

HUMAN CAPITAL MANAGEMENT M&A PULSE

THIRD QUARTER 2022



Q3'22

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HCM Coverage Team

ABOUT PMCF

P&M Corporate Finance ("PMCF"), a U.S. registered broker/dealer, is an investment bank focused exclusively on middle market transactions with professionals in Chicago, Detroit, Denver, and across the globe through Corporate Finance International partners. Offering a depth of advisory services, PMCF helps clients worldwide meet their sale, acquisition, financing, and strategic growth objectives. Additional information on PMCF can be found by visiting our website, www.pmcf.com.

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ABOUT PMCF'S HUMAN CAPITAL MANAGEMENT (HCM) GROUP

PMCF's HCM group is dedicated to serving the needs of middle-market clients across the Human Capital Management sector across a range of sectors. PMCF's extensive coverage provides specialized, in-depth knowledge of the sector dynamics and relationships with key strategic and financial industry players, resulting in significant advantages for clients and the opportunity to optimize value in a transaction.

COMPREHENSIVE HUMAN CAPITAL MANAGEMENT AND STAFFING COVERAGE

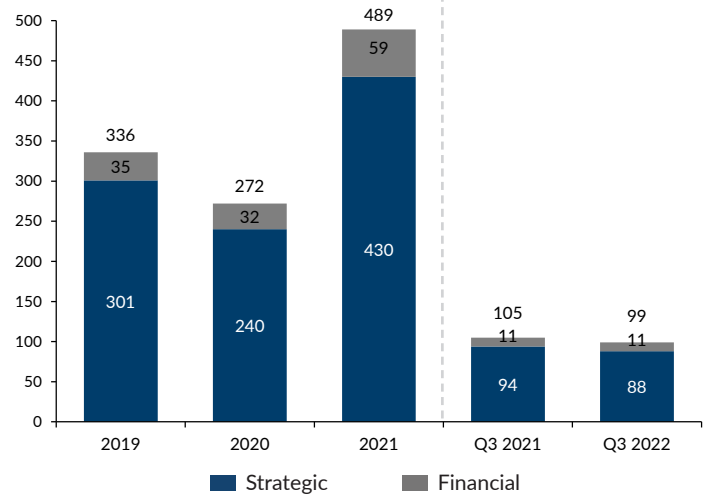
Staffing	Temporary, temp-to-permanent, permanent / direct hire, and executive search services across all end markets, including professional, industrial, IT, and healthcare
Outsourcing Services	Outside business services vendors, including human resources outsourcing, recruitment process outsourcing, managed service providers, and business process outsourcing
Software & Technology	Talent acquisition technology and HR/staffing software platforms, including human cloud, online recruitment marketplaces, and HR software integrators

