

# Stout ESOP Benchmark Study

2026 RESULTS



This study is provided for general informational purposes only. The information included may not be representative of all ESOP-owned companies, and the results should not be interpreted as indicative of the performance or value of any particular company. This study does not constitute investment, valuation, legal, tax, or other professional advice and should not be relied upon as a substitute for an independent assessment of any particular company's circumstances. No representation or warranty is made as to the accuracy or completeness of the information presented.

# Key Insights and Observations

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**Drawing on six years of Stout’s annual ESOP valuations, the Stout ESOP Benchmark Study provides a comprehensive look at the financial performance of ESOP-owned companies. The study examines profitability, Enterprise Value and share price growth, leverage, and changes in share count, with comparisons across company sizes and industries.**

- Between 2020 and 2025, the median company increased revenue 7.6% per year and adjusted EBITDA 10.1% per year. In 2025, revenue increased 4.0% and adjusted EBITDA increased 3.9%.
- Adjusted EBITDA margins held steady between 2020 and 2025. The median margin stayed between 9.0% and 10.0% every year since 2021, up from 8.7% in 2020.
- Profitability and growth tell different stories across industries. Business and Professional Services had the highest median adjusted EBITDA margin at 11.8%, compared to 7.0% for Defense and Government Services. Yet Business and Professional Services recorded the slowest five-year share price growth at 9.6% annually, versus 20.9% for Industrials. Architecture, Engineering, and Construction (“AEC”) and Industrials increased adjusted EBITDA fastest at 13.4% and 12.5% annually.
- Debt repayment was a meaningful source of shareholder value. Over three years, Enterprise Value growth added a median of approximately 25% to share price and debt repayment approximately 16%. For companies with less than \$100 million in revenue, debt repayment was the larger of the two.
- Larger companies carried less debt. Median net debt was 2.8x adjusted EBITDA for companies with less than \$100 million in revenue and 0.7x above \$500 million, where 40% held more cash than debt.
- Many companies retired shares over the historical period. Over the past three years, 36% of companies reduced their share count, a sign of repurchase obligations funded through redemption. Of companies with over \$500 million in revenue, 46% reduced their share count over the last three years.

# Methodology and Purpose

## Overview

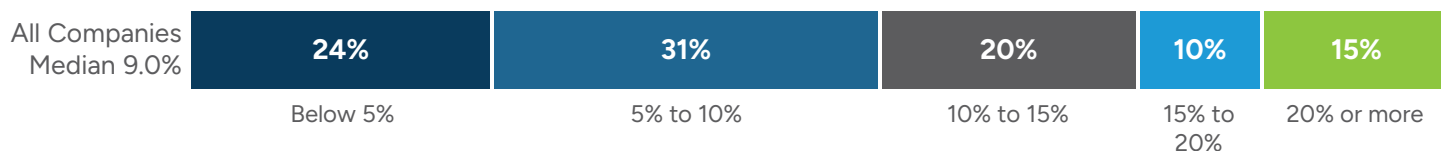
The Stout ESOP Benchmark Study describes the operating and financial profile of ESOP-owned companies: revenue and adjusted EBITDA growth, adjusted EBITDA margins, Enterprise Value and share price growth, leverage, and share count changes, measured by company size and industry. It reports results and trends, not valuation methods or assumptions.

## Methodology

- **Historical results:** Each company contributed up to six fiscal years of results, 2020 through 2025, from Stout's annual valuation analyses. Charts that follow a measure year by year use only companies with results in every year, so a change in which companies are covered does not affect the trend.
- **Fiscal years:** Each fiscal year is reported under the calendar year that holds most of it. "2025" is the year ended December 2025 for about 86% of companies; a fiscal year ended January 31, 2026, is reported as 2025 and one ended March 31, 2025, as 2024.
- **Growth rates:** Each company's growth was measured compared to its own prior results, and the study reports the median across companies. Growth in 2025 compares 2025 with 2024 and five-year growth is the compound annual growth rate ("CAGR") from 2020 to 2025.
- **Adjusted EBITDA:** EBITDA throughout is adjusted EBITDA as used in Stout's valuation analyses, which normalizes reported results for nonrecurring and non-operating items. It can differ from the EBITDA a company reports.
- **Statistics:** Results are medians – or the share of companies in each range – rather than averages, so a few very large or very profitable companies do not skew the results of the broader group.

## How to Read the Charts

Most charts in this study show how companies are spread across ranges of a measure. Each bar is one group of companies divided by the share of that group in each range. The group's median appears beside its label.



Example: adjusted EBITDA margins across all companies, 2025.

## Purpose

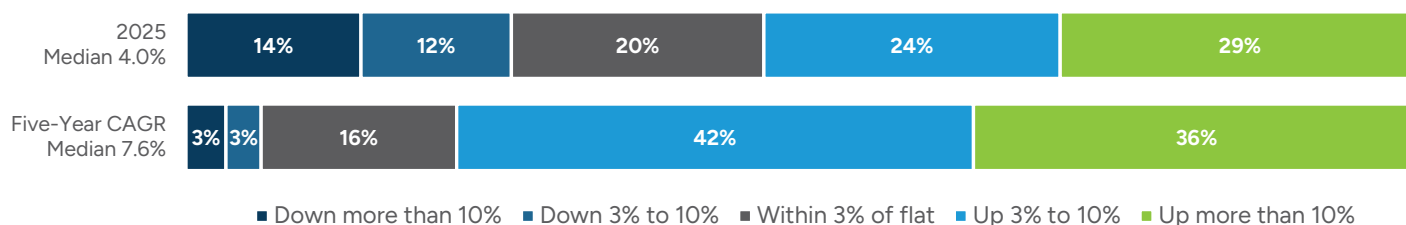
Owners, boards, and trustees regularly ask how a company's growth, profitability, and balance sheet compare with other ESOP-owned businesses. This study offers a direct comparison drawn from ESOP-owned companies.

# Revenue and Adjusted EBITDA Growth

- Over the five years from 2020 to 2025, the median company increased revenue 7.6% per year and adjusted EBITDA 10.1% per year. In 2025, revenue increased 4.0% and adjusted EBITDA 3.9%.
- Growth generally slowed since 2021. Among companies with results in every year, median revenue growth declined from 13.2% in 2021 to 3.9% in 2025, and adjusted EBITDA growth declined from 14.4% in 2021 to 4.3% in 2025.
- In recent years, more companies experienced decreases in revenue. About one in three reported lower revenue in each year since 2023, in contrast to fewer than one in five in 2021 and 2022.

