

HUMAN CAPITAL MANAGEMENT M&A PULSE

SECOND QUARTER 2022



Q2'22

INSIDE THIS ISSUE

Market Summary & Outlook	PAGE 3
Macroeconomic Trends & Signals	PAGE 4
Equity Market Valuations & Market Commentary	PAGES 5-6
Human Capital Management M&A Activity	PAGES 7-8

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.

INVESTMENT BANKING SERVICES:

- Mergers & Acquisitions
- Carve-outs & Divestitures
- Strategic Assessments
- Transaction Readiness Planning
- Capital Raising



MATT JAMISON
Managing Director
(312) 602-3583
Matt.Jamison@pmcf.com



MATT RUPPRECHT
Director
(248) 603-5210
Matt.Rupprecht@pmcf.com



JAKE LANE
Associate
(303) 967-2581
Jake.Lane@pmcf.com



MAC CARRON
Analyst
(313) 338-4057
Mac.Carron@pmcf.com

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

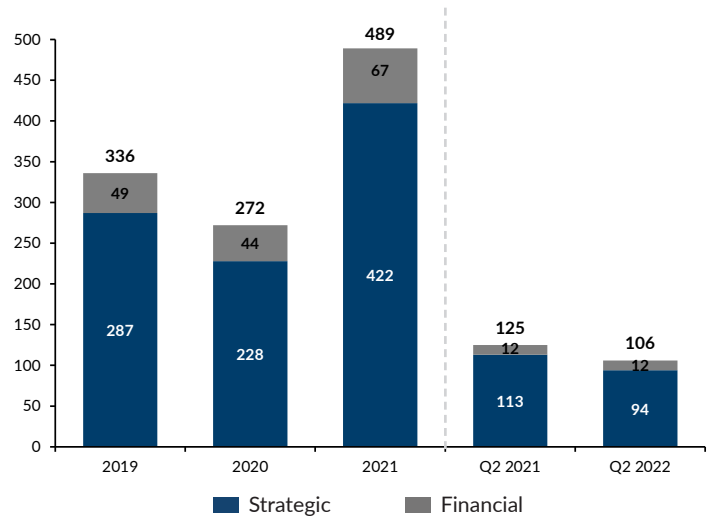
Staffing	<i>Temporary, temp-to-permanent, permanent / direct hire, and executive search services across all end markets, including professional, industrial, IT, and healthcare</i>
Outsourcing Services	<i>Outside business services vendors, including human resources outsourcing, recruitment process outsourcing, 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>

Q2 2022 Market Summary & Outlook

HUMAN CAPITAL MANAGEMENT M&A MARKET DYNAMICS

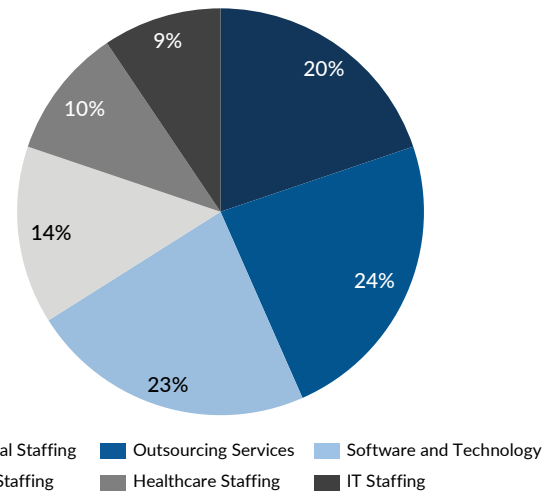
- Global M&A transaction volume within staffing, outsourcing services, and software and technology industries (collectively, “Human Capital Management” or “HCM”) declined 15% from Q2 last year, with 106 transactions completed in Q2 2022. Even with this decline, 2022 M&A volume is on track to outpace all prior years, excluding 2021, as participants are emphasizing the need for HCM following the industry problems faced during COVID-19.
- 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 Q2 of 2022.
- Staffing-related transactions comprised the majority of HCM deals, with 57 transactions completed across professional, industrial, healthcare, and IT focused staffing firms. The HCM sectors had mixed results in Q2 2022, as Staffing transactions were down only 5% and Outsourced Services transactions were down 24% in the second quarter of 2022 from Q2 of last year. Similarly, Software and Technology transactions realized a 25% 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 Q2 of 2022, with 63 total transactions representing 59% of global HCM transaction activity. EMEA also remained active with 32 total transactions representing 30% of global HCM transaction activity.

