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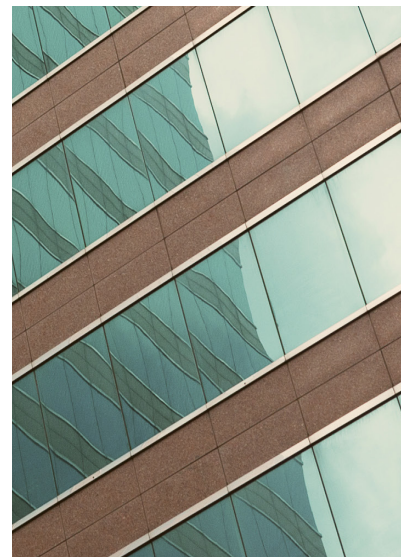
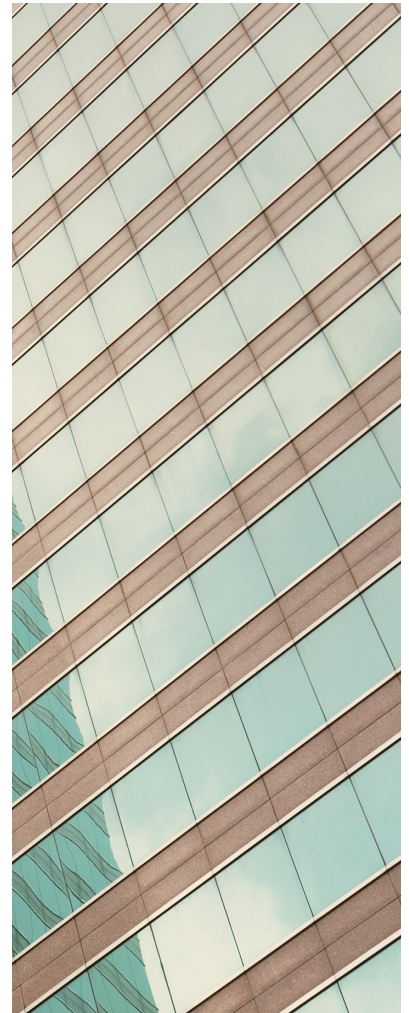


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## LINCOLN'S PMI EXHIBITED STEADY GROWTH IN Q3 2025, FUELED BY POSITIVE EARNINGS.

The Lincoln Private Market Index (LPMI), the only index that tracks changes in the enterprise value of U.S. privately held companies, increased by 2.9% during the third quarter of 2025 driven by strong performance growth as enterprise value multiples remained relatively stable from Q2 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 for 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

