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INSIGHTS

Raising Capital in Today's Market

How companies can secure funding amid higher interest rates, cautious investors, and changing capital markets

CRUZ | Capital. Strategy. Growth.

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The New Reality of Capital Markets

Global capital markets have entered a fundamentally different environment. The era of abundant liquidity and near-zero interest rates is behind us. Today, companies face higher borrowing costs, greater investor selectivity, and longer, more rigorous fundraising processes.

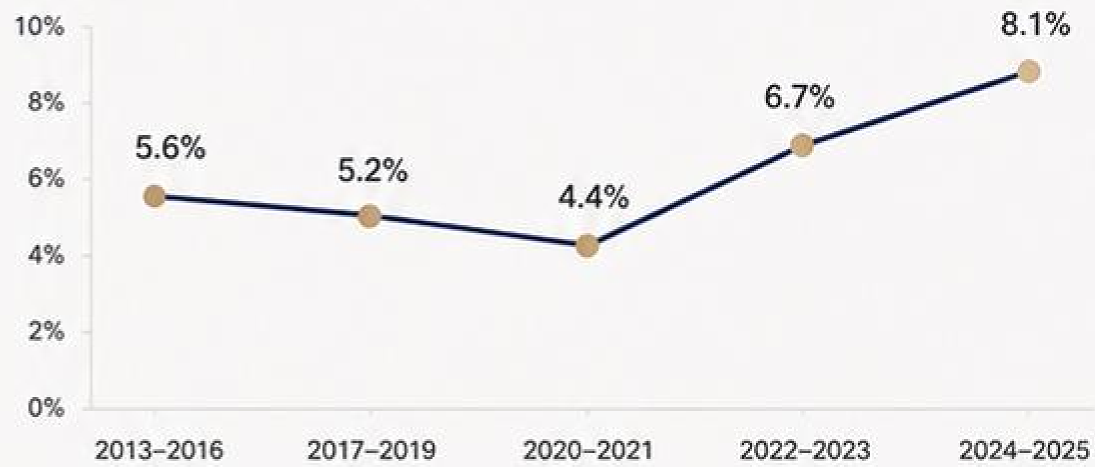
While capital remains available, it is no longer inexpensive or easily accessible, Businesses must adapt to a market where discipline, transparency, and strong fundamentals are essential.

KEY MARKET SHIFTS

- Interest rates remain elevated, increasing the cost of debt.
- Investors have become more selective, focusing on quality over growth at any price.
- Capital is available but no longer inexpensive or abundant.
- Fundraising cycles are longer and require more preparation.
- Geopolitical uncertainty adds complexity to investment decisions.

COST OF CAPITAL TREND

Weighted Average Cost of Capital (Global Average)



LOW	MODERATE	HIGH
Abundant liquidity Low rates	Gradual tightening Selective investors	Higher rates Disciplined capital

IMPLICATIONS FOR BUSINESSES

MORE SCRUTINY
Investors conduct deeper due diligence and focus on risk-adjusted returns.

STRONGER FUNDAMENTALS
Profitability, cash flow, and balance sheet strength matter more than ever.

LONGER TIMELINES
From first meeting to closing, deals take more time and coordination.

BETTER PREPARATION
High-quality information and a clear strategy improve your chances of success.

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What Investors Look for Today

Investors are more selective than ever. They are no longer chasing growth at any cost. Instead, they focus on quality, resilience, and long-term value creation.

To attract capital in today's market, companies must demonstrate that they have the right team, the right strategy, and the right foundation for sustainable performance.

INVESTOR PRIORITIES

SUSTAINABLE PROFITABILITY
Consistent revenue and earnings growth, strong margins, and disciplined cost management.

STRONG MANAGEMENT TEAM
Experienced leadership with a proven track record and clear accountability.

CLEAR COMPETITIVE ADVANTAGE
A differentiated position in the market, supported by barriers to entry and pricing power.

FINANCIAL TRANSPARENCY
High-quality financial reporting, governance standards, and open communication.

