Antares Capital

Year-End 2025

Credit Market Outlook Survey

What Portfolio Companies and Private Equity Sponsors are Signaling Next

4TH EDITION

Survey Backdrop

Heading into 2026, we are seeing confidence rebound across both portfolio companies and sponsors, with expectations for revenue growth, EBITDA expansion, and new platform acquisitions reaching their strongest levels since our biannual survey's inception in 2024. While valuation gaps and quality of deal flow continue to temper M&A executions, the underlying appetite for growth and deployment is firmly re-established.

The perspective that follows draws on Antares' deep market coverage across our diverse U.S. middle market portfolio and long-standing sponsor relationships.

Methodology

The Year-End '25 survey was based on responses from 48 of Antares' Private Credit portfolio companies and 49 private equity ("PE") sponsors, conducted in November 2025. The prior Mid-Year surveys were conducted in June of those respective years and Year-End '24 in November 2024.

Key Takeaways

Portfolio Companies

- Expectations for **revenue and EBITDA growth are at the strongest levels** since the survey's inception (June 2024).
- Geopolitical risk, tariff / supply chain disruptions and interest rates have declined significantly as cited top challenges compared to Mid-Year '25, while **sales volume demand and labor availability remain top concerns**.
- **M&A remains the top capital priority**, with falling interest rates improving companies' willingness to invest. Investment in capital equipment rose to #2, cited by 23% of respondents, compared to only 9% at Mid-Year '25.

Sponsors

- An increased majority of PE sponsors are optimistic about buying a new platform in 2026; however, sponsors' appetite in selling a portfolio company next year remains lower than buying – signaling a **possible ongoing disconnect in transaction activity**.
- In gauging current pressure from LPs to return capital, **40% of sponsors classified LP pressure as "high,"** with 40% reporting "medium."
- While concerns have come down since surveyed post-Liberation Day at Mid-Year '25, **tariffs / supply chain disruption are tied with consumer confidence** with 53% of sponsors citing each as the #1 risks to their portfolio and investment strategy in 2026.
- **Continuation vehicles remain the preferred option** for sponsors when it comes to liquidity solutions, while preferred equity, NAV loans, and GP stake sales have declined in popularity.

Portfolio Companies Signal Optimism with Heightened Performance Outlooks

Heading into 2026, portfolio company respondents are indicating the strongest expectations of top-line and bottom-line growth since we first began our survey in June 2024 with 40% of respondents expecting 10%+ year-over-year revenue growth and 50% expecting EBITDA growth of 10%+. Growth drivers include increased demand for their respective industries and a lower interest rate environment freeing up capital to spend on top priorities such as M&A and capital equipment. Consistent with what was reported at Mid-Year '25, over half of portfolio company respondents plan to implement price increases and expect EBITDA margins to expand.

While most respondents still anticipate flat-to-low GDP growth (0-2%) in 2026, there was a noticeable shift to 38% of those who anticipate modest U.S. economic expansion (2-3%), up from a 19% dip in the Mid-Year '25 survey; however, still down from 49% a year ago.

Top challenges identified by portfolio companies remain sales volume demand and labor availability; however, implementing price increases – despite being a strategy for the majority in 2026 – has become a heightened challenge relative to previous surveys, as it was cited by 1/3 of respondents compared to 17% at Mid-Year '25. Concerns around geopolitical risks, tariffs/ supply chain disruptions and interest rates were noted, but fell in terms of magnitude relative to the Mid-Year '25 Survey.

Continued Dislocation? Buy-Side Confidence Returns while Sell-Side Less Bullish

Sponsor respondents share a similar, directionally positive sentiment as the portfolio companies. Interest among PE sponsors in buying a new platform has returned to pre-Liberation Day levels, with 80% of sponsors indicating a >50% likelihood of buying a company in 2026. The appetite to sell, however, remains less bullish and consistent with prior surveys, with just over half citing a >50% chance of selling a company in the next 12 months. Sponsors continue to report primary headwinds to transacting are valuation expectations and a lack of high-quality deal flow. At the same time, ~40% of sponsors classify current pressure from LPs to deploy capital as "high."

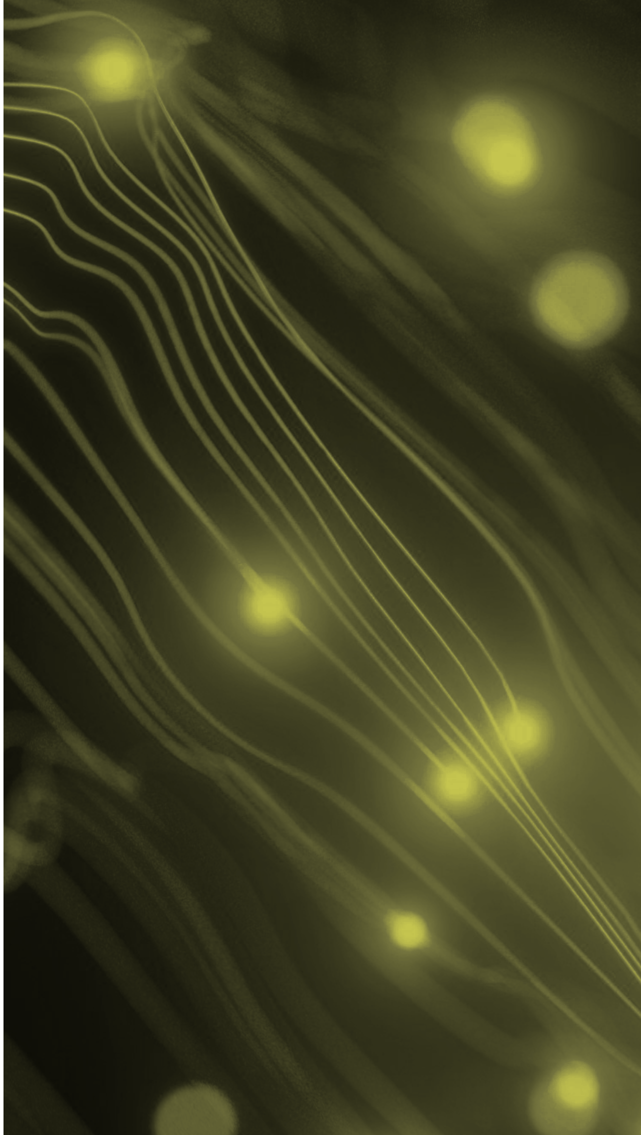
As far as where sponsors are looking to invest, industrials remain #1, with 42% of respondents indicating interest, particularly in fire & life safety, environmental, infrastructure, engineering & TICC, A&D and HVAC. Healthcare has risen to #2, with interest rising to 25% of respondents, up from ~16-17% in prior periods, with appetite particularly for pharma services, HCIT/RCM and payor services.

