SOLOMON

FINANCIAL SPONSORS TREND REPORT

- Private Equity Market Update
- Solomon Business Services Group ("BSG") Spotlight
- Campbell Lutyens Q&A

September 2025

Solomon Partners Overview

Expertise You Can Trust, Execution You Can Count On

A Leading Investment Bank

- Founded in 1989
- Unmatched expertise and experience
- Committed to maximizing shareholder value for our clients

The Solomon Difference

- Deep industry expertise positions Solomon as a leader across sectors
- Great bankers experienced in working with clients on their most important transactions
- Good people who care about our clients

Our Diversified Platform

- Unparalleled expertise across industries, having grown from 2 to 12+ core sectors in less than a decade
- Continue to grow our capabilities across M&A, capital advisory and restructuring

Why Clients Hire Us

- Focused on our client's goals and objectives
- Tailored advice and solutions based on decades of experience
- Invested in our client relationships, not just the transaction

Our Strategic Partner: Natixis

As an independently operated affiliate of Natixis, Solomon provides clients with access to strategic advisory services and proprietary financing capabilities throughout Europe, Asia Pacific and the Americas.

- Capital markets, cross-border M&A and structured financing capabilities
- Global platform, part of Group BPCE – the 2nd largest banking group in France
- Local presence in key markets

The Solomon Platform

Since our partnership with Natixis, we have significantly grown and diversified

Industry Coverage

- Business Services
- Consumer Retail
- Distribution
- Financial Institutions
- Financial Sponsors
- Fintech
- Grocery, Pharmacy & Restaurants
- Healthcare
- Industrials
- Infrastructure, Power & Renewables
- Media & Entertainment
- Professional Services
- Technology

Product Capabilities

M&A and Strategic Advisory

- Sellside & Buyside
- Strategic Advisory
- Cross-Border M&A
- Special Committees
- Fairness Opinions
- Activism Defense

Capital Advisory

- Financing Advisory
- Debt Advisory & Capital Solutions
- Liability Management
- Financial Restructuring

2016

2
Industries

10
Managing Directors

35
Bankers

TODAY

12+
Industries

40+
Partners and Managing Directors

200+
Bankers

New Hire Spotlight

Solomon's New Partners and Managing Directors

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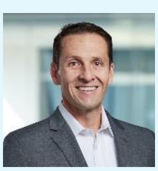

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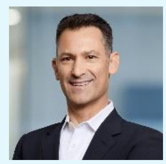

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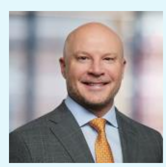

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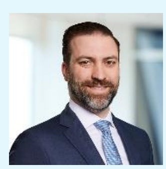

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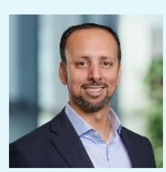

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Private Equity Snapshot

> **The market will remain challenged, with exit volumes tracking in line with FY'24. Still, there are pockets of activity in sectors showing strong operational fundamentals and resilience to tariff headwinds, particularly services and technology. For the broader market, easing interest rates and a reopening IPO market should provide tailwinds, sustaining and eventually accelerating sponsors exits…**
>
> *- Sash Rentala, Head of Financial Sponsors*

Discerning Market with Potential Tailwinds

- **Pockets of strength:** Services and Technology continue to drive deal-related activity, contributing to ~74% of U.S. PE deals as of Jun'25 YTD. Strong fundamentals and resilience to tariff headwinds make them priority sectors for private equity investments
- **Flight to quality:** US median multiples remain elevated at 12.8x, +2x above the pre-Covid average, as scarce supply and sponsor demand for A+ assets keep upward pressure on valuations
- **Megacap deal momentum:** Megacaps are driving exit activity with +$1B deals comprising ~81% of Jun'25 YTD US exit value. Take privates and large carveouts have made up a material percentage of total deal value thus far in 2025, comprising 24% of all US PE activity for Jun'25 YTD (based on deal value)
  - With the mid markets reliance on sponsor-to-sponsor trades, Middle-Market funds remain sidelined by their dependence on a strong private equity market
- **Exit momentum softens:** After a strong Q1, PE exits slowed sharply in 2Q25 (down 25% QoQ), signaling caution despite exits growing 13% YoY
  - Holding periods remain elevated: Median exit hold times remain above the long-term average (6.0 years vs. 5.7 pre-Covid)
- **Challenged debt markets:** Financing remains tight, with debt/EBITDA multiples ~0.6x below pre-pandemic norms, raising hurdles for new deals
- **Cautious optimism for 2H'25:** U.S. dry powder continues sustained double-digit growth, with ~$1T ready to deploy. Combined with a mounting backlog of sponsor-held assets, this could set the stage for a significant wave of potential exits in the coming years

