Middle Market Update

Q2 2023

BRYANT PARK
CAPITAL

PHILADELPHIA, PA
484-586-8200

NEW YORK, NY
212-798-8200

www.bryantparkcapital.com

Table of Contents

I. U.S. Economic Dashboard

II. Federal Reserve Perspective & Future Outlook

III. Mergers & Acquisitions

IV. Private Equity & Venture Capital

V. Equity Markets, Corporate Earnings, PIPEs, & IPOs

VI. Debt Capital & Middle-Market Lending

VII. Overview of Bryant Park Capital

VIII. Case Study

IX. Select Transactions

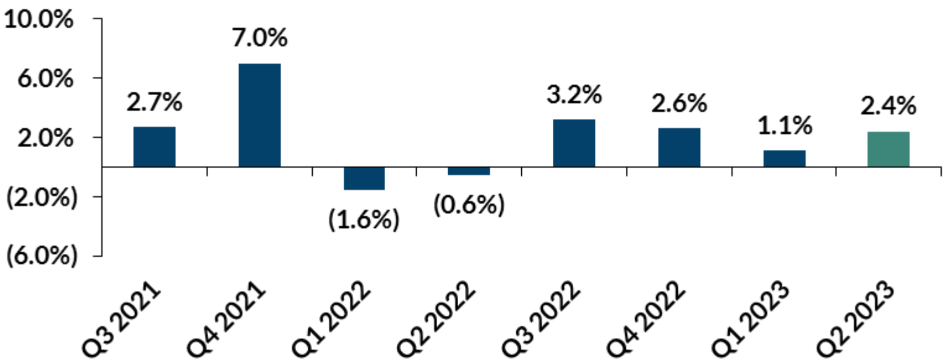
Bryant Park Capital
U.S. Economic Dashboard

U.S. Real Gross Domestic Product

During Q2 2023, U.S. real gross domestic product ("GDP") experienced its fourth consecutive quarter of growth, driven by an upturn in private inventory investment and nonresidential fixed investment.[1]

- The largest quarter-over-quarter reduction to GDP was exports, which fell from 0.9% in Q1 2023 to -1.3% in Q2 2023.

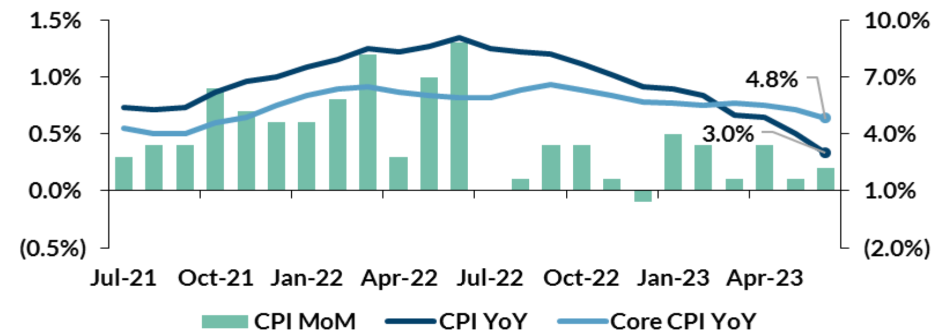
Real GDP Annualized Growth[1]



Consumer Price Index

The Consumer Price Index ("CPI"), and core CPI, increased by 3.0% and 4.8%, respectively, for the 12 months ending June 2023, coming down from its peak in June 2022 of 9.1% and 5.9%, respectively. The decrease indicating that the Federal Reserve (the "Fed" or "FOMC") had some success in taming inflation in order to reach its 2% target.[2]

CPI Month-Over-Month & Year-Over-Year[2]

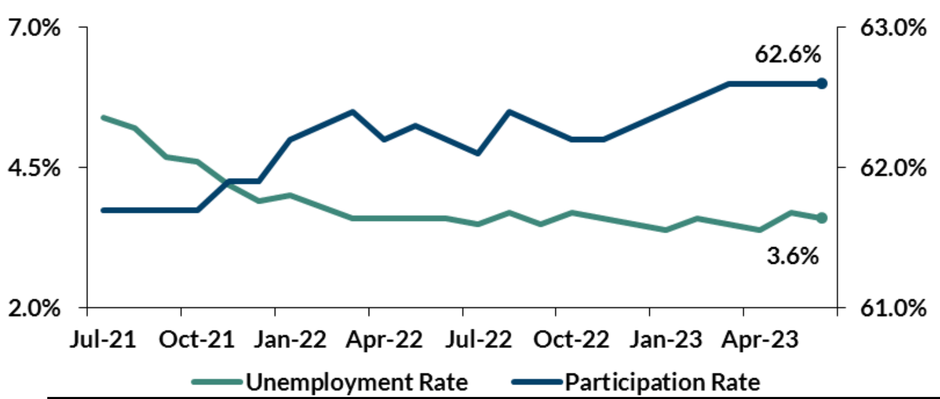


U.S. Labor Market

Despite rising interest rates, the unemployment rate remained stable at 3.6% in June 2023, with no change from June 2022.[2]

- Total nonfarm payroll employment increased by 209K in June 2023, with 60k jobs contributed by state and local governments.