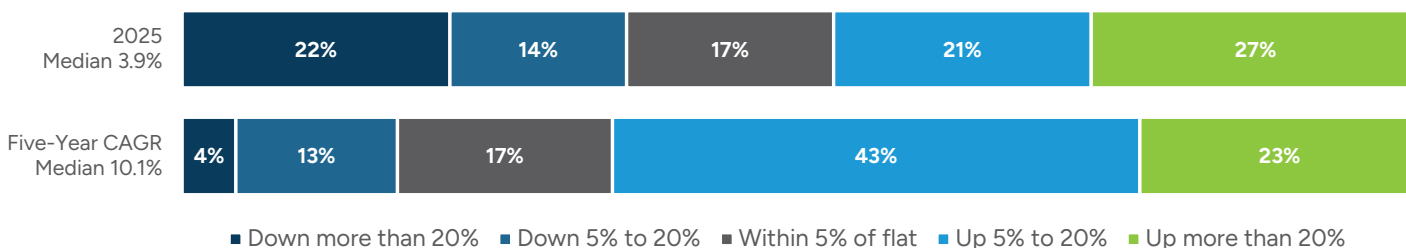
## Revenue Growth

Share of companies by growth rate: 2025 compared to 2024, and the five-year CAGR, 2020 to 2025



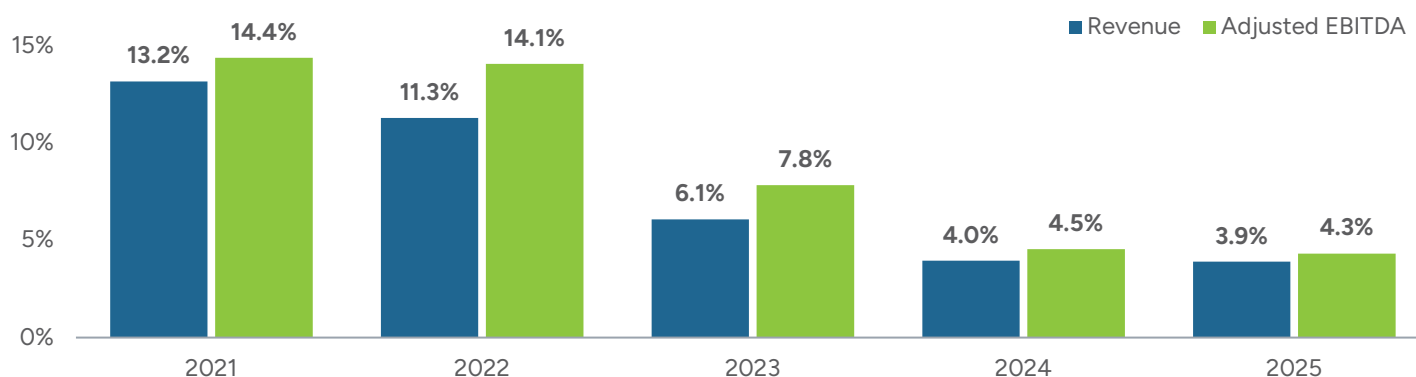
## Adjusted EBITDA Growth

Share of companies by growth rate, 2025 and five-year CAGR; companies with positive adjusted EBITDA in both years



## Median Growth by Year, 2021 to 2025

Year-over-year change; the same companies in every year

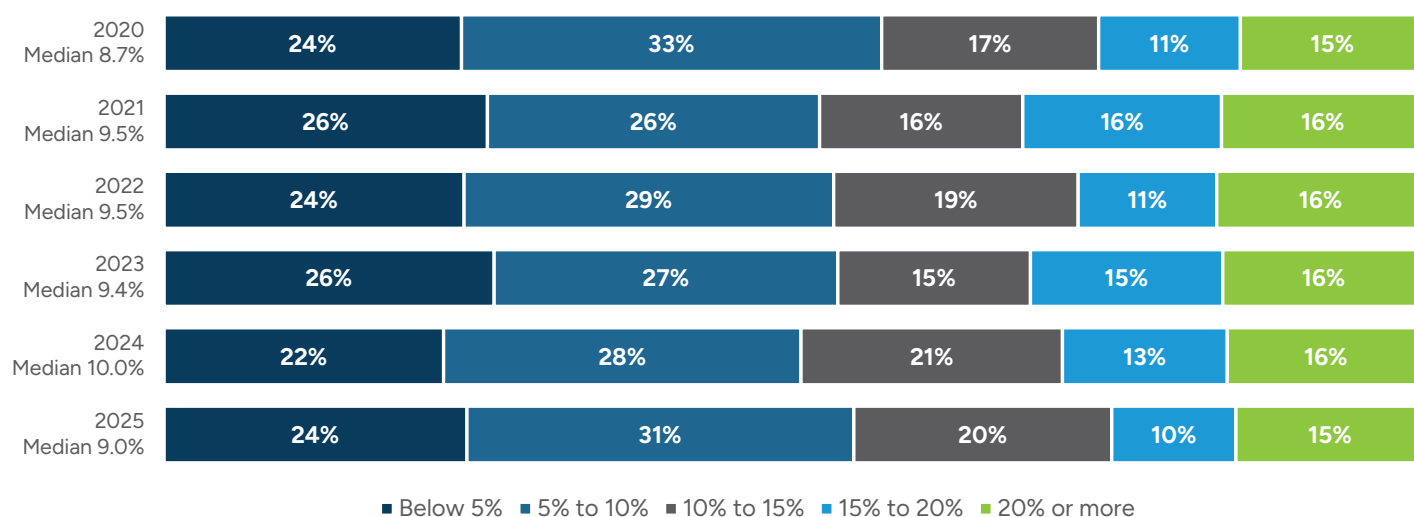


# Adjusted EBITDA Margins

- The median adjusted EBITDA margin stayed relatively stable between 9.0% and 10.0% in every year since 2021, up from 8.7% in 2020. The spread was just as stable: The share of companies in each margin range barely moved.
- Margins were skewed toward the high end. In 2025, approximately 15% of companies generated EBITDA margins above 20%, while 4% reported negative adjusted EBITDA.