Top Trends Shaping Private Equity

- **Challenged macro environment:** Fed faces growing pressure to cut rates as the labor market softens with just 22k jobs added in August (vs. ~75k expected) and unemployment rising to 4.3%, signaling weaker hiring amid tariff headwinds and declining consumer demand
- **Secondaries fill the gap:** With traditional exits muted, secondary markets are a vital outlet, giving GPs flexibility to hold quality assets longer and LPs liquidity
  - GP-led CV volume hit ~$65B in 2024, up 47% from 2023, surpassing previous record from 2021 (~$60B)
- **IPO market reopening:** PE-backed IPOs surged to ~$84B YTD (vs. $6B in 2022), capturing 56% of IPO capital raised, providing an additional avenue for sponsors to exit
- **Fundraising under strain:** Capital raised ($149B 1H25) tracks 11% below 2024 on a RR basis, marking a third straight year of decline. Without a pickup in liquidity, and by proxy exit activity, fundraising will remain under pressure
- **Policy & regulatory environment:** Favorable carried interest and corporate tax rates remain intact, and access to 401(k)s could broaden fundraising channels, but continued regulatory scrutiny could keep execution risk high

Additional Report Features

- Solomon BSG Spotlight
- Company Q&A: Campbell Lutyens

Source: FRED St. Louis Fed and the Board of Governors of the Federal Reserve System; PitchBook.

Discerning Market with Potential Tailwinds

Pockets of strength: Services and Technology continue to drive deal-related activity, contributing to ~74% of U.S. PE deals as of Jun'25 YTD. Strong fundamentals and resilience to tariff headwinds make them priority sectors for private equity investments

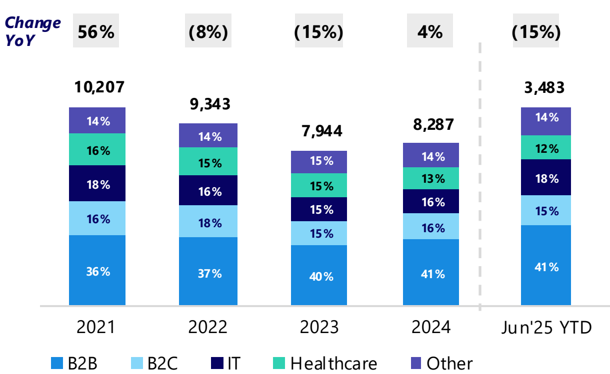
Exit momentum eased in 2Q25: Despite 2Q25 exits growing 13% YoY, exit activity slowed sharply QoQ (25%), signaling a pause after a strong start to the year

Debt markets remain tight: With Fed rates having stayed higher for longer (recent cut announced in September), sponsors have faced challenges securing financing. U.S. BSL deals show debt/EBITDA ratios 0.6x below pre-pandemic norms

Cautious optimism for 2H25: U.S. dry powder continues sustained double-digit growth, with ~$1T ready to deploy. Combined with a mounting backlog of sponsor-held assets, this could set the stage for a significant wave of potential exits in the coming years

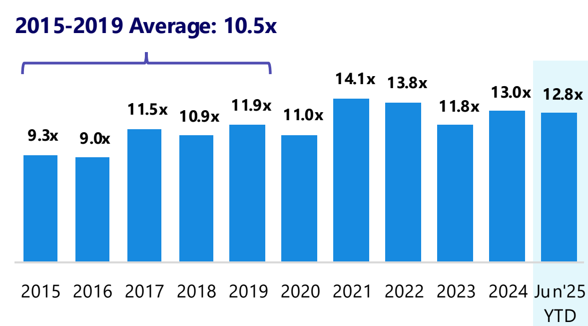
U.S. PE Deal Count[(1)]

