



INDICE AETHER FS

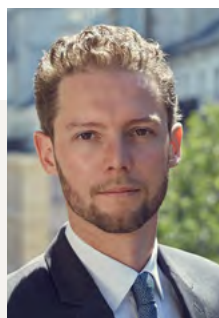
UNITRANCHE FRANCE

2026 - First Quarter

THE FIRST
INDEX BENCHMARK
FOR PRIVATE DEBT
IN FRANCE

AETHER

TAILORED FINANCIAL SERVICES



Adrien Guillen
Principal at Hayfin Capital

EDITORIAL

The Aether index figure that captures the first quarter of 2026: 5.77%. This is the level of spreads at close on the French private debt market, their lowest in three years. One might read it as a sign of receding risk, yet leverage has not moved meaningfully over the past year. The market is therefore pricing in less and less for a risk that does not appear to be diminishing. This gap is no footnote. It points to how value is created or dissipated in this market.

2024 and 2025 were years of refinancing more than of new LBOs. Deprived of exits, sponsors turned to secondary solutions to return capital to their investors, or else waited. Everyone expected a rebound in volumes at the turn of the year. It did not come. In an environment of wars, of unreadable municipal elections, of potential further rate hikes, and above all of an industrial revolution driven by the rise of AI, investment committees preferred caution to commitment.

Against this backdrop, the arithmetic of the market has inverted. Fewer new financings, longer holding periods, maturities to be extended on one side. On the other, French, European and American debt funds whose fundraising breaks record after record. Capital is hunting for deployment faster than deployment presents itself. When available capital exceeds the opportunities to put it to work, terms become the first battleground, to the borrower's advantage.

What resists standardization has concrete names. Size, first. A player able to underwrite an entire financing on its own is not one lender among others, it is the counterparty. Then certainty of execution, not the promise to finance but the command of one's investment committee that turns a promise into a certainty. For in a nervous market, a sponsor prefers reliability to a discount. Discipline through the life of the deal, which separates the constructive lender from the one who watches for the loophole to take back with one hand what it conceded with the other. And finally, anticipation. Many deals come to market ever more discreetly, outside the large auctions, before a restricted circle of chosen institutions. A place in that circle cannot be bought with a lower margin; it is earned through a long-standing presence and an intact reputation.

As for a clear rebound in volumes, caution remains warranted. The 2027 presidential election introduces a further layer of uncertainty at the heart of decision-making. As long as the country's economic and fiscal trajectory remains undecided, the recovery in transactions will keep slipping away. It is precisely in this prolonged wait that the players capable of creating value other than through price will reveal themselves. Until then, we can rely on the coming editions of the Aether index as a barometer.

INDEX

AETHER FS UNITRANCHE
FRANCE INDEX

Source: Aether

1.64%
Q1 20261.39%
Q1 2021

METHOD & CONTRIBUTORS

The Aether FS Unitranche France Index is calculated using the ratio between the interest margin and the leverage at the close of a transaction, on a rolling six-month basis (formula below):

$$\text{Aether FS Unitranche France index} = 6\text{-month rolling average} \frac{\text{interest margin}}{\text{leverage}} \text{ at closing}$$