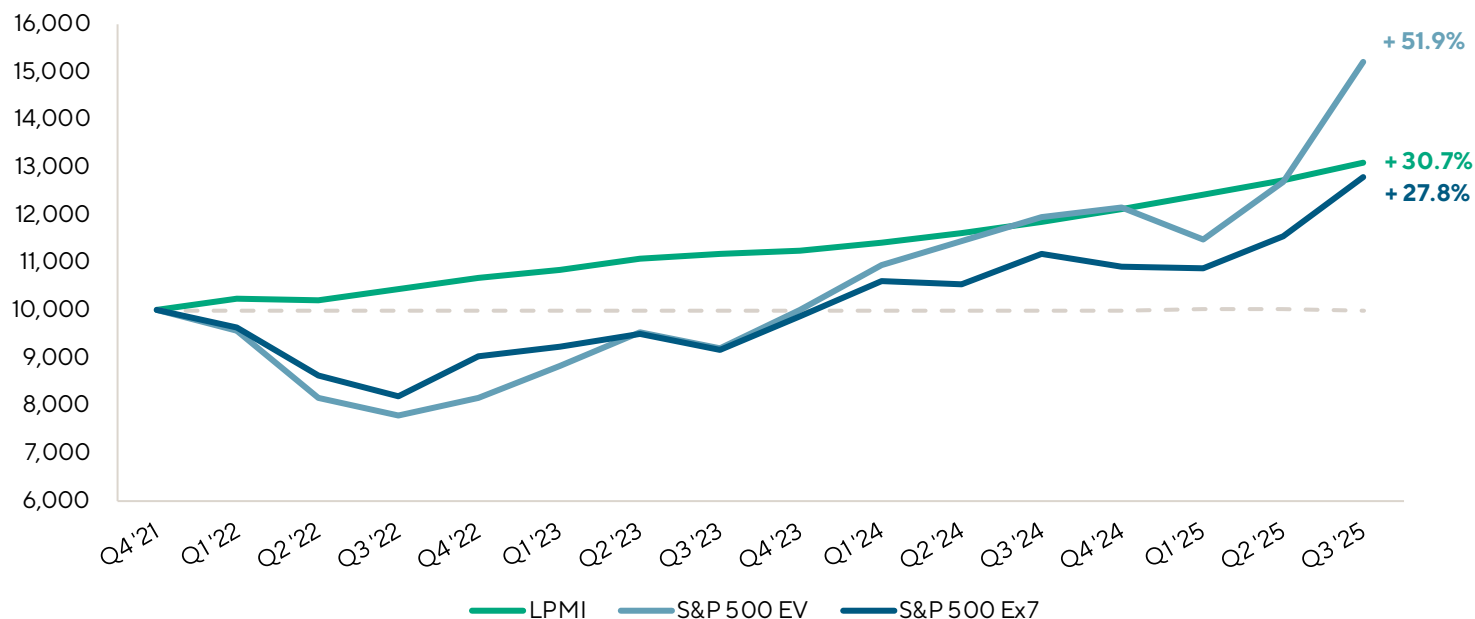
- 32nd Edition: Covers Q3 2025
- Measures quarterly changes in the enterprise values of ~1,500 private companies, based on a population of approximately 6,250+ companies primarily owned by private equity firms with a median EBITDA of ~\$50–60 million
- Analyzes the impact from the change in a company's earnings versus its valuation multiple
- Assesses the change in value of six industry sectors

## RESULTS:

# Private Market Growth Remained Steady Despite Public Market Volatility

**Q3**

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)

	Q3'25	YTD	LTM	CAGR Since Inception
LPMI	2.9%	7.8%	10.3%	7.8%
S&P 500 EV	8.3%	13.1%	15.1%	10.6%
S&P 500 Ex7 EV	4.4%	10.4%	7.9%	N/A

The Lincoln PMI's quarter-over-quarter enterprise value increase of 2.9% underperformed the S&P 500's increase of 8.3%. When excluding the "Magnificent Seven" from the S&P 500, which are less comparable to private market companies, the change in public market enterprise values was more muted, increasing only 4.4%. Public market enterprise values were driven primarily by multiple expansion, driven largely by public market exuberance surrounding AI. Conversely, there are few sponsor-backed AI companies in the Lincoln PMI. Further, more than any point in history, the S&P 500 is highly concentrated to these few mega-cap stocks; conversely, the Lincoln PMI has no equivalent to any of the "Magnificent 7" and exhibits very low levels of concentration, further mitigating volatility.

Initial expectations for 2025 indicated there was positive momentum behind a strong return in M&A activity which would likely boost valuation multiples in the private markets; however, although M&A activity has improved, it's been slower-than-expected. Some sponsors report being as busy as ever whilst others are quiet. High-quality "A-tier" assets remain in high demand with competitive processes and numerous bids requiring mid-teens multiples to advance in processes whereas the rest of the market (i.e., the non-A+ assets) is not yet benefiting to the same extent as the rising tide has not yet lifted all boats.

