

haysmacintyre

DEALS ROUNDUP

2023

INTRODUCTION

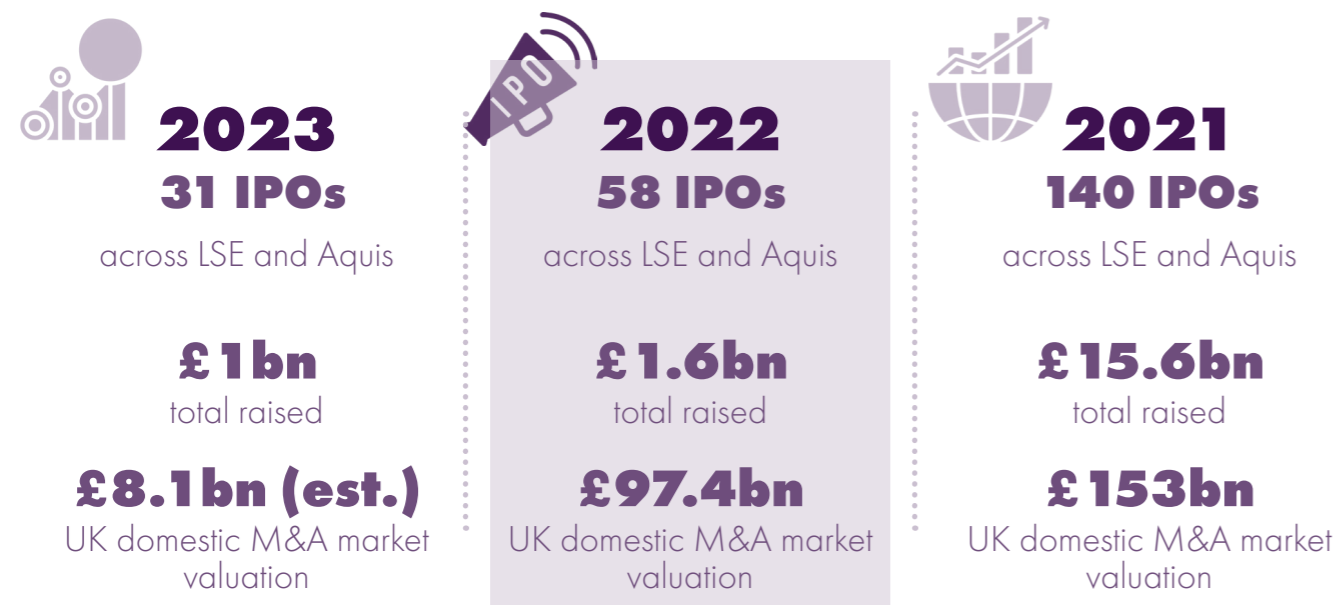
The outlook for IPOs and M&A deals in 2023 looked uncertain; the amount of cash raised through IPOs in London plunged by 90% in 2022, and the trend for both declining M&A and IPOs continued into 2023.

Given current sentiment that the rate of inflation is stabilising, we expect to see a slightly more positive outlook for the UK's private and public equity markets into 2024, supported by the FCA's proposals to reform the UK listing regime and more stable access to debt financing as interest rates are expected to settle. It is encouraging to see the FCA have taken this initiative, albeit somewhat forced by the high-profile decisions of firms to list overseas. We hope these proposed simplifications will support the UK's attractiveness as a capital markets hub and help close the valuation gap between UK listed companies and their US listed peers.

The UK Government pension fund deal, announced in July 2023, suggests that a portion of the £50 billion of additional pension fund assets for unlisted UK SMEs, may be deployed through quoted (as opposed to listed) exchanges, such as AIM or Aquis. Such growth capital is essential to keep the London markets relevant and attractive for IPOs in the future. In the private markets, as this growth capital begins to be deployed, it represents a significant opportunity for start ups and scale-ups that require funding.

The narrative that there is abundant dry power among Private Equity firms remains front and centre. Firms have been holding record amounts of capital since the burst of M&A in late 2020 and as time goes on, the pressure to allocate this will continue to grow, or risk returning it to investors. It is expected that strategic buyers' efforts to bolster supply chain resilience will continue as geo-political tensions remain high. Industries which are primed for consolidation also appear to be getting attention. Successful buy and build strategies became increasingly visible throughout 2023 with the financial and professional services setting the tone. We anticipate that the buy and build model will be a core strategy for many other fragmented sectors and provide support for M&A activity as we enter 2024.

