

FROM GROWTH TO LEGACY

EXIT AND TAX STRATEGIES FOR
BUSINESS OWNERS

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I. EXECUTIVE SUMMARY

Whether the goal is succession, sale, or investment, a liquidity event is more successful when planned well in advance. Enterprise valuation is not just a number, it reflects a company's transaction readiness, governance, and scalability.

This third and final whitepaper in the **Strategy 360** series focuses on what comes after growth: exit readiness and tax planning. These are not last-minute administrative tasks, they are strategic disciplines that need to be considered years in advance to ensure business value is protected and maximised.



Insights from Fitzgerald Power's SME survey highlight a gap:

- Only 33% of respondents had an exit plan.
- Even fewer actively managed the valuation drivers that influence price and deal terms.
- Less than half had reviewed their tax structure in the past 2 years.

These findings point to a widespread issue. Irish SME owners are brilliant at building value but many are leaving money on the table when it matters most.

Once again this whitepaper follows the story of Cloudtech Limited, a high-performing hypothetical SME preparing for a strategic exit within three years.

KEY INSIGHTS FROM THE STRATEGY 360 SME SURVEY

33%

OF RESPONDENTS HAD
AN EXIT PLAN



EVEN FEWER ACTIVELY
MANAGED VALUATION
DRIVERS

< 1/2

HAD REVIEWED THEIR TAX
STRUCTURE WITHIN THE
LAST 2 YEARS

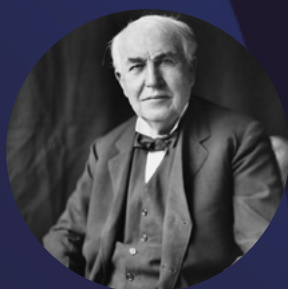
II. INTRODUCTION

STRUCTURED PLANNING UNLOCKS VALUE

Starting and scaling a business takes guts, persistence, and relentless focus. But for many founders, the final stage of the journey - planning for exit and protecting value - is the part that's most neglected.

Too often, SME owners are so immersed in growth and day-to-day operations that they delay exit conversations until it's too late to meaningfully influence the outcome. The result? Lower valuations, unattractive deal terms, and tax bills that could have been reduced or avoided entirely.

This final whitepaper in the **Strategy 360** series focuses on the transition from growth to legacy. This is the point at which business owners begin to shift their mindset from building value to unlocking and protecting it.



Good fortune is what happens when opportunity meets with planning.

- THOMAS EDISON



We recommend a valuation readiness assessment every two years. This should be benchmarked against your industry's valuation trends. We also recommend engaging with legal, tax, and financial advisors at least 36 months before an exit.

- NOEL WINTERS - PARTNER, FITZGERALD POWER

III. THE EXIT PLANNING GAP

Data from Fitzgerald Power's SME survey paints a clear picture:

- Only 33% of business owners have a formal exit plan
- Most are unaware of the valuation levers that acquirers prioritise
- Tax planning is often reactive, addressed only when a deal is on the table

This creates real risk. Without forward planning, business owners may:

- Struggle to demonstrate predictable value
- Be exposed to capital gains tax liabilities they could have avoided
- Find themselves unable to exit on their own terms and timeline

The most successful exits begin long before a sale is on the horizon. At Fitzgerald Power, we've seen first hand how SME owners who start early by aligning financial performance, governance, and tax structures, consistently achieve stronger valuations and smoother transitions.

In this whitepaper, we'll explore how businesses like Cloudtech Limited used the **Strategy 360** framework to:

- Professionalise operations
- Optimise tax positioning
- Improve EBITDA

And, most importantly, **manage the valuation levers that matter most to acquirers.** What follows is a breakdown of those key valuation drivers and how SME owners can influence them long before negotiations begin.

The key concepts explained in this whitepaper include:

- 1. EBITDA multiples:** The most common valuation metric in SME mergers and acquisitions. Buyers generally pay a multiple of adjusted EBITDA based on size, sector, risk and the competitive tension within a process.
- 2. Valuation drivers:**
 - a. Recurring revenues
 - b. Strong margins
 - c. Low customer concentration
 - d. Documented processes
 - e. Robust second-tier management
- 3. Pre-exit preparation checklist:**
 - a. Culling non-core expenditure
 - b. Implementing key-client contracts
 - c. Conducting vendor due diligence 12–18 months before a transaction

IV. TAKING THE PULSE OF SME IRELAND

PART 4: EXIT AND VALUATION



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ADDING VALUE.
ALWAYS.

32%

OF THOSE SURVEYED
HAVE BEEN VALUED
BY AN INDEPENDENT
EXPERT RECENTLY



59%

HAVE A PLAN TO
GROW THE
VALUATION OF
THEIR BUSINESS



29%

HAVE RAISED
EXTERNAL
INVESTMENT

68%

HAVE SUFFICIENT
CAPITAL TO
DELIVER THE
STRATEGIC PLAN



HAVE AN
**EXIT
PLAN** 33%

61%

HAVE A TARGET OF

**5 YEARS
TO EXIT**



V. THREE KEY CONCEPTS EXPLAINED

1. EBITDA Multiples: The SME Valuation Metric

EBITDA stands for Earnings Before Interest, Taxes, Depreciation, and Amortisation.