Sponsors have identified their top two risks heading into 2026 as tariff/supply chain disruption and consumer confidence followed by labor – cost, availability, recruitment and retention. AI disruption also saw a noticeable increase in interest called out by 1/3 of sponsor respondents, up from 13% at Mid-Year '25.

Overall, concerns over geopolitical risk have eased considerably in the past five months for both portfolio companies and PE sponsors – dropping from 55% to 27% among portfolio company respondents and from roughly 50% to 37% among sponsor respondents.

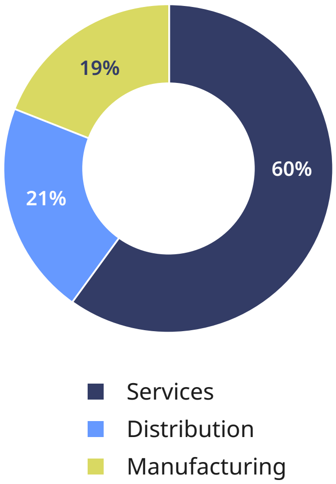
NEW: Spotlight on AI

For the first time, we asked targeted questions on AI with insight from Antares' Software Team. In the AI Spotlight on page 15, see where portfolio companies are using AI and how sponsors are managing their approach in their investments.

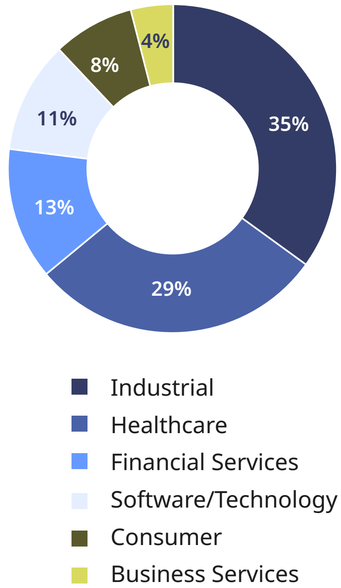


About Our Portfolio Company Respondents

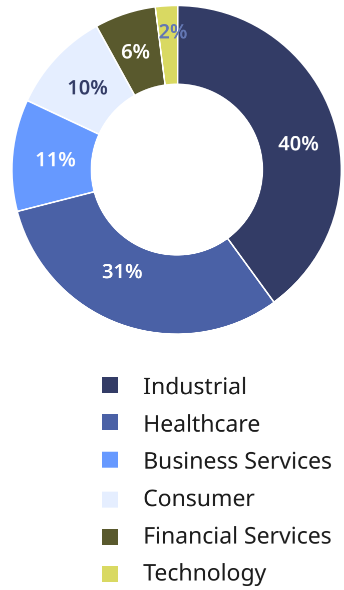
Business Model



Industry in Which They Operate



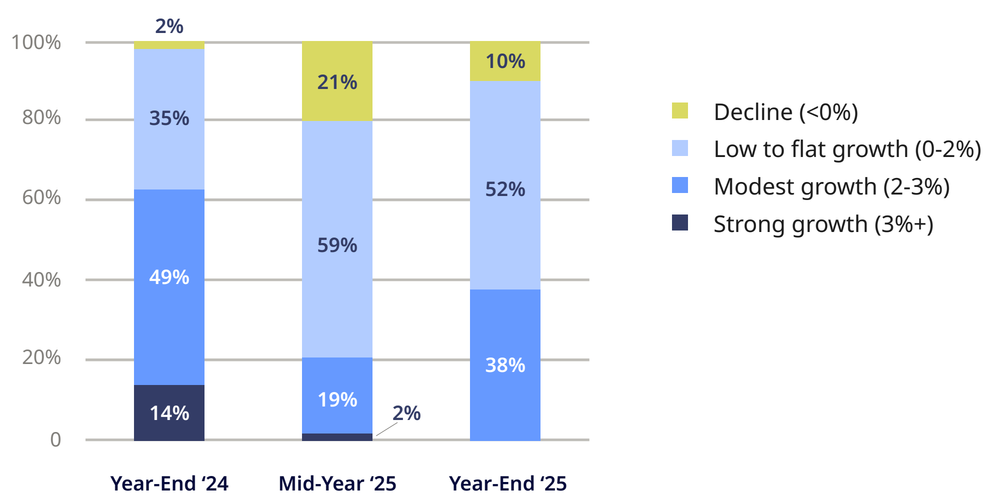
End Markets They Serve



U.S. Economic Expectations

TAKEAWAY: Compared to Mid-Year ‘25, we saw an optimistic tilt to portfolio company respondents anticipating modest (2-3%) U.S. economic expansion, but the majority are still anticipating flat-to-low GDP growth (0-2%).

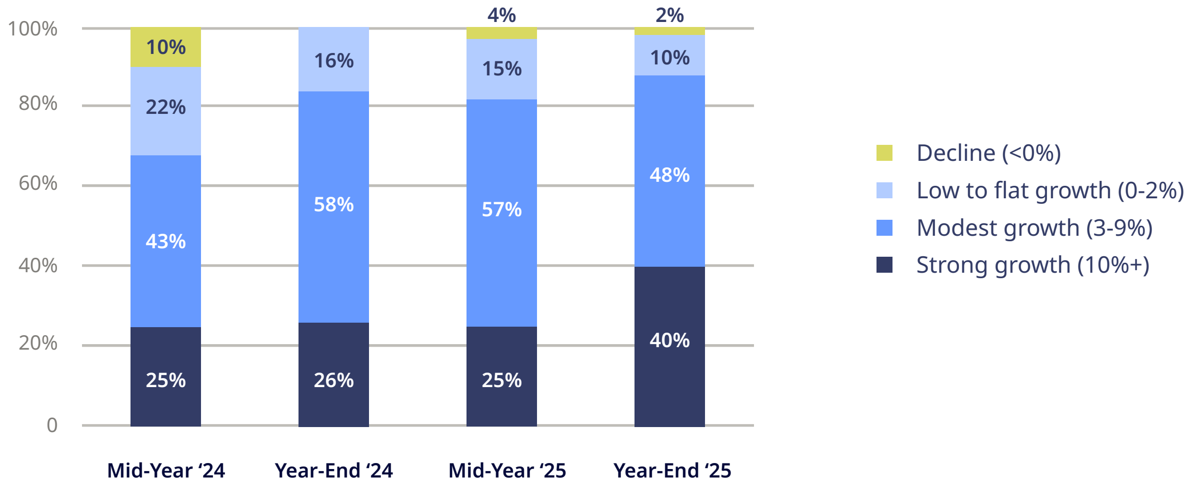
By how much do you anticipate the U.S. economy will grow in the next 12 months?



