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Q3 2026 CAPITAL MARKETS

MARKET UPDATE

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Q3 2026

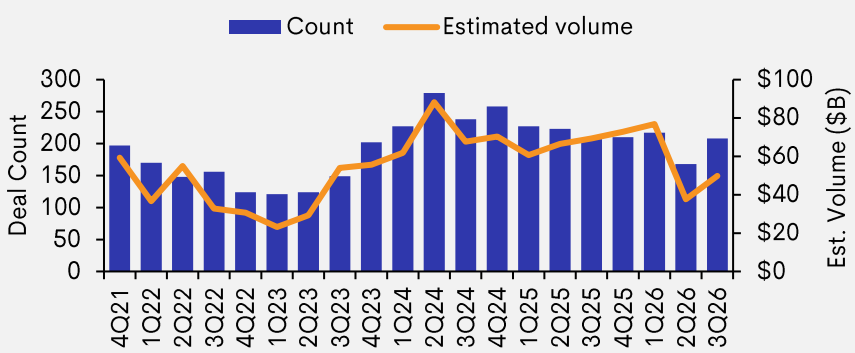
Capital Markets

US CREDIT MARKETS REVIEW

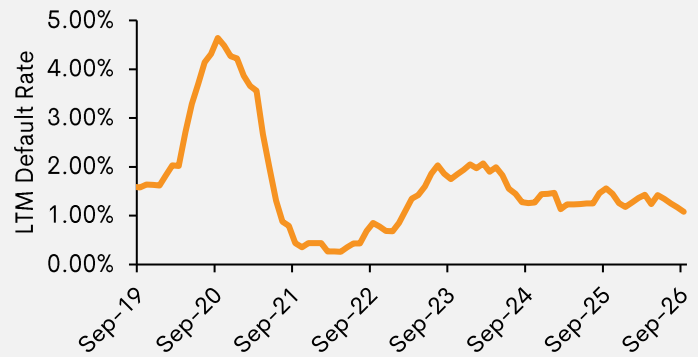
MARKET TRENDS

- Deal activity recovered in Q3 2026: deal count rose to 208 from 168 in Q2, and average deal size improved to ~$240MM from ~$225MM, though activity remains well below ~$355MM in Q1. YTD volume of ~$164B trails the same period of 2025 by ~16%, with deal count down ~10%
- Direct lending volume of ~$50B rose ~33% from ~$38B in Q2 but remained ~28% below ~$69B in Q3 2025
- LBO/M&A remained the largest use of proceeds, with PE-backed deal count rising to 79 from 66 in Q2. LBO/M&A share eased to ~61% from ~67% as "Other" purposes more than doubled to 27 deals, the second-highest level in the series
- Refinancing eased to ~12% of PE-backed deal count in Q3 from ~17% in Q2, as more refinancing volume shifted to the syndicated market
- New-issue leverage edged higher through Q3 2026, with average Debt/EBITDA of ~4.7x for all deals and ~5.3x for LBOs, up from 4.6x and 5.0x in 2025, even as LBO purchase multiples eased to ~10.7x from ~11.2x
- Leverage remains below 2021–22 peaks of 5.3x for all deals and 5.9x for LBOs
- Syndicated loan defaults (Morningstar LSTA US Leveraged Loan Index) declined to ~1.1% in September from 1.3% in June, but private credit default measures run higher, from 2.4% (Proskauer, Q3, a second straight quarterly decline) to a record 6.3% (Fitch, TTM through Q3)
- Headline rates understate stress: PIK introductions and interest deferrals (~50%) and stressed maturity extensions (~38%) account for nearly 90% of Fitch-tracked private credit defaults over the past 12 months, warranting continued monitoring as base rates rise following the Fed's September hike

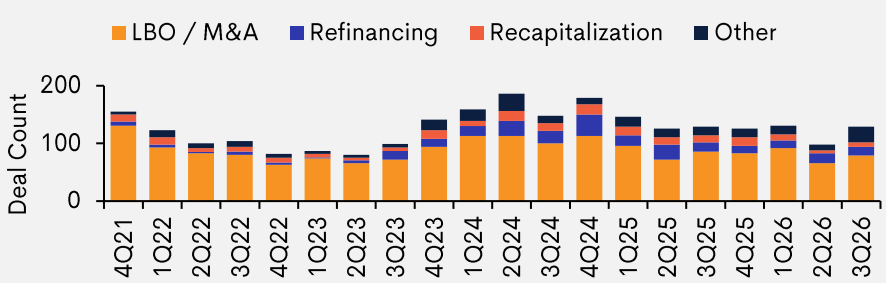
DIRECT LENDING DEAL ACTIVITY (Total)



