

E. CARTIER & CO

GLOBAL STRATEGIC ADVISERS

CASE STUDY / 02

Value Without Surrendering Control



THE PURPOSE

A case study.

This paper examines a complex capital and ownership mandate in which every principal route is credible. A strategic buyer offers the highest headline value. Private equity offers substantial liquidity and continued participation. Minority capital appears less dramatic but preserves control while financing the next stage. The difficulty is not finding a transaction. It is determining which transaction actually solves the owners' objectives without weakening the enterprise they still expect to depend upon.

The analysis therefore treats capital, liquidity, control, governance, succession, management ownership, asset perimeter, transaction readiness, and future optionality as one decision system. E. Cartier & Co's role in a mandate of this kind is not to replace the lawyers, tax advisers, accountants, corporate finance advisers, lenders, or regulated investment professionals whose specialist responsibilities remain their own. The role is to keep the commercial objective and the interdependencies around it coherent.

The standard is the same throughout the E. Cartier method: the client retains the decision; evidence must be capable of changing the recommendation; specialist work remains within the appropriate professional perimeter; and the mandate is incomplete if the client cannot govern what follows.

The purpose is not to optimise a transaction after the route has been chosen. It is to establish whether the route itself optimises the owner objective and the enterprise that remains.

01 / CAPITAL NEVER ARRIVES ALONE

Money enters the company accompanied by rights, expectations, and future constraints.

The visible price of capital is only part of the bargain.

Boards naturally compare capital through valuation, dilution, interest cost, repayment profile, and transaction fees. Those measures matter. They do not tell the board which future decisions will require another party's consent, whether the investor's time horizon is compatible with the strategy, whether information rights create competitive sensitivity, or whether a financing structure makes the next acquisition, dividend, or capital raise materially harder.

Two investors can invest the same amount at the same headline valuation and create entirely different companies. One may require narrow protective rights and accept a long holding period. Another may require approval over budgets, senior appointments, acquisitions, and future financing. A strategic investor may bring extraordinary market access while introducing restrictions around customers, territories, intellectual property, or a future sale. Debt may preserve equity while covenants materially narrow distributions and capital allocation.

The economic percentage therefore tells the board how value is shared. It does not tell the board how power, dependency or optionality have changed. Those consequences can become more valuable than the headline dilution once the company enters a period of disagreement, underperformance, or strategic change.

The true cost of capital is the combination of economics, rights, dependency, and future choices surrendered to obtain it.

02 / PRICE & STRUCTURE

The highest valuation can be the most expensive offer.

A premium valuation is useful only if the retained enterprise remains worth retaining.

Suppose one investor values the company at £480m and another at £525m. The second proposal appears superior. It may be. But the £45m difference says nothing about compulsory liquidity, board composition, anti dilution, reserved matters, debt restrictions, founder lock in, exit timing or the circumstances in which the investor can require a sale.

If existing shareholders intend to retain most of their ownership, the governance surrounding that retained equity becomes part of the economic comparison. A higher entry valuation can produce a less valuable long term owner position if the investor's rights force a strategy the board would not otherwise choose or materially reduce the company's freedom over its next financing, acquisition, or exit.

The correct comparison is therefore not simply valuation against valuation. It is present proceeds, retained ownership, rights, obligations, downside exposure, and the future outcomes that remain realistically available under each structure.

Price tells you what somebody is prepared to pay. Structure tells you what you are actually selling.

03 / OWNERSHIP IS NOT CONTROL

Shareholding percentages create a false sense of precision.

Economic ownership, voting control, governance control and practical control can sit in different places.

01 Economic ownership

Who participates in the value created, distributed, or realised?

02 Voting control

Who determines formal shareholder decisions.

03 Governance control

Who appoints directors and approves reserved matters.

04 Practical control

Whose approval, relationship, knowledge, or presence the organisation still requires functioning.

A founder can own 60 per cent and still be unable to approve a material acquisition without investor consent. A lender can own no equity and meaningfully constrain the company's decisions through covenants. A successor can receive shares and a title while the organisation continues routing difficult decisions to the predecessor.

The fourth category, practical control, is frequently the least documented and the most important. It is where customer relationships, lender confidence, family authority, institutional memory, and informal escalation patterns sit. An ownership structure that ignores practical control can look complete on paper while remaining unfinished in operation.

A succession plan can transfer shares without transferring the company.

EXHIBIT I

The E. Cartier Capital & Ownership Quality Architecture

A framework for exposing the complete consequence of a capital or ownership route.

DIMENSION	THE DECISION MUST ANSWER
Value	What is being invested, acquired, sold, or retained, and what assumptions support it?
Liquidity	How much money reaches the enterprise and how much reaches existing owners?
Control	Which decisions move, formally or practically, because of the structure?
Governance burden	What board, consent, information, and reporting obligations arise?
Capital resilience	How much financing capacity remains afterwards?
Alignment	Do owner, management, investor, and enterprise time horizons genuinely coexist?
Reversibility	How difficult is it to change provider, ownership route, or governance later?
Optionality	Which future acquisitions, financings, distributions, or exits remain available?
Continuity	Can the enterprise operate without disproportionate reliance on the existing owner?
Transaction certainty	How much proposed value can survive diligence, financing, and documentation?

The framework does not make the transaction decision. It prevents the most expensive parts of the transaction from remaining invisible.

04 / VALUATION IS NOT TRANSACTIONABILITY

A company can be worth £500m and still be unable to complete a £500m transaction.

Theoretical value and bankable value are not the same thing.