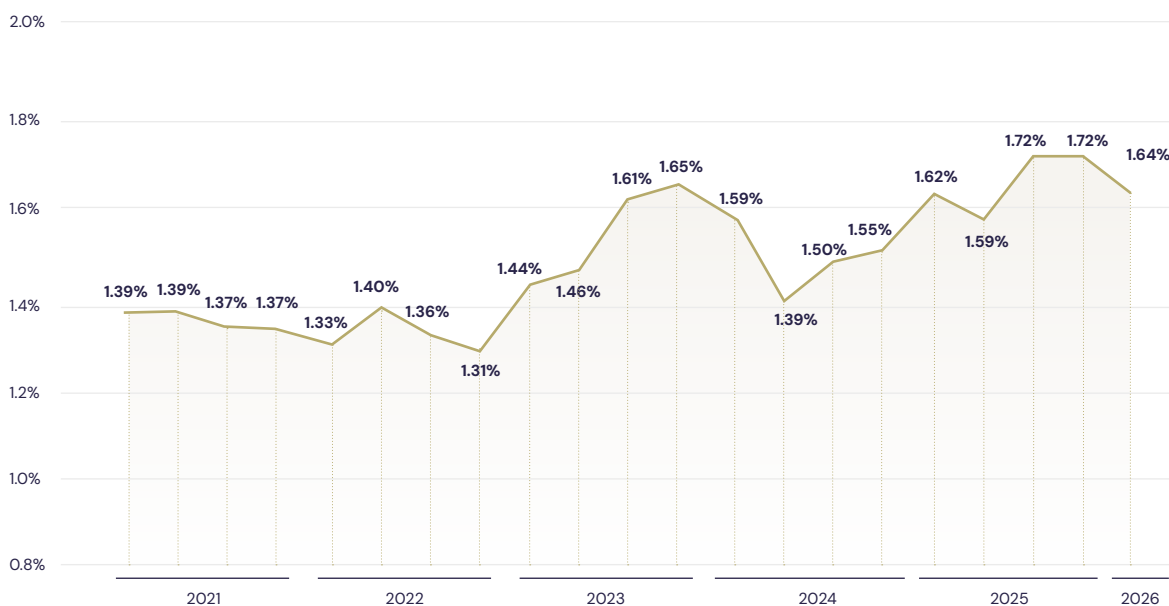


For this latest publication of its French Private Debt Benchmark Index, Aether is pleased to be able to count once again on the participation of Kerius Finance¹ and is delighted that this independent player is helping to enrich its database.

1. KERIUS Finance (www.kerius-finance.com) is an independent consultancy specialising in the management and hedging of interest rate, currency, and commodity risks.

Q1 2026 INDEX

6-month rolling average interest margin/leverage ratio



The Aether FS Unitranche Index declined by 4.8% compared to the previous quarter, reaching a margin per turn of leverage of 1.64%. This decrease reflects stable leverage levels at closing, combined with a compression in average margins applied by unitranche lenders during Q1 2026.

The broader private debt market experienced a strong second half of 2025, which set clear expectations for the 2026 vintage. This momentum was supported by favorable dynamics, including:

- adjustments in sellers' valuation expectations
- and a significant portion of portfolios requiring refinancing or exit (with 53% of Aether's 2021 vintage neither exited nor refinanced at the start of 2026).

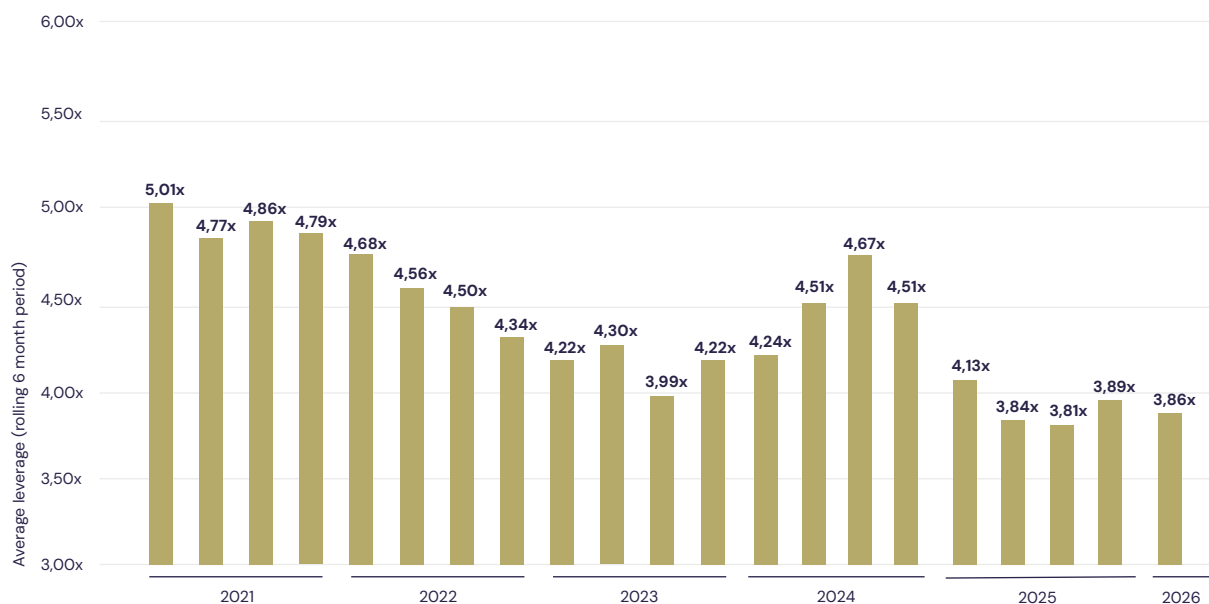
However, this optimism has been tempered by geopolitical uncertainty, particularly relating to shifts in U.S. foreign policy and the escalation of conflict in the Middle East, adding to an already complex global backdrop.