LTM DEFAULT RATE – ISSUER COUNT[1]



DIRECT LENDING DEAL ACTIVITY (PE-Backed)



DEBT/EBITDA[2]



Source: G2 Insights; PitchBook | LCD; Morningstar LSTA US Leveraged Loan Index; Proskauer Private Credit Default Index (Oct. 27, 2026); Fitch Ratings, US Private Credit and Middle Market Performance Monitor: 3Q26 (Oct. 29, 2026); Federal Reserve. (1) Default rate is LTM number of defaulted issuers over the number of issuers at the beginning of the 12-month period. Includes all loans including those not included in the LSTA/TRLPC mark-to-market service. Primarily institutional tranches. (2) Includes US Transactions with $50MM or more in adjusted EBITDA.

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Q3 2026

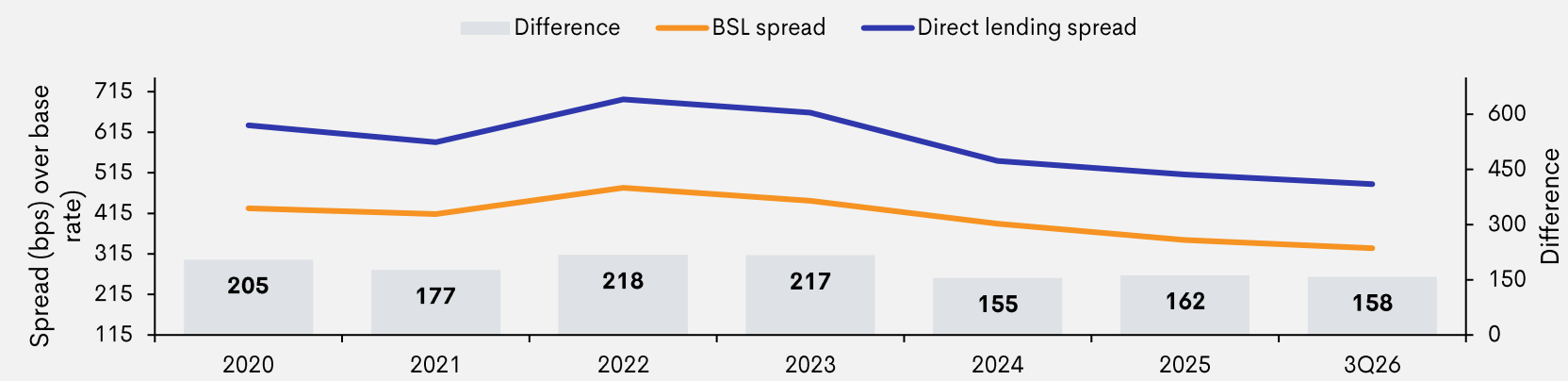
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US CREDIT MARKETS REVIEW

