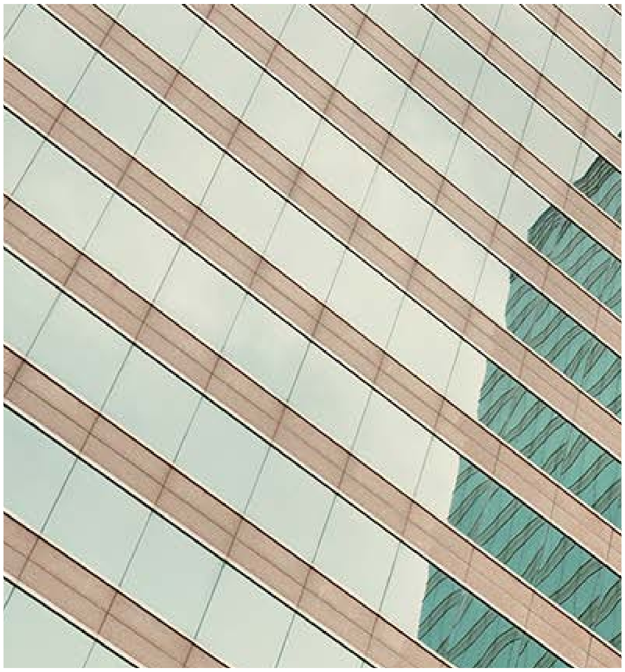
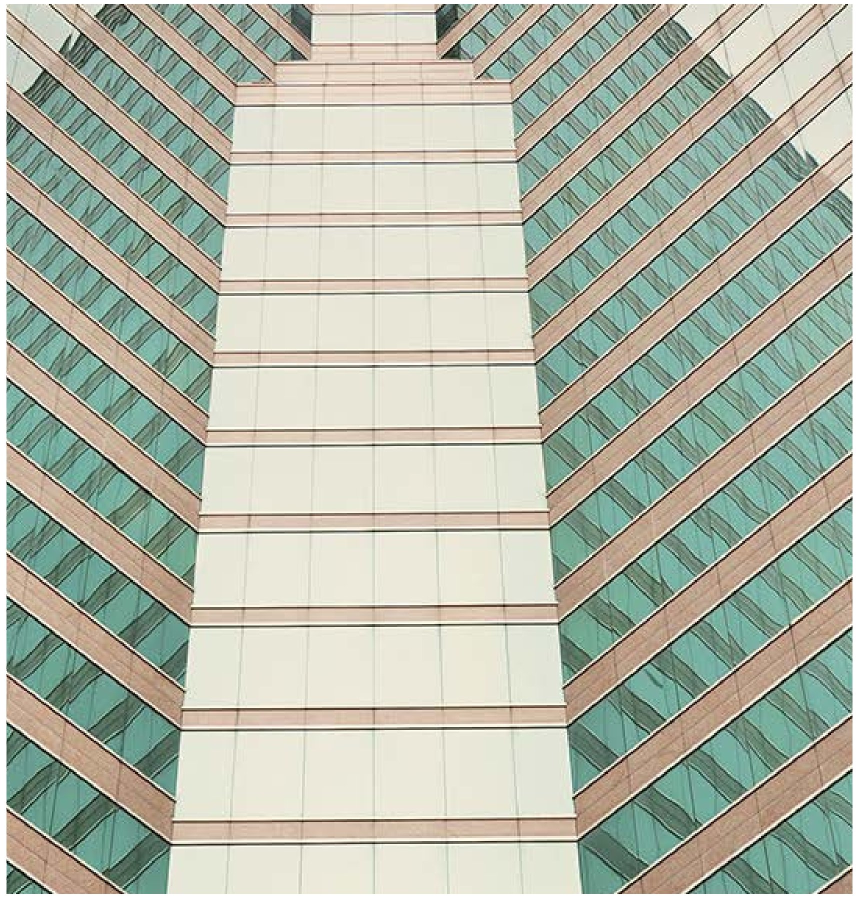
LINCOLN INTERNATIONAL

