

March 31, 2020



# Fair Value Analysis of Sargent and Greenleaf, Inc.

Valuation as of  
December 31, 2019

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We have acted as an independent financial advisor to the management of OGC and will receive a customary fee from OGC for our services. Our fees are not contingent upon the valuations provided herein, and neither Lincoln nor any of its employees have a present or intended financial interest in OGC or the portfolio companies unless otherwise disclosed to OGC. We may have rendered in the past or may render in the future certain financial advisory services to the portfolio companies or parties involved in transactions with the portfolio companies.

We have not been engaged to identify prospective purchasers or to ascertain the actual prices at which and terms on which each of the portfolio companies could currently be sold. No opinion, counsel or interpretation is intended for use in matters that require legal, accounting, tax or other professional advice. It is assumed that such opinions, counsel or interpretations have been or will be obtained from the appropriate professional sources.

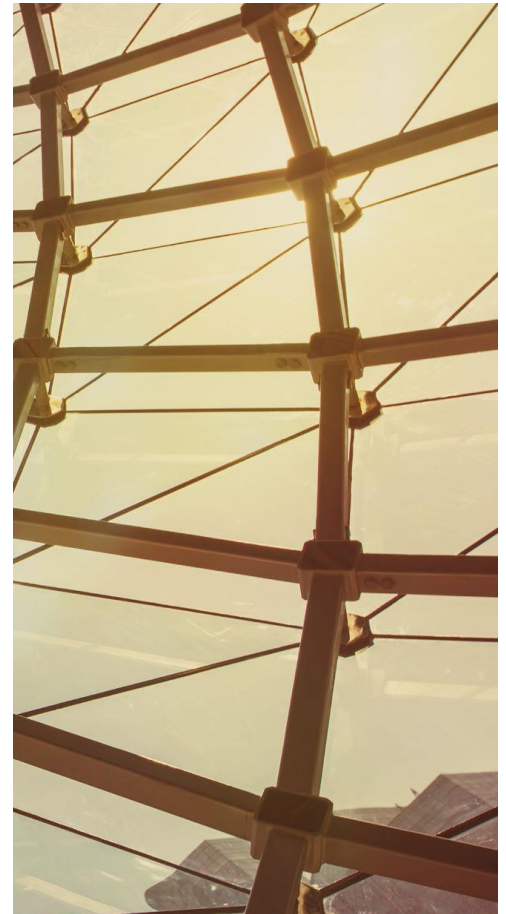
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# Executive Summary

## Section 1



# Executive Summary

## Terms of Engagement

- Lincoln Partners Advisors LLC (“Lincoln”) has been retained by OpenGate Capital (“OGC”) as an independent financial advisor for the purpose of providing written valuations (each, a “Valuation”) as of December 31, 2019 (the “Valuation Date”) of certain control, affiliate and non-control/non-affiliate investments of preferred stock, common stock, membership interests and warrants (individually, the “Investment”; collectively, the “Investments”). The portfolio company in which OGC owns an Investment is herein referred to as the “Portfolio Company.” The Valuation will be used by OGC to assist with its determination of the fair value of the Investment in accordance with the fair measurement principles of Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosure (ASC 820), issued by the Financial Accounting Standards Board (FASB).

## Scope of Analysis

- In connection with Lincoln’s activities on behalf of OGC and the performance of its services hereunder, we have, among other things:
- Reviewed credit agreements and amendments for debt when available;
- Reviewed audited and/or unaudited financial statements when available, as well as internal financial statements as provided by OGC, for the most current period prior to the close of the quarter;
- Reviewed certain business, financial and other information relating to the Portfolio Company, including financial budgets or forecasts prepared by management of the Portfolio Company;
- Reviewed investment report memoranda prepared on the Investment by OGC;
- Discussed with OGC the investment thesis and business, financial outlook and prospects of the Portfolio Company;
- Reviewed certain financial and other information for the Portfolio Company and compared that data and information with certain stock trading and corresponding data and information for companies with publicly traded securities that we deemed relevant; and
- Considered such other information, financial studies, analyses and investigations and financial, economic and market criteria that we deemed relevant.

# Summary of Conclusions

## Summary Conclusions – S&G

|                                 |       | Weighting | Fair Value |          |         |          |         |          |
|---------------------------------|-------|-----------|------------|----------|---------|----------|---------|----------|
|                                 |       |           | Low        | Mid      | High    |          |         |          |
| Enterprise Value Indications:   |       |           |            |          |         |          |         |          |
| Market Approach:                |       |           |            |          |         |          |         |          |
| Market Approach                 | 25.0% | \$        | 161,426    | \$       | 172,448 | \$       | 183,470 |          |
| Precedent Transactions Analysis | 25.0% |           | 160,337    |          | 171,026 |          | 181,715 |          |
| Income Approach:                |       |           |            |          |         |          |         |          |
| Discounted Cash Flow Analysis   | 50.0% |           | 159,798    |          | 169,325 |          | 179,142 |          |
| Indicated Enterprise Value      |       |           | \$         | 160,340  | \$      | 170,531  | \$      | 180,867  |
| Add: Excess Cash <sup>(1)</sup> |       |           | \$         | -        | \$      | -        | \$      | -        |
| Less: Total Debt <sup>(2)</sup> |       |           |            | (92,595) |         | (92,595) |         | (92,595) |
| Indicated Total Equity Value    |       |           | \$         | 67,745   | \$      | 77,936   | \$      | 88,272   |

| Security                       | 12/31/2019<br>Cost Basis | Fair Value |     |      | Fair Value as % Cost |     |      |
|--------------------------------|--------------------------|------------|-----|------|----------------------|-----|------|
|                                |                          | Low        | Mid | High | Low                  | Mid | High |
| OGC Share of Class A Units     | \$ 76,353                | TBD        | TBD | TBD  | TBD                  | TBD | TBD  |
| Others' Share of Class A Units | 675                      | TBD        | TBD | TBD  | TBD                  | TBD | TBD  |
| Class P Units                  | n/a                      | TBD        | TBD | TBD  | TBD                  | TBD | TBD  |

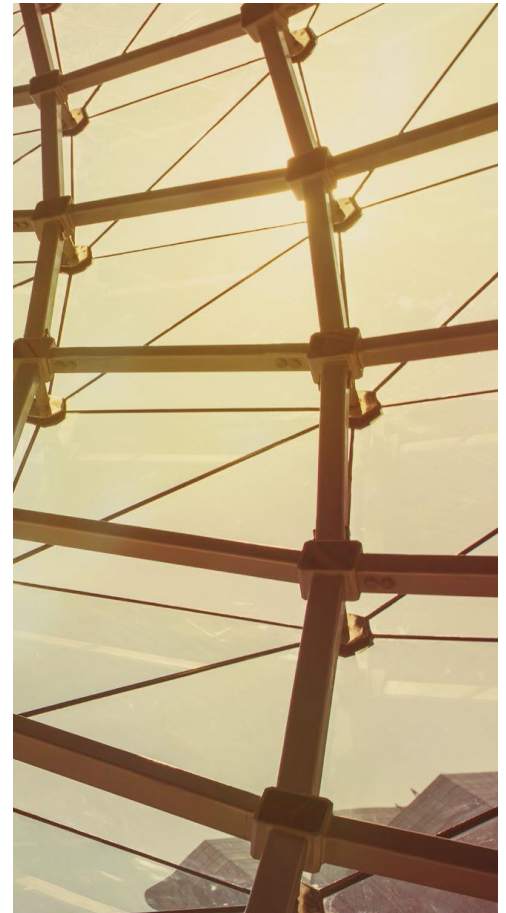
(1) Cash is assumed to be operational

(2) Total debt calculated as First Lien Term Loan Balance as of December 31, 2019



