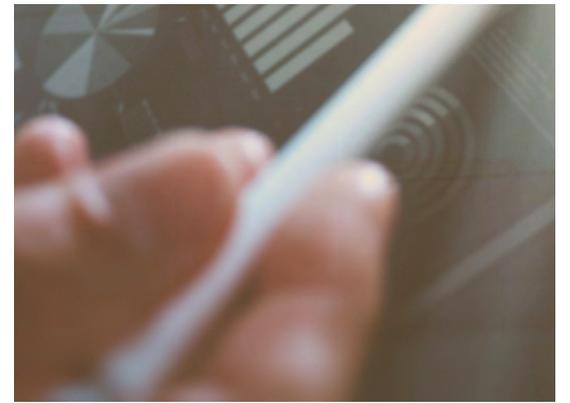
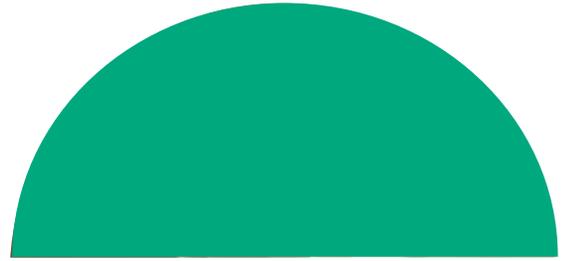




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AS COMPANIES NAVIGATE COVID-19, THE MIDDLE MARKET PROVES ITS RESILIENCY

Lincoln International's 12th edition of the Lincoln Middle Market Index (Lincoln MMI) reveals that in Q2 2020, middle market enterprise values increased 3.5%, compared to a 18.9% increase for enterprise values of S&P 500 companies. Although middle market earnings improved and S&P 500 earnings fell, it was valuation multiples that drove this quarter's changes. S&P 500 valuation multiples increased far more materially, similar to historical trends but with significantly more volatility, driven by the "Big 5" tech companies of Apple, Amazon, Facebook, Microsoft, Google. In the LMMI, every industry except energy improved.

ABOUT THE LINCOLN MIDDLE MARKET INDEX

The Lincoln MMI is a first-of-its-kind index measuring changes in the enterprise values of private middle market companies over time - and a barometer of the performance of private middle market companies generally. The Lincoln MMI 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 MMI to solve this problem by measuring the quarterly change in enterprise values for private middle market companies primarily owned by private equity firms. Enterprise value ("EV") is the sum of a company's equity value and debt.

QUARTERLY OVERVIEW

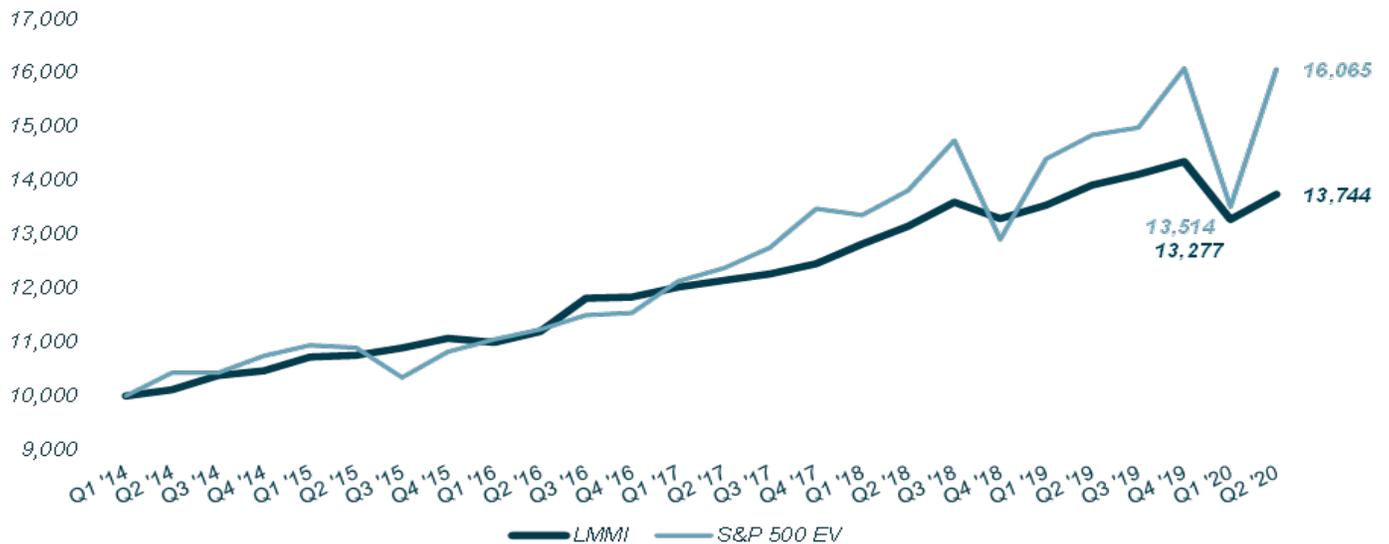
- Twelfth Edition: Covers Q2 2020
- Measures quarterly changes in the enterprise values of over 500 middle market companies, based on a population of approximately 2,100 companies primarily owned by private equity firms with a median EBITDA of \$30 million.
- Analyzes the impact from the change in company earnings versus market valuation multiples
- Assess the change in value for six industry sectors