Q4
2024





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LINCOLN PMI

LINCOLN PRIVATE MARKET INDEX

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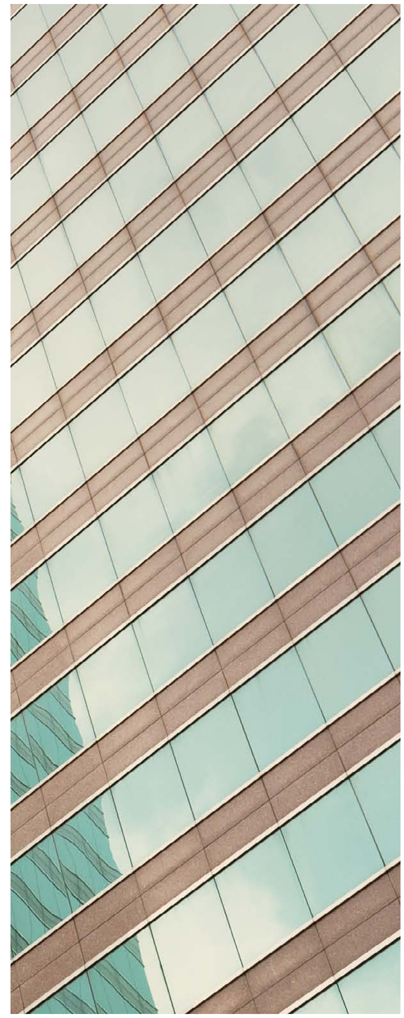

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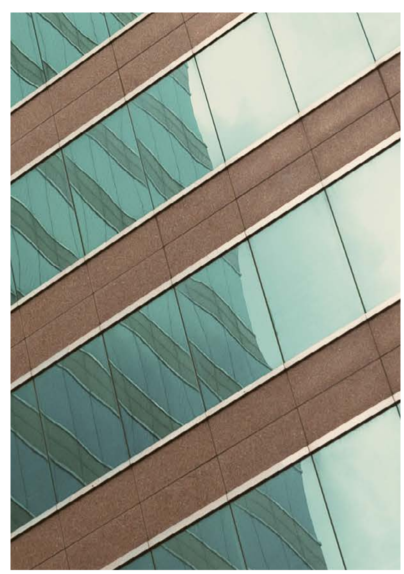

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MODEST GROWTH APPEARS IN LINCOLN'S PRIVATE MARKET INDEX – YET CRACKS ARE EMERGING

The Lincoln Private Market Index ("LPMI"), the only index that tracks changes in the enterprise value of U.S. privately held companies, increased by 2.3% during the fourth quarter of 2024 driven by steady growth; however, the share of companies growing earnings declined.

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 this problem 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**.

