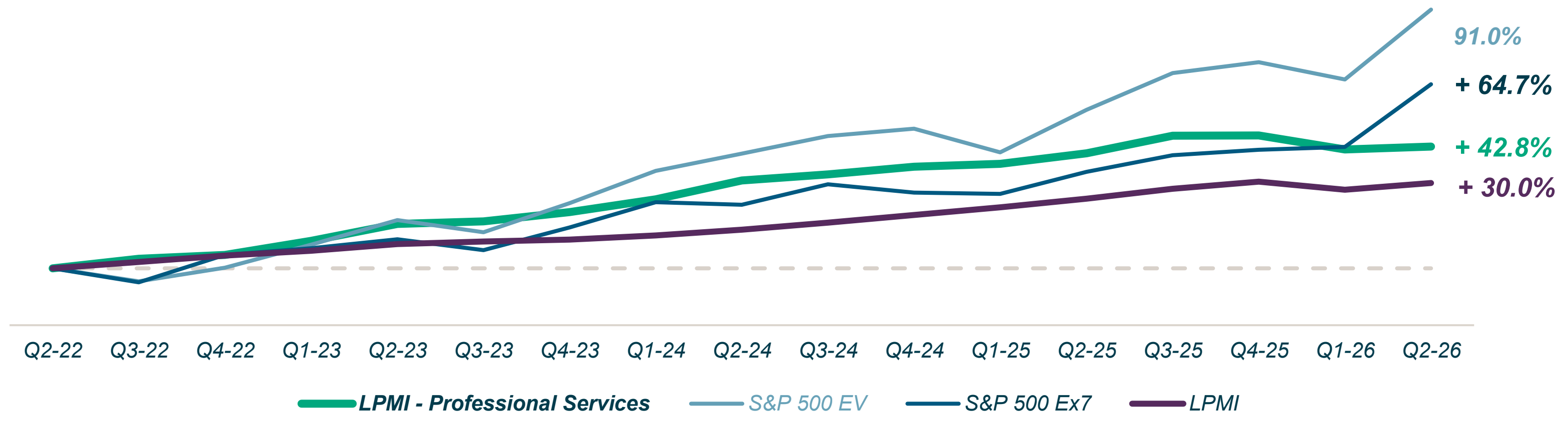


Source: Lincoln VOG proprietary data

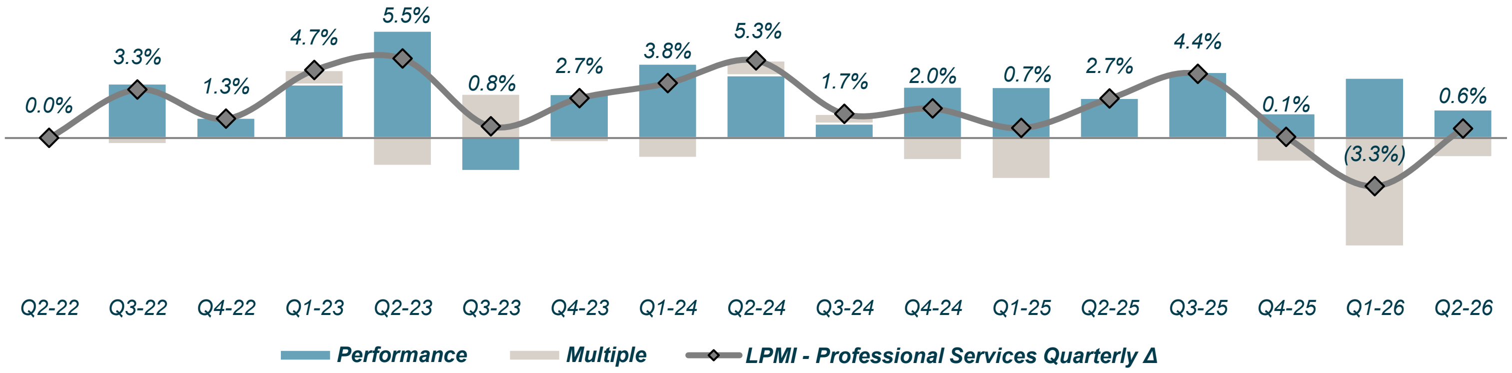
Lincoln Proprietary Data Quantifies Valuation Growth for Private Professional Services Firms

Institutionally backed professional services companies have generated consistent underlying performance growth, although multiple compression has constrained valuation gains relative to the broader public markets

Enterprise Value Growth, Private Professional Services



Components of QoQ EV Growth, Private Professional Services[(1)]



Lincoln's Valuations & Opinions Group (VOG) values over 7,400 private companies each quarter for its institutional investor clients.

