MACROECONOMIC OUTLOOK

Initial data, Resilience & AI

October 2025

PROGRESS PARTNERS

PROGRESS VENTURES

Meet Your Hosts!

Chris Legg
Senior Managing Director

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Managing Partner

PROGRESS PARTNERS

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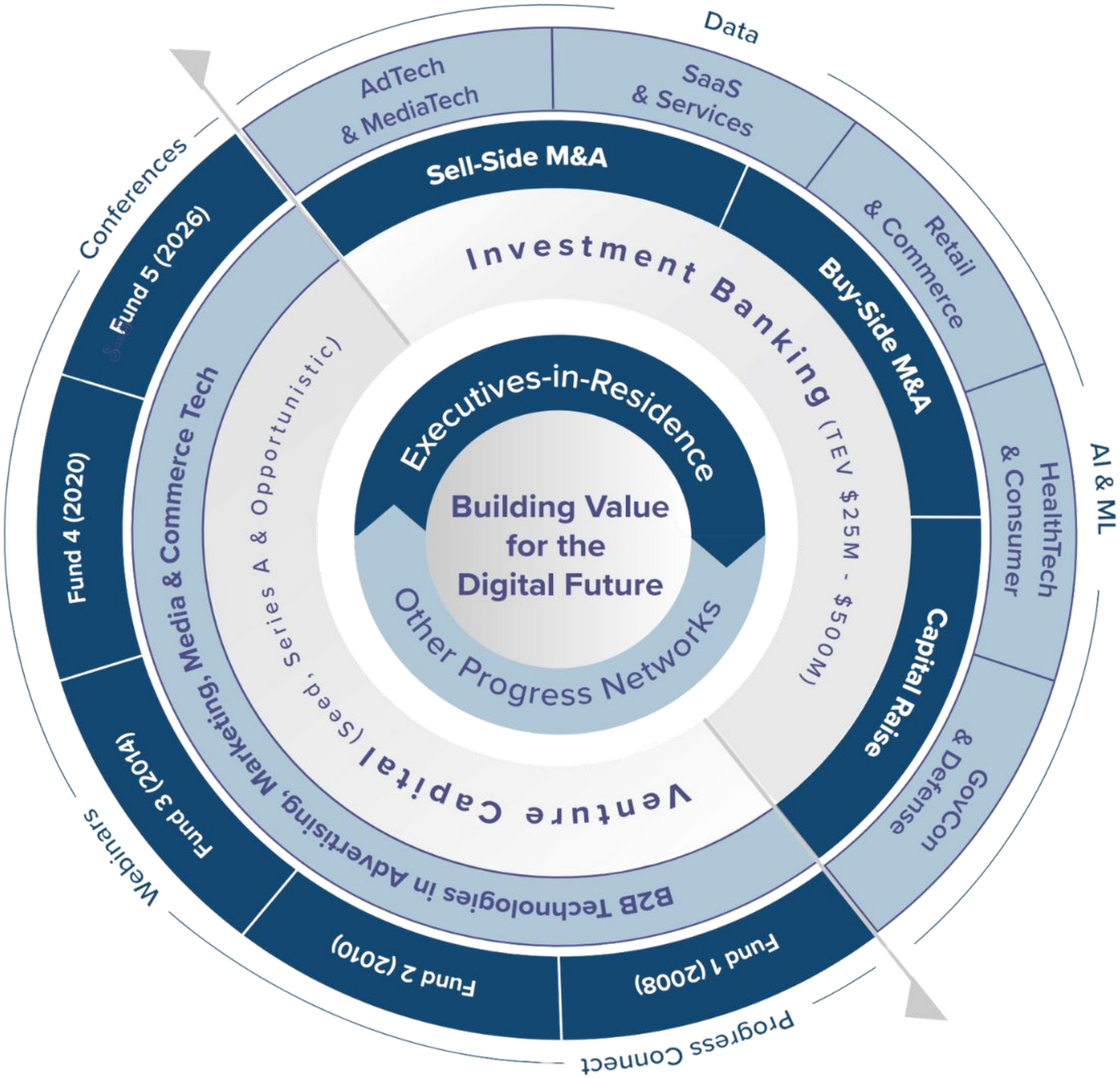
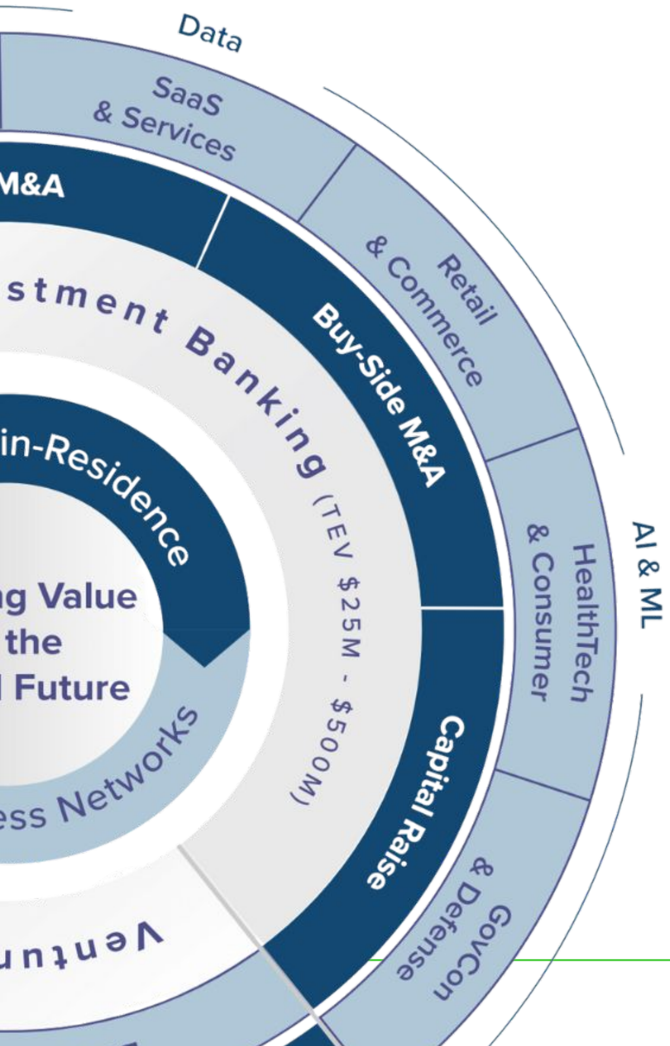

Building Value
for the
Digital Future
Executives-in-Residence
Other Progress Networks
Investment Banking (TEV $25M - $500M)
Venture Capital (Seed, Series A & Opportunistic)
B2B Technologies in Advertising, Marketing, Media & Commerce Tech
Sell-Side M&A
Buy-Side M&A
Capital Raise
AdTech
& MediaTech
SaaS
& Services
Retail
& Commerce
HealthTech
& Consumer
GovCon
& Defense
Fund 5 (2026)
Fund 4 (2020)
Fund 3 (2014)
Fund 2 (2010)
Fund 1 (2008)
Data
AI & ML
Conferences
Webinars
Progress Connect

Relevant Experience



Recently Completed Mandates

CONTENT LAB™ Has Been Acquired By SAMY ALLIANCE A Bridgepoint Company. A principal of the undersigned, in development of the company's strategic plan, served as exclusive financial advisor. PROGRESS PARTNERS	Sabre SABRE SYSTEMS, INC. Has been Acquired by CM EQUITY PARTNERS. A principal of the undersigned in development of the company's strategic plan, served as exclusive financial advisor. PROGRESS PARTNERS	Pathlabs Has been Acquired by MiQ. A principal of the undersigned in development of the company's strategic plan, served as exclusive financial advisor. PROGRESS PARTNERS	XSB Has been Acquired by EXIGER The Digital Platform in Partnership with CARLYLE and INSIGHT PARTNERS. A principal of the undersigned served as the exclusive financial advisor in the development of the company's strategic plan. PROGRESS PARTNERS
CL cloudLibrary™ The Digital Platform Owned by bibliotheca. Has Been Acquired by OCLC. A principal of the undersigned in development of the company's strategic plan, served as exclusive financial advisor. PROGRESS PARTNERS	MES Has Been Acquired by RENOVUS CAPITAL. A principal of the undersigned served as the exclusive financial advisor in the development of the company's strategic plan. PROGRESS PARTNERS	Quad Has Been Acquired DART. A principal of the undersigned served as the exclusive financial advisor in the development of the company's strategic plan. PROGRESS PARTNERS	Print Syndicate & eRetailing E-commerce & fulfillment divisions. Have Been Merged to create eRetailing, Inc. A principal of the undersigned served as the exclusive financial advisor in the development of the company's strategic plan. PROGRESS PARTNERS
thinktime™ Has been Acquired by storeforce An AKKR company. A principal of the undersigned in development of the company's strategic plan, served as exclusive financial advisor. PROGRESS PARTNERS	CircleUp Has been Acquired by brightflow.ai. A principal of the undersigned in development of the company's strategic plan, served as exclusive financial advisor. PROGRESS PARTNERS	BOSE PROFESSIONAL Has Been Acquired By TRANSOM CAPITAL GROUP. Progress Partners served as the exclusive financial advisor in connection with the sale. PROGRESS PARTNERS	Retargetly Has Been Acquired by EPSILON A PUBLICIS GROUPE Company. A principal of the undersigned in development of the company's strategic plan, served as exclusive financial advisor. PROGRESS PARTNERS

Relevant Experience

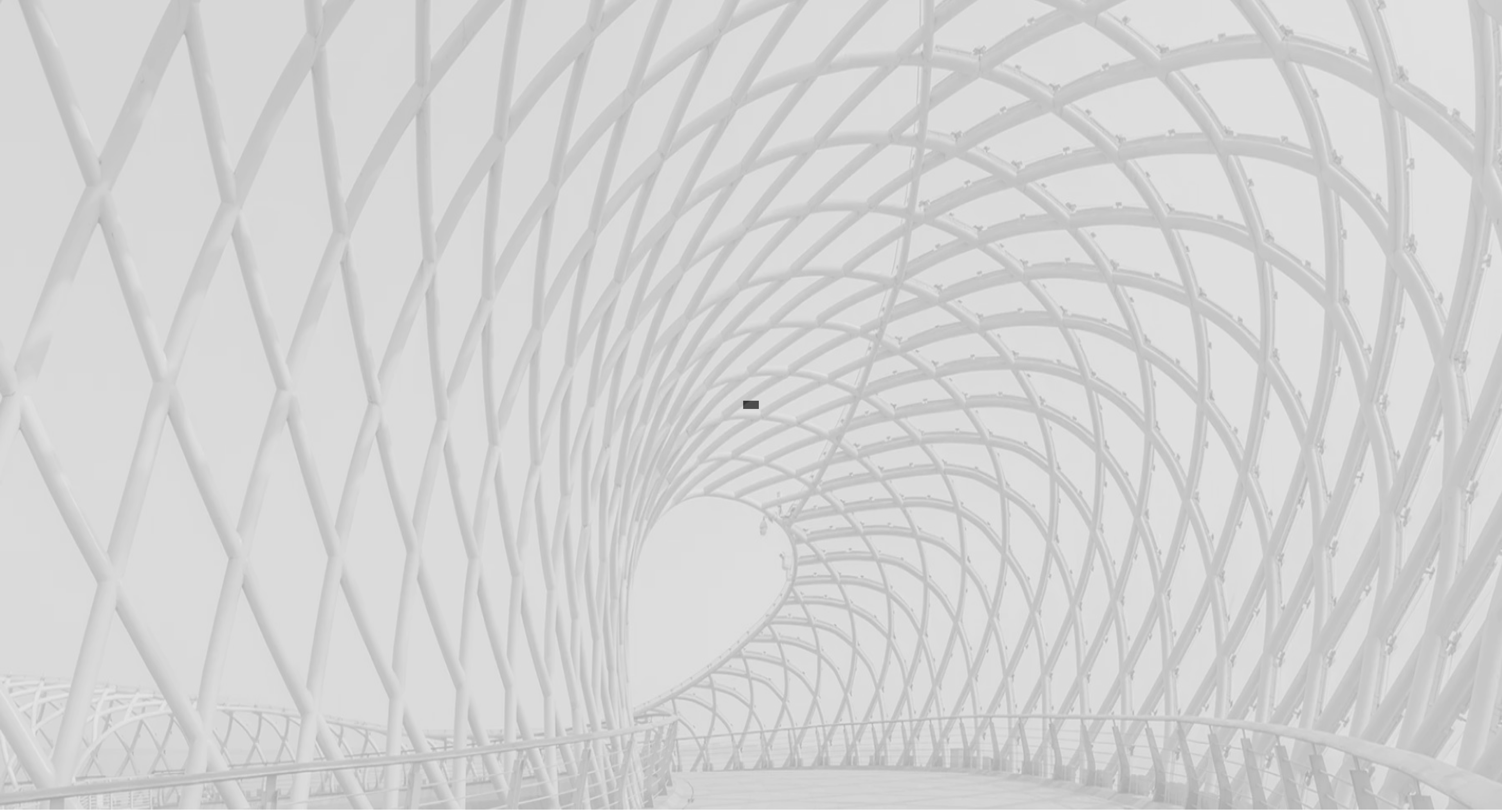
Progress Ventures is a sector-focused fund based on industry expertise investing in B2B advertising, marketing, and media technology companies, focused on four key areas of disruptive technology.

Investment Themes

- Data Management
- AI & Machine Learning
- Media Automation
- Measurement & Analytics

Current Portfolio – Fund 4

talkshoplive – Live Streaming & Home Shopping Shows Platform	TRACER – Data Intelligence Platform	tenovos – Cloud-Based Digital Asset Management
BLUTAG – Retail Voice E-commerce	INSTREAMATIC – Voice-Enabled Audio Advertising	ID5 – Universal ID for Digital Advertising
narrative – Data Streaming and Customization	Outside – Media and Consumer Tech	teikametrics – Marketplace Optimization
sovrn – Publisher Technology Platform	VERITONIC – Audio Measurement and Analytics	DISRUPTEL – Contextual Voice Interactions with Screens
clinch – Creative Advertising Technology	tvScientific – CTV performance advertising	



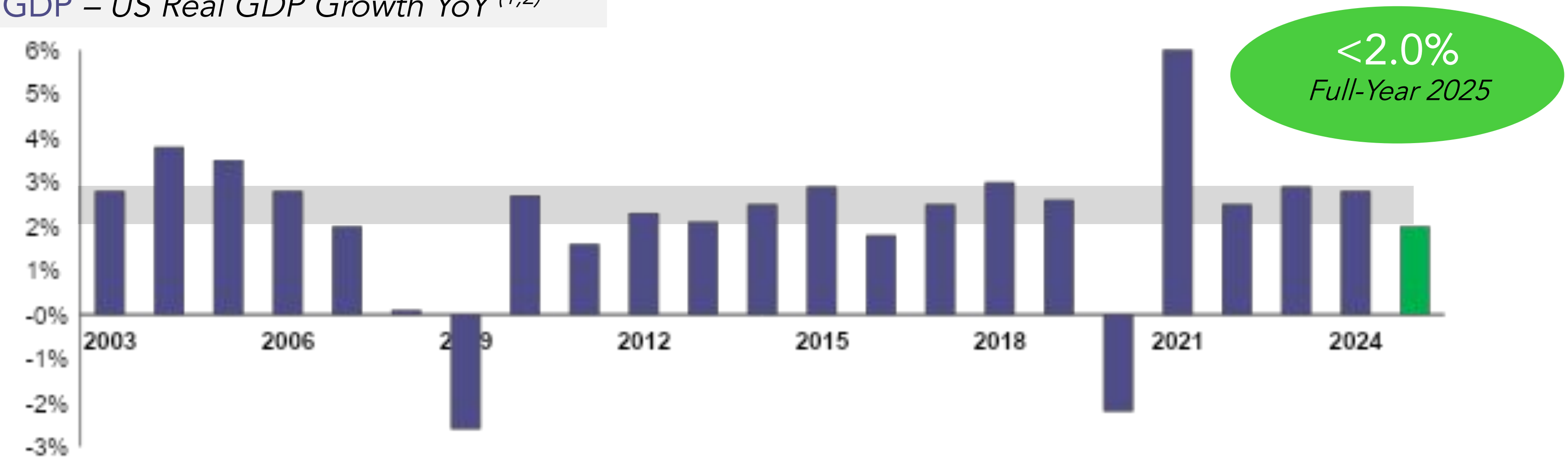
Macro Update

Macroeconomic Overview | Initial data is starting to filter through, so far economy is showing resilience

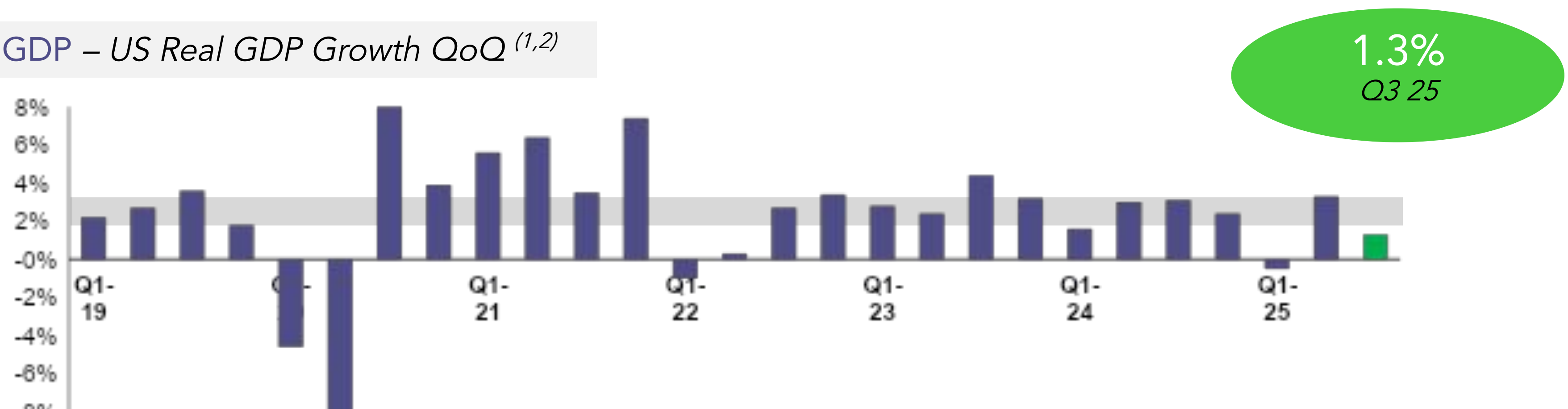
2025 Info to Date	>>>	We Expect 2025 to End At
GDP – Q2-25 came in at a strong 3.3% (despite expectations of a slowdown)		**GDP** – slower but solid year after all; 1.5-2.5% GDP
Inflation – modest reacceleration appears to be taking hold – 2.9% annual rate as of September		**Inflation** – likely to remain higher; +/- 3-4% YoY CPI
Labor – unemployment rate remains steady at 4.3% (but turbulent underlying dynamics)		**Labor** – +/- 4% Unemployment Rate (but shrinking workforce)
Interest Rates – 1st new cut completed, expecting more		**Interest Rates** – additional rate cuts likely; 3.5-3.75% Fed Funds by year-end
US Deficit – projected 2025 on track for $2 T (despite meaningful tariff revenue)		**US Deficit** – expecting deficit to exceed $2 T for 2025!