It is a key measure of a company's core operating profitability, excluding the effects of financing decisions, taxation systems, and non-cash accounting items.

Buyers like using EBITDA because it provides a **clean, comparable snapshot of how profitable the actual operations of**

a business are, without being distorted by capital structure, tax strategy, or large one-off expenses.

An EBITDA multiple is simply the price a buyer is willing to pay expressed as a multiple of the company's adjusted EBITDA.

FORMULA	EXAMPLE
$\text{ADJUSTED EBITDA} \times \text{EBITDA MULTIPLE} = \text{ENTERPRISE VALUE}$	For example, if a company's adjusted EBITDA is €2 million and the market multiple is 6x, then the enterprise value would be €12 million. $\begin{array}{r} \text{€2,000,000} \\ \times \\ 6 \\ = \\ \text{€12,000,000} \end{array}$

So, what is adjusted EBITDA?

Acquirers don't always base their valuations on reported earnings. Instead, they often use adjusted EBITDA.

Adjustments remove unusual, non-recurring, or owner-specific expenses, for example one-off legal costs, excessive owner's salaries or directors' pension payments.

This normalises earnings to reflect the true, ongoing profitability that a buyer would expect after the acquisition.

Multiples vary based on a number of key factors, which include:

Factor	How it Impacts the Multiple
Size	Larger SMEs usually get higher multiples - seen as less risky, more stable.
Sector	Hot sectors (like IT managed services, cybersecurity) often attract premium multiples; low-growth or traditional sectors may see lower multiples.
Risk Profile	Businesses with recurring revenue, diverse customer bases, strong cash flow, and low client concentration get higher multiples. Riskier businesses get discounted.
Competitive Tension	If multiple buyers are bidding, the competition can drive up the multiple significantly. A lack of competition can lead to a lower valuation.
Growth Prospects	SMEs with clear growth potential (organic or via acquisition) command higher multiples.
Management Team	A strong, stable management team willing to stay post deal can boost multiples; a full exit with no succession plan can lower the valuation.

2. Valuation Drivers: Control What You Can Control

When valuing an SME, valuation drivers are the underlying factors that influence how much a buyer is willing to pay and what EBITDA multiple they will apply.

These drivers increase or decrease a company's perceived value because they impact future profitability, growth potential, and risk.

Driver	Why It Matters
Revenue Quality and Recurring Income	High levels of predictable, recurring revenue (e.g. contracts, subscriptions) make cash flows more stable and predictable and are highly valued.
Profitability and Margin Strength	Strong gross margins and EBITDA indicate pricing power and operational efficiency meaning more profit per euro of revenue.
Client Concentration	A diversified client base reduces risk. Heavy reliance on a few clients (e.g. 30%+ from one customer) can lower valuation because it increases dependency risk.
Growth Rate and Potential	Businesses with steady historical growth and clear future expansion opportunities (new markets, services, sectors) attract higher valuations.
Operating Systems and Scalability	Strong internal processes, systems (e.g. CRM, ERP), and documented workflows signal the business can grow without chaotic scaling issues.
Cash Flow and Working Capital Efficiency	Businesses that turn sales into cash quickly (low debtor days, good cash conversion) need less funding to grow, boosting value.
Intellectual Property and Competitive Advantage	Unique assets like IP, exclusive partnerships, proprietary tech, or strong brand reputation can significantly lift valuations.
Compliance and Risk Management	Firms that show strong governance (ISO certifications, GDPR compliance, cybersecurity readiness) are seen as lower risk and are more attractive to buyers.
Market Position and Brand	Well-known, trusted brands with strong market share are seen as safer investments and are valued more highly.
Dependency on Key Individuals	Businesses overly reliant on the owner, founder, or a few key employees are riskier. This dependency reduces value unless succession planning is in place.

3. Pre-Exit Preparation Checklists: Getting Ready to Sell

Preparing a business for sale, particularly to achieve a strong multiple and maximise valuation, is a process that ideally starts 12–24 months before an exit.

Strategic preparation helps increase buyer confidence, reduce perceived risks, and highlight value drivers, all of which boost the final price and smooth the transaction.

Step 1: Clean up the accounts

Step	Why It Matters
Remove personal or discretionary expenses	Many SME owners run personal expenses through the business (e.g. travel, cars, non-essential entertainment). Removing these expenses from the accounts in advance makes the company look more profitable and avoids the need for post-sale ‘add-backs’.
Present clean, normalised financials	Reduces buyer skepticism and negotiation friction. Clean accounts allow buyers to more easily trust the numbers and apply a stronger EBITDA multiple.
Demonstrate financial discipline	Shows buyers the business is professionally managed - not run as a personal vehicle - improving buyer confidence.