Q2 2022 TRANSACTION VOLUME BY BUYER TYPE



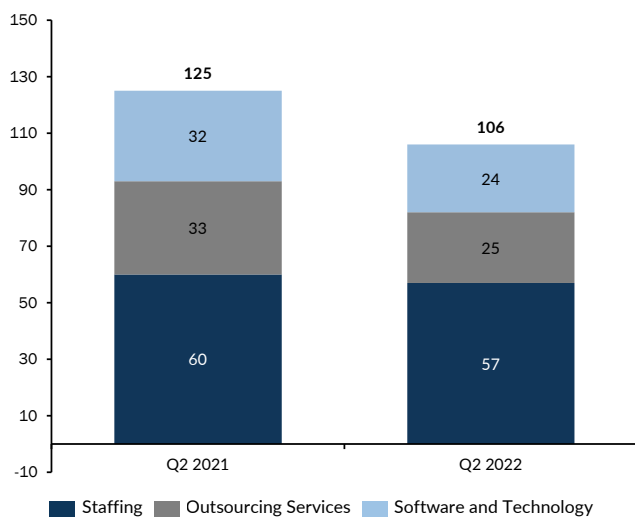
Sources: Capital IQ, PMCF proprietary research

Q2 2022 TRANSACTION VOLUME BY SEGMENT



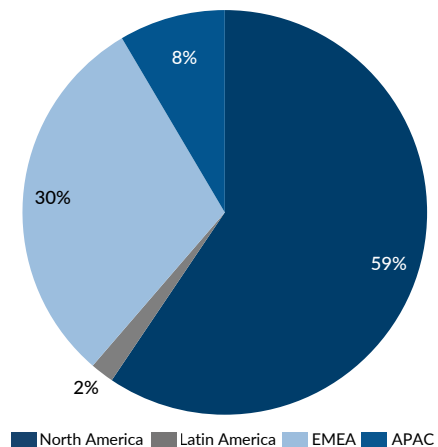
Sources: Capital IQ, PMCF proprietary research

Q2 2021 VS. Q2 2022 VOLUME BY SEGMENT



Sources: Capital IQ, PMCF proprietary research

Q2 2022 TRANSACTION VOLUME BY GEOGRAPHY

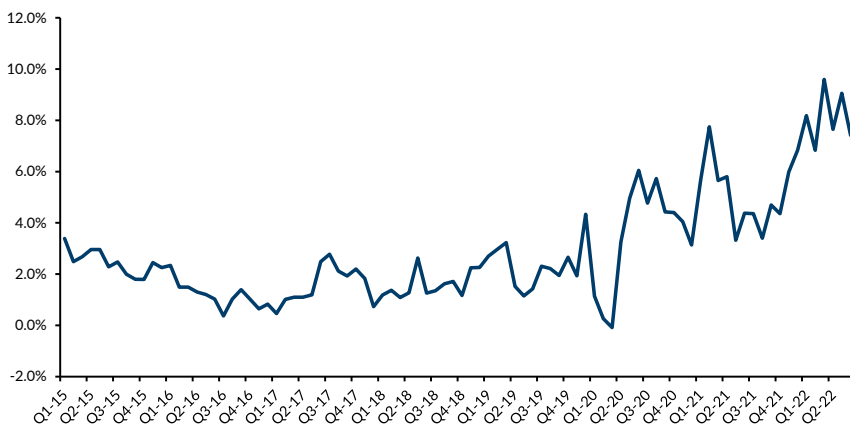


Sources: Capital IQ, PMCF proprietary research

HCM Industry Trends & Outlook

- The Human Capital Management industry has retained strong momentum through Q2 2022 after a healthy start to the year. Significant demand continues to be driven by strong economic growth, a record-high level of job openings, and a high pace of wage inflation as part of the post-pandemic normalization.
- As the pandemic-driven need for temporary healthcare workers subsides, industrial staffing has become the fastest growing skill segment, with a forecasted 10% growth by the end of 2022. Strong growth in the temporary staffing segment comes amidst industry headwinds, including a steady rise in interest rates, ongoing recruiting difficulties, and global supply chain volatility.
- Following a surge of job openings in 2021, a subsequent plateau of openings remains at an all-time high halfway through 2022, leading to record-high labor turnover despite steady increases in pay rates and annual bonuses. Difficulties in retaining talent are driving a heightened focus on human capital management and workforce retention techniques.

