

Vardis

Private Equity CFO Report

2025

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Introduction



Overview

We are pleased to share the 2025 edition of our **PE CFO Report** on compensation and the working environment in private equity portfolio companies. During August and September, we surveyed 1,300 CFOs of private equity-owned companies worldwide to understand their perspective on compensation, governance, mobility, and the working relationship with their sponsors.



About Vardis

Vardis is an international executive search firm focused on portfolio company recruitment on behalf of Private Equity investors (CEO, CFO, COO, Board Directors, etc.). We also provide a range of Pre-Deal Services to support investor diligence and teambuilding needs. We believe that access to current, unbiased data provides investors and executives with the intelligence to make better hiring and career decisions. Our compensation surveys and original research are fundamental to our core recruiting process.



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Key Themes

1

Compensation

- **Compensation Remains Flat:** Target compensation (base & bonus) is largely unchanged. Actual compensation is down 4% driven by an 11% decrease in bonus paid.
- **Equity:** Expected equity returns at liquidity have stabilized after growing at a 5% CAGR since 2018. Equity grants have remained constant as a percentage so changes are driven by either EBITDA expectations or the exit multiple.
- **“Move Premium”:** CFOs taking on new roles report an average increase in their cash compensation (base and target bonus) of 10%. This is consistent regardless of prior role or whether they are experienced CFOs or “step-up” candidates.

2

Exits, Location & Mobility

- **Impact of Exit Activity:** On an annualized basis, 2025 has seen fewer exits than any year since 2017. This has resulted in fewer CFOs being “priced to market.” CFO tenure is up 10% (to 3.33 years) over last year.
- **Office Location:** CFOs working in headquarters are in the minority. While there is a strong correlation between size and work location (two-thirds of the CFOs in companies with revenue of \$500M or more are on-site), being office-based in HQ is now the exception.
- **Relocation:** Only 8% of CFOs relocated in 2025, compared to 28% for the preceding four years. 30% of all PE CFOs now “commute” from a city other than where their job is located.

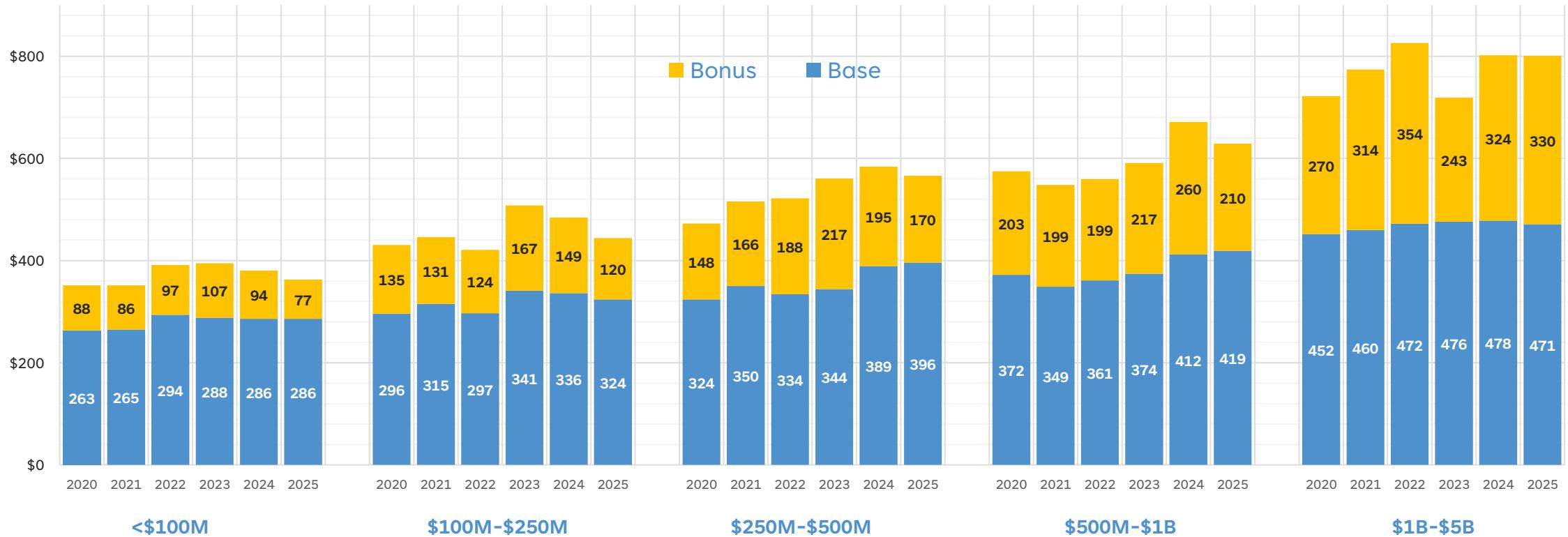
3

CFO Experience Important, but...

- **The Experience Factor:** 71% of CFOs arrived with prior CFO experience, and 51% came directly from other PE-backed companies – underscoring the premium placed on battle-tested leadership.
- **Next Generation:** Breaking a decade-long trend, first-time CFOs now represent 24% of appointments, up from 15% in ‘24. This shift reflects the impact of a 60% expansion in PE portfolio companies since 2022, creating opportunities for Controllers and VPs Finance despite “PE CFO experience” remaining the preferred qualification.
- **Analytical Focus:** Two-thirds of respondents will invest in FP&A this coming year. 21% cited AI as a leading disruptor of their current business model. The swing towards analytics and away from people is likely a contributor to the remote CFO trend.

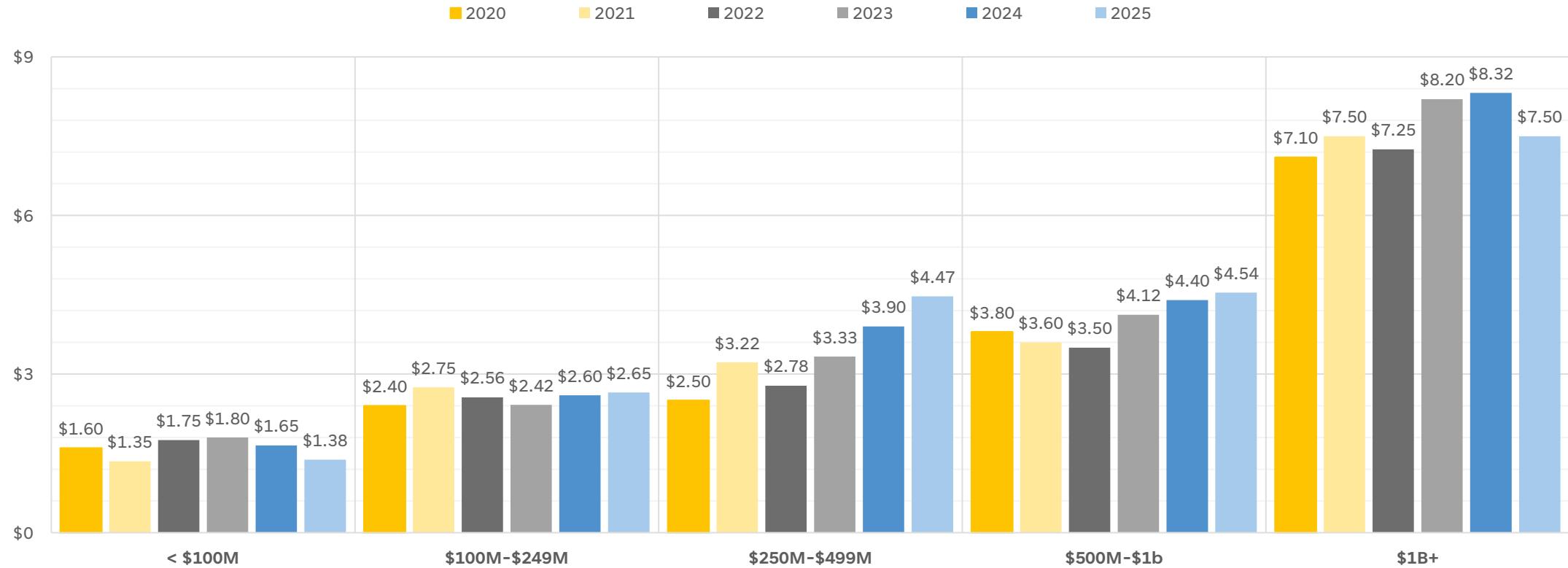
CFO Cash Compensation By Company Revenue

