Golub Capital BDC, Inc. (NASDAQ: GBDC)

Financial Institutions Group (FIG)

GOLUB CAPITAL

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Golub Capital BDC Inc, (NASDAQ: GBDC) (1/4)

Golub Capital BDC delivers stable, cycle-tested returns through disciplined credit selection, broad portfolio diversification, and a flexible funding platform.

Company Description

Golub Capital BDC (NasdaqGS: GBDC) is a business development company with expertise in core middle market lending with over $80 billion capital under management and a low default rate of 0.92%

- Founded in 2009 as an affiliate of Golub Capital, providing stronger deal pipelines, superior underwriting expertise, and streamlined operational efficiency
- Focus on companies with private equity backing and $10-$100 million of EBITDA (median portfolio company EBITDA of $72.4 million), strong relationships (over 410 PE sponsor relationships, 280 repeat)
- Lead approx. 90% of deals, offering stronger control in deal structuring, higher deal fees, and priority access to management
- Historical performance of consistent returns in recession resilient industries, overall hold stable Baa2 credit rating by Moody's
- Strong holdings in a wide variety of recession resilient industries to achieve objective of maintaining stable net returns and current income with minimal defaults

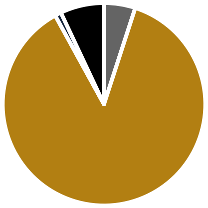
Leadership




Name	David Golub	Chris Ericson	Spyro Alexopoulos	Gregory Cashman
Title	CEO & Director	CFO & Treasurer	Senior MD	Senior MD
Tenure	16	16	14	16
Background	MD at Centre Partners	Controller at Downsview Capital	VP at Silverpoint Ca pital	Manager at Bristol-Myers Squibb

Conservative Portfolio and Broad Industry Diversity

Holding Seniority %



- First Lien Traditional Senior
- First Lien One Stop
- Junior Debt
- Equity

Portfolio Composition by Industry

- Software
- Healthcare Industries
- Insurance
- Consumer Products
- IT Services
- Other (below 3%)

Key Metrics

As of November 19th, 2025			
Stock Price	13.52	**P/B**	0.98x
Market Cap (mm)	3,601	**P/E**	9.52
52 Week High	16.01	**NII (mm)**	396.8
52 Week Low	12.68	**NAV (mm)**	3,982.6
52 Week Change	-12.94%	**NAV per share**	14.97
EV (mm)	8478.6	**Dividend Yield**	11.8%

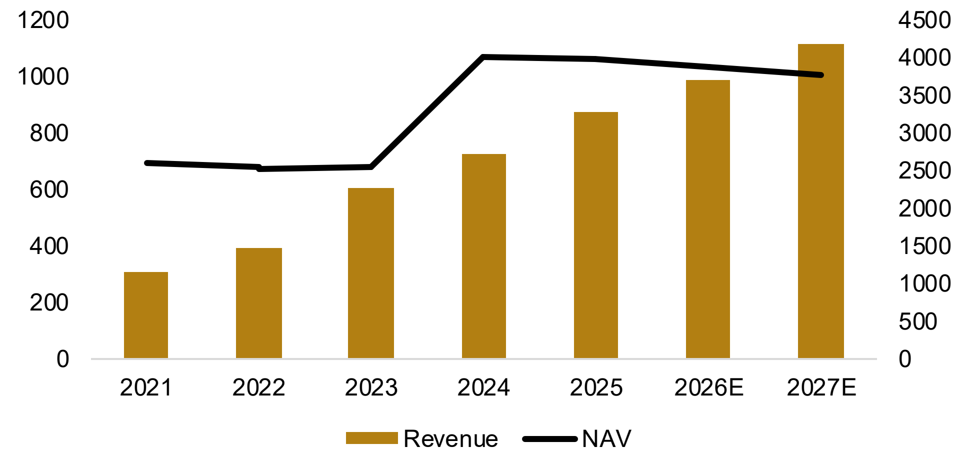
Golub's focus on maintaining consistent returns with low default rates and credit losses positions them to be a strong middle market lender driven by strategic relationships, disciplined lending, and industry diversification

Source: Company Filings, Capital IQ, Bloomberg, Yahoo Finance

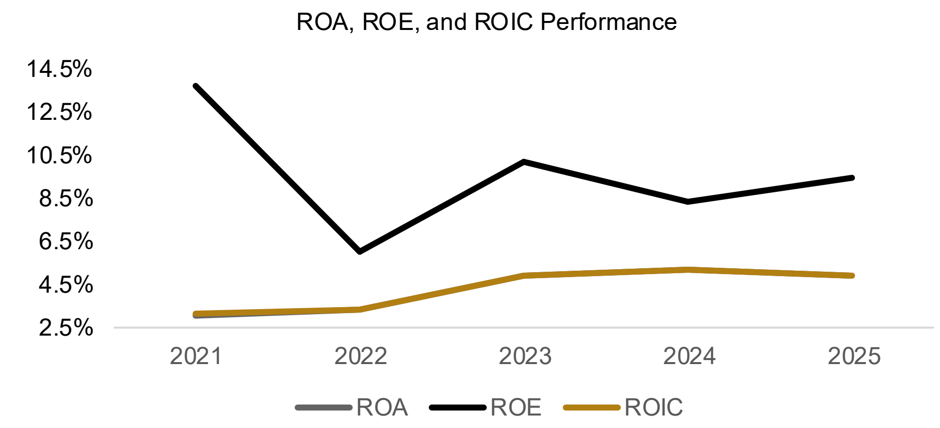
Golub Capital BDC Inc, (NASDAQ: GBDC) (2/4)

Consistent growth, strong liquidity, and high credit quality have driven Golub to be a resilient middle market lender, historically being able to consistently deliver healthy profits and growth

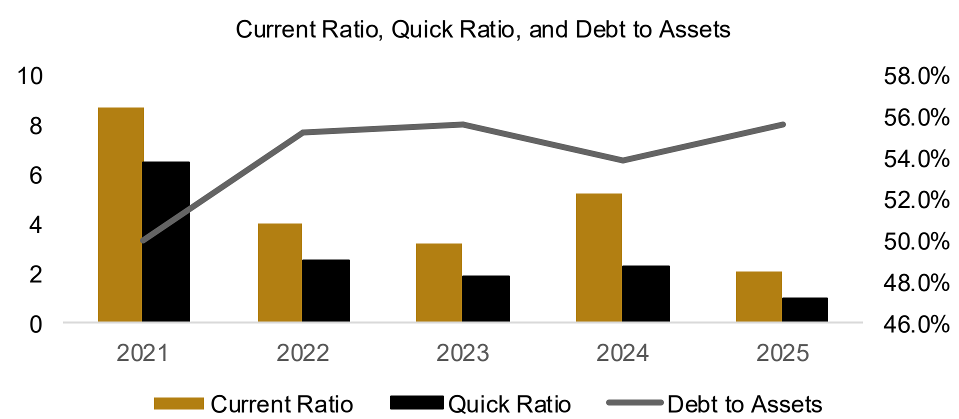
Revenue and NAV



Key Profitability Ratios

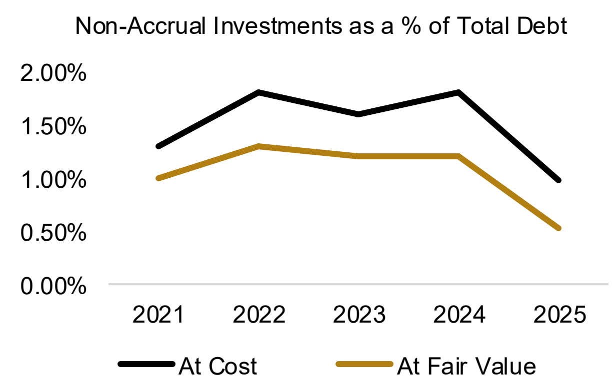


Current Ratio, Quick Ratio, and Debt to Assets



Total available liquidity is $1.2 billion, with available liquidity being 1.3x unfunded asset commitments

