

Earnings in the U.S. Middle Market Grew by 9% in the First Two Months of Q1 2022

Golub Capital Middle Market Report

FEATURING THE GOLUB CAPITAL ALTMAN INDEX

Index revenue grew by 18%, outpacing earnings growth for the third consecutive quarter

The Golub Capital Altman Index can provide early insight into financial performance of public companies and GDP in advance of earnings season.

Middle market private companies in the Golub Capital Altman Index experienced year-over-year earnings growth of 9% and revenue growth of 18% during the first two months of the first quarter of 2022. This report marks a return to the typical year-over-year comparisons now that the impact of widespread Covid-related lockdowns throughout much of 2020 are not affecting the data.

Lawrence E. Golub, CEO of Golub Capital, said, "The boom part of 2021 boomflation has started to decelerate in the first quarter of 2022. The economy is still strong, and the 18% nominal growth in revenue year-over-year is good but it is not great. Earnings growth of 9% was closer to flat in real dollars after adjusting for the nearly 8% increase in consumer prices during the same period. Higher input costs and labor costs are weighing down profitability, even in our portfolio of market-leading businesses in resilient industries. Demand remains robust, and companies will continue to adapt if inflation remains high."

Dr. Edward I. Altman said, "The margin compression we've seen in the last three quarters marks a reversal of trend from the considerable margin expansion during the recovery from Covid lockdowns. Although the acceleration in labor costs and employee turnover is a headwind for most companies, it is also an opportunity for technology firms that deliver productivity-enhancing solutions. Looking forward, with the Fed on track to raise interest rates, probably substantially, in the coming quarters, our data suggests that investors would do well to prepare for a possible scenario of stagflation. We will continue to monitor our data for early economic signs of recovery or recession."

The Golub Capital Altman Index ("GCAI"), which is produced by Golub Capital in collaboration with renowned credit expert Dr. Edward I. Altman, is the first and longest-running index based on actual revenue and earnings (defined as earnings before interest, taxes, depreciation and amortization, or "EBITDA") for middle market companies. It measures the median revenue and earnings growth of more than 150 private U.S. companies in the loan portfolio of Golub Capital, a leading middle market lender. Reported shortly before public company quarterly earnings season, the GCAI has served as a reliable

GOLUB CAPITAL ALTMAN INDEX HIGHLIGHTS

Year-Over-Year (YoY) Growth	Revenue	Earnings
Q1 2022	18.2%	9.4%
Key Sectors Q1 2022 (YoY)	Revenue	Earnings
Consumer	20.3%	14.2%
Healthcare	13.2%	8.7%
Industrials	11.7%	(1.5%)
Technology	18.7%	9.4%

Source: Golub Capital Internal Data.

indicator of the overall growth rates in revenue and earnings of public companies in market indexes such as the S&P 500 and S&P SmallCap 600 ("S&P 600"), as well as quarterly Gross Domestic Product ("GDP"), according to statistical back-testing dating back to 2012, when data began to be tracked.

The size and diversity of the Golub Capital loan portfolio ensure that the confidentiality of all company-specific information used in the index is maintained in both the aggregate and industry segment data.

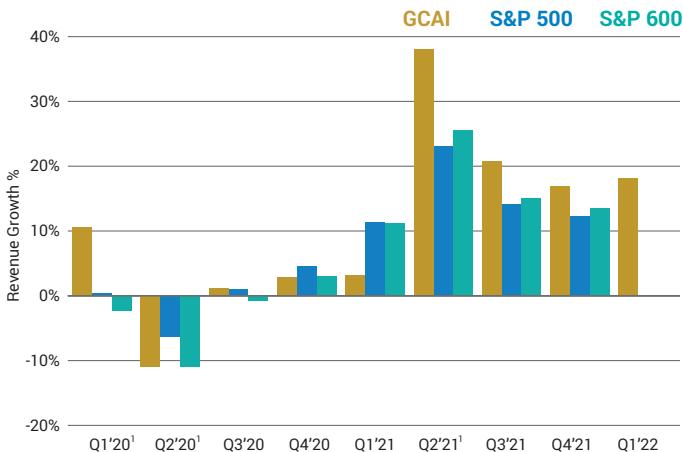
We believe the results (1) are representative of the general performance of middle market companies, which are a major contributor to U.S. private sector employment; (2) can be easily compared to the performance of the public companies that make up major stock indexes; (3) are relevant to the aggregate economic performance of the U.S. economy and (4) provide timely information for the investment community.

