



THE STERLING GROUP

Introduction to The Sterling Group Private Credit

May 2025

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Introduction to The Sterling Group

Sterling seeks to make investments in middle market and lower middle market industrial companies with clear potential for operational improvement

THREE STRATEGIES, ONE TEAM APPROACH

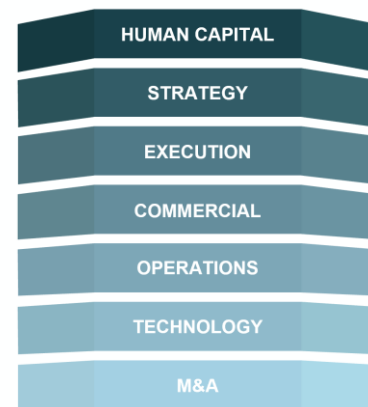
1982
Year
Founded

78
Firm Employees

\$9.1 billion
Firm AUM
as of Mar. 31, 2025

~66%
Of Equity Returns From
Organic EBITDA Growth

- Sterling builds **manufacturing, distribution, and industrial services businesses**
- Repeatable systems and processes to transform companies through the **Seven Levers**
- Investing in control positions through **Sterling Equity Funds** and in junior and senior debt through **Sterling Credit Funds**



RECENT CONSISTENT INVESTMENT PERFORMANCE

STERLING EQUITY FUNDS

FLAGSHIP FUNDS I-V

Investing in industrial companies with \$25 - \$75 million of EBITDA

209%
EBITDA Growth in
Funds III – V
Realized Investments⁽¹⁾

FOUNDATION FUND

Investing in industrial companies with less than \$20 million of EBITDA

3.6x / 2.8x
Funds III – V Gross /
PF Net Realized
Multiple⁽¹⁾

36% / 27%
Funds III – V Gross
/ PF Net Realized
IRR⁽¹⁾

STERLING PRIVATE CREDIT

CREDIT FUNDS I & II

Investing in junior and senior debt, primarily in Sterling portfolio companies

1.7x / 1.5x
Credit Fund I & II Gross / PF Net
Realized Multiple⁽²⁾
19% / 13%
Credit Fund I & II Gross / PF Net
Realized IRR⁽²⁾

(1) Refers to Funds III-V fully realized and partially realized investments as of Apr. 15, 2025, as well as the expected realizations of Artisan Design Group and West Star Aviation in Q2-25 (purchase agreements signed).

(2) Refers to Credit Funds I & II significantly realized investments as of June 2, 2025 (Time Manufacturing, Jenny Craig, Systems Control, Bad Boy Mowers, White Cap, Frontline, ADG and West Star Aviation). ADG is expected to close on June 2, 2025 (purchase agreement signed; there is no guarantee that the transaction will close). West Star Aviation is expected to close on May 19, 2025 (purchase agreement signed; there is no guarantee that the transaction will close). Please see Schedule of Investments on Pages 19-20 for realized and unrealized returns and "Disclaimers" for more information on the calculation of performance information included herein, including the use of composite returns.

Past performance is not indicative of future results and there can be no assurance that a Fund will make comparable investments, achieve comparable results, or avoid losses. Please see "Disclaimers & Endnotes" for important information.

Realized Returns in Recent Funds

Sterling Equity Funds have demonstrated a track record of consistent returns in realized investments in Funds III-V

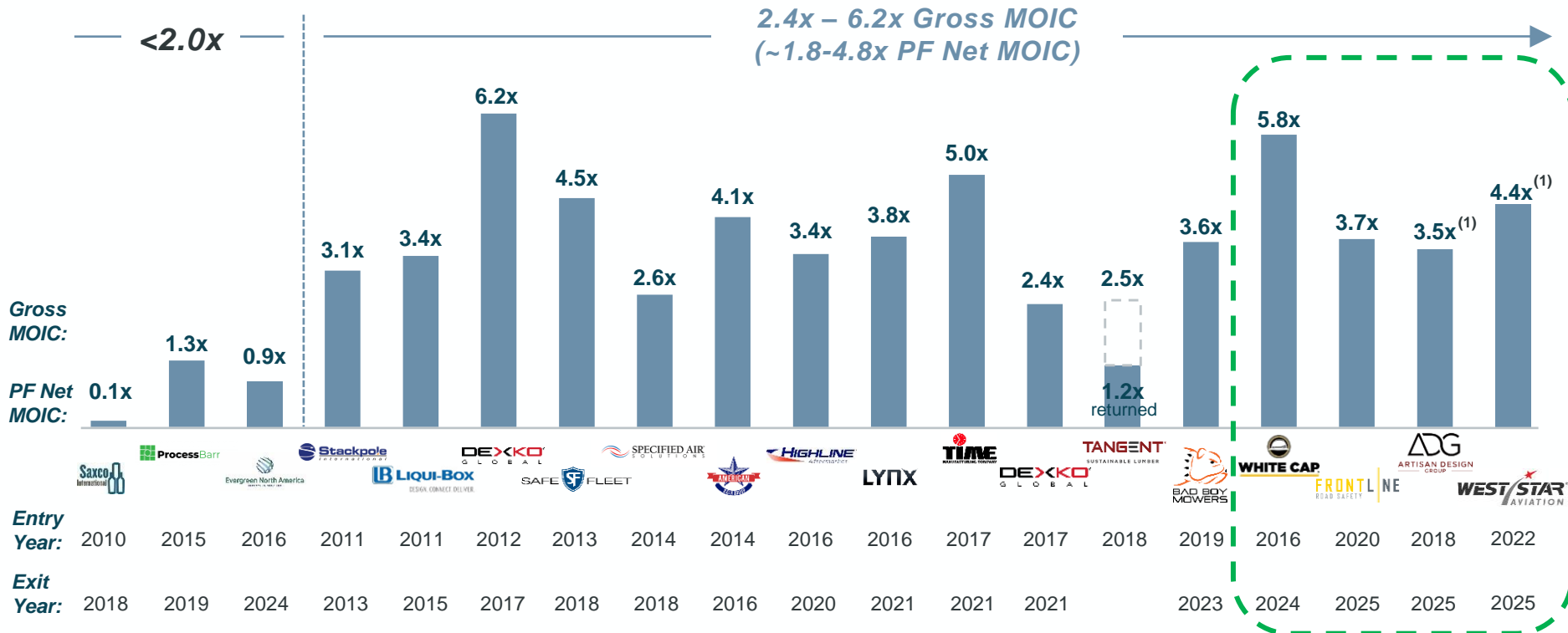
3.6x / 2.8x

Funds III – V Gross / PF Net
Realized Multiple⁽¹⁾

36% / 27%

Funds III – V Gross / PF Net
Realized IRR⁽¹⁾

3% LOSS RATIO ON ALL REALIZED INVESTMENTS IN FUNDS III-V



(1) Refers to Funds III-V fully realized and partially realized investments as of Apr. 15, 2025, as well as the expected realizations of Artisan Design Group and West Star Aviation in Q2-25 (purchase agreements signed).
Past performance is not indicative of future results and there can be no assurance that a Fund will make comparable investments, achieve comparable results or avoid losses.
Please see "Disclaimers & Endnotes" for important information regarding performance data on this slide, including definitions.

The Sterling Credit Fund Strategy Overview

The Sterling Credit Funds launched in 2017 to take advantage of attractive returns to past lenders. Sterling Credit Funds focus on investments in companies and industries where Sterling possesses extensive knowledge and expertise.

STERLING CREDIT FUND III TARGET PORTFOLIO CONSTRUCTION

15+

INVESTMENTS PER FUND

\$10M+

TARGET EBITDA

90%+

DEALS WITH COVENANTS

UP TO \$35M

TARGET HOLD SIZE

STERLING EQUITY FUND SPONSORED DEALS

- Sponsor with operational value add
- Deep industry knowledge

80% TARGET ALLOCATION

SPONSORS AND INDUSTRIES STERLING KNOWS WELL

- Businesses and sectors that Sterling knows well, resulting in advantaged diligence
- Sterling network increases deal flow

20% TARGET ALLOCATION

INTEREST INCOME DISTRIBUTIONS & TARGET RETURNS

- + Seeking regular distributions of interest income with further upside from equity co-investment
- + Targets investments with a **~1.5x Gross MOIC** (1.4x PF Net MOIC) and **~15 - 17% Gross IRR** (10 - 12% PF Net IRR) target over a five-year period **on an unlevered basis**
- + Flexible approach to risk/reward, investing across the capital structure, including senior debt, junior debt, equity co-invest

The Sterling Credit Angle

We believe the Sterling Credit Funds have myriad advantages over generalist credit funds








	STERLING CREDIT FUNDS I & II	GENERAL CREDIT FUND
1 SOURCING	<ul style="list-style-type: none">▪ Proprietary deal flow from Sterling Equity Funds	<ul style="list-style-type: none">▪ Competitive market with hundreds of funds
2 PRICING	<ul style="list-style-type: none">▪ Partnered with an equity sponsor who we believe has historically paid attractive rates to supportive lenders	<ul style="list-style-type: none">▪ Often forced to lower rate or stretch on leverage to win deal
3 LEVERAGE	<ul style="list-style-type: none">▪ Entry net leverage at entry of Credit Fund I and Credit Fund II portfolios is 4.6x and 4.8x, respectively⁽¹⁾	<ul style="list-style-type: none">▪ Middle market average net leverage of 5.7x and 5.5x, respectively⁽²⁾
4 STRUCTURE	<ul style="list-style-type: none">▪ Covenants in 100% of Sterling investments, strong documentation, and creditor protections	<ul style="list-style-type: none">▪ Market increasingly utilizes covenant lite structures
5 TRANSPARENCY	<ul style="list-style-type: none">▪ Full information sharing across Sterling, “One Team” approach	<ul style="list-style-type: none">▪ Lenders typically held at arms length with less frequent information flow
6 EQUITY CO-INVEST	<ul style="list-style-type: none">▪ Access to equity co-invest, typically at least ~15% of loan value	<ul style="list-style-type: none">▪ Hard for lenders to get co-invest from most middle market sponsors

(1) Entry net leverage is calculated as a weighted average of the debt invested at Credit Fund entry in the investment.

