gambit CORPORATE FINANCE

Debt Capital Markets

Gambit Review

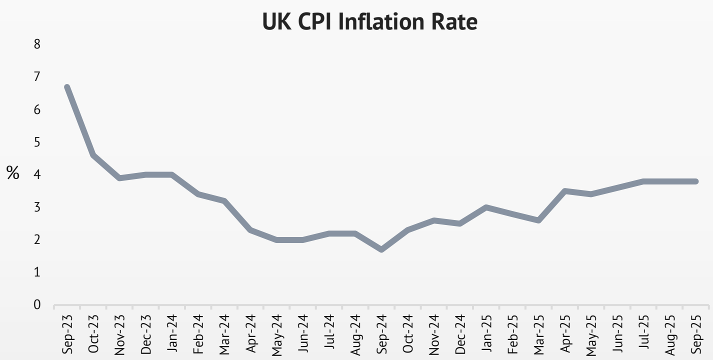
Autumn 2025

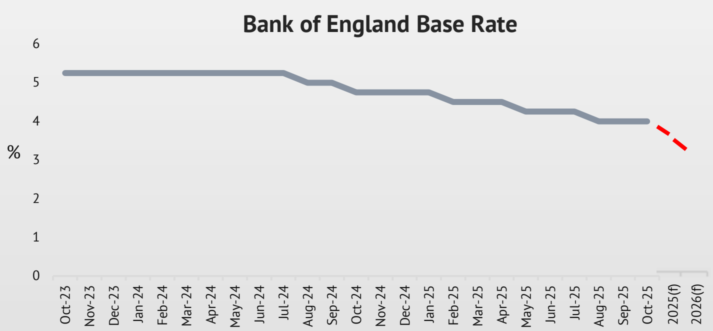
Executive Summary

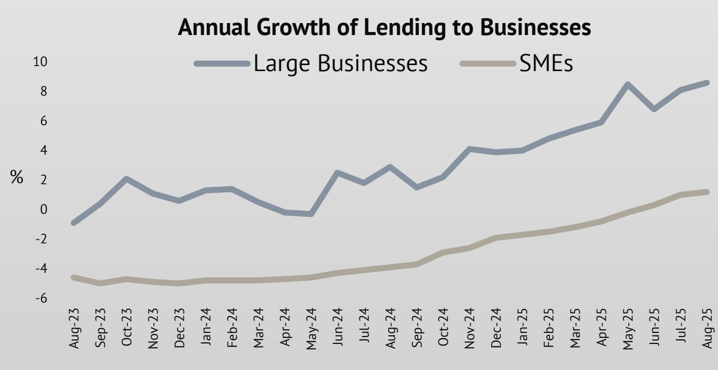
Jason Evans
Partner, Debt Advisory

Jason Evans is the Partner who leads Gambit's Debt Advisory team. Prior to joining Gambit, Jason was Regional Director for Lloyds Banking Group, heading up the regional corporate banking team in the mid-market and working with businesses with turnover between £10m and £750m. During his 33-year career, Jason held various senior roles, including Divisional Head of Leveraged Finance for HSBC.

He is an Associate of the Securities and Investment Institute, holding an advanced corporate finance qualification from the Institute of Chartered Accountants in England and Wales (ICAEW). Jason has also been voted "Corporate Banker of the Year" on a number of occasions at the Insider Dealmaker Awards and more recently has won a number of debt advisory awards.