INVESTOR PRIORITIES MATRIX

High Impact ↕ Lower Impact

Internal Focus ↔ Market Focus

	Internal Focus	Market Focus
High Impact	**FINANCIAL PERFORMANCE** Strong and consistent financial results build investor confidence.	**MARKET POSITION** A clear competitive advantage and growth potential drive value.
Lower Impact	**LEADERSHIP & GOVERNANCE** Capable leadership and sound governance reduce risk and increase trust.	**TRANSPARENCY & DISCLOSURE** Transparent reporting and open communication are essential for strong relationships.

KEY QUESTIONS INVESTORS ASK

01 Is the business model resilient across economic cycles?

02 Can the company generate consistent cash flow?

03 Does the management team have the right capabilities?

04 What are the key risks and how are they managed?

05 Is the company prepared for the next stage of growth?

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Debt or Equity? Choosing the Right Financing Path

There is no one-size-fits-all answer when it comes to raising capital. The right choice depends on your business model, growth stage, risk profile, and long-term objectives. Understanding the key differences between debt and equity financing helps companies make informed decisions that support sustainable growth.

DEBT FINANCING vs EQUITY FINANCING

DEBT FINANCING	COMPARISON	EQUITY FINANCING
Ownership remains with existing owners	OWNERSHIP	Ownership is shared with investors
Typically lower cost if repayment is secured	COST OF CAPITAL	Typically higher cost due to equity risk premium
Adds financial leverage and repayment obligation	RISK	No repayment obligation but investors share risk
More restrictive covenants and reporting requirements	FLEXIBILITY	More flexibility in use of proceeds
Fixed repayment schedule (principal + interest)	REPAYMENT	No fixed repayment; investors exit over time

WHEN TO CONSIDER EACH OPTION

CONSIDER DEBT FINANCING WHEN:

- You have stable cash flows
- You want to retain full ownership
- Your business has predictable earnings
- You need capital for expansion, working capital, or acquisitions

CONSIDER EQUITY FINANCING WHEN:

- You are in a high-growth phase
- You need significant capital
- You want strategic investors and industry expertise
- You prefer to strengthen your balance sheet

KEY FACTORS TO CONSIDER

STAGE OF GROWTH
Early-stage companies often benefit from equity, while mature businesses may prefer debt.

CASH FLOW STABILITY
Stable and predictable cash flows support debt repayment capabilities.

CAPITAL REQUIREMENT
Larger funding needs may require equity, while smaller amounts can be met with debt instruments.

RISK TOLERANCE
Consider how much financial risk your business can afford to take.

LONG-TERM OBJECTIVES
Align the financing choice with your long-term vision and strategic plans.

THE RIGHT STRATEGY

ASSESS
Evaluate your business needs, financial position, and growth plans.

COMPARE
Analyze the pros and cons of debt, equity, or a hybrid approach.

ALIGN
Choose the option that best aligns with your objectives and risk profile.

STRUCTURE
Design terms that support flexibility and long-term value.

EXECUTE
Implement the plan and maintain strong investor relationships.

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Preparing for Fundraising Success

Successful fundraising begins long before you approach investors. Companies that prepare thoroughly, present compelling materials, and demonstrate a clear strategy are far more likely to attract the right investors and secure favorable terms.

Preparation is not just about numbers—it's about building confidence in your leadership, your plan, and your ability to execute.

KEY PREPARATION AREAS

FINANCIAL STATEMENTS
Ensure your financials are accurate, up to date, and prepared in accordance with relevant standards.

BUSINESS PLAN
Clearly articulate your value proposition, market opportunity, and operational strategy.

MARKET POSITION
Provide evidence of your competitive advantage and market traction.

GROWTH STRATEGY
Present a realistic growth plan with measurable milestones and value creation drivers.