# Sargent and Greenleaf, Inc.

## Section 2





# Sargent and Greenleaf, Inc. (“S&G”)

Industry: Building Products

Initial Investment: May 30, 2019

| Valuation Date:                    | Initial Investment  | Add-on Acquisition Transaction     |     |      | Current Period      |            |            | Change    |
|------------------------------------|---------------------|------------------------------------|-----|------|---------------------|------------|------------|-----------|
|                                    | May 30, 2019        | December 20, 2019                  |     |      | December 31, 2019   |            |            |           |
| Fair Value Conclusion              | Purchase Price      | Low                                | Mid | High | Low                 | Mid        | High       | Mid       |
| Enterprise Value                   | \$ 79,700           | \$ 167,039                         |     |      | \$ 160,340          | \$ 170,531 | \$ 180,867 | \$ 3,492  |
| Selected Public Companies Analysis |                     |                                    |     |      | 161,426             | 172,448    | 183,470    | 172,448   |
| Precedent Transactions Analysis    |                     |                                    |     |      | 160,337             | 171,026    | 181,715    | 171,026   |
| Discounted Cash Flow Analysis      |                     |                                    |     |      | 159,798             | 169,325    | 179,142    | 169,325   |
| Total Common Equity                |                     | 77,028                             |     |      | \$ 67,745           | \$ 77,936  | \$ 88,272  | 908       |
| Financial Metrics                  | As of December 2018 | As of December 2019 <sup>(1)</sup> |     |      | As of December 2019 |            |            | Amount %  |
| LTM Revenue                        | \$ 43,500           | \$ 95,855                          |     |      | \$ 95,855           |            |            | \$ - 0.0% |
| LTM EBITDA                         | 10,400              | 21,378                             |     |      | 21,378              |            |            | - 0.0%    |
| % Margin                           | 23.9%               | 22.3%                              |     |      | 22.3%               |            |            |           |
| NCY Revenue                        | \$ 45,800           | \$ 102,165                         |     |      | \$ 102,165          |            |            | \$ - 0.0% |
| NCY EBITDA                         | 11,500              | 22,711                             |     |      | 22,711              |            |            | - 0.0%    |
| % Margin                           | 25.1%               | 22.2%                              |     |      | 22.2%               |            |            |           |
| Total Net Leverage                 | 4.3x                | 4.2x                               |     |      | 4.2x                |            |            | 0.0x      |
| Implied Multiples                  | Purchase Multiples  |                                    |     |      | Low                 | Mid        | High       | Mid       |
| Implied LTM Revenue Multiple       | 1.8x                | 1.7x                               |     |      | 1.7x                | 1.8x       | 1.9x       | 0.0x      |
| Implied LTM EBITDA Multiple        | 7.7x                | 7.8x                               |     |      | 7.5x                | 8.0x       | 8.5x       | 0.2x      |
| Implied NCY Revenue Multiple       | 1.7x                | 1.6x                               |     |      | 1.6x                | 1.7x       | 1.8x       | 0.0x      |
| Implied NCY EBITDA Multiple        | 6.9x                | 7.4x                               |     |      | 7.1x                | 7.5x       | 8.0x       | 0.2x      |

## Financial Metrics and Company Valuation

## Lincoln Valuation Assumptions

## Fair Value Conclusion

- In May 2019, OGC acquired S&G for 7.7x FY 2018 EBITDA; subsequently, in December 2019, the company purchased Delaney for 7.7x LTM May 2019 EBITDA
- The company as a whole has performed in line with underwriting expectations as the Delaney business has outperformed since May 2019 while the S&G base business has experienced some softness since close
- Selected LTM and NCY EBITDA multiples considered the purchase multiples of S&G and Delaney as well as a selected public companies analysis
- Precedent transaction multiples considered comparable publicly disclosed transactions as well as middle market deals in which Lincoln acted as the advisor and GF data
- DCF EBITDA exit multiple of 8.0x is in line with the implied multiple of the combined business at close
- Estimated enterprise value is in line with the blended cost of the combined business of S&G and Delaney

Note: All tables express USD in thousands unless otherwise noted  
(1) Financials are presented on a proforma basis for the Delaney acquisition

# Business and Transaction Overview

## Initial Transaction

|   | 5/30/2019<br>Amount | Multiple of<br>EBITDA | Cumulative<br>Multiple | % of<br>EV    |
|---|---------------------|-----------------------|------------------------|---------------|
| Revolver                                | \$ -                | 0.0x                  | 0.0x                   | 0.0%          |
| First Lien Term Loan                    | 44,600              | 4.3x                  | 4.3x                   | 56.0%         |
| Total Debt                              | \$ 44,600           | 4.3x                  | 4.3x                   | 56.0%         |
| Less: Cash                              | -                   | 0.0x                  | 4.3x                   | 0.0%          |
| Net Debt                                | \$ 44,600           | 4.3x                  | 4.3x                   | 56.0%         |
| Common Equity                           | 35,100              | 3.4x                  | 7.7x                   | 44.0%         |
| Total Equity                            | \$ 35,100           | 3.4x                  | 7.7x                   | 44.0%         |
| <b>Enterprise Value</b>                 | <b>\$ 79,700</b>    | <b>7.7x</b>           | <b>7.7x</b>            | <b>100.0%</b> |
| <b>LTM December 2018 Adj. EBITDA</b>    | <b>\$ 10,400</b>    |                       |                        |               |
| <b>FY 2019E EBITDA</b>                  | <b>\$ 11,500</b>    |                       |                        |               |
| <b>Implied FY 2019E EBITDA Multiple</b> | <b>6.9x</b>         |                       |                        |               |

## Delaney Add-on Acquisition (Combined Business)

|                                      | 12/20/2019<br>Amount | Multiple of<br>EBITDA | Cumulative<br>Multiple | % of<br>EV    |
|--------------------------------------|----------------------|-----------------------|------------------------|---------------|
| Revolver                             | \$ -                 | 0.0x                  | 0.0x                   | 0.0%          |
| First Lien Term Loan                 | 92,595               | 4.3x                  | 4.3x                   | 55.4%         |
| Total Debt                           | \$ 92,595            | 4.3x                  | 4.3x                   | 55.4%         |
| Less: Cash                           | (2,584)              | (0.1x)                | 4.2x                   | (1.5%)        |
| Net Debt                             | \$ 90,011            | 4.2x                  | 4.2x                   | 53.9%         |
| Total Equity                         | \$ 77,028            | 3.6x                  | 7.8x                   | 46.1%         |
| <b>Enterprise Value</b>              | <b>\$ 167,039</b>    | <b>7.8x</b>           | <b>7.8x</b>            | <b>100.0%</b> |
| <b>LTM December 2019 Adj. EBITDA</b> | <b>\$ 21,378</b>     |                       |                        |               |

## Business and Transaction Overview

- S&G manufactures mechanical and electronic locks for safes, vaults, and safe deposit boxes. Delaney, which was acquired by S&G, manufactures residential and commercial door locks, builder's hardware, trim hardware, and door hinges. The base business (S&G) was founded in 1857 and is headquartered in Kentucky.
- In May 2019, OGC purchased S&G for \$79.7 million, or 7.7x December 2018 Adjusted EBITDA. Subsequently, the company purchased Delaney in December 2019 for \$83.9 million, or 7.7x.

## Underwriting Considerations

- S&G has high cash flow conversion with relatively low capital expenditures. The company is an entrenched market leader and highly trusted brand and is one of two major players in a high margin, niche global market.
- There are also structural barriers around key profit pools as revenues are based on highly profitable government contracts. Additionally, S&G has the only locks allowed on ATM's in India. OGC believes they acquired S&G at a below market multiple and believe the business represents a stable platform to pursue an add-on strategy.
- Delaney is a leader provider of locks and hollow metal doors which has taken a share of the US dealer market due to lower price and faster lead times directly to dealers. OGC plans to create a larger and more diversified global lock business and add growth and value drivers to the high cash flow S&G platform.

Source: Condor MidCo - 2019 12 00 - Schedule I to A&R LLC Agreement, Project Condor - IC - 12.23.18\_Lincoln, Project Portal - IC Deck – Lincoln  
Note: Combined capitalization is inclusive of transaction expenses

# Financial Overview

## Underwriting Forecast vs. Actual / Valuation Date Forecast

|                                       | Actual<br>12/31/2019 | Underwritten<br>12/31/2020 | Underwritten<br>12/31/2021 | Underwritten<br>12/31/2022 | Underwritten<br>12/31/2023 |
|---------------------------------------|----------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Revenue</b>                        |                      |                            |                            |                            |                            |
| Underwriting Projections              | \$ 95,855            | \$ 102,165                 | \$ 108,301                 | \$ 115,115                 | \$ 122,682                 |
| Actual Results / Revised Forecast     | 95,855               | 102,165                    | 108,301                    | 115,115                    | 122,682                    |
| Over (Under) Underwriting Projections | \$ -<br>0.0%         | \$ -<br>0.0%               | \$ -<br>0.0%               | \$ -<br>0.0%               | \$ -<br>0.0%               |
| <b>Adjusted EBITDA</b>                |                      |                            |                            |                            |                            |
| Underwriting Projections              | \$ 21,378            | \$ 22,711                  | \$ 25,129                  | \$ 27,445                  | \$ 30,331                  |
| Actual Results / Revised Forecast     | 21,378               | 22,711                     | 25,129                     | 27,445                     | 30,331                     |
| Over (Under) Underwriting Projections | \$ -<br>0.0%         | \$ -<br>0.0%               | \$ -<br>0.0%               | \$ -<br>0.0%               | \$ -<br>0.0%               |

