



Market Moments That Matter

2025 Outlook

Los Angeles
San Francisco
Chicago
Charlotte
New York

intrepidib.com
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I. Five Things to Consider if Raising Capital in 2025

- II. Bird's Eye View from MUFG's Capital Markets Strategy Team
- III. Intrepid's Capital Advisory Group

1

Lower Middle Market M&A is Playing Catch-Up

- ✓ M&A volumes picked up across the board in 2024 but remain below pre-pandemic levels
- ✓ The lower middle market is poised for an uptick in activity due to pent-up demand and increasingly borrower-friendly economics

2

Lenders are Seeking Alternative Ways to Deploy Capital

- ✓ Non-M&A financings led the market in 2024 in the absence of significant LBO opportunities but that may change in 2025
- ✓ Lenders are using creative solutions to align interests and achieve attractive returns via PIK interest and equity kickers

3

Credit Spreads are Compressing Amid Increased Lender Competition

- ✓ The influx of capital into private credit and middle market lending has intensified competition amongst lenders
- ✓ While pristine businesses are garnering competitive interest, complex stories are requiring more concessions from issuers

4

Federal Reserve Shifting to a Less Aggressive Rate Easing Policy

- ✓ By Q4, markets started adjusting expectations for a more gradual Fed policy easing in 2025
- ✓ During the December FOMC meeting, the Fed revised its 2025 forecast, implying just two rate cuts in the coming 12 months

5

Leverage Multiples Ticking Up from Post-Pandemic Lows

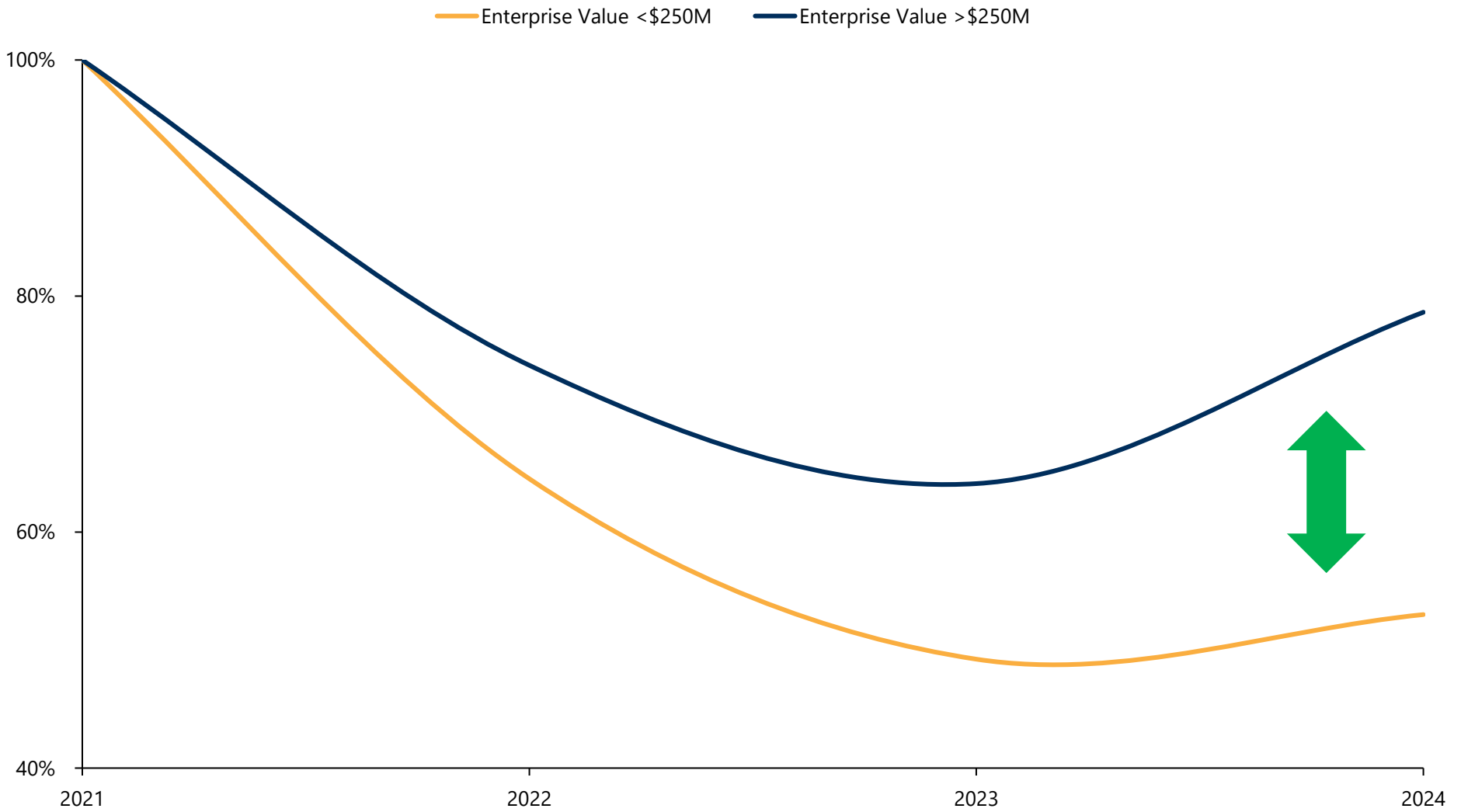
- ✓ Increases in total leverage suggest an easing in credit conditions, though the bar is high relative to historical standards
- ✓ A borrower's ability to generate stable cash flow and preserve ample liquidity remains in focus for lenders