(2) Leverage of currently outstanding leveraged loans included in the LSTA index calculated as the average of each metric for corresponding quarter of each deal. Data as of Q4 2024.

Recent Realization Activity with Strong Near-Term Pipeline

Credit Funds distributed ~\$85 million through five realizations plus interest and dividends⁽¹⁾, with two additional realizations expected shortly

	INVESTMENT	REALIZATION EVENT	GROSS MOIC COMBINED DEBT & EQUITY RETURN	GROSS IRR COMBINED DEBT & EQUITY RETURN
CREDIT FUND I RECENT & NEAR-TERM REALIZATIONS		Equity co-invest realized in August 2024 recapitalization	1.8x	23%
		Equity co-invest realized in March 2025 sale to Bain Capital	1.7x	31%
		Senior debt and equity co-invest expected to be realized in June 2025 sale to Lowe's	1.9x	14%
CREDIT FUND II RECENT & NEAR-TERM REALIZATIONS		Second lien debt paid off in June 2024 after three-year hold; Equity co-investment remains unrealized	1.6x	19%
		Senior debt returned in October 2024 after two-year hold; Equity co-investment remains unrealized	1.3x	11%
		Mezzanine debt repaid in December 2024 after one-year hold; Equity co-investment remains unrealized	1.3x	22%
		Senior debt and equity co-invest expected to be realized in May 2025 sale to Greenbriar	2.0x	26%
TOTAL RETURNS FOR RECENT & NEAR-TERM REALIZATIONS			1.7x ON RECENT & NEAR-TERM EXITS	20% ON RECENT & NEAR-TERM EXITS

Sterling expects to realize Credit Fund I's debt and equity co-investment in ADG on June 2, 2025, after quarter-end. The ADG returns shown above are as of June 2, 2025, and reflect the realization. Sterling expects to realize Credit Fund II's debt and equity co-investment in West Star Aviation on May 19, 2025, after quarter-end. The West Star Aviation returns shown above are as of May 19, 2025, and reflect the realization. All other returns listed are as of March 31, 2025.

(1) Represents gross realized value for White Cap, Frontline, PowerGrid, Ergotron and Blaster from June 4, 2024 to March 4, 2025.

Past performance is not indicative of future results and there can be no assurance that a Fund will make comparable investments, achieve comparable results or avoid losses. Any estimates, expectations or projections are for illustrative purposes only and are not necessarily indicative, or a guarantee, of future results. Please see "Credit Fund I Overview" and "Credit Fund II Overview" for a full track record and for important information including the use of composite returns.

The Sterling Credit Fund III Opportunity

1

SEEKING CONSISTENT RETURNS

- + Primarily junior focused credit strategy **targeting 15%-17% Gross IRR (10-12% Net)**, capitalizing on consistent flow of junior debt opportunities in Sterling Equity Fund deals
- + Gross IRR of 14.8%, Net IRR of 10.7% in Credit Fund I through 3/31/25
- + Gross IRR of 13.5%, Net IRR of 10.3% in Credit Fund II through 3/31/25

2

PARTNERED WITH A STRONG SPONSOR

- + Sterling believes it has developed a **repeatable strategy** for generating significant EBITDA growth and **delivering consistent returns** to Equity and Credit investors
- + **Proprietary access** to every Sterling Equity Fund investment with junior debt (\$1.3 billion in investment opportunities to junior lenders in Sterling Equity Funds IV-VI)

3

INDUSTRY EXPERTISE WITH STRONG TAILWINDS

- + Sterling has **40 years of operational experience** investing exclusively in the industrial sector and has **navigated multiple cycles**
- + Compelling **macro and secular tailwinds** in the industrial sector should result in a compelling investing environment for Sterling Credit

4

ATTRACTIVE RISK RETURN, CASH YIELD & DISTRIBUTIONS

- + Attractive risk-adjusted returns through the investment of flexible capital, which has historically resulted in **lower leverage, higher interest rates, and more conservative structures** than the broad, syndicated market
- + Sterling Credit Funds have historically offered a **double-digit income** component paired with further **upside potential** from equity co-investments

Past performance is not indicative of future results and there can be no assurance that a Sterling Credit Fund will make comparable investments, achieve comparable results, or avoid losses. Please see Disclaimers and Endnotes for important information. While Sterling seeks investments that generally meet the target criteria discussed herein, there can be no assurance that any individual investment will meet all, or any, of such criteria. Target returns and deal characteristics, which generally reflect the underwriting standard used by Sterling when evaluating potential investments, are aspirational and shown for illustrative purposes only to help investors understand the risk-return profile of the investment strategy discussed herein. There can be no assurance that any expected trends or target portfolio constructions will be achieved. Actual performance may vary significantly. Represents Sterling's opinions, beliefs and assessments. Although Sterling believes these assessments are reasonable, they are inherently subjective in nature. There can be no assurance that any expected trends or target portfolio constructions will be achieved. Actual performance may vary significantly.

Sterling Credit Fund Target Return Components

The Sterling Credit Funds targets 1.5x Gross MOIC (1.4x PF Net) and 15-17% Gross IRR (10-12% PF Net) by investing opportunistically in debt with upside potential from equity co-investments

INVESTMENT OBJECTIVE

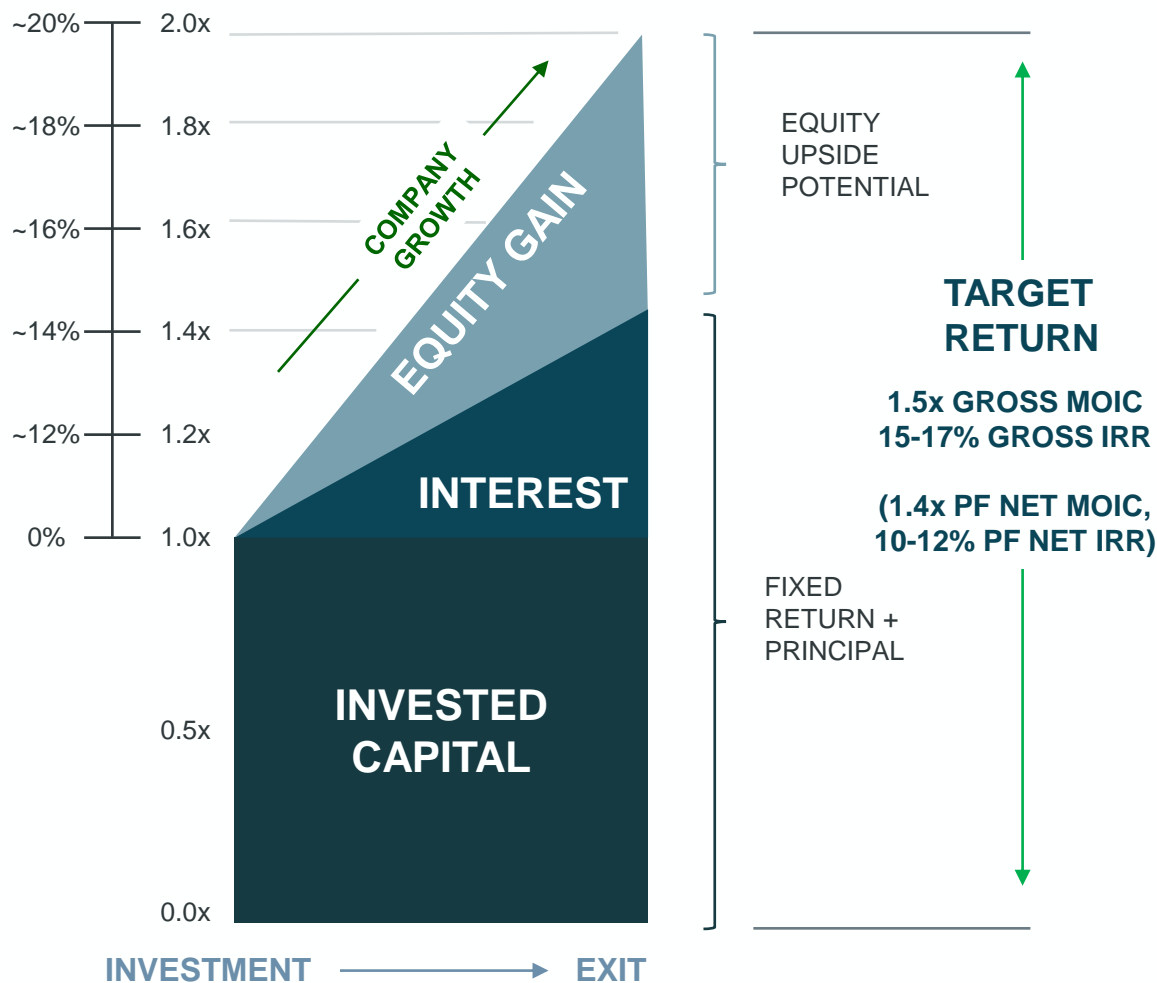
- + Generates predictable income from debt investments with additional upside from equity co-investments