RESULTS:

Valuations increased in Q2 as middle market multiple volatility continued

Q2

2020



NOTE: Both the Lincoln MMI 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; including such companies produces similar results)

	Q2	LTM
Lincoln MMI	3.5%	(1.3%)
S&P 500 EV	18.9%	8.2%

Starting at a value of 10,000 as of March 31, 2014, the Lincoln MMI increased by 37.4% cumulatively to 13,744, as of June 30, 2020. The Lincoln MMI grew at a compound annual growth rate of 5.2% since inception as compared to 7.9% for the enterprise values of the S&P 500.

For the first six months of 2020, the Lincoln MMI decreased 4.3 percent compared to the S&P decline of 0.1 percent. However, the S&P 500 rally in Q2 was largely driven by the five largest constituents: Apple, Microsoft, Amazon, Google, and Facebook which comprise more than 22 percent of the S&P 500. Excluding these five, which are generally not comparable to middle market businesses given their product offerings and diversification, the year-to-date S&P decline would have been 5.6 percent, which is greater than the Lincoln MMI year-to-date decline of 4.3 percent.

The Lincoln MMI shows that middle market, private company enterprise values remain less volatile than those of the S&P 500; the Lincoln MMI'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. As a result, the Sharpe Ratio, which measures excess return per unit of risk, of the Lincoln MMI is similar to that of the S&P 500 EV index.

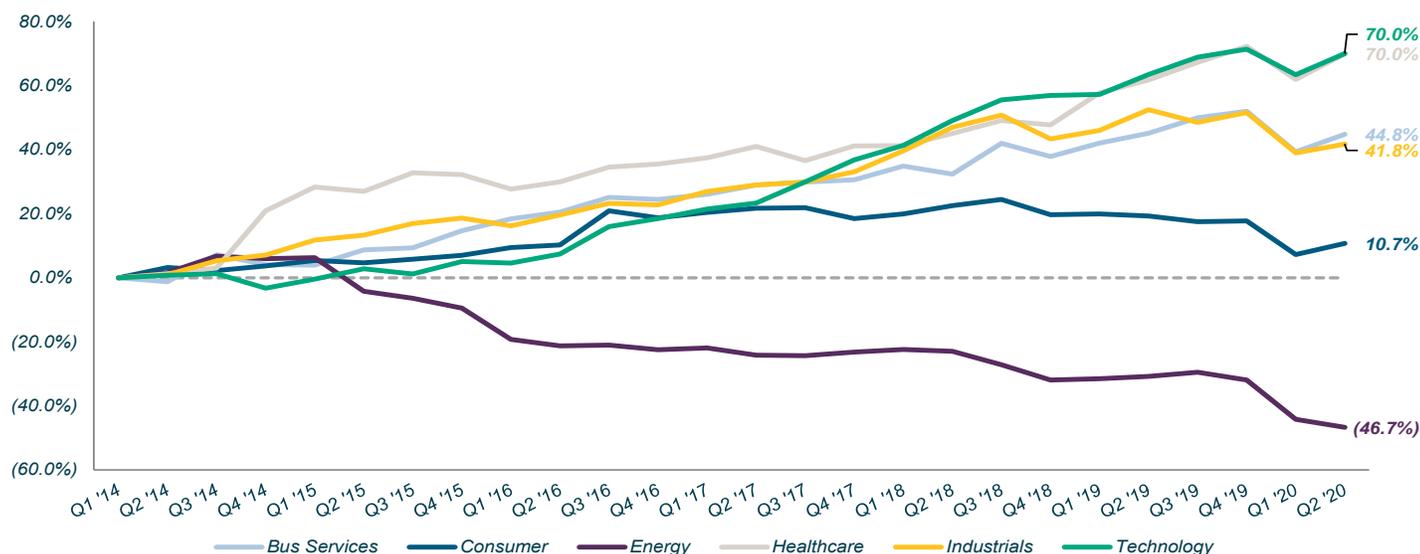
While both indexes since inception show relatively comparable growth in enterprise values, private equity owned companies traditionally have more leverage than public companies and, therefore, generate relatively greater equity gains.

