### HIGHSTEAD



# transformation adaptability wisdom

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**Disclaimer:** This document has been produced solely for informational purposes and in no way constitutes investment advice. The contents is accurate to the best of Highstead's knowledge but has not been independently verified.

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## 2024 AYEAR IN FLUX













Looking back on 2024, it was a year marked by extraordinary political and economic shifts that reshaped both the UK and global landscapes.

Donald Trump's re-election is set to redefine international relations and trade dynamics. As we head into 2025, all eyes are on the new administration to gauge how quickly and decisively its campaign promises translate into action.

Closer to home, the Labour Party's sweeping victory in the UK general election brought much-needed clarity and a renewed focus on public investment. However, the October Budget, while ambitious in its economic plans, signalled challenges ahead—particularly for businesses reliant on low-skilled labour.

Against this backdrop of political uncertainty, the UK's M&A market faced a subdued year, with many investors taking a cautious approach, awaiting clearer direction. Yet, at the same time, many businesses were delivering excellent trading results and handling the endless curveballs with aplomb, so were left frustrated by a bar for investment that seemed impossibly high.

The past couple of years have languished in limbo as investors look for safe bets and wait for stability to return. Perhaps we just have to accept that uncertainty is the new normal and the benign years are over. We must be more agile, more creative, and have the vision to anticipate what's coming next.

And in the meantime, we are hopeful that the return of (relative) visibility for now - even if not always giving the answers we might want - delivers investors the confidence needed to reignite capital deployment.

Wishing all our clients a successful and peaceful 2025. The Highstead team.

# The tension of change

The pace of change has never been this fast, and the challenges we face are increasingly urgent. We are forced to run just to keep up. Embracing the new is no longer a choice but a necessity. And yet at an individual level the desire to slow down, step away, and regain balance in a frenetic world is increasingly pressing.

So, as we teeter on the edge of an AI revolution, how can we incorporate new technologies while staying mindful of our obligation to protect people and planet?

The pace of change has never been this fast, yet it will never be this slow again.

**Justin Trudeau at Davos** 









### CONSUMER BRANDS

Apparel & Accessories
Active & Outdoor
Health, Beauty & Wellness
Consumer Services & Tech



## GNSUMER BRANDS

### Beyond brand: going the extra mile to win

Highstead is a leading adviser to Consumer Brands, building on over a decade-long track record in supporting some of the best known names in the Consumer market in capital-raising and M&A.

Against a backdrop of ongoing cost-of-living challenges, the need to stand-out in order to win share of a shrinking consumer wallet has never been so pertinent. And with an ever-evolving marketplace, where new channels and technologies support the rise of indie brands and attention-grabbing marketing techniques, it is no longer enough to be just a good product and a well-presented brand. How to win in a noisy but challenged market? Execution is key and the tone of 2024's M&A activity proved that.

The ongoing digital revolution has been a critical driver for M&A activity in the Consumer space. 2024 continued to see M&A agendas prioritise digital capabilities with acquirers focused on digital-first brands and tech-enabled solutions. Customer engagement, service levels and operational efficiency can all benefit from AI, data-analytics and e-commerce solutions to meet increasing consumer demand for personalisation and convenience.

Sustainability is, more than ever, a core priority for consumers and brands, with buyers actively looking to add eco-friendly and purpose-driven brands to their portfolios to align with long-term ESG goals and cater to a growing demographic of environmentally conscious consumers. Acquired expertise in ethical supply chain and practices can be rolled out more widely across a brand group, making such targets valuable.

Addressing a consumer need brings resilience amid economic pressures. Consumers are still spending, but just prioritising and being more considered in their purchasing. "Justified purchases" - where there is a real (or perceived) need beyond just accumulating products - has underpinned Consumer growth in sectors such as food & beverage, health & wellness and travel.

**Cost base leverage keeps end-pricing competitive**. Strategic consolidation has continued to be a key driver for M&A as companies look to scale operations and improve cost structures amid ongoing input cost pressures.

