

MOLLICA GROUP.

ACQUIRE. INTEGRATE. GROW.

Private & Confidential

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SNAPSHOT.

Technological change is accelerating.
Businesses want help to navigate the AI-driven future.

Mollica Group will pursue acquisitions and actively build the “go-to” suite of products and services across Data & Insight + Critical Operations businesses for the mid-market.

By combining capital allocation and operational excellence within one holding company, we can deliver exceptionally strong investor returns.

SUMMARY.

Mollica will invest £80-100m in 6 UK businesses over the next 3 years. In year 3 we IPO to provide investors liquidity and permanent capital to our companies. Assuming a hold period of up to 2031 we project gross, unlevered cash-on-cash multiples of 4-6.5x and IRRs of 30-45%*

The Operating System for mid-market businesses

- Mollica Group's objective is to acquire, develop and operate B2B technology companies that support businesses' critical operations through use of data and/or workflow automation
- The activities supported by these products are essential to business's day-to-day operations and are sector agnostic with a high switching cost

Timing: strong demand, plentiful supply

- Businesses want a trusted partner to navigate the AI-driven software landscape + the benefits it can bring
- Many target companies sit in VC, angel and Growth portfolios. The pressure for funds to return money provides deal flow and valuation arbitrage opportunities
- The ability to use equity as part consideration helps deliver creative deal structures to vendors and founders

Experienced, world-class team

- Founded by a team of experienced investors, operators & entrepreneurs, Mollica Group combines operational value creation with strategic M&A
- We are highly engaged, activist owners: businesses are integrated into the Group providing opportunities for cross-selling and shared services. Capital allocation, infrastructure and HR can be centralised to drive performance

*Gross = gross of management team incentive

RETURNS AND TIMELINE.



Investments

- Raise £10-20m in year one, purchase 1-2 companies
- Raise a further £10–20m in year 2, purchase 1-2 companies
- Raise £60m in year 3, purchase 3-4 companies

Example Acquisitions

- £3m revenue companies, marginally loss making, 2.5x rev multiple
- £2.5m rev companies, breakeven, 4x rev multiple
- £5m rev company, profitable, 5x rev multiple

IPO / Liquidity event

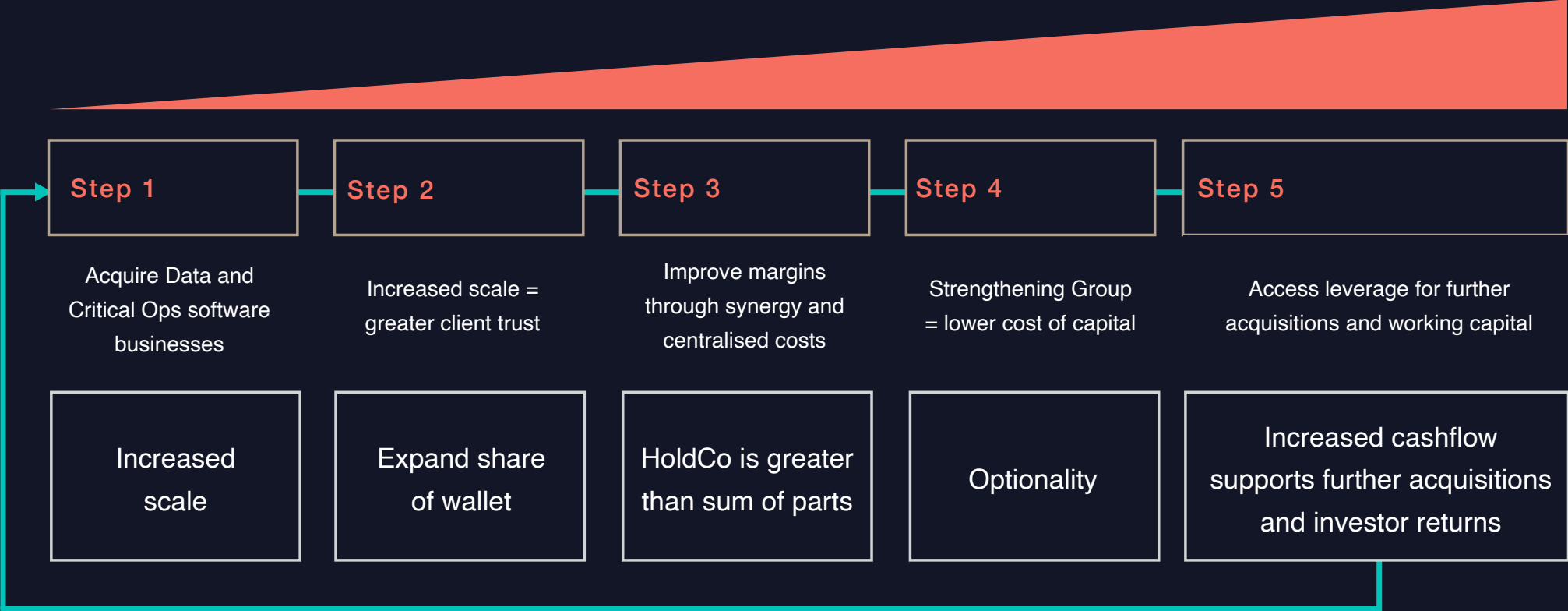
- List Mollica Group publicly end Yr3 (or refinance / sale, market dependent)