US GDP and Earnings | 2025 growth to date has been robust (and revised up) but expectations are for slower growth during the second half

GDP – *US Real GDP Growth YoY* [1,2]



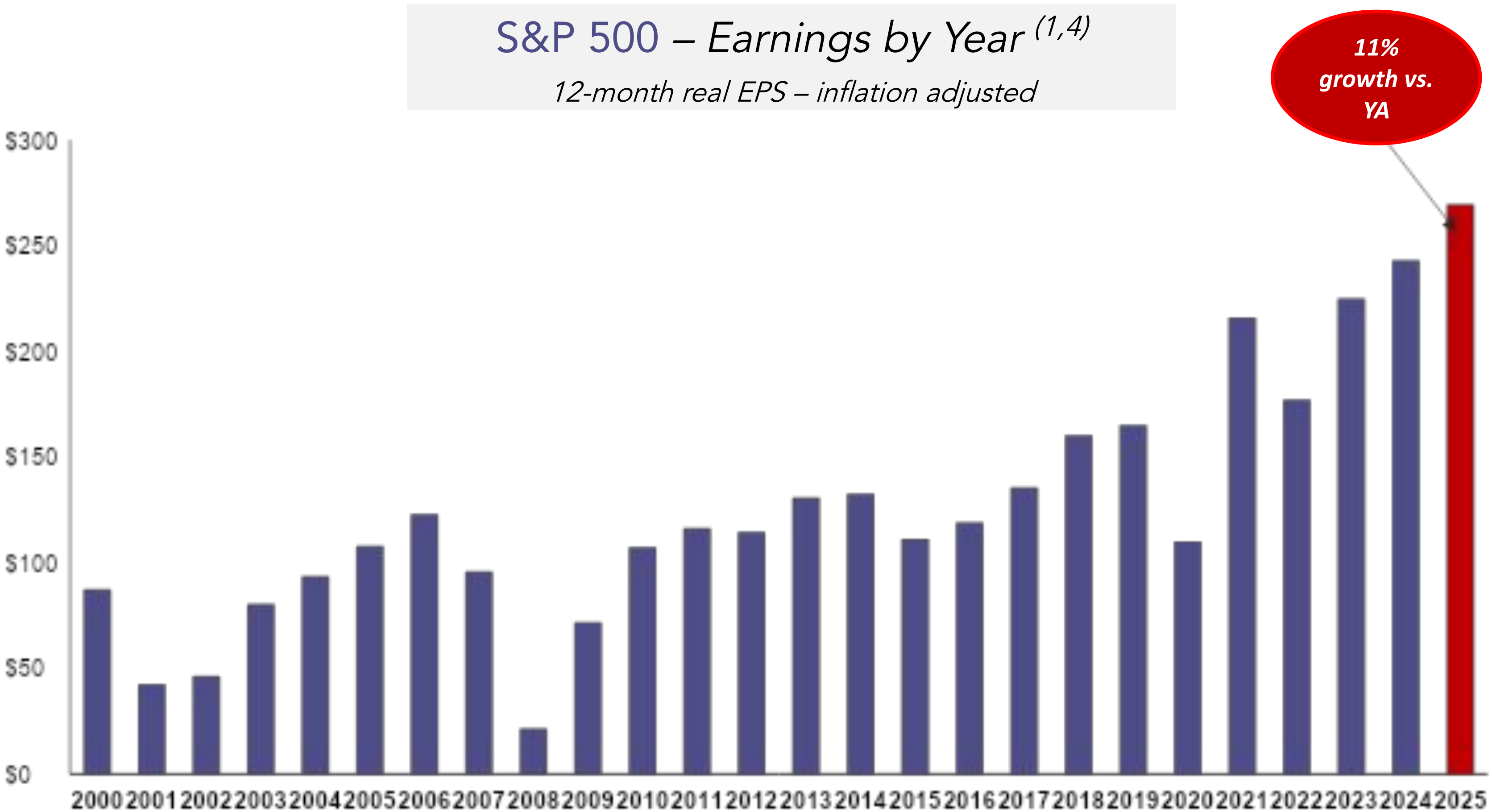
GDP – *US Real GDP Growth QoQ* [1,2]



Source:
1. BEA
2. The Conference Board
3. Macro Trends
4. Morningstar

S&P 500 Earnings & Projections |

Earnings are projected to grow solidly again this year (driven by cost cutting and AI spending and productivity gains)

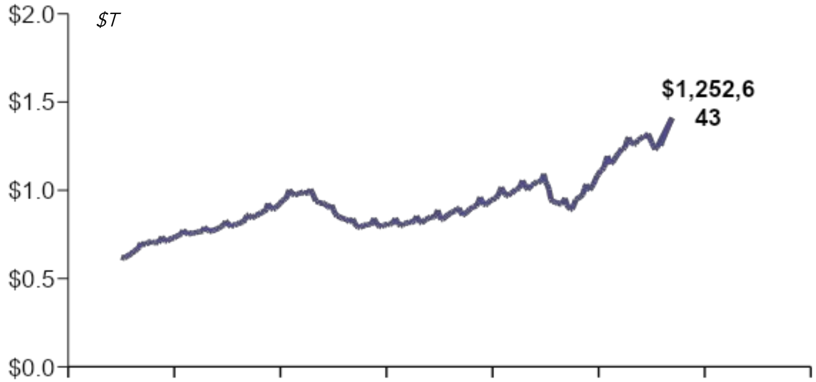


Source:
1. Yardini Research
2. Bain and Company
3. Progress Analysis

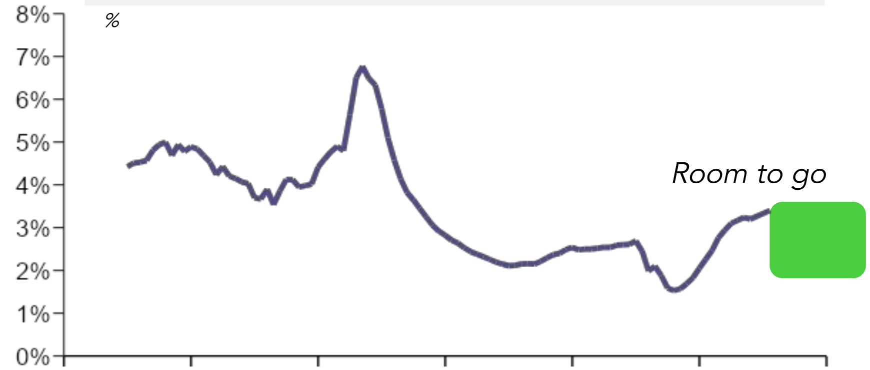
Consumer Debt and Sentiment |

Consumer balance sheets appear relatively healthy and sustainable for now, but sentiment has taken a big dive – watch out!

US Consumer Revolving Credit [1]

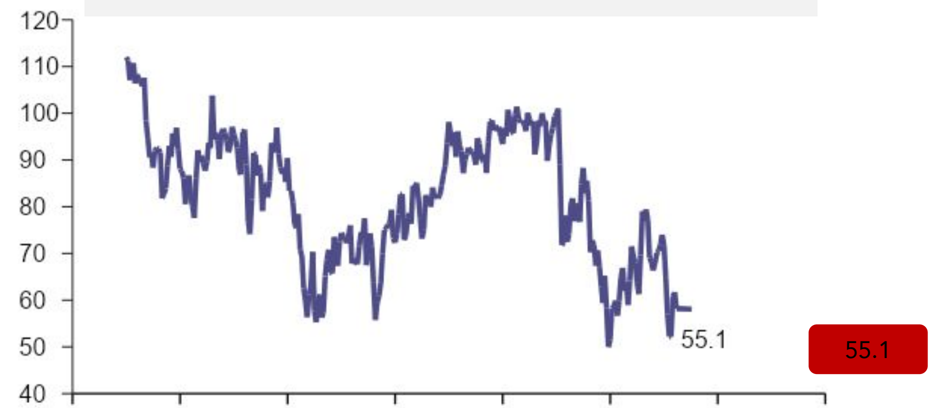


US Credit Card Delinquency Rate [1]



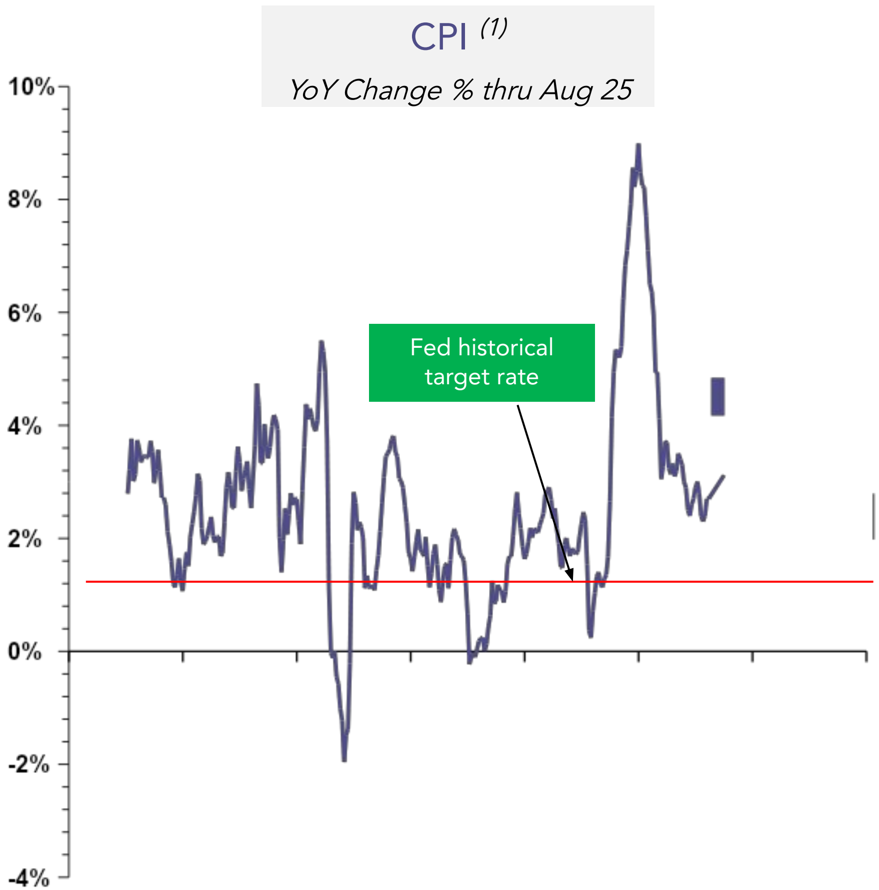
US Household Debt Service Payments [1]

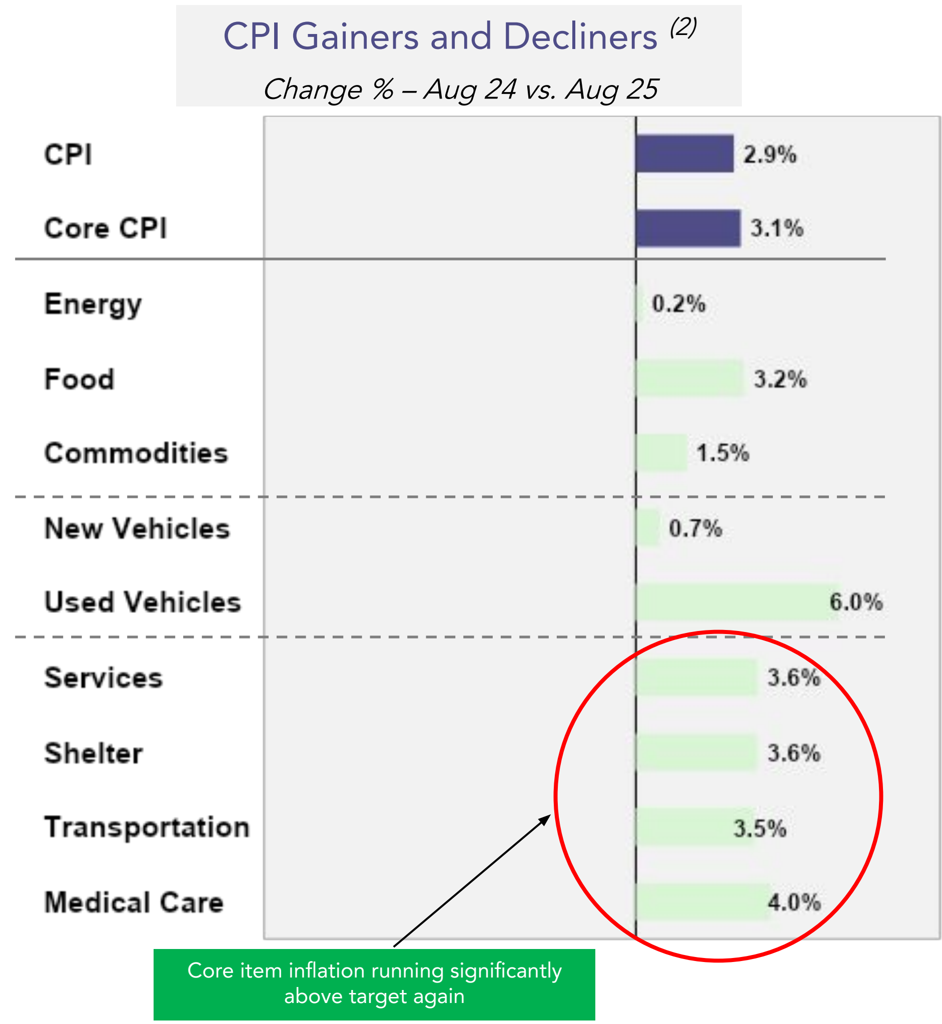
US Consumer Sentiment [2]



Source:
1. Federal Reserve
2. University of Michigan

Inflation | Inflation remains elevated and relatively unchanged – next few months will be telling.



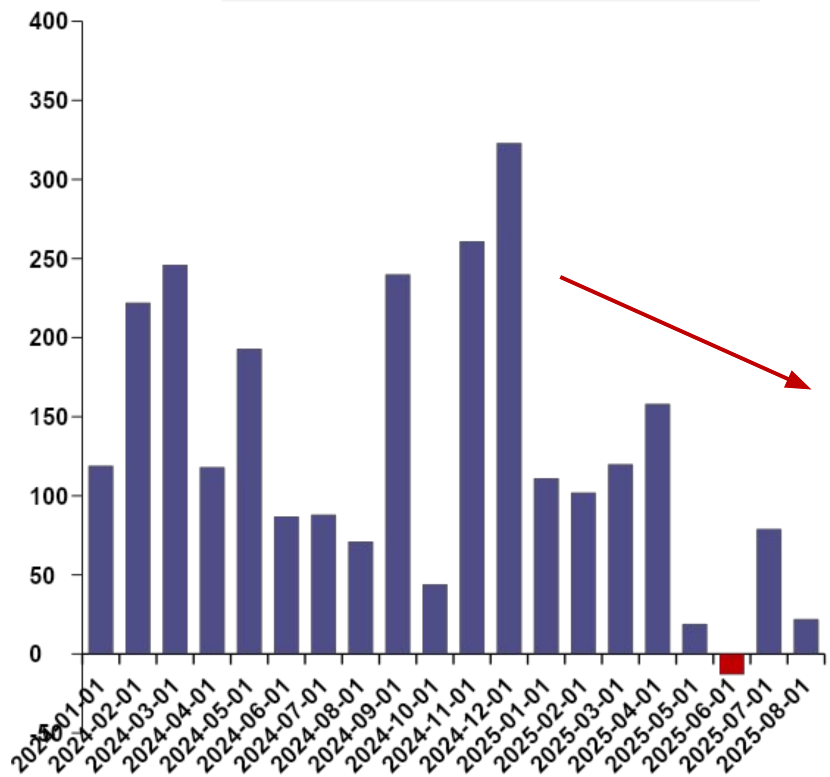


Source:
1. Federal Reserve
2. Bureau of Labor Statistics

Labor | While still positive, job creation appears to be slowing and unemployment is edging up gradually.