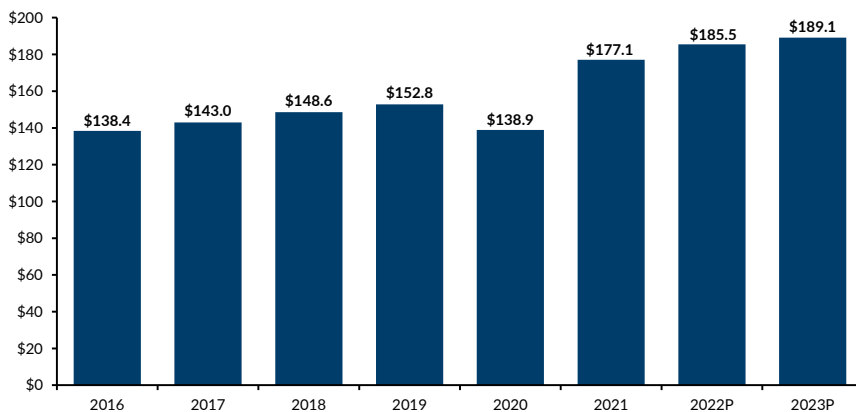
STAFFING INDUSTRY PRODUCER PRICE INDEX (PPI)



Source: Federal Reserve Bank of St. Louis
 Note: Year-over-year Percent Change in Staffing Industry PPI
 Data as of July 2022

- 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 historically been between 2.0% and 5.0% over the last five years, rising to 5.7% in Q2 2021 and spiking up to 7.4% in Q2 2022.

U.S. STAFFING HISTORICAL AND PROJECTED MARKET SIZE



Source: Staffing Industry Analysts
 (1) Includes Direct Hire and Retained Search firms
 Data as of April 2022

- After a sharp contraction in 2020 due to the health crisis, the US staffing market expanded by 28% in 2021, according to Staffing Industry Analysts (SIA).
- As the sector starts to face macroeconomic headwinds, the staffing industry anticipates to seeing slowed growth in 2022 leading to an increase of 5% to \$185.5 billion.

Human Capital Management Indices

PUBLIC EQUITY VALUATION TRENDS:

- Median public equity EV/EBITDA multiples in the Q2 2022 HCM Index decreased over the prior quarter due to the Federal Reserve interest rate hikes and inflation concerns