Structuring highly competitive processes to navigate current market conditions and find the perfect capital source continues to be critical. Intrepid brings a full arsenal of resources to help clients achieve their capital raising goals.

Lower Middle Market M&A is Playing Catch-Up

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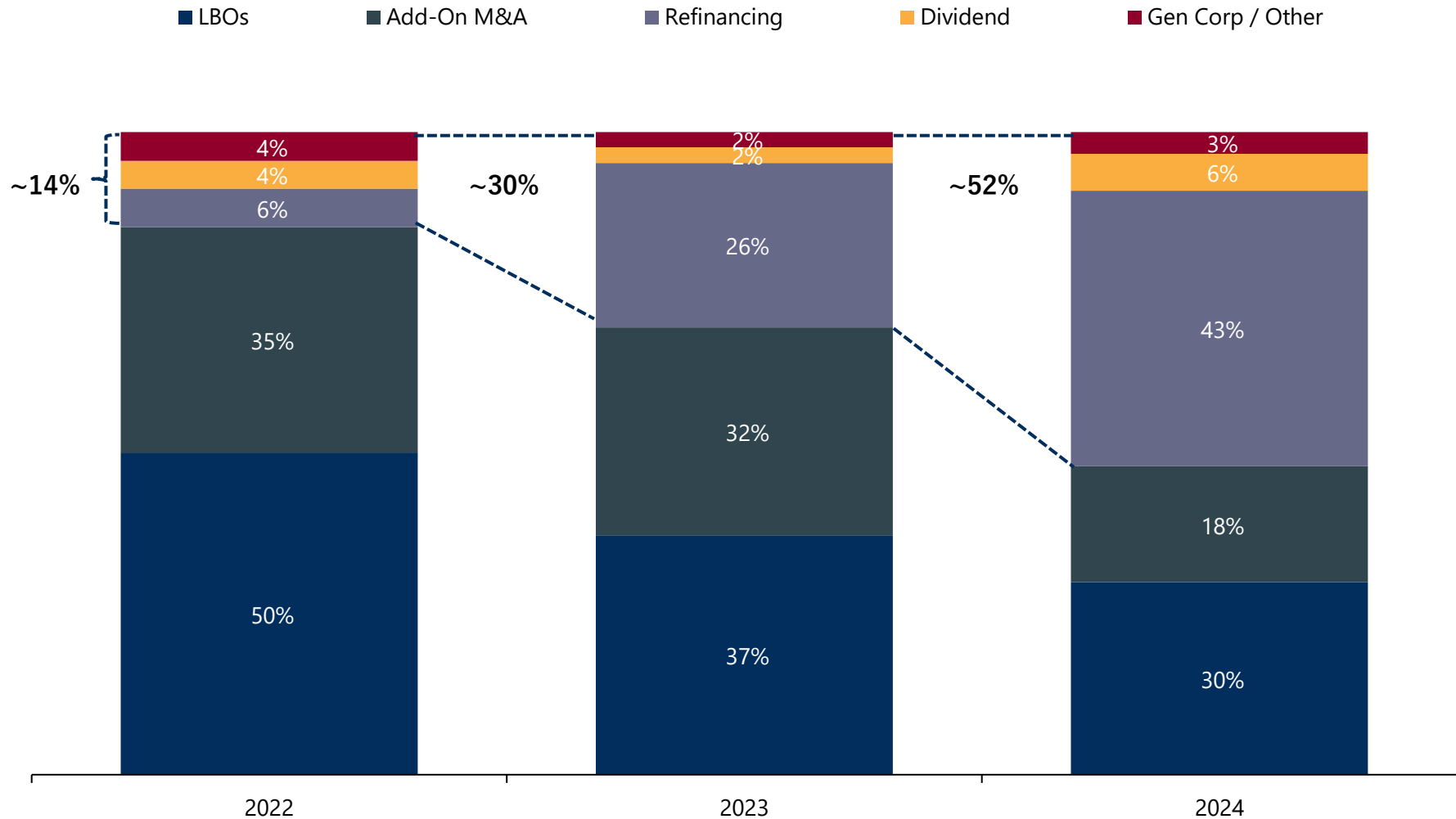
1 Deal Volume as a % of 2021 Remains Muted in the Lower Middle Market