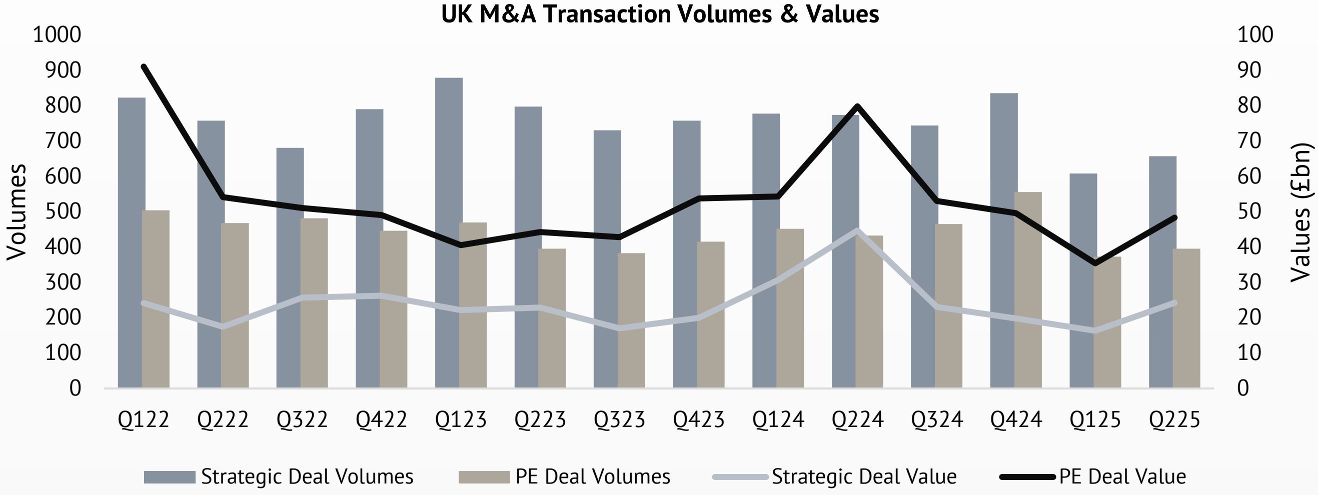






- CPI inflation has fallen from 6.7% in September 2023 to 3.8% in September 2025, although progress has slowed over the past year, with rates remaining sticky.
- Despite inflation still sitting above the Bank of England's 2% target, the base rate has been lowered from 5.25% in September 2023 to 4.00% in August 2025 through five quarter-point reductions.
- Capital Economics forecasts further base rate cuts in 2026, with the base rate reaching 3.0% and inflation falling back to around 2.2%.
- Lending growth to large corporates has improved materially from 2.9% in August 2024 to 8.6% in August 2025. Whilst lending to SMEs, which was contracting by -3.9% in August 2024, is now growing by 1.2% in August 2025 and demonstrating encouraging signs.
- Whilst uncertainty from domestic budget changes and geopolitical risks, such as trade tariffs exist, lending appetite remains.
- In this environment, it is essential for borrowers to leverage the expertise of experienced corporate finance advisors to be well-prepared for discussions with financial institutions.

Source: Gambit analysis, Bank of England and ONS



Overview & Outlook

- Private equity activity has increased by 10.6%, from 373 deals completed in Q1 2025 to 396 deals completed in Q2 2025, whilst strategic activity has increased by 8%, from 609 deals completed in Q1 2025 to 658 deals completed.
- Strategic acquirers remain active, driven by bolt-on acquisitions and divestments to help optimise portfolios.
- Whilst YTD PE deal volumes trail 2024, there are record levels of dry powder driving appetite for both new investments and bolt-on acquisitions.
- The UK outperformed its European peers in total deal volumes in Q2 2025, with some significant support factors being swift trade diplomacy with the US and monetary easing by the Bank of England.
- Although uncertainty remains due to the much anticipated UK domestic budget announcements and geopolitical risks, the UK M&A outlook is cautiously optimistic in view of resilient strategic and private equity appetite alongside a forecast reduction in interest rates.

M&A Deal Value

- Total M&A transaction values increased by 36% from Q1 2025 to Q2 2025, supported by an influx of US capital inflows and heightened valuations for premium assets. The UK continues to attract the largest share of US investors in Europe.
- Total private equity deal value increased by 26% from Q1 2025 to Q2 2025, driven by a higher volume of buyouts and improved access to debt financing.
- Total strategic deal value surged by 49% from Q1 2025 to Q2 2025, reflecting a sharp rise in growth, expansion and add-on investments as corporates refocused on scaling core operations.
- Mid-market transactions continue to dominate deal volumes, with a noticeable rise in sub-£100m deals as investors target smaller, strategic acquisitions.

Source: Gambit analysis, ONS and S&P, Pitchbook

Debt Market Trends

European Loan Market

- European credit markets are breaking records, with year-to-date (YTD) institutional loan activity hitting €211 billion, eclipsing the 2024 full-year record of €207 billion.
- Nearly €100 billion of loans have been repriced YTD, including a record €25.8 billion in Q3 2025 alone, as borrowers capitalise on deep market liquidity and tightening spreads.
- Dividend recapitalisations accelerated sharply, totalling €7.3 billion in Q3 2025, the highest third-quarter level on record.
- The UK and France continue to lead regional activity, together representing over 40% of total deal count.
- Meanwhile, direct lending remains robust, with YTD volume of €30.5 billion, up 21% versus 2024. Smaller transactions now account for 54% of private credit deal flow, reflecting the strength of the European mid-market and a growing focus on local, buy-and-build strategies.

Typical Pricing Spreads

	Senior Cash Flow	Unitranche	Subordinated
Oct-25	3.75% – 6.00%	5.75% - 8.00%	10.00% - 13.50%
Sep-25	3.75% – 6.00%	5.75% - 8.00%	10.00% - 13.50%
Oct-24	4.25% - 6.00%	6.25% - 8.50%	10.25% - 13.50%

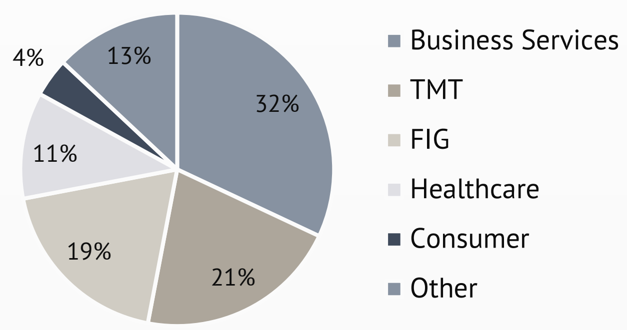
- As private markets remain highly competitive, average pricing spreads across senior debt, unitranche and subordinated facilities hold steady after a year of tightening spreads and expanding leverage.
- With the Bank of England's rate trim unlocking cheaper pricing and further cuts expected for 2026, leveraged issuance, particularly across the mid-market, has rebounded as borrowers take advantage of improved pricing conditions.
- In short, whilst borrowing conditions remain attractive, leveraging the expertise of a knowledgeable debt advisor to support a quality proposal to present to the most relevant funder audience is key to achieving a successful fundraise.