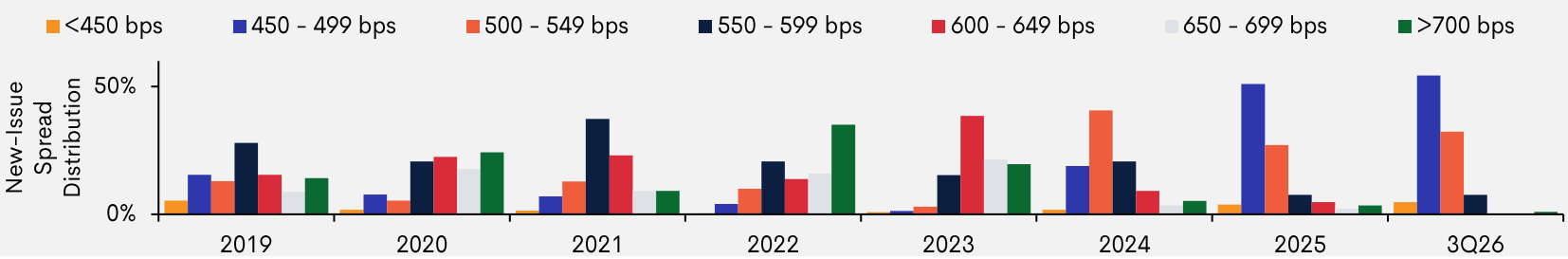
MARKET TRENDS

- The Fed raised rates 25bps on September 16 to 3.75–4.00%, its first hike since 2023, then held on October 28 with two members dissenting in favor of a future hike. Core PCE reached 3.3% in July. Combined with wider spreads, all-in unitranche yields rose to ~9.3–10.1% from ~9.0–9.7% in Q2
- Direct lending spreads widened through Q3: new-issue LBO spreads reached ~506bps in the three months through August vs. ~475bps in Q1, though the YTD average of ~487bps remains below ~511bps in 2025
- Spreads remain well below the nearly 700bps 2022 peak, with ~54% of YTD issuance pricing at 450-499bps, ~32% at 500-549bps and less than 10% at 550bps or wider
- Financing conditions remain selectively favorable for high-quality credits, as ample dry powder and intense lender competition continue to support liquidity
- The syndicated market reclaimed share in Q3, refinancing ~$16B of direct lending loans vs. ~$2.6B moving from BSL into direct lending. September M&A loan issuance of ~$31B was the highest since January 2022, pulling larger buyouts back to the BSL market
- The BSL–direct lending spread differential averaged ~158bps YTD (vs. ~162bps in 2025 and ~220bps in 2022–23), but the gap widened in Q3 as direct lending spreads moved wider while single-B BSL spreads tightened to ~S+412 from ~S+445 in June, driving the refinancing outflow
- Private credit continues to command a premium to BSL for structure, certainty of execution and flexibility. As larger deals return to the syndicated market, direct lenders are moving down-market, increasing competition for middle-market borrowers

BSL VS DIRECT LENDING SPREADS[1]



DIRECT LENDING NEW-ISSUE LBO SPREADS[2]



Source: G2 Insights; PitchBook | LCD; Federal Reserve FOMC Statements (Sept. 16 and Oct. 28, 2026); US Bureau of Economic Analysis; Valuation Research Corp., Private Market Trends: Q3 2026 (Oct. 2026); Sikich, Q3 2026 Credit Market Update (Oct. 13, 2026). (1) Direct lending spread data reflects senior secured first-lien loans and unitranche facilities. BSL data reflects loans issued to all leveraged borrowers. (2) Data reflects senior secured loans and unitranche facilities.

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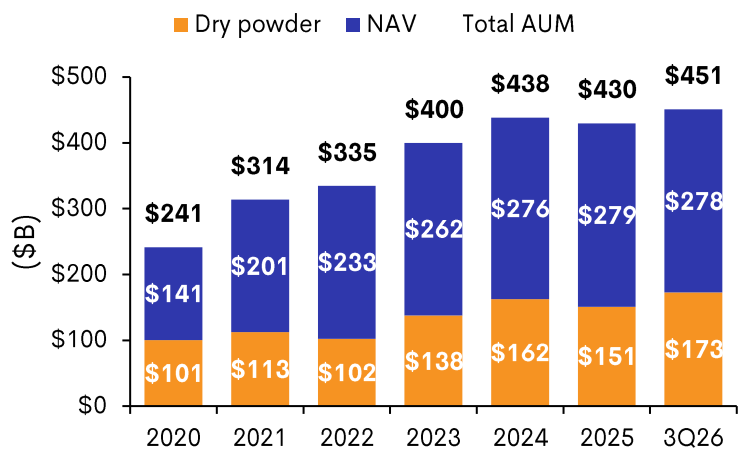
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US CREDIT MARKETS REVIEW