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2 Non-M&A Debt Financing has Grown to ~50% of Total New Issuance



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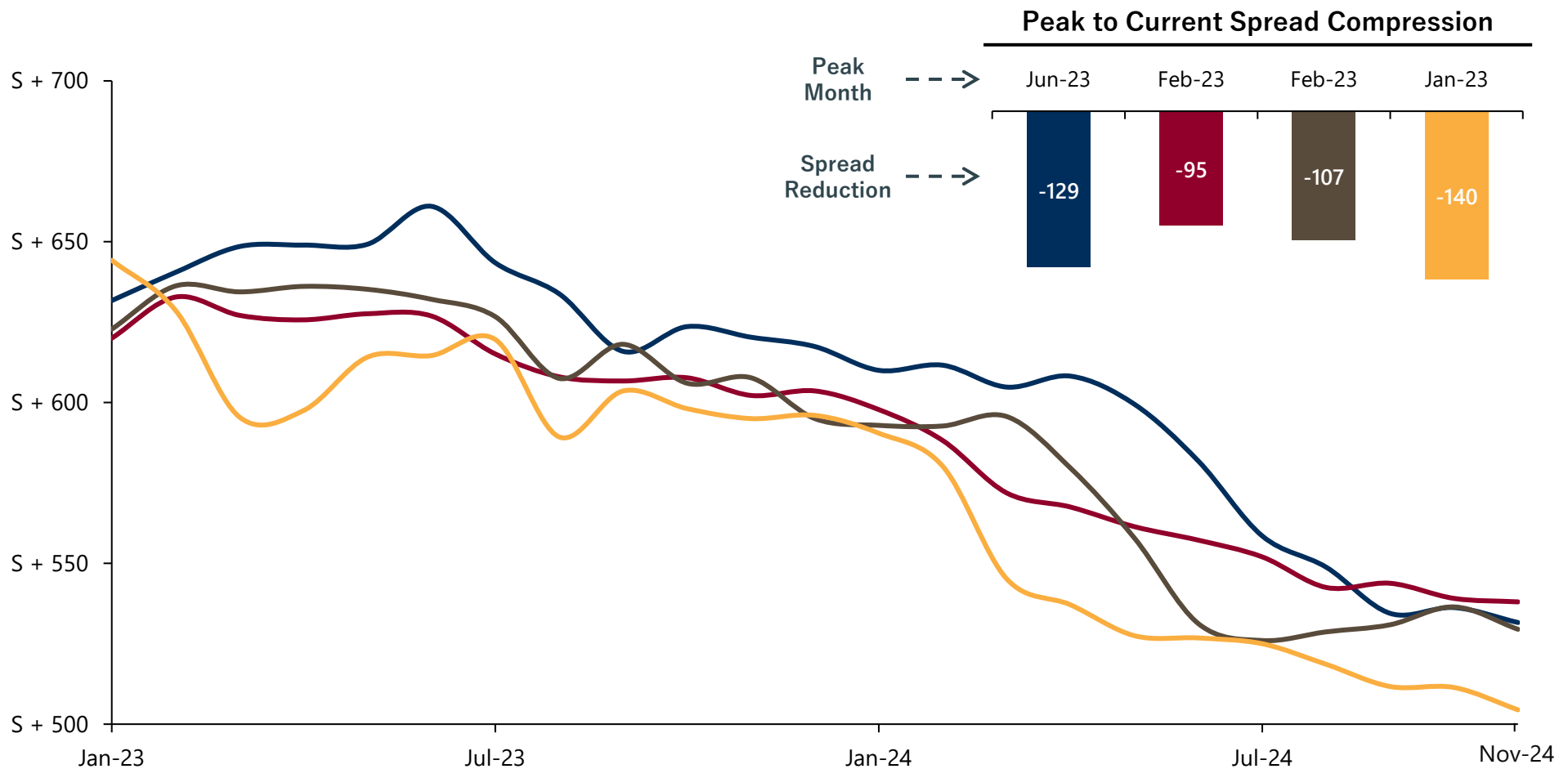
3 Significant Spread Compression Since 2023 Peaks