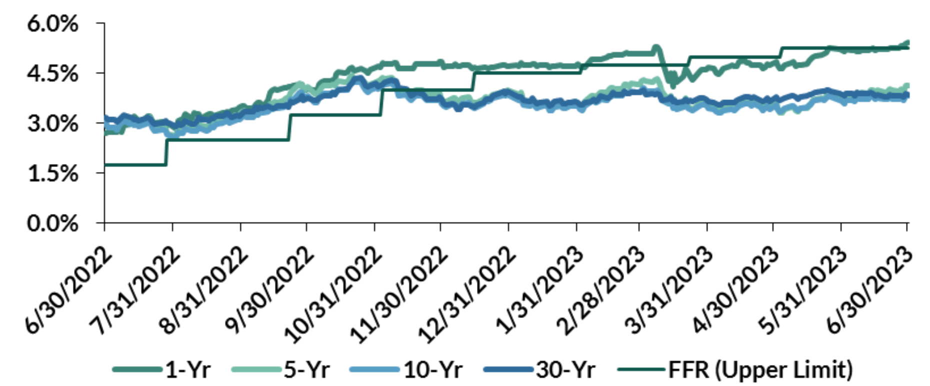
U.S. Unemployment vs. Participation[2]



U.S. Treasury Securities

At the end of Q3 2023, the 1-Yr. and 30-Yr. securities were inverted by 155 bps, which continued the inversion for the fourth consecutive quarter. This reflected the negative sentiment despite a rate hike pause in June, stable unemployment, and positive CPI data.[3]

U.S. Treasury Yields vs. Federal Funds Rate[3]

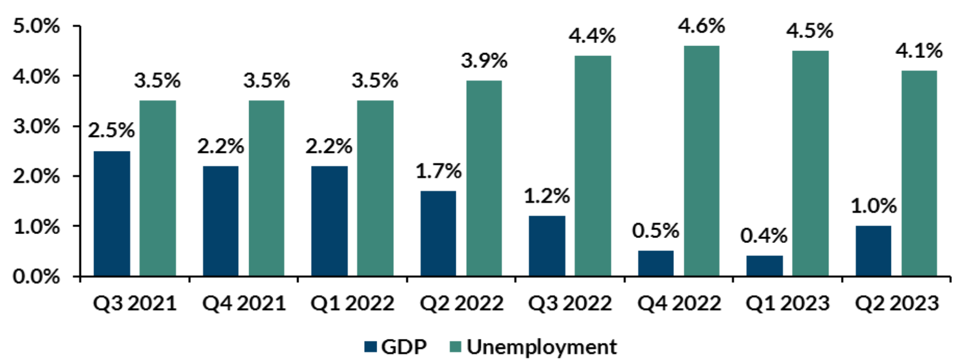


1. *U.S. Bureau of Economic Analysis*
2. *Bureau of Labor Statistics*
3. *The Wall Street Journal*

Federal Reserve Perspective

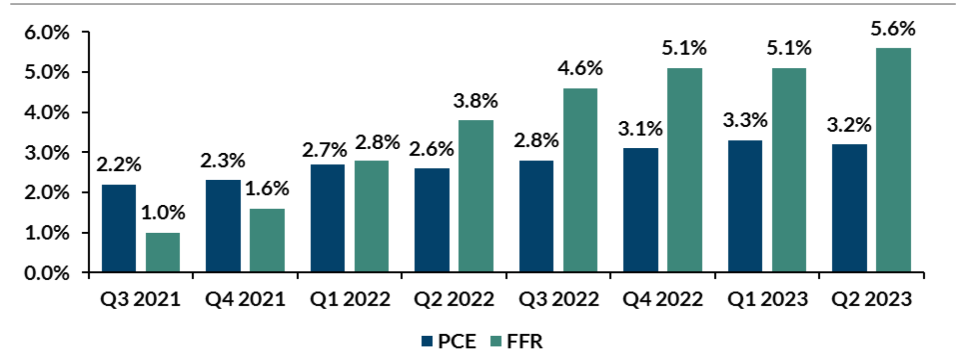
In conjunction with quarter end Fed meetings, participants submit their projections for the most likely outcomes of real GDP growth, the unemployment rate, the federal funds rate ("FFR"), and personal consumption expenditures ("PCE") for the current year, the next three years, and over the longer run.[1]

Fed Median 2023 GDP Growth vs. Unemployment Forecast[1]



As seen from the graph above, the Fed's median GDP forecast for 2023 has increased by 0.6%, and the median unemployment rate forecast has decreased by 0.4%, compared to Q1 2023. While this is a positive indicator, GDP growth is significantly lower than 2021 levels. Additionally, the Fed has maintained an elevated FFR forecast for Q2 2023 as the target inflation rate of 2% has not been met.[1]

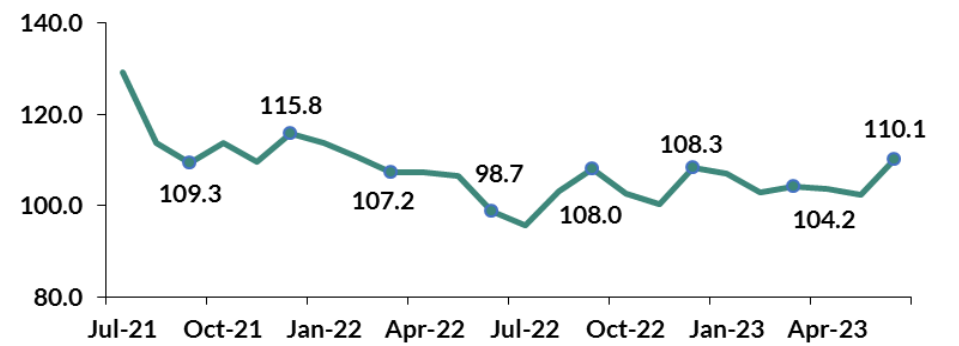
Fed Median 2023 PCE vs. FFR Forecast[1]