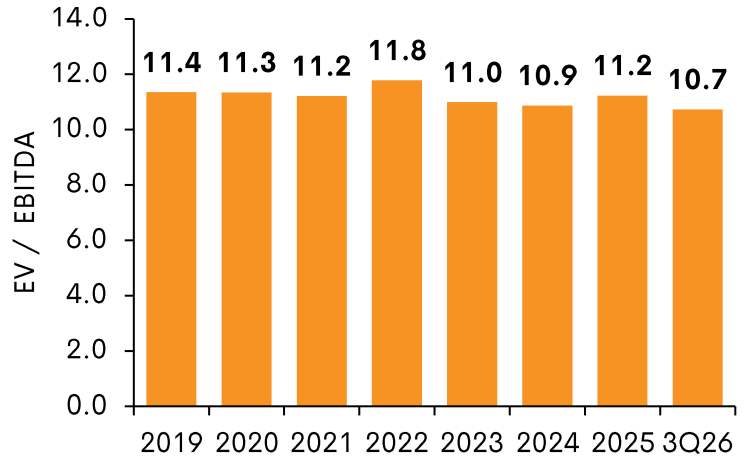
MARKET TRENDS

- The private credit market remains well capitalized, with US direct lending AUM rising to ~$451B as of Q3 2026 from ~$430B in 2025, including ~$173B of dry powder
- AUM grew ~5% through Q3 2026, driven by a ~$22B increase in dry powder, while NAV held flat at ~$278B as new deployment was largely offset by repayments and refinancings into the BSL market
- Direct lending fundraising reached a record ~$129B through the first nine months of 2026 (+35% YoY) while Q3 deployment fell ~28% YoY, increasing pressure to deploy and the risk of looser terms on spreads, leverage and documentation
- Purchase multiples moderated to ~10.7x (vs. ~11.2x in 2025 and the 11.8x 2022 peak). With LBO leverage rising to ~5.3x, debt now funds an implied ~49% of purchase price, up from ~45% in 2025 and back near 2022 levels, leaving a thinner equity cushion as borrowing costs rise
- A maturity wall continues to build as 2021–22 vintages enter refinancing windows. These credits carry median leverage of ~6.5x and interest coverage of ~1.7–1.8x vs. ~2.2x for 2024–26 vintages. Higher base rates add pressure: illustratively, at 5.3x leverage and S+500, each 100bps rise in base rates cuts coverage from ~2.1x to ~1.9x
- Across loans closed since 1995, defaults are spread across leverage levels: ~49% occurred at 4.0x-5.9x, where most deals are structured, ~28% below 4.0x and ~23% above 6.0x, a reminder that leverage alone has not always been a reliable predictor of credit stress
- Software is the clearest pocket of valuation stress: BDCs have marked down ~81% of software loans vs. ~40% outside the sector, and software is pricing ~50–100bps wider than the broader market. Fitch-tracked software defaults remain low (~0.6%), suggesting stress is showing up in marks and amendments ahead of defaults
- Retail vehicles face liquidity pressure: redemption requests at the largest non-traded BDCs averaged ~13% in Q3 vs. ~5% quarterly caps, and many public BDCs trade 10–20% below NAV, making lender selection and certainty of capital more important

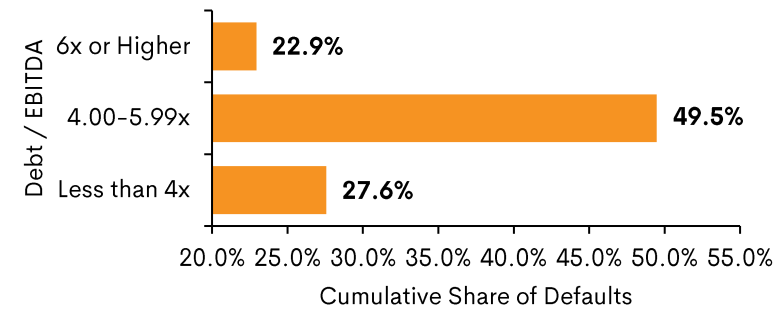
US DIRECT LENDING AUM



EV/EBITDA IN LEVERAGED BUYOUTS[1]



DEFAULTS by DEBT / EBITDA[2]



Source: G2 Insights; PitchBook | LCD; Preqin, as reported by Private Equity Wire (Oct. 2026); Valuation Research Corp., Private Market Trends: Q3 2026 (Oct. 2026); Houlihan Lokey, as reported by Reuters (Sept. 2, 2026); Fitch Ratings (Oct. 29, 2026). (1) Includes US Transactions with $50MM or more in adjusted EBITDA. (2) Comprises loans closed between 1995 and 3Q26.

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CAPITAL MARKETS OVERVIEW

Supporting Capital Structures with Expertise, Access, Insight and Robust Process Execution

G2's expertise streamlines the financing process ensuring efficiency, optimal deal structure, and a competitive outcome while minimizing client effort and disruption.

Timing	*Minimize client time & resources and strict timeframe*
Process	*Acute attention to detail from beginning to end*
Efficiency	*Targeted outreach attracts specialized lenders*
Cost	*Highly competitive dynamics generate advantageous pricing*
Structure	*Various structure choices for optimal outcome*