Source: Bank of England, Weil, Pitchbook and Gambit analysis

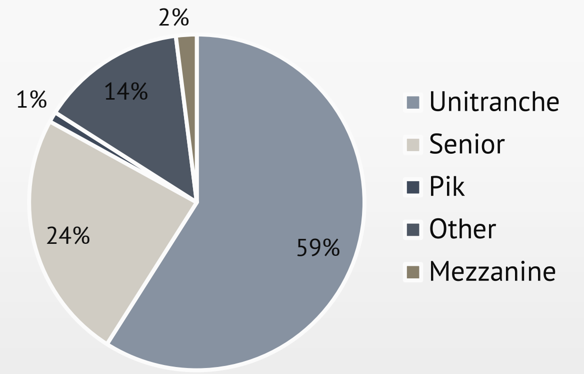
Private Credit

- As of Q2 2025, the UK remains the leader in private debt activity in Europe, accounting for 28% of total European transaction volume.
- At the same time, Europe's private credit market has followed closely behind the UK and rising competition has seen lenders' risk appetite increase. Nearly 50% of new middle-market private credit deals are now structured with leverage multiples exceeding 4.0x, underscoring a notable shift towards more aggressive capital structures as lenders compete for quality assets.
- Private debt remains most active in the following areas: Business Services, Technology, Media and Telecommunications (TMT), Financial Services and Healthcare.
- The majority of private credit transactions were structured as Unitranche, comprising 66% of transactions, as borrowers and lenders favoured their flexibility and simplicity. Mezzanine issuance remained limited at a minimal 2%.
- Leveraged buyouts and bolt-on transactions accounted for 22% and 38% of private credit transactions, respectively. Notably, growth capital and dividend recapitalisations increased from 11% in H2 2024 to 16% in H1 2025.
- Private credit is expected to remain in demand over the next 12 months and beyond due to its flexibility, swift execution and bespoke structures that align closely with borrowers' strategic needs.
- In this environment, partnering with experienced corporate finance advisors is key to being well-prepared for discussions with the most appropriate financial institutions.

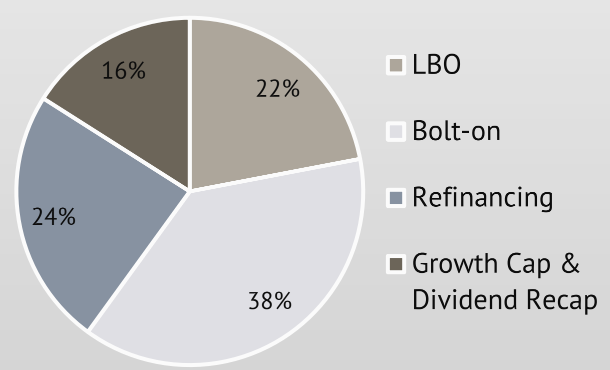
Private Credit - Sectors



Private Credit - Structures



Private Credit - Uses



Source: Gambit analysis, Weil, Pitchbook, Real Deals

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Gambit Corporate Finance acted as lead advisor to digIG on raising debt facilities from Ecobank The Pan African Bank

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Gambit Corporate Finance acted as lead advisor to JOURNEY HOSPITALITY on its fundraising from Growth lending

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Gambit Corporate Finance acted as lead advisor to Hybrid. on its fundraising from HSBC

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Gambit Corporate Finance acted as lead advisor to veezu. on its refinancing from Santander TRESMARES CAPITAL

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Gambit Corporate Finance provided strategic advice to the **British and Irish Lions**

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Gambit Corporate Finance acted as lead advisor to CREO MEDICAL on raising debt facilities from BARCLAYS

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Gambit Corporate Finance

Established in 1992, Gambit Corporate Finance is an independent corporate finance boutique specialising in advising private and public organisations on mid-market transactions in the UK and overseas. With offices in London and Cardiff, Gambit is widely recognised as a market leader in corporate finance advice having built up detailed industry knowledge and an enviable track record in deal origination and execution.

www.gambitcf.com

Corporate Finance International

Gambit is the exclusive UK shareholder of CFI, a global partnership of mid-market investment banks and corporate finance advisory firms. With over 300 professionals located in 28 offices throughout the world, CFI members specialise in cross-border acquisitions, disposals, capital raising and related services. CFI is Ranked number 19 in Europe and number 31 globally by Thomson Reuters for transactions valued up to €200m.

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