Outlook for 2023

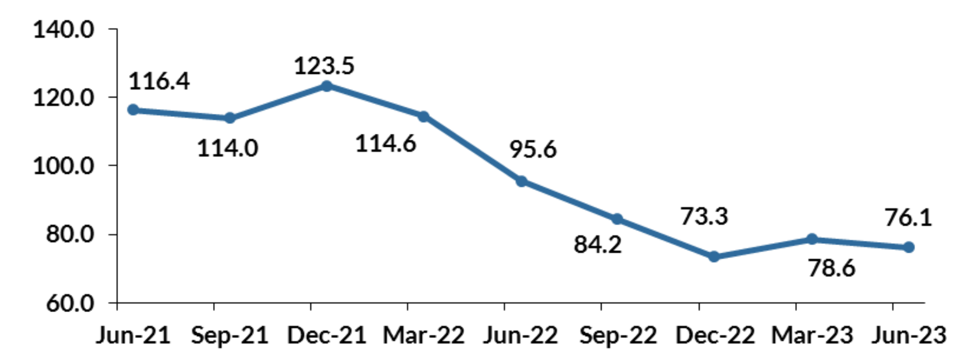
The Consumer Confidence Index rose to the highest level since Q1 2022, largely driven by an increase in confidence by consumers under age 35. Additionally, expectations for the next six months improved materially, as consumers have heightened confidence about future business conditions and job availability.[2]

Consumer Confidence Index[2]



The CEO Economic Outlook Index decreased by 2.5 points from Q1 2023 to 76.1, with minor changes in sales, capital spending, and employment predictions for the next sixth months. A primary focus in Q2 2023 was the transition to clean energy, where 82% of CEOs agreed that reforming U.S. permitting processes for energy infrastructure projects is necessary to improve energy security.[3]

CEO Economic Outlook Survey[3]



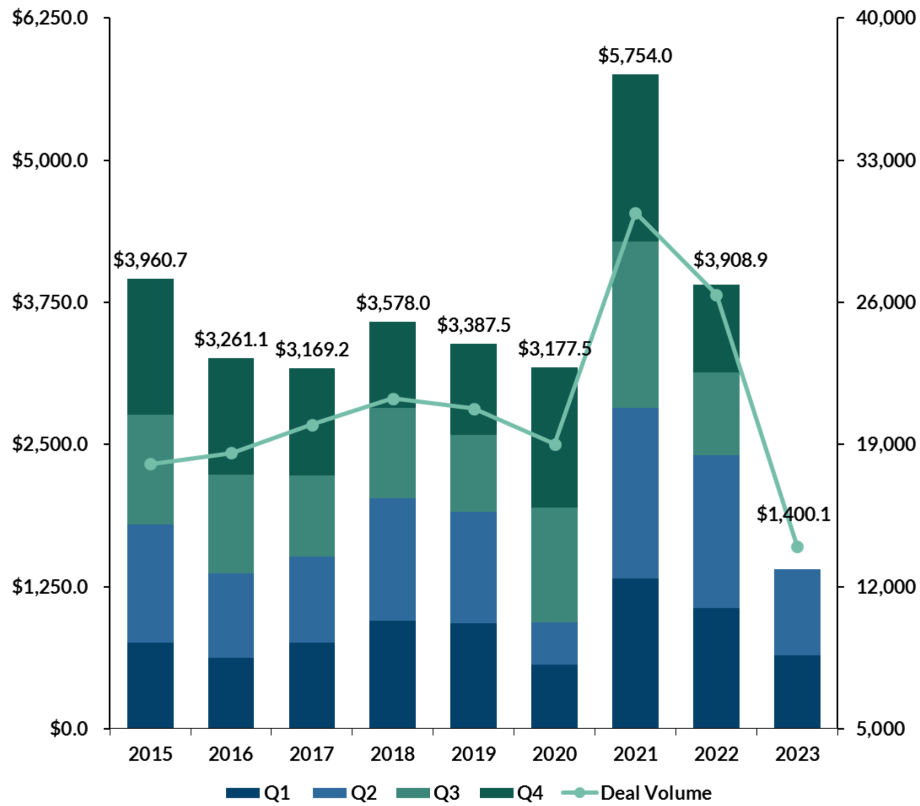
1. *U.S. Federal Reserve*
2. *The Conference Board*
3. *Business Roundtable*

Global Mergers & Acquisitions

Deal value remained notably low in Q2 2023, as companies delayed major transactions amidst soaring interest rates, macroeconomic uncertainty, and a U.S. debt ceiling stand-off. Aggregate deal value for the quarter was $753.8B, making the $1.4T in total deal value for H1 2023 one of the lowest in the last 10 years.[1,2]

While deal value remained low, the global mergers and acquisitions ("M&A") market saw an activity spike in Q2 2023 with a 33.8% increase in deal volume over Q1 2023. The divergence can be explained by financial sponsor dry powder turning to smaller deals to make up for the negative growth in revenues.[2,3]

Global M&A Activity ($ billions)[2]

