



INDICE AETHER FS UNITRANCHE FRANCE

2025
SECOND QUARTER

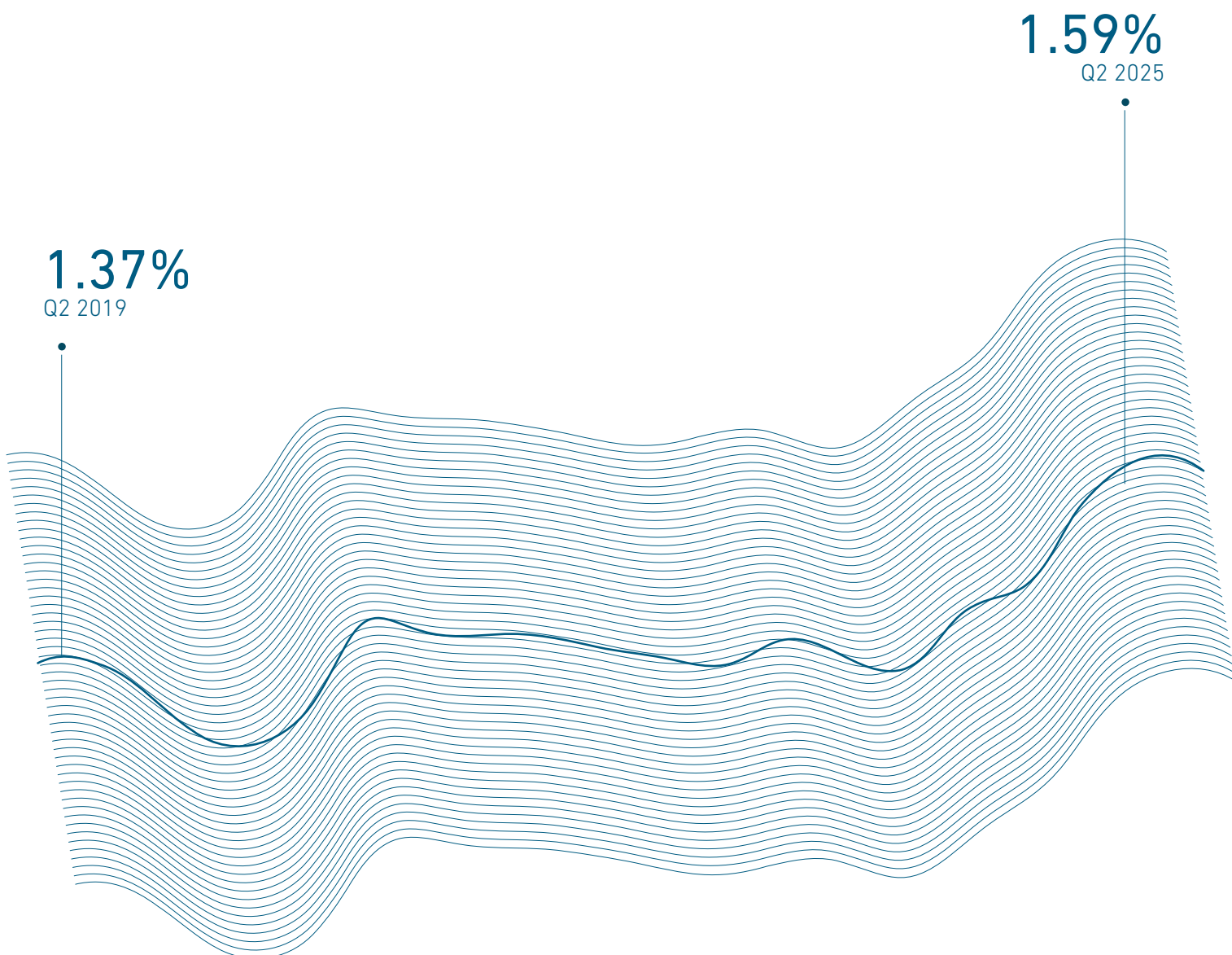
THE FIRST INDEX
BENCHMARK FOR
PRIVATE DEBT
IN FRANCE