Q3 2022 Market Summary & Outlook

HUMAN CAPITAL MANAGEMENT M&A MARKET DYNAMICS

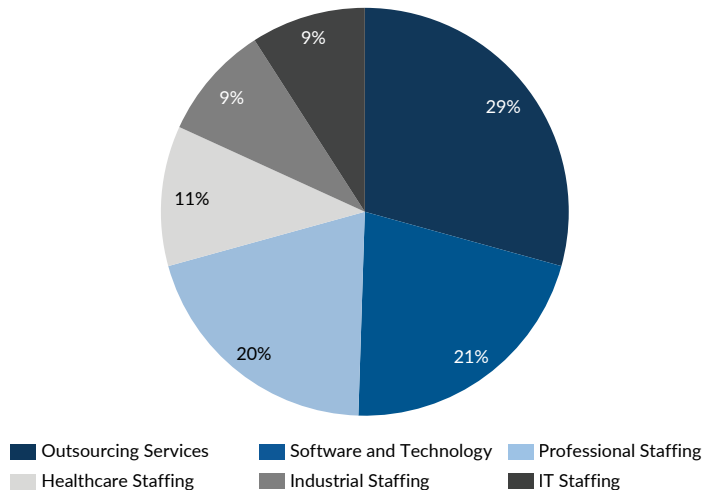
- Global M&A transaction volumes within the staffing, outsourced services, and software & technology industries (collectively, "Human Capital Management" or "HCM") declined 6% from Q3 of last year, with 99 transactions completed in Q3 2022. Even with this decline, 2022 M&A volume is on track to outpace all prior years, excluding 2021, as participants continue to embrace M&A as a cornerstone of the HCM industry.
- Strategic buyers continued to dominate M&A activity in the sector, accounting for 89% of industry transactions vs. just 11% completed by private equity groups (financial buyers) throughout Q3 of 2022.
- Staffing-related transactions comprised nearly half of HCM deals, with 49 transactions completed across professional, industrial, healthcare, and IT-focused staffing firms. The HCM sectors had mixed results in Q3 2022, as Staffing transactions increased by 4% and Outsourced Services transactions were down 15% in the third quarter of 2022 in comparison with Q3 of last year. Similarly, Software and Technology transactions realized a 13% decrease due to growing macroeconomic concerns. Even with these decreases, the market remains strong as these comparisons are against the record year of 2021.
- North America remained the most active region in Q3 of 2022 with 49 total transactions representing nearly half of the global HCM transaction activity. EMEA also remained active with 39 transactions representing just under 40% of global HCM transactional activity.

Q3 2022 TRANSACTION VOLUME BY BUYER TYPE



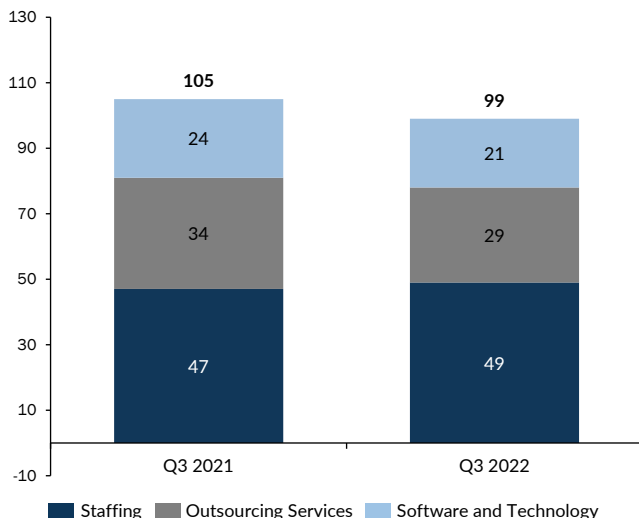
Sources: Capital IQ, PMCF Proprietary Research

Q3 2022 TRANSACTION VOLUME BY SEGMENT



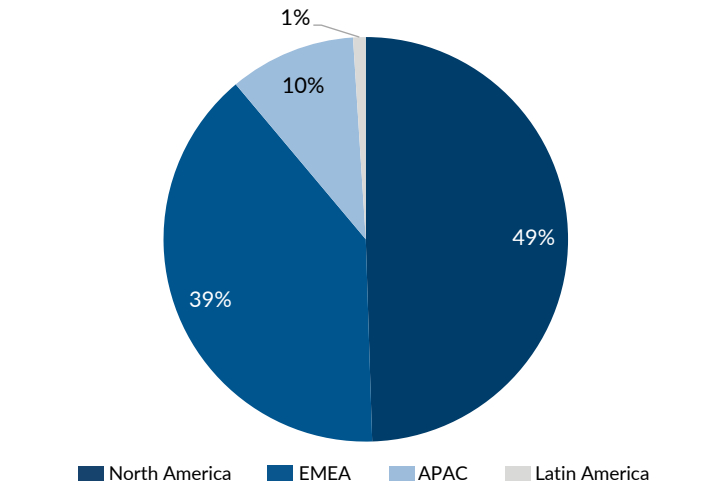
Sources: Capital IQ, PMCF Proprietary Research