Valuation estimates economic worth under a set of assumptions. Transactionability asks whether a sophisticated counterparty will actually underwrite that value when the organisation is exposed to diligence. A business can have strong EBITDA and a compelling strategic position while still presenting enough uncertainty to alter the price, the consideration mechanics or the seller's continuing obligations.

The buyer may discover that important customer relationships are personally owned by the founder, divisional reporting is inconsistent, intellectual property arrangements are incomplete, related party structures have accumulated over many years, key contracts contain change of control provisions or management has never operated without the person attempting to leave.

None of those issues automatically make the business weak. Each gives another party something to price. That pricing appears through purchase price reductions, escrow, earn out, deferred consideration, warranties, indemnities, retention obligations, rollover, seller financing, or withdrawal.

Transaction readiness is not about making the company look better in diligence. It is about removing avoidable reasons for another party to price uncertainty more aggressively than management does.

05 / DILIGENCE

Diligence does not create weakness. It discovers it.

The strongest preparation is the work that remains valuable even if the transaction never happens.

- 01 What percentage of revenue is genuinely recurring rather than merely repeated?
- 02 Which customer contracts survive a change of control without consent or repricing?
- 03 How concentrated is gross profit rather than revenue?
- 04 Which normalised EBITDA adjustments are truly repeatable?
- 05 What happens to key relationships if the founder leaves?
- 06 Who owns the IP and where are the economic rights actually held?
- 07 Which executives can bind the company and which still rely upon founder confirmation?
- 08 Where does working capital deteriorate as revenue grows?
- 09 Which liabilities remain after completion?
- 10 How much of the forecast depends upon behavior the company has never demonstrated?

The objective is not to manufacture perfect answers. It is to know where uncertainty exists before somebody with an economic incentive to exploit it does.

06 / CAPITAL PERIMETER

Capital purpose should determine capital perimeter.

Historical group structure should not automatically decide what a new investor is entitled to own.

If an investor is financing one operating business, why should the same cheque automatically purchase exposure to unrelated subsidiaries, property, or future ventures? If capital is being raised for an acquisition programme, should every legacy asset sit inside the investment perimeter? If group IP sits in one entity while the capital enters another, what rights are actually needed to support the value creation thesis?

These are commercial questions before they become legal or tax implementation questions. The wrong perimeter can surrender more property than the capital was intended to finance. It can also import unrelated risks into the investee, obscure reporting and give an investor governance reach beyond the purpose for which the money was raised.

The principle is deliberately simple: a sophisticated investor should be able to trace ownership, rights, and cash without explanation by exception. The capital should sit where the mission it finances can be governed clearly, while unrelated value remains outside unless there is a reason for it to be included.

Same cheque; materially different property surrendered.

07 / THE TRANSACTION BEHIND THE TRANSACTION

Founders often ask for one transaction to solve several different problems.

The word sale can become shorthand for objectives that should first be separated.

01 Personal liquidity

Too much personal wealth remains concentrated in one company.

02 Enterprise capital

The business needs investment for the next stage.

03 Leadership succession

The founder no longer wants to carry day to day executive responsibility.

04 Governance continuity

The organisation does not yet have a sufficiently credible authority structure without the founder.

A majority sale appears capable of solving all four at once. Sometimes that is exactly right. But personal liquidity does not inherently require a sale of control. Growth capital does not inherently require founder liquidity. Leadership succession can occur without a transaction, and governance can be institutionalised before ownership changes.

The opposite is equally important: complete sale can be the correct route where the real objective is full liquidity, risk transfer, and freedom from future obligation. The discipline is not to prefer one structure. It is to prevent one proposed structure from silently becoming the objective.

08 / SUCCESSION

Succession is not a share transfer.

A legally complete transfer can leave the enterprise operationally dependent on the person who was supposed to have left.

01 Economic succession

Who owns the value.

02 Authority succession

Who can make consequential decisions.

03 Capability succession

Who has enough knowledge, judgement, and organisational support to exercise that authority?

04 Relationship succession

Who customers, lenders, employees, suppliers, and partners actually trust to act for the institution.

The most difficult transfer is often not equity but legitimacy. A successor can have the title and still be bypassed by senior managers. Customers can continue calling the founder. Banks can continue treating the founder as the real relationship owner. Family shareholders can continue taking difficult questions to the predecessor rather than the executive who now holds formal authority.

E. Cartier describes that condition as a shadow principle: the previous decision maker remains the person to whom the institution returns whenever authority becomes uncomfortable. Until that behavior changes, succession is incomplete.

A company has not completed succession while the former decision maker remains the organisation's shadow principal.

09 / WHO IS THE CAPITAL FINANCING?

Founder liquidity and enterprise capital are different uses of money.

Primary and secondary capital should be designed together rather than blurred inside one headline cheque.

A £150m cheque can mean radically different things. If the full amount enters the company, the enterprise gains £150m of capacity and the founder receives no liquidity. If £100m purchases existing shares and £50m enters the company, the owner diversifies materially while the business receives less growth capital. Neither structure is inherently superior.

The correct allocation depends upon what the company needs, what concentration the owner can rationally continue bearing, how much future risk the strategy requires and what the incoming investor believes the capital is financing. A transaction described as a growth investment can be substantially secondary in economic substance. An owner can also insist that all capital remain primary while becoming so personally concentrated that their future risk tolerance conflicts with management's strategy.

Primary and secondary capital therefore belong in the same ownership architecture even though the money serves different beneficiaries.

The question is not which use of capital is more virtuous. It is which allocation creates a sustainable relationship between owner risk, enterprise ambition, and investor expectation.

CASE STUDY / 02

The founder was preparing to accept the highest valuation ever offered.

The transaction solved liquidity by surrendering almost every other source of future value.

