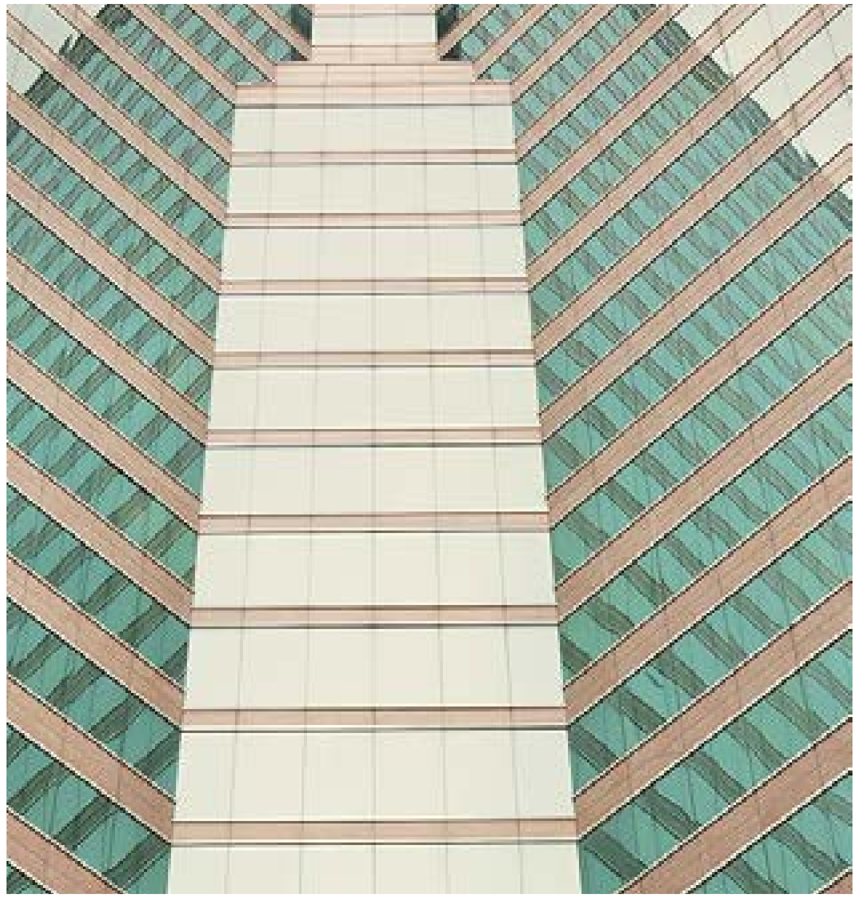
LINCOLN INTERNATIONAL

Q2 2025



INSIDE THIS ISSUE

LINCOLN PMI

LINCOLN PRIVATE MARKET INDEX™

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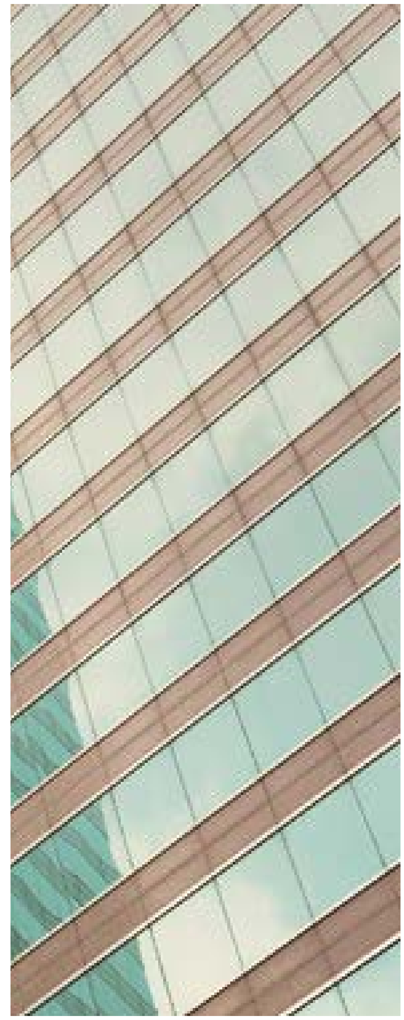

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Q2 2025 RESULTS SHOW FURTHER CONFIRMATION OF THE PRIVATE MARKET'S INSULATION FROM PUBLIC MARKET VOLATILITY.

The Lincoln Private Market Index (LPMI), the only index that tracks changes in the enterprise value of U.S. privately held companies, increased by 2.5% during the second quarter of 2025, driven by continued performance as enterprise value multiples remained relatively stable since Q1 2025.

