



Highlights Report 2022





Contents

Introduction →
03

Livingbridge in Numbers →
04

Our Sectors →
05

Case Studies →
06 - 07

Looking Forward Into 2023 →
08

Founder Capital Solutions →
09

Responsible Investment →
11

The Livingbridge Foundation →
12

Contact Us →
13



Introduction

Over the last 25 years, our experienced team has navigated through cycles and consistently delivered strong returns against varying macro environments; this is our hallmark, and it has been and will continue to be what sets us apart.



Wol Kolade
Managing Partner

M&A has continued to be a driver of value creation in 2022, with some of our portfolio companies having been very active. While strategic add-ons can deliver enhanced returns, we have become more focused on transformative opportunities, and this will underpin our approach to value creation in 2023.

We know that dislocations reduce the margin for error in executing value strategies. Against a difficult economic backdrop, you need the best quality management teams in place – those with the agility and resilience to manage businesses through choppy waters. That is what we have done across the board in 2022.

Away from our investments, I am delighted that we have launched our first Responsible Investment Report, a key milestone in our ESG journey. The report illustrates how we address ESG throughout the investment lifecycle and introduces our four core belief statements. We have also become a Carbon Neutral company putting in place carbon offsets to neutralise our emissions over the past three years.

Livingbridge has continued to expand our social responsibility programme, supporting a diverse number of initiatives and causes such as Impetus, #10,000BlackInterns and Level 20, of which we are founding partners, as well as further developing our own Foundation.

The annual abseil organised by the Guy's & St Thomas' Charity was a great success; our employees enjoyed taking part and raised invaluable funds to support their mission of looking after the dedicated staff teams at their NHS Foundation Trust. Importantly we have also become a signatory to the Institutional Limited Partners Association's (ILPA) Diversity in Action Initiative, which seeks to motivate and support private equity firms to make progress on Diversity, Equity and Inclusion.

In what has been a challenging year, I am very proud of the work done and the results we have achieved at Livingbridge as a team. We have created value for all our stakeholders and are constantly thinking about how we will continue to improve and do more.

We look forward to the coming year; we know it will deliver challenges, but we are confident that our experience will guide us through them.



Livingbridge in 2022

£ 3.4 bn

assets under management*

25

strategic bolt-ons

42

portfolio companies*

3 continents

5 offices

*As at 31 December 2022

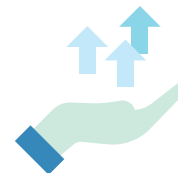
Highlights from our portfolio



WSG signed two exciting and strategic acquisitions – through acquisitions and organic growth the business has grown c.50% in size since our investment.



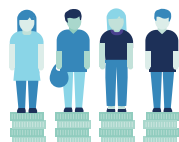
World of Books became a Carbon Neutral certified company in October 2022, making it the first carbon neutral book retailer.



Jensten made four acquisitions in a month, in August.



RealVNC acquired the remote management software provider, RPort, which will enable the company to branch out beyond graphical screen sharing and into remote management.



Veramed offered financial support packages for relocation to its Ukrainian employees ahead of the Russian invasion. Against all the odds, Veramed has retained its workforce in Ukraine.



Absolute Collagen ranked at number 4 on The Sunday Times 100 list of Britain's fastest-growing private companies in 2022



Our Sectors



Technology

Software and Technology Service Providers are our two focus areas. We have deep domain knowledge built over twenty years in software, communications, cloud and managed services digital transformation. We back entrepreneurial platforms that are transforming the status quo in the industries that they operate in.

38

INVESTMENTS



Healthcare and education

We have invested in these sectors in almost every single year for the past two decades and are inspired by how our investees' services are changing people's lives for the better.

29

INVESTMENTS

168

investments
to date*

69

INVESTMENTS



Services

The Services team focus on building scalable service providers underpinned by strong quality of earnings, typically recurring, contracted or compliance driven. Current focus areas are field technical services, marketing and media, insurance distribution and green transition.

32

INVESTMENTS



Consumer

From our first investment in retailer Fat Face, to our most recent in the UK's leading book re-commerce platform Wob, our sector expertise enables us to ask the right questions and to de-risk uncertainty.