\$23bn
Total value of consumer tech deals in 2023

65%
% of global consumers preferring to buy from sustainable brands

+25%
Year-on-year uplift in M&A activity in the health & wellness segment

\$490bn
Global value of Consumer
M&A deals in last 12 months

# hot topics

### 1/ TAKING IT OFF-LINE

Bricks and mortar retail is finally starting to see a resurgence but with a 2025 twist: less-is-more brand immersion; careful curations; in-person brand community events.

### 2/ MENTAL FITNESS

Physical fitness has long been a growth category in Consumer, cutting across exercise, food & beverage and skincare, but 2025 takes it a step further with a focus on overall mental fitness. Brain-boosting supplements, consumer health tech giving real-time feedback, nutritional F&B and products designed to 'ground' us are all set to receive a boost.

### 3/ EDUCATION-DRIVEN PURCHASING

TikTok may be having its own challenges Stateside but the premise of tutorial-driven in-app purchasing appeals to a consumer overwhelmed by choice so looking to make informed purchases. A democratic marketing tool that should benefit indie brands.

#### 4/ "NO BUY 25"

Could you go a whole year without making any non-essential purchases? The "No Buy 25" movement is not for everyone, but the trend of considered spending seems here to stay. Buy-to-last, ESG considerations and pre-loved will continue to be big themes this year for consumers, businesses and investors alike.

### 5/ LUXURY FOR LESS

Has luxury priced itself out of the market completely? Not quite, but a wave of disappointing results suggests consumer fatigue with ever more inaccessible prices. The rise of the luxury off-price and resell markets, and rapid growth in the premium segment, talks to the white space left behind and an enduring consumer appetite for quality.

# SPOTLIGHT DEALS

## WALKING IN UNCHARTERED TERRITORIES VIVOBAREFOOT X SOFINA

Highstead advised **Vivobarefoot** on a capital raising from global family office, **Sofina**, to support exponential growth in demand and provide liquidity for early-stage 'crowd' investors.





Founded by Galahad and Asher Clark, Vivobarefoot is the mission-driven global leader in barefoot shoes made from regenerative materials and produced using next-level technology.

Vivobarefoot has thrived in recent years, driven by a growing movement toward outdoor lifestyles, heightened awareness of natural health, and a customer base increasingly focused on sustainability.

The company secured investment from Sofina, a Belgian family office whose mission is to provide capital with purpose and patience. Sofina will support Vivobarefoot in the next chapter of the regeneration journey.

### WHAT MAKES YOU SO SPECIAL?



Q&A with brand agency, Chorus&Bridge

#### WHAT DO YOU SEE AS THE CHALLENGES FACING BRANDS IN 2025?

2025 is set to be another wild ride for brands as they face battles on many fronts. From economic constraints to continued digital disruption in the ever-evolving form of AI, it's arguably harder than it's ever been to see a clear path ahead for sustainable growth and success. Against this backdrop, whatever category you're in, whether B2B or B2C, the competition grows fiercer by the day. With the cost and speed of entry democratised and accelerating, there are new start-ups battling the status quo all the time. In turn, this is fuelling a proliferation of choice for customers who are more empowered and yet struggling to pull the options apart.

#### SO, WHAT DOES IT TAKE TO MAXIMISE YOUR BRAND'S IMPACT IN A CROWDED **MARKETPLACE?**

The brands that truly thrive in this world of constant change are the ones that can set themselves apart with a distinctive and consistent idea connecting everything they do. It is this compelling clarity from product to site to communications, that ultimately makes them all the more alluring over the long term. From enduring icons like Nike to more recent challengers like Airbnb, they know themselves, their role in their customer's lives and, crucially, they live and breathe it all the time.

#### WHAT'S THE NUMBER ONE THING THAT BRANDS SHOULD BE THINKING ABOUT RIGHT NOW?

We'd say that if you can't answer the question "what makes you so special?" then your overwhelmed customer certainly can't either. It's a simple question, but the foundation of a great brand – and yet all too often, brands are unclear or misaligned on the answer and when the right hand is doing or saying something different from the left, complexity reigns and the competition wins. Which is why we launched Chorus&Bridge with a very simple mission to help brands and businesses define the most compelling and competitive way to sell themselves.