Company Performance Expectations

TAKEAWAY: This is the most optimistic we've seen respondents on anticipating strong top-line and bottom-line growth in the past 18 months.

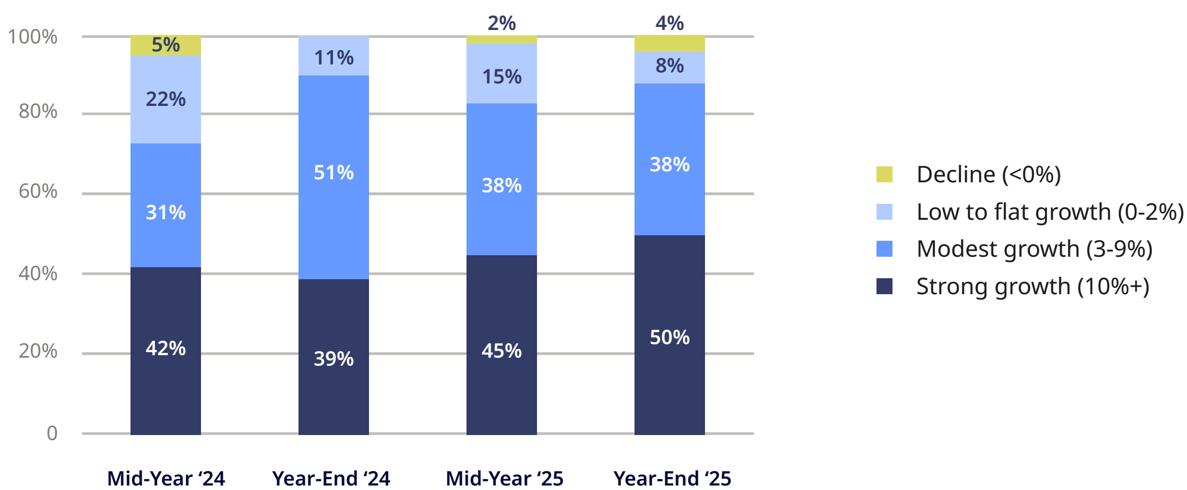
How do you expect your 2026 organic revenue to perform versus prior year?



"Optimism around future performance across a representative sample of our large, diversified portfolio is encouraging, particularly given the uncertain geopolitical backdrop. We have seen particular strength in our services and software portfolios that have highly recurring revenue profiles and stable demand drivers."

- Shannon Fritz, Deputy Chief Investment Officer

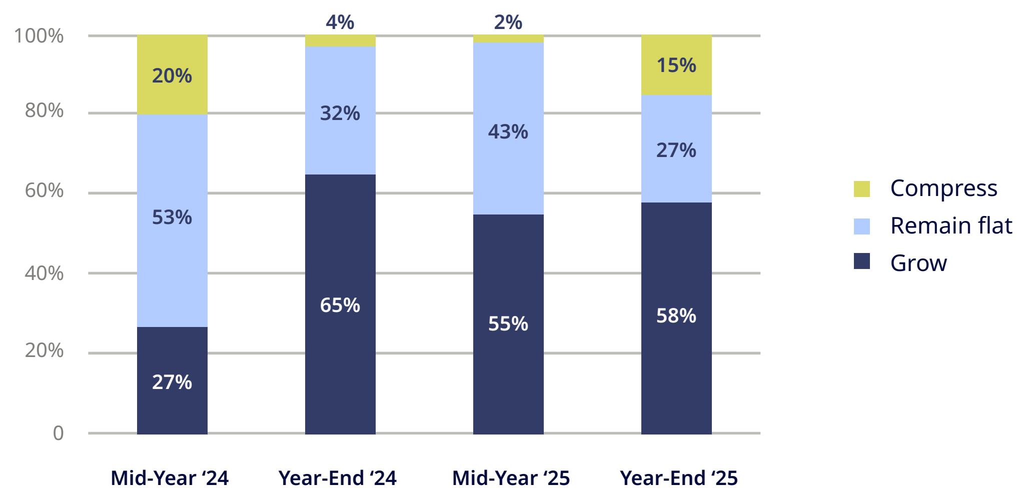
How do you expect your 2026 organic EBITDA to perform versus prior year?



TAKEAWAY:

At year-end, we saw an increased bifurcation toward margin expansion and compression - with fewer respondents anticipating margins to remain flat. Following 2Q25 tariff announcements, we saw optimism around margin expansion temper, but remain positive. At year-end, we saw an uptick in anticipated margin expansion; however, it has not returned to pre-Liberation Day levels.

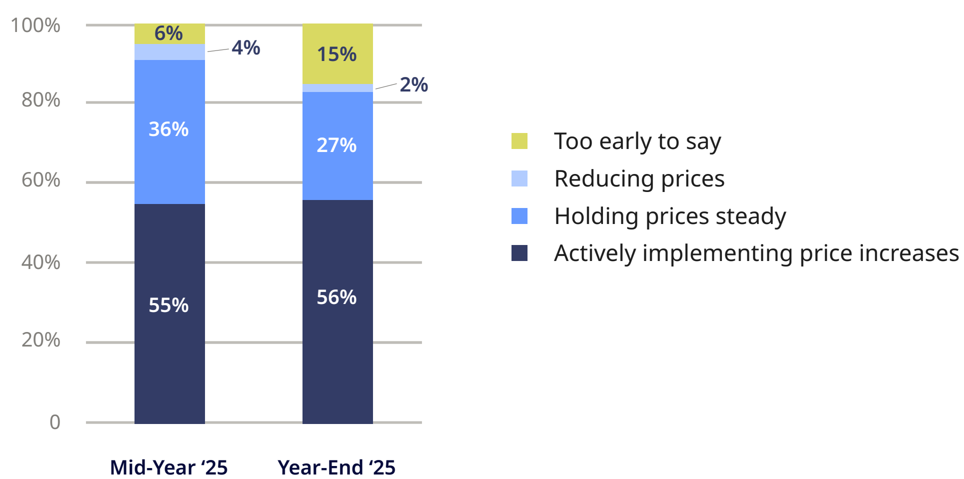
How do you expect your 2026 EBITDA margins to perform versus prior year?