In addition, recent turbulence in the U.S. private credit market appears to be influencing European investment committees, contributing to slower decision-making and execution timelines. That said, the issues observed in the U.S. do not appear to have direct parallels in Europe, which remains reassuring with respect to underlying market structures.

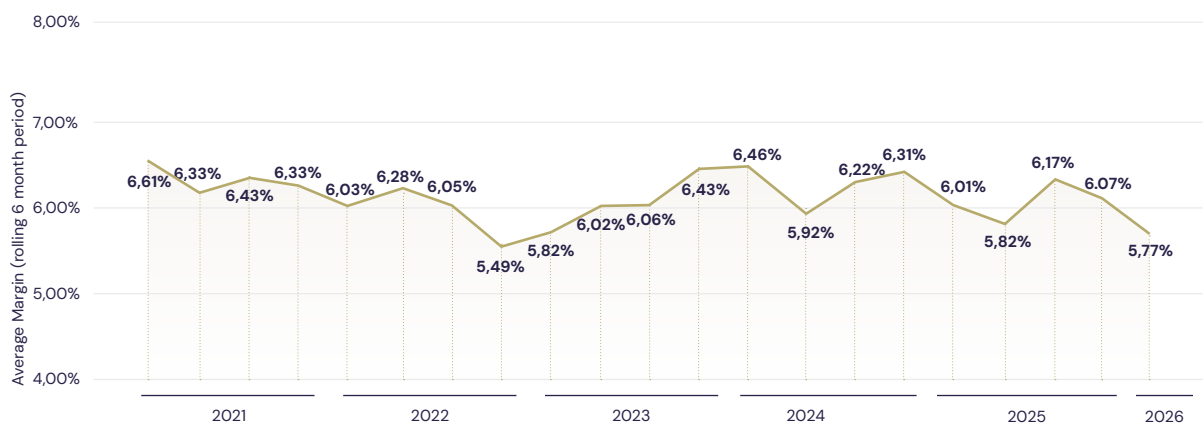
Despite these headwinds, overall market sentiment remains constructive for the remainder of the year, supported by active participants and improving deal pipelines heading into Q2 and Q3 2026.