#### **About Chorus&Bridge**

Having worked with household names just as much as ambitious challenger brands, Chorus&Bridge (founded by David Frymann and Tom Bedwell, right) brings a breadth of B2B and B2C experience and perspective to fine-tune the fundamentals of how to set you apart and win people over. Whether you need help with what to say or how to say it, they will help join the dots and take everybody on the journey with a series of collaborative sprints and tools to get you there.













### LEISURE & HOSPITALITY

Active Leisure
Competitive Socialising
Casual Dining
QSR



# HUSPITAL TY

### **Bright spots amid ongoing headwinds**

Heading into 2024, there was a growing sense of optimism in the Hospitality sector. Many hoped that falling inflation and improved customer confidence would lift profit margins, leaving the nadir of challenging trading conditions behind.

However, the bounce back failed to substantially materialise. Businesses, particularly within QSR and Casual Dining, have continued to trade on wafer thin margins. And that was before the October budget.

This has had a tangible repercussion on M&A. Many high-profile restaurant processes that launched at the start of 2024 are now faltering, and others that were expected to launch have been pushed into this year.

As always, there are exceptions to the rule and good quality businesses will buck the trend. BGF's investment into Blacklock, which closed just before the Budget, demonstrates that investor appetite is still there, albeit at a high bar.

Similarly in Leisure, investor confidence remains tepid. Only those with the strongest convictions are willing to transact. Verlinvest's acquisition of The Climbing Hangar – which Highstead was delighted to have advised on – has proved to be an outlier.

A bright spot in Leisure has been the persistent growth of experience-led businesses, driven by consumers prioritising spend on experiences. This is evidenced by the continued level of investment going into the social sport of Padel Tennis and the Live Events sector, with KKR's £1.1bn acquisition of Superstruct and ECI Partners' investment into TAG testament to that.

However, the real winner has been the Travel sector. 2024 saw an abundance of PE-led travel deals, including Blackstone's acquisition of Village Holidays, Piper's investment into Martin Randall and Soho Square's investment into Newmarket Holidays.

# predictions 2025

### 1/ TRADING HEADWINDS, M&A OPPORTUNITIES

Trading conditions will remain challenging for the hospitality sector as cost pressures mount, hitting independent operators the hardest. This environment will likely create opportunities for well-capitalised groups to acquire distressed assets at attractive valuations.

#### 2/ IS COMPETITIVE SOCIALISING GETTING TOO COMPETITIVE?

The supply of competitive socialising venues in the UK increased by 40% from 2018 to 2023 with 'combo attractions' increasing by almost 500%. Are we reaching saturation point? Will we see the first signs of consolidation in this highly fragmented market?

### 3/ PADEL POWERS ON

The colossal growth of Padel was impossible to miss in 2024 and, with the UK still lagging other European countries for density of courts, don't expect to see a slowdown in expansion in 2025. Meanwhile, Pickleball has flown under the radar. Despite almost 300 courts in the UK, the sport still lacks the commercialisation of Padel. Will Pickle tickle investors' fancy in 2025?



### SPOTLIGHT HIGHSTEAD DEALS

## **SCALING NEW HEIGHTS**THE CLIMBING HANGAR X VERLINVEST





Highstead advised

The Climbing Hangar on its sale to global investment firm,

Verlinvest.

Founded by CEO Ged Macdonmnaill, The Climbing Hangar is a leading indoor climbing business, currently with nine UK sites.

Having survived the forced closures of Covid-19, the business bounced back and readied itself for investment in 2024.

Highstead was delighted to advise on the sale and, in addition, support Management in securing a significant growth investment from Verlinvest for accelerating the expansion plan.