For Jun'25 YTD ~74% deals in the U.S. were Services or Technology related



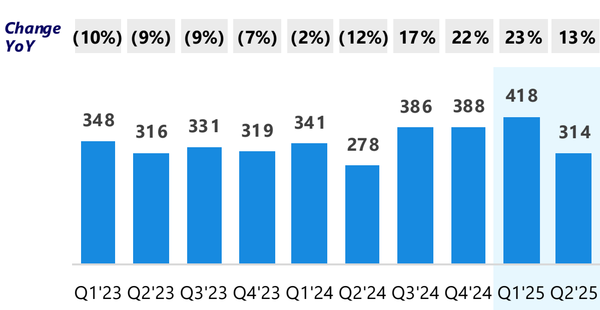
U.S. Median Buyout EV/EBITDA multiples

Multiples remain elevated ~2x as scarcity of quality assets and sponsor demand for A+ companies put upward pressure on valuations



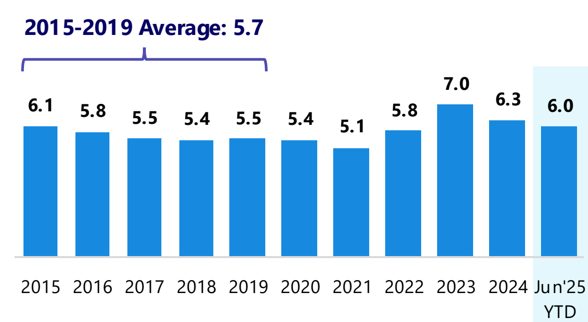
U.S. PE Exit Count[(2)]

While exit count saw meaningful momentum in 1Q25, growing 23% YoY, 2Q25 experienced a marked slowdown with total exits falling below the last three periods



U.S. PE Median Exit Hold Time (Years)

Exit hold periods are easing from the '23 peak of 7 years, but still sit above the pre covid average of 5.7 years

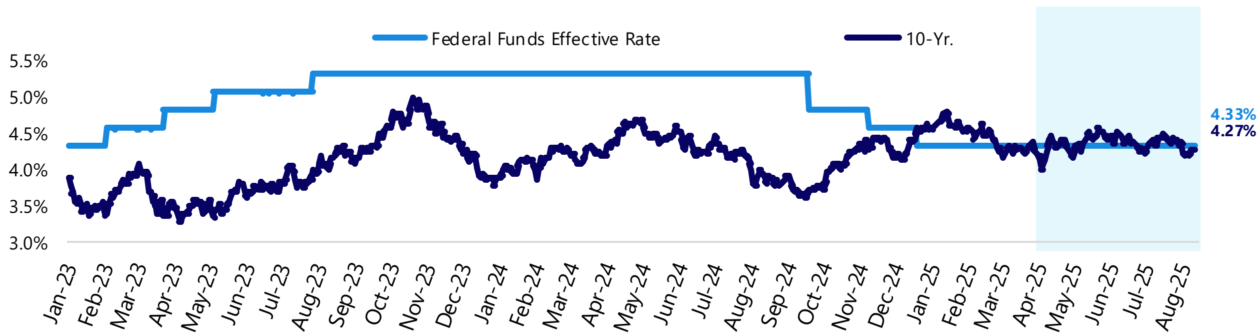


Source: FRED St. Louis Fed and the Board of Governors of the Federal Reserve System; PitchBook.
(1) Other includes Materials & Resources, Financial Services, and Energy.
(2) Estimated exit count includes adjustments to account for late reported deals.

