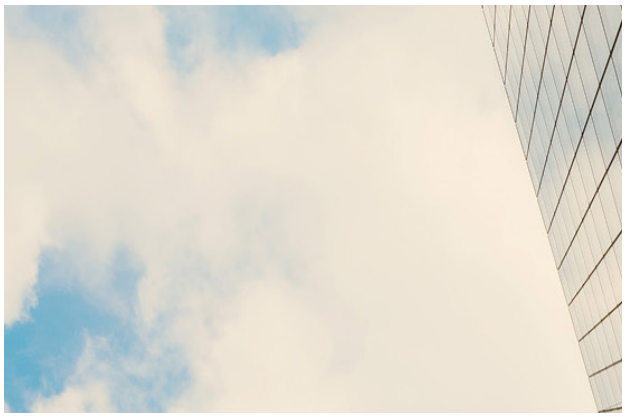
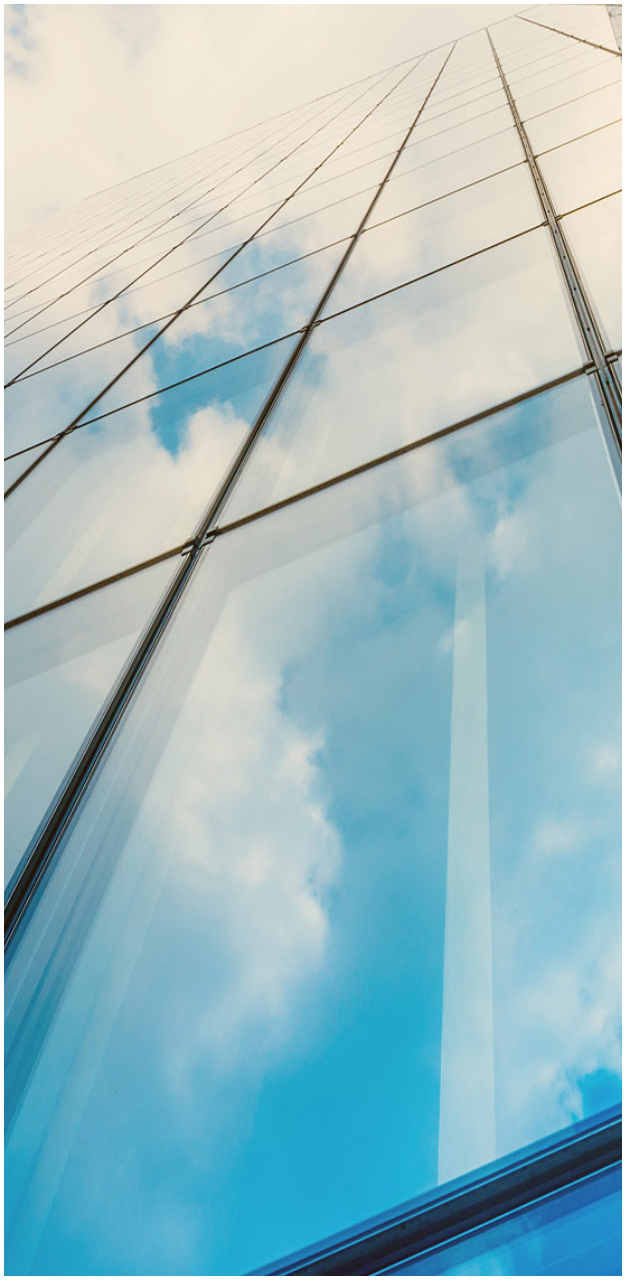
LINCOLN INTERNATIONAL

Q3 2026







INSIDE THIS ISSUE

- Quarterly Overview
- Private Market Company Value Results
- Performance by Industry: Sector Breakdown
- Examining the LPMI: EBITDA Multiples vs. Earnings, Impacts of Small and Large Businesses, UK versus Eurozone, Credit Conditions
- Summary of the LPMI
- Methodology: Data Collection and Academic Advisors