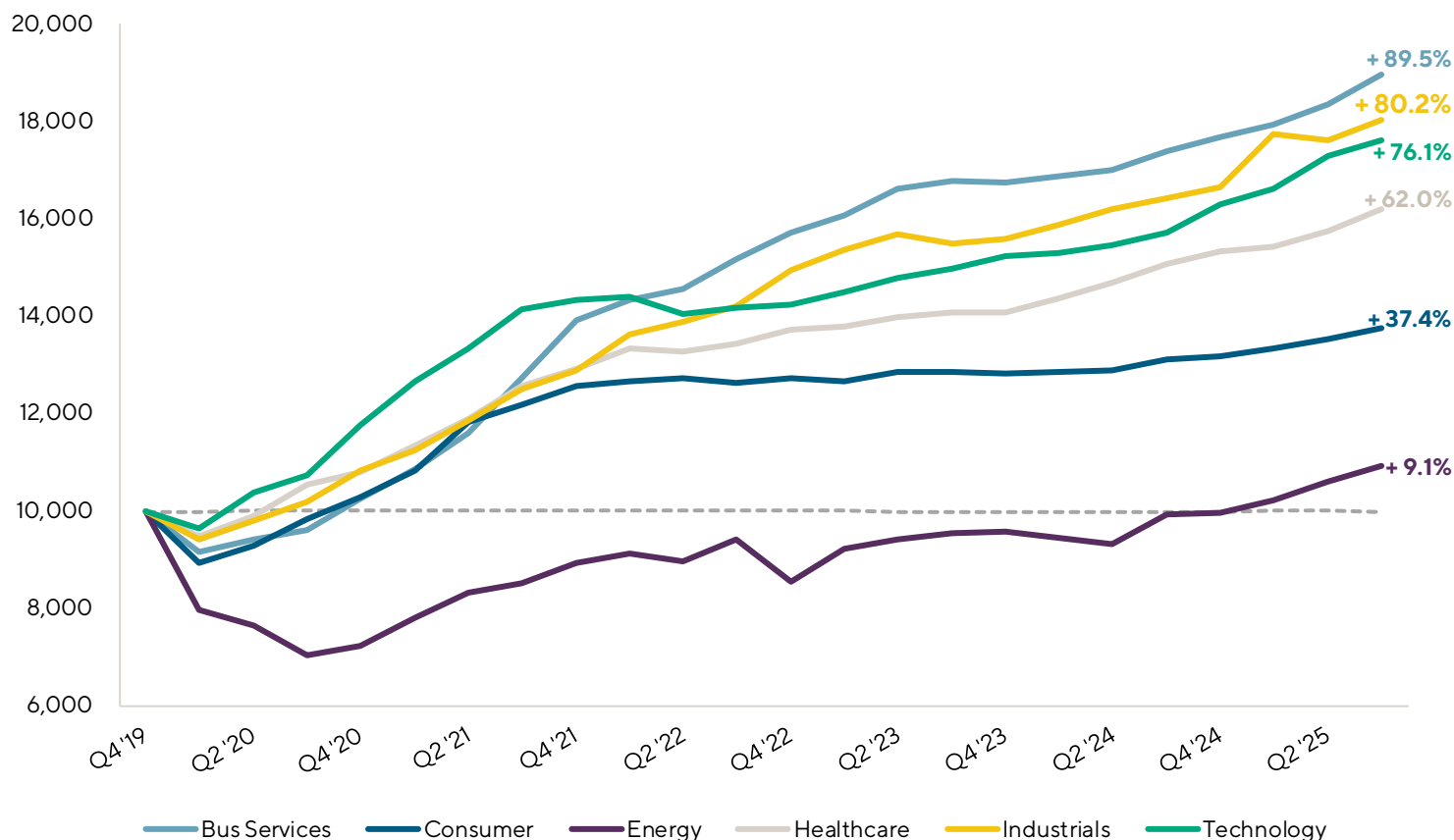


## SECTOR BREAKDOWN:

# While Valuations Improved Across All Industries, Consumer Again Lagged the Rest

**Q3**

2025



Industry	Q3 '25	YTD	LTM
Business Services	3.3%	7.1%	9.0%
Consumer	1.7%	4.2%	4.7%
Energy	3.0%	9.7%	9.9%
Healthcare	2.9%	5.6%	7.5%
Industrials	2.3%	8.2%	9.8%
Technology	1.7%	8.0%	12.1%