Company Name	Headquarters Location	Market Cap.	Enterprise Value	TTM Revenue	TTM Gross Margin	TTM EBITDA Margin	Net Debt/ EBITDA	EV/ Revenue	EV/EBITDA ⁽¹⁾	
									Q2 '22	Q1 '22
<i>\$ in Millions</i>										
Professional and Specialty Staffing										
Recruit Holdings Co., Ltd.	Japan	\$48,117	\$45,265	\$23,648	57.5%	17.5%	(0.8x)	2.1x	12.1x	17.1x
Robert Half International Inc.	United States	8,145	7,857	7,160	42.7%	14.5%	(0.3x)	1.1x	7.9x	13.7x
AMN Healthcare Services, Inc.	United States	4,906	5,656	4,651	32.6%	14.9%	1.1x	1.2x	7.8x	8.9x
ASGN Incorporated	United States	4,612	5,203	4,194	29.2%	11.3%	1.3x	1.2x	10.2x	13.8x
Korn Ferry	United States	3,076	2,637	2,627	29.3%	19.7%	(0.9x)	1.0x	4.5x	6.0x
Hays plc	United Kingdom	2,238	2,186	8,070	7.3%	3.2%	(0.2x)	0.3x	7.7x	8.5x
PageGroup plc	United Kingdom	1,544	1,482	2,226	53.4%	10.8%	(0.3x)	0.7x	5.7x	7.1x
Kforce Inc.	United States	1,246	1,245	1,634	29.5%	7.2%	(0.0x)	0.8x	10.1x	13.2x
Cross Country Healthcare, Inc.	United States	796	1,029	2,136	22.4%	10.6%	1.0x	0.5x	4.4x	6.2x
Resources Connection, Inc.	United States	674	670	760	38.8%	10.6%	(0.0x)	0.9x	7.4x	7.0x
Heidrick & Struggles International, Inc.	United States	638	451	1,093	22.5%	12.0%	(1.4x)	0.4x	2.9x	2.1x
Impellam Group plc	United Kingdom	252	291	3,063	11.8%	1.4%	1.0x	0.1x	6.3x	5.7x
Median					29.4%	11.0%	(0.1x)	0.8x	7.5x	7.8x
Industrial and Commercial Staffing										
Adecco Group AG	Switzerland	\$5,903	\$9,698	\$23,799	20.7%	4.5%	3.1x	0.4x	9.3x	6.1x
Randstad N.V.	Netherlands	8,830	9,216	28,580	20.2%	4.6%	0.3x	0.3x	6.4x	8.3x
ManpowerGroup Inc.	United States	4,030	4,689	20,740	17.3%	3.6%	1.0x	0.2x	5.2x	6.7x
TrueBlue, Inc.	United States	593	628	2,266	26.0%	4.5%	0.3x	0.3x	4.8x	8.3x
Kelly Services, Inc.	United States	749	594	5,000	19.3%	2.0%	(1.5x)	0.1x	4.2x	6.6x
SThree plc	United Kingdom	575	547	1,762	26.7%	5.3%	(0.3x)	0.3x	5.4x	6.4x
Brunel International N.V.	Netherlands	547	507	1,023	23.2%	5.4%	(1.1x)	0.5x	7.8x	8.3x
Synergie SE	France	666	491	3,067	10.6%	4.8%	(1.3x)	0.2x	3.2x	6.3x
Barrett Business Services, Inc.	United States	533	426	983	21.8%	5.4%	(2.0x)	0.4x	6.7x	7.6x
Groupe CRIT SA	France	685	398	2,312	5.8%	4.7%	(2.9x)	0.2x	3.4x	5.1x
Median					20.4%	4.7%	(0.7x)	0.3x	5.3x	6.6x
Outsourcing Services and Technology										
Automatic Data Processing, Inc.	United States	\$87,744	\$89,520	\$16,108	44.9%	26.2%	0.4x	5.6x	20.4x	22.9x
Paychex, Inc.	United States	40,982	40,639	4,612	70.6%	44.1%	(0.2x)	8.8x	19.6x	24.0x
Gartner, Inc.	United States	19,477	22,267	4,893	69.6%	23.7%	2.4x	4.6x	17.7x	21.6x
TriNet Group, Inc.	United States	4,833	5,002	4,698	21.6%	12.5%	0.3x	1.1x	8.3x	11.3x
Insperty, Inc.	United States	3,824	3,647	5,264	16.2%	4.1%	(0.8x)	0.7x	15.4x	16.9x
LifeWorks Inc.	Canada	1,665	2,133	818	30.6%	10.9%	5.4x	2.7x	20.4x	14.9x
Qess Corp Limited	India	1,149	1,204	1,804	12.6%	4.5%	0.5x	0.7x	15.4x	22.1x
Median					30.6%	12.5%	0.4x	2.7x	17.7x	21.6x
Median					23.2%	7.2%	(0.0x)	0.7x	7.7x	8.3x
Mean					28.8%	10.5%	0.1x	1.3x	9.0x	10.8x

Market capitalizations and total enterprise values as of June 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

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Revenue Multiple									
Median	0.7x	0.7x	0.8x	1.0x	1.3x	1.2x	1.2x	0.9x	0.8x
Mean	0.8x	0.9x	1.1x	1.3x	1.4x	1.5x	1.4x	1.1x	0.9x
EBITDA Multiple⁽¹⁾									
Median	7.7x	8.7x	10.9x	14.4x	13.6x	13.3x	13.0x	7.8x	7.5x
Mean	8.1x	9.2x	11.5x	15.1x	16.6x	13.7x	12.7x	9.1x	7.2x

PUBLIC VALUATIONS - INDUSTRIAL AND COMMERCIAL STAFFING INDEX

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Revenue Multiple									
Median	0.3x	0.3x	0.3x	0.4x	0.5x	0.4x	0.4x	0.4x	0.3x
Mean	0.3x	0.3x	0.3x	0.4x	0.4x	0.4x	0.4x	0.4x	0.3x
EBITDA Multiple⁽¹⁾									
Median	5.2x	5.4x	7.6x	9.7x	9.8x	8.1x	7.1x	6.6x	5.3x
Mean	5.4x	5.9x	7.9x	9.9x	10.1x	8.3x	7.6x	7.0x	5.7x