*Number of investments made across the platform since 1999





Case Studies

Technology

CitNOW Group

CitNOW Group has rapidly established itself as one of the most exciting software companies in our portfolio following our investment in July 2022.



In the span of six months, Livingbridge has supported the firm through strengthening its management team with the appointment of a non-executive Chairman, and significantly expanding its suite of products and international footprint through four strategic bolt-on acquisitions.

In the summer of 2022, CitNOW invested in software provider Real Time Communications, digital solutions provider Auto Imaging, sales lead management provider AutoSLM and Dealerdesk, a customer relations platform based in Germany.

Livingbridge's partnership with CitNOW has benefited considerably from our newly established Software Advisory Board. Comprising a group of world-class software operators, the Board has played an invaluable role contributing to the firm's growth journey.

Services

Network Plus

Network Plus grew significantly after Livingbridge invested in 2020, doubling its revenue and profits and rapidly expanding its national coverage and service offering.



Change was driven through both organic growth – thanks to several sizeable long-term contract wins – and strategic M&A. To help maintain this growth, Livingbridge strengthened the firm's management team and advised on building a sophisticated data strategy to optimise a vast amount of daily operational and financial data.

What started as an off-market deal during the Covid-19 pandemic – and an early example of our uniquely flexible approach in taking smaller equity stakes (10-25%) in UK businesses – concluded in an exceptionally successful exit in September 2022, firmly establishing Network Plus as one of the leading Tier 1 “pureplay” providers in the UK.



Case Studies

Healthcare

Nourish

We partnered with Nourish, a leading provider of digital care planning software to the UK social care sector in March 2022.



Livingbridge's extensive health & social care experience and a strong track-record in growing software businesses, have enabled Nourish to build out its senior team, launch a new product and develop its growth and M&A strategy to set the business up to capitalise on an exciting market opportunity.

Thanks to our direct origination function, our team developed a strong relationship with the team two years prior to completing this off-market deal. Nourish is an excellent example of the success which can be achieved through establishing a close working relationship and shared ambition to deliver positive impact at scale.

Consumer

Superbike Factory

Superbike Factory, a re-commerce platform and finance provider for used motorbikes has firmly established itself as the clear market leader following our investment in 2017.



2022 was a busy year for the business, as they significantly scaled their purchasing capacity through the acquisition of two leading purchasing brands. These acquisitions, together with the brands developed organically, means that Superbike Factory now owns all of the major purchasing brands in the UK.

During our partnership, Livingbridge has helped build out the senior leadership team, including a newly appointed MD. Our team have also assisted Superbike enhance their proposition and customer conversion through advising on new technology investments including an updated website, and a refreshed CRM system.



Uncertainty creates opportunity

Livingbridge has over 25 years of experience in private equity spanning numerous economic cycles. We are used to investing through periods of uncertainty and see many exciting opportunities in our markets of the UK, Australia and the US.



Shani Zindel
CIO



Fiona Dane
Partner

We have also seen very strong resilience in our portfolio in 2022, given our long-standing sector focus and track record of growing businesses.

For most private equity firms, 2022 was a year of reduced deal flow, with valuations harder to define and investors more cautious on – and more conscious of – risk. In

2023, we expect to see a firmer investment environment evolve with deal volumes picking up over the course of the year. Continued secondaries activity is likely, and the attractiveness of SPVs and other tactical fund strategies, are likely to remain.

Our intrinsic focus on sourcing direct opportunities and adding value remains our core priority. In 2023 we believe conditions are ripe for strategic M&A, both domestic and cross-border, with a focus on gaining market share faster, enhancing revenues and benefiting from synergies. UK businesses looking to acquire or grow organically in the US is a major trend that will continue; similarly, given the depreciation of Sterling over the past year, US and other international investors will likely see relative value in the UK.

In terms of sectors, we believe firms that are well positioned in software and technology services markets can continue to deliver strong growth. They are becoming more vital for their clients, and we see increasing value in their earnings growth, customer stickiness and sector leadership.

