gamBIT CORPORATE FINANCE

Human Capital M&A Market Review

H2 2025

Introduction

gamBIT CORPORATE FINANCE

Valuation Momentum Builds as Human Capital M&A Remains Competitive

The H225 Human Capital Market Review highlights a resilient M&A environment, with strengthening average deal values and sustained acquiror appetite underpinning continued consolidation across the sector.

Despite ongoing macroeconomic and regulatory headwinds, Human Capital businesses continue to benefit from structural talent shortages, increasing outsourcing demand and growing investor confidence in scalable, specialist platforms.

Competition for market-leading assets is intensifying, with deal values remaining on an upward trajectory as acquirors prioritise premium businesses with strong growth visibility and defensible positioning.

Human Capital business owners considering their strategic options are encouraged to align with high-growth sub-sectors, drive revenue stickiness and enhance underlying KPIs to capitalise on favourable market conditions expected to continue throughout 2026.

Geraint Rowe
Partner, Human Capital

Simon Marsden
Partner, Human Capital

H225 Highlights

29.2% CAGR uplift in Human Capital M&A average deal values from H220 to H225, underscoring the sustained competition for premium assets across the sector

14.0% Of global Human Capital M&A transactions involved a UK target in H225, reinforcing the UK's position at the forefront of the market, second only to the US

35.8% Of Human Capital M&A volumes in H225 involved HRO & RPO providers, driven by sustained outsourcing demand and acquirors targeting sticky revenue models

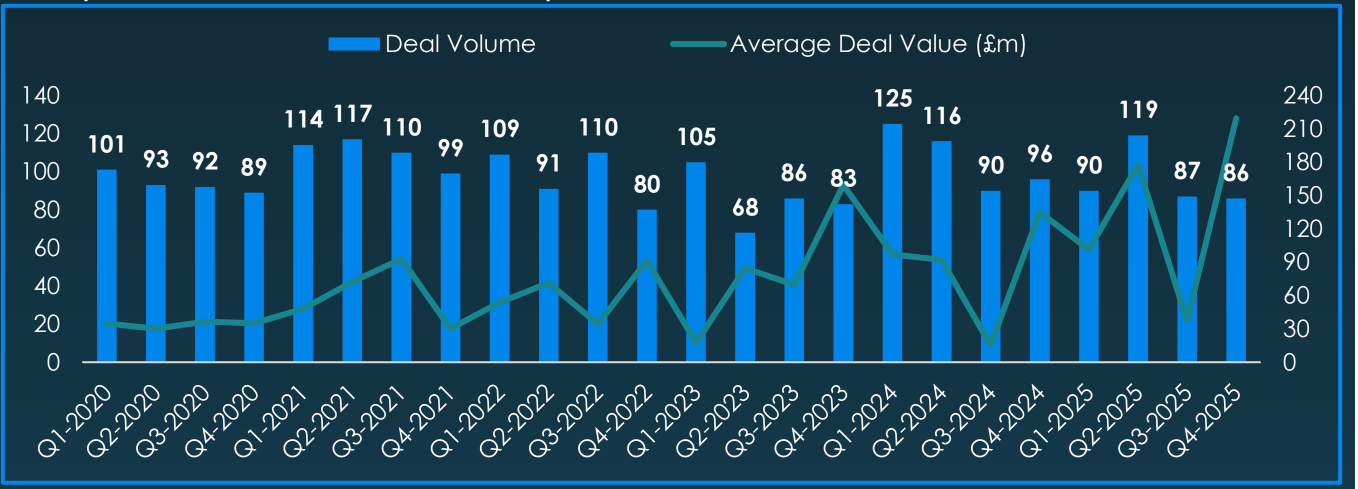
52.0% Of global Human Capital M&A in H225 involved private equity, either via platform investments or as sponsors of increasingly acquisitive strategic consolidators

"The Human Capital M&A market continues to demonstrate strong underlying resilience, with rising deal values and sustained acquiror appetite reinforcing favourable conditions for well-positioned, defensible businesses aligned to high-growth sub-sectors".