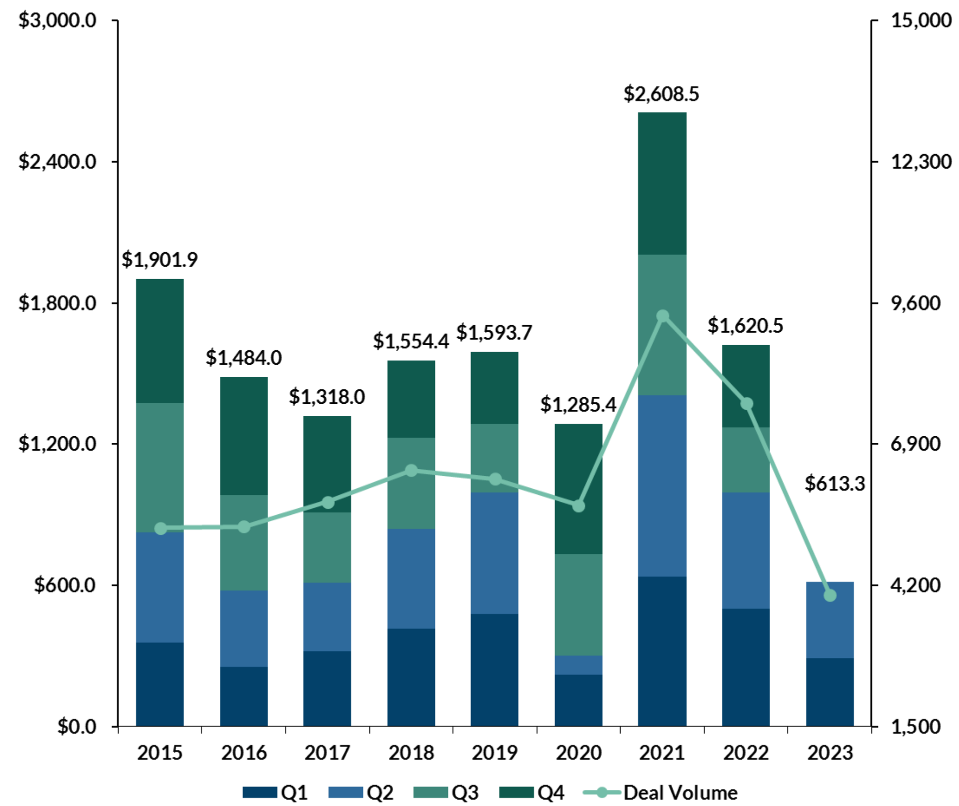


U.S. Mergers & Acquisitions

In the U.S., health, technology, energy minerals, and miscellaneous sectors saw slightly increased M&A activity during Q2 2023, while all other sectors experienced year-over-year declines. U.S. middle-market median EV/EBITDA multiples plummeted to 4.0x, less than half of the previous year's figure, signaling lower valuations amidst heightened debt costs and a struggling M&A market.[4]

In May, the U.S. Federal Trade Commission blocked Amgen Inc.'s (AMGN) $27.8B acquisition of Horizon Therapeutics PLC (HZNP.O). While mega-deals dominated Q1 2023, there were no transactions over $25B this quarter, reflecting heightened regulatory headwinds.[1]

U.S. M&A Activity ($ billions)[2]

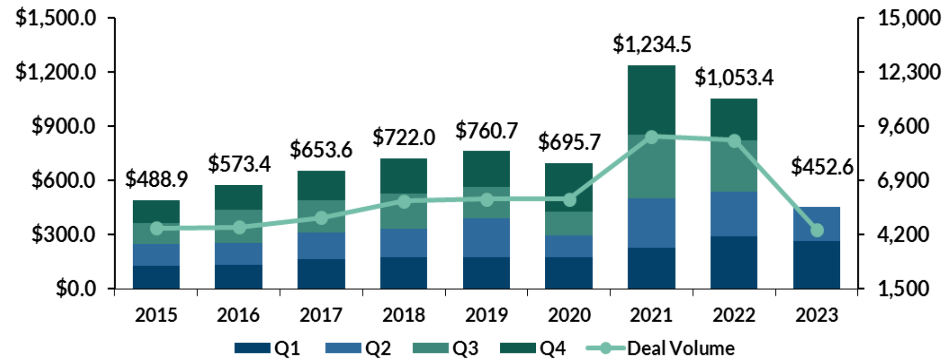


1. *Reuters*
2. *White & Case using Mergermarket data*
3. *Pitchbook*
4. *Factset*

Private Equity

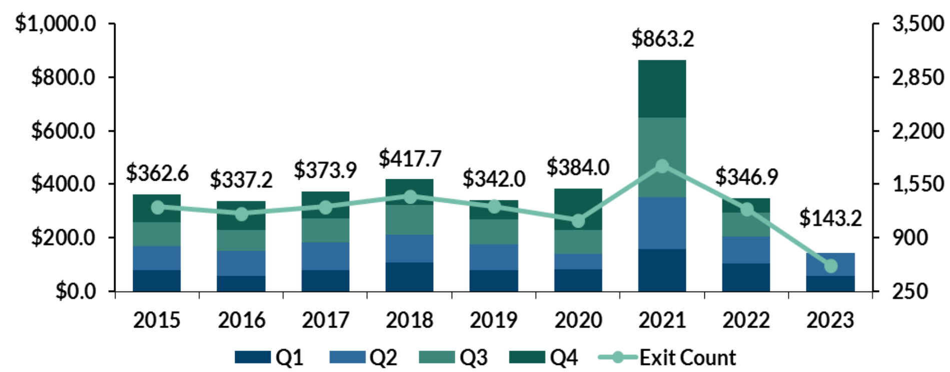
U.S. private equity ("PE") continued its downward trajectory in Q2 2023 with deal value decreasing by 23.8% from Q2 2022. However, deal count remained above pre-Covid levels as PE managers pivoted to smaller add-ons that are supported by the leveraged loan market and net asset value financing.[1]

U.S. Private Equity Deal Activity ($ billions)[1]



U.S. PE exit activity had a minor recovery in Q2, with exit count and value increasing for the first time in three quarters. Despite that, the PE exit market remains fatigued. Exit activity is expected to remain slow in the future as many investors will face a pileup of deals that are held beyond five years due to low valuations.[1]

