LINCOLN INTERNATIONAL

Q2 2026

INSIDE THIS ISSUE

LPMI

EUROPEAN LINCOLN PRIVATE MARKET INDEX™

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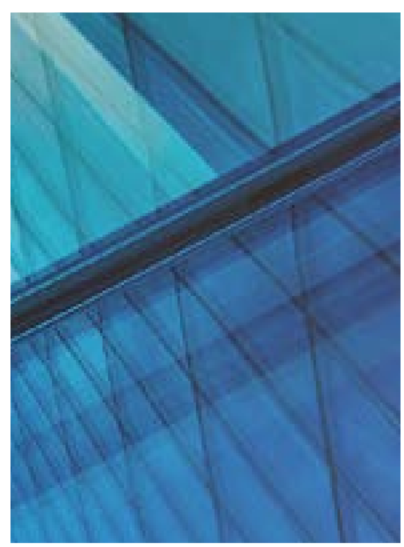

EUROPEAN LINCOLN PMI RETURNS TO GROWTH IN Q2

The European Lincoln Private Market Index (PMI) is the only index that tracks changes in the enterprise value (EV) of Europe's privately held companies. Starting at a value of 10,000 as of December 31, 2020, the PMI increased to 15,484, representing an increase of 0.9% in Q2 2026. This marked a return to the European Lincoln PMI's historical trend of positive EV growth, with the improvement driven primarily by an easing of valuation multiple pressure.

ABOUT THE EUROPEAN LINCOLN PMI

The European Lincoln PMI is a first-of-its-kind index measuring changes in the EVs of European private companies over time and a barometer of private company performance. The PMI enables private equity firms and other investors to benchmark how private company investments are performing against peers and how this performance compares to the STOXX 600 and FTSE 250 public indices.

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

INDEX OVERVIEW

- Measures quarterly changes in the EVs of more than 450 European private companies with a median EBITDA of ~€37 million
- Analyzes the impact of earnings and multiples on the index's performance
- Assesses the change in value for five broad industries

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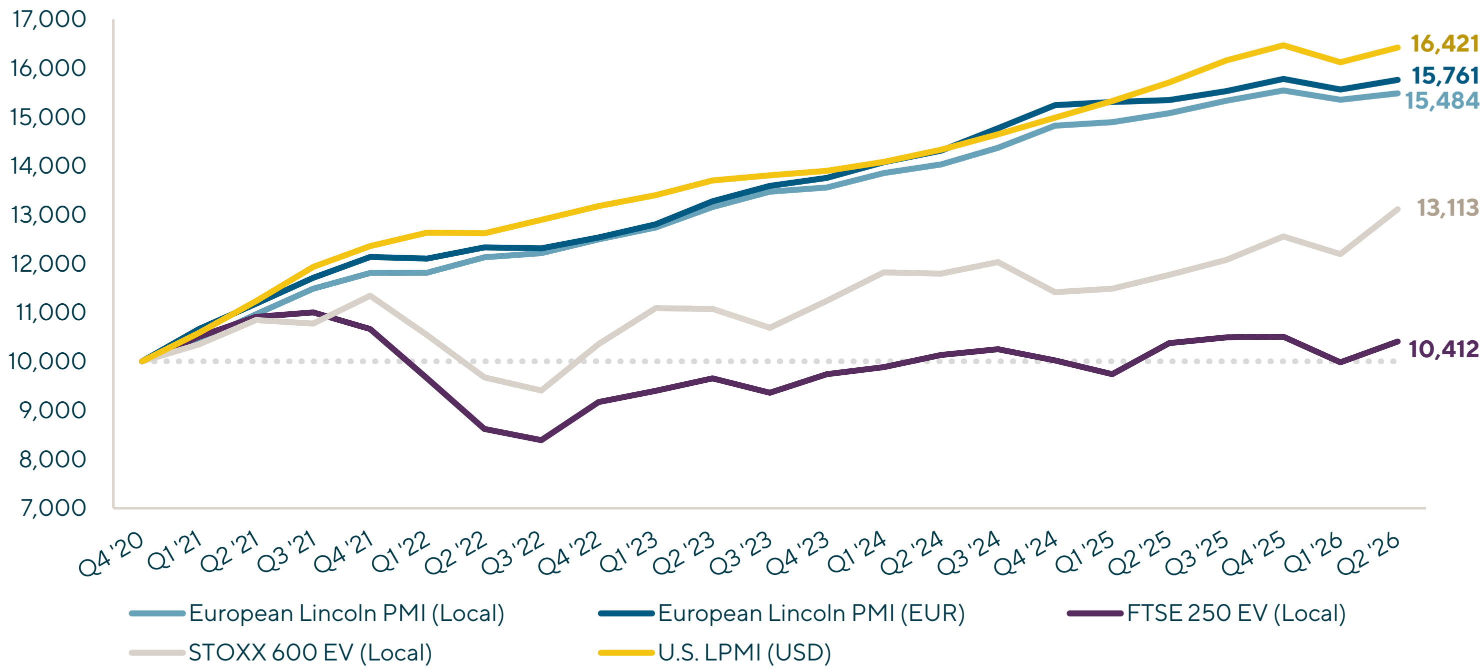
RESULTS:

European Lincoln PMI Returned to Growth, Increasing 0.9%, as Valuation Multiple Pressure Eased



(NOTE: The Lincoln PMI, STOXX 600 and FTSE 250 EV returns above reflect enterprise values)
(Index EVs exclude financial institutions and real estate for which enterprise value is generally not meaningful; however, including such companies produces similar results)

Index	Q2 '26	LTM	CAGR since Inception
European Lincoln PMI (Local)	**0.9%**	**2.7%**	**8.3%**
European Lincoln PMI (EUR)	**1.3%**	**2.7%**	**8.6%**
FTSE 250 EV (Local)	**4.3%**	**0.3%**	**0.7%**
STOXX 600 EV (Local)	**7.5%**	**11.4%**	**5.1%**
U.S. Lincoln PMI	**1.9%**	**4.5%**	**9.4%**

The European Lincoln PMI increased 0.9% in Q2 2026, compared with increases of 4.3% for FTSE 250 EV and 7.5% for STOXX 600 EV, as public markets recovered from Q1 and the ripple effect of the software sell-off across other sectors. The PMI increase marked a return to the index's historical trend of positive EV growth, with the improvement driven primarily by an easing of valuation multiple pressure and continued growth in operating performance.

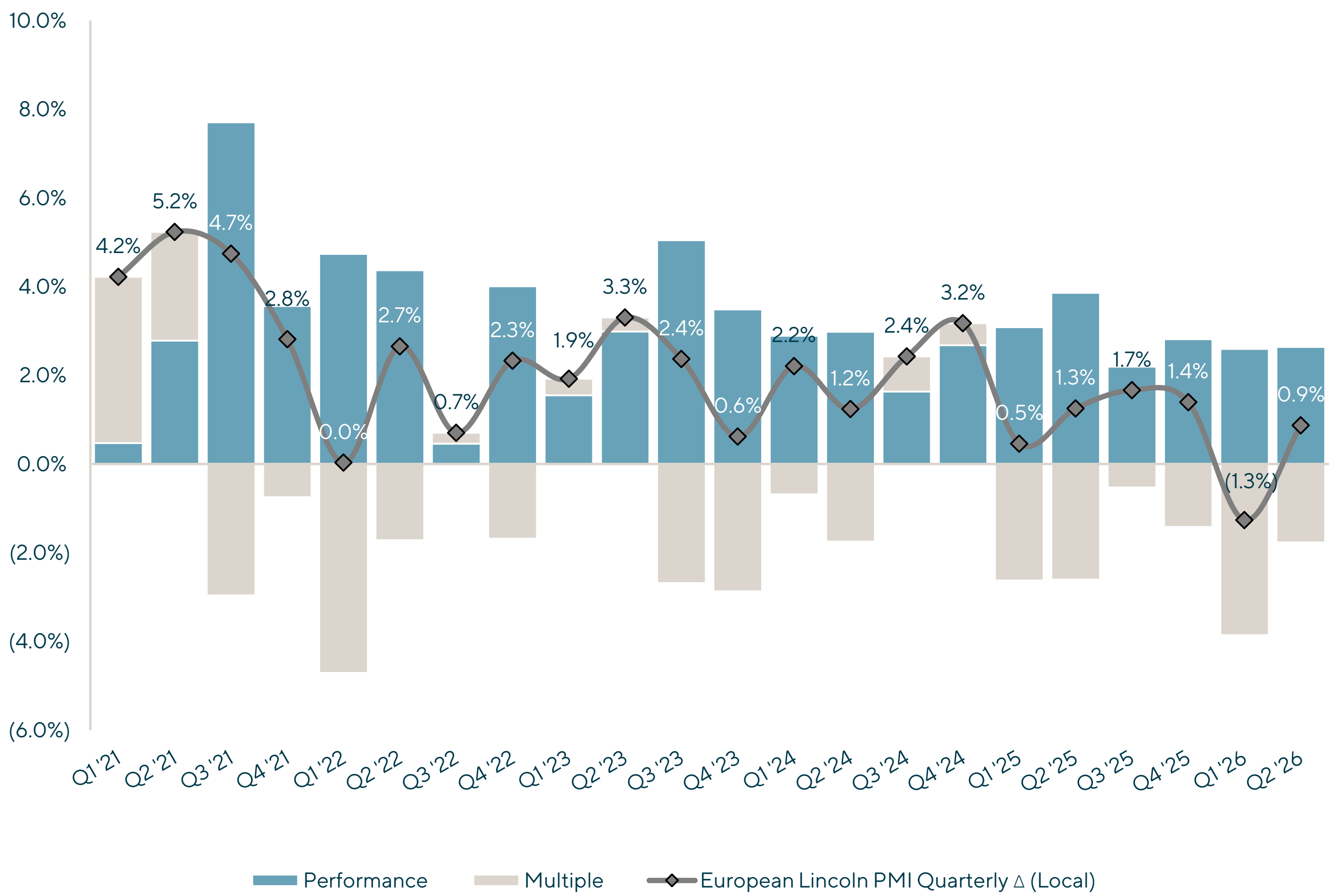
As with previous quarters, the recovery in public markets was almost entirely attributed to the impact of changes in EV multiples. The PMI is primarily driven by operating performance and was not subject to the same volatility as observed in the public markets within Q1 and Q2. Over the last 12 months, the PMI's return of 2.7% outperformed that of the FTSE 250's of 0.3%, but it trailed the STOXX 600's return of 11.4%.

EXAMINING THE LPMI:

European Lincoln PMI QoQ Delta Drivers: EBITDA Multiples Versus Earnings

Q2

2026



Since inception, earnings growth has consistently supported European Lincoln PMI performance and has generally outweighed the impact of multiple contraction. This pattern resumed in Q2 2026, as the positive impact from earnings growth more than offset the negative impact from multiple contraction, following Q1 when the impact from multiple contraction outweighed earnings growth.

"Q2 marked a return to the European Lincoln PMI's long-term pattern: Private company enterprise value growth was driven by operating performance, not multiple expansion," noted 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 European Lincoln PMI. "The public market's much larger gain reflected a rapid repricing of future growth expectations across AI infrastructure and adjacent sectors. Private markets did not participate to the same extent, but they also did not experience the same degree of volatility."