INDEX COMPONENTS

Evolution of leverage at closing



Evolution of spreads at closing

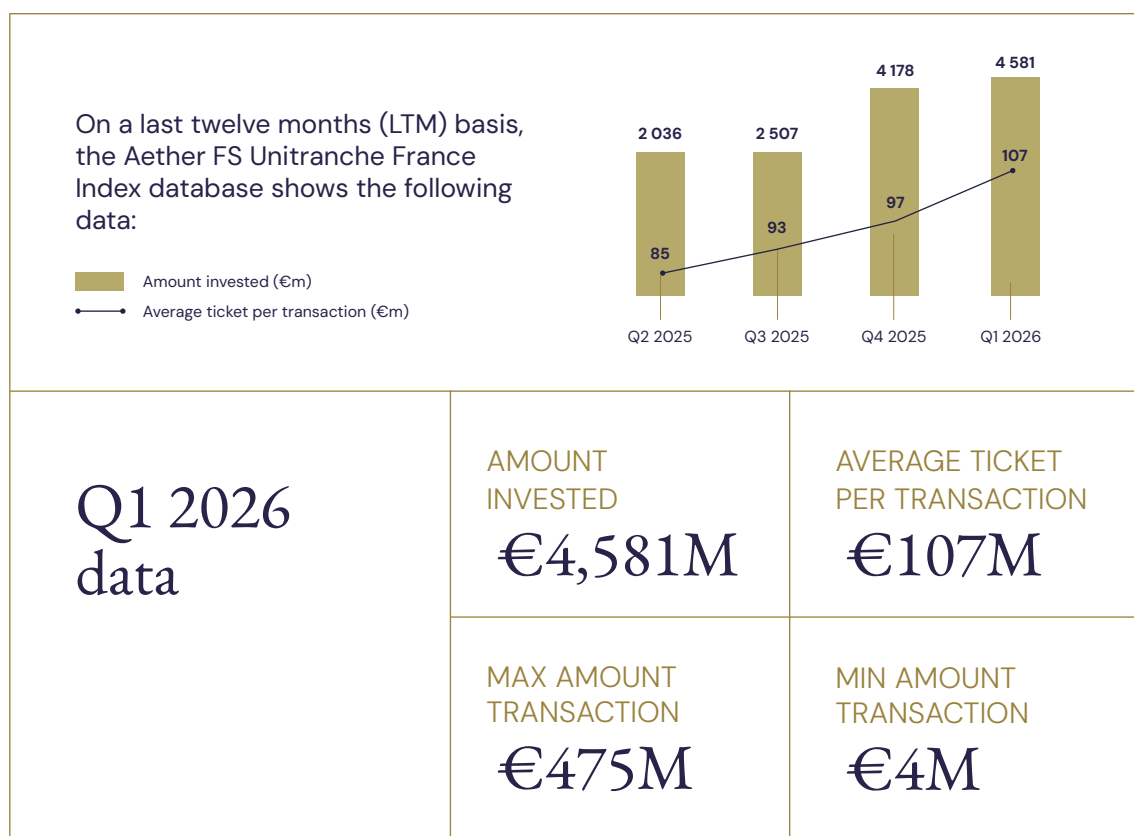


Since Q2 2025, leverage at closing has remained broadly stable. Q1 2026 continues this trend, with average leverage at closing holding at 3.86x (unchanged from Q4 2025), although this represents a 6.5% decline compared to Q1 2025.

In contrast to stable leverage levels, margins have continued to compress, reaching an average of 5.77% at the end of Q1 2026, down 4.9% from Q4 2025. The more challenging market environment during Q1, particularly due to geopolitical uncertainty impacting deal flow, has led private debt funds to remain highly competitive in live processes, with margin compression acting as a key lever to win transactions.

Total capital invested and captured by the index amounted to €4.6 billion on a rolling six-month basis to the end of Q1 2026. While this may appear inconsistent with subdued deal activity observed in February and March, it primarily reflects strong deployment in Q4 2025 (€3.1 billion), followed by more limited activity in Q1 2026 (€1.5 billion).

Notably, Q1 2026 saw the return of mid-sized transactions exceeding €100 million, with an average deal size of €107 million over the period.



