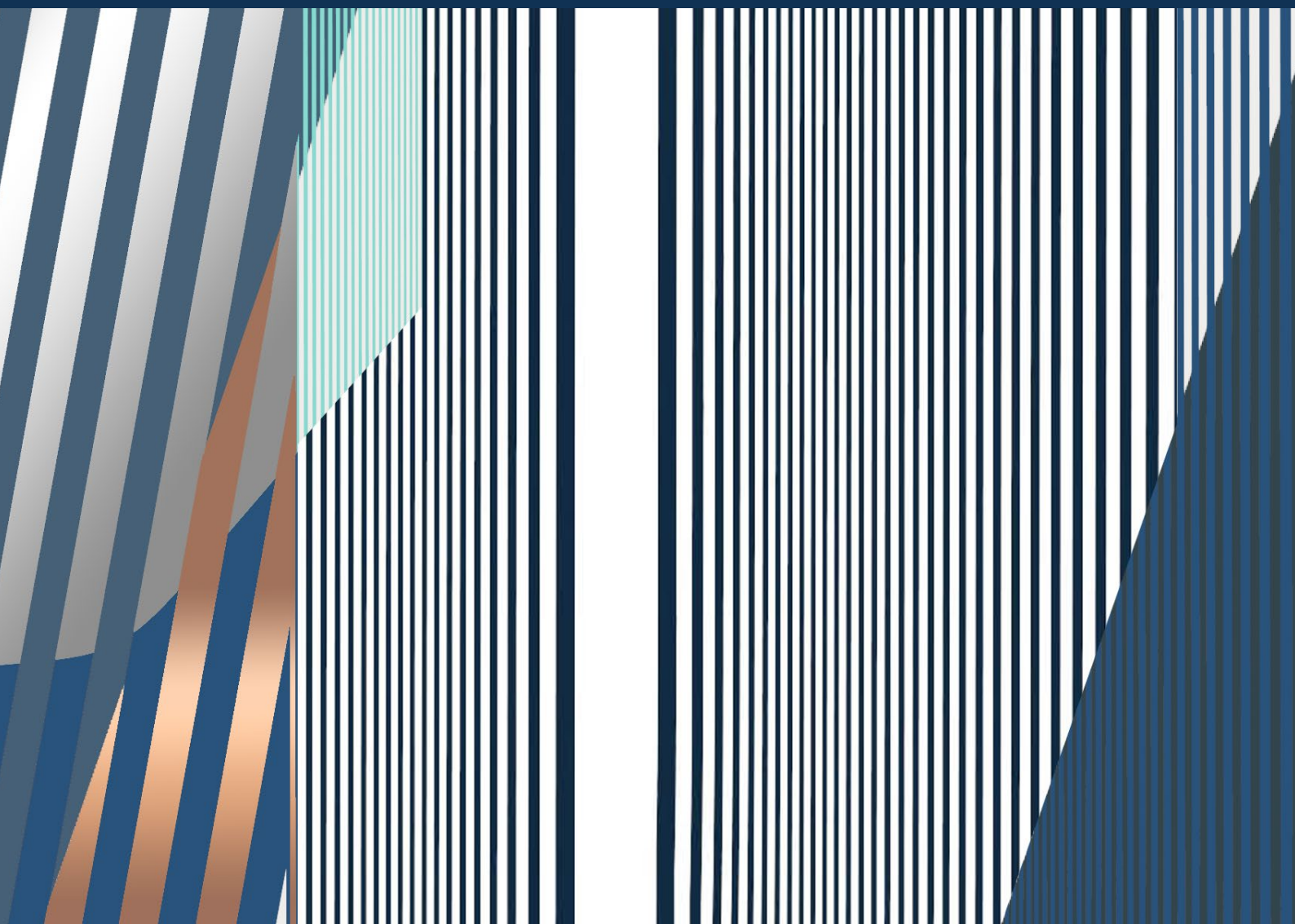


BZ GUIDE TO ASSET-BASED LENDING

A WHITE PAPER BY BZ

Specialists in structured asset-based lending and cashflow facilities.

