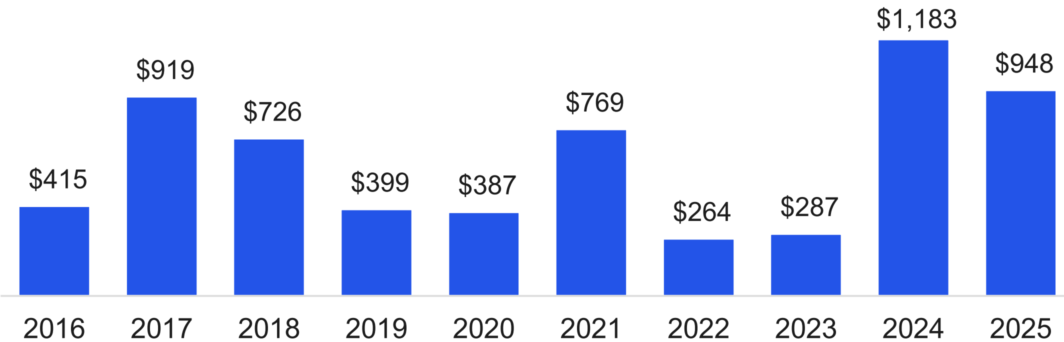
Financing Market Updates

2025 Syndicated Leveraged Loan Activity Was the Second Busiest Year on Record, Behind 2024 . . .

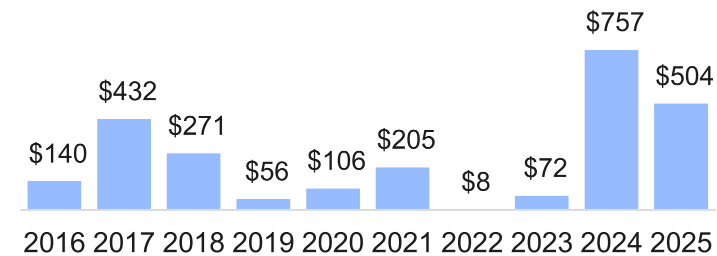
Despite post-Liberation Day volatility and a more uncertain macro environment, BSL market activity was robust, driven primarily by refinancings and repricings

- Against the backdrop of a strong secondary market and multiyear low spreads, repricings constituted half of 2025 BSL market activity, with a total of appx. $1.3 trillion of term B loans (TLBs) repriced in the last two years (almost the entire $1.4 trillion outstanding in the TLB market at the end of 2023), per Pitchbook

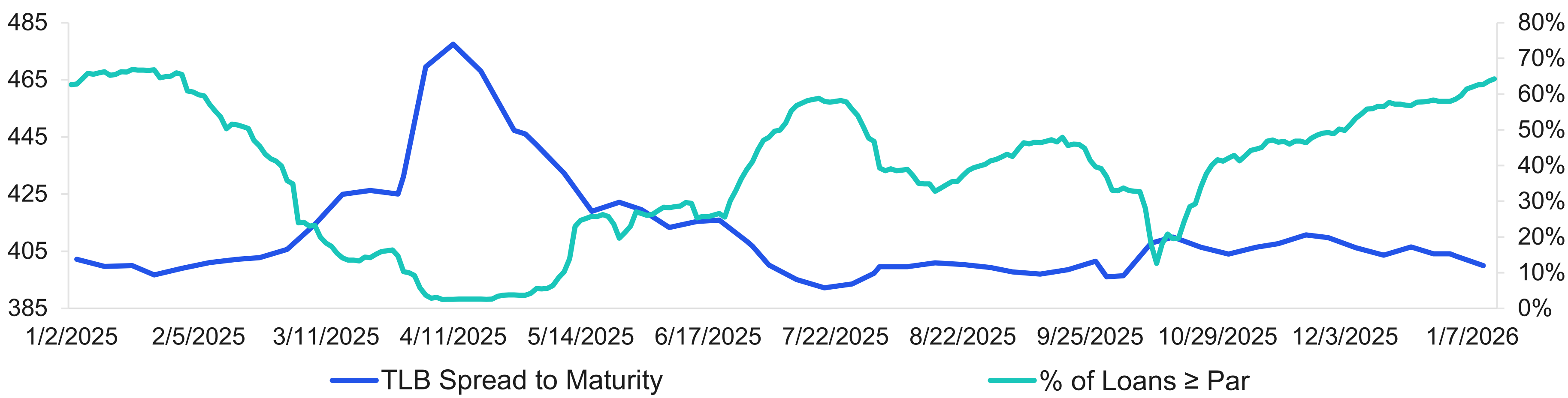
BROADLY SYNDICATED TLB ISSUANCE ($B)



BROADLY SYNDICATED TLB REPRICING ACTIVITY ($B)



TLB MARKET OVERVIEW

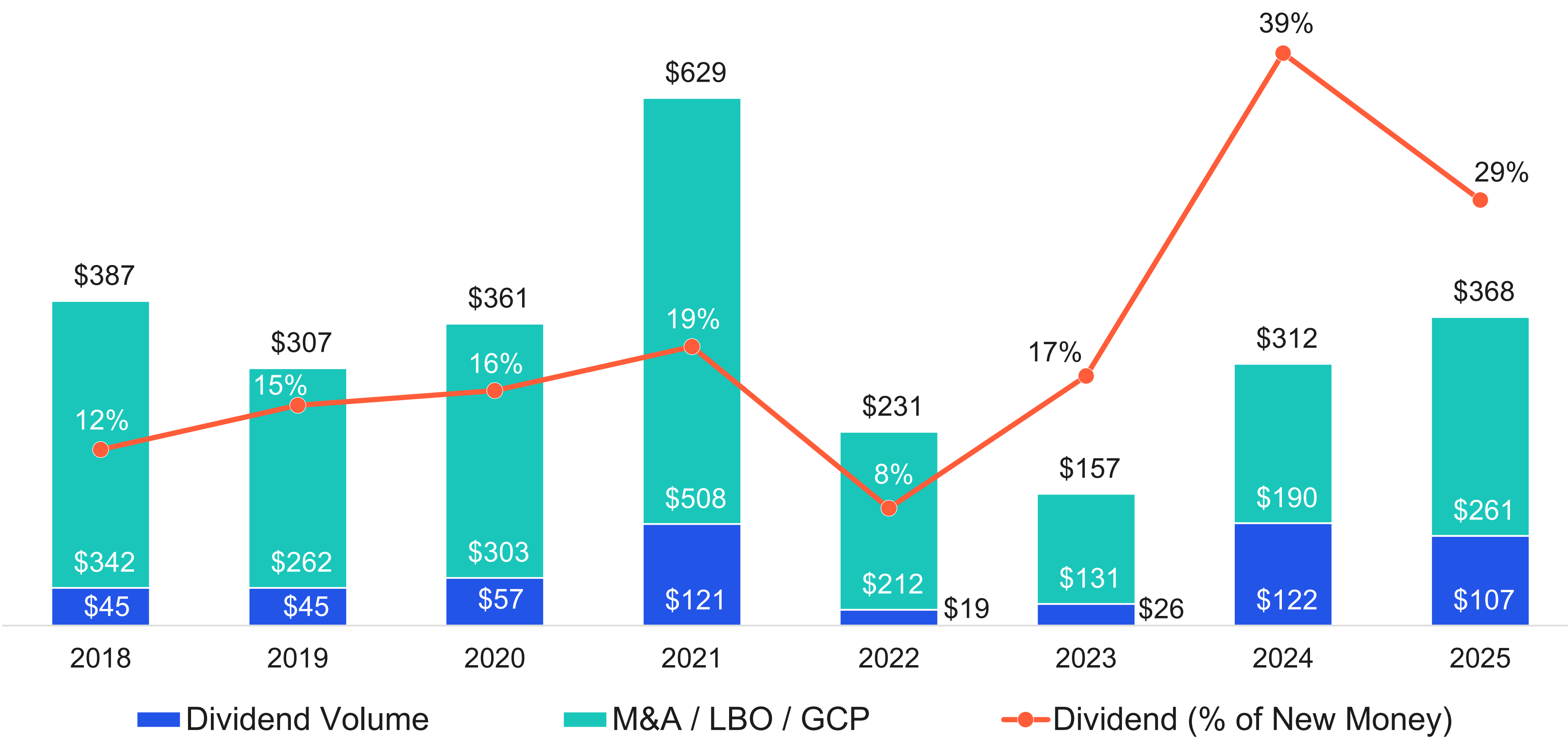


Source: Top left chart: LSEG LPC, December 2025. Top right chart: PitchBook, LCD; data through December 19, 2025. Bottom chart: data through January 13, 2026