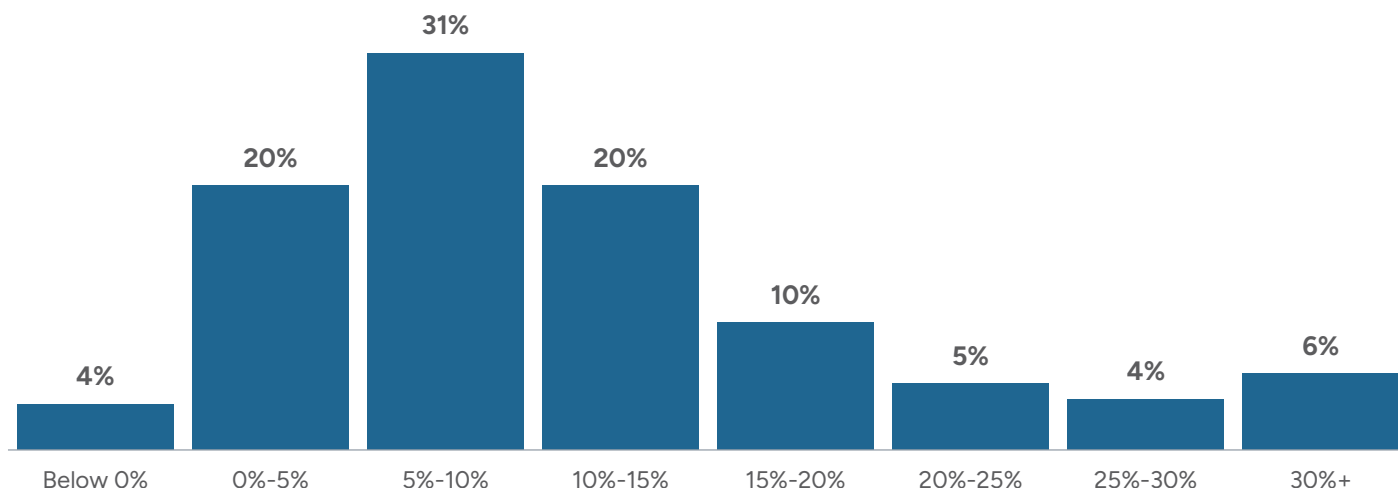
## Adjusted EBITDA Margin by Year

Share of companies in each margin range



## Distribution of Adjusted EBITDA Margins, 2025

Share of companies in each margin range

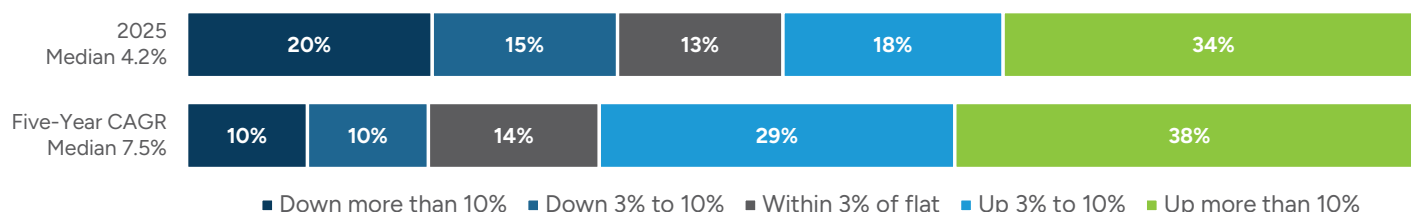


# Enterprise Value Growth

- Enterprise Value is the total value of a company's operations to all capital providers, independent of how the business is financed. It represents what an acquirer would effectively pay to take ownership of the entire business, net of the cash it acquires.
- Over the five years from 2020 to 2025, the median company increased Enterprise Value 7.5% per year. In 2025, Enterprise Value increased 4.2%.
- Enterprise Value growth slowed over the historical period. Among companies valued in every year, the median decreased from 9.6% in 2021 to 4.7% in 2025, the lowest of the five years.

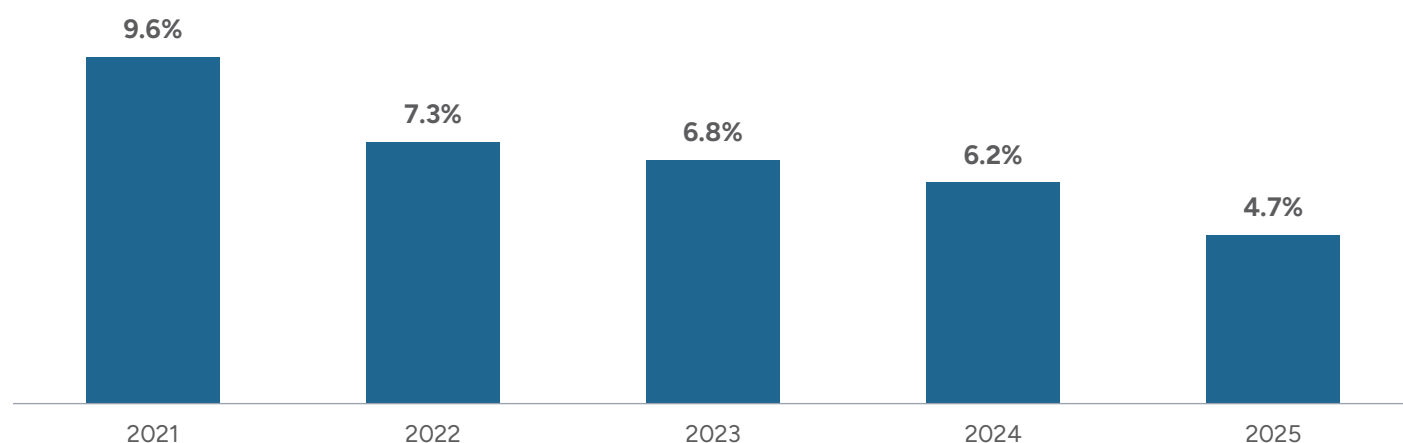
## Enterprise Value Growth

Share of companies by growth rate: 2025 compared to 2024 and the five-year CAGR 2020 to 2025



