

Houlihan Lokey

Specialty Finance
Market Update

Fall 2025

About Our Firm

Houlihan Lokey, Inc. (NYSE:HLI) is a leading global investment bank with expertise in mergers and acquisitions, capital solutions, financial restructuring, and financial and valuation advisory.

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

CORPORATE FINANCE

2024 M&A Advisory Rankings
All Global Transactions

	Advisor	Deals
1	**Houlihan Lokey**	**415**
2	Rothschild & Co	406
3	Goldman Sachs & Co	371
4	JP Morgan	342
5	Morgan Stanley	309

Source: LSEG (formerly Refinitiv).
Excludes accounting firms and brokers.

No. 1
Global M&A Advisor

Leading
Capital Solutions Group

FINANCIAL RESTRUCTURING

2024 Global Distressed Debt &
Bankruptcy Restructuring Rankings

	Advisor	Deals
1	**Houlihan Lokey**	**88**
2	PJT Partners Inc	59
3	Rothschild & Co	48
4	Lazard	44
5	Perella Weinberg Partners LP	40

Source: LSEG (formerly Refinitiv).

No. 1
Global Restructuring Advisor

1,800+
Transactions Completed Valued at More Than $3.8 Trillion Collectively

FINANCIAL AND VALUATION ADVISORY

2000–2024 Global M&A
Fairness Advisory Rankings

	Advisor	Deals
1	**Houlihan Lokey**	**1,243**
2	Duff & Phelps, A Kroll Business	1,045
3	JP Morgan	1,020
4	UBS	792
5	Morgan Stanley	698

Source: LSEG (formerly Refinitiv).
Announced or completed transactions.

No. 1
Global M&A Fairness Opinion Advisor Over the Past 25 Years

2,000+
Annual Valuation Engagements



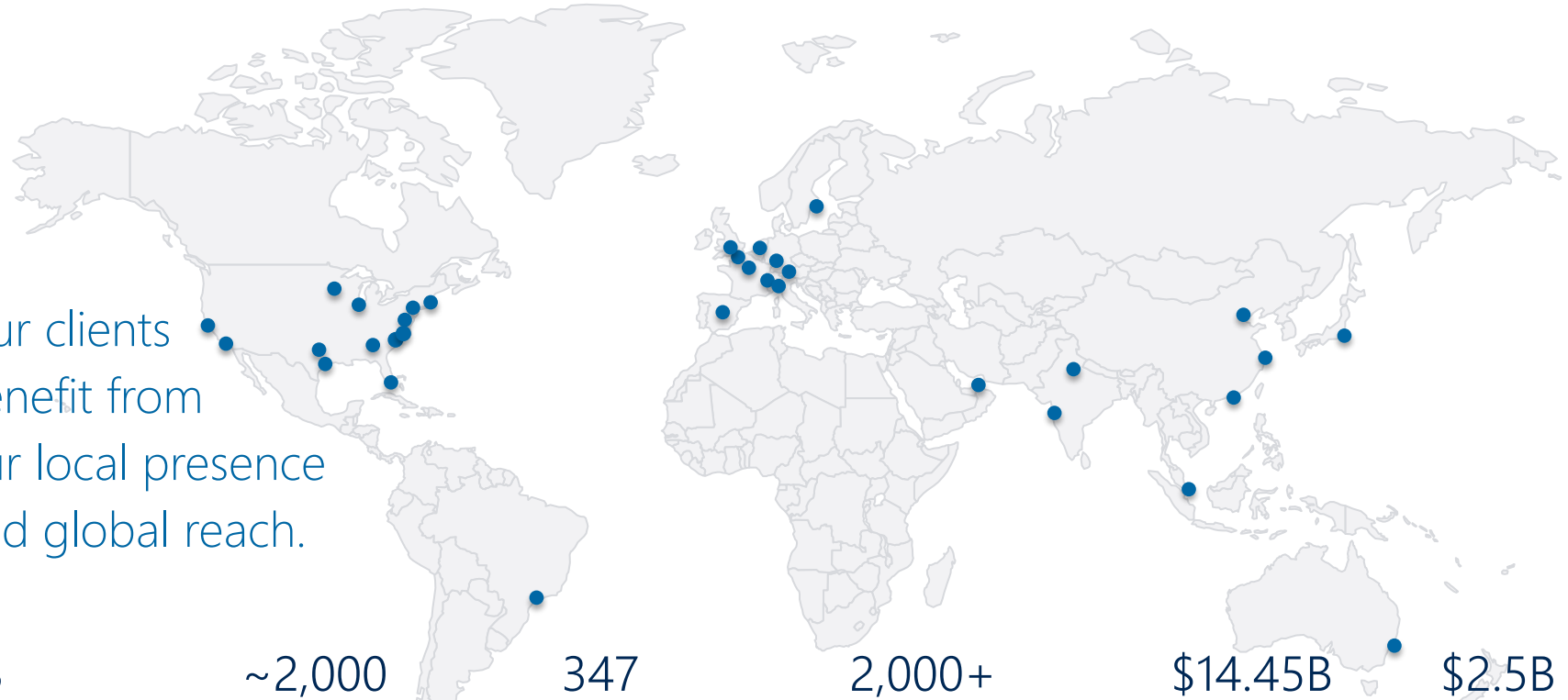
Learn more about how our advisors can serve your needs:

Corporate Finance →

Financial Restructuring →

Financial and Valuation Advisory →

Our Industry Coverage →



Our clients benefit from our local presence and global reach.

33
Locations Worldwide

~2,000
Total Financial Professionals

347
Managing Directors(1)

2,000+
Clients Served Annually

$14.45B
Market Cap(2)

$2.5B
Annual Revenue(3)

AMERICAS	Atlanta	Los Angeles	**EUROPE AND MIDDLE EAST**	Amsterdam	Milan	**ASIA-PACIFIC**	Beijing	Shanghai
	Baltimore	Miami		Dubai	Munich		Gurugram	Singapore
	Boston	Minneapolis		Frankfurt	Paris		Hong Kong SAR	Sydney
	Charlotte	New York		London	Stockholm		Mumbai	Tokyo
	Chicago	San Francisco		Madrid	Zurich			
	Dallas	São Paulo		Manchester				
	Houston	Washington, D.C.						

(1) As of June 30, 2025.
(2) As of September 30, 2025.
(3) LTM ended June 30, 2025.

Fully Integrated Financial Sponsors Coverage

26
Senior officers dedicated to the sponsor community in the Americas and Europe.

1,900+
Sponsors covered, providing market insights and knowledge of buyer behavior.

850+
Companies sold to financial sponsors over the past five years.

HLI LISTED NYSE

Specialty Finance

All Upcoming Houlihan Lokey Events and Conferences

Previous and Upcoming Events in 2025

STRUCTURED FINANCE ASSOCIATION

SFVegas 2025

Mortgage and Specialty Finance
February 23–26, 2025

ARIA Resort and Casino
Las Vegas, Nevada

FT FINANCIAL TIMES

ABS East 2025

Specialty Finance
October 20–22, 2025

Fontainebleau
Miami, Florida

ELFA

Brent Ferrin, Managing Director, will be speaking on the M&A panel



ELFA 64th Annual Convention

Equipment Leasing and Finance
October 26–28, 2025

JW Marriott Marco Island Beach Resort
Marco Island, Florida

Secured Finance Network

SFNet's 81st Annual Convention

Asset-Based Lending and Factoring
November 11–13, 2025

JW Marriott Los Angeles: L.A. Live
Los Angeles, California

Register

Opal Group

ABS & FinTech Specialty Finance Forum 2025

Specialty Finance
December 9–11, 2025

Waldorf Astoria Monarch Beach
Dana Point, California

Register

About **Our Financial Services Group**

Houlihan Lokey's Financial Services Group has earned a reputation for providing superior service and achieving outstanding results in M&A advisory, capital-raising, restructuring, and financial and valuation advisory services.

The global Houlihan Lokey Financial Services team has more than 80 dedicated financial services professionals located in five offices around the world, including Atlanta, Chicago, Miami, New York, and Tokyo.