Q3 2021 VS. Q3 2022 VOLUME BY SEGMENT



Sources: Capital IQ, PMCF Proprietary Research

Q3 2022 TRANSACTION VOLUME BY GEOGRAPHY

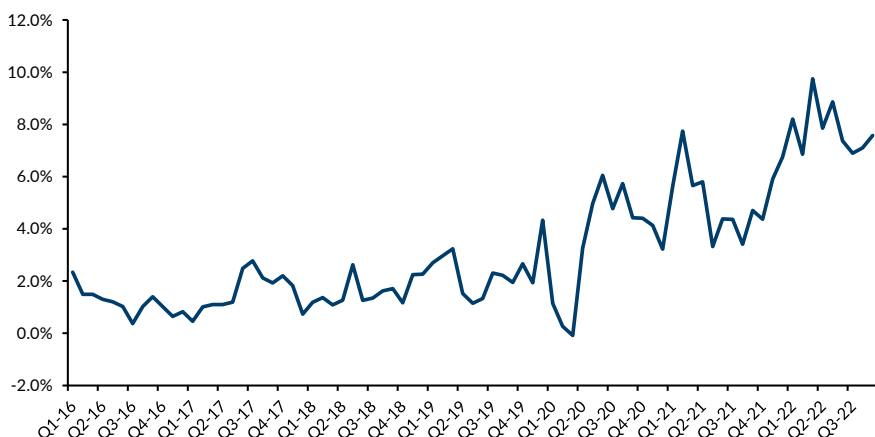


Sources: Capital IQ, PMCF Proprietary Research

HCM Industry Trends & Outlook

- High demand continues to influence the Human Capital Management industry through Q3 2022 after a strong first half of the year. Despite the number of job openings dropping since reaching record levels in 2021, demand remains steady due to an increasing supply of candidates driven by growth in pay rates and the larger acceptance of remote work.
- Despite the originally forecasted decline in healthcare staffing needs, health systems continue to build on their record use of temporary clinicians which has led to a forecasted 18% growth by the end of 2022. Other segments with notable increases in demand include Information Technology, Engineering, and Finance & Accounting which are all projected to grow by at least 10% by year-end.
- In comparison with pre-pandemic numbers, the U.S. had 240,000 more jobs in August 2022 than in February 2020 despite continued staffing shortages plaguing many industry sectors. Employers continue to rely on temporary help due to difficulties in retaining talent. Human Capital Management remains more important than ever as wage inflation and changing work habits force employers to reconsider age-old recruiting & retention techniques.

STAFFING INDUSTRY PRODUCER PRICE INDEX (PPI)



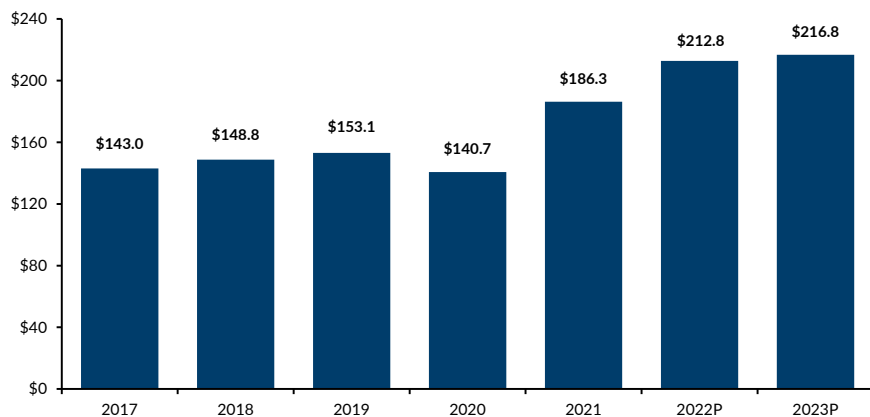
Source: Federal Reserve Bank of St. Louis

Note: Year-over-year Percent Change in Staffing Industry PPI

Data as of September 2022

- The U.S. Bureau of Labor Statistics provides a Producer Price Index (PPI) that measures the average change over time in the selling price of output produced domestically. The Staffing PPI can be utilized as a proxy for bill rates within the industry.
- YoY growth in bill rates for the industry has historically been between 2.0% and 6.0% over the last five years, rising slightly to 4.7% in Q3 2021 and spiking up to 7.6% by the end of Q3 2022.

