

Acquisition of Optima Health

January 2022

Establishing the UK's largest occupational health compliance platform



- Acquisition of Optima Health, the UK leader in technology-enabled corporate health and wellbeing, for a consideration of £135m
- Deal makes Marlowe UK leader in core Occupational Health market, transforming existing scale in this highly attractive regulated compliance market
- A major step in the Marlowe vision confirming our position as UK leader in the regulatory compliance software and service arena in line with our **Deepen, Broaden, Strengthen & Digitalise** growth strategy

Compelling Financial Profile

- **~£68m** revenues and **£11m** EBITDA with at least £2m synergies expected in Y1
- 10%+ EPS accretion in Y1
- Acquiring from Close Brothers Private Equity (owned since 2015)
- Management are reinvesting £6m into deal

Strong Balance Sheet

- Leverage c.1.5x post-deal with significant headroom
- Complementing highly cash-generative nature of pro-forma Marlowe Group

A TRANSFORMATIONAL COMBINATION WITH COMPELLING STRATEGIC RATIONALE

1

Positions Marlowe as clear #1 in UK Occupational Health market with combined pro-forma revenue of >£91m and >£19m EBITDA⁽¹⁾

2

Delivers significant shareholder value: Earnings accretion of 10%+ in first full year of ownership

3

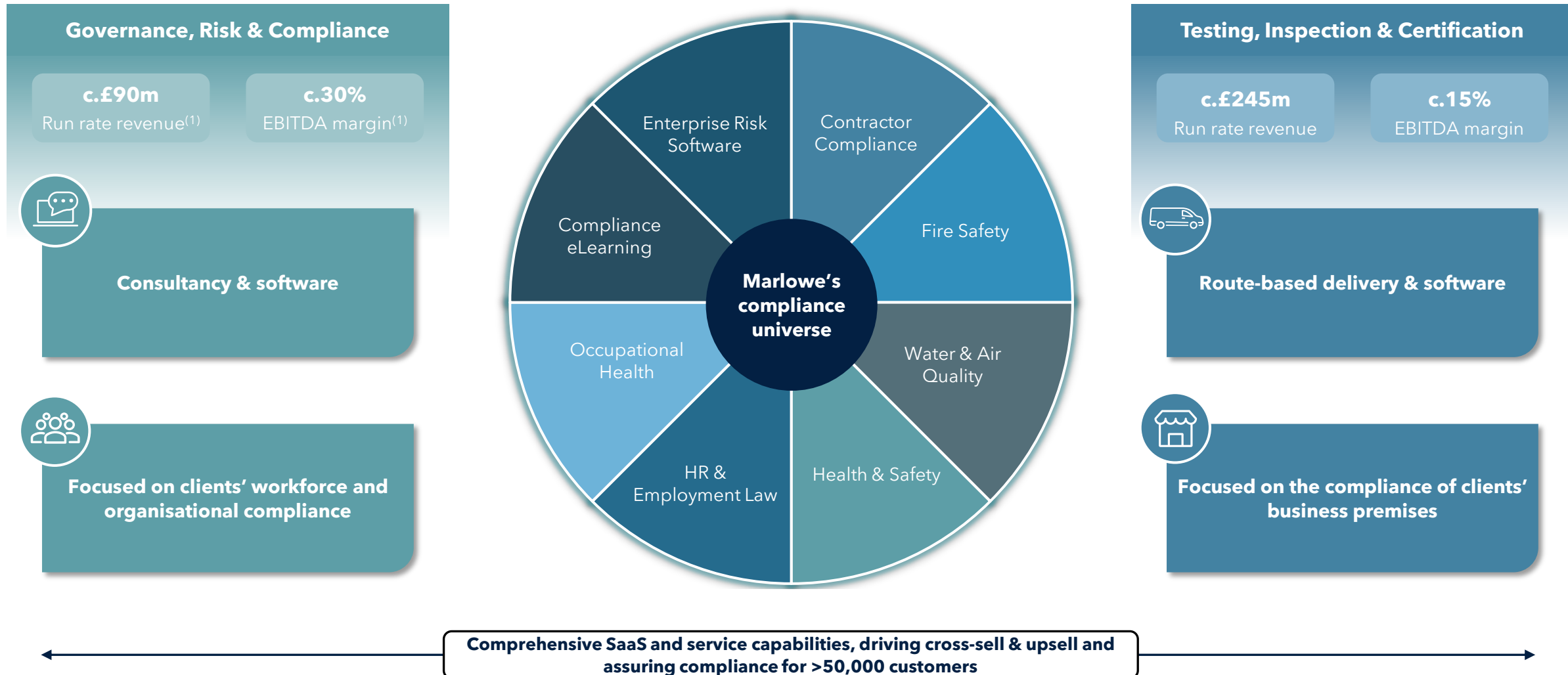
Creates a platform of scale for future growth led by Optima's proven management team who possess a track record of accelerating organic growth (FY19-FY21 CAGR : 12%) and successful M&A integration