PUBLIC VALUATIONS - OUTSOURCING SERVICES AND TECHNOLOGY INDEX

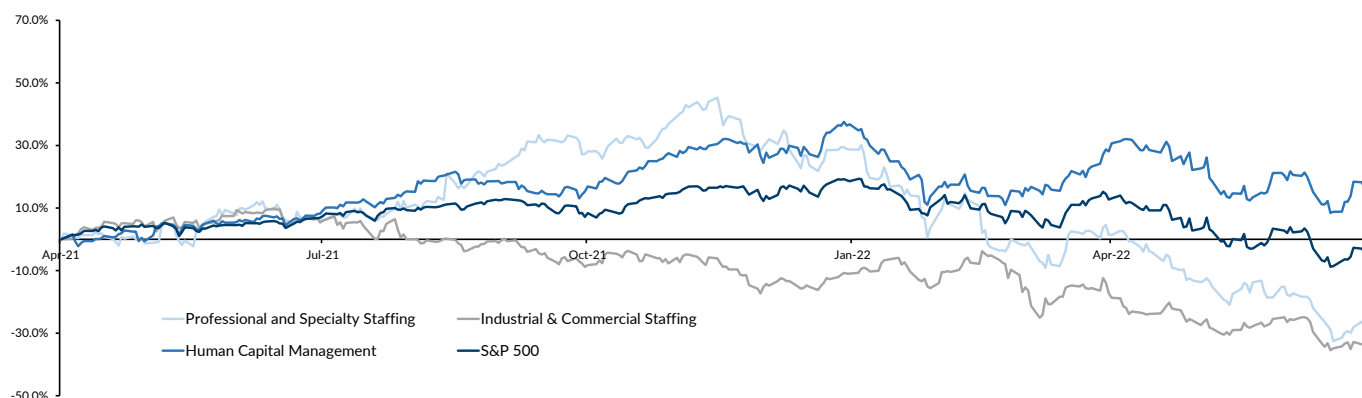
	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Revenue Multiple									
Median	2.9x	2.5x	2.8x	2.9x	2.9x	2.8x	2.3x	2.0x	2.7x
Mean	2.8x	2.7x	3.3x	3.6x	3.8x	4.0x	4.4x	3.9x	3.4x
EBITDA Multiple⁽¹⁾									
Median	15.7x	15.2x	16.1x	20.3x	21.2x	21.3x	24.9x	21.6x	17.7x
Mean	14.4x	13.4x	16.5x	18.5x	20.4x	21.9x	22.6x	19.1x	16.7x

(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

Geographic Expansion

KORE1 acquires
Technical Connections

May 2022 – KORE1, a leading provider of employee recruitment and technological sourcing services, announced its acquisition of Technical Connections, Inc., a Los Angeles based recruiting firm with expertise in the IT and software development industries.

This acquisition perfectly fits KORE1's goal to expand and serve the increased demand for IT in the current market and bring the KORE1 experience to Los Angeles. "We are ecstatic to have Technical Connections join the KORE1 family! Their long history of deep client relationships and focus on contract technology staff augmentation made this an amazing fit for us. We are thankful to have such a respected brand help us to open up the Los Angeles market," added Devin Hornick, Co-Founder and Partner of KORE1.

Geographic Expansion

Staffing 360 Solutions acquires
Headway Workforce Solutions

May 2022 – Staffing 360 Solutions, Inc. (NASDAQ: STAF), a company executing an international buy-integrate-build strategy through the acquisition of staffing organizations, has acquired Headway Workforce Solutions to enhance both operating margins and customer satisfaction through a national footprint and e-recruiting technologies. Headway offers customized contract-based workforce solution in all 50 states, providing full scope staffing through a high-touch technology-driven-process. The transaction includes up to ~\$14 million in stock and cash.

"Scale and technology are two of the key components required of the future leading human capital providers in our industry – and we now have both to propel us to our goal of achieving a profitable, \$500 million revenue enterprise," said Brendan Flood, Chairman, CEO and President of Staffing 360.