The companies in the GCAI operate in a wide range of industries. Results are provided for the total universe of GCAI constituents and by industry segment. Given the index's limited exposure to Financials, Utilities, Energy and Materials, comparisons are made to the S&P 500 and S&P 600 as well as to "adjusted" versions of those indexes that exclude the aforementioned sectors.

GOLUB CAPITAL

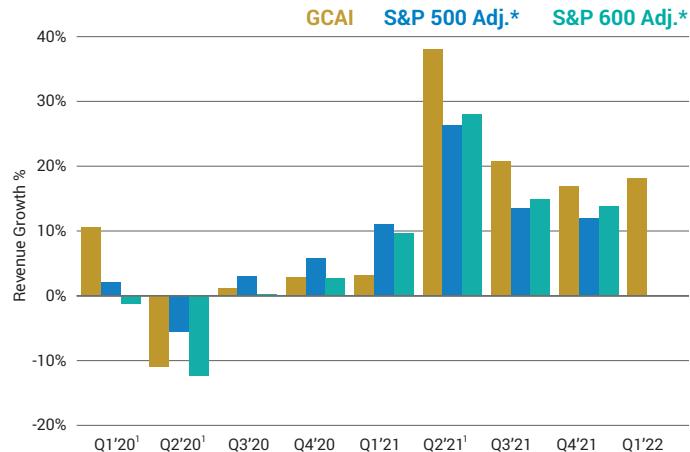
GCAI Revenue and Earnings Growth

REVENUE GROWTH (Quarterly YoY)



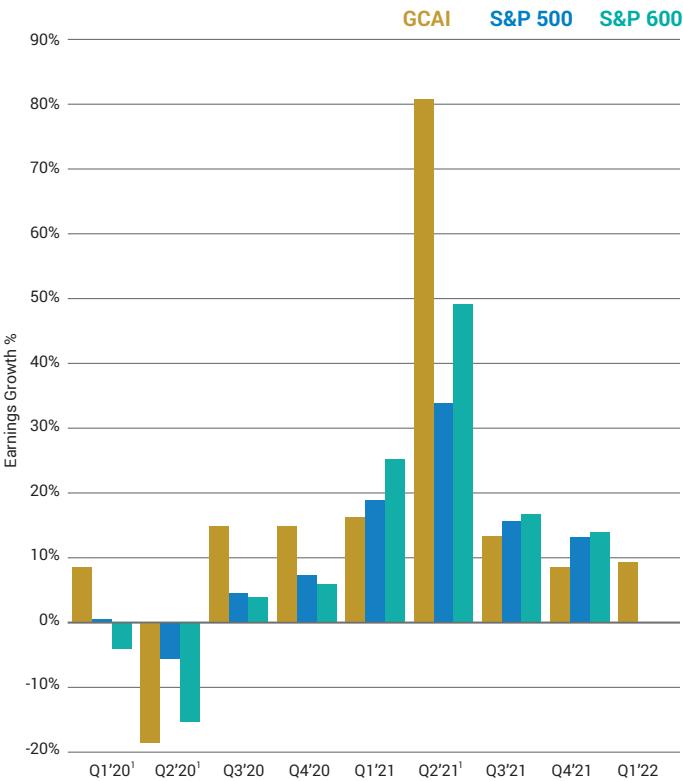
Source: Golub Capital Internal Data and S&P Capital IQ.
Please see footnote on page 4 regarding Q1'20, Q2'20 and Q2'21 data.

