

Earnings in the U.S. Middle Market Grew by 16% in First Two Months of Q1 2021

Golub Capital Middle Market Report

FEATURING THE GOLUB CAPITAL ALTMAN INDEX

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 16.3% and revenue growth of 3.2% during the first two months of the first quarter of 2021. This compares to year-over-year earnings growth of 14.9% and revenue growth of 2.9% in the fourth quarter of 2020. This is the last comparison of post-Covid profit performance to a completely pre-Covid period, and the growth rate demonstrates very meaningful economic strength in the U.S. middle market.

Lawrence E. Golub, CEO of Golub Capital, said, "The U.S. economy is booming outside of directly Covid-damaged sectors. Earnings growth in the first quarter was the strongest in the history of the Golub Capital Altman Index. Profit growth accelerated even though revenue growth was soft in aggregate and slightly negative in the Consumer and Healthcare sectors. This remarkable margin expansion suggests that companies made smart decisions in cutting costs and adapting strategically to Covid."

Dr. Edward I. Altman said, "This quarter's Golub Capital Middle Market Report is the last time we'll have a clean comparison between current conditions, in January and February 2021, and the pre-Covid economy in January and February 2020. Our data likely understates the strength of the first quarter of 2021 as a whole; it doesn't capture the negative impact of shutdowns in March 2020. While profit growth was robust across all sectors of the Golub Capital Altman Index, the results for Industrials stand out. Strong demand and a weaker U.S. dollar led to the second-strongest quarter for Industrial sector profit growth since inception of the Index in 2013. Our data suggests that the U.S. middle market, outside of heavily Covid-impacted sectors, has powerful momentum."

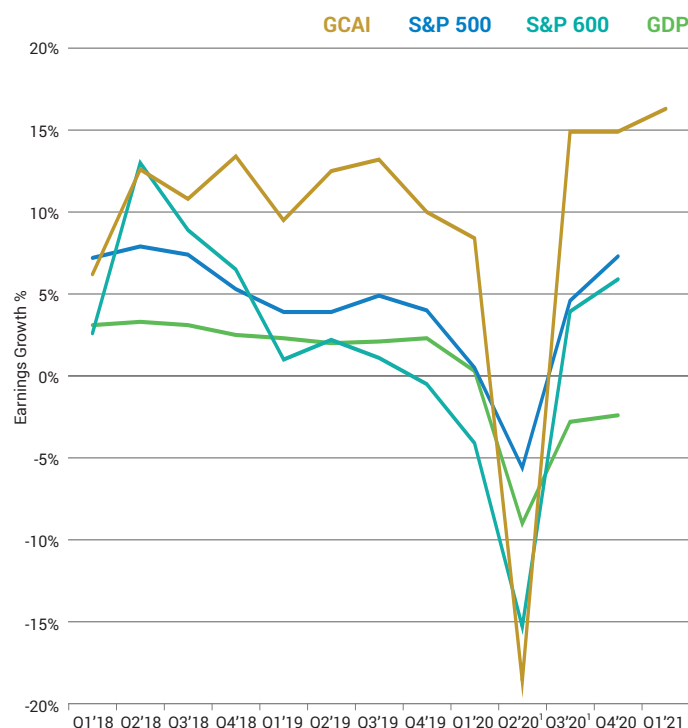
The Golub Capital Altman Index ("GCAI"), which is produced by Golub Capital in collaboration with renowned credit expert Dr. Edward I. Altman, is the first and longest-running index based on actual revenue and earnings (defined as earnings before interest, taxes, depreciation and amortization, or "EBITDA") 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 indicator of the overall growth rates in revenue

GOLUB CAPITAL ALTMAN INDEX HIGHLIGHTS

Year-Over-Year ("YoY") Growth	Revenue	Earnings
Q1 2021	3.2%	16.3%
Q4 2020	2.9%	14.9%

