

# ACQUISITION OPPORTUNITY

## PROJECT OSCAR (“the Company”)

Kroll has been retained to seek an investor for the business, or a purchaser of the Company’s business and assets. All communications, enquiries and requests for information should be addressed to the following Kroll professionals:

<b>Matthew Ingram</b> Managing Director Matthew.Ingram@kroll.com M: +44 (0) 7789 943 879	<b>Elizabeth Welch</b> Senior Director Elizabeth.Welch@Kroll.com M +44 (0) 7341 027 383	<b>Hugh Miller</b> Director Hugh.Miller@kroll.com M +44 (0) 7468 758 728	<b>Sapna Rishi-Raj</b> Senior Associate Sapna.Rishi-Raj@kroll.com M +44 (0) 7748 624 527
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### Business Overview

- The Company operates six art galleries in prime high street locations across the UK.
- Each gallery is led by an experienced team, including two-three art consultants per site, to provide customers with the best possible experience.
- The Company offers an exclusive portfolio of original paintings and collectable editions, showcasing the most innovative and exciting artwork from some of the biggest names in the contemporary artworld, in recently refurbished galleries.

### Key Investment Highlights

- The Company has an excellent working relationship with a major UK publishing house within the contemporary art space, with access to high profile artists’ pieces.
- The Company’s publishing house is the sole supplier of all art the Company sells to the public.
- The galleries are currently operated through a management agreement, which is subject to discussion through this process.
- Capital expenditure of c£145k was recently incurred refurbishing certain galleries, in order to modernise and increase footfall.
- Experienced workforce of 20 employees across the various locations including two central staff members.
- The Company has a loyal and repeat customer base in the majority of the galleries.

### Opportunities

- Opportunity to continue to build relationships and trade with key figures within the contemporary art space.
- Opportunity to expand the Company further by opening new galleries.
- Grow the existing online presence through the Company’s website in tandem with the publishing house.

### Expressions of Interest

- All interested parties must send their indicative offers to Kroll by 12:00pm on 2 February 2024.
- Please send your indicative offers to Hugh Miller and Sapna Rishi-Raj (contact details above).

### Summarised Financial Statements

P&L	FY22	FY23	YTD FY24
	Actual £'000	Actual £'000	MI £'000
<b>Total Sales</b>	<b>2,985</b>	<b>3,032</b>	<b>2,516</b>
Cost of Sales	(1,474)	(1,617)	(1,333)
<b>Gross Profit</b>	<b>1,510</b>	<b>1,416</b>	<b>1,183</b>
GP%	51%	47%	47%
Total expenses	(1,459)	(1,846)	(1,260)
<b>EBITDA</b>	<b>51</b>	<b>(431)</b>	<b>(76)</b>
Other Income	74	0	0
<b>Operating Profit/(Loss)</b>	<b>125</b>	<b>(431)</b>	<b>(76)</b>

Balance Sheet	Feb-22	Feb-23	Dec-23
	Actual £'000	Actual £'000	MI £'000
Fixed Assets	225	179	205
Current Assets	1,320	1,188	999
Current Liabilities	(573)	(868)	(1,105)
<b>Net current assets/ liabilities</b>	<b>747</b>	<b>320</b>	<b>(107)</b>
<b>Total assets less current liabilities</b>	<b>972</b>	<b>499</b>	<b>98</b>
Long term liabilities	(148)	(112)	(108)
<b>Net Assets</b>	<b>825</b>	<b>388</b>	<b>(10)</b>

### Financial overview

- Historically the Company has been very profitable, with strong gross profit margin being achieved.
- Operations have been affected by Covid-19 and more recently the cost of living crisis, in addition to an increase in property and staff overhead costs.
- Certain galleries are going through a turnaround plan, however, further time is required for a return to profitability.
- A restructure of operations is required to return to profitability, which management believes is achievable in the short term.