



Growing Businesses in Partnership
with Management



McCarthy Capital

FUND VIII PRESENTATION

DECEMBER 2023

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NOTES ON INVESTMENT AND PERFORMANCE TERMS

Gross MOIC refers to the total gross proceeds divided by the invested amount, representing the multiple of investment capital, on a gross, pre-tax basis, and does not reflect the deduction of management fees, fund expenses, carried interest and other expenses borne by investors in the respective funds. Gross IRR refers to the aggregate, annual, compound, gross, pre-tax internal rate of return on the investment and does not reflect the deduction of management fees, fund expenses, carried interest and other expenses borne by investors in the respective funds. Gross IRR is calculated from the date on which a fund makes an investment.

Net MOIC represents the multiple of invested capital, on a net basis, calculated after giving effect to all management fees, fund expenses, carried interest and other expenses borne by investors. Net IRR represents the compound annual rate of return generally received by a fund investor bearing its full share of management fees and carried interest and carried interest. Net returns are Model Net figures, not actuals received by investors, reflecting the aggregate hypothetical impact of estimated management fees, carried interest, general fund expenses, income earned on cash and cash equivalents, and other expenses borne or expected to be borne by investors on portfolio company-level return and extracted or composite performance metrics based on a carried interest and fee structure of 20% and 2%, respectively, to comply with the SEC Marketing Rules that went into effect in November 2022, as further clarified in the SEC FAQ released in January 2023 and February 2024. Certain of the funds have borrowed utilizing a capital call credit facility to finance investments prior to issuing a capital call to limited partners, and such fund-level borrowings result in a related delay of capital calls that would increase the Net IRR (in some cases, materially) due to the delayed capital call and decrease Net IRR due to the expense associated with such credit facility. McCarthy Capital Fund V, L.P. and McCarthy Capital Fund VI, L.P. each maintained a line of credit that permitted borrowed funds to remain outstanding for up to 90 days, and McCarthy Capital Fund VII, L.P. maintained a line of credit that permitted borrowed funds to remain outstanding for up to 180 days. The facilities generally impose interest at a rate of WSJ Prime minus 60 bps with a minimum rate of 2.65%, the cost of which is excluded in calculating Gross MOIC and Gross IRR. The Model Net figures reflected herein have been adjusted using estimates based on available information to exclude the impact of the delay of capital calls and cost associated with these capital call credit facilities. Unadjusted Model Net figures reflecting the delay of capital calls and cost associated with the credit facility are available upon request.

Distributions to paid-in-capital is calculated as Total Distributions to Limited Partners divided by Total Invested Capital by Limited Partners at the fund level.

Substantiating information for statements made herein with respect to sourcing of investments, first institutional capital and fund and management/founder ownership is available upon request. "Proprietary" refers to any investment opportunity sourced by the Firm that is not originated from an investment bank engaged to raise capital or execute a sale of the business on behalf of the target company. All such statements are limited to investments made by McCarthy Capital Fund V, L.P., McCarthy Capital Fund VI, L.P. and McCarthy Capital Fund VII, L.P. and include data as of June 30, 2023. Data with respect to McCarthy Capital Mortgage Investors, LLC (MCM) is not included in such statements.

Fund performance data on slide 3 is as of September 30, 2023. Supporting information for all performance data is available upon request.

Overview of McCarthy Capital



Purpose Built and Tenured Team

- McCarthy Capital is led by an experienced senior team that has worked together for more than a decade
- 15 year avg. senior team tenure
- Widely distributed ownership and carried interests

Disciplined Lower Middle Market Strategy

- Partnership-oriented strategy focused on established businesses in Tech-Enabled Business Services, Consumer and Staffing sectors
- 69% of investments have been sourced on a proprietary basis
- First-time institutional capital in 83% of investments
- Conservative use of leverage

Value-Add Partners

- Value creation playbook focused on talent management, sales and marketing, platform scaling and balance sheet optimization to maximize value at exit
- Avg. purchase price multiple expanded at exit 2.6x relative to carrying value 1 year prior to exit¹
- History of strong partnerships and operational success