PROPRIETARY DEAL FLOW

- + Captive sourcing with access to every Sterling investment

EQUITY CO-INVEST

- + ~15%+ co-invest with an operationally focused manager with a long track record of performance

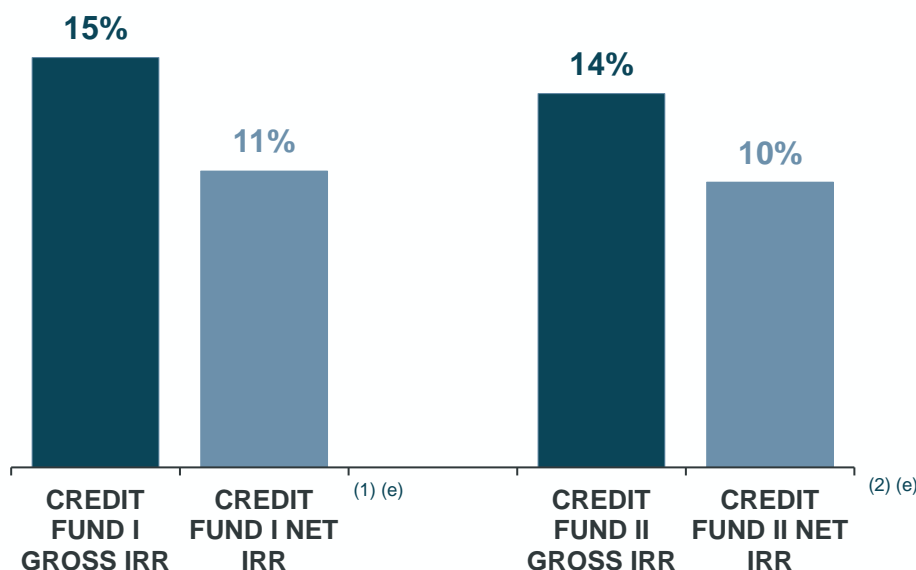


Credit Fund I and Fund II Returns

We believe Sterling Credit Funds I and II have delivered strong risk-adjusted returns with further potential upside through unrealized equity co-investments and attractive current rates across the portfolio

GROSS AND NET IRR

AS OF MAR. 31, 2025



CREDIT FUND I & II SUMMARY

	CREDIT FUND I	CREDIT FUND II
VINTAGE	2018	2021
PORTFOLIO COMPANIES	13	14
COMMITMENTS (\$MM)	\$200	\$320
% INVESTED	105%	85%
WTD. AVG. PF INTEREST RATE ⁽³⁾	13%	12%
PF EXITS ⁽⁴⁾	9	4
GROSS MOIC	1.5x	1.3x
NET MOIC	1.3x	1.2x

(1) Includes the impact of the Fund's previous use of a credit facility. Unlevered Net IRR, excluding the use of the credit facility is approximately 10.4%. As of quarter end, Credit Fund I no longer has a credit facility.

(2) Includes the impact of the Fund's credit facility. Unlevered Net IRR, excluding the use of the credit facility is approximately 9.7%. As of quarter end, Credit Fund II no longer has a credit facility.

(3) Reflects remaining investments with debt outstanding. Credit Fund I includes Fencing Supply Group, Rohrer and Tangent Technologies following ADG's expected exit on June 2, 2025. Credit Fund II includes Fencing Supply Group, Quest, Gulf Winds, PrimeFlight, Premier Tire & Service, Bad Boy Mowers, ERIKS, OGD Overhead Garage Door and Pavement Preservation Group following West Star Aviation's expected exit in May 19, 2025.

(4) Includes partial and full exits. ADG in Credit Fund I is expected to close on June 2, 2025 (purchase agreement signed; there is no guarantee that the transaction will close). West Star Aviation in Credit Fund II is expected to close on May 19, 2025 (purchase agreement signed; there is no guarantee that the transaction will close).

Past performance is not indicative of future results and there can be no assurance that a Sterling Credit Fund will make comparable investments, achieve comparable results or avoid losses. Please see "Disclaimers & Endnotes" for important information.

One Team Approach to Bear Hugging Sterling Portfolio Companies

On Sterling sponsored investments, the combined support of the Sterling Credit and Equity Teams and the Portfolio Resources Group results in “bear hugging” industrial companies