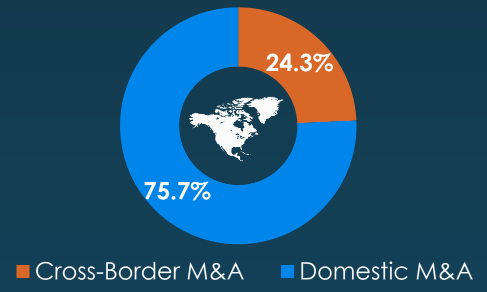
Global M&A Activity

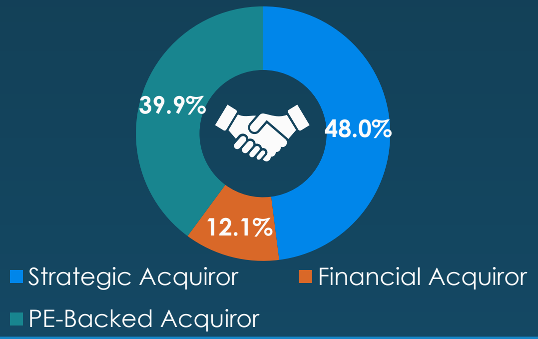
gamBIT CORPORATE FINANCE

Valuation Momentum Builds as Strategic and Financial Acquirors Prioritise Scale, Specialism and Resilience



H225 Human Capital M&A Highlights





PE backed strategic acquirors accounted for 39.9% of Human Capital M&A activity in H225, driven by consolidation strategies targeting diversification into high-growth verticals.

M&A volumes for professional specialists increased by 175% as a proportion of total Human Capital activity from H125 to H225, driven by sustained demand for specialist skills and high margin recruitment platforms.

Governments across global markets are tightening foreign worker policy frameworks, driven by domestic labour protection agendas and increasing focus on workforce localisation.

Cross-border Human Capital M&A accounted for 24.3% of activity in H225, driven by acquirors pursuing geographic diversification and mitigating tightening foreign worker regulation through expanded regional talent access.

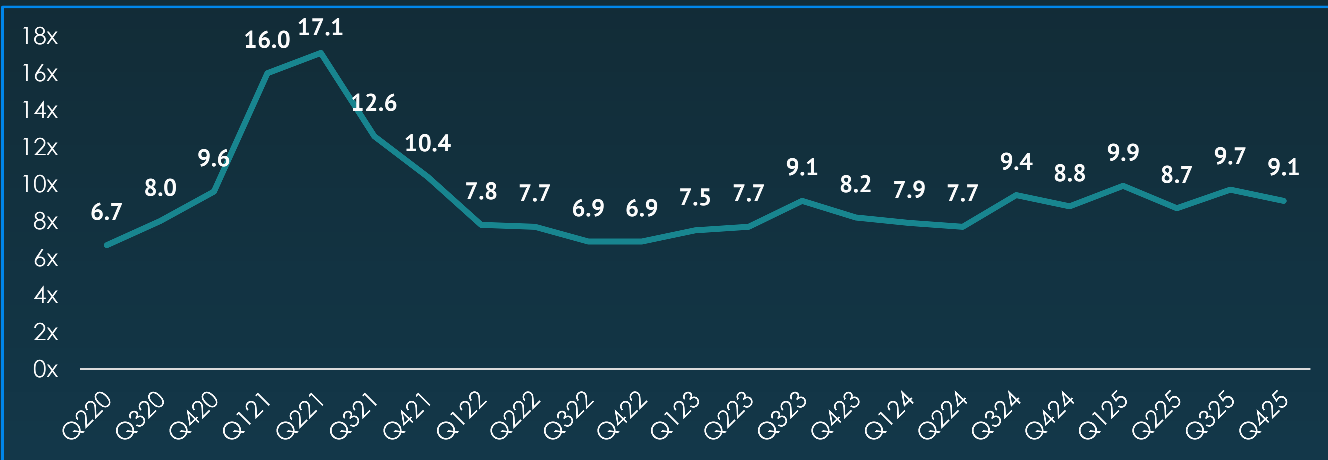
Key Takeaways

1. **Human Capital M&A activity remained resilient in H225, with rising average deal values highlighting a continued 'flight to quality' as acquirors increasingly prioritise premium, high-performing platforms with strong growth visibility, delivering leading KPIs and demonstrable ROI to clients.**
2. **Strategic and PE-backed acquirors continue to accelerate consolidation strategies across high-growth staffing verticals, including Professional Services, IT and STEM, creating a competitive M&A environment and presenting attractive exit opportunities for well prepared Human Capital business owners.**
3. **Sustained cross-border activity and tightening labour regulation are reinforcing geographic diversification strategies, supporting increased acquiror appetite for scalable businesses with internationally transferable delivery models.**