FUNDRAISING PROCESS

01 PREPARATION
Build a strong foundation with clear financials, strategy, and investment materials.

02 INVESTOR OUTREACH
Identify and engage with the right investors through targeted outreach and introductions.

03 DUE DILIGENCE
Respond to investor inquiries and provide the information needed to build trust.

04 CLOSING
Negotiate terms, finalize agreements, and secure the capital to support your growth.

TIPS FOR SUCCESS

- Start early and give yourself enough time to prepare.
- Be transparent and communicate clearly with investors.
- Focus on your value drivers and long-term potential.
- Build a strong management team and governance framework.

COMMON PITFALLS TO AVOID

INCOMPLETE INFORMATION
Missing or inconsistent data undermines investor confidence.

UNREALISTIC VALUATIONS
Overvaluation can lead to prolonged negotiations or deal failure.

WEAK GOVERNANCE
Poor governance raises concerns about risk and accountability.

POOR COMMUNICATION
Lack of clarity or slow responses can damage investor trust.

INVESTOR MISMATCH
The wrong investor can create misalignment and future challenges.

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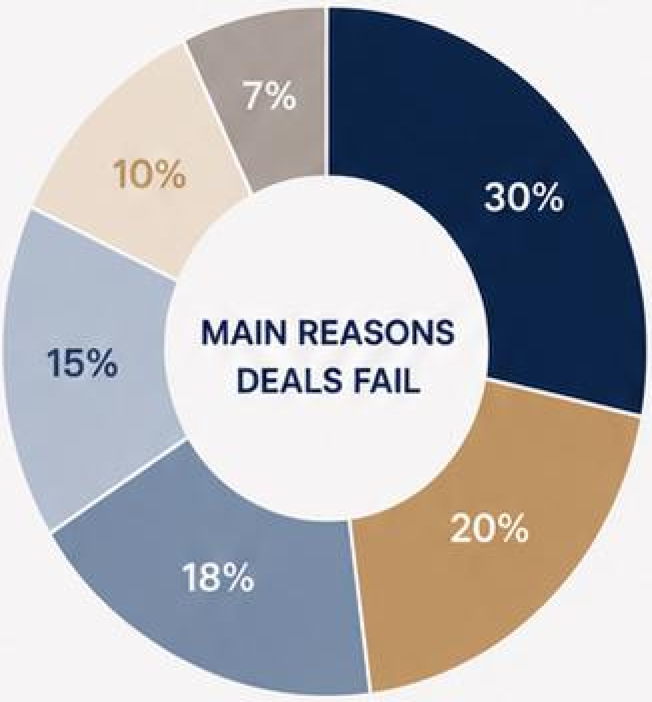
Common Reasons Deals Fail

Even strong companies with promising opportunities can struggle to close a deal. Understanding the most common reasons deals fail can help businesses avoid costly mistakes and improve their chances of success.

Investors are looking for conviction, clarity, and confidence. Any gaps in these areas can create red flags that halt the process.

DEAL FAILURE FACTORS



POOR FINANCIAL RECORDS
Inaccurate, incomplete, or inconsistent financials raise doubts and reduce trust.

UNREALISTIC VALUATION
Valuations that are not supported by performance or market reality.

WEAK GOVERNANCE
Lack of transparency, controls, or experienced leadership.

LACK OF INVESTOR FIT
Misalignment in strategy, sector focus, or expectations.

UNCLEAR GROWTH STRATEGY
No clear plan for scaling or creating long-term value.

EXTERNAL FACTORS
Market volatility, regulatory issues, or geopolitical risks.

RED FLAGS FOR INVESTORS

- Discrepancies in financial statements or explanations.
- Aggressive projections without clear assumptions.
- High key-person risk or lack of succession planning.
- Poor reporting, internal controls, or compliance history.
- Unclear use of funds or value creation plan.

HOW TO IMPROVE YOUR CHANCES

GET YOUR FINANCIALS IN ORDER
Ensure accuracy, consistency, and third-party validation where possible.

SET REALISTIC EXPECTATIONS
Base valuations on data, benchmarks, and comparable transactions.

STRENGTHEN GOVERNANCE
Build a capable leadership team and establish clear governance practices.

FIND THE RIGHT INVESTOR
Target investors whose strategy, values, and timeline align with your goals.