£420m REVENUE	£54m EBITDA	12.9% EBITDA MARGIN	£95m NET DEBT
64% FOUNDER OWNERSHIP	34% RECURRING / CONTRACTED REVENUE	9 / 20 FOUNDER DEPENDENT TOP ACCOUNTS	£110m GROWTH CAPITAL REQUIRED

The company is not distressed. There are several credible transactions, and no route is obviously irrational. That is what makes the ownership decision difficult.

10 / THE SITUATION

Nine objectives are sitting inside one transaction.

The board has to decide which of them genuinely requires a change of control.

The company is a 31 year old international engineering, infrastructure and technical services group operating through three principal subsidiaries across five core jurisdictions. The founder is 62. One child is an experienced group COO and credible potential successor. Another branch of the family has no operational involvement and wants liquidity. A legacy minority shareholder has begun pressing for an exit. Senior management wants materially greater participation in future ownership.

The business itself requires £110m of additional capital over three years for a capability acquisition, technology modernisation, international expansion, and working capital. The founder wants approximately £70m-£90m of personal liquidity, materially less day to day involvement, continued participation in future value and protection of the company's customer relationships and reputation.

The complication is that the institution is not yet independent of the founder. Nine of the twenty largest customer relationships still involve them materially. Twenty one consequential decisions a month reach them. The principal lender treats the founder as an important relationship owner. Historic IP and intercompany arrangements require specialist review. Property of meaningful value sits inside the group despite contributing little to the strategic operating proposition. Two material customer contracts contain change of control provisions, and an overseas permission requires consent.

The ownership event must solve liquidity, enterprise capital, succession, family alignment, management ownership, legacy shareholder exit, governance, customer continuity, and future optionality without pretending those are the same problem.

11 / THE OFFERS

Three routes. Three different enterprises afterwards.

The ranking changes depending upon which owner objective the board treats as primary.

ROUTE	HEADLINE	LIQUIDITY / CAPITAL	CONTROL & FUTURE
A / Strategic buyer	£545m EV	100% acquisition; fixed, deferred, and contingent consideration	No retained equity; founder retained 24 months
B / Private equity	£480m EV	Majority liquidity plus rollover; material acquisition leverage	Board control; reserved matters; probable 5 year exit
C / Minority institutional	Lower immediate headline	£110m primary + £85m secondary	Control retained initially; management ownership expanded; second transaction preserved

The strategic buyer offers the strongest headline valuation. The private equity route gives significant liquidity while retaining upside. The minority route creates the least immediate theatre: lower initial monetisation, more work to complete succession and no clean one day exit narrative.

Every route is credible. The problem is that the founder has described the objective as a sale even though complete exit is not what the founder actually wants.

12 / THE FIRST E. CARTIER DECISION

Do not rank the offers until the objective has been decomposed.

The transaction cannot be optimised while several different problems are still hiding inside the word sale.

01 Personal liquidity

£70m-£90m of diversification.

02 Enterprise capital

£110m for the next stage.

03 Succession

Founder no longer operationally indispensable.

04 Family liquidity

A credible route for non operating shareholders.

05 Management ownership

Enough equity to make future responsibility economically meaningful.

06 Future upside

The founder does not want to surrender all participation in the next stage.

A 100% sale solves all six objectives by eliminating five of them. It may still be right, but it solves a different objective from the one the owner actually has.

EXHIBIT II

Headline Value / Bankable Value / Retained Value

Three different numbers belong in every serious owner outcome comparison.

01 Headline Value

The value printed in the offer before debt, conditionality and completion mechanics are separated.

02 Bankable Value

The amount capable of surviving debt adjustments, diligence, financing, deferred consideration, contingency, and documentation.

03 Retained Value

The economic value the owner continues to hold after the event, considered alongside the governance, risk and future options surrounding it.

A £545m offer can be inferior to a lower headline valuation where material value is deferred or contingent, the seller remains exposed to performance and no future equity remains. A lower immediate valuation can produce a superior owner outcome where enough liquidity is achieved, the company receives adequate primary capital, and the owner retains participation in an enterprise capable of compounding.

The comparison is therefore made from the owner's position after the transaction rather than from the number printed at the top of the offer.

The transaction should be valued from the position the owner occupies afterwards.

13 / THE HIGHEST OFFER

The £545m offer is not £545m of owner outcome.

The headline collapses fixed value, deferred value, contingent value, debt, and continuing founder obligation into one number.

COMPONENT	INDICATIVE AMOUNT	ECONOMIC CHARACTER
Headline enterprise value	£545m	Offer headline
Less net debt / mechanics	£95m+	Not shareholder proceeds
Fixed equity consideration at completion	£335m	Bankable on completion, subject to final mechanics
Deferred consideration	£70m	Timing risk retained by seller
Performance contingent consideration	£45m	Operating risk retained by seller
Founder service requirement	24 months	Freedom objective not immediately achieved
Retained equity after full sale	£0	No participation in future enterprise value

The property position introduces another transfer. The buyer assigns limited strategic value to assets which may have materially greater standalone value outside the operating transaction. Historical group structure has therefore begun determining transaction perimeter by default.

E. Cartier challenges the commercial assumption before specialist advisers determine whether and how any separation could lawfully and efficiently be implemented.

Why should an ownership perimeter accumulated over thirty years automatically become the perimeter somebody else is entitled to purchase today?

14 / THE BINDING CONSTRAINT

Succession, not capital, becomes the binding constraint.

The buyer is paying for an enterprise that still partly resides inside the person trying to leave.

A ninety day diagnostic maps where consequential activity still depends upon the founder. Twenty one material decisions per month continue reaching them. Nine of the twenty largest customer relationships retain significant founder dependency. Three strategic suppliers escalate directly to them. The lender still treats the founder as an important relationship owner. Two family shareholders bypass executive management in consequential matters.

