



HOULIHAN LOKEY

SPECIALTY FINANCE

MARKET UPDATE | WINTER 2021



Houlihan Lokey Specialty Finance Market Update

Dear Clients and Friends,

We are pleased to present our Specialty Finance Market Update for the winter of 2021.

We hope that you and your families enjoyed the holidays and that your 2021 is off to a great start. We remain busy with active engagements and have seen M&A and capital markets pitch activity ramp significantly. As always, please reach out if you'd like to connect or brainstorm any current needs or relevant topics with us.

As in prior newsletters, we have included select recent transaction announcements, a public markets overview, and industry insights to help you stay ahead in our dynamic and constantly evolving industry. We hope you find this quarterly update to be informative and that it serves as a valuable resource to you in staying abreast of the market. We look forward to staying in touch with you.

Regards,



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Specialty Finance Subverticals Covered

ALTERNATIVE FINANCIAL SERVICES	ASSET-BASED LENDING	AUTO LOANS/BHPH
CREDIT CARDS	DEBT BUYING/COLLECTION	EQUIPMENT LEASING
FACTORING	FLEET LEASING	HEALTHCARE FINANCE
INSTALLMENT LOANS	LITIGATION FINANCE	PAYDAY LENDING/PAWN
PREMIUM FINANCE	POINT-OF-SALE FINANCE	TRANSPORTATION FINANCE
SMALL BUSINESS LOANS	STUDENT LENDING	

HLI
LISTED
NYSE

Houlihan Lokey is the trusted advisor to more top decision-makers than any other independent global investment bank.

No. 1 Advisor to Specialty Finance Companies

2015–2019 M&A Advisory Rankings All U.S. Specialty Finance Transactions

Advisor	Deals
1 Houlihan Lokey, Inc.	48
2 J.P. Morgan Securities LLC	29
3 Barclays Capital Inc.	23
4 Credit Suisse (USA), Inc.	22
5 Stifel/Keefe, Bruyette & Woods	19
6 Bank of America Securities	16
6 Citigroup Inc.	16
8 Piper Sandler & Co.	15
9 Morgan Stanley	14
9 Wells Fargo Securities, LLC	14

Source: S&P Global Market Intelligence

2010–2019 M&A Advisory Rankings All U.S. Specialty Finance Transactions

Advisor	Deals
1 Houlihan Lokey, Inc.	90
2 J.P. Morgan Securities LLC	43
3 Stifel/Keefe, Bruyette & Woods	39
4 Piper Sandler & Co.	36
5 Barclays Capital Inc.	35
6 Credit Suisse (USA), Inc.	29
7 Bank of America Securities	28
8 Morgan Stanley	24
9 Citigroup Inc.	23
10 Deutsche Bank Securities Inc.	20

Source: S&P Global Market Intelligence

Exceptional Qualifications in Specialty Finance (Select Transactions)

2020/2021

Transaction Pending



has agreed to be acquired by



Sellside Advisor

Project Encore

Advised a fund on acquisition of POS Finance Co.

Buy-side Advisor

Project Wave

Litigation finance and structured settlement business

Sellside Advisor

19TH CAPITAL
a subsidiary of
element

has completed the sale of certain assets to



Sellside Advisor

Merchants
AUTOMOTIVE GROUP

Series A Senior Secured Notes

Growth Capital

\$50,000,000

Exclusive Financial Advisor & Placement Agent

tricolor auto

Growth Equity

\$40,000,000 Preferred Equity

Exclusive Placement Agent

2018/2019

NORD/LB


has sold a €2.8bn sub- and non-performing shipping loan portfolio to



Exclusive Financial Advisor

PERFORMANCE


has been acquired by



Sellside Advisor

FLEX FLEET

has been acquired by



Sellside Advisor

ORIX

has acquired



Buy-side Advisor

PRG Private Real Estate Capital, Inc.


has sold a 49% stake to



Sellside Advisor

TRUMP

has been acquired by



Sellside Advisor

mortgage lenders a franchise

has been acquired by



Sellside Advisor

Nationstar

has merged with

WMIH Corp.

Sellside Advisor

Shellpoint Partners

has been acquired by




Sellside Advisor

2016/2017

KEY HEALTH

has merged with



Sellside Advisor

ORIX

has acquired



Buy-side Advisor

capital spring SEA LENDING

a subsidiary of



has been acquired by



Sellside Advisor

Certain equipment finance assets and operations of



have been acquired by



Sellside Advisor

CREEKRIDGE CAPITAL YENBOR FINANCING

has been acquired by



Hitachi Capital America Corp.

Sellside Advisor

CBC

has been acquired by affiliates of



Sellside Advisor

Flexiti Financial Acquired by CURO Group

(Announced February 1, 2021)



Houlihan Lokey acted as the exclusive financial advisor to Flexiti as part of the transaction. This deal highlights Houlihan Lokey's expanding capability as a leading advisor to the POS finance space and marks its second closed POS transaction in approximately two months.

Transaction Overview

- Flexiti, together with its subsidiaries, entered into a definitive agreement to be acquired by CURO for total consideration of C\$151.5 million, based on the achievement of certain performance targets.
- The transaction, which is subject to customary closing conditions, is expected to close during the first quarter of 2021.
- Flexiti will continue to operate as a stand-alone business in Canada post-close, led by the current management team and supported by CURO's market expertise.
- In connection with the transaction, Flexiti announced the signing of an agreement to increase its warehouse financing facility led by Credit Suisse AG from C\$380 million to C\$500 million.

Transaction Rationale

CURO

- ✓ The acquisition will enable CURO to further diversify its revenue mix by product and geography while allowing access to the full spectrum of Canadian consumers through the addition of Flexiti's established omnichannel private-label credit card platform and POS financing capabilities.
- ✓ The combined entity brings together two like-minded management teams with the combined ability to serve prime and nonprime Canadian consumers directly or at the POS.