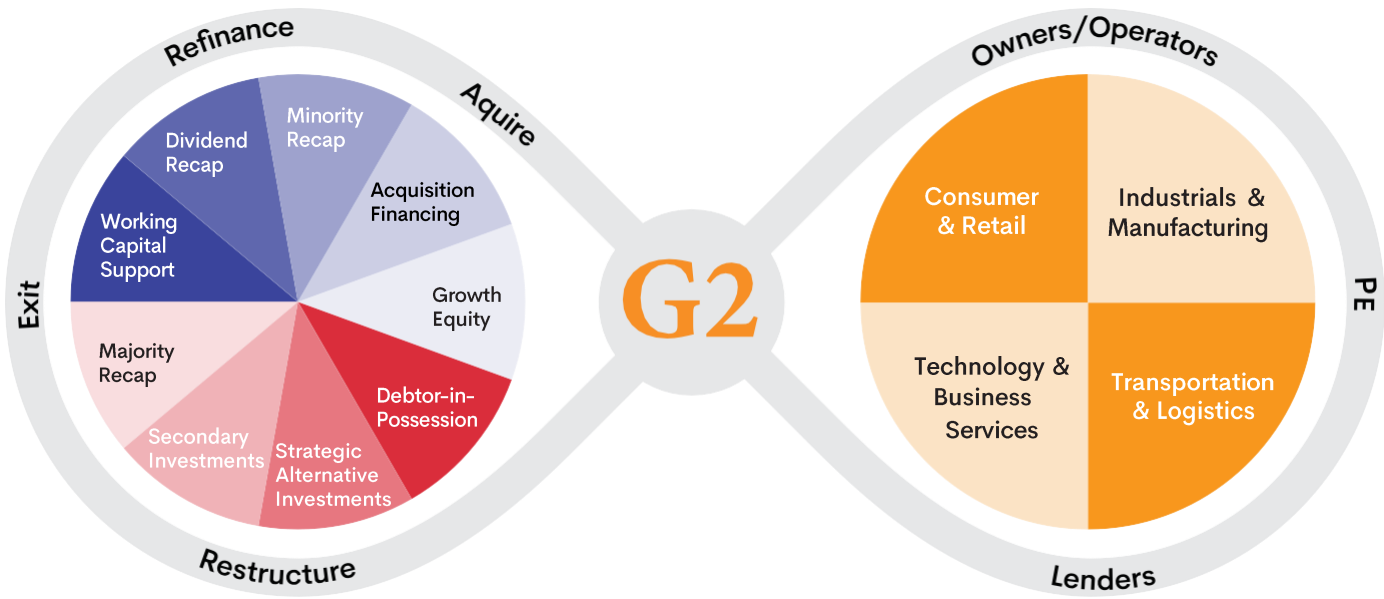
By The Numbers:

650+
Transactions executed

1500+
Lenders in G2 network

$3B+
Debt Capital Raised

235
Firm's combined years in lending



Typical Structures

- Senior Secured
- Growth Equity
- Acquisition Financing
- Asset-based Lending (ABL)
- Unitranche
- Minority Equity
- Mezzanine / Sub Debt
- Dividend Recap
- Structured Equity

Credit Expertise:

Deep understanding of credit positioning, real-time market insights and trends enables us to create a multitude of viable financing options

Access to Key Lenders:

Strong connections with debt and equity decision-makers allows direct engagement with key stakeholders, that drive certainty of close

Industry Expertise:

We achieve a lower cost of capital by demonstrating industry depth and negotiating solutions informed by sector dynamics.

Robust Process Execution

Acute attention to detail and a proprietary process provides a comprehensive exploration of financing options, positioning our Clients for the best possible outcome.

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MARKET UPDATE

FEATURED G2 MANDATES

While holding periods continue to stretch, opportunities to create value haven't disappeared. G2 continues to execute capital markets engagements, helping clients navigate complexity, unlock value, and successfully close transactions.

Consumer & Retail

BELCAM BEAUTY

ABL Revolver

MIDCAP

Capital Markets

About the Mandate:

G2 successfully secured a new asset-based revolving credit facility for Belcam. The new facility provides a senior secured revolving line of credit, delivering enhanced working capital flexibility and financial support for Belcam's continued growth across retail and e-commerce channels.

Technology & Business Services

Project Bonefish

Capital Markets

About the Mandate:

G2 has been engaged to raise junior capital for a residential HVAC company.

Consumer & Retail

Project Gamer

Capital Markets

About the Mandate:

G2 has been engaged to arrange a credit facility for a creator-led digital media platform.