# CHANGING CONSUMER HABITS ARE RE-DEFINING THE FACE OF THE HIGH STREET

Over the last few years, the rapid emergence of competitive socialising concepts has filled the gap, often left by failing retailers, as consumers favour experiential concepts. In 2024, with consumers increasingly health-conscious, we've seen significant growth in 'good for you' hospitality brands such as The Salad Project, Farmer J and Atis. In Leisure, the growth of Padel Tennis has seen an increasingly competitive market for large sites and more broadly we've also seen an increase in private dental practices and a new wave of vet practices, led by Creature Comforts.

James Raven, Partner at Raven Green

#### **About Raven Green**

Raven Green is a firm of professional advisers working with owners and occupiers of commercial property. Based in the beating heart of London's West End, the firm has been established since 1986, providing consistent advice in a volatile world.





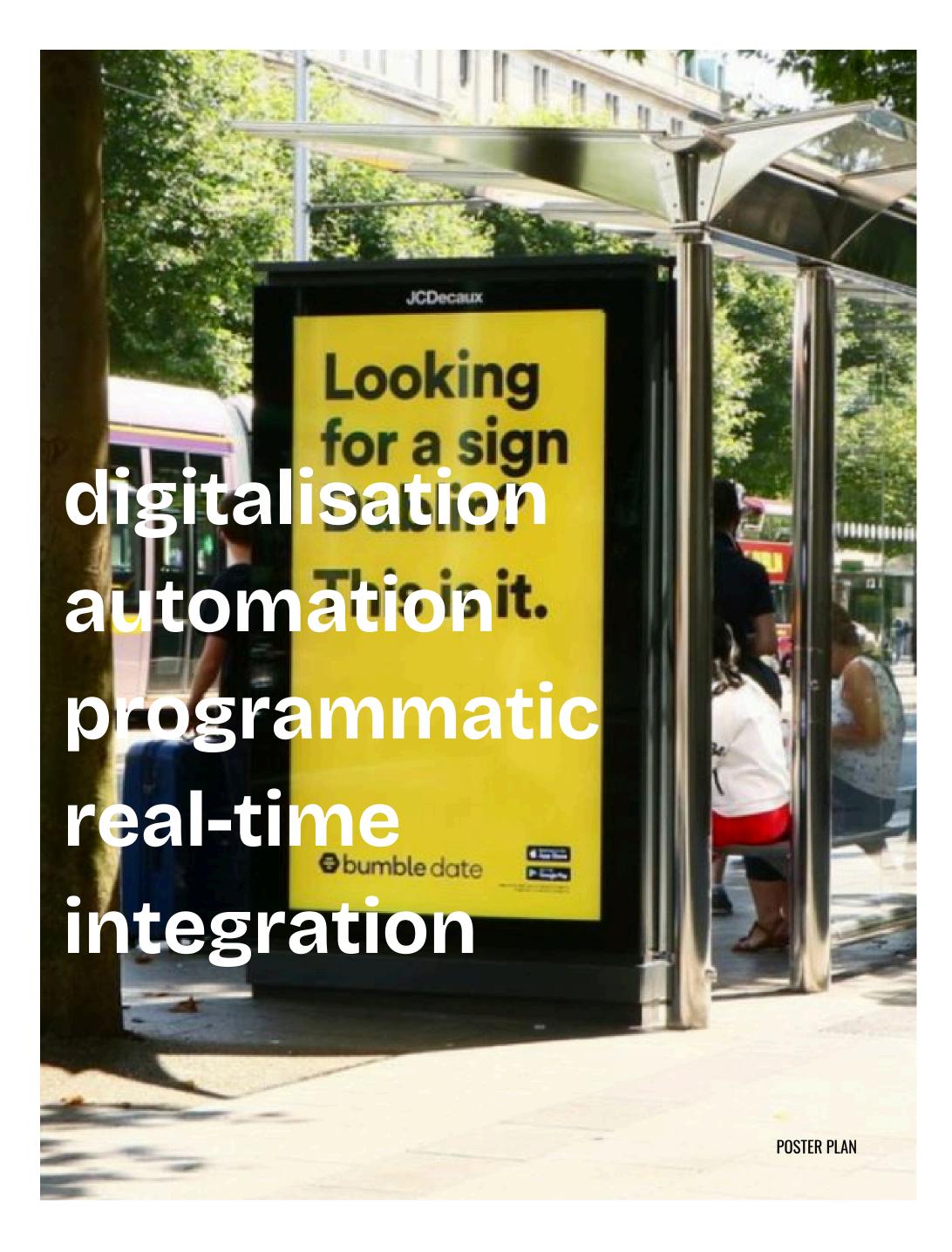






### MEDIA & TECHNOLOGY

Marketing Services & Technology
Media Services & Technology
Business Media & Information Services
Consumer Media



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### Spotlight on Out-of-Home: Technology driving transformation

Highstead continued to demonstrate their expertise in the Out-of-Home (OOH) industry in 2024, advising on Mayfair's milestone acquisition of i-media. The OOH market has continued to thrive post-Covid and technology is bringing rapid change, a trend which is expected to continue through 2025.

The Out-of-Home industry is undergoing a significant transformation, driven by technological advancements in programmatic advertising, digital displays, and measurement capabilities. These developments have enhanced the OOH proposition for advertisers, as reflected in recent M&A activity.

The demand for Programmatic Digital Out-of-Home advertising has skyrocketed, fuelled by innovations that enable automated buying and selling of ad space on digital billboards. By harnessing first and third-party data, programmatic facilitates sophisticated audience targeting, allowing advertisers to reach the right people at scale.

- Broadsign's acquisition of OutMoove (May 2024) aims to enhance programmatic capabilities and streamline workflows for OOH agencies.