Gambit Human Capital Index

gamBIT CORPORATE FINANCE

Valuation Stability Across Listed Peers is Supporting Stronger Private Market Pricing Expectations



Company Name	EV / EBITDA Q1 2025	Q2 2025	Q3 2025	Q4 2025
Adecco S.A. (SIX)	10.1x	10.3x	10.6x	10.7x
Brunel International NV (ENXTAM)	7.9x	7.0x	8.2x	7.8x
Gattaca PLC (AIM)	2.0x	2.4x	3.5x	3.4x
Hays PLC (LSE)	24.0x	20.9x	16.2x	13.5x
ManpowerGroup Inc (NYSE)	8.6x	7.6x	13.0x	11.7x
Page Group PLC (LSE)	9.1x	7.6x	9.6x	9.9x
Randstad Holding NV (ENXTAM)	14.8x	12.1x	16.4x	14.8x
Robert Half International Inc (NYSE)	12.1x	10.6x	9.8x	8.6x
Robert Walters PLC (LSE)	6.4x	5.1x	6.2x	6.5x
SThree PLC (LSE)	4.0x	3.4x	3.7x	4.3x
Gambit Human Capital Index	**9.9x**	**8.7x**	**9.7x**	**9.1x**

Key Trends

EV/EBITDA multiples increased from 9.3x to 9.4x from H125 to H225

Average sector EV/EBITDA multiples have remained on a broadly upward trajectory since Q322

Sector specialists operating in high growth niches continue to command premium multiples

Key Takeaways

1 **Public market Human Capital valuations continued to stabilise and show signs of a sustained recovery in H225, reflecting improving earnings visibility and increasing investor confidence across listed platforms, a trend that is also present within the Human Capital M&A market.**

2 **Despite the increasing regulatory burden across the global Human Capital sector, publicly listed operators typically benefit from more robust compliance frameworks, enabling stronger adaptability to evolving regulatory requirements, supporting consistent investor appetite.**

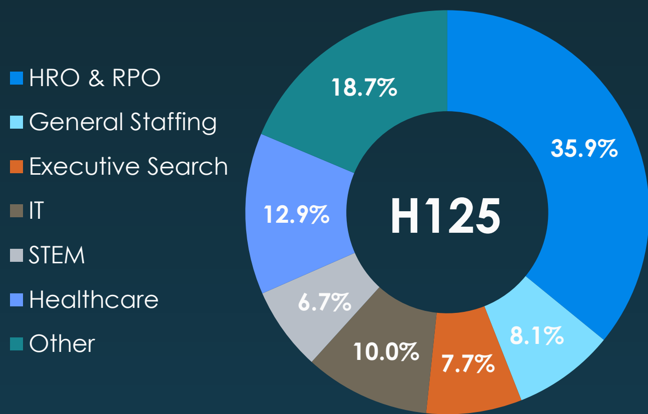
3 **Premium valuation performance among high-growth sub-sector specialists, such as ManpowerGroup Plc, highlights attractive benchmark conditions for private Human Capital business owners looking to consider their options in 2026.**

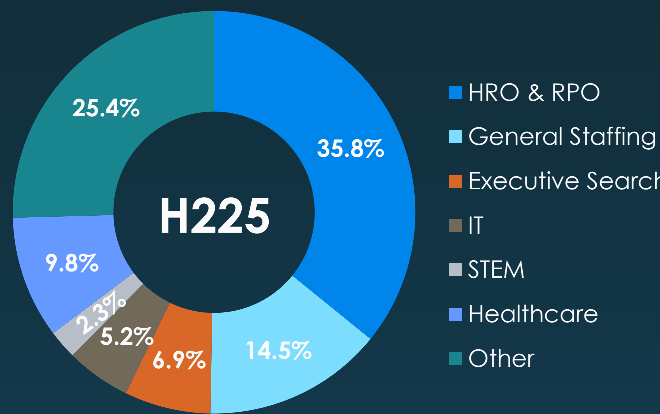
Sub-Sectors In Focus

gamBIT CORPORATE FINANCE

Specialist Human Capital Assets with Strong Income Visibility Are Leading the Next Phase of Sector Consolidation

Sub-Sector M&A Deal Volumes





↑	175%	Professional	↑	50%	Industrial	↑	25%	Education
↓	37%	Healthcare	↓	25%	Executive Search	↑	67%	Construction
↑	47%	General Staffing	↓	75%	Hospitality	↓	17%	HRO & RPO

Sub-Sectors in Focus

Professional

Sustained demand for qualified professionals across finance, legal, consulting and technical advisory functions has driven strong placement volumes and margin stability, positioning sector specialists as attractive acquisition targets for both strategic consolidators and private equity backed platforms seeking to enhance service capability.