Step 2: Implement key-client contracts

Step	Why It Matters
Secure recurring, contract-based revenue	Buyers love predictable, recurring revenue. It reduces risk and supports higher valuations.
Move ad-hoc clients onto service agreements	Instead of one-off projects, shift clients onto monthly or annual contracts.
Strengthen client retention metrics	High client retention and predictable cash flows improve financial stability and reduce buyer concerns.
Increase stability to strategic buyers	Businesses with locked-in recurring income (e.g. SaaS models, Managed Services contracts) are far more attractive to private equity investors, strategic buyers and consolidators.

Step 3: Conduct vendor due diligence 12-18 months pre-sale

Step	Why It Matters
Run a mock due diligence process	Hire your own advisors to perform legal, financial, and operational due diligence before buyers do; catch issues early.
Identify and fix problems in advance	Common issues include tax irregularities, unclear contracts, missing HR documents, weak IP protection, etc. Early correction prevents price chips or deal delays later.
Present a polished, buyer-ready business	A clean Vendor Due Diligence (VDD) pack shows professionalism, transparency, and lowers buyer risk, often speeding up the deal and raising competitive tension.
Avoid deal killers	Undisclosed risks discovered during buyer due diligence can lead to deals collapsing. Proactive VDD avoids these surprises.

Step 4: Consider other pre-exit preparation best practices

Additional Steps	Benefit
Strengthen management team	Reduces dependency on founders; gives buyers confidence in business continuity
Document key processes and systems	Increases scalability and transition readiness
Lock in key employees with incentives	Reduces risk of key staff departures after the sale
Protect and document intellectual property	Ensures ownership of technology, brand assets, patents or trademarks is clean and assignable
Clean up customer and supplier contracts	Ensure they are properly executed, current, and assignable to a new owner
Ensure regulatory and compliance readiness	Especially important for industries like IT services, cybersecurity, healthcare, and finance

Cloudtech Limited: Contemplating a Transaction

In line with its strategic plan, Cloudtech had expanded into new service areas, realising material EBITDA growth. The performance of the company, as reflected in its achievements across a suite of leading KPIs, suggested there was significant runway for continued expansion. While founder Brenda and her team had built a plan to aggressively grow Cloudtech over a 36-month period, a competitor's acquisition raised questions about the company's preparedness for sale.

Informed by this development the leadership team began preparing for the next chapter, positioning the business for a future sale, merger, or strategic investment.

To maximise enterprise value at the transaction date, Cloudtech needed to understand how buyers assess SME businesses - particularly how EBITDA multiples are applied, what valuation drivers matter most, and how early pre-exit preparation could dramatically influence the final outcome.

The team came to realise that improving adjusted EBITDA and strengthening the factors that influence the valuation multiple – the valuation drivers – was critical.

Typical multiples in the IT managed services sector ranged from 6x to 9x EBITDA for businesses showing strong recurring revenue, cybersecurity expertise, and scalable growth models. These are the exact attributes Cloudtech planned to sharpen as part of its strategic plan.

Objective: Brenda and her team endeavoured to take the steps that would ensure no value would be left off the table.

Valuation Drivers That Matter for Cloudtech

Cloudtech focused on strengthening the key valuation drivers that buyers were likely to scrutinise:

- **Recurring revenue:** Proactively moving more clients onto multi-year managed-service and cybersecurity contracts
- **Margin quality:** Monitoring and improving gross and EBITDA margins through operational efficiency
- **Client diversification:** Reducing reliance on any single client or sector, building a balanced client portfolio
- **Growth pipeline:** Expanding into high-demand services like MSSP and compliance advisory, ensuring future growth visibility
- **Management depth:** Building a strong second-tier leadership team to reduce founder/key-person dependency
- **Cash flow stability:** Implementing a rolling 12-month cash flow forecast to ensure consistent, predictable liquidity
- **Brand strength:** Enhancing marketing efforts to build national brand visibility beyond regional bases
- **Technology and innovation investment:** Reinvesting profits into future-proofed technology platforms and cybersecurity infrastructure



Preparing Cloudtech for a Transaction

The team began systematically preparing 24 months ahead of the potential transaction date by taking these critical steps:

I. **Cleaning up non-core expenses:**

Owner-related and discretionary costs were minimised in presenting a clean, normalised EBITDA position.

II. **Building a rolling 12-month cash flow**

forecast: This enabled Cloudtech to maintain real-time financial control and show buyers strong cash conversion and financial discipline.

III. **Moving clients onto recurring**

contracts: A major shift towards subscription-based revenues strengthened the predictability of future earnings.

IV. **Conducting vendor due diligence:**

Cloudtech proactively engaged external advisors to audit financial information, historical tax compliance, legal documents, client contracts, HR compliance, and IP ownership well ahead of any buyer due diligence, minimising deal risk.