Non-Accrual Investments



Notable Track Record

- 0.0% Payment Default Rate during COVID-19 dislocation
- 1.35% Payment Default Rate during Global Financial Crisis
- 0.00% Average annual loss rate from Payment Defaults since 2004

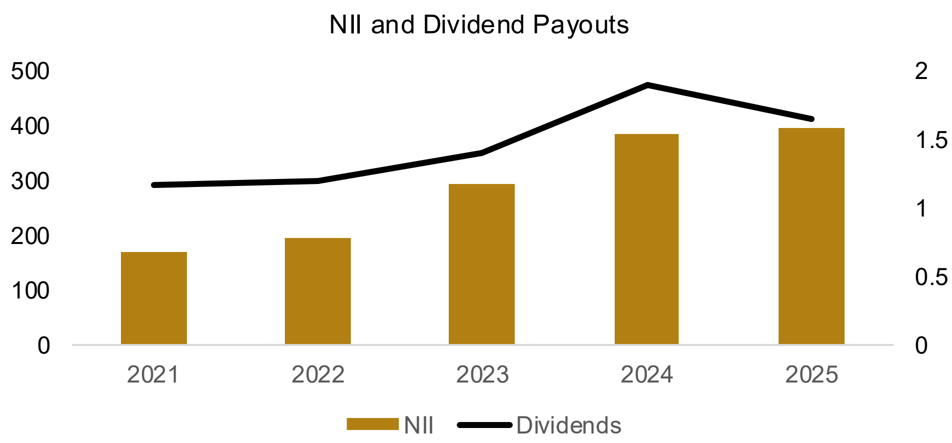
In recent quarters, BDC non-accruals have averaged at 2.4%, further demonstrating Golub's disciplined lending

Source: Company Filings, Capital IQ, Bloomberg, Fitch Ratings

Golub Capital BDC Inc, (NASDAQ: GBDC) (3/4)

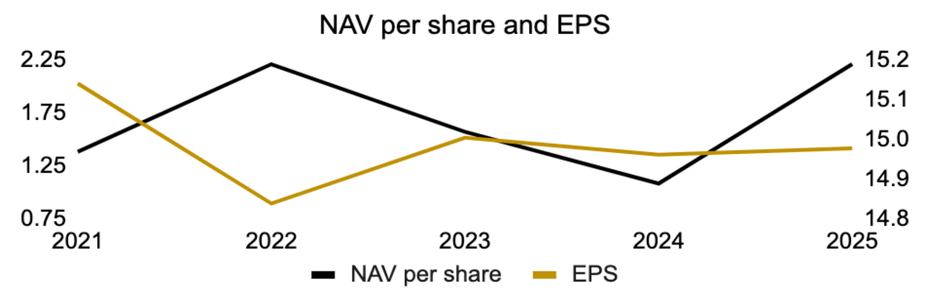
Golub's platform strength in sponsor network, scale advantage, and well-regarded credit platform allow them to make conservative bets in middle market lending while still profiting from strong yields

Sustainable Dividend Coverage Driven by Consistent NII



Consistent shareholder returns

Stable NAV reflects strong credit discipline and consistent borrower performance across cycles



Business Model

Proprietary Deal Sourcing: Sponsor partners

→

Underwriting: Sector experts and sponsor input

Structuring: Focus on first lien loans

Risk Analysis: Internal ratings, stress tests, and scenario models

→

Monitoring and Active Management by Sponsors

- Network of over 400 private equity sponsors gives GBDC access to repeat, proprietary deal flow, leading to greater visibility on credit quality
- Specialized credit analysts who understand specific industries provide granular insights when partnered with sponsor due diligence
- Leads majority of deals, allowing for structural influence over covenants, collateral, and documentation
- Internal credit ratings are updated quarterly and monitored continuously to stress test debt
  - Nearly 90% of portfolio investments have internal rating of 4+ (out of 5)

Source: Companies Filings, Capital IQ, Fitch Ratings

Price to Volume – LTM ($13.53/Share) (4/4)

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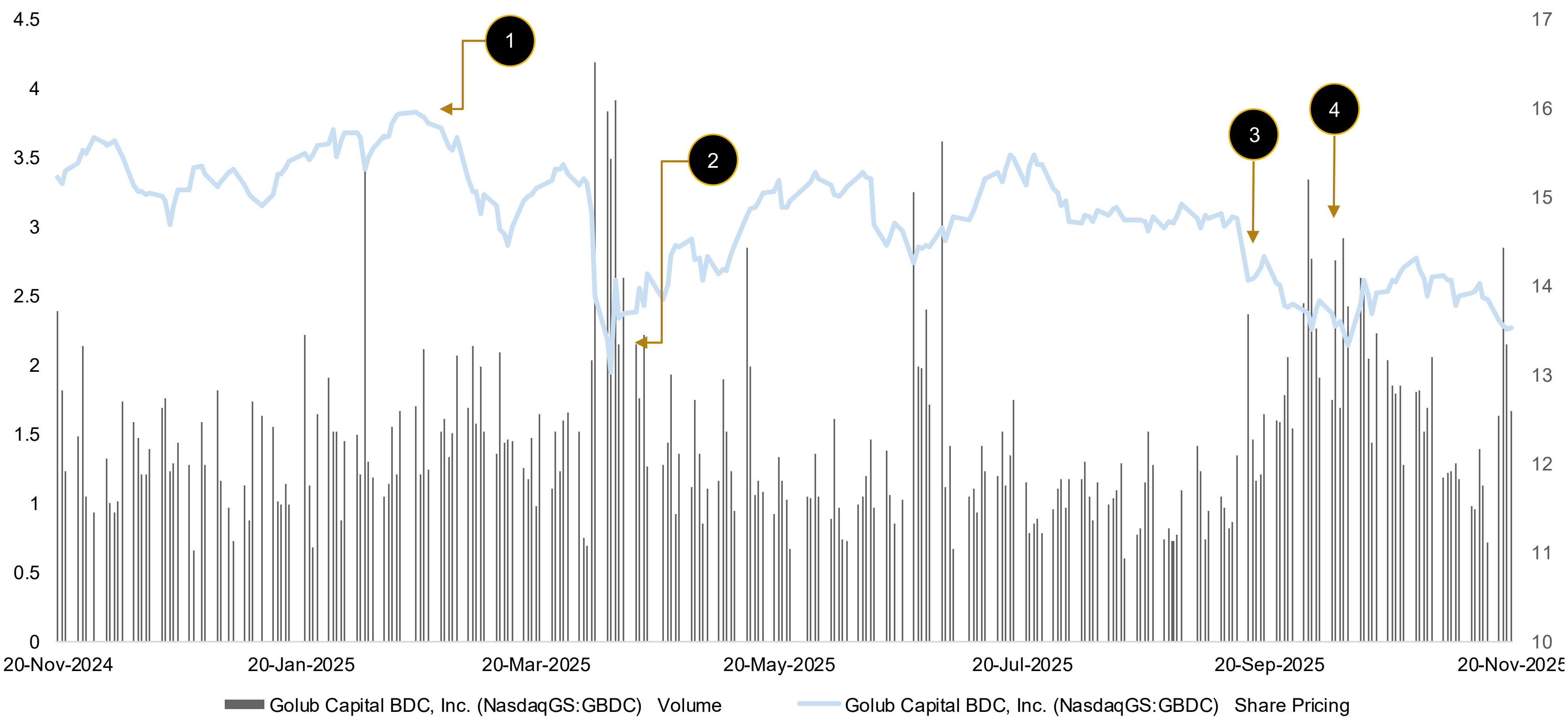

1 Slight EPS miss from consensus

- Run up to ex-dividend helped maintain stability.
- Impacted by GBDC3 merger which led to increased scale, improved liquidity, and reduced incentive fees from 20% to 15%.