Education

M&A volumes amongst Education specialist Human Capital companies remains resilient, driven by high levels of recurring and reoccurring revenue, strong contract visibility, resilient demand profiles and continued government support in specialist areas such as SEND, attracting acquirors seeking defensive models and income visibility.

Healthcare

Despite softer short-term demand for healthcare specialists, underlying demand fundamentals remain strong, driven by persistent sector skill shortages. However, increased regulatory scrutiny, tighter budget controls and margin pressure within public sector frameworks have prompted acquirors to adopt more selective acquisition strategies.

Acquiror Overview

gamBIT CORPORATE FINANCE

Strong Strategic Acquiror Demand and Sponsor-Led Consolidation Continue to Underpin Human Capital Deal Flows

Strategic

Strategic acquirors **accounted for 48% of Human Capital M&A activity in H225 compared to 52.6% in H125.** Despite reduced proportional activity, strategic acquirors remain **highly active across priority sub-sectors,** continuing to target acquisitions that **enhance service capability, expand regional coverage and strengthen provisions.**

48.0%
Of H225 Deal Volume

Financial

Financial acquirors represented **12.1% of total Human Capital M&A activity in H225,** remaining stable compared with H125. Whilst platform investment activity remained selective, financial acquirors continue to target Human Capital businesses with **strong income visibility, robust management teams and transparent exit pathways.**

12.1%
Of H225 Deal Volume

PE-Backed Strategic

PE-backed strategic acquirors **increased their share of activity to 39.9% in H225, up from 34.9% in H125.** This follows a long-term trend and growing appetite for bolt-on acquisitions, **enabling portfolio companies to diversify into high-growth staffing verticals,** strengthen market positioning and accelerate operational scale quickly and effectively.

39.9%
Of H225 Deal Volume

44% **Of CEOs planning M&A are looking for targets outside of their existing sector** *(PwC, Jan 2026)*

41% **Of CEOs are very optimistic about attracting and retaining talent in 2026** *(EY, Jan 2026)*

14% **Of Global Human Capital M&A deal volumes involved UK targets in H225** *(Gambit Research, Feb 2026)*

62% **Of UK staffing employment is across professional sectors** *(Staffing Industry Analysts, Jan 2026)*

Key Takeaways

1. **Strategic acquirors continue to dominate Human Capital M&A activity, creating sustained demand for complementary acquisitions that can enhance and diversify existing provisions and presenting attractive exit opportunities for well-positioned business owners looking to consider their options throughout 2026.**
2. **The rapid growth of PE-backed strategic acquirors is intensifying competition for premium assets, encouraging Human Capital companies to strengthen talent pools, enhance operational performance and optimise KPIs to maximise valuations and market appetite.**
3. **Financial acquirors remain highly selective in deployment strategies, reinforcing the importance of robust financial reporting, scalable operating models and clearly articulated growth strategies when pursuing exit options.**
4. **Human Capital business owners with premium assets aligned to high-growth staffing verticals are well positioned to capitalise on favourable market conditions and strong acquiror appetite by proactively engaging with advisors and exploring their strategic opportunities.**

Regulatory Environment

Global Regulatory Tightening is Reinforcing Demand for Well-Governed, Scalable Human Capital Platforms

Global Regulatory Timeline

July

UK Immigration Reform

- UK Government implemented increases to minimum skill thresholds for work visas
- **Recruiters reliant on overseas talent pools are expected to face tighter candidate availability and increased compliance requirements**

Antitrust Enforcement Guidance

- Enhanced scrutiny of consolidation activity, focused on workforce competition impacts
- **Acquirors are advised to factor extended regulatory timelines and potential remedy requirements into transaction structuring**

