

Earnings in the U.S. Middle Market Grew by 15% in Q3 2020

Golub Capital Middle Market Report

FEATURING THE GOLUB CAPITAL ALTMAN INDEX

Overall, Index revenue grew by 1% during the first two months of the third quarter.

The Golub Capital Altman Index can provide early insight into the 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 14.9% and revenue growth of 1.1% during the first two months of the third quarter of 2020.

Lawrence E. Golub, CEO of Golub Capital, said, "The U.S. economy showed encouraging signs of recovery in the third quarter of 2020. Strong year-over-year earnings growth in our portfolio of U.S. middle market companies suggests that companies quickly cut costs to adapt to COVID and benefited from improved margins as the economy reopened. Robust revenue and earnings growth in the Technology sector indicate that businesses remained willing to invest in enhancing their efficiency. We don't want to overstate the evidence of recovery; the Golub Capital Altman Index does not reflect the ongoing impact of COVID in sectors like airlines, energy and hospitality, which are not in the Golub Capital portfolio. However, our data suggests that investors should not underestimate the resilience of the U.S. middle market."

Dr. Edward I. Altman said, "The improvement in the Consumer and Healthcare sectors exceeded our expectations. Many Golub Capital Altman Index constituents in these sectors experienced significant disruption in April and May. However, median revenue for July and August was approximately back to pre-COVID levels. This performance suggests that Consumer and Healthcare companies found ways to capture pent-up demand once they were allowed to reopen."

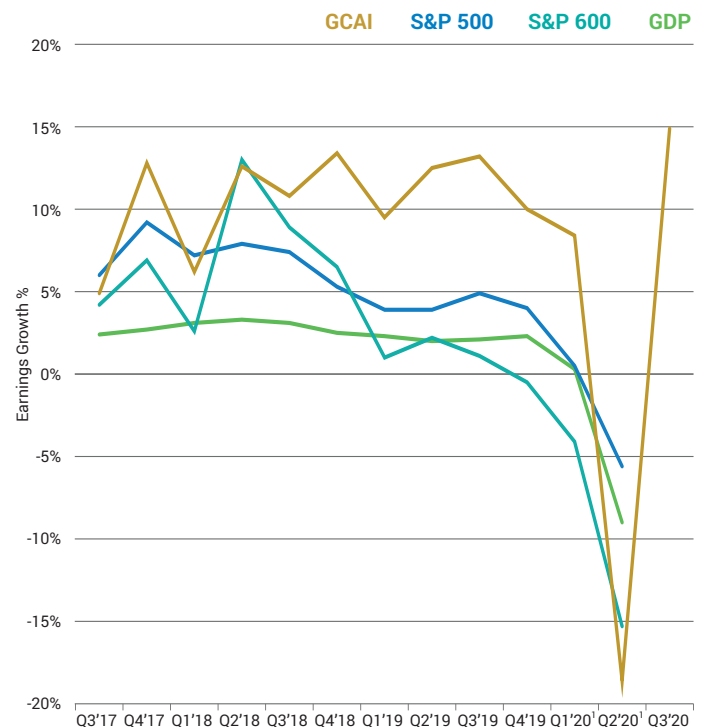
The Golub Capital Altman Index data for Q1 2020 and Q2 2020 are presented solely for the purpose of continuity. Readers are encouraged to interpret the data from those periods with caution. The Golub Capital Middle Market Report is designed to offer early insight into the performance of the U.S. economy, based on data from the first two months of each calendar quarter. The Q1 2020 report was based on data from January and February and did not reflect the economic impact of the COVID-19 pandemic in March. The Q2 2020 report was based on data from April and May and did not reflect the meaningful reopening of the U.S. economy in June. We do not believe either report provides actionable insight about economic performance for the first or second quarter as a whole.

