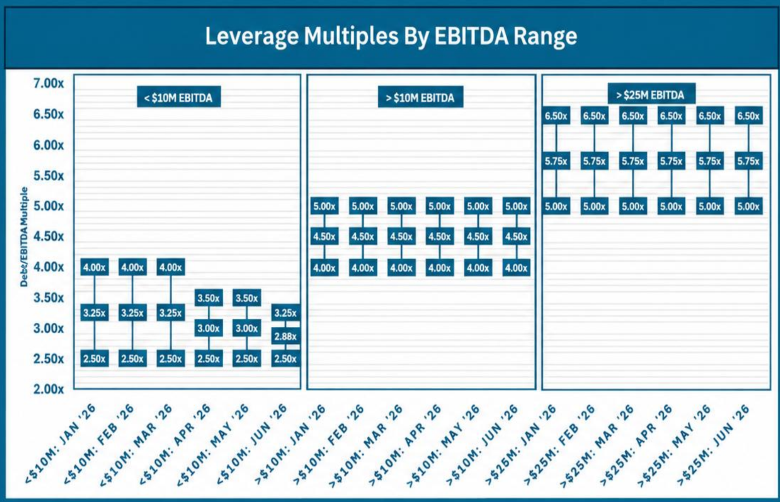
MIZZEN CAPITAL | *Insights* | Lower Leverage for Smaller Borrowers

From the first half of 2026, average leverage in companies with <$10M EBITDA fell from 3.25x EBITDA to below 2.9x EBITDA, while leverage for borrowers with >$25M EBITDA remained unchanged at approximately 5.75x EBITDA.

As credit conditions have become more challenging, lower-middle-market lenders have responded by tightening underwriting standards. Larger transactions continue to rely on significantly higher debt multiples despite offering lower yield premiums.



Source: SPP Market Update July 2026 - https://a09a835a-895f-469a-a2d3-5f02b59b8c29.filesusr.com/ugd/9aa613_5eab16522f764466bff3def872c7dfb7.pdf