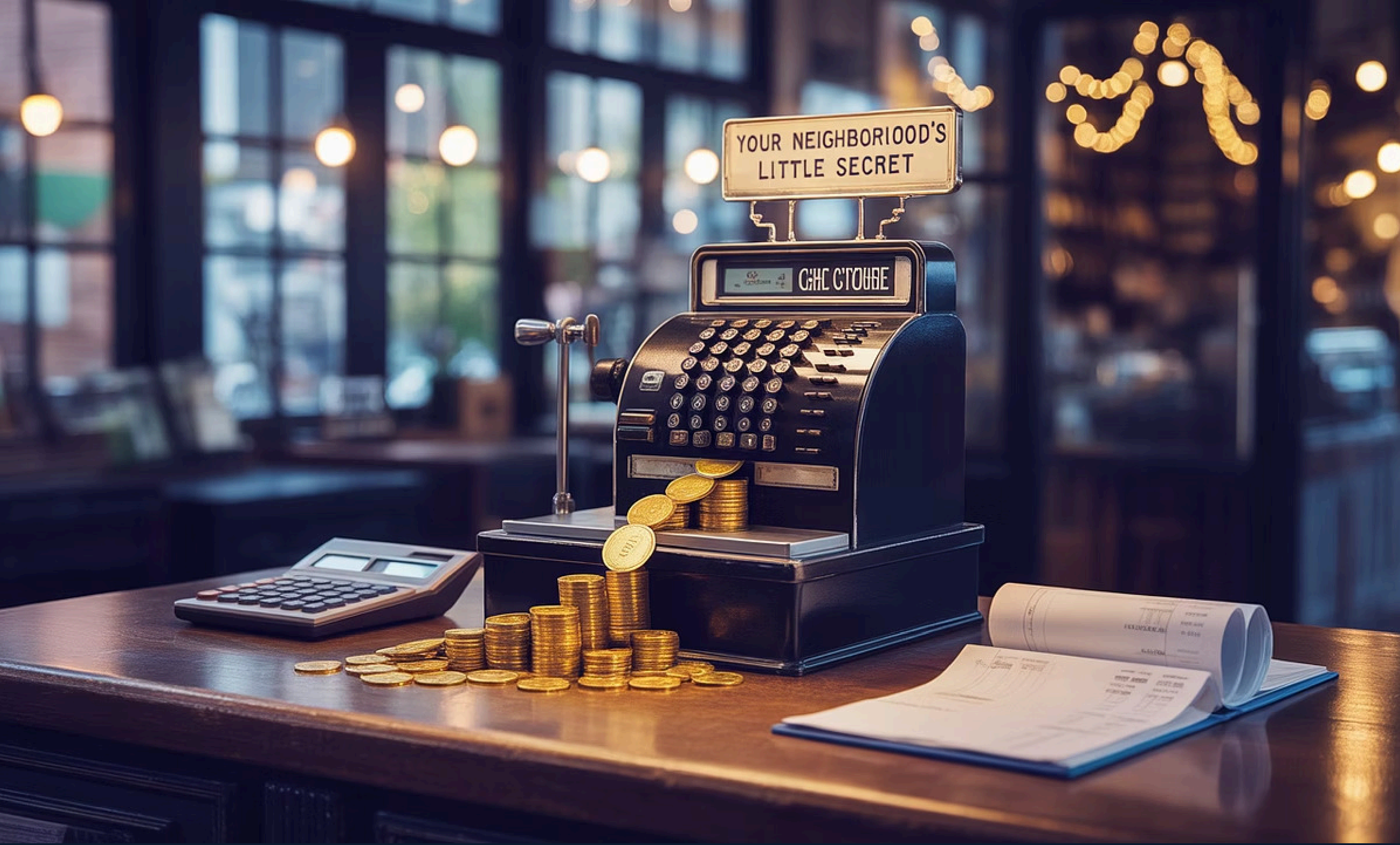


Why ETA Investments Can Deliver 15-20%+ Returns With ZERO Growth

Private equity's hidden gem: Small business acquisitions outperforming traditional VC without requiring hockey stick growth 📈