Flexiti

- ✓ The combination with CURO will allow Flexiti to leverage CURO's extensive market expertise to expand Flexiti's growing nonprime product offering.
- ✓ Additionally, the transaction will provide Flexiti the opportunity to expand its profit margins through CURO's loan servicing experience.

Company Profiles



- HQ: Toronto, Ontario.
- One of top ~10 fastest-growing Canadian companies.
- Estimated C\$290 million of originations in 2020.

- Flexiti is one of Canada's fastest-growing **buy-now-pay-later (BNPL)** financing providers.
- Founded in 2013, Flexiti provides an instant, omnichannel **proprietary point-of-sale (POS) lending platform**.
- Flexiti serves consumers across **nearly 6,000 merchant locations** and e-commerce sites, including:



- HQ: Wichita, KS.
- Online lending presence across 27 states and five Canadian provinces.
- 414 brick-and-mortar storefront locations.
- ~4,000 employees.

- Founded in 1997, CURO provides **tech-enabled, multi-channel, and consumer finance solutions**.
- Operates a strong portfolio of brands:
- Recent sale of Katapult Holding, Inc., to FinServ Acquisition Corp. (NASDAQ:FSRV) provided significant consideration of US\$365 million to CURO.

Financial and Valuation Advisory Market Insights

CECL and the Fair-Value Opinion

We are seeing a trend of specialty finance companies, especially those lending to high-risk borrowers, adopting the CECL transition relief to elect to record financial assets at fair value. Under this approach, the financial assets are measured at each reporting period based on their exit values in an orderly transaction and unrealized gains or losses from changes in the fair value are recorded in the income statement. The loans would not be subject to evaluation for impairment through an allowance for loan loss, as such losses are captured through fair-value changes. Public filers in the specialty finance industry that have made this election include Enova International Inc., Oportun Financial Corp., and LendingClub Corp., among others.

Why Are Companies Electing the Fair-Value Option?

Unlike their traditional banking peers, specialty finance companies often lack significant historical experience to allow for an extensive review of historic losses, which is required to establish a loan provision under CECL. CECL does allow companies to utilize certain peer data when establishing a provision; however, there is a general lack of publicly available peer information for specialty finance companies. Both of these factors are creating challenges for determining the appropriate provision.

In addition to the operational challenges, the financial statement implications of CECL can be undesirable—as the rules require recognizing a provision for the expected losses over the life of the financial asset—upon acquisition or origination of the asset. The requirement to record the loss upfront can result in a mismatch between the expense and associated income as the expected losses are recorded on day one, while any returns (i.e., interest income) are recognized gradually over the life of the asset. This day-one expense recognition is particularly onerous for companies that are lending to borrowers with poor credit, resulting in higher provisions for those loans on day one. This mismatch is further pronounced for fast-growing companies. As a result, certain companies are choosing to elect the fair-value option upon adopting CECL. These companies also appreciate the comparability to peers, lower recordkeeping, and less historical loss-tracking requirements.

Public registrants were required to adopt CECL on January 1, 2020, and although private companies and emerging growth companies (EGCs) are not required to adopt CECL until January 1, 2023, the continued SPAC and IPO trend has many companies assessing the implications of the guidance.

The fair-value election is irrevocable (on an instrument-by-instrument basis). Therefore, companies should fully understand the business, valuation, and accounting implications prior to making the election. Refer to the following page for a summary of the costs and benefits of the fair-value method against those of amortized cost accounting under CECL.

Pros and Cons of CECL and Fair Value

CECL

PROS ↑

- **Greater** transparency to the users in determining the risk factors that drive credit losses
- **Reasonable** discretion over model inputs
- **Earlier** measurement of credit losses (benefit to users of financials)
- **Forward** looking estimates – less earnings volatility

CONS ↓

- **Potential** for immediate day 1 loss provisions – including purchased assets
- **May** record originated assets at below fair value
- **Lack** of consistency / comparability to determine future expected losses
- **More** record keeping and historical information is used

FAIR VALUE

PROS ↑

- **No** day 1 loss provisions for purchased assets
- **More** accurate valuation, based on real-time market data
- **Better** comparability when peers use the fair value option

CONS ↓

- **More** earnings volatility
- **Increases** complexity of forecasting results of operations
- **Doesn't** consider historical experience

Leading Provider of Financial and Valuation Advisory Services

Houlihan Lokey's Specialty Finance team includes both the technical accounting and valuation expertise to assist companies with the assessment of business, valuation, and accounting implications of CECL and the fair-value option. Please contact either Eric Jourdan (technical accounting services) or Robert Zarnoch (valuation services) to discuss further.



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Social Finance, Inc./Social Capital Hedosophia Holdings Corp. V (January 2021)

Social Finance, Inc. (SoFi), a next-generation online personal finance company, and Social Capital Hedosophia Holdings Corp. V (NASDAQ:IPOE) (Social Capital), a special-purpose acquisition company, have entered into a definitive merger agreement.

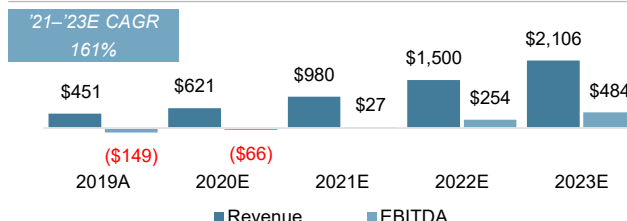
Company Overview

- Founded in 2011, SoFi is a one-stop shop for personal financial services, including loan refinancing, mortgages, personal lending, credit cards, insurance, investing, and deposit accounts.
- Fully digital platform provides nimble and flexible solutions across mobile and web apps with more than 1.8 million users relying on the platform to help with everyday financial decisions.