FINANCIAL SERVICES

2024 M&A Advisory Rankings
All Global Financial Services Transactions

	Advisor	Deals
1	**Houlihan Lokey**	**56**
2	Goldman Sachs & Co	46
3	JP Morgan	41
4	Rothschild & Co	40
5	Morgan Stanley	36

Source: LSEG (formerly Refinitiv).
Excludes accounting firms and brokers. Excludes banks.

According to data provided by LSEG (formerly Refinitiv), our Financial Services Group was once again ranked as the

No. 1

M&A advisor for all global financial services transactions in 2024.

Financial Services Industry Coverage

Featured Transactions



Industry Sector Coverage

We cover a broad array of sectors, with financial professionals dedicated to each of our primary coverage areas.

- Asset and Wealth Management
- Banking and Depositories
- Broker-Dealers and Capital Markets
- Insurance
- Mortgage and Related Services
- Specialty Finance and Challenger Banks

Key Facts and Figures

80+
Dedicated Financial Services Professionals

37
Completed Financial Services M&A/Private Placement Transactions in FY25

Six
Key Sector Verticals

About **Our Specialty Finance Team**

The Specialty Finance team, which operates within Houlihan Lokey's Financial Services Group, has built a strong reputation as a leading advisor across both consumer and commercial finance. Our team brings end-to-end capabilities to our clients, including M&A advisory, capital raising, restructuring, and financial and valuation advisory services.

We are deeply experienced in advising clients across business models of all types, including advisory, distribution, services, technology, and balance-sheet-driven companies. When our experience is combined with our comprehensive understanding of the industry's financial, regulatory, and competitive dynamics, we are able to more effectively analyze a full range of strategic options, such as acquisitions, divestitures, capital raising, and asset sale transactions.

Featured Transactions

Transaction Pending
accessone.
FRONTIER GROWTH
Phreesia
AccessOne, a portfolio company of Frontier Growth, has agreed to be acquired by Phreesia
Sellside Advisor

HEALTHCARE FUNDING + PARTNERS
Healthcare Funding Partners
Senior Secured Credit Facility
Refinancing and Growth Capital
$180,000,000
Exclusive Placement Agent

CURO
CURO Group Holdings Corp. has confirmed a "prepackaged" Chapter 11 Plan of Reorganization, restructuring approximately $1.2 billion of prepetition funded corporate-level debt and addressing approximately $900 million of prepetition SPV debt
Secured Creditor Advisor

JG WENTWORTH
AXAR CAPITAL
J.G. Wentworth Company, a portfolio company of Axar Capital
Term Loan & Delayed Draw Term Loan
Refinancing and Growth Capital
$75,000,000
Exclusive Placement Agent

FLEX FLEET
WATERFALL
TRP Capital Partners
Kaizen
Flex Fleet Rental, LLC, a portfolio company of a fund managed by Waterfall Asset Management and TRP Capital Partners, has been acquired by Kaizen Resources, Inc.
Sellside Advisor

NATIONS CAPITAL INC
Gordon Brothers
Nations Capital, LLC has received a majority investment from Gordon Brothers Group, LLC
Sellside Advisor

Momentum FINANCIAL SERVICES GROUP
POPULUS FINANCIAL GROUP
Momentum Financial Services Group has sold select U.S. stores to Populus Financial Group, Inc.
Sellside Advisor

MEDSHIFT
MedShift, LLC
Debt Financing
$108,000,000
Placement Agent

NMEF
BRITECAP
North Mill Equipment Finance, LLC has invested in BriteCap Financial, LLC
Financial Advisor

FOXPOINT TRUCKS
FoxPoint Trucks, LLC
Term Loan & Delayed Draw Term Loan
Refinancing & Growth Financing
$85,000,000
Exclusive Placement Agent

19TH CAPITAL
element
Hilco Global
19th Capital Group, LLC, a subsidiary of Element, has completed the sale of certain assets to Hilco Global
Sellside Advisor

Merchants AUTOMOTIVE GROUP
Merchants Automotive Group Series A Senior Secured Notes
Growth Capital
$50,000,000
Exclusive Financial Advisor & Placement Agent

Subsector Coverage

- Asset-Based Lending/Factoring
- Auto Finance
- Credit Cards
- Debt Buying/ Settlements
- Equipment Leasing
- Installment Loans
- Litigation Finance
- Payday Lending/Pawn
- Point-of-Sale Finance
- Small Business Lending
- Solar/HIP/ Recreation
- Student Lending
- Transportation Finance/Fleet

Leadership

Financial Services Group



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Contact Us

Please reach out to us to schedule a call to discuss this quarter's market update or to explore how we can serve your business needs.

Request a Meeting

Learn More About Us

Tombstones included herein represent transactions closed from 2020 forward.

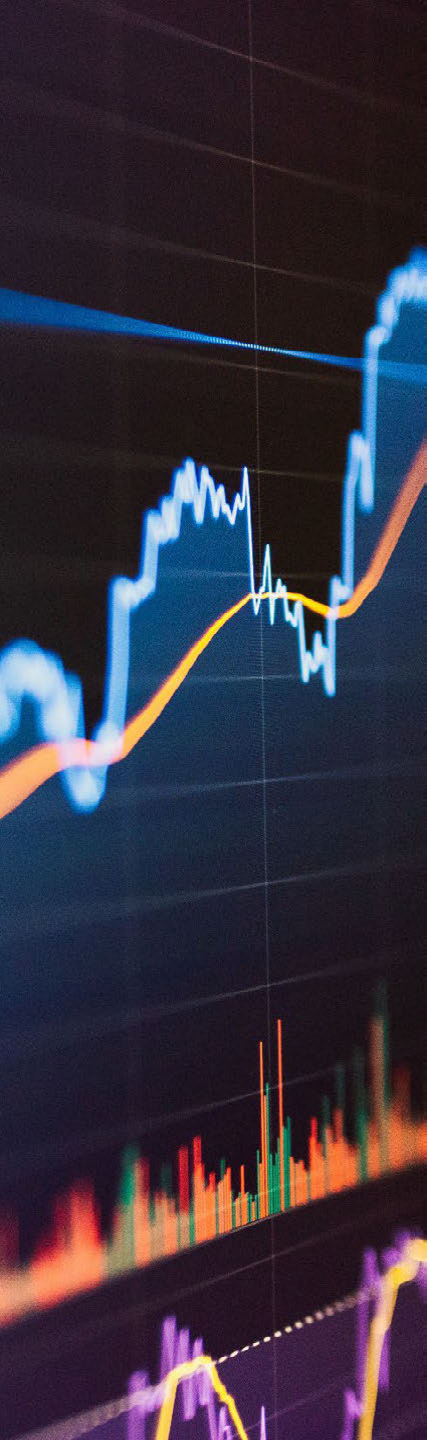


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Introduction **Specialty Finance Market Update**

We are pleased to present our Specialty Finance Market Update for Fall 2025. The industry remains active, underpinned by strong investor demand and stabilizing credit performance, despite persistent macroeconomic and regulatory uncertainty.

Investors are narrowly focused on scalable platforms with disciplined underwriting criteria and diversified asset exposure. Ongoing consolidation is creating entry points for capital deployment, especially in firms with resilient, tech-enabled lending models.

The specialty finance industry remained active throughout the third quarter of 2025, supported by improving credit performance and "cautiously optimistic" market sentiment. For the first time in 2025, the Federal Reserve lowered rates by a quarter of a percentage point in the third quarter, while investors continued to weigh mixed inflation data and uneven labor market trends. As macroeconomic fluctuations persist through 2025, the specialty finance sector remains resilient, with M&A activity poised to drive consolidation and growth. Strategic buyers continue to pursue add-on opportunities, while sponsors look to deploy dry powder.

As traditional banks maintain tighter lending standards, specialty finance platforms remain well-positioned to meet demand through flexible, yield-focused credit solutions. Institutional investors remained focused on deploying capital into diversified portfolios backed by receivables, equipment, and other collateralized assets.