Lower Middle Market
EBITDA <\$20M

Core Middle Market
EBITDA ≥\$20M <\$50M

Upper Middle Market
EBITDA ≥50M <\$100M

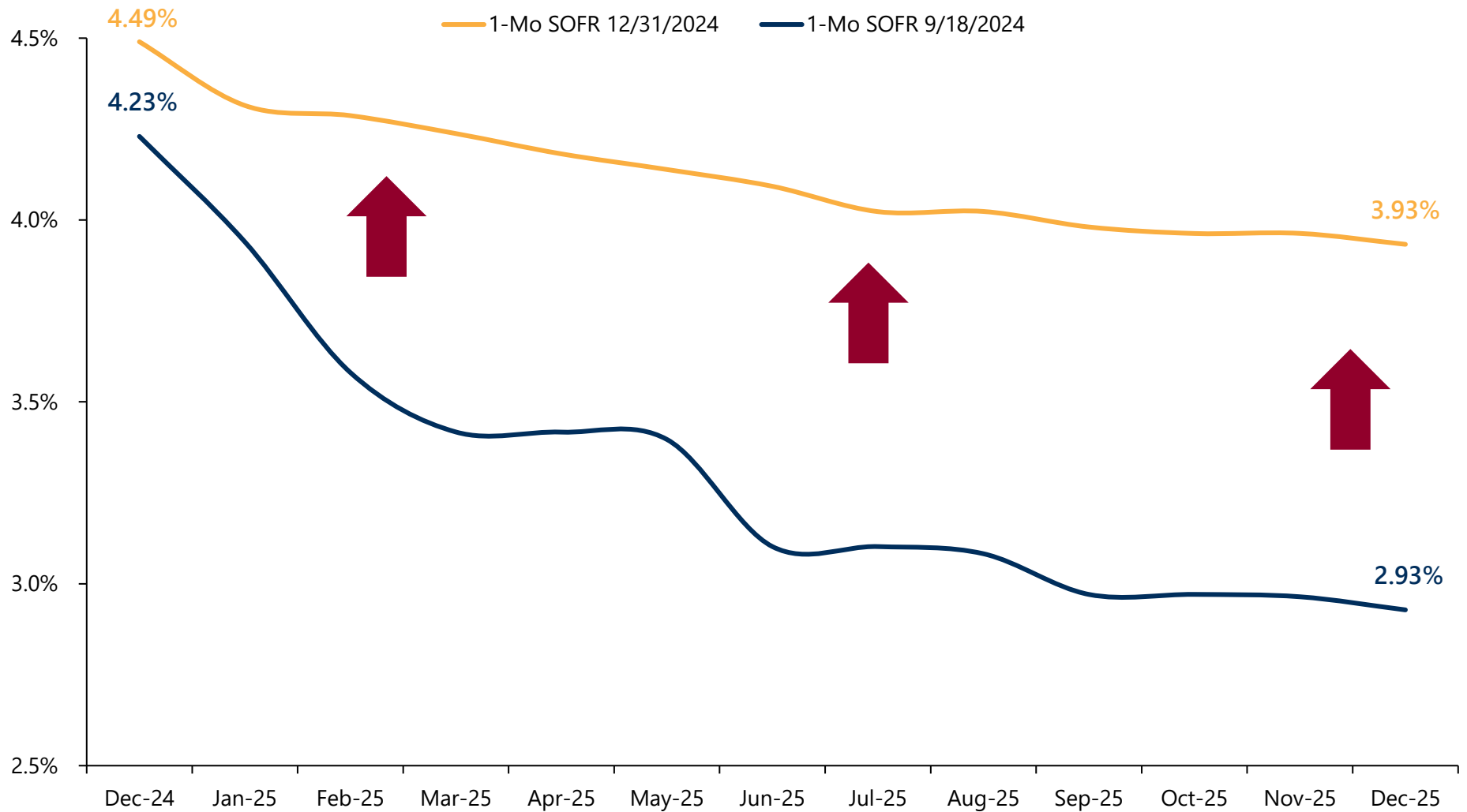
Large Cap
EBITDA ≥\$100M



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4 Market Implied Shallower Easing in 2025

