

**Access Growth Company Financing  
for Innovative Technology via the U.K.  
Capital Markets – Earlier Routes to IPO**

23 JUNE 2022



NOVUM



**David Coffman**  
**Head of Corporate Finance**  
**Novum Securities Limited**

**23 June 2022**

**NOVUM**

# David Coffman

---

- Graduated from the University of Manchester in Economics.
- Qualified as a chartered accountant at H.W. Fisher & Company, a medium sized London firm, in 1995 where he worked with SMEs across a wide range of sectors. Upon qualification he joined the London office of Coopers & Lybrand (now PwC) where he gained exposure to large public companies and also worked on a number of significant corporate finance transactions.
- A small/mid cap corporate finance adviser since 1997, working with Main Market, AIM and AQSE companies as both corporate finance adviser and broker on flotations, secondary fund raisings as well as providing on-going advice. He also has experience of pre-IPO funding, M&A transactions and providing Takeover Code advice.
- Joined Novum in January 2020 having previously been at Cairn Financial Advisers, Daniel Stewart & Co and Keith, Bayley, Rogers.

# Novum Securities Limited

---

- Led by a team of highly experienced financial professionals coming from a wide range of backgrounds
- Established in 2006, and coming under new management in 2009
- Assists clients admitted to trading on the Main Market and AIM Market of the London Stock Exchange and on the AQSE Growth Market
- Three main teams, Corporate Broking, Corporate Finance and Trading and Execution. Each team at Novum brings their own wealth of knowledge to a transaction and whether working as an individual team or providing a joint service, Novum always endeavours to ensure a successful outcome
- Novum brings a level of understanding to each transaction the teams participate in. The Corporate Broking team is responsible for providing capital to companies with market capitalisations up to £100m at IPO and for secondary fund raisings. The Corporate Finance team provides a range of advisory services largely to Main Market and AQSE companies as well as those companies looking join a UK market. The Trading and Execution team works closely with professional clients and the market to provide a premier service to executing large orders

# Corporate Finance Services

---

- Novum's corporate finance team acts as Financial Advisers to Standard Listed companies on the London Stock Exchange and as Corporate Advisers on the Aquis Stock Exchange. The team is dedicated to building long-term relationships with its clients by providing independent corporate finance advice in managing and executing the IPO process, working with a wide range of brokers and advisers, to ensure the best possible outcome. Beyond the IPO, we advise a wide range of businesses on their ongoing regulation commitments as well as providing advice on restructurings and future mergers and acquisitions.
- Services we provide:
  - Financial Adviser to Main Market Standard List companies
  - Corporate Adviser to AQSE Growth Market companies
  - Rule 3 Adviser
  - M & A, including significant experience with takeovers of public companies and the regulatory requirements of the Panel on Takeovers and Mergers
  - Transaction management and execution
  - Corporate governance and board composition advice

