

Vardis



/ PRIVATE EQUITY PORTFOLIO
COMPANY COMPENSATION & OUTLOOK

- Overview:** We are pleased to share with you the highlights of our recent Private Equity CEO, COO, and CFO surveys in aggregated form. We have been conducting these surveys since 2016 and been asked by our private equity clients for a combined version of them. Specific results, including compensation by revenue, questions on governance and the relationship of PortCo executives with their investors can be found in the CEO, CFO AND COO reports.
- Methodology:** Between April 14 and May 13, 2022, Vardis contacted the CEOs, COOs, and CFOs of more than 1,100 Private Equity Portfolio companies worldwide, gathering over 450 responses. We asked questions about compensation, board communication, their roles, and their outlook for 2022 and beyond. During this time, Russian forces pressed their attacks on Ukraine, COVID drove a shutdown of Shanghai, the S&P fell by 9.4%, and the US Federal Reserve raised interest rates by 50 basis points in the face of annualized inflation tipping the scales at more than 8%. This is the context in which we asked these executives their outlook for their own businesses.
- About Vardis:** Vardis is an international executive search firm focused strictly on portfolio company recruitment on behalf of Private Equity investors in North America, Europe and Asia (CEO, CFO, Board Directors, etc.) and in Pre-Deal situations through the introduction of Advisors, potential Board Members and Operating Executives.
- Questions & further information:** Should you have questions or want further information on this or Vardis' other surveys, including its annual Leadership surveys (conducted in conjunction with AlixPartners), please feel free to contact a Vardis consultant in any of our offices at www.vardis.com.

/ Contacts:

Dallas/Boston

John Hoagland
jhoagland@vardis.com

Boston

Jim von der Linden
jvonderlinden@vardis.com

New York

Dick Krant
dkrant@vardis.com

Boston

Josh King
jking@vardis.com

Frankfurt

Christiane Doerner
cdoerner@vardis.com

London

Mark Mullen
mmullen@vardis.com

/ VARDIS PE PORTFOLIO COMPANY COMPENSATION & OUTLOOK HIGHLIGHTS

Experienced & In-Demand

- 69% of CEOs/CFOs have been CEO/CFO experience
- Leading factor for CFO recruitment is prior PE CFO experience
- 90% are approached at least 1-2 times per month for new opportunities with 2 more than half of CFOs receiving at least 3-4 approaches per month

Focused on Liquidity

- Average tenure under three years
- Two-thirds expect a liquidity event within 24 months
- Two-thirds expect to remain in place through liquidity

Equity & Pay-For- Performance

- Base salaries are high but have flattened
- Bonus targets and payouts have increased by approximately 10% and **actual**, paid bonus has increased by almost 30%
- “Base Case” equity amounts have increased by 80% in past three years

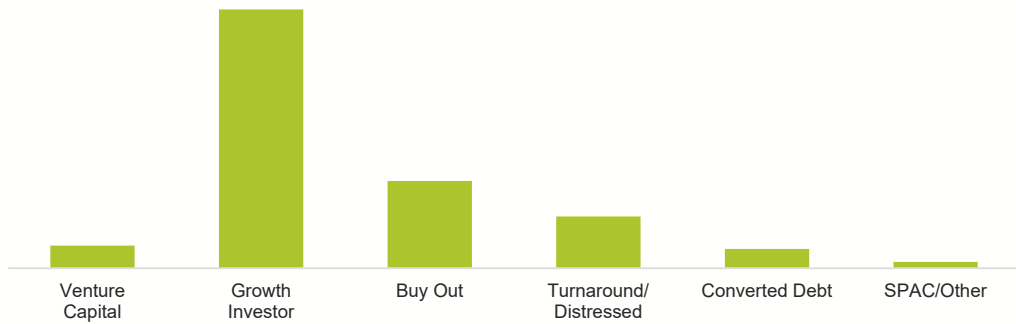
Strong Results – Clouds on the Horizon

- 2/3 have performed at least as well as their initial investment thesis with 43% outperforming plans
- 79% expect improved results over 2021 – 36% “much better” and only 17% expecting a decline
- A number of “High Probability/High Impact” clouds are on the horizon - Labor Shortages, Wage Pressure, Turnover, Inflation, and Recession

