

Private Placement Memorandum

March, 2025

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Executive Summary

IM-Capital Europe & UK Ltd is a UK-based search fund established to identify, acquire, and operate an existing private company with an enterprise value between **EUR 5 million and EUR 20 million**. The objective of the fund is to offer investors the opportunity to participate in a staged investment structure, supporting the search and subsequent acquisition of a high-potential business within the durable goods sector, with a specific focus on the **furniture industry**.

IM-Capital Europe & UK Ltd seeks to raise **EUR 500,000** through the issuance of **investment units of EUR 25,000 each**, targeting a maximum of **20 investors for the search phase**. This capital will fund a **dedicated search period of up to 24 months**, during which the Principal will focus full-time on identifying and evaluating acquisition opportunities that meet the fund's strategic criteria.

Principal Background

Anderson Gomez brings over 15 years of international experience in the **durable goods sector**, having held leadership, financial, and commercial roles across family-owned SMEs, private equity-backed firms, and publicly listed companies in the UK, Colombia and Venezuela. His career has been marked by tangible achievements in operational efficiency, market share expansion, and organisational transformation.

Anderson is a results-oriented leader whose career has always combined academic advancement and business execution. He holds three postgraduate degrees, all pursued while working, and consistently drives parallel projects to expand his strategic capabilities or to have a social impact. His leadership style, grounded in influence and empathy, enables him to build trust-based, long-term relationships with stakeholders across all levels, functions and cultures.

Investment Structure

For each unit purchased, investors will receive:

Right of First Refusal: Investors will have the right, but not the obligation, to participate in the equity financing of the acquisition phase. Each investor is expected to have the opportunity to invest a significantly larger amount in the acquisition, proportional to their initial contribution.

Investment Step-Up: All initial investments will be converted into securities in the acquired company and stepped-up by 50%, structured as a combination of redeemable and participating preferred equity, on pari passu terms with capital provided at the acquisition round.

The acquisition will likely be financed through a combination of **bank debt, seller financing, and investor equity**.

Search Strategy

IM-Capital Europe & UK Ltd will execute a disciplined and structured **Industry-focused search** strategy across five core stages:

1. Raise the Search Fund (2–6 months)
2. Source & Evaluate Opportunities (1–24 months)
3. Finance & Close a Transaction (2–6 months)
4. Operate the Business (4–6 years)
5. Exit the Business (4–8 months)

The search will focus on acquiring a company within the **furniture industry**, targeting sub-sectors such as office and home office furniture, living room furniture, bedroom furniture, kitchen and dining furniture, and outdoor furniture.

The search will be focused on this industry due to strong fundamentals and fit with the Anderson's experience:

Financials	Target Business
This industry allows get recurring and contractual revenue streams, and high margin end consumer sales	Strong Middle Management
Search pool is around 44k firms, with an important participation of firms with Annual EBITDA over Eur 2 million, and operating margin in the range of 11-15%	Motivated seller
Clear seasonality but predictable and stable revenue	Opportunity for Anderson to add value
Cash flow positive for 3 years at least	Stable customer base
Low ongoing capital expenditures	Low customer concentration and churn
	Product range and manufacture capabilities with potential to cross sell and upsell current customer base
Industry	Geography
2 Source of organic growth: RMI (Repair, Maintenance & Improvement) and new construction.	Spain, focus
Large, Fragmented industry	Italy
Low concentration level in 2 out of the 3 target countries	UK
Disruption opportunity through digital enabled sales in 2 out of 3 countries	
High barriers to entry	

Anderson will allocate his time strategically between proprietary outreach to qualified companies and opportunistic sourcing through intermediaries, supported by his professional network and deal referral channels. **Please see Appendix C for the Furniture Industry Summary.**

Investment Highlights

IM-Capital Europe & UK Ltd offers investors a distinctive opportunity to participate in a well-established and proven investment vehicle, with strong potential for attractive risk-adjusted returns. The fund is structured to take advantage of favourable market dynamics in the lower middle market and leverages the expertise and leadership of an experienced Principal with deep industry knowledge.

Compelling Market Opportunity – The Lower Middle Market Gap

The European lower middle market is significantly underserved by traditional private equity investors. Businesses with enterprise values in the EUR 8–20 million range often fall below the thresholds of larger institutional buyers, creating a unique opportunity for disciplined, entrepreneurial acquirers. Many of these businesses face succession challenges, particularly in the **furniture and durable goods sectors**, where generational transitions and lack of internal successors are increasingly common.

Proven and Structured Investment Model

The search fund model, pioneered in 1984 and now well-established globally, has demonstrated **historically strong returns**. According to IESE Business School, **79% of search funds have acquired companies by 2023**, and produced an average **18.1% interest return rate (IRR) and 2.0x return on invested capital (ROI)**, with top performers returning as much as 31x of investors' capital, validating the efficacy of the staged investment structure and focused operating model¹. It is important to note that this is a novel investment approach outside US and Canada, with 60% of the total international search fund acquisitions being made since 2020. In spaces with deeper historic data, the search fund model shows average IRR of 35.1% and ROI 4.5x².

Industry Specialisation in Furniture and Durable Goods

IM-Capital Europe & UK Ltd is uniquely positioned to target acquisition opportunities in furniture subsectors, including office and home office furniture, living room furniture, bedroom furniture, kitchen and dining furniture, and outdoor furniture. These segments exhibit favourable characteristics such as fragmentation, recurring demand, and opportunities for consolidation, digitisation, and commercial optimisation.

Principal's Operational and Strategic Experience

Anderson Gomez brings a unique combination of leadership, operational expertise, and sector-specific knowledge. With over 15 years of experience in the durable goods industry, he is well-equipped to lead and scale an acquired business. Having launched a commercial branch of the family business in a new country, Anderson understands first-hand the challenges of market entry, cultural integration and the resilience required to succeed. Through both successes and setbacks, he has developed a pragmatic and results-oriented approach to building market presence.

During his tenure at Fluidra, he gained deep exposure to best practices in corporate turnarounds and corporate finance, with a strong focus on aligning financial performance

with shareholder value creation. His experience in highly competitive environments, working with multibillion UK merchants, has equipped him with the commercial acumen and strategic insight to capture market share and improve gross margin across different segments and channels.

His current role as Non-Executive Chairman of his family business in Venezuela, shows the confidence his family puts on him to be the bridge between the operations and shareholders, setting the strategic vision and aligning executives work with value creation.

Anderson brings **a clear, structured formula** to accelerate growth and drive transformation, making him particularly well-suited to lead post-acquisition integration and deliver long-term value.

Strong Alignment of Interests

Investor and Principal interests are strongly aligned. Investors benefit from a 50% investment step-up, while the Principal's carried interest is performance-based and contingent on delivering long-term value. This alignment reinforces a shared commitment to success and maximising investor returns.

Resilient and Adaptive Leadership

Anderson's leadership style—built on empathy, influence, and adaptability—is a core asset in navigating the complexities of acquisition and business transformation. His history of combining academic excellence, entrepreneurial side projects, and international leadership roles demonstrates resilience and a commitment to learning and execution.

Principal Background

Professional Experience

Anderson Gomez is an accomplished executive with over 15 years of experience in the durable goods sector, having held senior roles across the family-owned business, private equity-backed firms, and listed multinational corporations in the UK and Latin America. He has successfully led commercial and operational transformations, including the launch of new business units, restructuring of underperforming operations, and expansion into new markets segments.

At Fluidra, a global leader in the pool and wellness sector, Anderson led the turnaround program of its Colombian branch, leading operational efficiency initiatives like recovering bad debts and lowering obsolete inventory, lowering trade receivables and collection days.

At Highbourne Group, a leading building material merchant in the UK, he is leading commercial initiatives to grow the market share of the bathroom category tapping into new market segments. Among these initiatives, there are digital enablers to tap into the retail segment like online appointment design service, the virtual sales team, and customer journey enhancements to improve conversion in online channels. Other non-digital initiatives include the consumer finance and the enhancement of the product range to grow the gross margin across all channels.

His hands-on experience in managing cross-functional teams, negotiating with national and international suppliers, and executing cost optimisation programmes provides him with the operational discipline and strategic foresight required to lead a business post-acquisition.

Education

Anderson holds a bachelor's degree in economics and three Postgraduate's degrees in Public Management, Risk Economics, and Business Administration, each completed alongside his professional career. Within the academic achievements are 3 scholarships due to academic and leadership potential, 1 as undergraduate and 2 within his postgraduate studies. This academic foundation has enabled him to apply structured thinking and financial discipline to real-world challenges, supporting informed decision-making and long-term value creation.

Personal

Originally from Venezuela, Anderson is married and the proud father of a two-year-old son, Matteo. He is currently based in Manchester, UK, and is fluent in both English and Spanish. Alongside his professional activities, Anderson is deeply committed to social impact, actively supporting initiatives with organisations such as UN Women UK -where he contributed as a pro bono consultant, and Save the Children International. Passionate about leadership development, he mentors MBA candidates and early-career professionals, and remains actively involved in his MBA community by offering summer internships, serving as a judge in student competitions, and participating in networking events. Outside of work, he enjoys football and running, which he practices regularly as part of a balanced lifestyle.

Please see Appendix A for a complete copy of Anderson's resume.

Investment Opportunity

IM-Capital Europe & UK Ltd is a search fund formed to identify, acquire and operate an existing private company with initial enterprise value between [Eur 5.0 and Eur 20.0] million. The fund will allow the Principal to conduct a full-time search for a period of up to 24 months.

Overview of Search Fund Model

Conceived in 1984, the search fund is an investment vehicle in which investors financially support a manager's efforts to locate, acquire and manage an existing private company. To date, over 320 international search funds have been raised outside of the US and Canada.

In a search fund model, capital is raised in two distinct rounds of financing. In the first round, funds are invested into the search fund entity (e.g IM-Capital Europe & UK Ltd) to cover operating expenses and allow the Principal to draw a salary while conducting a professional search to acquire an existing private company. In return, search fund investors obtain the right, but not the obligation, to invest in the second round of financing, the acquisition round. All funds invested in the first round will automatically be converted to securities in the acquired company and stepped-up by 50% (i.e., for every \$1.00 invested in IM-Capital Europe & UK Ltd the investor will receive \$1.50 of securities of the acquired company) and structured as a combination of redeemable equity and participating preferred equity.