Demonstrated Track Record of Success

- Across Funds V-VII and MCMI, McCarthy Capital has deployed \$1.1B, which is marked at \$3.7B of total value (\$1.7B realized) as of September 30, 2023
- Fund V (2012 vintage) – 2.3x Net MOIC & 16.2% Net IRR, as of September 30, 2023
- Fund VI (2016 vintage) – 4.4x Net MOIC & 48.0% Net IRR, as of September 30, 2023
- Fund VII (2020 vintage) is performing well and consistent with our investment criteria and principles

Strong Alignment of Interest

- Founders / Management retain more than 40% ownership, on average, following investment
- Maintain and build upon the core management team to lead the day-to-day operations and deliver accretive value add
- Significant commitment to Fund VIII – \$77.6 million in commitments from the Team
- LP-friendly terms (e.g. European waterfall, no transaction or monitoring fees)

1. Avg. purchase price multiple includes a mix of revenue and Adj. EBITDA multiples

Past performance is not necessarily indicative, or a guarantee, of future results. Please see the Legal Disclosures at the beginning of this Presentation for additional information concerning calculations, assumptions and limitations with respect to investment terms and performance data provided in this Presentation.

McCarthy Capital Fund VII



High Growth Portfolio Aligned with Investment Criteria

17%

LTM 6/30/2023 Average Revenue Growth Rate¹

\$39M

Average Entry Revenue

49%

Average McCarthy Capital Ownership at Investment

42%

Average Founder / Mgmt. Ownership at Investment

42%

Control Deals

67%

First Institutional Capital

58%

Proprietarily Sourced

Fund VII Portfolio Companies

KINSTA

Blue Sky
eLEARN

 **smartlink**

Caraway

Wakefield

docufree

 **U.S. MEDICAL STAFFING**

 **CPaT.com**
Smart. Training. Vision.

 **Rently**

:medaxion



 **Wellnessliving**

1. For select portfolio companies that performed M&A in LTM period, revenue data is pro forma prior to the transaction date for the acquisitions

McCarthy Capital Team Members



An Experienced and Motivated Team with Significant Capital Invested Across All Funds

Senior Team¹



Patrick Duffy

President & Managing Partner
16 Years



Bob Emmert

Senior Partner
15 Years



Phil Dudley

Partner
14 Years



Chase Meyer

Partner
14 Years



Brian Zaversnik

Managing Director
11 Years



Teri Mercer

CFO, CCO
18 Years

Investment Team

Supported by
Four Associates



BJ Hansen
Managing Director



Matt Breunsbach
Managing Director



Justin Disch
Vice President



Thomas Sudyka
Vice President



Alyssa Anglin
Senior Associate



Mary Beth Brosnihan
Senior Associate



Alan Davis
Senior Associate



Jack Pettyrock
Senior Associate

Operations Team

Supported by
Seven Finance
& Admin Employees



Tyler Cyboron
Chief of Staff & VP
of Investment Operations



Jonathan Wegner
General Counsel



Denise Alderson
Controller



Investment Committee Member



Executive Committee Member

1. "Years" refers to tenure at McCarthy Capital

Investment Strategy & Principles



Highly Disciplined Approach to Investment Selection and Structuring

Core Investment Principles & Strategies

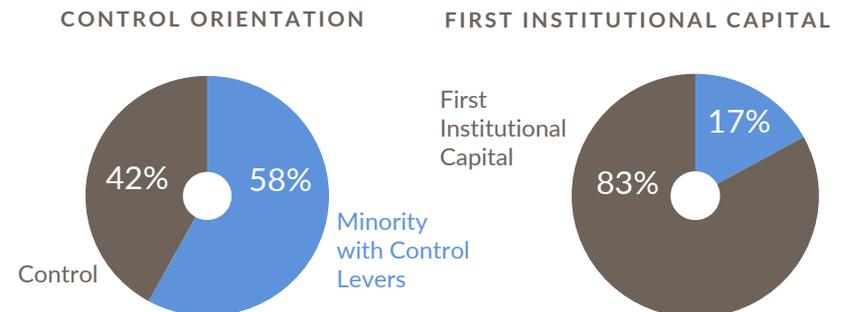


- Reduction of execution risk
- On average, Management / Founders maintain more than 40% ownership after the initial transaction
- Established network of intermediary relationships
- Partnership approach resonates with sellers
- Our top 10 geographic markets have a combined GDP in excess of \$3.5 trillion¹
- Tested business models with multiple avenues to unlock growth
- Businesses with positive cash flow or a clear path to profitability
- Partner with Owner - Operators directly
- More attractive entry dynamics
- Low leverage ratios
- Pursue accelerated growth through identifiable value-creation initiatives

