

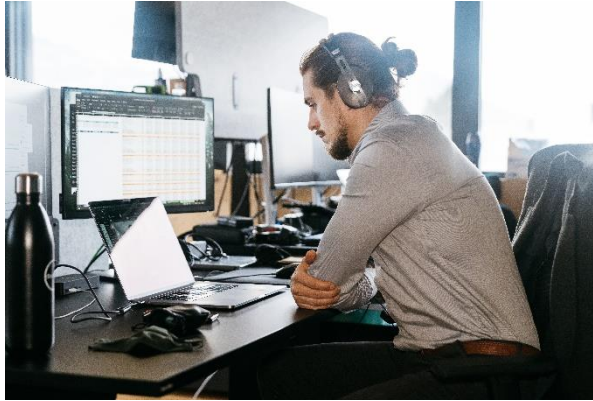
Audacia Group

E-Commerce Builder & Aggregator



Teaser

July 2021



Audacia Group

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Audacia Group

Executive Summary – About Us



Overview

- Audacia Holding SA (**Audacia**, or **Audacia Group**) is a pure-play e-commerce builder and aggregator through balance sheet investing
- As part of a consistent organic growth and buy-and-build strategy, Audacia is developing its brands into market leaders, whose high-quality product ranges now cater to 1.2 million customers in 20 countries worldwide
- Founded in 2018, Audacia now commands consolidated figures for 2020:
 - Sales adjusted: CHF 35.9 million⁽¹⁾
 - Brands: nine
- Audacia's diversified portfolio companies (**Operating Companies**, or **OpCos**) fall into the two categories:
 - Aggregator:
 - i. KissKiss: sexual wellness e-commerce retailer, incl. sex toys, lingerie, beauty and care (B2C)
 - ii. StickerKid: customisable and automated web-to-print stickers for kids (D2C)
 - iii. StickerYeti: customisable and mainly automated⁽²⁾ web-to-print stickers for businesses (D2B)
 - iv. IdealVoyance & Manticus: mystical services and spiritual wellness platform connecting customers with spiritual advisors and life coaches in French and German-speaking countries via chat, telephone and video (B2C)
 - Builder (Audacia Ventures):
 - vi. Kandle: high-end scented candle e-commerce retailer (B2C)
 - vii. Heida: customer service and support company for digital products and e-commerce brands (B2B)
 - viii. Happy Pets: e-tailer of quality natural plant-based products to help relieve pet discomfort, anxiety and overall well-being (B2C)
 - ix. Sea You Sun: specialised e-retailer of natural, clean and reef-friendly sun care and after-sun products (B2C)

Notes

(1) Including: FY2020 for Manticus (acquired in Dec 2020), and H1 2020 pro rata of FY2020 (July 2019 to June 2020) for IdealVoyance (acquired in June 2020)

(2) Minor input required by StickerYeti graphic designers for quality assurance of company logos uploaded, and kiss-cutting perimeter

Highly differentiated platform designed for growth

- Covid and recent trends have galvanised Audacia's multi-faceted strategy, where our main OpCos have experienced double digit sales growth
- Market Strategy
 - i. Audacia takes a thematic investment approach, with our principal conviction play being the long-term, structural tailwinds of internet penetration, evolving consumer habits and e-commerce adoption, and the fall from grace of bricks-and-mortar retailers
 - ii. One layer beneath this top-down approach, Audacia invests in niche sectors, buoyed by other favourable demographic & tech trends. Targeting niche sectors with a value creation proposition mitigates the risk of being disintermediated by marketplaces like Amazon
 - iii. Our aim is to bring these niche sectors into the mainstream for customers, whilst in parallel institutionalising them in the investor community for exit optionality
- Swiss Attractiveness & Strategy
 - SMEs are the bedrock of Switzerland, with c. 80,000 SMEs requiring a solution to bridge succession planning in the upcoming years
 - Target undercapitalized/undermanaged SMEs, and those SMEs in need of risk-on growth capital for cross-border expansion
 - Switzerland's linguistic and geographical proximity to France, Germany and Austria allows for easy segue to cross-border sales⁽¹⁾
 - Switzerland tops global e-commerce index⁽²⁾ – it is the best equipped country for online shopping, according to a United Nations comparison of more than 150 states, as well as a score of 97 out of 100 for reliability of postal services
 - Audacia strategically consolidated its warehouse facility within close proximity to a La Poste fulfilment centre allowing for a 5.30pm deadline for Swiss customers to order online and receive next day delivery
 - Attractiveness of the Swiss M&A market was recently underlined by the 2020 edition of the Global Innovation Index, according to which Switzerland is the world's most innovative country followed by Sweden, USA, and the UK. CHE is ideally placed in the development of new technologies with its business incubators and polytechnic schools which each year see a number of start-ups being created

Notes

(1) e.g. removes requirement for expensive website translations, and only minor tweaking of Google AdWords strategy and organic Search Engine Optimisation

(2) 2020 study by the UN Conference on Trade and Development (UNCTAD)