A 2023 study of 325 "first time" search funds (funds raised by management teams without prior search fund experience) by the Stanford Center for Entrepreneurial Studies shows average investor returns of 33.7% per year and an average multiple on invested capital of 6.9x. (full text provided in **Appendix E**). The data for international Search Funds is too new to draw conclusions (only 15 exits with positive return and 6 failing companies as of December 2023 according to IESE Business School)¹.

Five Stages of the Search Fund

The search fund model is executed over five distinct stages, the entirety of which can last anywhere from five to eight years.

	Search Fund Timeline	Stage Time
Stage 1	Raise the Search Fund	2 - 6 Months
Stage 2	Source & Evaluate Opportunities	1 - 24 Months
Stage 3	Finance & Close a Transaction	2 - 6 Months
Stage 4	Operate the Business	4 - 6 Years
Stage 5	Exit the business	4 - 8 Months

Stage 1:

Raise the Search Fund IM-Capital Europe & UK Ltd is raising **EUR 500,00** through the sale of **20 Units** priced at **EUR 25,000 each**. This initial capital is intended to sustain a search for up to 24 months. For each Unit purchased, investors will receive:

Right of First Refusal. Investors will have the right to participate in financing the acquisition, but are not obligated to do so. Depending on the size and structure of the acquisition, investors have the opportunity to invest another **Eur 62,500 to Eur 800,000** per unit at the time of acquisition. Investors will be given the opportunity to provide 100% of the required equity in order to prevent dilution from outside investors.

Investment Step-Up. All Units will be converted to securities in the acquired company and stepped-up by 50%, structured as a combination of redeemable equity and participating preferred equity on terms pari passu with the investor capital provided in the acquisition round of financing (i.e., for every \$1.00 invested in IM-Capital Europe & UK Ltd the investor will receive \$1.50 of securities of the acquired company). This 50% step-up is meant to compensate the initial investors for the increased risk of investing in the first round of financing.

Operating expenses for IM-Capital Europe & UK Ltd are projected to be **EUR 266,000** for a 24-month search without including legal and diligence cost pre acquisition. These costs include salaries and benefits for the Principal, office space, travel, communications, research, and deal expenses. Specific expenses incurred during diligence and documentation of the acquired company will be included as part of the transaction's purchase price. A detailed search budget is as follows:

Search Budget: IM-Capital Europe & UK Ltd Representative Search Budget. Table

Expense	Year 1	Year 2	Total	% of Total
Principal Draw	€ 96,000	€ 96,000	€ 192,000	38.4%
Benefits & Insurance	€ 17,280	€ 17,280	€ 34,560	6.9%
Legal	€ 20,000	€ 86,340	€ 106,340	21.3%
Rent, Office & Admin.	€ 9,600	€ 9,600	€ 19,200	3.8%
Travel	€ 8,360	€ 11,540	€ 19,900	4.0%
Diligence		€ 128,000	€ 128,000	25.6%
Total	€ 151,240	€ 348,760	€ 500,000	100.0%

IM-Capital Europe & UK Ltd is interested in assembling a diverse investor base with expertise in successfully sourcing, investing, financing, operating, growing and exiting private companies. IM-Capital Europe & UK Ltd is also interested in identifying investors who have the time and interest to provide mentoring and advice throughout the search fund process, especially in the form of Board of Directors during the operating stage.

IM-Capital Europe & UK Ltd welcomes any level of investor participation and believes the credibility associated with a distinguished investor group will aid in approaching and negotiating with business owners.

Stage 2: Source & Evaluate Opportunities

IM-Capital Europe & UK Ltd will be based out of Manchester (UK) and will perform a highly targeted and yet opportunistic nationwide search to generate deals that meet IM-Capital

Europe & UK Ltd's acquisition criteria. Companies will be evaluated against the following dimensions:

Financials	Target Business
This industry allows get recurring and contractual revenue streams, and high margin end consumer sales	Strong Middle Management
Search pool is around 44k firms, with an important participation of firms with Annual EBITDA over Eur 2 million, and operating margin in the range of 11-15%	Motivated seller
Clear seasonality but predictable and stable revenue	Opportunity for Anderson to add value
Cash flow positive for 3 years at least	Stable customer base
Low ongoing capital expenditures	Low customer concentration and churn
	Product range and manufacture capabilities with potential to cross sell and upsell current customer base
Industry	Geography
2 Source of organic growth: RMI (Repair, Maintenance & Improvement) and new construction.	Spain, main focus
Large, Fragmented industry and Low concentration level in 2 out of the 3 target countries	Italy
Disruption opportunity through digital enabled sales in 2 out of 3 countries	UK

Experience has taught Anderson that, in a competitive marketplace, very rarely do companies fit all the characteristics listed above and are available on terms capable of generating attractive returns to search fund investors. Anderson believes that efficient searching is an exercise in holistically evaluating companies based on limited data and learning quickly which of the above attributes are worth compromising on.

At a minimum however, companies must possess the following characteristics:

Minimum Company Attributes
Stable customer base
Opportunity for Anderson to add value
Privately held and based in Spain, Italy or the UK
Ownership stake above 90% for sale
Cash flow positive for 3 years at least
Minimum EBITDA margin of 5%
Minimum annual EBITDA of Eur 1.4 million

Anderson believes the optimal search strategy consists of 70% of time dedicated to targeted proprietary outreach to qualified companies in a select set of industries, and the remaining 30% of time dedicated to opportunistic lead sourcing through intermediaries. Anderson's past experience [interning/working with a search fund] has taught him that brokered deals often result in acquisition prices too high to yield an acceptable return to a search fund, but

that brokers can be an invaluable resource for learning about and identifying new industries to target.

Anderson's [prior search fund experience] has also taught him that, particularly in deals generated through proprietary outreach, the willingness of the seller to accept terms capable of generating attractive returns to investors is often the biggest barrier to deals, rather than any of the terms listed above. To this end, Anderson believes that a key component of searching best practice is to rapidly send non-binding indications of interest for purchase at a 4-5x EBITDA multiple to sellers after one or two phone calls with business owners to determine if the business fits the minimum attributes. Sending an indication of interest early in the owner interaction process both shows the seller that IM-Capital Europe & UK Ltd is serious about completing an acquisition but also anchors a price in the seller's mind and acts as a filter to prevent wasting of valuable and finite search resources on sellers with incompatible price expectations.

Anderson intends to utilize his network of Furniture and Durable Goods professionals as well as hire part time interns to help build up his database for proprietary outreach, so that he can minimize the amount of time on lead generation when he starts searching full-time.

Anderson also intends to leverage his personal network to identify leads, which will include the use of a financial reward for productive lead referrals.

Stage 3: Finance & Close a Transaction

IM-Capital Europe & UK Ltd intends to finance the acquisition through a variety of sources, including:

Bank Debt. Bank debt will constitute a significant portion of the acquisition financing. Typical revolving credit facilities provide advances against a negotiated borrowing base, such as 80% of accounts receivable and 50% of inventory. Senior term debt can be either asset-based or cash flow-based. Asset-based loans are determined primarily on the liquidation value of the company's fixed assets. Cash flow loans are predicated on the company's earnings. While search funds in the past have been able to secure bank debt for a substantial portion of the overall purchase price, the availability, interest rate and other terms for such debt will depend on the quality of the company's assets and cash flow and on the general lending environment at the time of purchase. IM-Capital Europe & UK Ltd will build on the Principal's and Investors' existing senior lender relationships and cultivate new relationships throughout the search process.

Institutional Subordinated Debt. Institutional subordinated debt, also referred to as mezzanine debt, may constitute a portion of the eventual capital structure. Mezzanine debt is structurally subordinate in priority of payment to senior debt but typically ranks senior to seller financing and investor capital. As with the senior lender market, the availability, interest rate and other terms for mezzanine debt will depend on the quality of the company's cash flow and on the general lending environment at the time of purchase. IM-Capital Europe & UK Ltd will build on the Principal's and Investors' existing mezzanine lender relationships and cultivate new relationships throughout the search process.

Seller Financing. Owners of companies in IM-Capital Europe & UK Ltd's target range are often willing to accept a stream of future payments as part of the acquisition. Typical

structures include seller paper and/or earn-out provisions. The availability and extent of seller financing is influenced by several criteria, including the seller's need for immediate liquidity, his/her tax situation and his/her desire to remain involved with the business. Previous search funds have shown that if the external lending environment is poor then seller financing is a convenient way to close the funding gap.

Investor Capital. IM-Capital Europe & UK Ltd anticipates that **investor capital will represent between 25% and 80% of the capital required to fund the acquisition.** Based on a targeted transaction size of between Eur 5.0 million and 20.0 million, investor capital will likely total between **Eur 1.25 million and Eur 16 million.** This amount represents roughly Eur 62,500 to Eur 800,000 per Unit. Investor capital may include a combination of redeemable equity and participating preferred equity. The ultimate capital structure will depend on specific acquisition and investor preferences.

Illustrative transaction economics can be found in Appendix B. **Please note the ultimate transaction size, structure and financial results may vary significantly from that which is depicted in Appendix B.**

Stage 4: Operate the Business

Following completion of the acquisition, the Principal will assume the role of President and/or CEO of the acquired company. For the first 180 days, the Principal will be focused on acclimating himself with the acquired business, without disrupting the status quo. The diligence process will provide an important foundation, however it is anticipated that significant time and energy will be required to gain a more thorough understanding of the business, to establish credibility with the existing management team and to formulate a strategy for the business.