- Perion Network's acquisition of Hivestack (December 2023) enables Perion to tap into the rapidly growing programmatic digital out-of-home market.

**Digital displays continue to reshape the OOH landscape**, empowering advertisers to create more captivating content with high visual impact. Features such as QR codes, 3D, and anamorphic displays enable content that not only grabs audience attention but also integrates seamlessly into broader omnichannel strategies.

Mayfair Equity Partners' acquisition of i-media underscores the industry's focus on expanding digital capabilities within the OOH sector.

The introduction of sophisticated analytics and measurement tools has provided deeper insights into consumer behaviour and campaign performance. This trend towards more advanced measurement is driving optimisation and accountability in OOH advertising.

Hivestack's acquisition of AdMobilize (July 2024) integrates advanced Al-powered audience analytics into their programmatic DOOH platform.

# trends 2025

### 1/ PROGRAMMATIC AND DIGITAL MIGRATION

Programmatic and DOOH are set to surge with impressive CAGRs of 36% and 10% respectively, far outpacing the industry's projected 5% overall growth.

### 2/ NEW TECH ENABLING ENHANCED CAMPAIGNS

Rapid advancements in AI, IoT and 5G capabilities will mean more opportunities for OOH: enhanced targeting capabilities, more data-driven campaigns, improved measurement and attribution models, and greater personalisation.

### 3/ CONTENT INNOVATION

Interactive and shoppable ad formats will continue their growth trajectory, minimising friction in the consumer journey, and content will be more context-aware adapting to real-time factors.

#### 4/ RETAIL MEDIA INTEGRATION

Roll-out of in-store digital screens, integrated into broader media ecosystems for a fully personalised real-time experience, enhancing the single-view customer profile.

### 5/ CONSOLIDATION CONTINUES AT PACE

**Deals done YTD:** Clear Channel Outdoor announced the sale of its Europe-North segment to Bauer Media; Adams Outdoor Advertising, the 4th largest OOH advertising operator in the U.S., announced the acquisition of Riley (Patriot) Outdoor.

**Deals to watch:** Gas Station TV, the Michigan-based data-driven, national video network is exploring a sale; Ströer, the German advertising company, is exploring a possible sale of its core billboard business.