I N D E X

AETHER FS UNITRANCHE FRANCE INDEX

Source: Aether Financial Services



METHOD AND 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):

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

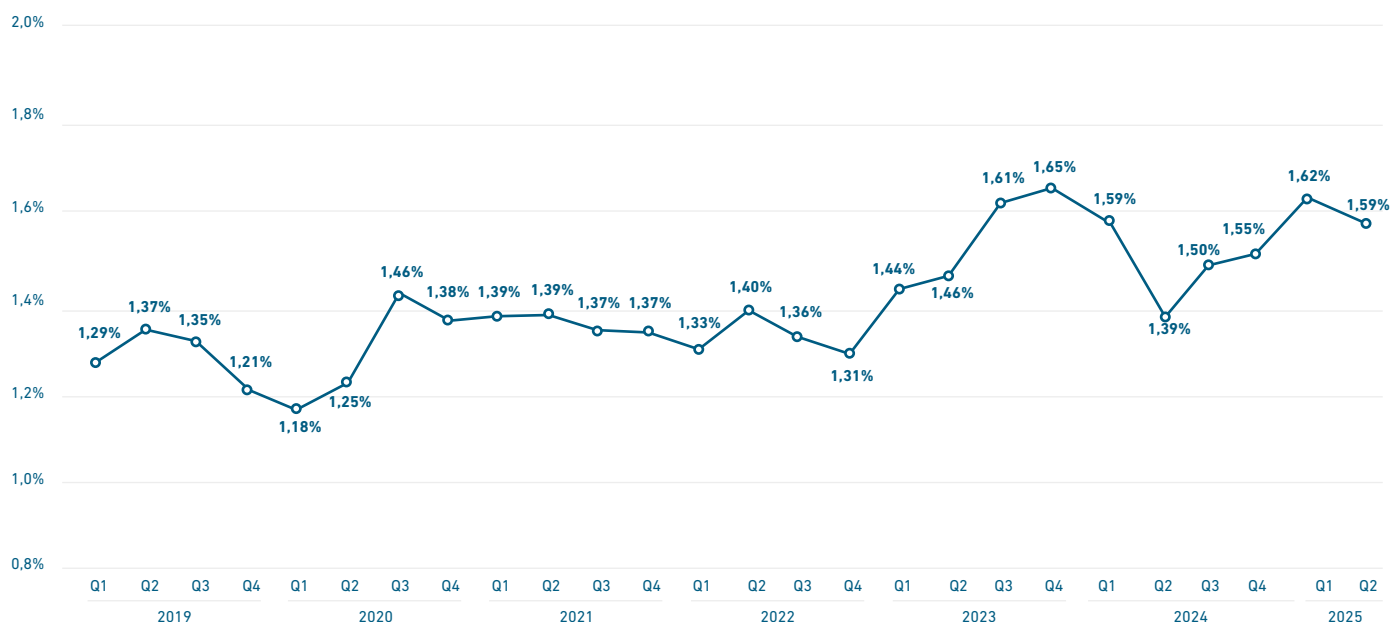
For this latest publication of its French Private Debt Benchmark Index, Aether Financial Services is pleased to be able to count once again on the participation of **Kerius Finance**¹ and is delighted that this independent player is helping to enrich its database.



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

Q2 2025 INDEX

6-month rolling average interest margin/leverage ratio



The Aether FS Unitranche France Index shows a slight decline in Q2 2025, settling at 1.59% per turn of leverage — a 2.0% drop compared to the first quarter. This decrease reflects a simultaneous reduction in closing margins and leverage levels, with a more pronounced drop in leverage.

Despite the abundance of dry powder (committed but uninvested capital) within private debt funds, LBO activity remained subdued throughout the first half of the year. The continued decline in valuation multiples, as tracked by the Argos Index, has not yet translated into a rebound in deal flow. Sellers have been forced to revise their exit expectations downward for several quarters, leading to a wait-and-see approach in hopes of more favorable conditions.