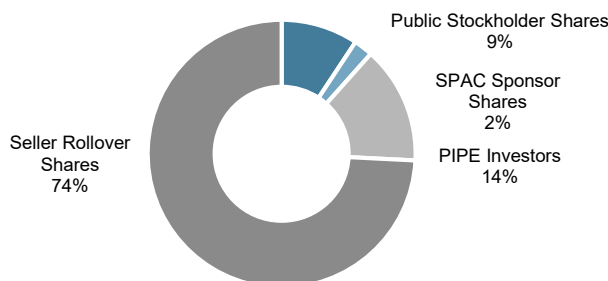
Transaction Overview

- Implied equity value of \$8.65 billion and is expected to provide up to \$2.40 billion of cash proceeds.
- Transaction represents 21.3x 2024 EBITDA and 13.6x 2025 EBITDA.
- Transaction is expected to be funded through a combination of Social Capital's \$805 million cash in trust, \$370 million from a T. Rowe investment, and \$1.23 billion of PIPE financing.
- \$150 million cash to selling shareholders.
- Closing expected in the first quarter of 2021.

Revenue and EBITDA (\$M)



Illustrative Post-Transaction Breakdown



Acima Holdings LLC/Rent-A-Center, Inc. (December 2020)

Rent-A-Center, Inc. (NASDAQ:RCII) announced that it has entered into a definitive agreement to acquire Acima Holdings LLC, a leading provider of virtual lease-to-own solutions.

 	
Total Transaction Value	\$1.65 Billion
Cash	\$1.27 Billion
Stock	~10.8 Million Shares
Closing	1H 2021

Seller Profile

ACIMA HOLDINGS LLC

- Founded in 2013 in Salt Lake City, Acima is a fast-growing, profitable LTO fintech company with a national presence in retail partner stores and e-commerce platforms and a broad range of product verticals.

Buyer Profile

RENT-A-CENTER, INC.

- Rent-A-Center, Inc., is an industry-leading, omnichannel lease-to-own provider for the credit-constrained customer.

Transaction Snapshot

- Total consideration consists of \$1.273 billion in cash and approximately 10.8 million shares of Rent-A-Center common stock currently valued at \$377 million. The transaction represents 1.3x 2020 revenue and 7.3x 2020 EBITDA.
- The transaction accelerates Rent-A-Center's position as a premier fintech platform across both traditional and virtual lease-to-own solutions.
- The transaction is expected to close in the first half of 2021 subject to customary closing conditions, including clearance under the Hart-Scott-Rodino Antitrust Improvements Act.

New Market Developments—Case Studies (cont.)

Katapult Holding, Inc./FinServ Acquisition Corp. (December 2020)

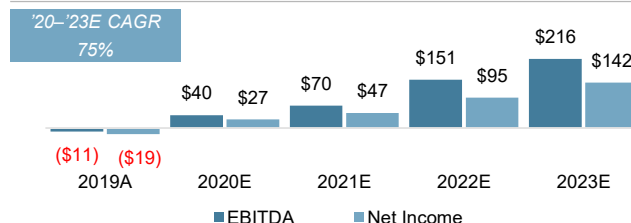
KATAPULT

Katapult Holding, Inc. (Katapult), an e-commerce-focused financial technology company, and FinServ Acquisition Corp. (NASDAQ:FSRV) (FinServ), a special-purpose acquisition company, have entered into a definitive merger agreement.

Company Overview

- Founded in 2013, Katapult is a leading provider of e-commerce point-of-sale (POS) purchase options for nonprime U.S. consumers.
- Katapult's fully digital, next-generation technology platform provides consumers with a flexible lease purchase option to enable them to obtain essential durable goods from Katapult's network of top-tier e-commerce retailers.

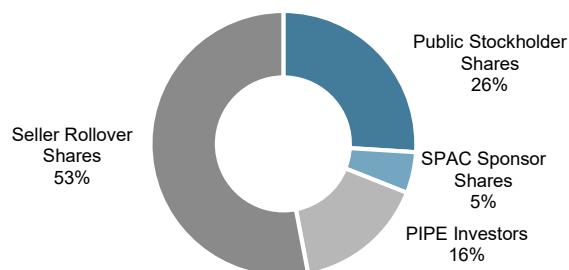
EBITDA and Net Income (\$M)



Transaction Overview

- Implied enterprise value of \$993 million and equity value of \$962 million (assuming debt of \$32 million).
- Transaction represents 14.1x 2021 EBITDA, 6.6x 2022 EBITDA, and 2.2x 2021 revenue.
- Transaction is expected to be funded through a combination of FSRV's \$250 million cash in trust and \$150 million of PIPE financing (led by Tiger Global and Neuberger Berman).
- Closing is expected in the first half of 2021, subject to customary regulatory approvals.

Illustrative Post-Transaction Breakdown⁽¹⁾



Aaron's/PROG Holdings, Inc. Spinoff (December 2020)

Aaron's Holdings, Inc., spins off of its Aaron's business segment and changes its name to PROG Holdings, Inc. (PROG). PROG includes Progressive Leasing and Vive Financial, while the Aaron's business segment will trade separately.

Transaction Overview

- The Aaron's Company, Inc., spins out of its former parent, Aaron's Holdings, Inc. (renamed "PROG Holdings, Inc."), creating two publicly traded companies:
 - PROG Holdings, Inc. (NYSE:PRG): Progressive Leasing/Vive Financial (Progressive).
 - The Aaron's Company (NYSE:AAN): Aaron's retail business (Aaron's).
- Planned as a tax-free spinoff of the Aaron's business to shareholders.