V. **Aligning KPIs with strategic goals:**

Cloudtech developed a balanced MI pack, tracking leading indicators like pipeline growth, forecasted MRR increases, and innovation investment, alongside traditional lagging indicators like EBITDA margin, client retention, and operating cash flow.

Management Information as a Valuation Engine

Tightly integrating MI into day-to-day decision-making proved transformational:

- Monthly MI dashboards provided early warning signals for revenue shifts, margin pressure, or client churn.

- Forecasting new service line revenues showed buyers future growth opportunities, not just historical performance.
- Management reports linked financial KPIs directly to strategic priorities under the Three Horizons growth model, giving acquirers long-term confidence.
- MI enhanced Cloudtech's ability to accelerate its flywheel, which further drove the valuation.

The Impact

By embedding EBITDA awareness, valuation driver management, and structured pre-exit preparation into its operations, Cloudtech achieved:

- **A defensible EBITDA position:** Through operational efficiency and clean accounts
- **A higher valuation multiple:** Based on sector positioning, risk reduction, and growth visibility
- **A profile attractive to buyers:** Recurring revenues, strategic service lines, low dependency risks, and future-proofed capabilities
- **Increased competitiveness and resilience:** Regardless of the sale going ahead, the business is healthier

By the end of this process Cloudtech had grown annual EBITDA to €1.15m, and their corporate finance advisor was confident that the company would achieve a valuation multiple of 7x.

Bringing it all Together

Cloudtech Limited's journey highlights the power of strategic planning, MI, and disciplined pre-exit preparation. The leadership team realised that by focusing on EBITDA growth and key valuation drivers - such as recurring revenue, client diversification, and margin strength - they would significantly enhance enterprise value.

Over 24 months, Cloudtech cleaned up its financials, implemented a rolling 12-month cash flow forecast, moved clients to recurring contracts, and conducted early vendor due diligence. MI was transformed into a valuation engine, linking KPIs directly to growth initiatives and providing real-time insights into future performance.

These actions strengthened Cloudtech's adjusted EBITDA, boosted its valuation multiple, and positioned it as a future-ready acquisition target. Even if an exit was delayed, the business became healthier, more resilient, and more competitive - proving that early, structured preparation is critical for maximising long-term strategic value.

VI. TAX PLANNING AND STRUCTURING

Effective tax planning aligns with personal, operational, and strategic goals. It reduces tax leakage and improves the net proceeds available to shareholders.

Key tax planning areas for SME shareholders to consider include:

1. Personal Capital Gains Tax (CGT) reliefs:

- a. Entrepreneur Relief:** 10% CGT on gains up to €1m
- b. Retirement Relief:** full or partial CGT exemption based on age and business structure

2. Holding company structures:

- a. Defer CGT on business disposal proceeds
- b. Facilitate reinvestment into new ventures or real estate

3. Separate trading and passive assets:

Often non-core assets such as property and other investments sit on corporate balance sheets. This may disturb CGT reliefs and may be unattractive to acquirers and investors.

Business owners should review their ownership structure every 2–3 years simulating the tax impact of a sale under current structures and valuations

- BRIAN KELLY, TAX PARTNER, FITZGERALD POWER

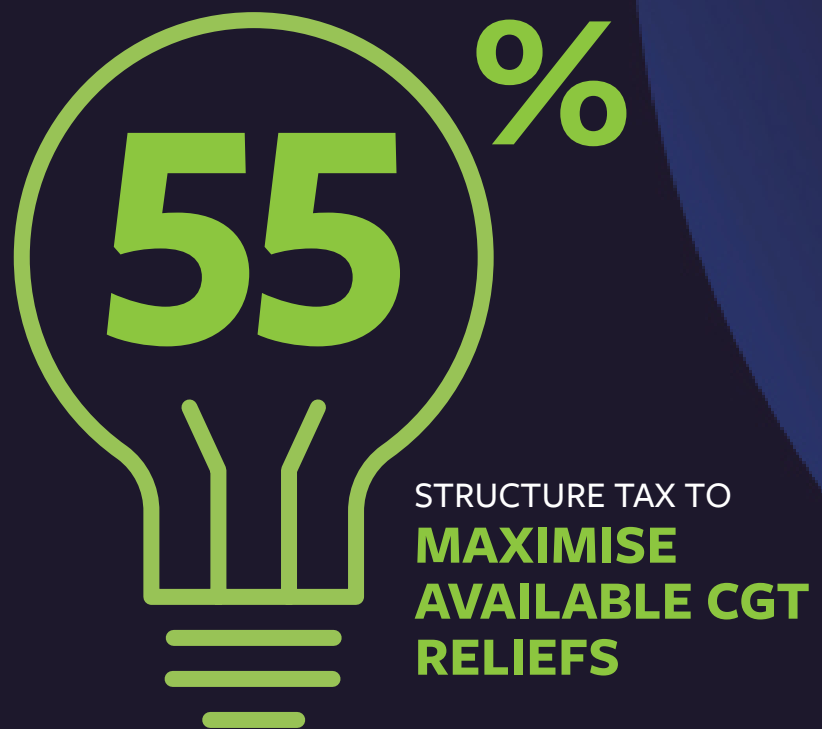


In this world nothing is certain but death and taxes.