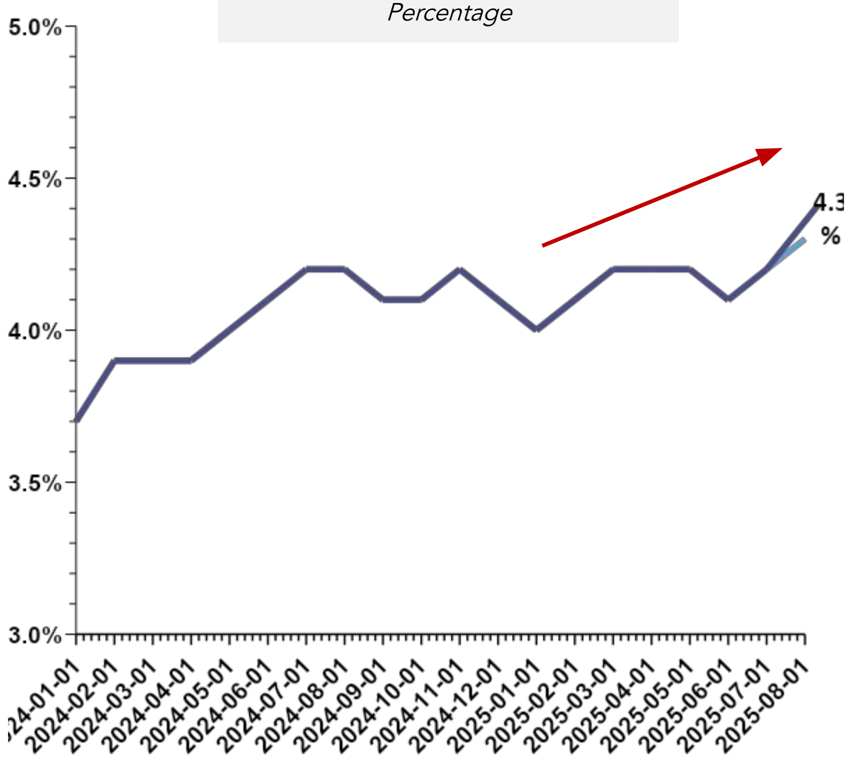
Monthly Change In Jobs [1]

Nonfarm, Thousands



Unemployment Rate[1]

Percentage

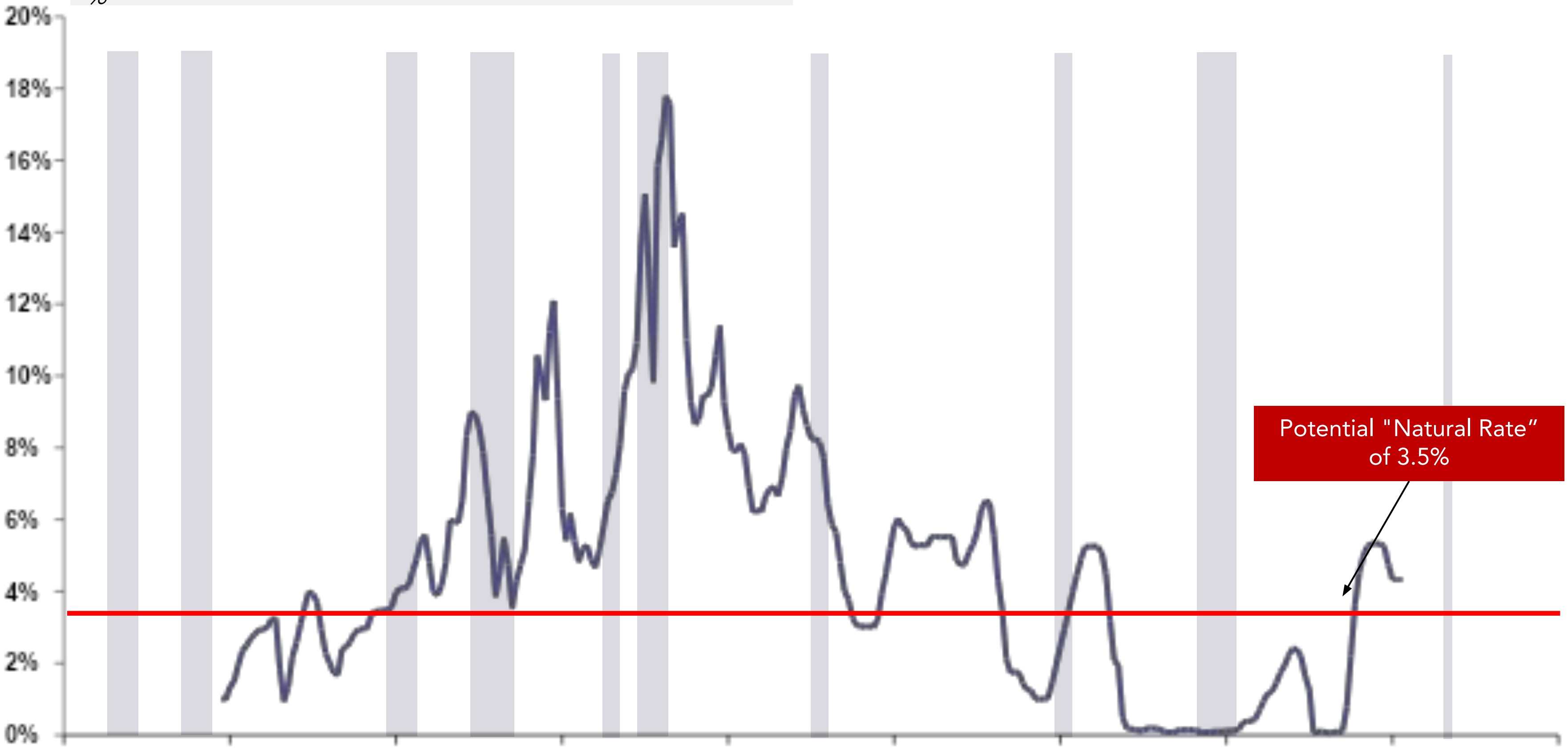


Source:
1. Federal Reserve

Interest Rates | Rates have already been reduced significantly towards the "Natural Rate" – unless inflation rebounds further, the Fed will likely get close by year-end.

Federal Funds Effective Rate [1]

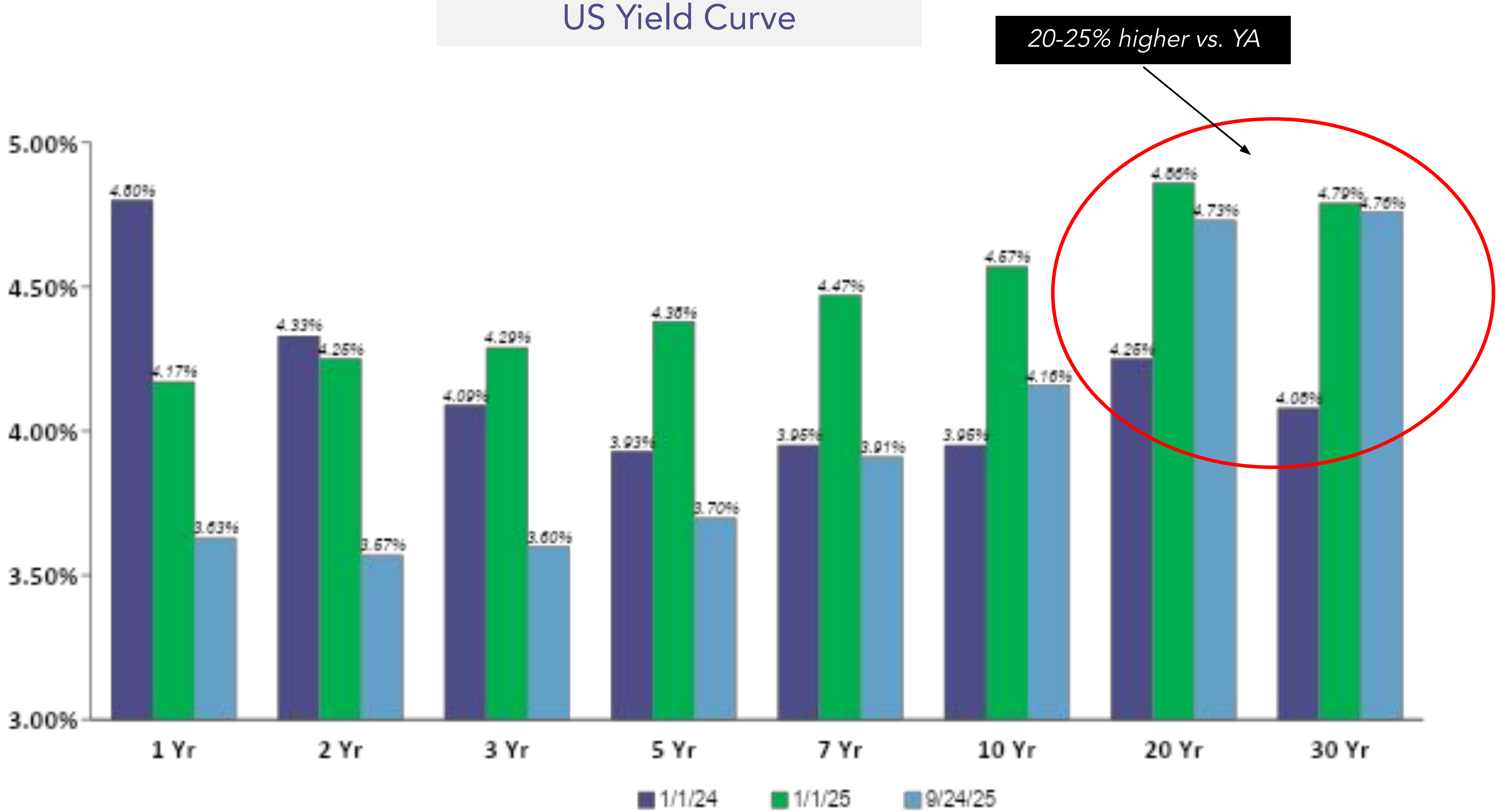
%



Source:
1. Federal Reserve Bank of St. Louis & Progress analysis

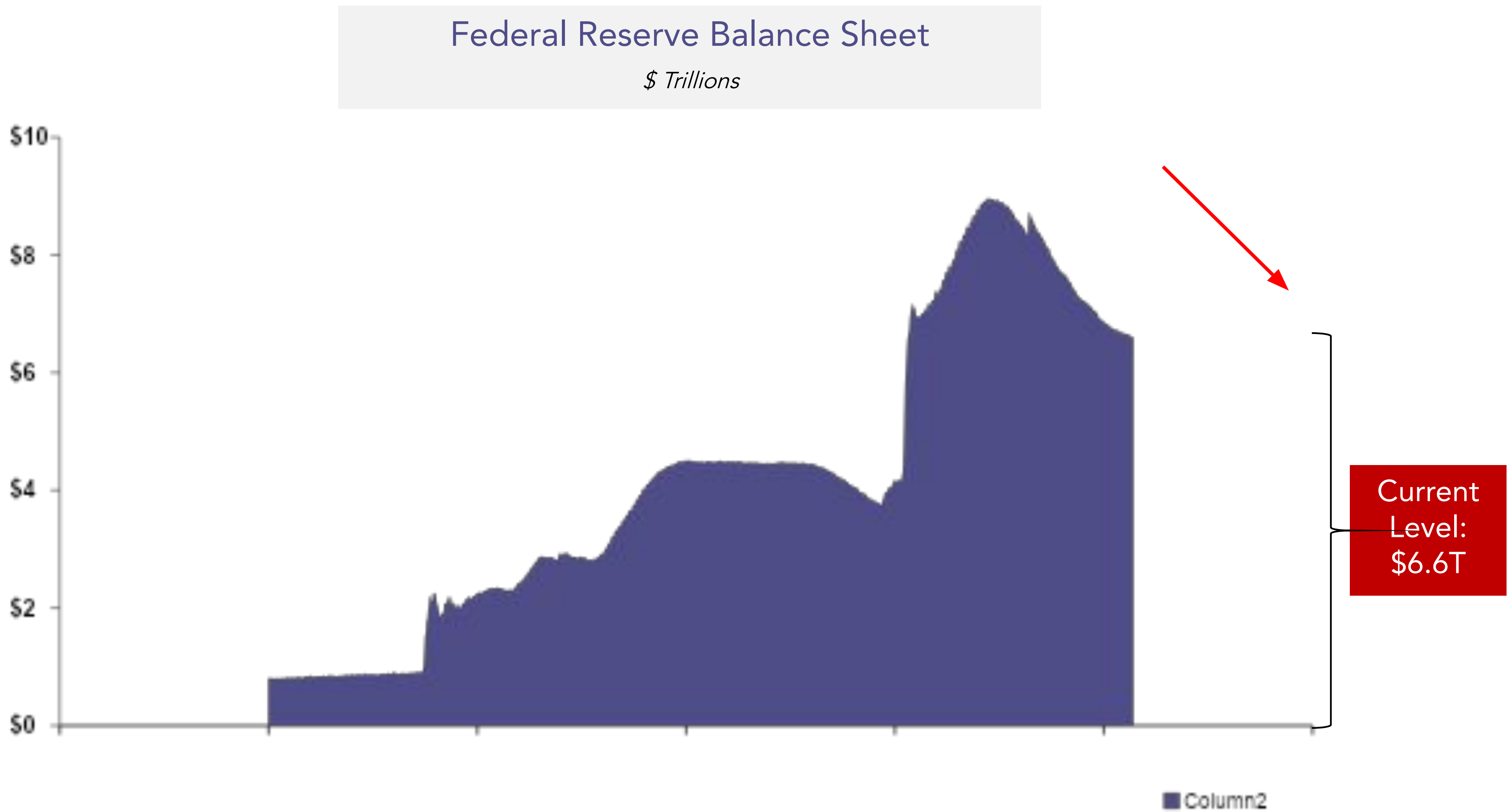
Yield Curve | Shorter term rates have dropped significantly, and the curve is no longer inverted, but long-term rates have increased and remained high (despite Fed cuts)

US Yield Curve



Source:
1. Federal Reserve

Fed Balance Sheet | The unwinding of the Fed’s balance sheet has slowed and it remains significantly elevated (potentially limiting its ability to intervene in the future)



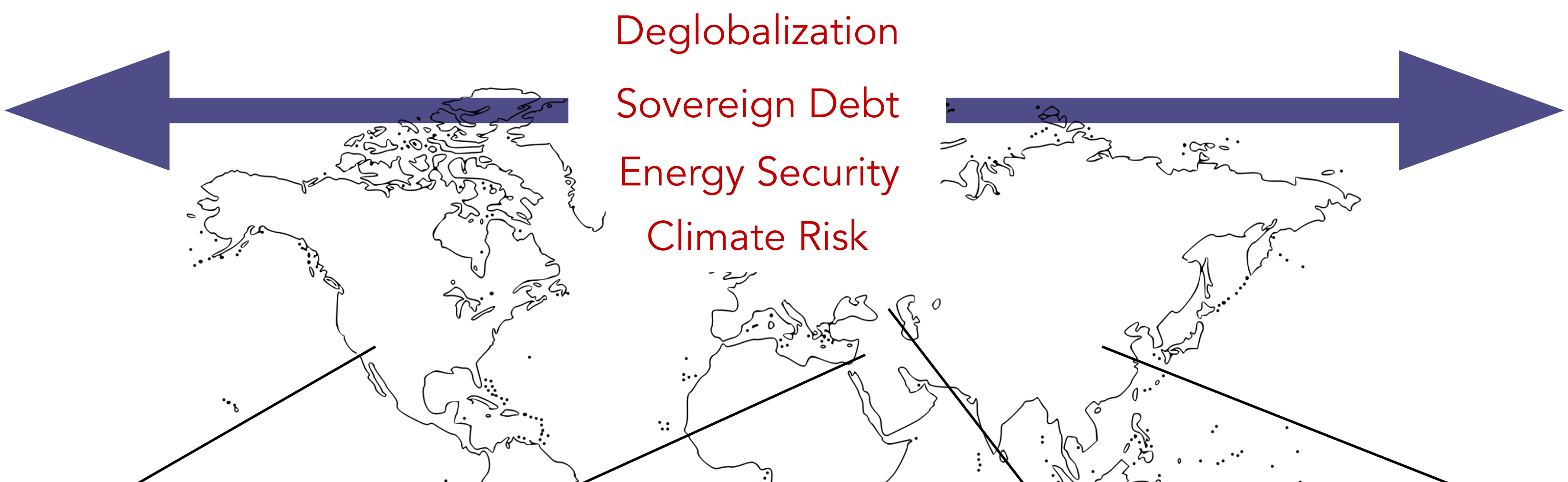
Source:
1. [Federal Reserve]

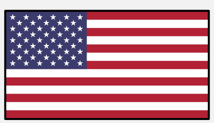
Global Perspective | US dominance remains significant, and fundamentals remain solid.

Country	GDP ($B)	GDP per capita	Benchmark Interest Rate (%)	Inflation Rate (%)	Unemployment (%)
US	$30,340	$87,081	4.00	2.9	4.3
China	$19,530	$13,870	1.88	-0.7	5.4
Germany	$4,920	$55,521	2.73	2.3	6.3
Japan	$4,390	$32,859	1.55	3.7	2.5
India	$4,270	$2,698	6.59	3.6	8.2
UK	$3,730	$54,264	4.71	2.8	4.4
France	$3,280	$46,184	3.43	0.8	7.3
Canada	$2,330	$53,834	3.03	2.6	6.6

Source:
1. International Monetary Fund
2. TradingEconomics.com

Geopolitical Turbulence | US policy and posture has become increasingly aggressive and insular, conflict resolution remains elusive, and others are countering US interest.