Company Profiles



- Headquarters in Draper, Utah.
- Partners with thousands of retailers to provide access to leasing solutions for consumer products.
- 2019 revenue: \$2.2 billion; Adj. EBITDA: \$269 million.
- P/E ('21): 15.6x.⁽²⁾



- Headquarters in Atlanta.
- Provides rent-to-own solutions for furniture, home appliances, consumer electronics, and accessories.
- 2019 revenue: \$1.8 billion; Adj. EBITDA: \$166 million.
- P/E ('21): 10.2x.⁽²⁾

Transaction Rationale

- ✓ Unlocks additional shareholder value as two established but independent public entities.
- ✓ Progressive has potential to achieve "fair valuation" in public markets given that the business was "hidden" within a retailer.
- ✓ Allows for both Progressive and Aaron's to focus on their own strategic priorities to grow as distinct enterprises.

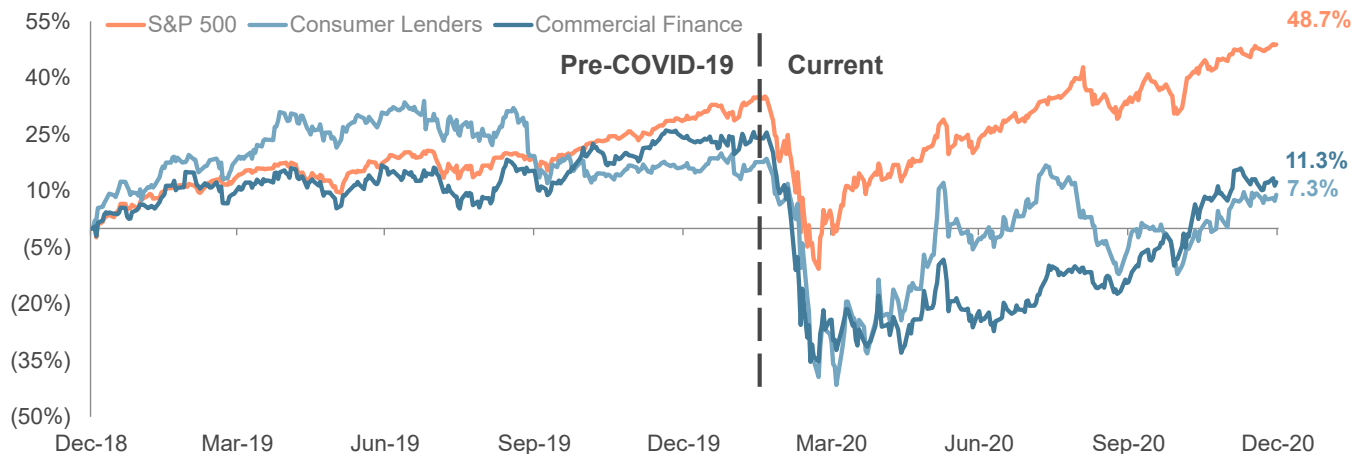
Sources: PitchBook.com, S&P Capital IQ, and public filings.

⁽¹⁾ Projections use Katapult estimates.

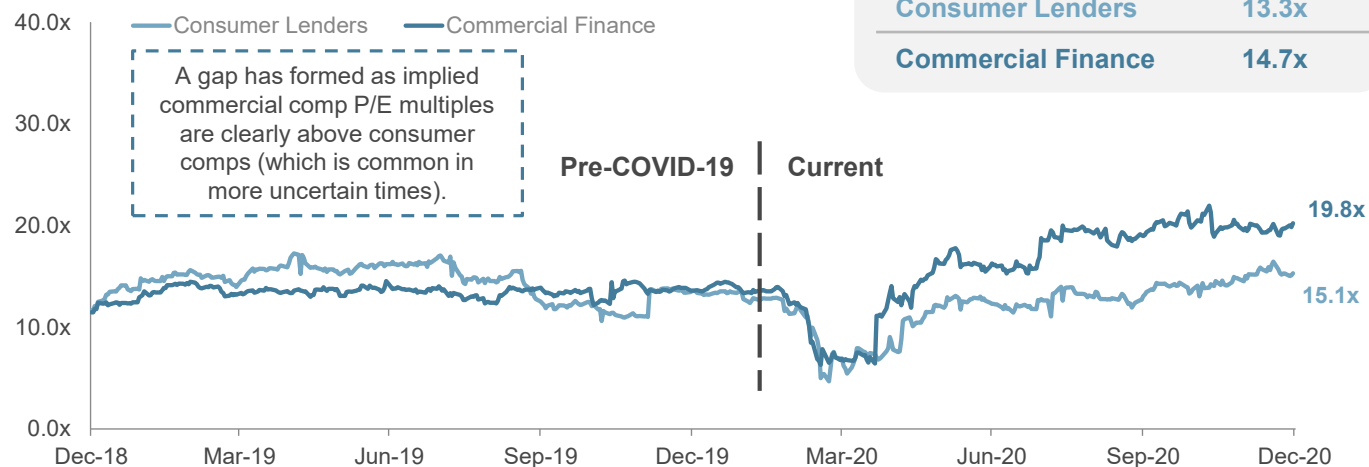
⁽²⁾ Market data as of December 31, 2020.