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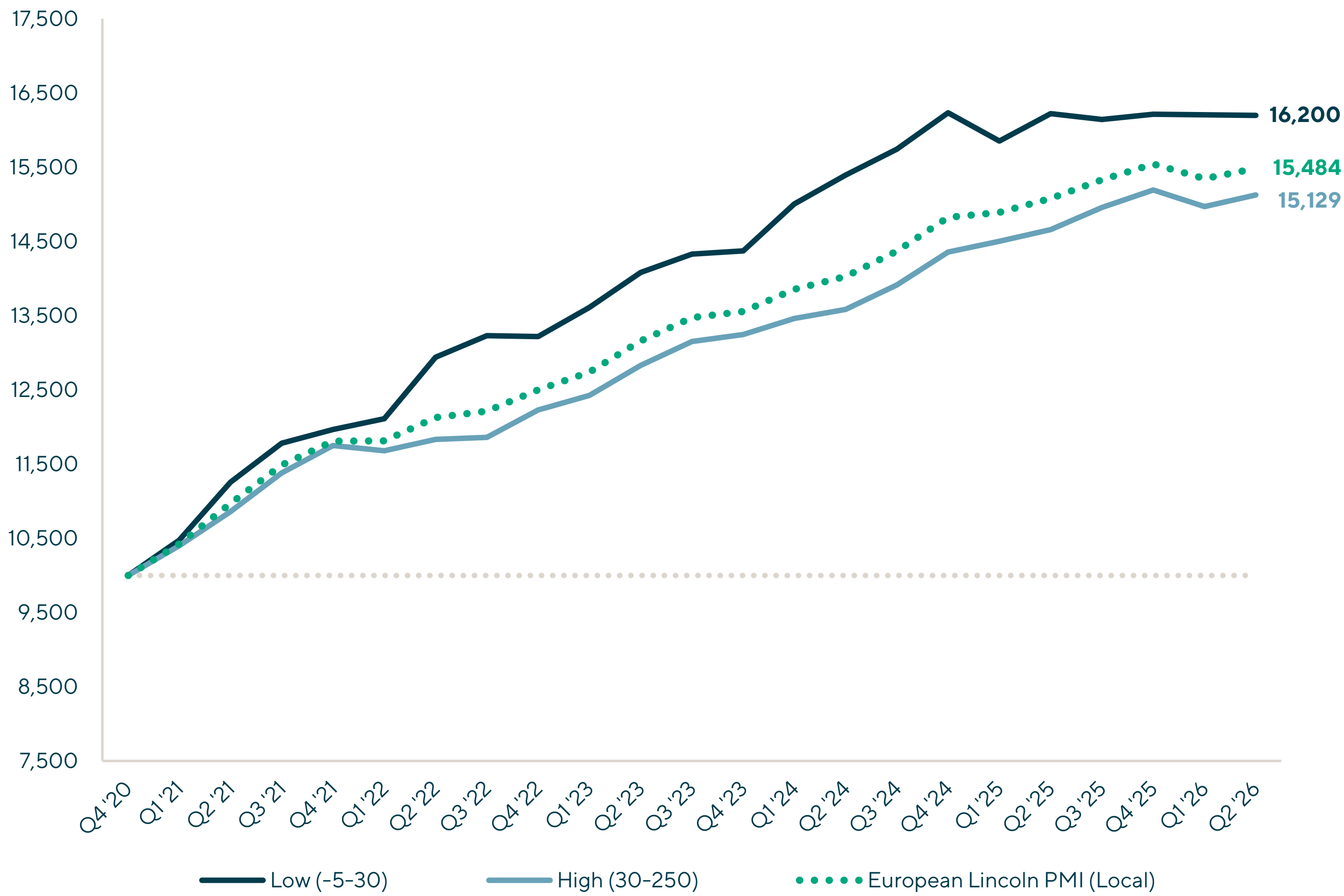
EXAMINING THE LPMI:

Considering the Impacts of Small and Large Businesses

Q2

2026



([1]Small and large businesses were defined as having an EBITDA of -€5.0 to €30.0 million and €30.0 to €250.0 million, respectively)

Index by EBITDA	Q2 '26	LTM	CAGR since Inception
Small (Local)	**(0.1%)**	**(0.1%)**	**9.2%**
Large (Local)	**1.1%**	**3.2%**	**8.2%**
European Lincoln PMI (Local)	**0.9%**	**2.7%**	**8.3%**

Large companies (i.e., EBITDA > €30 million) outperformed small companies in Q2, with EVs increasing 1.1% versus a broadly flat 0.1% increase for smaller companies. The performance gap was driven by a stronger earnings contribution from larger companies, while the impact from multiple contraction was similar across both cohorts.