- BENJAMIN FRANKLIN

VII. TAKING THE PULSE OF SME IRELAND

PART 5: TAX PLANNING AND STRUCTURING



VII. THREE KEY CONCEPTS EXPLAINED

1. Personal Capital Gains Tax (CGT) Reliefs

When SME shareholders dispose of their business the gain made is typically subject to CGT at 33%. However, there are important reliefs available:

- a. Entrepreneur Relief:** A reduced rate of CGT at 10% applies on capital gains up to a lifetime limit of €1 million.

Key conditions:

- I. The shareholder must have owned at least 5% of the company for a continuous period of 3 out of the last 5 years before the disposal.
- II. The shareholder must have spent at least 50% of their working time in a managerial or technical role in the business.

- b. Retirement Relief:** Provides for a full or partial exemption from CGT on the disposal of certain business assets. Available from age 55 onwards, but full relief is capped (especially after age 66).

Two types:

- I. **Disposal to a child:** A cap of €10m if you are aged between 55 and 69; after 70 capped at €3million
- II. **Disposal to a third party:** Full relief up to €750,000 if you are between 55 and 69; reduced to €500,000 if 70 or over

Key conditions:

- I. Shares must have been owned for at least 10 years.
- II. The shares have been owned by the individual for at least 10 years ending with the disposal and in which the individual has been a working director for at least ten years and a full-time working director for at least

five of those years

- III. The business must be a qualifying business – i.e. an active trade rather than investment assets.

The purpose of these reliefs is to reward genuine entrepreneurial activity.

2. Holding Company Structures

A holding company is a corporate entity that owns shares in one or more subsidiaries. For SME shareholders, introducing a holding company can offer major tax advantages:

a. Defer CGT on business disposal

proceeds: If structured correctly, a holding company can sell an operating company without immediate CGT using the participation exemption, subject to conditions.

Key conditions:

- I. Hold at least a 5% equity interest in the subsidiary company
- II. Own the shares for at least 12 months
- III. Subsidiary must be trading. i.e. not purely an investment entity

Thus, profits from the sale can be retained in the corporate group rather than triggering an immediate personal CGT liability.

b. Facilitate reinvestment into new

ventures or real estate: Sale proceeds retained within the holding company can be reinvested into other businesses (start-ups or acquisitions), property portfolios or financial instruments. This is tax efficient as gross proceeds can be reinvested without CGT leakage and more capital is available to compound growth.

3. Separate Trading and Passive Assets

Many SMEs accumulate non-core assets such as investment properties, cash reserves and passive equity interests within the trading company, which can create issues:

a. Disqualification from CGT reliefs:

- I. Entrepreneur Relief and Retirement Relief both generally require a ‘trading company’. If passive assets exceed certain thresholds (typically more than 50% of assets or activities), the shareholders may no longer qualify for the reliefs.

b. Less attractive to acquirers and investors:

- I. Buyers typically want clean, focused trading businesses. They don’t want to pay for or inherit non-trading assets.
- II. Separating assets via a pre-sale restructuring may be required.

It is good practice to maintain a clear separation between trading assets and investment assets where possible, either intentionally in separate companies or by way of an appropriate pre-sale reorganisation.

Area	Planning Point	Key Benefits
1. CGT Reliefs	Entrepreneur and Retirement Relief	Lower tax rates or full exemption on business sale
2. Holding Companies	Sale proceeds stay within corporate structure	CGT deferral, reinvestment flexibility
3. Separate Assets	Keep trading and passive assets apart	Protect tax relief eligibility, improve business attractiveness

Cloudtech Limited: Maximising Post-Tax Proceeds

In preparation for an eventual disposal of Cloudtech, Brenda and her leadership team engaged a tax expert to put an appropriate tax structure in place. The following factors were relevant at the outset of this tax-planning process. i.e. September 2022:

- **Shareholding:** Brenda owned 100% of the ordinary share capital personally
- **Company:** Cloudtech Limited was an Irish-resident trading company
- **Valuation as at 30th September 2022:** €3 million
- **Projected valuation as at 30th Sept 2025:** €8 million
- **Exit Plan:** Full disposal of Cloudtech by 30th September 2025
- **Other Points:**
 1. **Leadership team:** Brenda wants to incentivise her team with a 20% LTIP equity pool via growth shares
 2. **Property:** The company currently owns the trading premises. Brenda wants it transferred to a separate new company under her ownership

Objective: Maximise Brenda's post-tax proceeds and structure incentives for management while safeguarding tax relief eligibility and non-trading assets.

Key Tax Planning Steps and Considerations

Step 1: Reorganise Corporate Structure

Issue: Trading premises is currently held by Cloudtech. Passive assets can interfere with CGT reliefs.