## Summary Historical Operating Results

|                        | Fiscal Year Ended |                  | NCY              | Projected Year Ending |                  |
|------------------------|-------------------|------------------|------------------|-----------------------|------------------|
|                        | 12/31/2018        | 12/31/2019       | 12/31/2020       | 12/31/2021            | 12/31/2022       |
| Revenue                | \$ 93,907         | \$ 95,855        | \$ 102,165       | \$ 108,301            | \$ 115,115       |
| % Growth               | n/a               | 2.1%             | 6.6%             | n/a                   | 6.3%             |
| Gross Profit           | \$ 39,493         | \$ 39,498        | \$ 43,289        | \$ 46,277             | \$ 49,590        |
| % Margin               | 42.1%             | 41.2%            | 42.4%            | 42.7%                 | 43.1%            |
| EBITDA                 | \$ 19,327         | \$ 14,779        | \$ 21,162        | \$ 24,879             | \$ 27,445        |
| % Margin               | 20.6%             | 15.4%            | 20.7%            | 23.0%                 | 23.8%            |
| Adjustments            | \$ -              | \$ 6,599         | \$ 1,549         | \$ 250                | \$ -             |
| <b>Adjusted EBITDA</b> | <b>\$ 19,327</b>  | <b>\$ 21,378</b> | <b>\$ 22,711</b> | <b>\$ 25,129</b>      | <b>\$ 27,445</b> |
| % Margin               | 20.6%             | 22.3%            | 22.2%            | 23.2%                 | 23.8%            |

## Commentary

- S&G has grown revenues and EBITDA 2.1% and 10.6%, respectively, from 2018 to 2019 on a combined basis due to the strong top-line growth at Delaney, partially offset by some softness experienced at S&G.
- Management is forecasting revenue and EBITDA growth of 6.6% and 6.2%, respectively, from FY 2019 to 2020 as the company continues to integrate Delaney into its operations.

Source: S&G CF Forecast 20200122  
Note: Financials are presented proforma for the Delaney acquisition

# Market Approach – Selected Public Companies Analysis

|                                     | Weighting | Selected Multiples |       | Financial<br>Statistic | Enterprise Value |            |            |
|-------------------------------------|-----------|--------------------|-------|------------------------|------------------|------------|------------|
|                                     |           | Low                | High  |                        | Low              | Mid        | High       |
| Last Twelve Months:                 |           |                    |       |                        |                  |            |            |
| Enterprise Value / S&G EBITDA       |           | 7.75x              | 8.75x | \$ 10,114              | \$ 78,385        | \$ 83,442  | \$ 88,499  |
| Enterprise Value / Delaney EBITDA   |           | 7.00x              | 8.00x | 11,264                 | 78,848           | 84,480     | 90,112     |
| Combined Business                   | 50.0%     | 7.40x              | 8.40x | 21,378                 | 158,199          | 168,888    | 179,577    |
| Next Calendar Year:                 |           |                    |       |                        |                  |            |            |
| Enterprise Value / S&G EBITDA       |           | 7.75x              | 8.75x | \$ 10,529              | \$ 81,598        | \$ 86,862  | \$ 92,127  |
| Enterprise Value / Delaney EBITDA   |           | 6.75x              | 7.75x | 12,182                 | 82,229           | 88,320     | 94,411     |
| Combined Business                   | 50.0%     | 7.25x              | 8.25x | 22,711                 | 164,653          | 176,008    | 187,364    |
| Market Approach Indication of Value |           |                    |       |                        | \$ 161,426       | \$ 172,448 | \$ 183,470 |

## Commentary

- Lincoln concluded valuation multiple ranges of **7.40x to 8.40x LTM EBITDA** (average of S&G and Delaney multiples) and **7.25x to 8.25x 2020E EBITDA** (average of S&G and Delaney multiples).
- In concluding on its valuation multiple range, Lincoln considered the following:
  - Lincoln utilized a sum-of-the-parts approach focusing on public companies in the security/lock and building products industries, which serve similar end markets and customers and have similar supply and demand economics as S&G and Delaney, respectively. The selected public companies provide a general proxy for market movements and represent industry multiples as a whole.
  - Lincoln established its LTM EBITDA valuation range with consideration to OGC's initial acquisition of S&G for 7.7x in May 2019 as well as the subsequent acquisition of Delaney for 7.7x in December 2019. For S&G, given the slight increase in LTM EBITDA multiples of the selected public companies, Lincoln determined a multiple range of 7.75x to 8.75x. The midpoint of the concluded range reflects a 35.6% discount to the Adjusted Mean EV / LTM EBITDA multiple of the selected public companies. The discount is supported by S&G's lower projected EBITDA growth (4.1%) relative to the comparable public companies (9.6%).
  - For Delaney, Lincoln determined a multiple range of 7.00x to 8.00x. The midpoint reflects a 30.1% discount to the Adjusted Mean multiple of the selected public companies. The discount is supported by Delaney's lower projected EBITDA growth (8.1%) relative to the selected public companies (17.6%).
  - In determining the forward multiples of both S&G and Delaney, Lincoln considered the implied NCY multiples of both transactions at close and a selected public companies analysis. For S&G, Lincoln determined a multiple range of 7.75x to 8.75x and is in line with the LTM multiple given that EBITDA for the two periods is largely flat. The midpoint of the concluded range reflects a 30.1% discount to the Adjusted Mean multiple of the comparable public companies.
  - For Delaney, Lincoln determined a multiple range of 6.75x to 7.75x. The midpoint represents a 22.1% discount to the Adjusted Mean multiple of the comparable companies.
  - As further support, the concluded multiple ranges are comparable to the Adjusted Mean multiples of the selected public companies after adjusting for size and profitability as shown on the following pages.

Note: Next Calendar Year statistics reflect FY 2020E metric (NCY+1)



# Market Approach – Selected Public Companies Analysis (continued)

|  | Stock    | % of 52   | Market         | Enterprise | Net Debt / | LTM        |            |               | 3-Year CAGR |            | NCY Projected Growth |            |
|--|----------|-----------|----------------|------------|------------|------------|------------|---------------|-------------|------------|----------------------|------------|
| Company Name                           | Price    | Week High | Capitalization | Value      | EBITDA     | Revenue    | EBITDA     | EBITDA Margin | Revenue     | EBITDA     | Revenue              | EBITDA     |
| Security & Locks                       |          |           |                |            |            |            |            |               |             |            |                      |            |
| ASSA ABLOY AB (publ)                   | \$ 23.44 | 94.1%     | \$ 26,040      | \$ 29,598  | 2.0x       | \$ 9,388   | \$ 1,666   | 17.7%         | 4.7%        | 3.8%       | 6.8%                 | 24.4%      |
| Allegion plc                           | 124.54   | 99.0%     | 11,572         | 12,848     | 2.0x       | 2,837      | 631        | 22.3%         | 8.6%        | 8.8%       | 5.0%                 | 12.6%      |
| CompX International Inc.               | 14.59    | 85.6%     | 182            | 131        | <i>nmf</i> | 122        | 21         | 17.0%         | 4.1%        | 5.3%       | <i>n/a</i>           | <i>n/a</i> |
| dormakaba Holding AG                   | 715.03   | 87.9%     | 2,964          | 3,693      | 1.4x       | 2,888      | 459        | 15.9%         | 10.0%       | 13.6%      | 1.6%                 | 5.9%       |
| Fortune Brands Home & Security, Inc    | 65.34    | 98.8%     | 9,092          | 11,279     | 2.4x       | 5,715      | 893        | 15.6%         | 5.2%        | 6.0%       | 5.4%                 | 6.6%       |
| Mean                                   |          | 93.1%     | \$ 9,970       | \$ 11,510  | 2.0x       | \$ 4,190   | \$ 734     | 17.7%         | 6.5%        | 7.5%       | 4.7%                 | 12.4%      |
| Adjusted Mean                          |          | 93.6%     | 7,876          | 9,273      | 2.0x       | 3,813      | 661        | 16.9%         | 6.2%        | 6.7%       | 5.2%                 | 9.6%       |
| Median                                 |          | 94.1%     | 9,092          | 11,279     | 2.0x       | 2,888      | 631        | 17.0%         | 5.2%        | 6.0%       | 5.2%                 | 9.6%       |
| Lockset Installers & Door Distributors |          |           |                |            |            |            |            |               |             |            |                      |            |
| ASSA ABLOY AB (publ)                   | 23.44    | 94.1%     | 26,040         | 29,598     | 2.0x       | 9,388      | 1,666      | 17.7%         | 4.7%        | 3.8%       | 6.8%                 | 24.4%      |
| Cornerstone Building Brands, Inc.      | 8.51     | 91.5%     | 1,069          | 4,608      | <i>n/a</i> | <i>n/a</i> | <i>n/a</i> | <i>n/a</i>    | <i>n/a</i>  | <i>n/a</i> | 44.7%                | 328.5%     |
| JELD-WEN Holding, Inc.                 | 23.41    | 95.3%     | 2,355          | 3,925      | 4.3x       | 4,313      | 366        | 8.5%          | 6.4%        | 7.2%       | (1.8%)               | 10.9%      |
| Masonite International Corporation     | 72.21    | 97.0%     | 1,797          | 2,638      | 3.1x       | 2,174      | 265        | 12.2%         | 3.2%        | 5.6%       | 0.4%                 | 9.4%       |
| Mean                                   |          | 94.5%     | \$ 7,815       | \$ 10,192  | 3.2x       | \$ 5,291   | \$ 766     | 12.8%         | 4.7%        | 5.5%       | 12.5%                | 93.3%      |
| Adjusted Mean                          |          | 94.7%     | 2,076          | 4,267      | 3.1x       | 4,313      | 366        | 12.2%         | 4.7%        | 5.6%       | 3.6%                 | 17.6%      |
| Median                                 |          | 94.7%     | 2,076          | 4,267      | 3.1x       | 4,313      | 366        | 12.2%         | 4.7%        | 5.6%       | 3.6%                 | 17.6%      |
| Sargent and Greenleaf, Inc.            |          |           |                |            | 4.2x       | \$ 96      | \$ 21      | 22.3%         | <i>n/a</i>  | <i>n/a</i> | 6.6%                 | 6.2%       |

