

Transitional Capital



TIME TO GEAR UP FOR GROWTH



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Driving growth with Transitional Capital

Transitional Capital enables businesses and management teams to utilise senior debt to support investments, reducing equity requirements and enhancing enterprise value.

ThinCats operates on a fixed rate return basis with no requirement for equity/warrants, with the shareholders benefitting from 100% of the upside.

- A flexible debt solution with a back ended repayment profile linked to the investment thesis and time horizon of the investors.
- The back ended repayment profile and a mix of interest paid and PIK, this supports cash generation which can be reinvested.

This type of funding is best suited to businesses with strong recurring revenues and healthy profit margins, particularly in fragmented sectors primed for buy-and-build strategies. It targets ambitious management teams and investors looking to drive business growth and enhance enterprise value.

It is particularly valuable for companies planning multiple acquisitions within a short period, and shareholder restructuring while also offering repayment flexibility.

Why Transitional Capital?

Transitional Capital is essential for businesses looking to scale rapidly without diluting equity. It provides a one-stop capital solution, making it an attractive alternative to traditional debt financing or raising diluted equity.

- Ability to provide leverage on day one of up to 4x Structuring EBITDA

- The ability to commit additional capital, giving investors and management teams comfort they can borrow further to execute their strategy.
- Transitional Capital is ideal for supporting buy and build strategies, or shareholder recapitalisation to provide a return to shareholders ahead of an exit.

The main advantages of Transitional Capital are:

The ability to provide leverage of up to 4x structuring EBITDA from day one.

The option to commit additional capital gives investors and management teams confidence in their ability to borrow further to execute their strategy.

Reduces equity requirements and increases investor returns.

As a flexible debt solution with a back-ended repayment profile, Transitional Capital is directly linked to investors' investment thesis and time horizon.

A mix of interest paid and PIK (Payment-in-Kind) supports cash generation, which can be reinvested.

Upside for shareholders with a fixed-rate return basis with no requirement for equity/warrants,


leverage on day one of up to
4x Structuring EBITDA

Proven track record

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ThinCats has deployed
£160m of Transitional
Capital to ambitious
management teams
and investors supporting
business growth