Annual Mean Cash Compensation (X \$1,000) 2020 – 2025 for PE Backed Companies



Equity Value Base Case By Company Revenue

Median Target Equity Value at Liquidity (in millions USD) 2020 - 2025

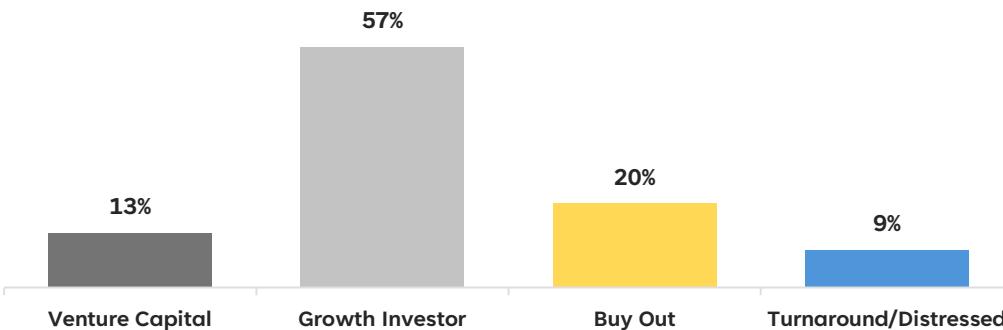




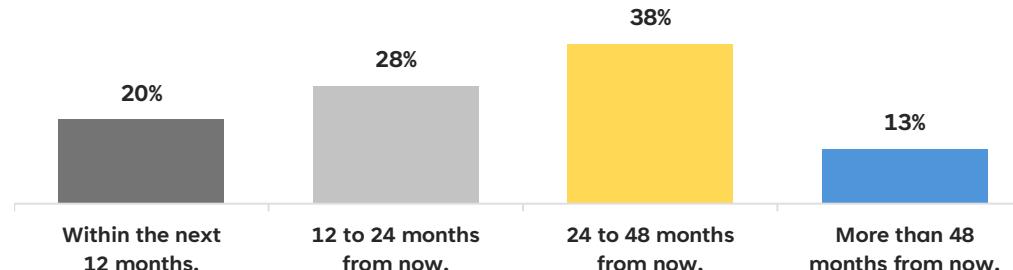
SURVEY RESPONSES

Investor Profile

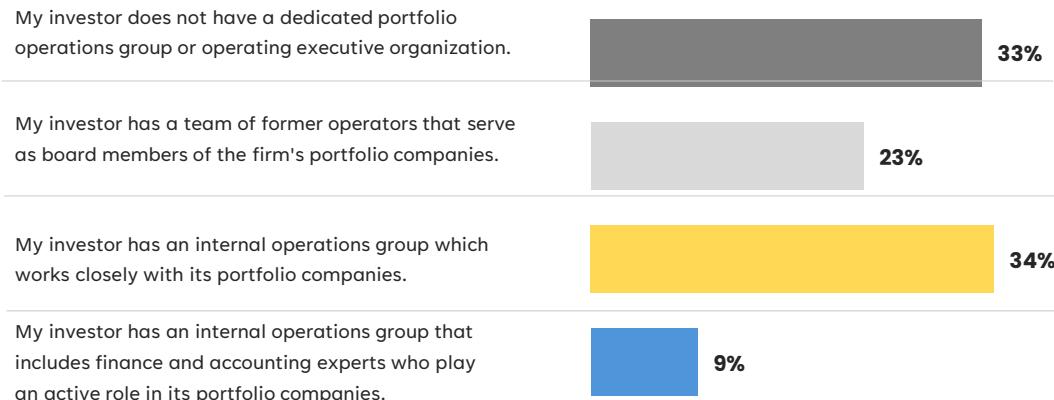
01 Your investor's investment style can best be described as...



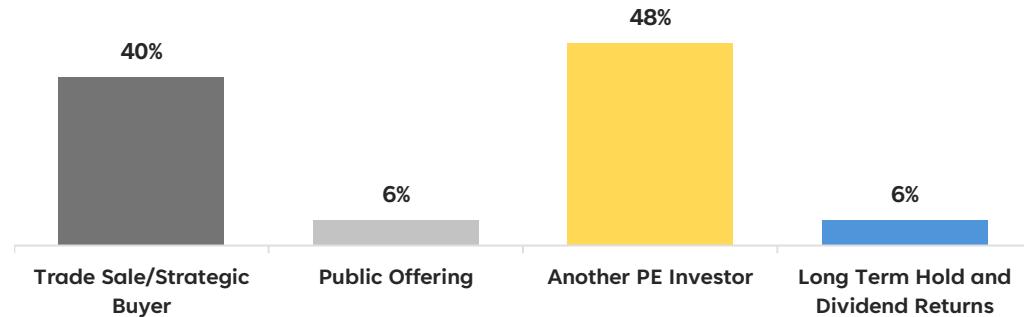
02 When do you anticipate an exit?



03 Which of these best describes your investor's operations model?

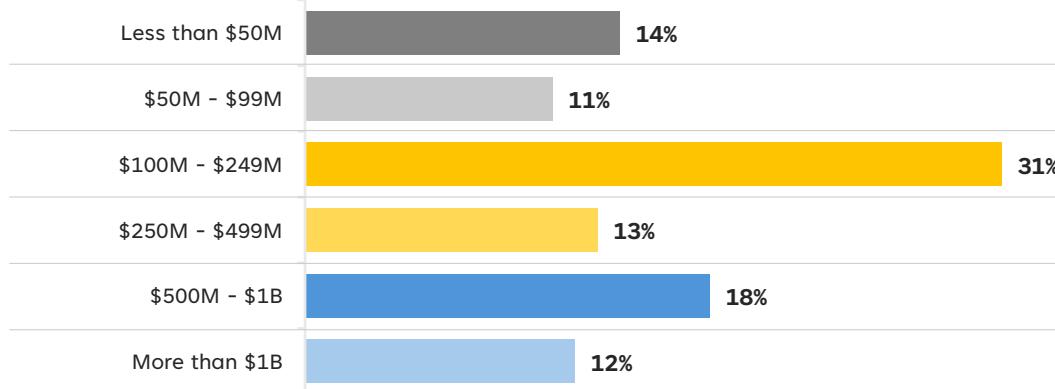


04 What is the most likely exit for your current investor?

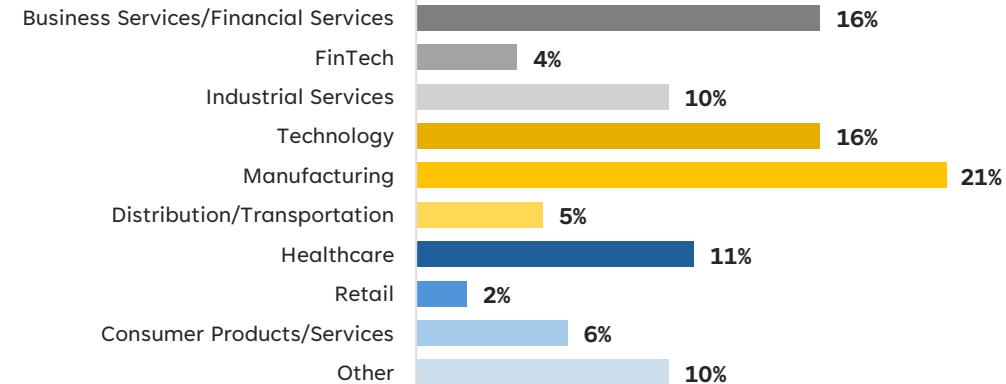


Company Profile

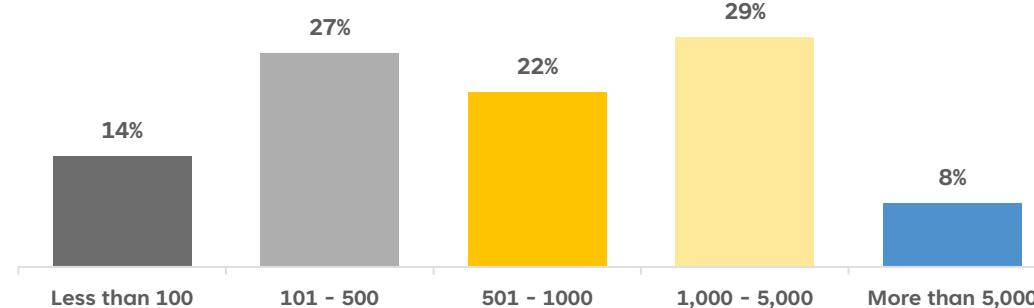
05 What is your Company's annual revenue?



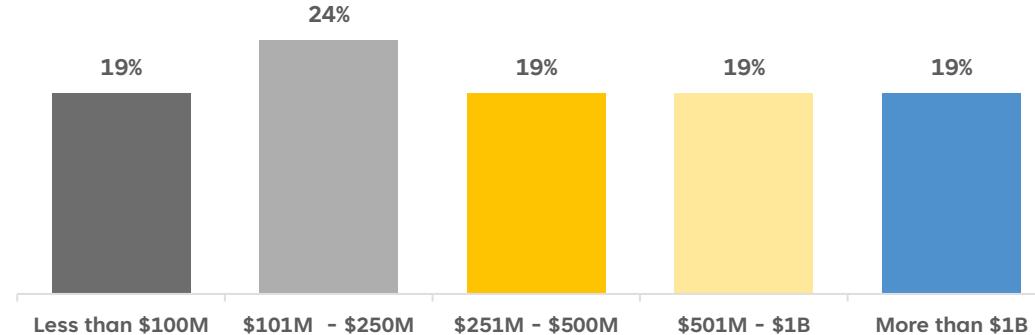
06 What industry best describes your Company?



07 How many employees at your Company?



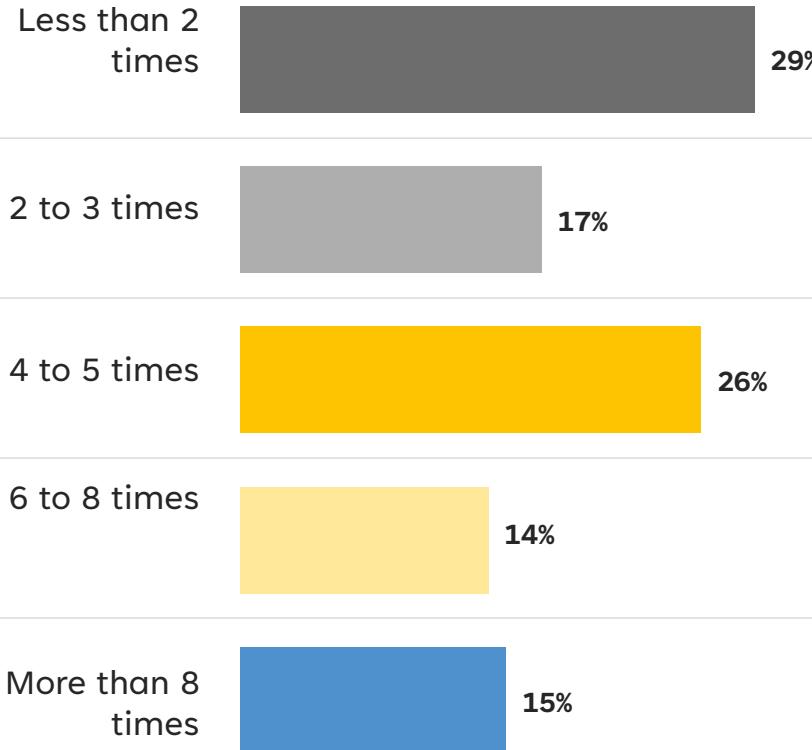
08 As of January 2025, what is your Company's approximate enterprise value?