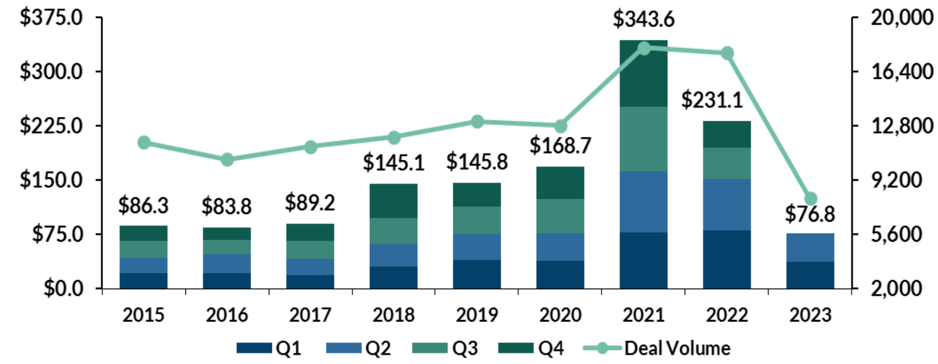
U.S. Private Equity Exits ($ billions)[1]



Venture Capital

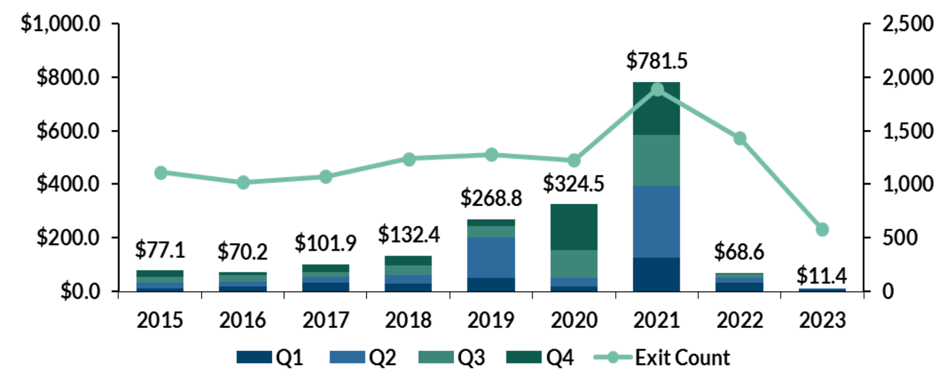
The U.S. venture market experienced a slight recovery in Q2 2023 with deal value rising 7.7% from Q1 2023 after decreasing for five straight quarters. Pressure from limited capital availability has impacted all stages of the venture lifecycle as investors are focusing on existing portfolio companies amidst economic uncertainty.[1]

U.S. Venture Capital Deal Activity ($ billions)[1]



Venture capital ("VC") exits remained subpar in Q2 2023, with exit value decreasing 4.9% from Q1 2023. VCs have vast amounts of capital tied up in late- and venture-growth-stage startups as firms are hesitant to gamble on whether their financial performance can withstand the turbulent public markets.[1]

U.S. Venture Capital Exits ($ billions)[1]



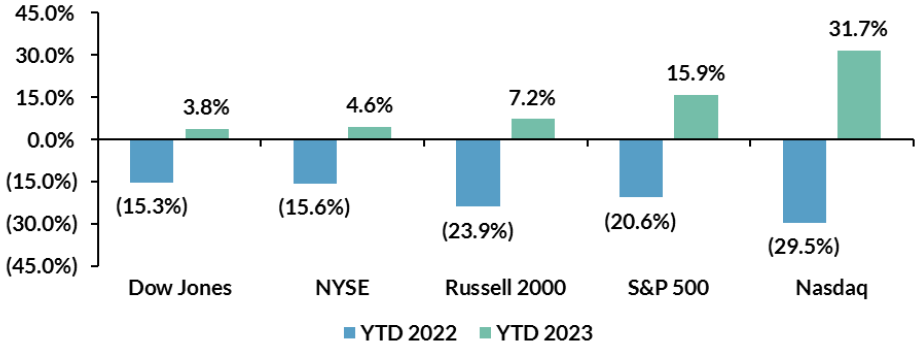
1. *Pitchbook*

Equity Markets, Corporate Earnings, PIPEs, & IPOs

Equity Markets

U.S. equities saw substantial growth in Q2 2023, particularly the Nasdaq, which recorded a 12.8% increase, outperforming all other major indices. Most of the market gains were realized after the Fed's decision not to raise interest rates in June and the passing of legislation to effectively end concerns about the debt ceiling in early June.[1]

Major U.S. Indices YTD (As of 6/30/2023)[1]

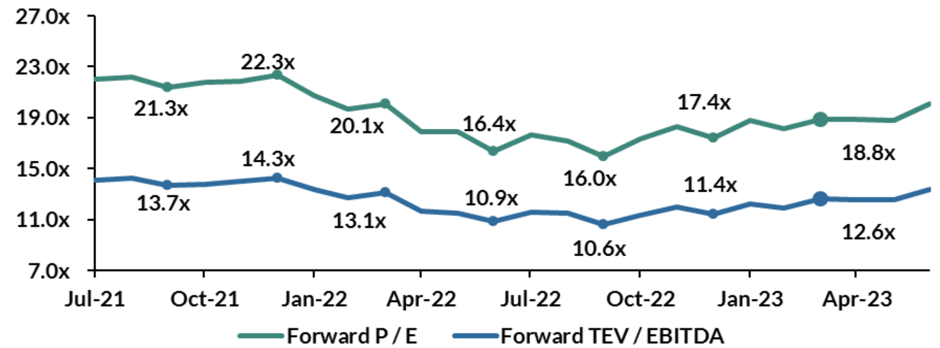


Corporate Earnings

During Q2 2023, public markets continued to see higher valuations, leading to an increase in the S&P 500 forward multiples.[3]

- Despite an overall decrease in earnings compared to Q2 2022, 61.0% and 75.0% of S&P 500 companies reported positive revenue and EPS surprises, respectively.