THE MARKET IN NUMBERS



Source: London Stock Exchange Group; Aquis Exchange. <https://www.londonstockexchange.com/reports?tab=new-issues-and-ipos> and <https://www.aquis.eu/stock-exchange/statistics?year=2023>. Accessed 4 January 2024. Office for National Statistics; <https://www.ons.gov.uk/businessindustryandtrade/changetobusiness/mergersandacquisitions#timeseries>. Accessed 4 January 2024.

OUR 2023 DEALS

<p>Tan Delta Systems Plc Reporting accountant for admission to AIM Market cap at admission: £19m Amount raised: £6.4m Sector: Creative, Media & Technology</p>	<p>Ora Technology Plc Reporting accountant for admission to Aquis Market cap at admission: £4.1m Amount raised: £840,000 Sector: Creative, Media & Technology</p>	<p>Spectra Systems Corporation Financial and tax due diligence, buy-side and SPA support on acquisition of Cartor Holdings Ltd. Size: £10.5m Sector: Creative, Media & Technology</p>
<p>St Austell Brewery Ltd Financial and tax due diligence, and SPA support on acquisition of The Bath Pub Company Size: Private Sector: Hospitality</p>	<p>Long Shot III Ltd Financial due diligence on private acquisition of Blacknest Golf & Country Club (Greenbanks Golf Limited) Size: Private Sector: Hospitality</p>	
<p>Long Shot III Ltd Financial due diligence on private acquisition of Farrington Golf & Country Club Limited Size: Private Sector: Hospitality</p>	<p>Chopstix Group Ltd Financial due diligence on Chopstix Group's acquisition of Chozen Noodle Size: Private Sector: Hospitality</p>	<p>Medical Defence Union Ltd Financial and tax due diligence on acquisition of a medical education provider Size: Private Sector: Professional Institutes and Membership Bodies</p>
	<p>Tribute Funerals Ltd Tax due diligence on acquisition of Secure Haven Size: Private Sector: Corporate</p>	<p>Flex Labs Inc Reporting accountant for admission to Aquis Market cap at admission: £3.4m Amount raised: £1.1m Sector: Creative, Media & Technology</p>
<p>Seed Capital Solutions Plc Reporting accountant for admission to LSE Main Market Market cap at admission: N/A Size: £970,000 Sector: Creative, Media & Technology</p>	<p>Becket Invest Plc Reporting accountant for admission to LSE Main Market Market cap at admission: £2.5m Size: £820,000 Sector: Creative, Media & Technology</p>	

DEALS SPOTLIGHT

TAN DELTA SYSTEMS PLC

Market admission in numbers

Market capitalisation: £19 million

Ordinary shares in issue: 73,223,800 at 26p per share

Amount raised: £6 million

haysmacintyre acted as reporting accountant on Tan Delta Systems PLC's successful admission to AIM.

The admission raised £6m through the placing and subscription of 73,223,800 ordinary shares and listed with a market capitalisation of £19m.

Tan Delta Systems PLC provides innovative real-time equipment monitoring sensors for businesses, reducing their ongoing costs of maintaining machinery, as well as reducing their carbon footprint through a reduction in oil consumption. The company's growth plans require additional working capital, as well as an investment in sales and marketing, and further product development. The proceeds from IPO will provide a platform for the business to grow.

Jon Dawson, lead Partner, said: "It's fantastic to see Tan Delta Systems Plc achieve a successful IPO in such a tough market. Completing a successful fundraise in 2023 is a real challenge, and it's been a privilege to work with a committed and enthusiastic management team, alongside Zeus Capital Ltd and Shoosmiths, both of whom offered valuable support and experience throughout the process."

“ Innovation continues to be alive and kicking in the UK and I hope we can be seen as an example to budding entrepreneurs as to what can be achieved. ”

Chris Greenwood
Chief Executive Officer, Tan Delta Systems

The haysmacintyre team included Jon Dawson and Mark Allwood, Partners, Jon Maddison, Director, Osman Ghani and James Gramston, Senior Managers, Jeremy Hammond, Manager, and Patrick Dawson-Goodey, Assistant Manager.