REVENUE GROWTH (Quarterly YoY) GCAI vs. ADJ. INDEXES



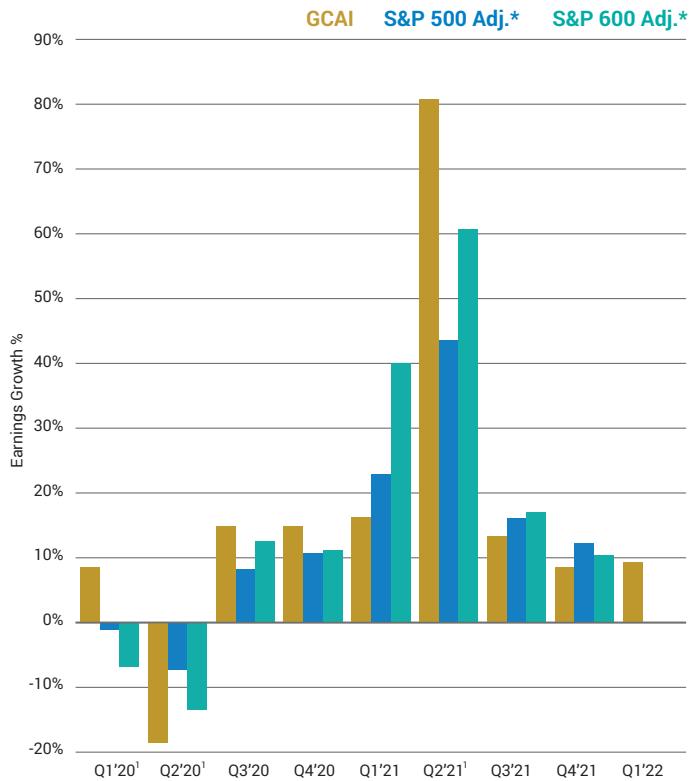
Source: Golub Capital Internal Data and S&P Capital IQ.
* Note: Indexes are adjusted to exclude the Energy, Financials, Materials, Real Estate, Telecommunications Services and Utilities industries.
Please see footnote on page 4 regarding Q1'20, Q2'20 and Q2'21 data.

EARNINGS GROWTH (Quarterly YoY)



Source: Golub Capital Internal Data and S&P Capital IQ.
Please see footnote on page 4 regarding Q1'20, Q2'20 and Q2'21 data.

EARNINGS GROWTH (Quarterly YoY) GCAI vs. ADJ. INDEXES



Source: Golub Capital Internal Data and S&P Capital IQ.
* Note: Indexes are adjusted to exclude the Energy, Financials, Materials, Real Estate, Telecommunications Services and Utilities industries.
Please see footnote on page 4 regarding Q1'20, Q2'20 and Q2'21 data.

About the Golub Capital Middle Market Report

The Golub Capital Middle Market Report analyzes the results of the Golub Capital Altman Index ("GCAI"), which measures the median revenue and earnings growth of more than 150 privately owned companies in the Golub Capital loan portfolio for the first two months of each calendar quarter. It compares these results to the financial performance of well-known market indexes, including the S&P 500 and S&P SmallCap 600. The GCAI is produced by Golub Capital in collaboration with credit expert Dr. Edward I. Altman.

About Golub Capital

Golub Capital is a market-leading, award-winning direct lender and credit asset manager, with over \$45 billion of capital under management. Golub Capital specializes in delivering reliable, creative and compelling financing solutions to companies backed by private equity sponsors. The firm's sponsor finance expertise also forms the foundation of its Late Stage Lending, Broadly Syndicated Loan and Credit Opportunities investment programs. Across its activities, Golub Capital nurtures long-term, win-win partnerships that inspire repeat business from private equity sponsors and investors. Founded over 25 years ago, Golub Capital today has over 600 employees and lending offices in Chicago, New York, San Francisco and London. For more information, please visit golubcapital.com.