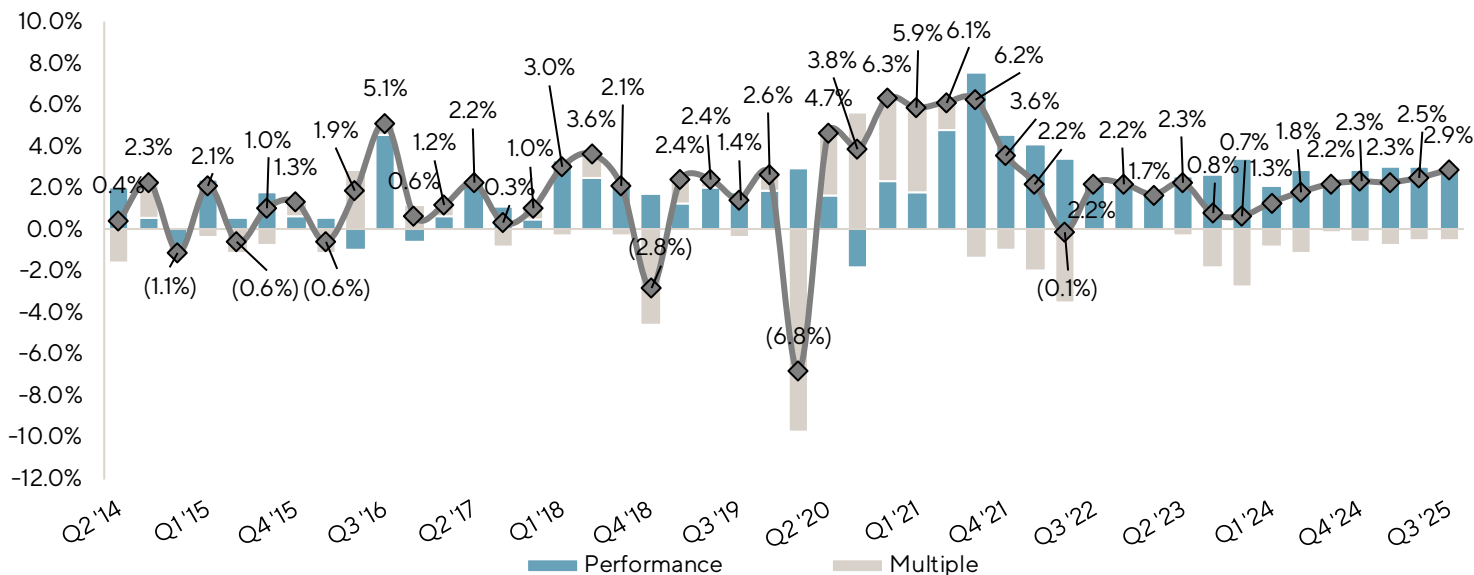
Consumer companies remain most directly impacted by tariffs and persistent inflation issues resulting in difficulty generating earnings momentum thus limiting enterprise value growth. Combined with concerns from market participants that these headwinds will persist for an extended period of time, consumer multiples have also come under pressure. Further, the usage of PIK interest was more prominent among consumer companies relative to other industries, a trend that coincided with elevated loan-to-value (LTV) ratios for such companies, highlighting a broader strain on cash flows and thin fixed charge coverage.

Healthcare also experienced below-average growth over the last 12 months given the significant uncertainty created by the Trump administration and the unpredictable regulatory backdrop combined with limited private market demand for platform transactions of roll-up strategies like DSOs, etc., as investors continued to favor high-growth sectors such as technology.