U.S. STAFFING HISTORICAL AND PROJECTED MARKET SIZE



Source: Staffing Industry Analysts

(1) Includes Direct Hire and Retained Search firms

Data as of September 2022

- As a result of the “V-shaped” recovery from the pandemic, the US staffing market expanded by 32.4% in 2021, according to Staffing Industry Analysts (SIA).
- As the sector faces macroeconomic headwinds, the staffing industry anticipates to see slowed growth through the end of 2022 leading to a total yearly increase of 14.2% to \$212.8 billion.

Human Capital Management Indices

PUBLIC EQUITY VALUATION TRENDS:

- Median public equity EV/EBITDA multiples in the Q3 2022 HCM Index decreased over the prior quarter due to the Federal Reserve interest rate hikes, inflation reports, and concerns surrounding the global economic outlook.

Company Name	Headquarters Location	Market Cap.	Enterprise Value	TTM Revenue	TTM Gross Margin	TTM EBITDA Margin	Net Debt/ EBITDA	EV/ Revenue	EV/EBITDA ⁽¹⁾	
\$ in Millions									Q3 '22	Q2 '22
Professional and Specialty Staffing										
Recruit Holdings Co., Ltd.	Japan	\$46,281	\$42,489	\$22,446	58.1%	16.9%	(1.1x)	2.0x	11.8x	12.1x
Robert Half International Inc.	United States	8,248	7,907	7,281	42.8%	14.4%	(0.3x)	1.1x	7.0x	7.9x
AMN Healthcare Services, Inc.	United States	4,585	5,369	5,220	32.5%	15.1%	1.0x	1.0x	6.6x	7.8x
ASGN Incorporated	United States	4,537	5,141	4,485	30.0%	11.1%	1.8x	1.2x	9.7x	10.2x
Korn Ferry	United States	2,506	2,399	2,737	28.9%	19.3%	(0.2x)	0.9x	4.1x	4.5x
Hays plc	United Kingdom	1,841	1,718	8,006	6.4%	3.5%	(0.5x)	0.2x	5.6x	7.7x
PageGroup plc	United Kingdom	1,313	1,275	2,254	54.6%	12.7%	(0.1x)	0.6x	4.2x	5.7x
Kforce Inc.	United States	1,180	1,164	1,667	29.7%	7.1%	(0.1x)	0.7x	9.5x	10.1x
Cross Country Healthcare, Inc.	United States	1,085	1,301	2,558	22.5%	11.2%	0.8x	0.5x	4.4x	4.4x
Resources Connection, Inc.	United States	610	581	826	39.8%	12.0%	(0.3x)	0.7x	5.8x	7.3x
Heidrick & Struggles International, Inc.	United States	513	255	1,127	24.0%	10.8%	(3.1x)	0.2x	1.7x	2.9x
Impellam Group plc	United Kingdom	260	256	2,950	12.2%	1.5%	(0.1x)	0.1x	5.3x	6.3x
Median					29.8%	11.6%	(0.2x)	0.7x	5.7x	7.5x
Industrial and Commercial Staffing										
Adecco Group AG	Switzerland	\$4,610	\$8,048	\$23,102	21.0%	4.3%	3.5x	0.4x	6.9x	7.5x
Randstad N.V.	Netherlands	7,993	8,733	26,785	20.9%	4.6%	0.5x	0.3x	6.4x	6.4x
ManpowerGroup Inc.	United States	3,347	4,218	20,401	17.8%	3.7%	0.8x	0.2x	4.6x	5.2x
TrueBlue, Inc.	United States	624	656	2,318	26.8%	5.1%	0.2x	0.3x	4.6x	4.8x
Kelly Services, Inc.	United States	516	455	5,009	19.9%	2.1%	(0.6x)	0.1x	3.1x	4.2x
SThree plc	United Kingdom	509	489	1,874	26.5%	6.2%	(0.2x)	0.3x	4.7x	5.4x
Brunel International N.V.	Netherlands	423	438	1,083	22.5%	5.6%	0.0x	0.4x	6.3x	7.8x
Synergie SE	France	561	397	2,976	10.9%	5.0%	(1.2x)	0.1x	2.6x	3.2x
Barrett Business Services, Inc.	United States	553	461	1,012	22.1%	5.6%	(1.6x)	0.5x	7.0x	6.7x
Groupe CRIT SA	France	610	344	2,307	5.8%	5.0%	(2.5x)	0.2x	2.7x	3.4x
Median					20.9%	5.0%	(0.1x)	0.3x	4.7x	5.3x
Outsourcing Services and Technology										
Automatic Data Processing, Inc.	United States	\$93,935	\$96,089	\$16,882	45.4%	26.7%	0.5x	5.8x	21.2x	20.4x
Paychex, Inc.	United States	40,441	40,090	4,735	70.5%	44.0%	(0.2x)	8.5x	19.2x	19.6x
Gartner, Inc.	United States	21,884	24,726	5,102	69.4%	23.3%	2.4x	4.8x	19.2x	17.7x
TriNet Group, Inc.	United States	4,424	4,523	4,891	22.6%	12.2%	0.0x	0.9x	7.5x	8.3x
Insperty, Inc.	United States	3,882	3,769	5,511	16.2%	4.2%	(0.5x)	0.7x	15.1x	15.4x
Qess Corp Limited	India	1,172	1,226	1,858	12.7%	4.4%	0.5x	0.7x	15.4x	15.4x
Median					34.0%	17.8%	0.2x	2.9x	17.3x	16.6x
Median					23.3%	6.7%	(0.1x)	0.6x	6.3x	7.4x
Mean					29.0%	10.6%	(0.0x)	1.2x	7.9x	8.5x