Solution:

- Transfer the trading premises to a new company ('Propco Ltd') 100% owned by Brenda
- Lease the premises back to Cloudtech at open market rent

Benefits:

- **Clean trading company:** Improves eligibility for CGT reliefs and makes an ultimate disposal more straightforward
- **Separate asset protection:** Ringfences the premises from operating risks

Tax Considerations:

- Engage a tax advisor to advise on the Irish tax costs of transferring the property outside of Cloudtech and timing of same
- Ensure proper commercial lease terms to avoid Revenue scrutiny

Step 2: Implement an incentive plan for management

Issue: Brenda wants to allocate a 20% equity pool to her key people without diluting her existing equity value or triggering tax liabilities for herself or her team.

Solution:

- Create a new class of growth shares for management
- Growth shares participate in the future equity value increases only. i.e. above the €3m baseline valuation
- Management benefits only if the value exceeds €3m. This aligns incentives without diluting historical value

Benefit:

- Motivates the team to drive the valuation to €8 million
- Rewards the team for their loyalty and commitment
- Protects Brenda's initial equity position as her shareholding is not eroded pre-growth

*Step 3: Maximise Use of CGT Reliefs***a. Entrepreneur Relief**

Qualification: Brenda already satisfies many conditions:

1. 100% shareholder
2. Working full-time in the business
3. Will own the shares for well over 3 years

Result:

1. She would pay 10% CGT on the first €1 million of lifetime gains
2. 10% CGT on €1m = €100k tax
3. Any proceeds over €1m would be taxed at 33%

b. Retirement Relief

Qualification: Available from age 55. Brenda will be 54 at time of sale (Sept 2025)

Option:

1. Delay sale until post-55th birthday to unlock Retirement Relief
2. Full CGT exemption could then apply on the sale of Cloudtech, up to the €750,000 threshold when selling to third party

Important note: Retirement Relief and Entrepreneur Relief **cannot both** apply to the same gain, so strategic planning is critical.

*Step 4: Maximise CGT Efficiency with a Personal Holding Company***a. Reorganisation: Insert a Personal Holding Company (Holdco) for Brenda**

- **Form a new company:** Brenda sets up a new Irish-resident Personal Holdco – Brenda Holdings Limited.
- **Share-for-share exchange:** Brenda transfers her 100% shareholding in Cloudtech Limited to Brenda Holdings Ltd, in return for shares in Holdco.

Key Tax Reliefs Claimed:**1. Capital Gains Tax Relief**

- Brenda claims **Section 584 TCA 1997** on the share-for-share.
- There is no immediate CGT on the transfer of Cloudtech's shares to Brenda Holdings.

2. Stamp Duty Relief

- Brenda claims **Section 79 SDCA 1999** exempting the transaction from stamp duty (normally 1%) on the transfer of shares into the holding company.

Benefit:

- Brenda continues to control Cloudtech through her new holding company.
- Tax reliefs may be available on the transfer of the property if PropCo was held under HoldCo
- Future sales proceeds will flow to the holding company, and no CGT will arise at the holding company level due to the CGT participation exemption (Section 626B TCA 1997), provided:
 - The holding company holds at least **5%** of Cloudtech
 - The holding period is at least **12 months** before disposal
 - Cloudtech is a **trading company**

Important note: Careful planning is required to ensure the CGT and Stamp Duty reliefs apply.

b. Brenda's dual shareholding strategy

Objective:

- Brenda wants to **personally** hold some equity directly to access Entrepreneur Relief as part of the planned sale, while the majority is routed through Brenda Holdings to defer tax.

Solution:

- As part of the restructuring, Brenda retains a minority direct shareholding in Cloudtech personally of 10%.
- Remaining 90% is transferred to Brenda Holdings. This occurs before management's LTIP equity pool is put in place.

Result:

- Brenda can claim Entrepreneur Relief on her personal direct sale of Cloudtech shares (up to €1m lifetime gains at 10% CGT rate).
- The sale of shares held by Brenda Holdings Limited qualifies for the CGT Participation Exemption – i.e. no CGT at the corporate level.

Date/Period	Step	Action
Q4 2022	1	Set up Brenda Holdings Ltd , an Irish-resident personal holding company.
Q4 2022	2	Implement Share-for-Share Exchange: Brenda transfers ~95% of Cloudtech shares to Brenda Holdings Ltd; retains ~5% personally. Claim Section 584 CGT relief and Section 79 Stamp Duty relief .
Q4 2022	3	Set up Propco Ltd , a new property company owned 100% by Brenda or HoldCo.
Q1 2023	4	Transfer Trading Premises from Cloudtech to Propco Ltd
Q1 2023	5	Issue Management Growth Shares in Cloudtech Limited (new share class). Managers get rights to 20% of €5m uplift (i.e. €1m potential reward). Valuation advice to support minimal upfront taxable value for managers.