Discerning Market with Potential Tailwinds

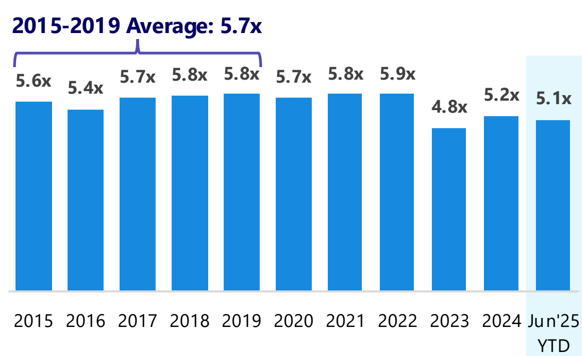
Fed Funds Rate & 10–Year Yield

Post 100bps of rate cuts in 2024, the Fed has held rates steady until September ‘25…`



Debt/EBITDA on U.S. BSL-Funded Deals

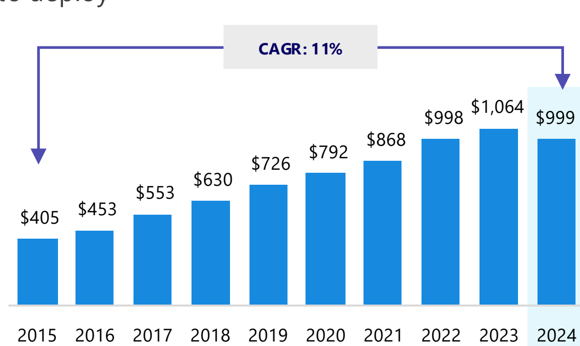
…having kept the debt environment tight, with DEBT / EBITDA 0.6x below the pre-pandemic average of 5.7x



> **Activity will likely trail early-year forecasts due to elevated debt costs (vs. pre-Fed rate hikes) and ongoing tariff uncertainty, while sponsors maintain a higher diligence bar when evaluating potential acquisitions.**
>
> —Tucker Laurens,
> Managing Director

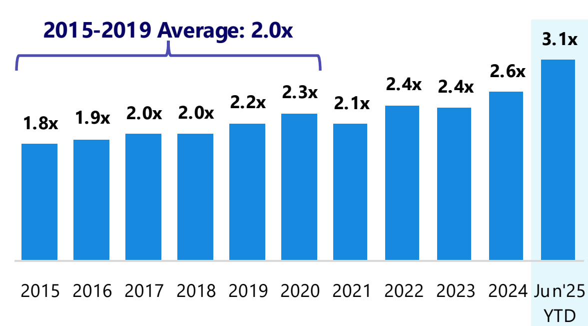
U.S. PE Dry Powder ($B)

U.S. dry powder continues to see double-digit growth, with over ~$1T available for sponsors to deploy



U.S. PE Investments/Exits

Investment / exit ratio has hit a record 3.1x Jun’25 YTD, highlighting a growing backlog of assets sponsors are holding onto



Source: FRED St. Louis Fed and the Board of Governors of the Federal Reserve System; PitchBook.

Top Trends Shaping Private Equity

Challenged macro environment: Fed faces growing pressure to cut rates as the labor market softens with just 22k jobs added in August (vs. ~75k expected) and unemployment rising to 4.3%, signaling weaker hiring amid tariff headwinds and weaker consumer demand

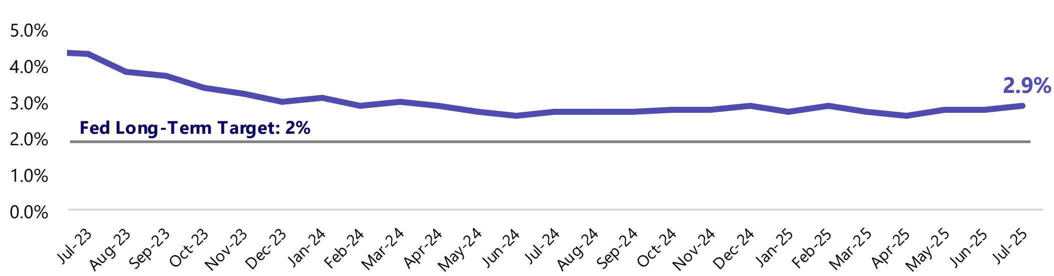
Secondaries creating a path for exit: With traditional exits muted, the secondary markets have opened as a viable exit path, giving GPs the ability to retain & grow winning assets and LPs flexible liquidity options