## Median Enterprise Value Growth by Year, 2021 to 2025

Year-over-year change; the same companies in every year



## Enterprise Value Is Not Share Price

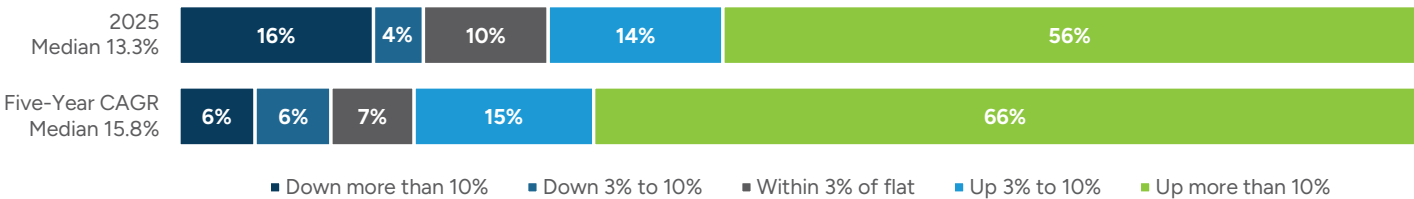
Share price is Enterprise Value less net debt and other non-operating liabilities, such as synthetic equity, divided by the shares outstanding. A company that repays debt or retires shares can raise its share price faster than its Enterprise Value. The next two pages show how that has played out.

# Share Price Growth

- Why the Stout ESOP Index showed higher returns.** Over five years, the Stout ESOP Index outpaced the median company shown here. The Index weighted each company by its equity value, so the largest companies counted for the most, and their share prices increased fastest: a median 19.2% per year above \$500 million in revenue compared to 11.3% under \$100 million. This study reports the median company, so each company counts equally.
- Over the five years from 2020 to 2025, the median company’s share price increased 15.8% per year. In 2025, the median company’s share price increased 13.3%.
  - Share price increased faster than Enterprise Value in every year from 2021 to 2025. With debt ahead of shareholders, a change in Enterprise Value moved share price by a larger percentage, and debt repayment compounded the increase.
  - Share price growth was strongest in 2021, at a median 19.3%, and ranged from 11.0% to 17.5% per year since.

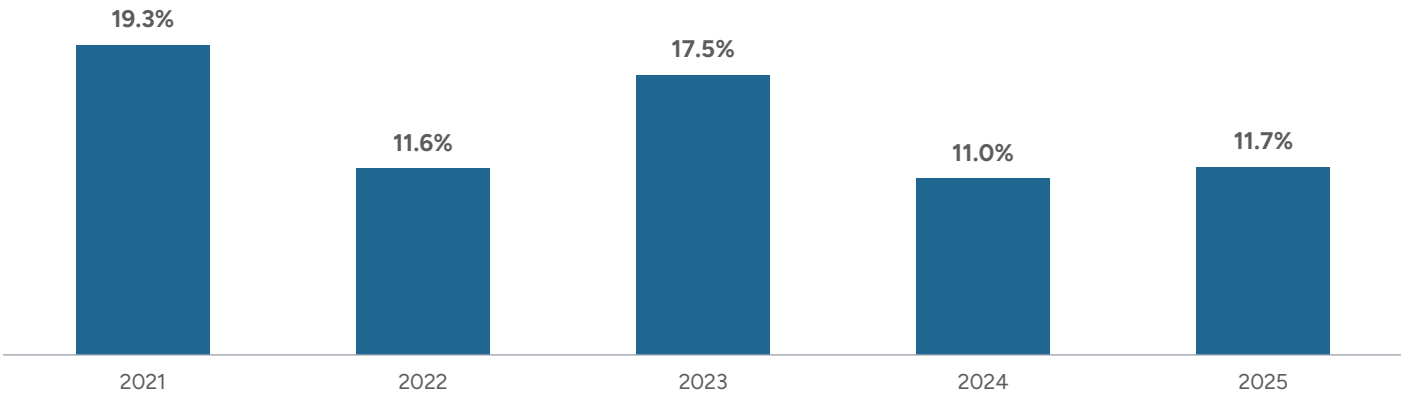
## Share Price Growth

Share of companies by growth rate: 2025 compared to 2024 and the five-year CAGR 2020 to 2025



## Median Share Price Growth by Year, 2021 to 2025

Year-over-year change; the same companies in every year



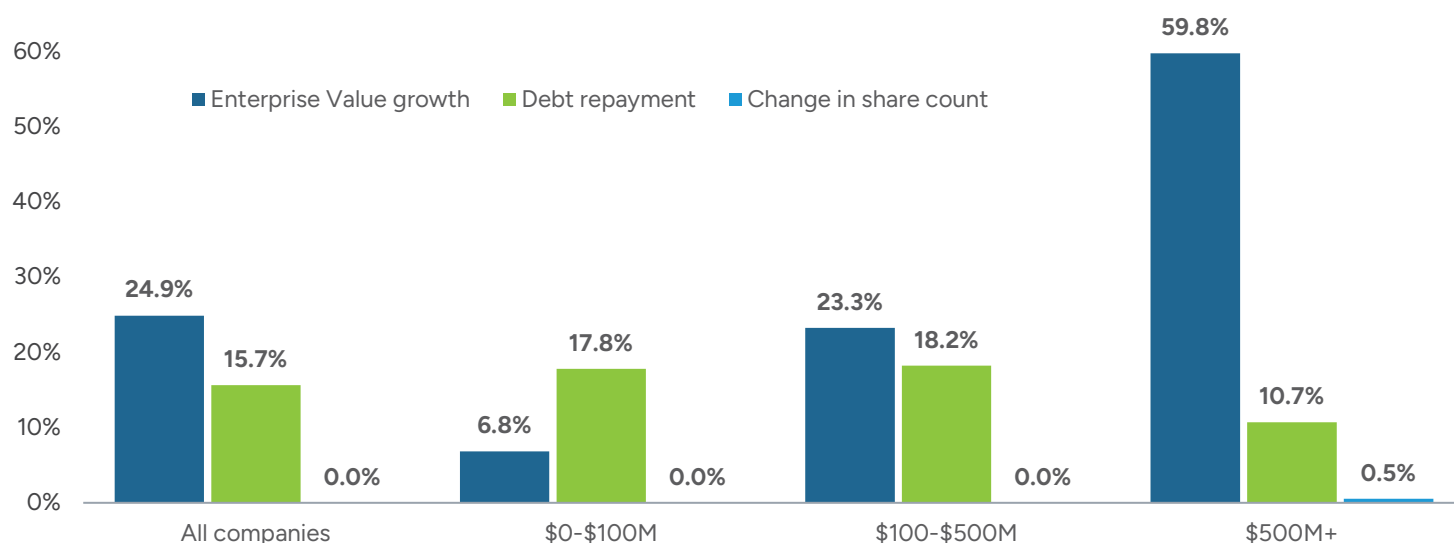
Share price is the per-share value of each company’s stock from its annual valuation. All-company figures included plans formed during the period, whose share prices often increased quickly from a low starting point after the transaction. In a typical year from 2021 to 2025, about 14% of the companies in these figures were within three years of their ESOP transaction.