ABOUT THE LINCOLN PRIVATE MARKET INDEX

The Lincoln PMI is a first-of-its-kind index measuring changes in the enterprise values of private companies over time—and a barometer of the performance of private companies generally. The Lincoln PMI enables private equity firms and other investors to benchmark how private company investments are performing against peers and how this performance correlates to the S&P 500.

Lincoln designed the Lincoln PMI to solve the problem of opacity in the private market by measuring the quarterly change in enterprise values for private companies primarily owned by private equity firms. Enterprise value (EV) is the sum of a company's equity value and debt.

To review the results of an independent study on the quality and breadth of Lincoln's private market database, **click here.**

QUARTERLY OVERVIEW

- 31st Edition: covers Q2 2025
- Measures quarterly changes in the enterprise values of ~1,500 private companies, based on a population of approximately 6,250+ companies primarily owned by private equity firms with a median EBITDA of ~$50-60 million
- Analyzes the impact from the change in a company's earnings versus its valuation multiple
- Assesses the change in value for six industry sectors

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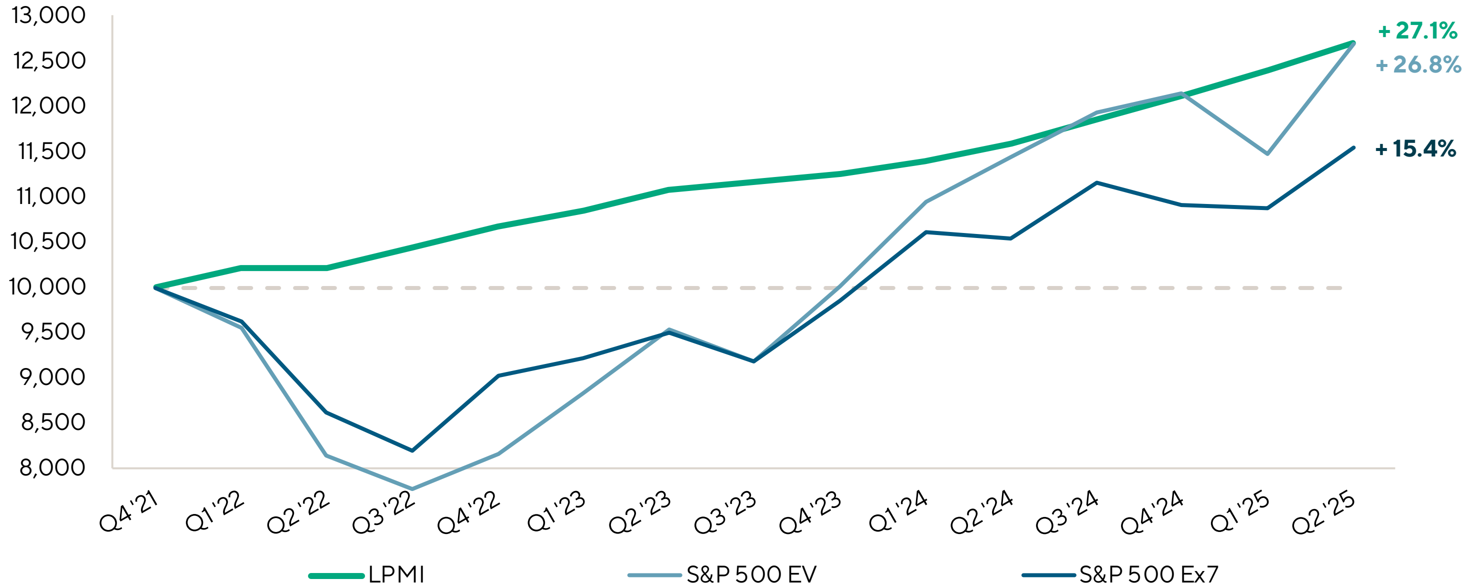
RESULTS:

Private Market Growth Remained Steady Despite Public Market Volatility

Q2
2025



(NOTE: Both the Lincoln PMI and S&P 500 EV returns above reflect enterprise values)
(S&P 500 EV excludes financial companies for which enterprise value is generally not meaningful; however, including such companies produces similar results)

	Q2'25	YTD	LTM	CAGR Since Inception
LPMI	**2.5%**	**4.8%**	**9.8%**	**7.8%**
S&P 500 EV	**-10.6%**	**4.4%**	**11.0%**	**10.1%**
S&P 500 Ex7 EV	**-6.2%**	**5.8%**	**9.5%**	**NA**

The Lincoln PMI's quarter-over-quarter EV increase of 2.5% underperformed the S&P 500's increase of 10.6%. When excluding the "Magnificent Seven" from the S&P 500, which are less comparable to private market companies, the change in public market EVs was more muted, increasing only 6.2%. Public market EVs were driven primarily by multiple expansion, likely driven by investor optimism due to a deferral of the tariffs announced on "Liberation Day." While the Lincoln PMI experienced modest growth in Q2 2025, it did not experience the same losses in Q1 2025 as the S&P 500, further demonstrating the private markets' stability compared to public markets. In fact, the changes in enterprise value year-to-date (YTD) for the private and public markets are extremely similar.