Dividends and returns

- Modelled returns in 2031: a cumulative £50-65m of dividends, £315-480m EV
 - EV assumes 12-14x EBITDA multiple (base vs upside case)
- Free cash flow supports dividend distributions and further acquisitions adding to Mollica's market capitalisation and balance sheet strength

THE FLYWHEEL.

Our investment strategy and model delivers self-reinforcing benefits for investee companies, their customers and our investors.



MOLLICA
GROUP.

STRATEGIC PILLARS.

Mollica Group is building an Operating System across two strategic pillars of Data & Insight and the automation of Critical Operations. These functions are operationally critical, are being disrupted by new technologies, and are delivered by a fragmented supplier universe.

Data and Insight

- The creation, management and use of data provides significant opportunities, and challenges for businesses
- The lifecycle of data ingestion, processing, contextualising and insight through analytics has been transformed by big-data and machine-learning techniques
- Mid-sized corporates (50-249 employees) remain early in the adoption cycle with 30% making use of big data vs 60% for those with over 1,000 employees (ONS, 2019)
- Businesses seek a competitive advantage through exploiting internally and externally sourced data

Critical Operations

- Critical Operations are the activities, systems and processes that a business relies on to operate:
 - Mission critical
 - Not directly revenue generating
 - Often required by law and regulation
 - Errors or failures can have material, negative consequences
 - High switching costs
- Activities are particularly suitable for technology solutions and process automation through agile software development and the use of artificial intelligence

DATA AND CRITICAL OPS.

Mollica Group’s universe consists of businesses that support Data & Insight and Critical Operations. By acquiring, integrating and operating complementary businesses and products, Mollica will provide a full-service offering to its clients offering a suite transformational technologies that change the playing field for our customers in these core areas.



MARKET OPPORTUNITY: DEMAND.

The pace of technological change creates anxieties, imperatives and opportunities for business owners. This reality comes at a time when businesses are keen to simplify business operations and rationalise their suppliers in order to manage costs. There is a need for a trusted partner.

Context

- Companies with <250 employees account for 50% of total UK turnover
- The Critical Operations of a business - middle and back office functions - are going through increasing amounts of digital transition alongside a workforce undergoing demographic changes
- The IT services market in the UK is worth ~£70bn with IT Outsourcing (£25bn) and IT Services (£20bn) the largest component parts

Impact

- The explosion of available data has made decision making unwieldy and complicated
- Many mid-market businesses are underinvested in their approach to Data and Critical Operations: they need to play catch up in a fast-moving tech landscape
- The mid-market is still looking to address: shifting to the cloud (still), security, customer experience solutions, workforce collaboration and upgrading their hardware/software stack

Opportunity

- Revenue growth for “digital native” businesses is 2x “digital observers” and 8x that of “digital indifferents” (Cisco 2020)
- There is huge benefit in being a “go-to” solutions provider like Mollica: a trusted partner who offers a suite of solutions across core areas of demand
- Mollica addresses a large, fragmented market of businesses that fall between big businesses requiring enterprise sales to penetrate and micro-businesses who are happy to self-serve. VC backed businesses struggle to compete here.

MARKET OPPORTUNITY: SUPPLY.

Increased business demand for technology solutions has occurred during a period of large funding flows into early stage, long duration investment strategies. A normalisation of interest rates has put pressure on managers to return funds to investors, whilst continuing to back the outsized winners that their fund strategy relies upon.

Context

- Data, machine-learning and AI techniques provide insights and analytics for decision-making and resource allocation
- SaaS models enable workflow automation across functions
- A long period of low interest rates attracted significant capital into long duration assets with much deployed by VC, angel networks and specialist PE

Impact

- Early-stage tech investing is hits-driven with a minority of investments delivering outsized returns
- Interest rate rises and the late life of many funds puts pressure on managers to return funds to investors and prioritise portfolio “winners”
- Businesses that achieve product market fit but cannot deliver the required returns become unsuitable for future capital rounds and investor support

Opportunity

- A majority of technology growth companies struggle with hitting the heights anticipated. The businesses are viable but need a plan for responsible growth + profitability
- This presents a unique opportunity to consolidate and scale these businesses under a coherent value-creation plan

DEALS.