A subset of companies in the professional services sector has been selected as a representative index of PE-backed professional services performance.

Over time, the LI professional services index growth has been driven primarily by improving historical and projected performance across the selected professional services companies.

- Even excluding the Magnificent Seven, the private professional services index has underperformed the broader public markets in delivering EV growth
- Quarterly EV growth has been flat or negative during each of the last three quarters, despite continued performance growth. While not as pronounced an effect as has been seen in the public market, the data points to likely AI concerns pulling down multiples over this period
- Over the entire period, private company values increased at a 9.3% annualized rate, as 12.9% annualized growth attributable to underlying company performance was partially offset by multiple contraction

Source: Lincoln VOG proprietary data

(1) Quarterly EV growth is separated into two components: "Performance," reflecting changes in companies' historical and projected financial results, including revenue and EBITDA as applicable; and "Multiple," reflecting changes in applied valuation multiples.

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Proprietary Performance Data Illustrates the Shifting Market Environment

Traditional business model differences across professional services subsectors—including revenue recurrence, technology enablement and profitability—have traditionally led to valuation disparities. Those discounts and premiums have generally narrowed in recent quarters as investors assess the perceived impact of AI on each subsector

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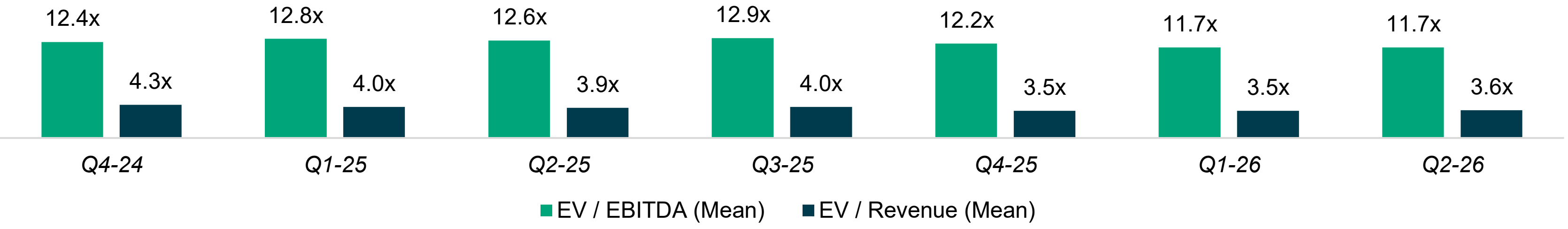
A subset of companies in the professional services sector has been selected as a representative index of PE-backed professional services performance.

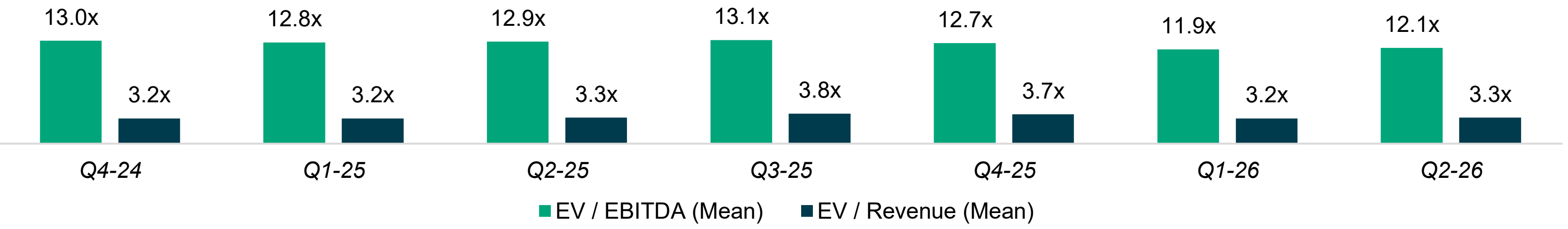
Private market valuations have moderated, in aggregate, from recent highs, with valuation levels somewhat converging across subsectors.