Initial expectations for 2025 indicated there was positive momentum behind a return in mergers and acquisitions (M&A) activity, which would likely boost valuation multiples; however, M&A activity has been slower than expected in the first half of 2025, likely due to continued inflationary pressures, uncertainty around tariff impacts and the U.S. central bank's announcement of steady interest rates further straining valuations.

Recently, growth in the S&P 500 has been largely reliant on the performance of NVIDIA and several other of the "Magnificent 7" companies included within the index. In contrast, the Lincoln PMI has no equivalent to any of the "Magnificent 7" and exhibits very low levels of concentration; therefore, the volatility seen in public markets is not apparent in the Lincoln PMI.

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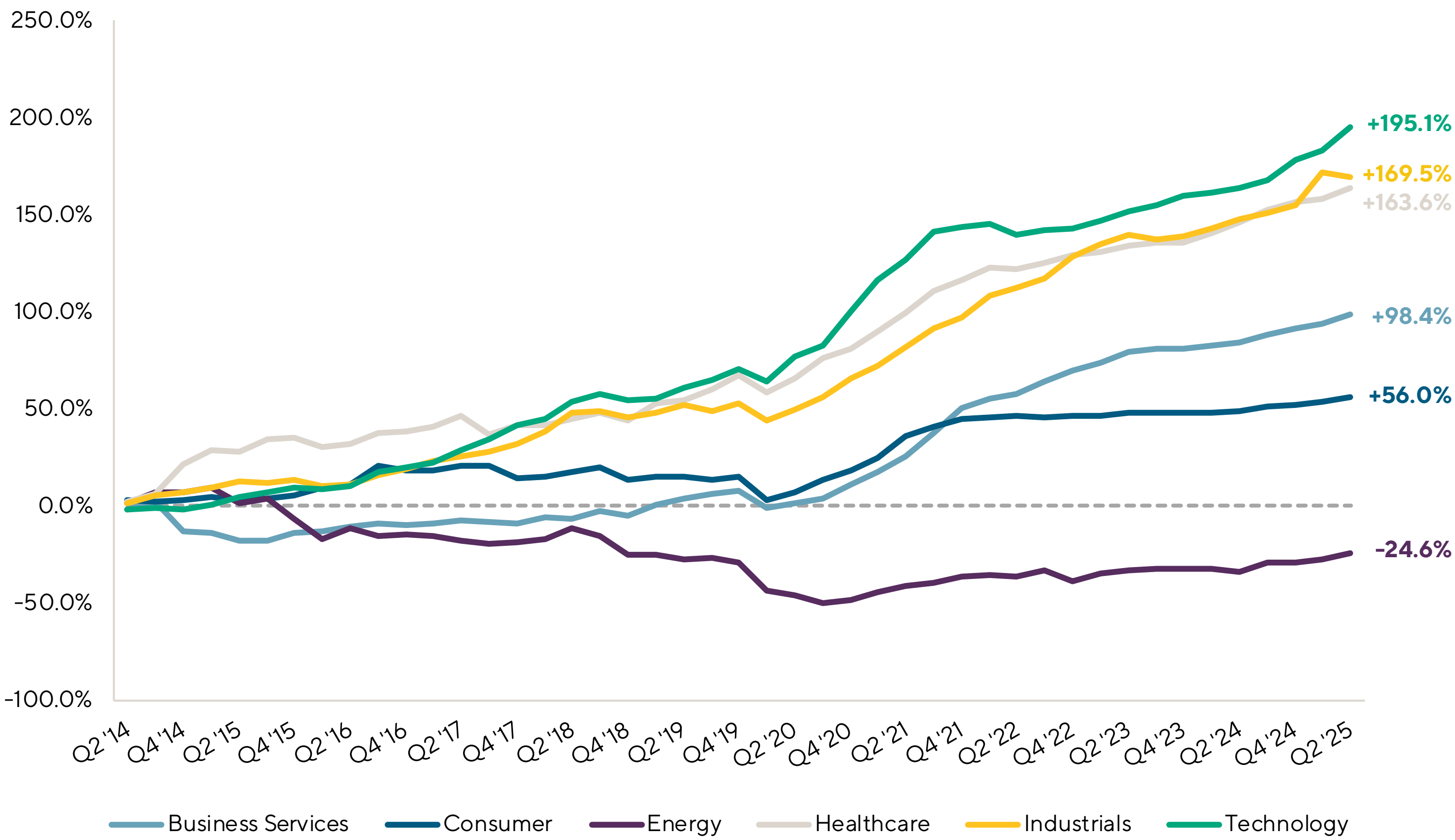
SECTOR BREAKDOWN:

Buoyed by demand for AI and high margins, technology companies outpaced other industries

Q2 2025



Industry	Q2 '25	YTD	LTM
Business Services	2.3%	3.7%	7.8%
Consumer	1.3%	2.5%	5.0%
Energy	3.7%	6.5%	13.6%
Healthcare	2.0%	2.6%	7.2%
Industrials	-0.7%	5.8%	8.6%
Technology	4.1%	6.2%	11.9%

Technology experienced outsized enterprise value growth, driven by demand for AI, recurring revenue and Software as a Service (SaaS) business models coupled with high margin profiles resulting in rising multiples. The trend of enterprise value growth within technology could continue for longer, driven by the persistent demand for AI innovation and the growing need for businesses to successfully manage the ever-changing technological advancements.

In contrast, consumer businesses continued to exhibit some of the lowest growth of the six industries over H1 2025 and the last 12 months. Key drivers included persistent inflationary pressure, diminished consumer confidence and macroeconomic uncertainty surrounding tariffs. Further, the usage of PIK interest was more prominent among consumer companies relative to other industries, a trend that coincided with elevated LTVs for such companies, highlighting a broader strain on cash flows and thin fixed charge coverage ratios.

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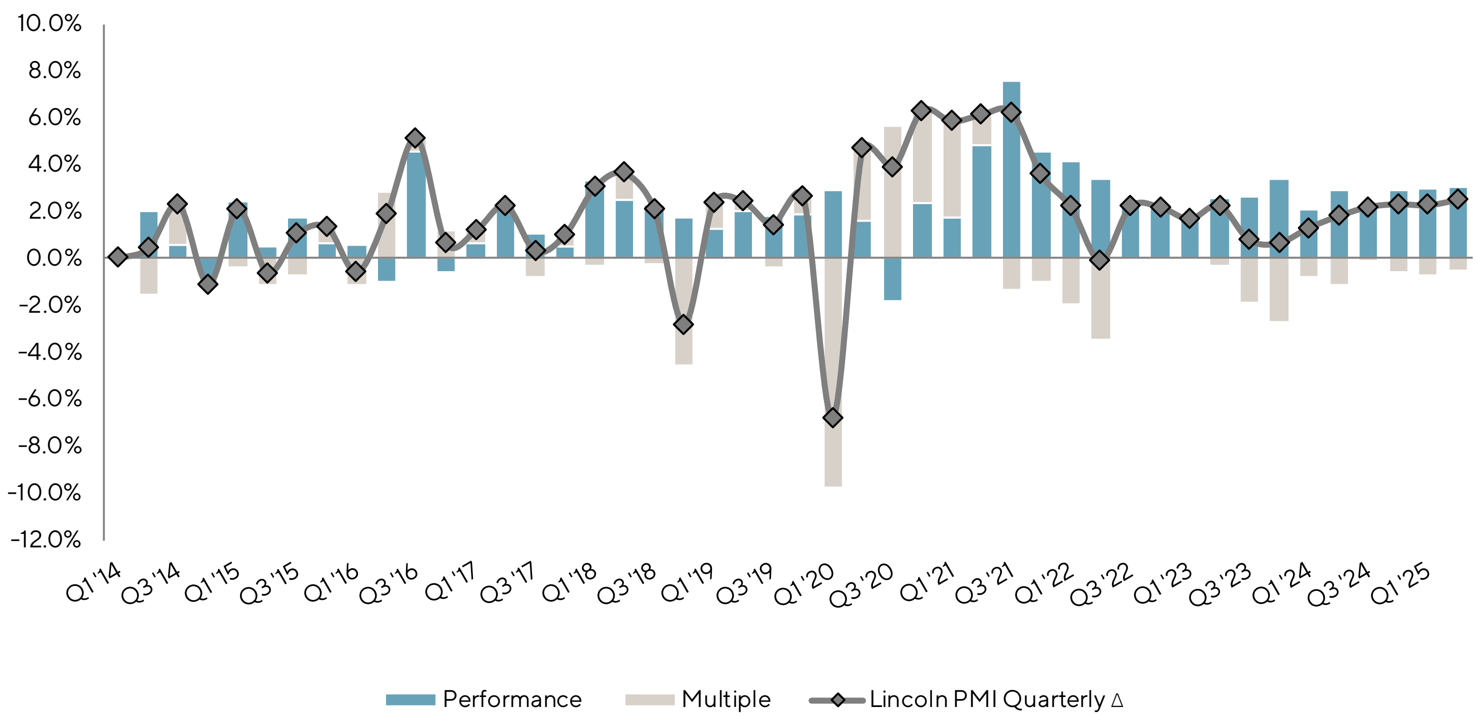
Examining the Lincoln PMI - EBITDA Multiples versus Earnings