About Dr. Edward I. Altman

A leading expert on credit markets, Dr. Edward I. Altman is the Max L. Heine Professor of Finance, Emeritus at the NYU Stern School of Business, and Director of Research in Credit and Debt Markets at the NYU Salomon Center for the Study of Financial Institutions. He is currently an advisor to several foreign central banks. Professor Altman has published or edited two-dozen books and over 150 articles in scholarly finance, accounting and economic journals. He has been inducted into the Fixed Income Analysts Society Hall of Fame, served as President of the Financial Management Association, was an FMA Fellow, and was amongst the inaugural inductees into the Turnaround Management Association Hall of Fame. He received his MBA and Ph.D. in Finance from the University of California, Los Angeles.

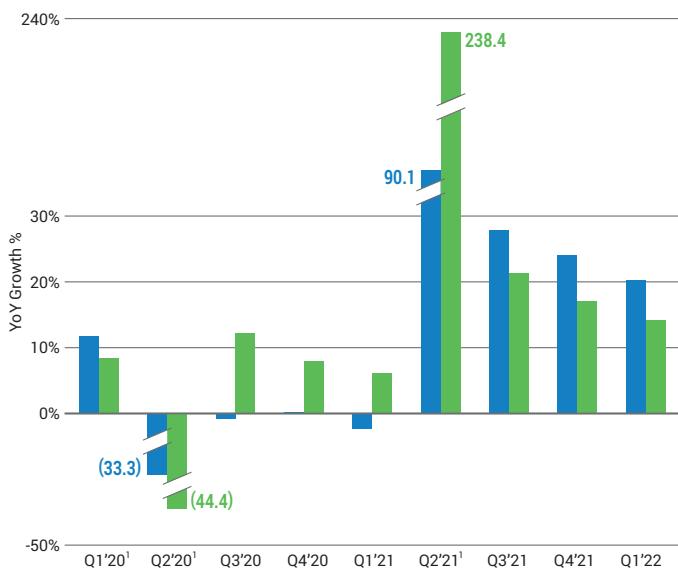
Media Contact

Aleka Bhutiani, Director of Strategic Communications
press@golubcapital.com

Appendix: GCAI Results by Sector

Additional information can be found below regarding sector trends in the Golub Capital Altman Index.

CONSUMER

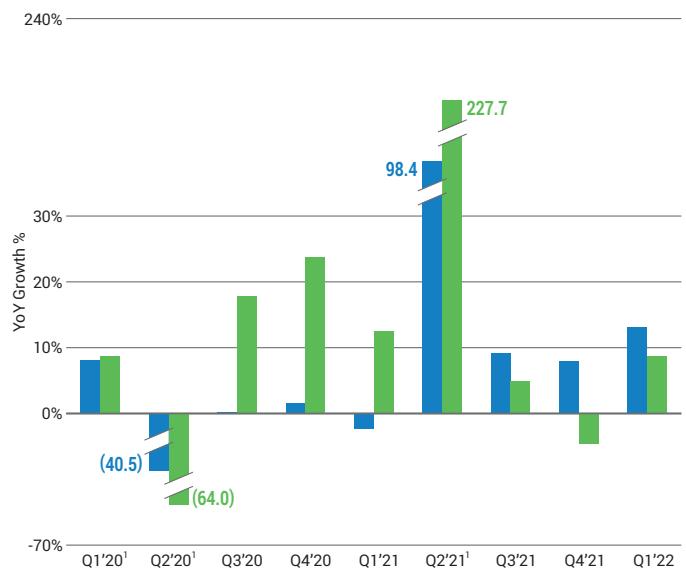


Source: Golub Capital Internal Data.

Please see footnote regarding Q1'20, Q2'20 and Q2'21 data.