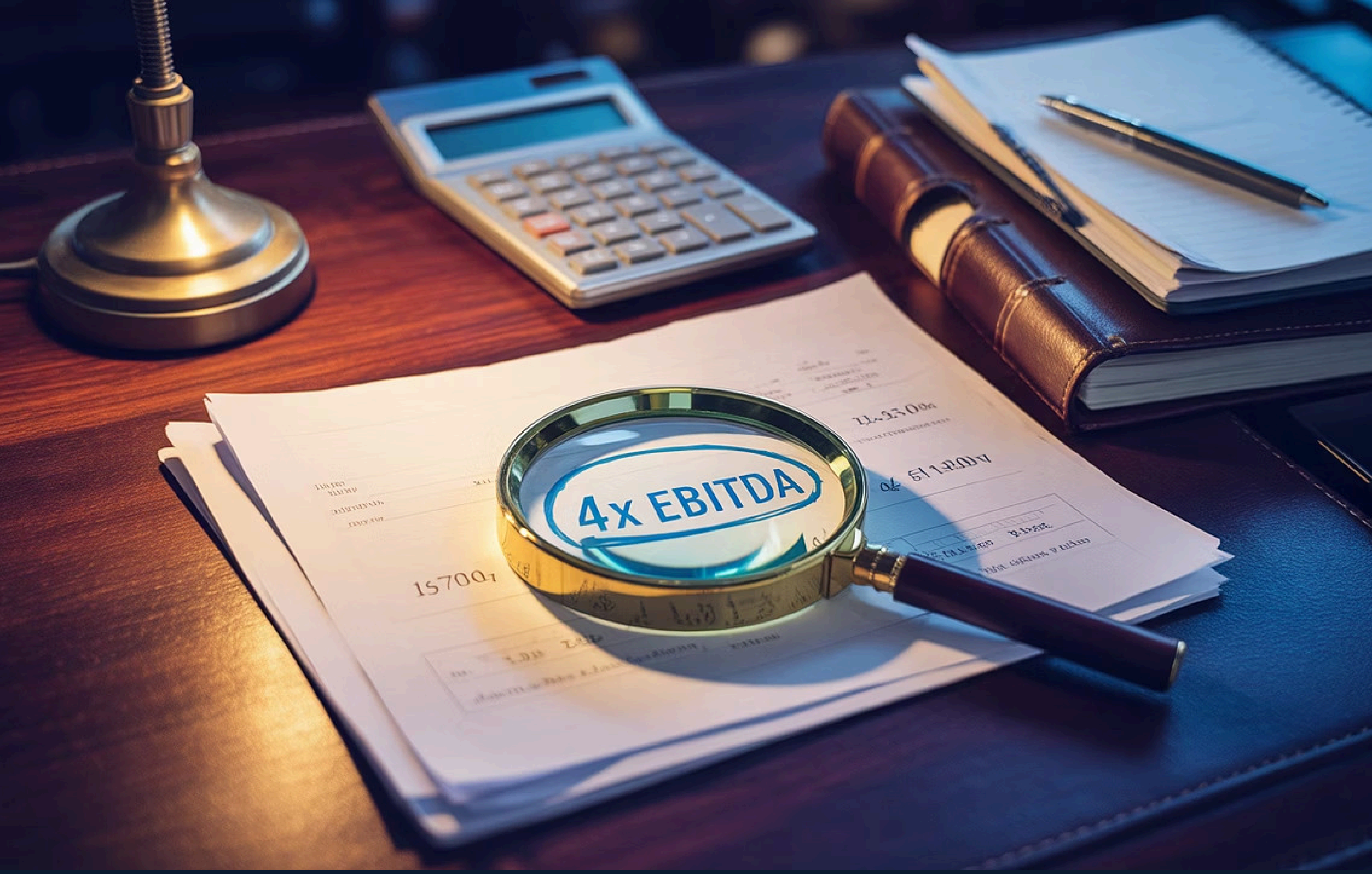
The ETA Secret: Buy Low, Cash High

Low Entry Multiples (3-6× EBITDA)

Buying at 4× EBITDA means 25% earnings yield from day one - far higher than traditional investments

Immediate Cash Flow Generation

Unlike VC, these "boring" businesses produce profits immediately that can be extracted as dividends



The Magic of Low Multiples

25%

Annual Yield

Buying at 4× EBITDA creates an immediate 25% earnings yield on investment

4–5×

Typical Multiple

Small companies trade at fractions of what larger businesses command

Debt Amortization: The Equity Value Builder

Even with ZERO growth, paying down acquisition debt automatically increases equity value

