



Q3
2025

PROFESSIONAL & HUMAN CAPITAL SERVICES

Market Update

Market Insights

RECENT TRENDS IN PROFESSIONAL SERVICES

The U.S. Bureau of Labor Statistics' sluggish September jobs report showed employment growth had slowed, and the 22,000 jobs added in August were down materially from the consensus estimates (75,000) and even more materially from the prior year (264,000). This stagnation, as well as a slight increase in the U.S. unemployment rate to 4.3%, contributed to the Q3 downturn in each of the Human Capital Services Indices covered by Lincoln as the S&P 500 continued its climb. Multiple factors, including recession fears, the potential impact of trade and immigration disputes on labor costs and participation as well as the uncertain impact of AI on many job categories, have all served to make investment decisions in the human capital services (HCS) space more challenging in the short term.

Despite these challenges, mergers and acquisitions (M&A) activity for the sector grew by 4% Year-over-Year (YoY) in the third quarter, in contrast to a decrease of 20% in overall M&A transactions. While sector volume growth for the year still trails the overall market, recent activity may signal an inflection point as companies and investors seek scale or specific capabilities to best cope with the uncertain market.

A look at actual transaction activity reveals a number of growing themes that will likely continue to play out. We expect these trends to continue to drive activity into 2026.

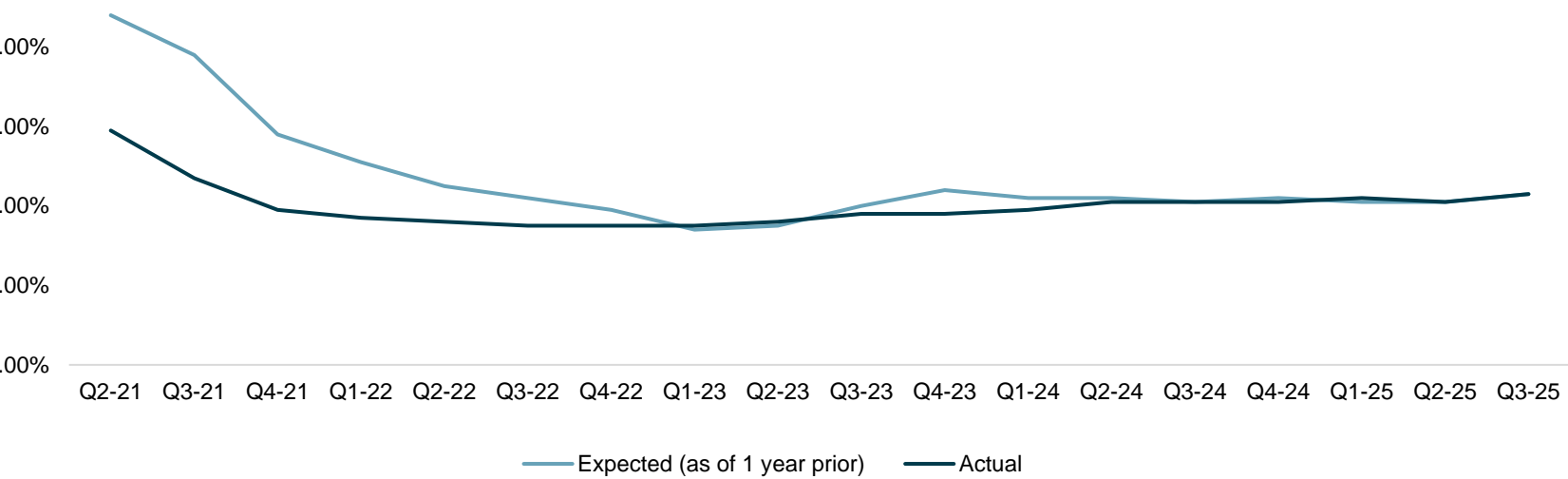
1. **High-demand skill areas:** In an otherwise slow recruitment arena, skills areas in high demand include locum tenens, engineering, education, marketing / creative and senior law partners. In many of these skill areas, there is not only growth in demand but also structural shortages of supply, access to which will continue to drive M&A activity.
2. **Strong growth in serving the freelancers and the gig economy:** Among public companies followed in the Lincoln indices, the single largest YoY gainer is Upwork. They and other marketplace companies are using heavily tech-enabled models to consolidate and bring value to the fragmented project-based employment market.
3. **Re-skilling needs as a result of AI:** Estimates vary in magnitude, but all point to a significant portion of the U.S. and global workforce needing re-skilling and / or up-skilling training as AI is integrated more fully into the economy. The current U.S. education and retraining infrastructure is widely considered unprepared to handle the scale and speed of this transformation, creating significant M&A demand as providers look to create adequate capacity and content.
4. **Strong activity in PEO and Payroll Services:** As investors seek activity while harboring trepidation about the overall market direction, many have focused on lower-risk, recurring revenue employee administration business models, such as professional employer organizations (PEOs) and payroll providers, which serve the large, fragmented SME market.