4

Builds further scale across highly attractive GRC markets. Including Optima, Marlowe's GRC division will have c.£157m revenue and c.£42m EBITDA⁽¹⁾

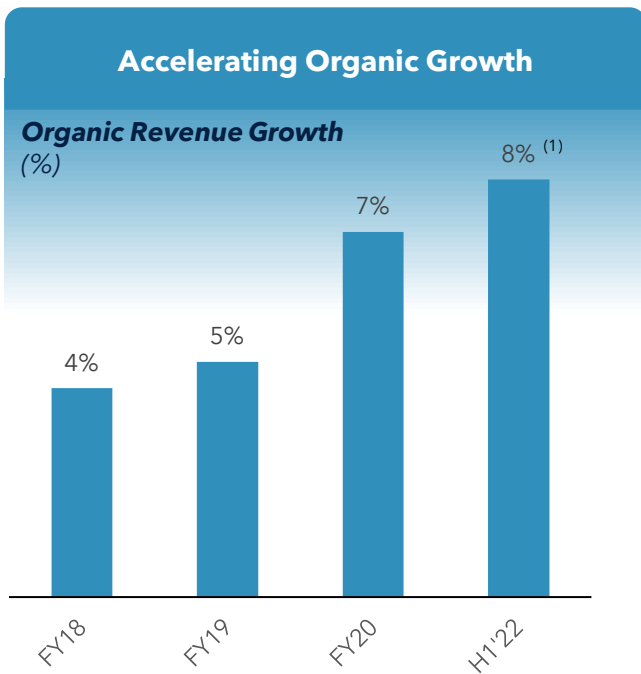
THE LEADER IN SERVICES AND SOFTWARE WHICH ASSURE REGULATORY COMPLIANCE

A one-stop-shop addressing the full spectrum of business compliance needs

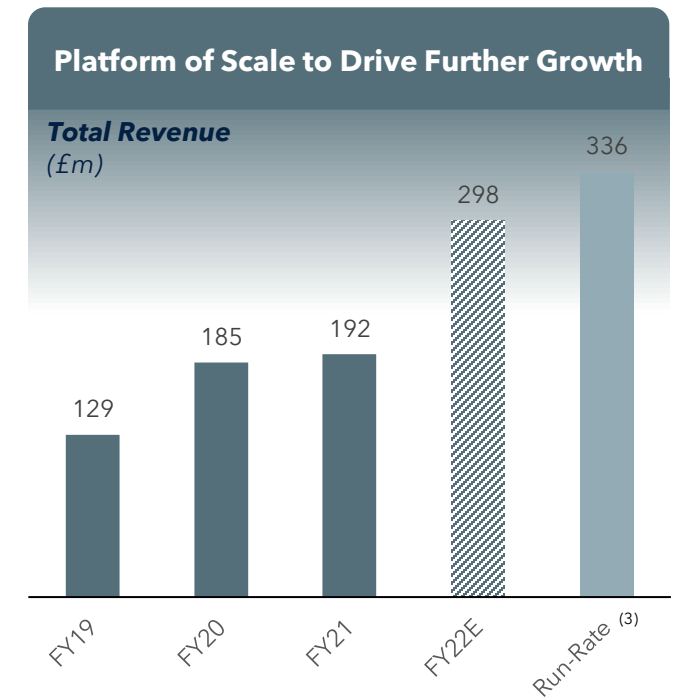
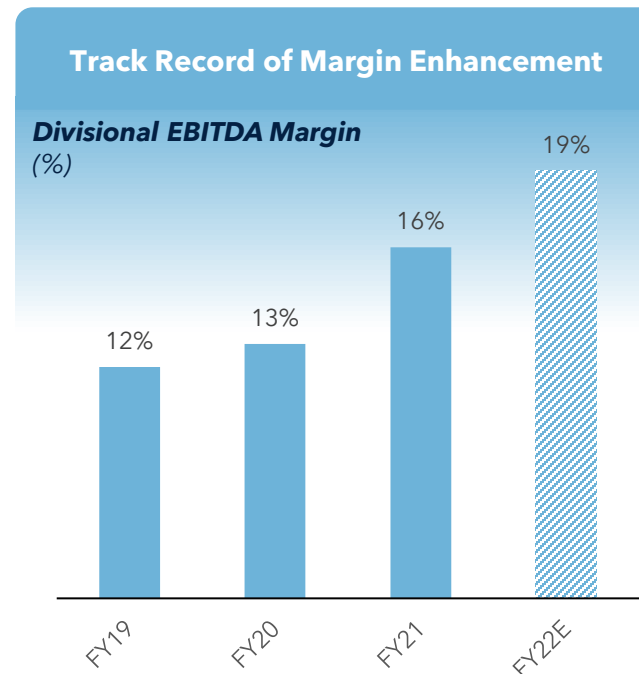