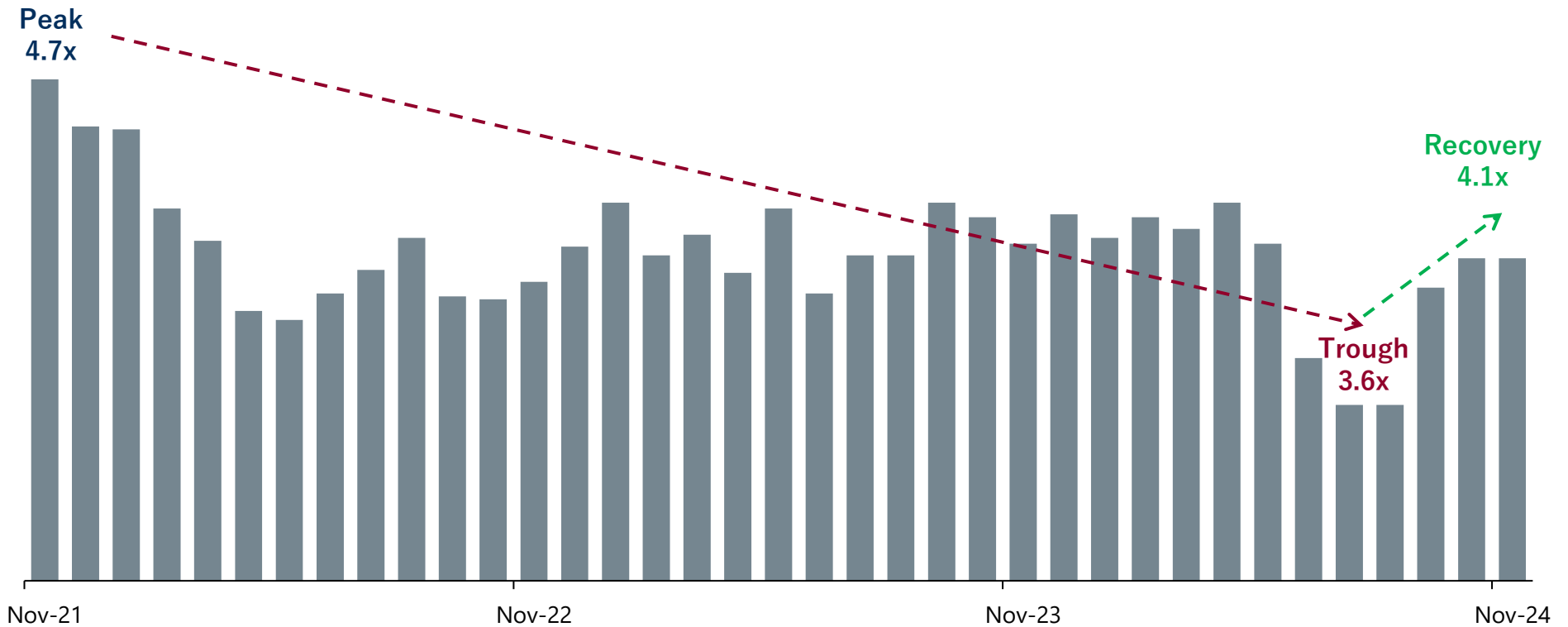


Leverage Multiples Ticking Up from Post-Pandemic Lows

- ✓ Increases in total leverage suggest an easing in credit conditions, though the bar is high relative to historical standards
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5 Lower Middle Market Non-Unitranche Total Leverage