Target Investment Parameters

\$30M-\$80M	Equity Check Size
\$50M-\$300M	Typical Enterprise Value
\$0M-\$30M	EBITDA
40%+	Establish Alignment Through Founder / Mgmt. Rollover
Sectors	Business Services, Consumer, Staffing
Ownership	Flexible: Control or Significant Minority

Results of a Disciplined Approach

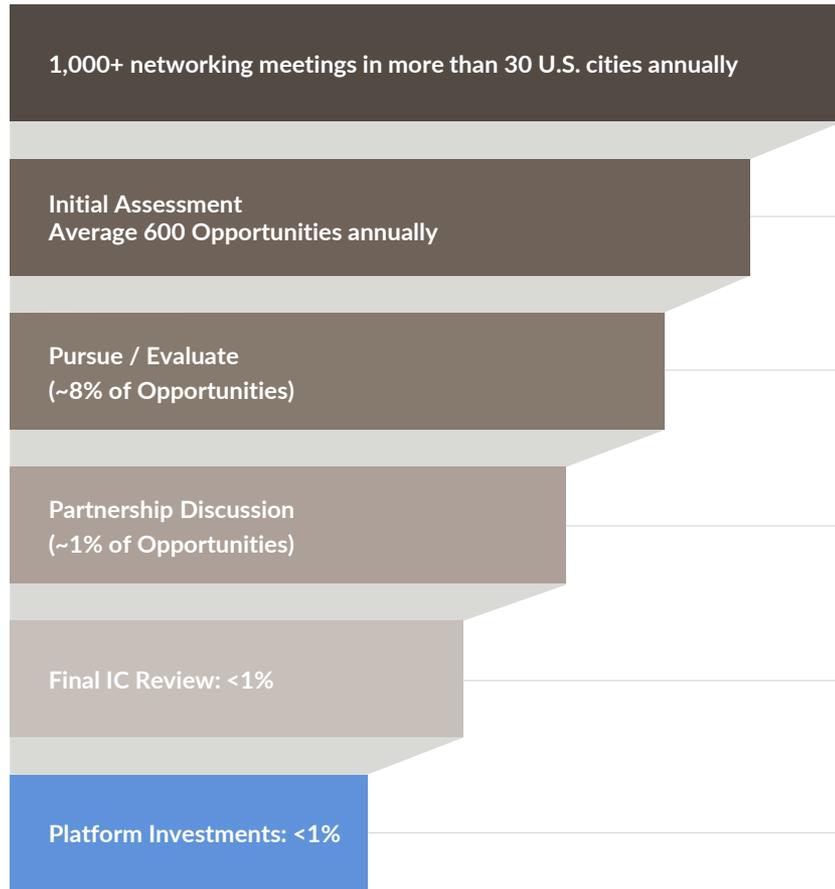


¹ Source: Federal Reserve Economic Data available at <https://fred.stlouisfed.org/categories/27281>
 There can be no assurance that McCarthy Capital will be able to implement its investment strategy or achieve its investment objectives for the Fund or any investment. McCarthy Capital seeks to make investments with the criteria listed above, but each investment may not necessarily contain all criteria.