2 Impacts of market spread

- Corporate credit spreads widening across countries and credit quality since February but still low compared to historical.
- IG bond spreads increased 35 bps; HY spreads increased 185 bps.
- Reduced investor appetite for credit.

3 Ex Dividend Date

- One of many small dips due to investor sensitivity to dividend payouts.
- Golub's strong dividend yield for investor is a key driver, but their ability to maintain consistency reduces volatility.

4 Debt Issuance Impact

- Issuance of $250mm of 7.05% notes.
- Notes due in 2028 increased to $700mm as a result.
- Higher interest costs lowered investor sentiment, increases interest expense and decreases earnings.

Source: Capital IQ, 8ks, Yahoo Finance, WTW

Macroeconomic Overview – Trends (1/2)

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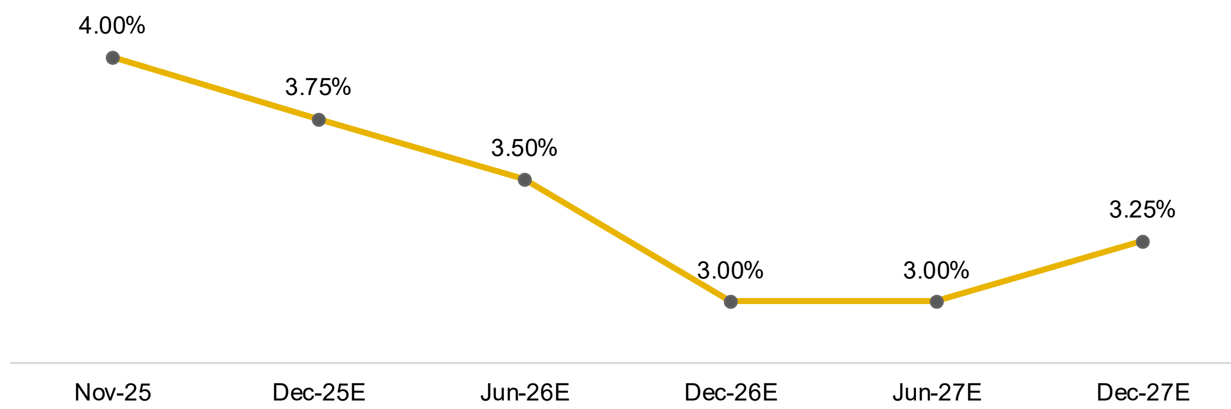
An expected period of prolonged low base rates is the central macroeconomic tailwind the private lending industry faces today. While decreased interest rates may impact net investment income across the industry, new opportunities for loan origination rise.

Interest Rate Environment

- **Federal Funds Rate Outlook (2025–2027)**: Projected decline from 3.75-4.00% in Nov-25 to 3.25-3.5% by June 26th.
- **Margin Pressure**: Lower base rates compress Net Investment Income (NII), BDCs like GBDC
- **Match-Funded Advantage**: GBDC's liabilities are largely floating (82%) and aligned with reducing margin volatility and sustaining dividend coverage.

Despite over 500 bps of Fed rate hikes since 2022, private credit default rates peaked in 2023 at around 2.5%, below high-yield corporate bond defaults (~4.5%).

Federal Funds Rate Expectations (2025~2027E)



Rise In M&A Activity

"We delivered an uptick in deal activity with new borrowers... we acted as sole or lead lender in 90% of our transactions in (Q4 2025)."
– Tim Tropicz, MD,GBDC

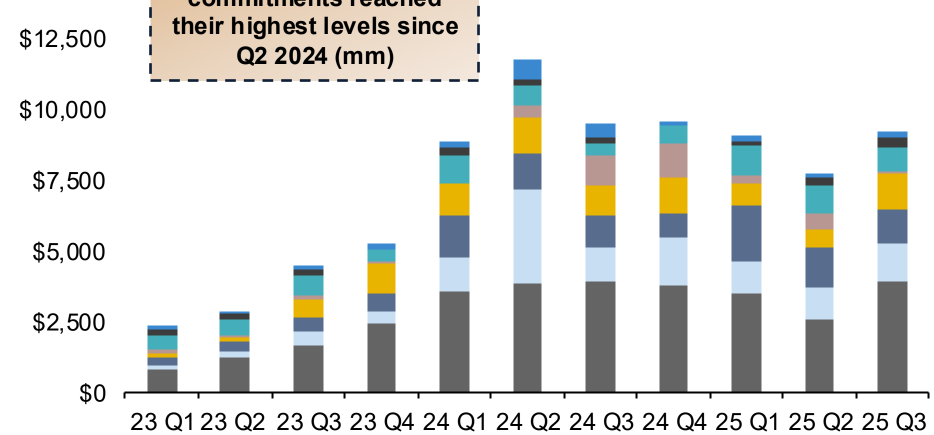
- **Deal** flow for BDC's pickup as M&A activity is showing signs of recovery. Commitments reaching their highest levels since 2024.
- **Q3 2025:** BDC deal activity surged 30% QoQ & 8% YoY.
- **Tariff clarity & rate cut expectations boosted confidence.**
- **GBDC highlighted $556.8M in new originations in Q3.**

Dun & Bradstreet LBO

Deal Size: $7.7bn
Debt Financing: $5.5bn

GBDC served as a co-lead arranger backing the acquisition of D&B - the largest private credit-financed LBO in history.

Total BDC deal commitments reached their highest levels since Q2 2024 (mm)



Source: CME Group, Q4 Investor Presentation, Bloomberg Intelligence, Q4 Earnings Call

Key Competitors – Emerging Trends (2/2)

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While BDC valuations have compressed as investors become cautious of quantitative easing, BDC's are presented with broader opportunities to scale operations through AI integration and a changing bank ecosystem looking to off-load broader asset classes into the market.

Emerging Trends

Shift in Bank Regulation

- Co-lending lets banks keep relationships without taking full risk.
- Banks earn origination fees and potential cross-selling of services.
- Private lenders gain fast deal flow but take on the risk.
- Partnerships help banks stay compliant under stricter regulations.

- Banks look to shed risky loans in various asset classes.
- Ie: Riskier CRE loans, aircraft leases, project finance, etc.
- $5-6 trillion of such asset classes to shift into nonbank ecosystem.
- BDC's like Golub come to fill this funding gap.

AI Integration

- Firms are testing and integrating AI to boost productivity.
- Focus on data extraction, portfolio monitoring, and assessing risk.
- GC's $55M co-investment in 73 Strings.
- BDC's must adapt to and integrate AI into operations to keep up.

Key Competitors & Avg. Investment Size

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Golub Capital BDC

$68M Median EBITDA

Blackstone Secured Lending

$219M Wtd. Avg. EBITDA

BLUE OWL Capital Corporation

$222M Wtd. Avg. EBITDA

OAKTREE OCSL | Specialty Lending Corporation

$161M Wtd. Avg. EBITDA

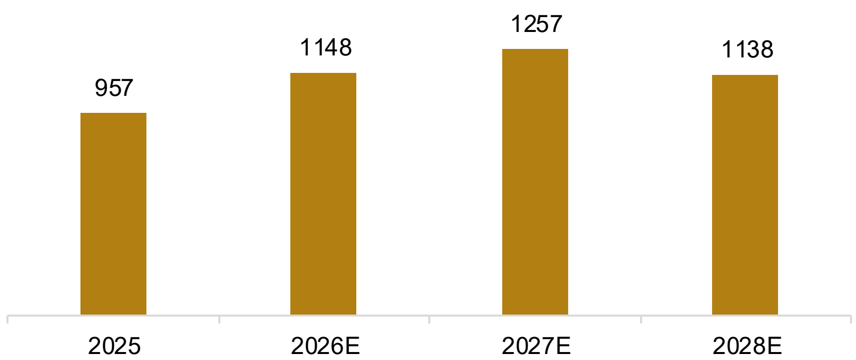
ARES

$287M Wtd. Avg. EBITDA

<$10MM EBITDA	$10MM-$100MM (EBITDA)	$100MM+ EBITDA
VC Oriented	"Core" Middle Market	Large Buy-Out Oriented