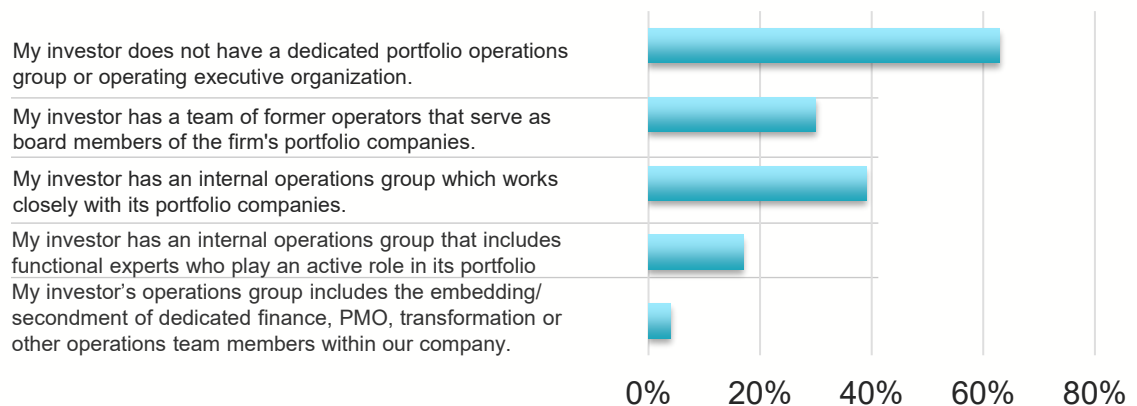
1 **What is your current role?**



2 **Your investor's investment style can best be described as:**

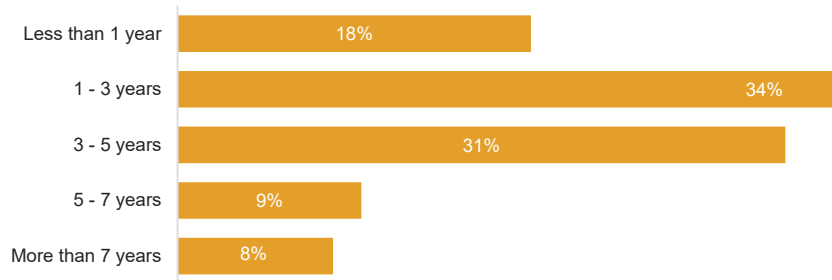


3 **Which of these best describes your investor's operations model?**



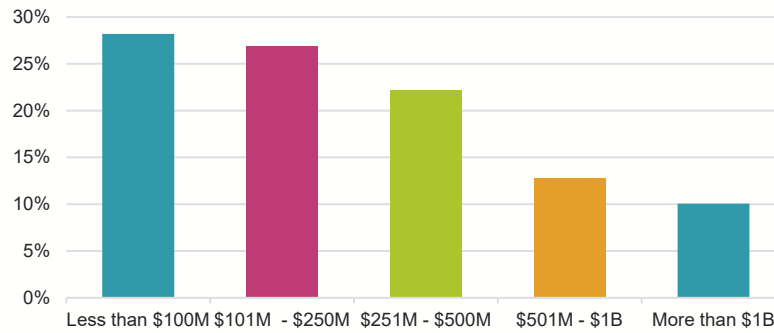
4

How long has your investor owned the Company?