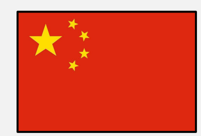




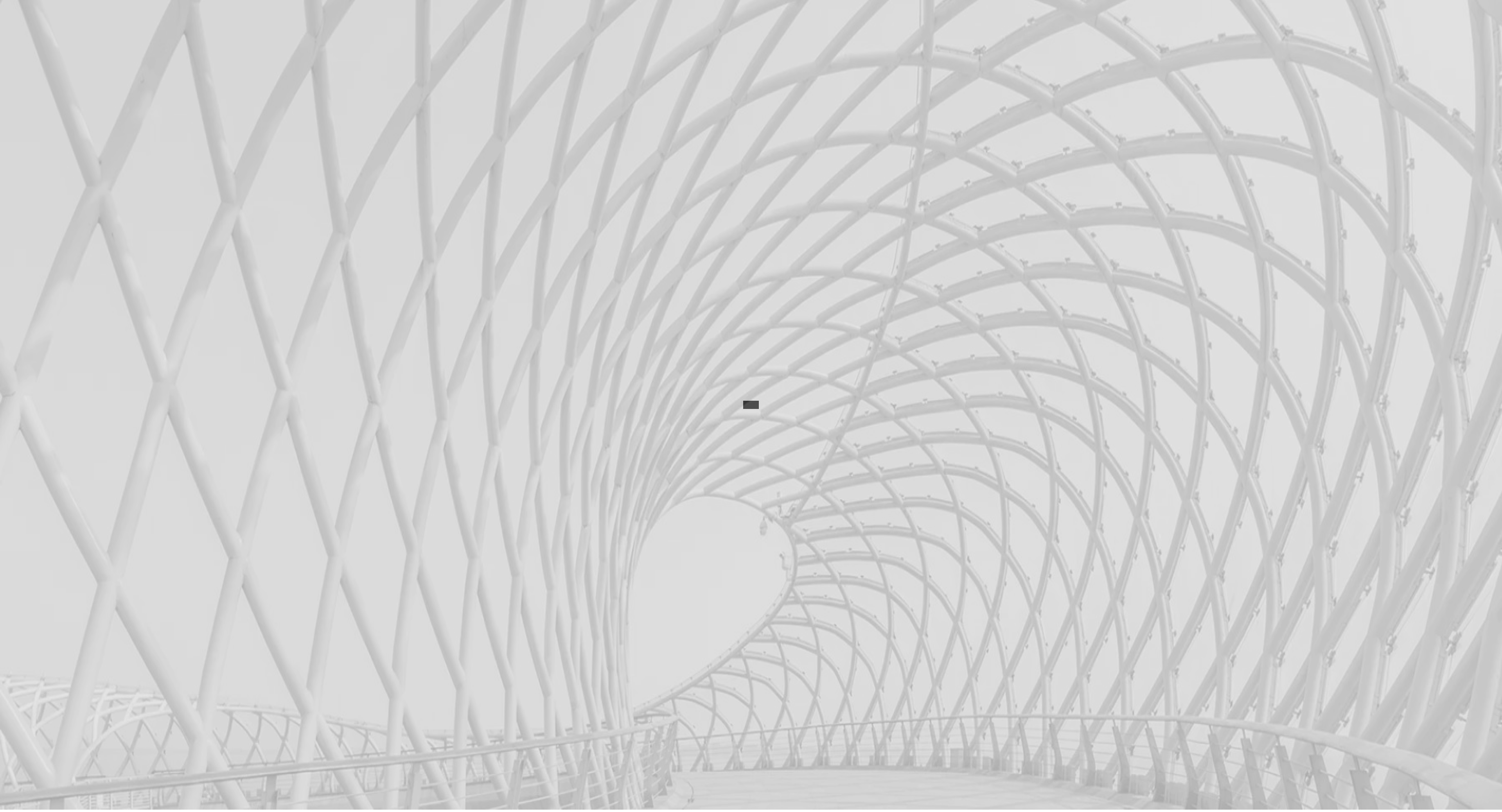
- New aggressive go-it-alone US posture
- Tariffs & trade war
- Continued lack of fiscal discipline and growing debt and deficit


- Conflict remains unresolved
- Tensions across Middle East increasing with escalation risk


- Ceasefire remains elusive, appears to be intensifying
- Continued tensions and difference between Europe and US



- China not bending to US
- Taiwan and South China Sea tensions
- Continued economic challenges



AI update

AI Investments | Venture and Corporate AI investment has continued to ramp dramatically.

Top 6 VC Investors

Y Combinator

techstars

khosla ventures

PLUGANDPLAY

SEQUOIA

andreessen horowitz

Significant Investments

amazon Google

Invested $16B

ANTHROPIC

SEQUOIA

Invested $10B

xAI

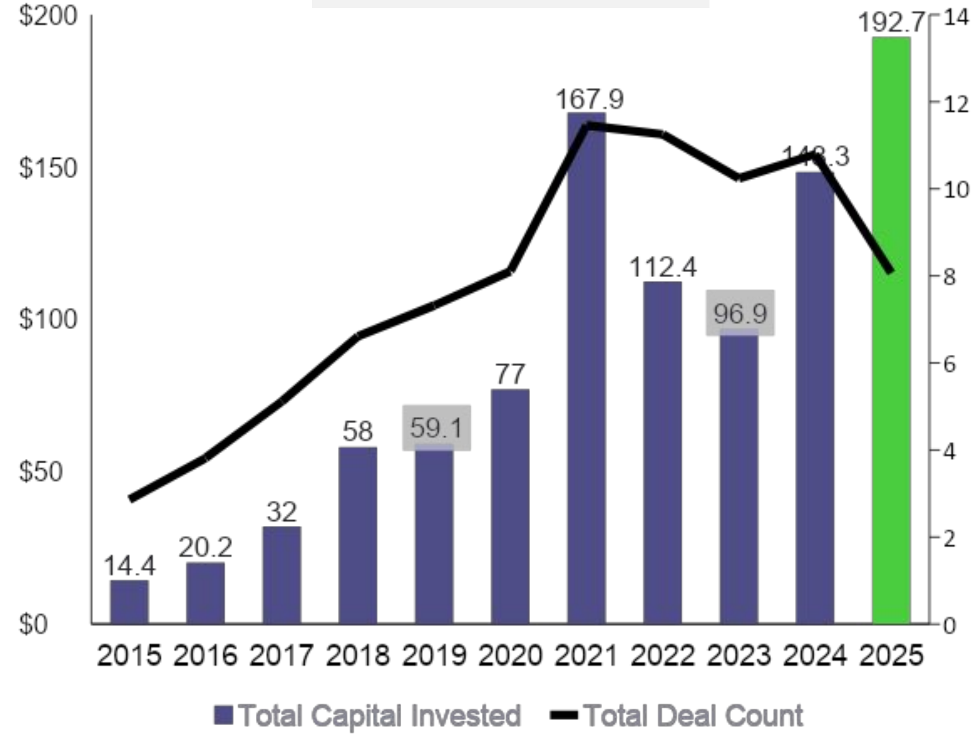
Microsoft

NVIDIA

Invested $40B

OpenAI

Total Deals Over Time [1]



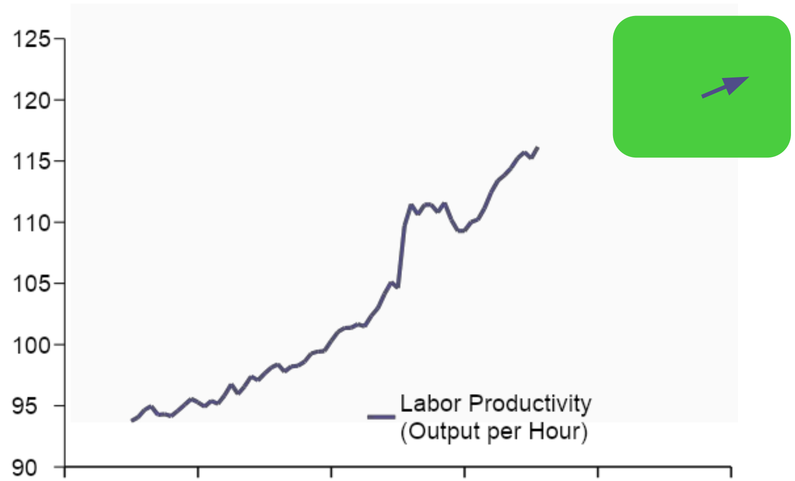
Corporate Capex in 2025 [2]

$75B	$50B	$27B	$120B	$10B
Amazon	Google	Meta	Microsoft	Oracle

Source:
1. Pitchbook
2. Bain, Fortune

Productivity and AI Investment | AI-driven productivity gains are emerging quickly as new applications see rapid adoption.

US Labor Productivity [1]



AI adoption worldwide [2]

Popular AI Use Cases and Estimated Benefit [3]

Customer Service and Contact Centres

20% - 35%

Time reduction for manual responses

Sales and Marketing

30% - 50%

Less time spent on content creation

Software Product Development

15%

Time reduction in coding-related activities

Back Office and Other Productivity

20% - 50%

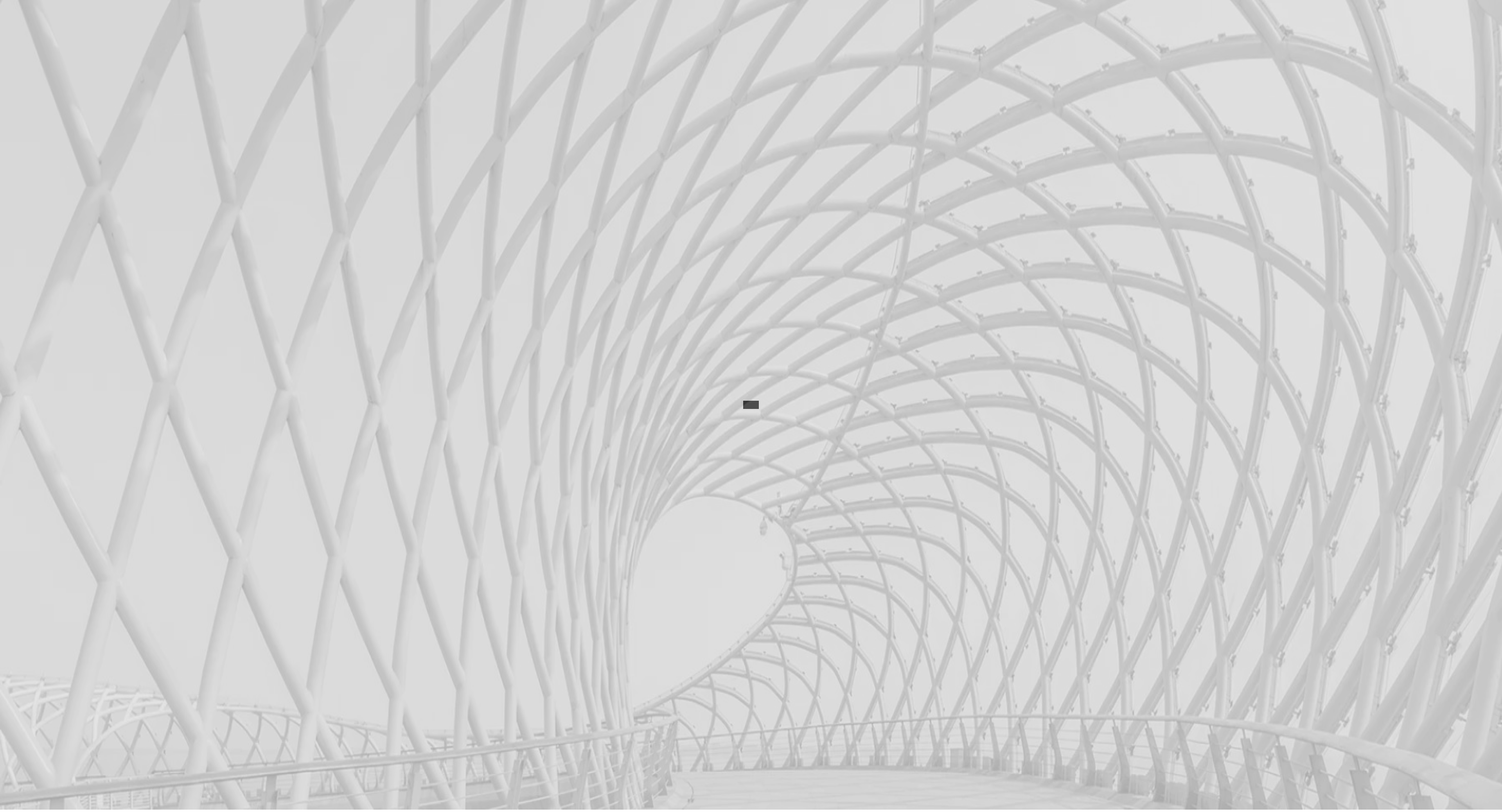
Task automation for document comparison

Source:
1. Federal Reserve
2. McKinsey & Co

3. Bain and Company

AI vs. Saas | Developing AI business models have very different characteristics and dynamics than Saas businesses – future is likely "Saas + AI"

	AI	+	Saas
Gross Margin:	*<50%*		*80-90%*
Pricing:	*Usage*		*Subscription*
Defensibility:	*Easily substituted*		*Embedded*
Input:	*Data*		*Coding*
Scalability:	*Low cost*		*Service*
Innovation:	*Rapid & adaptive*		*Incremental*
Capital efficiency:	*?*		*Medium*



M&A & PE Markets

Deal Activity Continues | With markets rebounding and the impact of the new administration's policy becoming clearer, M&A activity is expected to pick up despite mixed economic signals

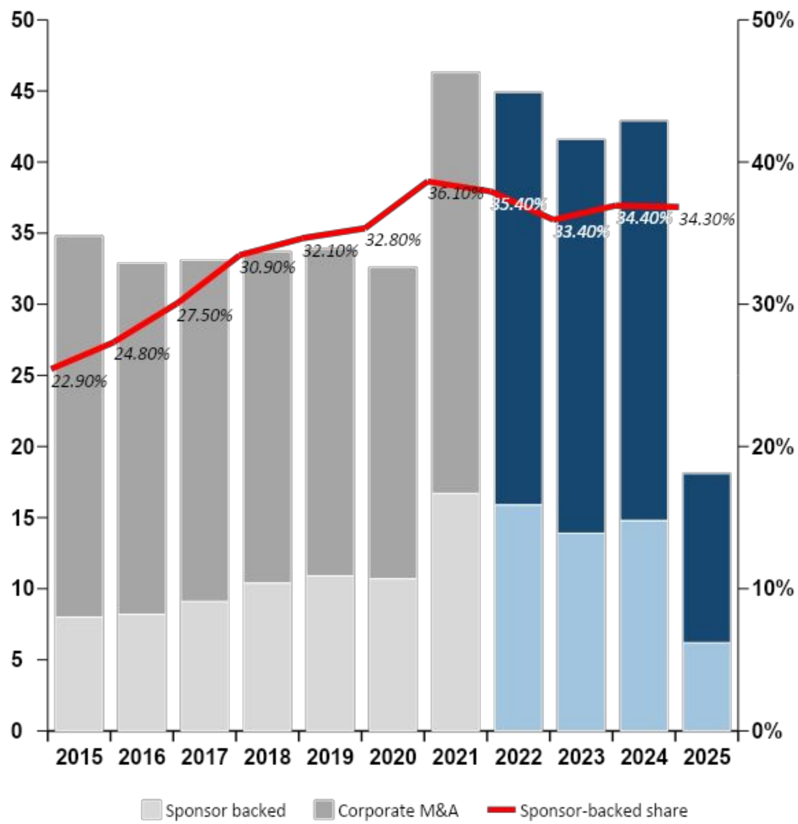
Factors Driving Deal Activity:	Activity to Date:
Macro Stability • Stable prices and markets are required to make planning and deals possible	• 25 bps rate cut in Q3 and more expected; cost of borrowing is declining • Tariffs, inflation and job market slowdown have created uncertainty
Deployment Pressure • Pressure to deploy against fund investment periods	• Sponsors remain eager to deploy • Large overhang of dry powder remains and is aging
Debt Activity • Private equity placing 5.0x+ leverage on buyout deals	• Private equity funds increasing leverage on LBO deals • Wide availability across private credit and competition among lenders
IPO Markets • Public investment appetite to provide liquidity at the later-stage	• A backlog of large, attractive, venture-backed companies remains • YTD IPO activity has been robust and well received

Source:
1. Bain and Company
2. Pitchbook

M&A Exits | M&A activity during 1H 2025 remained strong and sponsor backed deal cavity continues to be a key driver.