Market capitalizations and total enterprise values as of September 30, 2022; income statement and balance sheet data as of last period reported

(1) Multiple of EBITDA based on EBITDA inclusive of equity income from affiliates

Italicized data are outliers and are excluded from median and mean calculations

Currency conversions assume historical rate

Source: Capital IQ

Public Company Equity Performance & Trends

PUBLIC VALUATIONS - PROFESSIONAL AND SPECIALTY STAFFING INDEX

	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Revenue Multiple									
Median	0.7x	0.8x	1.0x	1.3x	1.2x	1.2x	0.9x	0.8x	0.7x
Mean	0.9x	1.1x	1.3x	1.4x	1.5x	1.4x	1.1x	0.9x	0.8x
EBITDA Multiple⁽¹⁾									
Median	8.7x	10.9x	14.4x	13.6x	13.3x	13.0x	7.8x	7.5x	5.7x
Mean	9.2x	11.5x	15.1x	16.6x	13.7x	12.7x	9.1x	7.2x	6.3x

PUBLIC VALUATIONS - INDUSTRIAL AND COMMERCIAL STAFFING INDEX

	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Revenue Multiple									
Median	0.3x	0.3x	0.4x	0.5x	0.4x	0.4x	0.4x	0.3x	0.3x
Mean	0.3x	0.3x	0.4x	0.4x	0.4x	0.4x	0.4x	0.3x	0.3x
EBITDA Multiple⁽¹⁾									
Median	5.4x	7.6x	9.7x	9.8x	8.1x	7.1x	6.6x	5.3x	4.7x
Mean	5.9x	7.9x	9.9x	10.1x	8.3x	7.6x	7.0x	5.5x	4.9x