# Sources of Share Price Change

- An ESOP company's share price reflects the value of the business, the debt ahead of shareholders, and the number of shares outstanding. The chart below separates each company's three-year share price change into those three sources.
- For the median company, share price rose 56.4% over three years. Enterprise Value growth added approximately 25% and debt repayment approximately 16%.
- The mix shifted with size. For companies with less than \$100 million in revenue, debt repayment added approximately 18% compared to approximately 7% from Enterprise Value growth. Above \$500 million, Enterprise Value growth added approximately 60%.

## Sources of Three-Year Share Price Change, 2022 to 2025

Median contribution in percentage points of beginning share price



|                       | All Companies | \$0-\$100M | \$100-\$500M | \$500M+ |
|-----------------------|---------------|------------|--------------|---------|
| Share price change    | 56.4%         | 25.8%      | 63.7%        | 73.6%   |
| From Enterprise Value | 24.9%         | 6.8%       | 23.3%        | 59.8%   |
| From debt repayment   | 15.7%         | 17.8%      | 18.2%        | 10.7%   |
| From share count      | 0.0%          | 0.0%       | 0.0%         | 0.5%    |

Each figure is a median computed separately, so the three sources do not add to the total change.

# Results by Size

- Larger companies expanded faster on every measure over five years. Median revenue growth increased from 6.2% per year for companies with less than \$100 million in revenue to 10.6% above \$500 million, and Enterprise Value growth increased from 2.8% to 13.5%.
- Median adjusted EBITDA margins moved the other way, from 11.8% under \$100 million to 6.9% above \$500 million. Part of the gap was business mix: AEC companies, including building contractors with high revenue and thin margins, made up 41% of the largest group compared to 11% of companies under \$100 million.
- In every size group, share price increased faster than Enterprise Value: 11.3% compared to 2.8% per year under \$100 million, and 19.2% compared to 13.5% above \$500 million.

## Median Results by Company Size

2025 compared to 2024 and the five-year CAGR 2020 to 2025. Growth cells are shaded by rate.

|               | Revenue Growth |             | Adjusted EBITDA Growth |             | Enterprise Value Growth |             | Share Price Growth |             |
|---------------|----------------|-------------|------------------------|-------------|-------------------------|-------------|--------------------|-------------|
|               | 2025           | 5-Year CAGR | 2025                   | 5-Year CAGR | 2025                    | 5-Year CAGR | 2025               | 5-Year CAGR |
| All Companies | 4.0%           | 7.6%        | 3.9%                   | 10.1%       | 4.2%                    | 7.5%        | 13.3%              | 15.8%       |
| \$0-\$100M    | 1.8%           | 6.2%        | 1.7%                   | 6.9%        | (0.1%)                  | 2.8%        | 12.6%              | 11.3%       |
| \$100-\$500M  | 5.0%           | 7.7%        | 4.8%                   | 10.1%       | 2.7%                    | 7.2%        | 11.7%              | 16.6%       |
| \$500M+       | 5.6%           | 10.6%       | 6.6%                   | 12.2%       | 10.5%                   | 13.5%       | 17.1%              | 19.2%       |

Decline over 5%
Decline up to 5%
0% to 3%
3% to 6%
6% to 10%
10% to 15%
15% or more

## Enterprise Value and Share Price Growth by Company Size

Five-year CAGR, 2020 to 2025; share of companies

### All Companies

|                               |     |     |     |     |     |
|-------------------------------|-----|-----|-----|-----|-----|
| Enterprise Value, median 7.5% | 10% | 10% | 14% | 29% | 38% |
| Share price, median 15.8%     | 6%  | 6%  | 7%  | 15% | 66% |

### \$0-\$100M

|                               |     |     |     |     |     |
|-------------------------------|-----|-----|-----|-----|-----|
| Enterprise Value, median 2.8% | 18% | 16% | 18% | 31% | 16% |
| Share price, median 11.3%     | 11% | 7%  | 11% | 19% | 53% |

### \$100-\$500M

|                               |    |     |     |     |     |
|-------------------------------|----|-----|-----|-----|-----|
| Enterprise Value, median 7.2% | 7% | 10% | 14% | 30% | 39% |
| Share price, median 16.6%     | 4% | 6%  | 6%  | 16% | 68% |

### \$500M+

|                                |    |    |    |     |     |
|--------------------------------|----|----|----|-----|-----|
| Enterprise Value, median 13.5% | 4% | 2% | 7% | 22% | 65% |
| Share price, median 19.2%      | 4% | 4% | 2% | 8%  | 82% |

Down more than 10%
Down 3% to 10%
Within 3% of flat
Up 3% to 10%
Up more than 10%

# Results by Industry

- Industrials and AEC expanded fastest over five years, with median adjusted EBITDA growth of 12.5% and 13.4% per year compared to 3.2% to 6.8% for the other industries. Consumer was the only industry with lower median revenue in 2025.
- Business and Professional Services had the highest median margin, 11.8%, but the slowest five-year growth in Enterprise Value and share price.

## Median Results by Industry

2025 compared to 2024 and the five-year CAGR 2020 to 2025. Growth cells are shaded by rate.