SECTOR BREAKDOWN:

The recovery benefitted every industry except Energy

Q2

2020



	Q2	YTD	LTM
Bus Services	3.9%	(4.7%)	(0.2%)
Consumer	3.2%	(6.0%)	(7.2%)
Energy	(4.5%)	(21.7%)	(23.0%)
Healthcare	4.9%	(1.4%)	5.1%
Industrials	2.0%	(6.5%)	(7.1%)
Technology	4.0%	(0.8%)	4.0%

Healthcare and Technology businesses have generally been impacted the least by the pandemic and as a result those multiples have benefitted the most. As a result, these were the two industries with valuation gains over the last twelve months. Conversely, Energy was the only industry to miss out on the Q2 recovery given its reliance on commodity price inputs.

“Private equity investors likely had not previously considered pandemic resiliency as a key underwriting consideration. Now it’s become very important and low-COVID impact segments like ecommerce, healthcare, and technology saw valuations rebound more quickly.” added Professor 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 Lincoln MMI.

The recoveries brought most industry indices back near where they were in Q4 2019, erasing the losses when the impact of the coronavirus was at its most uncertain.

EXAMINING THE LINCOLN MMI:

Examining the Lincoln MMI - EBITDA Multiples versus Earnings

Q2

2020



20%+

Expansion of
Lincoln MMI valuation
multiples since Q1 2014

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

Despite notable multiple contraction in Q1 2020, middle market valuation multiples have increased by ~20%+ since the inception of the Lincoln MMI in Q1 2014. Q2 2020 represented one of the strongest quarters for valuation multiple increases as uncertainty regarding the initial impact of the coronavirus pandemic declined.

“As new coronavirus case levels rise across the country on the heels of states’ reopening, the outlook of private company earnings recovery remains cloudy. What continues to be evident however, is that sponsors and lenders have supported their companies through the pandemic thus far, however their continued support is uncertain,” said Ron Kahn, Co-Head and Managing Director of Lincoln’s Valuation and Opinion Group.

SUMMARY: The Lincoln MMI

Q2

2020

GENERAL OBSERVATIONS:

- Despite dramatic declines in Q1 2020 driven by uncertainty surrounding the coronavirus pandemic, markets rebounded very quickly. Certain industries reverted to 2019 Q4 valuation levels.
- Since its inception in Q1 2014, the Lincoln MMI has shown that middle market enterprise value multiples have been less volatile than public company multiples and that earnings, which have grown for both public and private companies in every quarter since early 2017, are the primary factor driving long term value creation.

ENTERPRISE VALUE RESULTS:

- The Lincoln MMI enterprise value index increased 3.5% for Q2 2020 versus 18.9% for the S&P 500 as S&P 500 valuation multiples continue to be more volatile than middle market valuation multiples
- The Q2 2020 increase in S&P 500 enterprise values was driven largely by the five largest companies (Apple, Amazon, Facebook, Microsoft, Google) which are generally not comparable to middle market businesses; after excluding these businesses the YTD performance of the LMMI is similar to that of the S&P 500.

INDUSTRY BREAKDOWN ON AN ENTERPRISE VALUE BASIS:

- Recoveries in the Lincoln MMI were strongest for those industries that are least impacted by the coronavirus pandemic, specifically Technology and Healthcare as a number of these businesses have even benefitted from the effects of the pandemic.
- Even within industries the recovery varied as certain businesses continue to struggle while others have pivoted to benefit; for instance, within the Consumer industry e-commerce and direct-to-consumer businesses experienced increased demand whereas traditional restaurant and retail continue to struggle and some remain shut down.

