LINCOLN INTERNATIONAL

Q1 2026

INSIDE THIS ISSUE

LINCOLN PMI

LINCOLN PRIVATE MARKET INDEX™

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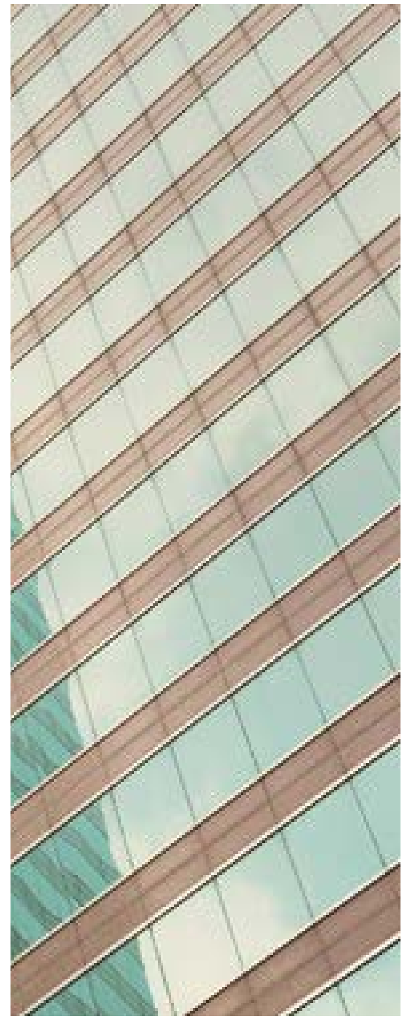

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DESPITE STEADY EARNINGS GROWTH, LINCOLN'S PMI DECREASED AS MULTIPLES CONTRACTED.

The Lincoln Private Market Index (PMI), the index that tracks changes in the enterprise value of U.S. privately held companies, decreased by 2.2% during the first quarter of 2026 despite continued EBITDA growth as enterprise value multiples contracted since Q4 2025.

ABOUT THE LINCOLN PRIVATE MARKET INDEX

The Lincoln PMI is an 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 (EV) for private companies primarily owned by private equity firms.

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

QUARTERLY OVERVIEW

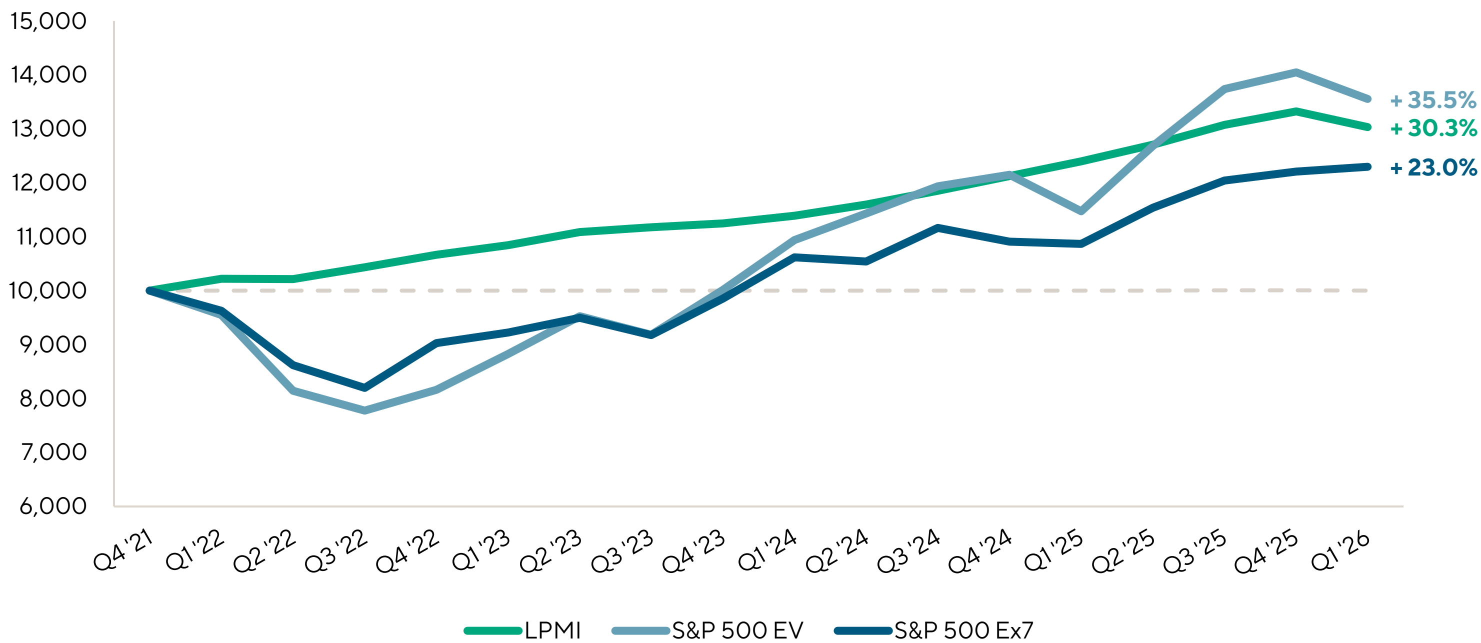
- 34th Edition: Covers Q1 2026
- Measures quarterly changes in the enterprise values of ~1,800 private companies, based on a population of approximately 7,000+ companies primarily owned by private equity firms with a median EBITDA of ~$50–60 million
- Analyzes the impact from the change in a company's earnings versus its valuation multiple
- Assess the change in value for six industry sectors