The strategic buyer has identified the same issue, which helps explain the twenty four month founder retention requirement. The provision is not merely a contractual inconvenience. It is evidence that the transaction cannot yet transfer an institution fully independent of the seller.

DEPENDENCY	STARTING	REQUIRED STATE
Top 20 customer relationships materially founder dependent	9	<=2
Consequential decisions routed to founder / month	21	<=4
Senior executives regularly requiring founder override	5	1
Material external relationships with no secondary owner	11	<=2
Significant undocumented founder held knowledge dependencies	14	<=3
Principal governance forums chaired by founder	6	1

Succession is no longer an intention. It becomes a measurable reduction in institutional dependence.

15 / MANAGEMENT ECONOMICS

Responsibility is being transferred faster than ownership.

If management is expected to become the next institutional leadership generation, the economics should be designed deliberately.

Senior management owns 8 per cent. The founder wants those executives to carry greater entrepreneurial responsibility, operate independently and become a credible institutional counterweight to founder dependence. Under the strategic sale they receive transaction remuneration and then become employees of the acquirer. That can be entirely appropriate. It simply conflicts with the objective expressed here.

The redesign therefore targets progressive management participation toward approximately 15 per cent, subject to performance, vesting, leaver provisions, and appropriate specialist legal and tax design. The significance is not generosity. It is alignment between the authority management is expected to exercise, the accountability it will carry and the enterprise value it is being asked to create.

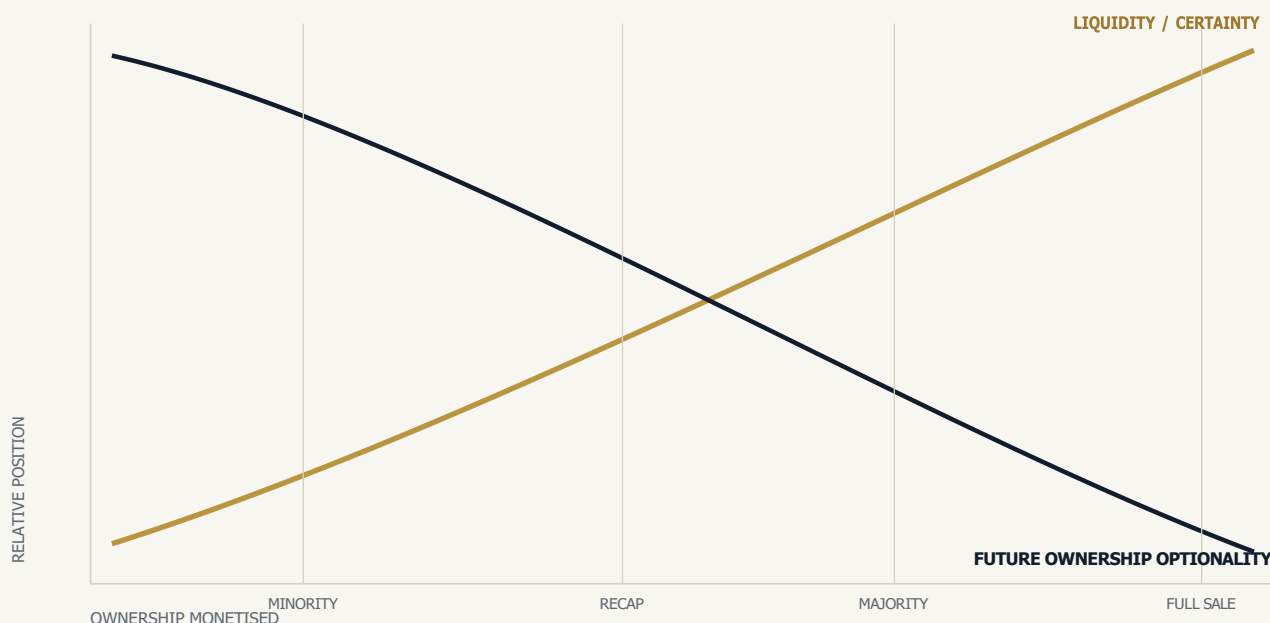
The ownership redesign also matters to a future buyer. A company whose next leadership generation has meaningful economic exposure, proven authority and operating evidence is different from a company whose succession thesis depends upon retention bonuses after the founder leaves.

Increase management economics before increasing management responsibility.

EXHIBIT III

The Ownership Optionality Curve

Every ownership event converts some future possibility into present certainty.



At one extreme, the owner preserves maximum ownership and receives little immediate liquidity. At the other, a complete sale maximises current liquidity but eliminates future economic participation. Between those points sit minority investment, recapitalisation, secondary sale, management ownership, majority investment with rollover, staged succession, and strategic minority participation.

The correct point is not ideological. It depends upon concentration, capital requirements, succession readiness, market conditions, governance, risk tolerance, and the company's own economics. But it should be chosen consciously rather than inherited from whichever counterparty first offers to buy everything.

How much future optionality should the owner rationally monetise today, and how much should remain exposed to the enterprise they still believe can compound?

16 / THE REDESIGNED ROUTE

Separate the problems before solving them.

The sequence is deliberately designed so that each commitment removes risk before the next irreversible decision.

01 Phase I / Separate

Liquidity from enterprise capital; succession from share transfer; ownership from control; property from operating value; current liquidity from future liquidity.

02 Phase II / Institutionalise

Standardise reporting; transfer customer ownership; give the successor real authority; regularise IP/intercompany issues; broaden lender relationships; map consents.