Fundraising under pressure: Fundraising is down for the third consecutive year; a recovery in exits and general improvement in the macro environment is expected to help fundraising recover beyond ‘25

Challenged Macro Environment

- Weaker Job Market: Just 22k jobs added in August (vs. ~75k expected) with unemployment rising to 4.3%, highlighting softer hiring amid tariff headwinds and weaker consumer demand
- Inflation remains sticky: Core PCE remains above the Fed’s 2% goal at 2.9% (Jul’25)
  - Producer costs surge: July Production Price Index jumped 3.3% YoY vs. 2.5% expected, signaling potential inflation ahead

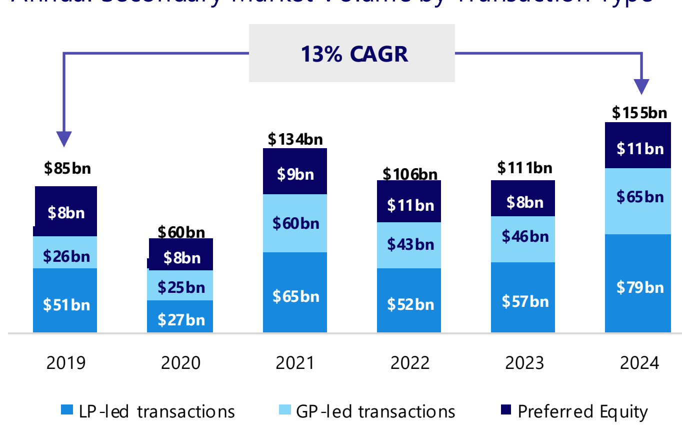
PCE Price Index[1]



Robust Secondary Market

- Secondary volume has been a rare bright spot in private markets, growing ~13% since 2019 as IPO, M&A, and PE activity declined
  - Low distributions are squeezing LPs and GPs, driving demand for faster, flexible exit options via the secondary market

Annual Secondary Market Volume by Transaction Type

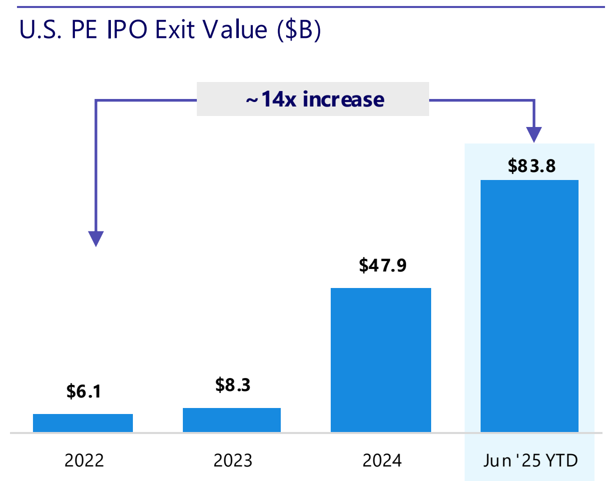


Source: FRED St. Louis Fed and the Board of Governors of the Federal Reserve System; PitchBook; Campbell Lutyens Full Year 2024 Secondary Market Overview.
(1) Indexed to 2017.

Top Trends Shaping Private Equity (continued)

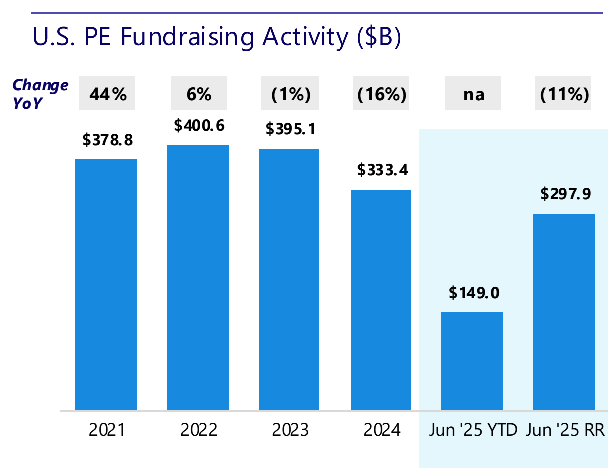
IPO Market Reopening

- PE-backed IPOs capture record share despite volatility: As of Jun, PE-backed IPOs represented ~56% of U.S IPO capital raised, with exit value surging to $83.8B Jun’25 YTD vs. $6.1B in 2022
- Macro risks cloud IPO outlook: trade policy uncertainty and recession fears may slow IPO issuance, but PE-backed IPOs are expected to maintain +40% share of IPO capital