| Company Name                                      | EV / LTM Revenue |            | EV / LTM EBITDA |            | EV / NCY EBITDA |            | 3-Year Average EV / LTM |            |
|---|------------------|------------|-----------------|------------|-----------------|------------|-------------------------|------------|
|   | 5/30/2019        | 12/31/2019 | 5/30/2019       | 12/31/2019 | 5/30/2019       | 12/31/2019 | Revenue                 | EBITDA     |
| <b>Security &amp; Locks</b>                       |                  |            |                 |            |                 |            |                         |            |
| ASSA ABLOY AB (publ)                              | 2.7x             | 3.2x       | 16.4x           | 17.8x      | 13.9x           | 15.5x      | 3.0x                    | 16.7x      |
| Allegion plc                                      | 3.9x             | 4.5x       | 17.4x           | 20.3x      | 15.6x           | 18.7x      | 3.9x                    | 17.3x      |
| CompX International Inc.                          | 1.3x             | 1.1x       | 7.6x            | 6.3x       | <i>n/a</i>      | <i>n/a</i> | 1.3x                    | 7.1x       |
| dormakaba Holding AG                              | 1.3x             | 1.3x       | 8.1x            | 8.0x       | 7.5x            | 7.8x       | 1.4x                    | 9.4x       |
| Fortune Brands Home & Security, Inc.              | 1.7x             | 2.0x       | 10.9x           | 12.6x      | 10.1x           | 12.4x      | 1.9x                    | 12.0x      |
| Mean  | 2.2x             | 2.4x       | 12.1x           | 13.0x      | 11.8x           | 13.6x      | 2.3x                    | 12.5x      |
| Adjusted Mean                                     | 1.9x             | 2.1x       | 11.8x           | 12.8x      | 12.0x           | 14.0x      | 2.1x                    | 12.7x      |
| Median  | 1.7x             | 2.0x       | 10.9x           | 12.6x      | 12.0x           | 14.0x      | 1.9x                    | 12.0x      |
| <b>Lockset Installers &amp; Door Distributors</b> |                  |            |                 |            |                 |            |                         |            |
| ASSA ABLOY AB (publ)                              | 2.7x             | 3.2x       | 16.4x           | 17.8x      | 13.9x           | 15.5x      | 3.0x                    | 16.7x      |
| Cornerstone Building Brands, Inc.                 | 1.2x             | <i>n/a</i> | <i>nmf</i>      | <i>n/a</i> | 7.4x            | 8.1x       | <i>n/a</i>              | <i>n/a</i> |
| JELD-WEN Holding, Inc.                            | 0.8x             | 0.9x       | 9.3x            | 10.7x      | 7.4x            | 9.2x       | 1.0x                    | 11.7x      |
| Masonite International Corporation                | 1.0x             | 1.2x       | 8.0x            | 10.0x      | 7.2x            | 9.4x       | 1.2x                    | 9.8x       |
| Mean  | 1.4x             | 1.8x       | 11.3x           | 12.8x      | 9.0x            | 10.6x      | 1.7x                    | 12.7x      |
| Adjusted Mean                                     | 1.1x             | 1.2x       | 9.3x            | 10.7x      | 7.4x            | 9.3x       | 1.2x                    | 11.7x      |
| Median  | 1.1x             | 1.2x       | 9.3x            | 10.7x      | 7.4x            | 9.3x       | 1.2x                    | 11.7x      |

Source: Capital IQ and company filings

Note: USD in millions; Adjusted Mean removes the highest and lowest values of data set

# Market Approach – Selected Public Companies Analysis (continued)

| Company Name                                      | Raw Valuation Multiples |        |          |        |                       |        | Size and Profitability Adjusted Valuation Multiples |        |          |        |                       |        |
|---|-------------------------|--------|----------|--------|-----------------------|--------|---|--------|----------|--------|-----------------------|--------|
|   | EV / LTM                |        | EV / NCY |        | 3-Yr Average EV / LTM |        | EV / LTM  |        | EV / NCY |        | 3-Yr Average EV / LTM |        |
|   | Revenue                 | EBITDA | Revenue  | EBITDA | Revenue               | EBITDA | Revenue   | EBITDA | Revenue  | EBITDA | Revenue               | EBITDA |
| <b>Security &amp; Locks</b>                       |                         |        |          |        |                       |        |   |        |          |        |                       |        |
| ASSA ABLOY AB (publ)                              | 3.2x                    | 17.8x  | 2.9x     | 15.5x  | 3.0x                  | 16.7x  | 3.5x  | 10.1x  | 3.3x     | 9.4x   | 3.3x                  | 9.8x   |
| Allegion plc                                      | 4.5x                    | 20.3x  | 4.5x     | 18.7x  | 3.9x                  | 17.3x  | 4.0x  | 12.6x  | 4.0x     | 12.0x  | 3.5x                  | 11.4x  |
| CompX International Inc.                          | 1.1x                    | 6.3x   | n/a      | n/a    | 1.3x                  | 7.1x   | 1.4x  | 6.4x   | n/a      | n/a    | 1.7x                  | 7.2x   |
| dormakaba Holding AG                              | 1.3x                    | 8.0x   | 1.3x     | 7.8x   | 1.4x                  | 9.4x   | 1.7x  | 6.7x   | 1.7x     | 6.5x   | 1.9x                  | 7.6x   |
| Fortune Brands Home & Security, Inc               | 2.0x                    | 12.6x  | 2.0x     | 12.4x  | 1.9x                  | 12.0x  | 2.6x  | 8.7x   | 2.6x     | 8.6x   | 2.5x                  | 8.5x   |
| Mean  | 2.4x                    | 13.0x  | 2.7x     | 13.6x  | 2.3x                  | 12.5x  | 2.7x  | 8.9x   | 2.9x     | 9.1x   | 2.6x                  | 8.9x   |
| Adjusted Mean                                     | 2.1x                    | 12.8x  | 2.4x     | 14.0x  | 2.1x                  | 12.7x  | 2.6x  | 8.5x   | 2.9x     | 9.0x   | 2.6x                  | 8.6x   |
| Median  | 2.0x                    | 12.6x  | 2.4x     | 14.0x  | 1.9x                  | 12.0x  | 2.6x  | 8.7x   | 2.9x     | 9.0x   | 2.5x                  | 8.5x   |
| <b>Lockset Installers &amp; Door Distributors</b> |                         |        |          |        |                       |        |   |        |          |        |                       |        |
| ASSA ABLOY AB (publ)                              | 3.2x                    | 17.8x  | 2.9x     | 15.5x  | 3.0x                  | 16.7x  | 3.5x  | 10.1x  | 3.3x     | 9.4x   | 3.3x                  | 9.8x   |
| Cornerstone Building Brands, Inc.                 | n/a                     | n/a    | 0.9x     | 8.1x   | n/a                   | n/a    | n/a   | n/a    | n/a      | 7.0x   | n/a                   | n/a    |
| JELD-WEN Holding, Inc.                            | 0.9x                    | 10.7x  | 0.9x     | 9.2x   | 1.0x                  | 11.7x  | 2.3x  | 8.4x   | 2.4x     | 7.5x   | 2.7x                  | 9.0x   |
| Masonite International Corporation                | 1.2x                    | 10.0x  | 1.2x     | 9.4x   | 1.2x                  | 9.8x   | 2.2x  | 8.1x   | 2.2x     | 7.7x   | 2.1x                  | 8.0x   |
| Mean  | 1.8x                    | 12.8x  | 1.5x     | 10.6x  | 1.7x                  | 12.7x  | 2.7x  | 8.9x   | 2.6x     | 7.9x   | 2.7x                  | 8.9x   |
| Adjusted Mean                                     | 1.2x                    | 10.7x  | 1.1x     | 9.3x   | 1.2x                  | 11.7x  | 2.3x  | 8.4x   | 2.4x     | 7.6x   | 2.7x                  | 9.0x   |
| Median  | 1.2x                    | 10.7x  | 1.1x     | 9.3x   | 1.2x                  | 11.7x  | 2.3x  | 8.4x   | 2.4x     | 7.6x   | 2.7x                  | 9.0x   |