TYPICAL STERLING INVESTMENT TEAM

4 – 5

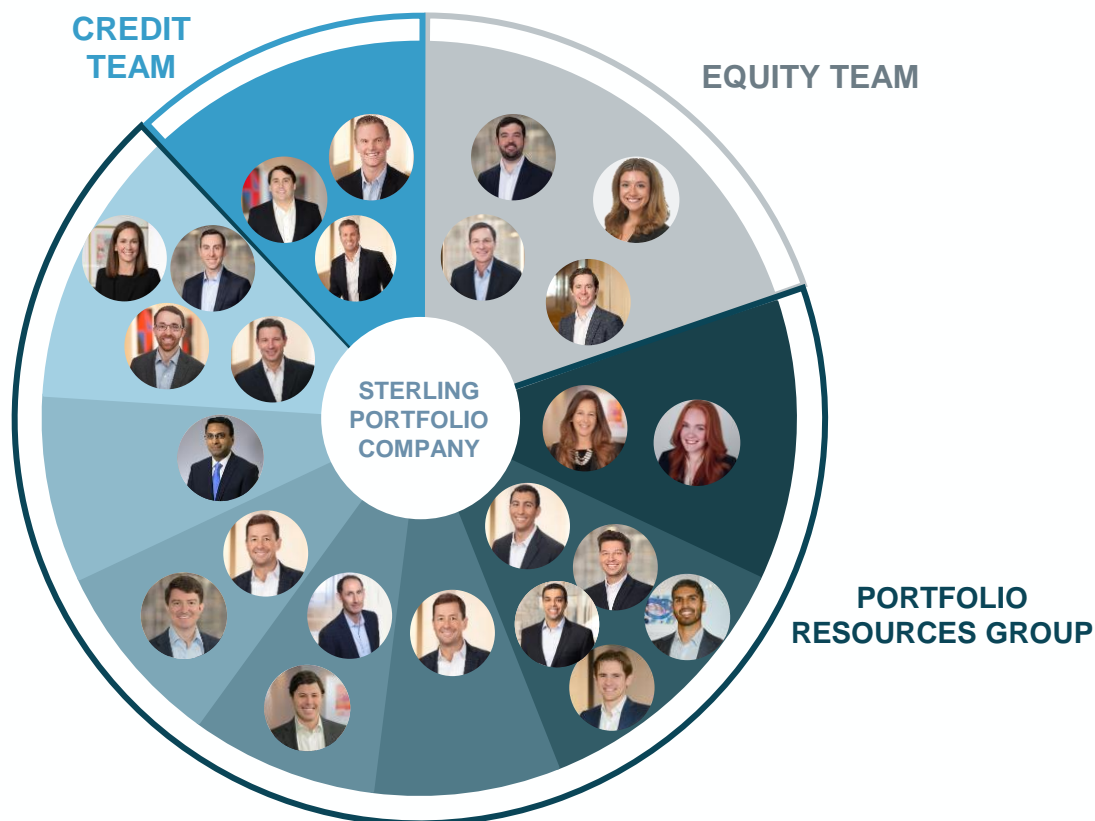
EQUITY FUND
INVESTMENT
PROFESSIONALS

10+

SPECIALIZED
RESOURCE
PROFESSIONALS

3

CREDIT FUND
INVESTMENT
PROFESSIONALS



RETURNS ON STERLING DEBT INVESTMENTS IN CREDIT FUNDS

1.7x / 1.5x

GROSS / PF NET MOIC ON
FULLY REALIZED STERLING
EQUITY FUND INVESTMENTS
IN CREDIT FUNDS I & II ⁽¹⁾

22% / 16%

GROSS / PF NET IRR ON FULLY
REALIZED STERLING EQUITY
FUND INVESTMENTS IN
CREDIT FUNDS I & II ⁽¹⁾

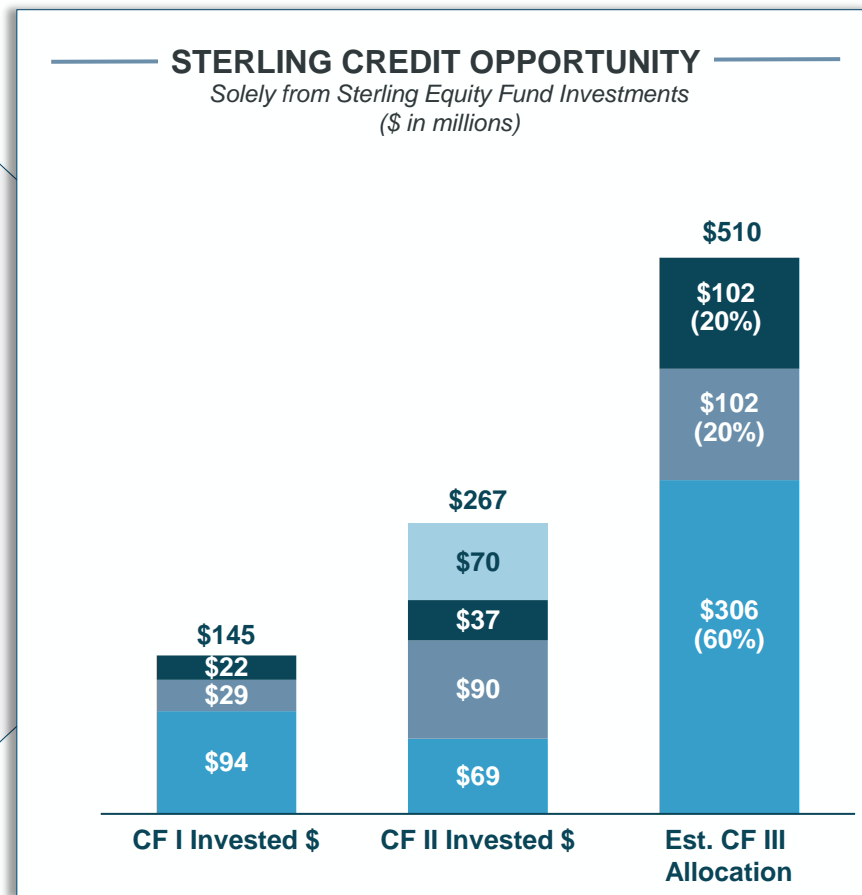
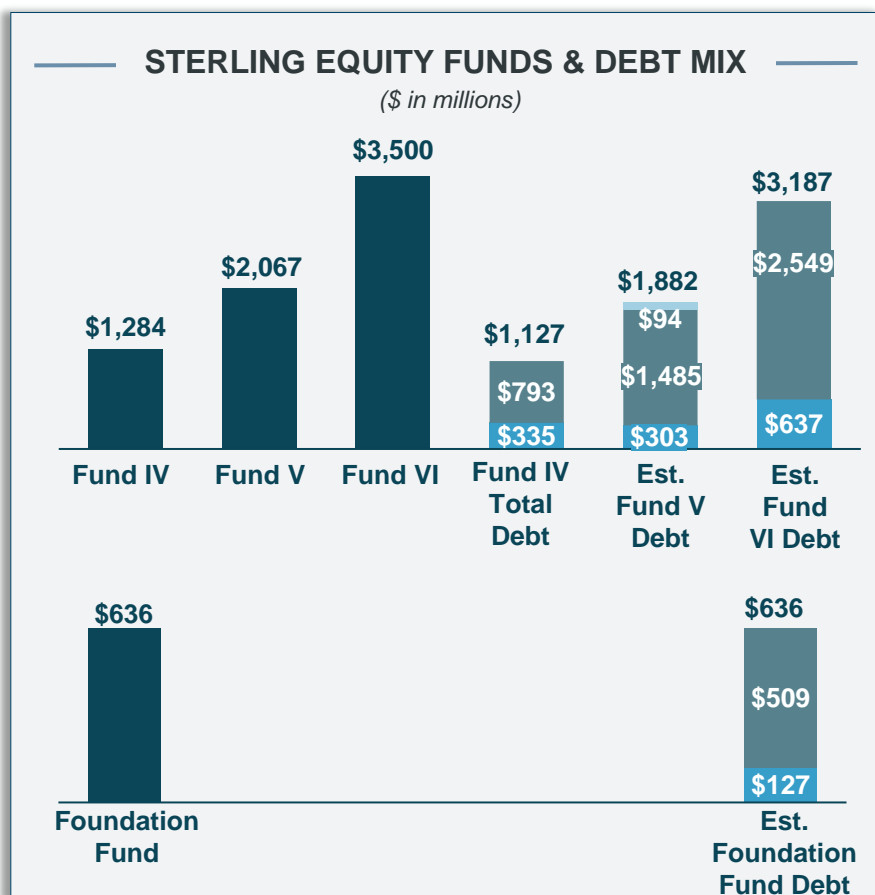
No losses

TO JUNIOR LENDERS IN
STERLING EQUITY FUND DEALS
OVER THE LAST 15 YEARS

Sterling Investment Pipeline is Strong and Growing

- Continued focus on Sterling junior capital investments with equity co-investment
- Based on a \$3.5B Fund VI, we expect \$350M+ in Sterling-sponsored opportunities with incremental opportunities from Foundation Fund

■ Est. Remaining
 ■ Equity
 ■ Senior / Unitranche
 ■ Mezz / Second Lien



Advantages of Sterling Deal Flow: Bad Boy Case Study

Bad Boy represents an opportunity to generate equity-like returns through credit investments in Sterling portfolio companies

ADVANTAGED, DIRECT SOURCING

- Fund I Bad Boy mezzanine investors included Sterling Credit and Sterling LPs only

STRONG RETURNS WITH EQUITY CO- INVESTMENT

- Attractive fixed rate debt return on a scaled and growing business
- Access to equity co-invest representing of 20% of debt investment
- Combined \$53.8M of invested capital across Credit Funds I and II

MULTIPLE INVESTMENTS IN FAMILIAR COMPANIES

- Bad Boy deal team and management have demonstrated strong ability to grow the business
- The team's ability to drive growth and maintain strong margins showcase their expertise in the sector
- Bad Boy's leadership position in the sector positions the company for continued expansion and profitability

- Credit Fund I invested in Fund IV's acquisition of Bad Boy Mowers in 2019
- In Q4 2023, Sterling recapitalized Bad Boy
- Credit Fund I rolled its equity co-investment into the new structure
- Credit Fund II invested in the mezzanine debt and equity co-investment

BAD BOY CREDIT FUND I RETURNS

Realized at recapitalization:

1.5x Gross MOIC / **1.4x** Net MOIC
24% Gross IRR / **17%** Net IRR

With additional upside remaining from

\$2.3M rollover equity

BAD BOY CREDIT FUND II INVESTMENT

\$24.0M mezzanine notes
\$4.8M common equity

Case studies presented herein are for illustrative purposes only and do not purport to be a complete list of investments. It should not be assumed that investments made in the future will be comparable in quality or performance to the investments described herein. Certain statements above reflect Sterling's subjective expectations, views and beliefs as of the date hereof. Past performance is not indicative of future results and there can be no assurance that a Credit Fund will make comparable investments, achieve comparable results or avoid losses. There can be no assurance that Sterling will be able to implement its investment strategy or achieve its investment objective.

SOURCING VERTICALS

1

PROPRIETARY STERLING DEAL FLOW



- Opportunity to evaluate every Sterling deal



2

MARKETING STERLING PASSED DEALS

- Leverage existing relationships with top sponsors and lenders



3

SPONSOR RELATIONSHIPS

- 20+ years of partnering with middle market sponsors



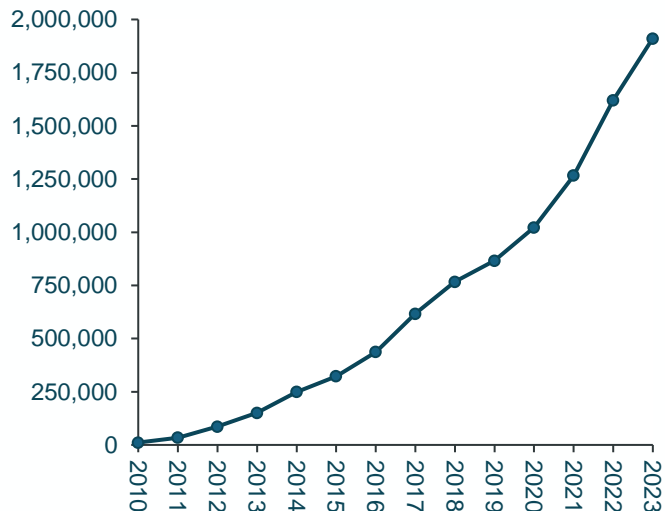
Investing in Healthy Sectors with Strong Tailwinds

Sterling Credit firmly believes that the industrial sector will emerge as a compelling arena for lending to sponsors in the next several years