LPMI

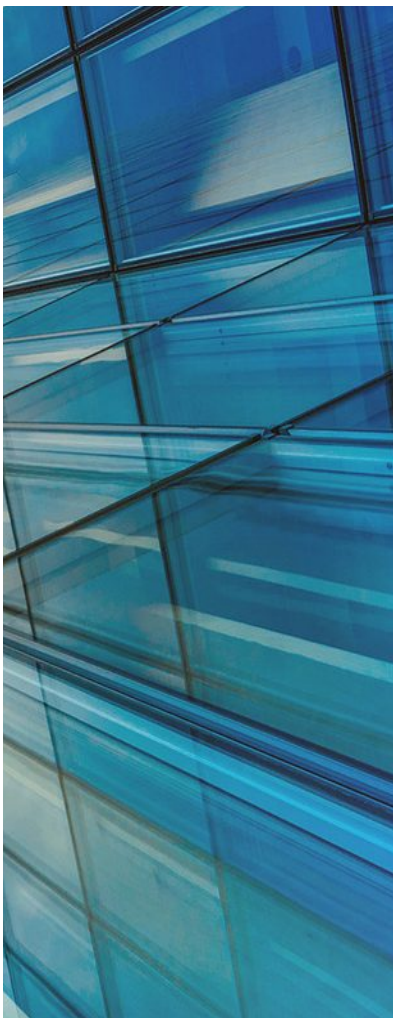
EUROPEAN LINCOLN PRIVATE MARKET INDEX™

Important Disclosure

The Lincoln Private Market Index™ (LPMI) is an informational indicator only, and does not constitute investment advice or an offer to sell or a solicitation to buy any security. It is not possible to directly invest in the Lincoln Private Market Index. Some of the statements above contain opinions based upon certain assumptions regarding the data used to create the Lincoln Private Market Index, and these opinions and assumptions may prove incorrect. Actual results could vary materially from those implied or expressed in such statements for any reason. The Lincoln Private Market Index has been created on the basis of information provided by third-party sources that are believed to be reliable, but Lincoln International has not conducted an independent verification of such information. Lincoln International makes no warranty or representation as to the accuracy or completeness of such third-party information.

The LPMI should not be construed as an offer to sell or buy, or a solicitation to sell or buy, any products linked to the performance of the LPMI. The use of the LPMI in any manner, including for benchmarking purposes, is not endorsed or recommended by Lincoln International and Lincoln International is not responsible for any use made of the LPMI. Lincoln International does not guarantee the accuracy and/or completeness of the LPMI and Lincoln International shall not have any liability for any errors or omissions therein. None of Lincoln International, any of its affiliates or subsidiaries, nor any of its directors, officers, employees, representatives, delegates or agents shall have any responsibility to any person (whether as a result of negligence or otherwise) for any determination made or anything done (or omitted to be determined or done) in respect of the LPMI and any use to which any person may put the LPMI. Lincoln International has no obligation to update the LPMI and has no obligation to investors with respect to any product based on the performance of the LPMI. Any investment in such a product will not acquire an interest in the LPMI. Lincoln International is not an investment adviser and will not provide any financial advice relating to a product linked to the performance of the LPMI. Investors should read any such product offering documentation and consult with their own legal, financial and tax advisors before investing in any such product.

© 2026 Lincoln Partners Advisors LLC. All rights reserved. LINCOLN PRIVATE MARKET INDEX and LINCOLN INTERNATIONAL are service marks owned by Lincoln Partners Advisors LLC and its affiliated entities. Any use of these service marks and these materials, including the reproduction, modification, distribution or republication of these materials, without the prior written consent of Lincoln International, is strictly prohibited.









LINCOLN INTERNATIONAL



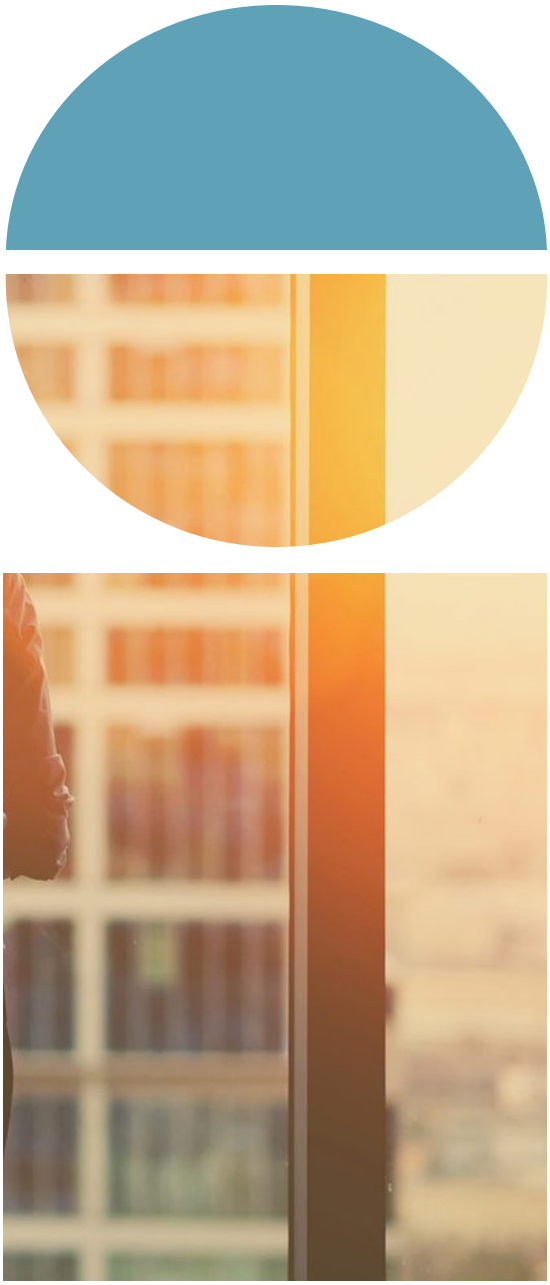
EUROPEAN LPMI GROWTH ACCELERATES IN Q3

The European Lincoln Private Market Index (LPMI) is an 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 LPMI increased to 16,179, representing an increase of 2.6% in Q3 2026. Earnings growth continued to underpin the increase in EVs, while higher multiples provided further momentum during the quarter.