IN SUMMARY, WE BELIEVE THE LINCOLN MMI:

- 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 middle market 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

Q2

2020

SOURCE OF DATA AND SAMPLE SIZE

On a quarterly basis, Lincoln determines the enterprise fair value of over 2,100 portfolio companies for approximately 100 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 MMI, Lincoln selects a subsection of the companies valued each quarter, including companies each generating earnings before interest, taxes, depreciation and amortization of less than \$100.0 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 www.lincolninternational.com/services/valuations-and-opinions/lincolnmml

2,100+

Portfolio Companies are evaluated by Lincoln on a quarterly basis to determine their Enterprise Fair Value

~100

Sponsors participate in Lincoln MMI i.e. Private Equity Groups & lenders to Private Equity Groups

METHODOLOGY:

Academic Advisors

Q2

2020

PROFESSOR STEVEN KAPLAN

Professor Steven Kaplan is the Neubauer Distinguished Service Professor of Entrepreneurship and Finance at the University of Chicago Booth School of Business. Professor Kaplan conducts research on issues in private equity, venture capital, entrepreneurial finance, corporate governance and corporate finance. He has published papers in a number of academic and business journals. Kaplan is a research associate at the National Bureau of Economic Research and an associate editor of the Journal of Financial Economics. Kaplan teaches advanced MBA and executive courses in entrepreneurial finance and private equity, corporate finance, corporate governance, and wealth management. BusinessWeek named him one of the top 12 business schoolteachers in the country. Kaplan serves on the boards of Morningstar, Zayo Group and the Illinois Venture Capital Association. He has been a member of the faculty since 1988.

Professor Kaplan received his A.B., *summa cum laude*, in Applied Mathematics and Economics from Harvard College and earned a Ph.D. in Business Economics from Harvard University.

PROFESSOR MICHAEL MINNIS

Professor Michael Minnis is an Associate Professor of Accounting at the University of Chicago Booth School of Business. Professor Minnis studies the role of accounting information in allocating investment efficiently by both management and capital providers, the use of financial reporting in mitigating information opacity issues of privately-held firms, and the interplay within management in the production and use of financial information. His research includes identifying unique data and methods to empirically examine issues in a novel way.

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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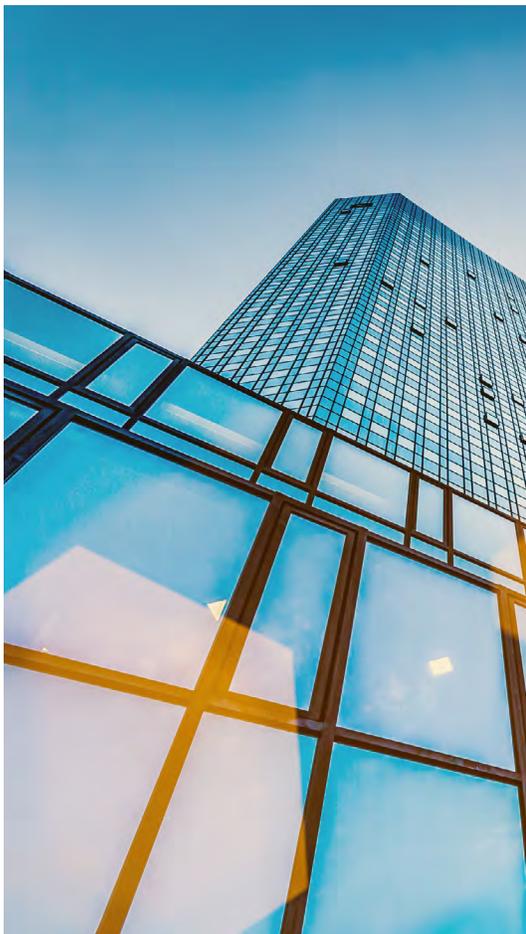
Valuations & Opinions

ABOUT LINCOLN INTERNATIONAL

We are trusted investment banking advisors to business owners and senior executives of leading private equity firms and public and privately held companies around the world. Our advisory services include mergers and acquisitions, debt advisory, growth equity and restructuring for the mid-market. We also provide valuations and fairness opinions and joint ventures advisory services. As one tightly integrated team of more than 600 professionals across 16 countries, we offer an unobstructed perspective, 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.

VOG is a leading independent valuation advisor to managers of illiquid assets and lenders to alternative assets funds. VOG specializes in the valuation of illiquid debt, equity and derivative securities. Additionally, they provide independent fairness and other transaction opinions for a variety of corporate transactions for both public and private companies.

VOG 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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