Public Company Valuation

Performance vs. S&P 500 (Dec. 2018–Dec. 2020)

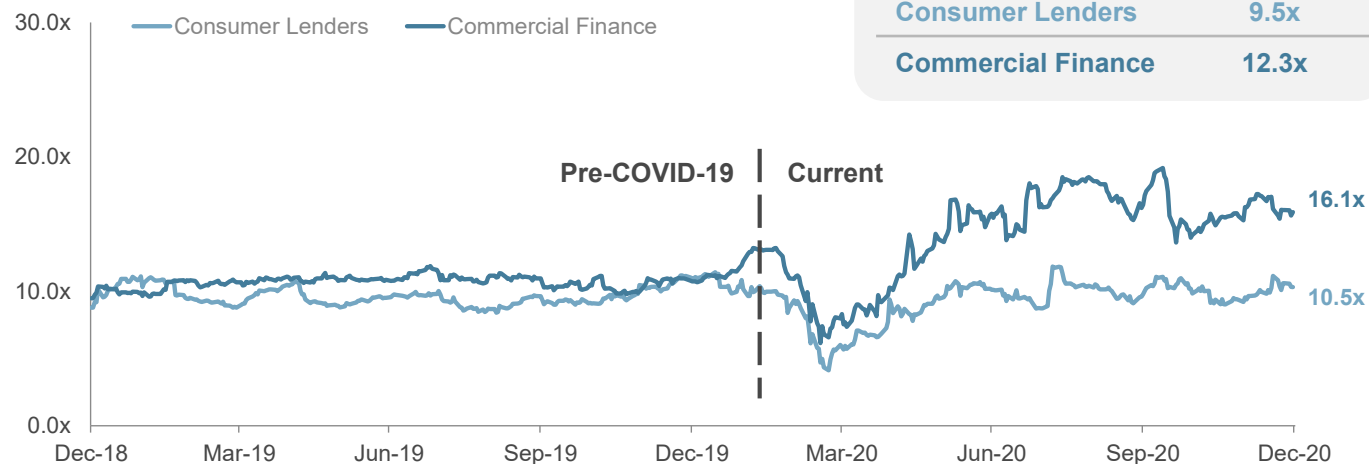


Median Trailing (LTM) P/E (Dec. 2018–Dec. 2020)



2-Year Avg.	
Consumer Lenders	13.3x
Commercial Finance	14.7x

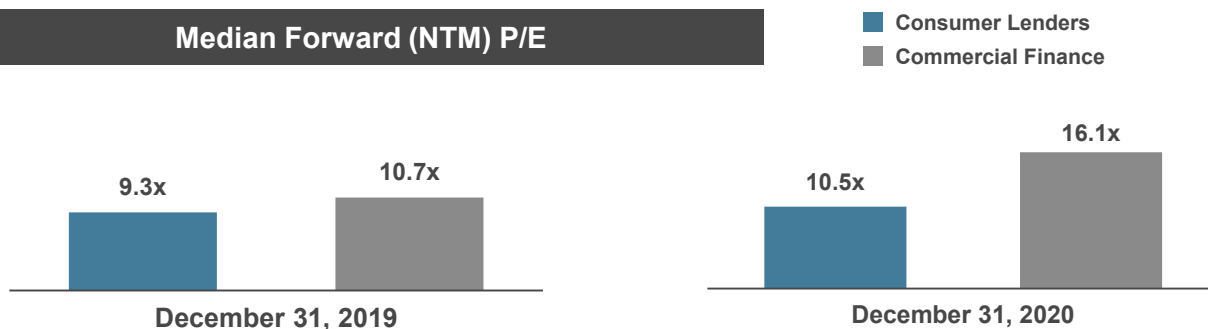
Median Forward (NTM) P/E (Dec. 2018–Dec. 2020)



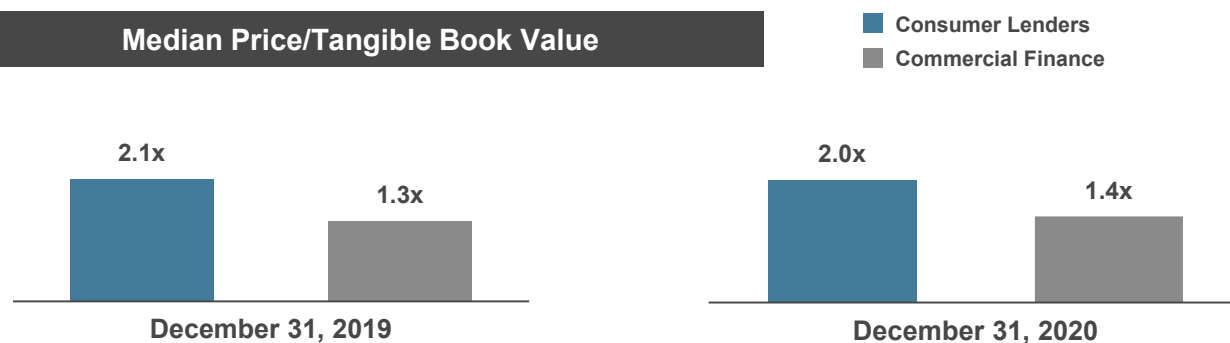
2-Year Avg.	
Consumer Lenders	9.5x
Commercial Finance	12.3x

Public Company Valuation (cont.)