ABOUT THE EUROPEAN LPMI

The European LPMI 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 LPMI 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

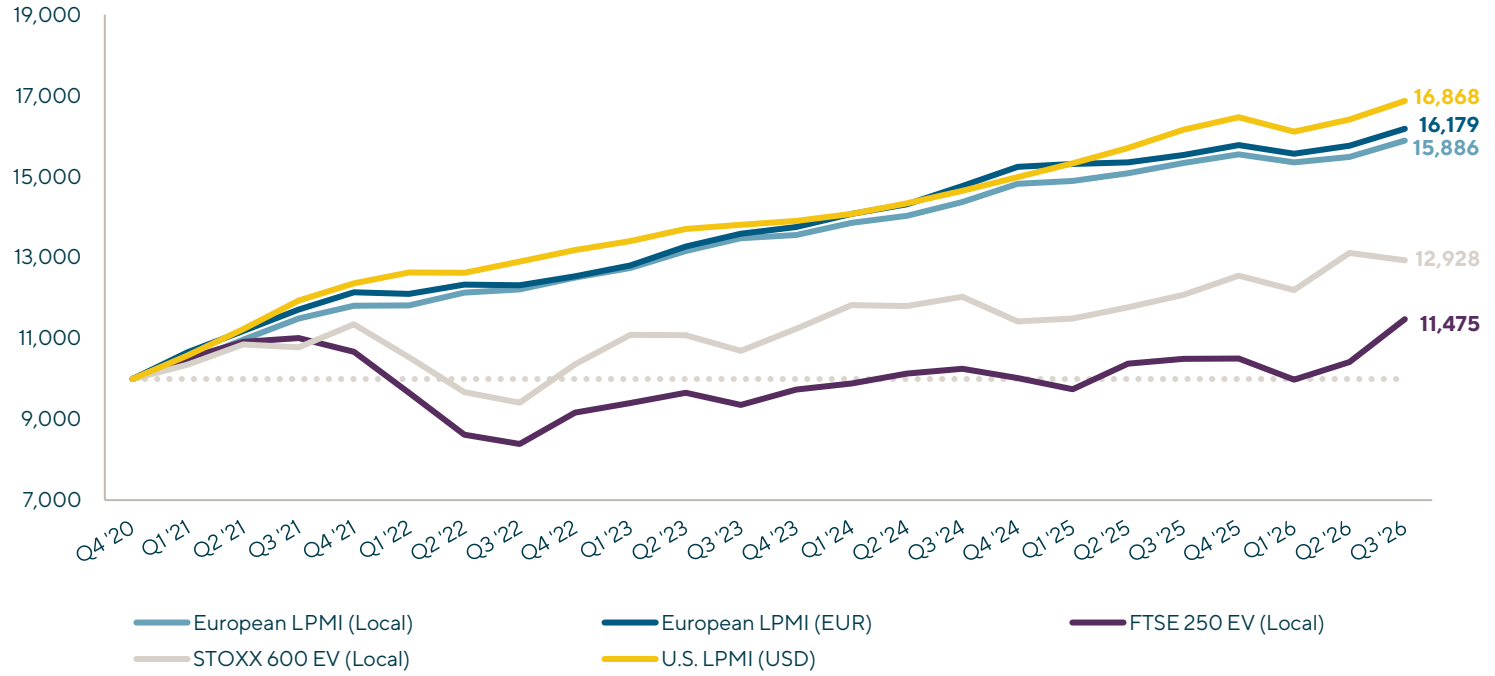
- Measures quarterly changes in the EVs of more than 450 European private companies with a median EBITDA of ~€39 million
- Analyzes the impact of earnings and multiples on the index's performance
- Assesses the change in value for five broad industries

LINCOLN INTERNATIONAL

RESULTS:

European LPMI Growth Accelerated to 2.6% in Q3 2026, while Public Market EV Performance Diverged

Q3
2026



(NOTE: The LPMI, 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	Q3 '26	LTM	CAGR since Inception
European LPMI (Local)	**2.6%**	**3.6%**	**8.4%**
European LPMI (EUR)	**2.6%**	**4.2%**	**8.7%**
FTSE 250 EV (Local)	**10.2%**	**9.3%**	**2.4%**
STOXX 600 EV (Local)	**(1.4%)**	**7.0%**	**4.6%**
U.S. LPMI	**2.8%**	**4.4%**	**9.5%**

Public market performance was mixed this quarter, with the FTSE 250 EV increasing 10.2%, supported by strength in energy, mining and financial stocks. However, the STOXX 600 EV decreased 1.4% as higher oil prices and bond yields renewed inflation and interest rate concerns, respectively.