Notes: (1) Excluding impact of Optima.

PROVEN TRACK RECORD OF EXECUTING ON STRATEGY



■ = Actual ▨ = Market Consensus⁽⁴⁾



£193m
Capital Deployed in L12M on acquisitions⁽²⁾

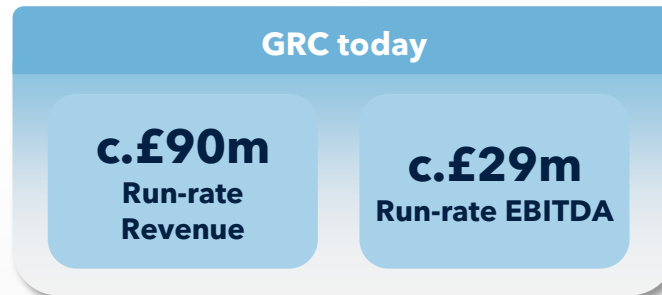
c.£36m
Run-Rate SaaS Revenue

7.6x
Avg. EBITDA Multiple Paid in L12M⁽²⁾

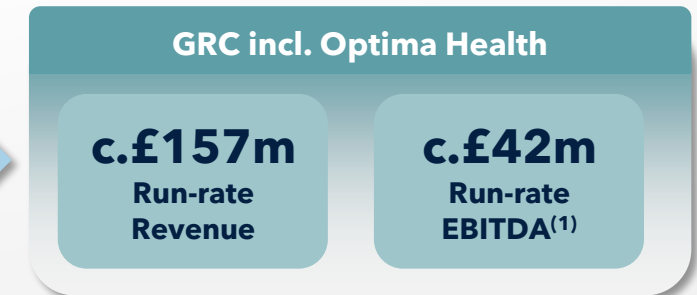
Notes: (1) After an adjustment for the COVID-19 impact on TIC. (2) Excludes deferred consideration. Measured on latest full-year EBITDA at time of acquisition. (3) Calculated as run rate as of H1'21 including full-year effect of acquisitions since H1'21. (4) Current market consensus expectations as at 7 January 2022.