- Analytics & KPO: Multiples remain below recent peaks. Offshore delivery, which underlies many of these business models, is undergoing change
- Consulting / Advisory: Valuations improved modestly in Q2 2026 following a step-down in the prior quarter and remain closer to previous highs than valuations in the analytics & KPO subsector
- Professional Staffing: EBITDA multiples rebounded in Q2 2026, while revenue multiples (structurally lower than the other two subsectors) declined in the period. This may indicate providers are using price competition to reignite growth, reducing margins in an already thinner-margin subsector

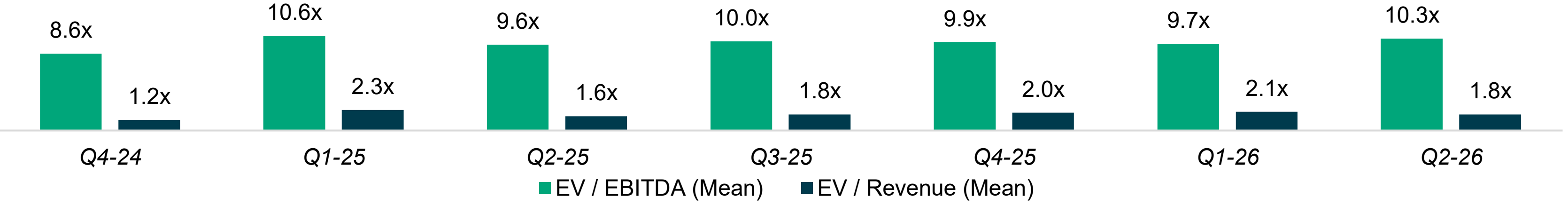
Private Analytics & Knowledge Process Outsourcing Quarterly Valuation Multiples



Private Consulting / Advisory Quarterly Valuation Multiples



Private Professional Staffing Quarterly Valuation Multiples



Source: Lincoln VOG proprietary data

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Proprietary Performance Data Illustrates the Shifting Market Environment

Despite valuation conservatism among private companies, revenue growth appears to have accelerated in the first half of 2026 relative to the prior 18 months

Lincoln's Valuations & Opinions Group (VOG) values over 7,400 private companies each quarter for its institutional investor clients.

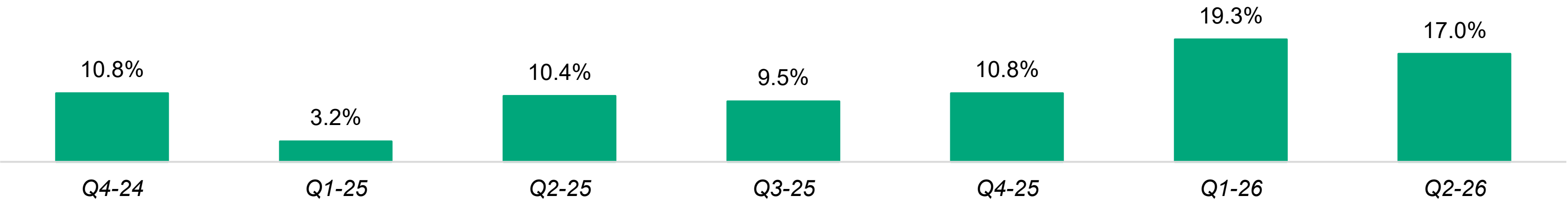
A subset of companies in the professional services sector has been selected as a representative index of PE-backed professional services performance.

Private company performance data provides a unique perspective on underlying operating trends with less volatility than comparable public equities.