. . . With Dividends Driving a Significant Percentage of the Limited New Money* Activity …

In a more muted exit environment, dividend recap activity soared, with dividend-driven BSL market activity reaching the highest annual total since the Global Financial Crisis, per Pitchbook

SYNDICATED LEVERAGED LOANS AND HIGH YIELD BONDS (M&A / LBO / GCP) VS. DIVIDEND VOLUMES ($B)

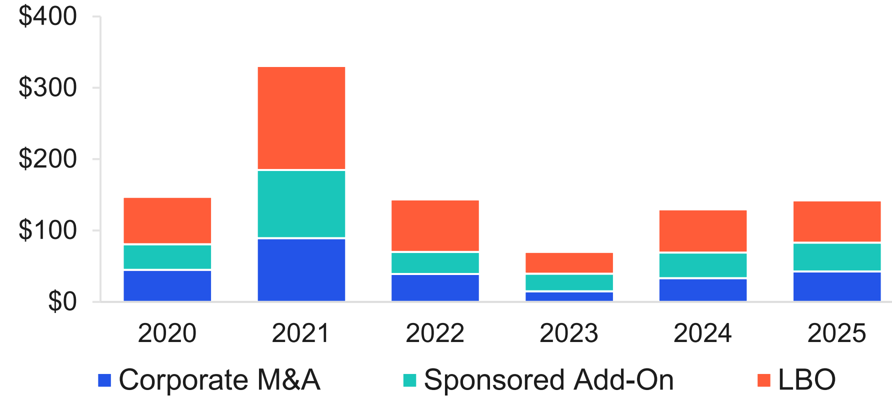


Source: Credit Sights, data as of December 19, 2025
* New Money consists of M&A / LBO / Dividend / GCP use of proceeds

...as M&A-Driven Loan Supply, While Rising, Was Still Muted. .

While tariff volatility and broad macroeconomic uncertainty continued to dampen new money supply, M&A-driven BSL issuance still rose for the third consecutive year

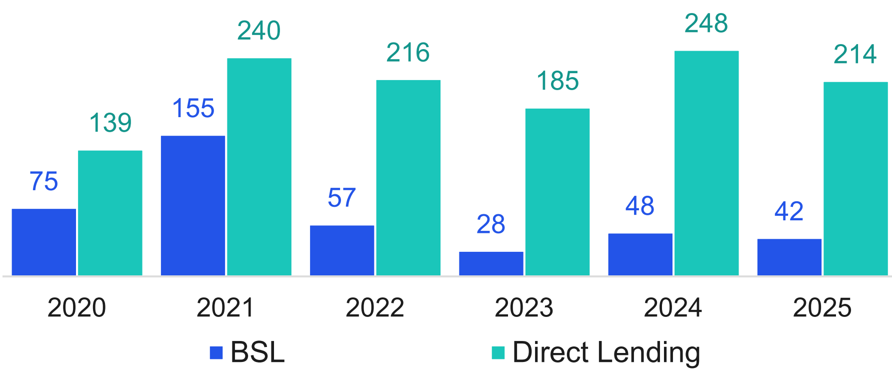
M&A-RELATED BROADLY SYNDUCATED LOAN VOLUME ($B)



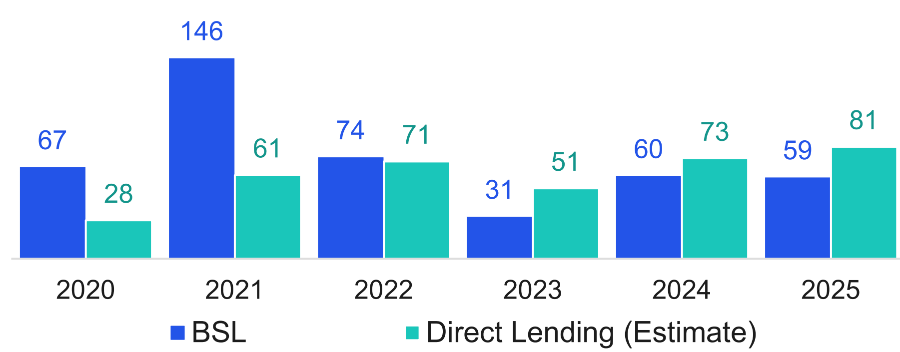
. . . Leaving the Private Credit and BSL Markets to Continue to Compete for LBO Financings . .

While 214 LBOs (or 84% of LBOs by count) were financed in the private credit market in 2025, 42% of LBOs by volume were financed in the BSL market — a closer margin when comparing the two markets due to the large number of jumbo loans in the strengthening BSL market (46 v. 36 over the same period last year, per Pitchbook)

COUNT OF LBO DEALS FINANCED IN BSL VS DIRECT LENDING MARKET



NEW-ISSUE VOLUME FOR LBOS FINANCED IN BSL VS DIRECT LENDING MARKET ($B)



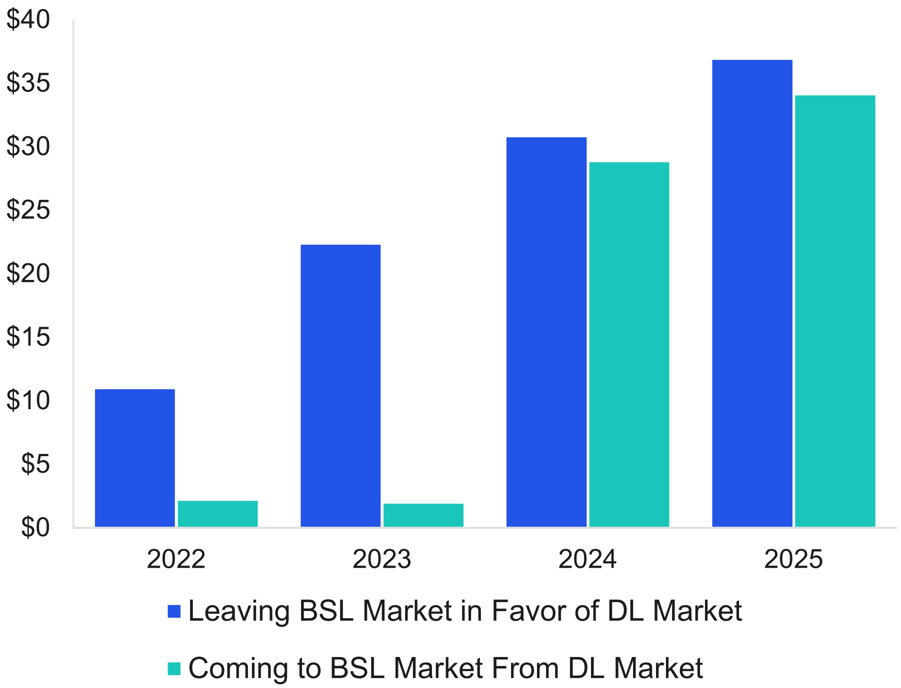
Source: Top chart: PitchBook, LCD; data through December 19, 2025. Bottom charts; data as of December 31, 2025
Note: Deal count is based on transactions covered by LCD News

. . . Which Put Pressure on Pricing, Causing Borrowers to Continue to Move Between Markets in Search of the Best Terms