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BZ GUIDE TO ASSET-BASED LENDING

INTRODUCTION FROM PETER JAFFE, CHIEF EXECUTIVE OFFICER, BZ



Peter Jaffe
Chief Executive Officer, BZ

I am pleased to introduce BZ's Guide to Asset-Based Lending (ABL) at a pivotal time for mid-market businesses worldwide. In today's turbulent market, characterised by uncertainty and rising costs, companies require funding partners who truly understand their challenges and opportunities, with the ability to act swiftly and decisively to structure solutions that meet their constantly changing requirements.

In the face of increasing regulation, UK and European banks have placed a greater emphasis on client selection and return requirements. The resulting funding gap has led to asset-based lending emerging as a financing cornerstone for mid-market and large-cap corporates. No longer viewed as just an alternative funding option, ABL is widely considered a mainstream funding solution for companies pursuing strategic growth and transformation. This view is supported by some of the world's leading private equity sponsors who increasingly turn to ABL when seeking flexible debt solutions.

As part of Davidson Kempner Capital Management, a global investment firm with \$37bn+ of assets under management, BZ brings strength and stability to every transaction. This, combined with the expertise of our experienced ABL team, enables us to structure sophisticated financing solutions that address the complex needs of modern businesses.

BZ stands apart through its unique combination of capabilities: substantial financial resources, and proven ability to structure large complex, multi-jurisdictional facilities. With £5 billion in total advances to date and the capacity to underwrite and hold positions from £20 million to £150 million, we have demonstrated our commitment to supporting businesses across sectors and jurisdictions.

Our approach is fundamentally relationship-driven. We believe that understanding our clients' businesses and objectives is essential to delivering solutions that create lasting value. Our team's deep sector expertise enables us to provide both the certainty of execution and creative solutions that companies and the broader economy require to grow and thrive. We offer both revolving credit facilities and term loans, together with additional cash flow lending – providing a true one-stop solution for our clients.

BZ's ability to provide cash flow tranches as part of the overall capital solution, which includes the ABL facilities, is a key differentiator in the market and provides a compelling alternative to pure leverage structures. ABL is the cornerstone of our offering. This guide explains how ABL can support your objectives – whether you are new to ABL or considering how it could fund your strategic objectives. Inside you will find practical examples of how BZ's solutions have helped businesses achieve their ambitions.

We look forward to exploring how we can support your business in 2025 and beyond.

KEY TAKE-AWAYS

Asset-based lending has transformed from a niche financing option to emerge as a mainstream strategic funding solution for businesses seeking growth and flexibility. This guide provides a comprehensive overview of how BZ delivers innovative financial solutions across diverse business scenarios.

Key advantages of asset-based lending include:

- Scalable funding directly linked to asset values
- Flexible borrowing through dynamic revolving facilities
- Comprehensive support for critical business transitions
- Enhanced working capital management
- Reduced dependency on traditional financial covenants
- Ability to support complex business needs across multiple sectors and jurisdictions

BZ distinguishes itself through a market-leading approach characterised by:

- Sophisticated hybrid solutions blending asset-based and cash flow facilities
- Sector-agnostic lending capabilities that transcend traditional market limitations
- Substantial £150 million single-hold capacity
- Multi-jurisdictional expertise
- Ability to provide revolving credit facilities for working capital assets
- Innovative deal structures that simplify complex financing arrangements
- A deep understanding of individual business dynamics and growth strategies

BZ's relationship-driven strategy offers unparalleled client support, underpinned by:

- A dedicated UK-based Operations team
- Personalised approach to understanding each client's unique financial requirements
- Proactive human support throughout the financing lifecycle from an experienced team

BZ's approach goes beyond traditional lending, offering businesses a dynamic financial partnership that adapts to their evolving needs and ambitions. BZ provides asset-based lending as a strategic method for enabling both organic business growth and event-driven acquisitions.

INTRODUCTION TO ASSET-BASED LENDING (ABL)

WHAT IS ASSET-BASED LENDING AND HOW DOES IT WORK?

Asset-based lending provides flexible revolving funding facilities secured against a mix of working capital assets as well as term debt facilities against fixed assets:

- Accounts receivable
- Inventory
- Plant & machinery
- Real estate

At BZ, ABL forms the foundation of our facilities which we can also combine with cash flow term loans to maximise the level of funding that businesses and their shareholders can access. This creates additional liquidity for acquisitions or capital expenditure and/or optimal headroom in transactions, thus delivering certainty.