50% Debt Financing

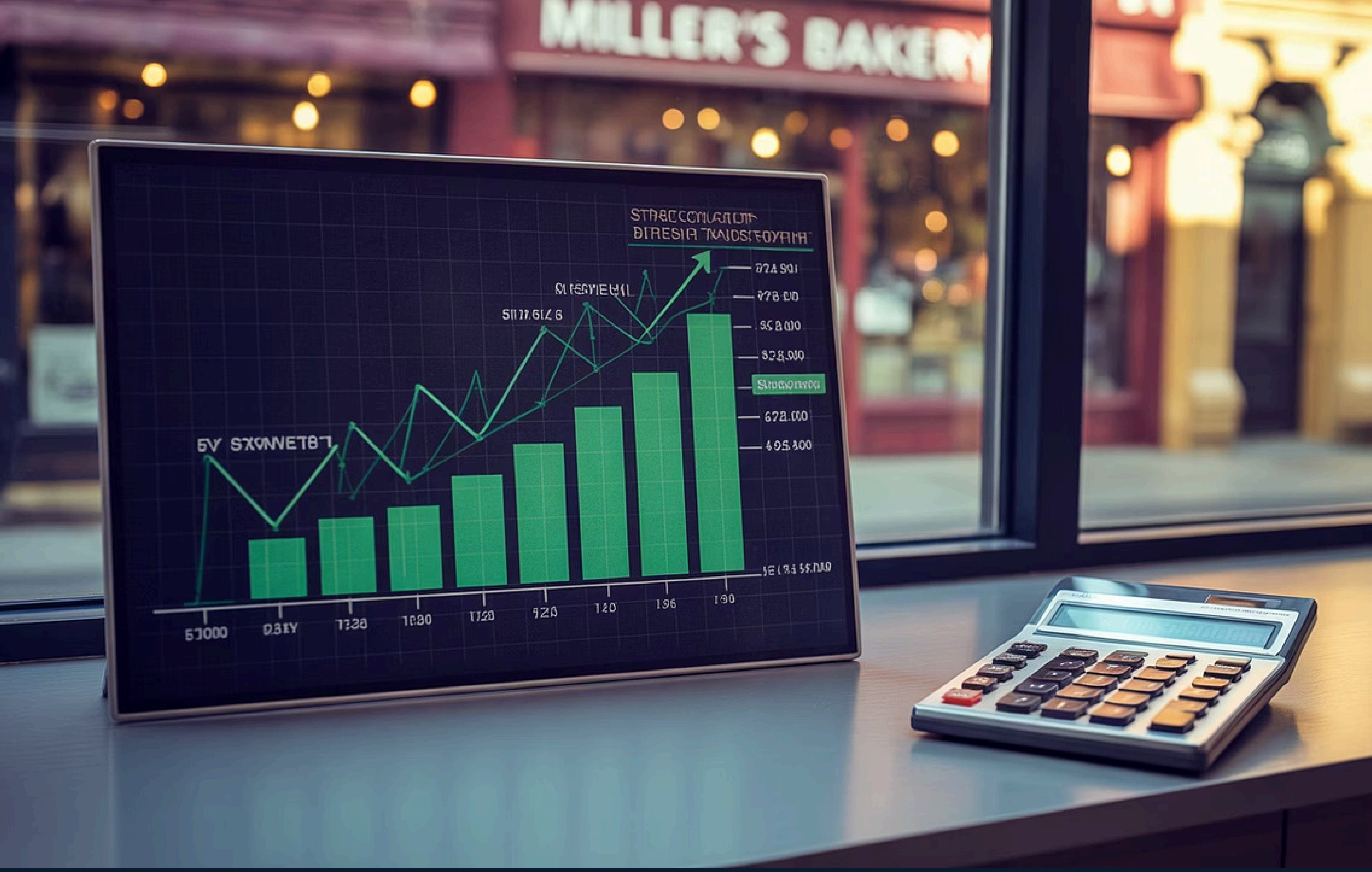
Typical ETA uses 40-60% debt to enhance returns

Steady Repayment

Cash flow pays down principal over 5 years

2× Equity Value

Equity doubles as debt disappears



The No-Growth IRR: A Real Example

The Setup

£4M purchase at 4× EBITDA

£2M equity + £2M debt

£1M stable EBITDA (no growth)