COMMUNICATE EFFECTIVELY
Deliver a clear, compelling, and consistent story throughout the process.

KEY TAKEAWAY
Deals do not fail because of a lack of capital—they fail because of a lack of preparation.
Addressing these issues early can make the difference between a closed deal and a missed opportunity.

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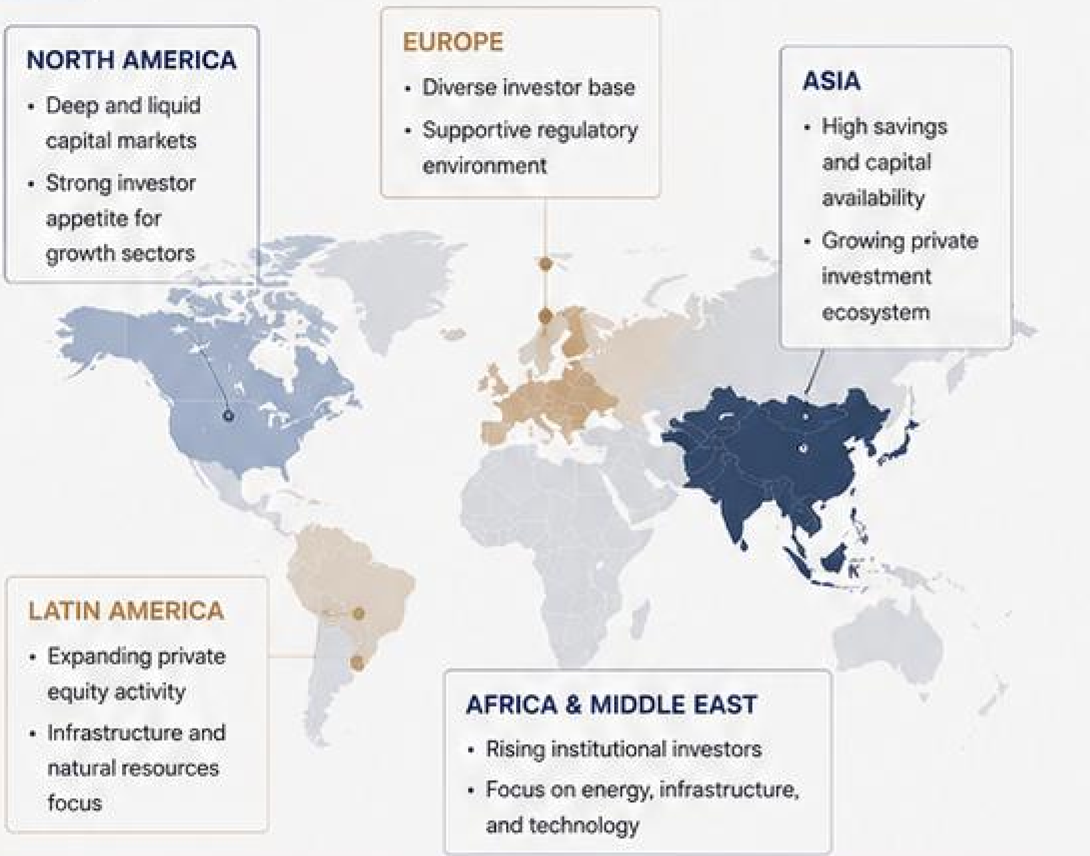
Alternative Sources of Capital

Beyond traditional banks and public markets, companies have more financing options than ever before. Understanding the strengths and limitations of each source can help you build a balanced capital strategy and access the right type of funding for your needs.

The global capital ecosystem is diverse, and the best source for your business depends on your industry, growth stage, location, and long-term objectives.

GLOBAL CAPITAL LANDSCAPE



Capital is global, but access is local. Choose the right source for your strategy.

KEY ALTERNATIVE SOURCES

PRIVATE EQUITY FUNDS
Provide growth or buyout capital and often bring strategic expertise, operational support, and industry networks.

FAMILY OFFICES
Flexible capital with a long-term perspective. Family offices can invest across asset classes and support private opportunities.