■ EBITDA <\$20M





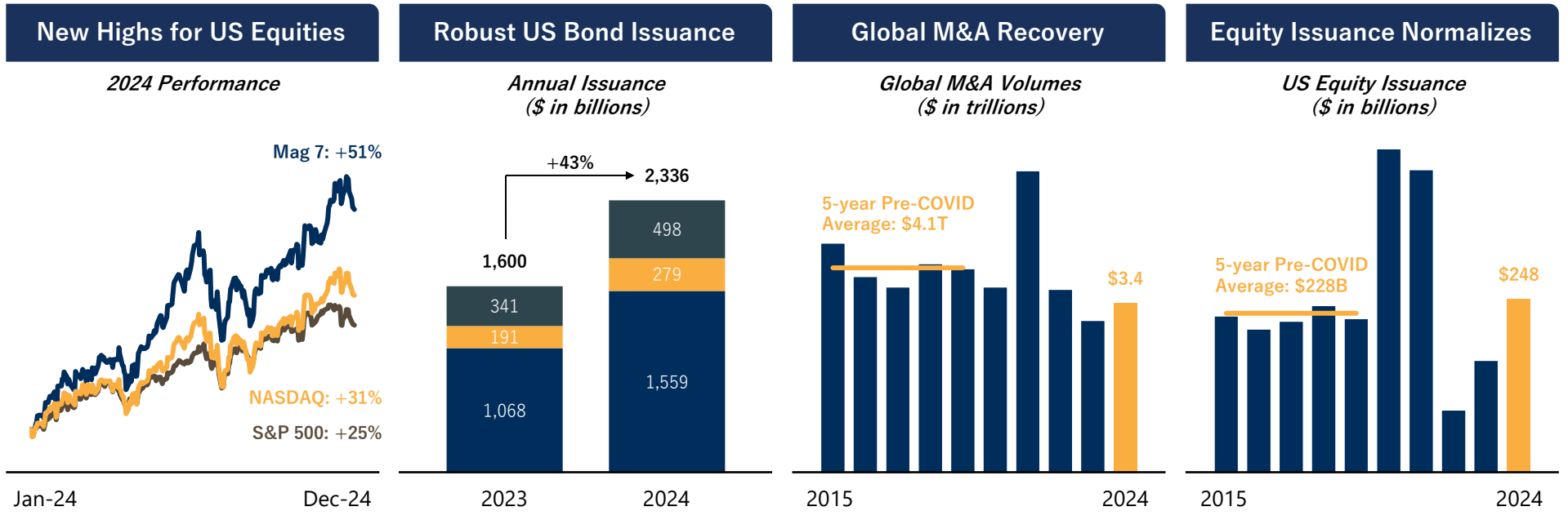
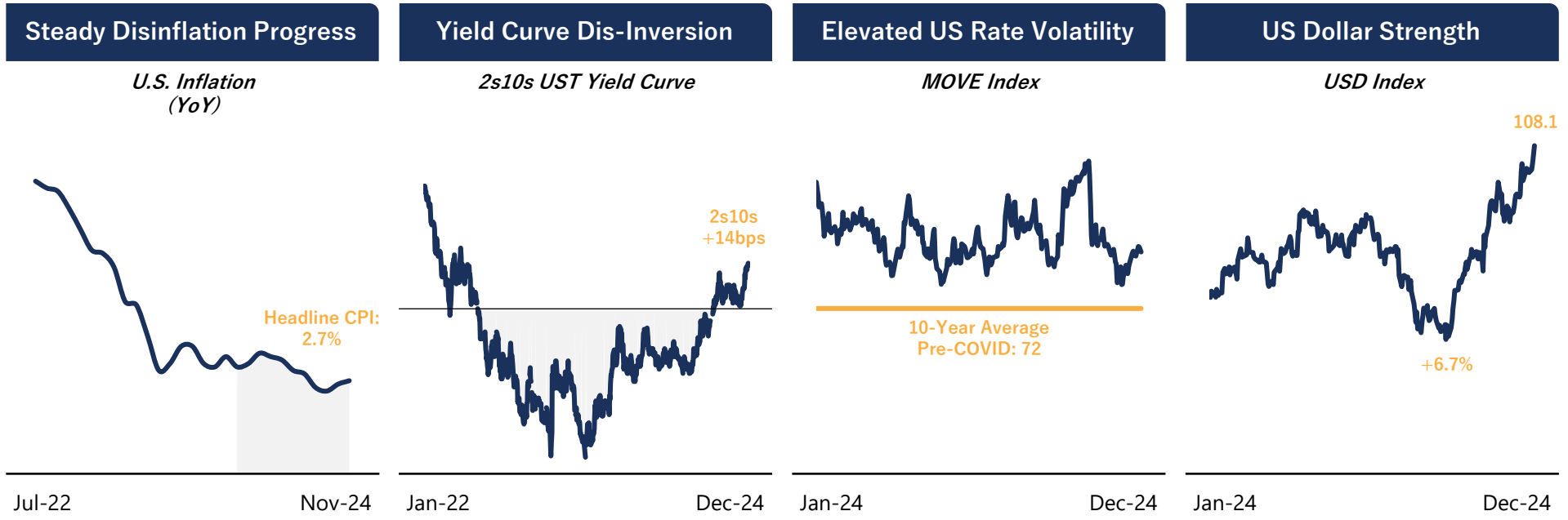
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2024: Creating the Backdrop for 2025

The significant political and market events of 2024 have created much of the backdrop that will shape the year ahead



Global Economy in 2025

Global GDP Growth	↓
Global Inflation	↓
US GDP Growth	↓ ↑
US Inflation	↓ ↑
US Unemployment	↑
China GDP Growth	↓
Japan GDP Growth	↓
EU GDP Growth	↓
India GDP Growth	↓
Global Trade Volumes	↓

Earnings & Deal Activity in 2025

S&P 500 Earnings	↑
Global M&A Volumes	↑
USD IG Issuance	↓
USD HY Issuance	↑
Equity & IPO Volumes	↑