The amount you can borrow is directly tied to the value of these assets and the financial performance of the business, with BZ's comprehensive facilities ranging from £20m to £150m.



IN WHAT SCENARIOS CAN ABL BE USED?

ABL supports a wide range of financing needs for businesses at different stages and with varying objectives:

Acquisitions & Growth

- Acquisition finance
- Growth capital for new markets, product lines or working capital
- Capital expenditure programmes

Event-Driven Corporate Transitions

- Management buyouts (MBOs)
- Corporate carve-outs
- Shareholder restructuring and exits

Financial Restructuring

- Refinancing existing facilities
- Debt consolidation
- Balance sheet optimisation

Special Situations

- Turnaround support
- Seasonal working capital needs



THE EVOLUTION OF ABL

PRICING

Businesses can access a range of pricing options across the market, spanning traditional clearing banks to specialised asset-based lenders. However, funding availability and pricing are primarily driven by both the quantum and flexibility delivered. While ABL was traditionally perceived as a product for turnaround situations, its scope has expanded significantly to encompass growth and acquisitions. This is reflected in its competitive price point for the substantial additional value and flexibility it provides. This has positioned asset-based lending as a mainstream, cost-effective funding strategy for ambitious growth-oriented businesses seeking responsive and agile funding solutions.

FACILITY ADMINISTRATION

In return for having a flexible working capital facility that provides efficient borrowing, there are some additional administrative requirements. However, these trade-offs are balanced by greater liquidity and working capital management, with businesses typically seeing improvements in key metrics like Days Payable Outstanding (DPO) and Days Sales Outstanding (DSO).

Tony Wright, CFO of Endless-owned BZ client, ASCO, commented: “We’ve made the cash flow processes more detailed and it’s enhancing the understanding of our business from a cash flow and working capital perspective – that has definitely been a positive that’s come out of the BZ facility.”

LEVERAGE LEVELS

To achieve optimal funding levels, borrowers are increasingly looking for additional cash flow facilities in addition to the financing secured against their assets. BZ is able to provide both of these facilities in a single debt structure including the Revolving Facilities, thus avoiding the requirement to bring two lenders together with an inter-creditor agreement.

In the past 5 years, BZ has underwritten £800m of facilities with a significant portion allocated to cash flow tranches supporting acquisitions, delivering headroom, and funding growth.

CREATIVE, TAILORED FUNDING SOLUTIONS

BZ’s asset-based lending team has extensive experience in creating flexible, tailored structures that align with each business’s specific needs, moving beyond rigid, standardised credit policies. This bespoke approach ensures that facilities are optimised for each client’s unique circumstances.

- Our dedicated UK-based Operations team manages the day-to-day operations of the facility, providing consistent, personalised support through a single point of contact
- Support starts before the facility commences with our onboarding process and continues throughout the relationship
- Our Operations team has extensive experience guiding first-time ABL users through the process
- With industry-leading low client-to-portfolio manager ratios, we deliver rapid response times and maintain a deep understanding of each client’s unique business needs.

Frank Doorenbosch, CEO of publicly listed Carclo plc, explained: “Working with BZ was very positive. They were always willing to support our business. I think it’s one of those relationships where both parties will benefit. BZ’s team was very practical, with seasoned professionals who understand what is achievable in reality, not just theoretical practice. There weren’t any major issues, but you could see how they handled the small ones – very practically. As a company, we have a very entrepreneurial spirit, and that feels very much the same with BZ. It’s good when cultures align. The numbers need to align too, but the cultural fit is much more important for us. That’s why we talk about partnering with BZ, they aren’t our new lender, they are our new lending partner.”

REAL-TIME FINANCIAL INSIGHTS

Our online platform provides clients with direct access to their facilities, delivering live data that offers complete transparency and control. This technology is particularly valuable for working capital facilities with frequent daily cash movements, enabling businesses to monitor and manage their facility in real-time, supporting informed decision-making.

MULTI-JURISDICTIONAL & MULTI-CURRENCY FUNDING CAPABILITY

Our ability to provide funding across multiple jurisdictions – including North America, Europe and Australia – sets us apart. For international borrowers, having a single lender who can leverage balance sheets across countries simplifies both administrative and legal security arrangements. This streamlined approach also enables central treasury teams to maintain clear oversight of the Group’s liquidity position.



