

HUMAN CAPITAL MANAGEMENT M&A PULSE

FIRST QUARTER 2021



Q1'21

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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 the 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 in the Human Capital Management industry across a range of sectors. PMCF’s extensive coverage of the HCM industry and relationships with financial institutions provide clients with specialized, in-depth knowledge of the sector dynamics and access to key strategic players, resulting in unique advantages and the opportunity to optimize value in a transaction.

COMPREHENSIVE HUMAN CAPITAL MANAGEMENT AND STAFFING COVERAGE

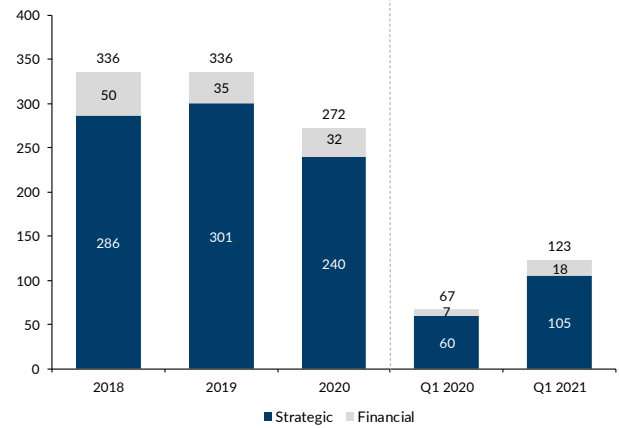
Staffing	<i>Temporary, temp-to-permanent, permanent / direct hire, and executive search services across all end markets, including professional, industrial, IT, and healthcare</i>
Outsourcing Services	<i>Outside business services vendors, including human resources outsourcing, recruitment process outsourcing,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

2021 Q1 Market Summary & Outlook

HUMAN CAPITAL MANAGEMENT M&A MARKET DYNAMICS

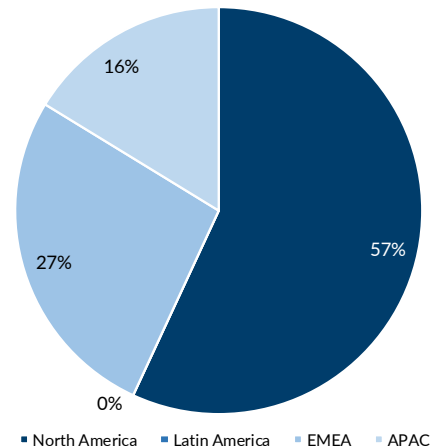
- Global M&A transaction volume within staffing, outsourcing services, and software and technology industries (collectively, "Human Capital Management" or "HCM") increased 83% in Q1 of 2021 from last year, with 123 transactions completed. M&A activity continued to make a strong rebound from COVID-19 in Q1 as buyers looked for investments as some of the uncertainty in the market subsided and capital was available at attractive interest rates.
- Strategic buyers continued to dominate M&A activity in the sector, accounting for 85% of industry transactions vs. just 15% completed by private equity groups (financial buyers) throughout Q1 of 2021.
- Staffing-related transactions comprised the majority of HCM deals, with 51 transactions completed across professional, industrial, healthcare, and IT focused staffing firms. These sectors of the HCM industry continued their record growth in Q1 2021, as Staffing transactions increased 24%, Outsourced Services transactions increased 114% and Software and Technology transactions increased 250% in the first quarter of 2021 from Q1 of last year. Part of these huge increases can be contributed to a slowdown of activity due to the pandemic in Q1 2020, but activity across all sectors is quickly heating up.
- North America remained the most active region in Q1 of 2021, with 70 total transactions representing 57% of global HCM transaction activity. EMEA also remained active with 33 total transactions representing 27% of global HCM transaction activity.