Company Debt Levels

09

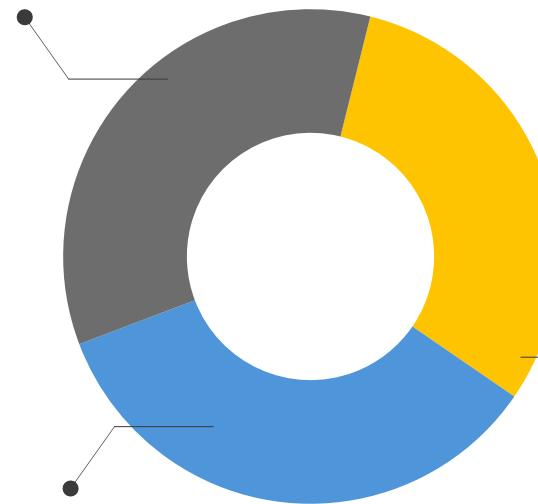
For its most recent reporting period, what was the approximate multiple of debt to trailing 12 months EBITDA?



10

How would you describe your Company's level of debt?

Aggressively leveraged



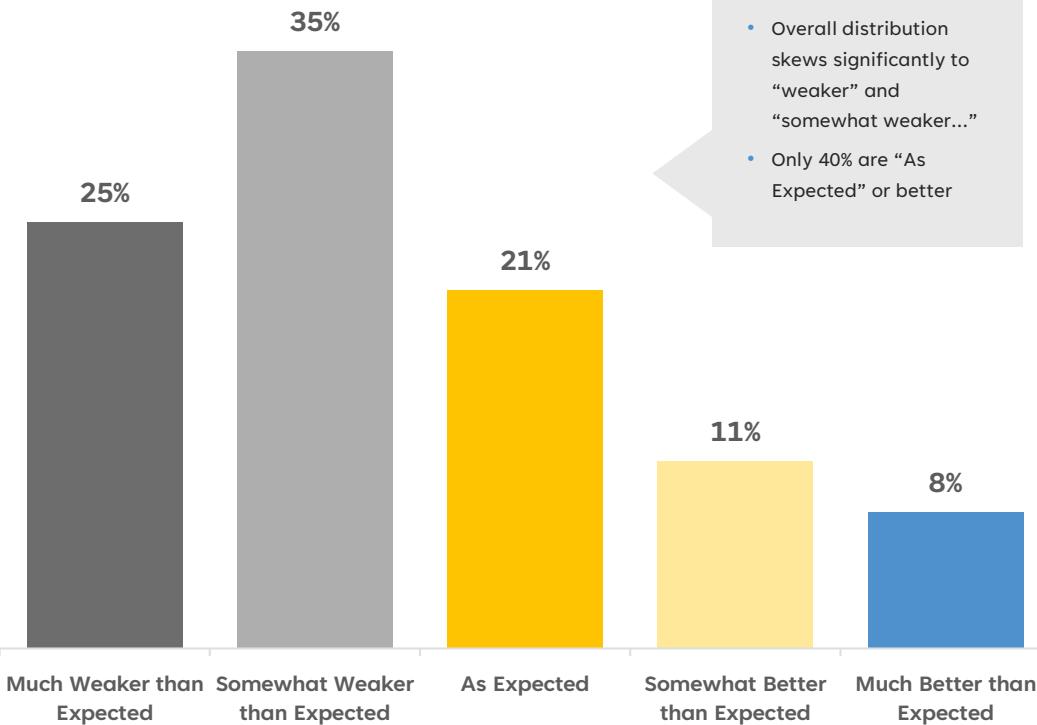
Average debt level for the business and industry

Note: Debt levels remain largely unchanged from 2024, but perception has changed. Those describing their companies as "aggressively leveraged" have increased by 65% over 2024, assumedly due to debt service costs.

Survey Responses: Company Performance

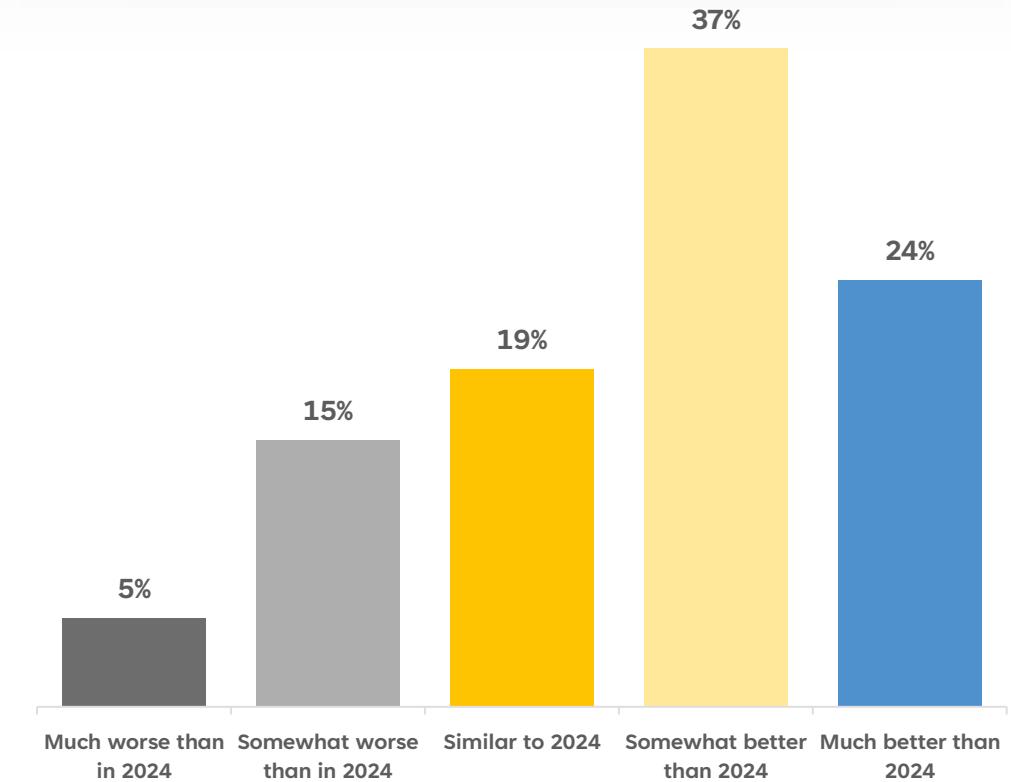
11

How have operating results and value creation compared to the initial investment thesis?



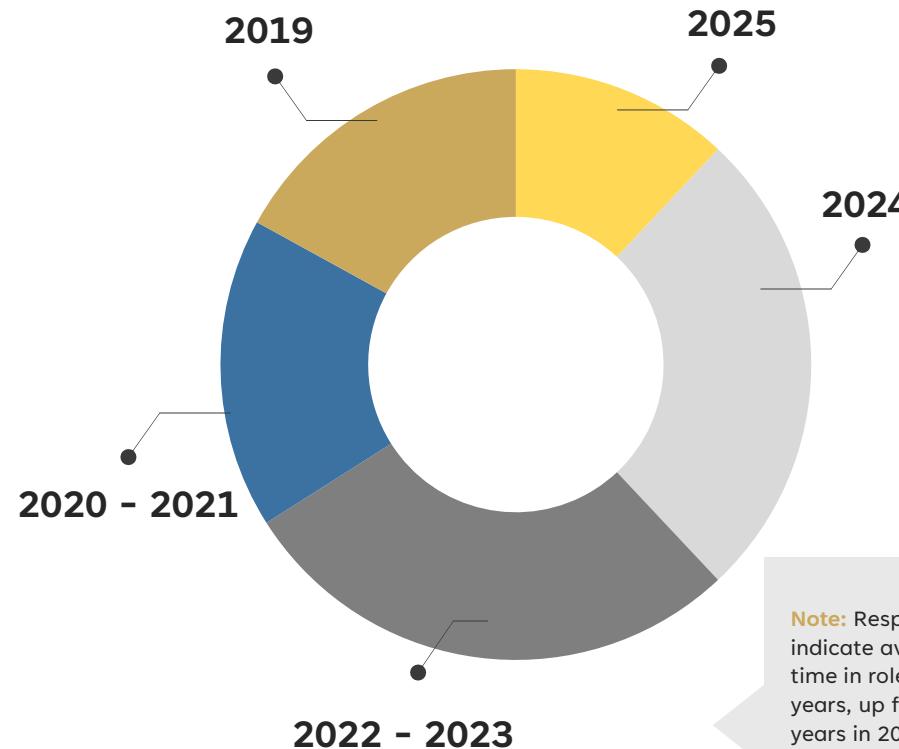
12

Looking at 2025, do you think operating results will be...