TAKEAWAY:

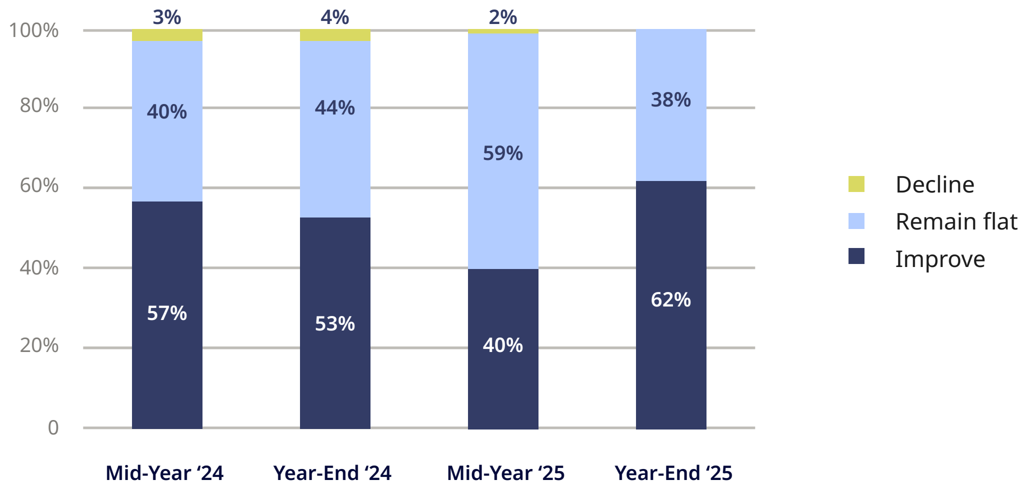
The majority of portfolio company respondents are still actively implementing price increases. However, implementing price increases is expected to be increasingly challenging in 2026 (see page 10).

How are you currently thinking about pricing strategy in 2026?



TAKEAWAY: While optimism for industry demand declined drastically since the summer, we've seen a rebound to levels above 2024 responses.

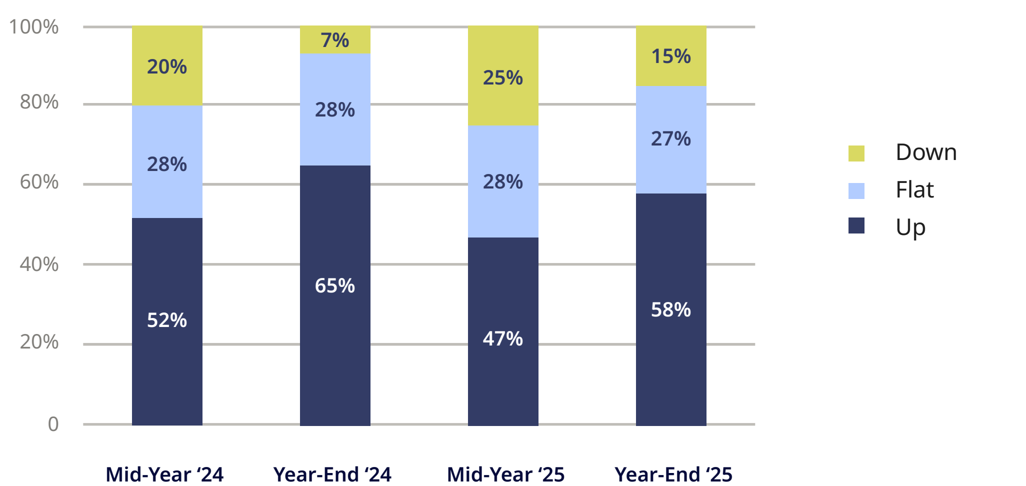
In the next six months, you expect demand for your industry will...



Portfolio Companies' Capital Priorities

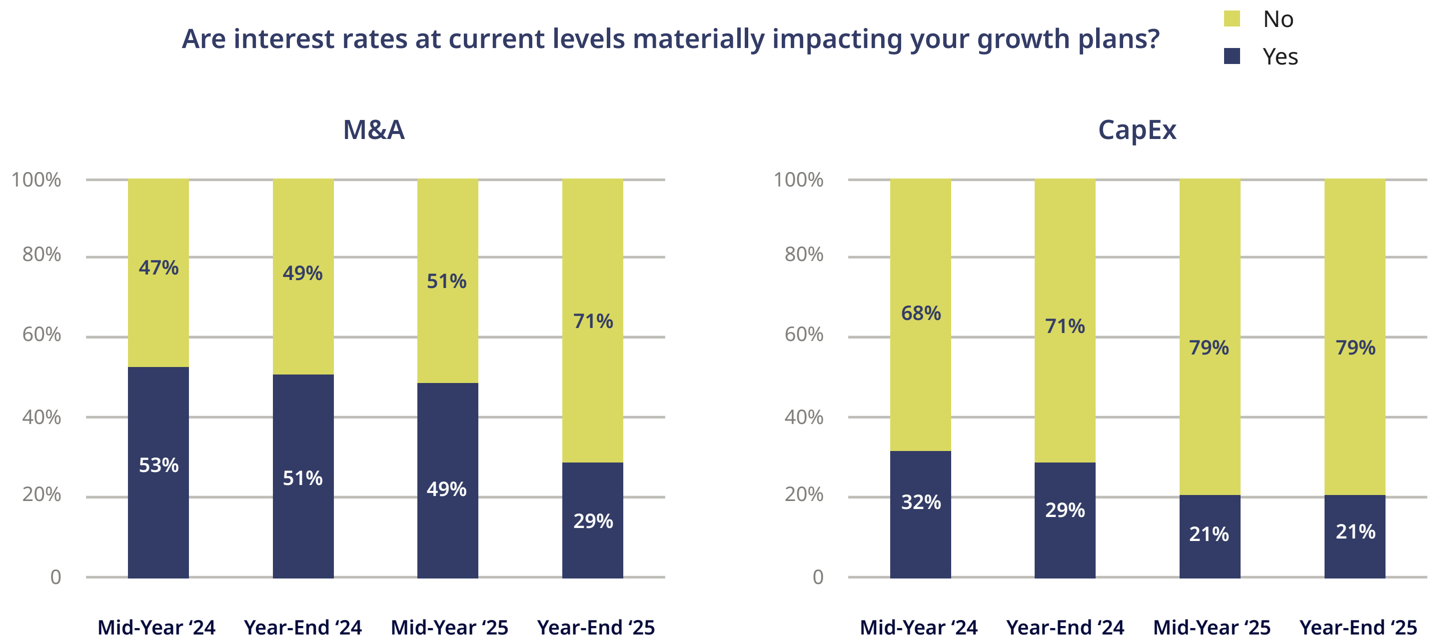
TAKEAWAY: The majority of portfolio companies are expecting to increase headcount in 2026.