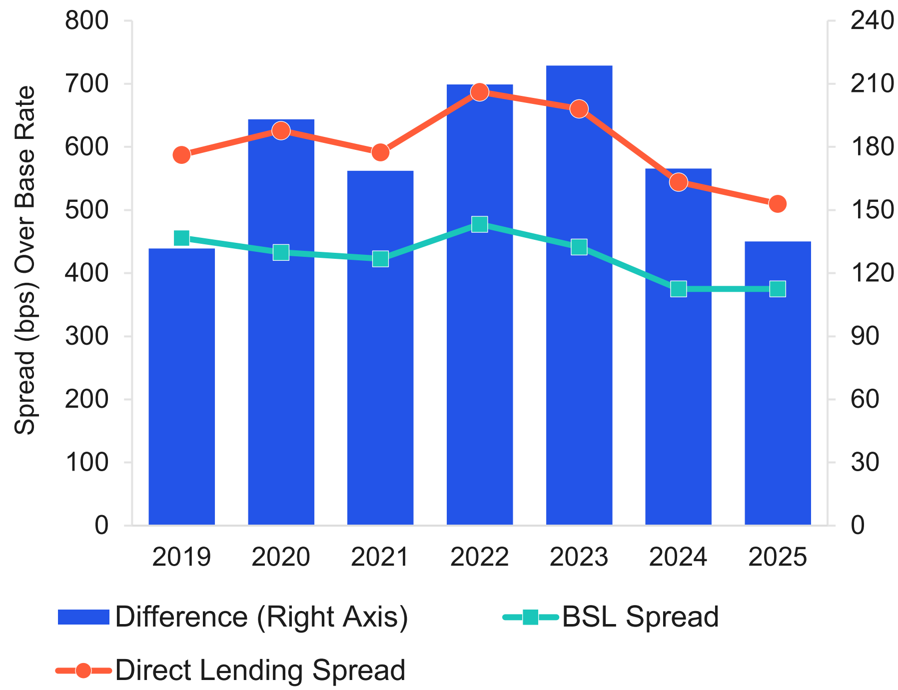
2025 saw the highest volume of cross market activity between the BSL and direct lending markets since LCD began tracking the data in 2022, with 40 borrowers moving in each direction

- The 40 borrowers moving to the BSL market benefited from significant interest cost savings, reducing the spread by an average of 226 bps, per Pitchbook
- Borrowers moving from the BSL to the directing lending market skewed towards B-minus credits (66%) with near-term maturities (33% of last year's BSL takeouts refinanced loans maturing in 2025 or 2026)

SYNDICATED LOANS AND DIRECT LENDING TAKEOUTS ($B)



SPREAD OF LBOS FINANCED IN BSL (B-MINUS BORROWERS) VS DIRECT LENDING MARKET*



Source: PitchBook, LCD; Geography: U.S., data as of December 31, 2025

* Direct lending spread data reflects senior secured first-lien loans and unitranche facilities. BSL data reflects loans issued to borrowers rated B-minus

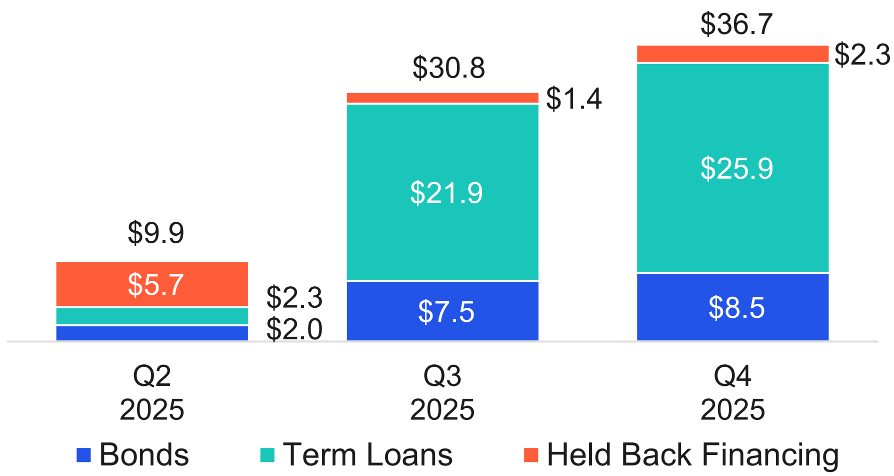
Acquisition Financing & 2026 Outlook

Strong demand for large LBO and others deals coming to market early January shows that despite macro events, the market remains resilient and eager for deals. With low spreads, lower base rates and substantial dry powder expected to continue to create strong M&A momentum, leveraged finance activity is expected to be robust

PIPELINE

- The current announced LBO pipeline remains elevated but manageable at ~$36 billion, with new money supply / demand imbalances still strongly favoring borrowers as investors remain eager to deploy capital
- Sponsors and borrowers continue to leverage both the BSL and private credit markets by running dual track processes in an effort to maximize certainty of funds and optimize spreads

ANNOUNCED LBO FINANCING PIPELINE ($B)*



HOLOGIC'S HOT MARKET RECEPTION

- The first week of January brought a slew of repricings and more than $10 billion in LBO financings to market, including $7.25 billion backing Blackstone and TPG's buyout of Hologic — the largest US LBO TLB since Medline in 2021, per Pitchbook
- In a sign of the hot market, the $7.25 billion TLB was upsized from $5 billion due to high demand from investors, while the TLA was downsized from $2 billion to $1.25 billion per Bloomberg, meaning banks will hold less debt on their balance sheets. The privately placed 2L was reduced to $1.5B from $2B, per Bloomberg
  - The deal's oversubscription is a positive signal for the robust pipeline of LBO loans that banks underwrote late last year and will look to sell in the coming months
- Hologic priced at S+225 for the USD tranche (down from talk of S+275-300) — the tightest spread for any LBO of a B+/B1 borrower since 2007 — and E+ 275 for the euro tranche (down from talk of E+300–325), per Pitchbook
- The successful syndication at the low clearing spread levels could spur other deals to come to market earlier than expected as borrowers may seek to take advantage of constructive market conditions even if that means paying a ticking fee

Source: Lazard Global Capital Solutions report, January 2026
* Excludes announced LBOs where the final financing structure hasn't been disclosed