Source: Capital IQ and company filings

Note: USD in millions; Adjusted Mean removes the highest and lowest values of data set

# Market Approach – Selected Public Companies Analysis (continued)

| Company Name                         | Ticker    | Description   |
|--------------------------------------|-----------|---|
| ASSA ABLOY AB (publ)                 | OM:ASSA B | ASSA ABLOY AB (publ) provides door opening products, solutions, and services for the institutional, commercial, and consumer markets in Europe, the Middle East, Africa, North and South America, Asia, and Oceania.  |
| Allegion plc                         | NYSE:ALLE | Allegion plc manufactures and sells mechanical and electronic security products and solutions worldwide.  |
| CompX International Inc.             | AMEX:CIX  | CompX International Inc. engages in the manufacture and sale of security products and recreational marine components primarily in North America.  |
| Cornerstone Building Brands, Inc.    | NYSE:CNR  | Cornerstone Building Brands, Inc., together with its subsidiaries, designs, engineers, manufactures, and markets external building products for the commercial, residential, and repair and remodel construction industries in North America.                 |
| dormakaba Holding AG                 | SWX:DOKA  | dormakaba Holding AG provides access and security solutions worldwide.  |
| Fortune Brands Home & Security, Inc. | NYSE:FBHS | Fortune Brands Home & Security, Inc., together with its subsidiaries, provides home and security products for residential home repair, remodeling, new construction, and security applications.   |
| JELD-WEN Holding, Inc.               | NYSE:JELD | JELD-WEN Holding, Inc. manufactures and sells doors and windows primarily in North America, Europe, and Australasia.  |
| Masonite International Corporation   | NYSE:DOOR | Masonite International Corporation designs, manufactures, and distributes interior and exterior doors for the new construction and repair, renovation, and remodeling sectors of the residential and non-residential building construction markets worldwide. |

Source: Capital IQ and company filings

# Market Approach – Precedent Transactions Analysis

|   | Selected Multiples |      | Financial<br>Statistic | Enterprise Value |            |            |
|---|--------------------|------|------------------------|------------------|------------|------------|
|   | Low                | High |                        | Low              | Mid        | High       |
| Last Twelve Months:                                 |                    |      |                        |                  |            |            |
| Enterprise Value / EBITDA                           | 7.5x               | 8.5x | \$ 21,378              | \$ 160,337       | \$ 171,026 | \$ 181,715 |
| Precedent Transactions Analysis Indication of Value |                    |      |                        | \$ 160,337       | \$ 171,026 | \$ 181,715 |

## Commentary

- Lincoln concluded a valuation multiple range of **7.50x to 8.50x LTM Adjusted EBITDA**.
- In concluding the valuation multiple ranges, Lincoln considered the following:
  - Lincoln referenced the implied multiple at the close of both the May 2019 acquisition of S&G (7.7x), the December 2019 acquisition of Delaney (7.7x), and identified transactions on the following page in the Security/Locks and Building Products industries that involve acquisition targets similar to S&G/Delaney:
    - Lincoln identified M&A transactions with publicly disclosed deal metrics. The identified transactions have an Adjusted Mean LTM EBITDA multiple of 8.8x. Lincoln's concluded range is in line with the combined transaction multiple at close on the low end and is comparable to the Adjusted Mean of the precedent transactions on the high end.
    - Further, Lincoln identified three relevant precedent transactions in which Lincoln acted as an advisor in the deal (specifics of the deals not disclosed for confidentiality purposes). The Adjusted Mean LTM EBITDA multiple implied by the transactions was 7.8x, further supporting the concluded multiple.
    - Additionally, Lincoln viewed statistics from GF Data, which aggregates closed deal information for middle market companies, from the Security Systems industry. GF Data presented an average LTM EBITDA multiple of 7.5x, also in line with our concluded range on the low end.



# Market Approach – Precedent Transactions Analysis (continued)

| Closed Date   | Target                      | Acquirer              | Target Description  | Enterprise Value | Enterprise Value / LTM |        | EBITDA Margin |
|---------------|-----------------------------|-----------------------|---|------------------|------------------------|--------|---------------|
|               |                             |                       |   |                  | Sales                  | EBITDA |               |
| Mar-19        | Colcom Group S.p.a.         | SIMONSWERK GmbH       | Colcom Group S.r.l. manufactures hinges, locks, and fastenings for doors as well as tempered glass panels.  | \$ 45            | 1.5x                   | n/a    | n/a           |
| Jul-17        | Skyfold Inc.                | dormakaba Holding AG  | Skyfold Inc. manufactures automated vertical folding wall systems.  | 86               | 2.6x                   | 8.5x   | 30.5%         |
| Aug-18        | WWS Acquisition, LLC        | PGT Innovations, Inc. | WWS Acquisition, LLC, doing business as Western Window Systems, designs and manufactures aluminum windows and door products in the United States. | 360              | n/a                    | 19.2x  | n/a           |
| Jul-16        | The Bilco Company           | Amesbury Group Inc.   | The Bilco Company designs and manufactures specialty access solutions for architects, engineers, and construction trades.                         | 71               | 1.2x                   | 8.8x   | 14.2%         |
| Mean          |                             |                       |   | \$ 141           | 1.8x                   | 12.1x  | 22.4%         |
| Adjusted Mean |                             |                       |   | 79               | 1.5x                   | 8.8x   | n/a           |
| Median        |                             |                       |   | 79               | 1.5x                   | 8.8x   | 22.4%         |
| Dec-19        | Sargent and Greenleaf, Inc. | OpenGate Capital      |   | \$ 163           | 1.7x                   | 7.6x   | 22.3%         |

## Lincoln Proprietary Transactions

| Date Completed | Target Description | Enterprise Value | Enterprise Value / LTM |        | EBITDA Margin |
|----------------|--------------------|------------------|------------------------|--------|---------------|
|                |                    |                  | Sales                  | EBITDA |               |
| Dec-18         | Transaction 1      | \$ 318           | 1.1x                   | 11.5x  | 9.5%          |
| Mar-15         | Transaction 2      | 72               | 0.6x                   | 6.0x   | 10.0%         |
| Jul-14         | Transaction 3      | 118              | 0.7x                   | 7.8x   | 8.8%          |
| Mean           |                    | \$ 169           | 0.8x                   | 8.5x   | 9.5%          |
| Adjusted Mean  |                    | 118              | 0.7x                   | 7.8x   | 9.5%          |
| Median         |                    | 118              | 0.7x                   | 7.8x   | 9.5%          |

## GF Data Transactions as of the Valuation Date

| EV Range                                      | Average EV | Revenues | LTM Revenue Growth | EBITDA Margin | EV / Revenue | EV / EBITDA | Transactions | EV / EBITDA Std. Dev. |
|---|------------|----------|--------------------|---------------|--------------|-------------|--------------|-----------------------|
| Security Systems Services (NAICS Code: 56162) |            |          |                    |               |              |             |              |                       |
| \$10 - \$25                                   | \$ 16.4    | \$ 17.0  | 15%                | 16%           | 1.1x         | 7.3x        | 10           | 1.8x                  |
| \$25 - \$50                                   | 43.1       | 39.4     | 4%                 | 32%           | 2.4x         | 7.9x        | 5            | 2.3x                  |
| \$50 - \$100                                  | 69.5       | 39.6     | 26%                | 25%           | 1.8x         | 7.3x        | 4            | 2.0x                  |
| Total   | \$ 34.6    | \$ 27.6  | 14%                | 22%           | 1.6x         | 7.5x        | 19           | 1.7x                  |

Source: Capital IQ and company filings; GF Data  
Note: USD in millions; Adjusted Mean removes the highest and lowest values of data set