PUBLIC VALUATIONS - OUTSOURCING SERVICES AND TECHNOLOGY INDEX

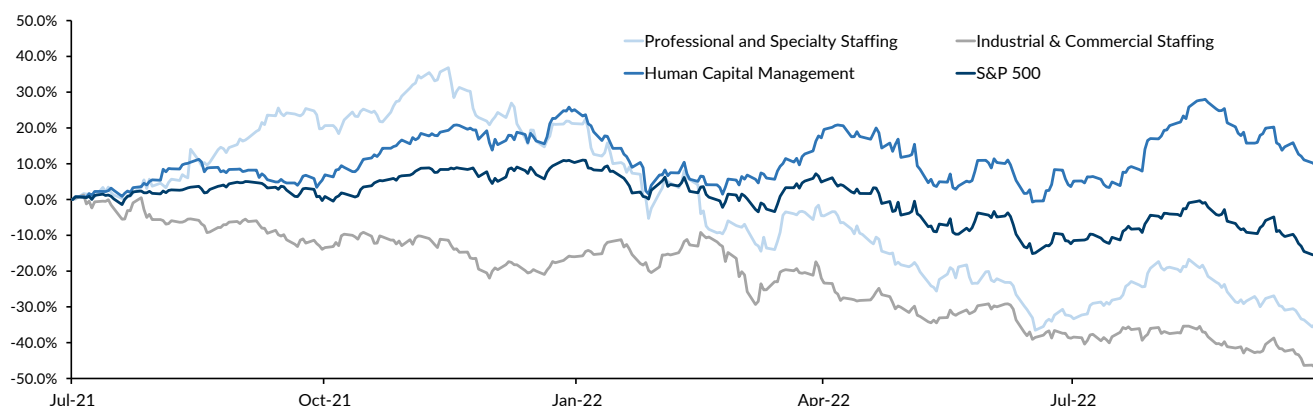
	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Revenue Multiple									
Median	2.1x	2.7x	2.9x	3.4x	3.6x	4.0x	3.5x	2.8x	2.9x
Mean	2.8x	3.4x	3.7x	4.0x	4.2x	4.7x	4.3x	3.6x	3.6x
EBITDA Multiple⁽¹⁾									
Median	12.8x	16.7x	19.4x	21.9x	21.5x	25.1x	21.9x	16.6x	17.3x
Mean	13.1x	16.6x	18.1x	20.5x	22.2x	23.6x	19.8x	16.1x	16.3x

(1) Multiple of EBITDA based on EBITDA inclusive of equity income from affiliates

Quarterly figures based on the last trading day of each quarter shown

Source: Capital IQ

PMCF HCM AND STAFFING INDEX PUBLIC EQUITY PERFORMANCE



Market capitalization indices with mixed currencies are converted into USD using historical spot rates

Local currency quotes converted to USD using historical spot rates

Source: Capital IQ

Human Capital Management M&A Activity

Capabilities Expansion

RSK Group Limited acquires
Spencer Group

September 2022 – RSK, a global leader in environmental, health, safety, and ground engineering consulting services, announced the acquisition of Spencer Group, comprising land management and environmental specialists Spencer Environmental Care Associates (ECA) and geo-technical contractors and consultants Quantum Geotechnic.

Spencer Group has a workforce of more than 50 persons and focuses on executive recruitment in various disciplines, including sales and marketing, information technology, human resources, life sciences, and document management. Spencer Group also provides recruitment services for the pharmaceutical, biotech, clinical, food, and healthcare industries. “The clear synergy with the RSK group, along with the opportunities for growth, made the Spencer Group acquisition by RSK a natural choice” added Managing Director Jamie Jukes.

Capabilities Expansion

Korn Ferry acquires
Infinity Consulting Solutions

August 2022 – Korn Ferry (NYSE: KFY) announced its acquisition of Infinity Consulting Services (“ICS”). Headquartered in New York with nine offices throughout the United States, ICS offers substantial interim professional solutions expertise which will further enhance Korn Ferry’s industry-leading portfolio.

ICS is a widely regarded provider of senior-level IT interim professional solutions with additional expertise in the areas of compliance and legal, accounting and finance, and human resources. The firm brings to Korn Ferry a vast network of senior IT professionals, a rigorous, data-driven recruitment process, and deep relationships with a diverse mix of clients across multiple industries. Korn Ferry’s world-class brand, vast intellectual property, and five decades of organizational consulting expertise are a firm foundation for growing scale in today’s highly segmented executive and professional interim solutions market.

Geographic Expansion

Accurate Background acquires
Vero Screening

July 2022 – Accurate Background, the largest privately held provider of compliant background checks, drug and health screening, and monitoring solutions, announced its acquisition of Vero Screening Ltd., the UK’s largest independent employment screening provider.

The acquisition continues Accurate’s global expansion strategy, deepens its foothold in the EMEA market, and expands its portfolio of compliance-driven and service-focused employment screening solutions. The acquisition unifies two employment screening market leaders, bringing together tenured, experienced talent, customer-driven cultures, compliance expertise, and advanced technological innovations. Accurate gains a new EMEA headquarters in Brighton, UK, where the Vero team continues to serve its strong client base while offering support to a growing roster of multinational clients.

Geographic Expansion

Randstad N.V. acquires
Finite Group APAC

July 2022 – Randstad N.V., a global leader in the HR services industry, announced that Randstad Australia has signed an agreement to acquire the Finite Group in Australia and New Zealand. The Finite Group specializes in technology recruitment, IT consulting, and a broad array of IT and Digital professional services.

The acquisition further strengthens Randstad’s market leadership in Australia and New Zealand’s IT sector. Finite Group is viewed as a strong addition to the company’s current service offering. “Through this acquisition, Randstad is further growing its market leadership throughout Australia and New Zealand amid continued high demand for tech talent and IT professional services,” said Sander van ‘t Noordente, CEO of Randstad.

Human Capital Management M&A Activity

\$ in Millions

SELECT STAFFING TRANSACTIONS

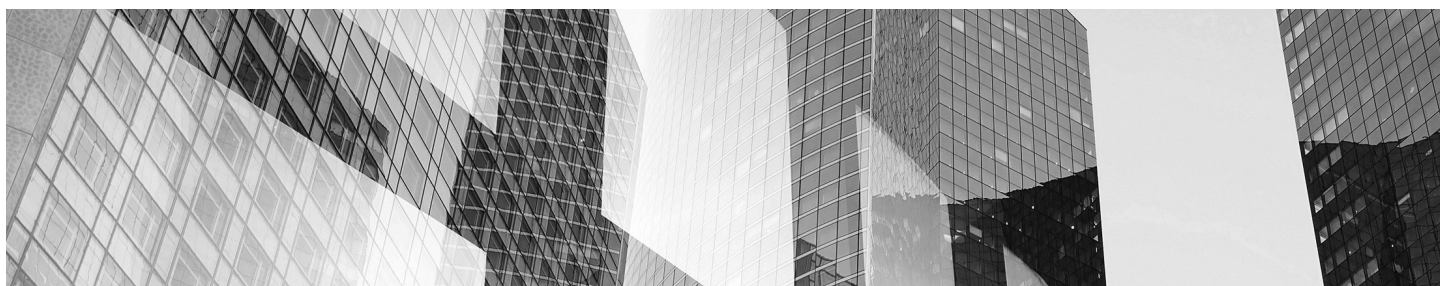
Announced Date	Target	Buyer	Implied EV	EV/TTM Revenue	EV/TTM EBITDA
Sep-22	Seneca Resources LLC	Caymus Equity Partners LLC	n/a	n/a	n/a
Sep-22	Prime Time Healthcare, LLC	OEP Capital Advisors, L.P.	n/a	n/a	n/a
Sep-22	Spencer Group Ltd.	RSK Group Limited	n/a	n/a	n/a
Aug-22	Direct Recruiters, Inc.	NL Starfish Partners Inc	n/a	n/a	n/a
Aug-22	Assets of MAKE Corporation	Digital Intelligence Systems, LLC	n/a	n/a	n/a
Aug-22	Hunt & Badge Consulting Private Limited	Hudson Global, Inc.	n/a	n/a	n/a
Aug-22	PNP Staffing Group	Premier Health of America, Inc.	n/a	n/a	n/a
Aug-22	Svenstone Limited	The Recruitment Group Ltd	n/a	n/a	n/a
Aug-22	Barton & Associates, Inc.	H.I.G. Capital, LLC	n/a	n/a	n/a
Jul-22	Star 1 Personnel, LLC	Ascend Staffing	n/a	n/a	n/a
Jul-22	Poolia Deutschland GmbH	Argo Group GmbH	\$2	n/a	n/a
Jul-22	Carestaf, Inc.	Longship Group	n/a	n/a	n/a
Jul-22	Edge Personnel Pty Ltd	Forsythes Recruitment (Central Coast) Pty Limited	n/a	n/a	n/a
Jul-22	Harmony Healthcare LLC	Addison Group, LLC	n/a	n/a	n/a
Jul-22	Finite Group APAC Pty Limited	Randstad N.V.	n/a	n/a	n/a