Momentum continues in the M&A market, building from earlier in the year, as platforms with scale, asset-light models, and exposure to niche markets pursue consolidation opportunities. Well-positioned firms demonstrated consistent performance, disciplined underwriting, and multi-vertical reach. Transactions within the space have shown increasing structural creativity, with a wide range of transactions including corporate carve-outs, asset sales, and other bespoke solutions. International investors are increasingly active in their pursuits of U.S. specialty finance platforms as they seek diversification across differentiated markets.

As our firm continues to execute in this space, we invite you to contact us to discuss past transactions, future opportunities, or the specialty finance ecosystem more broadly.



Financial and Valuation Advisory

AI-Driven Underwriting and Credit Analytics

AI Underwriting

AI underwriting streamlines traditional processes by automating tasks and accelerating decisions.

Leveraging machine learning, OCR, and predictive modeling, it analyzes both structured and unstructured data, including credit reports and social signals. By integrating generative AI, analytics, and digital tools, banks can reimagine end-to-end underwriting workflows.

Credit Analytics

AI-driven credit analytics enhances risk evaluation by incorporating alternative data beyond traditional credit scores, such as rental histories, utility bills, e-commerce activity, and behavioral patterns. With real-time data feeds, AI systems continually adapt and refine credit risk models for stronger predictive power.

Valuation Challenges

	Valuation Impacts
Model Opacity Many AI models operate as "black boxes," making it difficult for auditors, investors, and regulators to understand how decisions are made.	Benchmarking asset quality becomes more difficult due to model variability.
Explainability Standards Regulatory bodies increasingly expect the use of AI (XAI) tools to justify credit decisions.	Firms that demonstrate early adoption and strong governance could trade at a premium.
Data Privacy The use of behavioral and transactional data raises compliance risks under GDPR, CCPA, and other data protection laws.	M&A, funding rounds, and IPOs increasingly involve AI model audits to validate assumptions and performance.

Sources: Coinlaw, Gitnux, ZestAI, Forbes, Upstart, SPGlobal, ABF Journal.

The Shift: Traditional vs. AI-Driven Underwriting

Operational Cost Reduction of ~13% across major U.S. banks.	**Customer Retention** Predictive AI analytics have boosted customer retention by 12%, cutting churn costs.
Manual Intervention Reducing up to 90%.	**Customer Interactions** 95% of customer interactions will be powered by AI.
Default Rate Reduction of ~15% across multiple financial institutions.	**Real-Time Decision-Making** Machine learning drives 65% of real-time decisions in consumer lending.
Credit Loss Reduction Reduction of ~21% across studied institutions.	**Fraud Detection** 70% of financial institutions report an improvement in fraud detection accuracy.

ZEST AI

- Offers 2x–4x more accurate risk ranking than generic models.
- Used by credit unions and specialty lenders to manage delinquency and expand access.

Upstart

- Demonstrated superior portfolio performance during downturns.
- Validating AI's predictive power.

PAGAYA

- Provides a network of AI models for lenders, including Upgrade Inc., Ally Financial Inc., and SoFi Technologies Inc., to make credit decisions.

To mitigate risks and unlock the full value of AI underwriting, leading firms are adopting the following strategies as best practices:



- Model Governance
- Human-in-the-Loop
- Regulatory Alignment
- Ongoing Monitoring

Specialty Finance **Consumer Health**

Consumer income growth has surpassed debt growth, as disposable personal income increased to $22.5 trillion in June 2025, resulting in a debt-to-income ratio of 81.6%. This is below the 86.4% pre-pandemic level, suggesting an improved capacity to manage personal debt obligations. Delinquency rates have edged up, with 4.4% of outstanding consumer debt in some stage of delinquency in Q2 2025, up from 4.3% in the previous quarter. The transition into early delinquency remained steady for most debt products, except for student loans—a result of the resumption in reporting of delinquent student loans on credit reports after an approximately five-year pause following the pandemic.

The August 2025 Consumer Price Index (CPI) increased 0.4% month-over-month, putting the 12-month inflation rate at 2.9%. The rate was slightly above consensus and is the highest since February's report. With grocery and gas inflation expectations remaining elevated, consumers continue to brace for increased prices. Discretionary spending rose for the second consecutive month, which led to some optimism, but the increase in nondiscretionary categories has dampened outlooks.

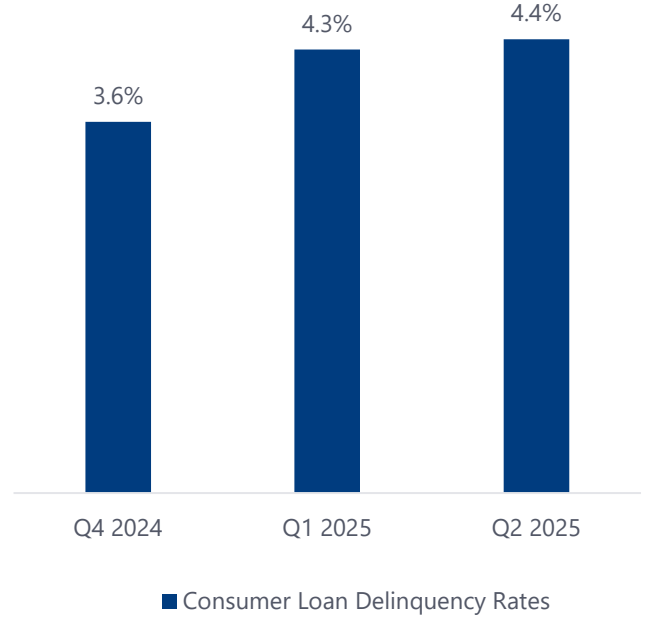
The growth in disposable income has supported performance across consumer credit tiers, but the degree of impact on non-prime and super-prime consumers varies. Super-prime borrowers remain resilient, with delinquency rates improving and continued strong access to credit. Consumers in this category have continued to spend across discretionary and nondiscretionary categories, helping to anchor overall consumer credit performance.

Auto loan balances rose $13 billion to $1.7 trillion. Non-prime borrowers have fueled this growth as, in the wake of expected higher tariffs, many Americans have decided to purchase vehicles sooner. Although non-prime auto delinquencies have inched higher, the increase was minimal, and strong labor market conditions have helped many borrowers stay current.

Furthermore, regulatory oversight in the commercial finance ecosystem continues to evolve. Recently, Texas state legislators introduced bills aimed at increasing transparency in sales-based commercial financing and establishing additional requirements for brokers. These developments highlight the broader trend toward increased transparency and borrower protections, which may influence underwriting practices in adjacent consumer credit markets.

Our team brings valuable expertise in this space. Please reach out to discuss previous deals, upcoming prospects, or the broader landscape.

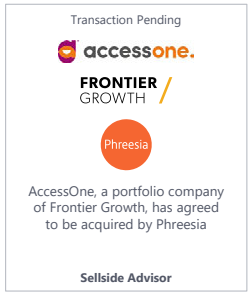
Consumer Loan Delinquency Rates



Sources: FRED, Federal Reserve Bank of New York, U.S. Bureau of Economic Analysis.

Featured Transactions Executed by Houlihan Lokey's Specialty Finance Team

Phreesia to Acquire AccessOne for $160 Million



AccessOne, a market leader in providing consumer payment products for healthcare providers, has agreed to be acquired by Phreesia, Inc. (NYSE:PHR), a leader in patient activation, for $160 million in cash. The transaction is expected to close during the third quarter or early fourth quarter of Phreesia's 2026 fiscal year.

AccessOne is a market leader in providing financing solutions for healthcare receivables, working with some of the largest health systems in the U.S. AccessOne takes minimal credit risk and offers healthcare providers a scalable, compliant, and operationally efficient tool that improves collections without undermining patient trust. The company manages a receivables portfolio of approximately $450 million.

Houlihan Lokey served as the exclusive financial advisor to AccessOne.