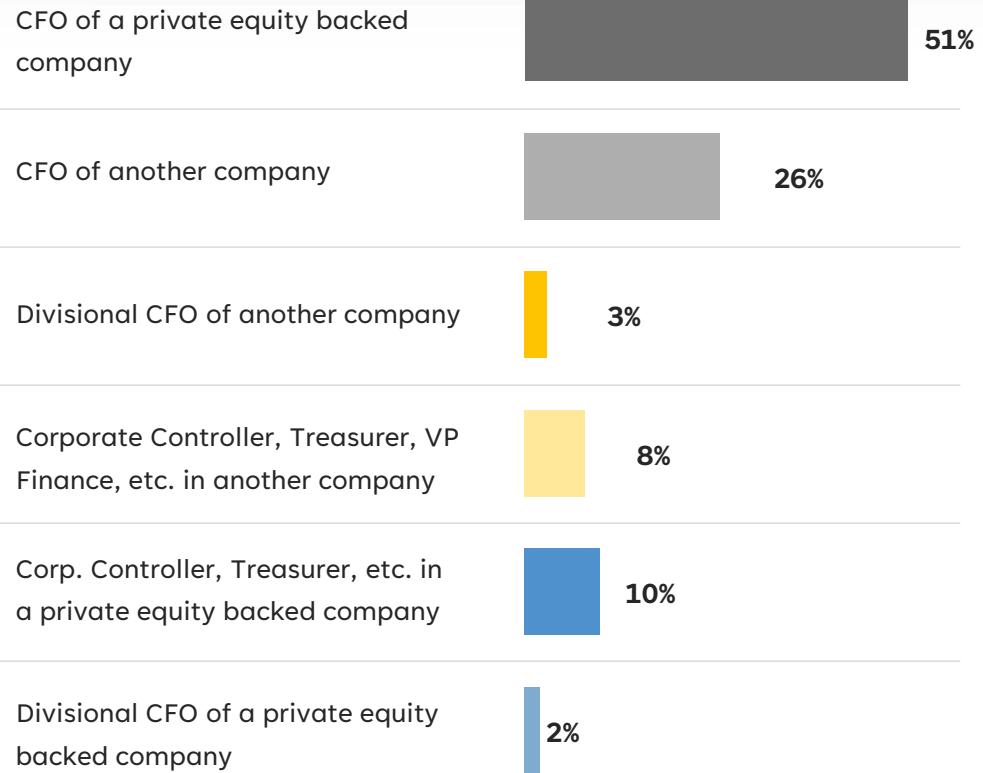


CFO Role & Hiring Criteria

13 When did you join your current organization?



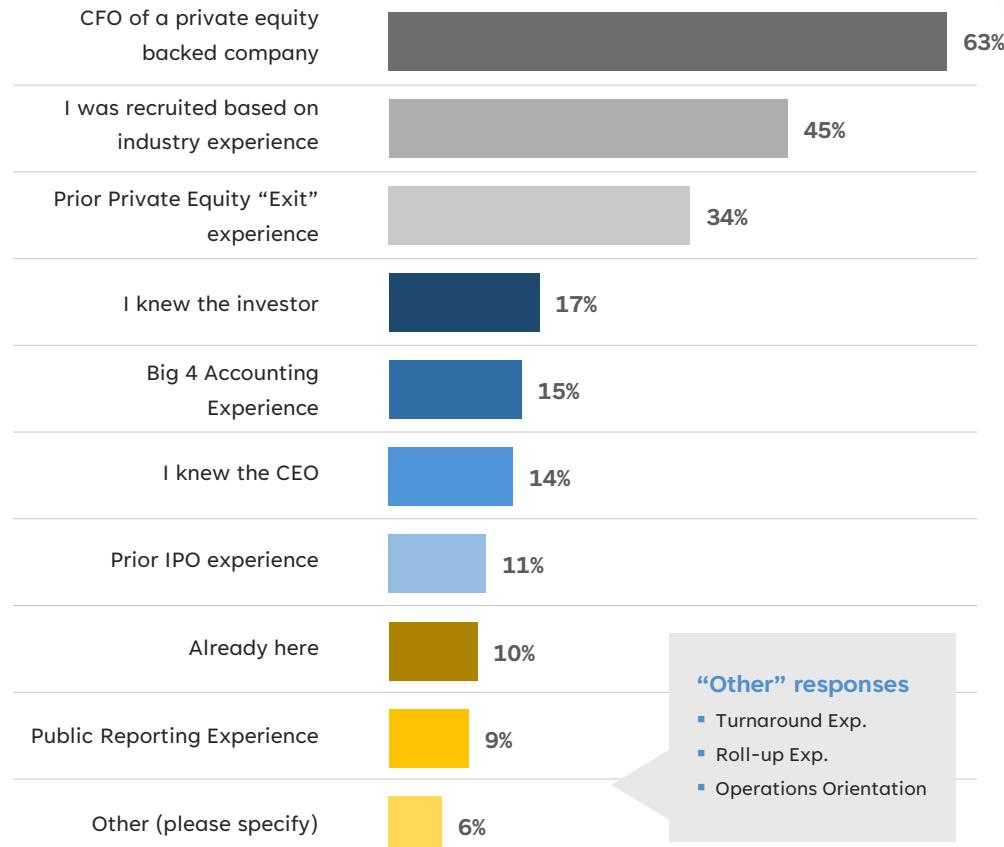
14 What best describes your previous experience?



CFO Role & Hiring Criteria

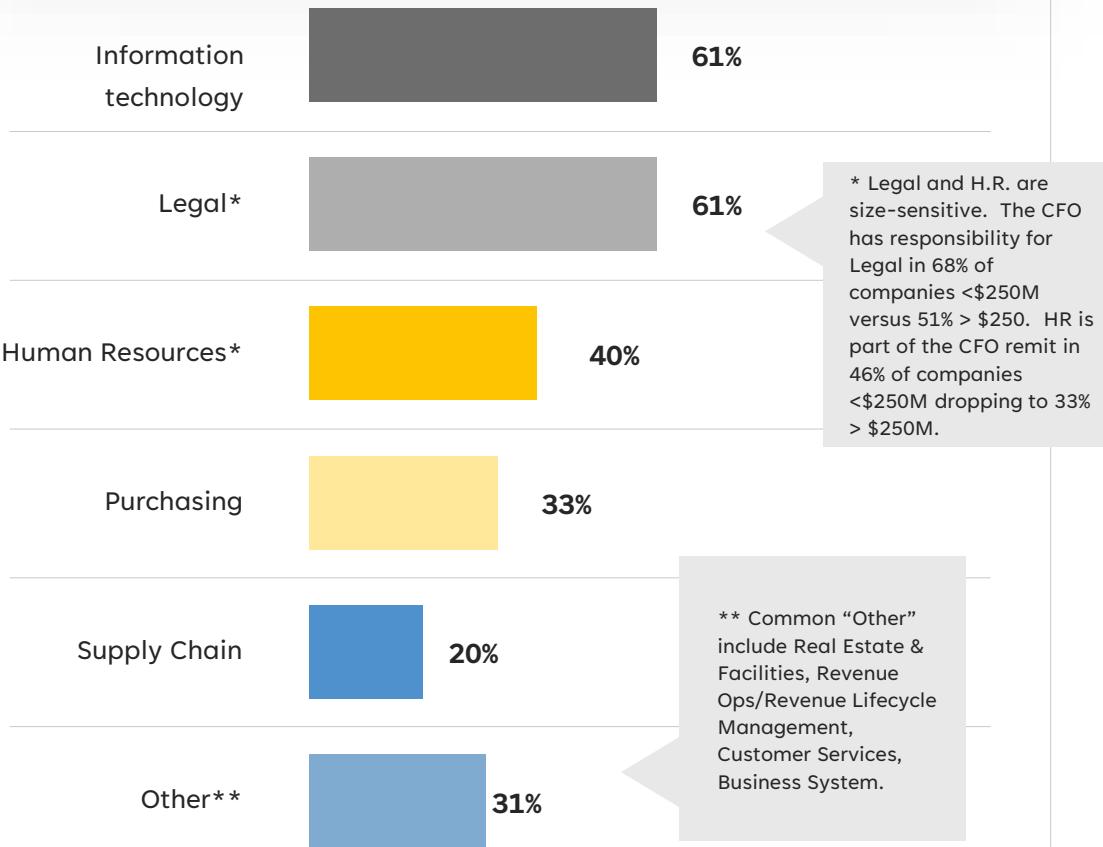
15

What were the key factors in your hiring? (check all that apply)



16

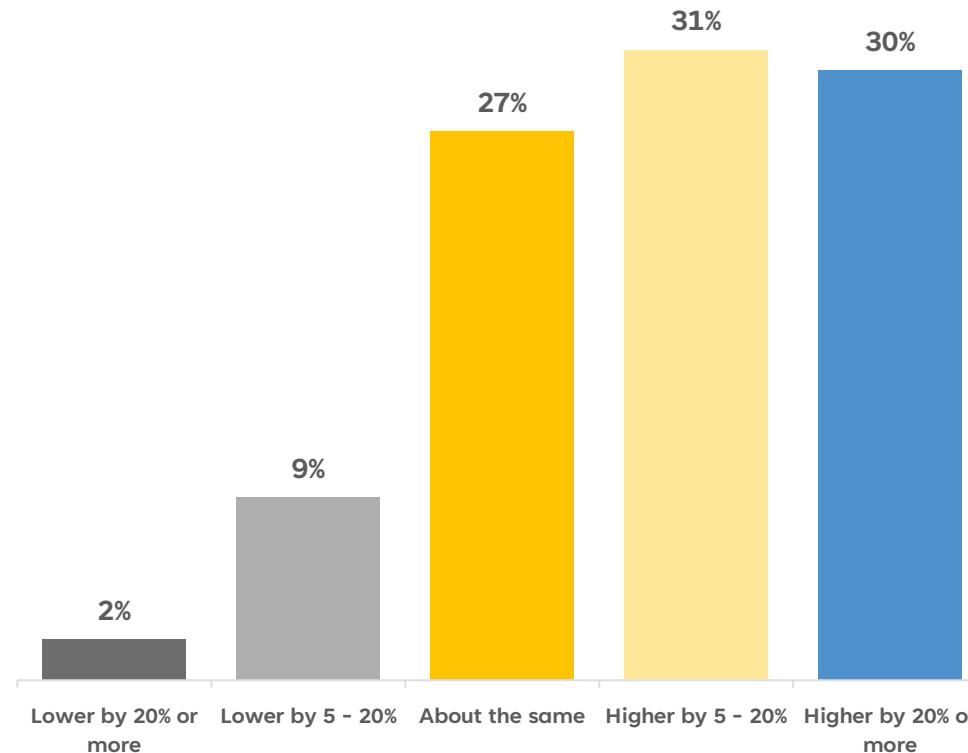
Other than finance & accounting, what other functions report to you? (check all that apply)