03 Phase III / Recapitalise

£110m primary capital plus £85m secondary liquidity; expand management ownership; create investor protections without unnecessary operating control.

04 Phase IV / Compound

Deploy capital into capability, technology, international expansion, and working capital; reopen the ownership decision only after the company can operate without the seller.

The first transaction is not the exit. It is the transaction that buys enough liquidity, capital, and time to make the eventual exit a better decision.

EXHIBIT IV

The Decision & Evidence Ledger

Milestones record activity. Evidence gates determine whether the thesis deserves the next commitment.

DECISION	EVIDENCE REQUIRED	NEXT COMMITMENT	REVISE / STOP IF
Founder authority transfer	Decision routing, executive escalation, board behavior	Reduce founder operating role	Important decisions continue returning to founder
Customer institutionalisation	Relationship ownership, renewal behavior, escalation paths	Reduce founder account involvement	Customers resist institutional handover
Management ownership	Retention, performance, leadership proof, successor credibility	Expand equity participation	Ownership fails to change behavior or authority
Minority capital	Rights package, dilution, governance, primary/secondary allocation	Execute recapitalisation	Control surrendered beyond current objective
£110m capital programme	Returns, capability, recurrence, cash conversion	Release next capital tranche	Economics fall below agreed thresholds
Second transaction	Founder independence, EBITDA quality, leverage, buyer universe	Launch process	Company still requires seller or market conditions unattractive

The ledger matters because a transaction process creates momentum. Advisers are appointed, diligence begins, management time is consumed and the organisation starts behaving as though completion is inevitable. Evidence gates keep the mandate capable of changing before sunk effort becomes a substitute for judgement.

The sequence therefore has explicit intervention conditions. A successful milestone is not enough. The underlying thesis must become more credible.

17 / THE OPERATING RESULT

Thirty months later, the company is not merely larger.

It is materially easier to own, finance and transfer.

MEASURE	STARTING POSITION	THIRTY MONTH POSITION
Revenue	£420m	£515m
EBITDA	£54m	£78m
EBITDA margin	12.9%	15.1%
Net debt	£95m	£70m
Net debt / EBITDA	1.8x	0.9x
Recurring / contracted revenue	34%	57%
Founder dependent top 20 accounts	9	1
Consequential founder decisions / month	21	3
Senior management ownership	8%	15%
Material customer relationships with institutional secondary owner	55%	95%+
Founder personal guarantees	Material	Removed

The company no longer needs a buyer to solve succession, a full sale to diversify the founder or a transaction simply to obtain growth capital. It can choose the next ownership event because the transaction itself is attractive.

18 / THE SECOND EVENT

The future buyer is underwriting a different institution.

The improved transaction is the consequence of earnings, leverage, recurrence, management depth, and lower founder dependence moving together.

£78m

EBITDA

57%

RECURRING / CONTRACTED
REVENUE

0.9x

NET DEBT / EBITDA

1 / 20

FOUNDER DEPENDENT TOP
ACCOUNTS

Thirty months after the recapitalisation, the company re enters the market. Buyers are no longer underwriting a £54m EBITDA business with material founder dependence and unresolved capital requirements. They are evaluating a £78m EBITDA organisation with a larger contracted revenue base, stronger management ownership, clearer institutional governance, lower leverage, and evidence that consequential decisions continue moving without daily founder intervention.

In the model, a competitive process produces an enterprise value of £897m, equivalent to 11.5x £78m EBITDA. With £70m of net debt, the implied equity value is £827m. The significance is not simply that a later headline is larger. It is that the owners preserved enough participation to benefit from the company they helped strengthen between the two transactions.

The first transaction created liquidity and capability. The second transaction monetises an institution that no longer needs the seller in order to be credible.

EXHIBIT V

The Owner Outcome Bridge

Compare what the owner actually receives and retains, not merely the offer headline.

OWNER ECONOMIC COMPONENT	ORIGINAL FULL SALE	SEQUENCED ROUTE
Headline enterprise value	£545m	Initial recap at lower headline valuation
Initial owner / family liquidity	£360m headline economic interest before conditionality	£85m secondary liquidity
Future distributions	None after sale	£10m-£15m draft distributions
Later equity monetised	None	£265m
Remaining equity after second transaction	£0	£120m-£125m
Founder obligation	24 month retention	Operating role deliberately reduced
Future ownership optionality	None	Meaningful participation preserved
Nominal realised + retained economic position	Subject to deferred / contingent structure	£480m-£490m

The comparison must not ignore time. Later proceeds should be discounted for time and risk. Nor should the model pretend the second transaction is guaranteed. The point is narrower and more important: the owner can receive substantial liquidity today without monetising every future option, provided the retained enterprise has a credible route to become materially stronger.

The superior outcome is therefore not created by refusing a high valuation. It is created by preserving ownership in an asset whose subsequent value can be explained through operating performance, lower leverage, and reduced dependency.

19 / THE VALUE CREATION MECHANISM

The £24m EBITDA improvement must be reconstructable.

No single initiative is allowed to become the magical explanation for the result.

SOURCE OF IMPROVEMENT	INDICATIVE EBITDA CONTRIBUTION
Pricing discipline and commercial mix	+£7m
Strategic account penetration and cross divisional selling	+£5m
Acquired technical capability deployed into installed base	+£6m
Recurring technology enabled services	+£4m
Operating simplification and procurement	+£5m
International expansion	+£3m
Additional leadership, technology, and institutional operating cost	-£6m
NET EBITDA IMPROVEMENT	+£24m

The succession work reduces founder bottlenecks. Management ownership aligns authority with economics. Better reporting improves capital allocation. The capability acquisition strengthens the customer proposition. Technology increases recurring service economics. Lower founder dependence improves transaction quality. The effects reinforce one another rather than operating as isolated workstreams.