Signed September 4, 2025

Healthcare Funding Partners Has Raised a $180 Million Senior Secured Credit Facility



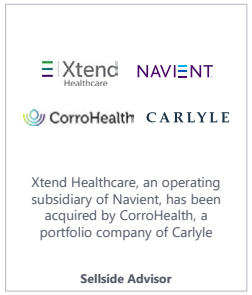
Healthcare Funding Partners (HFP), a healthcare insurance distribution company, has raised a $180 million senior secured credit facility to repay existing indebtedness and fund growth initiatives. The transaction closed on February 10, 2025.

HFP is a leading healthcare insurance agent operating in the Affordable Care Act, Medicare Advantage, and ancillary insurance product markets. HFP works with the largest insurance carriers in the industry (including Aetna, United Healthcare, etc.). HFP also operates a strategic investment arm dedicated to equity and strategic partnerships within the insurance distribution sector.

Houlihan Lokey served as the exclusive financial advisor and placement agent to HFP, assisting the company in arranging, structuring, and negotiating the financing transaction.

Closed February 10, 2025

Navient Has Sold Xtend Healthcare to CorroHealth



Xtend Healthcare, a subsidiary of Navient, a loan management, processing, and business solutions firm, was acquired by CorroHealth, a portfolio company of Carlyle, on September 19, 2024, for $365 million.

Xtend Healthcare provides specialized, tech-enabled RCM solutions to enhance the financial success of leading health systems, including hospitals and affiliated physician groups. Leveraging its proprietary technology platform, Xtend Healthcare offers a full suite of RCM services ranging from discrete point solutions to end-to-end outsourcing engagements.

Houlihan Lokey served as the exclusive financial advisor to Navient.

Closed September 19, 2024

CURO Group Holdings Has Emerged From Chapter 11 Bankruptcy



CURO Group Holdings Corp. (CURO) announced its financial restructuring on July 19, 2024, through a prepackaged Chapter 11 plan of reorganization.

CURO is an omnichannel consumer finance company serving a full spectrum of nonprime, near-prime, and prime consumers in portions of the United States and Canada. CURO provides alternative access to credit for its customers, providing them the ability to apply for, update, and manage their loans.

Houlihan Lokey served as the financial advisor to an ad hoc group of prepetition-secured creditors, leading the structuring and negotiation of $70 million of committed new money DIP-to-exit financing and the restructuring of approximately $2.1 billion of aggregate prepetition-funded debt.

Emerged From Chapter 11 on July 19, 2024

Featured Sector News

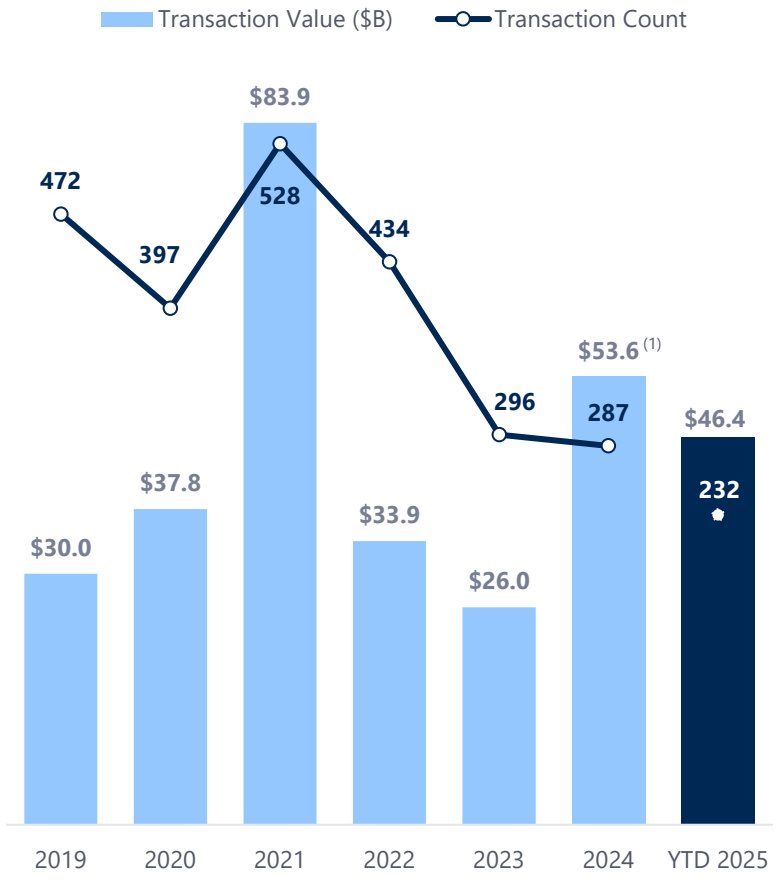
Recent developments in the specialty finance segment, including acquisitions, strategic partnerships, and new public offerings.

Date	Company	Description	Article Link
9/18/2025	ARENA INVESTORS LP	Arena Investors has announced the launch of Empire Asset Finance, with $100 million in committed capital, to provide flexible equipment financing to non-investment-grade middle-market firms that are traditionally underserved by conventional capital providers.	Read More
9/18/2025	MITSUBISHI	Mitsubishi Motors Corp. increased its stake in Australia's FleetPartners Group from roughly 5% to 19.9%, just short of the level that would require it to make a takeover bid for the fleet management company.	Read More
9/12/2025	lendbuzz	Lendbuzz, a financial technology company that provides auto loans and financing using artificial intelligence and machine learning, announced it has filed a Form S-1 registration statement with the SEC for a proposed IPO of its common stock, which it plans to list on the Nasdaq under the ticker symbol "LBZZ."	Read More
9/11/2025	FUYO LEASE FUYO GENERAL LEASE CO.,LTD.	Fuyo General Lease (Fuyo Lease) has acquired a 50% stake in Southwest Rail Industries (SRI), a North American railcar lease business from Sojitz Corp. The investment combines SRI's expertise in railcar leasing with Fuyo Lease's financial resources and leasing experience.	Read More
9/9/2025	ARCHWAY	Archway announced its launch as a new private credit firm that is focused on providing asset-based loan and lender finance solutions to middle-market companies. The firm is backed by $500 million in committed capital and provides solutions ranging from $10 million to $50 million.	Read More
9/2/2025	ORIX	ORIX Corp. USA has completed its acquisition of a majority equity ownership in Hilco Global, a diversified financial services company that delivers expert professional services and capital solutions.	Read More
8/6/2025	Manulife	Manulife has announced that it has agreed to acquire 75% of Comvest Credit Partners (Comvest) for $937.5 million in upfront consideration. As part of the agreement, Manulife will align its $3.7 billion Senior Credit team with Comvest, creating an $18 billion-plus private credit asset management platform.	Read More
7/30/2025	NEXSEER	Nexseer Capital has announced that the management team has completed the acquisition of 100% of the common stock from institutional capital partners.	Read More
7/7/2025	MONROE CAPITAL	Monroe Capital has announced that it has led a $100 million minority equity investment in NFS Capital, an equipment financing and asset-backed loan provider for small and midsized businesses.	Read More
6/26/2025	Jefferson CAPITAL	Jefferson Capital debuted on Nasdaq with a valuation of $1.2 billion after its shares surged 26.7% on the first day. The IPO raised $150 million, reflecting strong investor interest in the consumer debt collector's steady revenue growth, which reached $433.3 million in 2024.	Read More

Sources: Company websites, press releases.

Additional Specialty Finance M&A Highlights

Transaction Value and Deal Volume



Notable Transactions

Date	Target	Acquirer	Deal Value ($M)
Sep-2025	VERDANT COMMERCIAL CAPITAL	AXOS BANK	$43.5
Sep-2025	MERCURY FINANCIAL	Atlanticus	162
Sep-2025	accessone.	Phreesia	160
Jun-2025	(U.S. Financing Business)	PEAC SOLUTIONS	180
Apr-2025	QCHI	PROSPECT CAPITAL	115
Apr-2025	veros credit	ITOCHU	--
Apr-2025	CHANNEL	onset financial	--
Apr-2025	PAWNEE LEASING CORPORATION	NMEF	--
Mar-2025	GLOBAL	TRITON	1,000
Mar-2025	QUICKPAY	CULAIN CAPITAL MANAGEMENT LLC	--
Dec-2024	lsq	CAPITAL	--
Nov-2024	SALLYPORT COMMERCIAL FINANCE	Northrim Bank	--
Oct-2024	AQUILA AIR CAPITAL	Wafra	--
Sep-2024	BEEQUIP MKB EQUIPMENT LEASE	APOLLO	--
Aug-2024	SOLERA | Auto Finance	Obra CAPITAL	--

Houlihan Lokey Advised

Key Takeaways

M&A activity in the specialty finance sector has increased QoQ, with Q3 2025 marking the most transactions in the space since Q4 2022.