Additionally, during the first 180 days, the Principal will evaluate the strength of the existing management team, paying careful attention to how the strengths and weaknesses of the existing team overlay the current and future risks and opportunities of the business. The Principal, with the help of the investor group, will include an assessment of his individual strengths, weaknesses, interests, and areas of relevant expertise in this analysis in order to paint a complete picture of the management situation at the acquired company. The Principal anticipates making additions to the management team in the first twelve to eighteen months after acquisition. Representative additions may include upgrading the finance and accounting team with the addition of a qualified Chief Financial Officer and/or hiring an experienced sales executive as a new Vice President of Sales. While change can be disruptive, the Principal believes that it is important to thoughtfully assemble a team that embrace traditional values of hard work, integrity, humility and teamwork and can accelerate the growth of the business.

The Principal will recruit a Board of Directors for the acquired business. The Board of Directors will consist of between three and five investors or other leaders in the company's industry. The Principal is interested in assembling a Board of Directors consisting of individuals with expertise in operating, growing and exiting private companies as well as those with an interest in coaching and mentoring the Principal throughout the life of the investment.

Stage 5: Exit the Business

Investment in IM-Capital Europe & UK Ltd should be viewed as a long-term investment, as investor returns will primarily come from the Principal's ability to increase the value of the acquired company. IM-Capital Europe & UK Ltd expects to grow the company so long as it remains attractive for both the investors and the entrepreneur. Although no assurances can be given, the average holding period in the search fund universe is 7 years. Although liquidity will most likely come from a sale of the business, the Principal may in fact remain with the business following a sale, depending on the buyer and the continued growth prospects of the business. In certain situations investors with a longer-term investment horizon may be able to maintain their investment in the business. In addition to a liquidity event through sale, IM-Capital Europe & UK Ltd will explore additional opportunities to maximize investor returns such as recapitalizations and share repurchases. As such, the duration of the investment could vary substantially from the initial expectations of five to eight years.

Investor Returns

Through the acquisition and active management of its company, IM-Capital Europe & UK Ltd targets a 35% internal rate of return on investor capital (IRR). This IRR target, which is comparable to the returns of previous search funds, will be used to evaluate all investment opportunities. Investor returns on equity will not be capped in any way.

Principal Carried Interest

The Principal will earn common equity in the acquired company in return for identifying and acquiring the target company, and for achieving agreed upon operating results. The Principal expects to have the opportunity to earn up to a 25% share of the common equity. The earned equity is comprised of three parts: one third will be allocated at the close of the acquisition; one third will be based on management service and will vest evenly over a period of four years; and the final one third vest on a straight line basis as starting at 20% IRR and fully vesting at 35% IRR. In addition, an employee equity pool will be granted for up to 5% of the company's common equity. Employee will be used as a combination of time and performance-based incentives for employees, excluding the Principal, and must be approved by the Board of Directors prior to issuance. The Principal will suffer pro-rata dilution from the equity pool.

Investment Risks

The search fund model attempts to minimize risk for investors via a staged financing structure, but it is not risk free. While IM-Capital Europe & UK Ltd's search, acquisition and management process will utilize best practices outlined in this document, the search fund has risks characteristic of investment vehicles that pursue superior returns. Significant risks include:

Inability of IM-Capital Europe & UK Ltd to Find an Acquisition Target: There is no guarantee that IM-Capital Europe & UK Ltd will be able to identify and then close a suitable transaction. If this were to occur investors would lose their initial search capital. Approximately one-fifth of all known first-time search funds fail to make an acquisition outside US despite the best

efforts of the search fund partners over a two-year time horizon. Even if a suitable target is found, there is no guarantee that a transaction can be completed at an acceptable price.

Unappealing Proposed Acquisition for Search Fund Investor: IM-Capital Europe & UK Ltd will work closely with investors throughout each stage of the acquisition process, communicating regularly regarding specific industries and companies. However, the possibility exists that a proposed acquisition may not fit with an investor's profile or personal taste. If this is the case, the investor is not obligated to invest additional funds in the acquisition and will still receive an appreciated carried interest/step up related to his/her original investment.

Inability of IM-Capital Europe & UK Ltd to Complete Acquisition Successfully: IM-Capital Europe & UK Ltd's successful acquisition of a target company will be dependent on its ability to acquire debt financing, the willingness of investors to participate in the equity financing, and factors outside the Principal's control, such as seller willingness and market conditions. The Principal will attempt to assess seller willingness and market conditions as he pursues opportunities, but must be prepared for some uncertainty regarding these issues.

Poor Performance of Acquired Company: The possibility exists that unidentified problems with the target company will surface after completing the transaction. IM-Capital Europe & UK Ltd will implement thorough and professional due diligence to reduce unforeseen risks and to ensure the financial health and operational performance of the company. The use of seller financing and earn outs will provide incentives for the selling party to provide full and open disclosure and to add value to ongoing operations after the acquisition. Nonetheless, despite aggressively pursuing operating targets and financial plans, there is no guarantee that the company performance will meet predetermined hurdles.

Inability of IM-Capital Europe & UK Ltd to Manage Acquired Company: Because the future performance of the company is tied to the incoming and current management team's abilities, the Principal is committed to gathering the appropriate skills necessary to lead the company successfully. In addition to his own abilities, he will rely on industry partners, directors, advisers, consultants and new hires to bring requisite skills into the company.

Illiquidity of Investment: Since the investor units will not be registered under the Securities Act of 1933 (or applicable law in the UK, Spain and Italy), there will be no public market for them, and the ability to resell them will be limited. Investor returns may be realized through interest payments, unit redemption and possible equity liquidity events, such as the sale of the company, initial public offering, or recapitalization. An investment in a search fund is an illiquid investment and there is no guarantee that the investors can achieve liquidity within the projected timeframe.

Limited Operating History: IM-Capital Europe & UK Ltd has no operating history. The determination to become a member must be made primarily on the basis of one's appraisal of the ability of the Principal of IM-Capital Europe & UK Ltd to achieve the proposed objectives discussed in this Memorandum.

Management Risks: IM-Capital Europe & UK Ltd will be substantially dependent upon the efforts of the Principal, with respect to the identification of the target company and the operation of such company post-acquisition. The death, disability or withdrawal of the

Principal could have a material adverse effect on the ability IM-Capital Europe & UK Ltd to locate a suitable acquisition target or operate such a company post-acquisition.

Unknown Tax Impact: The operation of IM-Capital Europe & UK Ltd and the tax consequences of an acquisition and future sale of the acquired company are substantially affected by an investor's personal, legal and tax situation. Potential members are highly encouraged to consult their personal tax, legal and other advisors prior to making a decision to invest in IM-Capital Europe & UK Ltd.

IM-Capital Europe & UK Ltd will attempt to mitigate risk factors by aligning the interests of investors and management, conducting extensive due diligence and by reducing exogenous factors related to industry and company operations. Nevertheless, there can be no guarantee that investors will recover their initial investment or realize the projected returns. Investors may experience a substantial or complete loss of invested capital and therefore must be capable of bearing that risk.

Please go to Appendix D for more detail on specific actions that IM-Capital Europe & UK Ltd is taking to mitigate the risks.

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Appendix A: Anderson Gomez Resume

Career Profile

With 15 years of international experience in 3 different countries, I have led cross-functional teams and managed P&L ownership in business divisions with over \$5m annual sales, delivering impactful results for both sales and profits uplift. Currently, I'm working on increasing the bathrooms division turnover at Highbourne Group Ltd (a UK National Merchant) from £70m to £120m in 5 years.

Education

- 2019 - 2021 ALLIANCE MANCHESTER BUSINESS SCHOOL, Manchester, UK**
FT MBA Programme
 UoM MBA scholarship recipient
 • Emphasis in International Business Strategy, Finance Restructuring, and Corporate Finance.
- 2015 - 2015 UNIVERSIDAD DE LOS ANDES, Bogotá, Colombia**
Specialization in Risk and Information Economics
 • FX hedges, derivatives instruments, and financing sources.
- 2012 - 2013 INSTITUTO DE ESTUDIOS SUPERIORES DE ADMINISTRACION (IESA), Caracas, Venezuela**
MSc Public Management
 LIDERA -promising leaders scholarship recipient. 2nd Cohort
- 2006 - 2011 UNIVERSIDAD CENTRAL DE VENEZUELA (UCV), Caracas, Venezuela**
BSc Economics
 2009-2010 Academic Excellence Acknowledgement. 3rd position

Experience

- 04/2021 – Present Highbourne Group Ltd, Northampton, England**
Highbourne G. is one of the largest merchants operating in the UK, owned by H.I.G Capital (PE backed), with over 3,500 colleagues, 350 branches and £1.3Bn in annual sales.
Business Development Manager
 • I drove digital product development from Dec 2021 to August 2022 with 28 releases comprising 65% new features. To do that, I managed 3 delivery teams comprising 18 individuals.
 • I developed a credit option for retail customers, raising sales by £2m in 2024, and increased order value by 78%, from £1k to £1.78k.
 • I enhanced the virtual sales journey by instituting instant a booked appointments on bathrooms.com, uplifting sales by £1.1m in 2023 and £800k in 2024.
 • I managed stakeholders and cross functional teams to deliver the showroom upgrade in 2023 and 2024, changing the displayed products on 290 stores.
 • Alongside the Managing Director and the Head of Bathrooms, we launched a project to add more than 1.5k new own brand products to our range, boosting gross margin in 2% points.
- 03/2021 – Present LA CARPETA C.A.**
Family-owned office furniture company based in Venezuela and Colombia.
Non-executive Chairman of the Board
 • In 2022, established corporate governance guidelines, defining salaries, benefits, and annual performance targets for family directors and shareholders.
 • From 2021 to 2023, La Carpeta achieved a 300% revenue increase, surpassing initial targets. Strategic alignment between the board and directors was key in this success.
- 07/2020 – 10/2020 INTEGRA LEDGER, INC., Denver, USA**
Integra is a blockchain start-up designed specifically for the world's legal industry.
Global Market Development Manager – Global Internship Program
 International role working remotely in a global setting, with 4 time zones.
 • Developed a lead generation strategy tailored for the European Banking industry.
 • Led a team of 25 interns through agile methodologies for 4 weeks to successfully deliver a prototype for 1 of the top 5 law firms in the UK.
- 07/2016 – 08/2019 FLUIDRA COLOMBIA SAS, Bogotá, Colombia**
Fluidra is a swimming pool company within the IBEX 35 (Public listed, Spain), £1Bn annual sales and 5.5K employees worldwide.
General Manager Colombia
 I had P&L ownership and outperformed country's KPIs by:

- 12/2018 – 08/2019**
- Achieved the highest historic EBITDA of the company in Colombia, by selling dead stock, improving turnover of low-rotation inventory, and recovering bad debts.
 - Increased revenue by 7% year-on-year (YOY) by segmenting the customer base and increasing the share of wallet with the top 20% of our customer base.
 - Mentored high performing teams, setting high standards, providing training on customer analytics and building a collaborative environment of mutual support.
 - Commercial management resulting in the acquisition of lucrative new clients. Strengthened client relationships to establish long-term partnerships, exceeding client expectations.
- 07/2016 – 11/2018** **Finance Manager**
- Drove a 50% improvement in Net Working Capital within two years, optimising accounts payable, reducing stock rotation days, and accelerating accounts receivable collections by 28%.
 - Improved the customer credit policy, elevating credit-based sales from 30% to 60%.
 - Led end-to-end financial planning for the Colombian branch, from annual budgeting to precise forecasting and reporting on a monthly, quarterly, and annual basis.
 - P&L reporting, ensuring monthly control and annual reconciliation in compliance with local GAAP & IFRS, liaising effectively with central office and international audit team.
- 05/2013 – 06/2016** **LA CARPETA C.A., Bogotá, Colombia**
Head of Finance Colombia
P&L ownership & effectively manage stakeholders through internal controls & accuracy..
- 06/2014 – 06/2016**
- In 5 months, built a robust market entry strategy and business plan for Colombia, collaborating with consultancy firms to grasp the competitive landscape and local customers.
 - Spearheaded the establishment of the Colombian branch, navigating legal, tax, and regulatory landscapes while cultivating strong relationships with service providers.
 - Proactively managed working capital, by liaising with banks to maintain enough cash, negotiating extended credit terms with suppliers, and ensuring prompt client payments.
- 05/2013 – 05/2014** **Head of Business Strategy (HQ, Caracas, Venezuela)**
- Crafted a comprehensive 5-year strategic plan, charting a strategic roadmap for sustainable growth.
 - Established and led the Project Management Office (PMO), crafting operational plans for each business unit, complete with area-specific objectives, KPIs, and precise timelines.
- 07/2011 – 04/2013** **VOLUNTAD POPULAR ACTIVISTAS (VPA), Caracas, Venezuela**
Political organisation founded in 2009.
Executive Secretary of the National Office
- Created the strategic planning to connect the 5-year goals with the operational plan.
 - Cross-functional team leadership: Led 5 teams of 28 people and a budget of 3M USD to manage a 4-month campaign, achieving 112% of the target votes, saving 11% of the cost per vote.
 - Programme management: Managed a consultation process of 500 people across 12 cities in a 3-month sprint, executing 60 activities of different sorts.
- 08/2007 – 07/2010** **LA CARPETA C.A., Caracas, Venezuela**
International Trade Manager
- Led supplier relationships across Colombia, China, Italy, Brazil, and Czech Republic, fostering cultural understanding and building an extensive international network.
 - Represented the company as a buyer at trade fairs in Colombia and China, mastering international etiquette in the furniture industry.

Additional Skills

Languages	Spanish (native), English (fluent)
Skills and IT	<p>Sales and Operations management, Team Leadership, Teamwork, Business Strategy, New Business Development, Project planning, P&L management , Financial Planning & Analysis, Supply Management.</p> <p>EVIEWS, Excel modelling. Experience working with ERP and BI systems like HYPERION & COGNOS; Product management tools Jira & ProductBoard. Data tools based SQL and BigQuery - Google Looker.</p>
Interests	Football player and runner. Additionally, I'm an advocate of closing the gap of social inequalities. In Venezuela, I worked for 3 years with a political organisation creating public awareness on social and economic inequalities. In Colombia, I supported NGOs like Save The Children International to understand the situation of children at the Colombian border, and with the National Assembly of Venezuela to promote international actions for the Venezuelan refugees. In 2020, I supported the UN Women UK designing programmes to strengthen participation channels and engagement towards the equality gender agenda.

Appendix B: Illustrative Transaction Economics

1. The presentation of the data is based on web research as of March 2025. The underlying financial model, and how to present the data will improve and adjust to best practices as Anderson receives feedback from the investor community.
2. Below are 2 cases: focus of the search (Spain and Italy), and an opportunistic search in the UK.
3. The value creation for investor comes from 3 main sources: deal at acquisition (multiple and debt raised), the operation of the business, and exit (multiple at exit).

Main Acquisition focus - Spain or Italy. Only for illustration purposes

Table 1. Appendix B

KPIs of the Target Acquisition	Figures	IESE 2024 (Benchmark)	Variance Vs Benchmark	Comments
Total Revenue	\$23,500,000	\$7,800,000	\$15,700,000	
Total EBITDA	\$2,931,567	\$1,872,000	\$1,059,567	
EBITDA margin	12.47%	24.00%	-11.53	Basic points
EBITDA multiple (Purchase)	5.17	6.25	-1.08	Times multiple
Purchase price to sales	0.65	1.50	-0.85	
Annual revenue growth rate	10.48%	11.00%	-0.5	Basic points
Annual EBITDA growth rate	23.71%	13.00%	10.7	Basic points

Table 2. Appendix B

Price & Key deal metrics. Acquisition / Exit	Figures	EBITDA Multiple
Acquisition value	\$14,657,833	5
Debt raised (50% Equity)	\$7,328,917	
Exit value before Exit Proceeds	\$59,269,162	7
Exit proceeds	\$4,148,841	
Net Exit Value after debt paid & exit proceeds	\$47,791,404	

Table 3. Appendix B. - KPIs per year (Currency in '000)

<i>Years Operating business</i>	<i>Acquisition</i>	<i>0</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5 (Exit)</i>
Total Revenue	23,500		24,675	25,909	28,500	32,775	38,674
Total EBITDA	2,932		1,406	361	4,273	6,856	8,494
EBITDA / Sales	12.47%		5.70%	1.39%	14.99%	20.92%	21.96%

Table 4. Appendix B. - Individual Investor's view by investment unit (Currency in '000)

Property share	0.33%	IRR	37.4%	MOIC	6.6
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SF Stage	Search	Acquisition	Operation	Operation	Operation	Operation	Exit
<i>Years from SF foundation</i>	<i>0</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>
Investment	-25	0	0	0	0	0	0
Company 1 Dividends (Spain or Italy)	0	0	0	0	2	3	4
C1 Exit Proceeds	0	0	0	0	0	0	157
Total cash- in-outs	-25	0	0	0	2	3	161

Table 5. Appendix B. - Overall Investors' view, from acquisition (Currency in '000)

Property share	63.44%	IRR	32.9%	MOIC	4.1
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SF Stage	Search	Acquisition	Operation	Operation	Operation	Operation	Exit
<i>Years from SF foundation</i>	<i>0</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>
Investment	0	-7,829	0	0	0	0	0
Company 1 Dividends (Spain or Italy)	0	0	31	0	322	583	749
C1 Exit Proceeds	0	0	0	0	0	0	30,318
Total cash- in-outs	0	-7,829	31	0	322	583	31,066

Table 6. Appendix B. - Investor sensitivity analysis – IRR. (Currency in '000)

Acquisition Value	14,658	Purchase price / EBITDA = 5x					
Total Raised Debt share at Acquisition / Multiple EBITDA at Exit	0	10%	20%	30%	40%	50%	60%
Same as Acquisition	12.4%	13.8%	15.6%	17.7%	20.2%	23.4%	27.5%
+2x Vs Acquisition	19.7%	21.5%	23.7%	26.2%	29.2%	32.9%	37.8%
+3x Vs Acquisition	22.8%	24.8%	27.0%	29.7%	32.9%	36.8%	41.9%
+4x Vs Acquisition	25.6%	27.7%	30.1%	32.9%	36.2%	40.3%	45.6%

The case below strictly does not meet the investment criteria. As industry summary will show, the UK market is too risky to invest time in finding a suitable acquisition in this industry. The search in the UK will be opportunistic, and companies in this geography will be presented to the investors only if a company with the right fundamentals, at a very low price, with great potential to thrive in an adverse environment is found.

Alternative case, Acquisition in the UK, Opportunistic Search. Only for illustration purposes

Table 7. Appendix B

KPIs of the Target Acquisition	Figures	IESE 2024 (Benchmark)	Variance Vs Benchmark	Comments
Total Revenue	\$24,910,000	\$7,800,000	\$17,110,000	
Total EBITDA	\$1,431,925	\$1,872,000	\$-440,075	
EBITDA margin	5.75%	24.00%	-18.25	Basic points
EBITDA multiple (Purchase)	4.35	6.25	-1.90	Times multiple
Purchase price to sales	0.25	1.50	-1.25	
Annual revenue growth rate	12.29%	11.00%	1.3	Basic points
Annual EBITDA growth rate	36.51%	13.00%	23.5	Basic points

Table 8. Appendix B

Price & Key deal metrics. Acquisition / Exit	Figures	EBITDA Multiple
Acquisition value	\$5,727,700	4
Debt raised (50% Equity)	\$2,863,850	
Exit value before Exit Proceeds	\$37,155,173	5.5
Exit proceeds	\$2,600,862	
Net Exit Value after debt paid & exit proceeds	\$31,690,461	

Table 9. Appendix B (Currency in '000)

<i>Years Operating business</i>	<i>Acquisition</i>	<i>0</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5 (Exit)</i>
Total Revenue	24,910		26,156	28,771	33,087	39,704	44,469
Total EBITDA	1,432		1,650	1,617	3,609	6,193	6,787
EBITDA / Sales	5.75%		6.31%	5.62%	10.91%	15.60%	15.26%

Table 10. Appendix B. - Individual Investor's view by investment unit (Currency in '000)