Challenged Fundraising

- Fundraising slowdown persists: 2025 is on track for a third year of decline, with $149B raised in 1H (run-rate ’25 trending 11% below 2024)
- Outlook hinges on exits: Without a pickup in liquidity, fundraising will stay under pressure as exit activity remains muted and LP appetite softens, particularly for emerging managers



Policy & Regulatory Environment

- Carried interest treatment & corporate tax rate preserved: Under the Big Beautiful Bill, PE managers retain favorable long-term capital gains and a 21% corporate tax rate, sustaining strong after-tax returns and deal incentives
- 401(k) access to alternatives: Policy push to open retirement plans to private equity could unlock a durable flow of retail capital, broadening the investor base for GPs
- Regulatory pressure on M&A persists: Despite expectations of easing, the FTC reaffirmed the former administration's stricter guidelines, signaling higher execution risk

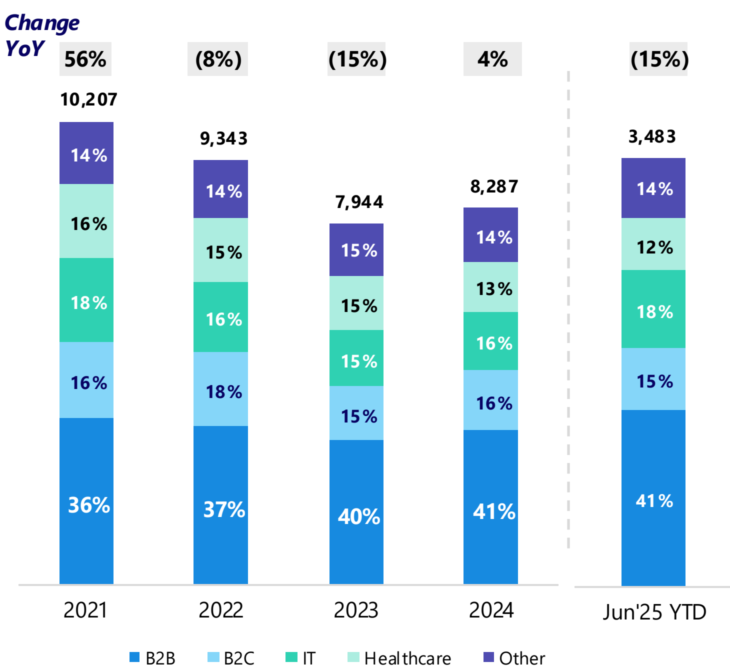
Source: FRED St. Louis Fed and the Board of Governors of the Federal Reserve System; PitchBook.

Business Services Group ("BSG") Spotlight

BSG Private Equity Themes

- High-quality platforms are attracting strong interest from financial sponsors that are beginning to act more aggressively and deal flow and completed transactions have increased substantially in August / September
- Valuations, leverage, interest levels and "aggressive" buyer behavior near peak levels for high quality businesses operating in "in demand" sectors
- Deal activity is expected to continue accelerating through year end driven by a backlog of engaged transactions, a need for sellers to generate DPI after limited exits, easing interest rates, and solid business performance

Deal activity, U.S. PE Deal Count(1)



- Exit momentum slowed in '25, driven by buyer concerns over tariffs and the broader macro environment
- Despite broader market challenges, deal activity in Services has remained robust—particularly in Q3, where momentum has accelerated across processes and transactions
  - Business services companies offer a powerful combination of high FCF conversion and strong growth, driven by strategic M&A and secular tailwinds - positioning them as ideal candidates for leveraged buyouts, scalable platform expansion, and value creation
  - B2B Services now account for ~41% of total deal volume, highlighting a resilient pocket of strength within the broader market

Tim Shea
Group Head

Michael Vinciguerra
Managing Director

Ben Zinder
Managing Director

Austin May
Director

SOLOMON

Source: FRED St. Louis Fed and the Board of Governors of the Federal Reserve System; PitchBook.
(1) Other includes Materials & Resources, Financial Services, and Energy.

