Private Debt Finance for M&A

FUSE CAPITAL

Immediate access to capital. Quick to set up. Non-dilutive.

Solve the problem of funding a time-sensitive transaction such as a merger or an acquisition.

If you're a fast-growing tech company that lacks cash flow and tangible assets, the chances are you struggle to raise debt from conventional lenders. Especially in the amount you need.

Challenges you need to overcome include:

- How to find a debt provider capable of servicing recurring revenue streams
- How to finance your merger or acquisition without diluting equity

Fuse Capital can help you to solve these challenges by brokering private debt facilities for mergers and acquisitions that specifically cater to the needs of tech businesses.

Key features of Private Debt finance for Mergers & Acquisitions

You retain ownership
Using non-dilutive debt finance for mergers and acquisitions preserves ownership. Private debt lenders do not take a board seat, and you don't have to share your future profits.

Less expensive and time-consuming than equity
It can take 6-18 months to obtain equity investment. It takes a maximum of 3 months to secure private debt finance. Better still, your cost of capital doesn't scale with your company, unlike equity investment.

Helps you to achieve an optimal capital structure to support strategy
Having the right mix of debt and equity in your capital structure ensures you will always have enough money to execute your growth plans.

Private Debt M&A finance vs. Conventional Lending

Because tech startups have few assets on the balance sheet and tend to be cash intensive, private debt lenders look at credit differently.

Unlike conventional bank debt, private debt lenders secure their loans against recurring revenue streams and intangible assets. Consequently, you can expect flexible structures and less restrictive terms.

What's more, private debt lenders do not restrict your use of funds.

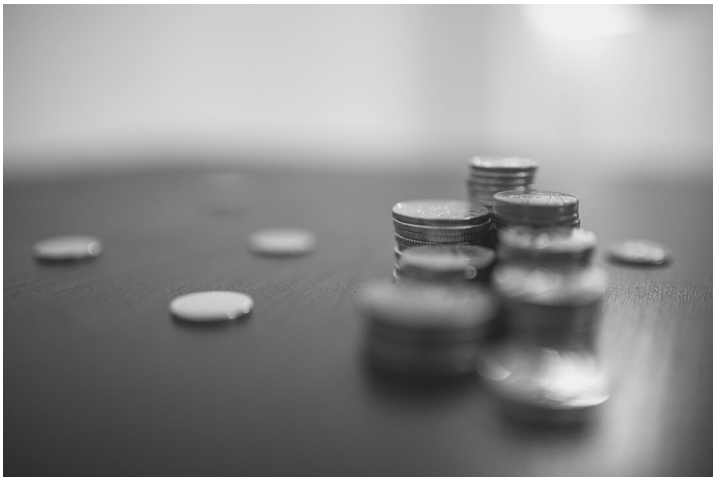
Private Debt finance for M&A in practice

The Company: KRM22
The Sector: FinTech
The need: How to raise capital for a startup company with a roll-up strategy

KRM22 plc is a technology and software company. It helps capital markets companies including tier one banks, hedge funds and derivatives trading companies to address regulatory, market, technology and operational risk challenges.

The company planned to use AIM to finance its investment growth strategy (acquiring quality tech companies with specialist risk management expertise and delivering these applications through one simple Global Risk Platform to its customers).

Commenting on its challenge, Co-founder Karen Bach said: "We realised AIM wasn't going to work the way we wanted it to. Also, we knew that as a cash-intensive and not yet profitable company, bank finance was not an option. Fuse Capital solved my startup company with a roll-up strategy finance dilemma. And it solved it well."



Typical private debt transaction terms:

- Your turnover is more than £2m
- Typical term: 36-60 months
- Amount : <£1.0m-£50m
- Profitability: Losses or profitable
- Timescales: 1-3 months

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