
Transitional Capital



TIME TO GEAR UP
FOR GROWTH



What is Transitional Capital?

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 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.



leverage on day one of up to
4x
Structuring EBITDA

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.

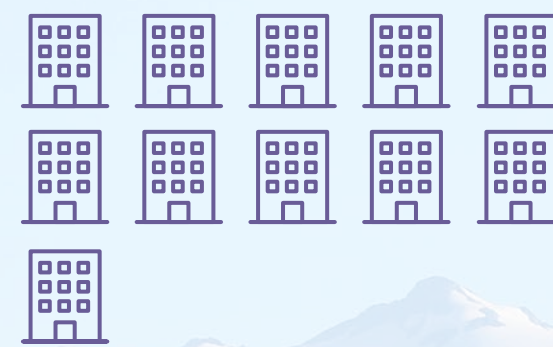
Upside for shareholders with a fixed-rate return basis with no requirement for equity/warrants.

Proven Track Record

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



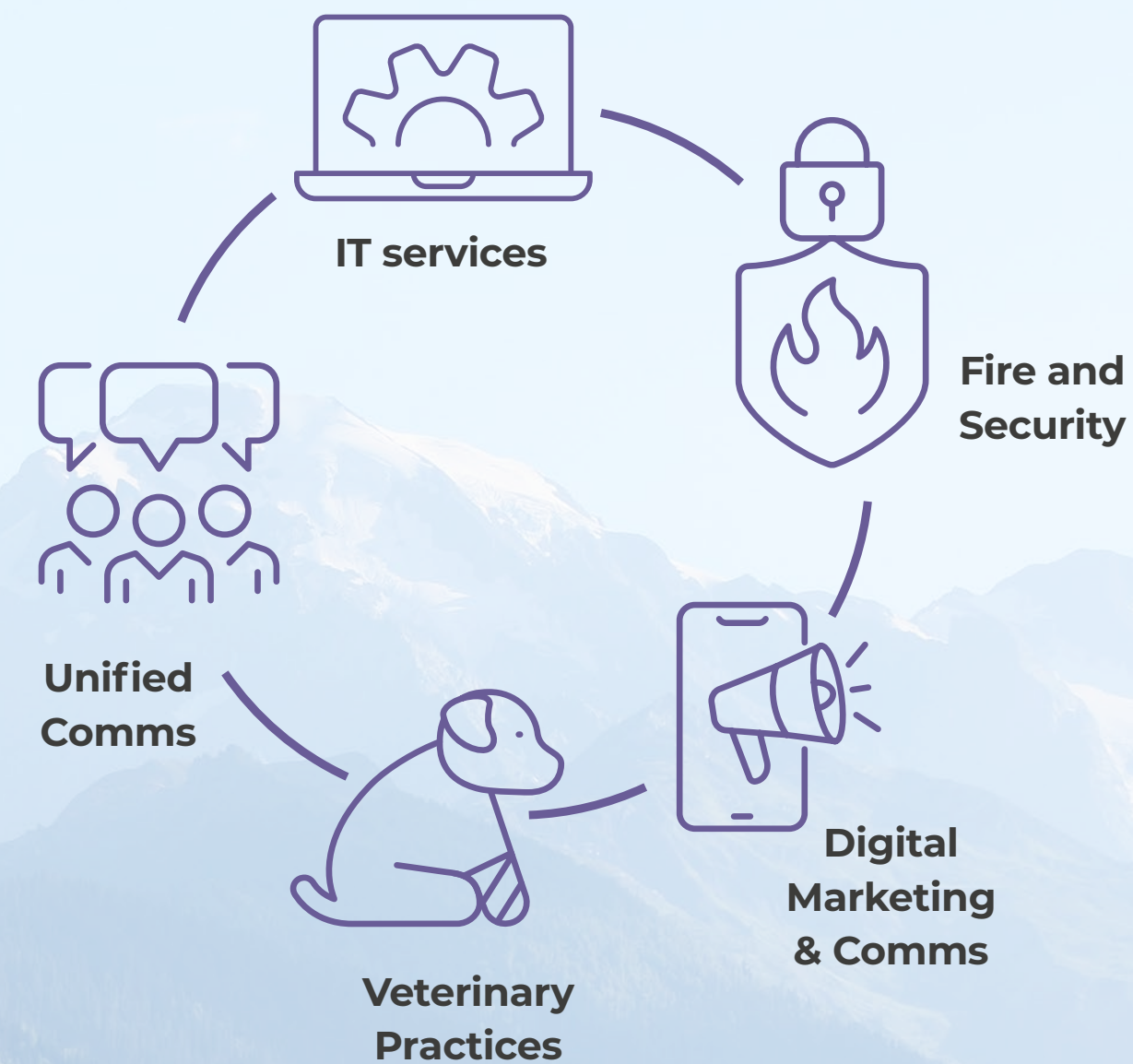
11 businesses



supporting **38**
acquisitions



Transitional Capital has been
used in a number of sectors
including



Just some of the businesses we have supported:



Key Criteria

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 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 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

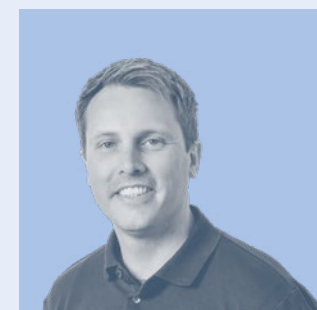
The Transitional Capital Team



Greg Beamish

Chief Credit Officer

With 20 years' experience in direct lending, distressed and turnaround investment, Greg joined ThinCats in 2018 to head up the overall credit function and develop credit policies to support sponsor backed transactions and Transitional Credit. Prior to ThinCats Greg held senior roles at private equity houses ESO Capital and Sun Capital.

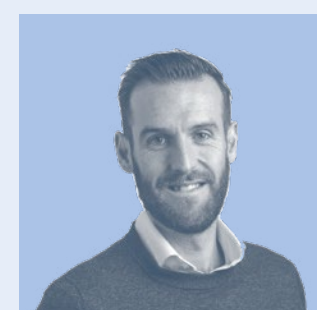


Stuart Thompson

Head of Transitional Capital

Stuart leads business development for the Transitional Capital product, supporting businesses considering a buy and build strategy, or seeking the flexibility to access additional funding as they execute their growth plans.

Stuart has worked with SMEs and mid-market businesses across a broad range of sectors, holding roles at a number of high street banks, including RBS and Clydesdale. He has significant experience structuring finance to support event driven transactions such as management buy outs, acquisitions, growth finance and refinance.



Steven Henderson

Relationship Director, Transitional Capital

Steven has almost 20 years 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

ThinCats is a leading 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



Our Market

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 lenders such as ThinCats to support this underserved market.

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

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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).

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