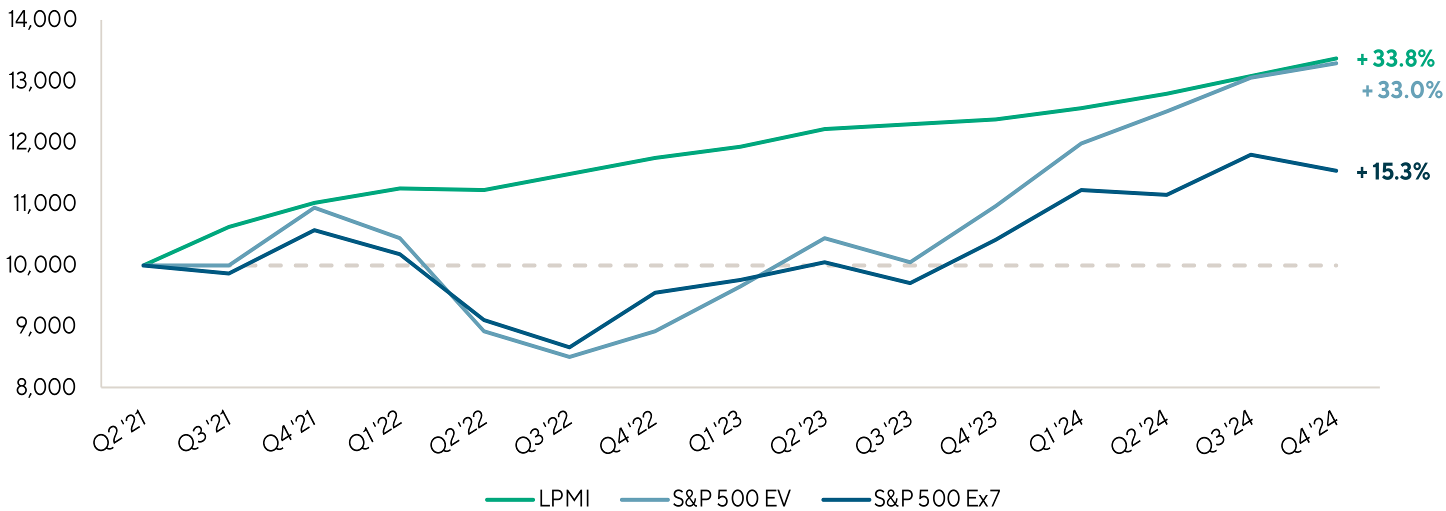
QUARTERLY OVERVIEW

- Thirtieth Edition: Covers Q4 2024
- Measures quarterly changes in the enterprise values of ~1,500 private companies, based on a population of approximately 5,750+ companies primarily owned by private equity firms with a median EBITDA of ~$40–45 million
- Analyzes the impact from the change in a company's earnings versus its valuation multiple
- Assess the change in value for six industry sectors

RESULTS:

Lincoln PMI's enterprise value growth surpassed the S&P 500 in Q4 2024

Q4
2024



(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)

	Q4 '24	YTD	CAGR Since Inception
LPMI	**2.3%**	**8.0%**	**7.7%**
S&P 500 EV	**1.8%**	**21.3%**	**10.1%**
S&P 500 Ex7 EV	**(2.3%)**	**10.7%**	**NA**

The Lincoln PMI's quarter-over-quarter enterprise value increase of 2.3% surpassed the S&P 500's increase of 1.8% and when excluding the "Magnificent Seven" from the S&P 500, public market enterprise values contracted 2.3%. The public market enterprise values were driven primarily by multiple contraction, likely due to investor apprehension and uncertainty surrounding interest rates and potential tariffs, whereas the Lincoln PMI's increase was driven by steady EBITDA growth. However, the pause on rate cuts and uncertainty surrounding the impacts of tariffs and other policy decisions are top of mind for private market participants, dampening the initial optimism for deal activity in 2025.

"While 2025 was initially shaping up to be a banner year for buyout activity, recent data suggests that perhaps the significant pop in activity many were expecting may be delayed," noted Ron Kahn, Managing Director and co-head of Lincoln's Valuations & Opinions Group.

The Lincoln PMI shows that private company enterprise values remain less volatile than those of the S&P 500; the Lincoln PMI's volatility is less than half that of the S&P 500 EV index as multiples have tended to be more stable than public company multiples. Thus, despite the S&P 500's stronger returns , the Sharpe Ratio, which measures excess return per unit of risk, of the Lincoln PMI approximates that of the S&P 500.