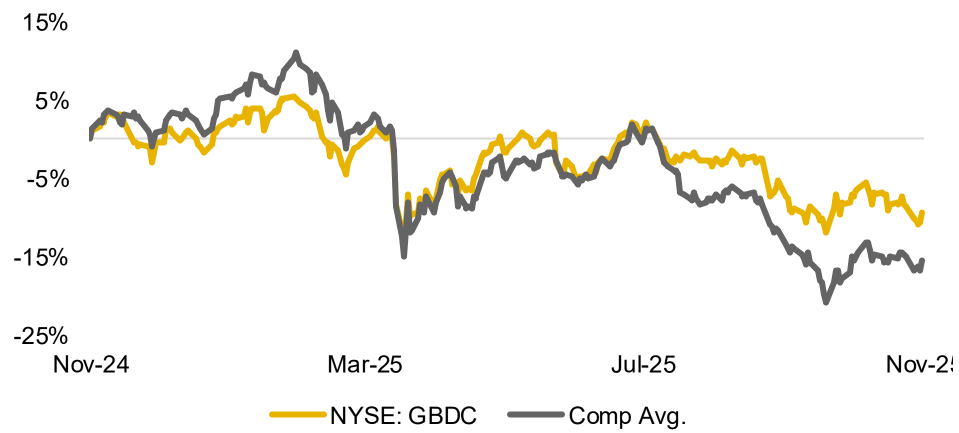
Debt Maturity Wall

US CRE Mortgages Estimated to Mature (USD $bn)



As pandemic-era CRE loans mature, private lenders can capitalize on refinancings, and restructurings backed by quality collateral at attractive valuations creating strong deal flow as banks pull back.

% in Price Relative to Peers



Source: Capital IQ, 10-K, Q4 Earnings Report, 73 Strings, BBG, McKinsey

Investment Thesis – Dominating Middle Market & Underwriting (1/3)

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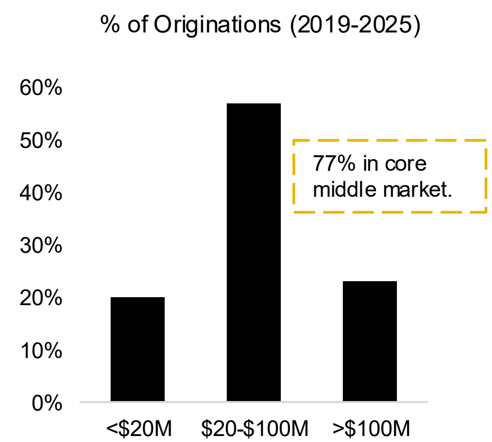
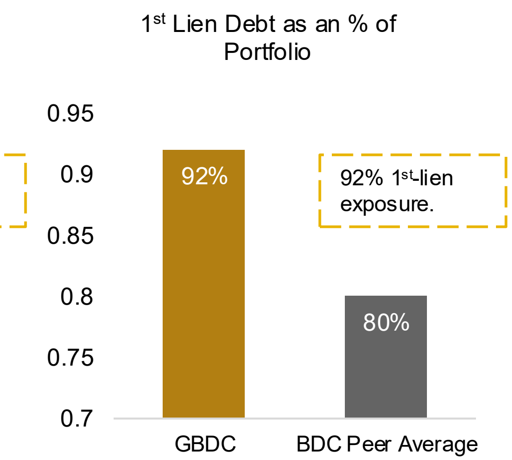
GBDC has built a dominant position in the core middle market by focusing exclusively on sponsor-backed companies and applying a disciplined, risk-aware underwriting framework producing consistently low default

Niche Focus on Sponsor-Backed Core Middle Market Lending

- Focused exclusively on private equity sponsor-backed core middle-market lending for 20+ years. Award-winning middle market lender; highly selective across a broad spectrum of deal flow, has an option to play upmarket.
- Explicitly avoided expansion into riskier verticals (venture lending, upper MM, opportunistic credit) – conservative and selective.
- Golub's sweet spot – core niche: $10-$100M EBITDA companies (median portfolio EBITDA: $72.4M).
- Built underwriting frameworks tailored to this borrower size, not generalized credit.
- Maintains long-standing relationships with top-tier private equity sponsors, giving access to consistent, high-quality deal flow not available to competitors.
- Prioritizes recurring borrowers and repeat sponsor partnerships, enabling better information sharing and stronger visibility into portfolio company performance.

Middle-Market Focus and Conservative Portfolio Construction

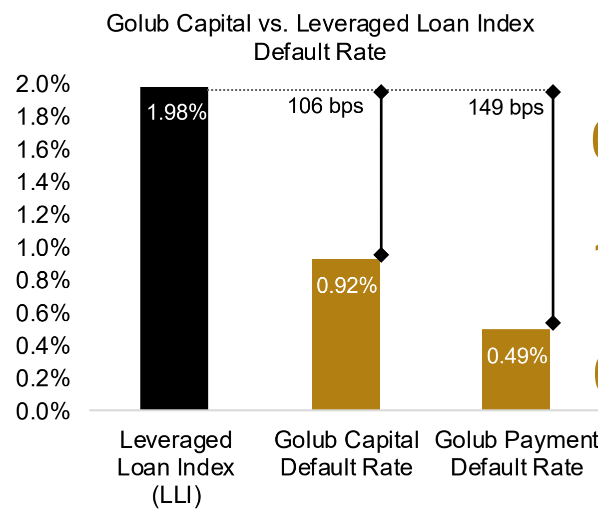




Durable Underwriting Advantage

- Default rate has consistently been less than half that of the broadly syndicated loan index, defying expectations that higher-spread, smaller company lending should be riskier.
- Long-term track record creates a strong feedback loop: conservative underwriting and low losses creates lower cost of capital, hence GBDC's ability to win higher-quality deals.
- Emphasis on covenant-protected structures enhances early warning signals and allows proactive intervention when performance begins to weaken.
- Historical default rate: 0.49% vs 1.98% for broadly syndicated loan index.
- 92%+ of the portfolio is senior secured loans – very safe structure (strong downside protection).
- Non-accruals consistently 0.3-0.6%, far below BDC peers (1.2-2.4%).
- Weighted average risk rating in top tier of BDC universe.

20 Year Track Record of Lower Default Rates



0.00% Payment Default Rate during COVID-19 dislocation.

1.35% Payment Default Rate during Global Financial Crisis

0.00% Average annual loss rate from Payment Defaults since 2004

Source: Pitchbook, Capital IQ, and Equity Research Reports

Investment Thesis - Earnings Protected Against Rate Volatility (2/3)

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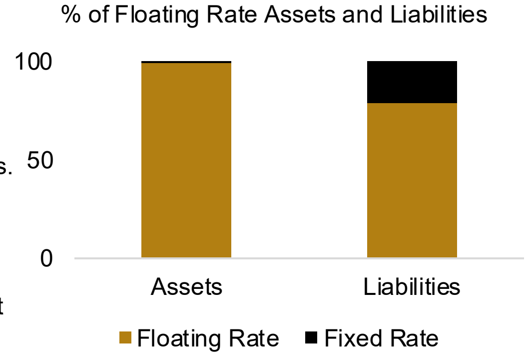
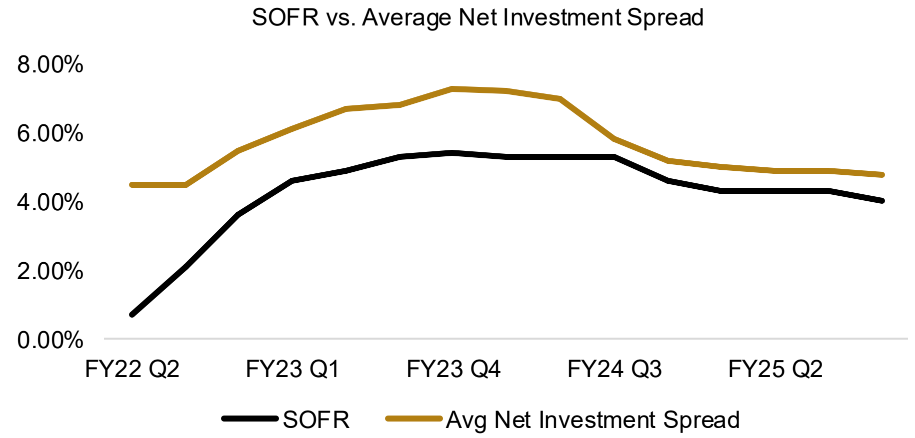
Golub's structure shields earnings from interest-rate volatility, ensuring returns remain consistent across market cycles. Through disciplined asset–liability management, the firm delivers predictable cash flows despite macroeconomic uncertainty.