Q1 2021 TRANSACTION VOLUME BY BUYER TYPE



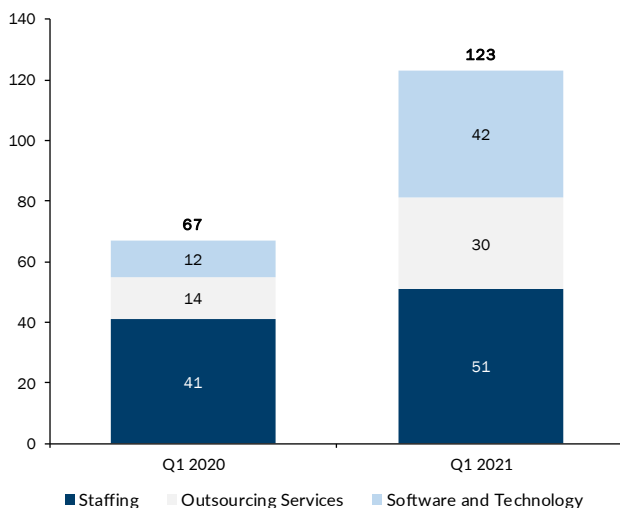
Source: Capital IQ, Proprietary Research

Q1 2021 TRANSACTION VOLUME BY GEOGRAPHY



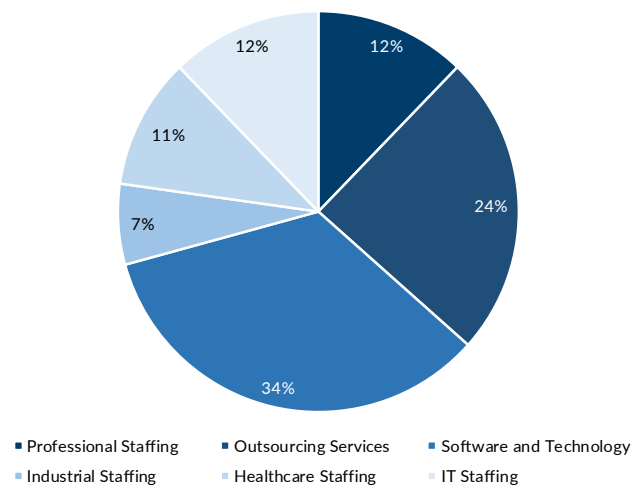
Source: Capital IQ, Proprietary Research

Q1 2020 VS. Q1 2021 VOLUME BY SEGMENT



Source: Capital IQ, Proprietary Research

Q1 2021 TRANSACTION VOLUME BY SEGMENT

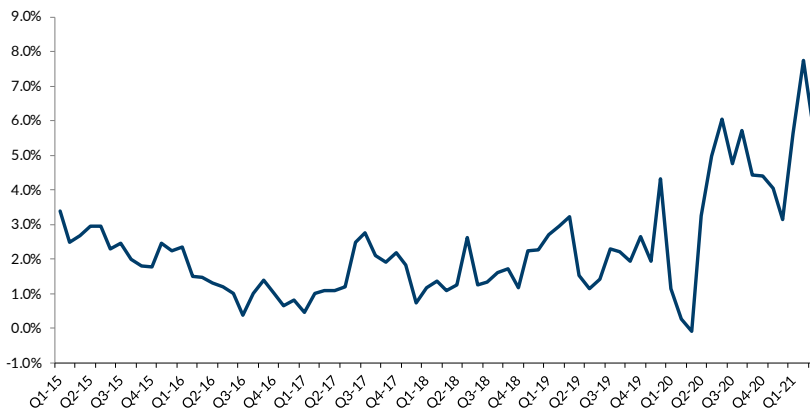


Source: Capital IQ, Proprietary Research

HCM Industry Trends & Outlook

- Similar to trends following the COVID-19 pandemic in 2020, the Human Capital Management segments showing the highest growth rates remain related to healthcare. The travel nurse skill segment reported year-over-year revenue growth greater than 100%. Per diem nursing reported growth of 25%. Holistically, the industry is off to a healthy start with no segments reporting negative median year-over-year changes in revenue. Direct hire revenue was also up 10% in Q1 of 2021.
- Looking forward in 2021, companies are reporting a noticeable increase in recruiting difficulty since the beginning of the year, while average sales difficulty continues to decrease at a steady rate. With 121 million Americans having received at least one vaccine dose (as of April 12th), along with restrictions being lifted on the US economy, a 12% annual growth rate is projected for the industry overall.
- The anticipated growth of the Staffing industry is perpetuated by the emergence of proprietary staffing platform technologies that offer speed, automation, and self-service advantages. Amidst a positive forecast, the largest risk remains potential virus variants that may extend restrictions on the US economy.