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CHOPSTIX GROUP

haysmacintyre provided financial due diligence on Chopstix Group's acquisition of competitor brand Chozen Noodle.

The Chopstix Group (Chopstix), a leading take-away restaurant brand known for its fast and fresh Oriental cuisine, has acquired Chozen Noodle's (Chozen) 27 sites at motorway service areas. This strategic acquisition will significantly enhance Chopstix's presence in the UK, particularly in motorway service areas which are frequented by over 6.3 million people.

Chopstix first launched with the aim of offering an alternative to 'traditional' fast food chains and takeaways, to focus on healthier meals which support busy lifestyles. The Group bolsters its chain of 130 venues with the acquisition of Chozen. As a key competitor in the market, Chozen offered a complementary portfolio of Oriental food options. As such, the acquisition aligns well with Chopstix's commitment to healthy and quick dining experiences.

haysmacintyre played a crucial role in this acquisition, providing comprehensive financial due diligence. Our expertise not only facilitated a smoother transaction process but also ensured a strategic fit between both entities, promising a prosperous future for Chopstix. This acquisition marks a significant step in Chopstix's growth, positioning them to capitalise on emerging market opportunities and expand their customer base.

Andrew Ball, Partner, said: "We were happy to support the Chopstix team in their acquisition of Chozen Noodle, which will broaden the company's restaurant coverage across the UK, particularly in the case of sites at motorway service stations. We look forward to seeing our client prosper as a result of this investment where it aims to deliver 'faster, fresher and tastier' pan-Asian cuisine throughout the UK."

The haysmacintyre team included Andrew Ball, Partner, Tanya Yeremenko, Senior Manager, and Jeremy Hammond, Manager.



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MEDICAL DEFENCE UNION

haysmacintyre provided financial and tax due diligence, HOTs and SPA reviews on the Medical Defence Union (MDU)'s acquisition of a medical education provider.

MDU is a major medical defence organisation, and is a not for profit organisation dedicated to providing its members with expert guidance, personal support and robust defence if a member's clinical competence or care of patients is questioned. The MDU's acquisition of a leading UK medical education provider will deliver high quality training and resources to primary care workers, allowing MDU to expand its CPD offering to its members and medical professionals.

Ian Cliffe, Partner, said: "We are glad to have supported the MDU team on their strategic acquisition. We look forward to seeing the benefits of this acquisition in delivering new sales opportunities and promoting MDU as a leading organisation in its all-round medical education offering to members."

The haysmacintyre team included Ian Cliffe, Partner, Reshma Patel, Tax Director, Tanya Yeremenko, Senior Manager, Joanne Hennessy, Employment Tax Senior Manager, Ramzan Khan, VAT Senior Manager, and Sophie Knight, Manager.



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SPECTRA SYSTEMS CORPORATION

haysmacintyre acted as transaction support advisors to Spectra Systems Corporation (Spectra) on their £10.9m acquisition of Cartor Holdings Ltd (Cartor).

We provided transaction support to Spectra, a leader in machine-readable high speed banknote authentication, brand protection technologies and gaming security software, during their acquisition of Cartor, a leader in the security printing industry. This involved providing financial and tax due diligence, buy-side support, and SPA advice.

Jon Dawson, Partner and Head of Creative, Media & Technology commented: "We are absolutely delighted to have supported the Spectra team on their strategic acquisition of Cartor, enhancing the Group's presence in the UK and consolidating the supply of a key product within the newly enlarged Group. We look forward to seeing the acquisition deliver enhanced product development capabilities and open new sales opportunities."

“The team was invaluable in providing guidance and support that led to a successful outcome for both the buyer and seller. The haysmacintyre team were extremely professional and thorough in their work. The transaction was a bit unusual as the sellers were to carve out the manufacturing building to hold in a new entity which would be the go forward landlord. The team were able to thoroughly understand and communicate the process and any risks which helped us make a more informed decision. We were impressed with their attention to detail and their ability to communicate complex financial information in a way that was easy to understand.”

Edward Spies
Chief Financial Officer, Spectra Systems Corporation

The haysmacintyre team included Jon Dawson and Mark Allwood, Partners, Sabina Burke, Director, Tanya Yeremenko, Senior Manager, Sophy Ghosh, Assistant Manager, and Harry Barham, Supervisor.