INVESTMENT APPROACH.

Mollica's investment approach identifies businesses that will benefit from a change of ownership, a refreshed strategy and being part of a wider group. These businesses need to approach growth with a focus on profitability. Our Ops Playbook (Slide 21) and disciplined process drives value.

1

Identify companies with product market fit in the target sectors that would benefit from new ownership that prioritises profitable and sustainable growth

2

Combine capital deployment with operational-value creation through an activist playbook

3

Consolidate strong product development and engineering capabilities under a new ownership structure

4

Reduce costs and realise synergies across central support services (finance, legal and HR) and business development (marketing and sales)

5

Target the building of a highly cash-generative consolidated group of companies in a sector enjoying long term structural growth

Disciplined investment. Active operational engagement.

ORIGINATION CHANNELS.

Our quality dealflow comes from off-market, proprietary sources where we have an advantage vs. the market. Matt and Joerg have deep connections into the European VC and founder market. Dom's experience in lending provides privileged access to the corporate finance intermediary network across the country.

VC connections

Matt is "part of the furniture" of European VC and has invested alongside dozens of the most active VC + growth investors across Europe. We have access to companies in these investors' "middle bucket"

Advisors

Dom has a network of 250+ regional corporate finance intermediaries who he worked with while at Caple (the SME lender he founded). This provides a steady flow of established, often profitable businesses

Pipeline management

Both Dominic and Matt were responsible for their deal pipelines in their previous roles. We promise our deal flow partners fast turnarounds and good communication to ensure that we are top of the list when it comes to referrals.

For each of the proprietary sources we execute regular marketing campaigns to ensure Mollica stays top of mind.

Communities and networks

Across the founding team we are members of multiple entrepreneurial and professional communities that are a source of dealflow: the ICE Group, Foundrs, British Business Builders, the European VC Network

Platforms and software

We also receive and service dealflow from open-market sources. These include intermediary platforms and tools to scrape the market: DealSuite, ScribeLabs, Pitchbook, FullCirc

ILLUSTRATIVE UNIVERSE.

Our pipeline is building. We have identified a first batch of partners and portfolio companies that we are engaging with while deepening Mollica's network

Data and Insight



Critical Operations



CRITICAL OPS - EXAMPLE TRANSACTIONS.

Companies A, B and C are illustrative target acquisitions within Critical Operations, identified via Mollica Group’s network. Company A is a larger, close to breakeven business that serves as a cornerstone for further bolt on acquisitions, Companies B and C. Each of the companies support finance department process automation to sector agnostic mid-market clients. This presents credible cost and revenue synergy opportunities.

Company A

Activity

- Finance function process automation, predominantly mid-corporate clients
- Supports compliance with regulatory reporting and tax requirements
- Founded in 2009, 65 employees

Financials

- FY18 revenue £3.1m growing to £6.4m in FY22 (growth lower than required by a VC)
- FY22 loss before tax £520k and cash on balance sheet £1m
- LBT is after exceptional costs (£150k) and interest expense (£325k) which could be removed

Owners

- 30% equity owned by a VCT (largest single investor) alongside original founder
- VCT also owns preference shares and convertible loan note
- Good potential for management continuity under current CEO

Value

- VCT invested £7m (£5m FY19, £2m in FY21), asset held at £8m valuation
- Implied valuation is £27m, book value equals 4x FY22 revenues
- Potential to acquire at a discount to book value

Synergies

Company B

- Cloud-based accounts receivable management
- Focused on mid-market (non-enterprise) customers
- VC investor only PSC
- FY22 £500k loss, cash on balance sheet £900k
- Founder left business in FY21
- Balance sheet suggests revenue <£2m

Company C

- Bulk payments provider / process automation for multiple payments e.g. payroll or vendors
- £1m equity raised from VC and angel investors
- FY23 (March) P&L loss £500k and recapitalisation
- Founder is Person with Significant Control
- FY23 (March) cash on balance sheet £300k

DATA + INSIGHT - EXAMPLE TRANSACTIONS.

Companies A, B and C are illustrative target acquisitions within Data & Insight. Company A represents the cornerstone business for further bolt-on transactions. Company B focuses on data operations and intelligence augmentation. Company C is specialised in AI-driven simulation and advanced analytics for the defence industry and can be built out to other industries under a united commercialisation framework.