Key Sectors Q1 2021 (YoY)	Revenue	Earnings
Consumer	(2.4%)	6.2%
Healthcare	(2.3%)	12.6%
Industrials	4.9%	20.5%
Technology	11.4%	25.0%

EARNINGS GROWTH (Quarterly YoY)



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

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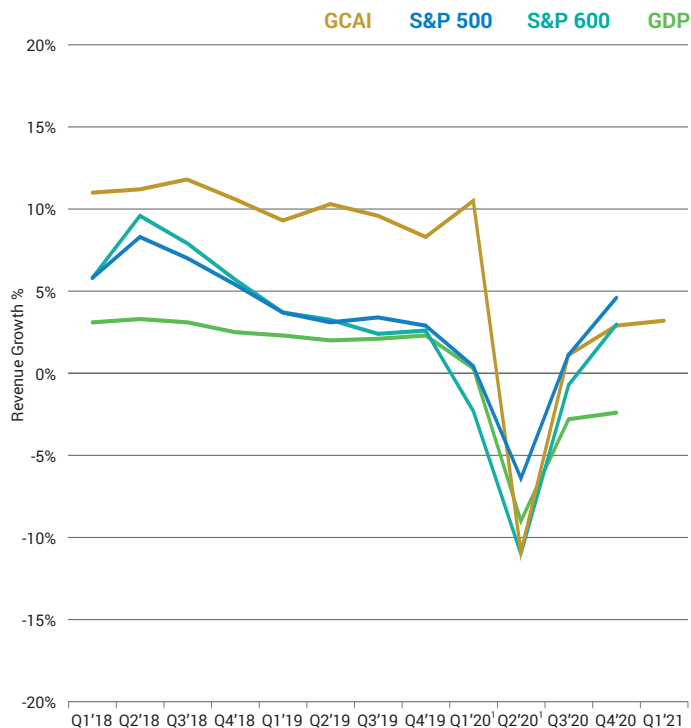
and earnings of public companies in market indexes such as the S&P 500 and S&P SmallCap 600 (“S&P 600”), as well as quarterly Gross Domestic Product (“GDP”), according to statistical back-testing dating back to 2012, when data began to be tracked.

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.

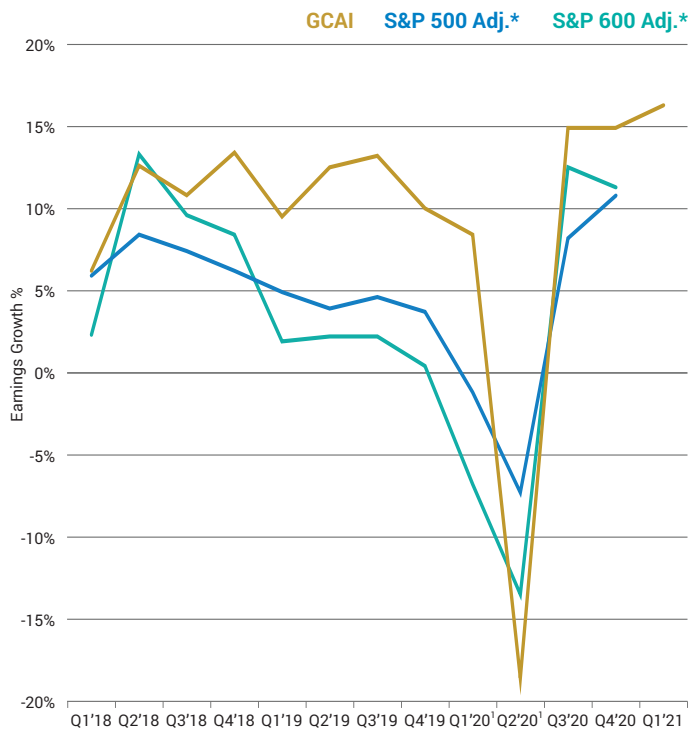
The companies in the GCAI operate in a wide range of industries. Results are provided for the total universe of GCAI constituents and by industry segment. Given the index’s limited exposure to Financials, Utilities, Energy and Materials, comparisons are made to the S&P 500 and S&P 600 as well as to “adjusted”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