RESULTS:

Enterprise Values Decrease Despite Robust Performance

Q1

2026



(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)

	Q1'26	LTM	CAGR Since Inception
LPMI	**(2.2%)**	**5.1%**	**7.5%**
S&P 500 EV	**(3.5%)**	**18.2%**	**10.0%**
S&P 500 Ex7 EV	**0.7%**	**13.1%**	**N/A**

The Lincoln PMI's quarter-over-quarter enterprise value decrease of 2.2% was less than the decline of the S&P 500's of 3.5%. When excluding the "Magnificent Seven" from the S&P 500, which are less comparable to private market companies, the enterprise value of public companies increased by 0.7%, highlighting the resilience of less AI-impacted companies given the significant AI exposure of the Magnificent 7. The decline in both public and private market enterprise values was driven by multiple contraction as earnings continued to grow, marking a deviation from the prior trend of performance overpowering decreasing valuation multiples.

For companies without exposure to software or the threat of AI, market activity in Q1 was more of the same, with advisor-linked platform deal flow being flat-to-down. In general, the larger the fund, the more likely that platform deal flow is down compared to 2025, while smaller funds, especially those focused on sub-$15.0 million EBITDA platforms and privately held companies, reported year-over-year deal flow above Q1 2025 levels. The observations support the prevailing expectation and evidence that funds facing deployment pressures must look down-market for platform opportunities while increasing their attention to add-ons that fuel inorganic growth and that buy down entry multiples on existing platforms in order to put money to work.