Where do you expect net headcount to be at the end of 2026 versus at the end of 2025?



TAKEAWAY: Following the two interest rate reductions YTD as of the survey (25bps each), fewer see interest rates as materially impacting their M&A plans.

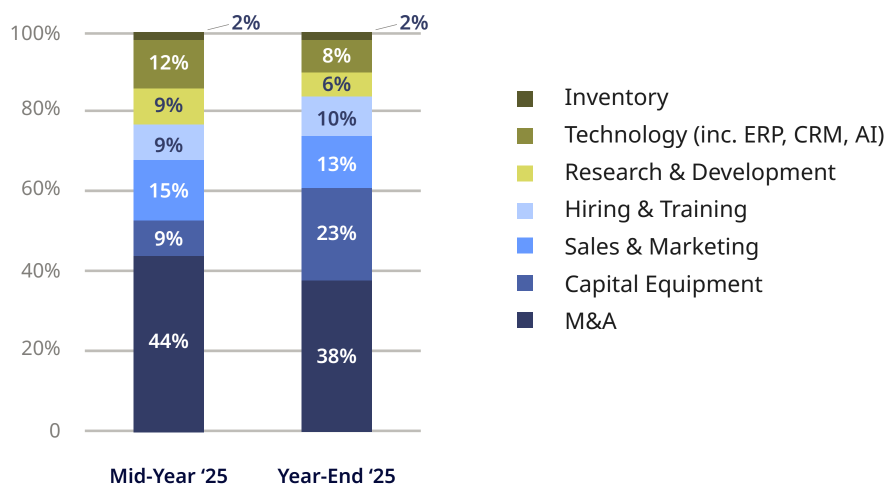
Are interest rates at current levels materially impacting your growth plans?



TAKEAWAY: While M&A remains the top capital priority for portfolio companies in 2026, we saw an uptick in planned investment in capital equipment (#2).

What is your top capital priority in 2026?

(Select one)



Top Challenges for Portfolio Companies in 2026

TAKEAWAY: Sales volume demand and labor availability remain top two areas of concern for portfolio companies heading into 2026. As we get further away from Liberation Day, at Year-End '25 we saw a substantial decline in portfolio company respondents who identify tariffs/supply chain disruptions as a top risk from ~50% at Mid-Year '25 to ~30%; however, ~50% of sponsors still view it as a top risk (see page 14). Geopolitical risk has come down substantially for portfolio company respondents (from 55% Mid-Year '25 to 27% at Year-End '25) and for sponsors respondents it has come down to 37% from ~40% at Mid- Year '25 and 50% a year ago.

Which do you view as your top 5 challenges heading into 2026?

(Select a maximum of 5)

Challenges	Year-End '24	Mid-Year '25	Year-End '25	% Change Mid-Year '25 vs Year-End '25
Sales Volume Demand	54%	53%	**46%**	**-7%** ▼
Labor Availability - Recruitment & Retention	47%	40%	**35%**	**-4%** ▼
M&A Integration	12%	26%	**33%**	**7%** ▲
Implementing Price Increases	26%	17%	**33%**	**16%** ▲
Tariffs / Supply Chain Disruption	33%	49%	**31%**	**-18%** ▼
Expanding Market Share	26%	28%	**31%**	**3%** ▲
Geopolitical Risks	32%	55%	**27%**	**-28%** ▼
M&A Execution	12%	30%	**27%**	**-3%** ▼
Consumer Confidence	N/A	N/A	**27%**	**N/A** —
Interest Rates / Fed Policy	47%	51%	**25%**	**-26%** ▼
Labor Costs	32%	17%	**23%**	**6%** ▲
Industry-Specific Regulations	12%	19%	**21%**	**2%** ▲
Company Culture	11%	13%	**15%**	**1%** ▲
Public Sector Spending	N/A	15%	**13%**	**-3%** ▼
Cybersecurity	16%	15%	**13%**	**-3%** ▼
AI Disruption	4%	13%	**10%**	**-3%** ▼
Inventory Destocking	7%	6%	**6%**	**1%** ▲
Healthcare Costs / Gov't Insurance Reimbursements (YE25 write-in)	N/A	N/A	**6%**	**N/A** —
Raw Material Costs	9%	4%	**4%**	**0%** —
Exit Planning (YE25 write-in)			**2%**	
Freight Costs	4%	4%	**0%**	**-4%** ▼

Highlighted lines represent the most significant variance between Mid-Year '25 and Year-End '25.