Bringing it all Together

The September 2025 disposal scenario is as follows:

- **Cloudtech enterprise value:** €8 million
- **Valuation uplift since September 2022:** €5 million
- **Management entitlement:** €1 million based on 20% of the valuation uplift. The disposal of Cloudtech is a CGT event, which creates a 33% tax charge for the leadership team.

Brenda and Brenda Holdings share the remaining €7 million:

BRENDA'S OWNERSHIP, SALE PROCEEDS AND TAX TREATMENT		
BRENDA'S OWNERSHIP	SALE PROCEEDS	TAX TREATMENT
Direct (10%)	€700k	10% CGT under Entrepreneur Relief
Through Holdco (90%)	€6.3m	No CGT (Participation Exemption at Holdco level)

Tax Outcome:

- Brenda (personal): €700k proceeds x 10% = €70,000 CGT.
- Brenda Holdings (Holdco): €6.3 million proceeds, no tax with the retained proceeds available for:
 - Reinvestment
 - Asset protection

Important Note: Later extraction from Brenda Holdings would trigger personal tax events for Brenda and should be carefully planned.

The key benefits of this tax planning strategy for Brenda are:

- Personal **Entrepreneur Relief** on part of her proceeds (10% CGT on €700k gain)
- **Participation Exemption** on the majority of her proceeds (0% CGT in the Holdco) with **Stamp Duty and CGT reliefs** secured on the reorganisation steps
- Management team incentivised through new **growth shares** without legacy value dilution
- Property asset and its related passive income is safeguarded pre-sale

VIII. CONCLUSION

Strategy 360 is designed not just as a theoretical model, but as a **practical framework** that SME owners and leadership teams can implement in a structured, phased manner. Each phase builds upon the last, ensuring that strategic thinking is fully embedded into the operational and financial fabric of the business.

Phase 1: Diagnostic Assessment – Gaps and Opportunities

Before building a future, SMEs must understand their present.

Key activities include:

- Conducting a full SWOT analysis
- Reviewing financial structures, management information systems, and operational processes
- Assessing strategic risks: over-dependency on key clients, gaps in succession planning, lack of recurring revenue streams, etc.
- Benchmarking against industry best practices for resilience, scalability, and exit readiness

Deliverable:

- **Diagnostic Report** highlighting strategic gaps, operational inefficiencies, financial vulnerabilities, and untapped opportunities

Phase 2: Goal-Setting and Roadmap Development

With a clear understanding of the starting point, Fitzgerald Power helps SMEs map out their future.

Key activities include:

- Defining foundation statements: **Purpose, Vision, Mission, and Values.**
- Setting a clear, time-bound **strategic goal** – e.g. national market leadership, or doubling EBITDA in 3 years, or exit readiness within 5 years.
- Identifying **guiding principles** for decision-making.
- Building the **Strategic Flywheel** and mapping initiatives across the **Three Horizons** framework.

Deliverable:

- Strategic Growth Roadmap that outlines quarterly actions, KPIs, required resources, and critical success milestones.

Phase 3: Implementation and KPIs

Execution discipline is critical. Plans without action are worthless.

Key activities include:

- Embedding an operating cadence: annual strategic planning, quarterly reviews, weekly leadership huddles, etc.
- Helping management assign Directly Responsible Individuals to key strategic initiatives
- Building robust Management Information systems and dashboards
- Establishing clear leading and lagging KPIs linked directly to strategic priorities

Deliverable:

- **Strategy Execution Dashboard** that tracks progress on strategic initiatives, operational effectiveness, financial health, and market expansion

Phase 4: Review and Adaptation

Markets shift. Opportunities evolve. Businesses must stay agile.

Key activities include:

- Conducting structured quarterly strategy reviews
- Using real-time financial and operational data to identify emerging risks and opportunities
- Reassessing and refreshing the Three Horizons and Strategic Flywheel as required
- Re-aligning resources based on changing internal and external dynamics

Deliverable:

- **Quarterly Adaptation Plans** ensuring that strategy remains dynamic, actionable, and aligned to market conditions and business goals

Most entrepreneurs spend decades building their businesses, but only months preparing to leave them.

Yet the final stage of the journey can be the most valuable, **if approached with intention**. Exit and tax planning are not box-ticking exercises; they are deeply strategic disciplines that determine how much value you retain, how smoothly the transition unfolds, and what kind of legacy you leave behind.

Throughout this Strategy 360 series, we've shown how deliberate planning across **strategy, finance, operations, exit, and tax** builds value from the inside out. Each pillar reinforces the next, and, together, they transform an SME into a business that's not just successful, but **sale ready, succession ready and valuation maximised**.

The story of **Cloudtech Limited** shows that it's possible to:

- Double EBITDA over 3 years
- Improve valuation multiples through structured planning
- Reduce founder dependency and increase transferability
- Preserve more of the final exit value through smart tax structuring

However, none of these outcomes happen by accident.

They happen when SME leaders start planning **years in advance**, and act with clarity and decisiveness.

