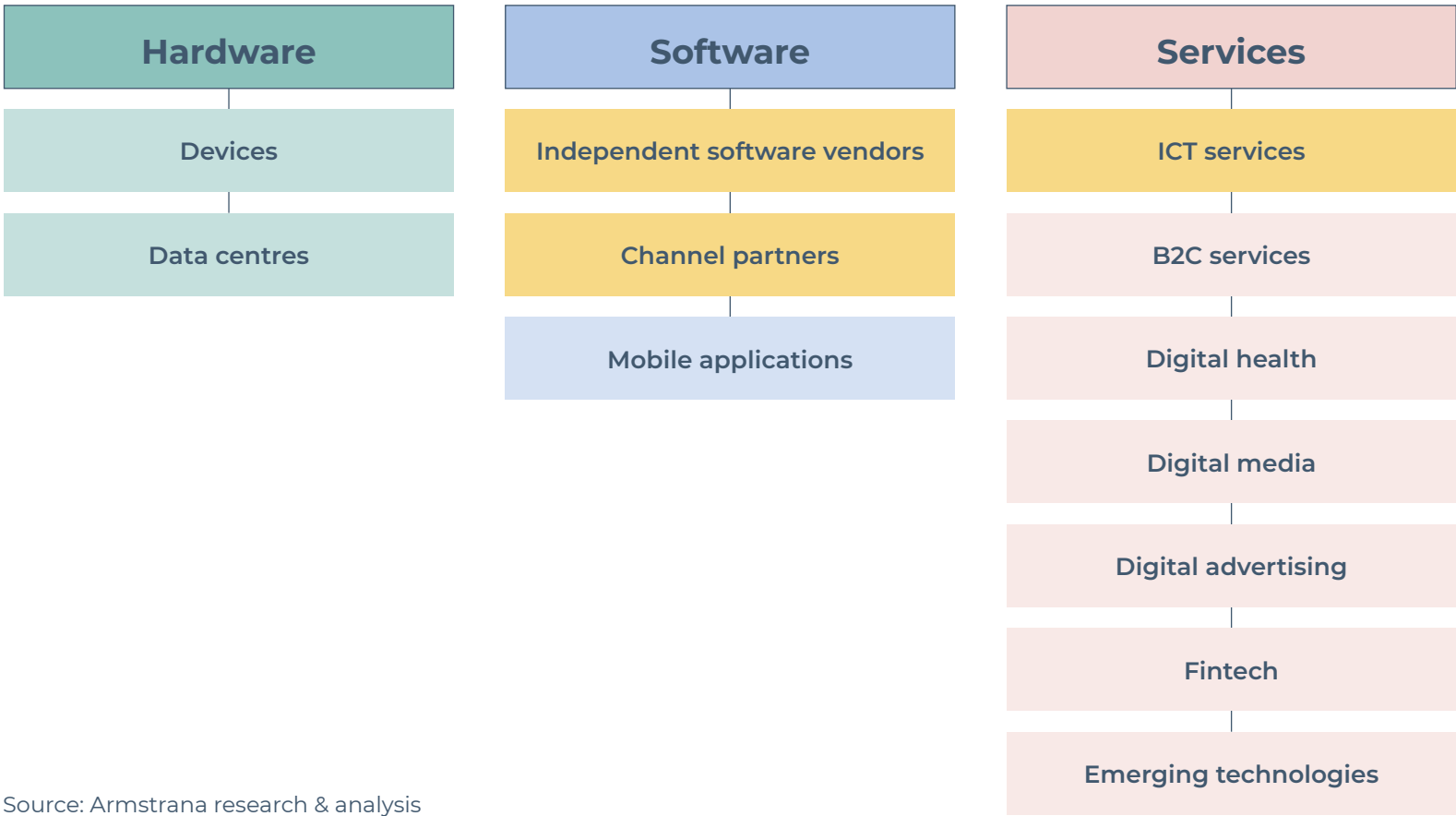


BESPOKE FUNDING  
FOR MID-SIZED  
TECHNOLOGY BUSINESSES



UK TECHNOLOGY MID MARKET LANDSCAPE

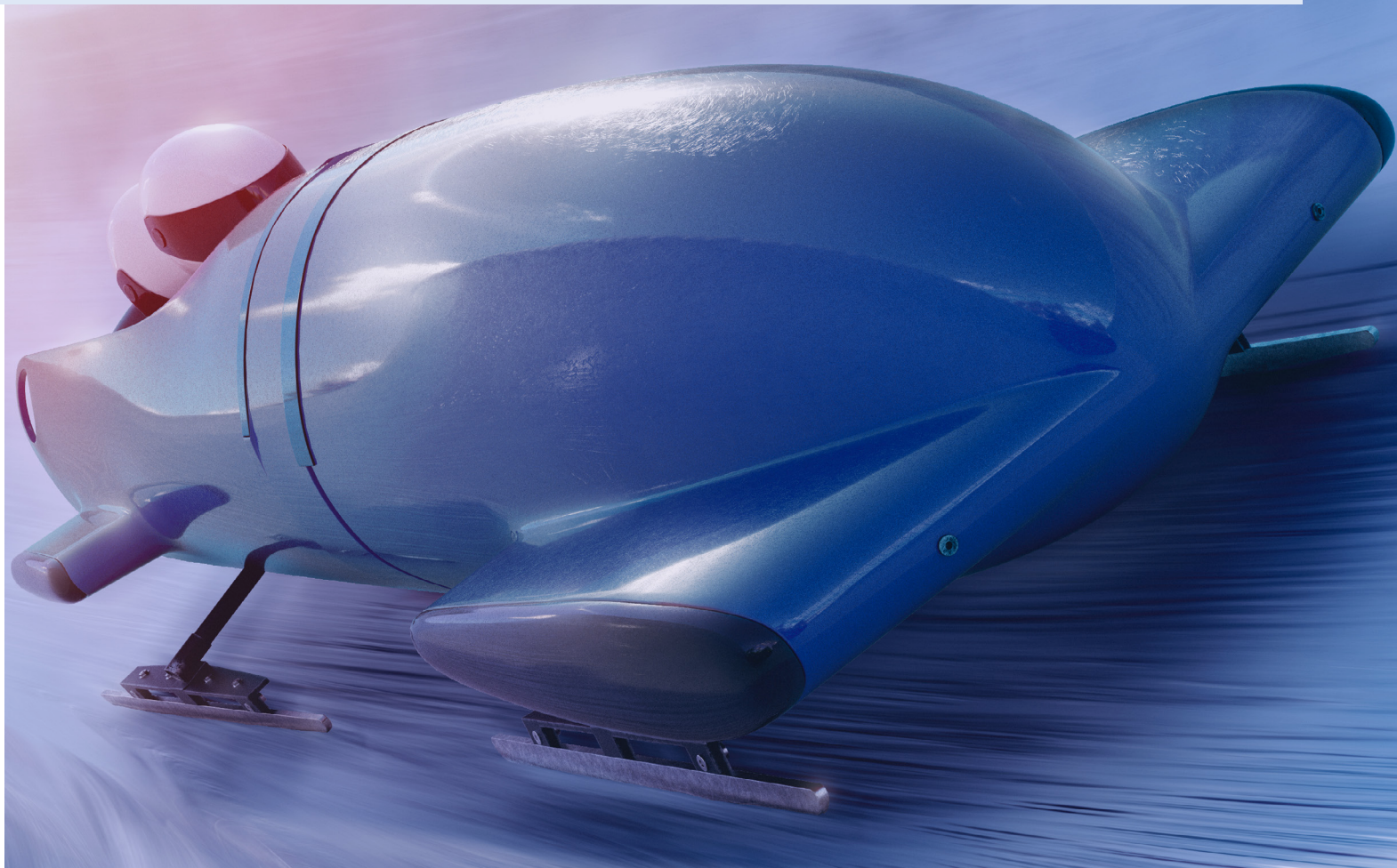


Source: Armstrana research & analysis

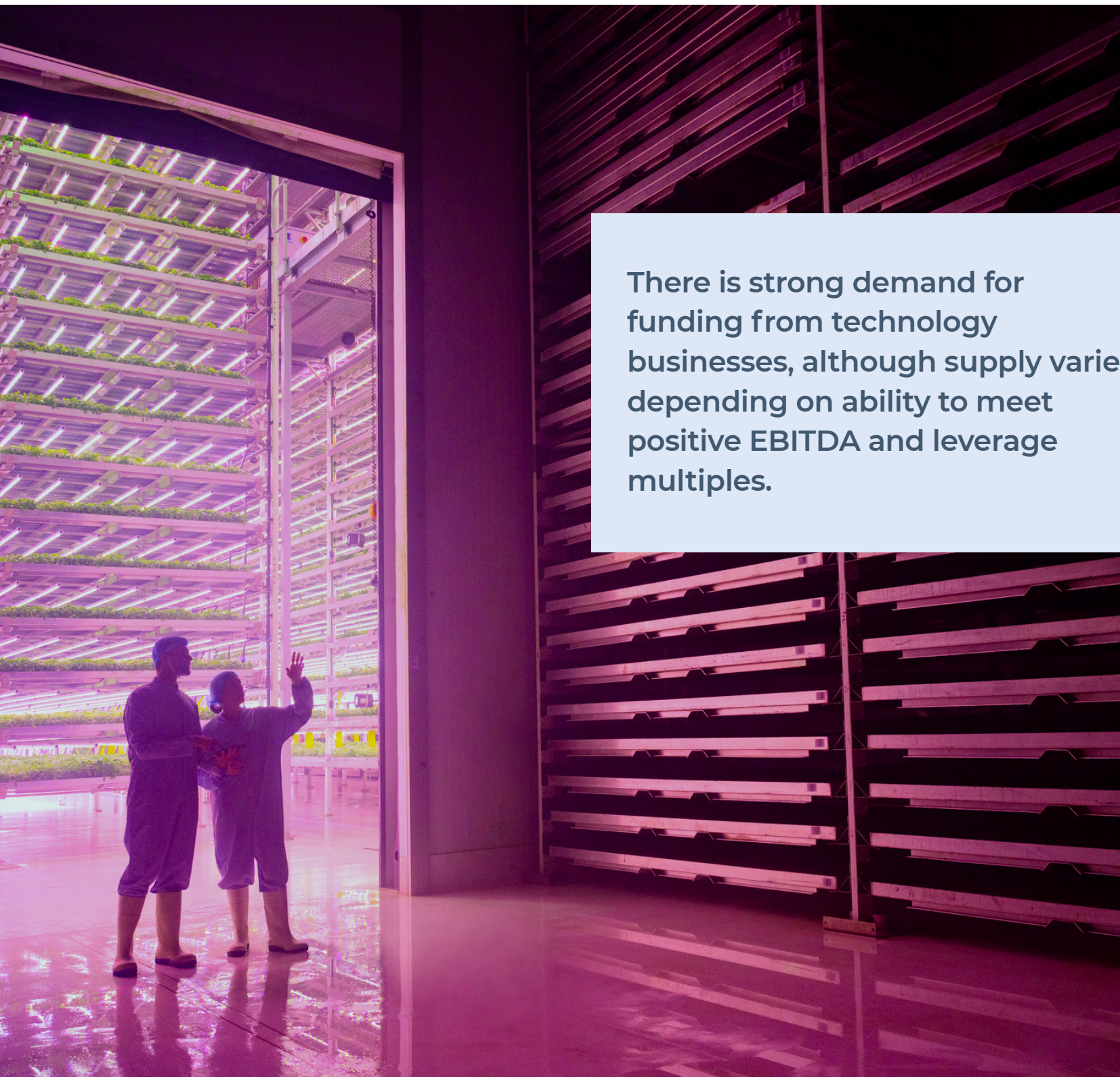


As a sector agnostic lender, ThinCats assesses businesses based on their individual merits rather than the sector in which they operate. So far we have provided more than £100m in funding to technology businesses primarily to those operating in the 3 subsectors highlighted.

Not only are there more businesses in these subsectors, but they typically demonstrate high growth rates, high margin profiles and good quality of earnings.







There is strong demand for funding from technology businesses, although supply varies depending on ability to meet positive EBITDA and leverage multiples.