Capabilities Expansion

Ingenovis Health acquires
VISTA Staffing Solutions

April 2022 – Ingenovis Health, Inc., a leading healthcare workforce solutions company backed by Cornell Capital and Trilantic North America, has announced the acquisition of VISTA Staffing Solutions. VISTA is a leading locum tenens healthcare staffing company with an extensive network of physicians and advanced practitioners nationwide. Terms of the transaction were not disclosed.

Bart Valdez, CEO of Ingenovis Health, "By adding VISTA to the Ingenovis Health family, we expand our ability to offer comprehensive solutions and provide critically needed physicians and advanced practitioners to a broader market of clients nationwide. We are excited to collaborate with VISTA's talented management team and benefit from their deep network of talented providers."

Capabilities Expansion

American CyberSystems acquires
Volt Information Sciences

April 2022 – Volt Information Sciences, Inc. (NYSE:VOLT), a global provider of staffing services, has been acquired by Vega Consulting, Inc., an affiliate of American CyberSystems, Inc. for \$6 a share implying an enterprise value of \$177 million and 6.9 times trailing twelve months EBITDA.

"We are pleased to welcome Volt into our family of companies," said Raj Sardana, Chief Executive Officer of ACS. "We have each, in our respective segments of the industry, demonstrated a deep commitment to delivering the best solutions for our clients – whether through new technologies or top talent. I look forward to all that we will accomplish together."

Human Capital Management M&A Activity

\$ in Millions

SELECT STAFFING TRANSACTIONS

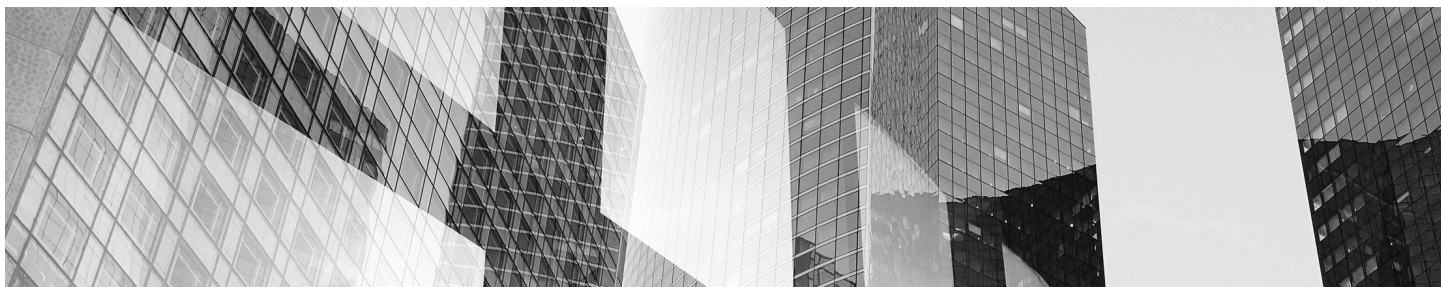
Announced Date	Target	Buyer	Implied EV	EV/TTM Revenue	EV/TTM EBITDA
Jun-22	Future State Consulting LLC	Planet Equity Group, LLC	n/a	n/a	n/a
Jun-22	Jump Staff LTD	Jobs and Talent S.L.	n/a	n/a	n/a
Jun-22	Timing	Le groupe PROMAN SAS	n/a	n/a	n/a
Jun-22	FIP Group Holdings Pty Ltd	Peoplein Limited	\$50	n/a	n/a
May-22	Linc Personnel Pty Ltd	Ashley Services Group Limited	\$3	n/a	n/a
May-22	FJC Personnel, LLC	Lingo Staffing, Inc.	n/a	n/a	n/a
May-22	Connetics Communications, LLC	AMN Healthcare Services, Inc.	n/a	n/a	n/a
May-22	Technical Connections, Inc.	KORE1, Inc.	n/a	n/a	n/a
Apr-22	VISTA Staffing Solutions, Inc.	Ingenovis Health, Inc.	n/a	n/a	n/a
Apr-22	Headway Workforce Solutions, Inc.	Staffing 360 Solutions, Inc.	\$14	n/a	n/a
Apr-22	Epic Staffing Group	The Pritzker Organization, LLC	\$675	n/a	11.3x
Apr-22	Canadian Health Care Agency Ltd.	Premier Health of America, Inc.	\$11	0.4x	2.3x
Apr-22	Staffing Connections, LLC/Medical Connections, Llc	The Reserves Network, Inc.	n/a	n/a	n/a
Apr-22	Patina Solutions Group, Inc.	Korn Ferry	\$43	n/a	n/a
Mar-22	Volt Information Sciences, Inc.	American CyberSystems, Inc.	\$177	0.2x	6.9x