Q2
2025



40%

Expansion of LPMI valuation multiples since Q2 2014

The gray line in the above graph indicates the quarterly change in Lincoln PMI enterprise values; this change is based on changes in performance (i.e., EBITDA) combined with the change in EBITDA multiples.

The Lincoln PMI saw the 19th consecutive quarter of earnings growth; however, index growth continued to be constrained by multiple contraction. Despite a myriad of headwinds, including but not limited to potential tariff implications, continued elevated interest rates and supply chain disruptions, private company performance remained resilient. Specifically, of the companies tracked by Lincoln's proprietary database, roughly two-thirds grew revenue and EBITDA, which was consistent with Q1 2025. In examining the quality of earnings, EBITDA has not translated into free cash flow available to repay outstanding borrowings, as adjustments to EBITDA constituted approximately 24% of earnings. The combination of lower prevailing market multiples relative to just after COVID and increased leverage makes it more challenging for a sponsor to exit an investment at an attractive internal rate of return (IRR).

"Despite the public markets generating a higher increase than private markets in Q2, the private markets have continued to increase, driven by steady earnings growth in the first half of 2025," said Steve Kaplan, Neubauer Distinguished Service Professor of Entrepreneurship and Finance at the University of Chicago Booth School of Business, who assists and advises Lincoln on the LPMI. "As we have seen since the LPMI's inception, fundamental performance remains the key driver of value in the private markets, rather than short-term valuation multiple volatility."

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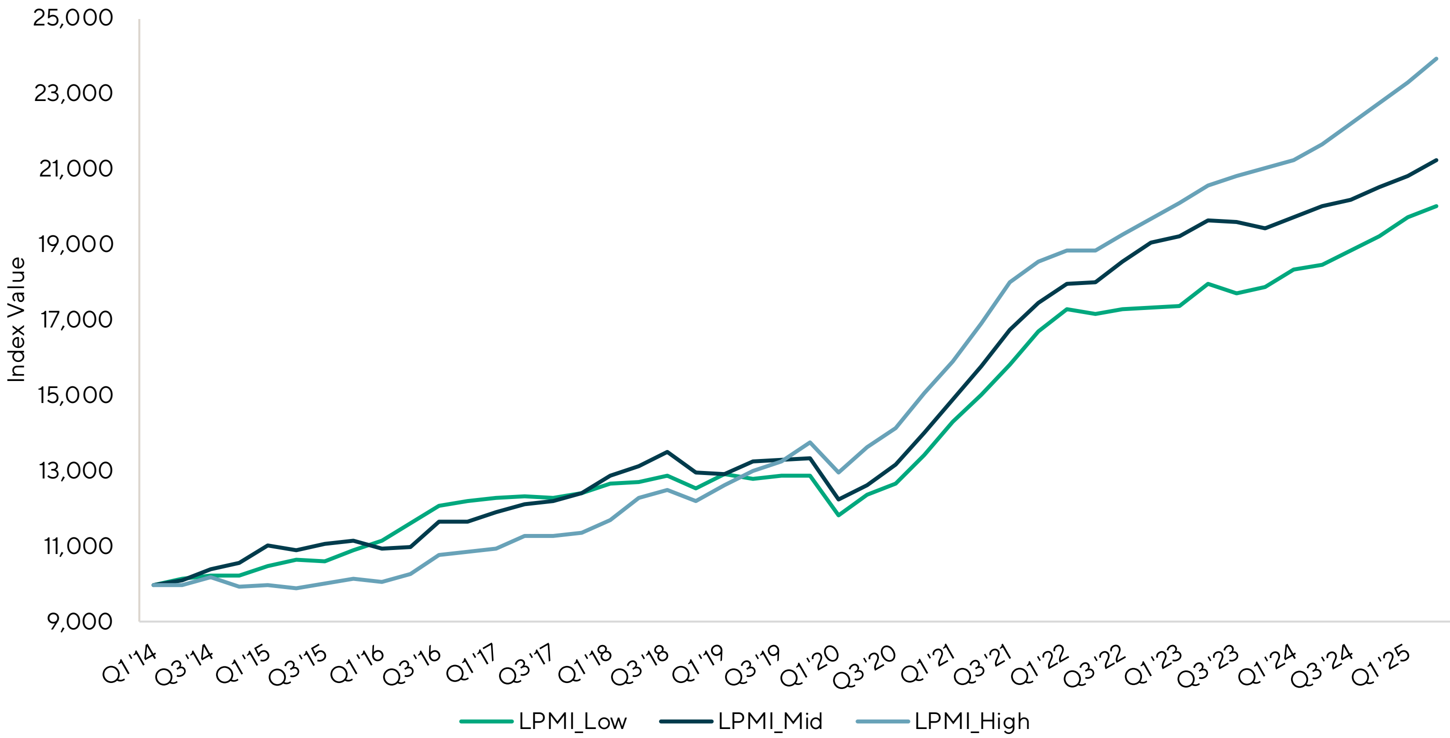
EXAMINING THE LPMI:

Lower Middle Market vs Middle Market vs Large Corporate Sub-Indices

Q2 2025



(Low includes companies with LTM EBITDA <$20 million, Mid includes companies with LTM EBITDA of $20 million to $50 million and High includes companies with LTM EBITDA $50 million to $250 million)

For the fourth consecutive quarter, all size categories tracked by the Lincoln PMI grew in aggregate; however, the indices continue to see variability within performance trends and the movement of multiples.

While all size categories saw improved fundamental performance, larger companies (i.e. companies with EBITDA > $50 million) continued to grow at a greater rate than smaller companies; this theme aligned with that of the public markets. Smaller companies have experienced the greatest degree of multiple compression. Investors continue to remain focused on larger and higher-quality companies, as smaller companies tend to have less diverse product and service offerings with higher customer or supplier concentration and therefore less stable earnings and higher risk.

SUMMARY:
Q2 2025 LPMI

Q2
2025

Q2 2025 LINCOLN PMI: GENERAL OBSERVATIONS

- Private company EVs increased for the 11th consecutive quarter as the Lincoln PMI increased 2.5%, driven by improved earnings.
- Growth of the Lincoln PMI was modest relative to the S&P 500; however, the Lincoln PMI did not experience the same losses that the public markets did in Q1, resulting in H1 2025 public and private market performance generally aligning, ultimately providing empirical evidence of the private market's insulation from the public market's volatility.
- Since its inception in Q1 2014, the Lincoln PMI has shown that private company EV multiples have been less volatile than public company multiples and that earnings are the primary factor driving long-term value creation.

Q2 2025 LINCOLN PMI: ENTERPRISE VALUE RESULTS

- The Lincoln PMI experienced steady earnings growth despite the macro uncertainty, especially surrounding tariffs, alluding to the resilience of the private markets.
- Large companies in the Lincoln PMI continued to drive overall index growth as smaller companies remain hampered by higher risk and and investors' risk-off sentiment.

Q2 2025 LINCOLN PMI: INDUSTRY BREAKDOWN ON AN ENTERPRISE VALUE BASIS

- Five of the six industries experienced EV growth for the third consecutive quarter, with only industrials declining in Q2 as a result of growing uncertainty surrounding supply chains as tariff impacts and inflation continue to pressure industrial companies.
- Consumer companies saw the lowest EV growth of the six industries from the outset of 2025 given more direct exposure to inflationary headwinds and the slower recovery of consumer spending.

IN SUMMARY, WE BELIEVE THE LINCOLN PMI:

- Enables investors in private companies, including private equity firms, to benchmark their investments against their peers and the S&P 500 on both enterprise value and equity value bases;
- Demonstrates that private companies generate returns comparable to major public stock market indices with less volatility;
- Offers many unique valuation insights into the fair value of private companies for a wide array of stakeholders and investors; and
- Represents a significant enhancement to the information available to investors in private companies.

METHODOLOGY:

Source of Data and Sample Size

Q2
2025

SOURCE OF DATA AND SAMPLE SIZE

On a quarterly basis, Lincoln determines the enterprise fair value of over 6,250 portfolio companies for over 225 sponsors (i.e., private equity groups and lenders to private equity groups). These portfolio companies report quarterly financial results to the sponsor or lender. Lincoln obtains this information and determines the appropriate EV multiple so as to compute the EV in accordance with the fair value measurement principles of generally accepted accounting principles. In assessing enterprise value, Lincoln relies on well-accepted valuation methodologies such as the market approach, and income approach considering each company's historical and projected performance and other qualitative and quantitative factors. Finally, each valuation is then vetted by auditors, company management, boards of directors and regulators. Upon concluding each quarterly valuation cycle, Lincoln aggregates the underlying financial performance and EV data for analysis.