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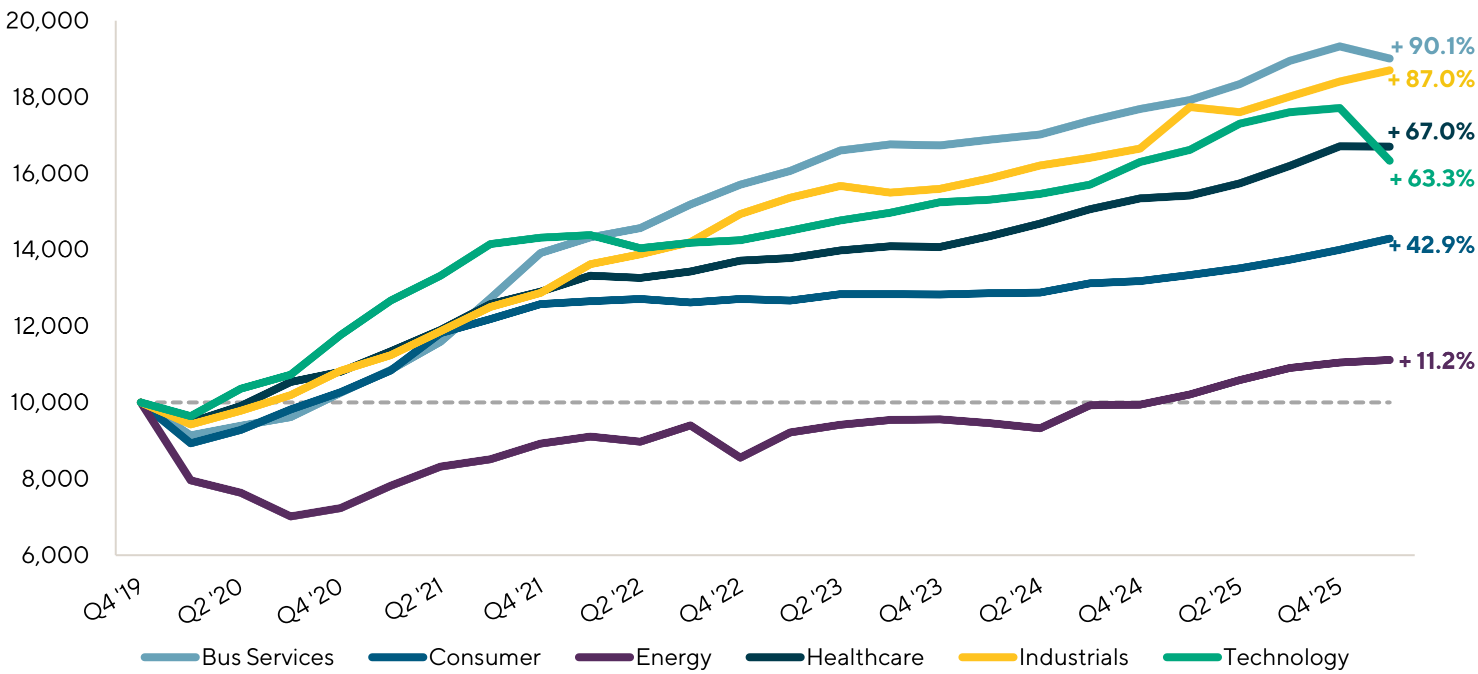
SECTOR BREAKDOWN:

AI Disruption Led to Outsized Declines in the Technology Industry

Q1 2026



Technology companies lagged the broader index this quarter, driven by an 8.8% decrease in enterprise values of software companies, due to investors' uncertainty around the long-term defensibility of software business models with the proliferation of AI. Many historical value propositions of software companies are no longer considered moats. As a result, deal teams began negotiating multiples down, and the market sought to de-risk from the industry. AI disruption risk is not necessarily a near-term headwind but rather a medium-to-longer term dynamic with which nearly every company, not just software businesses, will need to grapple.

Industry	Q1'26	LTM
Business Services	(1.7%)	6.0%
Consumer	2.1%	7.1%
Energy	0.6%	8.9%
Healthcare	(0.1%)	8.3%
Industrials	1.6%	5.4%
Technology	(7.8%)	(1.7%)

For example, software companies can broadly be defined as either horizontally or vertically integrated, meaning a business can either serve many industries with a general-purpose product (horizontal integration) or focus deeply on one industry or workflow (vertical integration). Historically, vertically integrated software businesses have garnered premium multiples compared to horizontal software businesses. In Q1, the gap in enterprise values between the two widened to nearly 2.0x EBITDA. Specifically, overall software multiples declined to 14.3x EBITDA in Q1 (vs. an average of 15.2x since Q1 2024), whereas vertically integrated multiples declined to 15.0x (15.5x since Q1 2024) and horizontally integrated multiples declined to 13.4x (14.7x since Q1 2024).