Key Characteristics of Deals

- Asset-light model (capital light), but generally sector agnostic
 - Audacia is long intangibles, short tangibles
 - Tangible assets are not scalable and expansion is capital intensive: an aeroplane seat can only be sold once/twice a day, and not 1,000x
 - Low operational gearing through flexible cost base, and low volatility in raw materials and streamlined supply chain
- Undercapitalized/undermanaged or under-loved assets where value can be added
- Motivated Sellers (retirement, capital structure under pressure) in non-competitive situations
- Buy-outs of controlling equity interests, not minority
- Deal structure – call options, earn-outs, equity rollovers and profit-sweep vendor loans minimises downside risk
- Sticky and loyal customer relationships, and where customer concentration risk is minimised
- Fragmented markets, with opportunity for cost effective customer acquisition, as well as buy-and-build consolidation to become a dominant players. Disciplined underwriting with no multiple expansion underwritten
- Margin expansion through extraction of synergies – distribution, warehousing, logistics, e-commerce web optimisation, Google ranking
- Cyclical resilience in niche deals is at the heart of our diversified portfolio
- Strong free cash flow conversion provides optionality, including the need not to service the investment with additional cash⁽²⁾

Notes

(1) e.g. KissKiss was closed in four weeks, and StickerKid taken off-market due to ability to close rapidly with execution certainty

(2) Equity multiple, and deleveraging post-acquisition considerations

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Two-Prong Deal Strategy



Organic Growth

Leverage scale and entrepreneurial management to drive:

1. Revenue growth

- Scale-enabled service offering (speed and reliance of delivery, discreet, order tracking via UPS, product availability, pre and post-sale customer support through Heida)
- Venture building of own-brands either in new industries, or cross-selling and upselling across our existing platforms

2. Margin Expansion

- Leverage scale – synergies extracted:
 - Procurement, production, logistics
 - Search engine optimisation, and digital advertising across all the social media platforms (Facebook, Instagram)
 - Software developers

3. Cash generation

- High free cash flow conversion
- Deleveraging post-acquisition

Aggregator via Acquisitions

Several successful value accretive acquisitions integrated:

1. Strict criteria

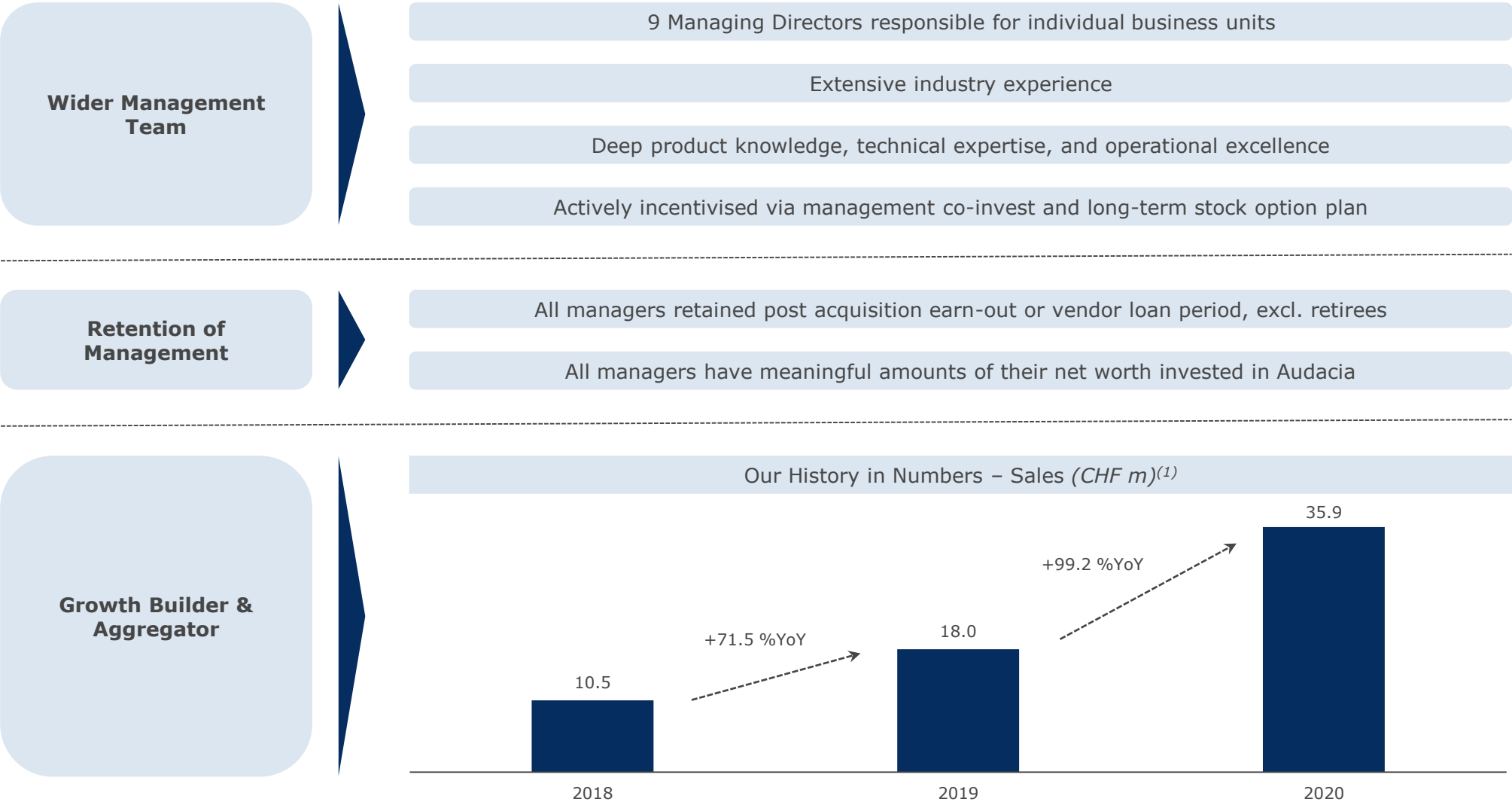
- Growing businesses – do not fight the tide
- Sustainable above average profit margins
- Revenue and/or cost synergies
- Broad distribution channels
- Modern plant & facilities with optionality to be consolidated within Sion head office
- Committed management team