To construct the Lincoln PMI, Lincoln selects a subsection of the companies valued each quarter, including private companies each generating earnings before interest, taxes, depreciation and amortization of less than $250.0 million, disregarding venture-stage businesses and non-operating entities, such as special purpose entities that own real estate and specialty finance assets.

For more information, visit
http://www.lincolninternational.com/services/valuations-and-opinions/lincolnmmi

INDEPENDENT ACADEMIC VALIDATION OF LINCOLN'S DATA

In January 2024, an assistant professor of finance at Penn State University's Smeal College of Business conducted a study to evaluate the statistical significance of Lincoln's private market database as compared to other independent sources, like Pitchbook, BDC Collateral and Preqin. The test employed a rigorous validation process, analyzing Lincoln's data in comparison with independent data to measure overlap of deals detailed and congruency of reported terms. The results were robust and concluded that Lincoln's data was representative of the private debt universe and comprehensive of sponsor-backed deals in particular. Lincoln's database featured 53% of reported private debt deals with terms in Pitchbook and 48% of sponsor-backed deals with reported debt terms that appeared in BDC Collateral. However, beyond the abundance of pure deals, Lincoln's database goes a step beyond and includes vital operating performance figures from the portfolio company-level that the other databases do not feature. Lincoln's data is relatively more comprehensive, inclusive of EV and financial performance metrics that allow for a much clearer picture of the state of the private markets.

6,250+

Portfolio companies are evaluated by Lincoln on a quarterly basis to determine their enterprise fair value

225+

Sponsors participate in LPMI (i.e. private equity groups & lenders to private equity groups)

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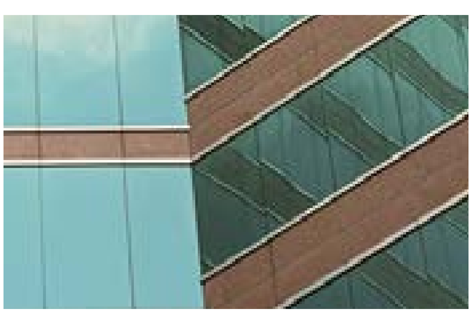
METHODOLOGY:
Academic Advisors





PROFESSOR STEVEN KAPLAN

Professor Steven Kaplan is a Senior Advisor to Lincoln's Valuations and Opinions Group. He is the Neubauer Family Distinguished Service Professor of Entrepreneurship and Finance and Kessenich E.P. Faculty Director at the Polsky Center for Entrepreneurship and Innovation at the University of Chicago Booth School of Business. Among other courses, Professor Kaplan teaches advanced Master of Business Administration and executive courses in entrepreneurial finance and private equity, corporate finance, corporate governance and wealth management. Professor Kaplan conducts research on a wide array of issues in private equity, venture capital, corporate governance, boards of directors, mergers and acquisitions and corporate finance. He has been a member of the Chicago Booth faculty since 1988.

Professor Kaplan serves on the board of Morningstar and several fund and company advisory boards. He is also a Research Associate at the National Bureau of Economic Research.

Professor Kaplan received a Bachelor of Arts, summa cum laude, in applied mathematics and economics from Harvard College and earned a Doctor of Philosophy in business economics from Harvard University.

PROFESSOR MICHAEL MINNIS

Professor Michael Minnis is a Senior Advisor to Lincoln's Valuations and Opinions Group. He is the Deputy Dean for Faculty and Fuji Bank and Heller Professor of Accounting at the University of Chicago Booth School of Business, where he researches the role of accounting information in allocating investment efficiently by both managers and capital providers. His recent research focuses on understanding the role of privately held companies in the U.S. economy and how these firms use financial reporting to access, deploy and manage capital. He particularly enjoys identifying unique data and methods to empirically examine issues in a novel way.

In January 2018, Professor Minnis became a member of the Private Company Council, the primary advisory council to the Financial Accounting Standards Board (FASB) on private company issues. Professor Minnis received his Ph.D. from the University of Michigan and his B.S. from the University of Illinois, where he graduated with Highest Honors.