Campbell Lutyens Overview & Spotlight

Company Q&A

Participants

Gerald Cooper
Partner & Global Co-Head of Secondaries

Stephen Henderson
Managing Director

Chirag H. Shah
Managing Director

Brian Susetka
Managing Director

About Campbell Lutyens

- Founded in 1988, Campbell Lutyens ("CL") is the largest independent private capital advisory firm of its type globally with more than 290 employees and 13 offices across North America, Europe, Asia-Pacific and the Middle East
- CL is active across private equity, real assets, and private credit globally and operates three business lines:
  - Global fund placement: 30+ year track record, having raised more than $315B for 295+ private equity, real asset, and private credit funds
  - Secondary advisory: 25+ year track record having completed $135B+ of transaction volume to date, including advising on $23B of transaction volume in 2024
  - GP capital advisory: Consult leading fund managers on a wide range of financings and transactions including minority and/or majority equity investments, M&A, alternative financing structures, secondary sales of GP minority investments, succession planning and valuation advice
- For more information, visit www.campbell-lutyens.com

Solomon and Campbell Lutyens Private Equity & Secondary Market Discussion

- Solomon discussed the state of the private equity & secondary market with Gerald Cooper, Stephen Henderson, Chirag H. Shah and Brian Susetka
- Key takeaways are below, with select commentary on the following page
- Read the full transcript of the Solomon and Campbell Lutyens Q&A

Key Takeaways

Market Trends:

- Continuation vehicle ("CV") momentum is surging as sponsors looks for exit alternatives & opportunities to continue their value creation playbook:
  - GP-led CV volume hit $48B in H1 2025, up 72% year-over-year, following a record year of annual volume in 2024 of $65B
  - Sales to CVs accounted for 13% of global PE exits in 2024, up from 5% in 2021, gaining share over sponsor-to-sponsor deals
- CVs appeal to and create value for all key stakeholders (GPs, LPs, Management, etc.):
  - GPs can retain and grow winning assets while raising follow-on capital
  - Management teams can crystallize value (cash out portion of equity stake) and maintain sponsor partnership
  - Existing LPs are provided optional liquidity, while new investors can complete deeper due diligence (vs. a traditional secondary transaction) and structure alignment with the GP
- Top-performing companies in resilient sectors drive CV success: investors are targeting leading companies in software, healthcare, services, infrastructure, and industrials, with strong growth, 2x+ MOIC potential, and conservative leverage (4-5x EBITDA)
- CVs are evolving into a core PE tool: adoption continues as GPs seek the opportunity to compound their assets, supported by expanding capital for CVs as direct sponsors continue to enter the space and established players raise larger funds and / or dedicated GP-led vehicles, with CL expecting most sponsors going forward to pursue at least 1-2 CVs per fund