> *"We continue to monitor our portfolio companies' adaptive resiliency and pricing power in the face of possible stagflationary headwinds. The path of interest rates and seemingly ever-present geopolitical risk also remain top of mind."*
>
> – Tyler Lindblad, Chief Investment Officer

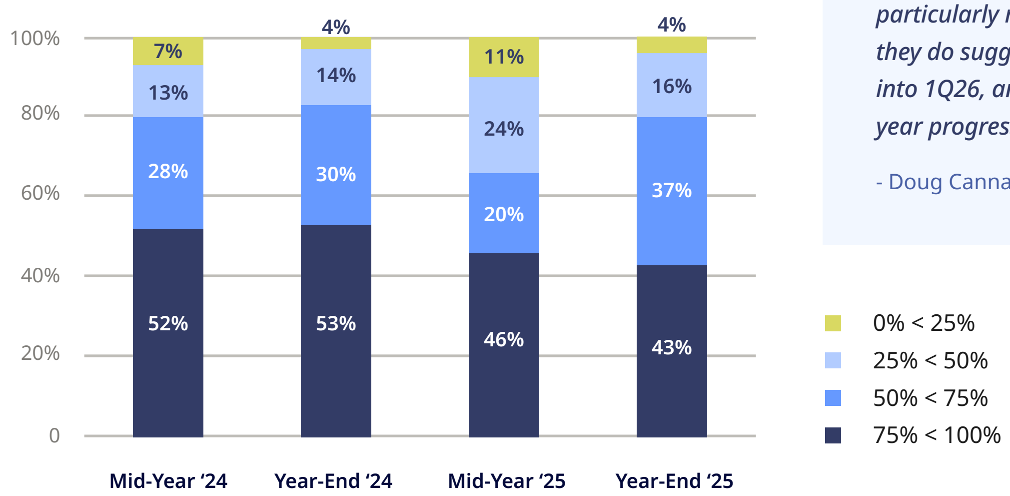
Sponsor Deal Activity – 2026 Expectations & Drivers

TAKEAWAY: 80% of sponsors state there is a >50% likelihood that they'll buy a new platform in 2025 which is up from Mid-Year '25 but in-line with Year-End '25 and Mid-Year '24.

"Our overall pipeline and pipeline of staple financings have been on an uptrend since leveling-off in early 2025. While neither metric indicates particularly robust levels of activity, they do suggest a higher level moving into 1Q26, and continuing on as the year progresses."

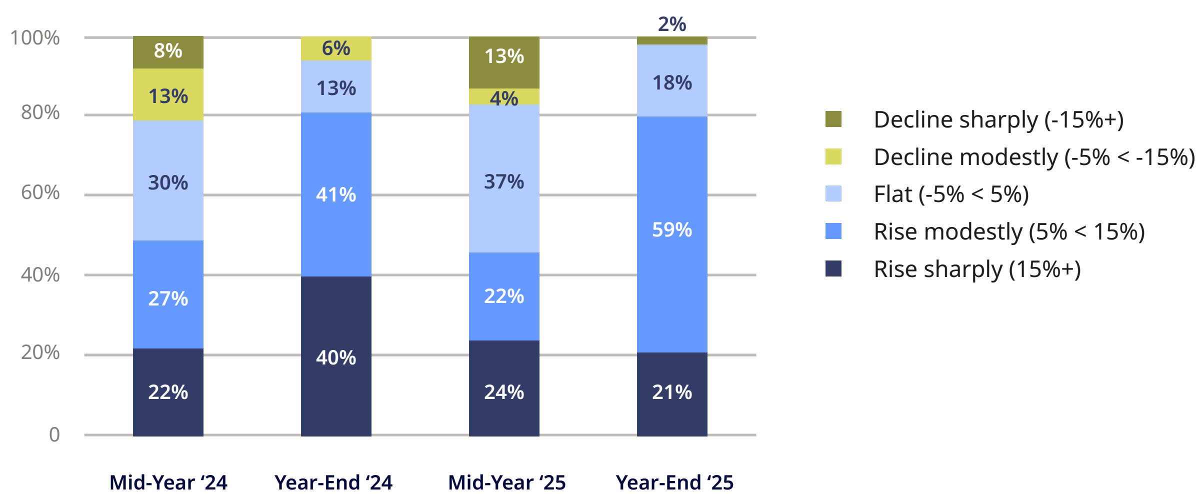
- Doug Cannaliato, Co-Head of Originations

What is the likelihood that you'll buy a new platform portfolio company in 2026?



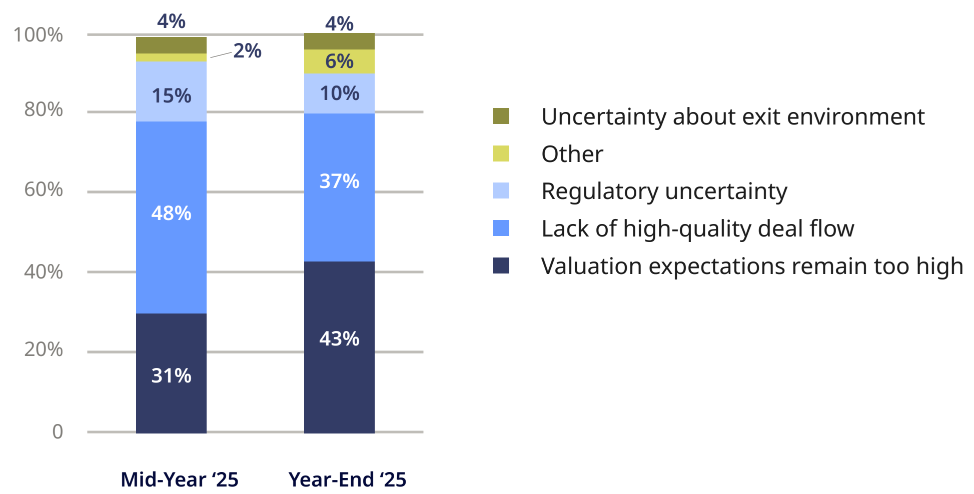
TAKEAWAY: 80% of sponsors have conviction that their investment dollar volume will rise 5%+ versus in the prior year. Of those, ~20% are anticipating a sharp rise (15%+), which is less bullish than sponsors were heading into 2025.

Versus prior year, how do you expect your investment ($ volume) will be deployed for new platforms in 2026?



TAKEAWAY: Valuation expectations were cited as the #1 constraint to deploying capital, surpassing lack of high quality deal flow which was #1 at Mid-Year '25, but remains a close #2.