CFO Prior Experience & PE Differences

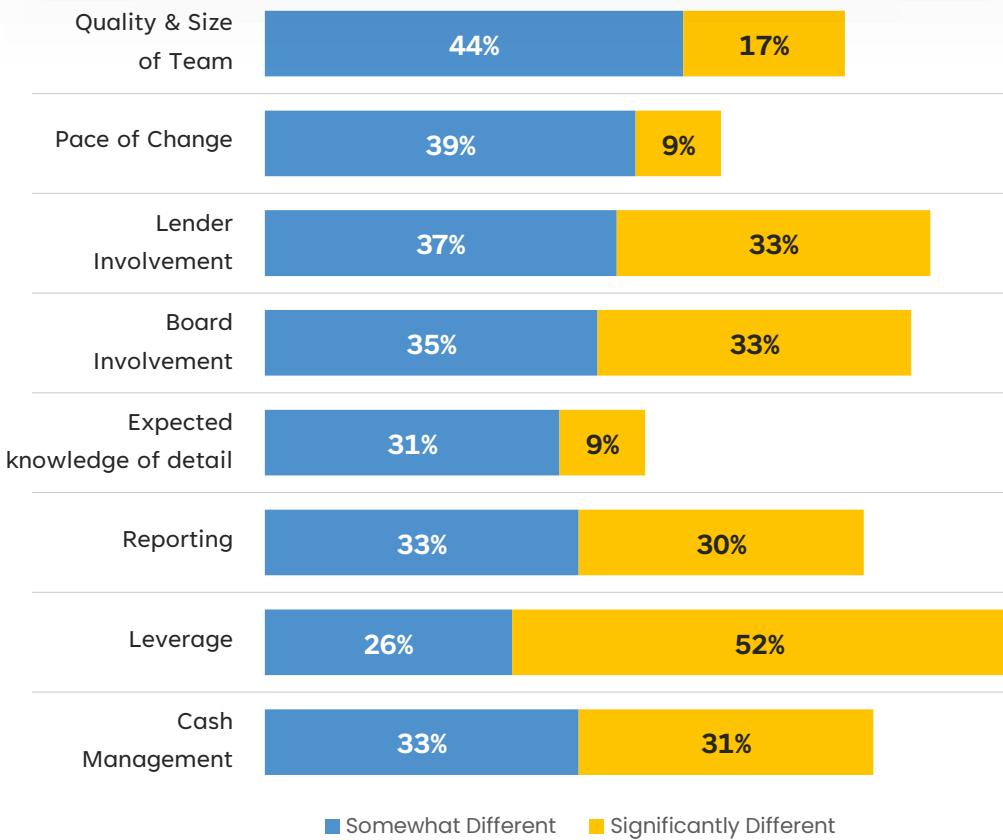
17

How does your current cash compensation (base & target bonus) compare to your last role?



18

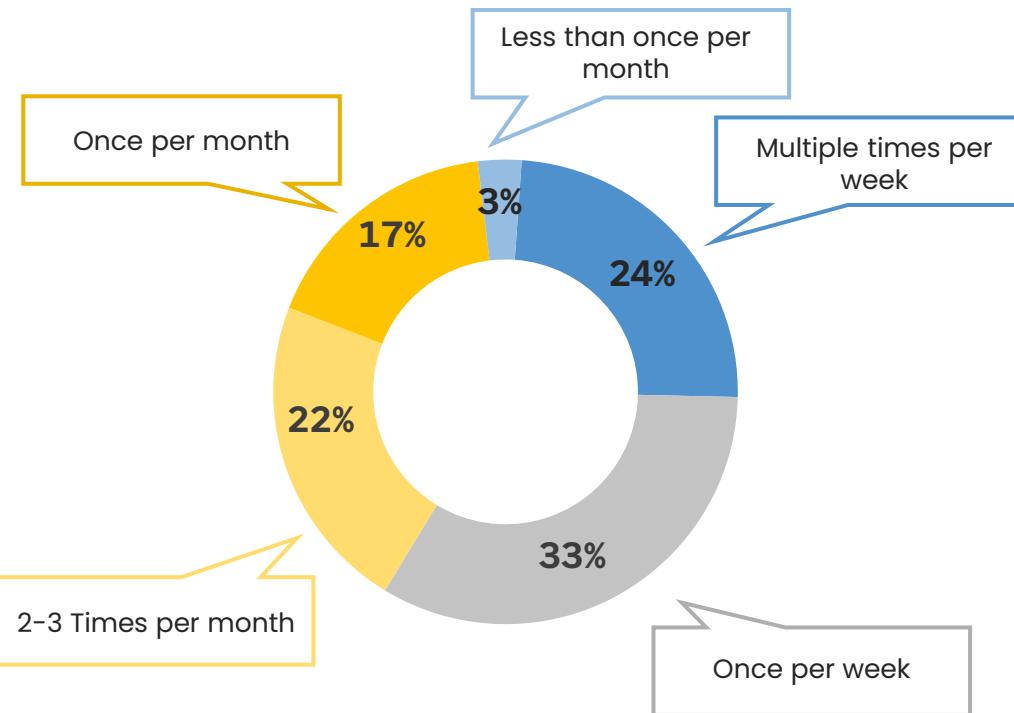
If first experience in a PE backed company, how does it compare to your previous role in the following categories?



Building the PE Ready Finance Function

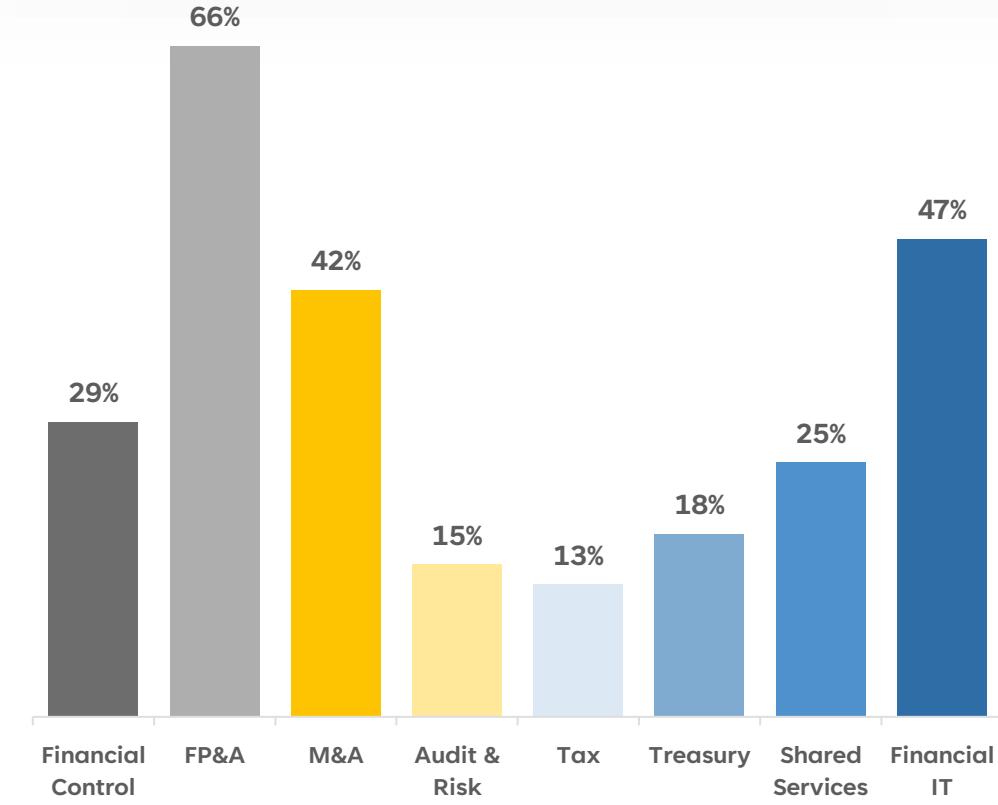
19

On average, how often do you have contact with your investor?



20

In what areas are you mostly likely to invest during the coming 12 months? (Check all that apply.)



Work Environment: On-site, at-home, hybrid?

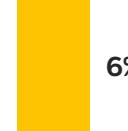
21

Which best describes your current work environment?