STRATEGIC INVESTORS
Corporate or industry players that invest to achieve strategic goals such as market access, innovation, or vertical integration.

DEVELOPMENT FINANCE INSTITUTIONS
Multilateral and bilateral institutions that provide long-term financing and support for projects with economic or social impact.

PRIVATE CREDIT FUNDS
Non-bank lenders offering flexible debt solutions tailored to middle-market companies and special situations.

GROWTH OF ALTERNATIVE CAPITAL

Global Alternative Assets Under Management (USD Trillion)

Source: Preqin Global Report 2024

KEY CONSIDERATIONS WHEN EXPLORING ALTERNATIVES

- Evaluate the total cost of capital, including fees and potential dilution or covenants.
- Ensure alignment with your long-term strategy and control preferences.
- Assess speed, flexibility, and certainty of execution.
- Consider the value-added beyond capital, such as expertise, networks, and operational support.
- Understand regulatory and cross-border implications.

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Valuation Beyond the Numbers

Valuation is both an art and a science. While financial models and multiples provide a starting point, the real value of a company lies in its intangible assets, market position, and future potential.

Investors look beyond the numbers to understand the full picture and assess whether the price reflects the true long-term value.

COMMON VALUATION METHODS

Method	Best For
DISCOUNTED CASH FLOW (DCF) Values a company based on the present value of expected future cash flows.	Best For **Businesses with predictable cash flows**
COMPARABLE COMPANY ANALYSIS Compares key metrics with similar publicly traded companies.	Best For **Companies in mature and transparent markets**
PRECEDENT TRANSACTION ANALYSIS Uses data from similar M&A transactions to determine value.	Best For **M&A and private company transactions**
LBO (LEVERAGED BUYOUT) ANALYSIS Assesses value based on the company's ability to support debt repayment.	Best For **Buyouts and companies with stable cash flows**
REAL OPTIONS VALUATION Values flexibility and growth opportunities as real options.	Best For **High-growth businesses and uncertain environments**

KEY VALUE DRIVERS INVESTORS ASSESS

COMPANY VALUE

REVENUE GROWTH
Sustainable and consistent top-line expansion.

PROFITABILITY
Strong margins and efficient cost management.

MARKET POSITION
Competitive advantage and pricing power in the industry.

MANAGEMENT QUALITY
Experienced leadership with a proven track record.

CAPITAL EFFICIENCY
Effective use of capital to generate high returns.

GROWTH OPPORTUNITIES
Clear pathways for expansion and value creation.

INTANGIBLE ASSETS THAT CREATE VALUE

BRAND STRENGTH
Strong brand drives customer loyalty and pricing power.

INTELLECTUAL PROPERTY
Patents, trademarks, and proprietary technology protect competitive edge.

CUSTOMER RELATIONSHIPS
Long-term relationships ensure recurring revenue.

DATA & ANALYTICS
Data-driven insights create better decisions and opportunities.

CULTURE & TALENT
Strong culture attracts and retains top performers.

VALUATION BEST PRACTICES

- Use multiple valuation methods and cross-check results.
- Stress test assumptions and consider downside scenarios.
- Focus on long-term value, not short-term fluctuations.
- Understand the business model and industry dynamics.
- Align valuation with strategic objectives and risk profile.

> Numbers tell part of the story. Understanding the drivers behind the numbers reveals the true value of a business.

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Financing in Different Life Stages

A company's financing needs evolve over time. Matching the right type of capital to your life stage can accelerate growth, reduce risk, and increase long-term value.

Understanding the goals, challenges, and investor expectations at each stage helps you make smarter financing decisions.