# EXAMINING THE LPMI: EBITDA Multiples versus Earnings

**Q3**

2025



**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 (i.e., EBITDA) combined with the change in EBITDA multiples.

The Lincoln PMI saw the 20th consecutive quarter of earnings growth, ultimately driving the overall index growth as multiples remained steady from the prior quarter. That the Lincoln PMI's enterprise value growth remains driven by earnings suggests that it will continue to experience less volatility than the S&P 500 which is driven by swings in sentiment driving multiple changes.

"Private market enterprise value growth in Q3 may have lagged the S&P 500, but the growth it experienced was largely driven by an increase in earnings," 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. "Conversely, the earnings of the S&P 500 grew by less than the privately held companies, but the S&P 500 index outperformed because of multiple expansion."

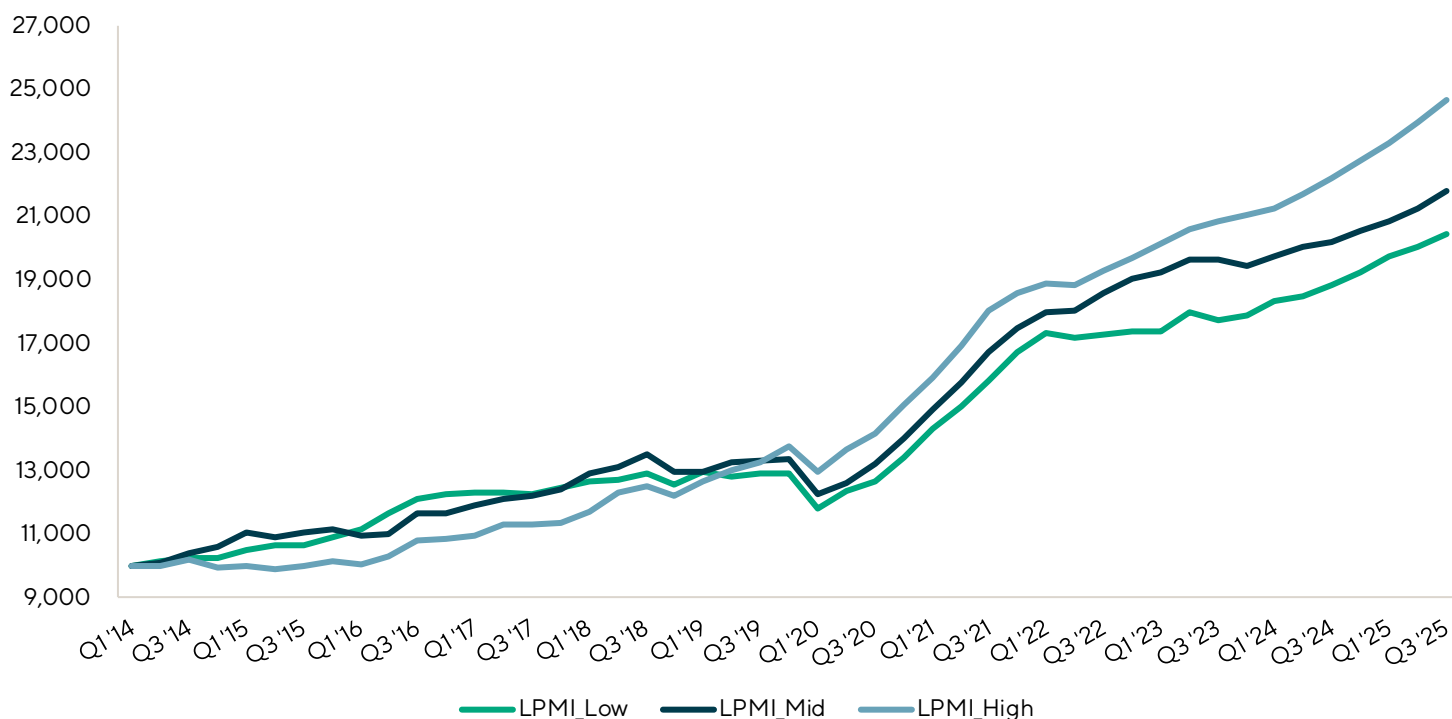
While there were many positives to note in the direct lending market in Q3 and performance on the whole was robust, it would be an oversimplification to say that all companies are created equal in today's market. Of the companies tracked by Lincoln, the magnitude of adjusted EBITDA growth slowed from 6.3% in Q2 to 5.4% in Q3, while adjustments as a percentage of total EBITDA remained relatively stable at approximately 24%. Vintages tracked in Lincoln's proprietary private market database have shown an increase in leverage of ~0.5x since deal inception. When you combine this with slowing EBITDA growth and stable adjustments as a percentage of total EBITDA, these factors could suggest that private companies are not generating enough cash flow to organically reduce leverage and that the cracks in private markets that have formed previously are still prevalent.