Property share	0.33%	IRR	29%	MOIC	4.5
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SF Stage	Search	Acquisition	Operation	Operation	Operation	Operation	Exit
<i>Years from SF foundation</i>	<i>0</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>
Investment	-25	0	0	0	0	0	0
Company 2 Dividends (Uk - opportunistic)	0	0	1	1	2	3	3
C3 Exit Proceeds	0	0	0	0	0	0	104
Total cash- in-outs	-25	0	1	1	2	3	107

Table 11. Appendix B. - Overall Investors' view, from acquisition (Currency in '000)

Property share	63.44%	IRR	47%	MOIC	6.5
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SF Stage	Search	Acquisition	Operation	Operation	Operation	Operation	Exit
<i>Years from SF foundation</i>	<i>0</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>
Investment	0	-3,364	0	0	0	0	0
Company 3 Dividends	0	0	103	99	301	562	622
C3 Exit Proceeds	0	0	0	0	0	0	20,104
Total cash- in-outs	0	-3,364	103	99	301	562	20,725

Table 12. Appendix B. - Investor sensitivity analysis - IRR (Currency in '000)

Acquisition Value	Purchase price / EBITDA = 5,7284x						
Total Raised Debt share at Acquisition / Multiple EBITDA at Exit	0	10%	20%	30%	40%	50%	60%
Same as Acquisition	22.2%	24.1%	26.2%	28.7%	31.7%	35.4%	40.1%
+2x Vs Acquisition	31.6%	33.8%	36.3%	39.2%	42.7%	46.9%	52.1%
+3x Vs Acquisition	35.4%	37.7%	40.4%	43.4%	47.1%	51.5%	56.9%
+4x Vs Acquisition	38.8%	41.2%	44.0%	47.2%	51.0%	55.5%	61.2%

Appendix C: Industry Summary & Investment Theses

Industry Summary

The following considerations provide a consolidated overview of the Furniture Industry across target geographies, unless otherwise specified

1. **Global Market Size and Growth.** The Furniture market worldwide is around 820bn USD, with an CAGR of 4.2% between 2013 and 2026. The biggest source of demand is in the Asia-Pacific, led by India and Vietnam. The main category is Living Room Furniture (35%), followed by bedroom furniture (19%), and Kitchen and Dining Furniture (12%).
2. **European Market Outlook.** The furniture sector in Europe has a stable outlook to 2030, with revenue growing at 1.61% per year, with Asia mainly taking production share from North America.
3. **The furniture industry is Fragmented.** The furniture industry remains highly fragmented, with low market concentration and limited supplier and buyer power. Product differentiation is minimal, and brand loyalty is generally weak. Most SMEs operate within narrow market segments (e.g., end consumers, retailers, contract clients, or wholesalers) and tend to offer limited product categories such as office, living room, or bedroom furniture.
4. **Price competition restricts profitability.** Profit margins across the sector are constrained by intense price competition. Supply chain disruptions and surging raw material costs have further tightened margins. Additionally, the influx of low-cost imported products—primarily from Asia—has intensified competitive pressure, leading to disintermediation across the value chain.
5. **High barriers to entry.** Establishing a furniture manufacturing business can be costly. Huge capital and financial resources are needed to start an efficient manufacturing operation at scale, deterring new entrants.
6. **External disruptors and Structural Shifts.**
 - a. **Changing Consumer Behaviours:** On the B2C side, digitalisation and online penetration continue to alter the buying experience, challenging traditional retail models. On the B2B side, hybrid and remote working—accelerated post-COVID—are transforming commercial furniture needs. The UK leads in online furniture sales and remote working adoption, while Italy remains less impacted by online penetration.
 - b. **Economic Sentiment:** Demand for durable goods is closely tied to consumer confidence. Economic uncertainty has negatively impacted both business investment and consumer purchasing decisions.
 - c. **Construction Activity:** The furniture market is positively correlated with the construction sector. Post-pandemic recovery has driven increased residential construction across Europe. In the UK, the current government has pledged to build 1.5 million new homes over the next five years, a 30% increase

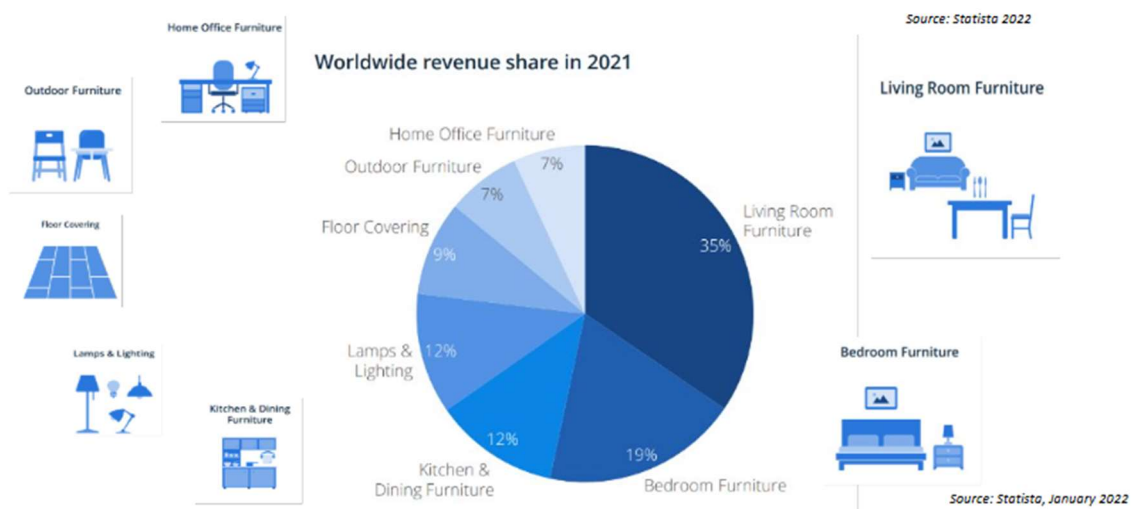
compared to the previous decade's annual average, which is expected to support future furniture demand.

Industry Description

Industry Size

Graph 1. Appendix C. Furniture industry Worldwide size and composition³

The Furniture market worldwide is around 820bn USD, with an CAGR of 4.2% between 2013 and 2026



Graph 2. Appendix C. Furniture industry Worldwide past and current trend⁴

Worldwide revenue in billion US\$

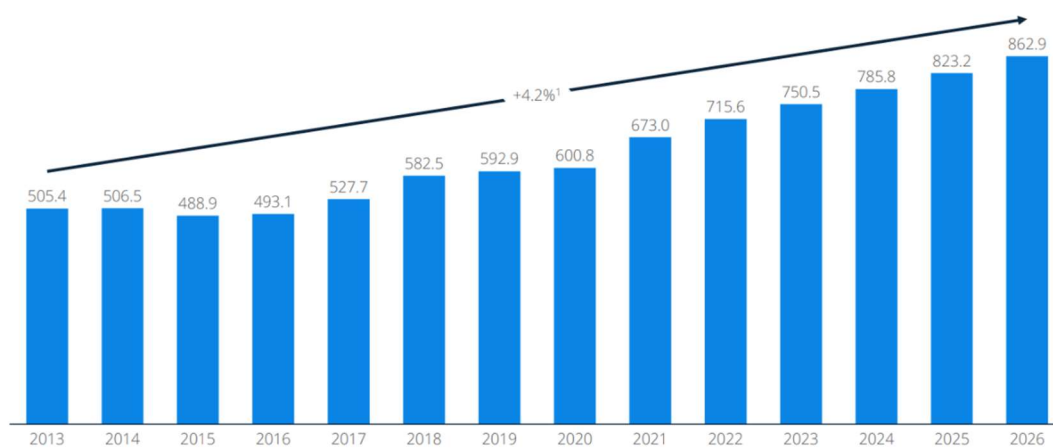
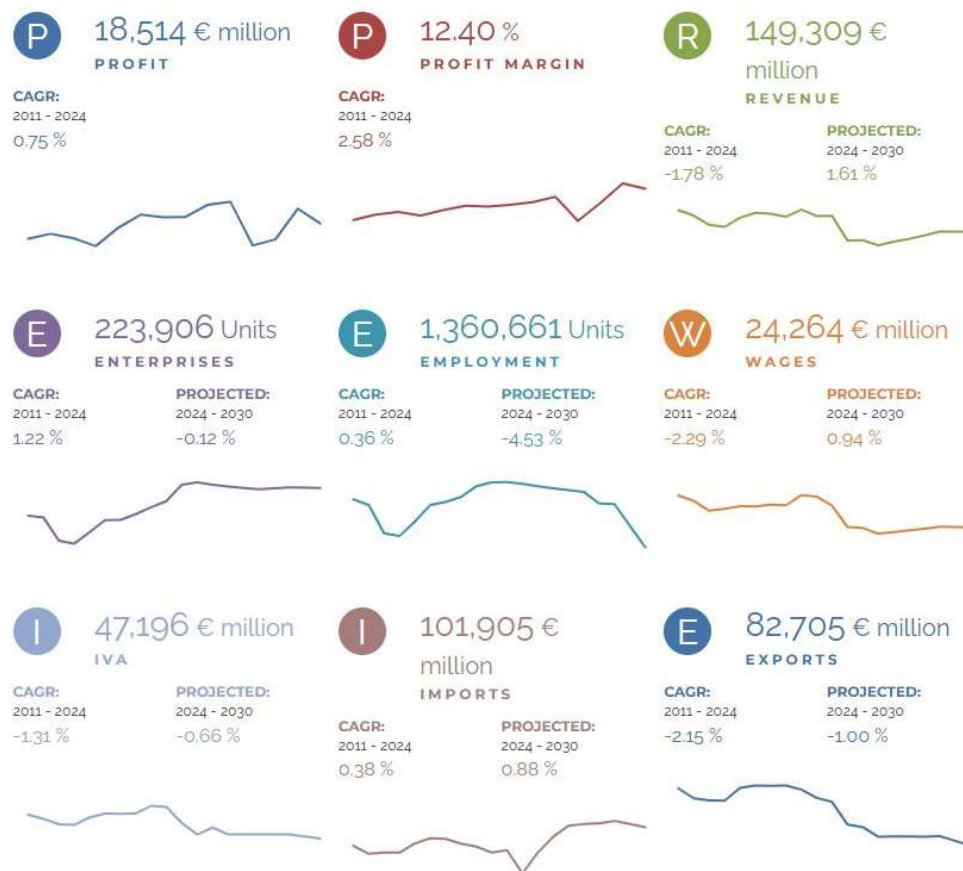






Illustration 1. Appendix C. Key Figures. Furniture Manufacturing. Focus Europe⁵

Industry Players

The furniture industry remains highly fragmented, with few players achieving global scale and brand distinction. The largest player worldwide is IKEA, whose business model is centred on vertical integration across design, distribution, and sourcing, while relying predominantly on external suppliers for manufacturing. Through IKEA Supply AG, the company sources, sells, and distributes products developed by IKEA Systems B.V., with approximately 90% of its sales originating from this model. The remaining 10% is produced internally via IKEA Industry and IKEA Components⁶. Another major European player is JYSK, which follows a similar model, controlling design and distribution while outsourcing most of its production. Together, IKEA and JYSK account for approximately 4.6% of the global furniture market, both offering Scandinavian design across comparable product categories. JYSK's competitive edge lies in its aggressive pricing strategy, particularly on high-rotation items, and recent upgrades to its retail footprint. Other notable players include Wayfair (US), focusing on e-commerce, and Nitori (Japan). Additionally, large office furniture manufacturers such as MillerKnoll (US\$ 4.1bn), Steelcase (US\$ 3.2bn), and Haworth (US\$ 2.5bn), although outside the scope of this report, were considered during market research.