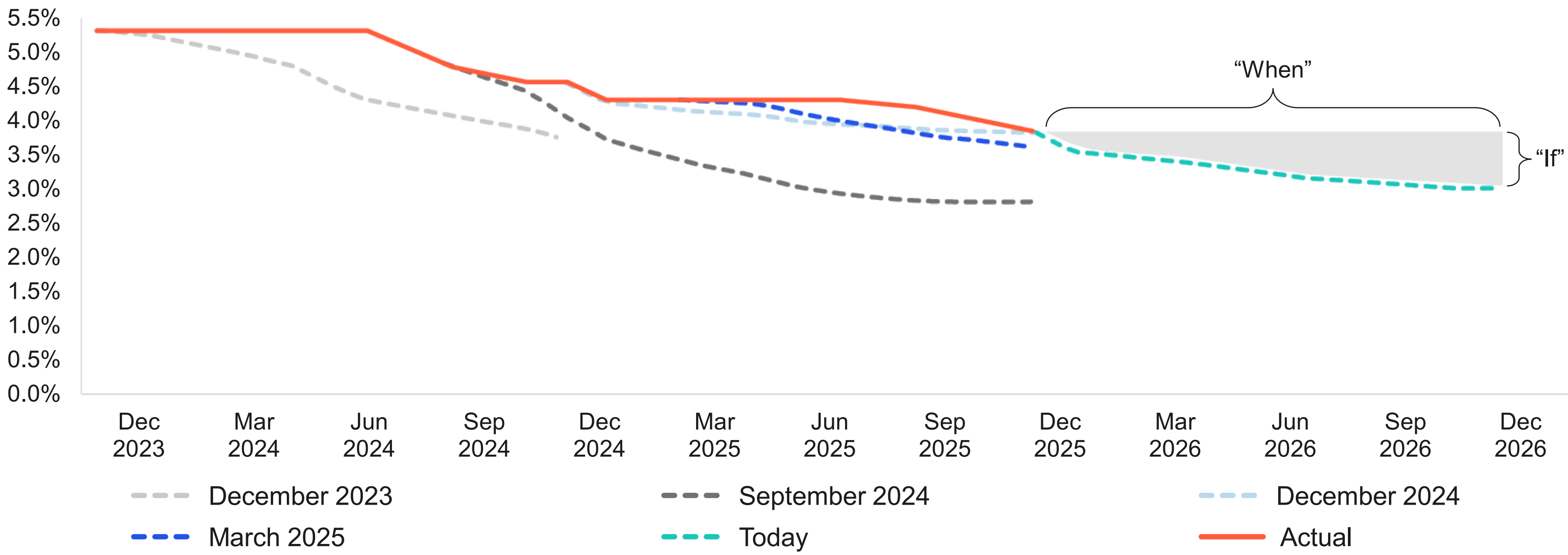
Macro Considerations & 2026 Outlook

The financing markets continue to remain resilient despite elevated geopolitical tensions. Still, it remains to be seen whether macro events will leave new deal activity in a stalemate, and what impact, if any, geopolitical tensions, shifting tariff policies and the timing of rate cuts will have on companies facing liquidity pressures or impending maturity walls

MACRO OUTLOOK

- Developments involving Venezuela were met with some caution in global markets amid concerns about a potential effect on energy prices, though there has been little immediate impact on credit market pricing and deal activity
- While oil and gas issuers — most likely to be impacted by an increase in oil supply — are a significant component of the high yield market, high yield spreads reached a 10-month low of 308 bps in early January, while yields have fallen to 6.71% — the lowest level since the Fed started to hike rates in 2022, per JPM
- With respect to rates, with the December jobs report showing the unemployment rate stabilizing, J.P. Morgan Global Research expects the Fed to hold rates steady through 2026 at 3.5–3.75% until a projected 25 bp hike in 3Q27

FED FUNDS FORWARD CURVE AT DIFFERENT DATES



Source: Bloomberg; data as of December 19, 2025

The Expanding Private Credit Market (1/2)

While private credit first began as a middle market direct lending product primarily to sponsored borrowers, it has rapidly grown both in size and scope into a solutions-oriented market that spans multiple asset classes and products for sponsored and non-sponsored borrowers, including public companies

- While public companies have traditionally relied on syndicated loans or revolvers arranged by banks for capital, they are increasingly looking to private credit for capital solutions as the market has grown, with several private credit funds creating strategies targeting public companies
- Private credit's interest in financing public companies is partially tied to its efforts to diversify into more investment-grade opportunities, providing an alternative to the long-standing dominance of public bond markets and commercial bank lending for highly rated issuers
  - In the US market alone, investment-grade technology companies raised upwards of $157 billion of private credit in 2025 through late September, a 70% increase over the previous year, per Bloomberg
- Private credit funds also increasingly lend to private non-sponsored borrowers (such as family owned businesses) and smaller public companies, whose loans typically yield higher economics at lower leverage while funds aid in the professionalism of the business

Across the Capital Structure	▶ The private credit market extends beyond senior direct lending loans to include junior debt, distressed debt, structured debt, opportunistic credit, infrastructure debt, real estate lending and asset-backed finance, among other strategies
Across Companies of All Sizes	▶ Companies of all shapes and sizes increasingly turn to the private credit market, from VC-backed companies to middle-market and large-cap corporations, including both private and public entities
Across the Credit Spectrum	▶ Private credit lenders are active across the credit rating spectrum from investment-grade borrowers to leveraged credits and stressed or distressed situations

> "Public companies are partnering with private lenders more often . . . They're looking for creative solutions and something that can be tailored to them."
>
> — Brad Marshall, Global Head of Private Credit Strategies
>
> Blackstone

> "We're at the early stages of a huge expansion in the investment-grade private credit universe, but the media has often characterized it all as leveraged lending. Our business is primarily investment-grade and it will be twice the size it is now by the end of the decade."
>
> — Marc Rowan, CEO APOLLO

The Expanding Private Credit Market (2/2)

What used to be a $1.7 trillion middle market sponsor direct lending product has evolved into a $40 trillion addressable market (a majority of which is investment grade), spanning liquid credit, direct lending, niche credit, structured credit, opportunistic credit and distressed debt for public and private companies

~$1.7
Trillion Addressable Market[1]
Middle Market Sponsor Lending

THEN — Private Credit — NOW

~$40
Trillion Addressable Market[2]

LIQUID CREDIT
- Rescue / DIP Loans
- Revolvers
- Leveraged Loans

DIRECT LENDING
- Non-Sponsor
- Recurring Revenue
- Asset-Backed
- Sponsor

NICHE CREDIT
- Real Estate Debt
- Energy Mezz Debt
- Infra Debt

STRUCTURED CREDIT
- ABS
- CLO
- Structured Private Credit

OPPORTUNISTIC CREDIT
- Capital Solutions
- Market Dislocations
- Platform Buildups

DISTRESSED DEBT
- Special Situations
- Rescue / DIP Loans
- Distressed for Control

HYBRID INSTRUMENTS
- Debt Like Preferred Equity
- Structured Capital
- Other Bespoke Contractual Arrangements[3]

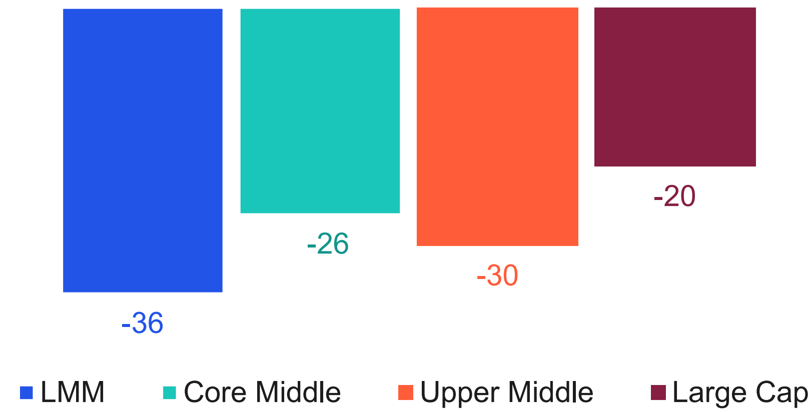
1. Preqin Private Debt AUM as of June 2023
2. Represents the views and opinions of Apollo Analysts. Not an exhaustive list. Subject to change at any time without notice
3. Typically function as kickers to share in the equity upside

Large Cap Private Credit Spreads May Have Hit Bottom

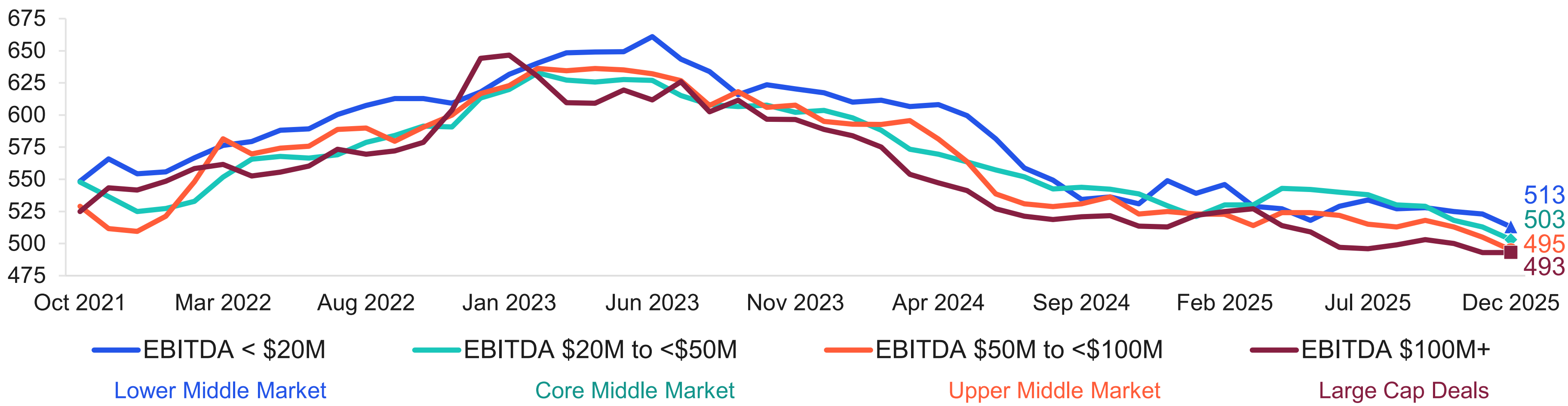
Private credit spreads tightened by 10 bps across market segments in December, with the exception of large cap loans where spreads held steady, indicating that spreads in that market may not be able to go lower given declining base rates and investor expectations for minimum yield