August

ESG Reporting & CSR Compliance

- Timelines for CSRD obligations impacting workforce data disclosure
- **Acquirors are expected to incorporate ESG workforce compliance metrics into transaction valuation frameworks**

FTC & DOJ Merger Review Procedures

- Updated procedural guidance aimed at expanding labour market impact assessments
- **Human Capital companies should anticipate extended information requests and enhanced economic analysis requirements**

September

Labour Classification Enforcement

- Expanded enforcement activity focused on worker classification standards
- **M&A transactions involving US-based recruitment platforms will be subject to enhanced workforce classification diligence**

AI Act Compliance Preparation Phase

- EU regulators initiated a formal transition phase for AI Act operational compliance
- **Recruiters utilising AI-driven candidate screening or performance analytics must begin system audits and governance updates**

October

Autumn Budget Employment Measures

- Measures impacting employers' NIC and workforce taxation thresholds
- **Human Capital companies are expected to face margin pressure from increased employment cost bases**

Work Visa Allocation Updates

- US authorities introduced an adjustment to work visa allocation frameworks
- **Recruitment firms supporting international mobility programmes may face changes in placement timelines and candidate pools**

November

Skills Immigration Act Expansion

- Germany introduced expanded skilled worker visa pathways
- **Recruiters operating in the German market will benefit from increased candidate mobility into European markets**

Employment Agency Regulation Reform

- Formal consultation launched on modernising employment agency regulation
- **Recruiters utilising PAYE umbrella models may face increased compliance requirements and reporting obligations**

December

Workforce Localisation Programme

- Expanded Saudisation requirements across professional and technical staffing categories
- **International staffing providers operating in Saudi Arabia will face increased local hiring requirements, weakening candidate availability**

HMRC PAYE Liability Warning

- From April 2026, agencies and end clients will be responsible for unpaid PAYE involving umbrella companies
- **Acquirors will increase diligence scrutiny on payroll controls**

Global Deal Activity

gamBIT CORPORATE FINANCE

International consolidation accelerates with cross-border transactions accounting for 24.3% of total deal activity in H225

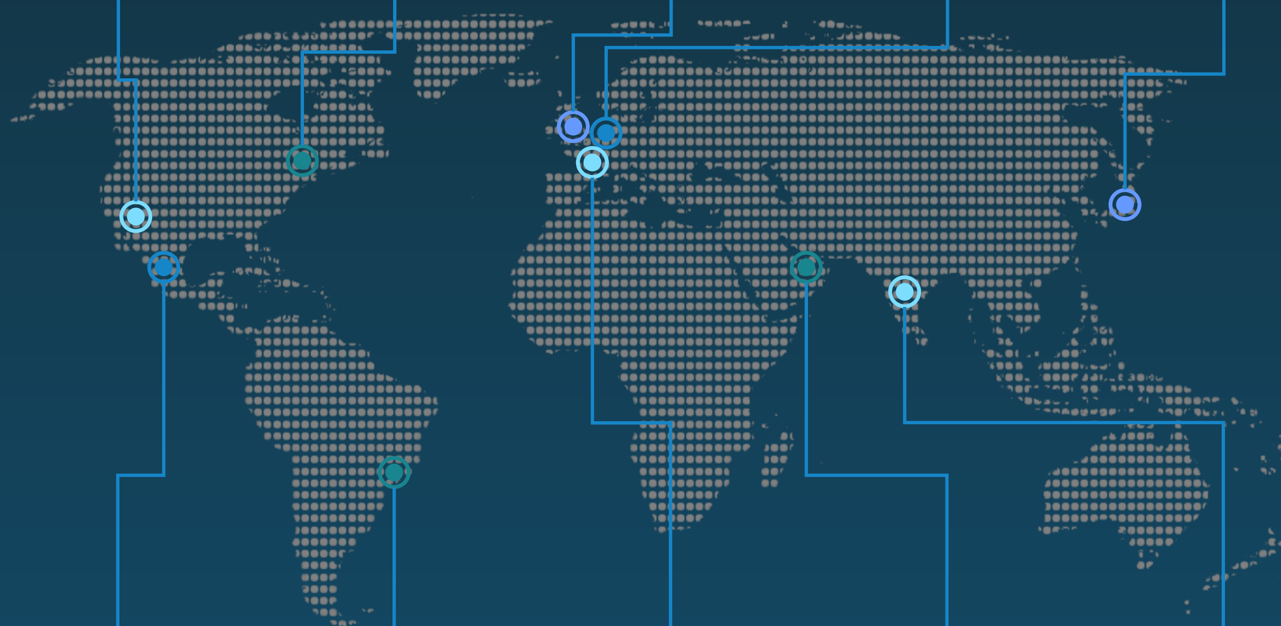
PARADOX
Has been acquired by
workday
HRO & RPO