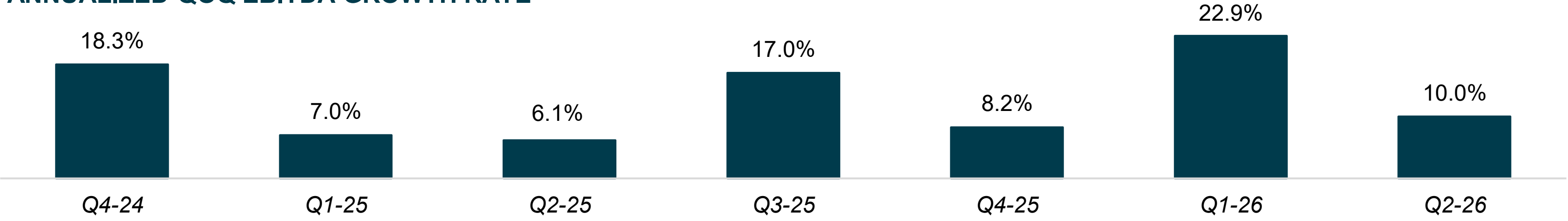
- Revenue growth remains healthy, with Q2 2026 representing a second consecutive quarter of high-teens growth
- Sustained top-line momentum supports a constructive demand environment
- The 220-bps moderation in EBITDA margin over the entire period, particularly in light of less severe overall wage inflation, may indicate the impacts of consolidation or clients pushing providers to share expected AI productivity gains before providers have realized them
- EBITDA margins remain resilient despite moderating to 25.2% in 2Q26

Professional Services Quarterly Growth Rates & Margins

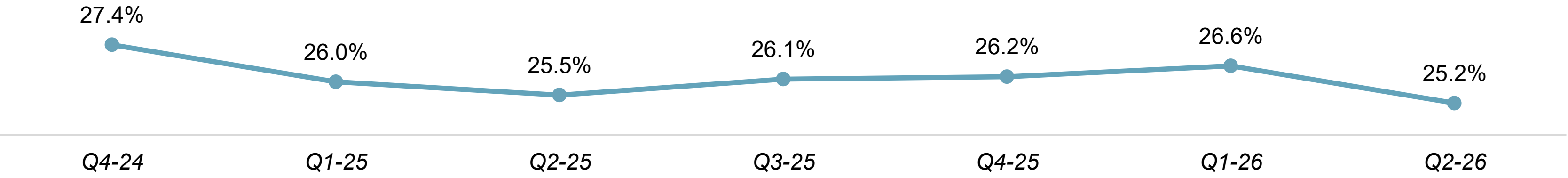
ANNUALIZED QOQ REVENUE GROWTH RATE



ANNUALIZED QOQ EBITDA GROWTH RATE



EBITDA MARGIN



Source: Lincoln VOG proprietary data

Market Insights

Professional Services Firms Enter a New Phase of AI Adoption

The adoption of generative AI across professional services is transitioning from broad experimentation to a more disciplined optimization phase. Organizational use nearly doubled over the past year, with 40% of professionals reporting that their organizations now use generative AI. However, only 18% indicate that their organizations track return on investment (ROI), leaving many providers and clients without clear success criteria.(1) The growing focus on cost and measurable outcomes may temper unstructured pilots but should support wider adoption in workflows where returns are visible and repeatable.

As deployment scales, AI economics will become as important as model capability. A growing mix of model, token, caching and infrastructure costs makes optimization an ongoing operating requirement rather than a one-time procurement exercise. Professional services providers that can route work to the appropriate tools, redesign workflows and reinvest savings into further adoption should have an opportunity to strengthen client relationships, increase switching costs and expand margins over time. However, these productivity gains will also place greater pressure on traditional time-based billing models and force providers to determine how the benefits of automation are shared with clients.

Several related business model considerations are likely to determine which providers create durable value as adoption accelerates and which remain exposed to client insourcing and price competition.

1. **Pricing Model Evolution:** Fixed-fee arrangements allow efficient providers to retain more of the benefits but shift scope and delivery risk to providers. Gainshare or outcome-based structures can align fees more closely with client value but require auditable baselines, clear attribution and contractual protections. Moving too early, before delivery models are proven, risks underpricing the work.

2. **Insourcing Risk:** AI lowers the cost of building certain capabilities, increasing the likelihood that clients recreate generic research, analysis or implementation work internally. Defensibility should remain strongest where third-party independence, regulation, liability or specialized judgment is required.

3. **Middle-layer Opportunity:** Core CRM and ERP(3) platforms will increasingly embed AI, while the purpose-built applications, legacy systems, data and workflows connecting them still require customization. This should favor business-specific or industry-specific workflow providers that can blend foundation models with existing software, particularly among smaller companies where limited technical resources and proliferating options create a greater need for outside guidance.