Table 1. Appendix C. Main Global players in the Furniture Industry³

Company				
Sales 2024	US \$29.7bn	US \$11.7bn	US \$4.7bn	US \$6.2bn
Change Vs 2023	-9.8%	-1.7%	+6.2%	+7.6%
Operating profit%	8.8%	4%	14%	10.6%
Global Share	3.8%	1.5%	0.6%	0.8%
Region focus	Europe	US	Japan	Europe
Region Market share	17%	Unknown	Unknown	Unknown

Business Model Review

The furniture industry operates under distinct business models depending on the customer segment, with go-to-market strategies varying accordingly. Traditionally, manufacturers have relied on a B2B model, distributing products through wholesalers and retailers to reach the end user. These relationships are typically governed by service level agreements (SLAs), which include elements such as recurring revenue streams, rebates, and financial contributions for securing retail shelf space and visibility.

However, the industry is undergoing significant transformation. The combined impact of increasing online penetration and the influx of low-cost imports from Asia is putting pressure on the profitability and revenue streams of European manufacturers. As a result, their share of wallet with traditional channels, both contract clients and retail partners, is declining.

In response, many retailers are bypassing traditional intermediaries by importing directly, while manufacturers are increasingly investing in direct-to-consumer (D2C) channels, leveraging digital platforms to engage end users more effectively. This shift is also contributing to a loss of market share for wholesalers, whose role in the value chain is being squeezed.

Consumer behaviour is also evolving. End users tend to be brand-agnostic, maintaining relationships with retailers but increasingly engaging through online marketplaces. New entrants such as Amazon and Temu are disrupting the competitive landscape, acting as alternative distribution channels and capturing a growing share of the market.

Exogenous Variables and Megatrends⁴

1. Customer's behaviours disrupting the market at both ends, retail by digital touch points across the buying experience and online penetration. Contracts through change in working patterns since COVID, where remote working has been adopted. The UK is the country with higher adoption in the furniture industry for both, online purchases and remote working as share of the total.

2. Rising production costs in raw materials like wood and iron due to disruption on the Supply change.
3. Shift on trade patterns because of change on international rules (tariffs). UK impacted from Brexit, but the current landscape with the Trump Administration anticipates a wider impact in the Eurozone.
4. The furniture sector in Europe has a stable outlook to 2026, with Asia mainly taking production share from North America.
5. India with a compounded annual growth rate (CAGR) of 7.1% and Vietnam with a CAGR of 9.3%, are the 2 fastest markets in Asia-Pacific region. India presents a great opportunity for European manufacturers, giving the increasing demand of luxury goods. Disposable income in India is expected to grow at a CAGR of 15.5% between 2019-2029, and according to MarkWide Research⁷, the furniture market in India has seen substantial growth driven by factors such as urbanization, increasing disposable incomes, and changing lifestyles. The report highlights that the rise in disposable incomes among the middle class has resulted in higher spending power and an inclination towards purchasing quality furniture.

Investment Theses

Strategic Assessment by country

This section provides a comparative strategic assessment of the furniture industry across the three primary geographies of focus: **Spain, Italy, and the United Kingdom**. While the **UK** represents the largest market among the group, it also shows the lowest profitability, production value, and company density within the sector. The dominance of retailers among major players highlights strong buyer power and a more mature, digitally disrupted market landscape. In contrast, **Italy** stands out as the leading manufacturing hub, with production exceeding domestic demand, underlining its strong export orientation. Italian manufacturers are recognised for their quality, design excellence, and superior margins, supported by the highest number of companies in the sector. **Spain** presents a balanced profile, with a growing economy, the fastest in the Eurozone, providing favourable macroeconomic tailwinds.

From a structural standpoint, all three markets demonstrate **high entry barriers** and **low product differentiation**, with substitute availability prevalent across the board. However, supplier and buyer power remain limited in Italy and Spain, unlike in the UK. In terms of acquisition potential, **Spain and Italy offer more favourable conditions**, with a fragmented industry structure, expanding profitability, rising production value, and well-established export channels. These factors enhance the prospects of identifying attractive targets that align with the search criteria. While the UK is experiencing market concentration and profitability erosion, it also leads in digital penetration and remote working trends, providing valuable insights into the future dynamics that may emerge in Italy and Spain.




Table 2. Appendix C. Furniture industry in focus Geographies

Country	Market Size 2023. USD Billions	Key Export Markets	Profitability (As % of production)	Production Value 2023. USD Billions	Number of Companies	Number of Employees	Major Players
Spain	17.3	France, Portugal, German	13.10%	14.8	19,800	77,900	IKEA, Punt, Andreu World, Kettal
Italy	24.3	USA, Germany, France	15.25%	37.1	20,200	125,500	IKEA, Poltrona Frau, Natuzzi, Molteni & C
UK	29.9	USA, EU, China	11%	13.6	3,500	53,400	Howdens, DFS, Wren Kitchens, Dunelm

Table 3. Appendix C. Porter's Five Force Analysis

Country	Suppliers	Buyers	Barriers to Entry	Availability of Substitutes	% of people that mostly buy furniture online	Relevance of premium Furniture	Key Trends	Exogenous variables. Economic Growth
Spain	Low Power	Low Power	High Barriers to entry. Mature Life cycle. Decreasing factors: low revenue volatility & industry assistance level increasing as well	Yes, but opportunity to differentiate	14%	8%	Design-oriented, focus on sustainability, mid-range pricing	Tailwind. 2.3% for 2025
Italy	Low Power	Low Power	Very High Barriers to entry and increasing. Mature Life cycle.	Yes, but opportunity to differentiate	9%	12%	Luxury brands, artisanal craftsmanship, global appeal	Headwind. 1.0% for 2025
UK	Low Power	Low Power, apart from Retailers	Moderate Barriers. Mature Life cycle. Increased barriers factors: high revenue volatility, low assistance level.	Yes	20%	12%	E-commerce growth, DIY trends, supply chain challenges	Headwind. 1.2% for 2025

Table 4. Appendix C. Opportunity analysis for an Acquisition on selected geographies

	Number of Companies	Top Companies' production values share 2016-2021	Profits 2016 -2021	Production value dynamics index 2016 Vs 2026	Exports as % of total production 2021
	±20k & growing	<20% & steady	<\$1bn & growing	±150% & growing	±37%
	±20k & growing	<20% & steady	>\$3bn & growing	±150% & growing	±45%
	±3.5k & declining	±35% & growing	<\$0.9bn & declining	±105% & stagnated	±15%

Source: Euromonitor 2022 & IBISWorld 2024

Final Assessment

The furniture industry across **Spain, Italy, and the United Kingdom** presents a diverse landscape shaped by structural fragmentation, evolving consumer behaviours, and macroeconomic dynamics. While the **UK** offers the largest market by value, its declining profitability, rising market concentration, and high buyer power reflect a mature, digitally disrupted environment with tighter margins. In contrast, **Italy** emerges as the most robust industrial base, with a well-established reputation for design and quality, strong export orientation, and healthy profit margins. **Spain**, meanwhile, presents a balanced and dynamic outlook, benefitting from a favourable economic environment and growing industry profitability, making it a strategically attractive geography for acquisition opportunities.

Despite structural challenges, such as low margins and high capital intensity, the furniture industry continues to demonstrate resilience, particularly in **Spain and Italy**, where profitability and production value are on the rise. These two markets remain fragmented, offering multiple entry points for acquisition and consolidation, while their export capabilities enhance the potential for regional and international growth. The digital transformation of the industry—accelerated by changes in consumer behaviour and the penetration of online channels—presents additional strategic levers for value creation, operational efficiency, and commercial scalability.

Table 5. Appendix C. SWOT Analysis

Strengths	Weaknesses
Fragmented Industry with low customer and product/service concentration	Low-margin industry
Low-revenue volatility	Low growth expectations in the Eurozone
Growing industry profits in Spain and Italy	High capital requirements for manufacturing
Growing construction sector across all three economies	Declining profitability in the UK market

Opportunities	Threats
Global growth in Asia-Pacific, especially India for luxury/high quality segments	Low consumer confidence affecting durable goods demand
Strong export capabilities in Spain and Italy	Uncertainty in international trade policies
High cross-selling potential across product categories	Rising supply chain logistics and costs
Expansion potential in digital channels	Competitive pressure from low-priced products and imports
Growth opportunities through digital transformation	

In conclusion, the **furniture industry in Spain and Italy offers the most attractive landscape for acquisition and value creation**, supported by structural fragmentation, rising profitability, and internationalisation potential. While the UK presents important market insights, especially regarding digital disruption and evolving customer preferences, its declining profitability and consolidation trend suggest a less favourable context for a first-time acquisition. A focused investment strategy leveraging digital transformation, operational efficiencies, and export scalability in Spain or Italy positions the Search Fund for a strong entry into the sector with robust growth potential.