However, with interest rates trending downward and creating a more issuer-friendly environment, the market is expected to gradually recover from the challenges of the past two years. That was the outlook at the beginning of the year — without factoring in the economic uncertainty triggered by the Trump administration.

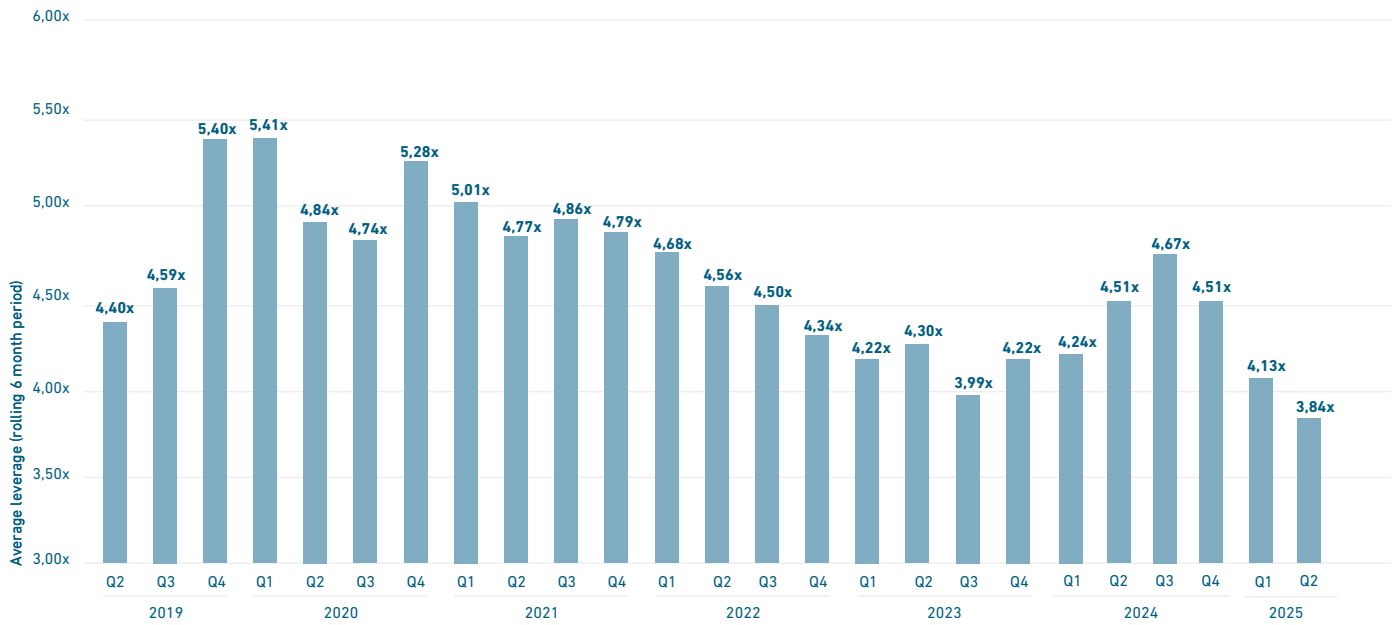
The market remains cautious in the face of geopolitical risks (“liberation day,” trade tensions, and announcements from the Trump government). Assets with exposure to the U.S. market are suffering from economic instability, resulting in slower or paused transaction processes.

According to CF News, the number of LBOs involving French targets (announced or closed deals) reached 165 in H1 2025, compared to 182 during the same period last year. While this trend affects the mid-market, the large-cap segment has shown more momentum: four large-cap LBOs were recorded in H1 2024 versus nine in H1 2025.