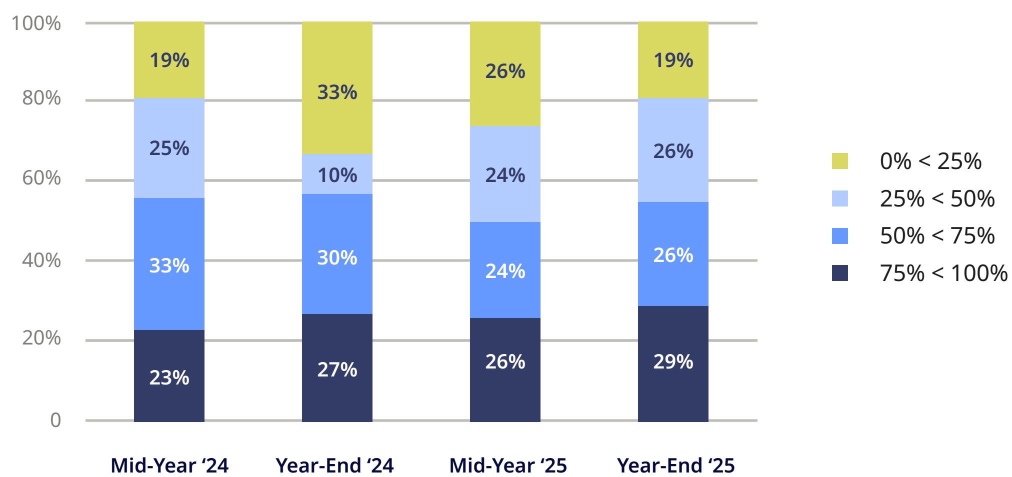
What is your biggest constraint to deploying capital in 2026?



TAKEAWAY: Consistent with prior periods, 55% of sponsors indicated a >50% likelihood they'll sell a company in 2026.

When asked, ~40% of sponsors indicated that currently, pressure to deploy capital to LPs is "high," with ~43% saying "medium," and ~16% "low."

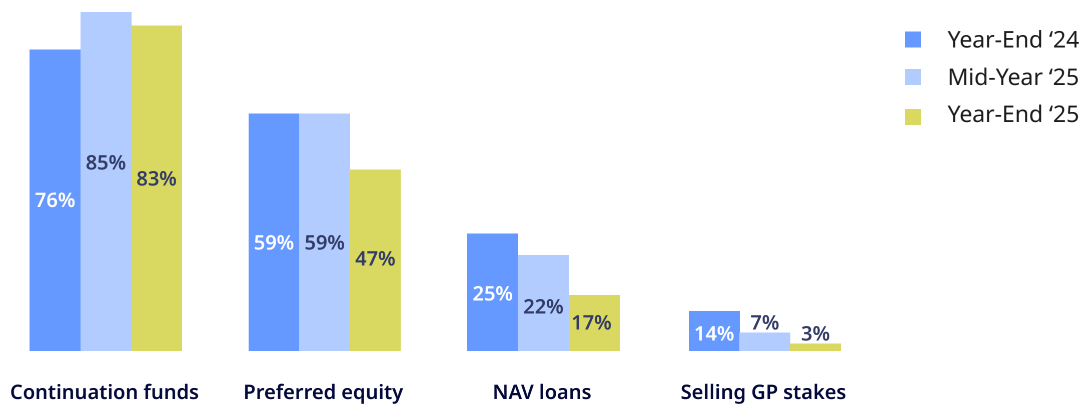
What is the likelihood that you'll sell an existing portfolio company heading into 2026?



TAKEAWAY: Preferred equity, NAV loans and GP stake sales have come down in popularity, with continuation vehicles still being the preferred liquidity solution.

Are you exploring or currently utilizing liquidity solutions such as:

(Select any that apply)



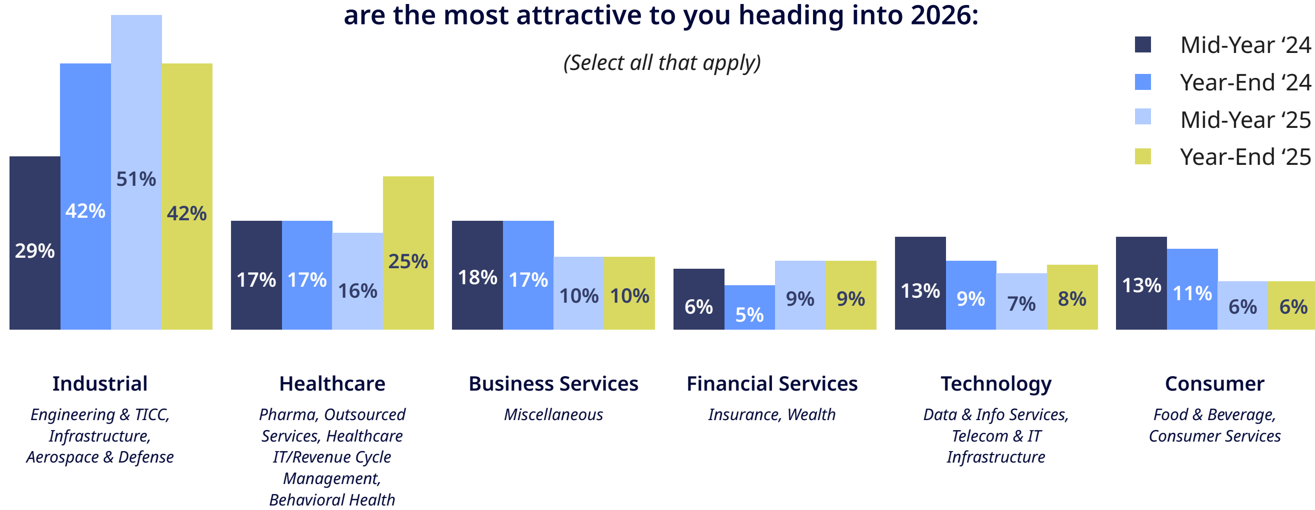
Top Subsectors of Interest for Private Equity

On the up-tick in healthcare interest: *"We expect AI technology will improve drug discovery with predictions that it will 'nearly double' the number of drugs that make it through the clinical trial process. This dynamic is expected to support a rebound in growth prospects for middle-market assets within the pharmaceutical value chain. Healthcare IT remains attractive for platforms that reduce cost, automate work, and integrate into workflows as payors and providers continue to look for ways to increase efficiency."*

– Rich Davidson, Managing Director, Head of Healthcare Underwriting

From a new investment perspective, which industries are the most attractive to you heading into 2026:

(Select all that apply)



Private Equity Sponsors' Top Risks to Portfolio and Investment Strategy in 2026

TAKEAWAY

Consumer confidence was tied with tariffs as the #1 risk to sponsors (53%) but cited by only 31% of portfolio company respondents (see page 10). AI disruption also saw a noticeable increase in interest called out by 1/3 of sponsor respondents, up from 13% at Mid-Year '25, whereas only 10% of portfolio companies view it as a top challenge.