\$ in Millions

SELECT OUTSOURCED SERVICES / HCM SOFTWARE TRANSACTIONS

Announced Date	Target	Buyer	Implied EV	EV/TTM Revenue	EV/TTM EBITDA
Sep-22	Eleviant Technologies, Inc.	Computer Task Group, Incorporated	\$24	n/a	n/a
Sep-22	Brilliant Jobs Limited	Cv-Library Ltd.	n/a	n/a	n/a
Sep-22	StaffMe SAS/LD Personalvermittlung GmbH	The House of HR NV	n/a	n/a	n/a
Sep-22	ORS Service AG	Serco Group plc	\$45	0.4x	n/a
Aug-22	Scout Talent Group Pty Ltd	AD1 Holdings Limited	\$42	4.3x	n/a
Aug-22	Headstart App Limited	ML Capital Group, Inc.	\$14	n/a	n/a
Aug-22	TalentReef, Inc.	Mitratech Holdings, Inc.	n/a	n/a	n/a
Aug-22	Work Simplr Ltd	UPSKLS, Inc.	n/a	n/a	n/a
Aug-22	Lever, Inc.	Employ Inc.	n/a	n/a	n/a
Aug-22	Infinity Consulting Solutions, Inc.	Korn Ferry	\$100	n/a	n/a
Jul-22	Vero Screening Ltd.	Accurate Background, LLC	n/a	n/a	n/a
Jul-22	SourceBreaker Limited	Bullhorn, Inc.	n/a	n/a	n/a
Jul-22	BASE life science A/S	Infosys Consulting Pte Ltd	\$109	n/a	n/a
Jul-22	FlexAbility	Alexander Mann Solutions Limited	n/a	n/a	n/a
Jul-22	AssureHire, Inc.	Mitratech Holdings, Inc.	n/a	n/a	n/a

Sources: Capital IQ, Company Websites, PitchBook, Company Reports, PMCF Proprietary Research



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Recent PMCF Awards



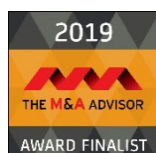
2021 M&A ATLAS AWARD WINNER – USA MIDDLE MARKETS
ENERGY PRODUCTS & SERVICES DEAL OF THE YEAR



2020 M&A ATLAS AWARD WINNER – AMERICAS
PLASTICS & PACKAGING DEAL OF THE YEAR



2019 MiBiz DEAL OF THE YEAR WINNER
MANUFACTURING DEAL OF THE YEAR



2019 M&A ADVISORS AWARD FINALIST
BOUTIQUE INVESTMENT BANK OF THE YEAR

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