- **Lower Middle Market.** Lower middle market borrowers (<$20 million EBITDA) averaged a spread of S+513 in December, 10 bps lower than November and the lowest average ever tracked by KBRA DLD. Lower middle market spreads declined 36 bps overall in 2025
- **Core Middle Market.** Spreads for core middle market borrowers ($20–50 million EBITDA) narrowed 10 bps to S+503 in December, and 26 bps overall in 2025
- **Upper Middle Market.** Average spreads for upper middle market borrowers ($50–100 million EBITDA) also tightened by 10 bps to S+495 in December, for a decline of 30 bps overall in 2025
- **Large Cap.** Average spreads for large cap borrowers ($100 million+ EBITDA) held steady at S+493 in December, the lowest level since KBRA DLD began tracking. Large cap spreads declined 20 bps overall in 2025

2025 MOVEMENT IN PRIVATE CREDIT SPREADS (BPS)



AVERAGE PRIVATE CREDIT SPREAD BY EBITDA (BPS)*



Source: KBRA DLD report, January 15, 2026
* 3-month rolling averages for 1L term loans

Private Credit Yields Dropped Below Double Digits Across EBITDA Levels, Due Both to Declining Spreads and Base Rates

Lower Middle Market

- Lower middle market borrowers (<$20 million EBITDA) averaged a yield of 9.61% in December, the lowest average since August 2022, per KBRA DLD. Lower middle market yields declined 102 bps overall in 2025

Core Middle Market

- Yields for core middle market borrowers ($20–50 million EBITDA) narrowed 26 bps to 9.39% in December. Core middle market yields declined 97 bps overall in 2025

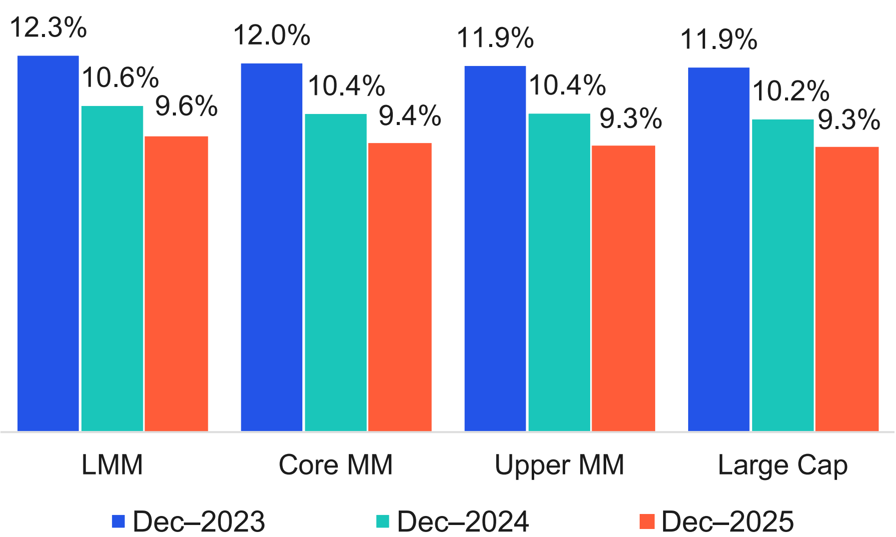
Upper Middle Market

- Average yields for upper middle market borrowers ($50–100 million EBITDA) tightened by 29 bps to 9.30% in December. Upper middle market yields declined 108 bps overall in 2025

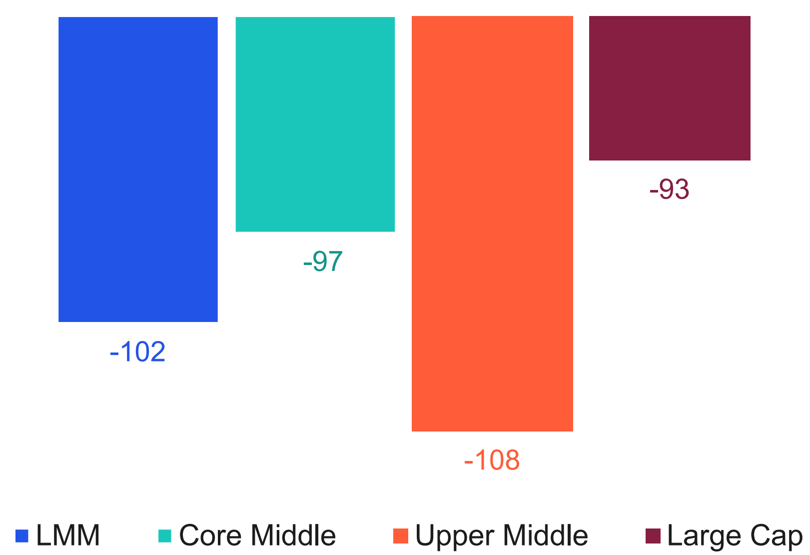
Large Cap

- Average yields for large cap borrowers ($100 million+ EBITDA) declined 20 bps to 9.26% in December, the lowest level since October 2022, per KBRA DLD. Large cap yields declined 93 bps overall in 2025