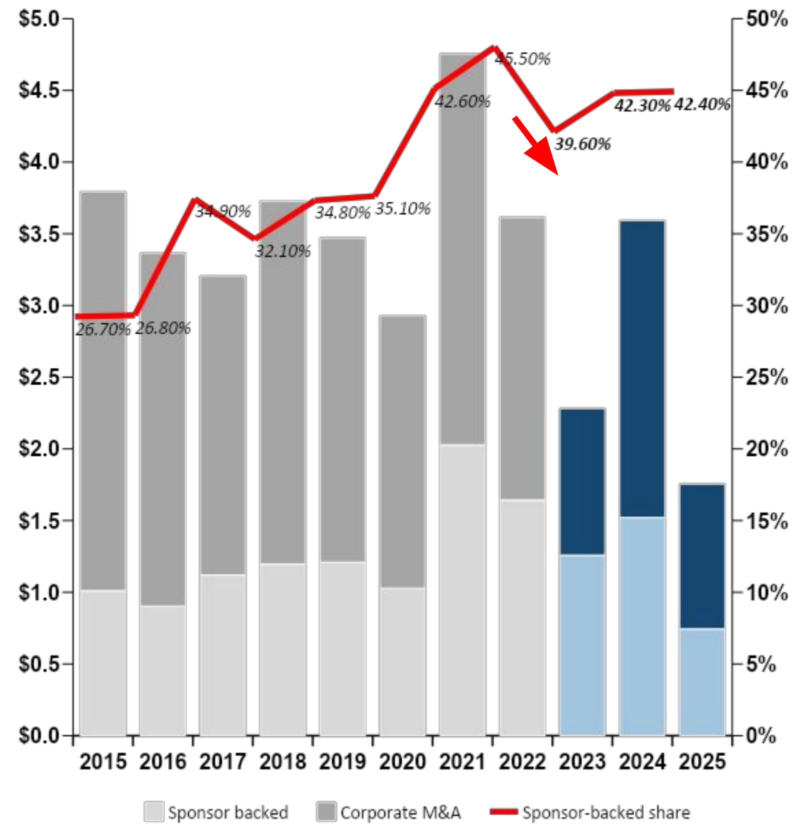
M&A Count by Type (1)

Deal Count (#000) vs Sponsor Share %



M&A Value by Type (1)

Deal Value ($T) vs Sponsor Share %

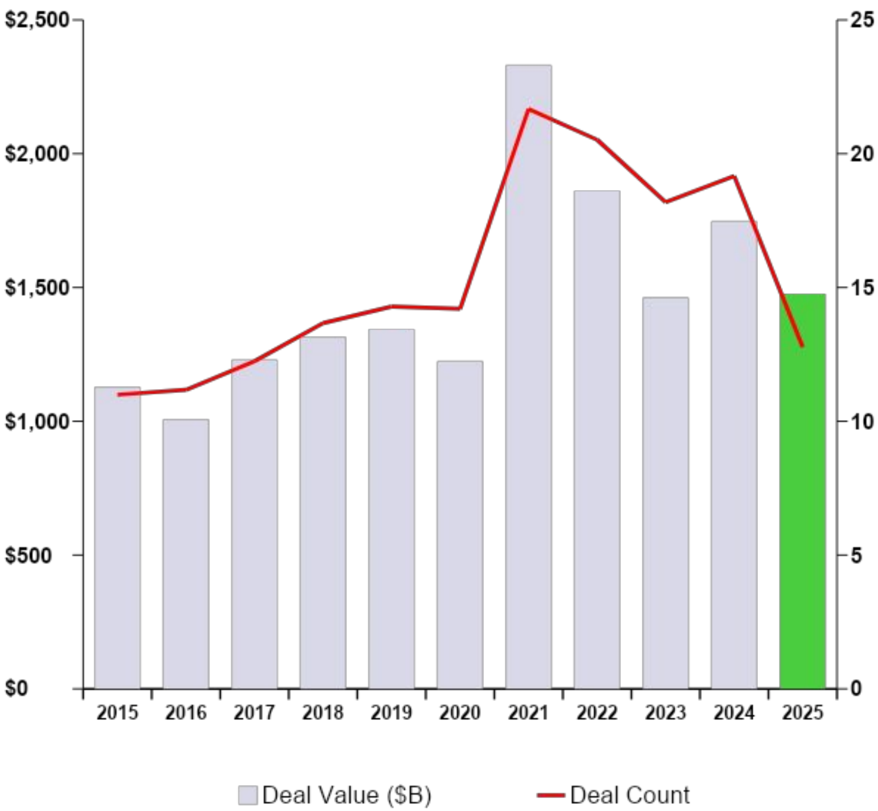


Source: Pitchbook

Private Equity Deals and Exits | 2025 is on track to be a solid year for PE deal and exit activity.

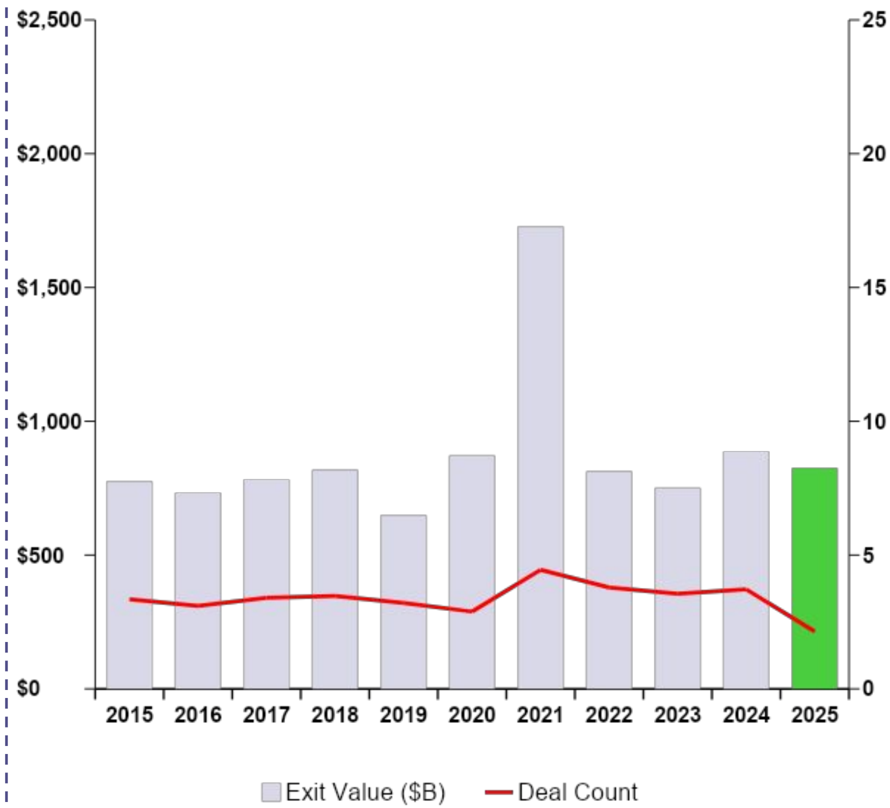
US Private Equity Deal Activity (1)

Deal Value ($B) vs. Deal Count # 000



US Private Equity Exit Activity (1)

Exit Value ($B) vs. Deal Count #000

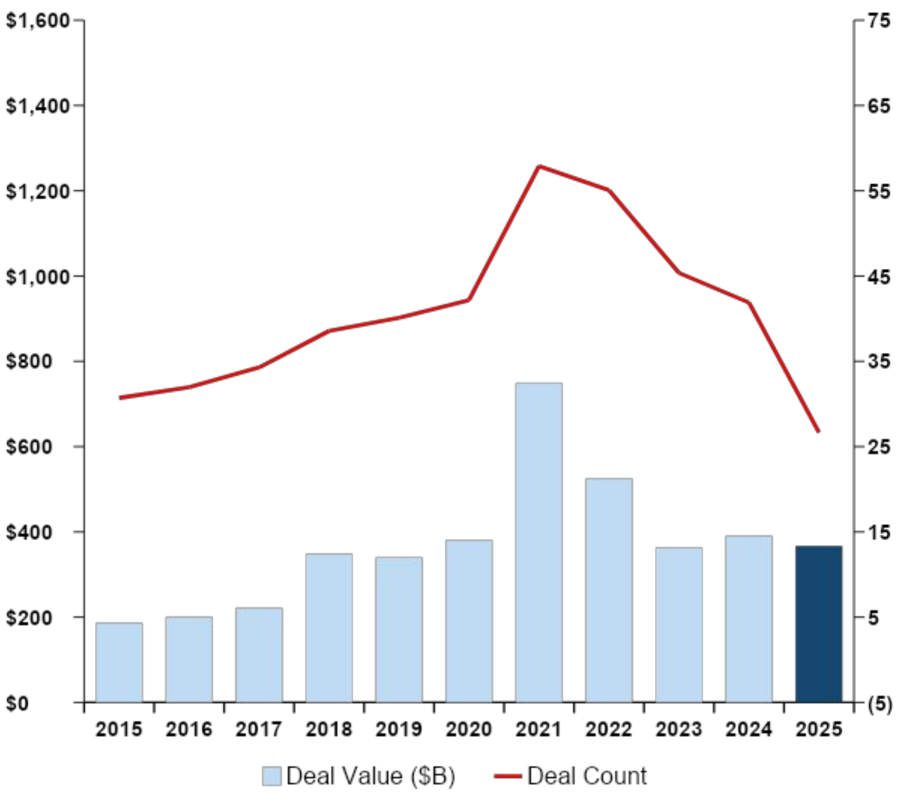


Source: Pitchbook

Venture Capital Deals and Exits | Given 2025 YTD results it appears new venture and exit activity is poised to significantly increase vs. YA (presumably driven by AI).

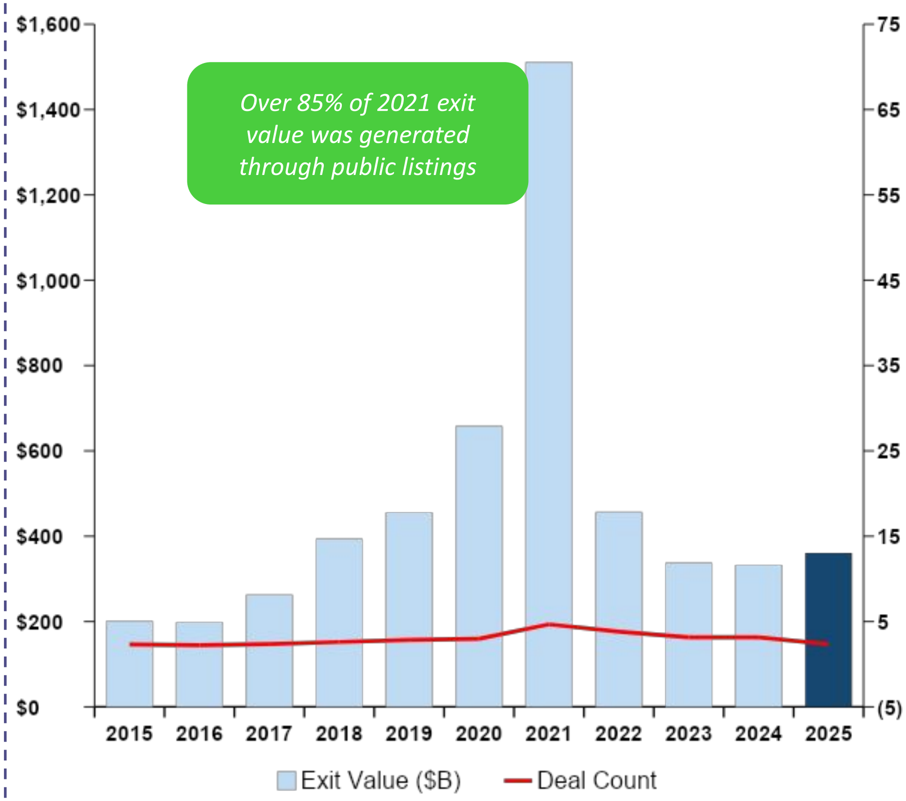
US Venture Capital Deal Activity

Deal Value ($B) vs. Deal Count #000



US Venture Capital Exit Activity

Deal Value ($B) vs. Deal Count #000



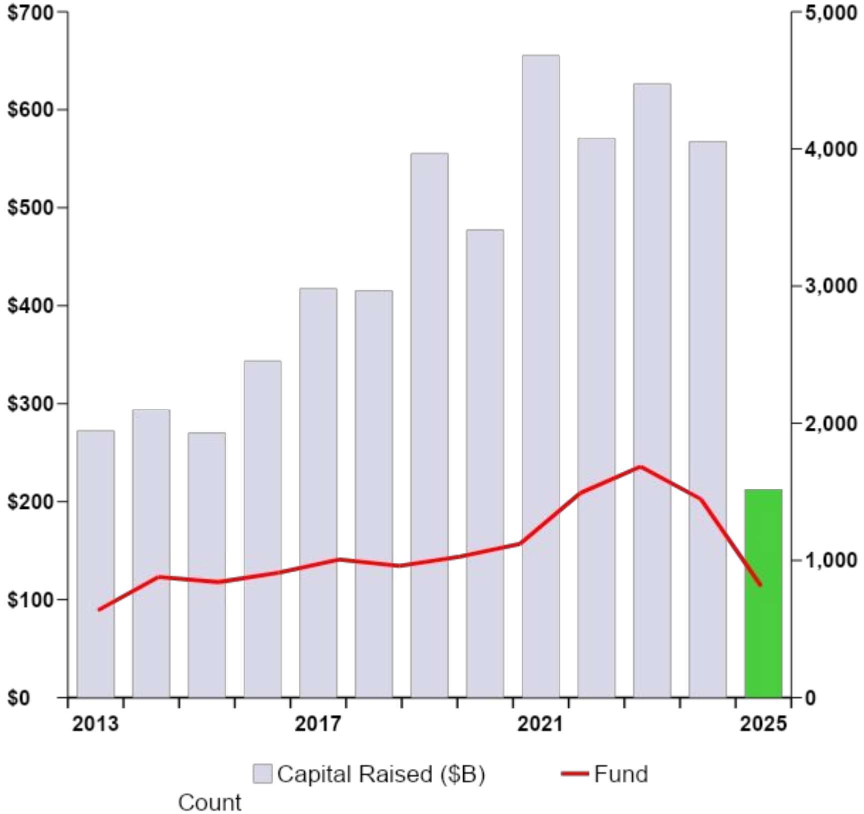
Source: Pitchbook

Global Fundraising Activity |

New fundraising in 2025 appears to have slowed relative to 2024 and VC appears to be experiencing a significant decline.

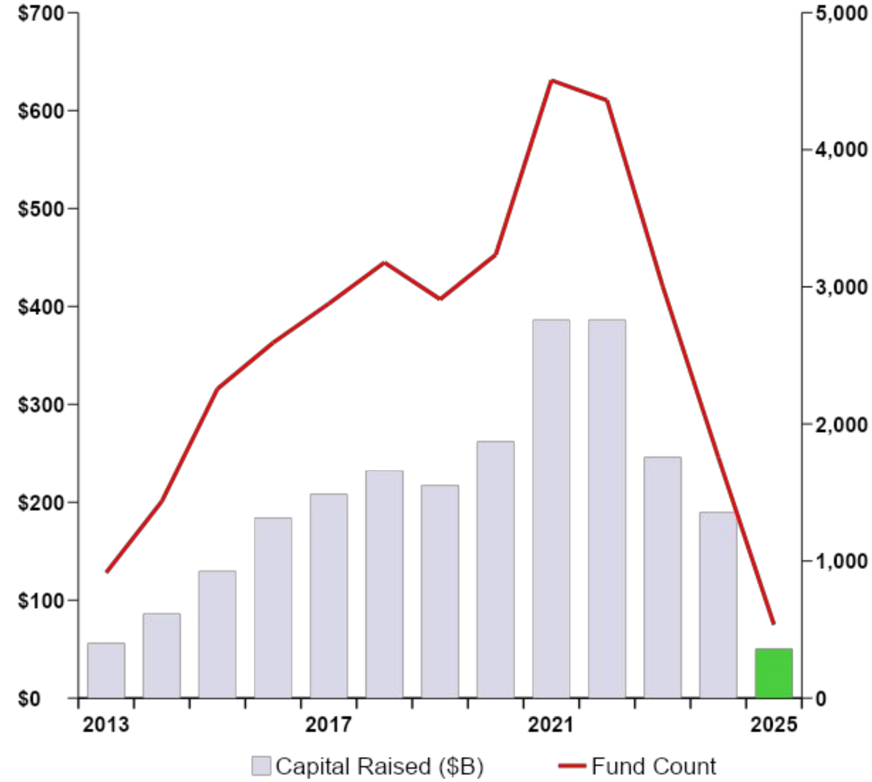
Private Equity Fundraising Activity [1]

Fund Size $B and Count #



Venture Capital Fundraising Activity [1]

Fund Size $B and Count #

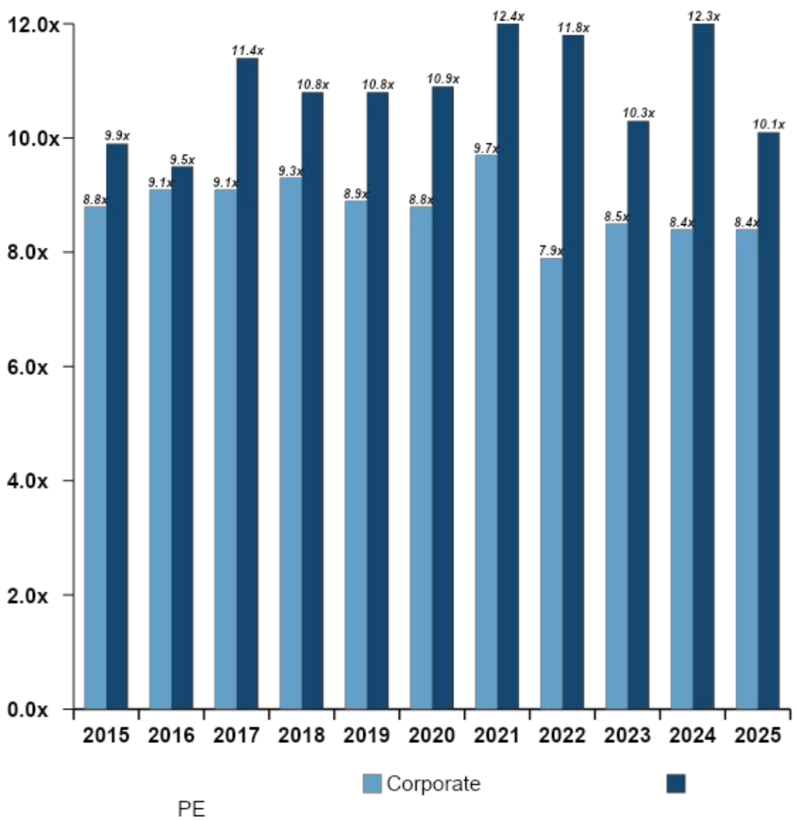


Source:
1. Pitchbook

M&A Multiples | Multiples remain high and consistent with PE willing to pay more than Corporate buyers (presumably for growth)