AURAY Capital
Has been acquired by
IMMETIS
Professional

AXCIS Education – Leaders in SEND Recruitment
Has been acquired by
The Edwin Group
Education

LINDEN-IT
Has been acquired by
vanUden HOLDING
IT

TECHNOPRO HOLDINGS
Has been acquired by
Blackstone
STEM



Serviap Global
Has been acquired by
Hightekers
HRO & RPO

bgc
Has been acquired by
HIRE RIGHT
HRO & RPO

kollabo™
Has been acquired by
enovetic
Construction

Kuiper
Has been acquired by
Asian Energy Services
Industrial

PSN
Has been acquired by
TalentPro® People Resource Solutions
HRO & RPO

2026 Trends & Opportunities

gamBIT CORPORATE FINANCE

AI & Automation

- AI driven sourcing, screening and candidate engagement tools are accelerating recruiter efficiency, reducing cost-per-hire and improving placement velocity.
- Automation platforms are enabling scalable delivery models, allowing recruitment businesses to expand geographically and vertically without proportional headcount growth.
- **Human Capital companies that can evidence proprietary AI workflows, data-driven matching capability and margin enhancement through automation will position themselves as premium acquisition targets, attracting increased strategic and private equity appetite and premium valuations in 2026.**

61%

Of UK employers now use AI in hiring processes, with 97% of those reporting improved outcomes from AI-augmented hiring tools

(People Management, Jun-25)

Competency-Based Hiring Practices

- Employer demand is shifting away from credential-led hiring towards technical capability and transferrable skills, reshaping how recruiters source and access talent.
- Assessment tools, skills testing platforms and structured competency frameworks are becoming a core part of modern recruitment delivery models.
- **Human Capital companies aligned with high-demand skill verticals and differentiated candidate assessment infrastructure will benefit from increased revenue stickiness and improved client service levels, commanding enhanced valuation multiples within the Human Capital M&A market.**

77%

Of UK employers are now utilising skills tests to assess candidates when hiring

(People Management, Jun-25)

Evolving Workforce Demographics

- Younger talent cohorts are prioritising flexible, purpose-driven employers and clear progression pathways, prompting recruiters to adapt engagement strategies.
- Early careers recruitment is becoming more specialised, with greater use of digital attraction campaigns and personalised candidate communications becoming increasingly vital.
- **Human Capital companies that successfully capture early talent ecosystems and build proprietary candidate pipelines will create defensible long-term asset value which is increasingly attractive to strategic buyers, particularly as competition in the sector increases.**

69.4%

Decrease in graduate jobs advertised by Reed over the past three years, according to James Reed, CEO.

(Personnel Today, Sep-25)

2026 Trends & Opportunities

gamBIT CORPORATE FINANCE

Candidate Experience & Personalised Engagement

- Mobile-first application processes, personalised candidate communication and faster feedback loops are becoming baseline expectations across talent markets.
- Recruiters investing in CRM, candidate journey automation and employer branding technology will achieve higher conversion rates and improved placement outcomes.
- **Human Capital companies that can evidence superior candidate experience metrics and proprietary engagement platforms will enhance brand defensibility, an increasingly important driver of differentiation for Human Capital acquirors pursuing platform investments.**

57%

Of job seekers have abandoned a job application due to complex processes and lack of transparency

(Bamboo HR, Sep-25)

Retention, Internal Mobility & Workforce Planning

- Clients are placing greater emphasis on talent retention, redeployment and internal mobility, increasing demand for workforce analytics and talent mapping services.
- Recruitment firms offering embedded talent solutions and workforce strategy support are deepening client relationships and improving revenue stickiness.
- **The shift towards longer term client partnerships strengthens recurring and reoccurring revenue streams, drives improvements in income visibility and enhances client retention, critical factors for acquirors seeking defensible, scalable Human Capital platforms.**