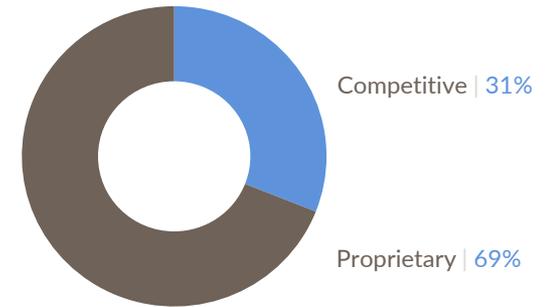
Established Industry Network to Source Privately Negotiated Deals



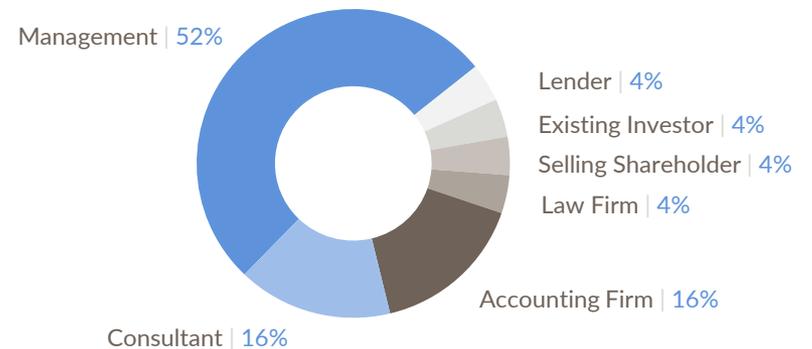
McCarthy Capital Breadth of Industry and Intermediary Relationships Promotes Direct Deal Flow