Global Markets in 2025

UST Rates	↓
IG Credit Spreads	↑
HY Credit Spreads	↑
US Dollar	↑ ↓
Oil Prices	↓



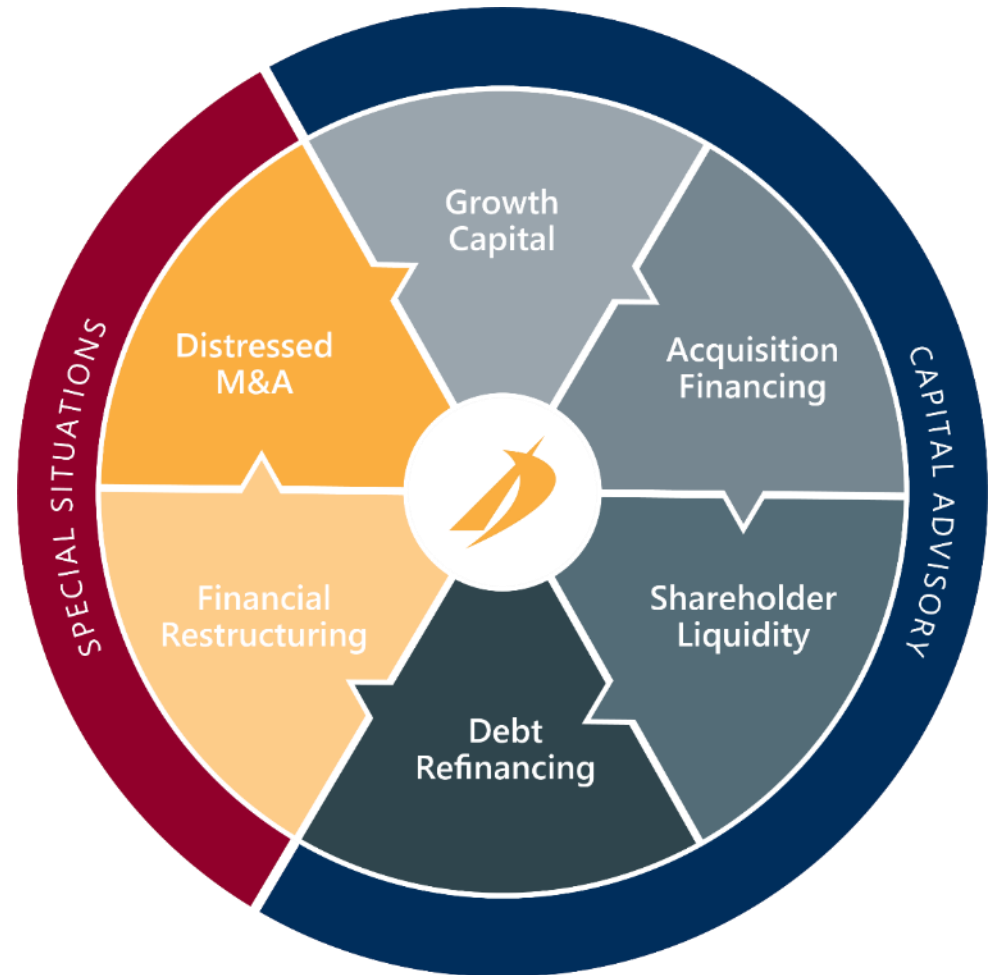
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EXPERTISE ACROSS THE ENTIRE CAPITAL STRUCTURE

- Senior Debt
- Untrenched Facilities
- Junior & Mezzanine Debt
- Structured & Minority Equity
- Control Equity
- Rescue Financing

ACCESS TO ALL POOLS OF INSTITUTIONAL CAPITAL

- Commercial Banks
- Private Credit
- Hedge Funds
- Private Equity
- Family Offices
- Strategic Investors



Select Intrepid Capital Advisory Group Transactions

bizee

has received debt financing from



myadvice

has completed a recapitalization and growth financing with



PRIMEPROVIDER

a portfolio company of

PINE STREET GROUP

has acquired



with financing from



WATKINS

has received financing from



and



aptive

has completed a recapitalization and growth financing with



\$125,000,000 Senior Secured Credit Facility

OBAGI

has completed a recapitalization and growth financing with



\$150,000,000 Senior Secured Credit Facilities

THE Inception COMPANY

has received structured growth capital from



UNIX-PACKAGING LLC
WGP Western Group Packaging

has received a growth investment from



Segue Corp.