56%

Of UK employers reported increased difficulty in retaining talent over the past year, with many new hires leaving in the first 12 weeks

(CIPD, Sep-25)

Notes of Caution

- Regulatory changes across AI governance, data protection and employment compliance continues to introduce operational risks for underprepared recruiters.
- Rising technology investment requirements are placing increased pressure on margin sustainability across the Human Capital sector.
- **Human Capital companies that proactively strengthen compliance infrastructure, diversify revenue streams and demonstrate operational resilience will minimise buyer risk perception, protecting valuation outcomes and maintaining appetite in an increasingly selective acquiror market.**

28

Significant reforms planned over 2025-27 affecting pay, working conditions, leave and worker rights, requiring HR and compliance adjustments

(Deel, Oct-25)

Gambit Corporate Finance

gamBIT CORPORATE FINANCE

Resilient Demand, Rising Valuations & Stable Buyer Appetite Continues to Support a Strong Human Capital M&A Outlook

Key Points in Focus

Rising deal values and sustained acquiror competition continue to favour premium, market leading assets, encouraging Human Capital business owners to enhance KPIs, drive income visibility and improve quality of earnings to maximise valuation outcomes

Global private equity are increasingly active in the Human Capital M&A market via both direct platform investments and as sponsors of strategic consolidators, expanding the pool of well-capitalised buyers and creating a wider range of exit options

Tightening labour market regulation across global markets is increasing the premium placed on compliant, scalable platforms, prompting businesses to invest in governance and operational resilience to remain under the spotlight of acquirors

Strong demand for specialist capability and recurring revenue models is enhancing consolidation, driving business owners to align with high-growth niches and engage advisors early to capitalise on favourable market conditions

Gambit's Added Value Approach

Gambit's Human Capital expertise enables us to identify off-market acquisition targets and assess acquiror appetite, whilst our close-knit relationships with the Private Equity market provides our client base with targeted and unparalleled access to financial investors.

Gambit's detailed knowledge and insight into the Human Capital market enables us to advise on appropriate valuation metrics and present opportunities with maximum impact to appropriate acquirors, targets and/or funders.

cfi

Part of an integrated sector team within Corporate Finance International, sharing cross-border opportunities, sector trends and insights, underpinning leading transaction credentials in the sector and optimising client outcomes.

Gambit acts as an extension to senior management teams, with a genuine partner-led service by like-minded business owners, available 24/7 to discuss commercial issues or provide a sounding board, priding ourselves on strong, long-lasting and collaborative relationships.

In an increasingly active M&A market, Human Capital business owners should look to utilise experienced corporate finance advisors to support strategic decision making and maximise value realisation, leveraging the strong level of acquiror appetite and unprecedented funding availability.

Gambit Corporate Finance

Geraint Rowe
Partner, Human Capital

Office +44 (0) 845 643 5500
Mobile: +44 (0) 789 992 8029
E: geraint.rowe@gambitcf.com

Simon Marsden
Partner, Human Capital

Office +44 (0) 845 643 5500
Mobile: +44 (0) 779 644 1330
E: simon.marsden@gambitcf.com

William Haggaty
Executive, Human Capital

Office +44 (0) 845 643 5500
Mobile: +44 (0) 790 786 5748
E: william.haggaty@gambitcf.com

Taran Sandhu
Analyst, Human Capital

Office +44 (0) 845 643 5500
Mobile: +44 (0) 754 875 8278
E: taran.sandhu@gambitcf.com

Gambit Corporate Finance

Established in 1992, Gambit is an independent corporate finance advisory firm specialising in advising private and public companies on mid-market transactions in the UK and overseas. With offices in London and Cardiff, Gambit is widely recognised as a market leader in M&A advice in the Human Capital sector having built up detailed industry knowledge and an enviable track record in deal origination and execution.
www.gambitcf.com

Corporate Finance International

Gambit is the exclusive UK shareholder of CFI, a global partnership of middle-market investment banks and corporate finance advisory firms. With 300 professionals located in 28 offices throughout the world, CFI members specialise in cross-border acquisitions, disposals, capital raising, and related services. CFI has advised on a significant number of Human Capital sector deals and is ranked number 22 in Europe and 26 globally by Thomson Reuters for transactions valued up to €200 million.
www.thecfigroup.com