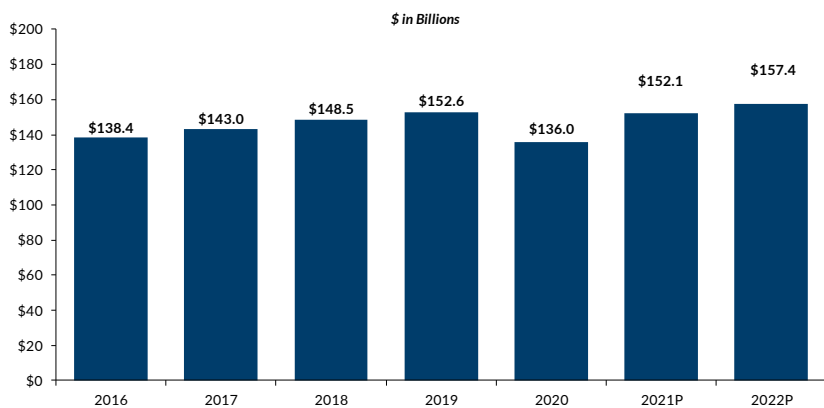
STAFFING INDUSTRY PRODUCER PRICE INDEX (PPI)



Source: Federal Reserve Bank of St. Louis
 Note: Year-over-year Percent Change in Staffing Industry PPI
 Data as of April 2021

- The US 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 been between 1.0% and 5.0% over the last five years, falling to -0.1% in Q1 2020 and rising to 5.7% in Q1 2021.

U.S. STAFFING HISTORICAL AND PROJECTED MARKET SIZE



Source: Staffing Industry Analysts
 (1) Includes Direct Hire and Retained Search firms
 Data as of April, 2021

- As the economy re-opens and federal government fiscal and monetary measures boost the economy, the US Staffing industry market is expected to expand by 11.8% in 2021, according to Staffing Industry Analysts (SIA).
- As the sector starts to normalize, the Staffing industry anticipates to see slowed growth in 2022 leading to an increase of 3.5% to \$157.4 billion.

Human Capital Management Indices

PUBLIC EQUITY VALUATION TRENDS:

- Median public equity EV/EBITDA multiples in the Q1 2021 HCM Index increased over the prior quarter as the economy continues to reopen and investors are eager to be involved in the market