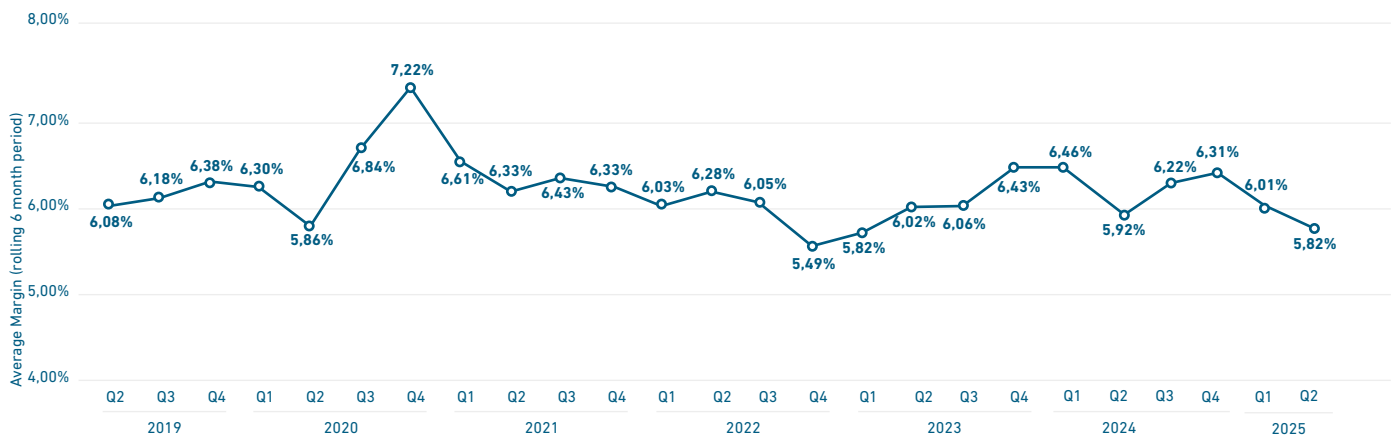
The abundant liquidity in private debt funds and attractive financing conditions suggest a gradual return of LBO activity — provided the economic climate stabilizes.

INDEX COMPONENTS

Leverage at closing



Margin at closing

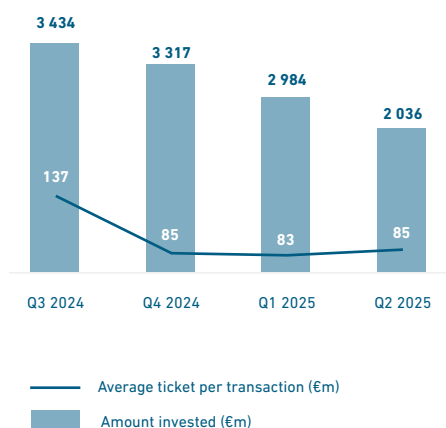


For the second time since its launch, the Aether FS Unitranche France Index reports average closing leverage below 4.00x EBITDA. In Q2 2025, the average leverage of transactions stood at 3.84x EBITDA, down 7.0% compared to Q1 and 14.9% compared to Q2 2024. As in the previous two quarters, “Liberation Day” and the consequences of Trump’s policies continue to impose caution on deal-making.

Average closing margins also declined by 3.2% compared to Q1, falling below the symbolic 6.00% threshold to reach 5.82%. While this level is relatively low for unitranche deal compensation, it is not cause for concern. The high level of dry powder and intense competition among private debt funds create favorable conditions for sponsors.

Consistent with the previous two quarters, the market represented by the Index remains rooted in the MidMarket, with an average debt amount at closing of €85M (vs. €83M in Q1 2025) and a total invested amount of €2.0bn in Q2 2025, representing a 32% decrease compared to Q1.

On an LTM basis, the Aether FS Unitranche France Index reveals the following data:



Q2 2025 was less promising than the first quarter of the year, both in terms of the number of recorded transactions and the amount invested. All market participants — sponsors, debt funds, and advisors — are hoping for a rebound after two challenging years marked by successive crises. Such a recovery can only be achieved through greater geopolitical stability.