GBDC's Matched Floating-Rate Structure

- GBDC's floating-rate assets are funded by floating-rate liabilities, creating a natural hedge that cushions interest-rate fluctuations and stabilizes net investment income.
- Assets: 99% floating-rate loans.
- Liabilities: 82% floating-rate debt funding.
- Stable earnings and predictable dividend coverage across rate cycles.
- Strong asset–liability matching minimizes interest-rate risk, since floating-rate assets and funding reprice together, keeping net interest margins relatively stable.



Stable Net Investment Spreads Across Rate Cycles



Competitors Face Greater Margin Pressure

- Many BDCs have high floating-rate loans but less floating debt, creating exposure to falling rates
- GBDC's matched floating-rate structure keeps net investment income stable even as rates shift
- Peers like ARCC, KKR, and OBDC face higher NII risk due to asset/liability mismatches
- This structural advantage helps safeguard dividend coverage vs competitors
- For BDCs, dividend issuance is critical because they are required to distribute at least 90% of taxable income to maintain their RIC status
- This alignment not only protects earnings but also reduces the volatility of shareholder returns, since steadier NII allows GBDC to maintain and grow its dividend more consistently than peers with greater rate sensitivity.

Lowest NII Risk Amongst Largest Competitor

Company	Floating Rate Assets	Floating Rate Liabilities	NII Risk
Golub Capital	99%	82%	LOW
Ares Capital	~ 85%	~ 27%	HIGH
FS KKR Capital	~ 87%	Not Disclosed	MEDIUM
Blue Owl Capital	~ 97%	Not Disclosed	MEDIUM

Sources: Company Filings, Bloomberg

Investment Thesis - Strategic Move Towards Insurance Capital (3/3)

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Golub's 20% minority investment in Nassau positions it to strategically access insurance capital for lending. This partnership enables stable, risk-adjusted returns while expanding deployment capacity in a protected, long-duration portfolio.

$200M Minority Equity Stake in Nassau

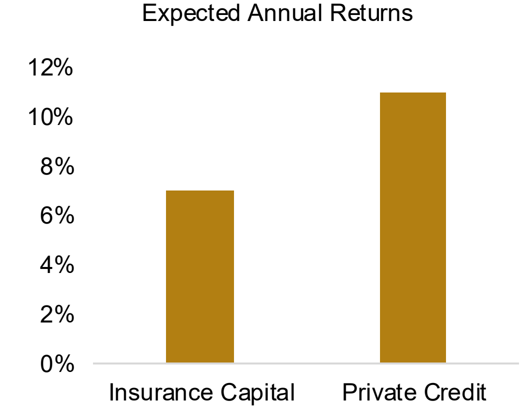
Golub acquired a meaningful stake to access long-term, low-cost insurance capital.

- The deal closed January 2025, and GBDC is now the largest minority shareholder
- They acquired a $200M non-voting equity stake
- Provides strategic alignment and credibility for future capital deployment
- Nassau AUM: ~$25.5 B as of mid-2025
- The relationship enhances fundraising capacity and supports steadier asset growth, as insurance partners typically provide repeat, programmatic allocations rather than cyclical capital.

NASSAU

Capital Deployment and Cost Advantage

- Nassau's insurance subsidiaries provide capital at lower required returns over longer durations
- Insurance capital typically expects ~ 6-8% returns vs 10–12% from private credit funds
- Long-dated liabilities allow Golub to fund longer-term loans without refinancing risk
- Enables more predictable margins and improved NII

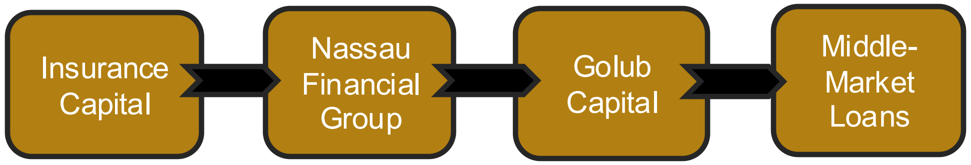


An Increase in Golub's Lending Capacity

- Provides additional deployable capital without increasing leverage, allowing Golub to expand its lending capacity while maintaining disciplined balance sheet management.
- Enables co-investments or larger loans for middle-market companies, supporting growth opportunities that require significant capital commitments.
- Supports diversification across sectors, seniority levels, and geographies, helping mitigate concentration risk and improve portfolio resilience.
- Enhances balance sheet flexibility, allowing Golub to optimize portfolio construction, selectively underwrite higher-quality loans, and respond quickly to attractive market opportunities.
- Reduces dependence on short-term debt markets, lowering refinancing risk and stabilizing net investment income through consistent, long-dated funding.
- Strengthens shareholder returns by maintaining predictable dividend coverage, improving risk-adjusted performance, and positioning Golub competitively relative to peers with less flexible capital sources.

Competitive Advantage

- Ability to quickly fund attractive lending opportunities, providing first-mover advantage in competitive middle-market deals.
- Enhances credibility with borrowers and partners through insurance backing, positioning Golub as a preferred and reliable lender.
- Differentiates Golub from competitors reliant on volatile or higher-cost debt, enabling more stable margins, predictable NII, and larger or more complex loans.
- Strengthens long-term relationships and investor confidence by supporting consistent dividend coverage, risk-adjusted returns, and access to premium co-lending opportunities.



Sources: Company Filings, Bloomberg

Comparable Company Analysis (1/2)

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While peers include leading publicly traded BDCs of private credit and asset-backed finance, Golub Capital BDC's sponsor-backed origination platform, consistent credit performance and resilient portfolio quality differentiate its model, justify its stable valuation in line with sector medians.

Comparable Companies – Peer Universe

(In USD millions)	Equity Value	Book Value			P/B			Net Income			P/E		
		2025A	2026E	2027E	2025A	2026E	2027E	2025A	2026E	2027E	2025A	2026E	2027E
Comparable Companies													
Blue Owl Capital Corp	22,802	28,863	28,863	29,495	0.79x	0.79x	0.77x	663	754	854	34.4x	30.3x	26.7x
Midcap Financial Corp.	1,069	1,354	1,354	1,388	0.79x	0.79x	0.77x	100	132	131	10.7x	8.1x	8.2x
Ares Capital Corp.	14,464	14,759	14,911	15,212	0.98x	0.97x	0.95x	1,363	1,405	1,455	10.6x	10.3x	9.9x
SLRC Investment Corp.	817	997	985	1,008	0.82x	0.83x	0.81x	90	84	81	9.1x	9.7x	10.1x
Main Street Capital Corp.	5,109	2,936	2,970	4,547	1.74x	1.72x	1.12x	537	384	368	9.5x	13.3x	13.9x
Gladstone Investment Corp.	449	436	482	472	1.03x	0.93x	0.95x	58	42	41	7.7x	10.7x	11.0x
Affiliated Managers Group	7,045	3,323	3,613	3,744	2.12x	1.95x	1.88x	531	631	632	13.3x	11.2x	11.1x
Median					1.0x	0.9x	1.0x				10.6x	10.7x	11.0x
Golub Capital BDC, Inc.	3,562.10	3,678.48	4,001.86	4,001.86	1.0x	0.9x	0.9x	376.60	368.40	364.50	9.5x	9.7x	9.8x

Comparable Companies Analysis Commentary

- **GBDC trades in line with sector valuation medians:** Across P/B and P/E metrics, reflecting investor confidence in its stable earnings and disciplined underwriting. Its 2027 P/E of 9.8x is modestly below the sector median 2025E P/E of 11x.
- **Resilient Earnings Profile:** Despite market volatility, GBDC has demonstrated steady net income growth and book value preservation.
- **Internally managed BDC:** Management and shareholders have structurally aligned incentives. No incentive to over-leverage or grow recklessly, signalling strong governance and accountability.
- **High quality BDC Trading at Median Multiples:** GBDC offers a defensive entry point, trading near median despite delivering lower non-accruals, stable NAV and credit performance, things the market is not pricing in.