Recent transactions have been driven by creative structures across both commercial and consumer finance. Transactions have included distressed asset investments, carve-outs, and other bespoke capital solutions as investors adapt to evolving disparate conditions. As acquirers navigate these market environments, they remain focused on scaled originators, niche asset exposures, and platforms with embedded technology infrastructure.

As we move through the final quarter of 2025, the sector remains a key area of focus for a wide range of investors, including nonbank lenders, private equity firms, asset managers, and insurance companies seeking growth in diversified markets that align with their strategic priorities. Banks have generally not been active in M&A processes for nonbank lenders in the past few years, but we anticipate their return over the next few quarters.

Source: S&P Capital IQ as of September 30, 2025.
(1) 2024 transaction value largely fueled due to Capital One acquisition of Discover in an all-stock transaction valued at $35.3 billion.

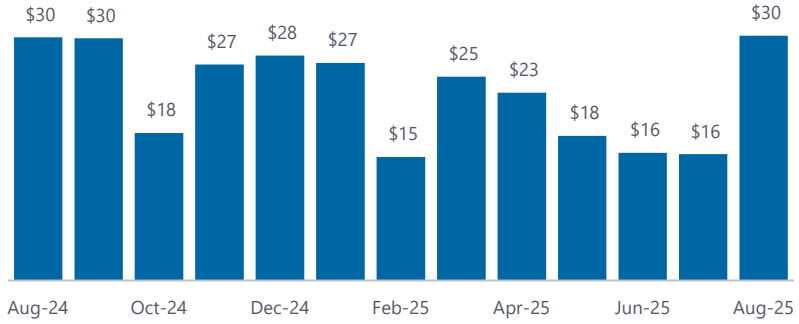
Private Credit Market Update

Private Credit Exhibits Strength and Tone Remains Firm

- Private credit issuance rebounded sharply in August, with lenders leaning into M&A activity, dividend recaps gaining share, and spreads holding near historic tights.
- Sourcing assets remains the top concern for capital providers as the market continues to face a persistent supply-demand imbalance.
- Dividend recaps represent 12% of YTD volume, up from 6% in 2024, underscoring sponsors' increasing use of creative strategies to return capital to LPs.
- Conditions currently favor borrowers as pricing continues to compress, and an increasing share of transactions are priced inside of S+500 bps.
- With ample dry powder, private lenders are well-positioned to provide attractive funding solutions for leveraged borrowers seeking financing options.

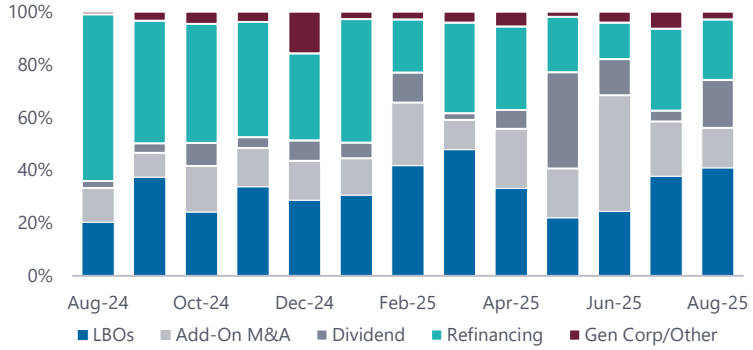
Direct Lending Volumes ($B)

Private credit issuance rebounded in August, with direct lending volume reaching $30.1 billion, an approximately 94% increase from July and the highest monthly total in 13 months.



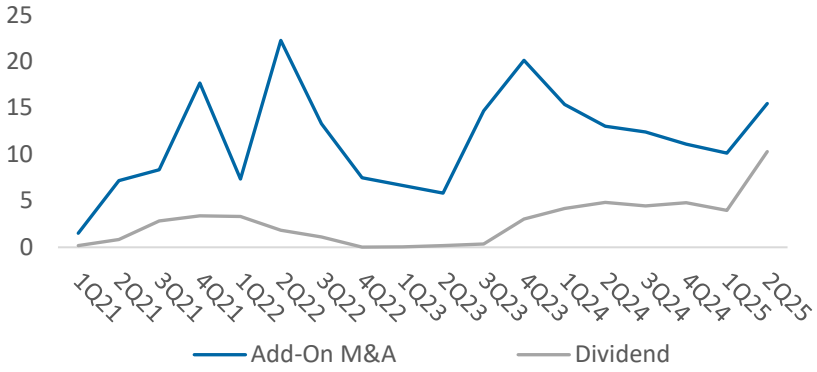
Share of Direct Lending Deal Volume

August marked the sixth month this year that M&A accounted for at least half of volume, with LBO activity surging to $12.3 billion and add-on M&A totaling approximately $4.5 billion.



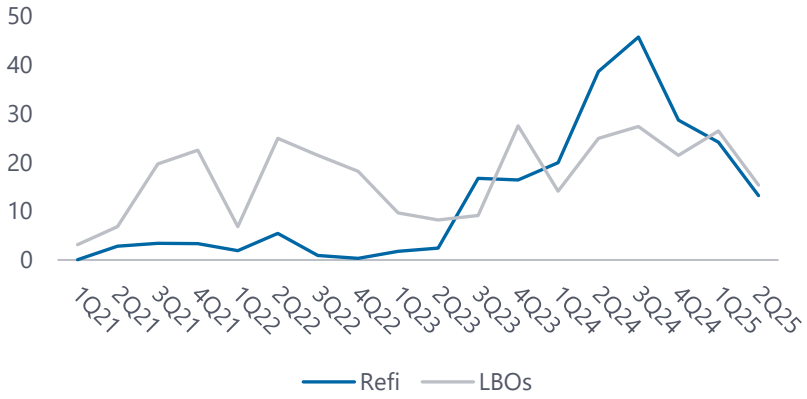
Trending Up: Dividend Recaps and Add-On M&A ($B)

Add-on M&A activity in June jumped to approximately $7 billion, the busiest month since February 2024.



Trending Down: Refinancings and LBO Volume ($B)

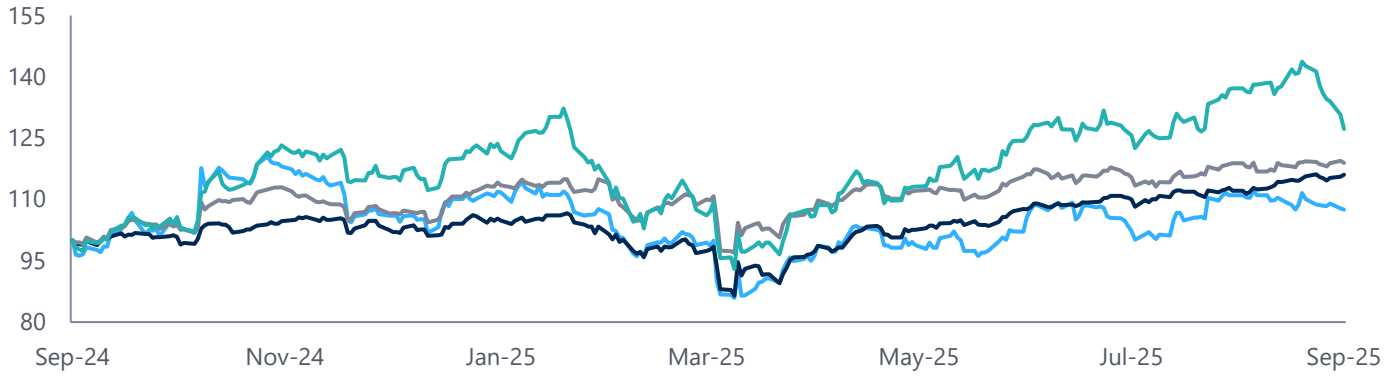
Refinancings and LBOs continued a downward trend.