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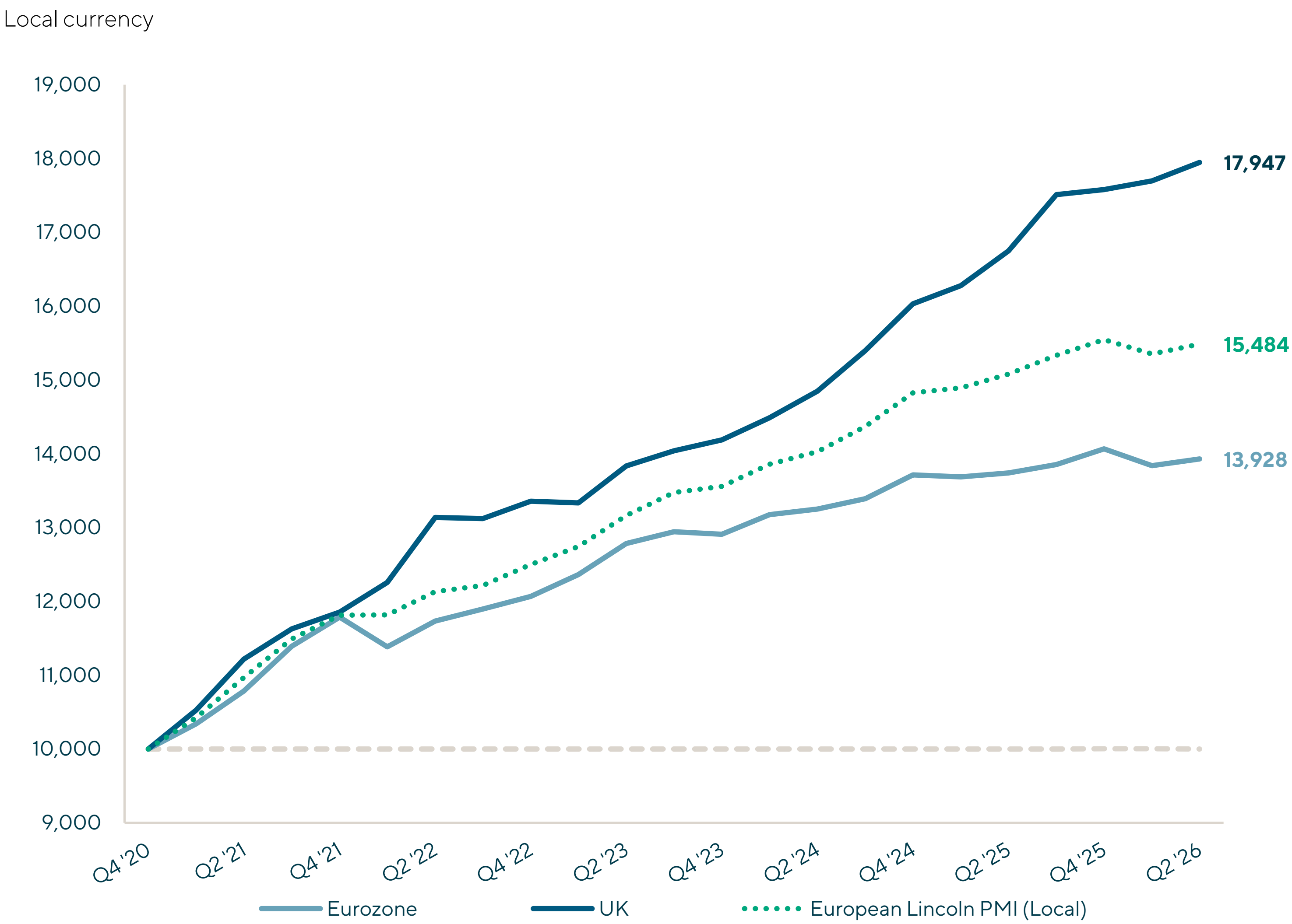
EXAMINING THE LPMI:
Comparing the UK and the Eurozone