Exit Multiple Rationale

- A peer-based multiple is appropriate given GBDC's business model, as it reflects the sector's normalized valuation range while avoiding overly optimistic re-rating assumptions – being conservative.
- Using the 2027E peer-median P/B of 1.0x and P/E of 11.0x captures well how investors are valuing high-quality BDCs in the current rate environment, providing a conservative and market-consistent benchmark.
- EV/EBIDTA was not appropriate here as BDCs are financial companies whose performance is driven by interest income and NAV, making P/B and P/E the appropriate industry standard valuation metrics.

Upside Potential Opportunities Through:

- If the broader BDC sector re-rates back toward historical premiums (1.1-1.3x), GBDC will naturally benefit and become more apparent.
- If credit markets remain stable or improve, GBDC's stronger credit outcomes will be more apparent, prompting a company specific re-rating.

Source: Bloomberg, Capital IQ

Comparable Company Analysis (2/2)

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Across both P/B and P/E frameworks, GBDC is portrayed as fairly valued to slightly undervalues on a median basis, with meanin gful upside skew in bullish scenarios – driven by sector re-rating potential.

Comparable Universe Multiple Application

	Multiple			Implied Equity Value			Implied Share Price			Implied Return		
Metric	Lower Limit	Median	Upper Limit	Lower Limit	Median	Upper Limit	Lower Limit	Median	Upper Limit	Lower Limit	Median	Upper Limit
P/B 2025A	0.79x	0.98x	2.12x	2,906.00	3,605	7,799	$10.93	$13.55	$29.32	-19%	0%	117%
P/B 2026E	0.79x	0.93x	1.95x	3,161.47	3,722	7,804	$11.89	$13.99	$29.34	-12%	3%	117%
P/B 2027E	0.77x	0.95x	1.88x	3,082	3,801.77	7,530.70	$11.59	$14.29	$28.31	-14%	6%	109%
Median							**$11.59**	**$13.99**	**$29.32**	**-14%**	**3%**	**117%**

	Multiple			Implied Equity Value			Implied Share Price			Implied Return		
Metric	Lower Limit	Median	Upper Limit	Lower Limit	Median	Upper Limit	Lower Limit	Median	Upper Limit	Lower Limit	Median	Upper Limit
P/E 2025A	7.7x	10.6x	34.4x	2,845	3,996	12,948	$10.70	$15.02	$48.68	-21%	11%	260%
P/E 2026E	8.1x	10.7x	30.3x	2993.39	3,936	11,029	$11.25	$14.80	$41.46	-17%	9%	207%
P/E 2027E	8.1x	11.0x	26.7x	2,962	3,999	9,728	$11.13	$15.03	$36.57	-18%	11%	171%
Median							**$11.13**	**$15.02**	**$41.46**	**-18%**	**11%**	**207%**

Comparable Companies – Analysis Commentary

- **P/B Valuation - NAV driven Stability:** P/B multiples show GBDC trading near fair value on a NAV basis. Median multiples (0.93 -0.98x) imply a share price of $13.5-$14.0, suggesting limited downside and strong balance sheet defensibility.
- Upper-bound P/B cases (1.9-2.1x) highlight significant upside ($28-$29/share) if the sector re-rates back toward historical premiums.
- **P/E Valuation - Earnings Undervaluation:** Median P/E (10.6-11.0x) supports a slightly higher valuation of $14.8 - $15.0, indicating the market is not fully pricing in GBDC's resilient NII and high floating-rate yield. Upper limit P/E scenarios show strong optionality ($36-48$/share), while lower bound multiples align with moderate downside in stressed credit environments.
- Both methods converge on a $14-$15/share fair value, reinforcing the reliability of the base case. Downside appears limited, while upside remains strong if credit quality stays solid and the sector re-rates.

GBDC's valuation is supported by its **disciplined underwriting, consistently stable NII, strong credit performance, and NAV resilience**, all of which create a durable foundation for limited downside and meaningful upside as market conditions and sector valuations normalize.

Source: Bloomberg, Capital IQ

Discounted Cash Flow Model - Operating Model (1/2)

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We used a levered DCF for Golub because, as a BDC, debt is an operating tool, so discounting equity cash flows at the cost of equity captures shareholder value without a full WACC.

DCF Output Table

	Historical				Forecast Period				
	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
EBITA (No Physical Assets to Record Depreciation)	205,238	305,648	394,034	405,710	501,829	567,067	640,785	704,864	775,350
Margin (%)	*53%*	*51%*	*54%*	*47%*	*51%*	*51%*	*51%*	*51%*	*51%*
(-) Taxes	72	3,682	1,195	-475	2,509	2,835	3,204	3,524	3,877
Tax Rate (%)	*0.04%*	*1.26%*	*0.31%*	*-0.12%*	*0.50%*	*0.50%*	*0.50%*	*0.50%*	*0.50%*
Net Operating Profit After Tax (NOPAT)	195,210	291,306	381,713	394,820	489,529	553,168	625,080	687,588	756,346
(+) Amortization	9,047	12,878	10,403	8,906	9,840	11,119	12,564	13,821	15,203
Growth Rate (%)		42.35%	-19.22%	-14.39%	10.48%	13.00%	13.00%	10.00%	20.00%
Margin (%)	*2.33%*	*2.14%*	*1.44%*	*1.02%*	*1.00%*	*1.00%*	*1.00%*	*1.00%*	*1.00%*
Unlevered Free Cash Flow (FCFF)	204,257	304,184	392,116	403,726	499,369	564,287	637,644	701,408	771,549
(-) Debt Repayments	741,211	627,094	2,690,866	4,514,533	5,994,000	3,488,000	4,568,000	7,553,000	6,980,000
Growth Rate (%)		*-15.40%*	*329.10%*	*67.77%*	*33%*	*-42%*	*31%*	*65%*	*-8%*
(+) Issuance of Debt	1,292,672	652,583	2,928,615	4,802,191	5,090,322	5,395,742	5,719,486	6,062,655	6,426,415
Growth Rate (%)		*-49.52%*	*348.77%*	*63.97%*	*6.00%*	*6.00%*	*6.00%*	*6.00%*	*6.00%*
Levered Free Cash Flow (FCFE)		329,673	629,865	691,384	(404,309)	2,472,029	1,789,13	(788,936)	217,964
CoE (%)					6.3%	6.3%	6.3%	6.3%	6.3%
Present Value FCFE					(380,484)	2,189,277	1,491,12	(618,780)	160,880
Sum of Present Value UFCF				2,842,015					

Summary of Key Assumptions

As of 2025-11-20	
(US$ thousands)	
Cost of Equity	6.3%
Perpetuity Growth Rate	2%
Exit P/E Multiple	11.0x
Tax Rate	0.5%
Diluted Shares Outstanding	264,277.13
Current Share Price	$13.53

Cost of Equity Calculation	
Risk Free Rate	4.1%
Levered Beta	0.44
Exp. Market Return	9.0%
CAPM Cost of Equity	6.3%

Assumptions:

- Golub Capital has no Capex or Depreciation, as an BDC, it doesn't rely on physical operating assets.
- Moreover, it doesn't apply a corporate tax rate as a Regulated Investment Company (RIC), it avoids corporate taxation by distributing at least 90% of its taxable income to shareholders.
- For debt repayment, we followed the maturity schedule disclosed in the 10K.
- For debt issuance, we straight-lined the historical growth rate of long-term debt from the balance sheet.