Select Commentary

Company Q&A

Solomon Partners “SP”: Can you share an overview of Campbell Lutyens services including its secondary advisory capabilities?	Campbell Lutyens “CL”: Established in 1988, Campbell Lutyens is the largest independent private markets advisory firm of its type globally with more than 270 employees across its offices in New York, London, Paris, Munich, Chicago, Los Angeles, Dubai, Charlotte, Hong Kong, Melbourne, Singapore, Tokyo, and Seoul. Within secondary advisory, CL advises across a range of secondary solutions including LP portfolios sales as well as continuation funds and other GP-led liquidity transactions. In 2024, the firm advised on $23B of total secondary volume including $11B of GP-led transactions. CL has advised on continuation vehicles ranging in size from $100m to $3B+ and is very active particularly across the middle market advising on such transactions.
SP: What trends are you seeing across recent CV activity?	CL: CV transaction volume is at a record high and continues to gain momentum. Total GP-led volume in H1 2025 was $48B, up 72% year-over-year. This growth followed a record year of annual CV volume in 2024 of $65B, up 47% from 2023 and eclipsing the previous high-water mark set in 2021 of $60B. Sales to CVs accounted for a record 13% of total private equity exits globally in 2024, up from 5% in 2021, as CVs continue to take share from sponsor-to-sponsor transactions.
SP: What factors lead to a successful CV outcome?	**CL: Features of an attractive continuation vehicle asset typically include:** **Sufficient Scale** – Companies with at least $20m of EBITDA, with the sweet spot being $30-50m+ **Sector** – Resilient industries such as software, business services, healthcare, infrastructure and industrials **Market Positioning** – Market-leaders with pricing power and the ability to pass through cost inflation **Strong Historical Performance** – for single-asset CVs, assets that have delivered 2x-3x+ MOIC **Conservative Leverage** – Ideally no higher than 4x-5x EBITDA **Strong Upside Potential** – Secondary investors target a net MOIC of 2x+ over the next 3-5 years
SP: How has the mix between single-asset and multi-asset CVs shifted, and what are the key drivers behind it?	CL: In 2024 single-asset transactions represented nearly 60% of the CV market, driven by a larger supply of GPs looking to retain top assets and increasing appetite from investors to make concentrated bets in a rising market environment. In 2025, so far, we have seen a more even split of volumes between single and multi-asset CVs (53% and 47%, respectively), as certain traditional secondary investors favor acquiring more diversified exposures and GPs show an increased willingness to include more assets and maximize DPI impact in a low-distribution environment.

Solomon Financial Sponsors

Team Overview

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Coverage Officer

Mike Hernandez
Coverage Officer

Rahul Mepani
Coverage Officer

Solomon's Financial Sponsors team maintains relationships with a broad range of institutional investors globally. Our experienced group works closely with our industry and product bankers to provide clients with access to quality deal flow and investment ideas.

- **Established presence** in sponsor community
- **Holistic** coverage and approach
- Integrated effort with **increasing flow**

Selected Transaction Experience

August 2025
G2
A portfolio company of
TENEX
Sold to
MENZIES AVIATION
Served as financial advisor to Tenex & G2

Pending
Advent
To acquire
PatientPoint
Serving as financial advisor to Advent

August 2025
authentic AUTHENTIC BRANDS GROUP
& Guess CEO & Co-Founders
Take private
GUESS
Served as financial advisor to Guess

June 2025
GetixHealth
A portfolio company of
H.I.G. CAPITAL
acquired
americollect
Served as financial advisor to GetixHealth

June 2025
THERMOGENICS
A portfolio company of
Audax Private Equity
acquired by
Morgan Stanley CAPITAL PARTNERS
Served as financial advisor to Thermogenics

June 2025
PharmaLogic
A portfolio company of
Webster Equity Partners / ME
Acquired a majority stake in
agilera
Served as financial advisor to PharmaLogic

May 2025
FUSION CAPITAL PARTNERS
Acquired
relevant.
A portfolio company of
LKCM HEADWATER INVESTMENTS
Served as exclusive financial advisor to Fusion Capital Partners

May 2025
WEST STAR AVIATION
Sold to
GREENBRIAR
Served as financial advisor to The Sterling Group and West Star Aviation

April 2025
GSTV
Sold to
MIDOCEAN Partners
Served as financial advisor to GSTV

February 2025
AGELLUS CAPITAL
Acquired
FireProTech / CHASEFIRE
to create
BLUEJACK
Served as financial advisor to Agellus Capital

December 2024
UNIFIED POWER
A portfolio company of
INCLINE EQUITY PARTNERS
on its sale to
PEARCE
a portfolio company of
NMC
Served as financial advisor to Unified Power

November 2024
Charlesbank
Made a strategic investment in
IMPLAN
Served as financial advisor to Charlesbank

September 2024
NMC New Mountain Capital / ENDICOTT CAPITAL
Invested in
DATASSENTIAL
Served as financial advisor to New Mountain Capital and Endicott

August 2024
Platinum Equity
Acquired
ASP GLOBAL
a portfolio company of
INCLINE EQUITY PARTNERS
Served as Financial Advisor to Platinum Equity

August 2024
MROHOLDINGS
On its strategic investment from
BainCapital
Served as financial advisor to MRO Holdings

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