4. **Data and Domain Moats:** The strongest competitive positions should accrue to providers combining narrow vertical specialization, proprietary data, repeatable knowledge of client processes and technical resources deployed alongside clients. These capabilities can create data and workflow advantages that generic IT capacity cannot replicate, while undifferentiated providers remain exposed to pricing pressure and commoditization.

AI ADOPTION AND ECONOMICS

77%

EXPECT AGENTIC AI TO BECOME CENTRAL

Share of professionals who expect agentic AI to become central to their workflow by 2030(1)

18%

TRACK AI RETURN ON INVESTMENT

Share of respondents whose organizations collect metrics around ROI from AI(1)

66% vs. 20%

EFFICIENCY OUTPACES REVENUE GROWTH

Share of organizations reporting productivity and efficiency benefits achieved from AI versus those reporting increased revenue(2)

(1) *Thomson Reuters Institute, 2026 AI in Professional Services Report*
(2) *Deloitte, 2026 State of AI in the Enterprise*
(3) *CRM: Customer Relationship Management; ERM: Enterprise Resource Planning*

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INDEX HIGHLIGHTS

During calendar year 2025, all three Lincoln-tracked professional services subsectors underperformed the broader market. While the S&P 500 increased 16.4%, the consulting and advisory, analytics and knowledge process outsourcing and professional staffing indices declined 8.2%, 11.6% and 29.0%, respectively. Professional staffing experienced the most significant pullback, reflecting declining revenue and EBITDA, as well as continued investor caution toward labor-sensitive and project-based business models, particularly those perceived to be most subject to AI disruption.

The performance gap widened during the first half of 2026. The S&P 500 gained 9.6%, while the consulting and advisory and analytics and knowledge process outsourcing indices declined 28.9% and 32.1%, respectively. Professional staffing was comparatively more resilient but still decreased 7.5%. The breadth of the declines indicates that investors continued to apply a sector-wide risk discount, with pressure extending across traditional consulting, engineering and infrastructure services, data- and analytics-driven businesses and professional staffing providers.

Valuation contraction was the main driver of share-price declines. From Q2 2025 to Q2 2026, average EV / LTM EBITDA declined from 17.2x to 12.2x for consulting and advisory, from 18.3x to 10.8x for analytics and knowledge process outsourcing and from 11.3x to 8.8x for professional staffing. Multiples also contracted sequentially across all three subsectors during Q2 2026. This continued compression is consistent with a more selective investor posture and an increasing premium on resilient demand, earnings visibility and differentiated, technology-enabled capabilities.