\$ in Millions

SELECT OUTSOURCED SERVICES / HCM SOFTWARE TRANSACTIONS

Announced Date	Target	Buyer	Implied EV	EV/TTM Revenue	EV/TTM EBITDA
Jun-22	EduBrite Systems, LLC	LinkedIn Corporation	n/a	n/a	n/a
Jun-22	PayGroup Limited	Deel, Inc.	\$67	3.6x	n/a
Jun-22	Spoonbill Holding GmbH	Grupa Pracuj S.A.	\$124	n/a	n/a
Jun-22	GlideFast Consulting LLC	ASGN Incorporated	\$350	n/a	n/a
May-22	House of HR NV	Bain Capital Private Equity, LP	n/a	n/a	n/a
May-22	The Baer Group, LLC	The Acacia Group	n/a	n/a	n/a
May-22	Localwise Inc.	FlexJobs Corporation	n/a	n/a	n/a
May-22	Peridus Group Inc.	Cielo, Inc.	n/a	n/a	n/a
May-22	Assets of Oneflare Pty Ltd.	Airtasker Limited	\$6	n/a	n/a
May-22	CoreAxis, LLC	eLearning Brothers, LLC	n/a	n/a	n/a
Apr-22	Rizing, LLC	Wipro Limited	\$575	3.0x	n/a
Apr-22	Side	Randstad SAS	n/a	n/a	n/a
Apr-22	GoodHire	Checkr, Inc.	n/a	n/a	n/a
Apr-22	Convergence Acceleration Solutions, LLC	Wipro Limited	\$80	4.0x	n/a
Apr-22	Sankyo Logi Associate Co., Ltd.	OUTSOURCING Inc.	\$45	0.6x	n/a

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



Contact Info



DETROIT

Two Towne Square
Suite 425
Southfield, MI 48076
Phone: 248.223.3300



CHICAGO

120 S. Riverside Plaza
Suite 2100
Chicago, Illinois 60606
Phone: 312.602.3600



DENVER

8181 E. Tufts Avenue
Suite 600
Denver, CO 80237
Phone: 720.370.8181

Recent PMCF Awards



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



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



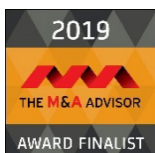
2020 M&A ATLAS AWARD WINNER – AMERICAS
PLASTICS & PACKAGING DEAL OF THE YEAR



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

PMCF | INVESTMENT BANKING

2 Towne Square
Suite 425
Southfield, MI 48076

Experienced Professionals. Trusted Advisors. Proven Results.

This market overview is not an offer to sell or a solicitation of an offer to buy any security. It is not intended to be directed to investors as a basis for making an investment decision. This market overview does not rate or recommend securities of individual companies, nor does it contain sufficient information upon which to make an investment decision.

P&M Corporate Finance, LLC will seek to provide investment banking and/or other services to one or more of the companies mentioned in this market overview.

P&M Corporate Finance, LLC, and/or the analysts who prepared this market update, may own securities of one or more of the companies mentioned in this market overview.

The information provided in this market overview was obtained from sources believed to be reliable, but its accuracy cannot be guaranteed. It is not to be construed as legal, accounting, financial, or investment advice. Informa-

tion, opinions, and estimates reflect P&M Corporate Finance, LLC's judgment as of the date of publication and are subject to change without notice. P&M Corporate Finance, LLC undertakes no obligation to notify any recipient of this market overview of any such change.

The charts and graphs used in this market overview have been compiled by P&M Corporate Finance, LLC solely for illustrative purposes. All charts are as of the date of issuance of this market overview, unless otherwise noted.

The PMCF HCM and Staffing Index may not be inclusive of all companies in the industry and is not a composite index of industry sector returns. Index and sector returns are past performance which is not an indicator of future results.

This market overview is not directed to, or intended for distribution to, any person in any jurisdiction where such distribution would be contrary to law or regulation, or which would subject P&M Corporate Finance, LLC to licensing or registration requirements in such jurisdiction.