Source: 10K, Quarterly Earnings Report, Bloomberg, CapIQ

Discounted Cash Flow Model - Valuation & Sensitivity Analysis (2/2)

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For the terminal value, we calculated both the perpetuity growth method, assuming a 2% long-term growth rate, and the exit multiple method, using multiples derived from comparable BDCs.

Perpetuity Growth Rate Method

Terminal Year LFCF	160,880
Perpetuity Growth Rate	2%
Terminal Value (Equity Value)	3,850,621
(+) PV of Terminal Value	2,842,163
(+) Sum of PV of LFCFs	2,842,015
Implied Equity Value	5,684,178
Diluted Shares Outstanding	264277
Implied Share Price	$21.51
Premium to Current	59%

Sensitivity Analysis – Perpetuity Growth Rate Method

Cost of Equity (columns); Perpetuity Growth Rate (rows)

$21.51	4.05%	4.80%	5.55%	6.30%	7.05%	7.80%	8.55%
3.50%	$29.53	$28.85	$28.19	$27.56	$26.96	$26.38	$25.83
3.00%	$26.58	$26.00	$25.45	$24.92	$24.41	$23.92	$23.45
2.50%	$24.42	$23.92	$23.44	$22.97	$22.53	$22.11	$21.70
2.00%	$22.77	$22.32	$21.90	$21.49	$21.10	$20.72	$20.36
1.50%	$21.46	$21.06	$20.68	$20.31	$19.96	$19.63	$19.30
1.00%	$20.40	$20.04	$19.69	$19.36	$19.04	$18.74	$18.45
0.50%	$19.53	$19.20	$18.88	$18.58	$18.29	$18.01	$17.74

Exit Multiple Method

Terminal Year Net Investment Income	756346
Exit P/E Multiple	11.0x
Terminal Value (Equity Value)	8319810
(+) PV of Terminal Value	6140895
(+) Sum of PV of LFCFs	2842015
Implied Equity Value	8982909
Diluted Shares Outstanding	264277
Implied Share Price	$33.99
Premium to Current	151%

Sensitivity Analysis – Exit Multiple Method

Cost of Equity (columns); Exit Multiple (rows)

$33.99	4.05%	4.80%	5.55%	6.30%	7.05%	7.80%	8.55%
12.5x	$37.23	$37.20	$37.18	$37.16	$37.14	$37.12	$37.10
12.0x	$36.17	$36.15	$36.12	$36.10	$36.08	$36.06	$36.04
11.5x	$35.11	$35.09	$35.07	$35.05	$35.02	$35.00	$34.99
11.0x	$34.06	$34.03	$34.01	$33.99	$33.97	$33.95	$33.93
10.5x	$33.00	$32.98	$32.96	$32.93	$32.91	$32.89	$32.87
10.0x	$31.95	$31.92	$31.90	$31.88	$31.86	$31.84	$31.82
9.5x	$30.89	$30.87	$30.84	$30.82	$30.80	$30.78	$30.76

Source: 10K, Quarterly Earnings Report, Bloomberg, CapIQ

Catalysts and Risks

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GBDC's disciplined underwriting, match funded structure, and new loan origination opportunities allow them to outperform competitors even during period of low base rates.

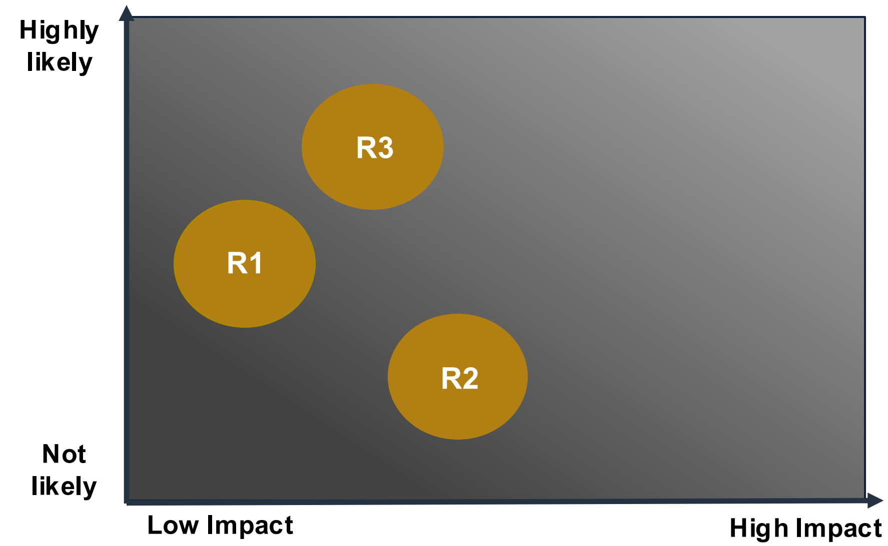
Risks

1 Expected rate cuts
- GBDC's 99% floating rate loan portfolio will experience tightening yields if interest rates trend down.

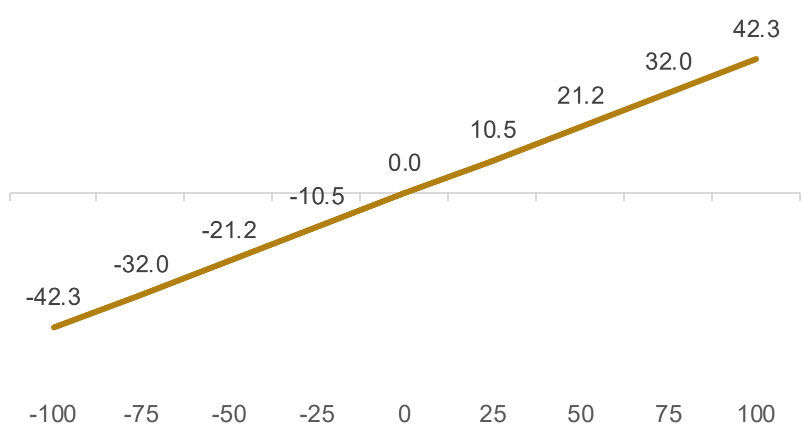
2 Competitive Pressure on Spreads
- As M&A accelerates, more lenders chase deals, tightening spreads.

3 Isolated Credit Events & Sentiment Risk
- Tricolor and First Brands default sparked sector wide valuation compression, despite limited accruals.

Risk Likelihood



GBDC Change in NII Given Changes in SOFR (mm/bps)



Catalysts

The Other Side to Rate Cuts

- Easing policy rates reduce borrower stress and funding costs, resulting in healthier loans.
- Interest rate coverage ratios across BDC portfolios are beginning to rebound.
- Increased origination opportunities with great growth potential in the long term
- Currently trading at 0.94x NAV → below 5 year median.

Share Repurchases

- Signals management confidence represents the board believing the stock is undervalued and has long-term earnings viability.
- Buybacks supporting downside protection acting as a floor during market drawdowns by tightening float and improving S/D imbalances.