## EXAMINING THE LPMI:

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

Q3

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 experienced improved earnings, larger companies (i.e. companies with EBITDA > \$50 million) continued to grow at a greater rate than smaller companies;

this theme aligned with 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:

## Q3 2025 LPMI

Q3

2025

### Q3 2025 LINCOLN PMI: GENERAL OBSERVATIONS

- Private company enterprise values increased for the 12th consecutive quarter as the Lincoln PMI increased 2.9%, driven by improved earnings.
- While the growth of the Lincoln PMI was modest relative to the S&P 500, it was similar to that of the S&P 500 after excluding the Magnificent 7, reflecting the greater diversification and smaller exposure to AI in the private 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.

### Q3 2025 LINCOLN PMI: ENTERPRISE VALUE RESULTS

- Although the rate of earnings growth slowed, earnings growth continued to drive the growth in the Lincoln PMI, suggesting that the index would remain less volatile than the public markets which experienced greater impacts from multiple changes.
- Large companies in the Lincoln PMI continued to drive overall index growth as smaller companies remain hampered by their higher risk and the risk-off sentiment from investors.

### Q3 2025 LINCOLN PMI: INDUSTRY BREAKDOWN ON AN ENTERPRISE VALUE BASIS

- All six industries experienced enterprise value growth, although consumer companies continue to lag all other industries given the persistent tariff and inflationary concerns.
- Although technology companies experienced the greatest degree of enterprise value growth over the last twelve months, the rate of growth slowed this quarter, perhaps normalizing.

### 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

Q3

2025

### SOURCE OF DATA AND SAMPLE SIZE

On a quarterly basis, Lincoln determines the enterprise fair value of 6,250+ portfolio companies for more than 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/lincolnmimi>

### 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)

## 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.

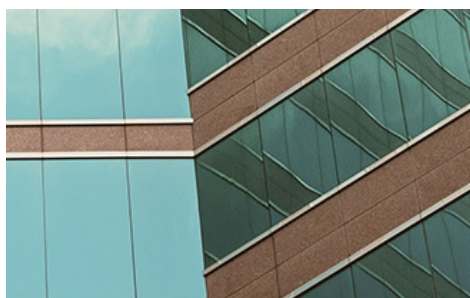
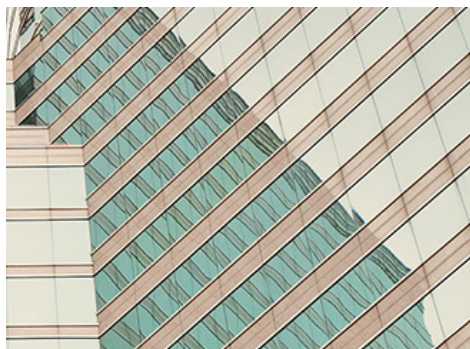
Professor Kaplan serves on the board of Morningstar and several fund and company advisory boards. He is also a Research Associate at the National Bureau of Economic Research.

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.





## GLOBAL INDUSTRY GROUPS

Business Services

Consumer

Energy Transition, Power &  
Infrastructure

Financial Institutions

Healthcare

Industrials

Technology

## ADVISORY SERVICES

Mergers & Acquisitions

Capital Advisory

Private Funds Advisory

Valuations & Opinions

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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.