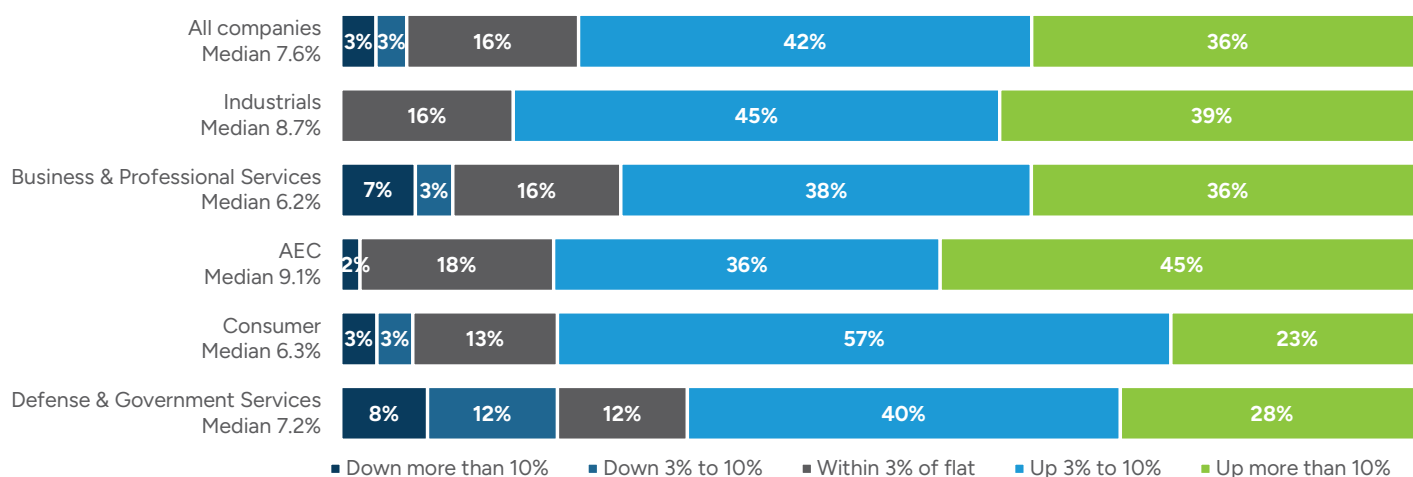
|                                  | Revenue Growth |             | Adjusted EBITDA Growth |             | Enterprise Value Growth |             | Share Price Growth |             |
|----------------------------------|----------------|-------------|------------------------|-------------|-------------------------|-------------|--------------------|-------------|
|                                  | 2025           | 5-Year CAGR | 2025                   | 5-Year CAGR | 2025                    | 5-Year CAGR | 2025               | 5-Year CAGR |
| <b>All Companies</b>             | 4.0%           | 7.6%        | 3.9%                   | 10.1%       | 4.2%                    | 7.5%        | 13.3%              | 15.8%       |
| Industrials                      | 5.5%           | 8.7%        | 3.5%                   | 12.5%       | 5.1%                    | 9.0%        | 14.4%              | 20.9%       |
| Business & Professional Services | 5.0%           | 6.2%        | 4.7%                   | 5.8%        | 0.3%                    | 2.6%        | 8.5%               | 9.6%        |
| AEC                              | 5.4%           | 9.1%        | 5.4%                   | 13.4%       | 8.9%                    | 12.5%       | 21.0%              | 19.9%       |
| Consumer                         | (0.9%)         | 6.3%        | (0.7%)                 | 6.8%        | (0.9%)                  | 6.1%        | 4.7%               | 9.9%        |
| Defense & Government Services    | 5.6%           | 7.2%        | 5.2%                   | 6.1%        | (3.7%)                  | 7.4%        | 9.3%               | 11.8%       |
| Healthcare                       | 3.5%           | 5.0%        | 5.3%                   | 3.2%        | 4.2%                    | n/m         | n/m                | n/m         |

■ Decline over 5% ■ Decline up to 5% ■ 0% to 3% ■ 3% to 6% ■ 6% to 10% ■ 10% to 15% ■ 15% or more

n/m: not meaningful. Growth from a share price near zero, common after a leveraged ESOP transaction, was not comparable with other groups.

## Revenue Growth by Industry

Five-year CAGR, 2020 to 2025; share of companies



# Adjusted EBITDA Margins by Industry

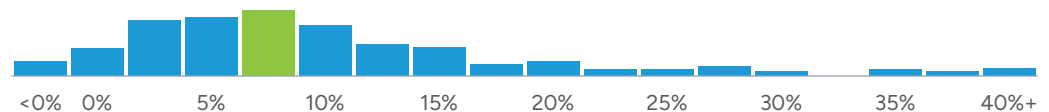
**Margins differed by industry, and so did the spread.** Median adjusted EBITDA margins ranged from 7.0% in Defense and Government Services, the most tightly clustered industry, likely reflecting the impact of cost-reimbursable contracting, to 11.8% in Business and Professional Services, which also had the widest spread. AEC, at 8.1%, blended two very different businesses: general contractors, at a median of 3.1%, and specialty trade contractors, at a median of 9.9%.

## Distribution of Adjusted EBITDA Margins by Industry, 2025

Height of each bar: share of the industry's companies in that 2.5-point margin range. Margin is marked below each axis.

