



Economic headwinds continue to dominate

Finbarr Griffin, Head of Corporate Advisory

As Head of Corporate Advisory, Finbarr is responsible for developing the overall strategy for Corporate Advisory within Goodbody's Investment Banking division. The Corporate Advisory team comprises over 30 senior financiers and advisers based in Dublin and London who work collaboratively as one unit.



We entered 2022 with a spirit of optimism, hopeful that transaction activity would pick up as the year progressed. It didn't. The ongoing war in Ukraine and market volatility have dominated news flow, adversely impacting the IPO and M&A markets in terms of volume and value. The economic and geopolitical themes that emerged in the first half of 2022 remained front of mind in Q3 as the global economy continued on a course of lower growth and higher inflation. Nevertheless, we remain committed to meeting our clients' needs as they navigate through these uncertain times.

Since we published our <u>last newsletter in early August</u>, there have been a number of key updates which continue to impact investor confidence:

- Inflation has remained on an upward trajectory with the Euro zone annual inflation rate at 9.9% for September and the UK annual inflation rate hitting 10.1%.
- In response the European Central Bank (ECB) announced three
 consecutive interest rate increases between July and October, raising
 its benchmark interest rate to 1.5%, a level not seen since 2009 before
 the global financial crisis. This has had a knock on effect of a tightening
 in credit markets and a fall off in equity valuations as transaction
 funding becomes more expensive.
- In the UK, Rishi Sunak became Britain's third Prime Minister three months after Liz Truss's calamitous 44-day spell as leader.
- China's economic slowdown and deepening property market crisis has become more significant than expected, driven by the negative effects of COVID-19 restrictions and increasing infections.

Against this backdrop, the UK IPO market continues to be challenged as businesses delay their IPO plans due to ongoing market volatility. Q3 saw eight issuers raise £563m (3 of which were SPACs) and although this was an increase on the £204m of new capital raised in Q2 2022, it was still significantly below 2021 volumes which saw £1.2bn in new money raised over the same period. Six companies listed on the main market, with the remaining two companies listing on the Alternative Investment Market (AIM). Market volatility looks set to remain for the rest of 2022 and we do not anticipate a rise in IPO activity until more stable market

In Ireland, Mergermarket reported 134 deals in Q3 2022 with a total disclosed value of €12.17bn – that compares to 142 deals in Q2.

trends emerge. While the near-term environment may be challenging, we remain hopeful that listing activity will start to rebound in 2023 once economic headwinds ease.

Turning to M&A, Mergermarket reported 844 UK transactions in Q3 with total disclosed value of £163bn (where the company in any role was British). That marks a 27% decrease on the same period last year. Meanwhile in Ireland, transaction volumes in Q3 2022 were similar to those seen in Q2, with Mergermarket reporting 137 deals in the three months to September-end (where the company in any role was Irish), with a total disclosed value of €13.71bn. This compared to 142 deals in Q2 2022. The technology sector continued to see the largest volumes of activity with over 40 transactions across this sector in Ireland.

Recent Transactions

Against this quieter transaction backdrop, we advised clients on a number of transactions in the third quarter, including EmpowerTheUser (ETU), on raising a strategic growth investment led by US-based Mission Springs Ventures and Pacific Lake Partners, along with participation from other private investors. We also advised Finance Ireland on a series of shareholder transactions resulting in M&G plc taking a significant stake and an existing institutional shareholder increasing its shareholding in Finance Ireland. The transaction also included €50m of new equity to fund further growth and saw the Ireland Strategic Investment Fund (ISIF) exit its 33% stake in the business.

Goodbody Tech Summit

In recent months, we also hosted a number of successful events for clients and investors, among them the Goodbody Tech Summit 2022. Held in Dublin on 6 October, our inaugural Tech Summit brought together more than 50 technology companies and 55 domestic and international investors, for a full day of engaging debates and discussions about how companies and investors alike, can best navigate these uncertain times in the context of raising capital and valuation maximisation (see page four for more information).

ESG Advisory

Meanwhile, Goodbody Head of ESG Advisory Aidan O'Mahony, presented on social bonds at The Global Capital Sustainable and Responsible Capital Markets Forum in London in late September and delivered a keynote address at the ESG Summit 2022 in Dublin on the topic of ESG and access to investment in mid-October.