# Income Method – Discounted Cash Flow Analysis

| Terminal Multiple<br>Discount Rate     | 7.50x      |            |            | 8.00x      |            |            | 8.50x      |            |            |  |  |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|--|--|
|  | 20.50%     | 20.00%     | 19.50%     | 20.50%     | 20.00%     | 19.50%     | 20.50%     | 20.00%     | 19.50%     |  |  |
|  | Low        |            |            |            | Mid        |            |            |            | High       |  |  |
| Present Value of Discrete Cash Flows   | \$ 51,896  | \$ 52,299  | \$ 52,709  | \$ 51,896  | \$ 52,299  | \$ 52,709  | \$ 51,896  | \$ 52,299  | \$ 52,709  |  |  |
| Present Value of Terminal Cash Flow    | 107,902    | 109,711    | 111,559    | 115,095    | 117,025    | 118,996    | 122,289    | 124,339    | 126,433    |  |  |
| Total Enterprise Value                 | \$ 159,798 | \$ 162,011 | \$ 164,267 | \$ 166,991 | \$ 169,325 | \$ 171,705 | \$ 174,185 | \$ 176,639 | \$ 179,142 |  |  |
| Enterprise Value / LTM Adjusted EBITDA | 7.5x       | 7.6x       | 7.7x       | 7.8x       | 7.9x       | 8.0x       | 8.1x       | 8.3x       | 8.4x       |  |  |
| Terminal Value as a % of Total Value   | 67.5%      | 67.7%      | 67.9%      | 68.9%      | 69.1%      | 69.3%      | 70.2%      | 70.4%      | 70.6%      |  |  |
| Implied Value at Exit                  | \$ 227,483 | \$ 227,483 | \$ 227,483 | \$ 242,649 | \$ 242,649 | \$ 242,649 | \$ 257,814 | \$ 257,814 | \$ 257,814 |  |  |
| Implied Perpetual Growth Rate          | 20.5%      | 20.0%      | 19.5%      | 20.5%      | 20.0%      | 19.5%      | 20.5%      | 20.0%      | 19.5%      |  |  |

## Commentary

- Lincoln sensitized the selected discount rate of 20.0% by +/- 50 bps and the exit multiple of 8.00x by +/- 0.50x. The concluded exit multiple is comparable to the concluded midpoints of both the selected public companies and precedent transactions analyses.
- The discounted cash flow analysis results in an enterprise value range of \$159.8 million to \$179.1 million. This range of enterprise values implies multiples of **7.5x to 8.4x LTM Adjusted EBITDA**.

# Income Method – Discounted Cash Flow Analysis (continued)

|                                       | Projected Year Ending |            |            |            | Projected CAGR <sup>(1)</sup> |
|---------------------------------------|-----------------------|------------|------------|------------|-------------------------------|
|                                       | 12/31/2020            | 12/31/2021 | 12/31/2022 | 12/31/2023 |                               |
| Revenue                               | \$ 102,165            | \$ 108,301 | \$ 115,115 | \$ 122,682 | 6.4%                          |
| % Growth                              | 6.6%                  | n/a        | 6.3%       | 6.6%       |                               |
| Adjusted EBITDA                       | \$ 22,711             | \$ 25,129  | \$ 27,445  | \$ 30,331  | 9.1%                          |
| % Growth                              | 6.2%                  | 10.6%      | 9.2%       | 10.5%      |                               |
| % Margin                              | 22.2%                 | 23.2%      | 23.8%      | 24.7%      |                               |
| Operating Income                      | \$ 15,186             | \$ 17,225  | \$ 19,184  | \$ 21,699  | 2.1%                          |
| % Margin                              | 14.9%                 | 15.9%      | 16.7%      | 17.7%      |                               |
| Less: Taxes @ 25.0%                   | (3,796)               | (4,306)    | (4,796)    | (5,425)    |                               |
| Tax-effected EBIT (NOPLAT)            | \$ 11,389             | \$ 12,919  | \$ 14,388  | \$ 16,274  |                               |
| Plus: Depreciation                    | 1,590                 | 1,968      | 2,326      | 2,697      |                               |
| Plus: Amortization                    | 5,935                 | 5,935      | 5,935      | 5,935      |                               |
| Gross Cash Flow                       | \$ 18,914             | \$ 20,822  | \$ 22,649  | \$ 24,906  |                               |
| Less: Increase in Working Capital     | \$ (124)              | \$ (532)   | \$ (386)   | \$ (1,578) |                               |
| Less: Capital Expenditures            | (1,917)               | (2,650)    | (2,500)    | (2,600)    |                               |
| Unlevered Free Cash Flow              | \$ 16,873             | \$ 17,641  | \$ 19,763  | \$ 20,729  |                               |
| Unlevered Free Cash Flow Growth Rate  | (13.2%)               | (18.6%)    | 12.0%      | 4.9%       |                               |
| Partial Period Factor                 | 1.00                  | 1.00       | 1.00       | 1.00       |                               |
| Discount Period                       | 0.50                  | 1.50       | 2.50       | 3.50       |                               |
| Discount Factor                       | 0.9129                | 0.7605     | 0.6339     | 0.5283     |                               |
| Present Value of Unlevered Cash Flows | \$ 15,403             | \$ 13,417  | \$ 12,528  | \$ 10,951  |                               |
| Terminal EBITDA                       |                       |            |            |            | \$ 30,331                     |
| Terminal Multiple                     |                       |            |            |            | 8.00x                         |
| Value at Exit                         |                       |            |            |            | \$ 242,649                    |
| Discount Factor                       |                       |            |            |            | 0.4823                        |
| Present Value of Terminal Value       |                       |            |            |            | \$ 117,025                    |

|   |                   |
|---|-------------------|
| Present Value of Discrete Period Cash Flows | \$ 52,299         |
| Present Value of Terminal Value             | 117,025           |
| <b>Indicated Enterprise Value</b>           | <b>\$ 169,325</b> |

Source: Forecast provided by OGC  
(1) Projected CAGR from FY 2018 to FY 2023

# Income Method – Discounted Cash Flow Analysis (continued)

| Company Name                         | Total Debt | Preferred Equity | Market Capitalization | Total Capital | Debt to Equity | Debt to Total Capital (Wd) | Effective Income Tax Rate | 2-Yr Weekly Levered Beta | 2-Yr Weekly Unlevered Beta (Bu) (1) |
|--------------------------------------|------------|------------------|-----------------------|---------------|----------------|----------------------------|---------------------------|--------------------------|-------------------------------------|
| ASSA ABLOY AB (publ)                 | \$ 3,428   | \$ -             | \$ 26,040             | \$ 29,468     | 13.2%          | 11.6%                      | 26.6%                     | 0.73                     | 0.66                                |
| Allegion plc                         | 1,508      | -                | 11,572                | 13,079        | 13.0%          | 11.5%                      | 12.5%                     | 0.99                     | 0.89                                |
| CompX International Inc.             | -          | -                | 182                   | 182           | 0.0%           | 0.0%                       | 24.2%                     | 0.52                     | 0.52                                |
| Cornerstone Building Brands, Inc.    | -          | -                | 1,069                 | 1,069         | 0.0%           | 0.0%                       | n/a                       | 1.71                     | n/a                                 |
| dormakaba Holding AG                 | 786        | -                | 2,964                 | 3,750         | 26.5%          | 21.0%                      | 24.1%                     | 0.71                     | 0.59                                |
| Fortune Brands Home & Security, Inc. | 2,521      | -                | 9,092                 | 11,613        | 27.7%          | 21.7%                      | 25.5%                     | 1.29                     | 1.07                                |
| JELD-WEN Holding, Inc.               | 1,699      | -                | 2,355                 | 4,053         | 72.1%          | 41.9%                      | 34.4%                     | 1.30                     | 0.88                                |
| Masonite International Corporation   | 940        | -                | 1,797                 | 2,736         | 52.3%          | 34.3%                      | 22.9%                     | 0.96                     | 0.68                                |
| Mean                                 | \$ 1,360   | \$ -             | \$ 6,884              | \$ 8,244      | 25.6%          | 17.8%                      | 24.3%                     | 1.03                     | 0.76                                |
| Adjusted Mean                        | 1,242      | -                | 4,808                 | 6,050         | 22.1%          | 16.7%                      | 24.7%                     | 1.00                     | 0.74                                |
| Median                               | 1,224      | -                | 2,659                 | 3,902         | 19.8%          | 16.3%                      | 24.2%                     | 0.97                     | 0.68                                |
| Selected as Most Comparable to S&G   |            |                  |                       |               | 17.6%          | 15.0%                      | 25.0%                     |                          | 0.81                                |