£160m

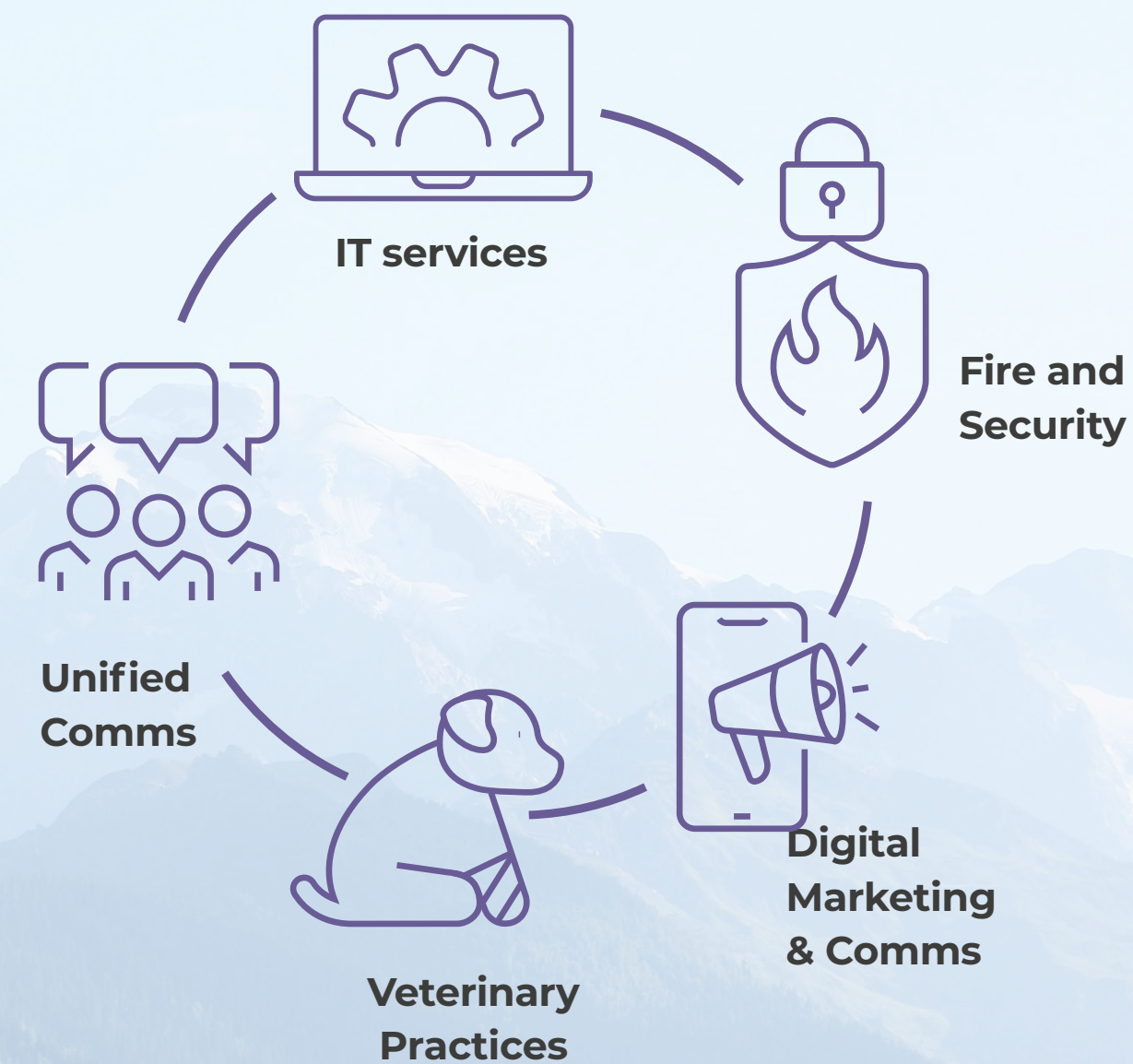


Transitional Capital has been
deployed in a number of
sectors including

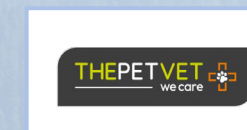
11 businesses



supporting **38**
acquisitions



Just some of the businesses we have supported:



Key criteria

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Key Criteria

Debt Quantum Up to £20m initially, rising with follow on funding

Purpose M&A, MBOs, Equity Release

Sectors Focused on stable, defensive, non-cyclical markets such as Healthcare and Pharma (products and supplies), Telco, Business Services, IT, Education/ Training, Technology Services, Consumer Staples

Tenor Up to 5 years. Bullet structures up to 80% with cash sweeps

Security 1st lien senior secured

Fees Upfront fee 3.5%

Leverage Maximum leverage of 4x. Aim is to provide an additional 1.0x -1.5x post senior debt e.g. moving from 2.5x to 3.5x

Structure Uni-tranche but will consider where appropriate to provide second higher yielding layer behind ThinCats conventional senior debt, subject to credit risk

Diligence Require full diligence suite including 3rd party engagement to diligence management. Requirement for Board Observer rights or NED.

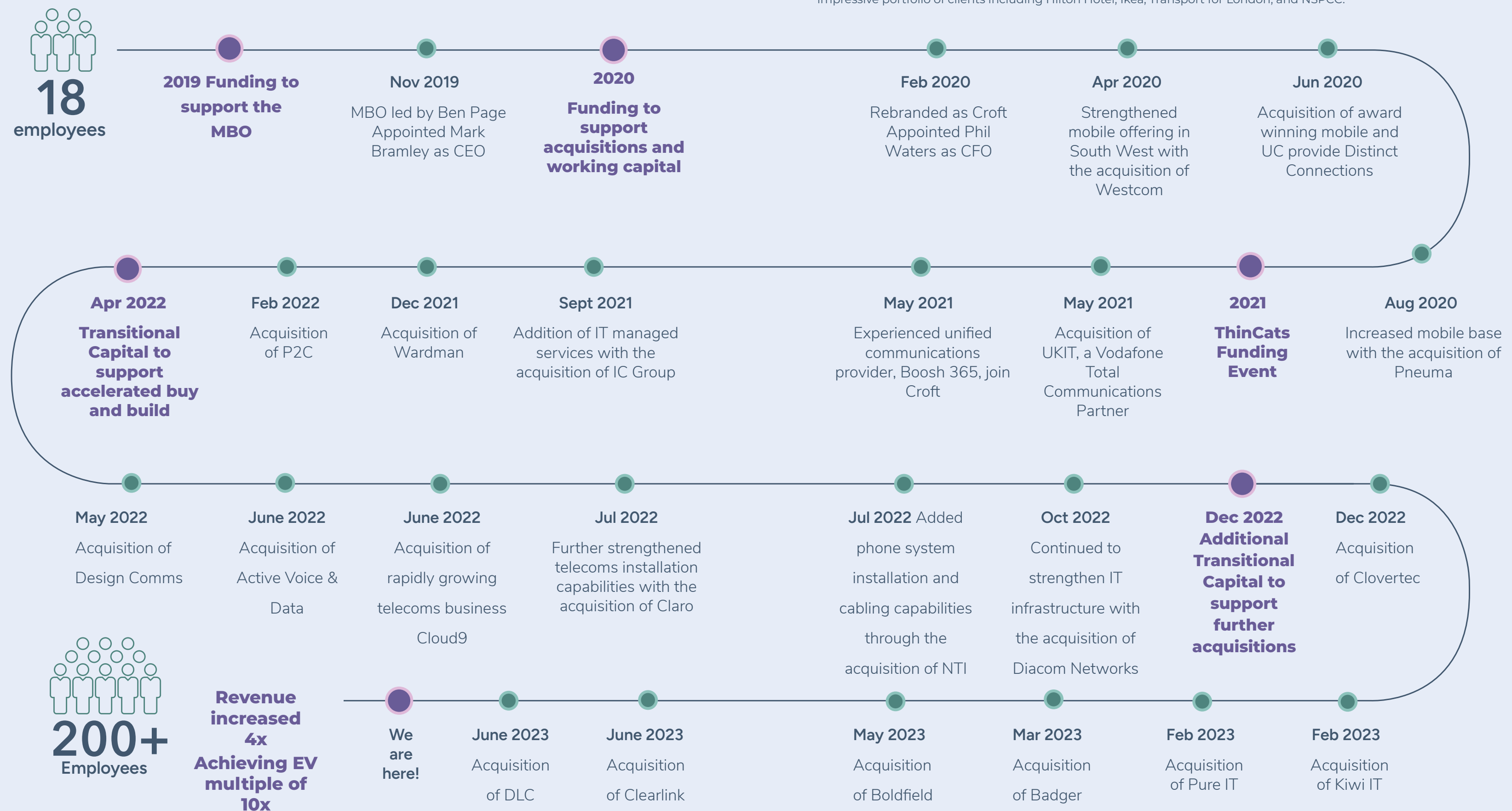
Pricing Margin 12%-15%
Coupon will be mixture of cash and PIK, min of 7% cash pay