\$ in Millions

Company Name	Headquarters Location	Market Cap.	Enterprise Value	TTM Revenue	TTM Gross Profit	Adjusted EBITDA	TTM Gross Margin	TTM EBITDA Margin	Net Debt/ EBITDA	EV/ Revenue	EV/EBITDA ⁽¹⁾	
											Q1 '21	Q4 '20
Professional & Specialty Staffing												
Recruit Holdings Co., Ltd.	Japan	\$ 79,804	\$ 78,325	\$ 20,519	\$ 10,359	\$ 2,685	50.5%	13.1%	(0.4x)	3.9x	28.4x	24.4x
Robert Half International Inc.	United States	8,694	8,423	5,001	1,960	374	39.2%	7.5%	(0.6x)	1.6x	17.2x	11.4x
ASGN Incorporated	United States	5,058	5,910	3,544	948	374	26.8%	10.6%	2.0x	1.5x	13.3x	12.8x
AMN Healthcare Services, Inc.	United States	3,477	4,403	2,677	879	324	32.8%	12.1%	2.8x	1.8x	15.1x	13.4x
Korn Ferry	United States	3,368	3,249	1,695	416	197	24.5%	11.6%	(0.6x)	1.9x	12.3x	9.4x
Hays plc	United Kingdom	3,453	3,220	7,734	350	134	4.5%	1.7%	(2.2x)	0.4x	18.9x	10.9x
PageGroup plc	United Kingdom	2,065	1,979	1,874	912	79	48.7%	4.2%	(1.3x)	1.1x	20.1x	11.7x
Kforce Inc.	United States	1,123	1,142	1,426	400	89	28.1%	6.3%	0.2x	0.8x	12.4x	10.2x
Cross Country Healthcare, Inc.	United States	469	546	956	225	47	23.5%	5.0%	2.2x	0.7x	14.4x	10.9x
Heidrick & Struggles International, Inc.	United States	692	471	644	167	64	26.0%	9.9%	(1.2x)	0.8x	5.4x	4.6x
Resources Connection, Inc.	United States	440	448	636	245	41	38.6%	6.5%	0.1x	0.7x	8.4x	6.5x
Impellam Group plc	United Kingdom	174	232	2,736	302	(12)	11.0%	(0.4%)	(3.6x)	0.1x	62.3x	55.4x
Median							27.4%	7.0%	(0.5x)	1.0x	14.8x	11.2x
Industrial & Commercial Staffing												
Randstad N.V.	Netherlands	\$ 12,950	\$ 13,609	\$ 24,451	\$ 4,646	\$ 808	19.0%	3.3%	0.3x	0.6x	14.0x	11.9x
Adecco Group AG	Switzerland	10,881	11,837	22,762	4,452	961	19.6%	4.2%	0.8x	0.5x	10.2x	10.1x
ManpowerGroup Inc.	United States	5,434	5,428	18,306	2,869	457	15.7%	2.5%	(0.1x)	0.3x	8.8x	7.6x
TrueBlue, Inc.	United States	781	788	1,811	425	37	23.5%	2.0%	(0.6x)	0.4x	12.9x	9.7x
Synergie SE	France	912	759	2,735	291	122	10.6%	4.5%	(1.0x)	0.3x	7.3x	5.9x
Kelly Services, Inc.	United States	875	744	4,516	828	69	18.3%	1.5%	(1.9x)	0.2x	7.0x	6.0x
Groupe CRIT SA	France	912	684	2,133	106	69	5.0%	3.3%	(3.7x)	0.3x	10.3x	4.5x
SThree plc	United Kingdom	696	676	1,688	440	69	26.0%	4.1%	(0.2x)	0.4x	9.2x	6.3x
Brunel International N.V.	Netherlands	655	536	1,019	217	34	21.3%	3.4%	(2.7x)	0.5x	11.7x	9.3x
Barrett Business Services, Inc.	United States	523	381	880	188	39	21.3%	4.5%	(2.9x)	0.4x	7.7x	7.5x
Median							19.3%	3.3%	(0.8x)	0.4x	9.7x	7.6x
Outsourcing Services and Technology												
Automatic Data Processing, Inc.	United States	\$ 80,654	\$ 81,491	\$ 14,645	\$ 6,543	\$ 3,839	44.7%	26.2%	0.1x	5.6x	20.3x	19.1x
Paychex, Inc.	United States	35,349	35,377	3,943	2,696	1,603	68.4%	40.7%	(0.1x)	8.9x	21.3x	20.3x
Gartner, Inc.	United States	16,196	18,436	4,185	2,846	787	68.0%	18.8%	3.1x	4.5x	22.9x	21.4x
TriNet Group, Inc.	United States	5,145	5,218	4,046	819	426	20.2%	10.5%	(0.0x)	1.3x	12.4x	11.9x
Insperity, Inc.	United States	3,200	3,061	4,344	824	216	19.0%	5.0%	(0.4x)	0.7x	13.1x	12.4x
LifeWorks Inc.	Canada	1,811	2,260	790	248	106	31.5%	13.4%	4.2x	2.9x	20.7x	16.1x
Quess Corp Limited	India	1,411	1,444	1,481	165	43	11.1%	2.9%	0.8x	1.0x	18.5x	14.3x
Median							31.5%	13.4%	0.1x	2.9x	20.3x	16.1x
Median							23.5%	5.0%	(0.2x)	0.7x	13.1x	10.9x
Mean							27.5%	8.2%	(0.2x)	1.5x	15.7x	13.0x

Market capitalizations and total enterprise values as of March 31, 2021; 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

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Revenue Multiple									
Median	0.8x	0.9x	0.8x	0.9x	0.6x	0.7x	0.7x	0.8x	1.0x
Mean	0.9x	1.0x	0.9x	1.0x	0.7x	0.8x	0.9x	1.1x	1.3x
EBITDA Multiple⁽¹⁾									
Median	10.3x	9.6x	8.9x	9.2x	6.4x	7.7x	8.7x	10.9x	14.4x
Mean	10.2x	9.8x	9.4x	10.1x	7.0x	8.1x	9.2x	11.5x	15.1x