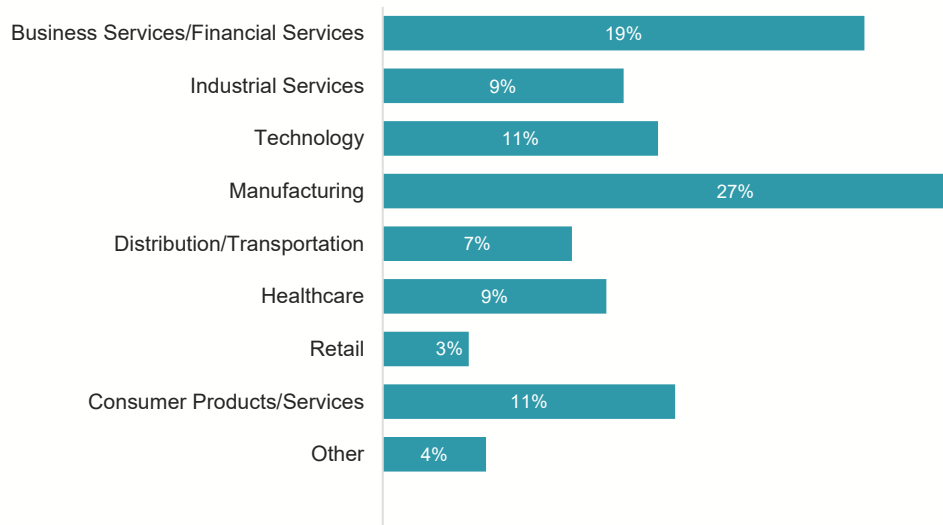
5

What is your Company's annual revenue/turnover?



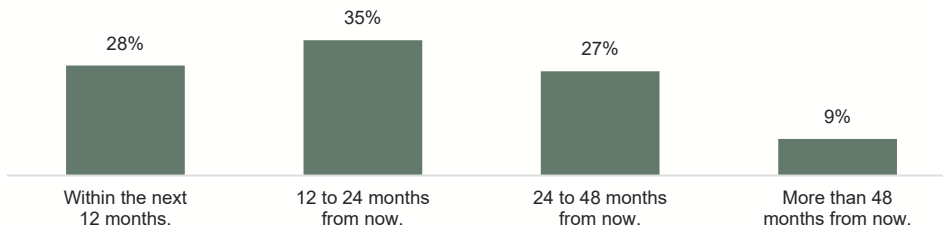
6

What industry best describes your Company?



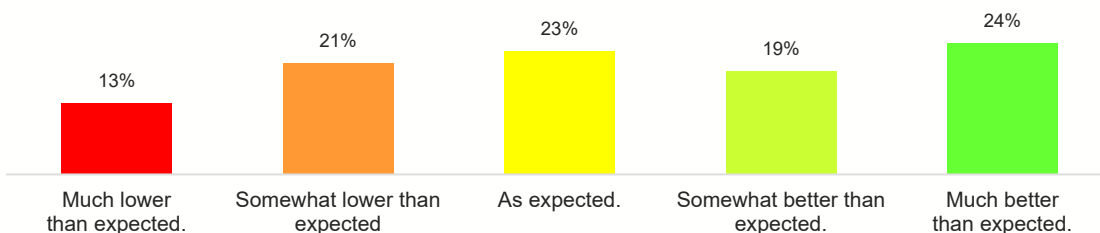
7

When do you anticipate an exit?



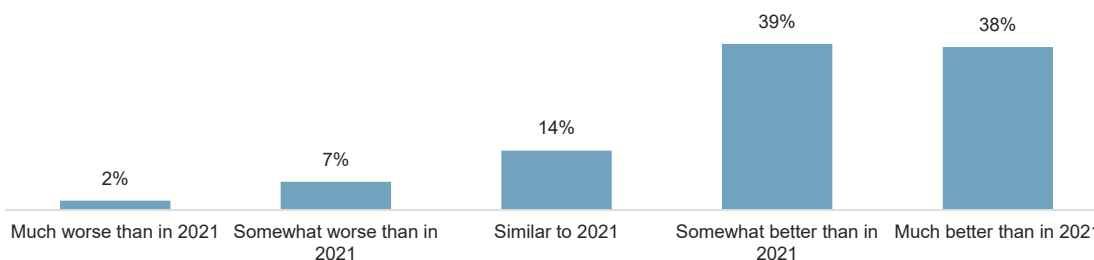
8

How have operating results and value creation compared to the initial investment thesis?



