

Book your flights early this year! Even though school just started, we already have to book our winter or spring break trips before it's too late. Planning and preparation well in advance, whether for a vacation or a capital raise, is as important as ever – here are our back-to-school travel tips for middle market businesses:

- **Book your flights in advance:** If you foresee the need to raise capital - for a cash cushion, refinancing, or for shareholder liquidity - don't wait until it's too late and there are only "middle seats" available.
- **Create a detailed itinerary:** Maintain frequent communication with existing stakeholders. An honest, early assessment of your capital requirements (and the steps to achieve them) maximizes the likelihood of a successful outcome and "no missed connections."
- **Outline your packing list:** Investors are increasingly vigorous with due diligence and underwriting criteria. Prepare and clean up your financials, ensure the proper systems and internal controls are in place, and commission a quality of earnings report ("QoE"). Be prepared for what's to come – don't end up having to overpay at the "hotel gift shop" for all the stuff you forgot to pack!



Travel Tips and Considerations for Middle Market Companies

Early Third-Party Involvement

- Audited financials no longer check the box - you may now need to commission a sell-side QoE report, market study, and asset appraisals.
- More third parties are involved in financing processes than ever before – be ready for marathon diligence calls.
- **Engage a travel agency - have an advisor lined up in anticipation of a capital raise.**

Broader Outreach

- Plan for a broad marketing process and more time in market speaking with capital providers.
- Broader outreach often results in a better outcome for all parties and can help avoid a costly delay at the gate.
- **Consider multiple airlines - reach out to more investors to find the best capital solution.**

Longer Diligence Processes

- The days of 30-day due diligence processes are long gone with capital providers being more selective than ever before.
- We're seeing more intensive diligence processes that can take 60+ days to close.
- **Expect a longer line at security - leave more time for diligence and closing, and pack a snack.**

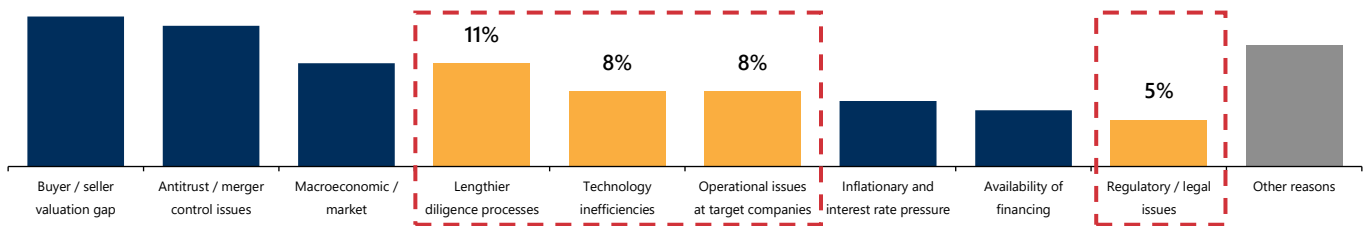


Insights from Our Colleagues at MUFG Underscore the Importance of Preparation

"Despite numerous economic and market drivers creating tailwinds for deal activity, the M&A recovery is still in a nascent stage. Buyer and seller valuation gaps, shifting antitrust regulations and financial market uncertainty are among the top challenges for dealmakers in the year ahead."

Survey Question: What will be the biggest challenge to completing a deal in the next 12 months?

(% of Respondents)



MUFG Capital Markets Strategy

Jonathan Zucker

Managing Director
Head of Capital Advisory
JZucker@IntrepidIB.com

Boris Zikratov

Director
Capital Advisory
BZikratov@IntrepidIB.com

Stephen Senior

Associate
Capital Advisory
SSenior@IntrepidIB.com

Jonty Nobbs

Analyst
Capital Advisory
JNobbs@IntrepidIB.com

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