PRIVATE CREDIT YIELDS DROP BELOW 9.6% ACROSS EBITDA



2025 MOVEMENT IN PRIVATE CREDIT YIELDS (BPS)*

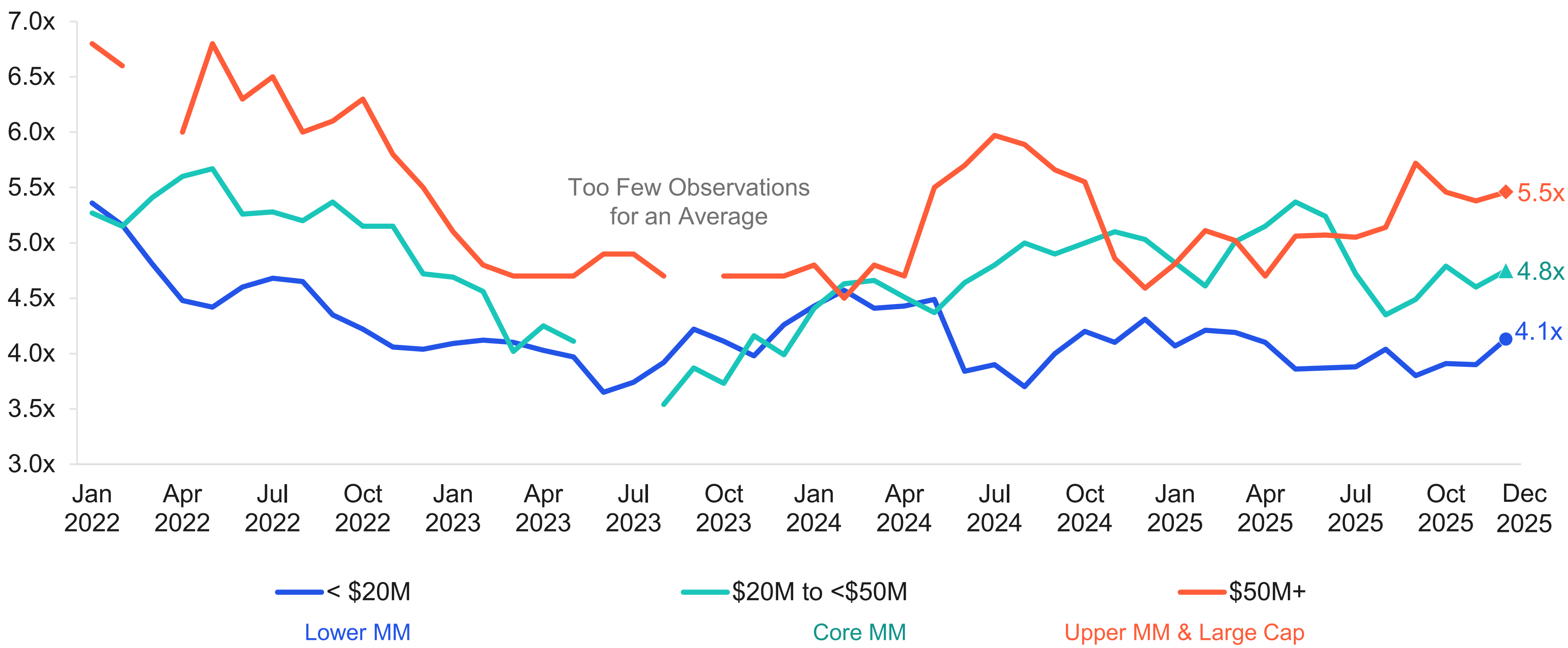


Source: KBRA DLD report, January 15, 2026
* 3-month rolling averages; 1L term loans only

Private Credit LBO Leverage Climbed …

- **Upper Middle Market & Large Cap.** Average leverage levels on upper middle market and large cap LBOs ($50 million+ EBITDA borrowers) climbed slightly to 5.5x in December, from 5.4x in November, driven partially by higher levered deals in the commercial services and software sectors, per KBRA DLD
- **Core Middle Market.** Average level for core middle market LBOs ($20–50 million EBITDA borrowers) climbed to 4.75x in December (v. 4.6x in November)
- **Lower Middle Market.** For lower middle market LBOs (<$20 million EBITDA borrowers), average leverage climbed to 4.1x in December (v. 3.9x in November) — the highest level since March — with a number of deals in the technology, healthcare, and commercial services sectors levered ≥5x driving leverage higher, per KBRA DLD

PRIVATE CREDIT LBO TOTAL LEVERAGE

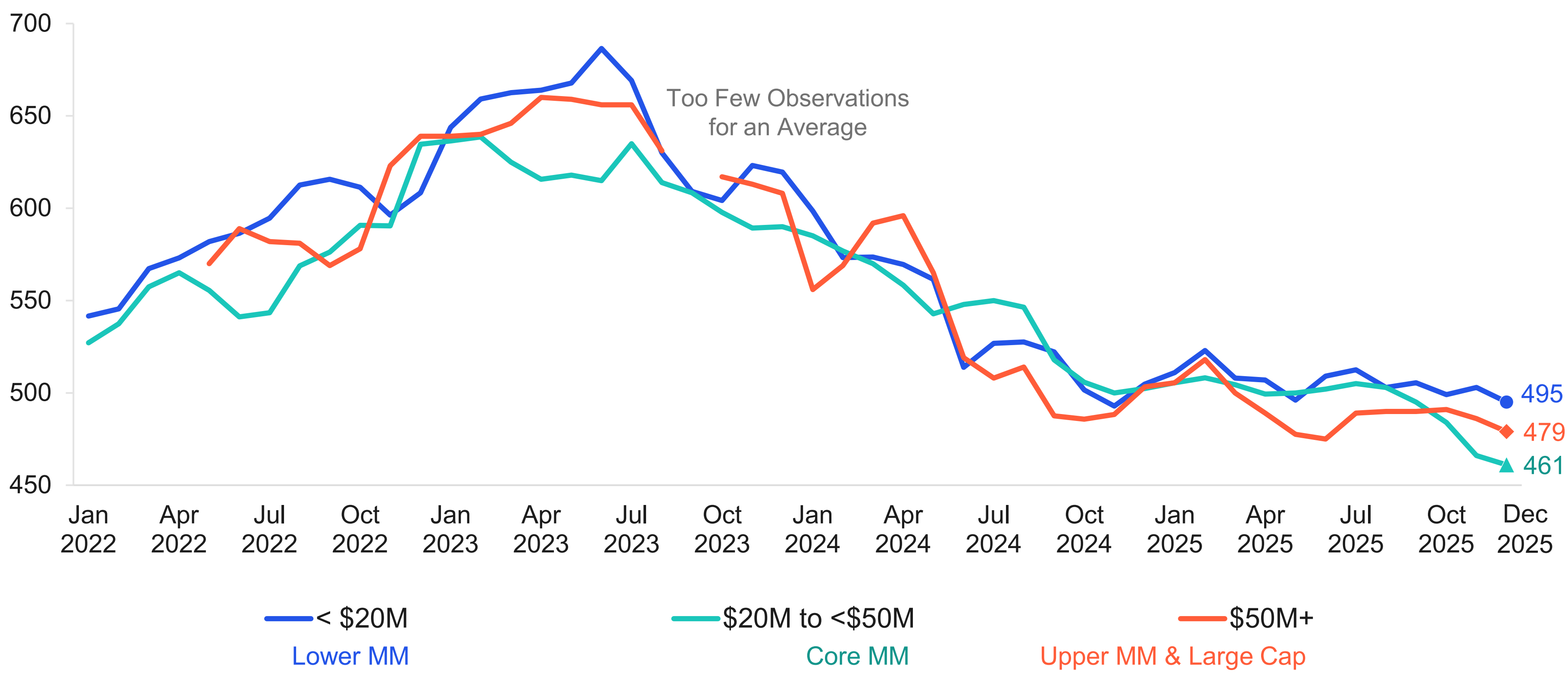


Source: KBRA DLD report, January 15, 2026
Note: Spread chart comprised of 1L term loans; 3-month rolling averages

… While Private Credit LBO Spreads Declined in December

- **Upper Middle Market & Large Cap.** Upper middle market and large cap ($50 million+ EBITDA borrowers) LBO spreads averaged S+479 in December, down 7 bps from November
- **Core Middle Market.** Core middle market ($20–50 million EBITDA borrowers) LBO spreads averaged S+461 bps in December, down 5 bps from November and 40 bps from August
- **Lower Middle Market.** Lower middle market (<$20 million EBITDA borrowers) LBO spreads averaged S+495 bps in December, 8 bps lower than November

PRIVATE CREDIT AVERAGE LBO SPREAD BY ISSUER SIZE (BPS)



Source: KBRA DLD report, January 15, 2026
Note: Comprised of 1L term loans; 3-month rolling averages

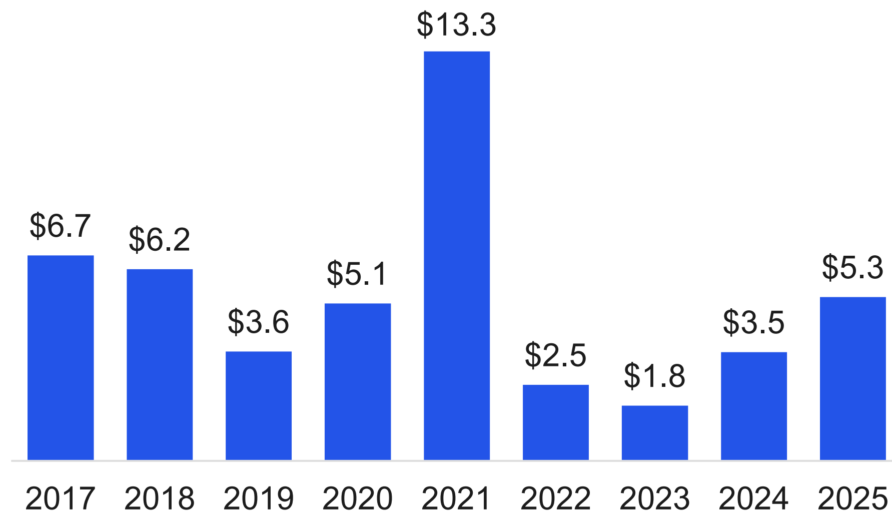
Broadly Syndicated Delayed Draw Term Loans (DDTLs) (1/2)