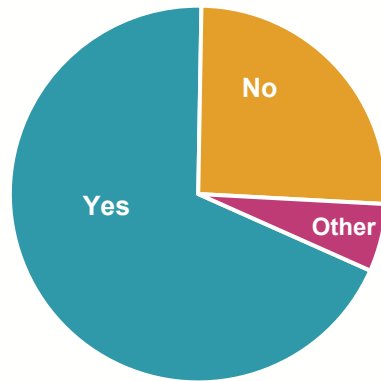
9

In considering 2022, what are you expecting for this year's operating results?



10

Do you expect to remain with the Company through exit?

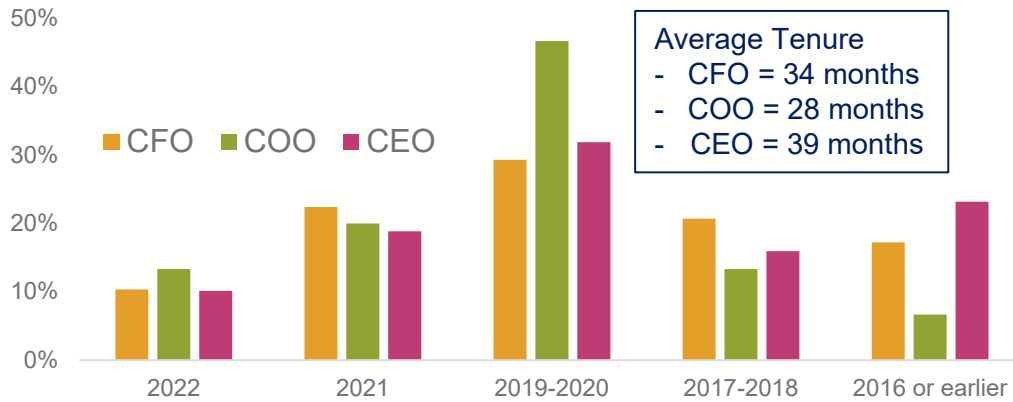


Most common "Other":

- Dependent upon hold period
- Stay through transition only
- Open to change when vested
- Open to change based on investor team

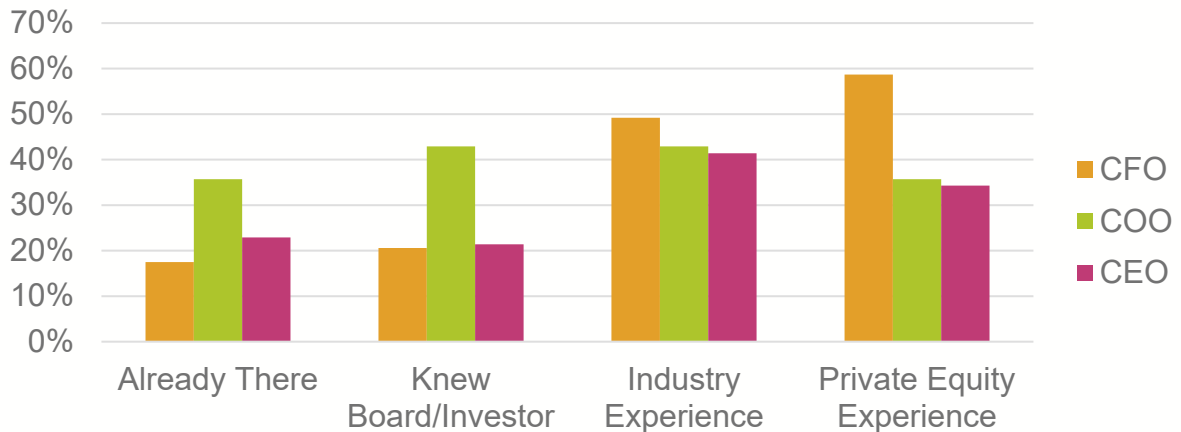
11

When did you assume your current role?