OCCUPATIONAL HEALTH IS A CORE PART OF MARLOWE'S GRC DIVISION AND KEY TO OUR GROWTH STRATEGY

Transforming our GRC division

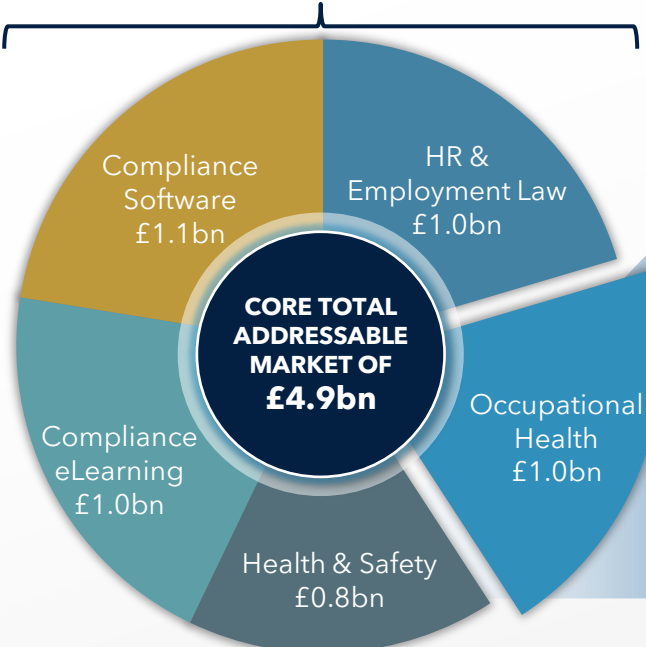


Transformational acquisition of Optima Health



Where occupational health fits into the GRC division

Shared channel to same client decision maker



Occupational health is a core compliance market

- **Assuring regulatory compliance:** improving the health & wellbeing of employees, workplace risk and corporate productivity in line with the Health & Safety at Work Act (1974)
- **£1bn market with estimated growth at 4-5% over the medium term.** c.80% of employers not offering occupational health services: major future growth runway
- **Increasing corporate and societal focus on employee health and wellbeing** is driving structural growth in the market, supported by continued trend of outsourcing (~£300m still in-house)
- Trend towards digitalisation
- £90bn+ economic cost of absence and presenteeism in the UK
- Customer demand increasingly driven by improved employee wellbeing, productivity and reduced absence delivering strong ROI

BUILDING A LEADING UK OCCUPATIONAL HEALTH BUSINESS - HEALTHWORK

Before Optima acquisition Marlowe has achieved national scale in market via a series of acquisitions and effective integration

£23m

FY22E Revenue

£6m

FY22E EBITDA

£29m

Capital Deployed

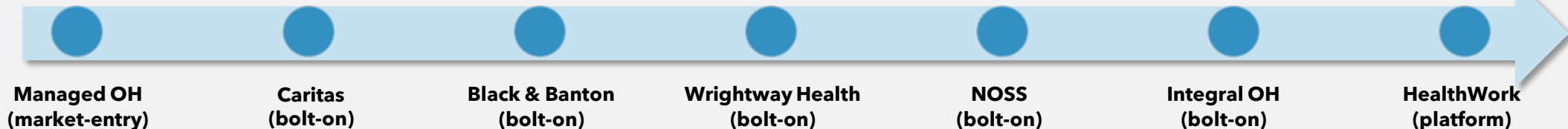
>20%

Return on Capital Employed

Pursuing a tried and tested integration approach

- **Occupational Health has become a highly successful business-line for Marlowe within GRC**
- **Dedicated Occupational Health integration team** managing process from pre-completion planning to full integration - 7 acquisitions before Optima
- Integration process split across back office, technology and service integration
- Target **timeline of full integration within 6-12 months** for all bolt-ons. Full integration of all bolt-ons into Healthwork platform nearing completion
- **Well-rehearsed process prepares Group well for integration of Healthwork into Optima** with the Optima team possessing a strong track record of integrating businesses supplemented by extensive existing Marlowe team with well-developed playbook

Fast-paced acquisition & integration programme building a leading occupational health business over 24 months



Highly fragmented market with a strong pipeline to support further acquisitive growth

OPTIMA HEALTH OVERVIEW

Optima Health is the UK leading occupational health compliance platform

- Providing a broad range of services including: engagement & wellbeing, performance & attendance and risk & compliance
- Robust relationships & annuity revenues underpin future performance: Over 100% retention each of last 3 years by value
- Over 2m client employees and 500k clinical services delivered per annum
- Optima is headquartered in Redditch, with operational hubs in Glasgow, Sheffield, London and Taunton along with a national network of clinics
- Attractive, sticky, customer base with an average customer relationship length of 9 years
- Increased focus on digital-enabled delivery of services through the proprietary 'Dart' platform which enables automated triage and routing, saving time and money through replacing initial clinical triage assessments

Recurring revenues, accelerating organic growth, highly cash-generative with expanding margins...