GOLUB CAPITAL ALTMAN INDEX HIGHLIGHTS

Year-Over-Year ("YoY") Growth	Revenue	Earnings
Q3 2020	1.1%	14.9%
Q2 2020	(10.9%)	(18.5%)

Key Sectors Q3 2020 (YoY)	Revenue	Earnings
Consumer	(0.8%)	12.3%
Healthcare	0.2%	17.8%
Industrials	(11.7%)	(1.4%)
Technology	7.3%	33.7%

EARNINGS GROWTH (Quarterly YoY)

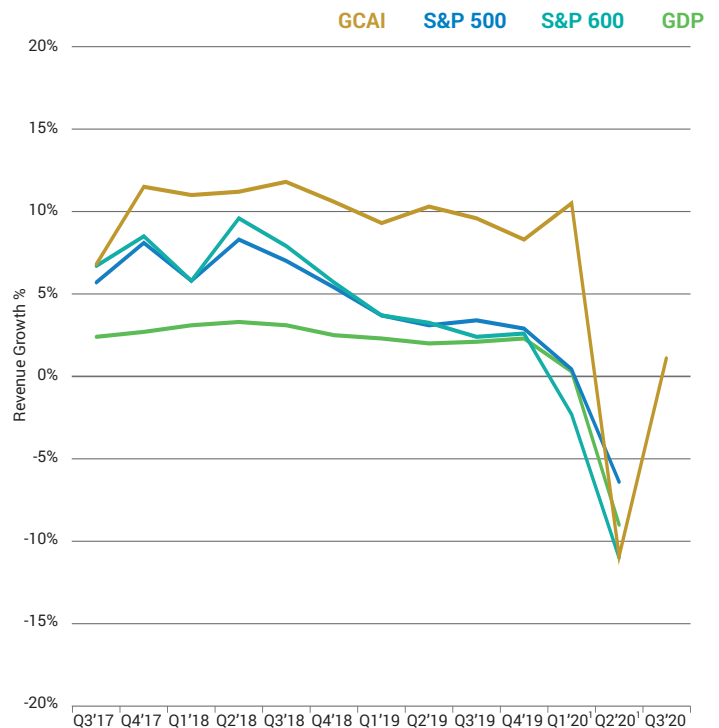


Source: Bloomberg and Golub Capital Internal Data.
Please see footnote on page 3 regarding Q1'20 and Q2'20 data.

About the Golub Capital Middle Market Report

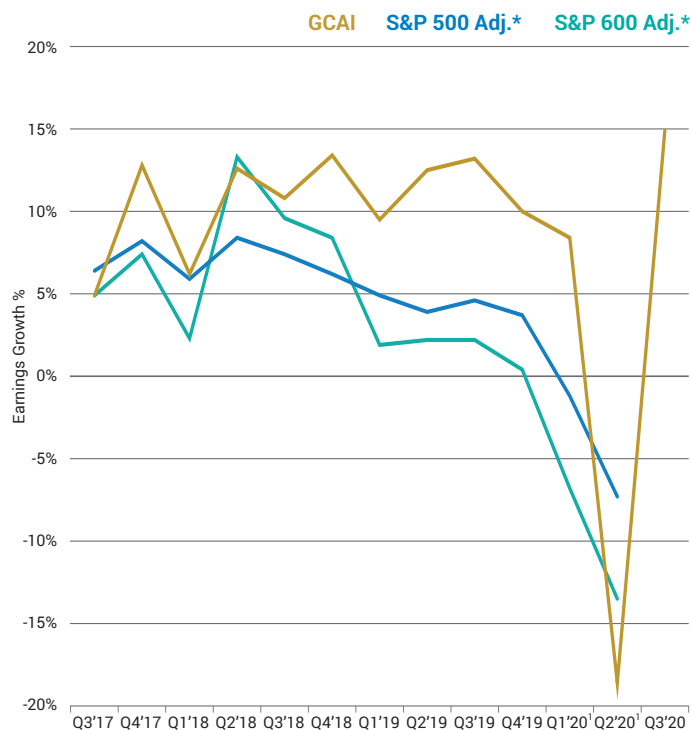
The Golub Capital Middle Market Report analyzes the results of the Golub Capital Altman Index ("GCAI"), which measures the median revenue and earnings growth of more than 150 privately owned companies in the Golub Capital loan portfolio for the first two months of each calendar quarter. It compares these results to the U.S. gross domestic product, and 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. For more information, including a description of the methodology used to create the report, please visit golubcapital.com/middle-market-report.