Company A

Activity

- AI consultancy and product development
- Complete suites of AI services from training and strategy consulting to adoption + maintenance of custom client solutions

Financials

- FY revenues 2023 ~£2mn partially delivered through outsourced partners (unlikely to attract further VC capital)
- Would benefit from investment to further build in-house capabilities for accelerated growth strategy

Owners

- Restructured with a >75% holder of equity
- Strong, re-incentivised mgmt team in place

Value

- Valued as consulting business: up to 1.5x revenues
- Lack of acceleration despite favourable market

Synergies

Company B

- Data operations and decision intelligence
- Broad range of enterprise clients in mainly consulting model
- Founded in 2019, <10 employees
- Small profit contribution
- Ownership changes in 2022

Company C

- AI-driven simulation + advanced analytics for adversarial joint all-domain scenarios for the defence industry
- Founded in 2018, < 10 employees
- Revenues of £1.6mn in 2022
- Profitable

VALUE ADD.

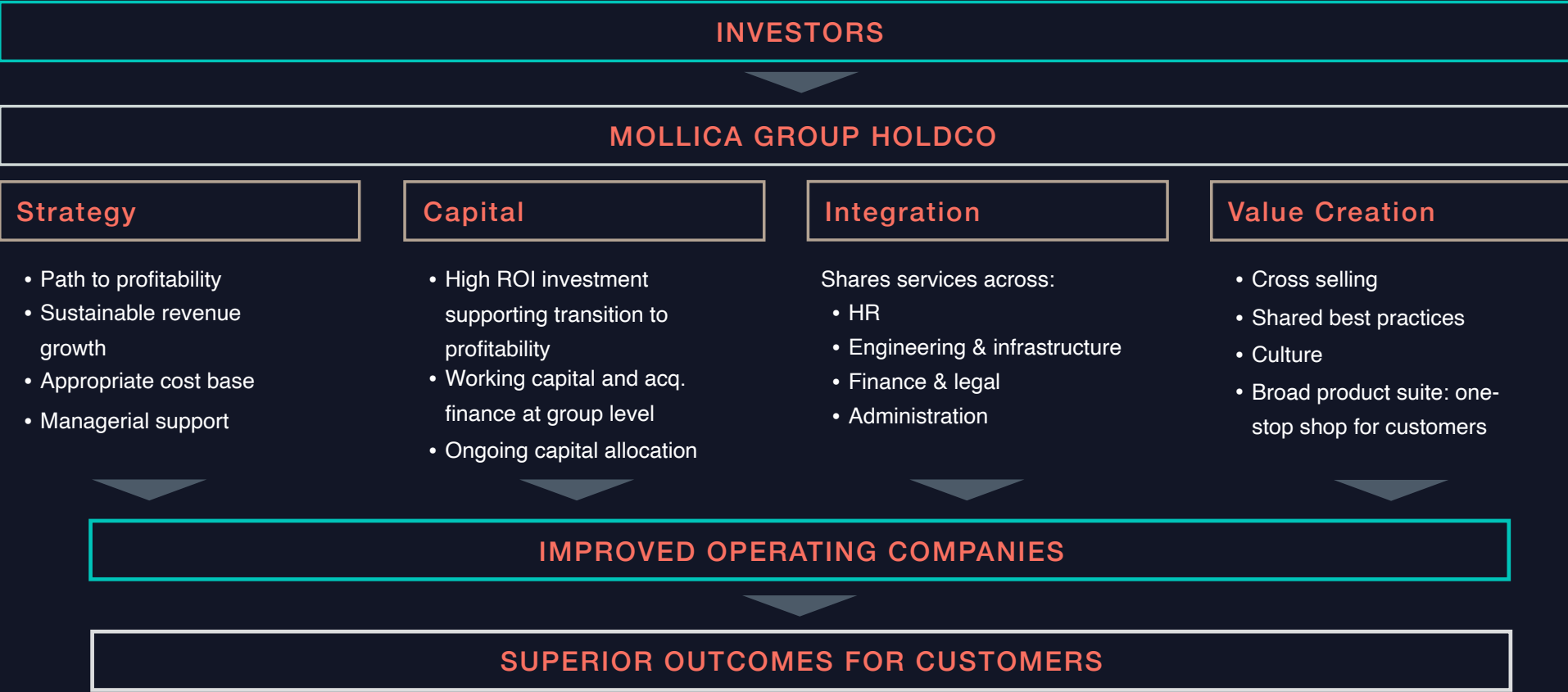
OPERATING PLAYBOOK.

The operating playbook focuses on four areas of value creation – Product Capabilities, Operational Design, Synergies and Commercialisation – which drive improvement in the underlying businesses and across the Group.



MOLLICA'S VALUE CHAIN.

Under Mollica Group ownership, strategy is refocused on profitable growth with capital allocated accordingly. We are practical, hands-on operators driving integration, cost and revenue synergies and building high quality teams capable of delivering on strategy.



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