S&P 500 Forward 12-Month Ratios[1]

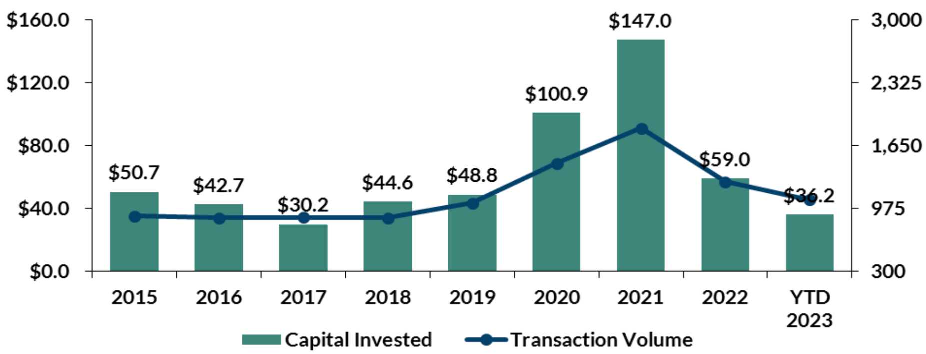


Private Investments in Public Equity

Throughout H1 2023, there were 1,070 U.S. private investments in public equity ("PIPE") deals with an aggregate value of $36.2B compared to 965 deals with an aggregate value of $48.5B in H1 2022.[2]

- This represents an increase of 10.9% in deal volume and a decrease of 25.4% in deal value compared to H1 2022.

U.S. PIPE Activity ($ billions)[2]

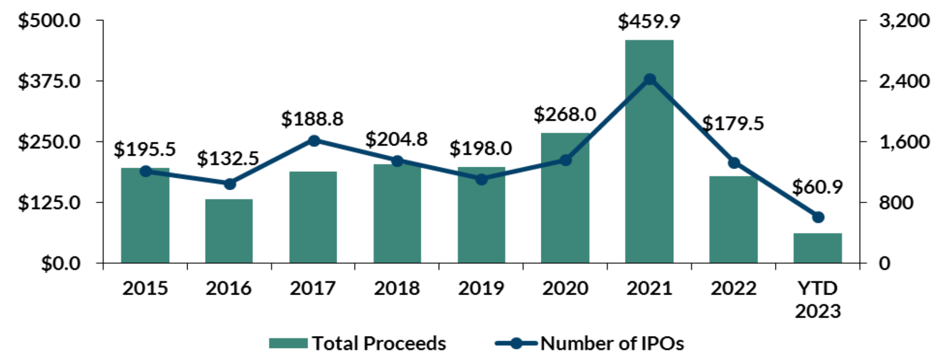


Initial Public Offerings

During Q2 2023, there were 310 initial public offerings ("IPO") globally, raising $39.0B in proceeds. This represents a decrease of 3.4% in volume and 4.7% in value compared to Q2 2022.[4]

- This quarter, the technology sector led in total IPO proceeds, raising a combined $14.0B through 124 IPOs.

Global IPO Activity ($ billions)[4]



1. *S&P Capital IQ*
2. *PlacementTracker*
3. *Factset*
4. *E&Y*

Bryant Park Capital

Debt Capital & Middle-Market Lending

Debt Capital

Q2 2023 provided substantial insight on the debt markets as investors became more comfortable with high inflation, low unemployment, and central banks that were unlikely to reverse their decision to fight inflation. The takeaway was that credit investors aren't concerned with credit deterioration as much as the uncertainty and implied volatility that comes with sudden movements in interest rates.[1]

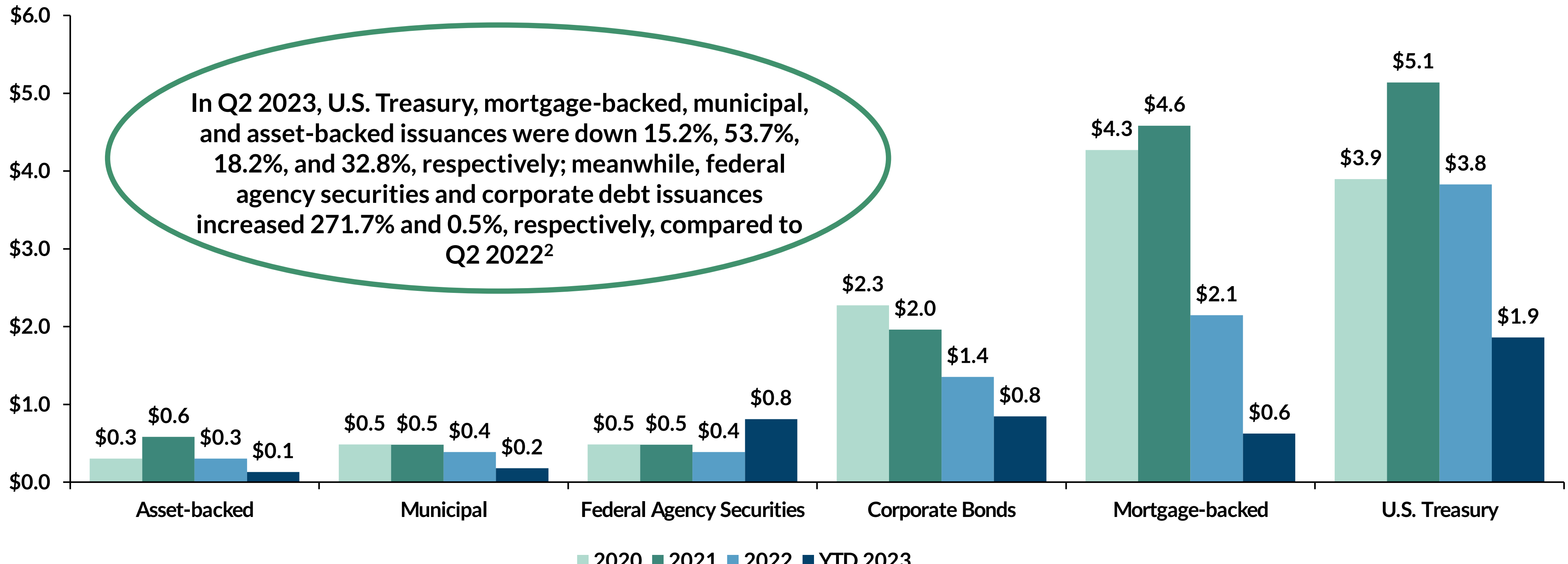
- Consequently, markets elevated rates to reprice for expected rate hikes from the Fed. Any price erosion that resulted was offset by newly-elevated income generated by bonds.
- The bullish market was fueled by high yields and likely incremental return generated by non-government spread products over government returns. Analysts expect fixed income returns to rise even higher as interest rate volatility declines.

