

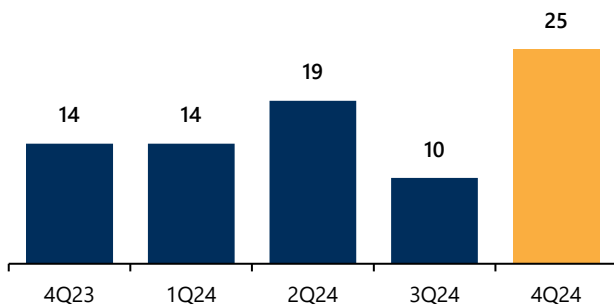
**Batter up!** This season, MLB sluggers have embraced a redesigned bat known as a "Torpedo Bat" – which reallocates the bat's mass towards the "sweet spot" – to offset slumps in the batter's box. In similar fashion, middle-market companies are employing innovative strategies to navigate turbulence and find their own sweet spot deal structures:

- Private credit borrowers are frequently requesting PIK (payment-in-kind) toggles for incremental cash flow flexibility, both for new and existing loans. Keep in mind, this flexibility comes at a cost – in-kind interest typically accrues at a higher rate than cash pay – but it's better than striking out.
- In a tie game in the bottom of the 9<sup>th</sup> (stressful market), a torpedo bat (PIK interest) can make all the difference. Each bat (security) can be tailored specifically for the batter (borrower), with slight variations in shape (loan structure) to complement the batter's unique swing mechanics (strategic goals).

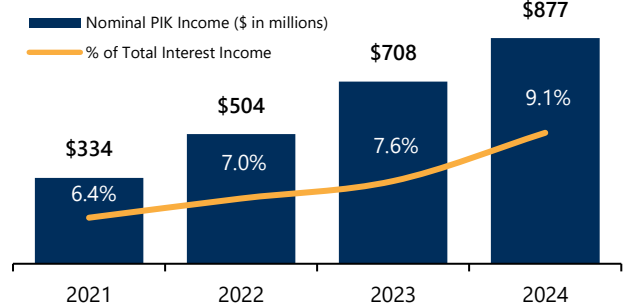
## In-Kind Interest Steps Up to the Plate

### Borrowers Continue to Convert to In-Kind Interest in the Face of Economic Uncertainty

(Borrowers Converting Cash Interest to PIK – 10 Largest BDC Managers)



(Interest Income - 10 Largest BDC Managers)

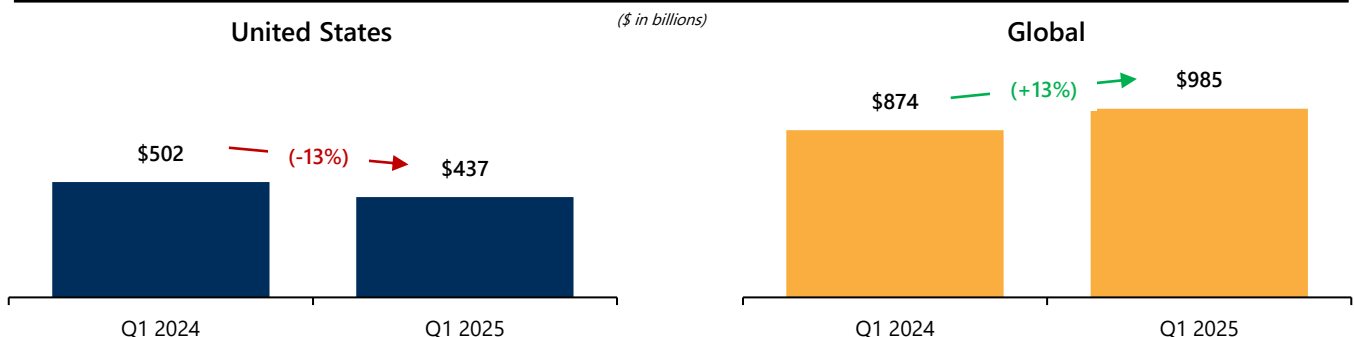


Source: PitchBook LCD

## Key Insights from Our Colleagues at MUFG

*"In the face of policy uncertainty, dissonance has become a defining feature of global markets in Q1, 2025, with divergent performance within markets, between asset classes and across geographic regions."*

### U.S. M&A Deal Activity Disappoints in 2025



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

Intrepid's Capital Advisory Group enables founders, management teams, and financial sponsors to access institutional capital across all forms of debt and equity to execute mission-critical transactions. We are experts at solving complex capital structure needs for our clients, and have global access to capital sources including banks, direct lenders, hedge funds, family offices, and private equity institutions.

A member of MUFG, a global financial group. Member FINRA/SIPC