Goodbody Tech Summit hosted

50 technology companies and

55 domestic and international investors

London Stock Exchange

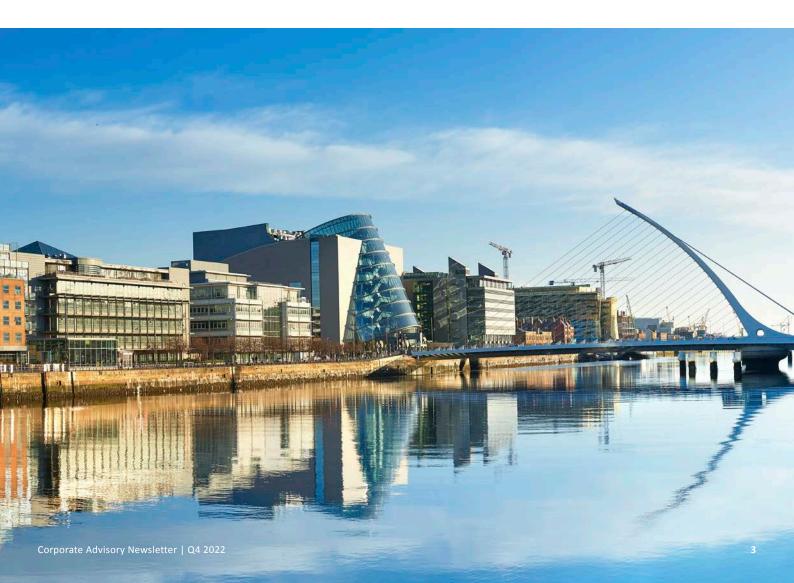
On 21 October, we teamed up with The London Stock Exchange and Arthur Cox to host the Private Equity and IPO conference in Dublin. We heard from a myriad of experts about the IPO process – and what it means for Irish companies looking to access liquidity in the public markets – and gained an investor's perspective on the current market environment, sustainability and ESG considerations.

Raising Capital Summit

We are delighted to be a gold sponsor at the Raising Capital Summit 2022 – an event which seeks to connect founders with investment partners and capital – on 16 November in Croke Park, Dublin. Some of my colleagues will feature on panel discussions, presenting their views on the outlook for international investment in the current climate as well as outlining the steps involved in the IPO process. (for more information, see page six).

Annual Equity Conference

Finally, we are looking forward to bringing together a number of leading UK and Irish companies for our Annual Equity Conference on 24 November in Dublin (for more information, see page four).



Goodbody Tech Summit 2022

On 6 October, we hosted our inaugural Tech Summit in Dublin, bringing together leading Irish, UK and European technology companies and domestic and international investors.

The purpose of this event was to spark engaging debates and discussions about how companies and investors can best navigate the current market environment in the context of raising capital and valuation maximisation.

We were delighted to host more than 50 tech companies and 55 domestic and international investors on the day.

Panel discussions focused on the market outlook from a valuation and capital raising perspective, navigating and thriving in uncertain times as well as fundraising and the battle for talent. Meanwhile, across 25 companies, a number of founders and CEOs delivered company showcases, spanning B2B SaaS, enterprise software, eCommerce, deep tech, fintech, cyber, video gaming and reg tech. They discussed their plans for growth, how they plan to expand internationally as well as the challenges they face in trying to achieve those objectives.

Key messages from CEOs:

- The importance of "strategic value and chemistry" with investors as the main priority when raising capital.
- Cultural fit was also cited as an important attribute that CEOs look for in potential investors.
- CEOs also noted it was important for them to "find and work with investors that are as committed to driving the change in the world as we are".

Key messages from investors:

- Despite the current climate, investors continue to see good-quality deal flow and investment opportunities in both Ireland and across Europe.
- Unit economics really need to make sense raising capital to acquire unprofitable customers will not get funded.
- Ensure your business has a credible growth plan which balances growth objectives with cash burn and your path to profitability.

Watch this space for further details on the Goodbody Tech Summit 2023!



Goodbody Tech Summit 2022: Highlights

Attendees

50 tech companies

55 domestic & international investors



B2B/SaaS Deep Tech

Videogaming Fin Tech Cyber

Reg Tech eCommerce

What's coming up?

Raising Capital Summit 2022

The Raising Capital Summit will take place at Croke Park, Dublin on 16 November. The Summit brings together founders and investors to outline the funding options and initiatives available to fund a growth strategy, including private equity, venture capital, debt finance, trade sale, or a listing on the stock market.