REVENUE GROWTH (Quarterly YoY)



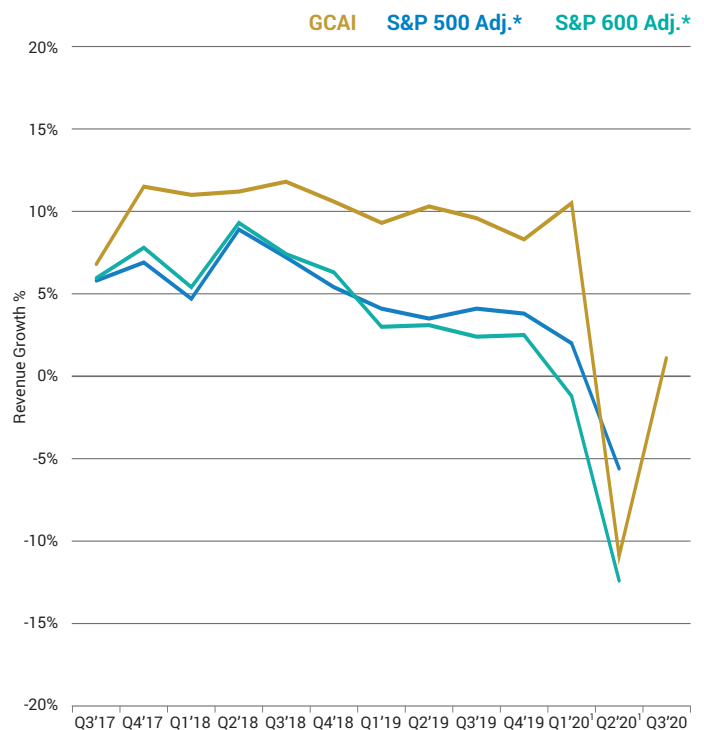
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EARNINGS GROWTH (Quarterly YoY) GCAI vs. ADJ. INDEXES



Source: Bloomberg, FRED and Golub Capital Internal Data.
* Note: Indexes are adjusted to exclude the Energy, Financials, Materials, Real Estate, Telecommunications Services and Utilities industries.
Please see footnote on page 3 regarding Q1'20 and Q2'20 data.

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About Golub Capital

Golub Capital is a market-leading, award-winning direct lender and credit asset manager, with over \$30 billion of capital under management. Golub Capital specializes in delivering reliable, creative and compelling financing solutions to middle market companies backed by private equity sponsors. The firm's credit expertise also forms the foundation of its Late Stage Lending business and its Broadly Syndicated Loan investment program. Across its activities, Golub Capital nurtures long-term, win-win partnerships that inspire repeat business from its private equity sponsor clients and investors. Founded over 25 years ago, Golub Capital today has over 500 employees and lending offices in Chicago, New York and San Francisco. 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.

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press@golubcapital.com

Footnote

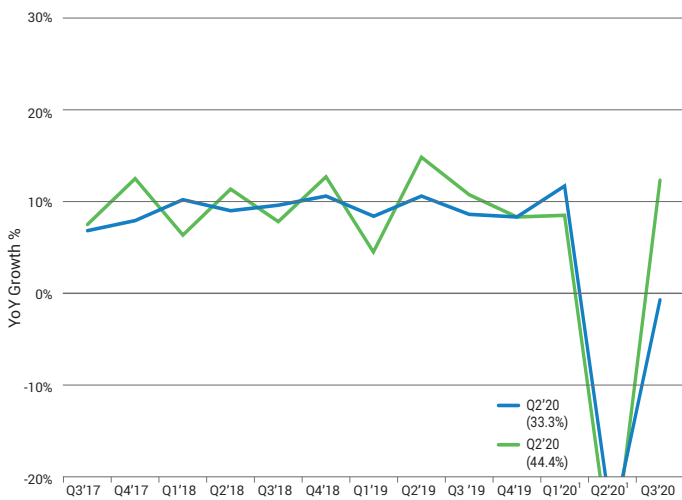
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Appendix: GCAI Results by Sector

