

Financing Update Debt Markets

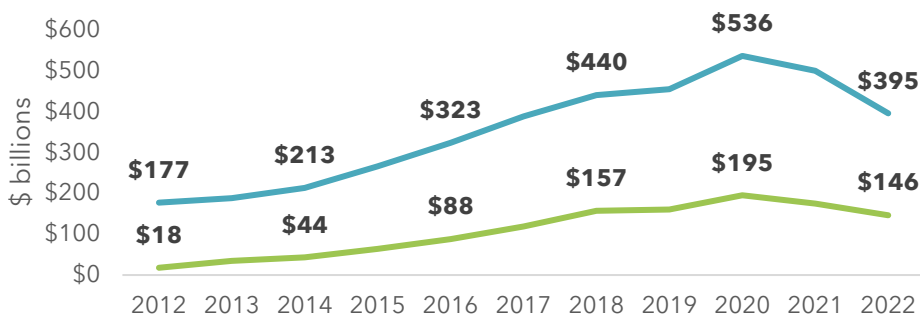
Financing Market Update

The debt markets have experienced an increase in interest rates at a pace not seen since the 1980s, and the fed funds rate target of 5.0-5.25% is the highest since September 2007. Distressed credits are on the rise in banks' portfolios, and bankruptcy specialists are seeing an uptick in activity. Despite the market volatility, debt capital remains readily available for most companies as private credit funds have stepped into the breach created by the banks, albeit with significantly higher pricing. Growth financings will be curtailed, however, while CFOs adapt to a world without "free money" which will impact capital investment and M&A activity.

Potential Objectives for a Successful Financing

- » Find a new financing partner when current lending relationship is strained due to changes at bank or in company performance
- » Replace senior lending relationship with unitranche facility to create more flexibility and borrowing capacity
- » Increase liquidity by borrowing more on receivables and inventory with a non-regulated asset-based lender
- » Bring in a minority partner or junior capital provider to take advantage of buying opportunities in this turbulent market, particularly in the manufacturing and consumer sectors
- » Include mezzanine lenders in credit groups to increase total funding amounts as senior lenders reduce credit exposure and require more equity

Private Lending Dry Powder



Source: PitchBook

— Direct Lending — All Private Debt

Current Trends



Significant decrease in cash flow loans due to downturn in company performance in some sectors and increased rate exposure



Regional bank valuations declined due to failures of SVB, Signature and First Republic, impacting credit availability



Private credit funds are aggressively seeking to deploy capital in several areas including ABL, equipment financing, and impact investing



Minority and preferred equity injections from private equity and family offices can support acquisition strategies

Types of Capital

Debt

- » Asset-based
- » Senior
- » Mezzanine
- » Unitranche

Equity

- » Common
- » Preferred
- » Structured

Key Lender Considerations

- » Current Performance and Liquidity
- » Industry Outlook
- » Total Leverage
- » Collateral Coverage/Downside Protection
- » 13-Week Cash Flow

Cascade Expertise in Dynamic Financing Markets

- » Quick access to over 1,000 investors, lenders, and family offices
- » Daily interaction with rapidly changing capital markets
- » Experience managing through both growth and distressed markets as our team has been operators, investors, and advisors
- » Seasoned team and proven process built for fast execution
- » Over 250+ years of combined transaction experience

Services

- » Quick assessment of capital structure needs and options
- » Investor identification and selection
- » Financial modeling
- » Covenant testing, liquidity analysis, and valuation support
- » Aggressive auction process
- » Term sheet negotiation
- » Final documentation & closing

Select Industry Experience



Healthcare



Business Services



Industrials & Manufacturing



Consumer



Food & Beverage

Select Transactions

<p>Financing</p>  <p>PACIFIC POWER & SYSTEMS</p> <p>has secured a working capital facility with</p>  <p>IBERIABANK FIRST HORIZON</p>	<p>Financing</p>  <p>parent company of</p>  <p>has secured a \$25 million investment from</p>  <p>CONGRUENT MAIN STREET</p>	<p>Financing</p>  <p>tcc wireless</p> <p>has secured unitranche financing from</p> <p>BRIGHTWOOD</p>	<p>Financing</p>  <p>PACIFIC POWER & SYSTEMS</p> <p>has completed a minority recapitalization and acquisition financing with</p>  <p>WHITEWOLF CAPITAL LLC</p>	<p>Financing</p>  <p>PACIFIC POWER & SYSTEMS</p> <p>has secured follow-on financing for accelerated growth from</p>  <p>WHITEWOLF CAPITAL LLC</p>
<p>Financing</p>  <p>NWP services corporation</p> <p>has secured financing facilities from</p>  <p>Comerica Bank STROME GROUP</p>	<p>Financing</p> <p>A nationwide wireless retailer has secured a \$40 million unitranche investment from</p>  <p>FALCON CHATHAM CAPITAL</p>	<p>Financing</p> <p>SURGERE</p> <p>has secured a growth capital investment from</p>  <p>CYPRESS GROWTH CAPITAL</p>	<p>Financing</p>  <p>MORAE GLOBAL</p> <p>has refinanced its business with</p>  <p>WHITE OAK COMMERCIAL FINANCE</p>	<p>Financing</p>  <p>DDPG a portfolio company of</p>  <p>HURON PARTNERS dental partners</p>

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