Your Strategy 360 Key Takeaways and Actionable Steps

To get started on the Strategy 360 journey, SME leaders should:

1. Conduct a full **SWOT** analysis and strategic gap assessment
2. Clarify and document your **Purpose, Vision, Mission, and Values**
3. Set a clear, measurable, time-bound strategic goal
4. Build a **Strategic Flywheel** to focus momentum and growth efforts
5. Map initiatives across the **Three Horizons** to balance short-term gains with long-term innovation
6. Implement dynamic **Management Information** reporting and rolling cash flow forecasting
7. Introduce a structured **operating cadence**: annual, quarterly, monthly, and weekly reviews
8. Assign **ownership** to key initiatives with clear accountability structures
9. Regularly review strategic progress and adapt plans based on real-time data
10. Begin early **exit planning and valuation readiness** to ensure maximum value realisation
11. Review **tax structures** every 2–3 years to protect and maximise shareholder returns

Conclusion

This concludes our 3-part whitepaper series:

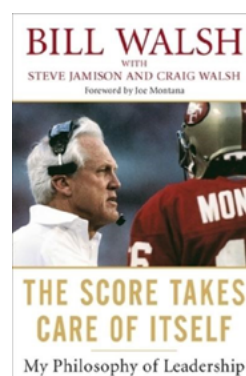
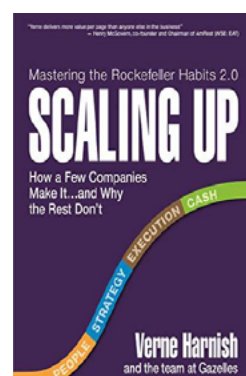
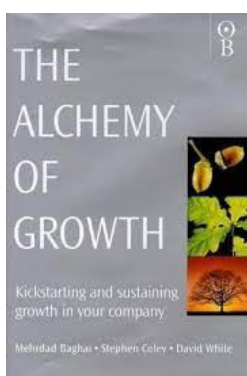
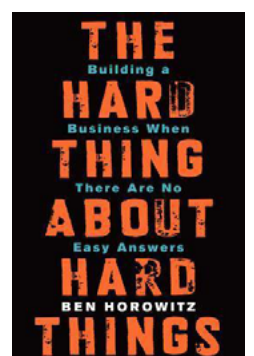
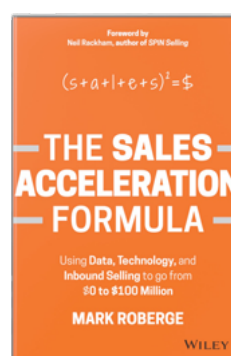
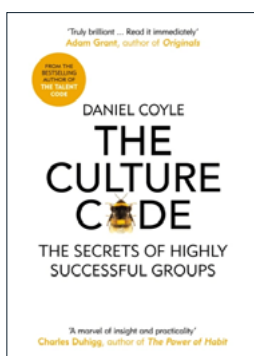
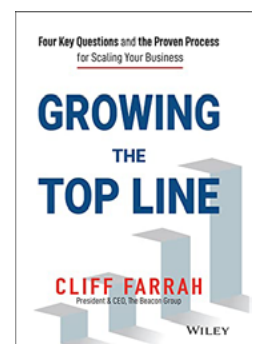
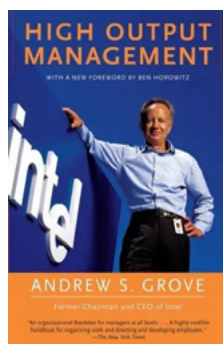
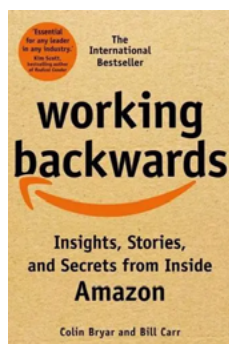
Whitepaper 1 - Future-Proofing Your Business: Why Strategy Comes First: how to define your vision and build a strategic foundation.

Whitepaper 2 - Powering Success: How Finance and Operations Drive SME Growth - how to build the structures that support growth.

Whitepaper 3 - From Growth to Legacy: Exit and Tax Strategies for Business Owners - how to unlock, protect, and retain the value you've built.

Together, these papers provide a practical roadmap for SME owners who want to scale their businesses with purpose, and exit on their own terms, without regret.

Recommended Reading and Research



How can we help?

Whether you're years from an exit or just starting to think about the future, the best time to prepare is now. Fitzgerald Power is here to support your journey, with the clarity, experience, and expertise to turn success today into value tomorrow. Our team is dedicated to providing you and your business with the absolute best financial advice out there. We approach each and every case from a fresh perspective, working with you to find tailored solutions that leave your business stronger than ever. With our expert analysis, we translate figures into a language you can understand. Using timely, reliable advice, our experienced team of experts devise sophisticated plans to encourage cost efficiency and growth. If you would like to discuss this research, contact our team at Fitzgerald Power today.



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