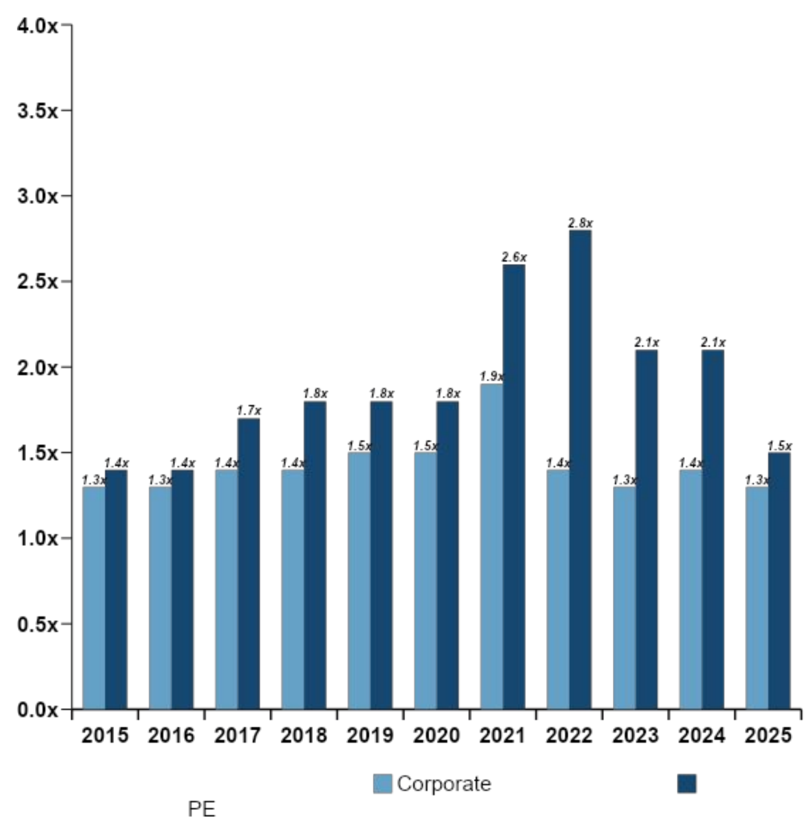
EV/EBITDA

Median North American & Europe



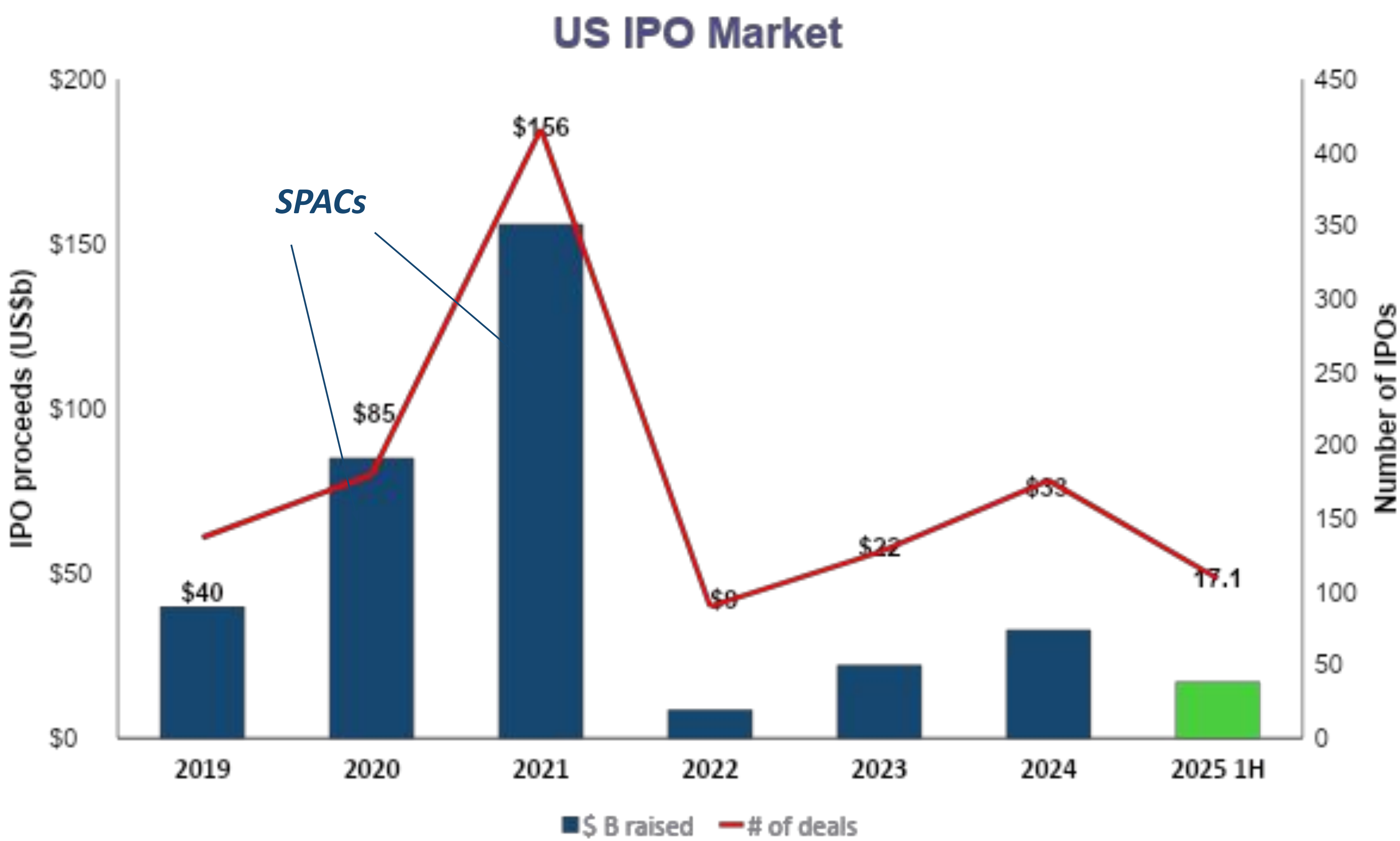
EV/Revenue

Median North American & Europe



Source: Pitchbook

IPO Market | IPO market has been rebounding but is still well below pre-Covid averages; 2025 trending slightly ahead 0f 2024.



Source: E&Y

Public Markets | S&P 500 performance over the past 10 years has been exceptional -- Top 10 companies have come to dominate -- tech is key driver (room to grow?)

S&P 500 annualized performance

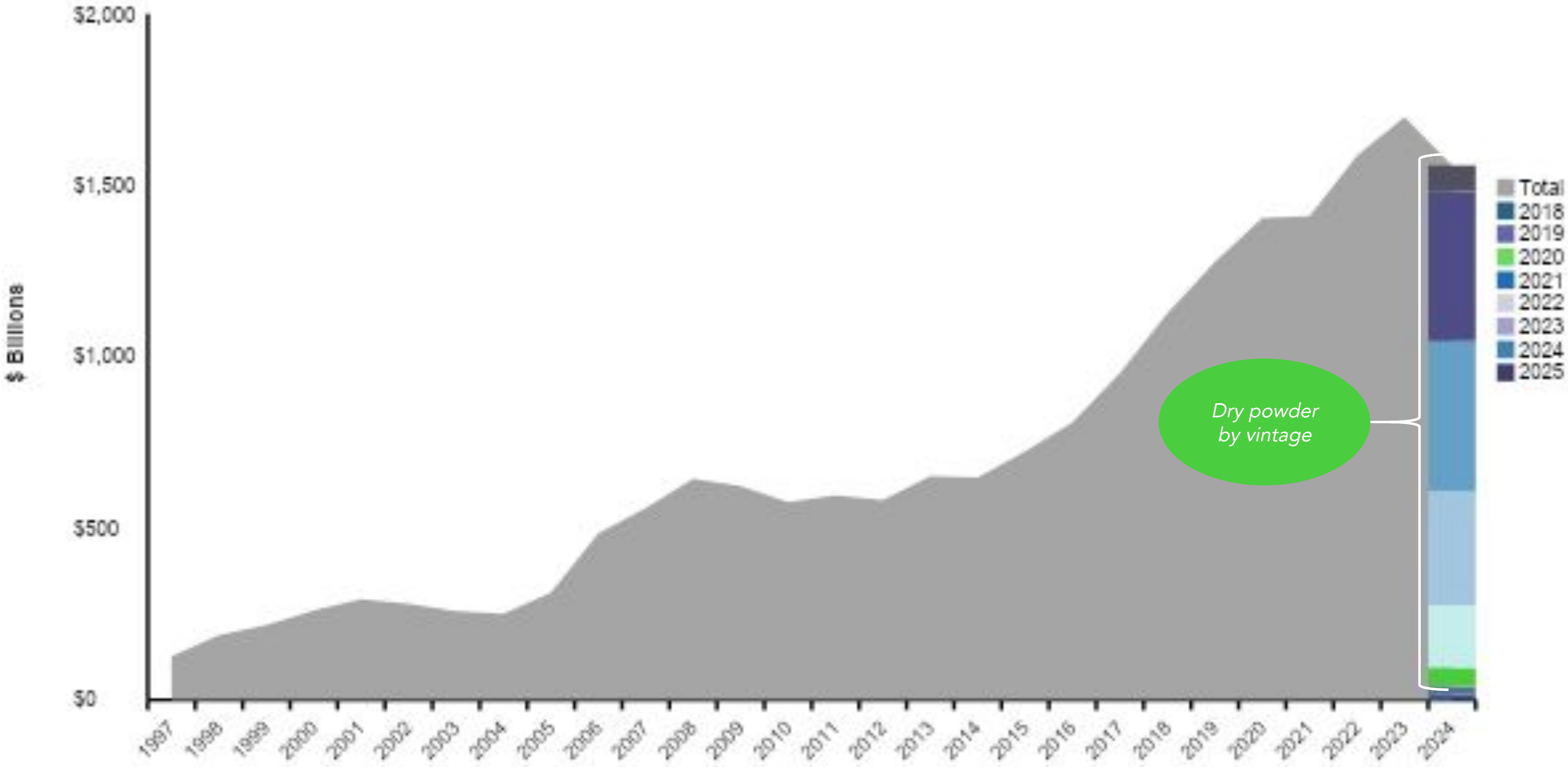
- 3-year – *25%*
- 5-year – *16%*
- 10-year – *15%*

	% of S&P	5-year Revenue CAGR	EBITDA margin	Trailing 12-months PE Ratio
NVIDIA	7.96%	66%	60%	52x
Microsoft	6.73%	15%	57%	39x
Apple	6.61%	9%	35%	39x
Amazon	3.72%	16%	20%	34x
Meta	2.78%	19%	48%	26x
Broadcom	2.71%	19%	67%	87x
Alphabet A	2.47%	17%	37%	26x
Tesla	2.18%	32%	13%	260x
Alphabet C	1.99%	17%	37%	26x
Berkshire Hathaway	1.61%	8%	24%	17x
Sub-total Top 10	38.76%			
S&P 500		14%	24%	28x

Source: Yahoo Finance & Progress analysis

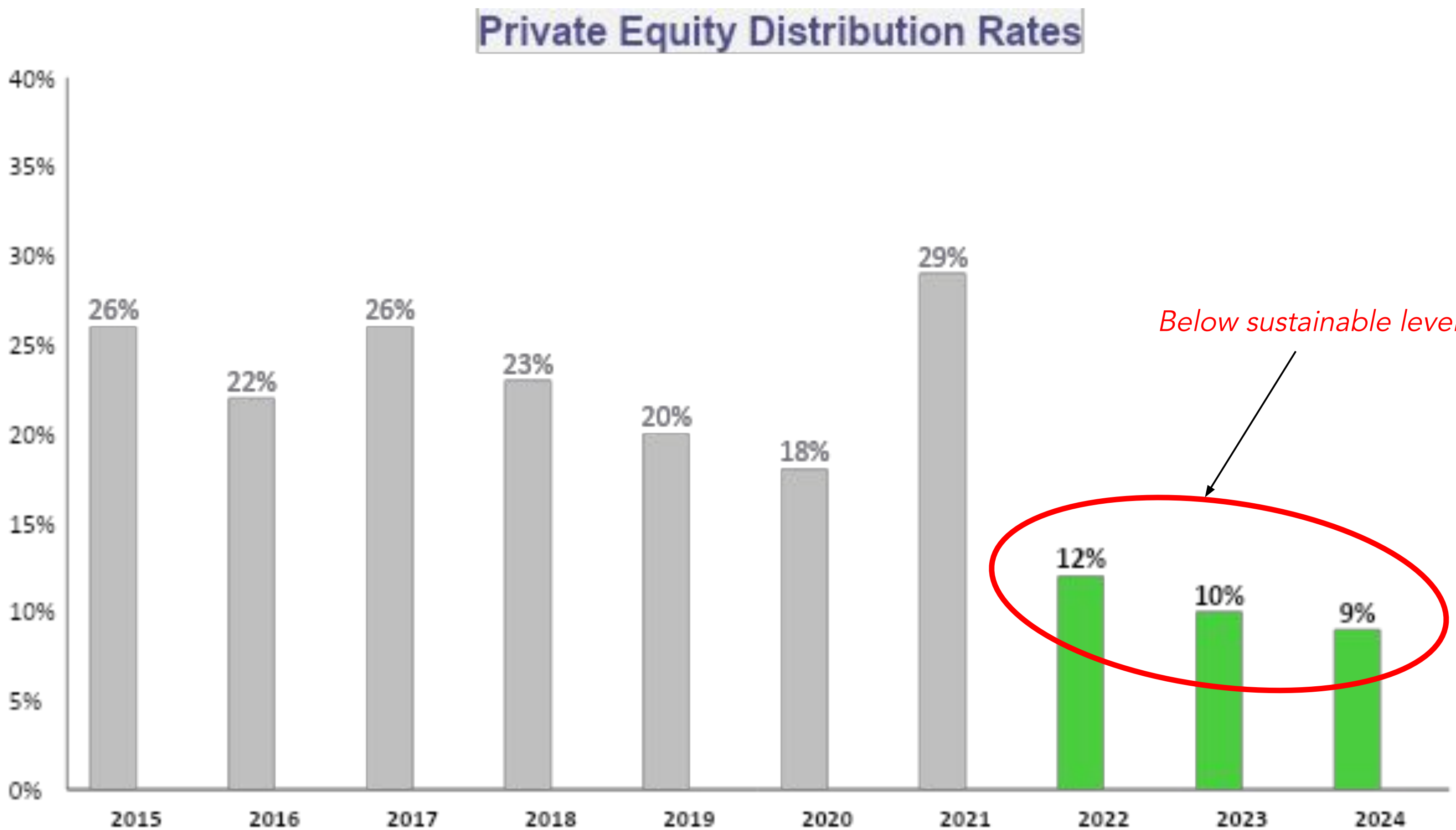
Dry Powder | PE capital available for deployment remains "massive" but is finally starting to decline.

Private Equity Dry Powder ($B)

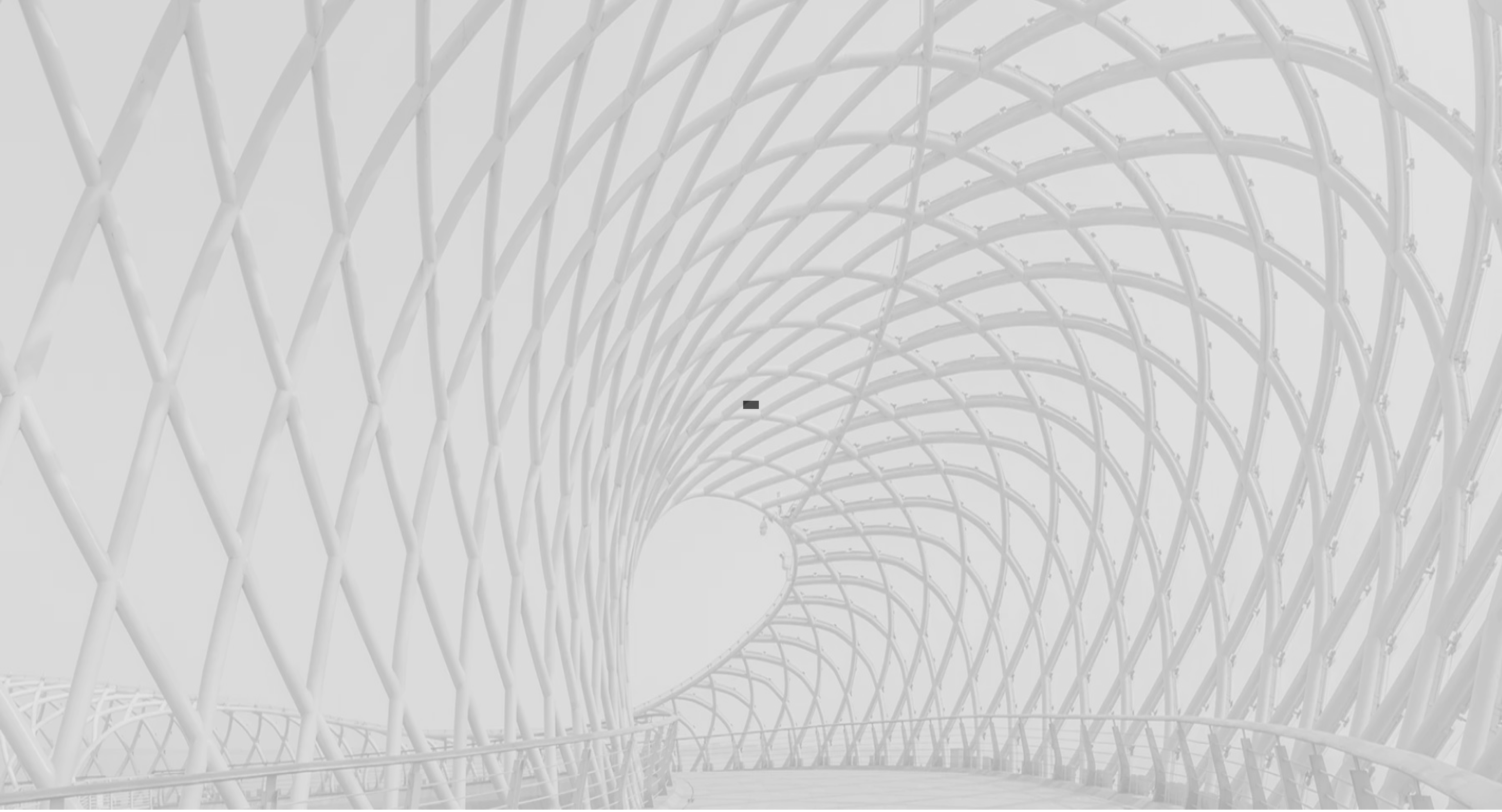


Source: Pitchbook

LP Distributions | Distributions to LPs have declined significantly in recent years and are insufficient to support new commitments (2025 not year clear).