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Consumer

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Capital Advisory

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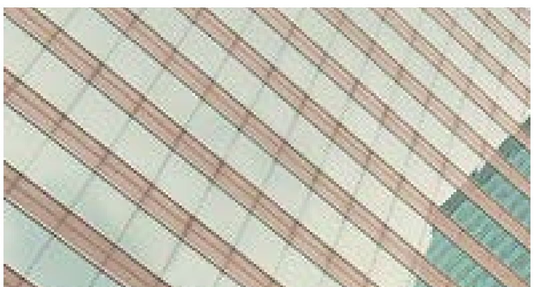
Valuations & Opinions

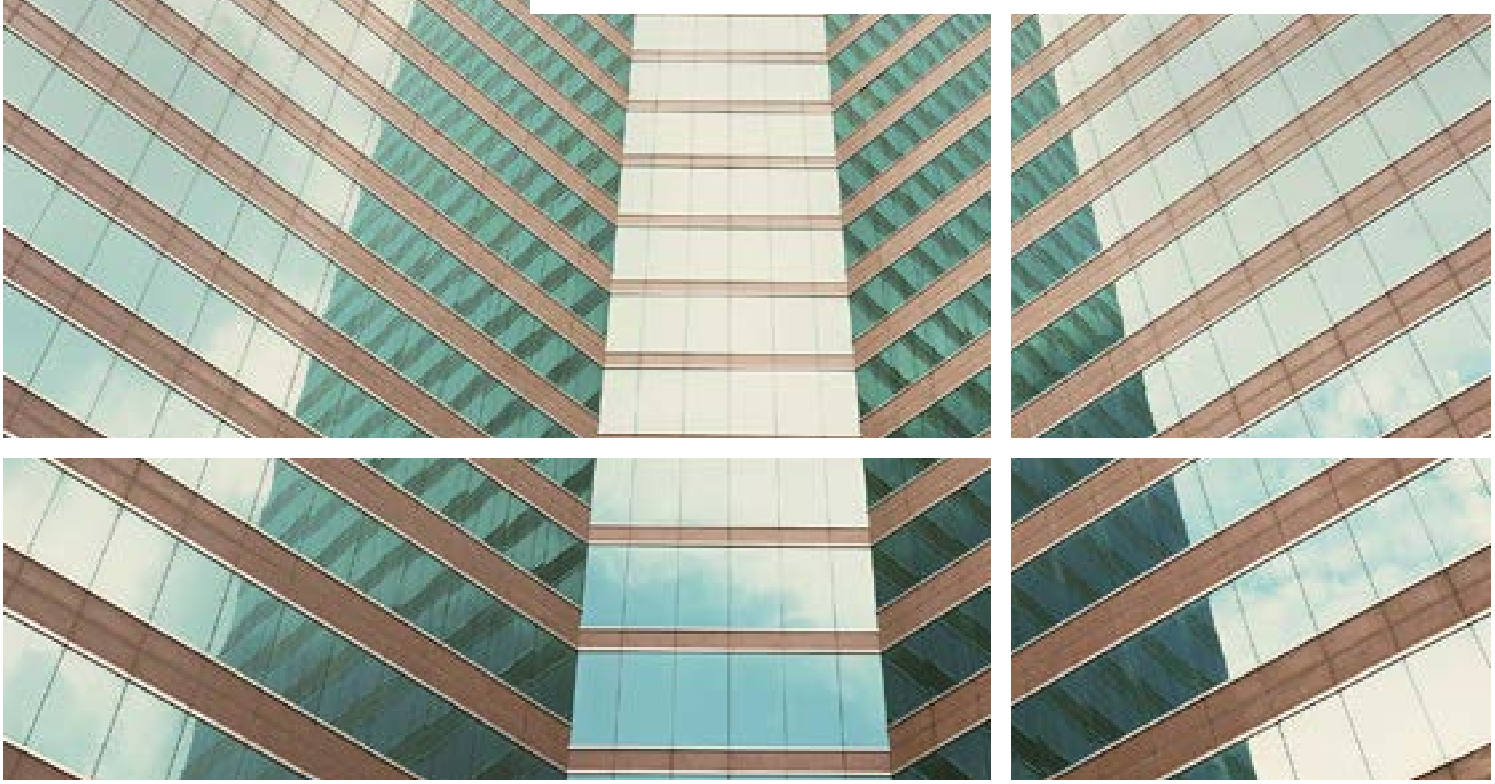
ABOUT LINCOLN INTERNATIONAL

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.**

Lincoln's Valuations & Opinions Group is a leading independent valuation advisor to managers of illiquid assets and lenders to alternative assets funds. The group specializes in the valuation of illiquid debt, equity and derivative securities. Additionally, they provide independent fairness, solvency and other transaction opinions for a variety of corporate transactions for both public and private companies.

Lincoln's Valuations & Opinions Group is widely recognized for leveraging Lincoln International's "real-world" transaction experience from its M&A and debt advisory practices to assist its clients in the determination of fair value. Lincoln International's highly skilled professionals have extensive experience in determining and supporting fair value measurements for traditional and complex securities.





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