"The impact of AI will be far-reaching and touch nearly every business, not just software companies," noted Ron Kahn, Managing Director and Co-Head of Lincoln International's Valuations & Opinions Group. "The challenge for market participants is how to price that risk in today given both recent results and short-term performance expectations are favorable. Each company needs to be evaluated for its relative risk of disruption, the sustainability of its business model and its capital structure leading into this transformative time."

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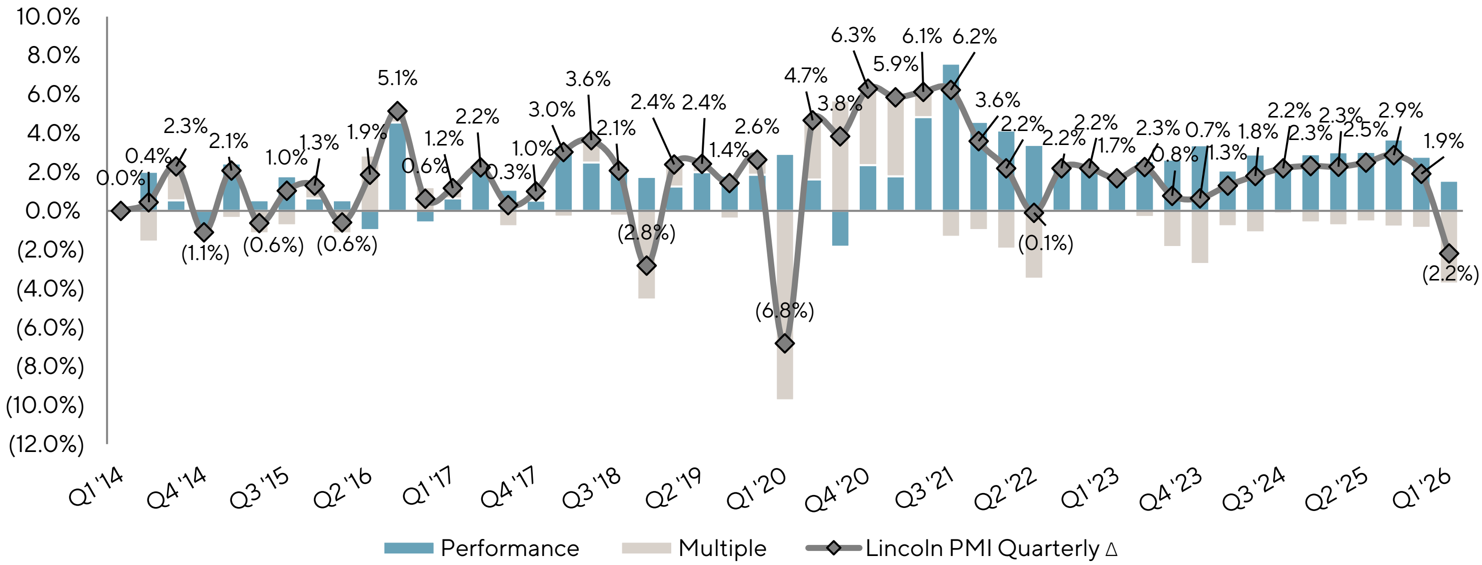
EXAMINING THE LPMI:

EBITDA Multiples versus Earnings

Q1
2026



40%

Expansion of LPMI valuation multiples since Q2 2014

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

After 21 consecutive quarters of growth, the Lincoln PMI experienced its first quarter of decline in Q1 2026, driven by multiple contraction. Despite continued momentum in earnings across all sectors, investors' concerns about AI's impact on future performance overpowered performance growth. Given software comprises over 15% of the index, and software-adjacent business service companies comprise a significant portion as well, these material concerns had an outsized impact on the index overall.