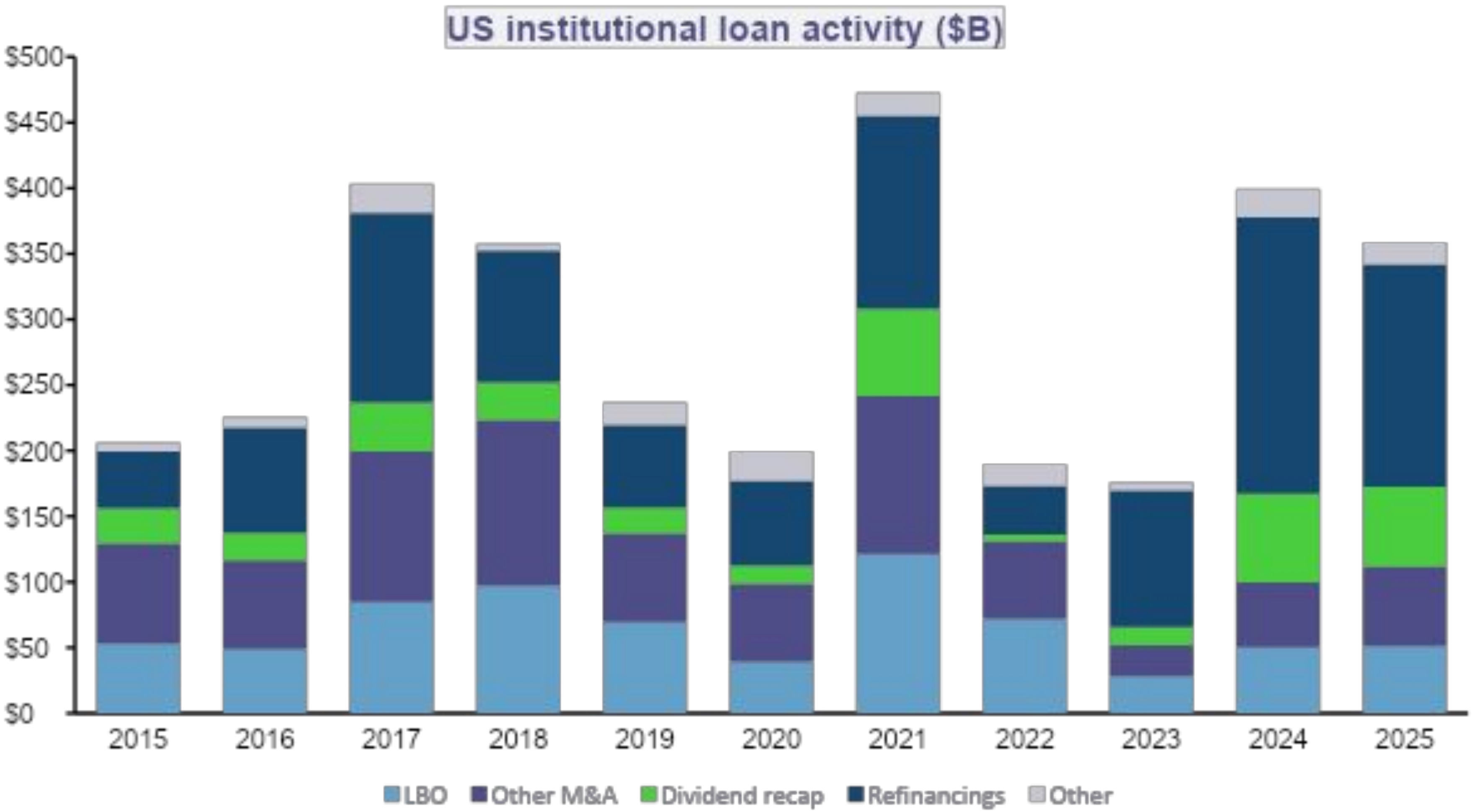


Source:
1. MSCI Global Private Capital Performance Report Q2 2024. 2024 YTD as of June 30, 2024.
Distribution rates are calculated as distributions as a % of net asset value.



Debt

Loan Activity | US loan activixty has been robust, driven primarily by refinancings due to lower rates.



Source:
1. [PitchBook | LCD • Data through Dec. 31, 2024]
[*Reflects repricings and extensions done via an amendment process only]

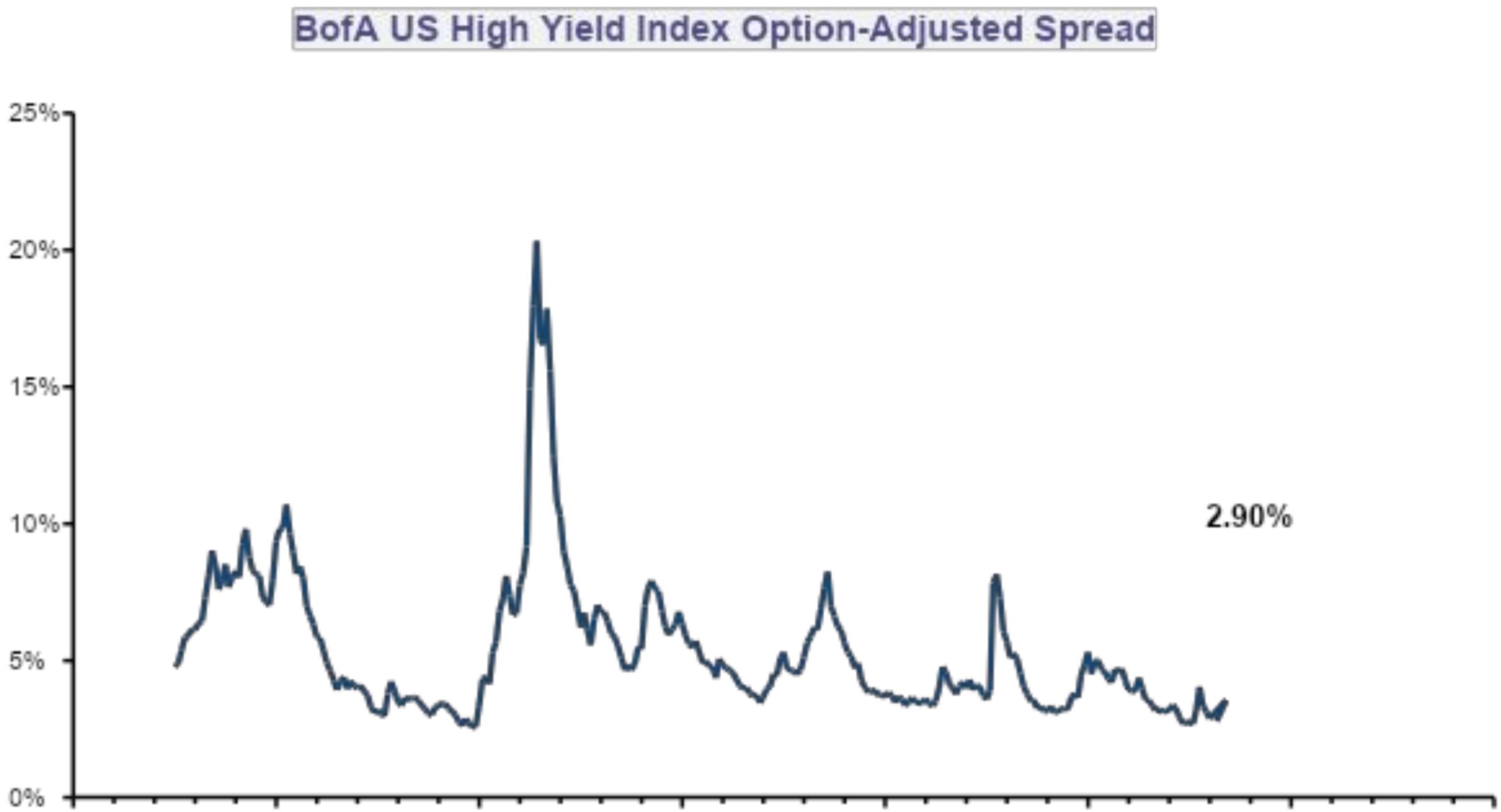
Leverage | Despite declining somewhat during the last two years, leverage multiples remain "full" and equity contribution percentages have remained consistently higher.

LBO Purchase Price Multiple and Equity Contribution

Middle Market

Source: Pitchbook & Progress analysis

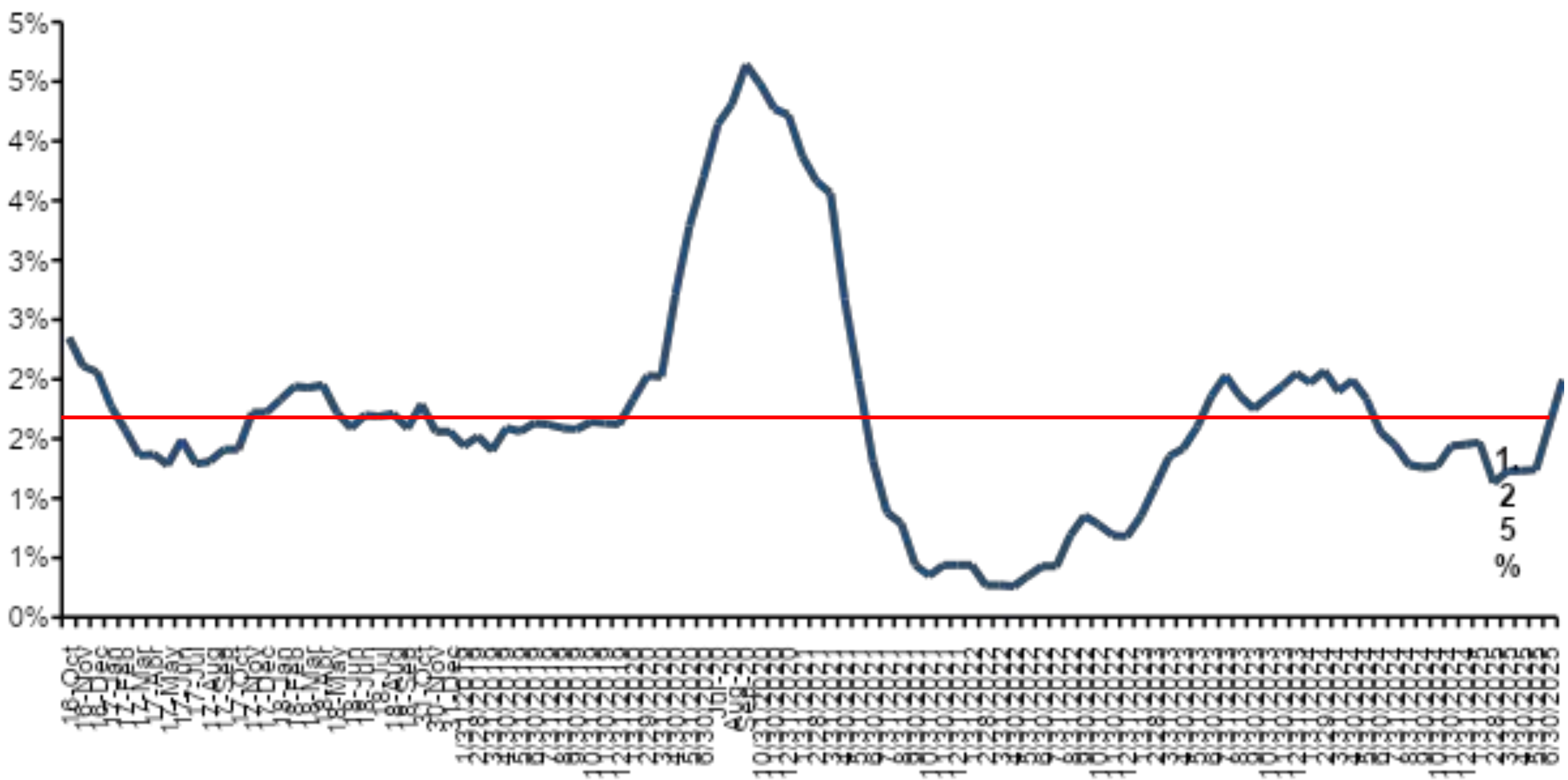
High Yield Spread | Yield spreads continue to be near historical lows



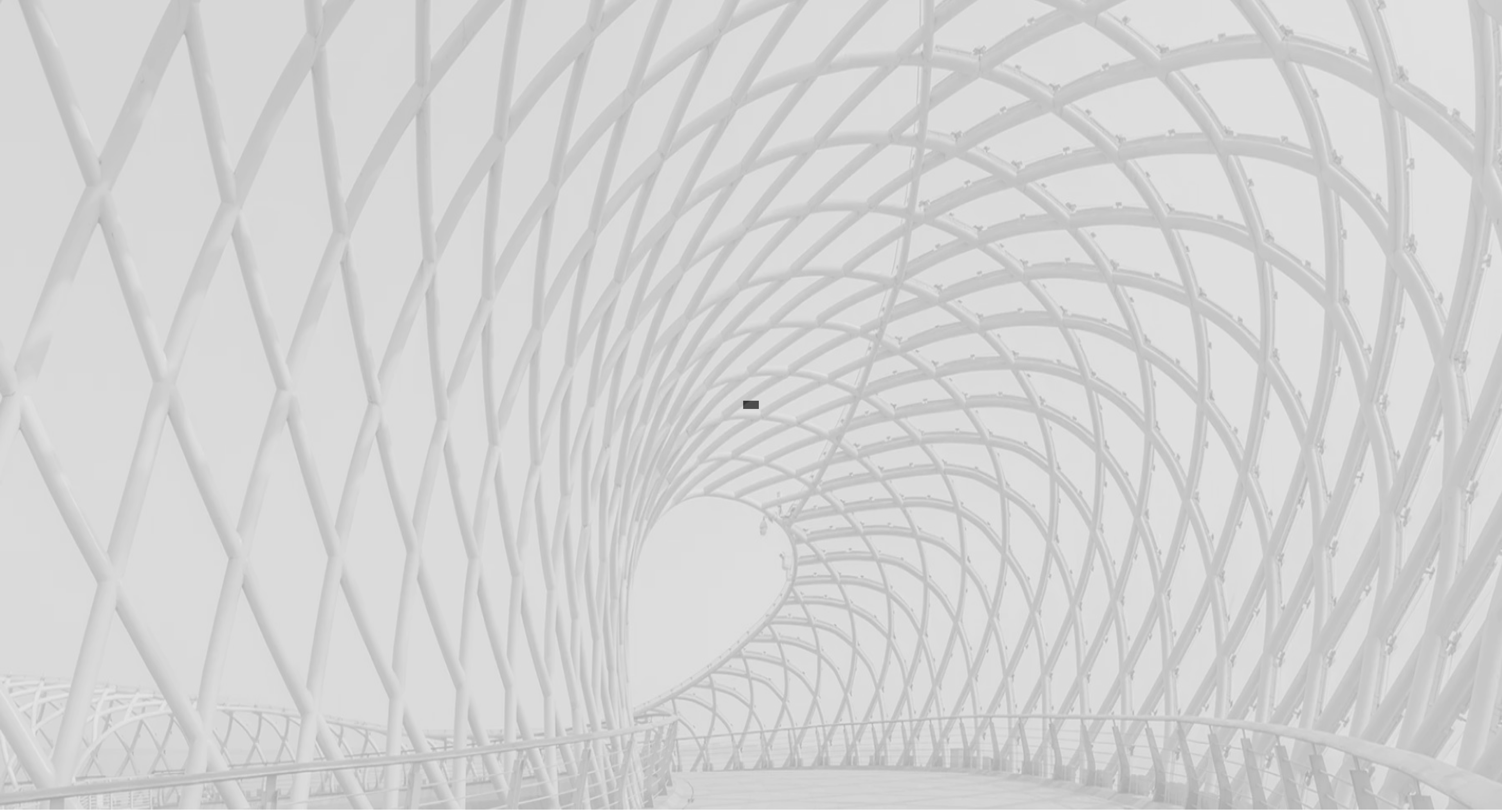
Source: Federal Reserve

Loan Defaults | Loan defaults remain modest.