£68m

2021O revenue

12%

2019 - 21E organic CAGR

16%

2021O EBITDA margin

c.100%

Cash conversion

Service overview

Broad Group of Services

**Risk Management
& Compliance**

**Employee
Assistance
Programme (EAP)**

**Performance,
Attendance &
Engagement**

**Mental Health &
Wellbeing**

Specialist Services

**Mental Health
Services**

Musculoskeletal



Customer overview

100%

Multi-year Contracted Revenues

£600k p.a.

Average contract size

3-5 years

Average contractual term

65% vs 35%

Public vs private Clients

Select Customers



WHY OPTIMA?

Acquiring the leading, digitally-enabled, platform with a proven management team

Highly
experienced
management
team

- Executive team with proven experience in delivering digital-enabled healthcare solutions, as well as integrating acquisitions into Optima Health



Simon Arnold - CEO

- Joined Optima in 2018
- 14 years' experience in healthcare delivery sector: leading Aviva's health operations, Chairman of Aviva OH & MD Tunstall Healthcare



Jonathan Thomas - CFO

- Joined Optima in 2013
- 14 years experience in finance, operational and strategic roles
- Part of original MBO from ATOS

Our customer
due diligence
reflects best-
in-class
service &
durable client
relationships

"[Optima is] world class...way ahead on all metrics"

"Using Optima has been such a valuable experience." - "The level of discussion has been superb."

SIEMENS

POST
OFFICE

This level of flexibility "cannot be found in a standard OH product"



Digitally-enabled service offering providing a platform for growth



1

Pre Placement

myOHportal 2017



2

Health Promotion &
Wellbeing

Optimise 2019
Optima Online 2018



3

Health Surveillance

myOHportal 2017



4

Referral / Triage

myOHportal® 2017
DART 2020



5

Consultation

myOHportal® 2017



6

Supported Self
Management

DART 2020 /
DART BYOD 2021

ACQUISITION STRUCTURE AND FINANCIAL PROFILE

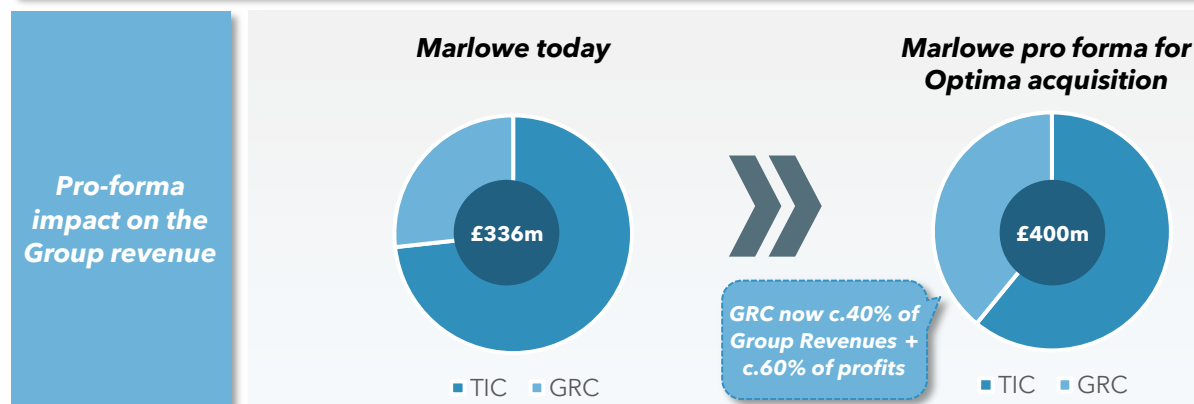
Optima Health presents a major value creation opportunity to cement Marlowe as the UK leader in Occupational Health, at a multiple that is attractive for the space