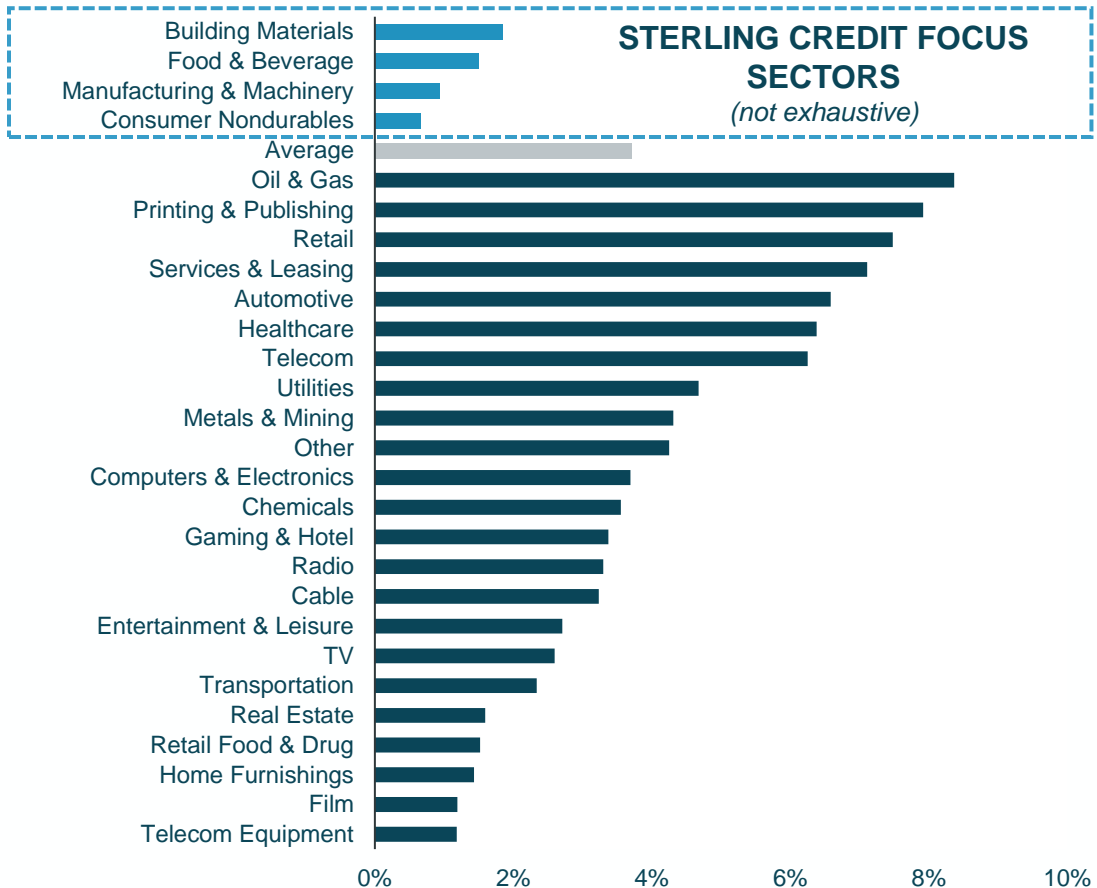
INDUSTRIAL ECONOMY TAILWINDS

- ✓ **Onshoring in U.S. manufacturing** for flexible supply chain capabilities given current administration's implementation of tariffs
- ✓ Recent federal support and continued need for massive investment in **aging U.S. infrastructure**
- ✓ Supply / demand imbalance in **U.S. housing availability**

CUMULATIVE U.S. RESHORING & FDI HIRES



HISTORICAL DEFAULT RATES⁽¹⁾



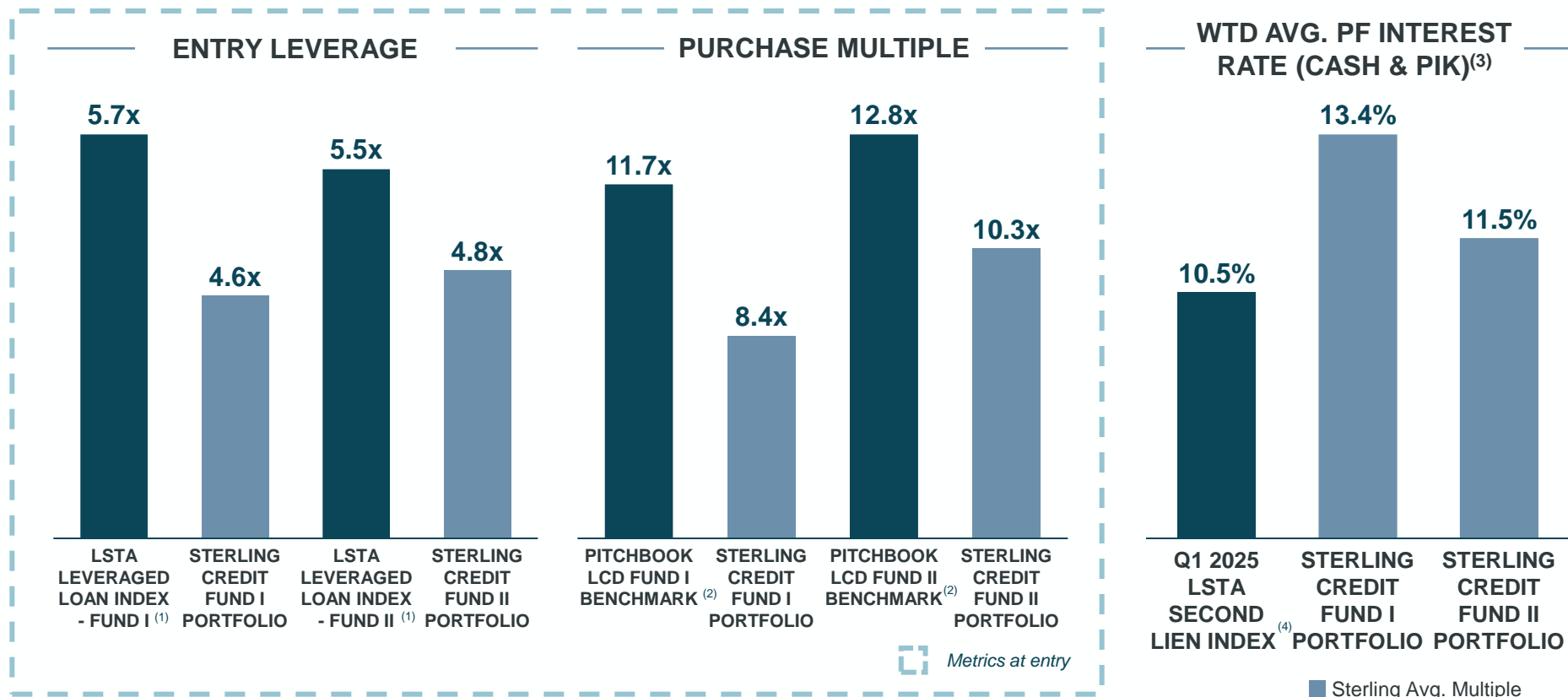
(1) Historical default rates depicted by LCD Institutional Loan Default review and covers loans closed from 1998 – January 2025.

Reflects Sterling's opinions, beliefs, and assessments. There can be no assurance that any expected trends or target portfolio constructions will be achieved. Actual performance may vary significantly.

Sterling Credit Portfolio Profile

We believe Sterling investments typically utilize less leverage and lower purchase multiples than the broader middle market

- Compared to middle market benchmarks, Sterling Credit's portfolio typically exhibits a higher interest rate and maintains a position that is generally more elevated in the capital structure



Note: Benchmark data from LCD LSTA Index; PitchBook LCD Middle Market Quarterly. Data as of Q4 2024 which is latest quarter available (unless noted otherwise).

(1) Leverage of currently outstanding leveraged loans included in the LSTA index calculated as the average of each metric for corresponding quarter of each deal.

(2) Includes purchase multiples for issuers with less than \$50 million of EBITDA in PitchBook LCD's data set calculated as the average of each metric for corresponding quarter of each deal.

(3) Reflects remaining investments with debt outstanding (Q1 2025). Credit Fund I includes Fencing Supply Group, Rohrer and Tangent Technologies following ADG's expected exit on June 2, 2025. Credit Fund II includes Fencing Supply Group, Quest, Gulf Winds, PrimeFlight, Premier Tire & Service, Bad Boy Mowers, ERIKS, OGD Overhead Garage Door and Pavement Preservation Group following West Star Aviation's expected exit in May 19, 2025.

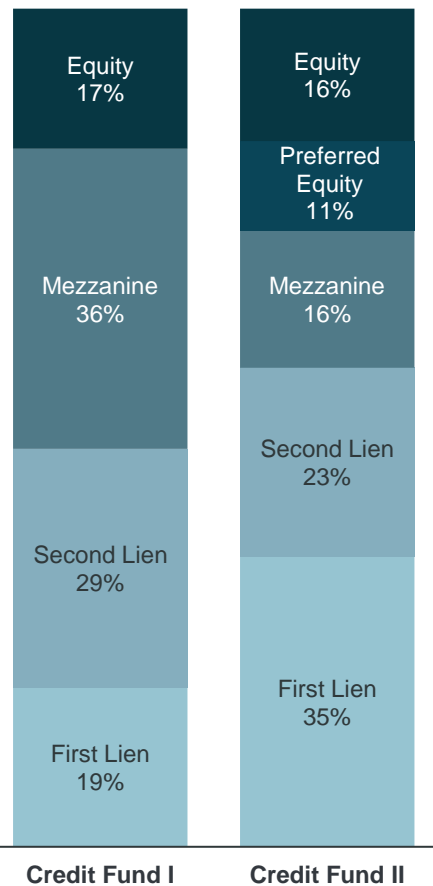
(4) LSTA Leveraged Loan Index, nominal spread for Q1 2025 is S+616 or 10.5%.

Flexible Investment Structures

Seek to achieve attractive risk-adjusted returns by investing opportunistically across the capital structure

CREDIT FUND PORTFOLIOS

As of Mar. 31, 2025



MEZZANINE



2019

INTEREST
RATE
12.25%
(11.00% cash/
1.25% PIK)

ENTRY
LEVERAGE
4.8x

EQUITY
COINVEST⁽¹⁾
20%

2ND LIEN



SYSTEMS CONTROL

2018

L+9.25%
(11.5% at entry)

5.8x

14%

SPLIT LIEN



LGG INDUSTRIAL
(fka ERIKS NA)

2023

13.25%
(11.75% cash/
1.50% PIK)

2.9x

15%

1ST LIEN



2018⁽²⁾

S+7.75%
(12.5% at entry)

3.4x

20%

(1) Equity co-invest shown as a percentage of Sterling debt principal invested.

(2) Reflective of ADG's May 2023 refinancing.