What to do: A 4-pillar value creation strategy

This strategy follows a sequential and complementary approach. Actions 1 and 2 establish the operational and financial foundation, enabling Actions 3 and 4 to drive scalable growth, which can be pursued in parallel:

1. *Select the Right Company.* Identify a manufacturer in the European furniture industry with solid production capabilities and a differentiated product portfolio. The ideal target will have a scalable cost structure, product quality, and a base of existing customer relationships that can be leveraged for growth.
2. *Strengthen Gross Margin and P&L Management.* Drive operational efficiency by improving cost control, optimising production processes, and strengthening commercial and financial discipline. The objective is to maximise profitability and establish a sustainable financial base.
3. *Accelerate Revenue Growth in Existing Markets.* Expand product range and deepen customer relationships through vertical integration and commercial expansion. Capture additional share of wallet from existing clients and unlock new market segments and sales channels within the same geography.
4. *Expand into New Markets.* Leverage export capabilities to scale internationally, with a specific focus on entering high-growth regions such as Asia-Pacific. This will diversify revenue streams and enhance long-term growth potential.

How to do it: Execution Strategy

Optimise Working Capital: Reduce collection periods on trade receivables and improve stock rotation by analysing underperforming inventory. This will release cash to fund product range expansion without increasing capital requirements.

Leverage Existing Customer Base: Begin by upselling and cross-selling to current customers, then progressively expand into new segments and channels. Product range expansion will be a continuous lever to support this strategy.

Broaden Product Offering Beyond Core Capabilities: While product development will rely primarily on internal manufacturing capacity, it will not be limited to it. Partnerships with national or international producers will be established to complement the offer. These alliances could evolve into M&A opportunities, subject to strategic fit and value creation potential.

Capture Greater Market Share and Share of Wallet: A dual commercial strategy will aim to grow revenue from existing customers and capture new demand from adjacent segments and underserved channels.

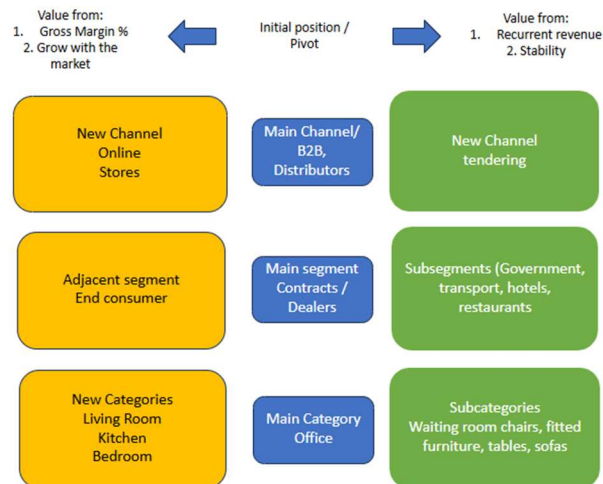
Illustration 2. Appendix C. Value creation strategy built from product range expansion

Value creation proposition

Commercial focus

Opportunity to grow market share by tapping into new segments and categories

Pivot from main segment, channel & category



Why Anderson Gomez Are well-positioned to execute this Thesis

Anderson Gomez, through IM-Capital Europe & UK Ltd, brings a strong operational and strategic track record directly aligned with this investment thesis:

1. **Turnaround and Operational Excellence.** At Fluidra Colombia, Anderson led a successful turnaround as Finance and Country Manager, transforming a loss-making operation into a profitable business with a 6.2% EBITDA margin within three years.

Success in Turnaround & Operational Excellence

FLUIDRA



- Location: HQ – Spain, + 47 countries
- Industry: Swimming Pools
- Size: €2Bn, 7k employees
- Type: Public Listed



2. **Commercial and Margin Expansion.** At Highbourne Group, Anderson spearheaded the transformation of the retail channel and product brand architecture. This initiative contributed £3.6 million in incremental margin, representing 8.9% of the group's operating profit in the bathrooms category for 2024.

Success in Capturing market share



- Location: United Kingdom
- Industry: Bathrooms – Building materials
- Size: £1.3Bn, 290+ branches, +3.5k employees
- Type: Private Equity

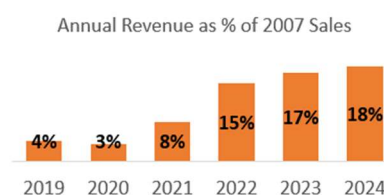


3. **International Growth and Market Entry.** As a senior executive and board leader in his family business, Anderson opened its first international branch in Colombia (2014) and played a pivotal role in doubling revenues between 2021 and 2024 (2.4x growth).

+15 years industry expertise



- Location: Venezuela
- Industry: Office Furniture
- Size: SME, 50-100 employees
- Type: Family-owned



Appendix D: Risks and mitigation plan

Risk	Stage on which the risk could impact the Search Fund activity	Anderson's Advantage as Principal Vs other Searchers	Mitigation action that IM-Capital Europe & UK Ltd will or is implementing
Inability of IM-Capital Europe & UK Ltd to Find an Acquisition Target	Stage 2: Source & Evaluate Opportunities	Industry-led search, reducing the scope of search and the variance of key variables and values to assess before Due Diligence	Even before the Search Fund Set up, Anderson is actively searching and adjusting his efforts to be productive and realistic. The Search Fund budget is thought to maximise opportunities to successfully acquire a company, putting Principal's compensation to be up to 45% of the total budget
Unappealing Proposed Acquisition for Search Fund Investor	Stage 2: Source & Evaluate Opportunities	No differential advantage	This Memorandum offers a clear landscape of the potential companies to acquire and the target financials. The success of the Search Fund will be based on transparency on the opportunity from the day 0.
Inability of IM-Capital Europe & UK Ltd to Complete Acquisition Successfully	Stage 2: Source & Evaluate Opportunities	No differential advantage	The selection of investor will necessary include experienced investors willing to share and mentor Anderson on this journey. Anderson's lack of experience on the negotiation and acquisition process will require a strong support from the investors
Poor Performance of Acquired Company	Stage 4: Operate the Business	Anderson's +15 years of expertise in the industry, with specific 2 years serving as local controller at Fluidra Colombia, will support the Due Diligence process	Anderson will work closely with investors providing findings and reports on the due diligence process, to assess and analyse companies before any transaction is move forward. The focus will be to use the experience and knowledge in the investment group to assess risks, and get high engagement with the target companies, once they LOI is issued
Inability of IM-Capital Europe & UK Ltd to Manage Acquired Company	Stage 4: Operate the Business	Anderson's professional network in the Durable Goods industry is an asset that will be used to bring Executive and professional talent as investors to be part of the Board of Directors, or to be part of the Management team after acquisition	The Search phase will include the invitation to industry experts and professional to be Investors or part of the Professional Management team. Despite the acquisition is planned to happen in 2-year time, a high engagement with succesfull and experience individuals will be key to the operation once the company is acquired
Illiquidity of Investment	Stage 5: Exit the business	No differential advantage	The search criteria will include potential synergies with major industry players to increase liquidity of the acquired company

Limited Operating History	Stage 4: Operate the Business	While this is Anderson's first Search Fund, he brings over 15 years of relevant experience across three critical areas: Governance & Stakeholder Management: As Chairman of his family business, he developed strong board engagement and issue escalation practices. Commercial Growth: At Highbourne Group (UK), he drove both organic and inorganic growth as Business Development Manager Financial Discipline: His roles as Head of Finance in both SMEs and listed companies ensure a structured, performance-driven approach post-acquisition.	
Management Risks	Across all stages	Anderson carries a healthy and an active life. He is married and has a little boy. He does not practice any extreme sport. In his current position, he hasn't asked for a Sick Leave in the last 4 years.	
Unknown Tax Impact	Stage 3: Finance & close a transaction & Stage 5: Exit the Business	No differential advantage	

Appendix E: IESE Business School and Stanford GSB, Search Funds 2024: Selected observations

All the information below corresponds to Search Funds outside US and Canada, unless explicitly mentioned.

Figure 1. International Search Fund activity by year

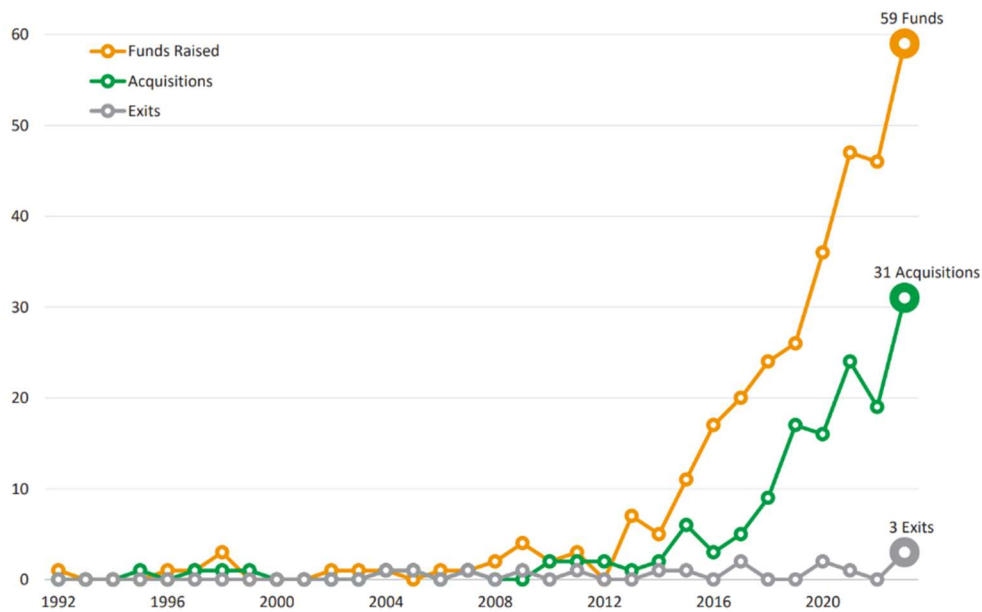


Figure 2. International Search Fund activity by status



Figure 8. Percentage of International Search Funds in each phase of the search fund life cycle (N=130)¹⁸