The bridge prevents the case from becoming theatrical. Every material improvement has a mechanism, an economic cost, and an observable operating consequence.

Extraordinary outcomes should be explainable.

20 / MULTIPLE QUALITY

The result is not explained by heroic multiple expansion.

The first sources of value are operating earnings, lower debt and ownership deliberately retained before those improvements occurred.

It would be easy to make the model more dramatic by assuming that the market simply awards the company a substantially higher valuation multiple because the organisation has become 'better'. That would weaken the analysis. Multiple quality is a market conclusion, not something an adviser is entitled to declare into existence.

The operating changes are observable: founder dependency falls, recurring revenue rises, management depth improves, customer relationships become institutional, reporting becomes clearer, leverage falls and the transaction perimeter becomes easier to understand. Those characteristics can affect the risk a buyer is prepared to underwrite and therefore the price it may offer. But the case does not require an assumed premium to explain why the owners can be better positioned.

At an unchanged multiple, the higher EBITDA and lower net debt already create substantially greater equity value. Any additional multiple benefit should be treated as upside requiring its own market evidence.

COMMON EV / EBITDA MULTIPLE	EQUITY VALUE AT £54m EBITDA / £95m DEBT	EQUITY VALUE AT £78m EBITDA / £70m DEBT	DIFFERENCE
9.0x	£391m	£632m	~£241m
10.0x	£445m	£710m	~£265m
11.5x	£526m	£827m	~£301m

EXHIBIT VI

The Control Surface

Economic ownership cannot tell the board where authority actually sits.

DECISION	MANAGEMENT / EXISTING OWNERS	INVESTOR POSITION
Ordinary operating activity	Management authority	No consent
Annual budget	Board approval	Defined investor protection
Material acquisition	Board	Consent above agreed threshold
New share issue	Shareholders	Pre emptio / protection
Additional leverage	Board	Consent above agreed threshold
CEO appointment	Board	Defined participation
Dividend policy	Board within agreed framework	Protection
Related party transactions	Independent approval	Protection
Material IP disposal	Reserved matter	Consent
Change of control	Shareholders	Tag / drag rights

The precise provisions belong in the legal documents and are the responsibility of transaction counsel. The strategic point comes earlier: a founder can retain more than 50 per cent of the economics and still discover that a collection of consent rights has moved practical control over the decisions that matter most.

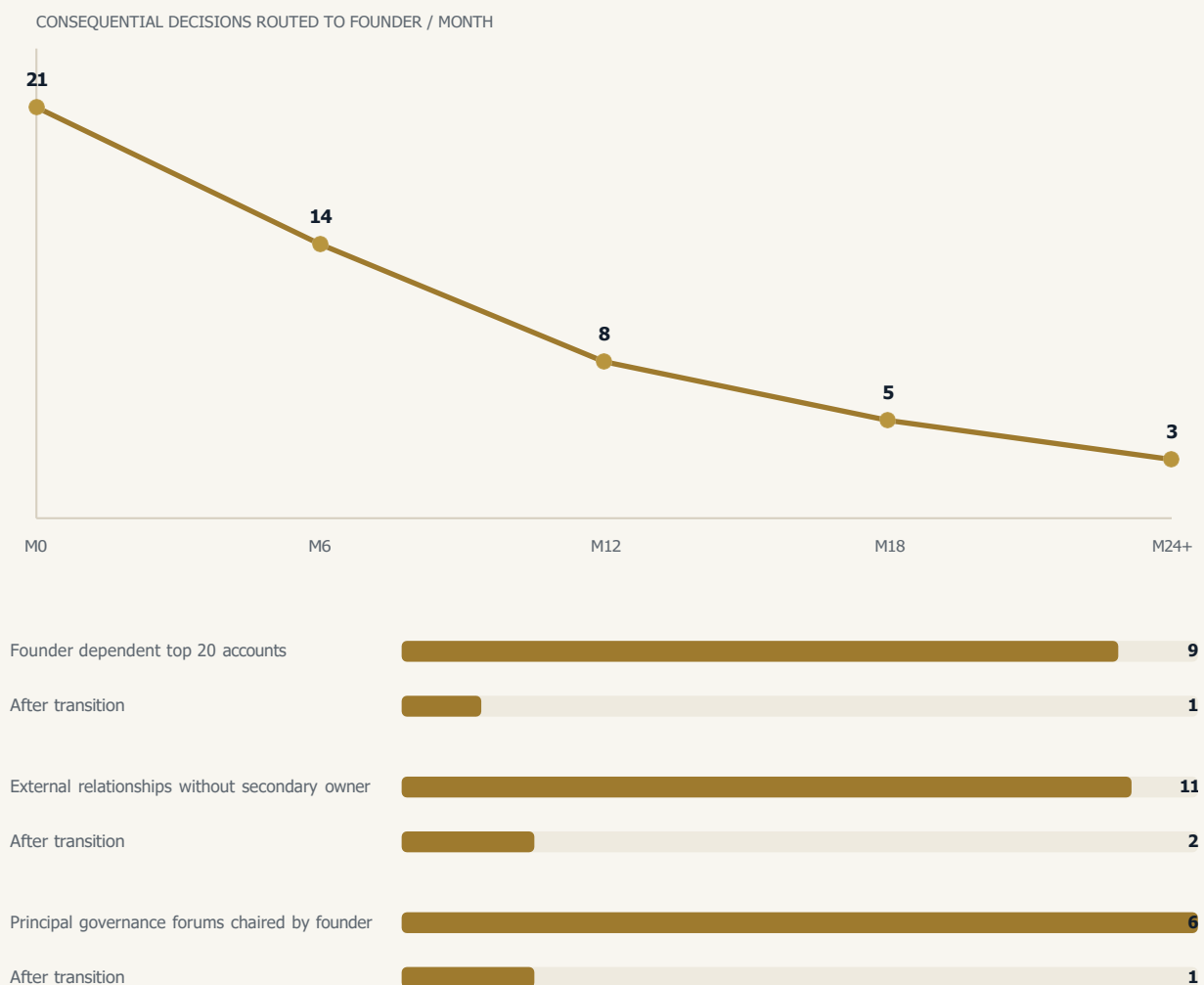
The Control Surface therefore makes power visible before the board congratulates itself for 'retaining control' on the basis of a percentage alone.