Lagging Twelve-Month Loan Default Rate (Issuer Count)

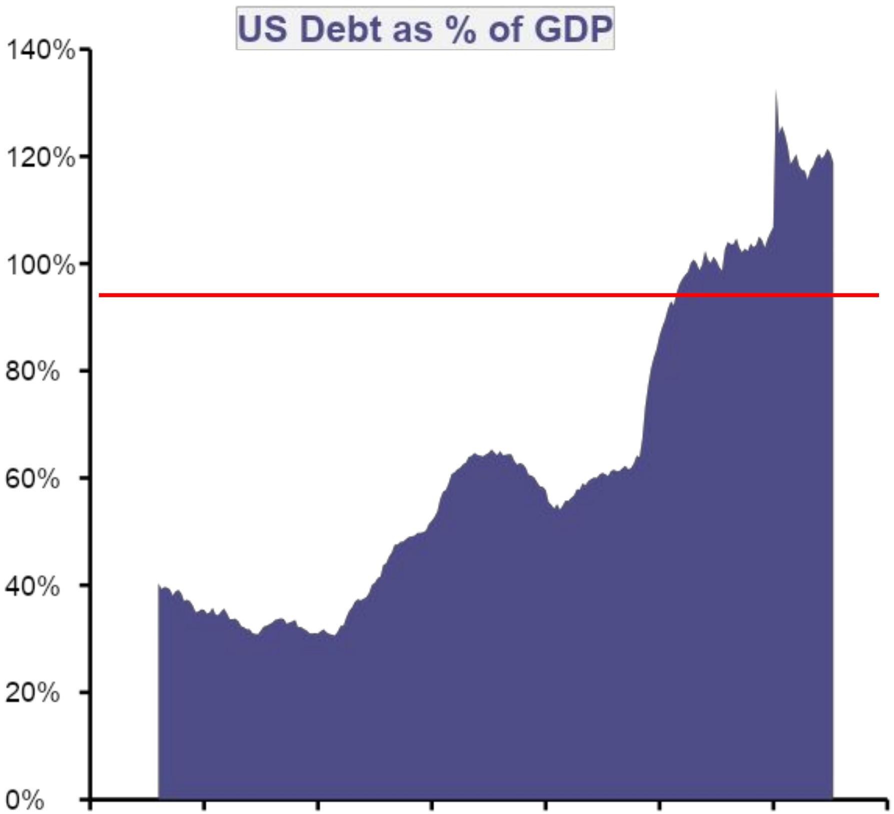


Source: Pitchbook



Structural Impacts – US Policy

Sovereign Debt | US Debt levels are reaching historic heights and now exceeds GDP and are comparable to other very highly indebted countries

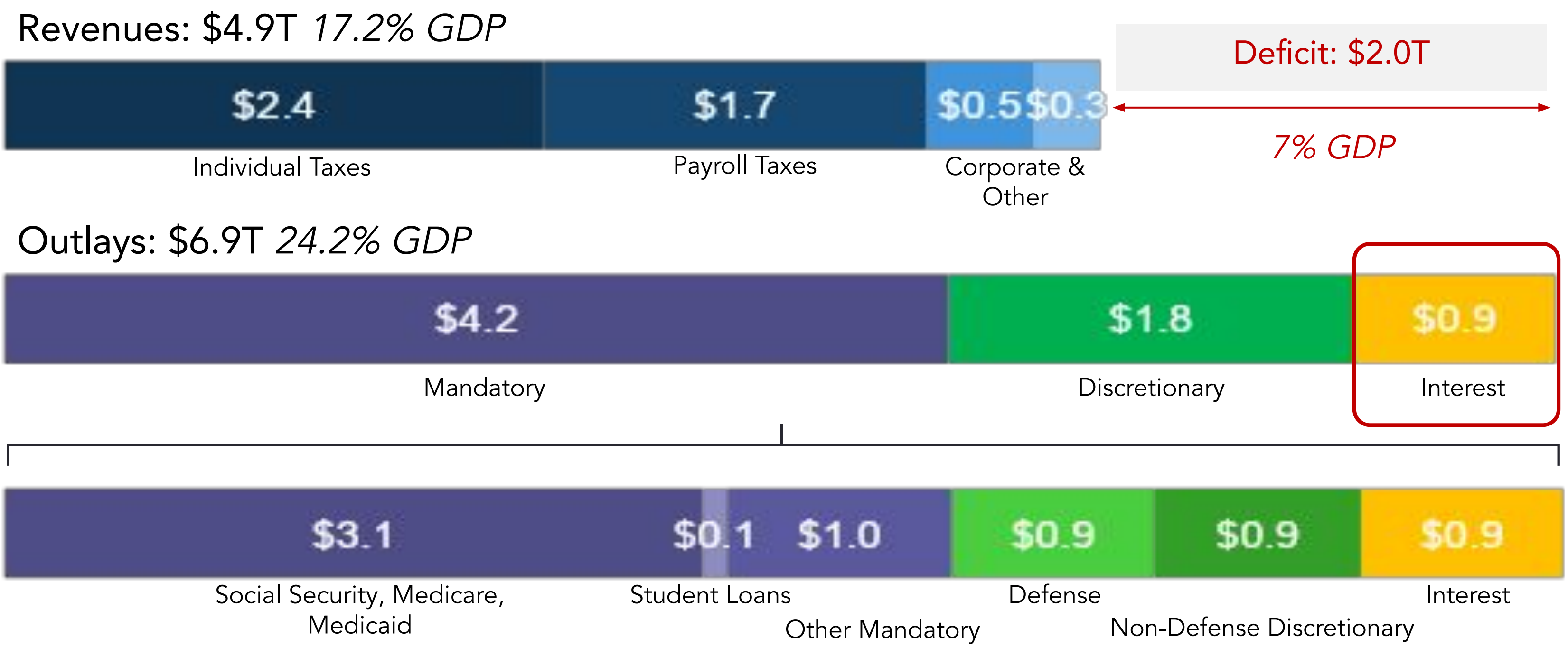


Country	Debt/GDP
Japan	235%
Italy	137%
USA	123%
France	114%
UK	96%
Germany	64%

Source: Federal Reserve & Progress Analysis

United States Deficit | Federal debt is on an unsustainable path, caused by a structural mismatch between spending and revenues.

Federal Budget FY 2024 (2)

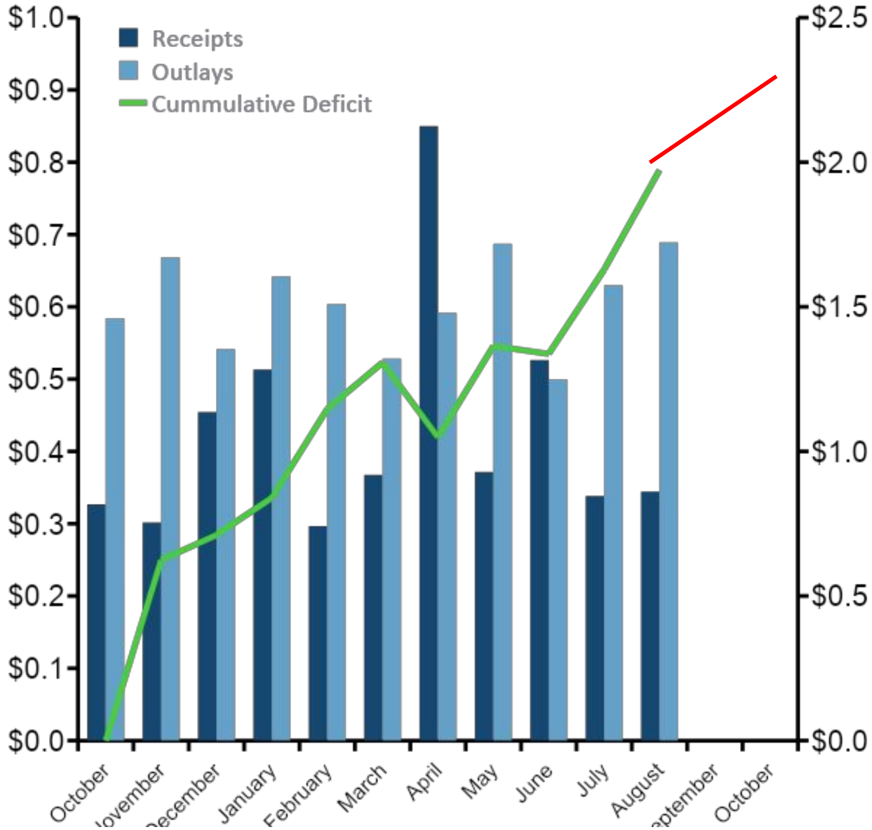


Source:
1. Federal Reserve
2. Congressional Budget Office
3. Peterson Foundation

United States Deficit | Fiscal 2025 deficits have already reached 2024 levels (despite tariff income) and is running at double the rate of most other major industrial countries

US Government Budget 2025

$T

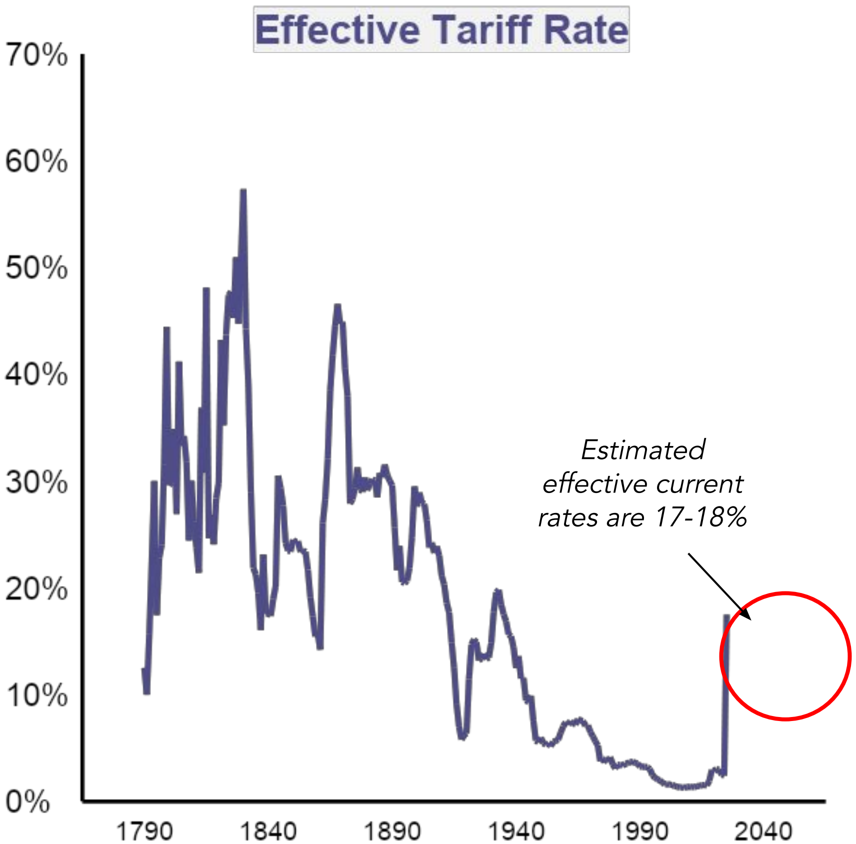


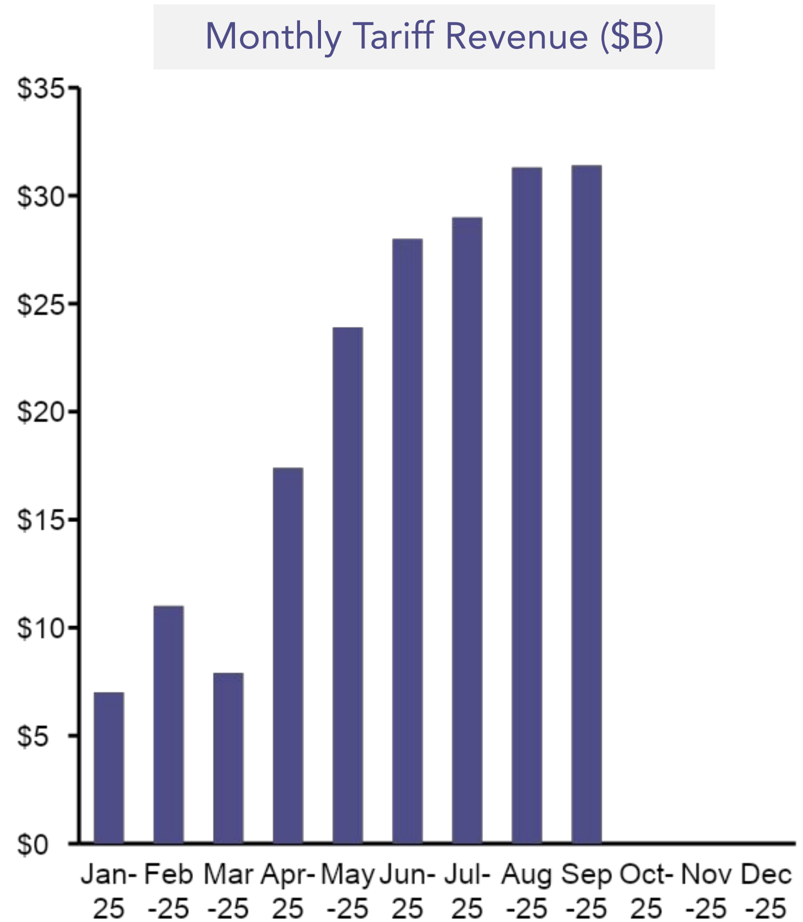
Country	2025 Deficit
USA	6.1%
France	5.5%
Japan	2.9%
Italy	3.0%
UK	2.6%
Germany	2.7%

<3% is generally sustainable due to GDP growth

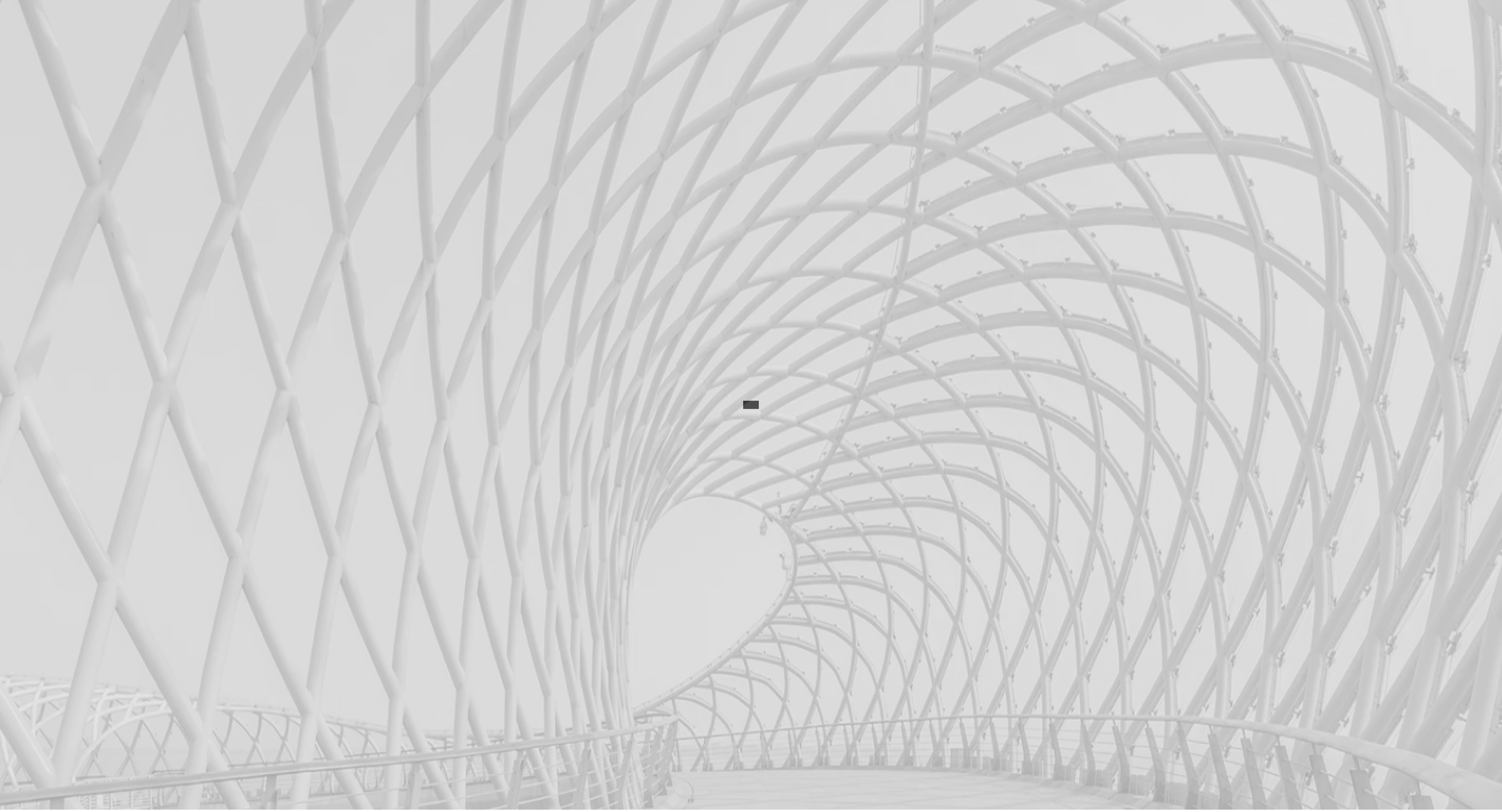
Source: US Treasury & Progress analysis

Tariffs | Recent tariff initiatives have dramatically increased US tariffs after steadily declining for the past 150 years; 2025 tariff revenue could reach $250-300 B (if sustained).





Source:
1. Budget Lab , US Treasury & Progress analysis



Predictions and Conclusion

Near-term Economic Scenarios

Base Case

- 1.5-2.5% GDP growth
- Slowing employment
- Continued Fed rate cuts toward 3.5%
- Inflation above 2%
- Tariffs impacting economy & market
- AI exceeding expectations
- US fiscal situation ignored for now
- Markets gains continue

Solid growth

Stagnation

- GDP Growth slows to <1%
- Inflation returns to 4+% levels
- Tariffs and policy creating real challenges
- AI spending remains strong
- US fiscal concerns come to the forefront
- Asset values decline

Fed handicapped –

can't continue cutting rates

Recession

- Tariffs distort economic activity
- Inflation accelerates above 4%
- Labor market deteriorates
- Uncontrolled deficit causes "dollar shock"
- Borrowing costs and rates spike
- Growth goes negative

Significant intervention required

Progress Long-Term Outlook: Start of a Multi-Year Cycle

Stabilizing macroeconomic conditions, public and private investments booms, increased worker productivity, and technology advancements ignite new super cycle.

Stable Macro Conditions

- Lower rates sustainable
- Inflation returns to 2%
- Labor market growing and rebalanced
- Government effectiveness rebounds

Investment Activity

- Corporate investment accelerates significantly
- Record private equity available with room to grow

Increased Productivity

- Worker productivity increases rapidly
- Increased real wages without inflationary concerns

Technology Advancements

- AI & ML applications enhances workers
- Productivity lift adding to global economy

Beginning of a New Cycle of Economic and Innovation Driven Growth

Conclusion

- Economy has demonstrated surprising resiliency
- The Fed continues to successfully balance growth and inflation (for now)
- Tariff driven isolationism and uncertainty appear offset by strong AI investment momentum
- Deal activity appears to be somewhat subdued but is stronger than expected
- Progress more strongly believes we are at the beginning of a new multi-year growth cycle, but near-term government & fiscal challenges need to be resolved
- Progress' 2025 "Base Case" has improved to "Solid Growth" but risk of Stagnation or Recession scenarios remains
- US aggressive posturing has increased global antagonism and may impact growth in the near-term and key challenges remain unresolved
- 2nd half US GDP will likely show some slowing but will be stronger than expected earlier this year

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