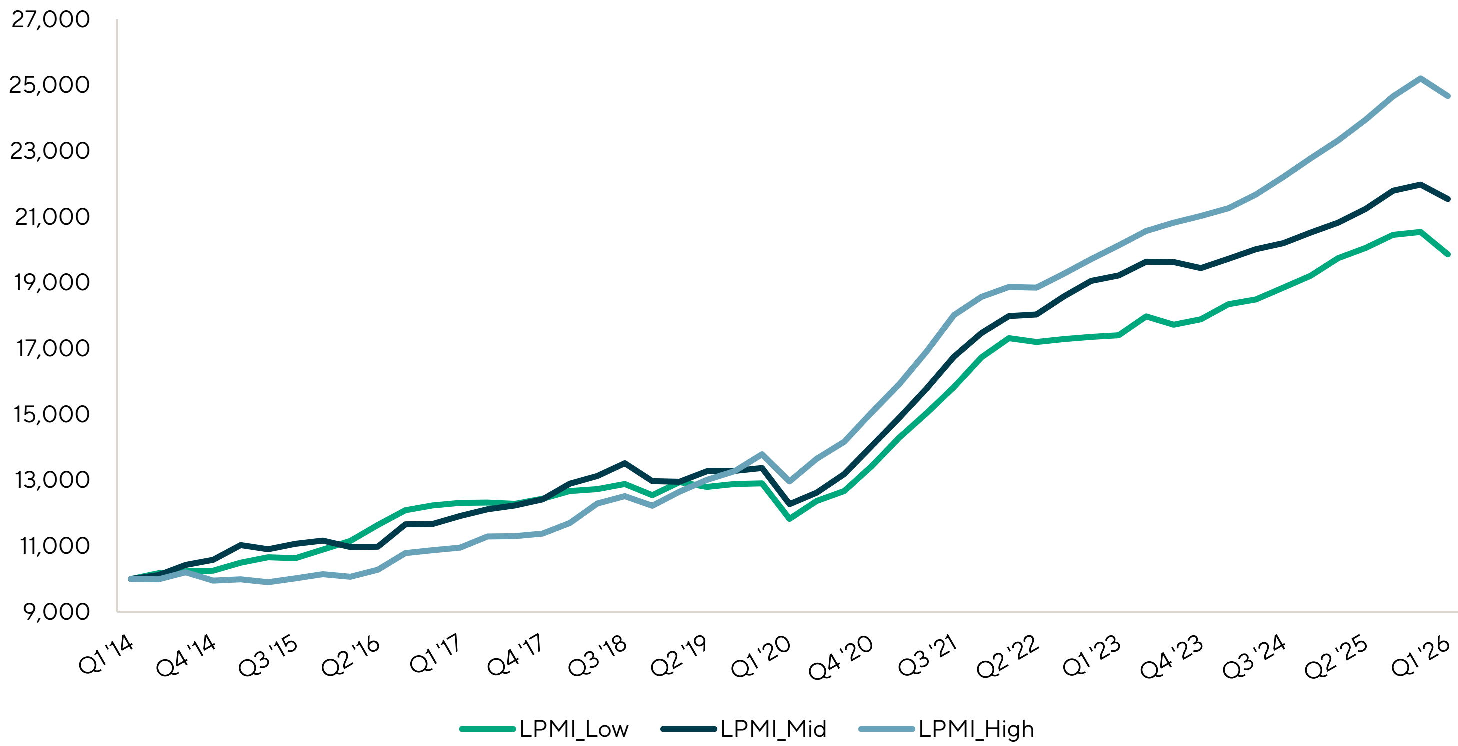
"While private company enterprise values have historically been driven by fundamental performance and near-term expectations of growth, Q1 marked a deviation from that trend for software companies," noted Steve Kaplan, Neubauer Distinguished Service Professor of Entrepreneurship and Finance at the University of Chicago Booth School of Business, who assists and advises Lincoln on the LPMI. "Software company operating performance, in fact, remained positive on average in Q1. The decline in software valuations was entirely due to lower multiples for such businesses, reflecting market participants' views of longer-term expectations around AI driven disruption."