I work on-site in the headquarters location



I am primarily on-site in a non-headquarters location



I maintain an office at my company, but work equally from home and the office

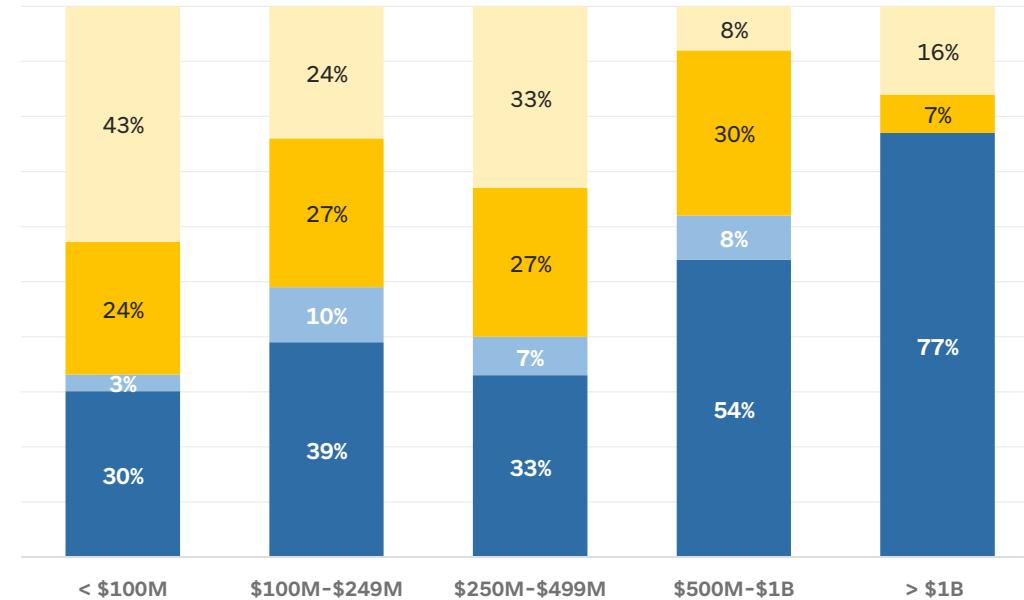


I work primarily on a remote basis



Work Environment by Revenue

■ On-site/HQ ■ On-Site/Non-HQ ■ Hybrid ■ Primarily Remote



CFO Mobility and Relocation

22

Which of the following best describes your situation?

My current position is in the same city as my former role.



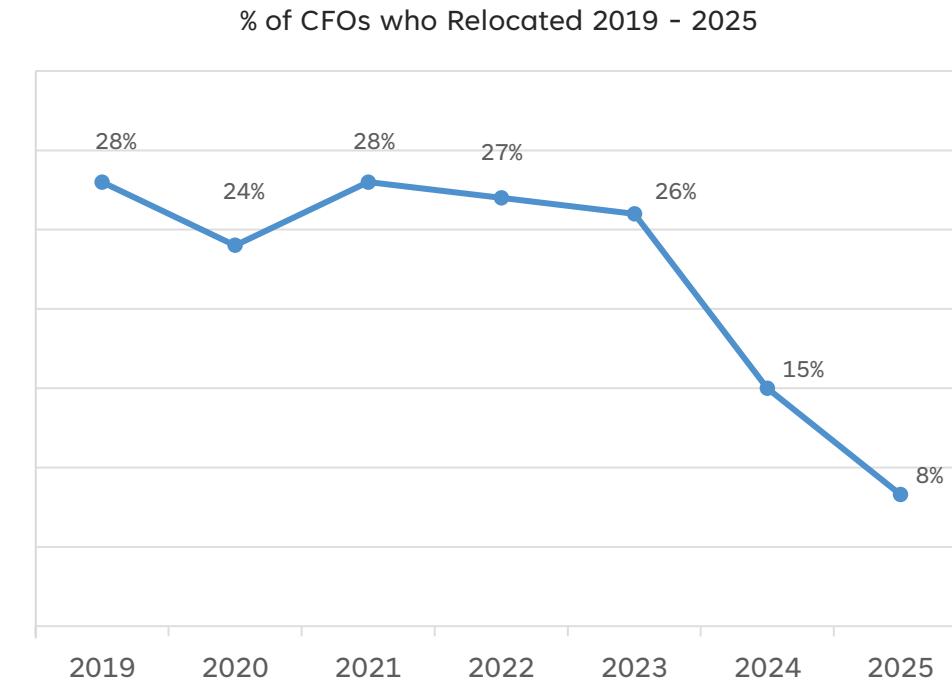
My current position is in a different city and I relocated.



My current position is in a different city. I maintained my previous residence and "commute" on a weekly or periodic basis to the new location.



Historic Relocation Rates



Base Salary Overall and by Revenue

24

What is your current base salary? (Overall distribution and mean/median by revenue)

> \$600k



\$501k - \$600k



6%

\$401k - \$500k



19%

\$351k - \$400k



18%

\$301k - \$350k



22%

\$251k - \$300k



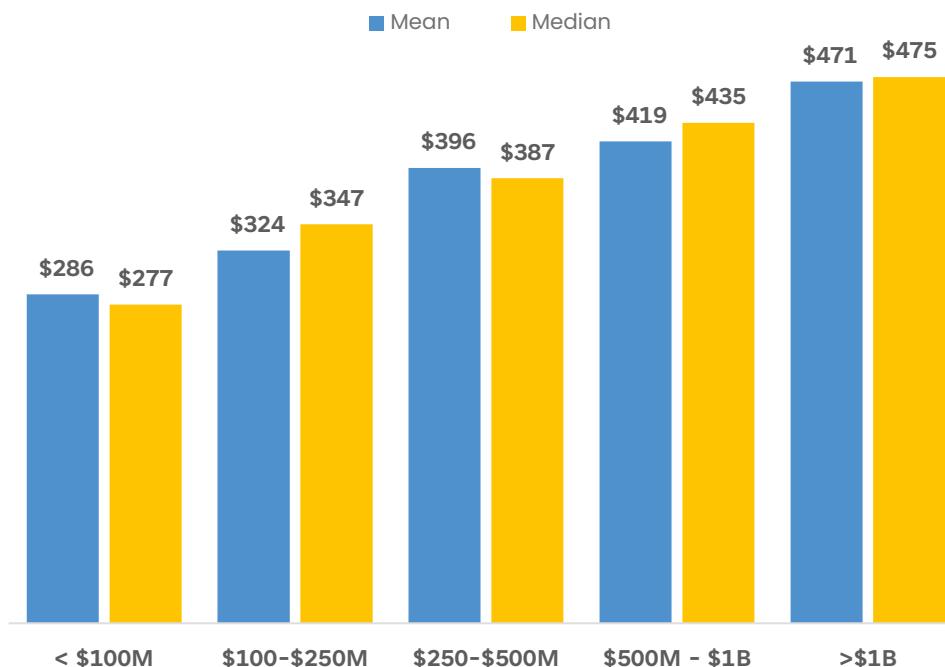
22%

Up to \$250k



10%

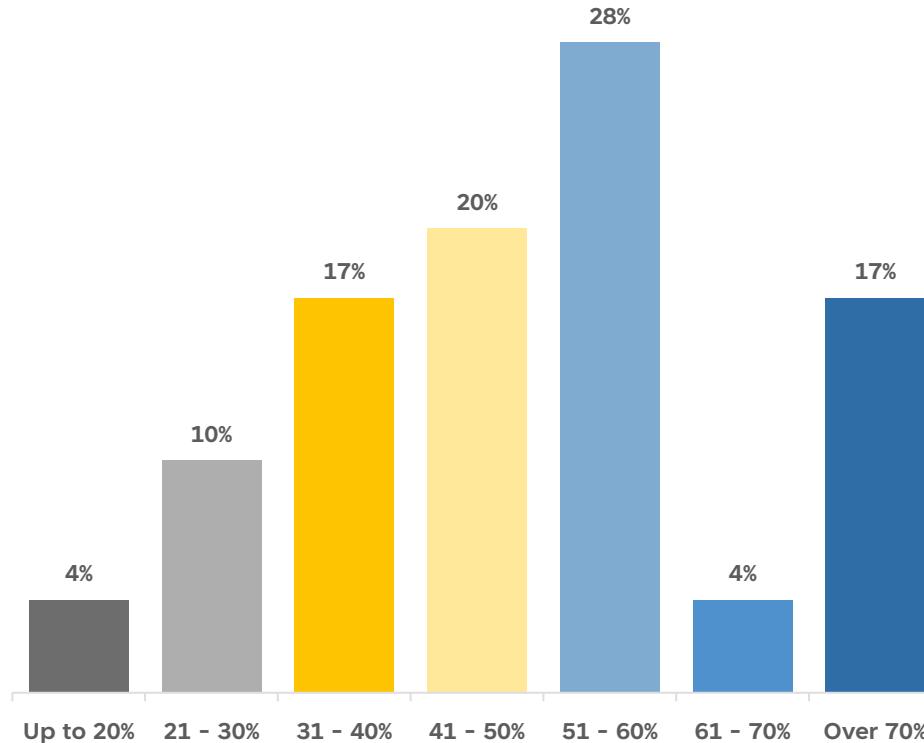
Current Base Salary (x \$1,000) by Revenue