12

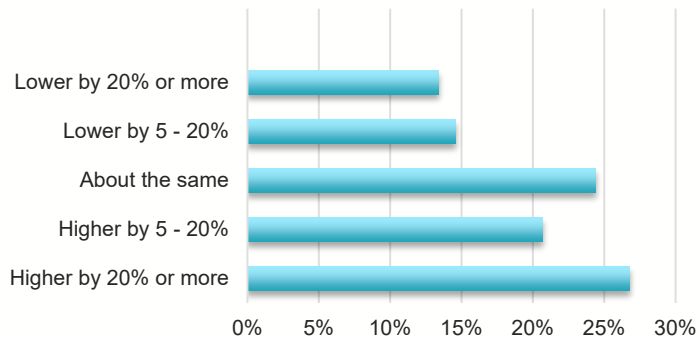
What were the key factors in your hiring? (check all that apply)



/ SURVEY RESPONSES: SECTION IV, YOUR COMPENSATION

13

How does your current annual cash compensation (base & target bonus) compare to your last role?



- CEOs most likely to take a lateral or pay cut (54%)
- 72% of CFOs received at least a 5-20% increase with 36% receiving more than 20%
- Increases weighted towards bonus instead of base

** Results by revenue are available in the CEO and CFO reports.

14

What is your current cash compensation? (in \$USD, 000's omitted)



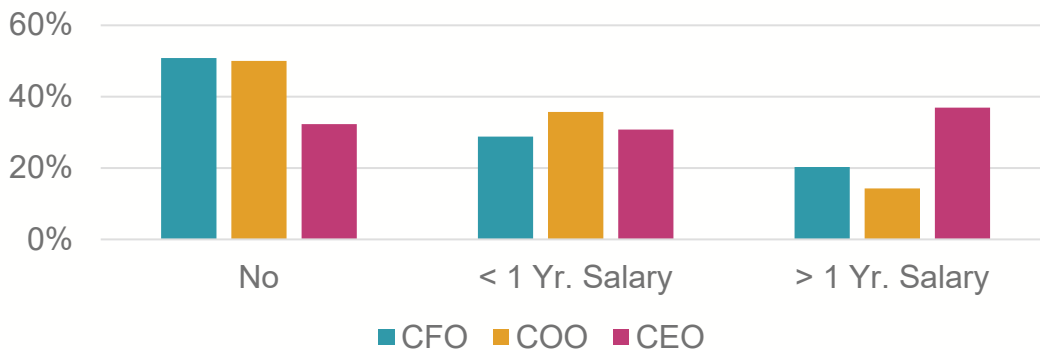
Median Cash Compensation (x 1,000)

- CFO
 - Base - \$335
 - Bonus - \$165
- COO
 - Base - \$371
 - Bonus - \$236
- CEO
 - Base - \$442
 - Bonus - \$301