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- Market Intelligence
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Professional & HCS Financial Performance

EXPECTED VS. ACTUAL UNEMPLOYMENT RATE



YoY PRICE PERFORMANCE

Overperformers	Change	Underperformers	Change
Upwork	+77.7%	Robert Walters	-61.3%
DHI Group	+51.1%	Alight	-55.9%
Huron Consulting Group	+35.0%	ZipRecruiter	-55.6%
Heidrick & Struggles International	+28.1%	Franklin Covey	-52.8%
Paycom Software	+25.0%	Kforce	-51.2%

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

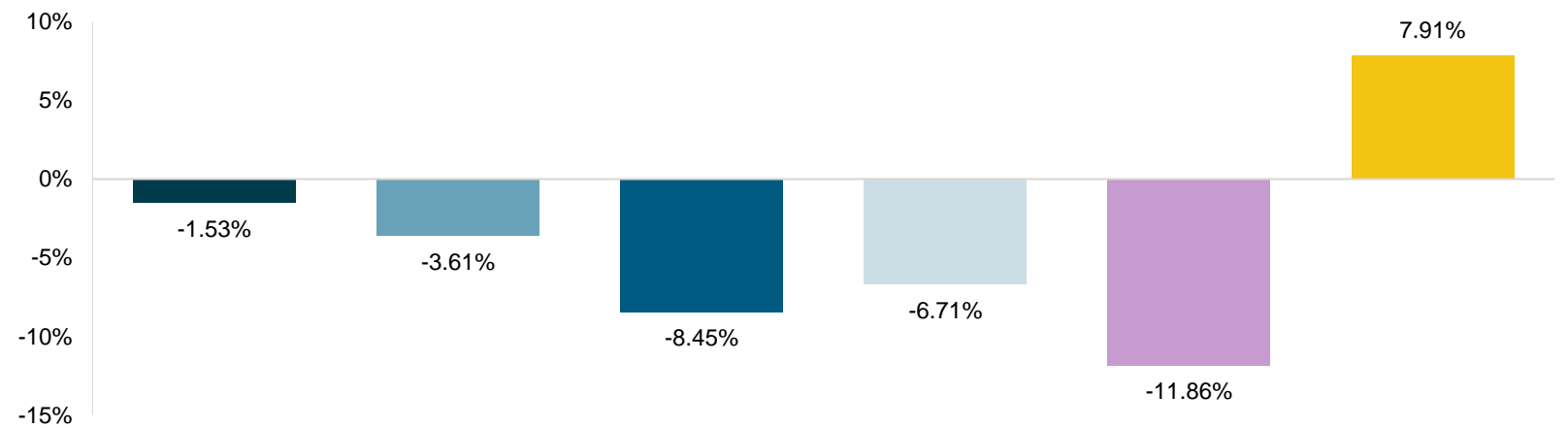
Despite the broader market’s 16.1% growth over the LTM Q3 2025 period, the professional and HCS sector experienced widespread declines across most subsectors. The largest pullback occurred in staffing services, which fell 33.8%, followed by specialty consulting services at 19.5%. HR outsourcing and HR professional and training services also declined, decreasing 8.4% and 7.4%, respectively. The only subsector to post growth was HR technology services, which rose 15.5% but still underperformed the S&P 500.

The professional and HCS sector’s relative underperformance to the broader market was driven by weaker earnings growth, with EBITDA increasing 4.6% YoY compared to 7.7% for the S&P 500. In contrast to the broader market’s multiple expansion, the sector experienced multiple contraction, as the average EV / EBITDA multiple declined 10.4% to 15.3x. Total enterprise value for the sector decreased 3.4% over the period. The S&P 500, by comparison, saw stronger EBITDA growth and multiple expansion, with its average EV / EBITDA multiple increasing 7.0% to 17.6x. These dynamics drove a 16.3% increase in total enterprise value for the index over the same period.