- Optima Health is being acquired for £135m, representing a multiple of 9.6x 2022E Synergised Adj. EBITDA^(1,2)
- Strong track record of organic growth with FY19 - 21 CAGR of 12%
- Revenue growth in FY21 was driven by new client wins with some pricing uplift, whilst the launch of DART platform and transition of customers onto myOHportal has led to material operational efficiencies driving significant margin accretion
- Marlowe expects significant cost and revenue synergies through the combination of Optima Health with Marlowe's existing Occupational Health division, including cost savings on property, back-office and other duplicated costs expected to be c.£2m in the 12 months post completion
- The business is highly cash generative with cash conversion of c.100%

Transaction structure	
£m	
Day 1 Payment	129.0
Management Roll-Over	6.0
Enterprise Value	135.0
EV / 2022E Synergised Adj. EBITDA ^(1,2)	9.6x

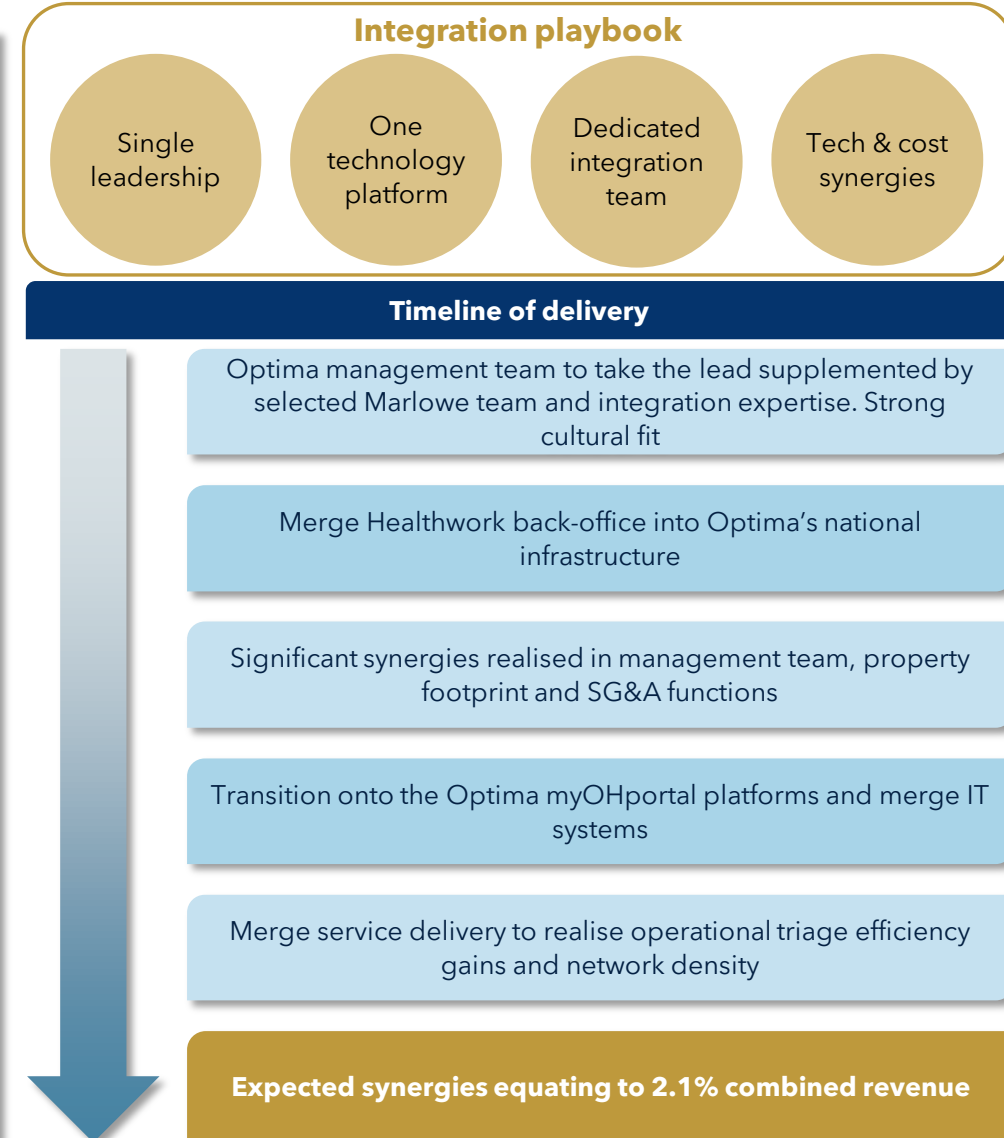
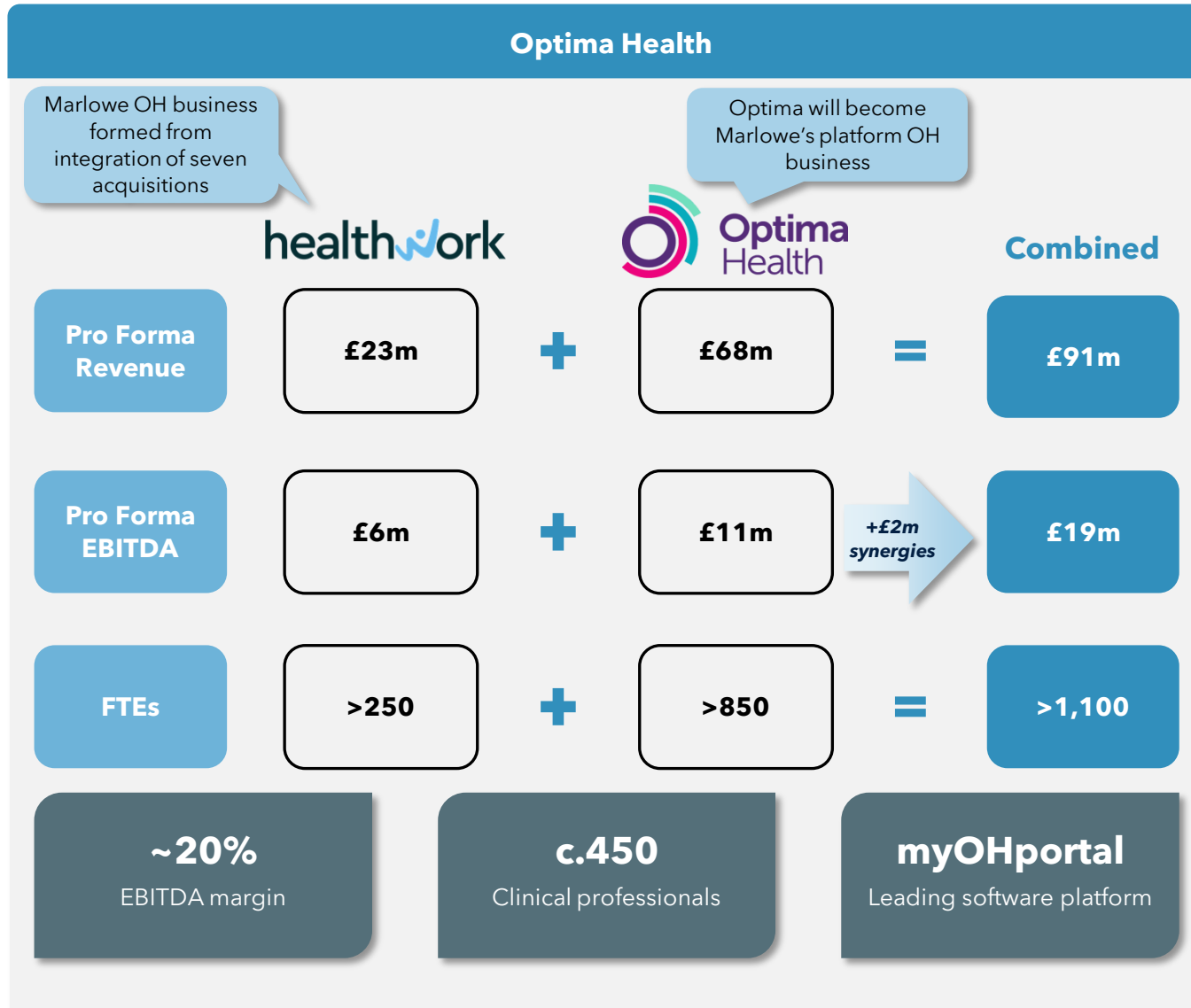
Dec Y/E £m	2020 Actual	2021 Outturn ⁽¹⁾	2022 Forecast ⁽¹⁾
Revenue	56	68	73
Cost of sales	(42)	(46)	(49)
Gross profit	15	22	23
Adj. EBITDA	5	11⁽²⁾	12⁽³⁾
Synergised Adj. EBITDA		11	14