52% economic ownership does not mean 52% control.

EXHIBIT VII

The Succession Proof System

A future buyer is shown how the enterprise behaves without the founder rather than being asked to believe a succession narrative.



The important change is behavioral. Month by month, fewer consequential decisions return to the founder. Customer relationships gain institutional owners. External counterparties learn to rely on executives rather than the former principal. Governance forums continue producing decisions without founder intervention.

The proof system turns succession from a story about intention into evidence about organisational behavior.

21 / THE COUNTERFACTUAL

The original £545m sale might have been the right decision.

A credible case does not require the alternative to be foolish.

The strategic buyer could have completed successfully. The founder could have received substantial liquidity, the company could have performed well under new ownership, and the twenty four month retention period could have passed without difficulty. If the owner's true objective had been complete risk transfer and immediate certainty, the strategic sale might have been superior.

The redesigned route wins only under a different objective: substantial rather than complete liquidity, adequate enterprise capital, real succession, management ownership, and continued exposure to future value. It also accepts meaningful risks. Market conditions can deteriorate. The successor can fail. Growth capital can earn inadequate returns. Minority governance can become more restrictive than anticipated.

This is why the original offer remains an active counterfactual rather than a straw man. The decision is not 'good advice versus bad deal'. It is a comparison between two forms of success with different distributions of certainty, control, and future participation.

The redesigned route does not win because the original sale fails. It wins only if preserving ownership creates more value than the certainty being surrendered.

22 / THE RESULT HAS TO SURVIVE BAD NEWS

A strategy that is exceptional only when every assumption behaves favorably is not exceptional.

The recommendation must contain conditions capable of proving it wrong.

01 Successor underperforms

If genuine, delegated authority reveals that the proposed successor is not capable of carrying enterprise responsibility, succession architecture changes before a later transaction.

02 Capital programme disappoints

If the £110m investment programme fails agreed return, recurrence or cash conversion thresholds, additional capital is not released simply to defend the original narrative.

03 Minority rights become too restrictive

If the negotiated governance package transfers more practical control than the owner is willing to surrender, the minority route is rejected.

04 Market conditions deteriorate

If later transaction conditions weaken materially, the value of waiting is recalculated against the certainty of an earlier exit.

05 Founder dependency does not fall

If decisions and customer relationships continue returning to the founder, the second sale thesis is weakened and retention assumptions change.

06 Strategic offer becomes economically superior

If contingent consideration becomes highly certain and the alternative route no longer compensates for timing and risk, the original sale can become the stronger choice.

The conditions are defined before the result, not after it.

23 / THE DECISIONS THAT CHANGED THE OUTCOME

The mandate does not need one hundred recommendations.

Ten consequential choices alter the ownership architecture.

01 Refuse to treat £545m headline value as the owner outcome comparison.

02 Separate founder liquidity from enterprise capital.

03 Separate succession from the ownership event.

04 Challenge the assumption that every historically owned asset belongs in the transaction perimeter.

05 Measure practical control rather than relying upon shareholding percentages.

06 Institutionalise founder owned relationships before seeking full liquidity.

07 Increase management economics before increasing management responsibility.

08 Raise only the ownership capital required for the current objective.

09 Preserve a credible second liquidity event rather than monetising every future option immediately.

10 Reopen the sale decision only after the organisation can operate without requiring the seller.

24 / WHAT E. CARTIER DID, AND DID NOT DO

Attribution is part of the standard.

The operating result belongs to the organisation that executes it.

E. Cartier & Co did not act as transaction counsel, tax adviser, accountant, lender, investment bank, or regulated investment adviser. The specialists responsible for valuation opinions, legal documentation, tax treatment, financing, diligence, and regulated matters retain responsibility for their own disciplines.

E. Cartier's contribution is the architecture of the owner decision: defining the actual objective; exposing that one transaction was being asked to solve several different problems; separating primary capital from secondary liquidity; distinguishing economic ownership from practical control; identifying founder dependency as a transaction variable; challenging the asset perimeter; connecting management ownership to succession; creating credible counterfactuals; setting evidence thresholds; and keeping the mandate capable of changing as facts develop.

The case does not therefore claim that E. Cartier single handedly created £24m of additional EBITDA or the later transaction value. Management operates the business. Executives transfer relationships. Employees deliver the customer outcome. Specialists implement matters within their professional perimeter. The attributable choices are the consequential decisions that the mandate caused to be made differently.

The client owns the decision. E. Cartier governs the coherence of the mandate. Specialists retain responsibility for their disciplines.

25 / WHAT THE ORGANISATION RETAINS

The mandate should leave decision infrastructure, not dependency.

The work is incomplete if the client cannot govern the ownership architecture after E. Cartier steps back.

01 Capital & Ownership Thesis

The objective of the ownership event, interests being reconciled, required capital and conditions the final structure must preserve.

02 Capital Perimeter Map

Entities, assets and rights the capital is actually financing, and what remains outside.