FINANCING BY COMPANY LIFE STAGE

1. SEED / STARTUP	2. EARLY GROWTH	3. EXPANSION	4. MATURITY	5. TRANSFORMATION
Focus: Validate idea, build product, gain traction	**Focus:** Grow revenue, expand customer base	**Focus:** Scale operations, enter new markets	**Focus:** Optimize performance, increase profitability	**Focus:** Pivot, innovate, or restructure
Typical Needs Initial capital for product development, team building, and market validation	**Typical Needs** Working capital, marketing, sales expansion, product enhancements	**Typical Needs** Large-scale investment for capacity, acquisitions, and international growth	**Typical Needs** Refinancing, operational efficiency, shareholder returns	**Typical Needs** Restructuring, cpatital, R&D investment, new business models
Best Financing Options • Angel investors • Seed funds • Convertible notes • Grants / accelerators	**Best Financing Options** • Venture capital (Series A/B) • Revenue-based financing • Bank facilities • Strategic partnerships	**Best Financing Options** • Private equity • Growth loans • Mezzanine financing • Corporate partnerships	**Best Financing Options** • Senior debt • Dividend recapitalization • Share buybacks • Strategic investments	**Best Financing Options** • Turnaround financing • Venture debt • Strategic investors • Government programs
Key Considerations Speed, flexibility, founder-friendly terms	**Key Considerations** Balance growth and ownership dilution	**Key Considerations** Capital efficiency, execution capability	**Key Considerations** Risk management, return on capital	**Key Considerations** Flexibility, adaptability, long-term vision

DEBT vs EQUITY: IMPACT ON YOUR BUSINESS

DEBT FINANCING		EQUITY FINANCING
Retain full ownership	OWNERSHIP	Share ownership with investors
Fixed repayment obligations	CASH FLOW	No fixed repayment obligations
Lower cost if cash flows are stable	COST	Higher cost due to equity premium
Lower risk of dilution	CONTROL	Shared decision-making and control
Limited by collateral and repayment capacity	FLEXIBILITY	More flexibility in use of proceeds

KEY QUESTIONS TO ASK BEFORE DECIDING

- What are our short-term needs and long-term goals?
- How will this financing support our growth strategy?
- What level of risk and dilution are we comfortable with?
- Can we meet debt repayment obligations under different scenarios?
- Do we have the right partners to support our next phase?
- Is this financing aligned with our future exit strategy?

The right financing is not just about raising capital—it's about building the right foundation for sustainable growth and long-term value creation.

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M&A: Creating Long-Term Value

Mergers and acquisitions can be powerful catalysts for growth when aligned with a clear strategy and executed with discipline.

The real value comes not just from the deal itself, but from effective integration, synergy realization, and sustainable post-deal performance.

WHY COMPANIES PURSUE M&A

GROWTH ACCELERATION
Enter new markets, expand customer base, and achieve scale faster.

CAPABILITY ENHANCEMENT
Acquire new technologies, products, or expertise.

SYNERGY REALIZATION
Improve operational efficiency and reduce costs.

RISK DIVERSIFICATION
Balance portfolio and reduce exposure to market volatility.

TALENT ACQUISITION
Attract and retain top talent to strengthen leadership and innovation.

KEY M&A SUCCESS FACTORS

CLEAR STRATEGY
Define clear strategic rationale and measurable objectives.

THOROUGH DUE DILIGENCE
Assess financials, operations, risks, and cultural fit comprehensively.

DISCIPLINED EXECUTION
Follow a structured process from target screening to closing.

PEOPLE & CULTURE ALIGNMENT
Align values and engage employees at all levels from the start.

INTEGRATION EXCELLENCE
Plan integration early and focus on realizing synergies.

STRONG LEADERSHIP
Ensure committed leadership and governance throughout the deal lifecycle.

M&A VALUE CREATION FRAMEWORK

01 STRATEGIC FIT → Identify opportunities that align with long-term goals and capabilities.

02 DUE DILIGENCE → Evaluate target thoroughly to assess value and risks.

03 DEAL STRUCTURING → Design the right deal structure to balance value, risk, and flexibility.

04 NEGOTIATION & CLOSING → Negotiate terms that create value for all stakeholders.

05 INTEGRATION → Execute integration plan and align processes, systems, and people.

06 VALUE REALIZATION Track performance, measure synergies, and drive continuous improvement.

SELECT M&A SUCCESS STORIES

Apple & Beats (2014)	Strengthened market position in audio and streaming, expanded user base, and accelerated innovation.	**Outcome** Strong brand synergy and significant revenue growth.
Microsoft & LinkedIn (2016)	Enhanced professional cloud ecosystem and customer reach.	**Outcome** Increased engagement and cross-selling opportunities.
Disney & Pixar (2006)	Combined creative strengths to deliver long-term box office success.	**Outcome** Sustained growth and multiple award-winning franchises.