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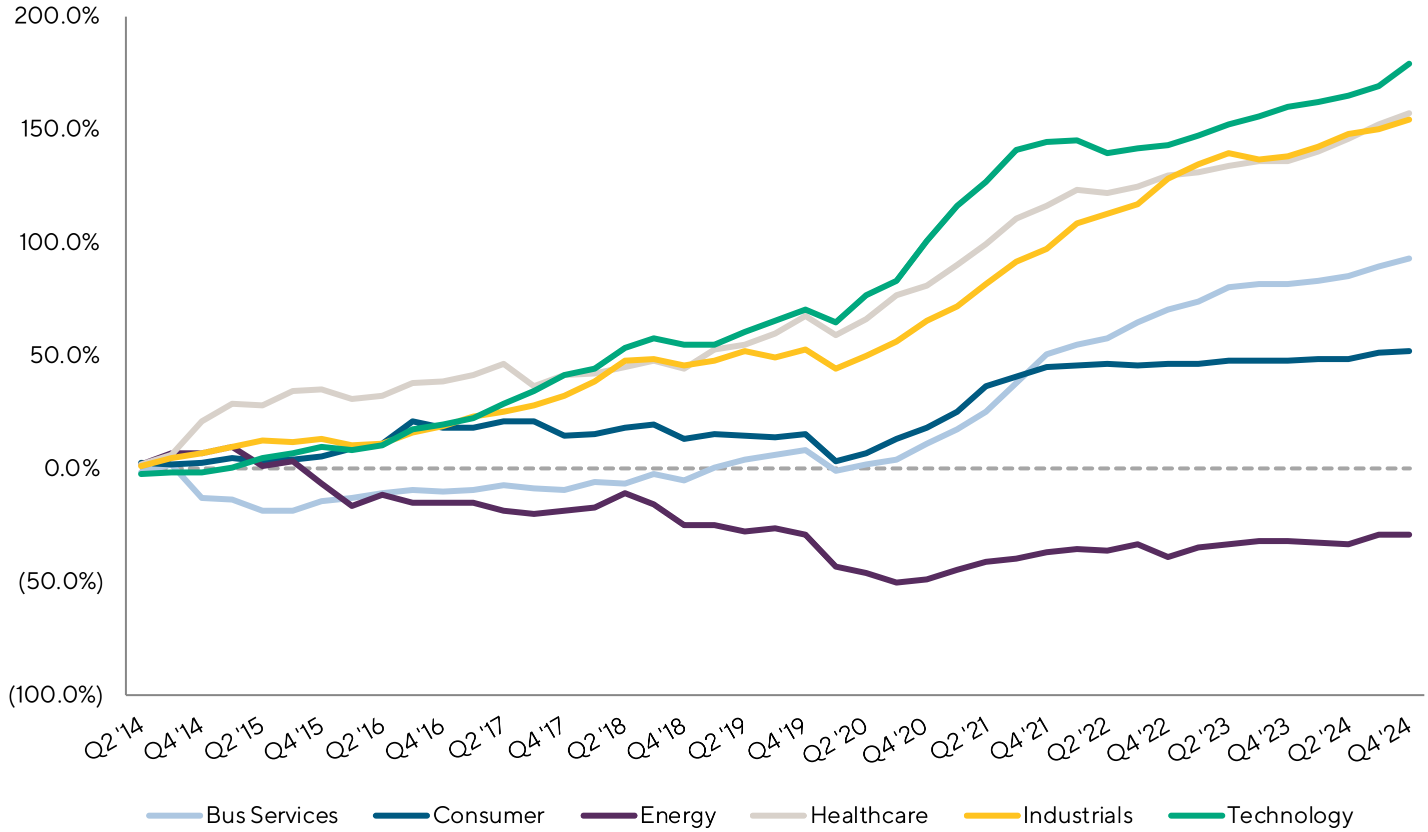
SECTOR BREAKDOWN:

Consumer companies experienced the lowest growth of the six industries in 2024

Q4
2024



Industry	Q4 '24	YTD
Business Services	1.9%	6.2%
Consumer	0.5%	2.7%
Energy	0.2%	4.1%
Healthcare	1.9%	9.1%
Industrials	1.5%	6.6%
Technology	3.8%	7.3%

All industries saw steady enterprise value growth in Q4 2024; however, Consumer companies experienced the lowest growth of the six industries in 2024 given the more direct impact of inflationary pressures. As evidenced by data from Lincoln's proprietary database, the Consumer industry was the only industry to experience year-over-year LTM EBITDA declines. Furthermore, consumer companies have a higher prevalence of PIK interest relative to other industries, which can put greater pressure on private equity returns when combined with low enterprise value growth.

Conversely, Industrial companies have experienced some of the strongest enterprise value growth as deal activity within Industrials rebounded first, with companies benefitting from rising multiples. Unlike the broader market, Industrial companies did not experience the sharp increase in multiples 3 – 4 years ago which has allowed LBO activity to return more quickly and now this competition has helped drive certain multiples higher.