| Cost of Equity                                    |  | Current Period | Notes  |
|---|--|----------------|--|
| Risk-Free Rate (Rf)                               |  | 2.3%           | Long-term (20-year) U.S. government debt yield                                   |
| Plus Equity Premiums:                             |  |                |  |
| Equity Risk Premium (ERP)                         |  | 6.1%           | 2017 Valuation Handbook: Long-horizon expected equity risk premium (supply-side) |
| Relevered Equity Beta (BI)                        |  | 0.92           | Levered betas above per CapIQ; $BI = Bu \times [1 + (Wd / We) \times (1 - T)]$   |
| Industry Adjusted Equity Risk Premium             |  | 5.7%           | $BI \times ERP$  |
| Size Premium (SP)                                 |  | 5.2%           | 2017 Valuation Handbook: CRSP Decile 10  |
| Company Specific Risk Premium                     |  | 10.0%          | To calibrate to the blended cost of the combined business (S&G/Delaney)          |
| Cost of Equity (COE)                              |  | 23.1%          | $COE = Rf + (BI \times ERP) + SP + CRP$  |
| Cost of Debt                                      |  |                |  |
| Pre-Tax Cost of Debt                              |  | 6.4%           | Based on the company's borrowing rate  |
| Estimated Tax Rate                                |  | 25.0%          |  |
| After-Tax Cost of Debt (COD)                      |  | 4.8%           | $COD = \text{Pre-Tax Cost of Debt} \times (1 - T)$                               |
| Weighted Average Cost Of Capital                  |  |                |  |
| Debt % of Capital (Wd)                            |  | 15.0%          |  |
| Cost of Debt (COD)                                |  | 4.8%           |  |
| Weighted Cost of Debt                             |  | 0.7%           | $Wd \times COD$  |
| Equity % of Capital (We)                          |  | 85.0%          |  |
| Cost of Equity (COE)                              |  | 23.1%          |  |
| Weighted Cost of Equity                           |  | 19.7%          | $We \times COE$  |
| <b>Weighted Average Cost of Capital (Rounded)</b> |  | <b>20.0%</b>   |  |

Source: Capital IQ and company filings

Note: USD in millions; Adjusted Mean removes the highest and lowest values of data set; selected beta reflects the average of the 3<sup>rd</sup> quartile and Adjusted Mean of the selected public companies



# Equity Valuation Summary

|                                 | Enterprise Value Waterfall |          |     |          |      |          |
|---------------------------------|----------------------------|----------|-----|----------|------|----------|
|                                 | Low                        |          | Mid |          | High |          |
| December 2019 Adj. LTM EBITDA   | \$                         | 21,378   | \$  | 21,378   | \$   | 21,378   |
| Implied EBITDA Multiple         |                            | 7.5x     |     | 8.0x     |      | 8.5x     |
| Concluded Enterprise Value      | \$                         | 160,340  | \$  | 170,531  | \$   | 180,867  |
| Plus: Cash                      |                            | -        |     | -        |      | -        |
| Available for Paydown           | \$                         | 160,340  | \$  | 170,531  | \$   | 180,867  |
| Less: Revolver                  |                            | -        |     | -        |      | -        |
| Less: First Lien Term Loan      |                            | (92,595) |     | (92,595) |      | (92,595) |
| Residual Equity Value to Common | \$                         | 67,745   | \$  | 77,936   | \$   | 88,272   |

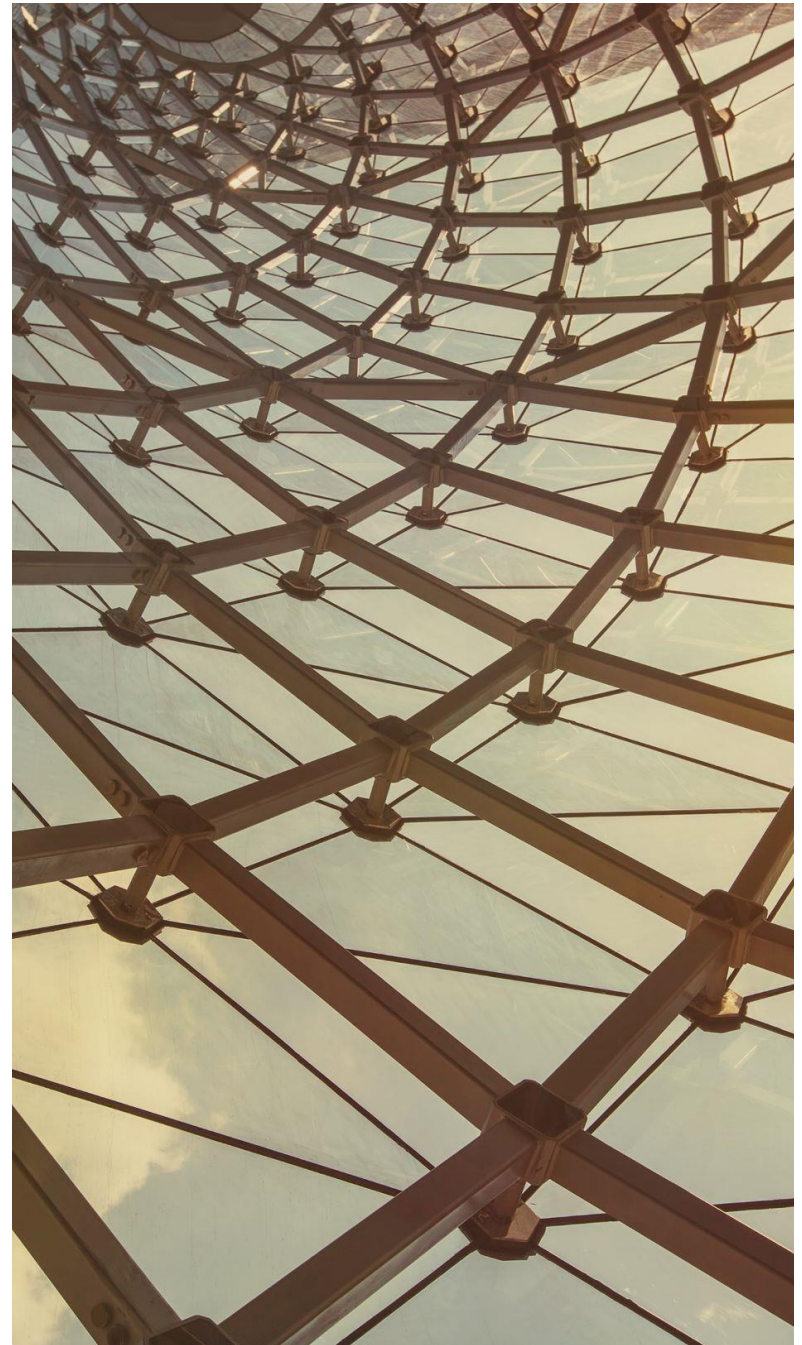
## Commentary

- Based on the analysis conducted herein, Lincoln concluded an enterprise value range of \$160.3 million to \$180.9 million.
- As shown above, Lincoln determined the fair value as of the Valuation Date of the total common equity of **\$67.7 million to \$88.3 million**.

(1) Cash is assumed to be operational  
(2) Revolver balance as of December 31, 2019

# Summary of Valuation Methodologies

## Appendix A



# Valuation Methodology and Key Assumptions

## Overview

- Lincoln utilizes several methodologies to estimate the fair value of the Investments. Lincoln's fair value estimates are generally expressed as a range and are considered by the Client in its determination of a single estimate of fair value for each individual security.

## Definition of Fair Value

- The valuations presented herein reflect the ASC-820-20 definition of "fair value" defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."
- The valuation method for each Portfolio Company varies depending upon industry and company specific considerations. We generally perform a fundamental analysis to establish a risk profile for each company in addition to the application of one or more of the following: (i) market method; (ii) income method; and (iii) enterprise valuation waterfall method.

## Fundamental Analysis

- A fundamental analysis of each Portfolio Company considers such factors as major developments affecting the business, financial outlook, industry dynamics, overall risk profile and other qualitative factors impacting valuation. These considerations are discussed throughout the Report.

# Valuation Methodology and Key Assumptions

## Market Method

- The market method values the enterprise value of each Portfolio Company based on the observable prices of similar companies. We consider comparable public companies and precedent M&A transactions for both public and private companies, if available. Lincoln also draws on its institutional knowledge of private middle-market M&A valuations.
- The Market Method involves the determination of representative levels of earnings or other operating metrics, such as operating income (EBIT) and earnings, before interest, taxes, depreciation and amortization (EBITDA). Normalizing adjustments may be made based upon the facts and circumstances such as add-backs to EBITDA for non-recurring items. Lincoln selects an appropriate range of market multiples based on analysis of comparable public companies and/or M&A transactions as of the measurement date. We then apply the selected market multiples to the Portfolio Company to determine its enterprise value.
- Because many of the Portfolio Companies are often smaller than larger, publicly-traded companies, the private company M&A metrics may be used.