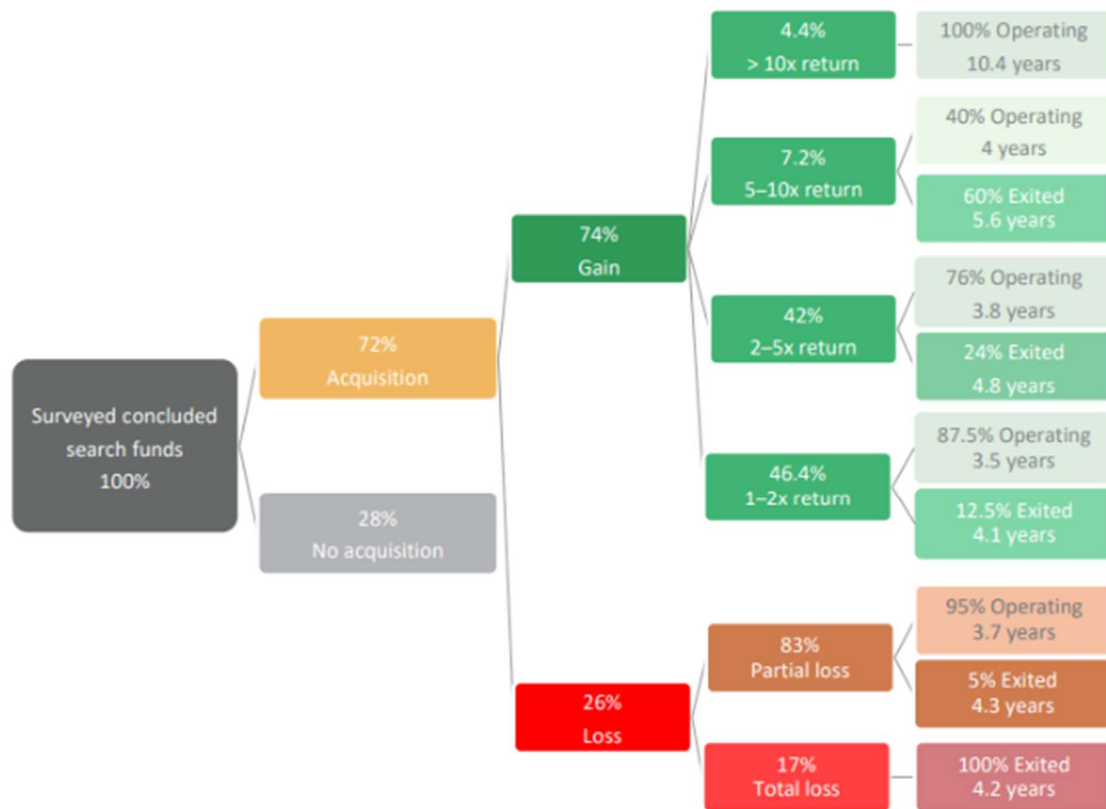


Figure 10. International Search Fund asset class IRR

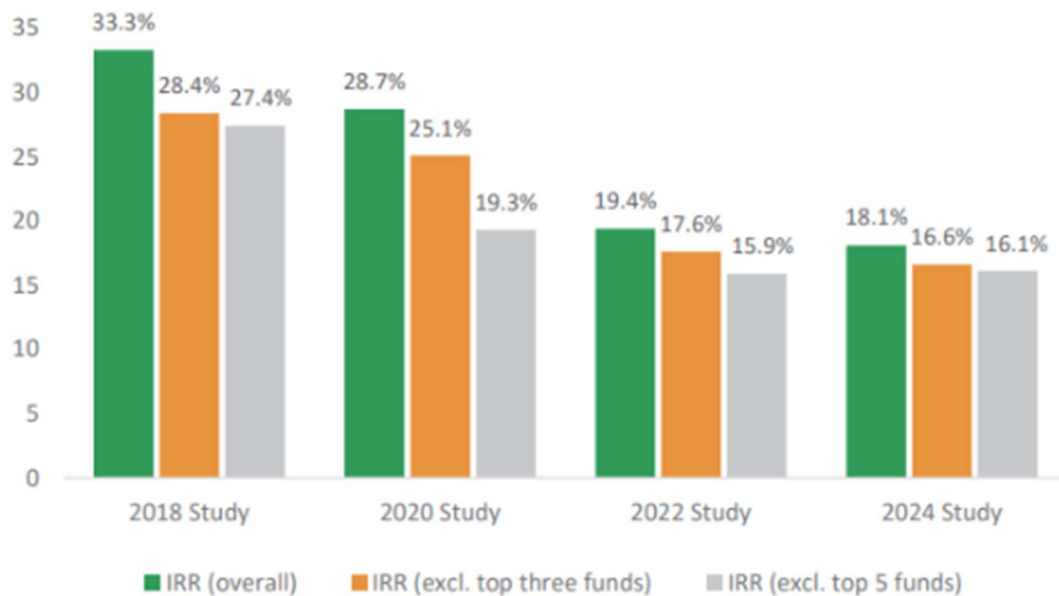
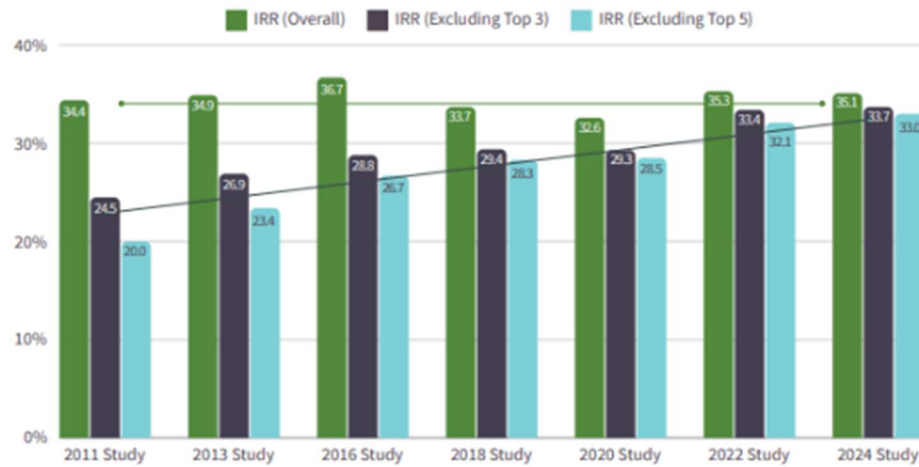
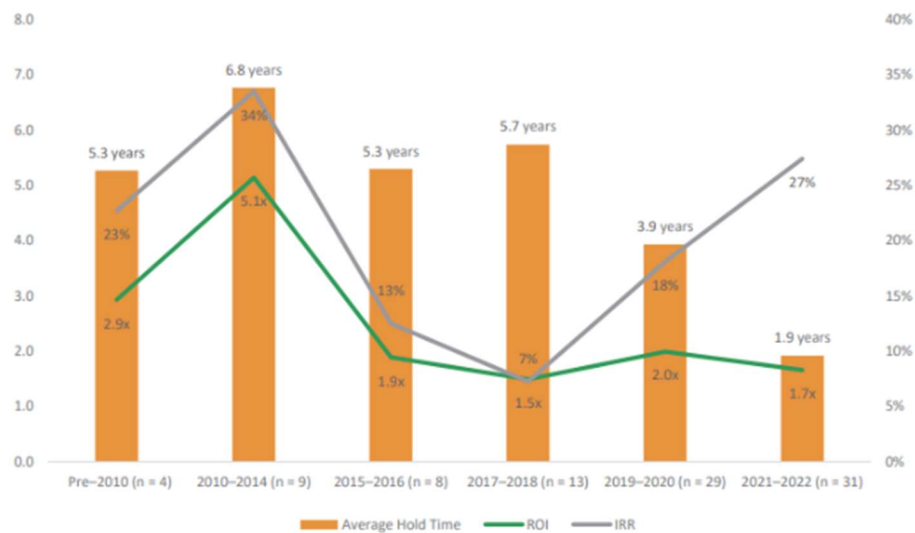
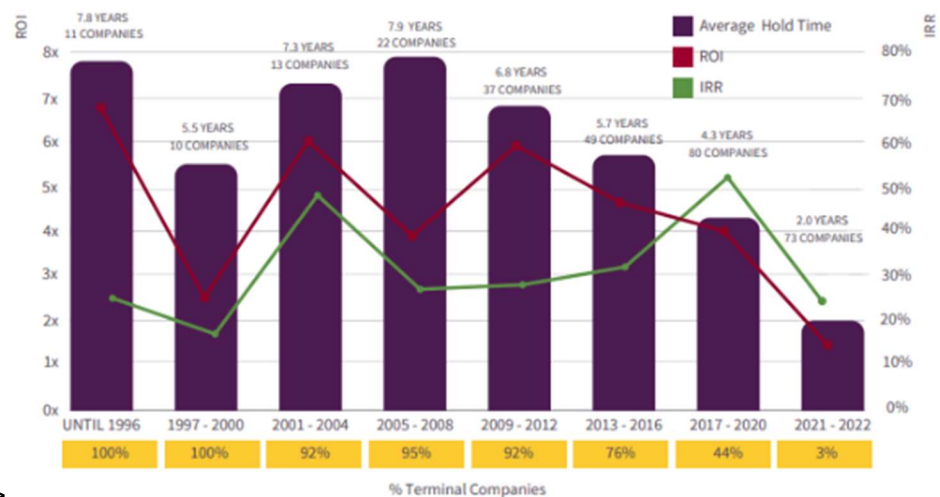


Figure F| Aggregate Search Fund IRR (2011 – 2024)

US & Canada ->

Figure 12. IRR and ROI by year of company acquisition (N=93)²¹**Figure J| IRR and ROI by Year of Company Acquisition (n=295)⁷**

US & Canada ->