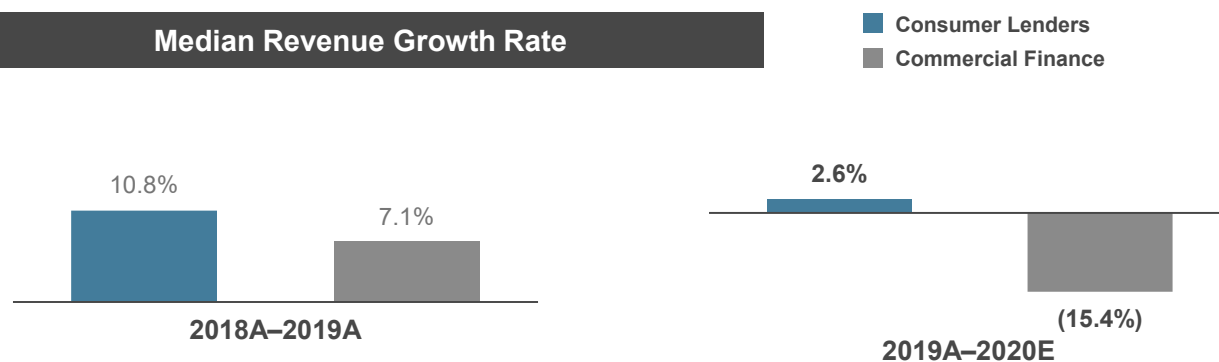
Median Forward (NTM) P/E



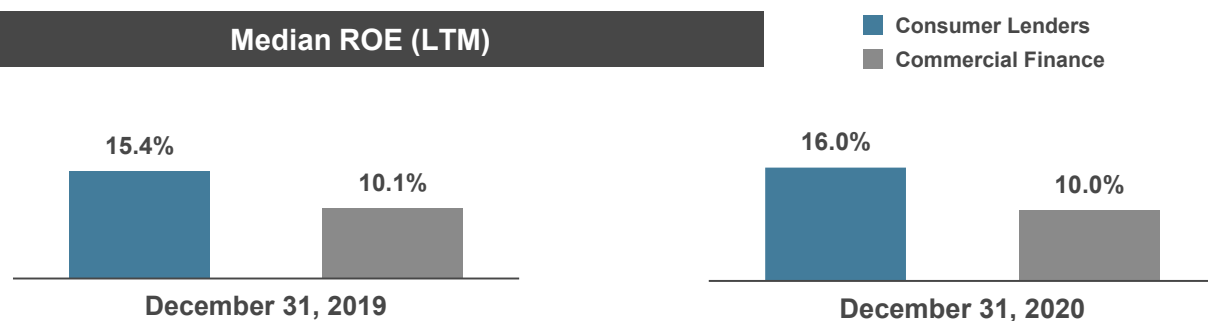
Median Price/Tangible Book Value



Median Revenue Growth Rate



Median ROE (LTM)



Public Company Valuation (cont.)

(\$ in millions)									Operating Metrics				
Company	Industry Focus	Market Cap	% of 52-Week High	P/EPS			Price		LTM		2020E–2021E		
				2020E	2021E	2022E	BV	TBV	ROA	ROE	Pre-Tax Margin	Revenue Growth	Pre-Tax Growth
Consumer Lenders													
OneMain Holdings, Inc.	Installment	\$7,489.9	94.5%	10.5x	7.7x	7.2x	2.2x	4.4x	3.2%	18.8%	37.8%	1.2%	35.9%
Credit Acceptance Corp.	Auto Financing	6,047.3	65.0	11.8	10.2	10.0	2.6	2.6	5.6	18.1	59.7	6.2	42.5
PROG Holdings, Inc.	Retail Leasing	3,798.7	83.7	17.0	16.0	14.2	2.3	3.2	9.1	NM	(6.4)	11.8	5.8
Nelnet, Inc.	Student Loan Servicing	2,792.0	98.1	8.4	10.9	11.1	1.2	1.3	0.7	6.7	18.1	(17.7)	(23.3)
FirstCash, Inc.	Pawn	2,530.4	71.3	21.0	20.6	17.0	2.0	NM	5.1	8.1	8.8	(5.3)	2.1
Navient Corp.	Student Loan Servicing	2,345.3	84.7	3.9	3.9	4.0	1.0	1.4	0.5	14.2	34.7	(8.5)	(12.4)
PRA Group, Inc.	NPLs	1,683.3	78.0	10.8	11.6	8.2	1.4	2.2	5.0	13.4	18.0	(0.3)	0.4
LendingClub Corp.	Online Lender	1,410.5	93.4	NM	NM	NM	1.7	1.8	0.6	NM	(27.2)	47.7	NM
ECN Capital Corp.	Diversified Consumer	1,408.4	75.7	18.5	11.7	9.5	2.0	NM	2.0	3.9	16.8	33.1	46.2
goeasy Ltd.	POS/Installment	1,242.8	77.8	14.8	13.0	11.1	3.0	3.4	7.2	25.2	29.0	13.5	NM
Encore Capital Group, Inc.	NPLs	1,042.2	67.8	3.9	3.7	3.6	0.9	4.9	7.1	21.3	19.7	2.7	NM
GreenSky, Inc.	HIP	1,054.9 ⁽¹⁾	62.9	29.4	NM	10.4	NM	NM	3.7	NM	1.5	13.1	38.4
Enova International, Inc.	Online Lender	1,031.4	98.3	4.7	6.2	4.6	1.1	1.7	NM	NM	72.9	15.0	NM
America's Car-Mart, Inc.	BHPH	869.8	99.2	18.2	11.9	11.3	2.5	2.6	8.4	20.1	10.1	15.1	55.2
World Acceptance Corp.	Installment	838.5	79.1	27.4	12.9	16.3	2.3	2.6	6.1	17.8	15.0	(10.3)	50.2
CURO Group Holdings Corp.	Online/Payday	677.5	79.6	9.7	10.3	6.1	5.3	NM	8.3	NM	9.5	19.5	(21.8)
Oportun Financial Corp.	Online Lender	477.6	74.9	NM	10.3	7.8	1.1	1.1	NM	NM	(7.6)	11.5	NM
Regional Management Corp.	Installment	346.1	93.8	14.6	9.0	8.2	1.3	1.3	4.8	9.9	10.4	6.3	28.9
EZCORP, Inc.	Pawn	285.8	75.1	21.0	16.3	7.8	0.4	0.8	1.1	NM	(8.7)	(14.9)	NM
Elevate Credit, Inc.	Online Lender	166.7	89.4	3.9	15.4	5.1	1.0	1.1	10.3	22.6	10.1	(12.3)	NM
FlexShopper, Inc.	Retail Leasing	72.6	90.7	NM	9.3	6.2	NM	NM	4.8	NM	(0.7)	NM	NM
Median			79.6%	13.2x	10.9x	8.2x	1.7x	2.0x	5.0%	17.8%	10.4%	6.3%	28.9%
Mean			82.5%	13.9x	11.1x	9.0x	1.9x	2.3x	4.9%	15.4%	15.3%	6.4%	19.1%
Commercial Finance													
Element Fleet Management Corp.	Fleet Mgmt.	\$4,275.8	70.3%	14.9x	13.5x	11.7x	1.3x	3.8x	0.5%	2.4%	5.6%	4.0%	16.9%
CIT Group Inc. ⁽²⁾	Diversified	4,276.7	89.5	NM	18.2	11.1	0.8	0.8	NM	NM	(43.5)	1.6	NM
GATX Corp.	Rail	3,415.3	98.4	20.8	23.7	19.8	1.7	1.9	2.1	7.9	15.5	0.3	(13.7)
McGrath RentCorp	Heavy Equipment	1,910.8	94.4	19.9	18.7	17.2	2.9	3.1	6.6	15.2	22.5	2.5	9.3
CAI International, Inc.	Container/Rail	638.1	99.2	10.0	7.6	6.8	1.1	1.1	2.5	8.9	16.8	(3.2)	NM
General Finance Corp.	Modular Rentals	302.3	98.5	25.0	19.6	15.5	2.0	8.3	4.4	NM	2.6	(2.8)	(4.8)
Marlin Business Services Corp.	Equipment Finance	165.9	65.4	NM	NM	NM	0.8	0.9	0.0	0.2	(4.5)	NM	NM
Chesswood Group Ltd.	Equipment Finance	117.2	68.4	18.4	NM	NM	1.0	1.4	NM	NM	(6.2)	(7.9)	NM
Median			92.0%	19.1x	18.5x	13.6x	1.2x	1.7x	2.3%	7.9%	4.1%	0.3%	2.2%
Mean			85.5%	18.2x	16.9x	13.7x	1.5x	2.7x	2.7%	6.9%	1.1%	(0.8%)	1.9%
Total Median			83.7%	14.9x	11.7x	9.8x	1.4x	1.9x	4.8%	13.8%	10.1%	2.5%	9.3%
Total Mean			83.3%	14.9x	12.5x	10.1x	1.7x	2.4x	4.4%	13.0%	11.4%	4.5%	15.0%