Structured to Mitigate Conflicts

Sterling Credit Funds are always a minority investor in the debt of Sterling-led deals to mitigate conflicts with Sterling Equity Funds

POTENTIAL CONFLICTS AND MITIGANTS

1 INITIAL INVESTMENT DECISION

- Sterling Credit will invest in every deal where Sterling uses mezzanine / second lien, although amounts are up to the Credit Fund and subject to 49% or below of the tranche

2 SETTING TERMS, NEGOTIATING COVENANT AMENDMENTS

- Institutional investors will maintain a majority and therefore lead all negotiations
- These lead lenders have their own investors and are incentivized to negotiate the best possible rates and terms for their constituents
- Negotiations will work exactly as they have for the last 20 years

3 POTENTIAL RESTRUCTURING

- Sterling Credit will waive certain voting rights in the rare event of a restructuring
- Lead lender will manage negotiations with Sterling

An investment in a Sterling fund involves a high degree of risk and potential conflicts of interest which are not fully discussed herein. Please carefully review the risk factors and potential conflicts of interest described in the fund's private placement memorandum. Terms described herein are subject to change without notice. Prospective investors should only reference the Fund's private placement memorandum and other definitive documents when considering all key terms, key risk factors, and potential conflicts of interest.

Credit Fund I Overview

1.3x Net MOIC, 11% Net IRR and PF DPI⁽¹⁾ of 1.0x with a PF current yield⁽²⁾ of 13.4%

As of Mar. 31, 2025

\$ in millions

	Entry	Exit / Partial Exit	Total Cost	Realized Value(a)	Unrealized Value(b)	Cumulative Value	Gross MOIC(c)	Gross IRR(c)
<i>Unrealized Investments</i>								
Marcal (fka Von Drehle)	2020		\$23	\$7	\$18	\$25	1.1x	2%
Fencing Supply Group	2021		\$10	\$4	\$11	\$15	1.6x	14%
Rohrer	2021		\$16	\$8	\$17	\$25	1.6x	15%
Evergreen Recycling	2021		\$1	\$0	\$0	\$0	0.3x	-26%
<i>Partial / Fully Realized Investments</i>								
White Cap	2018	2021	\$23	\$41	\$0	\$41	1.8x	23%
Greenbridge	2019	2021	\$9	\$11	\$1	\$11	1.2x	8%
Artisan Design Group	2018	2025	\$18	\$14	\$21	\$34	1.9x	14%
Frontline Road Safety	2020	2021	\$18	\$31	\$0	\$32	1.7x	31%
Time Manufacturing	2019	2021	\$19	\$27	\$0	\$27	1.4x	26%
Tangent Technologies	2018	2022	\$23	\$14	\$24	\$38	1.7x	14%
Jenny Craig	2019	2023	\$10	\$2	\$0	\$2	0.3x	-51%
Bad Boy Mowers	2019	2023	\$24	\$36	\$2	\$39	1.6x	26%
Systems Control	2018	2023	\$11	\$21	\$0	\$21	1.9x	20%
Total Credit Fund I Investments			\$206	\$217	\$95	\$311	1.5x	15%
Total Credit Fund I Investments - Net (d,e)							1.3x	11%⁽³⁾
DPI(f)								1.0x

(1) PF DPI (Pro Forma DPI) includes the expected distribution related to ADG, expected to occur in June 2025 (purchase agreement signed; there is no guarantee that the transaction will close).

(2) PF Current Yield (Pro Forma Current Yield) includes the remaining debt investments (Fencing Supply Group, Rohrer and Tangent Technologies) following ADG's expected exit in June 2025.

(3) Credit Fund I previously utilized a three-month capital call line of credit. As of Mar. 31, 2025, the pro forma Credit Fund I net IRR without the use of the fund's capital call line of credit is approximately 10.4%.

Past performance is not indicative of future results and there can be no assurance that a Sterling Credit Fund will make comparable investments, achieve comparable results or avoid losses. Actual results of unrealized investments may differ materially from those set forth above. Please see "Disclaimers & Endnotes" for important information.

Credit Fund II Overview

Current results of 1.2x Net MOIC, 10% Net IRR and PF DPI⁽¹⁾ of 0.5x with a PF current yield⁽²⁾ of 11.5%

As of Mar. 31, 2025

\$ in millions

	Entry	Exit / Partial Exit	Total Cost	Realized Value(a)	Unrealized Value(b)	Cumulative Value	Gross MOIC(c)	Gross IRR(c)
<i>Partial / Pending Realization Investments</i>								
PowerGrid	2021	2024	\$31	\$36	\$12	\$49	1.6x	19%
B'laster	2023	2024	\$16	\$17	\$4	\$21	1.3x	22%
Ergotron	2022	2024	\$15	\$13	\$7	\$19	1.3x	11%
West Star Aviation	2022	2025	\$25	\$7	\$41	\$48	2.0x	27%
<i>Unrealized Investments</i>								
Fencing Supply Group	2021		\$7	\$3	\$8	\$11	1.5x	14%
nThrive	2022		\$27	\$0	\$38	\$38	1.4x	11%
Quest	2022		\$25	\$7	\$9	\$17	0.7x	-15%
Gulf Winds	2022		\$21	\$4	\$19	\$24	1.2x	8%
PrimeFlight	2023		\$18	\$3	\$20	\$23	1.3x	16%
Premier Tire & Service	2023		\$11	\$2	\$12	\$14	1.2x	14%
Bad Boy Mowers II	2023		\$28	\$3	\$31	\$34	1.2x	16%
ERIKS	2023		\$15	\$4	\$14	\$17	1.2x	14%
OGD Overhead Garage Door	2024		\$9	\$1	\$10	\$11	1.1x	25%
Pavement Preservation Group	2024		\$19	\$1	\$20	\$21	1.1x	11%
Total Credit Fund II Investments			\$266	\$101	\$243	\$344	1.3x	14%
Total Credit Fund II Investments - Net (d,e)							1.2x	10% ⁽³⁾
DPI(f)								0.3x

(1) PF DPI (Pro Forma DPI) includes the expected distribution related to West Star Aviation, expected to occur in May 2025 (purchase agreement signed; there is no guarantee that the transaction will close).

(2) PF Current Yield (Pro Forma Current Yield) includes the remaining debt investments (Fencing Supply Group, Quest, Gulf Winds, PrimeFlight, Premier Tire & Service, Bad Boy Mowers, ERIKS, OGD Overhead Garage Door and Pavement Preservation Group) following West Star Aviation's expected exit in May 2025.

(3) Credit Fund II previously utilized a six-month capital call line of credit. As of Mar. 31, 2025, the pro forma Credit Fund II Net IRR without the use of the fund's capital call line of credit is 9.7%.





Past performance is not indicative of future results and there can be no assurance that a Sterling Credit Fund will make comparable investments, achieve comparable results or avoid losses. Actual results of unrealized investments may differ materially from those set forth above. Please see "Disclaimers & Endnotes" for important information.

Recent Credit Fund II Investments

Credit Fund II is 85% invested following our four latest investments

RECENT CREDIT FUND II INVESTMENTS

As of Mar. 31, 2025

CREDIT	INDUSTRY	SECURITY TYPE (\$M INVESTED)	INTEREST RATE (CURRENT RATE)	ENTRY LEVERAGE	ENTRY LTV
 LGG INDUSTRIAL	Value-added industrial distribution	Split lien term loan (\$13.0) Preferred equity (\$2.0)	13.25% 11.75% cash/ 1.50% PIK	2.9x	30%
 BAD BOY MOWERS	Lawn care and agricultural equipment	Mezzanine notes (\$24.0) Common equity (\$4.8)	13.50% 9.00% cash/ 4.50% PIK	4.9x	44%
 OGD OVERHEAD GARAGE DOOR	Overhead door services	First-lien term loan (\$5.6) DDTL commitment (\$3.2) Common equity (\$1.8)	S + 525	4.4x	38%
 Pavement PRESERVATION GROUP	Highway & road maintenance	First-lien term loan (\$9.5) DDTL commitment (\$3.1) Common equity (\$3.0)	S + 525	4.8x	55%

The Sterling Credit Opportunity⁽¹⁾



LEND PRIMARILY TO A SPONSOR WITH A 40-YEAR TRACK RECORD

- + **65%** of returns driven by **organic EBITDA growth**
- + **3% loss ratio** on all realized investments in Funds III-V



PARTNERING WITH STERLING OFFERS UNIQUE SOURCING, DUE DILIGENCE, AND STRUCTURING EXPERTISE, ALONG WITH ACCESS TO FAVORABLE PRICING AND EQUITY CO-INVESTMENT OPPORTUNITIES

- + Ability to leverage opportunities Sterling has previously evaluated to build non-Sterling pipeline
- + **100%** of investments in Sterling portfolio companies include equity co-invest