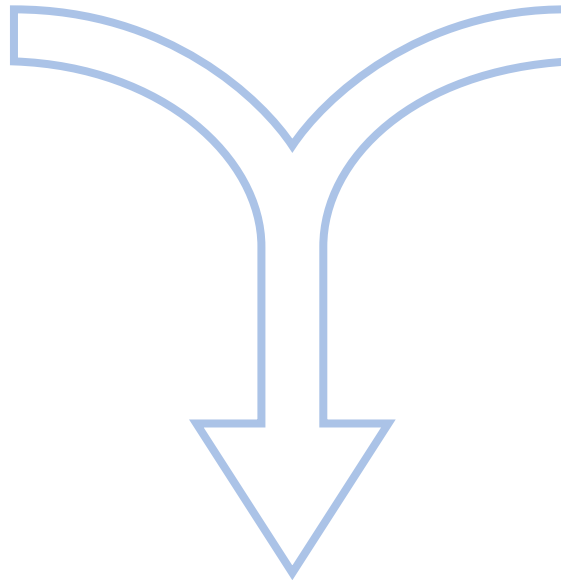
# TECHNOLOGY SECTOR FUNDING DYNAMICS

## Funding Demand

- Funding & Growth finance from established businesses
- Earlier stage looking for growth capital without equity dilution
- Cash flow lending most prominent
- Bullet & Covenant flexibility critical
- Warrant structure acceptable for negative EBITDA businesses with credible growth

## Funding Supply

- Fragmented competitive environment
- Banks focus on EBITDA positive businesses needing <2.0 leverage
- Venture debt available based on APR but require warrants and returns >12%
- Limited funding for marginally profitable businesses with strong growth and recurring revenue
- PE sponsors & specialists debt advisors core route to market



**ThinCats' focus on flexible, cash flow structure to support M&A and growth finance make it well placed to meet the needs of EBITDA positive technology businesses**





## TAILOR MADE DEBT FOR THE TECHNOLOGY SECTOR

ThinCats is a leading alternative finance provider that is firmly established within the corporate finance advisory market as a go-to source of funding for mid-sized UK businesses. We specialise in providing debt finance for acquisitions, growth capital and refinancing.

As a predominantly cashflow lender we are particularly well-matched to the technology sector where many fast growing, asset light businesses often struggle to source finance from the high street banks.

To serve the needs of technology businesses we have established a team of credit and origination specialists with specific expertise in creating debt structures in the technology sector.





## ATTUNED TO THE NEEDS OF TECHNOLOGY BUSINESSES

**Speed** From initial enquiry through to drawdown we aim to complete most transactions within 4-6 weeks

**Certainty** We provide certainty to our borrowers by empowering our technology credit specialist to make lending recommendations and by providing transparency throughout the process. All backed up with readily available and substantive funding.

**Flexibility** By building in interest only payment periods and using our committed facilities option, we can create payment and drawdown structures to accurately match the expected cashflow requirements of the borrower. We can also be flexible with covenants to align with planned EBITDA and liquidity performance.

**Alignment** Our own capital is at risk so we seek to support borrowers through good and challenging times.



A man and a woman are looking at a computer screen. The man is wearing a blue sweater and the woman is wearing a blue top. They are both looking intently at the screen.

## CASE STUDY

# CROFT

COMMUNICATIONS

ThinCats helped unified communications business Croft Communications achieve phenomenal growth through an ambitious buy and build strategy designed to broaden its sector expertise and expand its service offering.

The Hertfordshire-based business, accredited on the UK Government's Crown Commercial Service Framework, delivers next-generation technology and managed services, streamlining communications for organisations across a number of commercial sectors. It offers a one-stop-shop for its customers, from super-fast broadband to business phones and hosted telephony, supporting an impressive portfolio of clients including

***"With each acquisition, we are enhancing and diversifying our offering"***

**Mark Bramley**  
CEO  
GRANTCROFT

Hilton Hotel, Ikea, Transport for London, and NSPCC.