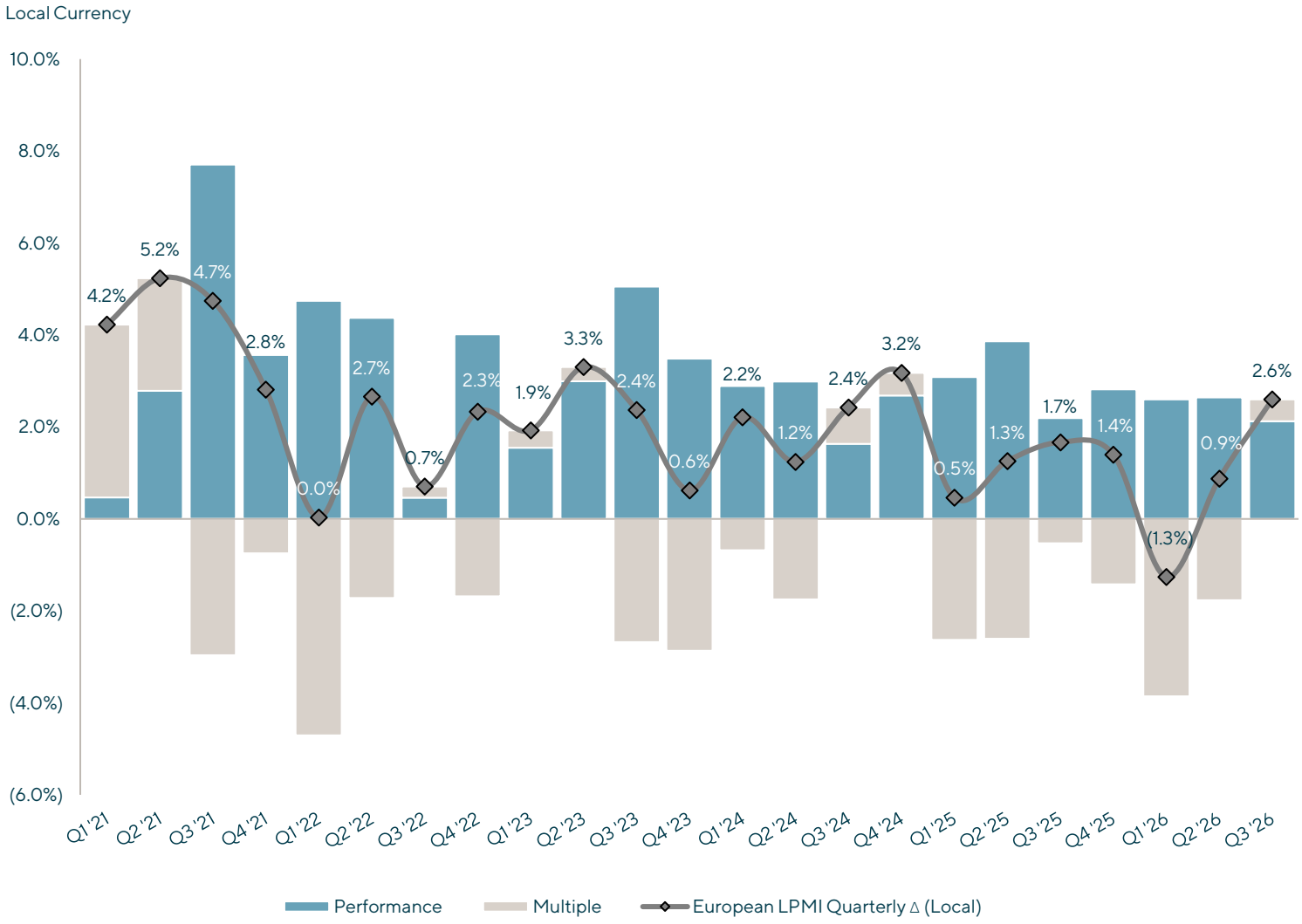
In contrast, the European LPMI's increase was primarily driven by operating performance, highlighting its relative stability amid public market volatility. While the LPMI's return of 3.6% over the last 12 months was below the FTSE 250's return of 9.3% and the STOXX 600's return of 7.0%, it has outperformed both indices since inception and done so with lower volatility.

LINCOLN INTERNATIONAL

EXAMINING THE LPMI:

European LPMI QoQ Delta Drivers: EBITDA Multiples Versus Earnings

Q3
2026



Since its inception, earnings growth has consistently supported European LPMI performance and has generally outweighed the impact of multiple contraction. This trend continued in Q3, with data from Lincoln Lens showing further improvement in company fundamentals. Alongside stronger earnings, multiples contributed positively to EV growth for the first time since 2024.