Proprietary Sourcing Strategy



Proprietary Sources

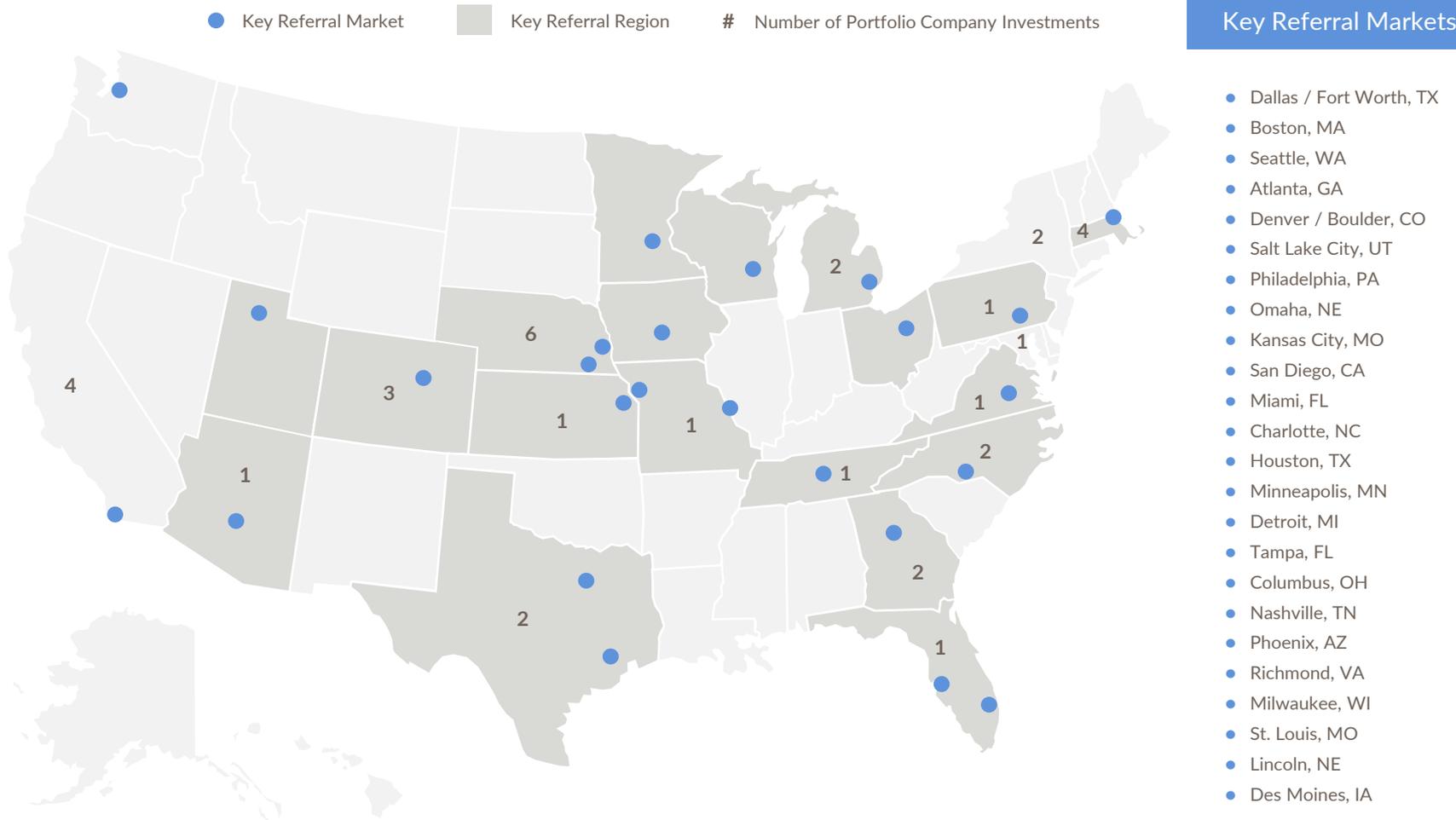


Note: Funnel is an approximation based on deal flow over the last five years. Information regarding potential investments of the Fund should not be relied upon as an indication, or guarantee, of future deal flow.

Key Origination Markets



Each Referral Market is assigned to a McCarthy Capital team member who is accountable for maintaining relationships in that region



Note: Data excludes 1 Portfolio Company in Toronto, Ontario and 1 Portfolio Company with a remote, multinational workforce.

McCarthy Capital Value Creation Plan



McCarthy Capital works with management teams to implement a plan for value enhancement based upon prior experience with similar operating companies



There can be no assurance that McCarthy Capital will be able to implement its investment strategy or achieve its investment objectives for the Fund or any investment.

Well-Defined Exit Strategies



Following the successful implementation of value creation plans, McCarthy Capital seeks to exit bigger and better businesses

ENTRY



Seek to Invest under non-competitive conditions

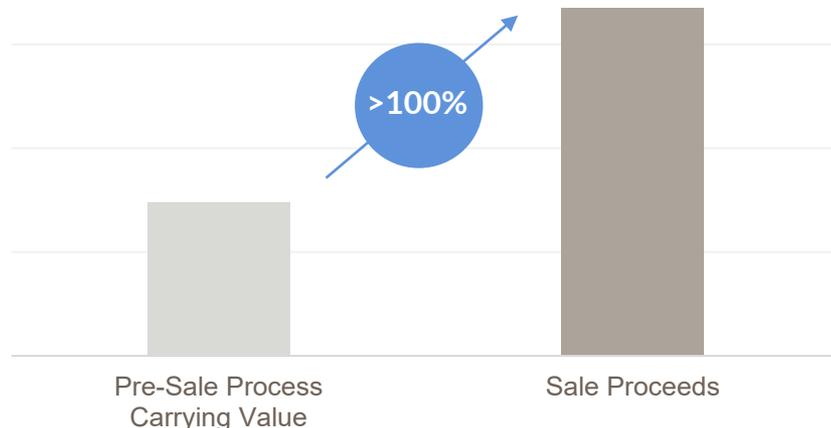


EXIT



Exit through a competitive pricing environment, highlighting cash flow growth and potential for further scale

Expansion At Exit¹



1. Graph depicts the weighted average percentage increase in fund exit proceeds when comparing the investment carrying value one year prior to exit with proceeds received after that point in time (inclusive of exit proceeds, escrow and future payouts); includes all exits within Funds V and VI

Fund V–VI Portfolio Statistics

	LTM EBITDA MULTIPLES				
	At Investment	Start of Sale Process ²	At Exit	% Expansion from Mark	% Expansion During Hold
Company #1	6.9x	7.2x	9.5x	32%	38%
Company #2	10.4x	11.8x	13.8x	17%	33%
Company #3	10.0x	12.5x	18.8x	51%	89%
Company #4 ³	4.8x	5.2x	6.5x	23%	36%
Company #5 ³	2.4x	2.5x	5.4x	116%	130%

2. Start of Sale Process represents the EBITDA multiple at one year prior to exit

3. Based off of revenue multiple

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