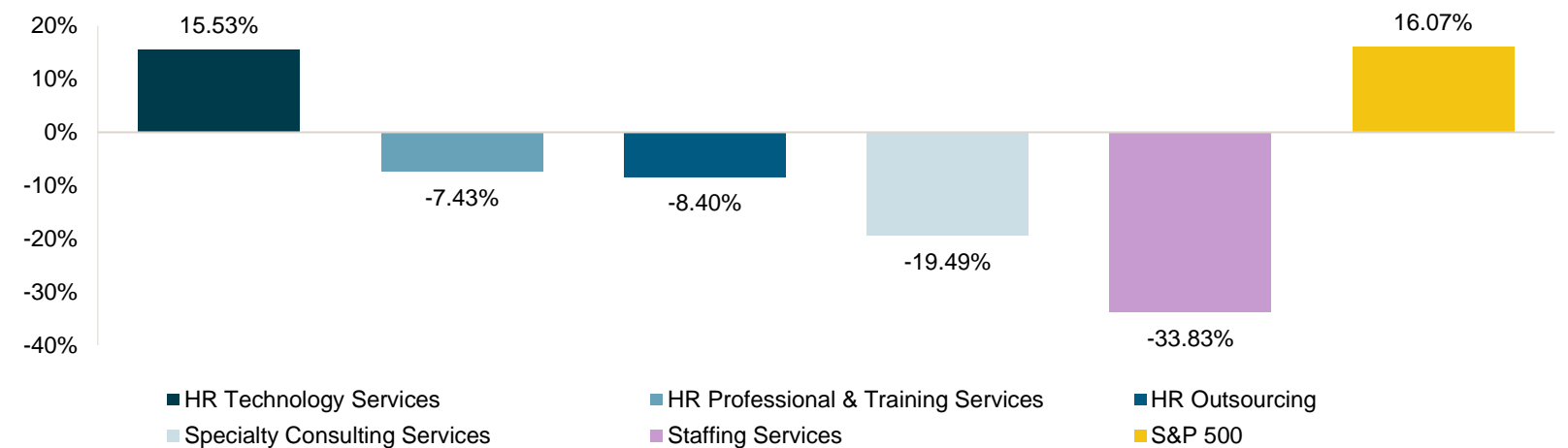
On a sequential quarter basis, the professional and HCS sector continued to lag the broader market in Q3 2025, as all subsectors posted quarter-over-quarter declines. Staffing services experienced the sharpest drop, down 11.9%, followed by specialty consulting services (-8.5%), HR outsourcing (-6.7%), HR professional and training services (-3.6%) and HR technology services (-1.5%). In contrast, the S&P 500 rose 7.9% over the same period.

Professional & HCS Financial Performance

Q / Q PRICE CHANGE

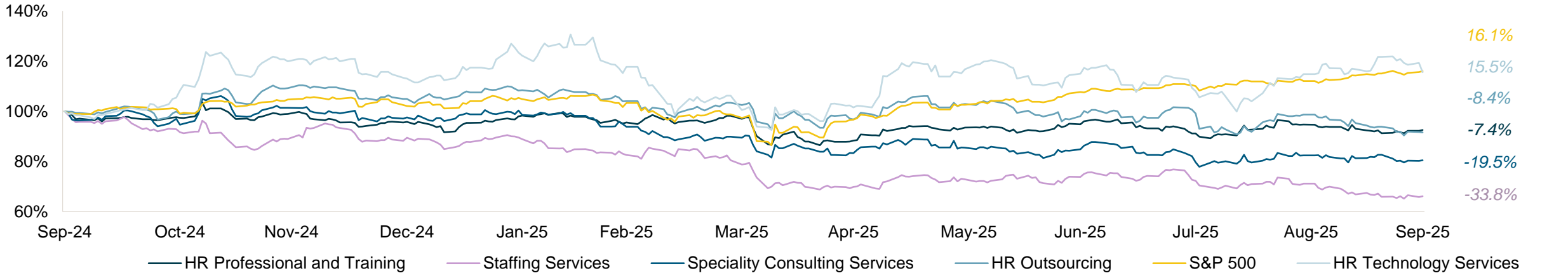


YoY PRICE CHANGE

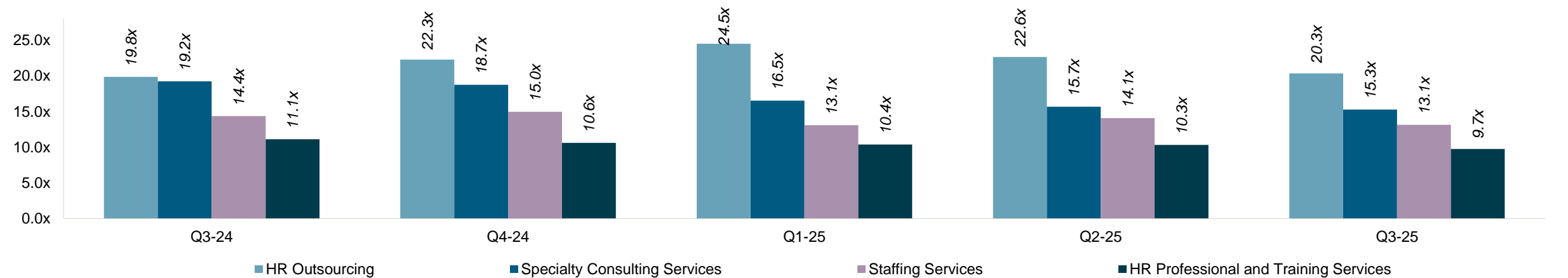


Professional & HCS Financial Performance (cont.)

LTM RELATIVE STOCK INDICES PRICE PERFORMANCE

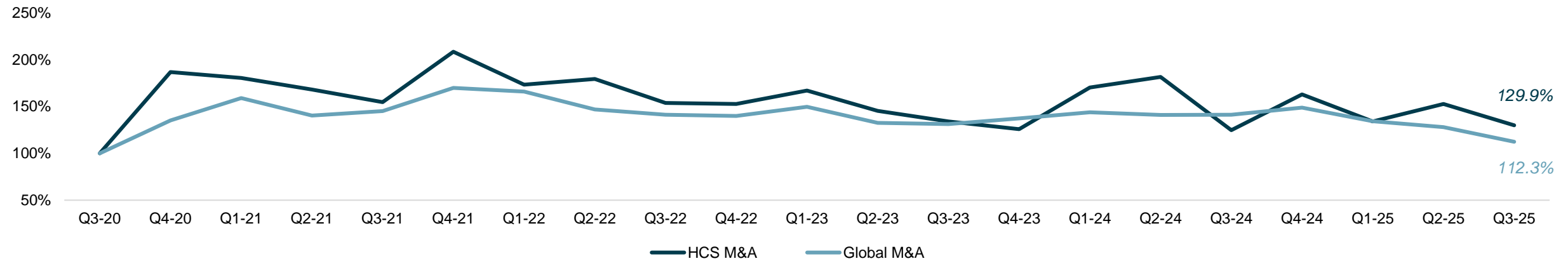


HISTORICAL ENTERPRISE VALUE / LTM EBITDA VALUATION PERFORMANCE

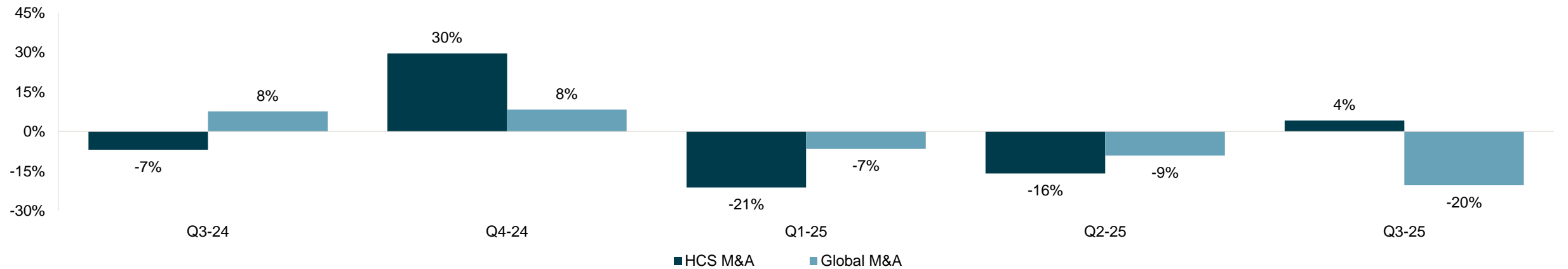


Professional & HCS M&A Activity

INDEXED M&A VOLUME

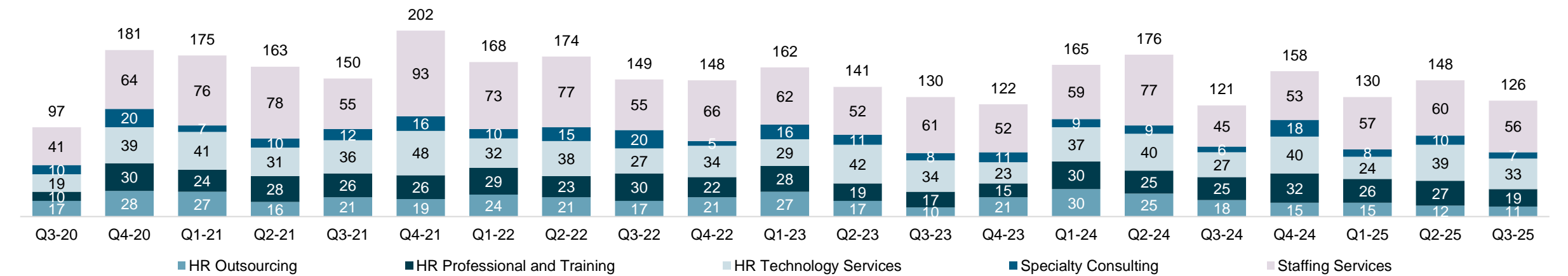


YoY CHANGE IN QUARTERLY DEAL VOLUME

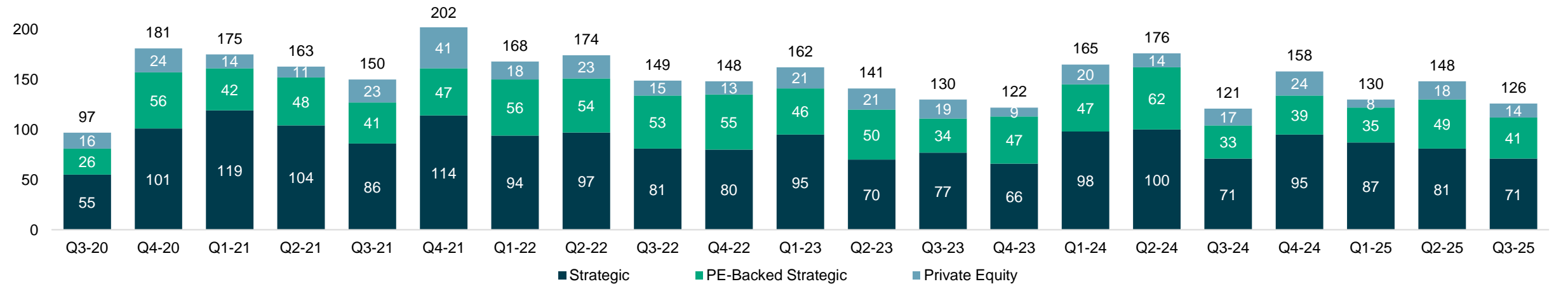


Professional & HCS M&A Activity (Cont.)

TRANSACTION COUNT BY SUBSECTOR



TRANSACTION COUNT BY ACQUIRER TYPE



Sources: Pitchbook Q3 2025 Global M&A Report, Pitchbook data
Note: Includes U.S. and European M&A activity

Market Intelligence

AUG 2025:

Grant Thornton Advisors LLC announced its acquisition of Stax, a Boston-based strategy consulting firm specializing in commercial due diligence, value creation and exit planning for private equity (PE) clients. The deal will unite two leading advisory platforms, enabling the combined firm to serve nearly 70% of the U.S.-based Private Equity International 300. Stax brings more than three decades of expertise in M&A diligence, growth strategy and data-driven insights, supported by advanced AI and analytics. Its 300 professionals will join Grant Thornton Advisors upon closing in 2025. The acquisition significantly enhances Grant Thornton Advisors’ transaction advisory practice, which already maintains relationships with more than 600 PE firms, including 60% of the world’s top 10 by equity. The move builds on Grant Thornton Advisors’ global expansion strategy launched in early 2025, following similar deals across Europe, the Middle East and the Americas, including the recent acquisition of Auxis. Supported by New Mountain Capital’s \$55 billion platform, the firm aims to accelerate its multidisciplinary growth and strengthen its position as a leading partner for PE and corporate clients worldwide.⁽¹⁾

SEP 2025:

Smith + Howard, a nationally recognized accounting and advisory firm based in Atlanta, announced its acquisition of Horton, Lee, Burnett, Peacock, Cleveland & Grainger (Horton, Lee & Burnett), a Birmingham, Alabama-based accounting and consulting firm. The acquisition marks Smith + Howard’s expansion into Alabama, strengthening its presence across the Southeastern United States. Founded in 1967, Horton, Lee & Burnett has a strong reputation in accounting, auditing, tax and advisory services, serving clients in sectors such as real estate, healthcare, manufacturing, nonprofits and automotive. Its team will transition to the Smith + Howard brand, bringing nearly six decades of client-focused expertise and strong regional relationships. Smith + Howard CEO Sean Taylor emphasized that the move aligns with the firm’s strategy of pairing organic growth with targeted acquisitions that expand both geographic reach and technical depth. The acquisition follows a period of continued momentum for Smith + Howard, highlighted by the recent launch of new tax practices: Site Selection + Incentives (SSI) and State and Local Income Tax Consulting (SALT).⁽²⁾

SEP 2025:

InflexionPoint, a leading provider of process and facility automation and digital transformation solutions, announced the opening of its Southeast office in Raleigh, North Carolina, expanding its ability to serve regional clients across Life Sciences, Food & Beverage, Critical Infrastructure, Utilities and other manufacturing sectors. As a CSIA-certified systems integrator, InflexionPoint supports regulated industries including ABInBev, AstraZeneca, Hershey, Johnson & Johnson and Merck with capabilities spanning HMI / SCADA, MES, batch processing, bioreactor control, AI / ML analytics, managed services and cybersecurity. CEO Kevin Hannigan said the new office reflects the company’s commitment to clients in a region experiencing strong manufacturing growth, while Southeast Regional Manager Amit Mehta added that InflexionPoint’s engineers design systems that connect and control operations across entire facilities, supported by 24 / 7 monitoring to ensure reliability and performance.⁽³⁾

SEP 2025:

Brilliant, a national staffing and recruiting firm, announced the expansion of its services beyond accounting, finance and technology to include Business Operations Staffing. The new division offers contract, contract-to-hire and direct-hire solutions across human resources, talent acquisition, supply chain, procurement, logistics, marketing, project management, administrative support and customer service. The move responds to growing client demand for high-quality talent across a wider range of business functions. “Our clients rely on us for more than just filling positions—they count on us to understand their business and anticipate their hiring needs,” said Amy Sabel, Vice President of Financial Staffing Services. “By expanding our services, we can bring that same focus and insight to a broader set of roles, helping our clients build high-performing teams.” The expansion strengthens Brilliant’s position in the competitive staffing market and supports its continued growth in serving companies nationwide.⁽⁴⁾

(1) Grant Thornton: Grant Thornton Advisors to add consulting firm Stax

(2) PR Newswire: Smith + Howard Expands Southeastern U.S. Presence with Acquisition of Horton, Lee & Burnett

(3) InflexionPoint: InflexionPoint Announces Opening of Southeast Office in Raleigh, North Carolina

(4) Brilliant: Brilliant Expands Service Offerings to Include Additional Specialties