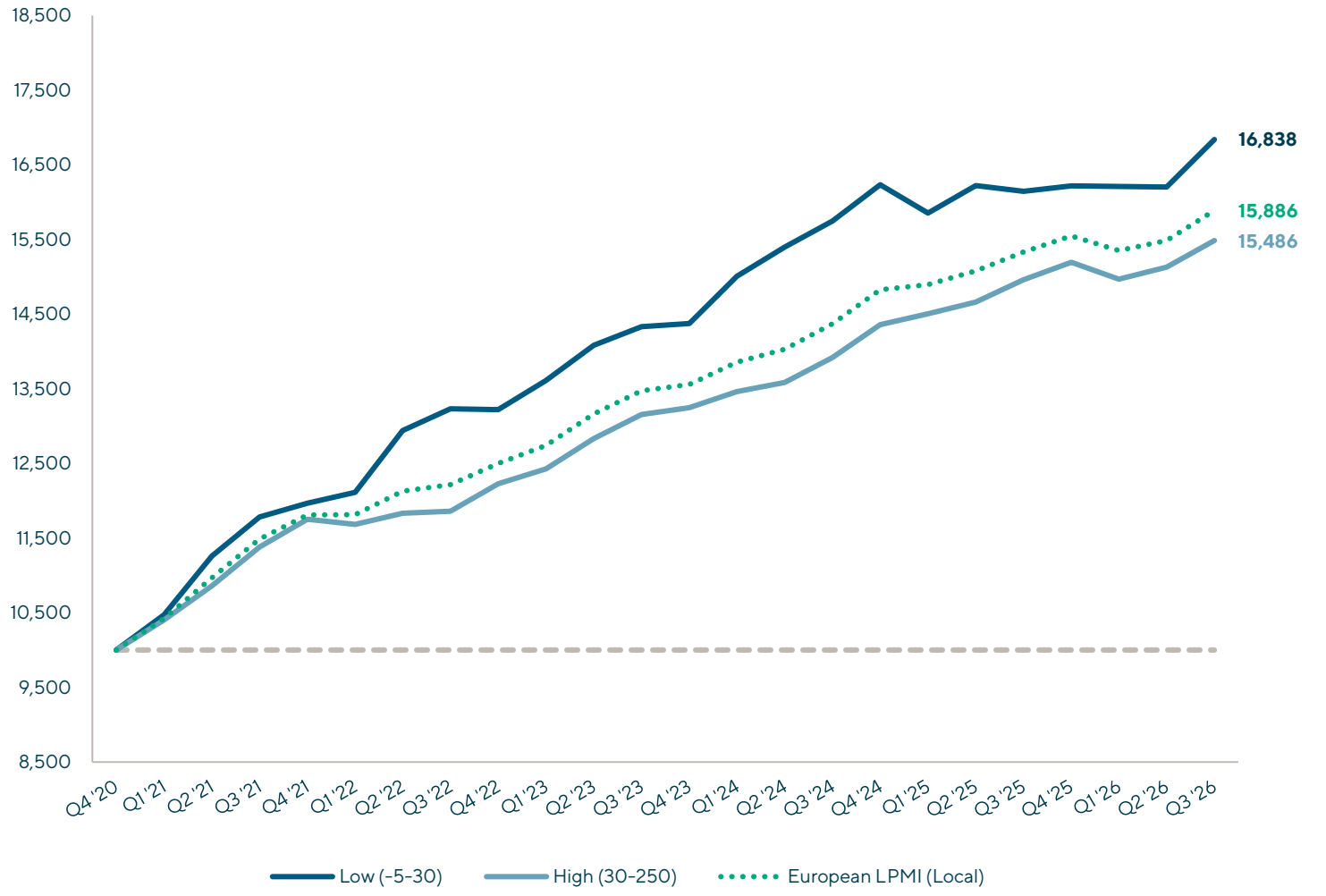
"Q3 continued the European LPMI's historical pattern of enterprise value growth being driven primarily by company fundamentals," noted Steve Kaplan, Neubauer Distinguished Service Professor of Entrepreneurship and Finance at the University of Chicago Booth School of Business, who assists and advises on the European LPMI. "While private companies have continued to demonstrate earnings growth, the ability to sustain that performance will become increasingly important as higher borrowing costs place additional demands on cash flow."

LINCOLN INTERNATIONAL

EXAMINING THE LPMI:

Considering the Impacts of Small and Large Businesses

Q3
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	Q3 '26	LTM	CAGR since Inception
Small (Local)	**3.9%**	**4.3%**	**9.5%**
Large (Local)	**2.4%**	**3.5%**	**7.9%**
European LPMI (Local)	**2.6%**	**3.6%**	**8.4%**