Find out more at: https://capitalsummit.ie/

Goodbody Annual Equity Conference

Our annual Equity Conference is back for its 15th year on Thursday, 24 November at the Conrad Hotel, Dublin. This event is for institutional investors only.

Don't miss your opportunity to meet leading UK and Irish companies spanning aviation and travel, financials and real estate, building materials and housebuilders, industrials, food and beverage, gaming and leisure, healthcare, technology and support services.

If you have any queries, please email investorrelations@goodbody.ie.

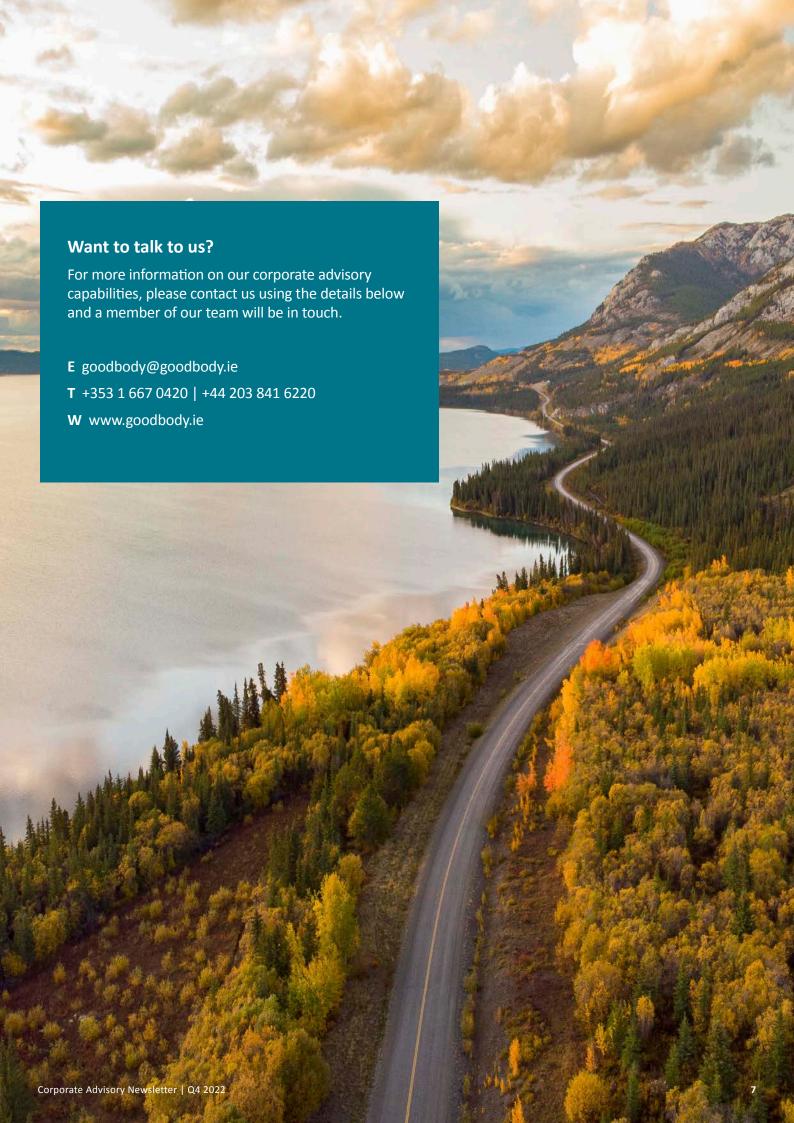


Goodbody launches Corporate Advisory work experience programme

Earlier this year, Goodbody partnered with the Forage platform to develop online virtual work experience programmes – the first of their kind in financial services in Ireland – to help remove the industry's barriers to entry with a special emphasis on gender, race, ethnicity, disability, location and socioeconomics.

This month, we launched our third virtual work experience programme which focuses on Corporate Advisory. This course will provide university-aged students with an understanding of what it's like to work as a Corporate Advisory Analyst, allowing them to explore funding sources, valuation methods, M&As and IPOs. It is free to complete, requires no previous experience in corporate advisory, and is available 24/7 on demand.

So, if there's a student in your family who has a keen interest in exploring a career in corporate advisory, or a friend who is considering a career change, we encourage you to share our work experience programme with them. All of the details are available here: www.goodbody.ie/virtualworkexperience.



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