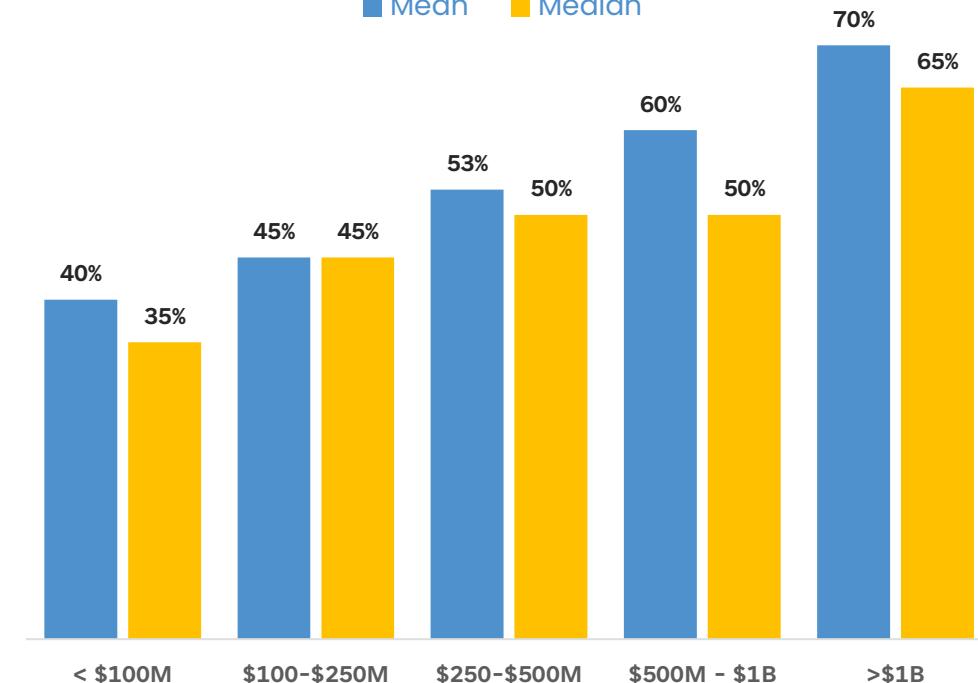
Target Bonus (% of Base) Overall and by Revenue

25

What is your current target annual bonus? (Overall distribution and mean/median by revenue.)



■ Mean ■ Median

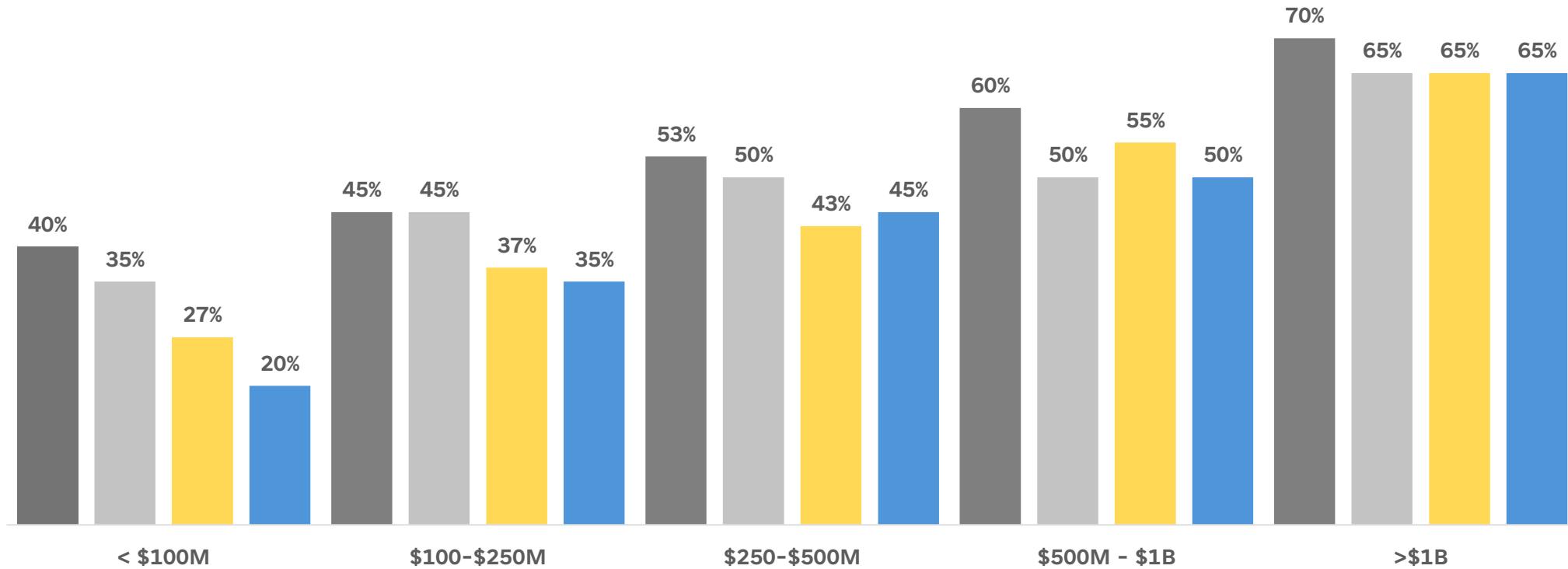


Target Versus Actual Bonus in 2025 (% of Base)

26

What was the actual bonus you received in 2025 performance?

■ Mean Target ■ Median Target ■ Mean Actual ■ Median Actual



Equity Participation Plan Structure

27

What is the basic structure of your equity participation plan?

Phantom Equity (appreciation rights, cash-base at exit, etc.)



Stock Options



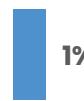
Profits Interest



Sweet Equity/Coinvestment Scheme



IRS 1202 Qualified Small Business Plan



Other (please describe)



Other Responses

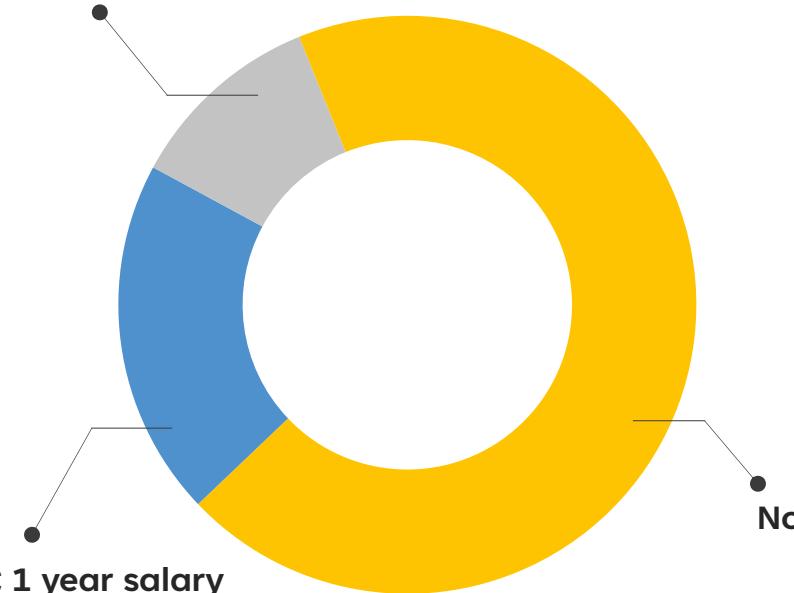
- Direct equity shares
- Membership Units
- Incentive units based on time and MOIC
- Sale Bonus

Equity: Coinvest and Vesting Norms

28

Did you invest your own capital in the Company?

Yes, >1 year salary



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How does your equity vest?

Time based only



Time based with acceleration at liquidity



Performance based (e.g., above a performance threshold) only



Performance based with acceleration at liquidity



Blend of time and performance



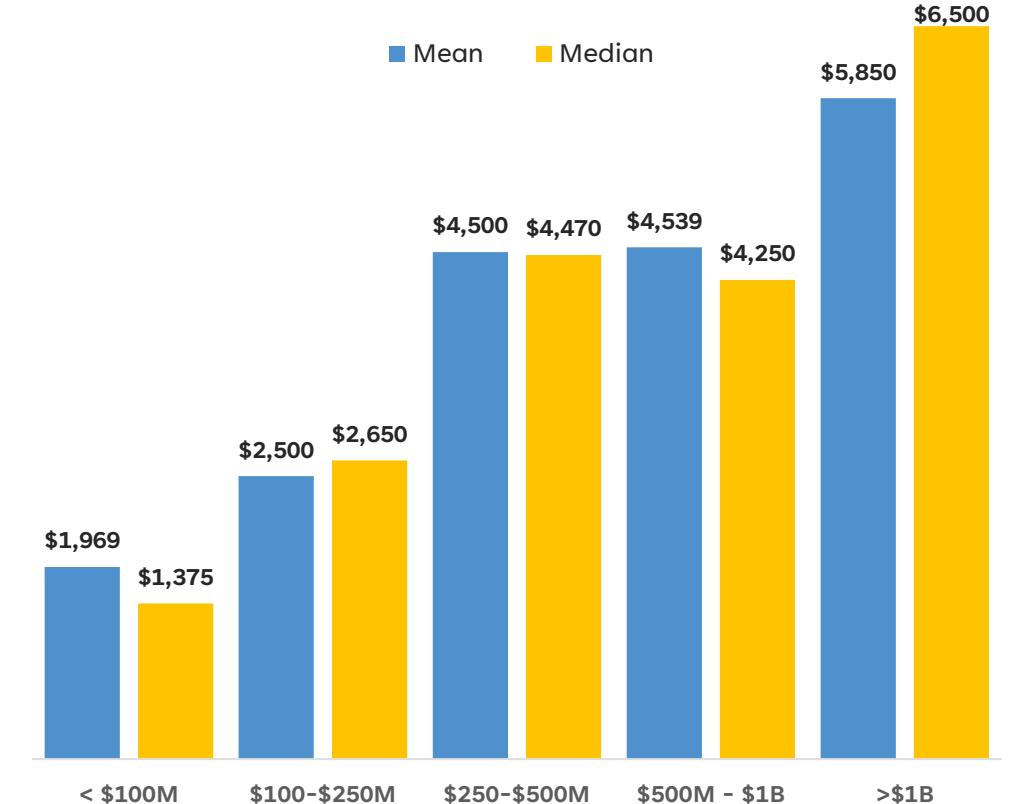
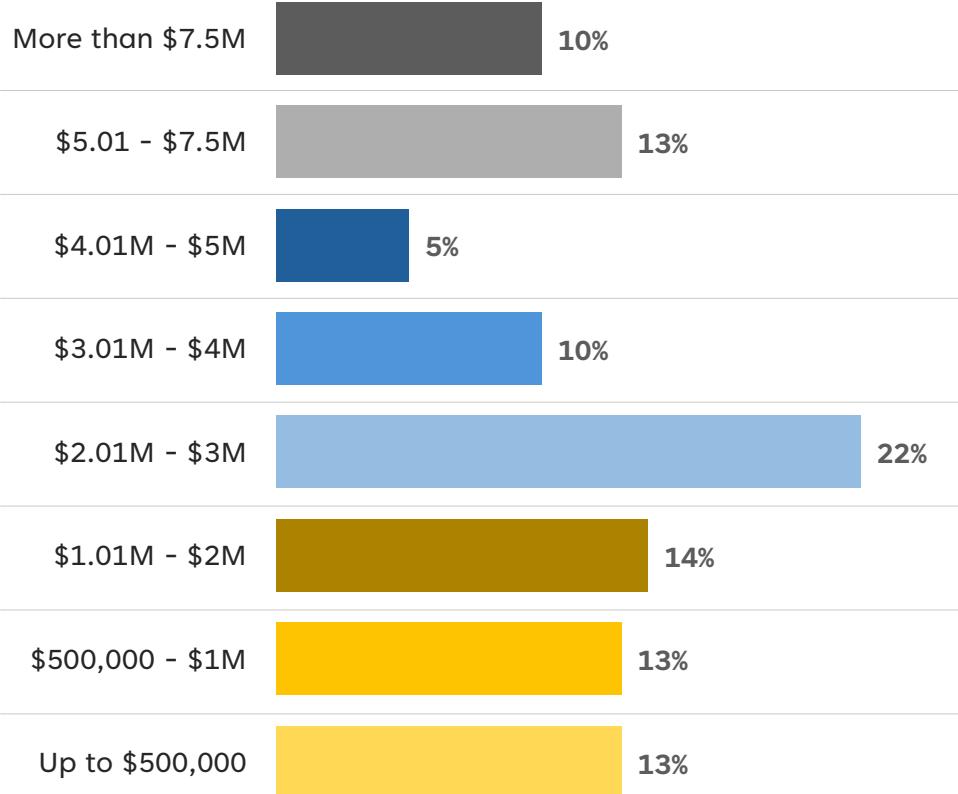
Blend of time and performance with acceleration at liquidity