# Selection of Current Clients

---



Pharma C Investments  
AQSE Corporate  
Advisor



Oberon Investments  
AQSE Corporate Advisor



Eastinco Mining &  
Exploration  
AQSE Corporate  
Advisor



Gowin New Energy  
Group  
AQSE Corporate  
Advisor



Evrima  
AQSE  
Corporate Advisor



AQRU  
AQSE  
Corporate Advisor



Quantum Exponential  
AQSE  
Corporate Advisor



Early Equity  
AQSE  
Corporate Advisor



Cloudbreak Discovery  
LSE Standard List  
Financial Advisor



Dev Clever  
LSE Standard List  
Financial Advisor



Sealand Capital  
Galaxy  
LSE Standard List  
Financial Advisor



Toople  
LSE Standard List  
Financial Advisor

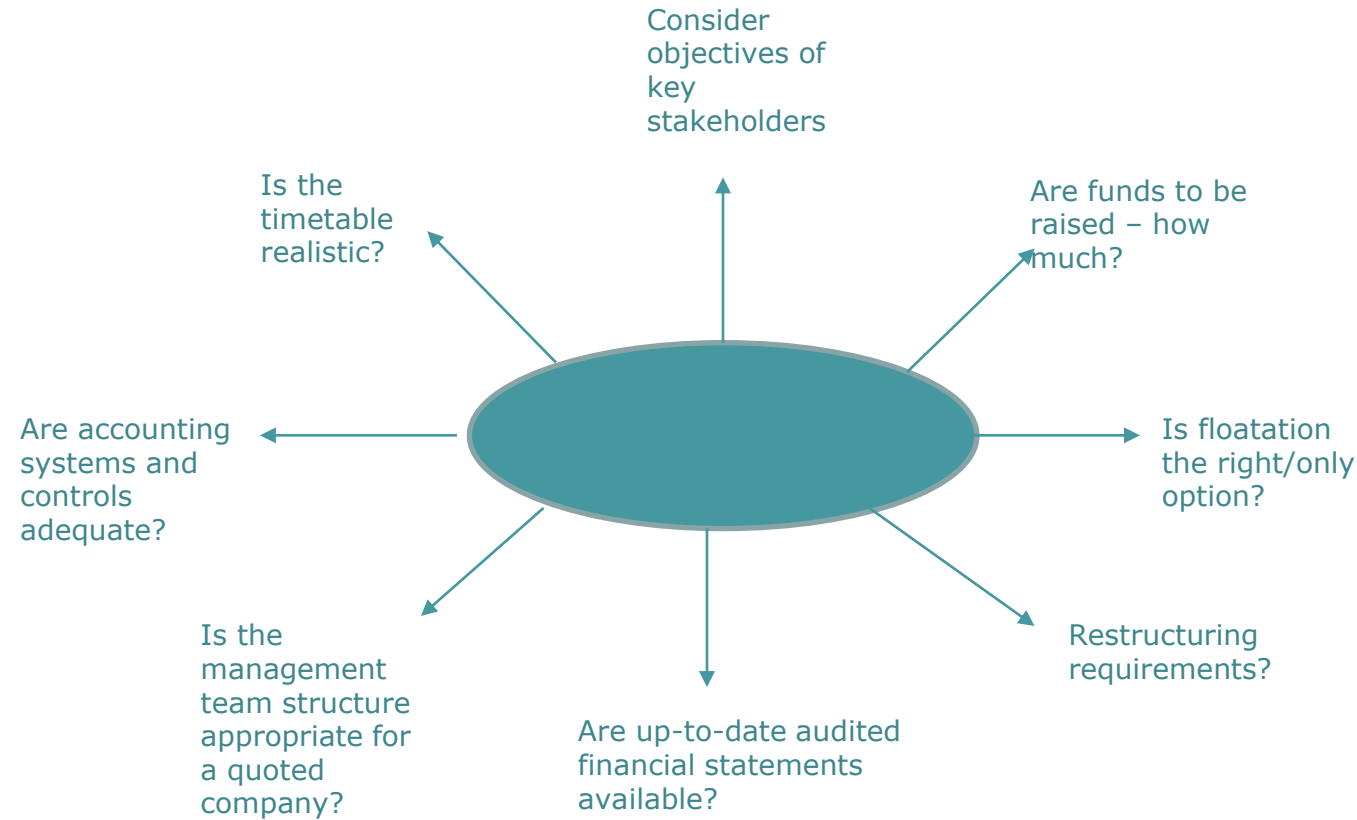
# Why go public?

---

- Efficient access to capital markets to raise money through further equity issues
- Flexibility to trade shares with liquidity and daily valuation
- Higher profile gives better visibility and credibility
- Shares functioning as new liquid M&A currency
- Broaden shareholder base whilst founders retain control
- Enhanced ability to attract, retain and reward valued employees as listed company
- Opportunity to bond and incentivise key people with long-term incentive plans
- Time-consuming tasks, particularly investor relations
- Greater transparency and disclosure requirements
- Costs of IPO and ongoing obligations as a public company
- Dilution of existing investors by new shareholders with voting rights
- Greater scrutiny on the company's performance
- Corporate governance obligations
- Impact of external forces

# Is an IPO right for my company?

---





# Why London?

---

- London is still the pre-eminent financial market in Europe with a deep pool of capital, enabling companies to raise money to grow
- Multiple routes to market to suit different types of issuer and different funding routes
- On all of the London capital markets, tech companies continue to constitute one of the largest sectors in terms of quantum of fundraisings
- 37 tech and consumer internet companies listed in 2021, raising £6.6bn and achieving a combined market cap of £31bn. (Source: London Stock Exchange)
- Over £2.4bn secondary funds raised in 2021 for tech and media business on Main Market and AIM combined (Source: BDO)
- UK tech firms raised £9 billion in venture capital in the quarter of 2022, by far the largest amount in Europe, more than China and second to US (Source: Silicon)
- Currently a push by the UK Government to attract tech companies to list in London.