## SPOTLIGHT DEALS

## **DIGITAL OUT-OF-HOME TRANSFORMATION**I-MEDIA X MAYFAIR







Mayfair Equity Partners on its acquisition of i-media, a leading Digital Out-of-Home media owner with exclusive advertising rights across the UK's motorway service areas.

i-media has grown rapidly, driven by its innovative use of data to deliver dynamic, contextual advertising and its ability to reach millions of high-quality, media-starved audiences weekly.

With Mayfair's support, i-media will accelerate the rollout of digital screens across its network, enhance data capabilities, and further develop opportunities in programmatic DOOH advertising.





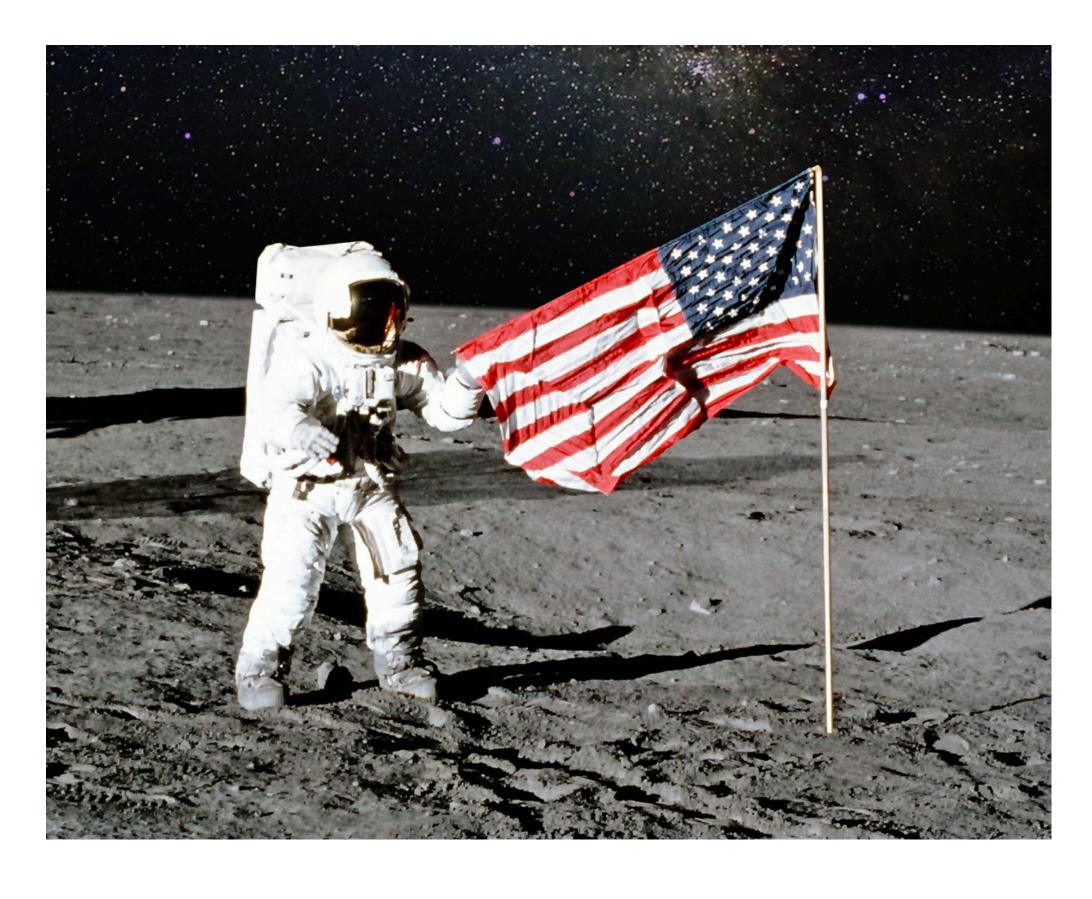




### STRATEGIC INITIATIVES

US Partnership Industry Events

## PROGRESS PARIERS





## CROSSING THE POND HIGHSTEAD X PROGRESS PARTNERS

In 2024, Highstead formed a strategic partnership with **Progress Partners**, a leading independent US corporate finance advisor to technology and digital media companies.