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

CONSUMER

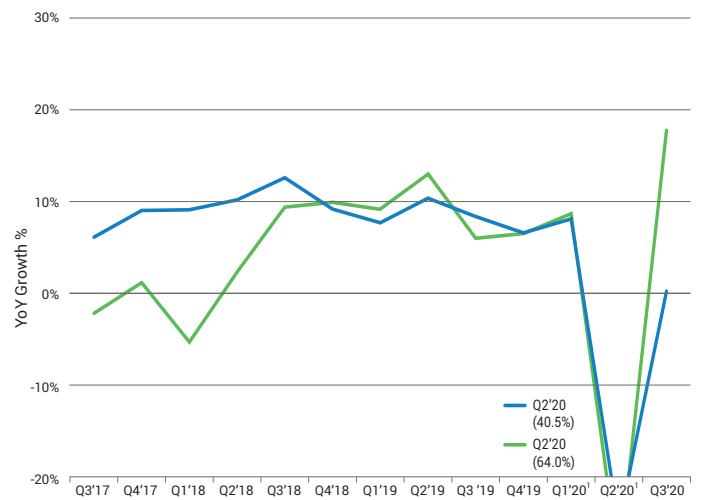
REVENUE EARNINGS



Source: Golub Capital Internal Data.
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HEALTHCARE

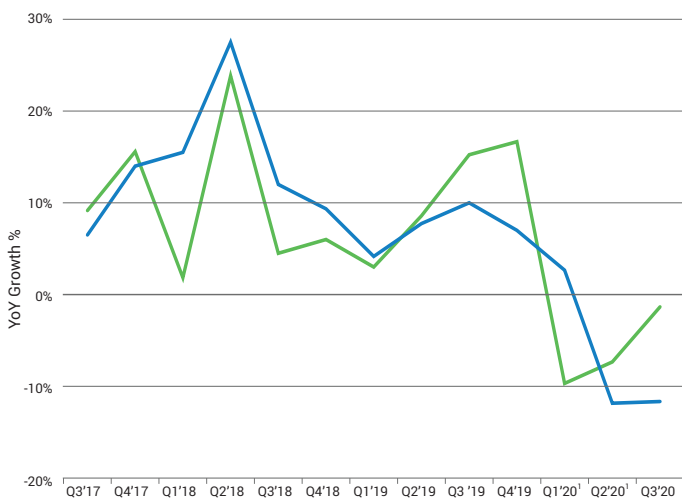
REVENUE EARNINGS



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INDUSTRIALS

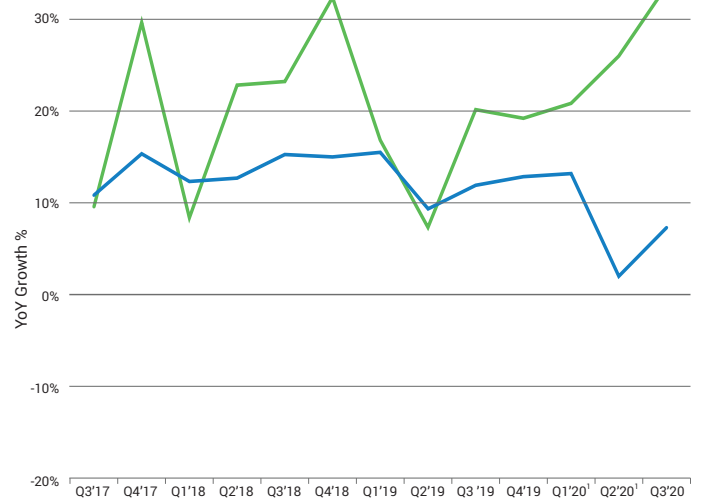
REVENUE EARNINGS



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TECHNOLOGY

REVENUE EARNINGS



Source: Golub Capital Internal Data.
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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

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