# London Market Options

---

- Main Market of the London Stock Exchange
  - Premium Segment
  - Standard Segment
- AIM Market of the London Stock Exchange
  - Europe's leading market for growth companies
- AQSE Growth Market
  - APEX Segment
  - ACCESS Segment

# Contact

---

**David Coffman**

email: [dcoffman@novumsecurities.com](mailto:dcoffman@novumsecurities.com)

phone: +44 207 399 9429

mobile: +44 7944 373741

**NOVUM Securities Limited**

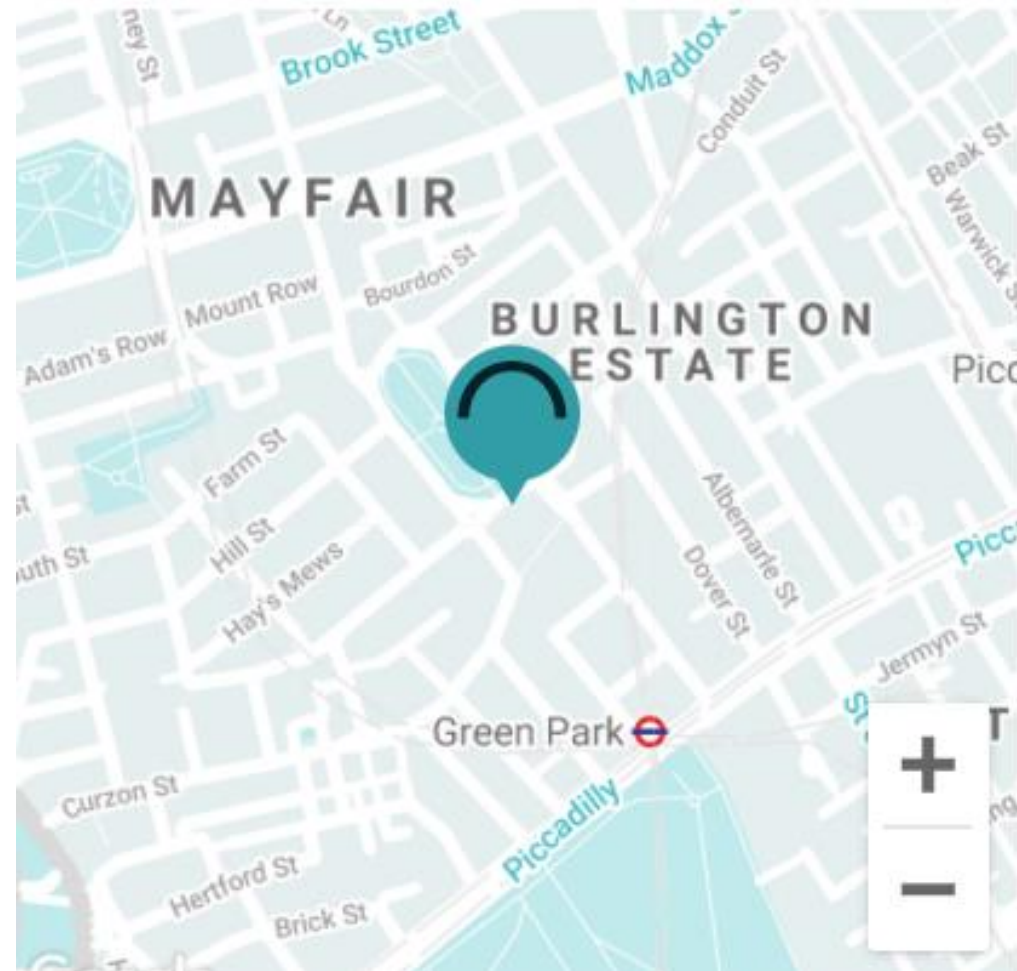
2nd Floor, Lansdowne House

57 Berkeley Square

London

W1J 6ER

[www.novumsecurities.com](http://www.novumsecurities.com)



# Disclaimer

---

*This document is issued by Novum Securities Limited (registered in England and Wales no. 05879560), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority ("FCA") for designated investment business and is a member of the London Stock Exchange and of the Aquis Exchange.*