Industrials & Manufacturing

Project Cobalt

Capital Markets

About the Mandate:

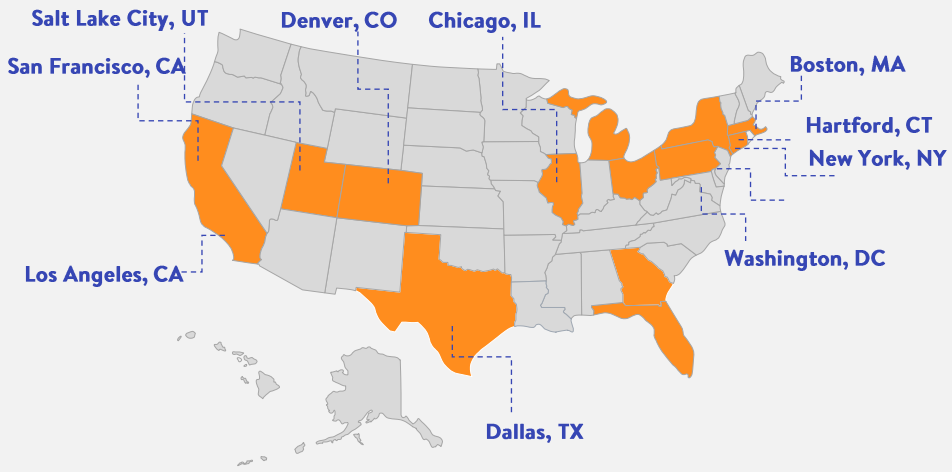
G2 has been engaged to lead a capital raise for a manufacturer of fire-rated HVAC and enclosure systems.

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FIRM OVERVIEW

Overview:

- 650+ mandates in 15 years
- $6B+ total executed transaction value
- Extensive industry experience
- Strategic, lender and sponsor relationships
- Active touchpoints with logical sellers and buyers



Sector Expertise:

Industrials & Manufacturing

I&M Focus Sectors:

- Niche Manufacturing
- Industrial Services
- Building Products
- Metals & Materials
- Containers & Packaging

Transportation & Logistics

T&L Focus Sectors:

- Asset-Based Transportation
- Final Mile Delivery
- Freight Brokerage
- Warehouse & Distribution
- International Logistics

Technology & Business Services

TBS Focus Sectors:

- IT Services & Cloud Solutions
- Outsourced Business Services
- Facility Services
- Tech-Enabled Services & Software

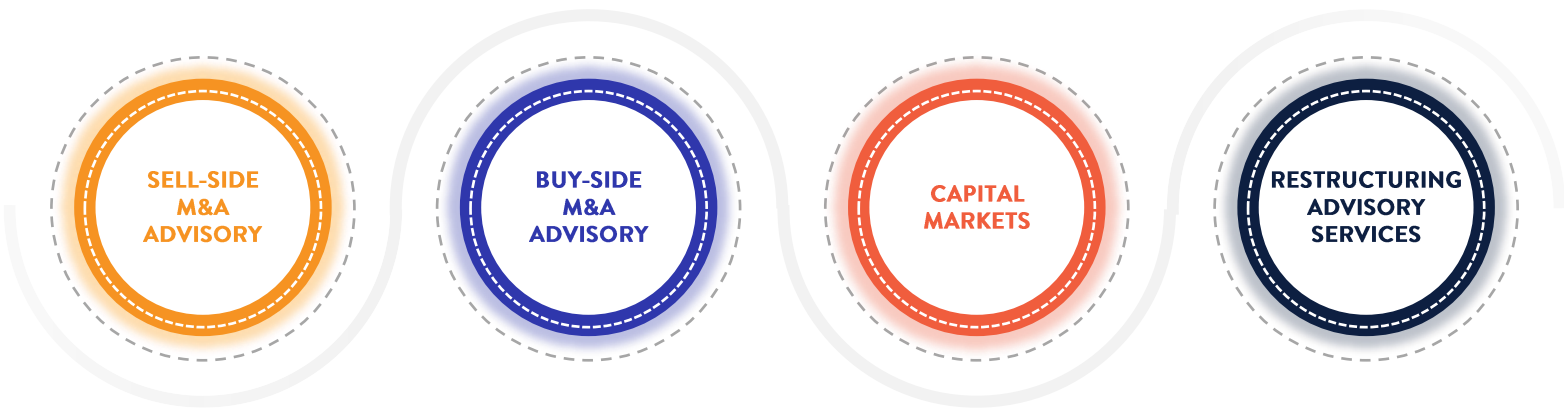
Consumer & Retail

C&R Focus Sectors:

- Multi-Unit Consumer
- Food & Beverage
- Health & Wellness
- Consumer Goods

A Multi-faceted Platform:

Focused on crafting bespoke operational and financial advisory solutions for our corporate and investor clients. G2 works with clients across a range of situations.



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