Sources: KBRA DLD, LCD.

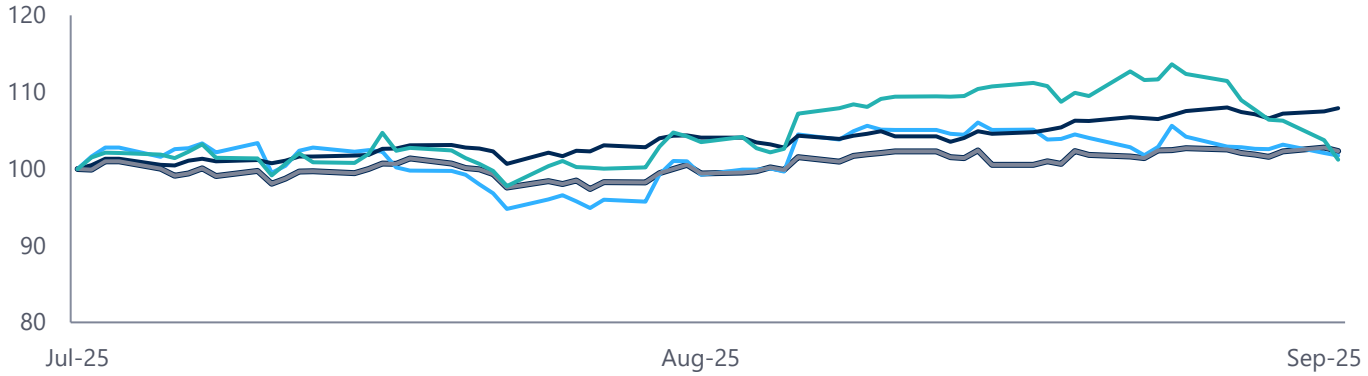
Equity Market Index Performance

LTM September 2025 Performance



Houlihan Lokey Specialty Finance Index(1)	27.3%
S&P 500 Financials Index	18.9%
S&P 500	16.1%
KBW Nasdaq Regional Banking Index	7.5%

July 2025–September 2025 Performance



S&P 500	7.9%
S&P 500 Financials Index	2.3%
KBW Nasdaq Regional Banking Index	1.7%
Houlihan Lokey Specialty Finance Index(1)	1.2%

Key Takeaways

Over the past year, the Houlihan Lokey Specialty Finance Index has increased by 27.3%, outperforming the S&P 500's YoY increase of 16.1%.

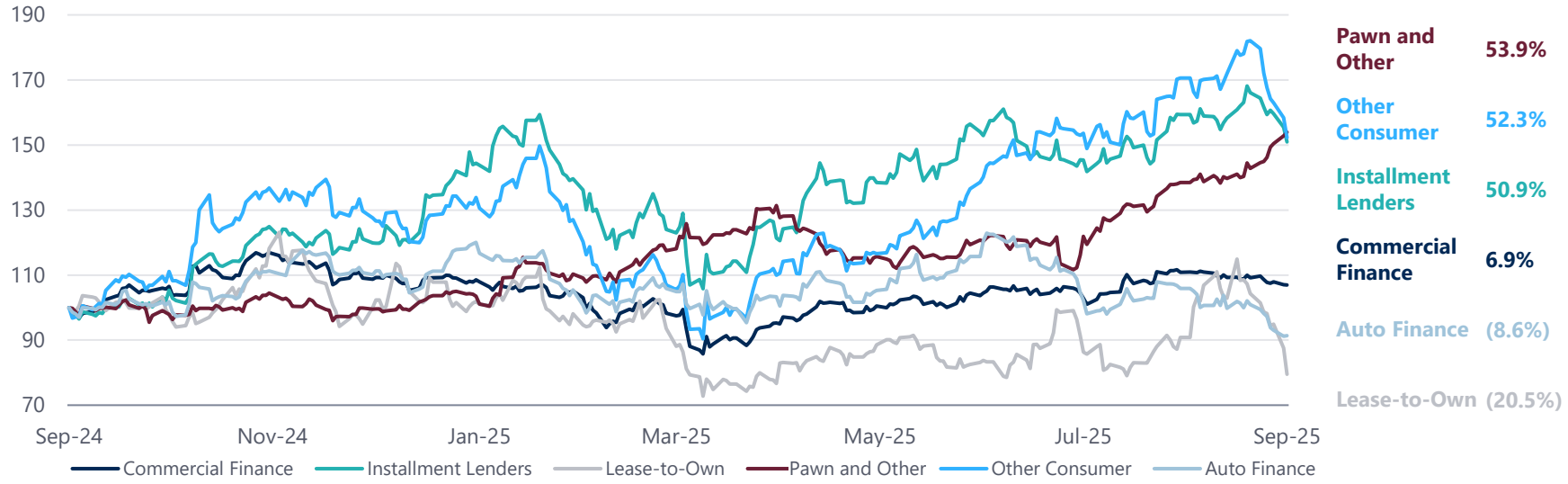
The strong performance in specialty finance public equities over the past year can be attributed to two key factors: (i) stabilization in credit performance and improved funding access, and (ii) continued investor demand for scalable platforms with differentiated credit strategies and multi-vertical exposure.

As we move through the remainder of 2025, investor expectations remain constructive as companies capitalize on strategic growth opportunities while maintaining discipline in a shifting macro environment.

Source: S&P Capital IQ. Data as of September 30, 2025. All share prices rebased to 100.
(1) The Houlihan Lokey Specialty Finance Index consists of a diversified set of 40 companies across the specialty finance sector. See pages 18 to 20 for a complete list.

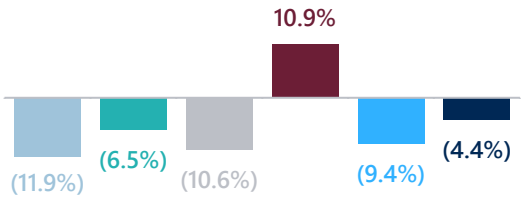
Equity Market Index Performance Specialty Finance Subsectors

LTM September 2025 Performance by Subsector

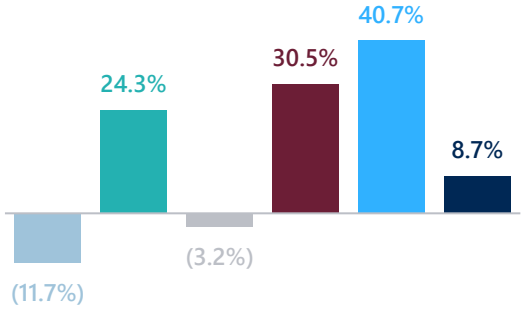


Pawn and Other	53.9%
Other Consumer	52.3%
Installment Lenders	50.9%
Commercial Finance	6.9%
Auto Finance	(8.6%)
Lease-to-Own	(20.5%)