have completed a refinancing with



advicemedia

has completed a recapitalization and growth financing with



Wholesome

a portfolio company of



has completed a recapitalization with



EMSI

a portfolio company of



has completed a recapitalization with



BENIHANA

a portfolio company of



has completed a recapitalization with



mercury

a portfolio company of

EOS

has completed a refinancing with



ARTISAN VEHICLES

has received working capital financing from



ALC
AMERICAN LOGISTICS COMPANY

has completed a dividend recapitalization with



and



adexchange

has completed a growth financing with



COUNTRY Wine & Spirits

has completed a growth recapitalization with



The management team of

PCMC

has completed a management buyout with financing from



and



CourtCall

has completed a recapitalization and growth financing with



SolidCommerce

has raised growth capital from



and



PreSonus

has completed a senior and subordinated debt financing led by



and



Ice MOBILITY

has completed a debt and equity financing with



and



TAX CREDIT CO.

has completed a recapitalization with

VSS Structured Capital II, L.P.
a fund managed by





Jonathan Zucker
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Jonathan is the Head of the Capital Advisory Group at Intrepid. He is responsible for advising entrepreneurs and private equity investors on raising institutional debt and equity capital for a variety of uses such as funding growth, acquisitions, recapitalizations or working capital.

During his more than 20-year career in finance, Jonathan has been involved in a wide range of capital transactions, from IPOs to early-stage venture financings. He has executed capital raises for companies across a diverse set of industry sectors, including consumer, digital media, technology, business services and industrials.

Prior to joining Intrepid, he served as Vice President and Head of the Los Angeles office of U.S. Capital Partners, a direct lender and provider of capital-raising advisory services to middle-market companies. Previously, he worked at Credit Suisse and FBR & Co., in addition to co-founding NotTV Network, a digital media company focused on live entertainment.

An accomplished songwriter and musician, Jonathan is a former voting member of the Recording Academy and a board member of In the Band, a nonprofit organization dedicated to bringing mobile music education programs to community centers and schools throughout Los Angeles. He is also a board member of the Los Angeles chapter of the Association for Corporate Growth, a global network of middle-market dealmaking professionals. He is a graduate of the Wharton School of the University of Pennsylvania.



Boris Zikratov
Director
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Boris is a Director in the Capital Advisory Group at Intrepid, where he primarily advises business owners on raising institutional financing throughout the entire capital structure. He is also active in special situations and M&A transactions across select industry verticals.

Over the past decade, Boris worked on a broad range of strategic transactions, including initial public offerings, mergers, acquisitions, divestures, recapitalizations, and bankruptcy proceedings. His industry expertise includes agriculture, food, consumer goods, retail, media/entertainment, and industrials.

Prior to joining Intrepid, Boris was a Senior Director at Sierra Constellation Partners, a middle-market advisory firm focused on operational and financial restructuring. Previously, Boris worked for five years in Morgan Stanley's investment banking division in Los Angeles and London. He started his career at a Russia-focused investment bank in Moscow.

In his free time, Boris is an avid forager (an expert in wild mushrooms and berries). He also dabbles in a variety of adventure sports such as snowboarding, surfing, paddleboarding, and mountain biking. Golf is on his wish list. He is a graduate of Georgetown University.



Stephen Senior

Associate

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Stephen joined Intrepid's Capital Advisory Group in 2022, after obtaining his Master's in Finance from the University of Colorado Boulder. Stephen is active on a range of mandates across industry verticals and transaction structures throughout the capital structure. Stephen's industry experience includes healthcare, biotech, manufacturing, consumer goods, and business services.

Prior to graduate school, Stephen worked in Fort Worth, Texas as a Business Development Manager at CSI Oil & Gas. Stephen consulted with engineering, geological, and finance professionals at private equity backed and middle-market exploration oil and gas companies.

In his time at Texas Christian University, Stephen was a member of the varsity men's golf team. He graduated with a B.B.A in Entrepreneurial Management and a minor in Energy. He is a 75-HARD finisher, house-music producer, DJ, golfer, hiker, snowboarder, and surfer.



Jonty Nobbs

Analyst

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Jonty joined Intrepid in 2023 as an analyst in the Capital Advisory group. He is active on transactions across industry verticals and throughout the capital structure. Prior to joining the firm, he was an investment banking analyst at CBRE Capital Advisors in New York City.

Over his career, Jonty has worked on a range of corporate transactions including mergers, acquisitions, recapitalizations, debt and equity capital raises, fund placement and valuation opinions. His industry experience includes agriculture, consumer goods, real estate, industrials & business services and software.

Jonty attended Carnegie Mellon University, where he graduated with a B.S. in Business Administration. At Carnegie Mellon, Jonty was a member of the varsity men's soccer team and the Tartan Athlete Fellowship, a student-athlete led philanthropy and community engagement group.

In his free time, Jonty enjoys playing and watching soccer and spending time with his family in Truckee, California and Cape Town, South Africa.

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