KPIs	2020 Actual	2021 Outturn ⁽¹⁾	2022 Forecast ⁽¹⁾
Revenue Growth	4%	21%	7%
Gross Margin	26%	32%	32%
Adj. EBITDA Margin	9%	16%	17%
Synergised Adj. EBITDA Margin		16%	19%



Notes: (1) Unaudited. Source per Alvarez & Marsal buy-side FDD Report. (2) Adj. EBITDA includes pro-forma effect of Healthy Performance acquisition and is stated on a post IFRS-16 basis. (3) 2022 IFRS 16 adjustment assumed in line with 2021.

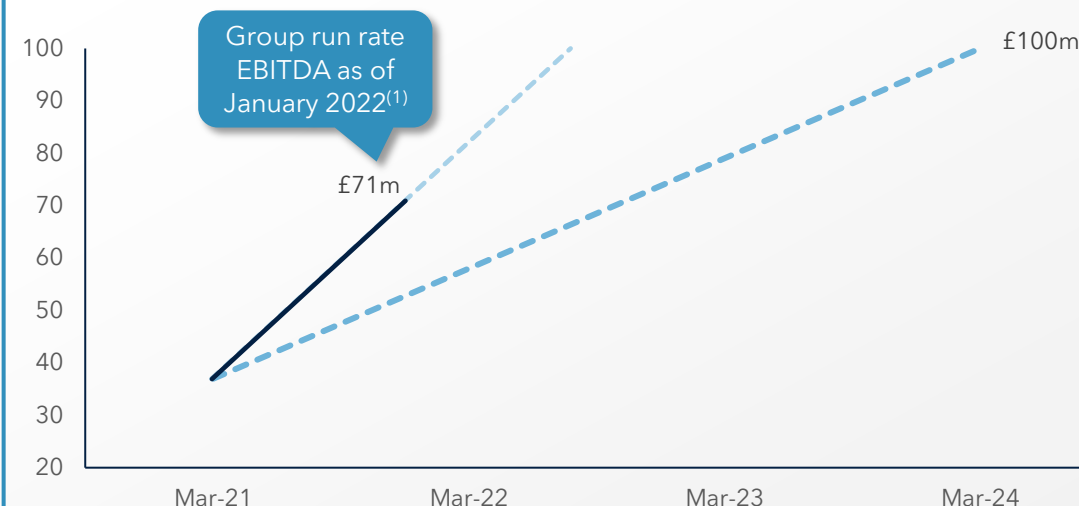
CREATING THE MARKET LEADING OCCUPATIONAL HEALTH PLATFORM



SIGNIFICANT CAPACITY FOR FURTHER GROWTH TO ACHIEVE MEDIUM-TERM TARGET

- Significant capacity for further growth
- Run rate adjusted EBITDA will have increased to c.£71m⁽¹⁾
- Post Optima Health completion, indicative run rate leverage will be c.1.5x
- The Group is planning to complete a refinancing exercise in early 2022
- Following completion of the refinance the Group will have the capacity to deploy c.£75m on future acquisitions in addition to major self-generated cash flow

Performing ahead of plan to achieve medium-term target



Overachieving against our medium-term targets

**c.£500m
Revenue**

**c.£100m
Adj. EBITDA**

**20% EBITDA
margin**

**>90% cash
conversion**

**10% Software ARR
target**

SUMMARY



Acquisition of Optima Health consistent with our strategy to deepen our position in core compliance markets, building market leading positions



Deal increases group run rate revenue and adjusted EBITDA to c.£400m and £71m



>10% EPS accretion in year 1, with material synergies expected through the integration with Marlowe's existing Occupational Health business. Integration led by industry leading team with well-rehearsed playbook



Optima Health will increase GRC divisional revenue to c.£157m, representing c.40% of group revenue and c.60% of profits on a run rate basis



Delivering **Deepen, Broaden, Strengthen** and **Digital** compliance strategy at pace. Deal builds further confidence in achieving target of £100m run rate adjusted EBITDA materially ahead of the original end of FY2024 target

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