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TRANSACTION ADVISORY SERVICES

We are focused on your success, and we will work collaboratively with you and other parties to ensure deal integrity, by integrating with your business objectives seamlessly and providing a commercial perspective that goes beyond just getting the deal done.

haysmacintyre's Transaction Advisory Services (TAS) team offer coverage both of Equity Capital Markets (ECM) transactions and private M&A. Our ECM services focus on working with businesses through the IPO process and with subsequent acquisition or reverse takeover transactions.

In the private sphere, we provide support across all aspects throughout the deal lifecycle, from the provision of tailored exit planning, due diligence and share and purchase agreement (SPA) support.

Our in-depth sector expertise, combined with a comprehensive understanding of transaction mechanics and regulatory landscapes, make us a leading challenger firm that aims to help clients navigate complex transactions efficiently and effectively, ensuring strategic objectives are met whilst mitigating risks.

“ I am thrilled with the work haysmacintyre performed for Skimlinks; they helped us bring a much higher level of rigour to our books and, in doing so, made it possible for us to go through a competitive exit process. They are an absolute pleasure to work with. ”

Sebastien Blanc
CEO, Skimlinks

KEY SERVICES INCLUDE:

Acquisition and vendor due diligence

- Recent management accounts and historical financials
- Forecasts and cash flow
- Quality of income review
- Financial systems and controls
- Current and historic corporation tax position
- VAT affairs
- Employment taxes, including benefits reporting
- Share schemes
- Statutory filings status and shareholder register

Reporting accountant

- Short form report
- Long form report
- Financial position and prospect procedures (FPPP)
- Working capital review
- Pro forma net assets, if applicable

ECM transactional support

- Financial position and prospect procedures memo
- Fully integrated working capital model
- IFRS conversion schedules
- IFRS memos
- Historical financial information
- No significant change report

Exit strategies

- Personal and corporate tax planning and advice
- Vendor due diligence and sell-side transactional support
- Financial systems and controls review engagements

Financial modelling

- Preparation and review of financial models
- Start up projections to raise Series A capital
- Working capital models in advice of an IPO

Other advisory

- Preparation of commercial and tax valuations
- Preparation of Purchase Price Allocations relating to goodwill on acquisitions
- Preparation of Impairment Reviews and calculations of discount rates.

ABOUT HAYSMACINTYRE

Our firm is an award-winning, top 30 firm of chartered accountants and tax advisors in the UK, comprising 39 partners and over 550 staff with a strong, market leading international alliance. Our success is largely attributable to the time we invest in getting to know our clients and building long lasting relationships.

Top **30** firm



located in
Central London



£52.3M
turnover

82%
growth over five years

16%
of IPOs completed in 2023



550+
staff

39
partners

5
TAS partners



Top 10
auditor to
AIM-listed clients

Ranked 4th
in Consumer sector

Ranked 6th
in Technology sector



Values
at haysmacintyre

INTEGRITY
COLLABORATION
EMPOWERMENT
DYNAMISM



haysmac
committees

CSR
Environmental
Diversity & Inclusion



MSI
global alliance

240+
legal and accounting firms

100+
countries

We provide sector-focused advice to business leaders, owner-managed businesses, private clients, public interest entities (PIEs), other listed companies, charities and other not for profit organisations, across the UK and internationally. Our understanding of your business and working with similar businesses will provide a reliable foundation on which to build an effective relationship. We are a top 10 audit firm in the AIM Advisers Rankings Guide published by ARL, acting for approximately 30 listed companies spread across AQSE, AIM and the Main Market. Our listed company and sector expertise mean we are increasingly recognised as a trusted alternative to the major accountancy firms.

haysmacintyre is also a co-founder and co-owner of MSI, a multidisciplinary association comprising over 250 independent legal and accounting firms operating locally in over 100 countries around the world. Collectively, MSI firms represent over 13,000 lawyers and accountants. MSI is an important part of our business, enabling us to support clients working internationally and to provide services to our clients across the world through a central contact in the UK.

If you have any questions about the contents of this report, or our transaction advisory services, please get in touch with a member of our team below.

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Winner: Large Firm of the Year 2023



An eprivateclient top accountancy firm 2023



Top 10 auditor to quoted companies in Adviser Ranking Listing