M&A CHECKLIST FOR LEADERS

- Is the strategic rationale clear and compelling?
- Have we identified the right targets?
- Have we conducted comprehensive due diligence?
- Is the deal structure aligned with our objectives?
- Do we have a robust integration plan?
- Are key stakeholders engaged and aligned?
- How will we measure and track success?

> Successful M&A is not about getting bigger—it's about getting better, faster, and more prepared for the future.

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Our Perspective

Building Enduring Value in a Complex World

Capital is more than a resource—it is a catalyst for transformation. At CRUZ, we believe that sustainable success comes from aligning capital with strategy, executing with discipline, and creating long-term value for all stakeholders.

In today's environment, the winners are those who prepare thoroughly, act decisively, and build trusted partnerships that stand the test of time.

CRUZ PERSPECTIVE: WHAT DRIVES SUCCESS

CLARITY OF DIRECTION

A clear strategy and well-defined objectives are the foundation of every successful capital initiative.

INVESTOR CENTRICITY

Understanding investor priorities and building trust is essential to attracting the right partners.

DISCIPLINED EXECUTION

From preparation to closing, discipline in process and communication drives better outcomes.

VALUE CREATION

Focus on long-term value creation through operational excellence, strategic integration, and innovation.

STRONG PARTNERSHIPS

Enduring relationships built on integrity, transparency, and shared goals create sustainable success.

HOW CRUZ CAN HELP

We partner with entrepreneurs, management teams, and investors to unlock opportunities and achieve exceptional results.

CAPITAL ADVISORY

- Capital strategy and financing roadmap
- Investor identification and outreach
- Pitch preparation and materials
- Terms negotiation and structuring

M&A ADVISORY

- Buy-side and sell-side advisory
- Target screening and valuation
- Due diligence coordination
- Deal structuring and integration support

CORPORATE STRATEGY

- Growth strategy and market entry
- Business model optimization
- Operational improvement and value enhancement
- Strategic partnerships and alliances

INVESTOR ACCESS

- Access to global investor network
- Roadshows and investor meetings
- Ongoing investor relations support
- Long-term relationship building

> The capital markets reward preparation, clarity, and trust. Our mission is to help our clients navigate complexity and build lasting value.

GLOBAL PERSPECTIVE
Deep understanding of global markets and local dynamics.

INDEPENDENT ADVICE
Objective, independent advice aligned with your best interests.

CLIENT FOCUS
Tailored solutions built around your unique needs.

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About CRUZ

CRUZ is an independent capital advisory and strategic consulting firm. We partner with ambitious companies, investors, and institutions to unlock opportunities, raise capital, and create long-term value.

Our mission is simple: to deliver objective advice, strategic insight, and trusted execution in an increasingly complex and interconnected world.

Capital. Strategy. Growth.

WHAT WE DO

CAPITAL ADVISORY

We help companies design and execute capital strategies, identify the right investors, and structure financing solutions that support sustainable growth and value creation.

M&A ADVISORY

We provide end-to-end M&A advice, including buy-side and sell-side mandates, valuation, due diligence, deal structuring, and post-deal integration support.

CORPORATE STRATEGY

We work with management teams to define strategy, optimize operations, enter new markets, and build competitive advantage in a rapidly evolving landscape.

WHO WE WORK WITH

- PRIVATE COMPANIES
- ENTREPRENEURS
- INVESTORS & FUNDS
- FAMILY OFFICES
- INSTITUTIONS

LET'S BUILD WHAT'S NEXT

Whether you are raising capital, exploring strategic options, or planning for the future, we are here to help you take the next step with confidence.

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