“BZ’s commitment to providing clients with a personalised and knowledgeable service is a key point of difference in the market. We take the time to understand each business, allowing us to tailor funding solutions to their individual requirements. This partnership approach continues throughout our relationship, as we support clients through their challenges and opportunities. This deep client-centric focus enables us to provide bespoke support when needed.”

Jeremy Stagg, Director: Head of Portfolio and Operations

“As Operations Director of BZ, with over 30 years in the ABL industry, I lead an exceptional team of experienced operations professionals. We guide clients smoothly from initial discussions and credit approval, through to the onboarding process and day-to-day relationship management. For those new to ABL, we provide comprehensive support to help them understand the product. We pride ourselves on offering a personalised service where the client is central to everything we do and aim to make the transition to BZ seamless and stress-free.”

Lorraine Taylor, Director: Operations

MARKET-LEADING RESPONSIVENESS AND ONGOING ALIGNMENT TO THE CLIENT

Our commitment to client success is reflected in our approach to portfolio management. By allowing clients to access decision-makers and maintaining very low client-to-portfolio manager ratios, we can provide market-leading responsiveness, personalised attention and proactive support.

This approach sets us apart from traditional financial institutions, allowing our experienced managers to provide swift, nuanced responses to complex situations and deliver adaptive, forward-thinking support. When this is combined with ABL's natural ability to fund working capital cycles through its revolving facilities, it creates an especially well aligned debt solution.



CARCLO PLC

BZ completed a £36 million multi-jurisdictional ABL and cash flow transaction for Carclo plc, a market-leading manufacturing partner for life science and precision technology. The new facilities provide a stable financial platform for the company to execute its growth plan while underpinning an additional £5.1 million contribution to the company's defined benefit pension scheme. The funding package comprised £9m of revolving facilities against accounts receivable and inventory, £13m of term loans against plant and machinery and real estate and a £14m cash flow term loan. The multi-currency structure, funding UK and US entities provides flexibility to support ongoing working capital and CAPEX investment.

Frank Doorenbosch, Chief Executive Officer, Carclo plc, commented:
"BZ gives us the flexibility to scale funding up and down as needed. That's why we see them as a partner rather than just a lender. They take a genuine interest in our business, providing another pair of eyes with valuable experience in working with other companies. With BZ, we have the additional capital when we need it for opportunities that arise. You need both a flexible organisation and a flexible funding partner – that's exactly what we have with BZ."

SECTOR AND ASSET-AGNOSTIC LENDING

While ABL provides funding against a mix of assets, most ABL lenders focus primarily on accounts receivable. At BZ, our track record demonstrates our versatility and commitment to unlocking value across diverse industries and asset types.

This approach demonstrates our core strength. Rather than applying rigid traditional one-size-fits-all credit policies, BZ takes a holistic view, carefully evaluating each client's unique circumstances and potential. This has allowed us to fund assets ranging from commodities to furniture, stationery to helicopters and warehouses to sea ports.



ASCO

BZ structured an £80 million ABL facility in support of Endless LLP's acquisition of ASCO. This multi-jurisdictional facility comprised receivables, property, and a cash flow loan in the UK, Norway, and Canada. Established for over 50 years, ASCO is a leading materials management and logistics company in the global energy industry. Following the acquisition by Endless, ASCO is focused on growth opportunities in the UK and overseas as well as exciting prospects in renewable energy. BZ's facilities will support continued growth. The facilities include a term loan secured against a port located in the North Sea. While many lenders would consider this asset 'outside of policy', BZ worked with the company to understand the real value of the asset and structured the facility accordingly.

Tony Wright, CFO of ASCO said: "This transaction is a transformative step forward for ASCO, significantly strengthening our balance sheet. It enables the Group to accelerate our growth strategy and capitalise on the numerous opportunities we see in both current and future markets. We look forward to our partnership with BZ helping us achieve our growth aspirations across the entire energy industry."

SCALABLE FUNDING AND PLATFORM LENDING STRUCTURES

Asset-based lending directly links funding to the company's balance sheet assets and can scale at the pace of business growth. BZ specialises in creating lending structures that support clients' buy-and-build strategies, complemented by our substantial £150m single-hold capability. This approach ensures that as our clients' asset bases expand – either organically or by acquisitions – their funding can adapt seamlessly, providing the financial flexibility critical for ambitious, growth-oriented businesses.