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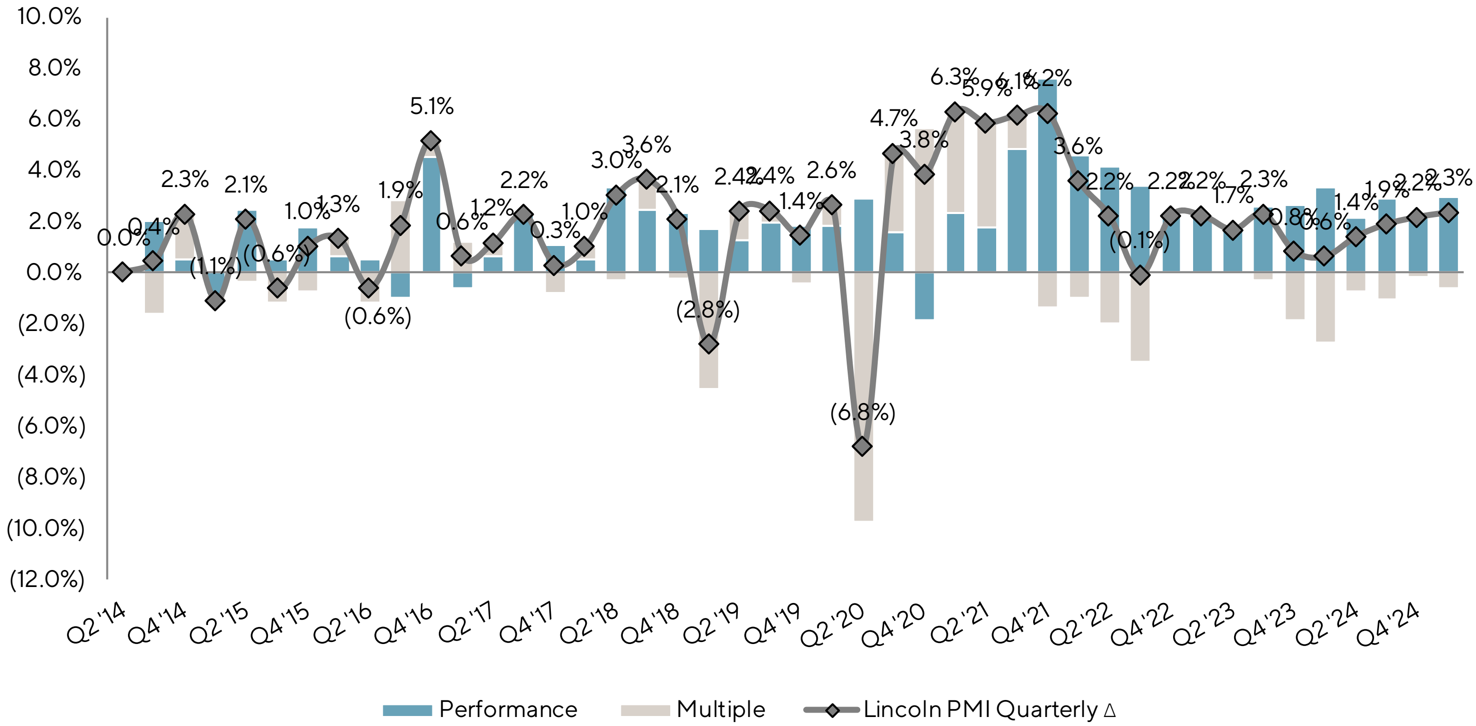
EXAMINING THE LPMI:

Examining the Lincoln PMI - EBITDA Multiples versus Earnings

Q4

2024



~45%+

Expansion of LPMI valuation multiples since Q3 2014

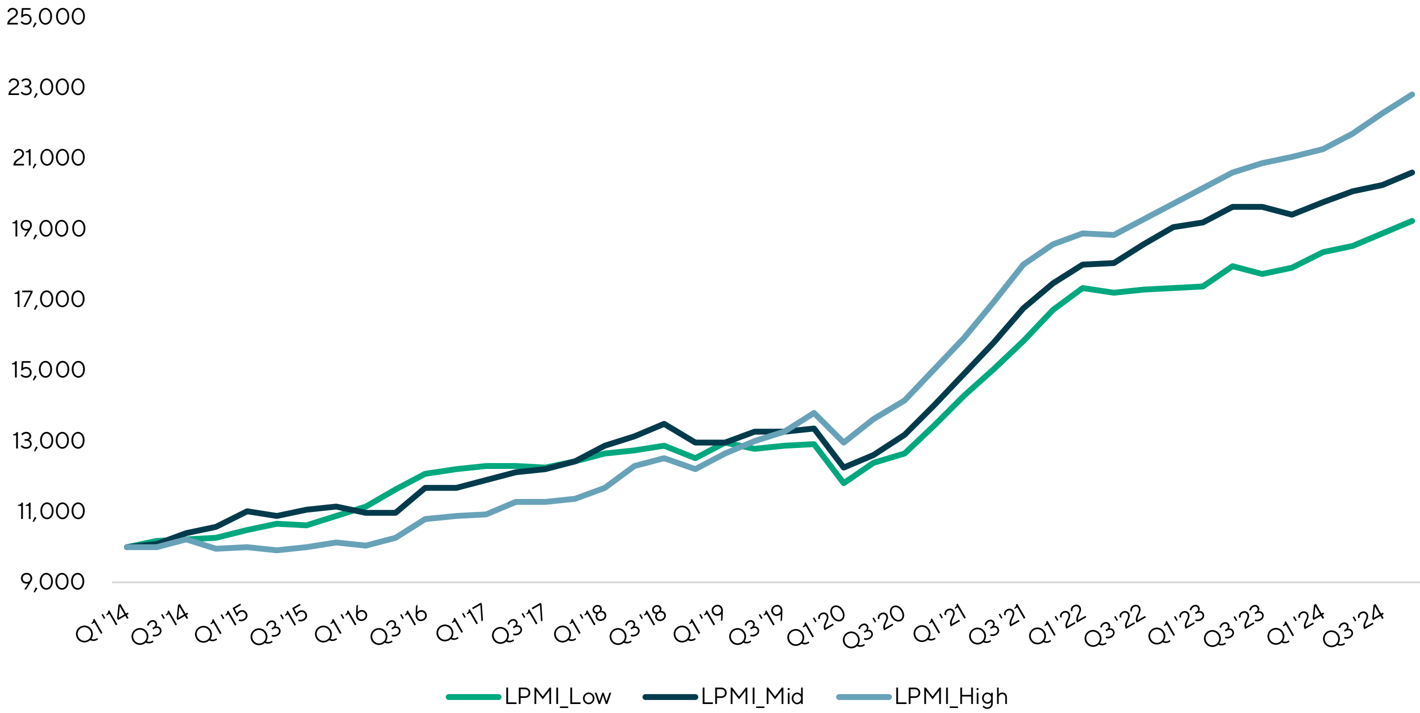
The grey line in Graph 3 indicates the quarterly change in Lincoln PMI enterprise values; this change is based on changes in performance (i.e., EBITDA) combined with the change in EBITDA multiples.

The Lincoln PMI saw the 17th consecutive quarter of earnings growth which was partially offset by multiple contraction. Despite the observed earnings growth, the percentage of companies which are growing EBITDA has declined. Of the companies tracked by Lincoln's proprietary database, 58% of companies demonstrated EBITDA growth, the lowest percentage since Q3 2022. The Lincoln PMI experienced multiple contraction and buyout multiples, as tracked by Lincoln's proprietary database, have decreased ~1.3x since 2021. The combination of slowing EBITDA growth, increased leverage, and lower buyout multiples pose a significant challenge for private equity returns.

"While EBITDA growth persisted in the fourth quarter, that is only one side of the story," 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. "Rising debt levels and lower buyout multiples may impact private equity returns."