Broadly syndicated DDTL volume surged in December to the highest monthly total since February 2021, as M&A market conditions strengthened and banks sought to compete with private credit lenders, who have traditionally been more flexible in offering DDTLs

BACKGROUND

- DDTLs have traditionally been used by borrowers to lock in committed financing in advance of planned add-on M&A (though DDTLs are sometimes used for other purposes)
- DDTLs generally carry the closing fees associated with a typical term loan B (TLB)
- In addition, because DDTLs will be available for a certain period of time after closing, often 6 months to 2 years (the "availability period"), ticking fees typically accrue on the DDTL until the DDTL is funded or terminated (or the DDTL availability period ends)

BROADLY SYNDICATED DDTL VOLUME ($B) (YEARLY)



DDTL CLOSING FEES

- In a syndicated TLB, underwriting fees are typically paid to the committing lenders on the TLB closing date (as a percentage of commitments), along with OID on the funded TLB which is paid to the TLB lenders
- Where there is also a syndicated DDTL, practice is mixed as to whether OID for the DDTL is paid on the TLB closing date or upon funding of the DDTL

Source: LevFin Insights, January 5, 2026

Broadly Syndicated Delayed Draw Term Loans (DDTLs) (2/2)

DDTL TICKING FEES

- In syndicated deals, ticking fees are typically used to provide committing DDTL lenders with sufficient economics to lock in the DDTL syndicate during the DDTL availability period
- Syndicated DDTL ticking fees most typically accrue after a 30–90-day "holiday" following the closing date, and then step up to half the margin before reaching the full margin (e.g., 0% for the first 60 days, stepping up to half the margin on day 61 and stepping up to the full margin on day 121)
- Private credit DDTL ticking fees have traditionally been lower than syndicated market ticking fees, with private credit DDTL ticking fees commonly structured as a 1% flat fee and may include a holiday

CHANGING SYNDICATED DDTL FEE CONSTRUCTS AND OTHER TERMS

- Over the last two years, we've seen an increase in borrowers with syndicated deals successfully obtaining the lower ticking fee construct more commonly associated with the private credit market, with at least two syndicated borrowers in Q4 paying DDTL ticking fee of 1% starting on day 91
- Still, in many of these cases, banks have flex to modify the DDTL ticking fee to the more typical percentage of the margin after an agreed holiday of 30–90 days, which is sometimes exercised
- While historically use of proceeds for DDTLs was limited to future M&A activity, the use of proceeds has broadened in syndicated deals, sometimes including capex, restricted payments, restricted debt payments and/or other general corporate purposes (often with flex to remove the more expansive uses)
  - Of course, this is another way the BSL market seeks to compete with the private credit market, which has also been more amenable to broadening use of proceeds for DDTLs
- Leverage governors for DDTL usage may be set higher in the BSL market than in the private credit market, with broadly syndicated DDTL leverage governors typically set a quarter to a half turn outside of closing date first lien leverage (with flex to reduce to closing date first lien leverage)

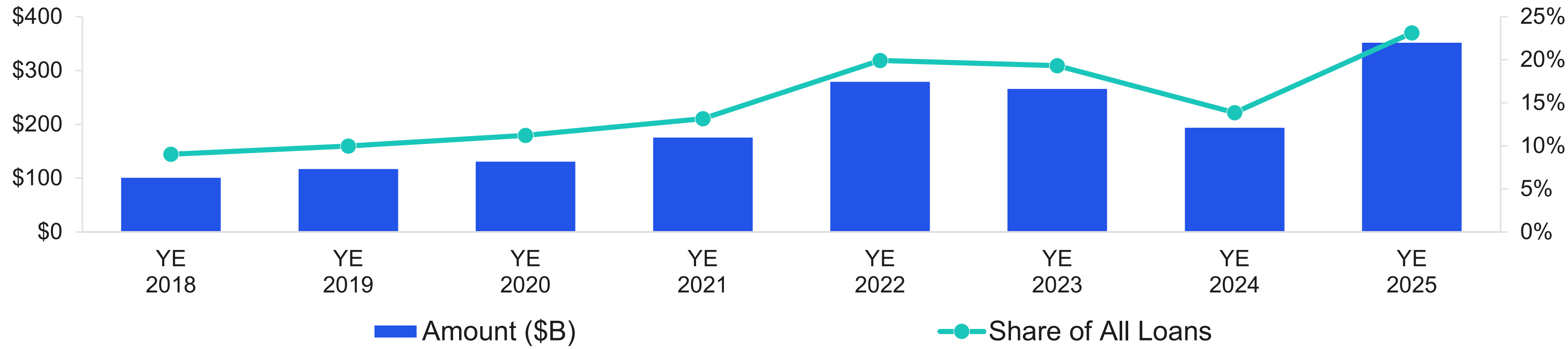
OUTLOOK

- Looking forward, we expect to continue to see increasing use of DDTLs as well as increased negotiation around DDTL fee constructs and other terms, as banks and direct lenders compete for market share and sponsors and borrowers remain focused on DDTL capacity in anticipation of impending M&A financing needs

Heightened Maturity Walls

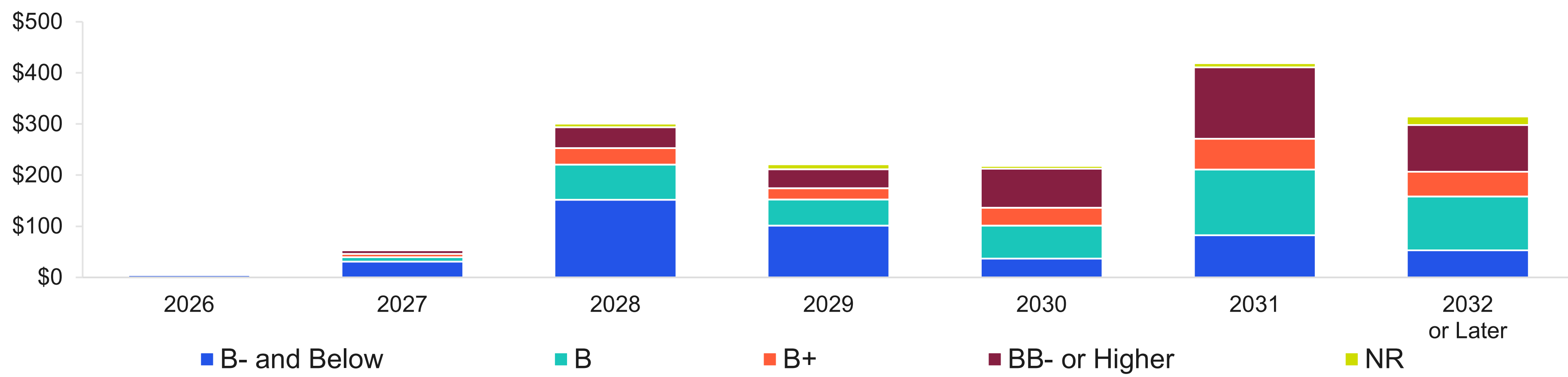
While borrowers in 2025 pushed out maturities through significant refinancing and amend & extend activity, the amount BSL loans maturing in the next three years — $353 billion, or 23% of all outstanding loans — is more than any other comparable period in the history of the Morningstar LSTA US Leveraged Loan Index

U.S. SYNDICATED LEVERAGED LOANS MATURING IN THE NEXT THREE YEARS



Importantly, 52% of this near-term maturity wall consists of borrowers rated B-minus or lower, including $152 billion maturing in 2028