The Result

2.0× equity multiple

15-20% IRR over 5 years

Zero operational growth

Early Cash Returns: Dividends Matter

1 — **Year 1**

After debt service, excess cash flows to investors as dividends

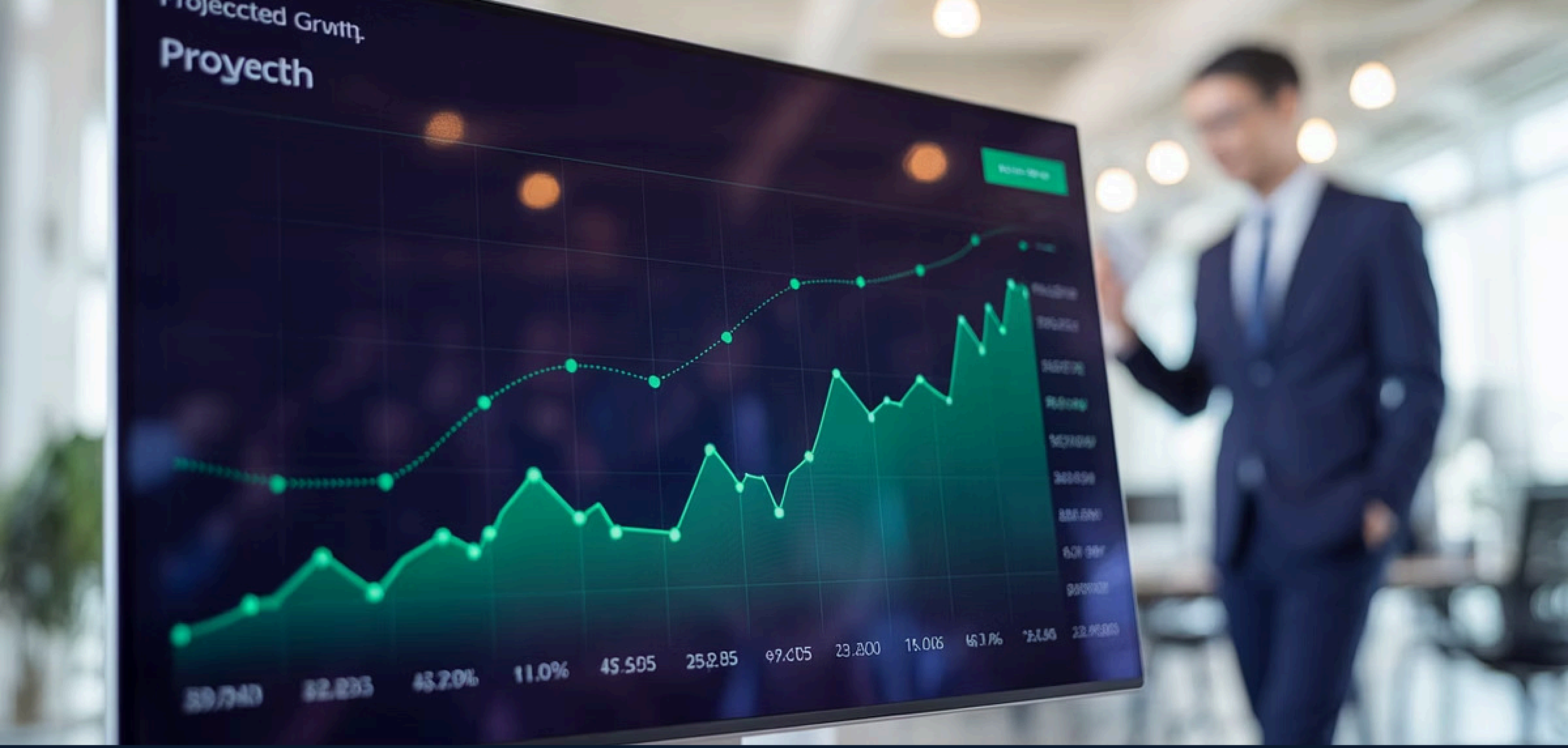
2 — **Year 3**

Regular dividends de-risk the investment by returning capital early

3 — **Year 5**

Exit with full value to equity after debt is paid down

Each pound distributed early both improves IRR and reduces risk



Growth: The Bonus, Not The Requirement

Unlike VC or high-multiple PE deals, ETA returns do not rely on aggressive expansion.

Solid returns can be achieved from day one through low entry multiples, healthy cash flow and steady debt paydown.

When growth happens, it builds on this foundation and can significantly enhance outcomes, in some cases resulting in equity multiples that could approach **3X** over a typical hold period.

ETA vs Other Asset Classes

25%

ETA/Search Funds

Low multiples + cash flow + moderate leverage

15%

Traditional PE

Higher multiples, more growth-dependent

12%

Venture Capital

High-risk bets on future growth

ETA delivers higher returns with less risk by focusing on cash flow vs growth

Who This Model Works For

Investors

Seeking 15%+ returns with lower risk than traditional PE/VC

Operators

Less pressure to grow at all costs; focus on steady management

Sellers

Fair valuation for stable businesses without hyper-growth potential

The ETA Advantage: Resilient Returns

ETA investing works because it's built on financial discipline and cash flow, not growth promises.

In a world obsessed with unicorns, these "boring" businesses deliver unicorn-level returns with half the risk.

Tag a friend who should consider ETA investing as an alternative to traditional PE or VC.

Strong Returns. Built-In Safety

In ETA, low entry prices, robust cash flow, and steady debt paydown mean 15–20%+ IRRs are possible even if the business never grows. That delivers downside protection you can bank on, with growth as pure upside.

At **Archimax**, through the **B.O.R.I.N.G. Investment Club**, we co-invest alongside proven SME buyers in cash-generating businesses, via Luxembourg SPVs structured by regulated partners. Our board participation ensures strategic oversight and alignment from acquisition to exit.

We invest alongside you, aligned to share the rewards and safeguard the downside.

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