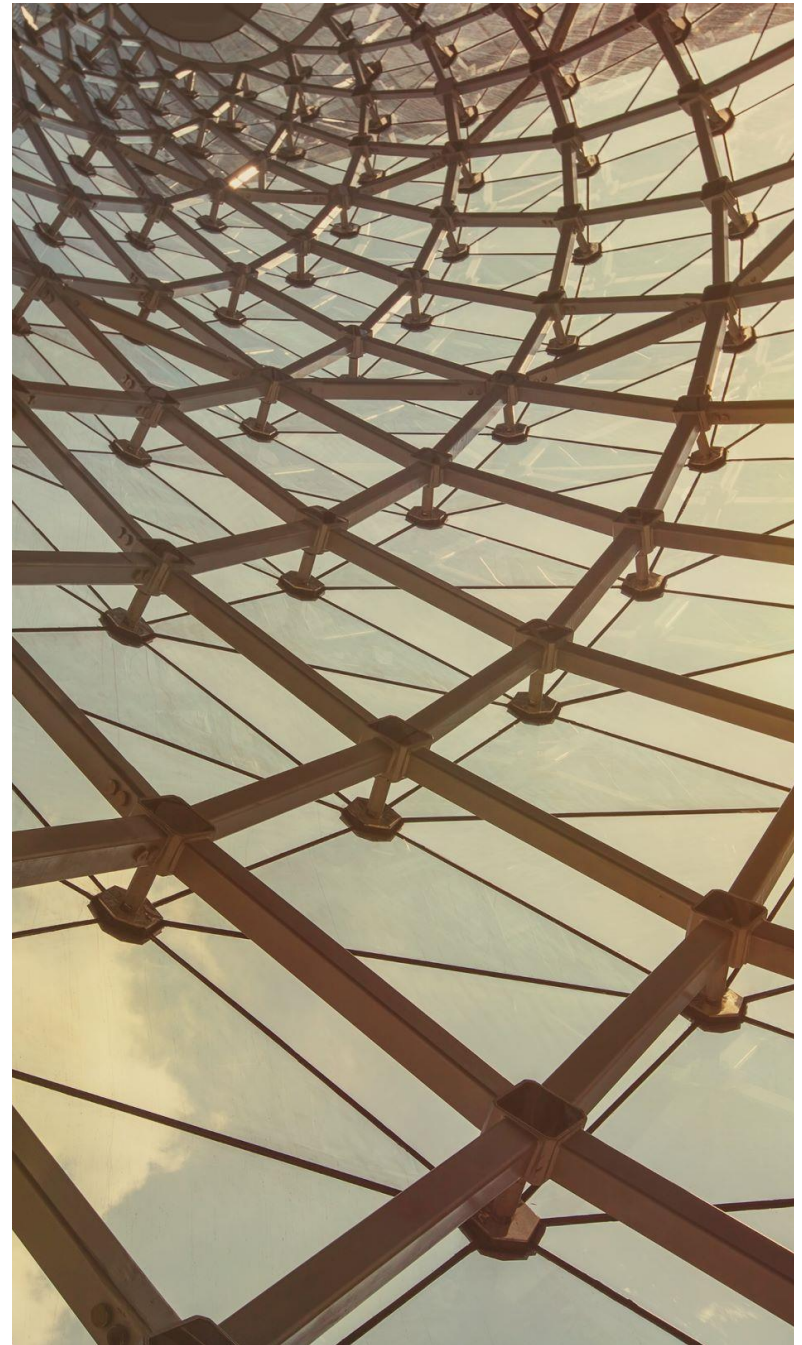
## Income Method

- The discounted cash flow method (DCF) estimates the present value of the projected cash flows to be generated by the subject company. In the DCF approach, a discount rate is applied to the projected future cash flows to arrive at its present value. The discount rate is intended to reflect all risks of ownership and the associated risks of realizing the stream of projected cash flows.
- Generally, multi-year forecasts for the Portfolio Companies are not available and, as such, the Income Method is used infrequently as a primary method to determine enterprise value. Lincoln may, however, corroborate the reasonableness of its determined multiples derived under the Market Method using the Income Method, based on various estimates and assumptions.
- Lincoln may also utilize a leverage buy-out (LBO) analysis to determine the enterprise value based on a third-party investor's required rate of return over a typical hold period.



# Certifications

## Appendix B



# Certifications

## Background of Patricia J. Luscombe, CFA

Patricia is currently a Managing Director and Co-Head of the Valuations & Opinions Group at Lincoln. Ms. Luscombe joined Lincoln in August 2007. She has more than 20 years experience in financial advisory and valuation services. She has delivered a broad range of corporate finance advice that resulted in the successful completion of corporate transactions and valuation and fairness opinions. Ms. Luscombe has advised portfolio companies of private equity firms and provided them with fairness opinions for transactions, including divestitures and recapitalizations, intra-fund transfer, and fair value accounting. Ms. Luscombe has also advised Boards of Directors of public companies and rendered fairness opinions in mergers and acquisitions and going private transactions. In addition, she has worked with the valuation of many closely held businesses for corporate transactions including acquisitions and divestitures, leveraged buyouts and restructuring/recapitalizations, ESOPs, and related party transactions, for general tax, accounting, litigation and regulatory purposes.

Previously, she spent 16 years at Duff & Phelps Corporation as a Managing Director in the firm's valuation and financial advisory business. Ms. Luscombe was a founding member and Managing Director at Duff & Phelps in a management led buyout which occurred in 1995. Prior to joining Duff & Phelps, Ms. Luscombe was an associate at Smith Barney, a division of Citigroup Global Markets, Inc. where she managed a variety of financial transactions, including mergers and acquisitions, leveraged buyouts and equity and debt financings.

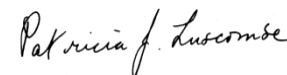
Ms. Luscombe is a member of the Chicago Chapter of the Association for Corporate Growth, the Chartered Financial Analyst Society of Chicago and a former president of the Chicago Finance Exchange.

Ms. Luscombe holds a Bachelor of Arts degree in economics from Stanford University, a Master's Degree in economics from the University of Chicago and a Master of Business Administration degree from the University of Chicago, Booth School of Business.

## Certification

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, unbiased professional analyses, opinions, and conclusions;
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.



Patricia J. Luscombe, CFA

# Certifications (continued)

## Background of Michael R. Fisch, CPA

Michael is a Managing Director of Lincoln's Valuations & Opinions Group where he manages or participates in valuation assignments and markets the firm's services.

Prior to Lincoln International, Michael worked in the M&A department at RBC Capital Markets and spent five years at Ernst & Young LLP, primarily in the Transaction Services Group, providing due diligence and tax structuring services to private equity groups, and restructuring and bankruptcy advice to a variety of corporate clients.

Michael received a Masters of Business Administration degree with concentrations in Finance and Strategic Management from the University of Chicago, Booth School of Business, a Master of Business Taxation degree from the University of Southern California and Bachelor's Degree in Business Administration from California Polytechnic State University. Michael is also a Certified Public Accountant.

## Certification

I certify that, to the best of my knowledge and belief:

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- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, unbiased professional analyses, opinions, and conclusions;
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.



Michael R. Fisch, CPA

# Certifications (continued)

## Background of Larry Levine, CPA/ABV, ASA

Larry is a Managing Director of Lincoln's Valuations & Opinions Group where he manages or participates in valuation assignments and markets the firm's services. Prior to joining Lincoln International, Larry was a Partner in McGladrey LLP's Financial Advisory Services Group – Valuations and Corporate Finance Department.

Larry received a Masters of Business Administration degree with concentrations in Finance and Strategic Planning from the Wharton Graduate School of Business, University of Pennsylvania and a Bachelor's Degree in Accounting and Economics from the University of Albany. Larry is an accredited appraiser from both the American Society of Appraisers and American Institute of Certified Public Accountants, a Certified Public Accountant, on the National Roster of Commercial Arbitrators from the American Arbitration Association, including serving on their Alternative and Complex Investments Committee Advisory Group on Alternative and Complex Investments, and a Certified Licensing Professional from the Licensing Executives Society. He currently serves on committees for the American Society of Appraisers and International Valuation Standards Council.

He has been published or quoted in the following periodicals: Journal of Applied Finance, CNBC, The Washington Post, The New York Times, The Wall Street Journal, Bloomberg, The Deal, Fiduciary and Investment Risk Management Association magazine, Accountancy Age, Journal of Alternative Investments, Mergers & Acquisitions magazine, Valuation Strategies, CFO magazine and CFO.com. He has published three peer reviewed papers on the attributes of securities trading on the over-the-counter bulletin board stock market as well as a paper quantifying illiquidity discounts for stock options.

## Certification

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, unbiased professional analyses, opinions, and conclusions;
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.



Larry Levine