EXAMINING THE LPMI:

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



(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 $50 million to $250 million)

For the third 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) grew the most in Q4 2024 as they exhibited more stable earnings and multiples. Smaller companies (i.e. those with EBITDA < $20 million) experienced the highest earnings growth; however, multiples contracted the largest amount of the three sub-indices. Investors continue to remain focused on larger and higher-quality companies while 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:
Q4 2024 LPMI

Q4
2024

Q4 2024 LINCOLN PMI: GENERAL OBSERVATIONS

- Private company enterprise values increased for the tenth consecutive quarter as the Lincoln PMI increased 2.3%, driven by improved earnings.
- The Lincoln PMI enterprise values grew more than the S&P 500 enterprise values given uncertainty regarding macroeconomic events led to greater multiple contraction in the public markets.
- Since its inception in Q1 2014, the Lincoln PMI has shown that private company enterprise value multiples have been less volatile than public company multiples and that earnings are the primary factor driving long term value creation.

Q4 2024 LINCOLN PMI: ENTERPRISE VALUE RESULTS

- While the Lincoln PMI experienced steady earnings growth, the percentage of companies which grew EBITDA was the lowest percentage since Q3 2022.
- Larger companies' performance growth surpassed that of small and mid-sized companies, as a result of more stable performance and multiples.

Q4 2024 LINCOLN PMI: INDUSTRY BREAKDOWN ON AN ENTERPRISE VALUE BASIS

- All industries experienced enterprise value growth for the second consecutive quarter.
- Consumer companies saw the lowest enterprise value growth of the six industries in 2024 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.

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METHODOLOGY:
Source of Data and Sample Size

Q4
2024

SOURCE OF DATA AND SAMPLE SIZE

On a quarterly basis, Lincoln determines the enterprise fair value of over 5,750 portfolio companies for over 175 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 enterprise value multiple so as to compute the enterprise value 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 enterprise value 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.

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 was akin to an FDA pharmaceutical drug effectiveness test wherein Lincoln's data was tested in relation to the independent data sets, measuring 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 don't feature. Lincoln's data is more comprehensive, inclusive of enterprise value and financial performance metrics that allow for a much clearer picture of the state of the private markets.

For more information, visit
https://www.lincolninternational.com/perspectives/an-overview-of-the-lincoln-private-market-index/

5,750+

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

175+

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

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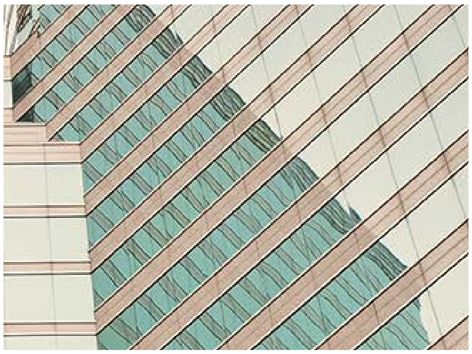
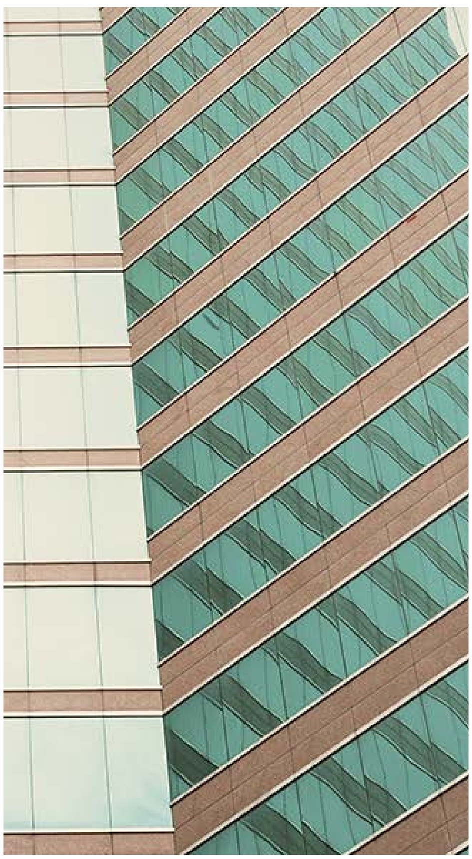
METHODOLOGY:
Academic Advisors