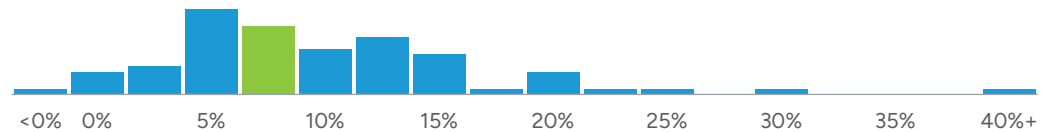
### All Companies

Median 9.0%



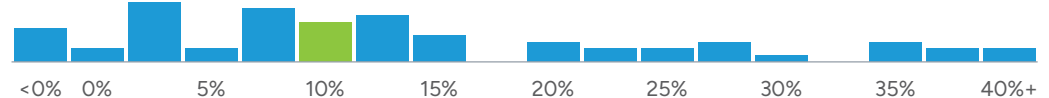
### Industrials

Median 9.8%



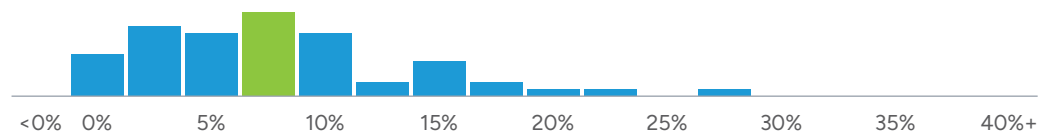
### Business & Professional Services

Median 11.8%



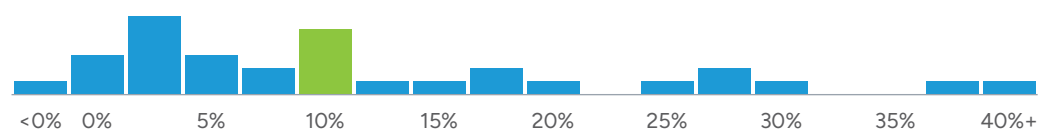
### AEC

Median 8.1%



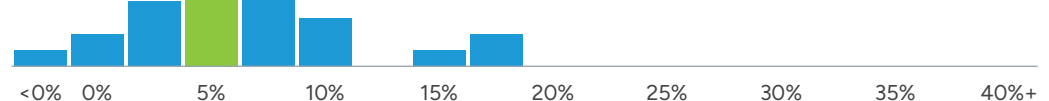
### Consumer

Median 10.6%



### Defense & Government Services

Median 7.0%



Range that contains the group's median

Other ranges

# Industry Trends, 2020 to 2025

- Industrials and Consumer had the biggest increase early in the observed period: Median revenue growth averaged 20.3% and 17.2% per year in 2021 and 2022, then 1.5% and 0.4% from 2023 to 2025.
- Defense and Government Services moved the other way. It increased 4.0% in 2021, compared to 13.2% for all companies, and 7.7% per year from 2023 to 2025, second only to AEC.
- Margins diverged. Industrials rose from 8.1% in 2020 to 11.7% in 2022 before easing to 9.8%. Business and Professional Services, the highest-margin industry by median, decreased from its 14.2% peak in 2021 to 11.6% in 2025.

## Median Revenue Growth by Industry and Year

Year-over-year change and the five-year CAGR 2020 to 2025; the same companies in every year

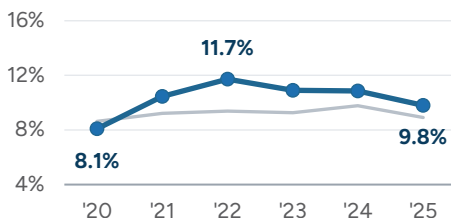
|                                  | 2021  | 2022  | 2023  | 2024   | 2025   | 5-yr CAGR |
|----------------------------------|-------|-------|-------|--------|--------|-----------|
| All Companies                    | 13.2% | 11.3% | 6.1%  | 4.0%   | 3.9%   | 7.6%      |
| Industrials                      | 21.7% | 19.0% | 0.4%  | (1.4%) | 5.5%   | 8.7%      |
| Business & Professional Services | 13.9% | 8.0%  | 7.5%  | 6.0%   | 4.6%   | 6.2%      |
| AEC                              | 7.9%  | 11.9% | 15.4% | 7.8%   | 5.3%   | 9.1%      |
| Consumer                         | 20.5% | 14.0% | 1.1%  | 0.8%   | (0.7%) | 6.3%      |
| Defense & Government Services    | 4.0%  | 7.9%  | 8.3%  | 9.1%   | 5.6%   | 7.2%      |
| Healthcare                       | 6.6%  | 3.8%  | 2.8%  | 5.8%   | 3.5%   | 5.0%      |

■ Decline over 5% ■ Decline up to 5% ■ 0% to 3% ■ 3% to 6% ■ 6% to 10% ■ 10% to 15% ■ 15% or more

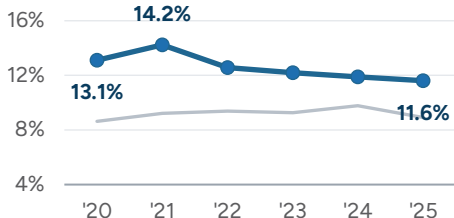
## Median Adjusted EBITDA Margin by Industry, 2020 to 2025

The same companies in every year; the gray line in each panel is all companies.