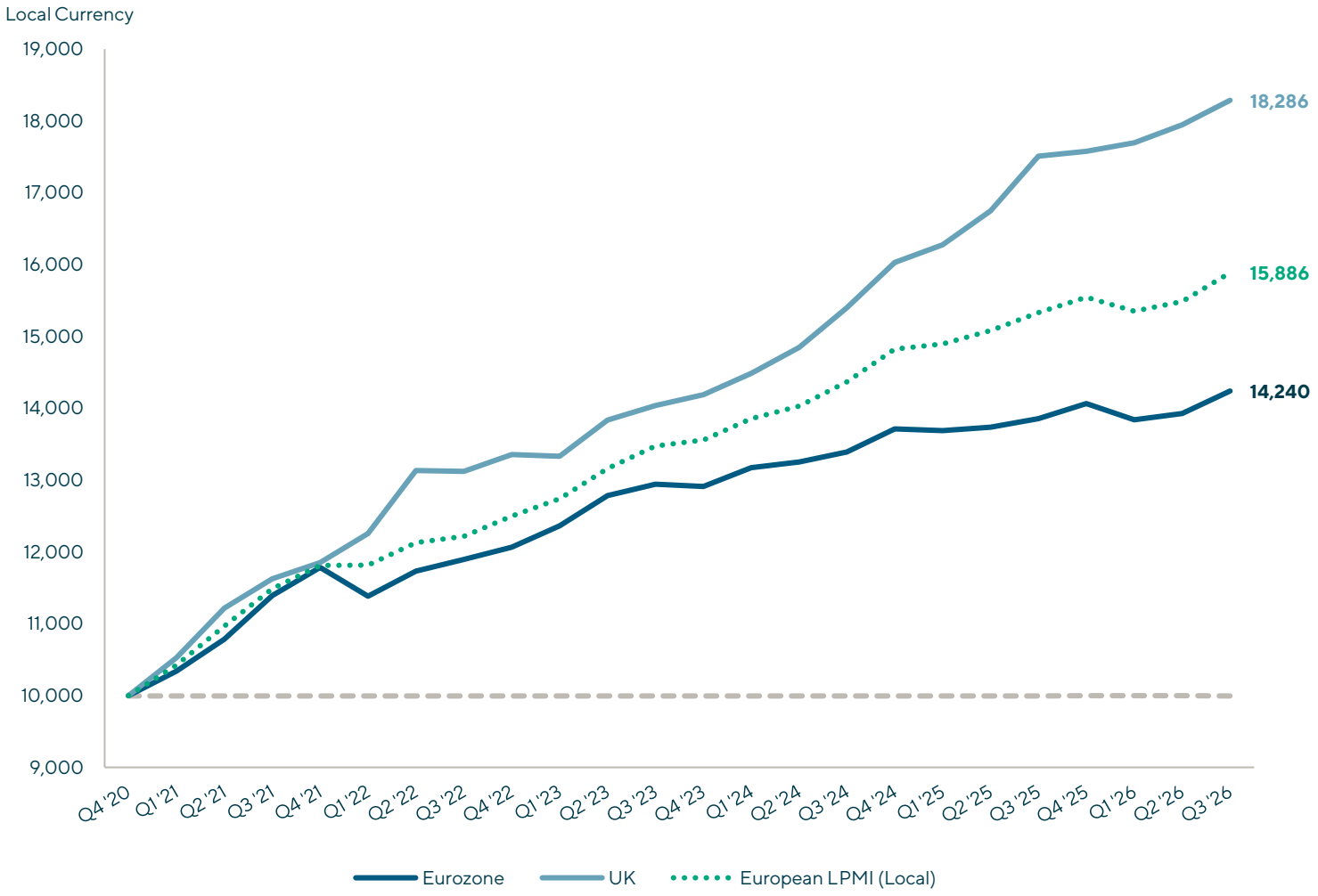
Small companies (i.e., EBITDA less than €30 million) outperformed large companies in Q3, with EVs increasing 3.9% versus a 2.4% increase for larger companies. The performance gap was driven by a stronger earnings contribution from small companies, with multiples having less of an impact.

LINCOLN INTERNATIONAL

EXAMINING THE LPMI:

Comparing the UK and the Eurozone

Q3
2026



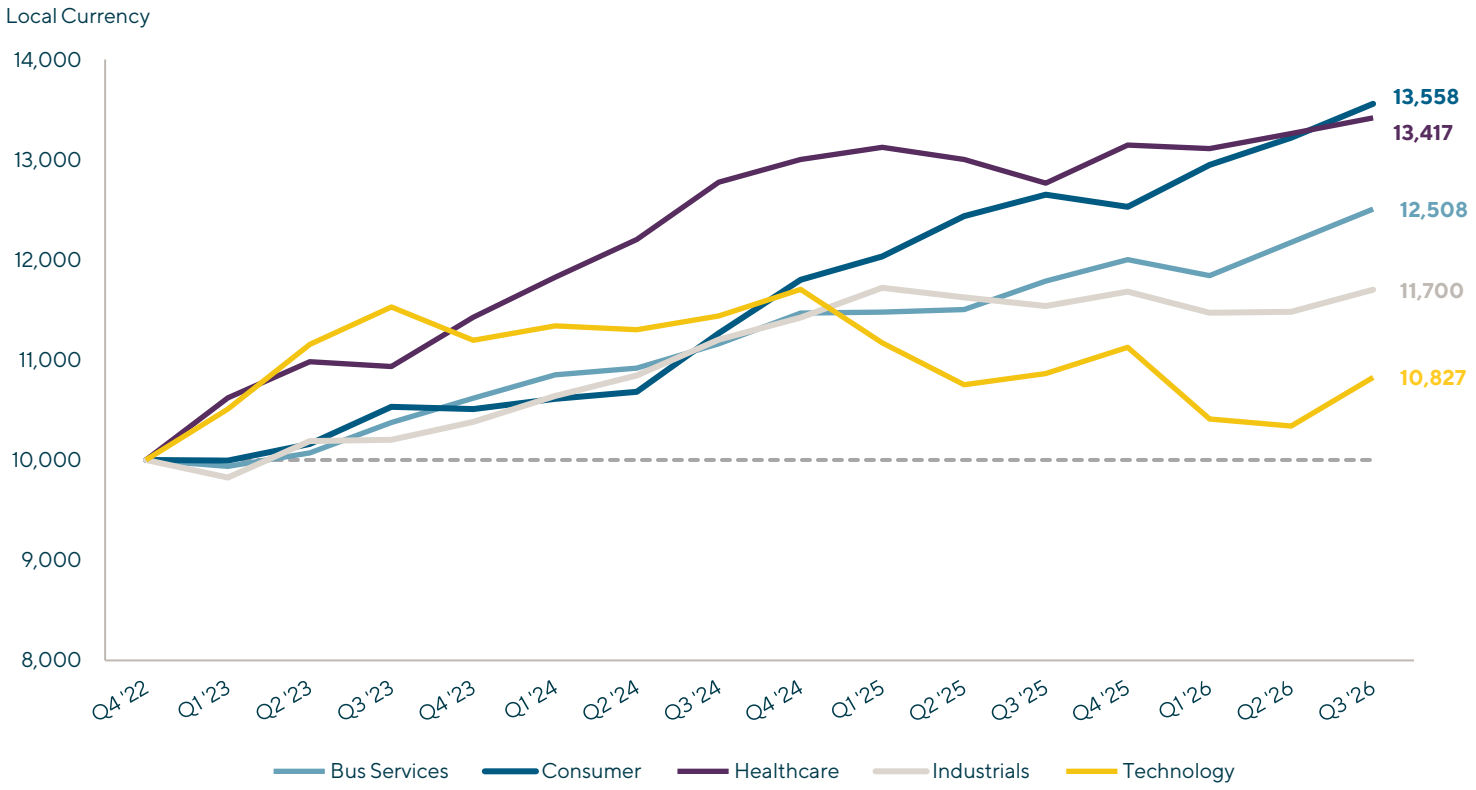
Looking at regional performance, Eurozone companies outperformed UK companies in Q3, reversing the trend observed in Q1 and Q2. The Eurozone benefitted from stronger operating performance across business services and industrials as well as a more favorable contribution from valuation multiples.

LINCOLN INTERNATIONAL

EXAMINING THE LPMI:

EV Growth Was Recorded Across All Sectors, Led by a Recovery in Software

Q3
2026



Industry	Q3'26	LTM
Business Services	**2.7%**	**6.1%**
Consumer	**2.6%**	**7.2%**
Healthcare	**1.2%**	**5.1%**
Industrials	**1.9%**	**1.4%**
Technology	**4.7%**	**(0.4%)**
European LPMI (Local)	**2.6%**	**3.6%**

Technology, which represents 17% of the European LPMI, rebounded in Q3 and recorded the highest EV growth of any industry of 4.7%, largely driven by earnings performance in software. The technology index level, however, remained below Q4 2025 as multiples have not fully rebounded given the mid-to-long-term risks of AI-driven disruption.

Business services recorded the second highest EV growth this quarter, with an increase of 2.7%. IT services was the sector which contributed the most to the industry's growth, benefiting from companies increasing spend on AI investments.

Consumer EVs increased 2.6% this quarter, with food and beverage accounting for the largest positive contribution to the growth. Despite food and beverage leading growth this quarter, lifestyle and leisure remained the largest contributor to the sector's EV growth year-to-date.