Q2
2026



Geography	Q2 '26	LTM
European Lincoln PMI (Local)	**0.9%**	**2.7%**
Eurozone	**0.7%**	**1.4%**
UK	**1.4%**	**7.1%**

UK companies continued to outperform the Eurozone in Q2. Average company size was broadly comparable, suggesting the performance gap was driven more by operating performance and sector mix than scale. The Eurozone had greater exposure to lower-growth sectors, such as industrials, while the UK had more exposure to business services, which was the strongest-performing industry within in the index this quarter.

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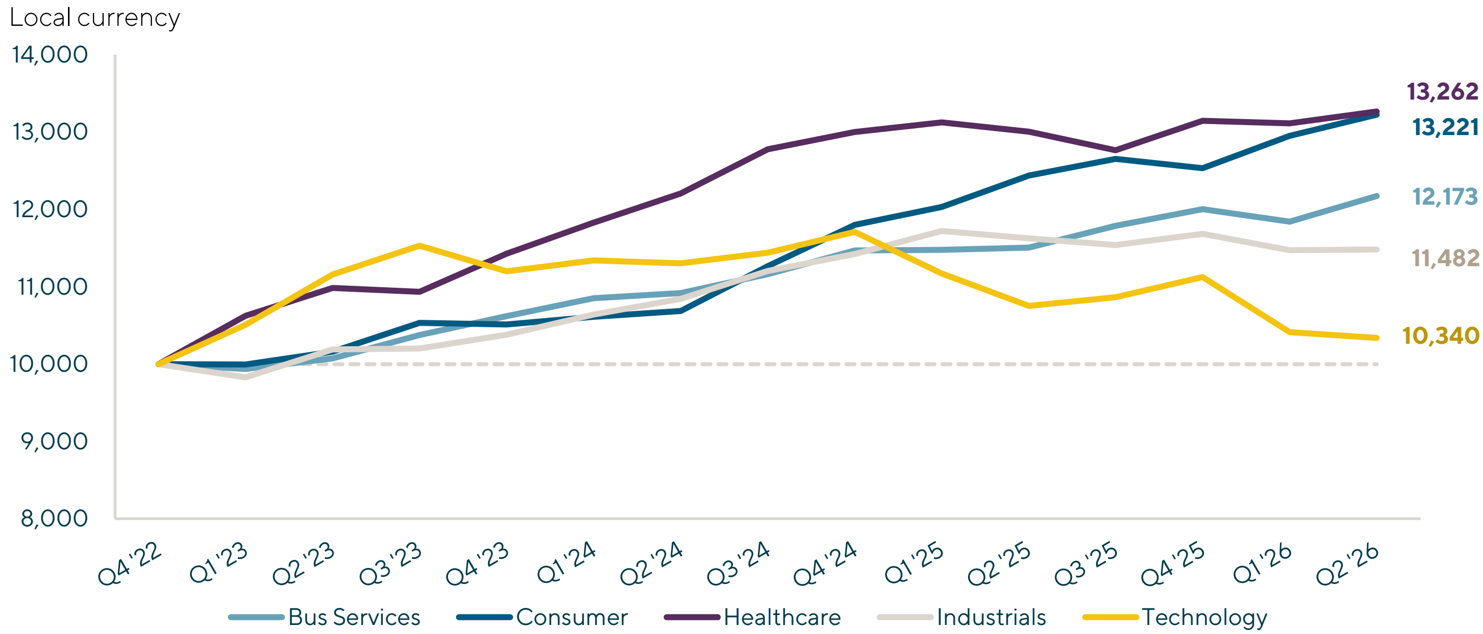
EXAMINING THE LPMI:

European Lincoln PMI by Sector

Q2 2026



Technology, which represented 17% of the European Lincoln PMI this quarter, was the only sector to decline in Q2. Technology company valuations decreased 0.7% after declining 6.4% in Q1 as valuation pressure associated with software sell-off began to ease. Software EVs, specifically, declined 1.3% this quarter (versus an 8.3% decline in Q1). Software performance was broadly stable compared to Q1, while valuation declines were increasingly concentrated among more highly levered and underperforming businesses.

Over the last two quarters, movements in software enterprise values have been driven predominantly by changes in valuation multiples rather than performance, with private company fundamentals proving comparatively resilient even as investors reassessed the appropriate valuation for software assets. As the market increasingly differentiates between business models, growth profiles and credit quality, the dispersion in valuations across the sector is likely to become more pronounced. For example, across European software loans valued by Lincoln in Q2, the estimated fair values improved for those with loan-to-value (LTV) ratios under 45%.

Industry	Q2'26	LTM
Business Services	2.8%	5.8%
Consumer	2.1%	6.3%
Healthcare	1.1%	2.0%
Industrials	0.1%	(1.2%)
Technology	(0.7%)	(3.8%)
European Lincoln PMI (Local)	0.9%	2.7%

Business services recorded the highest EV growth this quarter, with an increase of 2.8%. IT services, professional & human capital services and marketing & information services were the largest contributors to the industry's increase. However, this could more broadly be seen as a recovery off of a weaker Q1.

Consumer EVs grew this quarter, increasing 2.1%, albeit a moderation in growth relative to Q1. Similarly to Q1, the lifestyle and leisure subsector continued to account for the largest portion of the EV increase.

Whilst industrial EVs declined in Q1, they were relatively flat in Q2. Performance was the drag on growth this quarter rather than the impact of multiples, indicating that some of the operational pressures from rising energy costs and supply chain disruption may be beginning to emerge in earnings.

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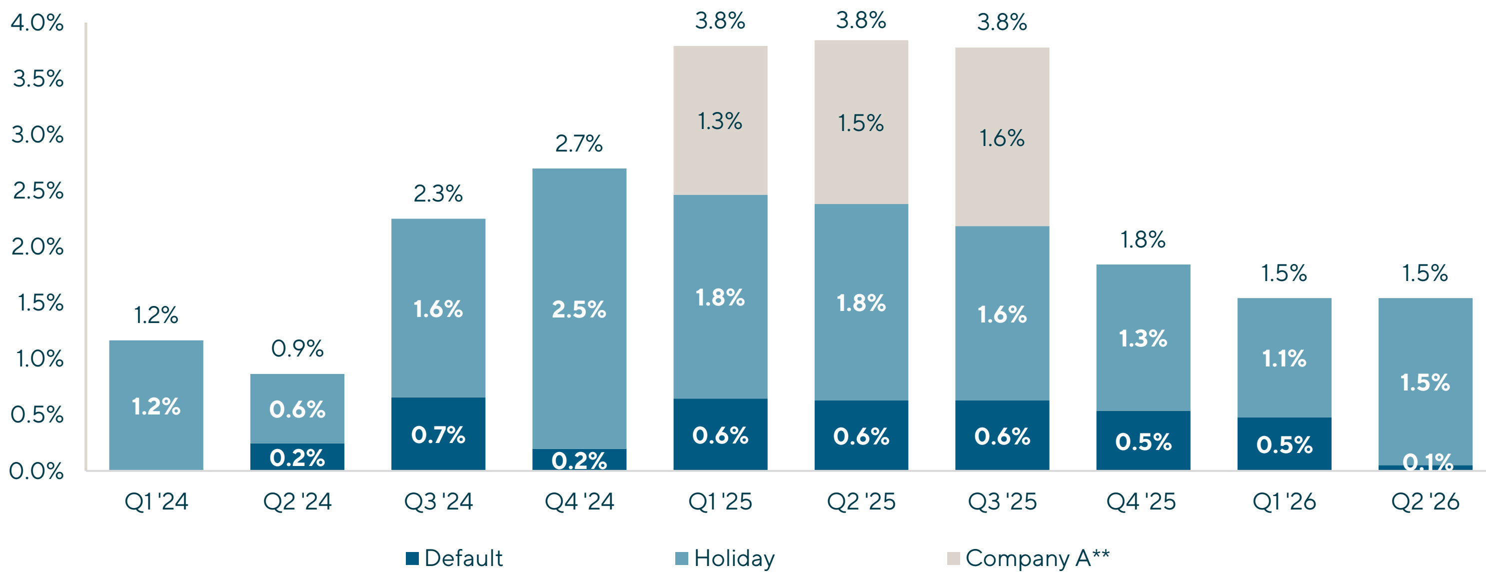
EXAMINING THE LPMI:

Credit Conditions

Q2
2026



* As per the prior quarter, one large issuer made up a significant portion of defaults between Q1 2025 and Q3 2025.

Covenant metrics remained broadly stable in Q2, though pressure on weaker borrowers continued to remain evident. The covenant default rate remained flat at 1.5%, but there were seven new issuers with breaches in the quarter. At the same time, PIK usage increased to 16.7% from 16.1% in Q1, with "bad PIK" edging up from 7.9% to 8.1%. Businesses with "bad PIK" remain materially more challenged, with LTVs that were approximately 25% above initial transaction levels. Further, there is clear evidence of increased lender-control activity, with €4.5 billion in debt foreclosures across eight issuers already so far this year. This amount far exceeds what has been experienced over the last three years.

Amidst the potential stress, lenders are looking to generate liquidity in other ways, and they are doing so via the secondary market. Following Q1 redemption pressure on business development companies and other liquidity-sensitive direct lenders, Lincoln observed a meaningful increase in private loans being traded before maturity within the United States.

Nick Baldwin, Managing Director in Lincoln International's European Valuations & Opinions Group, commented, "The key takeaway from Q2 is that selectivity is becoming increasingly important. The broad valuation adjustment seen in Q1 has moderated, but that does not mean all businesses are benefiting equally. In software, for example, underlying performance remained broadly stable while valuation declines became increasingly concentrated among weaker and more highly levered companies. Stronger companies with resilient earnings and more conservative capital structures continue to attract support."

IN SUMMARY, WE BELIEVE THE LINCOLN PMI:

- Enables investors in private companies, including private equity firms, to benchmark their investments against their peers and European public indices on both EV and equity value bases;
- 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:
Data Collection and Academic Advisors

METHODOLOGY

The Index is calculated using anonymized data on an aggregated basis by Lincoln's Valuations & Opinions Group, which has unique insights into the financial performance of thousands of portfolio investments across a variety of investment vehicles, including private equity and private debt funds.

All figures are quoted in and based on calculations in local currencies; however, Lincoln also prepares the index on a single-currency basis to account for FX impacts. Lincoln applied the same methodology to public indices to allow a like-for-like enterprise value comparison between the Index, the FTSE 250 and the STOXX 600.

PROFESSOR STEVEN KAPLAN

Professor Steven Kaplan is a Senior Advisor to Lincoln's Valuations & 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 & 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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Lincoln International, Inc. (NYSE: LCLN) is a trusted investment banking advisor to business owners and senior executives of leading private equity firms and their portfolio companies and to public and privately held companies. Our services include mergers and acquisitions advisory, private funds and capital markets advisory and valuations and fairness opinions. The global enterprise is comprised of a tightly integrated team of more than 1,400 professionals in more than 30 offices in 14 countries, offering 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.**

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