Data for Q2 2025	Amount (€M)
Amount invested	2,036
Average ticket per transaction	85
Max amount transaction	323
Minimum amount transaction	12

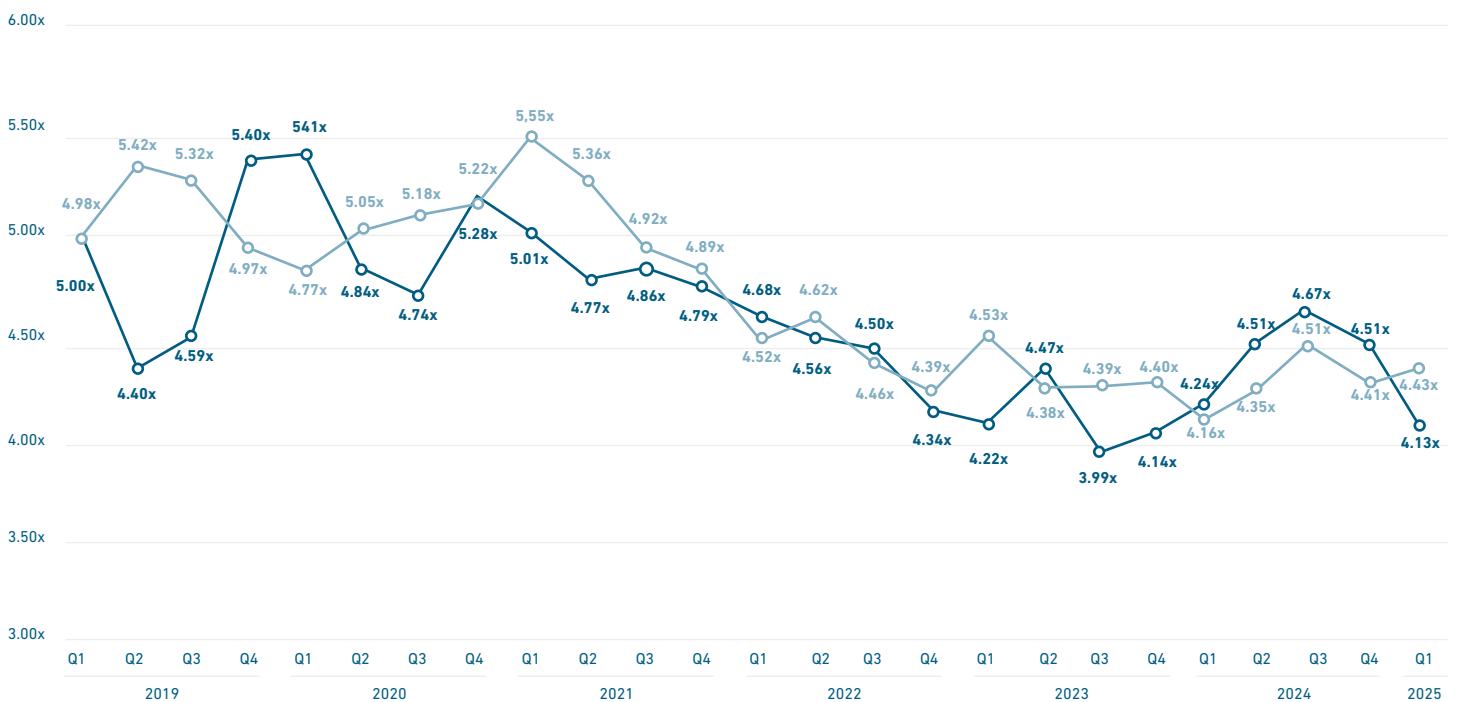
AETHER FS UNITRANCHE FRANCE INDEX VS PORTFOLIO INDEX

The portfolio shows a positive trend in its most highly leveraged segment, with a 32% decrease in deals with leverage above 7.50x. However, while some of these transactions have shifted into the lower bracket, we also observe that a portion of deals with leverage between 3.00x and 5.50x have moved both downward and upward. This has resulted in an increase in the number of deals with leverage between 5.50x and 7.50x.