Following a successful MBO in 2019, shareholders Ben Page (Founder), Mark Bramley (CEO) and Phil Waters (CFO) sought to take advantage of a highly fragmented market and implement a growth plan primarily centred around



## OVER £20 MILLION+ FUNDING

## ACROSS 11 ACQUISITIONS ACROSS 3 YEARS

strategic acquisition. Since then, the company has successfully integrated eight smaller businesses, realising cost synergies and enhancing revenue by cross-selling to its acquired companies' client bases.

"With each acquisition, we are enhancing and diversifying our offering," explains **Mark Bramley, CEO**. "In order to expedite the integration of new businesses we implement a 7-point plan to ensure that merged companies and subsidiaries are aligned with the wider group."

Working closely with ThinCats' relationship team, the business has secured a multi-million pound facility to support future acquisitions, which will

focus on IT and cyber security targets.

"The company has so many smaller businesses that they can acquire, and they've knitted these businesses together very well," says **Greg Beamish, ThinCats Head of Credit**.

"Their buy and build strategy is a success because they appreciate the importance of culture, look for synergistic acquisitions and pursue deals where they can see exactly where they can add value in terms of their product suite and the target's. In that way, they can already see incremental revenue from the business combinations."

## CRITERIA & APPETITE - TECHNOLOGY SECTOR

Amount	£1-15m, with follow-on capital available Committed facilities and revolver available
Purpose	Acquisition / Buy-out / Growth Capital / Transitional Capital / Share Capital Clean Up / Refi
Leverage	On underlying/adjusted EBITDA up to 4X APR <1.5x (to be launched)
Maturity	Up to 5 years
Security	Floating charge/Cash flow, no warrants
Typical covenants	Minimum Liquidity Minimum EBITDA ARR Control / permitted acquisitions regimes



# EFFICIENT AND FAST CREDIT PROCESS

We recognise the need to move quickly when structuring technology transactions. By using our specialist technology team throughout, we

offer a streamlined and transparent process. From initial contact we aim to provide funding within 4-6 weeks.

Step		Output	
1	Initial filter by specialist BD director and credit analyst	Decision on potential	4 – 6 weeks
2	Review financials, management and credit model analysis	Indicative terms	
3	Detailed due diligence prior to Investment Committee approval	Terms	
4	Legals	Drawdown	



**We have provided more than £100m of funding to technology businesses favouring those with**

- strong B2B earnings from low customer churn
- high recurring contracts
- ability to offer complementary services
- strong M&A potential



**£4M**  
GROWTH CAPITAL  
**BRISTOL**



**£1.6M**  
REFINANCE  
**EAST MIDLANDS**





**£22M**

TRANSITIONAL CAPITAL

**SOUTH EAST**



**£4.3M**

MBO

**EAST MIDLANDS**



**£1M**

EOT

**SCOTLAND**



**£2M**

ACQUISITION

**LONDON**



**£3M**

REFINANCE

**SCOTLAND**



**£1.5M**

ACQUISITION

**SOUTH EAST**

## SPECIALIST TECHNOLOGY TEAM

### **David Parr**

Director, Business Development



David has almost 20 years' experience providing funding for venture capital, growth capital private equity and M&A transactions gained at major lenders including Bank of Scotland, Lloyds Banking Group and Santander. Prior to joining ThinCats in 2020, David led the national debt finance team at Barclays and provided venture debt to numerous technology business as head of Barclays North West TMT team.

### **Greg Beamish**

Head of Credit



With 15 years' experience in direct lending, distressed and turnaround investment, Greg joined ThinCats in 2018 to head up the overall credit function. Prior to ThinCats, Greg held senior roles at private equity houses ESO Capital and Sun Capital.

### **David Jamieson**

Head of Technology & PE Credit



David leads credit analysis for all technology and private equity backed transactions bringing more than 25 years' experience in private equity, debt and credit structuring. Prior to ThinCats, David held senior roles at Natwest Private Equity, KPMG in PE corporate advisory and RBS, where he was director of financial sponsors.





 [thincats.com](https://thincats.com)

 [Thincats](https://www.linkedin.com/company/thincats)

ThinCats is a trading name of ThinCats Limited (Company No. 09707863) whose registered office is at 2&3 Charter Point Way, Ashby Park, Ashby De La Zouch, Leicestershire, United Kingdom, LE65 1NF.