AMIUS

BZ structured and delivered a \$70 million growth funding facility for Amius, a leading provider of over-the-counter (OTC) risk management solutions. The innovative funding package featured a bespoke receivables facility and included a \$20 million accordion to allow for future growth. The transaction provided capital for Amius to embark on its next phase of expansion by supporting the group's liquidity.

Matthias Bormann, CFO of Amius commented: "It was very important for us to select a partner who would support our growth and help us deliver on our ambitious goals. BZ took a pragmatic approach in structuring the facility and focused on reaching a solution that worked for both parties. With this facility in place, we can now look to the future with confidence — continuing our geographic expansion and growing our client base."

FLEXIBLE FUNDING PARTNERS, SUPPORTING CHANGE

Unlike traditional forms of lending, ABL focuses on the quality and value of your assets rather than exclusively on cash flow or historical trading performance. This inherent flexibility makes it an attractive option for growing businesses looking to invest, undergoing change, or seeking greater levels of working capital.

Because ABL is tied to the value and quality of a business's assets, it offers more certainty regarding funding levels than leverage structures based on cash flow or profit projections. This asset-driven approach means that as long as the underlying assets hold their value, funding remains predictable and is less affected by trading or earnings volatility. This is especially helpful for companies experiencing rapid growth or unpredictable trading, where traditional cash flow lending may tighten or become unavailable. By comparison, ABL facilities can expand in line with asset growth. When combined with cash flow loans, businesses can further increase their borrowing capacity and create more headroom in their working capital - supporting larger growth or transformation plans.



HIGHLAND SPRING

Previous Financing

BZ structured and delivered an innovative £54m facility for Highland Spring in 2021, including a £28m cash flow loan. This landmark deal, which involved funding against non-standard land assets (specifically natural springs) highlighted BZ's innovative approach to funding. BZ did not apply a 'one size fits all' solution, but tailored facilities to the client's individual circumstances. The Highland Spring facility created significant headroom to address further investments in the business, from growing the brand and expanding the product portfolio to supporting the group's continuing decarbonisation journey.

Simon Oldham, Managing Director, Highland Spring, stated: "We knew we weren't looking for a standard banking package linked to traditional facilities, but it was difficult to know what "good" was going to look like, until somebody came to us with something different. The team at BZ looked at the investment plans of the business and matched their facilities to the profile that we would need in the future. They were supportive, straightforward and pragmatic to work with as a lending partner at the time and succeeded in delivering the innovative deal structure we needed to achieve our plans."

REVOLVING FACILITIES FOR EFFICIENT WORKING CAPITAL MANAGEMENT

Unlike traditional leverage loans, ABL facilities provide revolving facilities against balance sheet assets. This is particularly beneficial for working capital intensive businesses and allows companies to only borrow what they need when they need it, reducing interest costs compared to a term loan.

Frank Doorenbosch, CEO of Carclo plc, noted: “What I find most valuable is the flexibility to scale up and down. With a traditional bank, you’ve got a certain number, and that’s it. You pay down and the money is gone forever. With asset-based lending, while you still have to pay down, if you need funding for a certain project, there are ways to get it. That flexibility in funding is what businesses need. Opportunities don’t arise when you plan for them – they often come up unexpectedly, sometimes simultaneously. You need that flexibility to react. You need not only a flexible and agile organisation but also a flexible and agile funding partner.”



CHC HELICOPTER

BZ completed a flexible \$67 million working capital facility for CHC, a leading global operator in helicopter services. To meet CHC’s requirements, BZ structured a blend of revolving facilities secured against CHC’s valuable aircraft and receivables assets. The multi-jurisdictional facility included assets in the UK, Ireland, Netherlands, Norway, Australia, Brazil and the Cayman Islands. This substantial, bespoke funding line from BZ drives CHC’s expansion to meet increasing market demand for offshore transportation, search and rescue, and emergency medical services.

Tom Burke, CEO at CHC Helicopter, said:

“BZ’s flexibility and creativity in structuring this financing facility has further strengthened CHC’s balance sheet allowing us to continue to grow and expand into new services and markets.”

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