Importantly, operating performance remains strong. Lincoln observed an increase in the number of companies growing both revenue (69.8% vs. 67.2% in Q4) and EBITDA (62.6% vs. 62.3% in Q4) while also observing an increase in the magnitude of year-over-year growth in revenue (6.6% vs. 5.9% in Q4) and relatively stable EBITDA growth (4.6% vs. 4.4 % in Q4) in Q1. Looking at software companies' performance specifically, trends were also positive, as 74.9% of software companies grew revenue and 67.0% grew EBITDA, while the magnitude of year-over-year growth was 6.6% for both revenue and EBITDA.

EXAMINING THE LPMI:

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

Q1 2026



(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)

While enterprise values decreased amongst all size cohorts, larger companies (i.e. companies with EBITDA > $50 million) experienced a lesser decrease than their smaller counterparts. This dynamic can also be observed in public markets. Larger companies have been broadly able to successfully handle inflationary pressures and have been insulated to a greater extent from various broader market headwinds, such as tariffs and energy prices, than smaller companies. For these reasons, investors have sought out larger companies with more stable cash flows and lower idiosyncratic risk.

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SUMMARY:
Q1 2026 LPMI

Q1 2026

Q1 2026 LINCOLN PMI: GENERAL OBSERVATIONS

- After 21 consecutive quarters of enterprise value growth, the Lincoln PMI decreased 2.2% in Q1, driven by multiple contraction, specifically amongst software companies.
- The S&P 500 exhibited similar trends, with enterprise values decreasing 3.5% since Q4, primarily due to a pullback in public software valuations, whereas the S&P 500 excluding the Magnificent 7 was more stable.
- 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.

Q1 2026 LINCOLN PMI: ENTERPRISE VALUE RESULTS

- Despite earnings growth, multiple contraction led to a decrease in both the Lincoln PMI and S&P 500. Q1 marked a deviation in the prior trend (since mid-2023) of performance overpowering decreasing valuation multiples
- Enterprise values of all EBITDA sizes tracked by the Lincoln PMI decreased this quarter; however, larger companies continued to outperform as smaller companies remained constrained by their less-diversified business models and the risk-off sentiment from investors.

Q1 2026 LINCOLN PMI: INDUSTRY BREAKDOWN ON AN ENTERPRISE VALUE BASIS

- For the first time in the Lincoln PMI's history, technology was the worst-performing industry over a 12-month span as investors grew wary of the accelerated pace of AI disrupting traditional software business models and the risk of material capital expenditures into AI development taking years to generate returns.
- Lincoln observed an increase in the number of companies growing both revenue and EBITDA. Looking at software companies' performance specifically, trends were also positive as 74.9% of software companies grew revenue and 67.0% grew EBITDA.

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

Q1
2026

SOURCE OF DATA AND SAMPLE SIZE

On a quarterly basis, Lincoln determines the enterprise fair value of over 7,000 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 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.

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

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.

7,000+

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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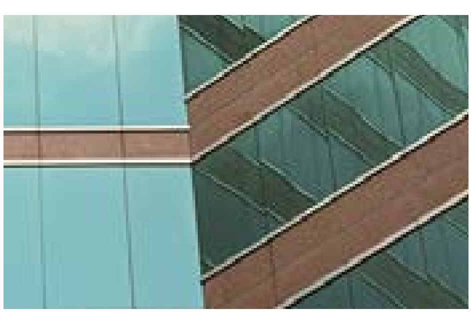
METHODOLOGY:
Academic Advisors