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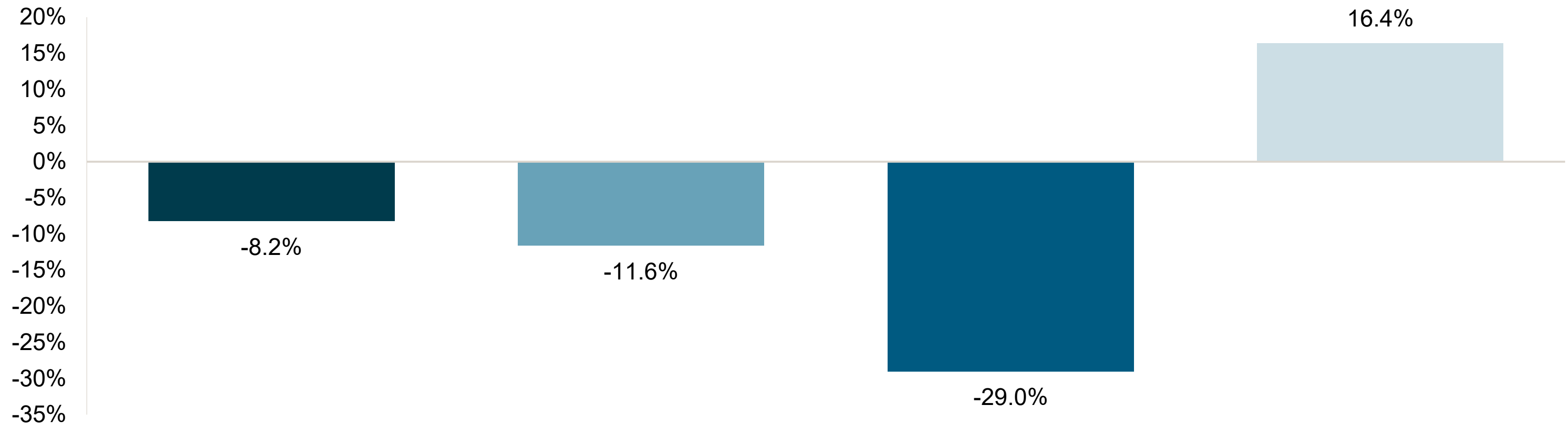
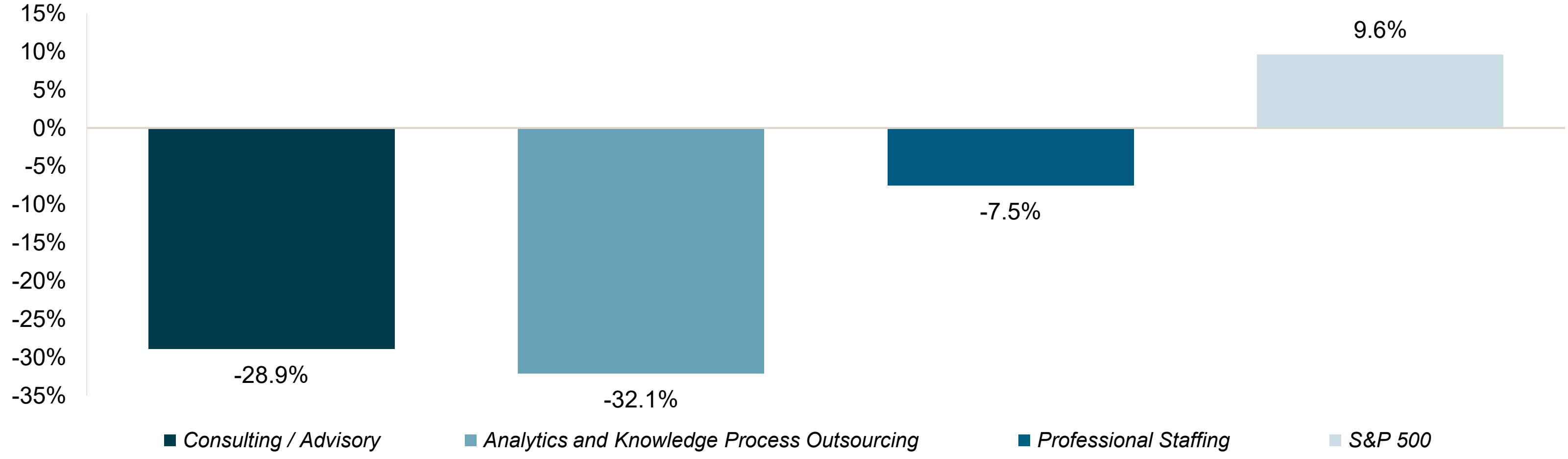
Professional Services Financial Performance

2025 PRICE CHANGE: 12/31/2024 TO 12/31/2025



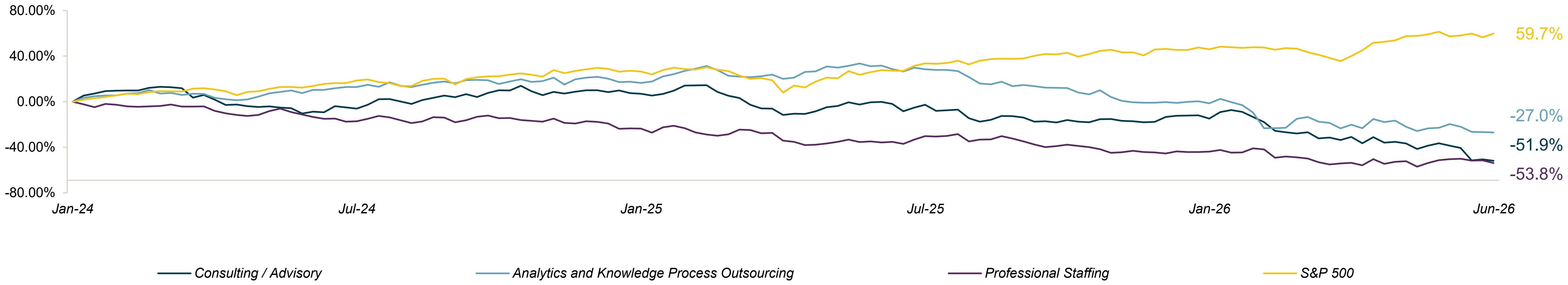
H1 2026 PRICE CHANGE: 12/31/2025 TO 6/30/2026