PUBLIC VALUATIONS - INDUSTRIAL AND COMMERCIAL STAFFING INDEX

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Revenue Multiple									
Median	0.3x	0.3x	0.3x	0.4x	0.2x	0.3x	0.3x	0.3x	0.4x
Mean	0.4x	0.4x	0.4x	0.4x	0.2x	0.3x	0.3x	0.3x	0.4x
EBITDA Multiple⁽¹⁾									
Median	7.1x	6.6x	6.3x	7.2x	3.8x	5.2x	5.4x	7.6x	9.7x
Mean	8.2x	7.6x	7.0x	7.3x	4.2x	5.4x	5.9x	7.9x	9.9x

PUBLIC VALUATIONS - OUTSOURCING SERVICES AND TECHNOLOGY INDEX

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Revenue Multiple									
Median	3.1x	3.3x	3.4x	3.4x	2.8x	2.9x	2.5x	2.8x	2.9x
Mean	3.4x	3.5x	3.3x	3.3x	2.4x	2.8x	2.7x	3.3x	3.6x
EBITDA Multiple⁽¹⁾									
Median	21.7x	19.7x	19.1x	18.2x	13.1x	15.7x	15.2x	16.1x	20.3x
Mean	21.7x	20.1x	18.6x	17.9x	12.2x	14.4x	13.4x	16.5x	18.5x

(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

Motion Recruitment Partners
acquires The Goal

March 2021 – Motion Recruitment Partners, LLC, a provider of IT staffing & managed solutions across North America for contract and direct hire, has acquired The Goal, a nationwide leader in technology consulting. This acquisition brings additional and highly complementary talents solutions to further grow MRP's IT managed solutions consulting practice.

"The Goal's leadership team has an incredible reputation and has built a truly impressive business. They will be taking us on an exciting new journey into Tech Consulting within the massive Federal marketplace," said Beth Gilfeather, CEO of Motion Recruitment Partners. "With a strong focus on tech talent markets such as SAAS, Cloud, Cybersecurity, and Digital Transformation, The Goal is well positioned for the future as we see significant growth in all of these areas."

Capabilities Expansion

Equifax Workforce Solutions
acquires HIREtech

March 2021 – Equifax Workforce Solutions (NYSE: EFX), announced the acquisition of HIREtech, a technology-focused human capital management and employer tax incentive firm. With this acquisition, Equifax expands the Workforce Solutions' portfolio with the HIREtech suite of products.

"This acquisition further reinforces the value that Equifax Workforce Solutions delivers as a provider of innovative, data-driven HR services, which has become critical as workforces shift to meet the evolving needs of employees and new work environments," said Joe Muchnick, SVP at Equifax Workforce Solutions. "Together we can accelerate our ability to help provide employers with new innovations and actionable insights that better support their workforce."

Geographic Expansion

ettain group acquires INT
Technologies

February 2021 – ettain group, a leading provider of talent solutions, announced the acquisition of Arizona-based technology staffing firm INT Technologies. The transaction further strengthens ettain group's strategic accounts program and geographic footprint.

"We are excited to join forces with such a highly respected team," said Trent Beekman, Chief Executive Officer of ettain group. "INT brings deep and long-term relationships and a reputation for providing outstanding customer support. The joining of our teams will allow ettain group to continue to lead the industry as a respected and reliable partner and to provide unparalleled service to our customers."

Capabilities Expansion

Health Carousel acquires
Vitruvian Medical

January 2021 – Health Carousel, a premier provider of healthcare staffing and workforce solutions, announced that acquisition of Vitruvian Medical to strengthen its surgery and anesthesia locum tenens staffing offerings.

"We are excited to welcome Vitruvian Medical to Health Carousel, and to propel our higher purpose of improving lives and making healthcare work better. With strong leadership, an experienced team, and an attractive culture already in place at Vitruvian, combined with Health Carousel's investment and the synergy we believe we can achieve through HCLN, we are excited for what we can accomplish together!" - Bill DeVille, Chief Executive Officer of Health Carousel.