2. Risk management

- Attractive entry valuations & multiples against peer group
- Conservative deal underwriting – no multiple expansion assumed
- Deal structure minimises downside risk through profit-sweep vendor loans, call options and contingent earn-outs
- Resilient balance sheets of OpCos
- Cov-lite maintenance covenants on acquisition leverage
- Liquidity headroom, and conservative acquisition leverage

Audacia Group

Proven track record of sustainable value creation



Notes
(1) Including: FY2020 for Manticus (acquired in Dec 2020), and H1 2020 pro rata of FY2020 (July 2019 to June 2020) for IdealVoyance (acquired in June 2020)

Deal Team (*acquisitions*)

- Off-market proprietary deal flow, where 100% of Audacia's deals have avoided expensive auction processes
- Multi-channelled deal flow from our network of entrepreneurs, referrals, private and investment banks, and M&A brokers
- Clear and proven strategy evidenced by deal track record, robust growth, and ability to mobilise rapidly⁽¹⁾ to ensure deal execution
- Buy-and-build strategy
 - Buy, build...and build! Audacia aims to be the next generation of The Hut Group with an evergreen⁽¹⁾ portfolio of brands
 - As part of a consistent growth and buy-and-build strategy, Audacia aims to organically build their platform deals into market leaders, whilst also aiming to accelerate their growth inorganically through bolt-on acquisitions of competitors
 - Bolt-ons have been identified in certain fragmented industries to consolidate and solidify each OpCo's market position

Management Team (*operational*)

- Deep product knowledge, technical expertise, and operational experience (SEO, e-advertising, logistics, inventory and supply chain management) – vital to underpin operational efficiency and innovation
- Fully developed in-house capabilities in terms of software developers, and e-marketing teams – allows for the back-end tech and front-end user experience to marry up seamlessly
- Dedicated analytics team to analyse the mountains of data generated on our platforms
- Skin in the game – meaningful management co-invest, and long-term incentive plans (ESOP) aligns interests
- Core executive management is led by entrepreneurs who have had successful exits of their own start-ups to MNCs

Notes

(1) Audacia will remain entertaining spin-offs of subsidiaries to strategic and financial investors should attractive offers be made

Platform Deals

 KISS KISS.ch

Ideal Voyance

 Manticus

 STICKER KID

 STICKER YETI .COM

Audacia Ventures

 kandle

Heida

 Happy pets

 sea you sun

Appendix

1. *Pictures*

- *Product offering*
- *Warehouse*
- *Production facility*
- *Offices*



obsessive

Beauty Night

womanizer



FLESHLIGHT. TENGA



Fifty Shades of Grey



StickerKid

Customisable Web-to-Print Stickers (D2C)



StickerYeti

Customisable Web-to-Print Stickers (*D2B*)



IdealVoyance & Manticus

Spiritual Wellness & Mystical Advisors Platform

IdealVoyance **Manticus**

The answer to your questions

N° 1 in Switzerland for +10 years
435'894 true customer reviews

REGISTER FOR FREE

QUALITY

N° 1 for clairvoyance in Switzerland

OUR EXPERTS

Experts tested by genuine clients

SECURITY

Payments are secure and encrypted consultations

CUSTOMER REVIEWS

99% positive opinions
out of 435'894 real customer reviews

☐ By Telephone ☐ By Chat ☐ In Writing



Kandle.ch

High-end Scented Candle Retailer (B2C)



Heida

The customer management company for digital products and e-commerce brands



Omni-channel customer service

Efficiently manage all customer requests coming through various channels such as email, phone, social media, or chat

Online reputation management

We advise group entities on the best tools to collect review and monitor the activities and scores

Social media management

We distribute your content and engages with customer comments and messages to ensure a good brand presence

Customer technology

Research and implementation of new customer-facing technologies that can improve the customer experience and optimize resources

Localised content

We help all portfolio companies to translate and distribute their content in the right language.

Dunning and payment recovery

We provide assistance with payment recovery and dunning process