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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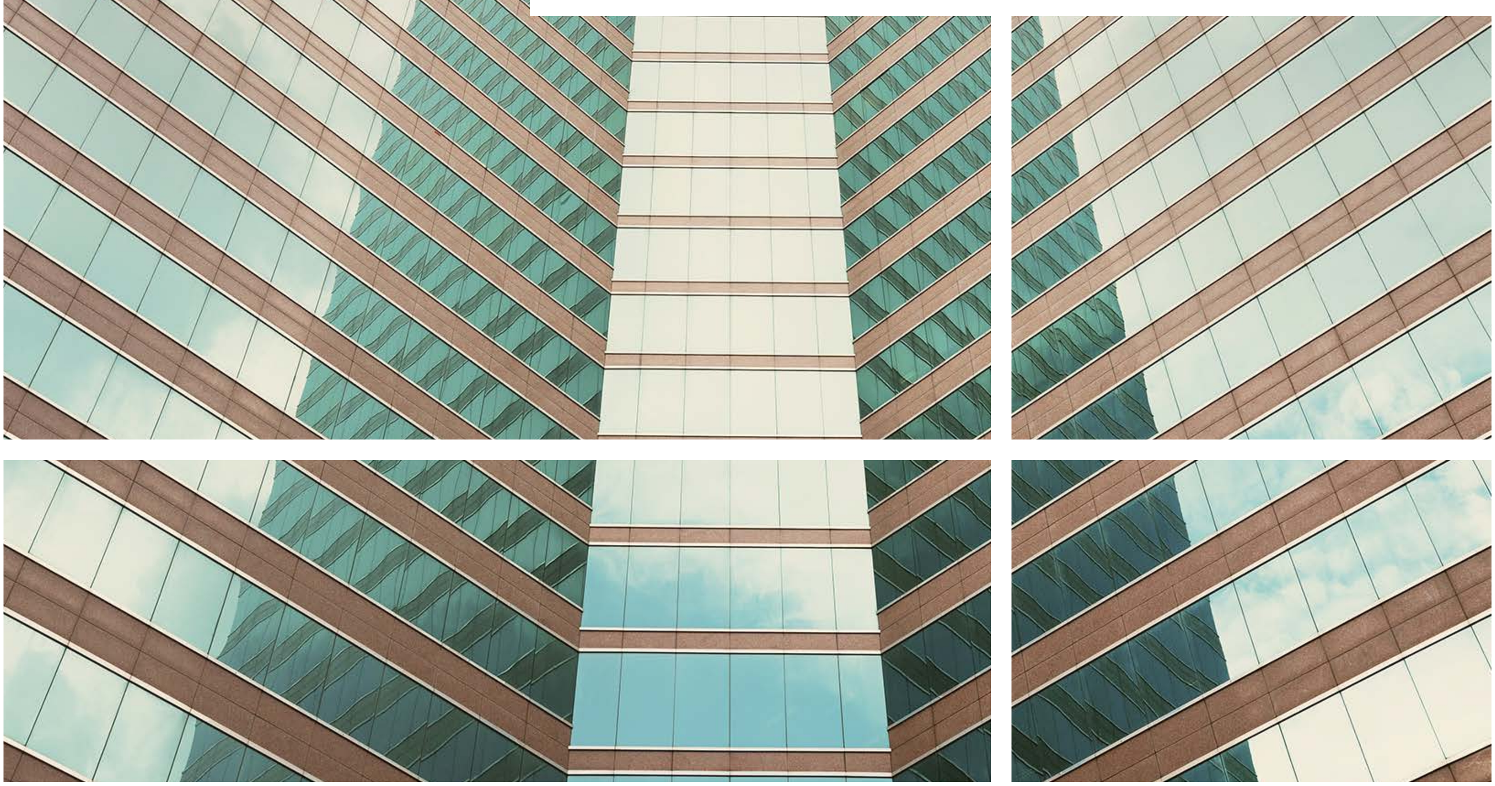
We are trusted investment banking advisors to business owners and senior executives of leading private equity firms and their portfolio companies and to public and privately held companies around the world. Our services include mergers and acquisitions advisory, private funds and capital markets advisory, and valuations and fairness opinions. As one tightly integrated team of over 1,000 professionals in more than 25 offices across 15 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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