Lending Market

U.S. leveraged loan primary issuance advanced at a decelerated pace in Q2 2023, as aggregate institutional issuances dropped to \$50.5B, compared to \$52.4B in Q1 2023. Mid-year institutional issuances of \$102.9B is the lowest since 2010 and down significantly from the comparable period last year.[3]

- Similar to Q1 2023, refinancing dominated the leveraged loan market in Q2 2023, accounting for \$31.6B, or 62.6% of institutional issuances. The volume was mainly driven by single-B credits which accounted for \$23.5B, or 74.4% of all issuances. The refinancing wave helped cut the 2024 maturity wall by more than half, from \$76.3B in Q4 2022 to \$32.6B in Q2 2023.
- U.S. institutional issuances backing M&A generated only \$13.9B in Q2 2023, with more than half coming from LBOs which have been trending towards higher ratings.

Issuances in the U.S. Bond Market (\$ trillions)[2]



1. PGIM
2. SIFMA
3. Pitchbook

Since 1991, Bryant Park Capital ("BPC" or "Bryant Park") has been providing a full range of merger & acquisition, capital raising, and strategic advisory services. The firm's clients have included a number of the largest international corporations, but the majority of the practice involves emerging growth and middle-market companies, both public and private.

Founded in New York, and now headquartered in Philadelphia, Bryant Park combines the capabilities of a large firm with the focus of a small firm. Bryant Park's distinguishing characteristics include:

— **Deep Experience:** *Bryant Park's Managing Directors are seasoned professionals, with an average of over 20 years of experience who have collectively completed over 300 transactions.*

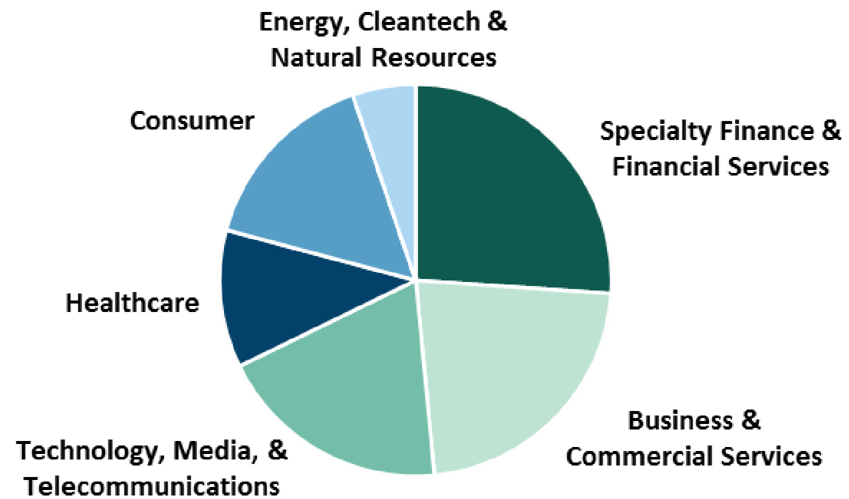
— **Superior Access to Capital:** *Bryant Park professionals maintain strong and active relationships with the "decision makers" at numerous providers of capital, from hedge and private equity funds to senior and junior lenders.*

— **Creative Thinking:** *Bryant Park professionals have served as senior executives at operating companies, as successful private equity investors, and as corporate finance professionals. We pride ourselves on being able to craft the best solution, not just the conventional one.*

Bryant Park Capital combines **independent, expert, and creative advice** with superior execution capabilities. We are committed to exceeding our clients' expectations and, as a result, they return to Bryant Park for multiple transactions.

We have helped create shareholder value from all vantage points:

— Bryant Park Capital's wide range of **experience and perspective gives our clients a unique advantage** in that we understand the major issues that management and boards face in executing a successful transaction.



Historical Transactions by BPC Professionals

Specialty Finance & Financial Services	85
Business & Commercial Services	73
Technology, Media & Telecommunications	63
Healthcare	37
Consumer	51
Energy, Cleantech & Natural Resources	17
	326

Financing – Dynamic Legal Funding

BACKGROUND: Founded in 2017, Dynamic Legal Funding, LLC ("DLF" or the "Company") is a leading provider of pre-settlement legal funding to plaintiffs with pending injury lawsuits. The Company also specializes in pre- and post-surgical funding to medical centers and providers.