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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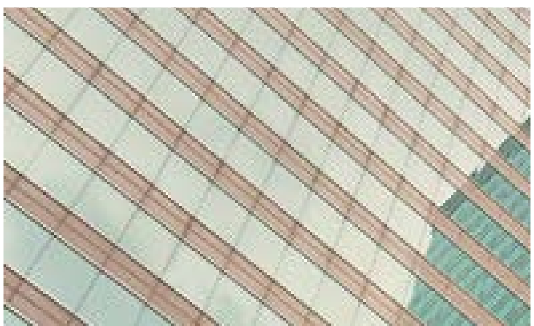
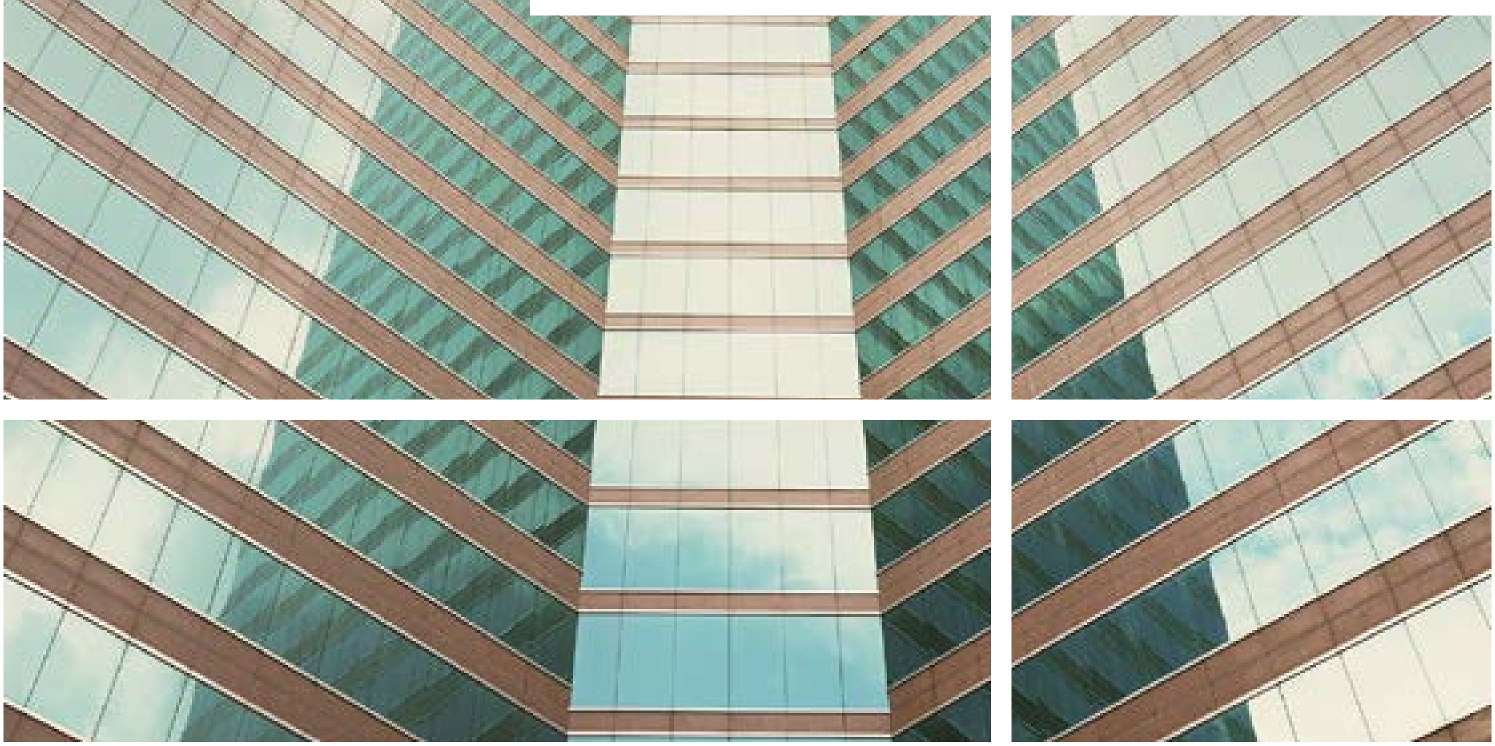
ABOUT LINCOLN INTERNATIONAL

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**.

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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