U.S. SYNDICATED LEVERAGED LOAN MATURITY WALL BY BORROWER RATING ($B)



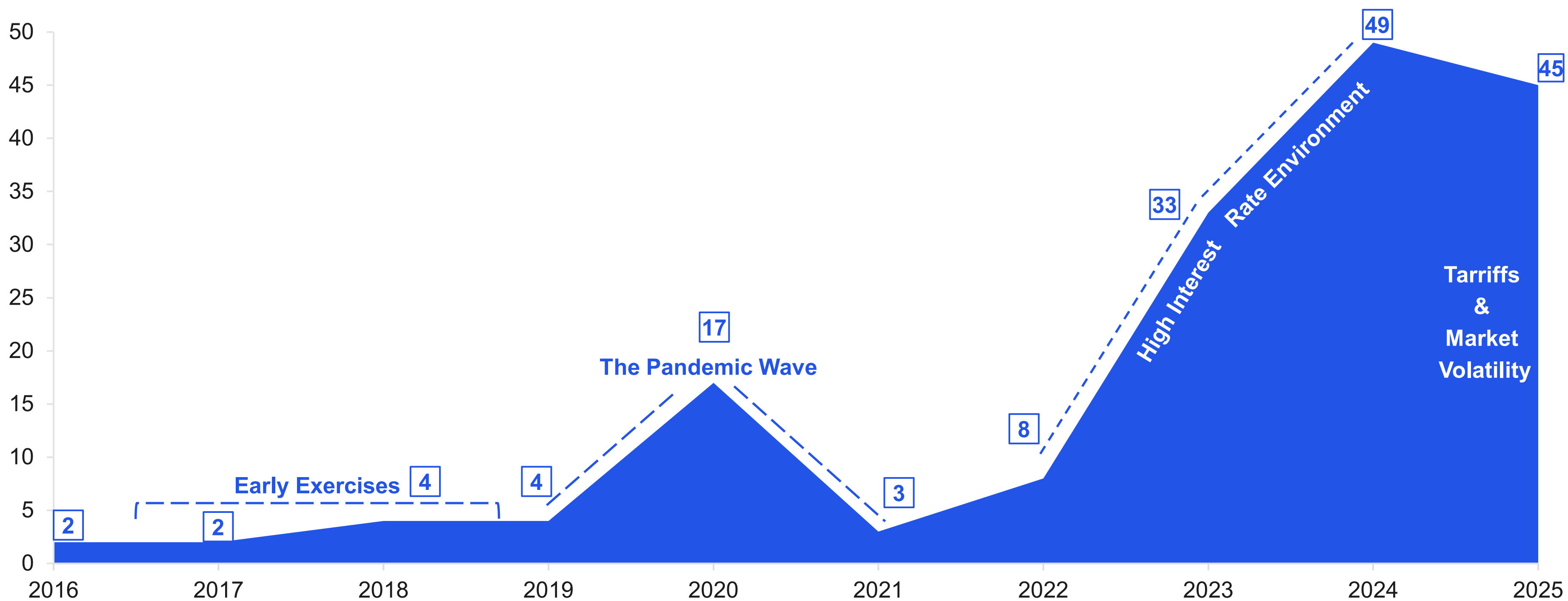
Source: Top chart: PitchBook, LCD; Morningstar LSTA U.S. Leveraged Loan Index , data through December 12, 2025. Bottom chart: PitchBook, LCD; data through December 8, 2025

2025 Liability Management Year in Review & Outlook

After a year of tariff and other macro uncertainty, periods of volatility followed by stability, 3 interest rate cuts and a strong economy overall, the market is cautiously optimistic entering 2026. Still, it remains to be seen whether macro events will leave new deal activity in a stalemate, and what impact, if any, geopolitical tensions, shifting tariff policies and the timing of rate cuts will have on companies facing liquidity pressures or impending maturity walls

- 2024 was marked by high interest rates, a presidential election, and heightening geopolitical tensions. There were more LME's consummated in 2024 **(49)** than in any other year thus far
- While there were fewer LMEs in 2025 (**45**), companies deployed new strategies like utilizing extension and/or refinancing provisions in lieu of open market purchases, post-Serta. LMEs also expanded into new markets (e.g., WBD was the first "investment grade" LME)

THE EVOLUTION OF LIABILITY MANAGEMENT



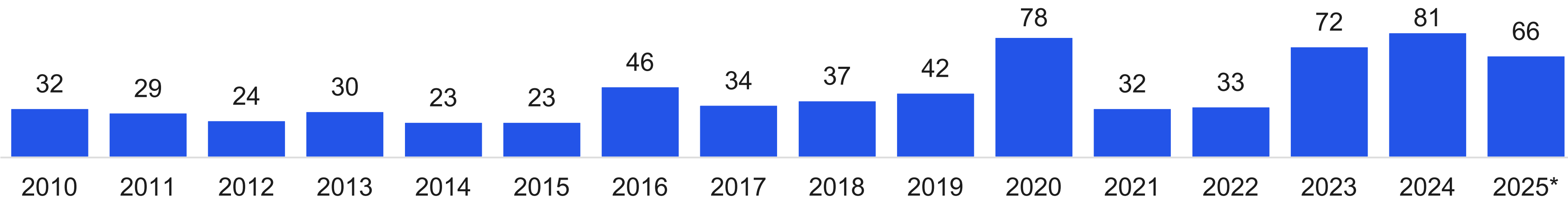
Source: Kirkland Proprietary Debt Finance Deal Data ("Data Set"), December 2025
Note: information in the Data Set is subject to change as events occur and publicly available information is updated

Bankruptcy Filings Drop for PE-Backed Companies, Though Increase Overall

Private equity portfolio company bankruptcy filings declined in 2025 as distressed companies pursued out of court workouts and other strategies

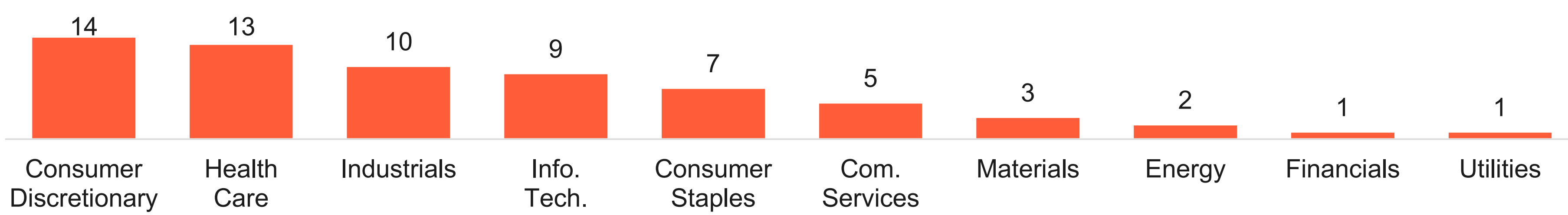
- Bankruptcy filings by PE-backed companies totaled 66 through December 14th (v. 81 for 2024)
- The decline in bankruptcy filings by PE portfolio companies may be attributed to the availability of liquidity from private credit funds and other alternative capital providers, allowing companies to address liquidity needs and impending maturity walls, in some cases by pursuing liability management transactions
- Of course, while some companies have continued to avoid bankruptcy through out-of-court restructurings and workouts with lenders, a portion of those companies will ultimately file for Chapter 11

U.S. PE/VC PORTFOLIO COMPANY FILINGS, 2010 – 2025*



Of the PE-backed companies filing for bankruptcy, the most common sector was consumer discretionary, likely due to the continuing impact of higher for longer rates, inflation, and tariffs

NUMBER OF BANKRUPTCY FILINGS BY PE/VC PORTFOLIO COMPANIES ANNOUNCED IN 2025*



Source: S&P Global report; December 15, 2025
* Year to date through December 14, 2025
Note: PE/VC = Private Equity or Venture Capital
Analysis includes S&P Global Market Intelligence-covered U.S. companies that announced a bankruptcy between January 1, 2010, and December 14, 2025