REVENUE EARNINGS

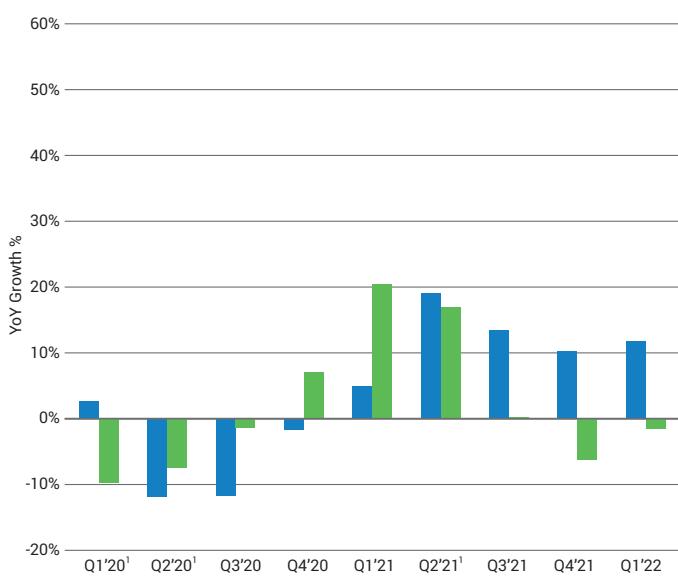
HEALTHCARE



Source: Golub Capital Internal Data.

Please see footnote regarding Q1'20, Q2'20 and Q2'21 data.

INDUSTRIALS

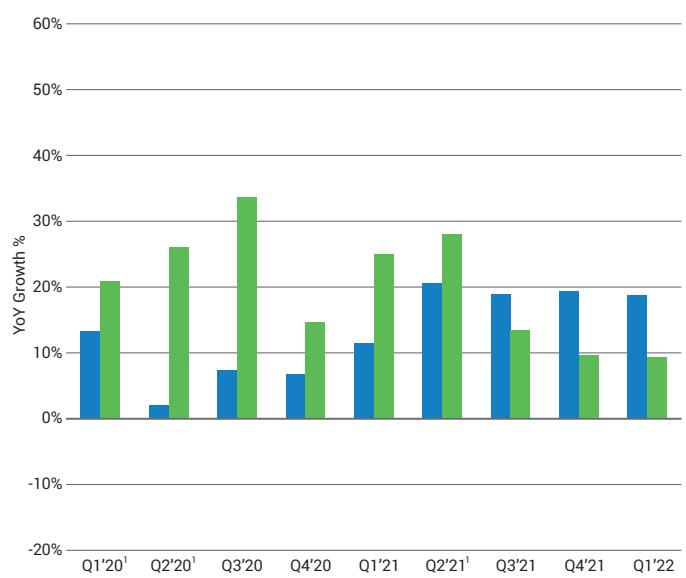


Source: Golub Capital Internal Data.

Please see footnote regarding Q1'20, Q2'20 and Q2'21 data.

REVENUE EARNINGS

TECHNOLOGY



Source: Golub Capital Internal Data.

Please see footnote regarding Q1'20, Q2'20 and Q2'21 data.

Important Disclosure

The Golub Capital Altman Index is provided as an indicator only, and does not constitute investment advice or the offer to sell or a solicitation to buy any security. Some of these statements constitute forward-looking statements, which may be predictions about future events, future performance, or future financial conditions. Some of these statements reflect opinions based upon the data presented in the Index, and these opinions may be incorrect. Actual results could vary materially from those implied or expressed in such forward-looking statements for any reason. The Golub Capital Altman Index has been created on the basis of information provided by third-party sources that are believed to be reliable, but the information has not been verified independently by Golub Capital. Golub Capital makes no warranty or representation as to the accuracy or completeness of such third-party information.

Footnote

1. The Golub Capital Altman Index (GCAI) data for Q1 2020, Q2 2020 and Q2 2021 are presented solely for the purpose of continuity. Readers are encouraged to interpret the data from those periods with caution. The GCAI is designed to offer early insight into the performance of the U.S. economy, based on data from the first two months of each calendar quarter. GCAI results for Q1 2020 were based on data from January and February 2020 and did not reflect the economic impact of the COVID-19 pandemic in March 2020. GCAI results for Q2 2020 were based on data from April and May 2020 and did not reflect the meaningful reopening of the U.S. economy in June 2020. GCAI results for Q2 2021 were based on data from April and May 2021 compared to April and May 2020, when many businesses were affected by lockdowns and other restrictions.