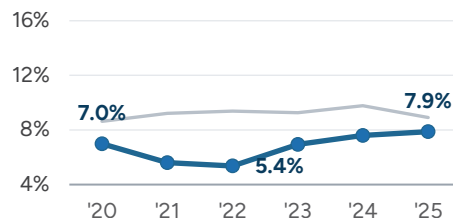
### Industrials



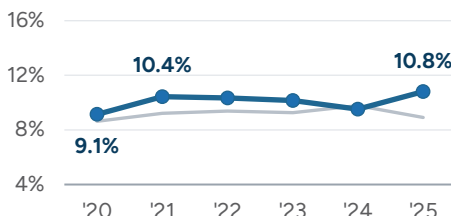
### Business & Professional Services



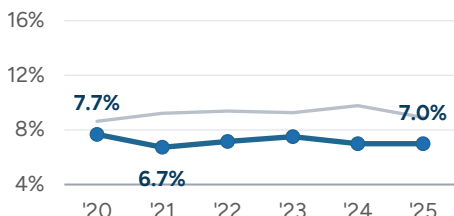
### AEC



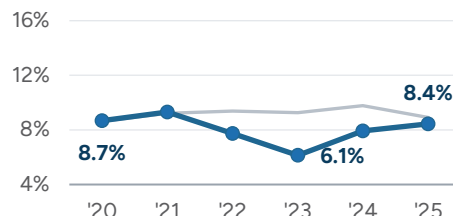
### Consumer



### Defense & Government Services



### Healthcare



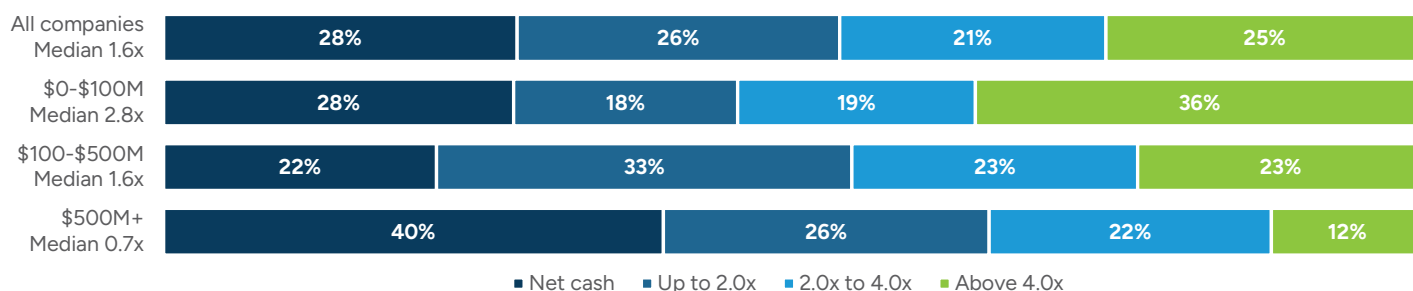
Companies with revenue and adjusted EBITDA in every year from 2020 to 2025

# Capital Structure and Share Count

- Leverage generally decreased as companies grew larger. Median net debt was 2.8x adjusted EBITDA for companies with less than \$100 million in revenue, 1.6x from \$100 million to \$500 million, and 0.7x above \$500 million, where 40% held more cash than debt.
- An ESOP company must buy back shares from departing participants. It can recycle those shares to remaining participants, which leaves the share count unchanged, or redeem and retire them, which reduces share count.
- Over the past three years, 36% of companies reduced their share count, and most of the rest kept it roughly unchanged. Redemption was more common at larger companies: 46% above \$500 million in revenue compared to 31% under \$100 million.

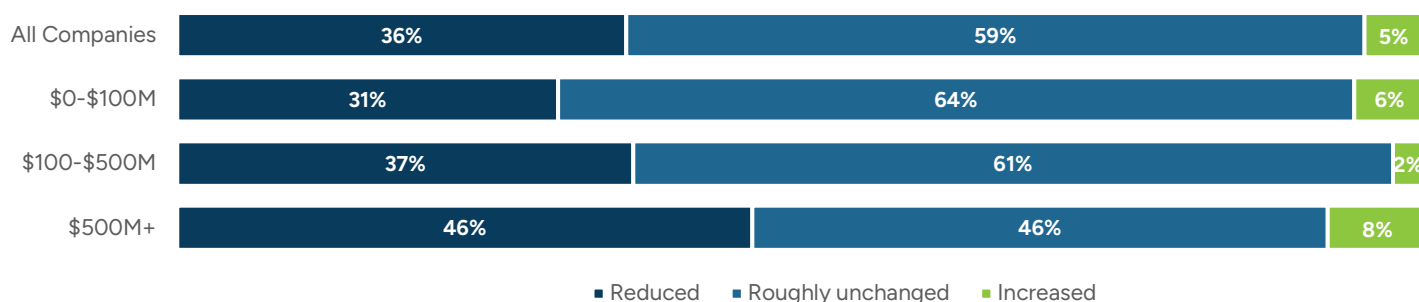
## Net Debt to Adjusted EBITDA by Company Size, 2025

Share of companies in each leverage range; net cash means cash exceeds debt.



## Change in Shares Outstanding by Company Size, 2022 to 2025

Share of companies; reduced or increased means a change of more than 1% per year.



**Debt capacity and repurchase obligations compete for the same cash.** A company that has repaid its transaction debt has room to fund repurchase obligations, reinvest, or pursue acquisitions. As participants age and account balances build, the cash needed to buy back shares rises. Stout's ESOP Consulting team helps companies forecast repurchase obligations and test whether cash flow can fund them alongside the rest of the business.

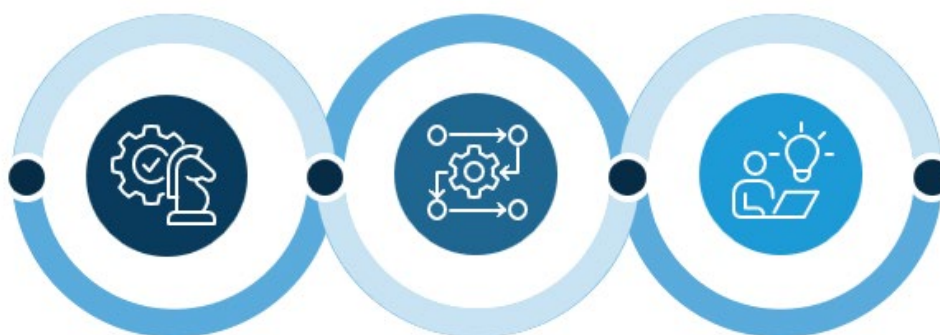
Net debt as reflected in Stout's valuation analyses for companies with positive adjusted EBITDA. Share count for companies with share data for 2022 and 2025.

# Stout ESOP Practice Overview

## About

With the largest dedicated ESOP practice in the country, Stout has worked on some of the largest and most complex ESOP transactions and has provided services on projects involving every major institutional ESOP trustee in the United States. With an integrated approach across valuation, investment banking, and consulting, we are the leading, fully-integrated provider of ESOP and ERISA advisory services through every stage of the ESOP lifecycle. We also provide capital raising and financial due diligence, and support boards, trustees, and management in evaluating alternatives and making informed strategic decisions as the ESOP evolves.

## Advisory Across the ESOP Lifecycle



### Planning Phase

- Strategic Alternatives Review
- ESOP Feasibility Studies
- Transaction Structuring
- Preliminary Valuations
- Growth Strategy and Value Creation Consulting

### Transaction Services

- Fairness & Solvency Opinions
- Sell-Side/ESOP Formation Advisory & Transaction Execution
- Capital Raising Services
- Buy-Side/M&A Advisory
- Financial and Tax Due Diligence Services
- Commercial Due Diligence and Competitive Intelligence

### Valuation and Consulting

- Valuation Advisory
- ESOP Sustainability Consulting
- Board/Trustee Advisory
- ERISA Litigation Support & Expert Testimony

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