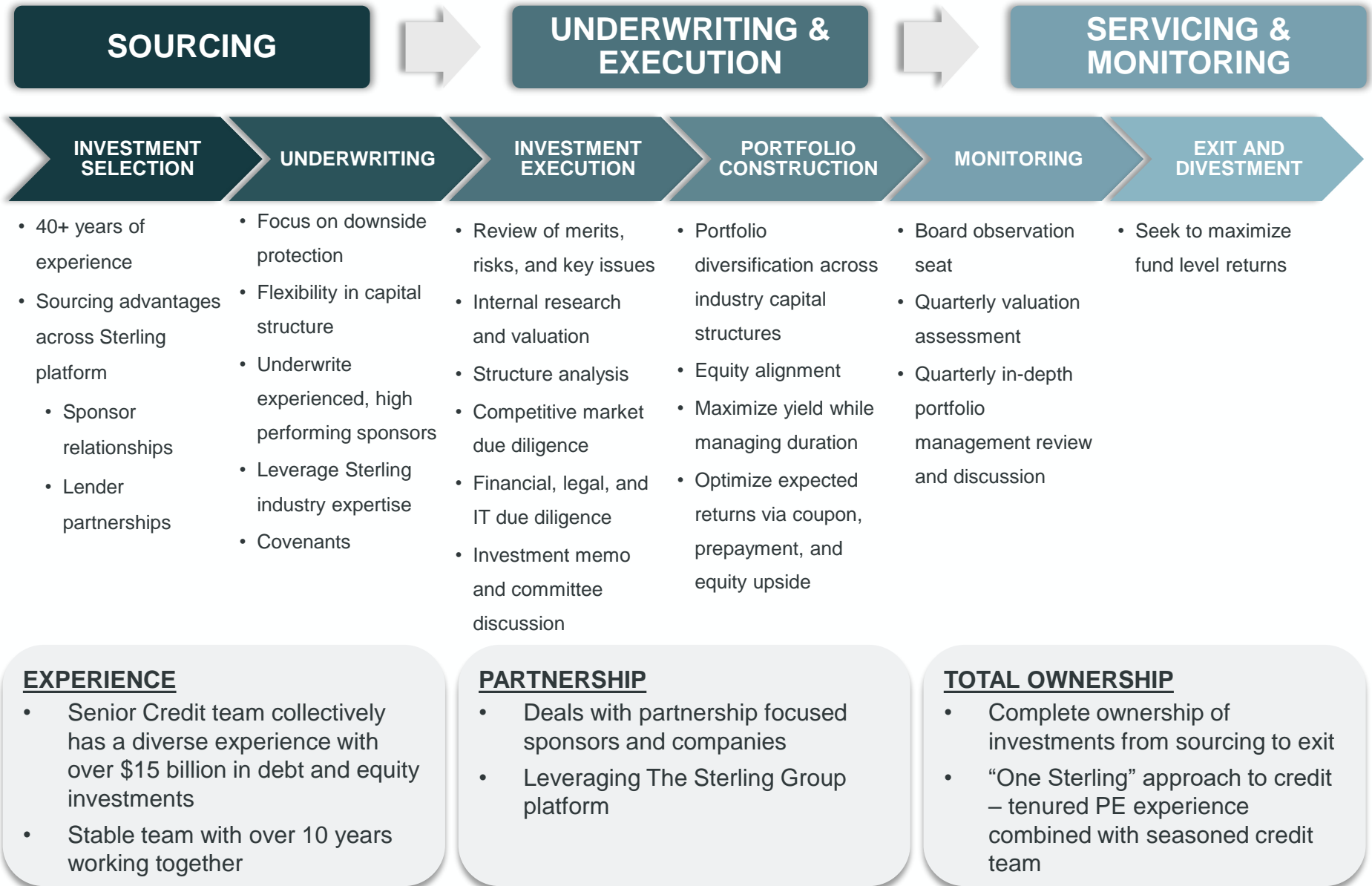
EXTENSIVE HISTORY OF LENDER RETURNS WITH LIMITED LOSSES

- + Sterling has a partnership-focused relationship with its lenders
- + Consistent equity-like returns to junior capital investors in Sterling's 40-year history

(1) Reflects Sterling's opinions, beliefs, and assessments. There can be no assurance that any expected trends or target portfolio constructions will be achieved. Actual performance may vary significantly.

Appendix

Repeatable Investment Process



Diligence & Execution

Diligence and execution process benefits from collective underwriting, structuring, and execution experience

One Team Sterling Approach

Fundamental Business & Industry Analysis

- Full credit team dedicated to each deal
- Recurring revenues, sustainable margins, cash flow
- Extensive screening, research, resources, and modeling applied to determine creditworthiness
- Full three statement modeling on all deals with multiple performance cases

Management & Sponsor Diligence

- Target strong management teams with successful track record
- Sponsor's prior success in the space, investment thesis, and exit strategy
- Sponsor fund analysis and continuity
- Sterling angle – investments are often in sectors or industries where Sterling has spent years investing or tracking

Structuring/ Covenant Analysis & Downside Sensitivity

- Flexible mandate allows for investment across the capital structure to optimize risk/return
- Avoid binary and non-quantifiable risk
- Assess downside sensitivity by analyzing worst historic/expected EBITDA and enterprise value
- Covenants structured to account for acute business risk

Third Party Diligence

- Expert networks and industry calls
- Credit and equity analyst calls and surveys
- Receive all conducted third party diligence (QoE, environmental, legal, tax, etc.)

Institutional Quality Infrastructure

- Leverage Sterling accounting, operations, administrative personnel for reporting, compliance, and risk management
- Fund administrator to ensure quality control



Leverage Sterling sector expertise to enhance diligence and perform industry checks

For illustrative purposes only to demonstrate certain aspects of Sterling's anticipated sourcing process.

Target Return Components

TARGET RETURN BREAKDOWN

DEBT

Average Coupon	11-14%
Cash / PIK	80% / 20%
Original Issue Discount	250 bps
Call Premium	100 – 300 bps
CONTRACTUAL RETURN	12-15%

EQUITY

Equity Target	15+% OF INVESTED CAPITAL
Target Gross / PF Net IRR	20%+ / 15%+

TARGET

Blended Target Gross Returns	15-17%
BLENDED TARGET NET IRR	10-12%

TARGET RETURN CHARACTERISTICS

- + Annual income distributions of 12%+
- + Focus on equity co-invest allocation
- + Equity gross MOIC of 2x+ (1.8x PF net)
- + Flexible approach to achieving return by investing across the capital structure

CONTROL
20%+

- Loan-to-own – competing interests, limited diligence ability, likely non-accrual loans

FLEXIBLE CAPITAL
MID TO HIGH TEENS

Sterling Credit Area of Focus

- Contractual debt return with equity upside
- PE-style diligence
- Enhanced governance (board observation, covenants)
- Relationship-focused

FIRST LIEN
8-10%

- Focus on AUM growth and deployment pace
- Competing on cost of capital

Target Gross Returns

Disclaimers & Endnotes

Disclaimers

Past performance is not indicative of future results. Investors may lose invested capital. Performance information contained herein relates to the Sterling Credit Funds and the Sterling Equity Funds and their respective portfolio companies and portfolio investments, as applicable. For purposes hereof, the “Sterling Credit Funds” refers to Sterling Group Credit Fund, L.P. and Sterling Group Credit Fund II, L.P. (together with any parallel investment vehicles and alternative investment vehicles) and the “Sterling Equity Funds” refers to the following (as well as any entities formed as parallel funds or alternative investment vehicles thereof): Sterling Group Foundation Fund, L.P. (“Foundation Fund”), Sterling Group Partners VI, L.P. (“Fund VI”), Sterling Group Partners V, L.P. (“Fund V”), Sterling Group Partners IV, L.P. (“Fund IV”), Sterling Group Partners III, L.P. (“Fund III”), Sterling Group Partners II, L.P. (“Fund II”) and Sterling Group Partners I, L.P. (“Fund I”). In considering the prior performance information contained herein, prospective investors should bear in mind that past performance of any Fund or portfolio company is not necessarily indicative of future results, and there can be no assurance that any future fund or portfolio company will achieve comparable results. The information concerning investment performance has not been prepared in accordance with GAAP and has not been audited or reviewed by independent public accountants.

Selected investments presented herein are for illustrative purposes only, have been selected in order to provide examples of the types of investments made by Sterling and do not purport to be a complete list thereof. It should not be assumed that investments made in the future will be comparable in quality or performance to the investments described herein. Certain information was provided by third parties and certain statements reflect Sterling’s beliefs as of the date hereof based on prior experience and certain assumptions that Sterling believes are reasonable but may prove incorrect. Please see “Detailed Fund Results” for a complete list of investments.

Unless otherwise indicated, all internal rates of return (“IRR”), multiples of invested capital (“MOIC”) and multiples of equity invested are presented on a “gross” basis (i.e., they do not reflect the management fees, carried interest, taxes, transaction costs in connection with the disposition of realized investments and other fees and expenses borne or to be borne (or deemed borne) by limited partners in the applicable Fund, which will reduce returns and, in the aggregate, are expected to be substantial). Gross IRR is based on the actual Fund level capital inflows to, and outflows from, investments on the dates such inflows and outflows occurred. For partially realized investments, the gross IRR and gross MOIC reported could change over time due to the ultimate realizations of the remaining unrealized value of the investment. This would also change the net IRR and net MOIC reported, which is based on Sterling’s estimate of total value of each investment at any given reporting period. The actual realized returns on these investments may differ materially from the returns indicated herein.