03 Ownership & Control Surface

Economic ownership, voting rights, board rights, reserved matters, and practical control presented together.

04 Founder Liquidity Architecture

Primary capital, secondary liquidity, retained exposure, and future liquidity routes.

05 Succession & Continuity Map

Authority, capability, relationships, and dependencies that must move before succession becomes real.

06 Transaction Readiness Architecture

Financial, commercial, leadership, governance, contractual and operational issues likely to affect certainty or value.

07 Diligence Closure System

Issue, accountable owner, evidence required, specialist responsibility, status, and economic consequence.

08 Valuation Support Architecture

Evidence supporting earnings quality, recurrence, forecast credibility, and strategic value.

09 Decision & Evidence Ledger

Consequential decisions, assumptions, thresholds, and intervention conditions throughout the ownership process.

10 Post Transaction Governance Architecture

Authority, board cadence, information, and reporting required after ownership changes.

26 / WHEN THIS WORK BECOMES NECESSARY

The trigger is rarely simply that a transaction exists.

The pathway becomes relevant when ownership change alters strategic freedom, continuity, or enterprise value.

- The owner is considering a sale but cannot yet distinguish liquidity from succession.
- A private equity backed company is approaching another transaction while founder or executive dependency remains high.
- The company needs institutional capital but has not determined what investors should actually own.
- A strategic buyer has approached unexpectedly.
- Several attractive offers contain materially different governance consequences.
- Management expects diligence to expose reporting, customer dependency, or governance weaknesses.
- A founder wants diversification without surrendering all future participation.
- The group contains assets that may not belong inside the transaction perimeter.
- A family is transferring ownership while operating authority remains unresolved.
- An acquisition is being considered before the board has established which capability genuinely requires ownership.
- Management is considering an MBO or management equity transition.
- The owners want independent challenge before advisers become economically aligned to one route.

WHEN WE WOULD RECOMMEND NOT TRANSACTING

We would not recommend selling because a buyer has appeared, raising equity because the valuation looks attractive, using leverage merely because it avoids dilution, or transferring ownership because a technically efficient structure exists. Sometimes the correct decision is to professionalise, institutionalise relationships, transfer authority, separate assets, improve reporting, refinance, repair governance, increase management ownership or simply wait until the enterprise can obtain the transaction it deserves.

27 / QUESTIONS WORTH ASKING

Before the next capital or ownership decision.

Questions designed to expose value, control, continuity, dependency, and future optionality.

- 01 Which rights are we actually giving away in return for the capital?
- 02 How much of the headline price becomes unconditional cash at completion?
- 03 Which part of the owner objective genuinely requires selling control?
- 04 What happens to the company if the founder disappears tomorrow?
- 05 Which relationships still belong to a person rather than the institution?
- 06 What property is an investor receiving simply because of historic group structure?
- 07 What will diligence discover that management has not already examined itself?
- 08 Which governance provision looks insignificant today but becomes powerful during disagreement?
- 09 Who participates if the enterprise doubles in value after the transaction?
- 10 Who gains negotiating leverage if performance deteriorates?
- 11 Does management possess economic ownership consistent with the authority we expect it to assume?
- 12 Are we solving capital, liquidity, succession, governance or exit , and which of those genuinely require the same transaction?

If the transaction succeeds exactly as proposed, what will the owners wish they had preserved?

CLOSING PERSPECTIVE

The transaction is not the objective.

The objective is the enterprise and owner position that exist after it.

Capital can strengthen an institution. It can also reorganise power inside it. Ownership can create continuity or preserve dependency beneath a different legal structure. A transaction can crystallise extraordinary value while permanently surrendering an asset the owners did not realise they were selling.

That is why E. Cartier does not begin with the term sheet. We begin with the enterprise that must exist afterwards: who owns the economics, where authority sits, who bears downside, which relationships survive, what the company can finance next, what the founder still has to do, what management is expected to become, which options remain open and which decisions become irreversible once somebody signs.

The most consequential ownership mistake is often not paying too much or accepting too little. It is discovering afterwards that the transaction solved the immediate problem by quietly creating the next one.

In this, the most important intervention is not negotiating a higher price. It is recognising that the owner does not yet need to sell everything the market is willing to buy. The first transaction creates liquidity and capability. The operating work creates independence from the founder. The second transaction monetises an institution that is worth more precisely because the first transaction did not exhaust its future.

Ownership should change only when the enterprise, the owners and the people expected to carry it forward are stronger because it did.

A PRIVATE CAPITAL, OWNERSHIP & TRANSACTION REVIEW

Before you raise, sell, acquire, transfer or dilute, establish what the proposed structure is actually asking the enterprise and its owners to surrender.

Private. Senior led. For organisations where the next ownership decision will determine not only who owns the enterprise, but what the enterprise remains free to become.

The review begins with the objective. We establish why capital is required, who requires liquidity, where control actually sits, what the enterprise still depends upon, which weaknesses could alter value or certainty, what future ownership outcomes must remain available and which specialist disciplines the mandate legitimately requires.

We examine capital perimeter, primary and secondary allocation, owner concentration, governance rights, succession readiness, transactionability, management economics, customer dependency, evidence quality, and the consequences of each route for strategic freedom. The work is designed to expose the decision before the process creates momentum around one answer.

The conclusion may support a full sale, a majority investment, minority capital, debt, a recapitalisation, management ownership, staged succession, a different transaction perimeter, a period of transaction preparation or no transaction at all. There is no preferred structure before the objective, evidence and consequences are understood.

That is the point.

REQUEST A PRIVATE REVIEW

Objective view. Clear choices. Enduring control.

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