Exit Value of Equity Overall and by Revenue

30

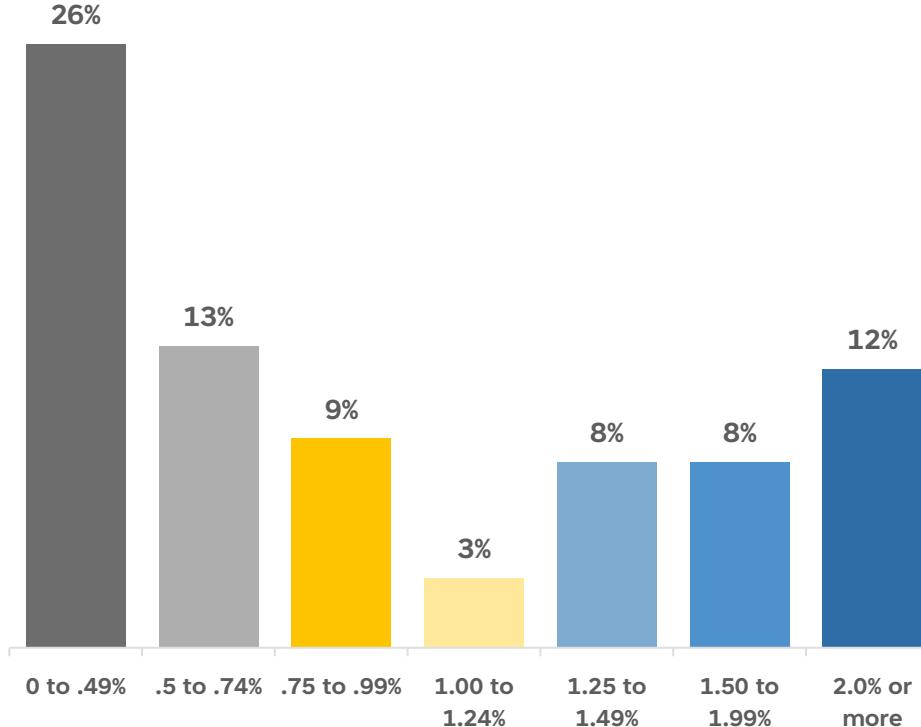
If your equity delivers against the expectation of the investment thesis, what gross proceeds (000's) do you expect at exit? (Overall and mean/median by revenue)



Exit Value of Equity Overall and by Revenue

31

What percentage of the fully diluted shares of your Company do you believe your equity grant represents?



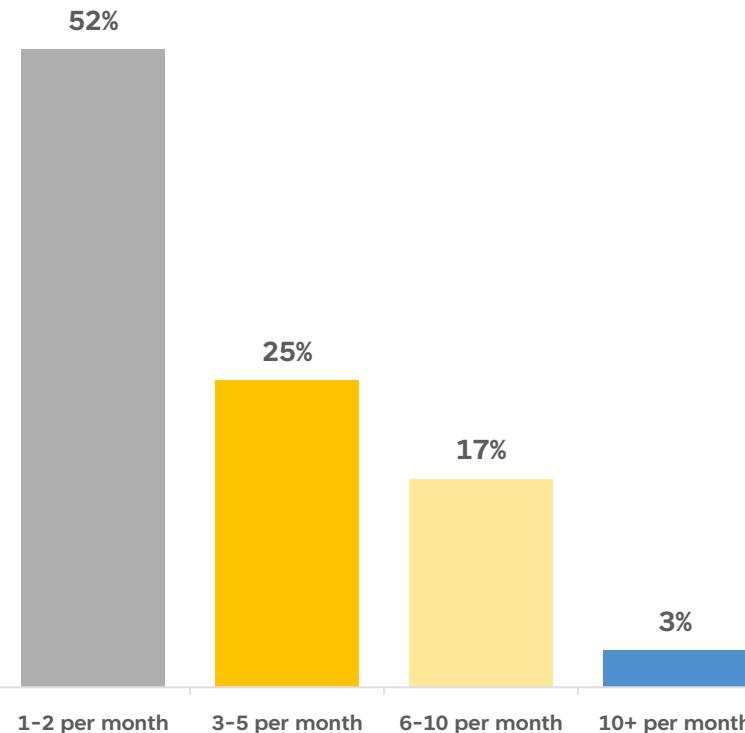
■ Mean ■ Median



Recruitment Activity and Business Outlook

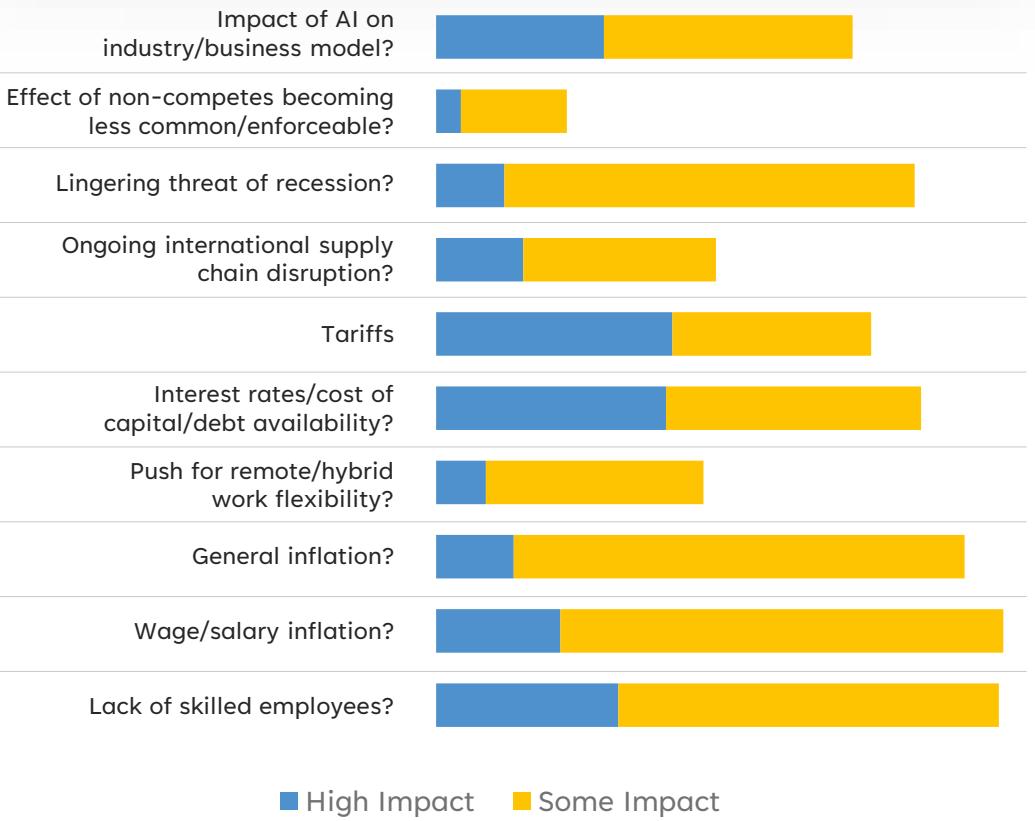
32

How many new CFO job opportunities are presented to you by investors or recruiters in the average month?



33

What impact do you think these factors will have on your business in the next 12 months?





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