*This document is for information purposes only and should not be regarded as an offer or solicitation to buy securities or other instruments mentioned in it. No representation or warranty, either expressed or implied, is made nor responsibility of any kind is accepted by any DSC company, its directors or employees either as to its accuracy or completeness of any information stated in this document.*

*DSC shall not be liable for any direct or indirect damages, including lost profits arising in any way from the information contained in this material. This material is for use of intended recipients only and only for distribution to professional and institutional investors, i.e. persons who are authorised persons or exempted persons within the meaning of the Financial Services and Markets Act 2000 of the United Kingdom, or persons who have been categorised by DSC as intermediate customers under the rules of the FCA. This document is being supplied to you solely for your information and may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose.*



23 JUNE 2022

Nick Heap, Partner  
Armstrong Teasdale

*Always exceed expectations through teamwork and excellent client service.*

# Overview of Armstrong Teasdale

- Dedicated Equity Capital Markets team in London.
- 12 Partners and 8 Associates.

## Experience:

- Acting for companies, sponsors (Main Market), Brokers and Nominated Advisers (AIM), Financial Advisers (AQSE).
- Extensive experience of advising domestic and international companies listing on Main Market, AQUIS and AIM.
- Recognised and ranked in Legal 500 for our work in Equity Capital Markets in London, showing our strength in this area.
- Joan Yu heads up the team in London.
- Adopt a partner-led approach.

<sup>1</sup> Includes U.S. securities lawyers

# Eligibility Criteria

- Different requirements apply to the different London markets.
- Key areas to consider:
  - **Minimum market capitalisation:** (Standard List: £30m for shares; AIM: not prescribed; Apex: £10m; Access: £700k for shares)
  - **Minimum Free float:** (Standard List: 10%; AIM: not prescribed; Apex: 20%; Access: 10%)
  - **Listing Document:** Standard list: FCA Approved Prospectus; AIM: AIM Admission Document; Apex: FCA approved Growth Prospectus; Access: Admission Document
  - **Advisers:** Sponsor/Nomad/Financial Adviser
- **Costing:** AIM listing -> Standard List -> Apex -> Access

# What does the process entail?

- **Appointment of advisers** (Financial Adviser/Legal Advisers/Reporting Accountants/PR consultants) to obtain advice on suitability for listing.
- **Preparation of Listing Document:** Prospectus or Admission Document.
- **Legal due diligence:** Reports and opinions prepared on listed group to give comfort to Financial Advisor and its investors.
- **Financial Due Diligence:** Preparation of Accountants Long form Report, Short Form Report and Working capital Report.
- **Expert Reports:** Preparation of Competent Person's or other expert's report for specialist issuers.
- **Fundraising: process and documentation required:** Placing/Underwriting Agreement; Research Note on company published by analyst; Investor Presentation and Roadshows; Pricing.
- **Restructuring:** Corporate restructuring for tax or investor preferences; Board composition and restructuring.
- **Application to List**



# What are the key continuing obligations for public companies?

- **Rules:** compliance with Listing Rules/AIM Rules/AQSE Rules.
- **Financial reporting** – prepare and publish annual and half-yearly accounts.
- **Corporate Governance** – adherence to applicable corporate governance code.

## Disclosure requirements:

- Inside information: specific, price sensitive non-public information.
  - Specific disclosures: director share dealings, changes in major shareholdings, changes in performance of business.
  - Transactions: size-related transactions (based on “Class Tests”) such as substantial transactions, fundamental change in the company’s business or reverse takeovers which may also require financial advisor sign-off and shareholder approval.
- **Further issue of shares:** 20% share issuance and prospectus requirement.

# Alternative financing and earlier routes to IPO

- IPOs can offer a good option for suitable growing tech companies to gain funding through the public markets.
- A blend of early stage private funding with subsequent funding through the capital markets may be a suitable option for such companies to achieve a successful IPO.
- Straight Admission/Listing rather than IPO to achieve listing.
- Listing on AIM or AQSE Growth Market – less stringent access requirements.