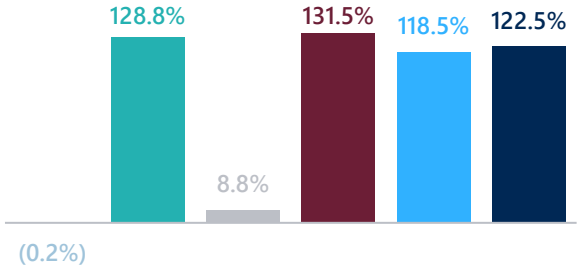
Monthly Performance



Six-Month Performance



Three-Year Performance



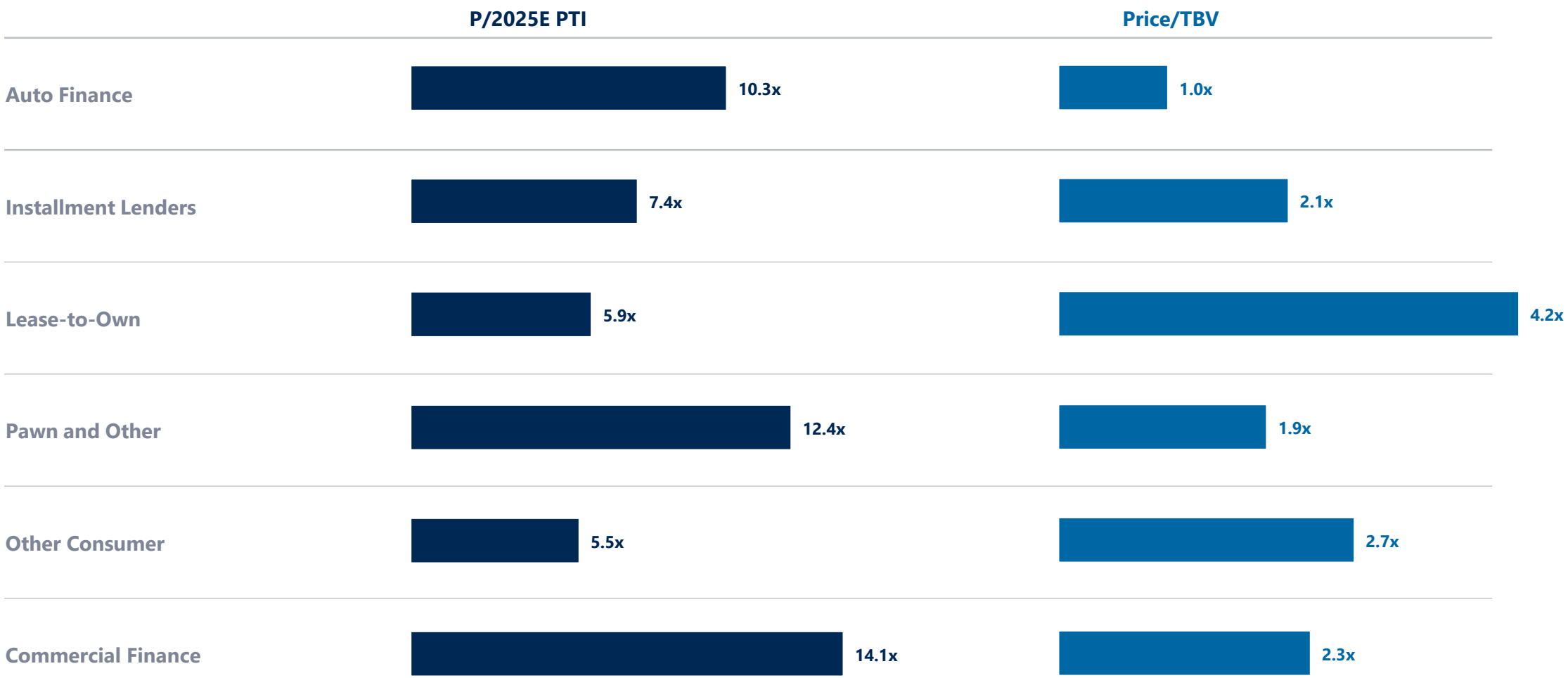
Source: S&P Capital IQ. Data as of September 30, 2025. All share prices rebased to 100.

Market Performance

Performance across public equities in the specialty finance sector remained mixed over the past 12 months, with continued dispersion across subsectors.

Pawn and other lenders continued to perform strongly, supported by sustained consumer demand. Installment lenders have also performed strongly in the public markets, while commercial finance rebounded modestly since the beginning of the year. Lease-to-own equities continued to underperform broader specialty finance benchmarks through September 2025.

Public Company Valuations



Source: Trading multiples are based on share price, other market data, and broker consensus future-earnings estimates from S&P Capital IQ as of September 30, 2025.

Public Comparables
Specialty Finance

($ in Millions)		Market	P/Pre-Tax Inc.			P/E			Price	2024A-2026E CAGR		Pre-Tax Inc. Margin		LTM
As of 9/30/25		Capitalization	2024A	LTM	2025E	2024A	LTM	2025E	TBV	Revenue	Pre-Tax Inc.	2024A	2025E	ROE
Auto Finance	Ally Financial Inc.	$12,066	14.4x	22.9x	11.0x	18.1x	27.9x	10.8x	1.0x	15.9%	N/M	12.4%	13.6%	3.1%
	Credit Acceptance Corp.	5,247	15.9x	9.4x	9.5x	21.2x	12.4x	12.1x	3.4x	N/M	37.5%	35.5%	23.6%	27.3%
	America's Car-Mart, Inc.	242	22.2x	14.6x	15.3x	N/M	18.4x	22.8x	0.4x	3.0%	N/M	0.8%	1.1%	2.5%
	Consumer Portfolio Services, Inc.	168	6.1x	6.0x	5.1x	8.7x	8.6x	7.4x	0.6x	N/M	N/M	14.8%	7.4%	6.7%
	Vroom, Inc.	141	N/M	N/M	N/A	N/M	N/M	N/A	1.0x	N/A	N/A	N/M	N/A	(45.9%)
Median			15.2x	12.0x	10.3x	18.1x	15.4x	11.4x	1.0x	9.4%	37.5%	13.6%	10.5%	3.1%
Mean			14.7x	13.2x	10.2x	16.0x	16.8x	13.3x	1.3x	9.4%	37.5%	15.9%	11.4%	(1.3%)
Installment Lenders	OneMain Holdings, Inc.	$6,711	10.1x	7.8x	6.9x	13.2x	10.1x	8.9x	4.3x	45.0%	33.5%	26.7%	19.8%	20.5%
	Enova International, Inc.	2,879	10.6x	8.9x	7.7x	13.7x	11.2x	9.0x	3.1x	N/M	27.1%	21.9%	11.8%	21.6%
	goeasy Ltd.	2,003	7.4x	7.0x	7.2x	10.2x	9.6x	9.6x	3.0x	N/M	14.2%	47.6%	22.6%	24.2%
	LendingClub Corp.	1,743	26.8x	17.6x	10.7x	N/M	23.5x	14.6x	1.4x	(1.2%)	N/M	5.6%	16.6%	5.5%
	OppFi Inc.	989	11.2x	11.8x	9.3x	N/M	N/M	7.8x	N/M	N/M	45.5%	31.8%	18.0%	37.1%
	World Acceptance Corp.	879	8.5x	8.7x	11.2x	10.9x	10.8x	14.3x	2.1x	0.8%	(6.8%)	18.5%	14.0%	19.1%
	Regional Management Corp.	382	7.1x	8.4x	6.6x	9.3x	11.0x	8.3x	1.1x	11.0%	19.7%	9.5%	9.0%	9.8%
	Oportun Financial Corp.	272	N/M	N/M	5.6x	N/M	N/M	4.4x	0.9x	15.0%	N/A	N/M	5.1%	(1.3%)
Median			**10.1x**	**8.7x**	**7.4x**	**10.9x**	**10.9x**	**8.9x**	**2.1x**	**11.0%**	**23.4%**	**21.9%**	**15.3%**	**19.8%**
Mean			**11.7x**	**10.0x**	**8.1x**	**11.5x**	**12.7x**	**9.6x**	**2.3x**	**14.1%**	**22.2%**	**23.1%**	**14.6%**	**17.1%**
Lease-to-Own	Upbound Group, Inc.	$1,368	7.7x	8.7x	5.9x	11.1x	13.4x	5.5x	N/M	8.3%	N/M	4.1%	4.9%	15.9%
	PROG Holdings, Inc.	1,280	7.8x	7.0x	7.4x	6.5x	6.0x	9.4x	4.2x	2.0%	6.9%	6.6%	7.0%	34.3%
	Katapult Holdings, Inc.	55	N/M	N/M	N/M	N/M	N/M	N/M	N/M	15.6%	N/M	N/M	N/M	N/M
	FlexShopper, Inc.	16	24.6x	24.6x	0.7x	N/M	N/M	1.0x	N/M	N/A	N/A	0.5%	13.3%	(0.6%)
Median			7.8x	8.7x	5.9x	8.8x	9.7x	5.5x	4.2x	8.3%	6.9%	4.1%	7.0%	15.9%
Mean			13.4x	13.4x	4.7x	8.8x	9.7x	5.3x	4.2x	8.6%	6.9%	3.7%	8.4%	16.6%

Source: Trading multiples are based on share price, other market data, and broker consensus future revenue and earnings estimates from S&P Capital IQ as of September 30, 2025.