Net MOICs are computed based on cash flows for limited partners (i.e., all partners other than the general partner and affiliates of the general partner) as they occur. Net IRR calculations are computed based on the XIRR formula for limited partners (i.e., all partners other than the general partner and affiliates of the general partner). Unless otherwise stated, net IRR, net MOIC or other net performance information is calculated considering contributions from, and distributions to, limited partners (i.e., they do reflect management fees, carried interest, taxes, transaction costs in connection with the disposition of realized investments and other fees and expenses borne or to be borne (or deemed borne) by limited partners). Net IRR calculations are computed based on the actual dates of distributions and the assumption that all capital contributions occurred on the actual due dates of capital calls. An individual limited partner’s net IRRs may differ depending on such limited partner’s fee and/or carried interest arrangement as well as the timing of such limited partner’s capital contributions, which may differ from those of other limited partners for various reasons (including, for example, as a result of an increase in such limited partner’s commitment to an applicable Fund subsequent to the initial capital call by such Fund). Net IRRs reflect the reinvestment of dividends or other income, if any. The use of a line of credit in lieu of a capital call may have a positive or negative effect on a Fund’s net IRR depending on the performance of such Fund and the extent of usage. An individual limited partner’s net MOICs may also differ depending on such limited partner’s fee and/or carried interest arrangement, which may differ from those of other limited partners for various reasons. Net IRR and net MOIC cannot be calculated for individual transactions without making certain subjective assumptions, including assumptions regarding allocation of certain fees and expenses. In addition, prospective investors should note that there are significant limitations on the use of IRR to evaluate prior performance. For example, the timing of distributions can have a material impact on the IRR from a Fund as a successful disposition of an investment early in the life of a Fund can disproportionately increase IRR. In addition, IRRs do not reflect the level of risk involved in an investment. The assumptions and estimates underlying the calculations of net IRR are inherently subjective and different parties could reach materially different conclusions based on the same information. Accordingly, the actual net IRR received by limited partners may differ materially from calculations herein. Prospective investors should carefully review the calculation methodologies for evaluating, and other important disclosures related to, performance.

Disclaimers

Any hypothetical performance has been provided for illustrative purposes only, and is not necessarily, and does not purport to be indicative or a guarantee of future results. Hypothetical performance includes any performance targets, projections, multi-fund composites, pro forma returns adjustments or other similar presentations, and represents performance results that no individual fund, portfolio or investor has actually achieved. The preparation of such information is based on underlying assumptions, and because it does not represent the actual performance of any Fund, portfolio or investor, it is subject to various risks and limitations that are not applicable to non-hypothetical performance presentations. For example, because cumulative multi-fund composite performance reflects different funds managed through various economic cycles, it is not, nor intended to be, representative of the anticipated experience of an investor in a single fund. Any preparation of hypothetical performance involves subjective judgments. In considering such hypothetical performance, Sterling has made a variety of estimates and assumptions, including with respect to future operating results, the value of assets and market conditions at the time of acquisitions and dispositions, related transaction costs, and the timing and manner of acquisitions, dispositions or other realization events. Although Sterling believes any hypothetical performance calculations described herein are based on reasonable assumptions, the use of different assumptions would produce different results. For the foregoing and other similar reasons, the comparability of hypothetical performance to prior (or future) actual performance of a fund is limited, and prospective investors should not unduly rely on any such information in making an investment decision.

Pro forma net returns (e.g., PF Net Realized IRR and PF Net Realized Multiple) are based on Sterling's internal estimates of unrealized values, which may be highly speculative. No representation or warranty is made as to the reasonableness of any assumptions used or that all assumptions used have been stated or fully considered. Any deviation from such hypothetical inputs may cause actual returns to differ materially.

Benchmark information provided herein is presented for informational purposes only. Sterling did not pay any fees to receive or be included in any such benchmarks. Such information was provided by third-parties and was collected and presented without any involvement or verification by Sterling. The LCD LSTA Leveraged Loan Index includes data on the leverage of outstanding leveraged loans in the LSTA Index as of Q4 2024. It is included for illustrative purposes to compare average entry leverage of Sterling Credit Fund's portfolio companies with the average entry leverage of outstanding leveraged loans in the LSTA index as of Q4 2024. The PitchBook LCD Fund Benchmark includes purchase multiples for issuers with less than \$50 million of EBITDA in PitchBook LCD's dataset as of Q4 2024. It is included for illustrative purposes to compare average purchase multiple of Sterling Credit Fund's portfolio companies with the average purchase multiple for issuers with less than \$50 million of EBITDA in PitchBook LCD's dataset as of Q4 2024. The LCD LSTA Second Lien Index includes data on the nominal spread for second lien loans included in the LSTA Index as of Q1 2025. It is included for illustrative purposes to compare average current interest rate of Sterling Credit Fund's portfolio companies with the average current interest rate of second lien loans included in the LSTA index as of Q1 2025. Sterling has not sought to independently verify information obtained from the sources used by PitchBook or LCD to compile its information. In addition, the methodology used by PitchBook or LCD is subject to inherent limitations due to the confidential nature of the industry, different vintage years, strategies or investment objectives of investment firms and different performance measures used by such firms. There may be certain other limitations in the comparison of the prior funds with other investment firms in the benchmarks, with respect to performance that Sterling may not be aware of. Sterling makes no representations or warranties as to accuracy, completeness or reliability of information contained in the PitchBook or LCD benchmarks. Selection of such benchmarks by Sterling is inherently subjective and others might select other benchmarks based on their assessment of the market. Actual results may differ, perhaps materially, from the estimates and comparisons presented herein.

Endnotes

- a) Includes actual cash receipts and excludes values held in escrow that have not been paid to the Sterling Credit Funds. This differs from the Sterling Credit Funds' audited financial statements in that escrow receivables are recognized as a realized gain at the time of the disposition of a portfolio company. Returns of unexpended call amounts, bridge financings and investments held less than 12 months are excluded from realized value.
- b) Based on the fair market value of investments including escrow receivables (see note (a) above) as determined by Sterling as of the specified date. There can be no assurance that all or any of the amounts held in escrow will be released. The "fair market value" of an investment is an estimate prepared in accordance with Sterling's valuation policy. The actual realized returns of unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale. There can be no assurance that proceeds will be realized on these investments, or that, if and when realized, the proceeds will be equal to the values used. Actual returns may vary materially.
- c) Gross Multiple of Capital ("Multiple") is calculated by dividing Total Value by Cost. Gross internal rate of return ("IRR") calculations are computed based on the XIRR formula by aggregating total fund cash flows from each investment as they occur. Gross IRR is based on the actual Fund-level capital inflows to, and outflows from, investments on the dates such inflow and outflows occurred. Gross IRRs and gross Multiples do not reflect management fees, taxes, carried interest, transaction costs in connection with the disposition of realized investments or other fees and expenses borne or to be borne (or deemed borne) by limited partners in the applicable Sterling Equity Fund, which will reduce returns and, in the aggregate, are expected to be substantial. For partially realized investments, the gross IRR and gross Multiple reported could change over time due to the ultimate realizations of the remaining unrealized value of the investment. This would also change the net IRR and net Multiple reported, which is based on Sterling's estimate of total value of each investment at any given reporting period. The actual realized returns on these investments may differ materially from the returns indicated herein.
- d) Net Multiple is computed based on cash flows for limited partners (i.e., all partners other than the general partner and affiliates of the general partner) as they occur, net of management fees, taxes, transaction costs in connection with the disposition of realized investments, carried interest and other fees and expenses borne or to be borne (or deemed borne) by limited partners. An individual limited partner's net Multiples may differ depending on such limited partner's fee and/or carried interest arrangement, which may differ from those of other limited partners for various reasons.

Endnotes

- e) Fund Net IRR calculations are computed based on the XIRR formula for limited partners (i.e., all partners other than the general partner and affiliates of the general partner), calculated net of management fees, taxes, transaction costs in connection with the disposition of realized investments, carried interest and other fees and expenses borne or to be borne (or deemed borne) by limited partners. Net IRR calculations are computed based on the actual dates of distributions and the assumption that all capital contributions occurred on the actual due dates of capital calls. An individual limited partner's net IRRs may differ depending on such limited partner's fee and/or carried interest arrangement as well as the timing of such limited partner's capital contributions, which may differ from those of other limited partners for various reasons (including, for example, as a result of an increase in such limited partner's commitment to an applicable fund subsequent to the initial capital call by such fund). Figures reflect the reinvestment of dividends or other income, if any. The use of a line of credit in lieu of a capital call may have a positive or negative effect on a Prior Fund's net IRR depending on the performance of such Prior Fund and the extent of usage as these calculations generally depend on the amount and timing of capital contributions. Accordingly, the use of a line of credit in lieu of a capital (and related delay of limited partner capital calls) typically will result in a higher Net IRR than would otherwise be the case if such capital calls had not been delayed, even after taking into account the associated interest expense of the borrowing. If returns were calculated from the closing of the applicable investment, any IRR calculations would generally be expected to be lower. The assumptions and estimates underlying the calculations of net IRR are inherently subjective and different parties could reach materially different conclusions based on the same information. Accordingly, the actual net IRR received by limited partners may differ materially from calculations herein. DPI is calculated as the ratio of money distributed to limited partners (i.e., all partners other than the general partner and affiliates of the general partner) to contributions funded by limited partners. Contributions are net of recallable distributions that result from returns of unexpended call amounts and from returns of investments held less than 12 months (primarily the result of co-investment into a portfolio company after the initial close of an investment). Recallable distributions as a result of recallable expenses that result from a distribution from a portfolio investment are not included in Contributions until such time that the recallable amount is utilized. An individual limited partner's DPI may vary depending on such limited partner's fee and/or carried interest arrangement, which may differ from those of other limited partners for various reasons.
- f) DPI is calculated as the ratio of money distributed to limited partners (i.e., all partners other than the general partner and affiliates of the general partner) to contributions funded by limited partners. An individual limited partner's DPI may vary depending on the individual limited partner's fee and/or carried interest arrangement, which may differ from those of other limited partners for various reasons.