Recent Lincoln International Professional & HCS Transactions

INVESTCORP

has acquired

Miebach

Buy-Side

Provides supply chain, logistics and material flow consulting

palero

has sold

DORNIER

CONSULTING

to

BUREAU

VERITAS

Sell-Side

Provides water, environment and infrastructure-related consulting

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

4

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

fbcm

manby

boulder

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

MONUMENT MICROCAP PARTNERS

has sold

COMMAND INVESTIGATIONS

Investors of Choice

to

INCLINE

EQUITY PARTNERS

Sell-Side

Provides insurance investigative services

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.	\$3.26	36.5%	\$1,724	\$3,631	\$657	\$431	(31.8%)	18.8%	39.4%	1.6x	8.4x	1.5x	5.5x
Automatic Data Processing, Inc.	293.50	89.0%	118,894	120,291	6,725	6,093	7.1%	29.1%	48.3%	5.8x	19.7x	5.4x	17.9x
Barrett Business Services, Inc.	44.32	89.3%	1,139	1,074	89	68	9.6%	5.6%	21.6%	0.9x	15.7x	0.8x	12.0x
Dayforce Inc.	68.89	83.3%	10,885	11,489	721	112	11.7%	5.9%	50.9%	6.1x	NM	5.3x	15.9x
First Advantage Corporation	15.39	74.0%	2,678	4,636	470	169	65.3%	13.5%	46.5%	3.7x	27.4x	2.8x	9.9x
Insperity, Inc.	49.20	51.3%	1,854	1,834	230	52	3.2%	0.8%	14.0%	0.3x	35.3x	0.3x	8.0x
Paychex, Inc.	126.76	78.6%	45,620	48,971	3,346	2,628	9.1%	45.4%	72.8%	8.5x	18.6x	7.3x	14.6x
TriNet Group, Inc.	66.89	67.0%	3,250	3,878	4,971	225	(0.0%)	4.5%	16.6%	0.8x	17.2x	3.3x	9.2x
Mean		71.1%					9.3%	15.5%	38.8%	3.4x	20.3x	3.3x	11.6x
Median		76.3%					8.1%	9.7%	43.0%	2.6x	18.6x	3.1x	10.9x
HR Professional and Training Services													
BTS Group AB	\$19.08	58.4%	\$370	\$383	\$297	\$37	14.4%	12.5%	43.0%	1.3x	10.3x	1.2x	7.6x
Franklin Covey Co.	19.41	44.0%	245	214	280	31	(0.4%)	11.0%	77.0%	0.8x	7.0x	0.8x	NM
Heidrick & Struggles International, Inc.	49.77	95.4%	1,032	738	1,200	100	11.6%	8.3%	22.5%	0.6x	7.4x	0.6x	5.8x
Korn Ferry	69.98	86.8%	3,666	3,512	2,764	385	0.9%	13.9%	24.8%	1.3x	9.1x	1.2x	6.9x
Marsh & McLennan Companies, Inc.	201.53	81.3%	99,077	119,219	26,453	7,730	10.5%	29.2%	44.0%	4.5x	15.4x	4.2x	14.5x
Synergie SE	37.43	90.4%	856	534	3,773	114	11.7%	3.0%	9.9%	0.1x	4.7x	0.1x	3.3x
Willis Towers Watson Public Limited Company	345.45	99.8%	33,698	37,722	9,807	2,632	(0.0%)	26.8%	42.9%	3.8x	14.3x	3.7x	13.1x
Mean		79.4%					6.9%	15.0%	37.7%	1.8x	9.7x	1.7x	8.5x
Median		86.8%					10.5%	12.5%	42.9%	1.3x	9.1x	1.2x	7.3x

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.	\$2.78	83.2%	\$125	\$163	\$134	\$24	(8.3%)	17.8%	84.6%	1.2x	6.8x	1.3x	5.1x
Paycom Software, Inc.	208.14	77.7%	11,709	11,258	2,001	525	9.7%	26.2%	86.8%	5.6x	21.5x	5.0x	11.7x
Paylocity Holding Corporation	159.27	71.2%	8,786	8,605	1,640	360	13.3%	22.0%	69.0%	5.2x	23.9x	4.8x	13.5x
Upwork Inc.	18.57	44%	2,463	2,199	781	151	2.5%	19.3%	77.8%	2.8x	14.6x	2.7x	9.6x
Workday, Inc.	240.73	81.9%	64,275	59,865	8,959	1,107	13.9%	12.4%	75.6%	6.7x	NM	5.6x	16.2x
ZipRecruiter, Inc.	4.22	37.5%	361	498	450	(22)	(16.2%)	(4.9%)	89.5%	1.1x	NM	1.0x	9.7x
Mean		73.7%					2.5%	15.4%	80.5%	3.8x	16.7x	3.4x	11.0x
Median		79.8%					6.1%	18.5%	81.2%	4.0x	18.0x	3.8x	10.7x
Specialty Consulting Services													
CBIZ, Inc.	\$52.96	58.8%	\$2,810	\$4,736	\$2,676	\$404	59.2%	15.1%	14.6%	1.8x	11.7x	1.6x	10.0x
CRA International, Inc.	208.53	97.1%	1,373	1,577	731	97	8.7%	13.3%	31.5%	2.2x	16.2x	2.1x	16.1x
Exponent, Inc.	69.48	60.0%	3,509	3,357	519	125	2.1%	24.0%	35.7%	6.5x	26.9x	5.9x	21.5x
FTI Consulting, Inc.	161.65	69.8%	5,132	5,702	3,693	430	(0.9%)	11.7%	31.9%	1.5x	13.2x	1.4x	13.0x
The Hackett Group, Inc.	19.01	55.9%	523	539	302	30	0.5%	10.0%	38.2%	1.8x	17.8x	1.7x	7.6x
Huron Consulting Group Inc.	146.77	94.7%	2,356	2,992	1,557	195	8.3%	12.5%	32.2%	1.9x	15.4x	1.7x	11.4x
ICF International, Inc.	92.80	51.7%	1,710	2,350	1,926	214	(3.8%)	11.1%	37.2%	1.2x	11.0x	1.2x	10.5x
Resources Connection, Inc.	5.05	50.7%	169	108	535	10	(10.8%)	1.9%	38.3%	0.2x	10.6x	0.2x	5.0x
Mean		67.3%					7.9%	12.4%	32.5%	2.1x	15.4x	2.0x	11.9x
Median		59.4%					1.3%	12.1%	34.0%	1.8x	14.3x	1.6x	10.9x