Human Capital Management M&A Activity

SELECT STAFFING TRANSACTIONS

(\$ in Millions)

Announced Date	Target	Buyer	Implied EV	EV/TTM Revenue	EV/TTM EBITDA
Mar-21	LG Associates, Inc.	Kyyba, Inc.	n/a	n/a	n/a
Mar-21	Solutions Nursing L.F.C. Inc./Formation Solutions Nursing Inc.	Premier Health of America Inc.	\$2	0.7x	4.9x
Mar-21	Work Service S.A. (nka:Gi Group Poland S.A.)	GI International S.R.L.	\$48	0.2x	8.0x
Mar-21	Arete Partners, Inc.	Riviera Partners, Inc.	n/a	n/a	n/a
Mar-21	The Goal Inc.	Motion Recruitment Partners, LLC	n/a	n/a	n/a
Mar-21	Consumer & Food Division of YourEncore, Inc.	BelFlex Staffing Network	n/a	n/a	n/a
Mar-21	DPA Group N.V. (nka:DGNV N.V.)	Gilde Equity Management Benelux B.V.	\$95	0.6x	2.5x
Feb-21	Quintrix Solutions, Inc	Mindlance, Inc.	n/a	n/a	n/a
Feb-21	U.S. Nursing Corporation/Fastaff Travel Nursing, LLC	Trilantic North America; Cornell Capital LLC	n/a	n/a	n/a
Feb-21	Franchised operations of LINK Staffing	HQ Link Corporation	\$11	0.2x	n/a
Feb-21	TherapyTravelers LLC	Epic Staffing Group	n/a	n/a	n/a
Feb-21	INT Technologies, LLC	ettain Group, LLC	n/a	n/a	n/a
Feb-21	Chesapeake Registry Program of Maryland Hospital Association	Qualivis LLC	n/a	n/a	n/a
Jan-21	Quanta Ressources Humaines SA	Openjobmetis S.p.A.	\$30	0.2x	n/a
Jan-21	Vitruvian Medical, Inc.	Health Carousel, LLC	n/a	n/a	n/a

SELECT OUTSOURCED SERVICES / HCM SOFTWARE TRANSACTIONS

(\$ in Millions)

Announced Date	Target	Buyer	Implied EV	EV/TTM Revenue	EV/TTM EBITDA
Mar-21	Integrated Workforce Solutions Pty Ltd	PayGroup Limited	\$13	3.6x	n/a
Mar-21	JOBKOREA Corp.	Affinity Equity Partners	n/a	n/a	n/a
Mar-21	PactSafe, Inc.	Ironclad, Inc.	n/a	n/a	n/a
Mar-21	HIREtech Corporation	Equifax Workforce Solutions, Inc.	n/a	n/a	n/a
Mar-21	Planday A/S	Xero Limited	\$222	n/a	n/a
Mar-21	Kamana Inc.	Triage Staffing, Inc.	n/a	n/a	n/a
Mar-21	Cirrus Limited	Accenture plc	n/a	n/a	n/a
Feb-21	RedHill Education Limited	iCollege Limited	\$48	1.5x	17.8x
Feb-21	Edenhouse Solutions Limited	Accenture plc	n/a	n/a	n/a
Feb-21	getBridge LLC	Learning Technologies Group plc	\$47	2.2x	NM
Feb-21	Working Not Working, Inc.	Fiverr International Ltd.	\$13	n/a	n/a
Feb-21	People 2.0, Inc.	TPG Growth, LLC	n/a	n/a	n/a
Feb-21	Syzygy Solutions/Velossent	Aprio, LLP	n/a	n/a	n/a
Feb-21	Pacific Payroll Partners Pty Ltd	Ceridian HCM Holding Inc.	\$447	n/a	n/a
Jan-21	PeopleTicker, LLC	PRO Unlimited Inc.	n/a	n/a	n/a

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

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ENERGY PRODUCTS & SERVICES DEAL OF THE YEAR



2021 M&A ATLAS AWARD WINNER – USA MIDDLE MARKETS
PLASTICS & PACKAGING DEAL OF THE YEAR



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



2020 M&A ATLAS AWARD WINNER – AMERICAS
INDUSTRIALS BOUTIQUE INVESTMENT BANK 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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