Source: S&P Capital IQ data as of February 10, 2021.





(1) Implied market capitalization.

(2) Target in an announced or completed acquisition/merger.

Recent Transactions

Consumer Finance: 2018–2021 YTD Select Transactions

(\$ in millions)

Ann. Date ⁽¹⁾	Target	Target Description	Acquirer	Deal Value	Price		
					LTM Earnings	BV	TBV
 Feb-21*	Flexiti Financial, Inc.	POS platform	CURO Group	\$119	NA	NA	NA
Jan-21*	Social Finance, Inc.	Online personal finance platform	Social Capital Hedosophia Holdings Corp. V.	\$8,650	NM	NA	NA
Dec-20*	Acima Holdings LLC	Provider of virtual lease-to-own solutions	Rent-A-Center, Inc. ⁽²⁾	\$1,653	9.9x	NA	NA
Dec-20*	Katapult Holding, Inc.	POS platform for nonprime consumers	FinServ Acquisition Corp. ⁽³⁾	\$962	35.6x	NA	NA
Oct-20*	Spanish Moss Premium Finance LLC	Insurance premium lending	RTCORE Inc.	NA	NA	NA	NA
Oct-20	FIFS Holdings Corp.	Automobile finance receivables and promissory notes	Gallatin Point Capital LLC	NA	NA	NA	NA
May-20	Asta Funding, Inc.	NPL consumer debt consolidator	RBF Capital LLC	\$81	11.7x	0.9x	0.9x
Apr-20	Tidewater Credit	Financing services for furniture/home improvement retailers	Genesis FS Card Services, Inc.	NA	NA	NA	NA
Feb-20	North State Acceptance, LLC	Subprime automobile finance company	Fourshore Capital, LLC	NA	NA	NA	NA
Feb-20	Fairstone Financial Inc.	Nonprime credit card and consumer finance lender	Duo Bank	\$417	NA	NA	NA
Nov-19	Asta Funding, Inc.	Consumer receivables services	Management Group ⁽⁴⁾	\$35	10.0x	1.0x	1.0x
Jul-19	Health Credit Services, LLC	Digital point-of-sale payment solution for healthcare space	Ally Financial Inc.	\$190	NA	NA	NA
 Jul-19	Merchants Preferred	Lease purchase services for furniture	Rent-A-Center, Inc.	\$48	NA	NA	NA
Jul-19	TFG Card Solutions, Inc.	Payroll card provider	Comdata, Inc.	\$74	NA	NA	NA
Jun-19	Lendmark Financial Services, LLC	Loan products and financing services	Lightyear Capital	NA	NA	NA	NA
Jun-19	Base Capital, LLC	Income share agreements (ISAs) for college students	Stride Funding	NA	NA	NA	NA
Jun-19	Skills Fund, LLC	Student financing platform for higher education	Goal Structured Solutions, Inc.	NA	NA	NA	NA
May-19	CreditGenie Inc.	POS financing solutions	Purpose Financial LP	NA	NA	NA	NA
Apr-19	Athena Art Finance Corp.	Loan provider for global art market	YieldStreet Management, LLC	\$170	NA	NA	NA
Mar-19	Budco Financial Services LLC	Payment plan solution for automotive and healthcare firms	Scale Community Inc.	\$11	NA	NA	NA
Mar-19	City Finance Corp.	Personal loan service provider	Cambria Thrift Consumer Discount Company	NA	NA	NA	NA
Dec-18	Caribbean Financial Group Inc.	Installment loan services	BayBoston Managers LLC	NA	NA	NA	NA
Nov-18	Spruce Finance Inc.	Consumer financing for energy efficient home products	HPS Investment Partners, LLC	NA	NA	NA	NA
Sep-18	RightWay Funding LLC	Structured settlements	Undisclosed Buyer	NA	NA	NA	NA
 Aug-18	LenderLive Network, LLC	Mortgage services provider	Computershare Loan Services	\$32	NA	1.5x	NA
 Aug-18	Mortgage Lenders of America LLC	Mortgage brokers and services	Zillow Group Inc.	\$67	NA	5.2x	6.5x
Mean					16.8x	2.1x	2.8x
Median					10.9x	1.2x	1.0x

Sources: SNL, S&P Capital IQ, and public filings.