REVENUE GROWTH (Quarterly YoY)



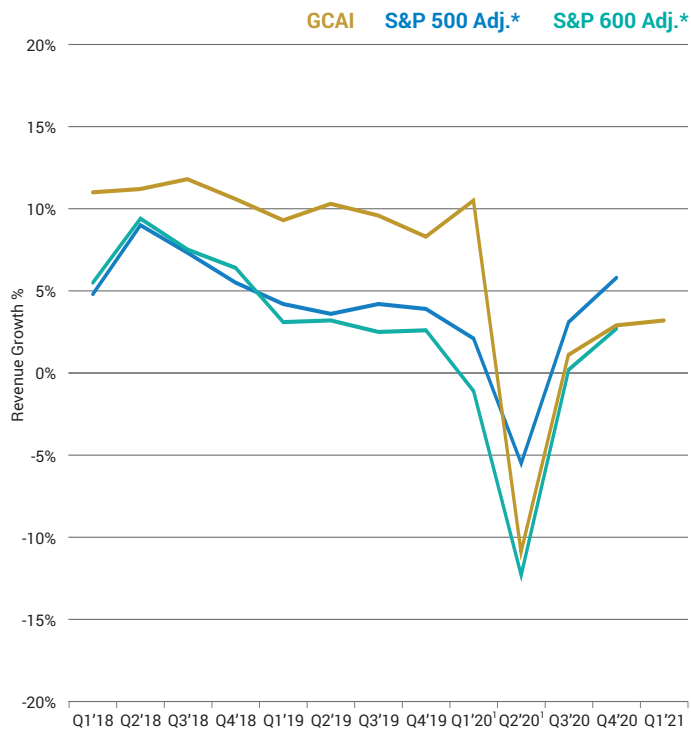
Source: Bloomberg and Golub Capital Internal Data.
Please see footnote on page 3 regarding Q1'20 and Q2'20 data.

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.

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



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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.

About Golub Capital

Golub Capital is a market-leading, award-winning direct lender and credit asset manager, with over \$35 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, 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.

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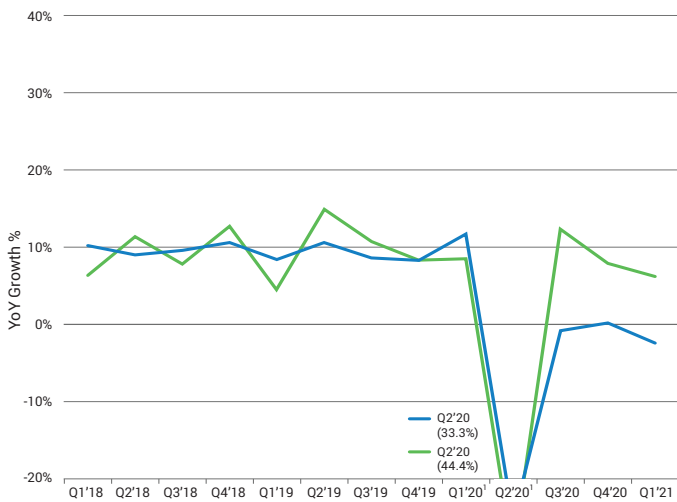
Footnote

1. The Golub Capital Altman Index is based on data from the first two months of each calendar quarter. The Q1 2020 data does not reflect the impact of COVID-19 in March, and the Q2 2020 data does not reflect the meaningful reopening of the U.S. economy in June. As such, Golub Capital believes the Index data for Q1 and Q2 2020 does not necessarily reflect economic conditions. Interpret with caution.

