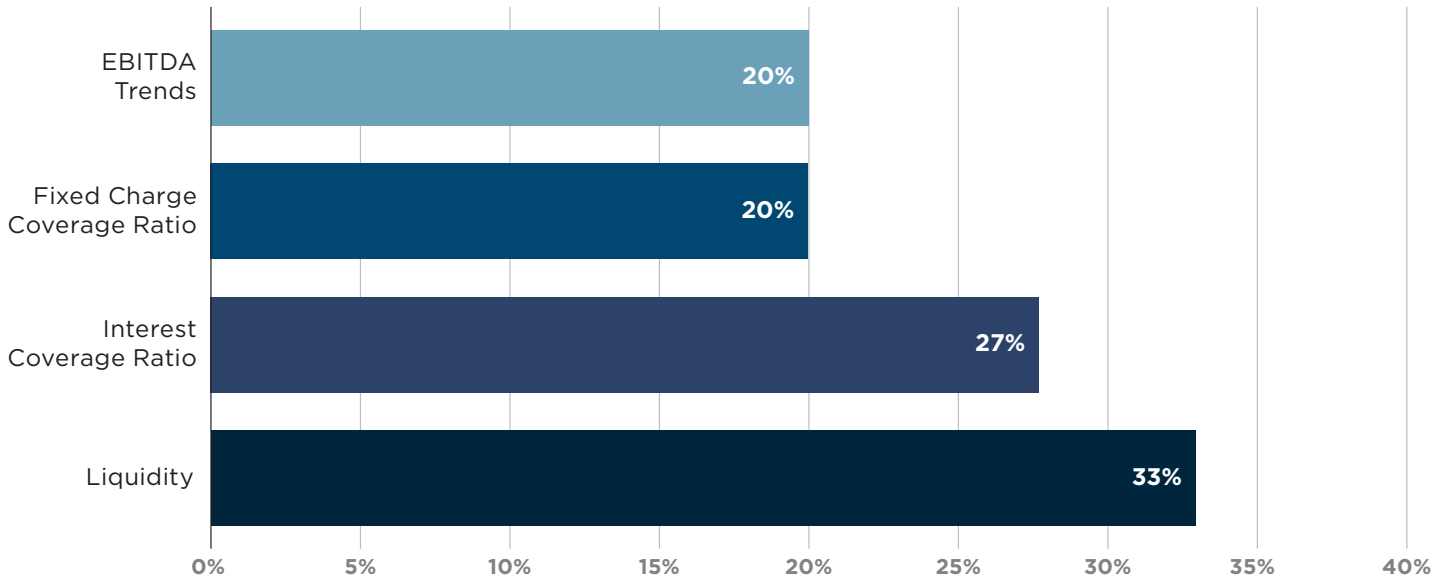




Survey Results

What metric do you view as the best indicator of borrower health?



Answer Choices	Answers
EBITDA Trends	20%
Fixed Charge Coverage Ratio	20%
Interest Coverage Ratio	27%
Liquidity	33%

NXT Capital’s latest Eye on Private Credit asked investors what metric they view as the best indicator of borrower health. The responses were across the board, with 33% of respondents viewing liquidity as the best gauge, followed by interest coverage ratio at 27% and EBITDA trends and fixed charge coverage ratio tied at 20%.

Each of the metrics has its own value and each should be considered important to gaining an overall picture of borrower health. At NXT Capital great attention is placed on EBITDA or earnings trends, as they tend to be indicative of current performance and borrower conditions. Fixed charge and interest coverage ratios, especially when considered on a pro



Eye on
Private Credit



Survey Results

forma basis for capital changes in the business, are a strong indication of the expected cash generation of the borrower and ability to service debt. Current liquidity of the borrower tends to be a high priority and focus item especially with troubled borrowers or those borrowers who may have experienced declining EBITDA trends and low coverage ratios. Lastly, leverage multiple trends can provide insights on debt usage trends alongside EBITDA performance. Each data point is evaluated and considered independently and collectively. With a majority of our borrowers delivering financials on a monthly basis, we are able to analyze borrower performance more frequently and evaluate portfolio management strategy real-time.

Thank you to all who participated in the survey.

If you have any other questions, comments or feedback you would like to share please e-mail marketing@nxtcapital.com.

Survey was conducted in January/February 2023.

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