Through this partnership with **Progress Partners**, Highstead now has access to a 30+ person strong US platform, additional deep sector knowledge and extensive US investor coverage.

**Progress Ventures** is a related investment company focused on early-stage technology investments, with high-profile corporate LPs.

Progress Partners' **Executives-in-Residence** programme provides access to over 150 senior industry executives.





### BRINGING TOGETHER THE TV INDUSTRY HIGHSTEAD X C21

In December 2024, Highstead partnered with C21 to host the inaugural Finance & Investment Networking Programme at Content London '24, bringing together leading industry players in TV and related technologies and blue chip investors.

C21 Media is a leading international publishing, events, and digital channels business, helping shape the global TV industry through innovative platforms and insights.

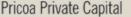
Content London is the premier global conference and marketplace for the international TV business, comprising over 3,000 top executives.













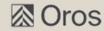






















### BEHIND THE SCENES

About Highstead Going Beyond



### The future is there to be shaped

We are fresh, curious, and driven. We seek out excellence. We want to come on the journey with you.

For over a decade, Highstead has been advising some of the most compelling brands and businesses across the Consumer, Media and Technology sectors. It is Highstead's privilege to work with passionate founders and visionary investors who are disrupting the present and shaping the future.



Andrew Jakins

Managing Partner



Catherine Crawley-Boevey

Consumer Partner



James Hill
Media & Tech Partner



Jonathan Friedman
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## Making it count

### THE CASE FOR DIVERSITY

Investment banking has long been characterised by homogeneous leadership teams and persistent barriers to entry and progression.

Research by The Bridge Group shows that 51% of employees in the financial services sector are from a higher socio-economic background, rising to 89% for senior level employees, a significant contrast to the national population of 33%. Multiple layers of inequality persist; nearly half (43%) of senior roles are occupied by White males who attended an independent or selective state school. The data exposes a significant progression gap; employees from lower socioeconomic backgrounds are found to take 25% longer to be promoted, citing cultural nuances and exclusion as contributing factors. Merely working to diversify 'access' to the sector is not enough to fix the wider issue.

However, the compelling business case for diversity is shifting both attitudes and practices, driven by changing workforce demographics, social awareness, and business initiatives. Beyond social responsibility, diverse teams have demonstrated financial impact with superior problem-solving capabilities and innovation. McKinsey's 2023 report on the importance of diversity and inclusion found that companies in the top quartile for ethnic and cultural diversity outperformed those in the bottom quartile by 36% in profitability. Additionally, Boston Consulting Group research shows that companies with above-average diversity in management teams generate 19% more innovation revenue.

Moreover, the emerging workforce is further driving this change in perspective. 76% of Gen Z professionals prioritise diversity and inclusion when job hunting, while 64% of UK finance professionals consider diversity crucial in employer selection. Organisations will have to keep up to attract top talent.

The financial sector is responding, with leading institutions launching initiatives such as Barclays' "Future Leaders" program, BlackRock's "Path to Excellence" scholarship and Credit Suisse's "Accelerate" program. Key strategies include targeted recruitment programmes, improved educational access, mentorship initiatives, unconscious bias training and transparent progression pathways.

The message is clear: diversity is not just an ethical imperative, but a critical business strategy in the increasingly global landscape of investment banking.

# I learnt so much about business and finance and the people were very nice and welcoming!

ELISHA, year 10

In May 2024, Highstead partnered with Deptford Green School in Lewisham, South East London, to welcome one of their highperforming Year 10 students for a one week GCSE work experience placement.

Elisha assisted on live projects, had the opportunity to sit in on client meetings, learnt about corporate finance and completed a research project screening potential targets in the Active and Outdoor space. He also enjoyed the many lunch offerings that Soho has to offer.

Highstead looks forward to welcoming another student this year.





## **Modern corporate finance** for the brands that matter

www.highsteadpartners.co.uk