## COMPARISON OF LONDON MARKET OPTIONS

	Admission			
	Main Market Standard List	AIM	Apex	AQSE
			Apex	Access <sup>4</sup>
<b>Free float %</b>	10% of securities to be in public hands on admission	Not prescribed but at least 20% of securities expected to be in public hands on admission	25% of securities distributed amongst no fewer than 25 persons	10% of securities to be in public hands on admission
<b>Minimum market capitalisation</b>	£30 million for shares £200,000 for debt	Adviser assesses suitability	£10 million	£700,000 for shares £200,000 for debt or convertible securities
<b>Audited historical financial information</b>	3 years or such shorter period that the applicant has been in operation	3 years or such shorter period that the applicant has been in operation	2 years or such shorter period that the applicant has been in operation	2 years or such shorter period that the applicant has been in operation
<b>Accounting Standards</b>	IFRS	IFRS or US, Canadian, Japanese or Australian GAAP	UK GAAP or IFRS	UK GAAP
<b>Lead adviser</b>	Not required but flotation usually managed by financial adviser	NOMAD	Corporate Adviser	Corporate Adviser
<b>Eligibility for electronic settlement</b>	Yes	Yes	Yes	Yes
<b>Listing documentation</b>	FCA Approved Prospectus	AIM Admission Document	Growth Prospectus (approved by FCA)	AQSE Admission Document
<b>Working capital</b>	At least 12 months from date of Admission	At least 12 months from date of Admission	At least 12 months from date of Admission	At least 12 months from date of Admission
<b>Independent Non-Executive Directors</b>	Minimum of 1 but 2 recommended for best practise	Minimum of 2	Minimum of 2	Minimum of 1 but 2 recommended for best practise
<b>EIS / VCT / IHT Tax Reliefs</b>	NO	YES	YES	YES

## COMPARISON OF LONDON MARKET OPTIONS

	Continuing Obligations			
	Main Market Standard List	AIM	Apex	AQSE
			Apex	Access <sup>4</sup>
Corporate Governance	No requirement to follow a Code but market expectation of best practise and statement required in annual report as to governance code being followed	Financial Reporting Council Code or Quoted Companies Alliance Code or equivalent overseas code	Quoted Companies Alliance Code or UK Corporate Governance Code	Due regard for the principles of a recognised corporate governance code, insofar as appropriate in relation to the nature and size of the applicant.
Takeover Code	Yes if registered office in UK, Channel Islands or Isle of Man	Yes if registered office in UK, Channel Islands or Isle of Man	Yes if registered office in UK, Channel Islands or Isle of Man	Yes if registered office in UK, Channel Islands or Isle of Man
Financial reporting	Final results within 4 months of year end, interim results (unaudited) within 3 months of half-year end	Final results within 6 months of year end, interim results (unaudited) within 3 months of half-year end	Final results within 6 months of year end, interim results (unaudited) within 3 months of half-year end	Final results within 6 months of year end, interim results (unaudited) within 3 months of half-year end
Continuing obligations	Listing Rules, Disclosure and Transparency Rules and Market Abuse Regulations	AIM Rules, Disclosure and Transparency Rules and Market Abuse Regulations	AQSE Apex Rules, Disclosure and Transparency Rules and Market Abuse Regulations	AQSE Access Rules, Disclosure and Transparency Rules and Market Abuse Regulations
Shareholding notifications	Directors /PDMRs and shareholders 3%+	Directors /PDMRs and shareholders 3%+	Directors /PDMRs and shareholders 3%+	Directors /PDMRs and shareholders 3%+
Share dealing code	Yes	Yes	Yes	Yes
Related party transactions	Board approval and disclosure	NOMAD confirms fair and reasonable	Board approval and disclosure	Board approval and disclosure
Acquisition leads to RTO	If any of the class tests exceed 100% - gross assets, profits, consideration or gross capital	If any of the class tests exceed 100% - gross assets, profits, turnover, consideration or gross capital	If there is a fundamental change to the business or a change in the majority of the board or voting control	If there is a fundamental change to the business, board or voting control
Documentation for further share issues	If issuing shares >20% of issued in a rolling calendar year, then further Prospectus	No, but may require shareholder approval	No, but may require shareholder approval	No, but may require shareholder approval

# Panellists



**Joan Yu**

Armstrong Teasdale  
jyu@atllp.co.uk



**Nick Heap**

Armstrong Teasdale  
nheap@atllp.co.uk



**Peter Oakes**

Fintech Ireland  
hello@fintechireland.com



**David Coffman**

Novum Securities  
DCoffman@novumsecurities.com



**Amy Neale**

Delta Partners  
amy@deltapartners.com