In addition, we believe healthcare will continue to be an interesting

sector to invest in. The pressures being felt in UK healthcare are likely to worsen, and the role our industry plays is likely to increase. Private equity firms with a track record in delivering positive outcomes for patients and customers can play a valuable role in such specialised markets.

From an LP perspective, over the past 25 years, we have seen a flight to stability and consistency during times of uncertainty, with investors choosing to back funds that are known to them and have a consistent track record of success. We expect to see more of this throughout the year, and in this environment the quality of the GPs' existing investor base and strong communication levels will be of paramount importance, as Livingbridge has witnessed in previous downturns.

Finally, Responsible Investment will remain a key factor in how private firms differentiate themselves, and the quality of their portfolios. Regulations such as SFDR and the mainstream switch to standards such as Article 8 were major shifts in the landscape that will continue in 2023.



Founder Capital Solutions

Success in private equity often comes down to how good a firm is at understanding entrepreneurs and business founders, delivering bespoke solutions after listening to their needs.



Mark Advani
Partner



Susie Stanford
Partner

Every business is different, and every founder has a unique ambition and vision for their business and for themselves. Drivers for taking on an equity partner are typically a varying cocktail of de-risking personally (through a cash realisation), de-risking the business plan (through bringing experience around the board table) and accelerating growth (through cash on the balance sheet or team build). None of these drivers

imply a desire to cede voting or operational control.

Since we began investing, one of the differentiating aspects of Livingbridge's proposition is that we take a completely flexible approach to how much equity we take in a business and how much control we have. We want to work with the best people and best businesses – so we tailor our offer to the situation.

While we are happy to take a majority stake where the founder has a sense that the time is right for a change, often we find that a minority investment sets a tone of continuity that can sustain momentum within the business and prolong the engagement of owners and allied stakeholders. What we care about is a mutually beneficial partnership, where the focus is on retaining all that has driven previous success, and in turn what livingbridge can bring to the table.

Over time minority equity stakes have accounted for approximately half of our initial investments. There are several reasons why this approach is valuable to entrepreneurs and senior management teams alike.

For founders, realising a stake in their business means they don't need to choose between selling up and having all of their financial eggs in

one basket. It's very natural for someone who has built their business up over time to worry about the concentration of their wealth. Private equity represents a very attractive route to diversification and financial security.

The support that firms such as Livingbridge provide can really reinvigorate founders. We are medium term investors and will require a refreshed forward looking business plan. Alongside the plan, we will take a new look at the capabilities of the team who will execute – there are usually huge benefits to be gained from one or two key senior appointments. Building businesses that sustain is not easy but is hugely satisfying and post investment our role is to act as critical friends – we have seen most challenges before and try not to waste lessons learnt from our mistakes.

Given the market volatility experienced in 2022 and continuing into 2023, we expect that minority equity solutions will see heightened demand, with founders looking for tailored solutions. We also expect founders to look for partner firms with the track-record, know-how and confidence to help them continue to grow by smartly navigating these complex times.



M&A

Current economic conditions are making it harder to grow businesses organically, and the last two years have been tough on business owners trying to navigate a series of challenges.



Simon Peet
Partner

As a result, the number of potential bolt-ons in the market is steadily growing. Furthermore, an increasing number of smaller businesses on the vendor side are deciding they no longer want to go it alone and welcoming external support, be that through merging or selling.

When it comes to the demand-side, with the rising cost of debt, and banks less willing to provide funding, private equity is ideally positioned as a solution which helps deliver capital while supporting businesses progress to the next stage of their journey.

M&A enables businesses to move from being just one of a number of players in their market to becoming the dominant company in their sector and accelerating their strategic growth. 2022 proved a strong year for M&A activity within the private equity industry – a trend we expect to continue into 2023 given factors such as distress on the supply side and increasingly expensive debt. Livingbridge always invests in businesses that are experts in what they do, and the aim of M&A is ultimately to build scale and capability in both domestic markets and internationally where relevant.