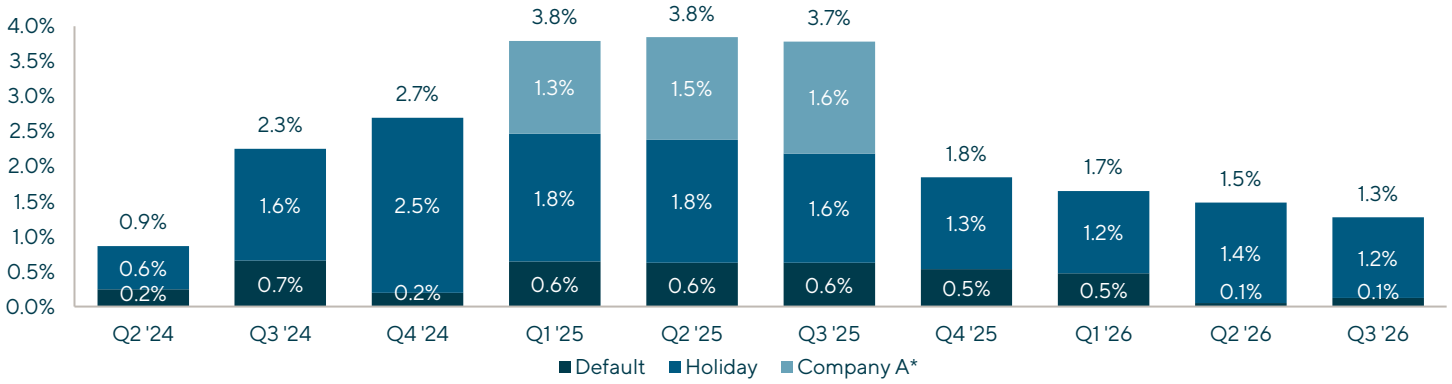
While healthcare EVs grew 1.2% this quarter, it was the lowest recorded sector EV growth. This was attributable to a performance drag in pharmaceutical manufacturers, which has been the lowest contributing subsector within healthcare throughout 2026.

LINCOLN INTERNATIONAL

EXAMINING THE LPMI:

Private Credit Remains Resilient Despite Concentrated Pockets of Stress

Q3 2026



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

Q3 highlighted an increasingly differentiated private credit market, with some improving credit quality indicators contrasting with heightened lender intervention among more challenged borrowers. The covenant default rate declined from 1.5% to 1.3%, with only two new issuers recording breaches during the quarter, while four existing defaults were resolved through amendments or restructurings. However, breaches are now appearing across more recent origination vintages, including 2023 and 2024 deals.

PIK usage also declined from 17.1% to 16.1%, with the proportion of companies using "bad PIK" falling from 8.1% to 7.3%. Nevertheless, businesses relying on "bad PIK" continued to face significant financial challenges, with loan-to-value (LTV) ratios increasing from approximately 40% at close for these deals to 70% now.

Despite improving headline indicators, lender foreclosure activity continued to increase, with debt under lender control representing 1.8% of the portfolio year-to-date, compared with 0.5% in 2025. Lenders took control of three additional borrowers, highlighting the continued challenges facing more highly leveraged businesses. Maturity extensions have helped alleviate near-term refinancing pressures, although approximately 18.4% of debt maturing over the next 30 months remains valued below 90% of par, underscoring the refinancing risks that persist across parts of the private credit market.

Dividend recapitalization capacity remained mixed, with over 40% of borrowers having no capacity for additional debt-funded distributions due to leverage and debt service constraints. However, almost 40% of borrowers would have capacity for at least 1.0x of leverage headroom.

Nick Baldwin, Managing Director in Lincoln International's European Valuations & Opinions Group, commented, "What is particularly interesting about today's market is that two very different dynamics are occurring simultaneously. Private companies continue to generate earnings growth, resulting in higher valuations. At the same time, the market is working through older investments originated under very different conditions. The distinction between these populations is increasingly important when evaluating the health of private credit."

IN SUMMARY, WE BELIEVE THE LPMI:

- 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.

LINCOLN INTERNATIONAL

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.

From 2018 to 2024 Professor Minnis was 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 Services

Healthcare

Industrials

Technology

ADVISORY SERVICES

Mergers & Acquisitions

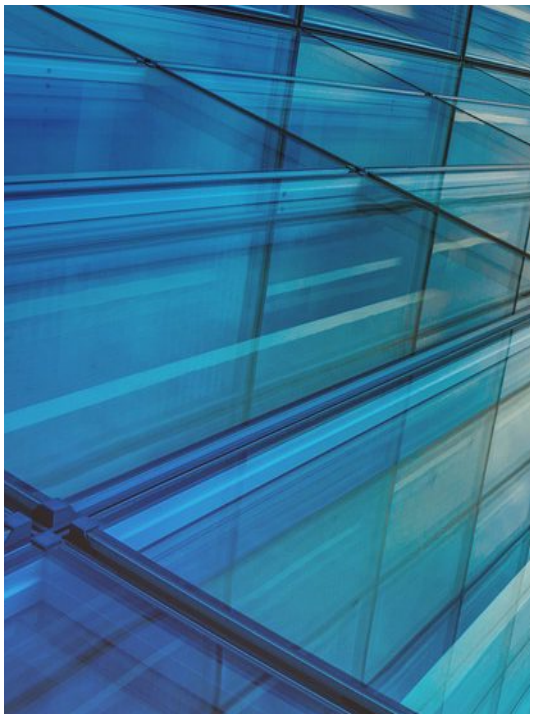
Capital Advisory

Private Funds Advisory

Valuations & Opinions

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 INTERNATIONAL