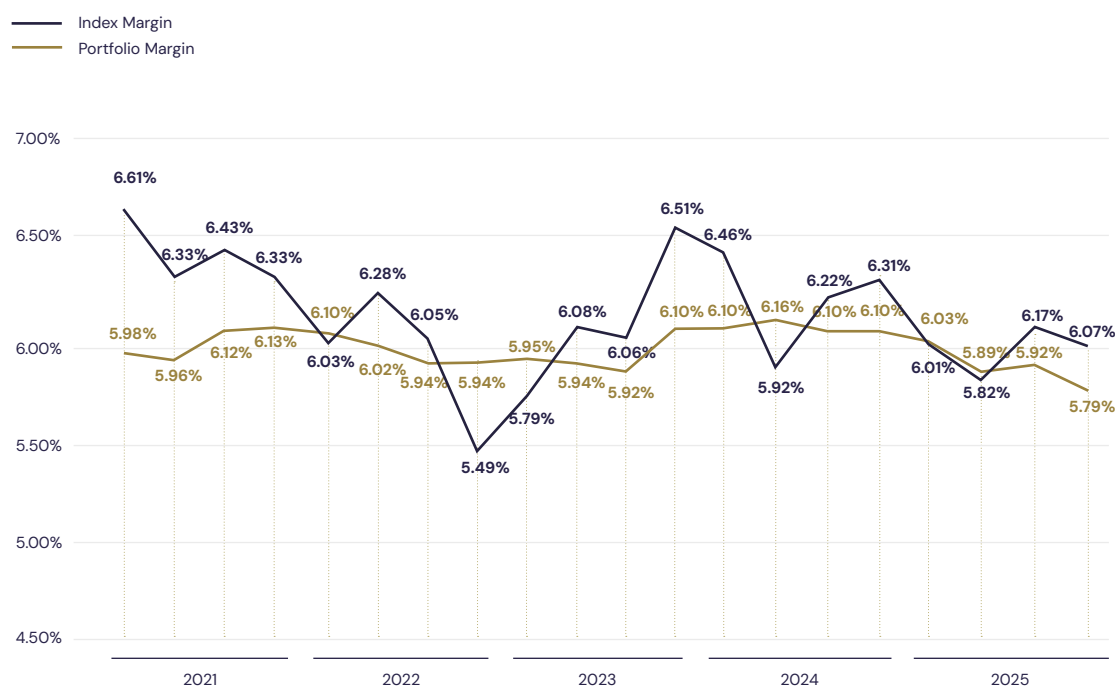
AETHER FS UNITRANCHE FRANCE INDEX VS PORTFOLIO INDEX

Portfolio leverage continues to decline gradually, reflecting ongoing deleveraging trends. This is illustrated by an average portfolio leverage of 4.19x EBITDA at Q4 2025, down 3.1% compared to Q3 2025.

The proportion of deals with leverage above 5.50x EBITDA stood at 9.92% at the end of Q4 2025, representing a 20% decrease from Q3 2025.

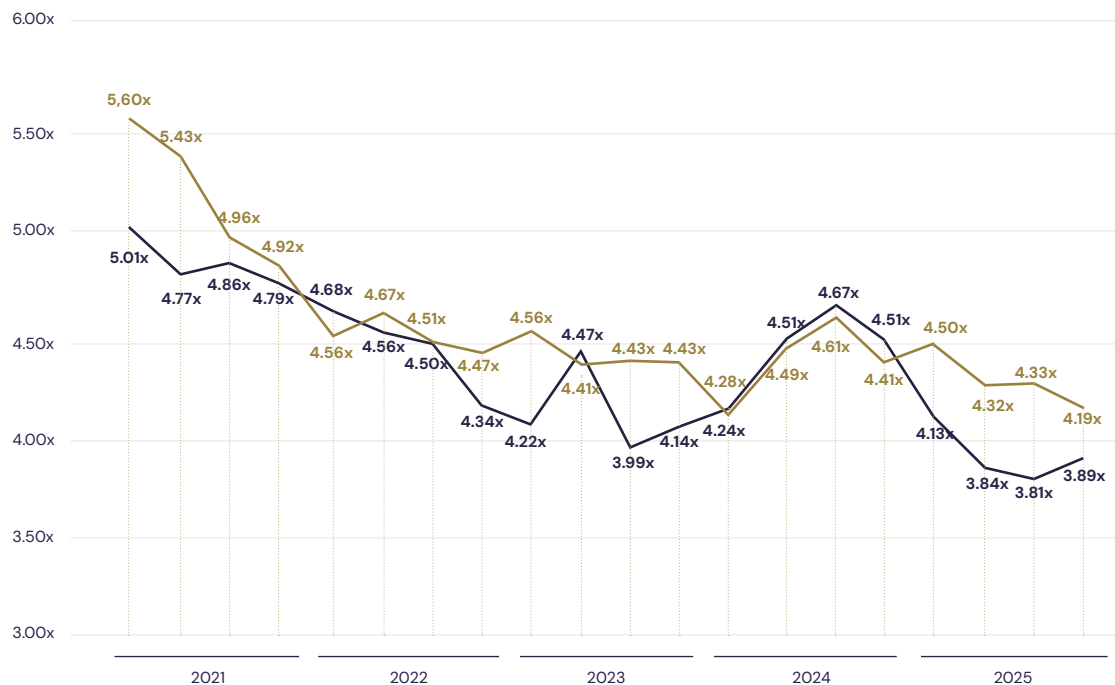
Average portfolio margins also declined, falling by 2.2% quarter-on-quarter to 5.79%. However, margins remain relatively contained, supported by margin ratchet mechanisms embedded in transaction documentation..