Case study Croft



ThinCats funds buy and build strategy, supercharging growth for leading UK MSP - Croft

Provided committed funding to support future acquisitions for a unified communications business. ThinCats helped unified communications business Croft achieve phenomenal growth through an ambitious buy and build strategy de-signed 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 servic-es, streamlining communications for organisations across a number of commercial sectors. It offers a onestopshop for its customers, from super-fast broadband to business phones and hosted telephony, supporting an impressive portfolio of clients including Hilton Hotel, Ikea, Transport for London, and NSPCC.



Transitional Capital Team

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The Transitional Capital Team



Stuart Thompson

Head of Transitional Capital

Stuart has 14 years' experience in leverage finance and corporate banking at Barclays and RBS where he funded numerous transactions across the leisure, TMT manufacturing, professional services and healthcare sectors. Stuart joined ThinCats in 2019 and today focuses on Transitional Capital.



Steven Henderson

Senior Relationship Director, Transitional Capital

Steven Henderson joined ThinCats as Relationship Director, bringing nearly two decades of experience in financial advisory and transaction services from his roles at Teneo, EY, and Praetura Commercial Finance. With a strong background in sales and transaction management, Steven is well-positioned to drive client relationships and business growth in the Manchester area and beyond.

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About ThinCats

Our Market

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ThinCats is a leading alternative finance provider focused on serving mid-sized UK businesses with loans from £1-£20m.

THINCATS HAS PROVIDED OVER £2BN IN FUNDING TO MID-SIZED BUSINESSES IN THE UK

We specialise in creating bespoke cash flow lending structures to support fast growing businesses pursuing organic and acquisition growth strategies.

Although we are sector agnostic, we have specialist skills in funding Private Equity and Family Office backed businesses and those operating in the technology, leisure and healthcare sectors.

£160m

in Transitional Capital provided to businesses



ThinCats provide capital to the mid market, focusing on businesses seeking growth organically and via acquisition.

The Lower Mid Market defined

There are over 500,000 mid-sized SMEs in the UK generating EBITDA from £1-£5m, revenues up to £20m and employing between 10 and 250 staff.

The SME market has benefited from significant investment over the past decade from Private Equity and Family Offices due to attractive returns.

Why Invest in the Lower Mid Market

Many UK SMEs benefit from high recurring revenues, predictable financial performance and B2B service offering. This results in sustainable Enterprise Value and multiple exit routes.

Entry level valuations range from 4-6x EBITDA. Undertaking a successful buy and build strategy can result in double-digit EV multiples upon exit.

Funding a buy and build strategy

Appetite from high street banks for cash flow lending has reduced, making way for alternative lenders such as ThinCats to support this underserved market.

There are over 500,000 SMEs in the UK generating EBITDA from

£1-£5m



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Contact Us

For additional information please get in touch with us at:

 thincats.com

 [ThinCats](#)

ThinCats is a trading name of ThinCats Limited (Company No. 09707863).