Sources: Bloomberg, Capital IQ and company filings, as of 9/30/2025

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	\$27.97	75.0%	\$4,683	\$8,739	\$26,923	\$860	6.3%	3.2%	19.2%	0.3x	10.2x	0.3x	7.9x
Amadeus FiRe AG	\$58.66	53.4%	\$319	\$457	\$442	\$36	(11.7%)	8.2%	51.8%	1.0x	12.6x	1.0x	5.7x
ASGN Incorporated	1.82	88.3%	4,043	4,167	10,148	619	20.1%	6.1%	22.8%	0.4x	6.7x	0.4x	6.5x
Hays plc	47.35	46.6%	2,074	3,220	3,985	369	(4.9%)	9.3%	28.9%	0.8x	8.7x	0.8x	7.3x
HireQuest, Inc.	1.71	32.6%	112	164	1,145	8	(7.1%)	0.7%	35.3%	0.1x	20.3x	0.2x	3.6x
Kelly Services, Inc.	0.76	60.4%	1,203	1,396	9,052	87	3.1%	1.0%	4.1%	0.2x	16.1x	0.2x	7.6x
Kforce Inc.	9.62	61.1%	135	137	33	11	(9.8%)	33.7%	100.0%	4.2x	12.4x	4.4x	10.7x
ManpowerGroup Inc.	13.12	58.5%	467	583	4,496	116	1.0%	2.6%	20.6%	0.1x	5.0x	0.1x	3.1x
PageGroup plc	29.98	47.7%	530	614	1,341	60	(5.9%)	4.5%	27.1%	0.5x	10.3x	0.5x	7.8x
Persol Holdings	37.90	50.4%	1,754	3,188	17,644	367	(2.4%)	2.1%	16.9%	0.2x	8.7x	0.2x	6.7x
Randstad N.V.	3.07	57.5%	957	1,135	2,246	52	(5.2%)	2.3%	48.1%	0.5x	21.9x	0.5x	7.6x
Recruit Holdings Co., Ltd.	42.44	79.8%	7,436	9,801	27,389	710	1.4%	2.6%	18.8%	0.4x	13.8x	0.3x	7.4x
Robert Half Inc.	53.81	66.9%	76,427	74,395	24,500	4,034	13.7%	16.5%	58.8%	3.0x	18.4x	3.0x	14.6x
Robert Walters plc	33.98	43.3%	3,397	3,260	5,458	171	(7.3%)	3.1%	37.5%	0.6x	19.0x	0.6x	9.2x
TrueBlue, Inc.	6.13	67.8%	183	271	1,584	-8	(5.4%)	(0.5%)	23.8%	0.2x	NM	0.2x	7.0x
Mean		59.3%					-0.9%	6.4%	34.3%	0.8x	13.1x	0.8x	7.5x
Median		58.5%					-4.9%	3.1%	27.1%	0.4x	12.5x	0.4x	7.4x
Total Mean		68.1%					4.2%	11.7%	41.6%	2.1x	14.6x	2.0x	9.7x
Total Median		67.4%					1.7%	10.5%	37.4%	1.2x	14.1x	1.2x	9.2x

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/>

Contributors

Friedrich Bieselt

Managing Director & Head of
Business Services, Europe | Frankfurt
fbieselt@lincolninternational.com
+49 69 97105-426

Chris Cavanaugh

Managing Director | San Francisco
ccavanaugh@lincolninternational.com
+1 (212) 486-7109

Lewis Gray

Managing Director | London
lgray@lincolninternational.com
+44 7796 262 836

Christopher Gresh

Managing Director | New York
cgresh@lincolninternational.com
+1 (212) 257-7724

Michael Iannelli

Managing Director | Chicago
miannelli@lincolninternational.com
+1 (312) 580-6281

Martijn Koops

Managing Director
& Head of Benelux | Amsterdam
mkoops@lincolninternational.com
+31 20 7670 312

Edward Lethbridge

Managing Director | London
elethbridge@lincolninternational.com
+44 (20) 7632-5224

GLOBAL INDUSTRY GROUPS

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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.