**Average portfolio Margin to index
ratio evolution**



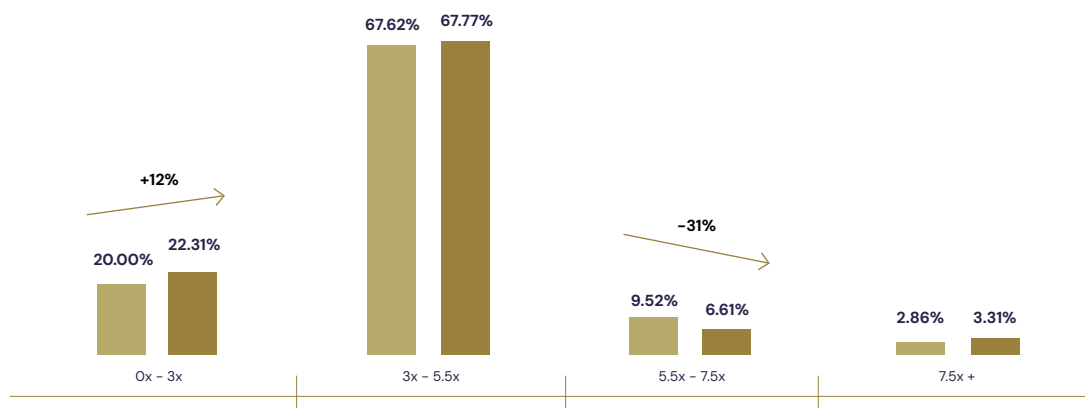
Average leverage to index ratio evolution

— AFS index Leverage
— Portfolio leverage



Evolution of Leverage of the Portfolio

● Q3 2025
● Q4 2025



AETHER

Aether is an independent firm with a leading expertise in agency services and the execution of complex financial transactions. For more than 10 years, the company has supported investors, lenders, and other financing stakeholders through an integrated offering spanning valuation, transaction execution, third-party cash flow management, and asset administration.

With a team of approximately 60 professionals based in Paris, London, Madrid, and Milan, Aether operates across both domestic and cross-border transactions for an international institutional client base.

In an increasingly complex financial environment, Aether enables clients to mitigate operational risk and secure transactions within a robust regulatory framework. Its dual accreditation as a payment institution (ACPR) and as an asset management company (AMF) supports strong compliance standards and operational reliability across European and international transactions.

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Orchestrating the complex mechanics of a deal, from signing to a successful close.

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Managing your securitisation vehicle through independent governance and administration, from setup to compliant and precise ongoing reporting across the full transaction lifecycle.

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For several years, Aether has been involved with associations through Social Impact Contracts (la Cravate Solidaire, the Auteuil Foundation and the Article 1 association). In 2021, Aether committed to protecting the environment through reforestation and forest preservation alongside Reforest'Action. This partnership demonstrates Aether' commitment to the environment and its desire to help combat global warming.

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