This trend is not alarming, as over the past six months the portfolio has seen several refinancings of older deals with attractive leverage levels, alongside newly closed transactions. This has mechanically impacted the portfolio's overall leverage.

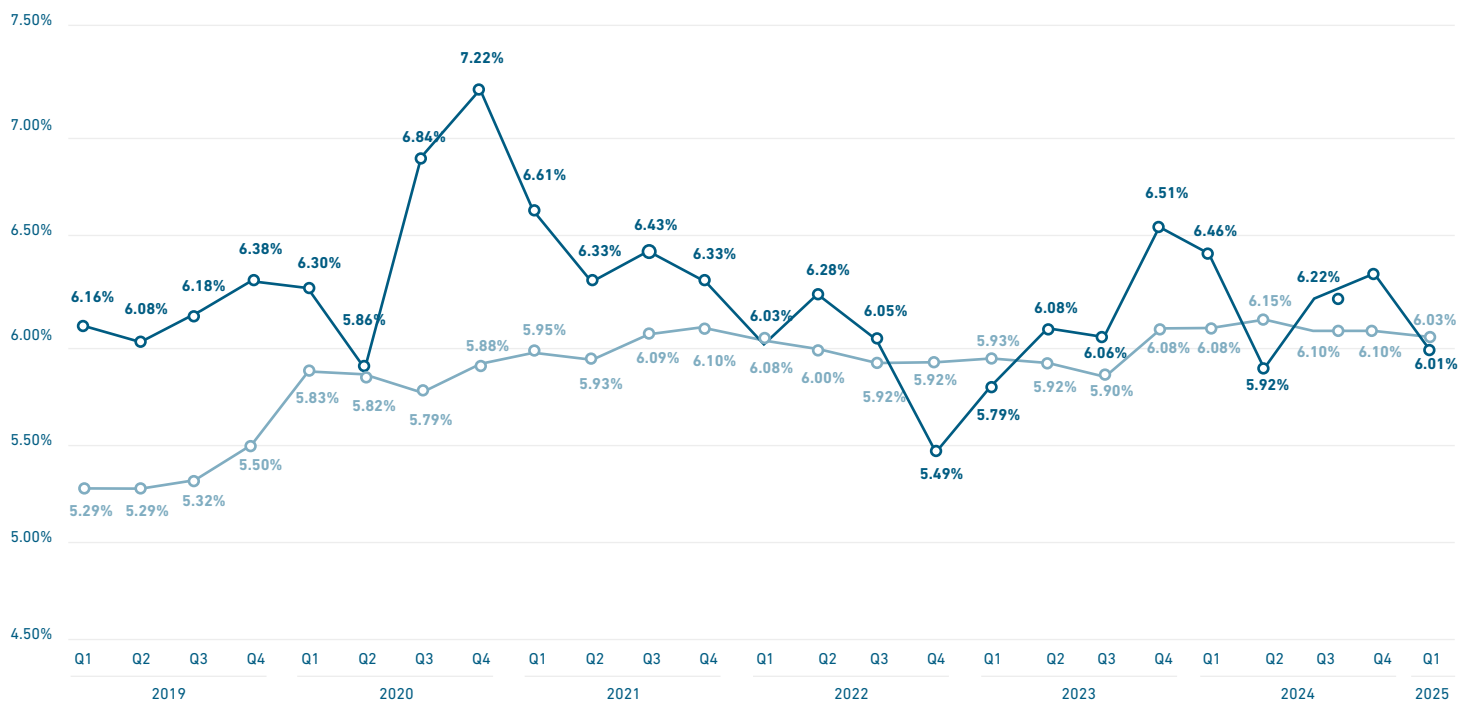
Average portfolio Margin to index ration evolution