Appendix: GCAI Results by Sector

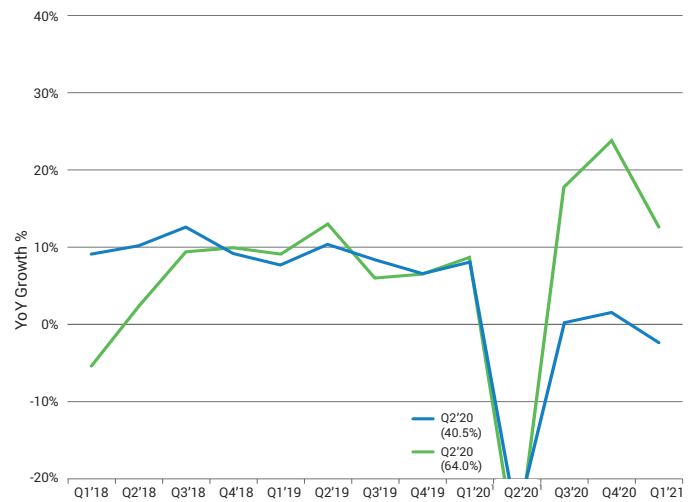
Additional information can be found below regarding sector trends in the Golub Capital Altman Index.

CONSUMER REVENUE EARNINGS



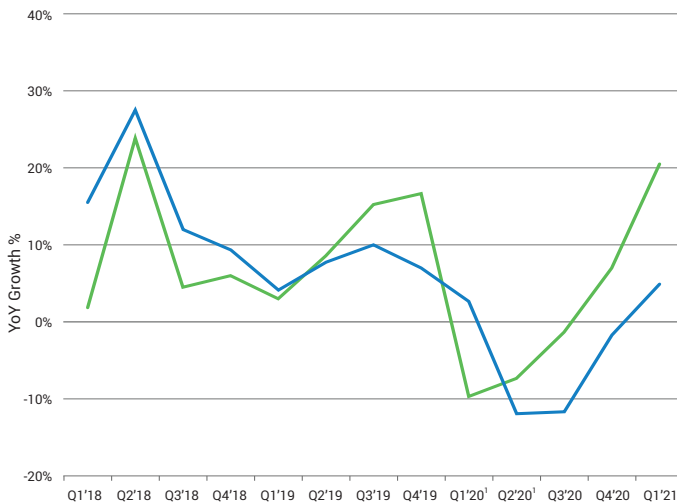
Source: Golub Capital Internal Data.
Please see footnote regarding Q1'20 and Q2'20 data.

HEALTHCARE REVENUE EARNINGS



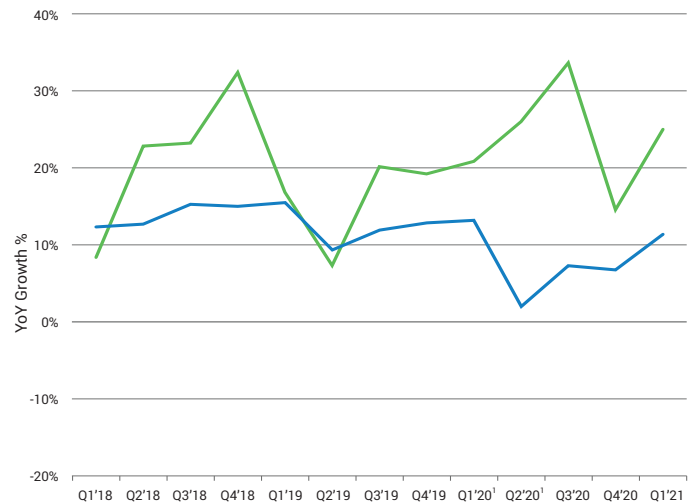
Source: Golub Capital Internal Data.
Please see footnote regarding Q1'20 and Q2'20 data.

INDUSTRIALS REVENUE EARNINGS



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

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.

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