Amount Not Disclosed

DYNAMIC LEGAL FUNDING

Senior Secured Debt Facility

EXCLUSIVE FINANCIAL ADVISOR

SITUATION OVERVIEW: DLF had achieved strong growth since inception, but the founder wished to institutionalize the business while simultaneously recapitalizing the balance sheet, obtaining a more favorable cost of capital, and gain access to funding for future originations. BPC was engaged to run a full competitive process, which included a broad outreach to variety of senior debt providers within the specialty finance industry.

PREPARED THE COMPANY: BPC worked closely with the Company to prepare marketing materials, build a three-statement financial model and static pool analysis, and formulate various supplemental items to highlight the unique performance characteristics of the asset class that were key to the process. BPC also constructed and managed a data room, complete with valuable company, industry, and regulatory information. Upon signing a term sheet with a leading bank lender in the litigation finance space, BPC assisted the Company in selecting transaction counsel, navigating the due diligence process, and negotiating the final business points of the loan agreement.

DEAL RESOLUTION: The Company entered into a four-year, senior secured credit facility at an attractive cost of capital and advance rate with a leading bank lender in the litigation finance industry.

"Bryant Park Capital has been an immensely valuable partner to DLF in closing our first institutional credit facility. They helped us through every step of the process, and their expertise in the space allowed us to close an important transaction for DLF that will greatly enhance our growth and profitability. We could not have been happier to work with them."

Brian Natanov, Founder & CEO
Dynamic Legal Funding, LLC

Bryant Park Capital

Select Transactions

Senior Team

Joel Magerman
Managing Partner
jmagerman@bryantparkcapital.com

Matt Pennino
Managing Director
mpennino@bryantparkcapital.com

Raymond Kane
Managing Director
rkane@bryantparkcapital.com

Catheryn Robinson
Managing Director
crobinson@bryantparkcapital.com

Bill Miner
Principal
bminer@bryantparkcapital.com

Receive our *Middle Market Update* straight to your inbox

Sign Me Up

CELEBRATING 30 YEARS
30
YEARS
M&A - Capital Raising - Advisory

Please Visit

www.bryantparkcapital.com

Member FINRA / SIPC

$300,000,000
HONOR CAPITAL
has raised debt and equity growth capital, and recapitalized its balance sheet
EXCLUSIVE FINANCIAL ADVISOR

$100,000,000
SWEET LEAF MADISON CAPITAL
Senior Secured Debt Facility
EXCLUSIVE FINANCIAL ADVISOR

Amount Not Disclosed
DYNAMIC LEGAL FUNDING
Senior Secured Debt Facility
EXCLUSIVE FINANCIAL ADVISOR

Amount Not Disclosed
AEQUUM
has received an equity investment
EXCLUSIVE FINANCIAL ADVISOR

$104,500,000
lēgis
Capital Raise
EXCLUSIVE FINANCIAL ADVISOR

$150,000,000
GOLDEN PEAR FUNDING
$100,000,000 Senior Secured Credit Facility
$50,000,000 Additional Commitment
EXCLUSIVE FINANCIAL ADVISOR

$35,000,000
HEALTHCARE FUNDING + PARTNERS
Senior Secured Debt Facility
EXCLUSIVE FINANCIAL ADVISOR

Amount Not Disclosed
NORTH MILL EQUIPMENT FINANCE LLC
has been acquired by
WAFRA CAPITAL PARTNERS
EXCLUSIVE FINANCIAL ADVISOR

$31,000,000
ReMeD
has been acquired by
US Community Behavioral
a portfolio company of
BregalPartners
EXCLUSIVE FINANCIAL ADVISOR

$250,000,000
DIVIDENDSOLAR
has merged with
Figtree Financing
and secured equity and debt financing affiliates of
LL Funds, LLC
EXCLUSIVE FINANCIAL ADVISOR

$150,000,000
MoneyLion
Senior Secured Credit Facility
EXCLUSIVE FINANCIAL ADVISOR

Amount Not Disclosed
nuehealth
Senior Credit Facility
ARES
EXCLUSIVE FINANCIAL ADVISOR

$50,000,000
HIGH RISE FINANCIAL
Senior Secured Debt Facility
EXCLUSIVE FINANCIAL ADVISOR

Amount Not Disclosed
USCLAIMS LITIGATION FUNDING | Est. 1996
Senior Secured Debt Facility
EXCLUSIVE FINANCIAL ADVISOR

$95,600,000
US HOME SYSTEMS
(NASDAQ:USHS)
has been acquired by
THE HOME DEPOT
(NYSE: HD)
EXCLUSIVE FINANCIAL ADVISOR

$200,000,000
ENTERRA ENERGY TRUST
Oil & Gas Income Trust
(NYSE: ENT and TSX: ENT.UN)
Senior and Junior Secured Credit Facilities
EXCLUSIVE FINANCIAL ADVISOR

$75,000,000
PAWNEE LEASING CORPORATION
a Chesswood Group Limited company
Term-Out Facility
EXCLUSIVE FINANCIAL ADVISOR

$40,000,000
RapidFunds
Senior Secured Term Loan
EXCLUSIVE FINANCIAL ADVISOR

$140,000,000
EnergySouth MIDSTREAM
(NASDAQ NMS: ENS)
&
FORTRESS
have acquired
MISSISSIPPI HUB LLC
EXCLUSIVE FINANCIAL ADVISOR

Up to $120,000,000
GOLDEN PEAR FUNDING
Structured Portfolio Sale & Forward Flow Agreement
EXCLUSIVE FINANCIAL ADVISOR