Which do you view as the top 3 risks to your portfolio and investment strategy in 2026?

(Select a maximum of 3)

Biggest movers: AI disruption is up the most and monetary policy/interest rates down most as top-of-mind challenges since Mid-Year '25 reading.

Challenges	Year-End '24	Mid-Year '25	Year-End '25	% Change Mid-Year '25 vs Year-End '25
Tariffs / Supply Chain Disruption	26%	62%	**53%**	**-9%** ▼
Consumer Confidence*	N/A	4%	**53%**	**N/A** —
Labor - Cost, Availability, Recruitment, Retention	38%	24%	**39%**	**14%** ▲
Geopolitical Risk	49%	42%	**37%**	**-6%** ▼
AI Disruption	15%	13%	**33%**	**19%** ▲
Inflation	29%	36%	**31%**	**-5%** ▼
Monetary Policy / Interest Rates	22%	56%	**14%**	**-41%** ▼
Industry-Specific Regulations	10%	11%	**14%**	**3%** ▲
Public Sector Spending	13%	4%	**6%**	**2%** ▲
Cybersecurity	8%	4%	**2%**	**-2%** ▼
Write-In (YE25): Business Spending/Capex			**2%**	**N/A** —
Write-In (YE25): MidTerms			**2%**	**N/A** —
Climate Risks related to shifting Market, Regulatory and Technology developments (Transition Risk)	3%	2%	**0%**	**-2%** ▼
Write-In (MY25): Recession	N/A	11%		**N/A** —

Highlighted lines represent the most significant variance between Mid-Year '25 and Year-End '25.

**Note: Consumer confidence was a write-in in Mid-Year '25, not a formal question.*

Spotlight on AI

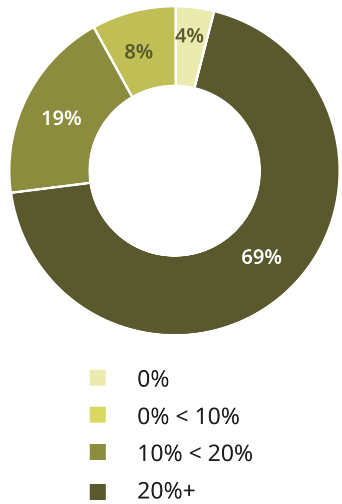
PORTFOLIO COMPANIES ON AI

The majority of portfolio companies dedicate 10% to 20% of their IT budget to AI initiatives.

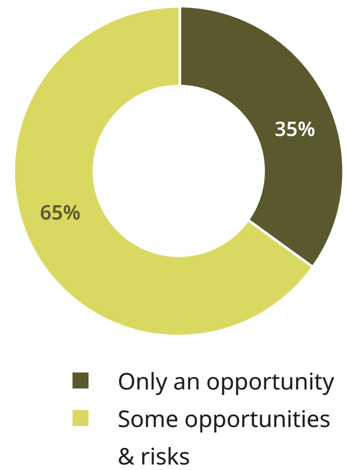
When asked, "operational efficiency," was cited #1 area of focus for AI implementation followed by "product or services development," "customer services," and "sales and marketing."

What percentage (%) of your IT budget is being shifted toward AI initiatives?

(whether developed internally or from software vendors)



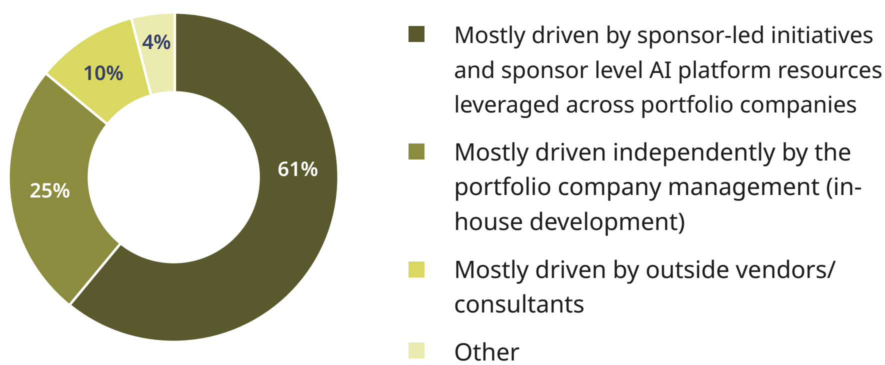
Your company views AI as...



SPONSORS ON AI

A higher percentage of sponsors (33%) than portfolio companies (10%) indicated AI was a top risk/challenge in 2026 (see pages 10 &14). Sponsors are most frequently taking the lead in driving AI-led initiatives at their portfolio companies.

How would you characterize AI implementation across your portfolio companies?



Antares and AI

"We have an experienced private credit software team at Antares that specializes in selecting, analyzing, and managing our software portfolio. We keep our finger on the pulse of AI's capabilities today and where it could evolve in the future. Some enterprise software use cases are being materially impacted today (e.g. customer support, software development, etc.), but we expect other use cases that are complex, well integrated, delivering a solid ROI, and importantly are AI-enabled, will lead the AI race.

Similar to our portfolio companies' survey responses, Antares is addressing both the opportunities and risks of AI.

We spent most of 2025 developing AI risk evaluation frameworks that help us make consistent, risk-adjusted decisions when selecting opportunities and managing our portfolio."

- Dan Landis, Managing Director, Co-Head of Software Underwriting

About Antares

Founded in 1996, Antares has been a leader in private credit for nearly three decades. Today, with approximately ~$90 billion of capital under management and administration as of September 25, 2025, Antares is an experienced and cycle-tested alternative credit manager. With one of the most seasoned teams in the industry, Antares is focused on delivering attractive risk-adjusted returns for investors and creating long term value for all of its partners. The firm maintains offices in Atlanta, Chicago, Los Angeles, New York, Toronto and London. Visit Antares at www.antares.com or follow the company on LinkedIn at https://www.linkedin.com/company/antares-capital-lp. Antares Capital is a subsidiary of Antares Holdings LP, (collectively, "Antares"). Antares Capital London Limited is an appointed representative of Langham Hall Fund Management LLP, an entity which is authorized and regulated by the Financial Conduct Authority of the UK.

Access Antares thought leadership

Disclosures

Antares Capital

antares.com

@Antares Capital LP