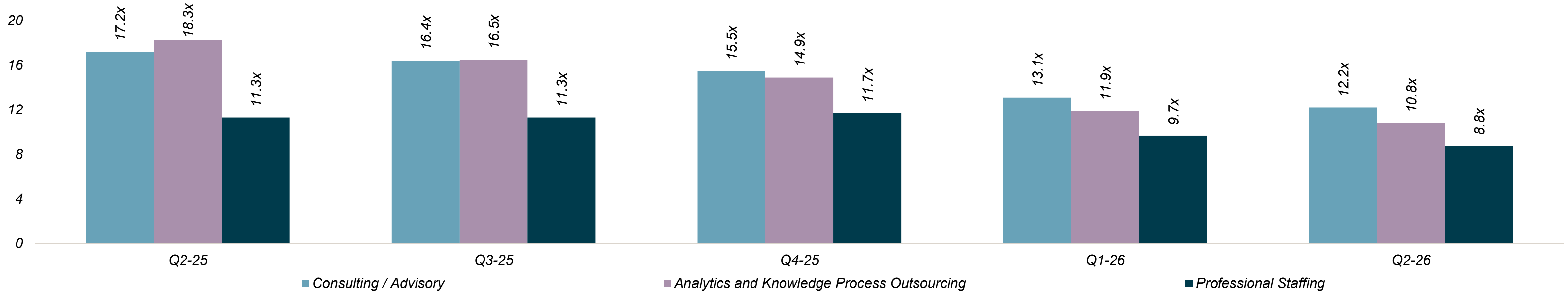
Source: Capital IQ as of 6/30/2026

Professional Services Financial Performance (cont.)

JAN-24 TO JUN-26 RELATIVE STOCK INDEX PRICE PERFORMANCE



HISTORICAL ENTERPRISE VALUE / LTM EBITDA VALUATION PERFORMANCE



Source: Capital IQ as of 6/30/2026
Enterprise value is calculated as market capitalization plus total net debt, preferred equity and minority interest

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Professional Services 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 / 2026E	
					Revenue	EBITDA				Revenue	EBITDA	Revenue	EBITDA
Consulting / Advisory													
Accenture plc	$124.44	40.4%	$76,150	$75,984	$73,101	$12,944	6.7%	17.7%	32.0%	1.0x	5.9x	1.0x	5.2x
CBIZ, Inc.	32.08	41.2%	1,672	3,635	2,767	371	14.3%	13.4%	14.5%	1.3x	9.8x	1.3x	7.7x
CRA International, Inc.	142.30	62.6%	920	1,167	771	90	10.5%	11.6%	29.4%	1.5x	13.0x	1.5x	11.7x
Exponent, Inc.	58.76	71.7%	2,851	2,813	551	127	6.3%	23.0%	35.1%	5.1x	22.2x	4.7x	16.5x
FTI Consulting, Inc.	149.01	78.7%	4,406	5,215	3,924	438	7.1%	11.2%	31.8%	1.3x	11.9x	1.3x	12.0x
Huron Consulting Group Inc.	90.16	48.3%	1,370	2,233	1,774	243	14.0%	13.7%	32.7%	1.3x	9.2x	1.2x	8.3x
ICF International, Inc.	72.86	71.6%	1,319	1,919	1,821	198	(9.5%)	10.9%	37.2%	1.1x	9.7x	1.0x	8.9x
The Hackett Group, Inc.	10.77	41.3%	271	346	283	42	(8.4%)	15.0%	41.8%	1.2x	8.2x	1.2x	5.8x
Jacobs Solutions Inc.	126.00	74.8%	14,878	18,056	14,219	1,056	20.1%	7.4%	22.1%	1.3x	17.1x	1.2x	12.4x
Stantec Inc.	68.91	60.2%	7,857	9,428	4,802	702	13.0%	14.8%	54.2%	2.0x	13.4x	1.9x	10.5x
WSP Global Inc.	123.83	60.3%	16,694	22,413	13,633	1,655	6.1%	12.1%	21.7%	1.6x	13.5x	1.9x	10.1x
Mean		**59.2%**					**7.3%**	**13.7%**	**32.0%**	**1.7x**	**12.2x**	**1.7x**	**9.9x**
Median		**60.3%**					**7.1%**	**13.4%**	**32.0%**	**1.3x**	**11.9x**	**1.3x**	**10.1x**
Analytics and Knowledge Process Outsourcing													
Clarivate Plc.	$2.16	45.3%	$1,381	$5,484	$2,413	$915	(3.5%)	37.9%	66.8%	2.3x	6.0x	2.3x	5.5x
ExlService Holdings, Inc.	25.86	54.9%	3,951	4,218	2,237	379	13.6%	16.9%	38.5%	1.9x	11.1x	1.8x	8.4x
Genpact Limited	27.50	56.5%	4,661	5,489	5,161	865	6.4%	16.8%	36.3%	1.1x	6.3x	1.0x	5.4x
RELX PLC	31.39	58.7%	54,945	64,444	12,896	4,368	(1.3%)	33.9%	66.4%	5.0x	14.8x	4.8x	11.8x
SS&C Technologies Holdings, Inc.	62.05	68.1%	14,944	22,198	6,564	2,110	8.6%	32.1%	48.1%	3.4x	10.5x	3.3x	8.3x
Verisk Analytics, Inc.	179.53	57.0%	23,522	27,623	3,136	1,516	5.0%	48.3%	70.2%	8.8x	18.2x	8.6x	15.2x
Wolters Kluwer N.V.	64.48	39.1%	14,393	19,009	6,976	2,224	(2.3%)	31.9%	74.1%	2.7x	8.5x	2.7x	8.0x
Mean		**54.2%**					**3.8%**	**31.1%**	**57.2%**	**3.6x**	**10.8x**	**3.3x**	**8.3x**
Median		**56.5%**					**5.0%**	**32.1%**	**66.4%**	**2.7x**	**10.5x**	**2.5x**	**7.6x**

Sources: Bloomberg, Capital IQ and company filings, as of 6/30/2026

Professional Services 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 / 2026E	
					Revenue	EBITDA				Revenue	EBITDA	Revenue	EBITDA
Professional Staffing													
Adecco Group AG	$18.44	54.7%	$3,196	$6,672	$26,712	$856	7.5%	3.2%	19.0%	0.2x	7.8x	0.2x	6.6x
Everforth, Inc.	17.87	29.4%	733	2,121	3,967	340	(1.0%)	8.6%	28.5%	0.5x	6.2x	0.5x	5.8x
Kforce Inc.	46.92	92.5%	785	891	1,344	57	(1.3%)	4.2%	27.7%	0.7x	15.7x	0.7x	10.8x
Korn Ferry	66.58	84.8%	3,386	2,851	2,907	412	6.5%	14.2%	24.3%	1.0x	6.9x	1.0x	5.5x
ManpowerGroup Inc.	33.77	71.3%	1,571	2,885	18,718	421	6.7%	2.3%	16.2%	0.2x	6.8x	0.2x	6.7x
Randstad N.V.	28.80	56.9%	5,053	6,899	26,319	724	(4.8%)	2.8%	18.4%	0.3x	9.5x	0.3x	6.6x
Resources Connection, Inc.	4.25	67.5%	146	87	452	(5)	(18.0%)	(1.1%)	37.5%	0.2x	NM	0.2x	NM
Robert Half Inc.	30.70	70.1%	3,086	3,060	5,293	61	(4.9%)	1.2%	36.8%	0.6x	NM	0.6x	11.6x
Mean		**65.9%**					**(1.2%)**	**4.4%**	**26.1%**	**0.5x**	**8.8x**	**0.4x**	**7.7x**
Median		**68.8%**					**(1.1%)**	**3.0%**	**26.0%**	**0.4x**	**7.4x**	**0.4x**	**6.6x**

Sources: Bloomberg, Capital IQ and company filings, as of 6/30/2026

About Lincoln International

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