Intrepid
Capital Advisory Group

Market Moments That Matter
August 2025

Defense wins championships! When closing a capital raise transaction, it's easy to focus on the "offense" numbers like interest rate and amortization in debt deals and pre-money valuation and board seats in equity ones. While points on the board are always nice, making sure you are adequately protected in downside scenarios may be the difference between a ho-hum season and a deep playoff run.

Negotiating and/or clarifying certain intangibles prior to giving an investor exclusivity to conduct confirmatory diligence may:

- Shed light on the kind of investment partner with whom you are taking the field
- Save you from burning all your "time outs" during the legal documentation phase
- Prevent a trick play from the opposing team when you're least expecting it

Defensive Items to Negotiate Upfront

Debt Financings

- **Net leverage, not just plain old leverage**: lenders should give you credit for at least a portion of the cash on your balance sheet to offset the total leverage calculation
- **EBITDA adjustments**: pre-wire acceptable add-backs to give you more cushion in the event earnings compress
- **Distributions**: ensure you can distribute not only sufficient cash for taxes, but also incremental distributions for your pocket if the company is thriving

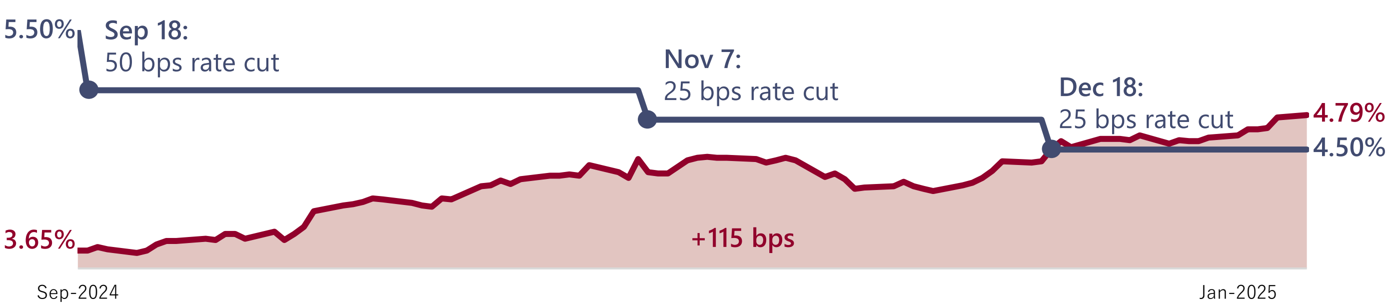
Equity Raises

- **Liquidation preferences**: be cautious when considering accepting a sky-high "headline" valuation in exchange for giving the investor 2X or more preference on their investment; this can complicate subsequent raises if everything doesn't go perfectly
- **Ability to raise debt**: while you may not want to maximize debt, at least maximize your *ability* to raise debt in front of more expensive equity if you choose
- **Governance**: if you're the CEO and want to stay that way, limit negative controls as best as you can

Cut, Cut, Hike?!...Proprietary Insights from Our Colleagues at MUFG

"The Fed may cut rates in September 2025, but 10 year US Treasury yields may rise anyway...Between September and December 2024, the Fed cut policy rates 100 bps and the 10 year UST yield instead rose more than 100 bps. At the time, bond yields traded less on Fed policy, and more on the public policy expectations of a new President (i.e. pro-growth deregulation, fiscal expansion and hawkish trade policy)."

September 18, 2024 – January 14, 2025
(First Fed rate cut to 10 yr UST yield peak)



MUFG Capital Markets Strategy

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