Note: Screening criteria includes select FY18, FY19, FY20, and FY21 YTD specialty finance (consumer-focused) transactions over \$10 million in deal value located in the United States.

(1) Deals that include an asterisk (*) denote pending transactions.

(2) To calculate P/E multiple, divided deal value by tax-effected 2020E EBITDA of \$225 million, assuming 26.0% tax rate.




(3) To calculate P/E multiple, divided \$962 million equity value by \$27 million 2020E net income.

(4) Take-private acquisition by chairman and CEO of Asta Funding, released on October 30, 2019.

Recent Transactions (cont.)

Commercial Finance: 2018–2021 YTD Select Transactions

(\$ in millions)

Ann. Date ⁽¹⁾	Target	Target Description	Acquirer	Deal Value	Price	
					BV	TBV
Nov-20	Kingsbridge Holdings, LLC	Equipment finance solutions	Solar Capital Ltd.	\$216	N/A	N/A
Oct-20*	CIT Group Inc.	Commercial and consumer banking services	First Citizens Bancshares, Inc.	\$2,158	0.4x	0.4x
Jul-20	OnDeck Capital, Inc.	Online lending to small businesses	Enova International, Inc.	\$117	0.5x	N/A
Jul-20	Prosperity Funding, Inc.	Funding services to staffing firms	eCapital Corp.	NA	N/A	N/A
Jul-20	Sky Bridge Business Funding, LLC	Short-term capital advance solutions for small businesses	Revenued	NA	N/A	N/A
Jul-20	Vero Business Capital LLC	Freight factoring services for trucking company owners	Love's Financial	NA	N/A	N/A
Jun-20	Belser Advisory Group	Commercial real estate debt financing solutions	Walker & Dunlop, Inc. (NYSE:WD)	NA	N/A	N/A
 May-20	19th Capital	Credit and financing solution for fleet management firms	Hilco Global	NA	N/A	N/A
Mar-20	Snap Premium Finance	Financing for commercial and personal lines insurance policies	IPFS Corp.	NA	N/A	N/A
Feb-20	Bibby Financial Services (Holdings), Inc.	Asset-based lending and factoring solutions	Global Merchant Fund Corp.	NA	N/A	N/A
Feb-20	Ascentium Capital LLC	Online lending company that offers secured loans on luxury assets	Regions Financial Corp.	NA	N/A	N/A
Feb-20	LH-Finance, division of People's United Bank NA	Marine specialty lending	Centennial Bank	NA	N/A	N/A
Dec-19	MBMJ Capital LLC	Accounts receivable and invoice factoring solutions	Republic Business Credit, LLC	NA	N/A	N/A
Oct-19	CoreVest American Finance Lender, LLC	Business-purpose lending originator	Redwood Trust, Inc.	\$492	1.0x	1.4x
Jul-19	Advocate Capital, Inc.	Commercial LOCs and accounting services to trial lawyers	Pinnacle Bank	\$59	N/A	N/A
Jun-19	BlueTarp Financial, Inc.	Commercial trade credit services	Capital One Financial Corp.	NA	N/A	N/A
Feb-19	Pavestone Capital, LLC	Factoring solutions to transportation industry	WEX Inc.	\$28	1.8x	NA
 Feb-19	Flex Fleet Rental	Truck rental and leasing	Waterfall Asset Mgmt./TRP Capital Partners	NA	N/A	N/A
Feb-19	Medley SBIC LP	Small business investment company	Origami Capital Partners, LLC	\$45	N/A	N/A
 Jan-19	Pacific Rim Capital, Inc.	Financial leasing services to material handling equipment	Fuyo General Lease Co., Ltd.	NA	N/A	N/A
Jan-19	Eastern Funding, LLC	Leasing and financing solutions to dry cleaning industry	Brookline Bank	\$36	N/A	N/A
Jan-19	VAR Technology Finance	Technology leasing and financing solutions	LEAF Commercial Capital, Inc.	\$60	2.7x	NA
Oct-18	Engs Commercial Finance Co.	Equipment finance, working capital finance, and insurance solutions	Mitsubishi UFJ Lease & Finance Company Ltd.	\$231	2.1x	NA
Sep-18	Fleet Financing Resources, LLC	Leasing and financing solutions to transportation equipment	Marlin Business Services Corp.	\$16	1.7x	NA
Aug-18	Ciena Capital, LLC	Factoring and commercial real estate financing solutions	Capital Crossing Servicing Company LLC	NA	NA	NA
Aug-18	Medley Capital Corp.	Invests in privately negotiated debt and equity securities	Sierra Income Corp.	\$319	0.9x	0.9x
Mean					1.4x	0.9x
Median					1.3x	0.9x

Sources: SNL, S&P Capital IQ, and public filings.

Note: Screening criteria includes select FY18, FY19, FY20, and FY21 YTD specialty finance (commercial-focused) transactions over \$10 million in deal value located in the United States.

(1) Deals that include an asterisk (*) denote pending transactions.

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