** Results by revenue are available in the CEO and CFO reports.

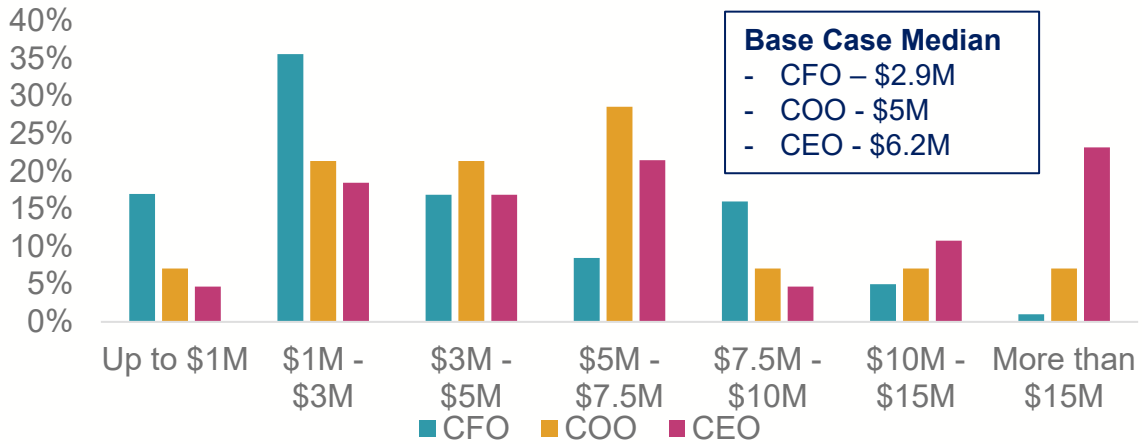
15

Did you invest your own capital in the Company?

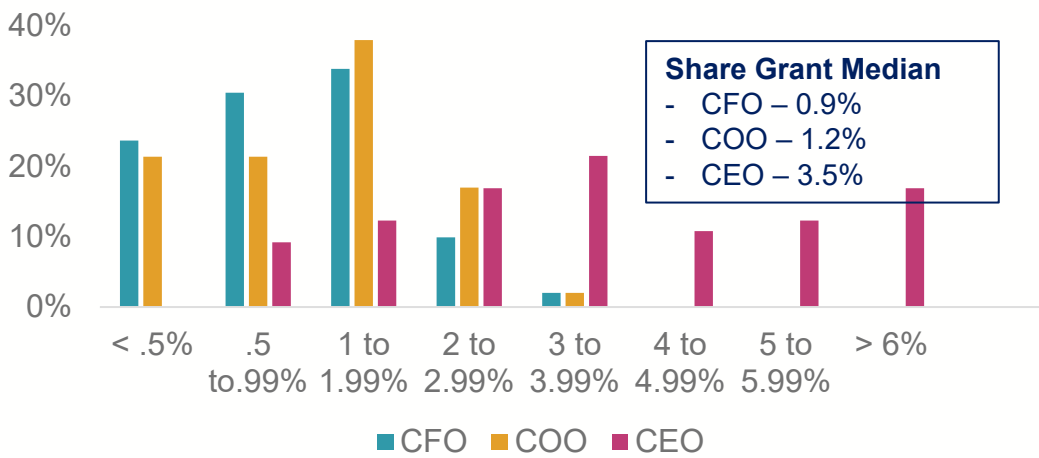


/ SURVEY RESPONSES: SECTION IV, YOUR COMPENSATION

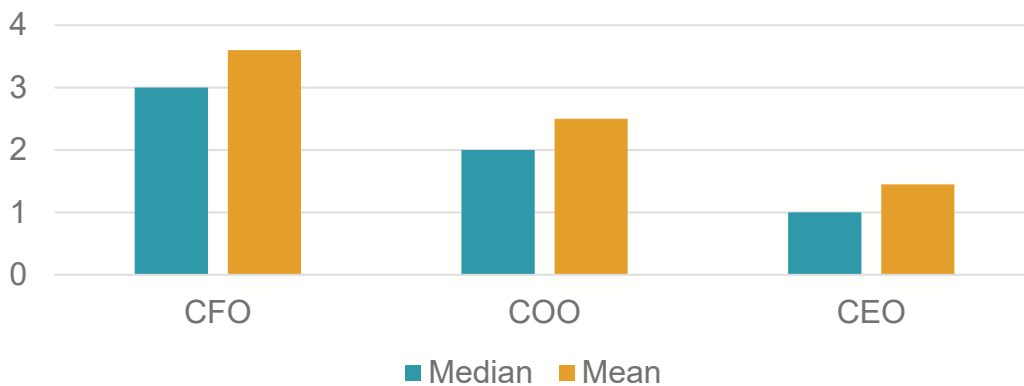
16 What was your expected "base case" equity payout at exit when you took the role?



17 What percentage of the Company's fully diluted shares (not the percentage of the pool) does your equity participation represent?



18 How many new CEO job opportunities are presented to you by investors or recruiters in the average month (whether or not you "take the call")?



19 As you consider the current business environment, how are the following elements likely to impact your Company's value over the next 18 months?