A great example of successful international expansion can be seen in **Brainlabs**, a data-led marketing firm which has acquired several bolt-ons during our tenure, including Bangalore-based data services experts **Nabler**, Canadian programmatic agency **MediaNet**, global social advertising agency and creative studio **Consumer Acquisition**,

and **Hanapin**, a US-based search marketing agency. Around 60% of the business's revenue now comes from the US, following this international expansion strategy.



Responsible Investment

At Livingbridge, we have the expertise to equip businesses for long term growth and build sustainable cultures that thrive beyond our involvement.

Our Four Beliefs

Our values driven culture has over many years, given us licence to implement our responsible investment programme with authenticity and ambition in equal measure.



We believe everyone has a duty to look after our planet



We believe diversity is essential to success



We believe access to education and continuous learning unlocks opportunities and reduces inequalities



We believe in creating a workplace that supports personal fulfilment and wellbeing

2022 highlights

In 2022, we partnered with **Climate Capital Partners** to offset our emissions and became a **Carbon Neutral** company.

We launched our inaugural Responsible Investment report – please read [here](#).





The Livingbridge Foundation

The Livingbridge Foundation was established in 2020 and supports social mobility amongst disadvantaged young people, with a focus on Equality, Diversity, Opportunity and Entrepreneurship.

The Foundation partners with a carefully selected range of high performing charities that are chosen by Livingbridge employees.

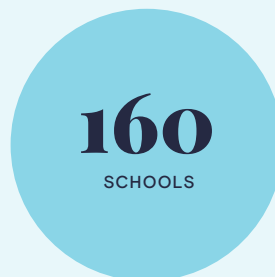
The Foundation is funded by Livingbridge partners and employees and, so far, it has committed to donate over £1.5m to 11 charities.

The Foundation provides support to its partner charities which goes beyond money and includes guidance and expertise on various strategic and operational matters. The Foundation provides access to the broader Livingbridge network, as well as encouraging Livingbridge employees to engage with the various volunteering and fundraising activities on offer.

Case study

Action Tutoring is a national education charity dedicated to supporting pupils from disadvantaged backgrounds to achieve a meaningful level of academic attainment.

Action Tutoring facilitates young people from low-income backgrounds to build their subject knowledge, confidence and study skills, with the ultimate view to improving academic attainment, enabling them to progress to further education, employment and training. In the 2020/21 academic year, Action Tutoring worked with over 5,400 pupils in partnership with 160 schools and over 2,700 volunteers. The Foundation has made a multi-year donation to support Action Tutoring's expansion plans across England.





Contact Us

Currently investing from our funds; Livingbridge 7 (£1.25bn) and Enterprise 3 (£334m), we look forward to continuing to invest in and grow businesses across our sectors with enterprise values of up to £300m.



Our Partners

- | | | | |
|---------------------|----------------|----------------|-------------------|
| Mark Advani | Adam Holloway | Simon Peet | Xavier Woodward |
| Matthew Caffrey | Matthew Jacobs | Dan Smith | Amy Yateman-Smith |
| Pete Clarke | Liz Jones | Susie Stanford | Shani Zindel |
| Fiona Dane | Wol Kolade | James Titmuss | |
| Simon Hollingsworth | Sanjay Panchal | Mark Turner | |





Information in this document has been compiled as at 31 December 2022 (unless otherwise stated herein).

Livingbridge EP LLP is the Operator and Manager of Livingbridge 4 LP, Livingbridge 5 LP, Livingbridge 6 LP, Livingbridge 7 LP, Livingbridge Parallel LP and FPPE Fund plc and invests on behalf of its institutional clients. Livingbridge EP LLP is a limited liability partnership registered in England No OC311889.

Livingbridge Enterprise LLP is the Operator and Manager of Livingbridge Enterprise 1 LP, Livingbridge Enterprise 2 LP and Livingbridge Enterprise 3 LP and invests on behalf of its institutional clients. Livingbridge Enterprise LLP is a limited liability partnership registered in England No. OC401650.

The Livingbridge Firms are authorised and regulated by the Financial Conduct Authority (FCA). The registered office address for the Livingbridge Firms is: 8th Floor, 100 Wood Street, London EC2V 7AN.