— Index Margin
— Portfolio Margin



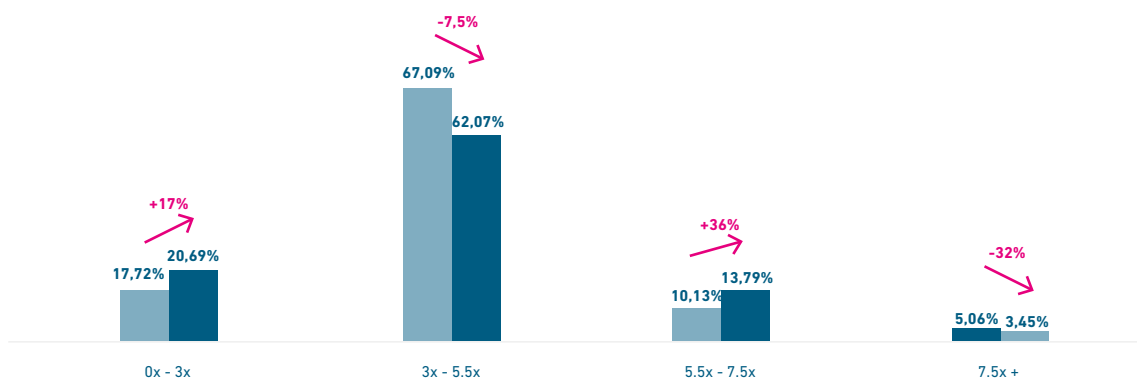
Average leverage to index ratio evolution

— AFS index Leverage
— Portfolio leverage



Evolution of Leverage of the Portfolio

■ Q4 2024
■ Q1 2025



GOLDEN SHARES: THE HIDDEN GEM OF CORPORATE RESTRUCTURING

Golden shares have been making waves in the financial world since they first appeared in France a few years ago. But what exactly are they, and why is everyone talking about them?

What is a Golden Share?

Golden shares are special preferred shares given to a security agent. When exercised, they grant control over the voting rights (but not the capital) of a company in default. This can lead to a shake-up in management, asset restructuring, the sales of the company, or any other action the lender deems necessary.

The Perks of Golden Shares

Golden shares are a game-changer in the world of securities. Once the voting rights are transferred, it's a breeze to call a general meeting and appoint new leaders. Unlike traditional securities like pledging shares or placing them in trust, which results in losing both ownership and voting rights, golden shares only affect voting rights. This makes them a powerful yet less invasive tool.

A Lifeline for the Defaulting Party

For the defaulting party, the exercise of a golden share can be a blessing in disguise. The lender and new management take over the reins, pushing the company towards restructuring and recovery. The financial gains from this process ultimately benefit the original shareholder.

Conclusion

Golden shares offer an innovative and effective way to handle default situations. Their flexibility and swift action can be crucial for turning around a struggling company. So, are they as brilliant as their name suggests? Absolutely!

PRESENTATION OF AETHER FINANCIAL SERVICES

Independent French leader in the execution of financial transactions, Aether Financial Services stands out for its dynamic and innovative approach, breaking away from traditional codes of the financial sector. Comprising a team of over 50 employees spread across Paris, London, Madrid, and Milan, the company offers a comprehensive range of services to its clients by providing administrative, legal, and financial resources. A true one-stop shop, with expertise in Agency, Valuation, and unlisted securities services (Corporate and Issuer Services), Aether Financial Services has become an essential partner for Corporate Finance players. As the only independent French financial agent with payment institution approval issued by the ACPR, Aether Financial Services manages flows on behalf of third parties, acting as an escrow agent or paying agent, thus intervening across the entire value chain of financial transaction execution.



AGENCY

Active in Private Debt and Capital Markets, Aether Financial Services covers all financing agent roles (Loan agent, Bond agent, Administrative agent, Calculation agent, Security agent, etc).



VALUATION AND CALCULATION

Aether Financial Services values all types of financial instruments or securities, from the most «vanilla» to the most structured, for recurring, specific or one-off requirements.



CORPORATE AND ISSUER SERVICES

Aether Financial Services offers a range of digital solutions dedicated to the administrative management of functions relating to securities transactions (capital increases, general meetings, record keeping, etc.).

AETHER FINANCIAL SERVICES' COMMITMENT TO SOLIDARITY

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

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