Public Comparables
Specialty Finance

($ in Millions) As of 9/30/25		Market Capitalization	P/Pre-Tax Inc. 2024A	P/Pre-Tax Inc. LTM	P/Pre-Tax Inc. 2025E	P/E 2024A	P/E LTM	P/E 2025E	Price TBV	2024A-2026E CAGR Revenue	2024A-2026E CAGR Pre-Tax Inc.	Pre-Tax Inc. Margin 2024A	Pre-Tax Inc. Margin 2025E	LTM ROE
Pawn and Other	FirstCash Holdings, Inc.	$7,028	20.5x	18.2x	16.7x	27.2x	24.1x	19.7x	N/M	4.8%	22.7%	10.1%	12.2%	14.2%
Pawn and Other	EZCORP, Inc.	1,159	9.7x	8.5x	8.2x	13.5x	11.8x	10.9x	1.9x	8.8%	13.9%	10.1%	11.0%	11.0%
Median			**15.1x**	**13.3x**	**12.4x**	**20.3x**	**18.0x**	**15.3x**	**1.9x**	**6.8%**	**18.3%**	**10.1%**	**11.6%**	**12.6%**
Mean			**15.1x**	**13.3x**	**12.4x**	**20.3x**	**18.0x**	**15.3x**	**1.9x**	**6.8%**	**18.3%**	**10.1%**	**11.6%**	**12.6%**
Other Consumer	SoFi Technologies, Inc.	$31,637	N/M	N/M	N/M	N/M	N/M	N/M	6.1x	26.6%	N/M	8.8%	13.5%	8.8%
Other Consumer	Affirm Holdings, Inc.	23,799	N/M	N/M	N/M	N/M	N/M	N/M	N/M	26.5%	N/A	N/M	5.9%	1.8%
Other Consumer	Upstart Holdings, Inc.	4,888	N/M	N/M	N/M	N/M	N/M	27.6x	N/M	40.7%	N/A	N/M	3.5%	(1.0%)
Other Consumer	Nelnet, Inc.	4,535	19.8x	10.8x	N/A	24.6x	13.8x	N/A	1.3x	7.9%	N/A	16.9%	N/A	9.6%
Other Consumer	Pagaya Technologies Ltd.	2,275	N/M	N/M	N/M	N/M	N/M	10.3x	6.8x	21.3%	N/A	N/M	5.2%	(50.7%)
Other Consumer	Navient Corp.	1,308	7.5x	26.2x	13.2x	10.0x	N/M	13.1x	0.6x	(18.7%)	(0.6%)	20.5%	18.1%	1.2%
Other Consumer	Jefferson Capital, Inc.	1,006	7.3x	5.1x	4.3x	7.8x	5.7x	5.2x	2.9x	19.6%	23.7%	31.7%	38.3%	N/A
Other Consumer	Encore Capital Group, Inc.	961	N/M	N/M	3.9x	N/M	N/M	4.6x	2.7x	15.0%	N/A	N/M	15.1%	(9.5%)
Other Consumer	Atlanticus Holdings Corp.	886	6.4x	5.6x	5.5x	8.0x	7.2x	7.8x	1.6x	N/M	28.2%	34.6%	8.2%	20.8%
Other Consumer	Propel Holdings Inc.	830	13.3x	10.4x	7.8x	17.9x	13.7x	9.2x	4.8x	32.5%	N/M	13.9%	17.3%	32.8%
Other Consumer	PRA Group, Inc.	603	5.5x	4.4x	5.5x	8.5x	6.6x	7.2x	0.7x	5.6%	2.6%	9.8%	9.6%	8.2%
Other Consumer	ECN Capital Corp.	574	N/M	N/M	11.9x	N/M	N/M	9.5x	N/M	30.7%	N/M	9.6%	19.2%	3.7%
Median			**7.4x**	**8.0x**	**5.5x**	**9.3x**	**7.2x**	**9.2x**	**2.7x**	**21.3%**	**13.1%**	**15.4%**	**13.5%**	**3.7%**
Mean			**10.0x**	**10.4x**	**7.4x**	**12.8x**	**9.4x**	**10.5x**	**3.1x**	**18.9%**	**13.5%**	**18.2%**	**14.0%**	**2.3%**

Source: Trading multiples are based on share price, other market data, and broker consensus future revenue and earnings estimates from S&P Capital IQ as of September 30, 2025.

Public Comparables
Specialty Finance

($ in Millions)		Market	P/Pre-Tax Inc.			P/E			Price	2024A-2026E CAGR		Pre-Tax Inc. Margin		LTM
As of 9/30/25		Capitalization	2024A	LTM	2025E	2024A	LTM	2025E	TBV	Revenue	Pre-Tax Inc.	2024A	2025E	ROE
Commercial Finance	AerCap Holdings N.V.	$21,085	8.7x	6.2x	8.1x	10.0x	7.2x	9.6x	1.3x	1.9%	(1.1%)	30.3%	32.5%	16.9%
	Element Fleet Management Corp.	10,379	20.2x	19.4x	17.8x	26.8x	25.6x	21.0x	N/M	(23.8%)	13.4%	23.3%	51.2%	14.3%
	Air Lease Corp.	7,114	13.3x	5.8x	5.7x	16.6x	7.3x	10.8x	0.9x	8.2%	21.5%	19.5%	41.5%	12.6%
	GATX Corp.	6,230	18.1x	16.0x	17.1x	21.9x	19.5x	19.5x	2.4x	7.3%	7.2%	21.7%	21.0%	12.8%
	McGrath RentCorp	2,887	9.2x	8.5x	14.1x	12.5x	11.4x	18.8x	3.7x	4.7%	(15.2%)	34.4%	21.6%	23.8%
	Trinity Industries, Inc.	2,267	10.2x	13.6x	12.7x	16.4x	23.5x	19.7x	2.9x	(10.9%)	3.2%	7.2%	8.1%	10.3%
	Triumph Financial, Inc.	1,188	N/M	N/M	N/M	N/M	N/M	N/M	2.9x	11.7%	N/M	5.2%	4.5%	1.5%
	Willis Lease Finance Corp.	934	6.1x	5.7x	N/A	8.6x	7.6x	10.6x	1.6x	9.3%	N/A	27.4%	N/A	20.0%
	Funding Circle Holdings PLC	527	N/M	N/M	26.4x	N/M	14.3x	N/M	2.2x	18.5%	N/M	0.5%	8.1%	3.9%
Median			**10.2x**	**8.5x**	**14.1x**	**16.4x**	**12.9x**	**18.8x**	**2.3x**	**7.3%**	**5.2%**	**21.7%**	**21.3%**	**12.8%**
Mean			**12.3x**	**10.7x**	**14.6x**	**16.1x**	**14.5x**	**15.7x**	**2.2x**	**3.0%**	**4.8%**	**18.8%**	**23.6%**	**12.9%**
Overall Median			**10.1x**	**8.7x**	**8.1x**	**12.5x**	**11.4x**	**9.6x**	**2.3x**	**8.6%**	**14.2%**	**14.4%**	**13.6%**	**12.7%**
Overall Mean			**12.3x**	**11.3x**	**9.6x**	**14.1x**	**13.4x**	**11.5x**	**2.4x**	**10.0%**	**15.6%**	**17.5%**	**17.1%**	**11.8%**

Source: Trading multiples are based on share price, other market data, and broker consensus future revenue and earnings estimates from S&P Capital IQ as of September 30, 2025.

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