Source: Bloomberg Intelligence, CapIQ, Wellington Management

Buy Recommendation - Target Price of $17.20, Upside of 27.15%

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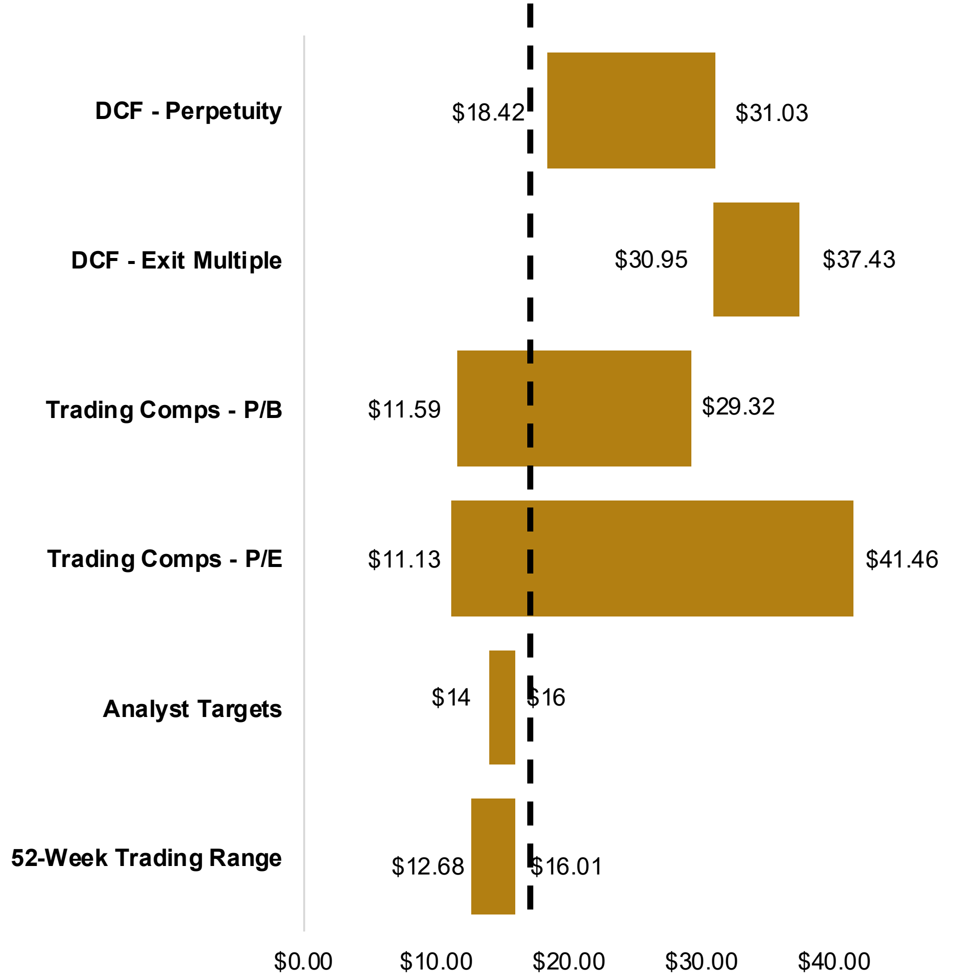
For the terminal value, we calculated both the perpetuity growth method, assuming a 2% long-term growth rate, and the exit multiple method, using multiples derived from comparable BDCs.

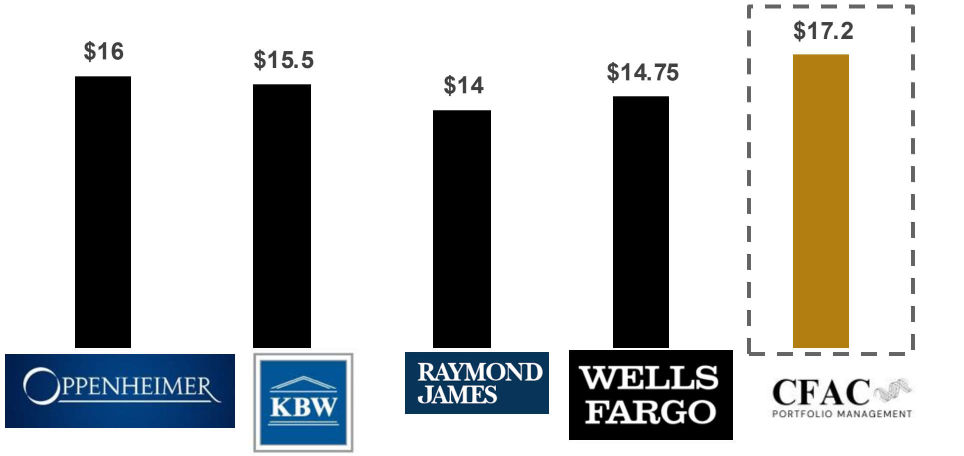
Indicative Valuation Range – Football Field



Price Target

Method	Price	Weight
DCF - Exit Multiple	$ 33.99	10%
DCF - Perpetuity	$ 21.51	10%
Trading Comps – P/B	$ 13.99	35%
Trading Comps - P/E	$ 15.02	35%
Analyst Targets	$ 15.00	10%
Price Target	$ 17.20	
Upside	27.15%	

Selected Broker Summary



Analyst Commentary:
GBDC has minimal taxes, no depreciation and NWC, hence the DCF won't yield the most realistic valuation for BDCs in general. Additionally, we had to adapt Golub's financial statements to fit a traditional DCF framework, making our valuation more assumption-driven than it would be for a typical operating company. Therefore, we trust that the comps are a better representation as they are market determined and rely less on BDC-specific assumptions.

Source: 10K, Quarterly Earnings Report, Bloomberg, CapIQ

Appendix - DCF

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	Historicals				Forecast Period				
(US$ thousands)	2022A	2023A	2024A	2025A	2026F	2027F	2028F	2029F	2030F
Period					1	2	3	4	5
Revenue	387,802	603,090	724,677	870,777	983,978	1,111,895	1,256,442	1,382,086	1,520,294
Growth Rate (%)		*56%*	*20%*	*20%*	*13%*	*13%*	*13%*	*10%*	*10%*
(-) Interest and other debt financing expenses	89,378	150,610	212,396	290,618	334,553	372,485	408,343	435,357	471,291
Margin (%)	*23.05%*	*24.97%*	*29.31%*	*33.37%*	*34.00%*	*33.50%*	*32.50%*	*31.50%*	*31.00%*
Gross Profit	298,424	452,480	512,281	580,159	649,425	739,410	848,098	946,729	1,049,003
Margin (%)	*76.95%*	*75.03%*	*70.69%*	*66.63%*	*66.00%*	*66.50%*	*67.50%*	*68.50%*	*69.00%*
(-) Base management fee	73,866	70,802	62,514	87,891					
(-) Incentive fee	17,756	74,066	77,163	73,282					
(-) Professional fees	3,607	5,041	5,496	8,011					
(-) Administrative service fee	7,188	8,300	9,320	12,251					
(-) General and administrative expenses	1,720	1,501	1,481	1,920					
(-) Base management fee waived	(1,904)	0	0	0					
(-) Incentive fee waived	0	0	(27,324)	0					
EBIT (Net Investing Income Before Tax)	196,191	292,770	383,631	396,804	491,989	555,948	628,221	691,043	760,147
Margin (%)	*51%*	*49%*	*53%*	*46%*	*50%*	*50%*	*50%*	*50%*	*50%*
(+) Loan Origination Fees Discount Amortization	24,679	19,951	22,074	26,329					
(+) Acquisition Purchase Premium Amortization	(15,632)	(7,073)	(11,671)	(17,423)					
EBITA (No Physical Assets to Record Depreciation)	205,238	305,648	394,034	405,710	501,829	567,067	640,785	704,864	775,350
Margin (%)	*53%*	*51%*	*54%*	*47%*	*51%*	*51%*	*51%*	*51%*	*51%*
(-) Taxes	72	3,682	1,195	-475	2,509	2,835	3,204	3,524	3,877
Tax Rate (%)	*0.04%*	*1.26%*	*0.31%*	*-0.12%*	*0.50%*	*0.50%*	*0.50%*	*0.50%*	*0.50%*

Source:

Appendix - DCF

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Sum of Present Value UFCF				2,842,015					

Source: