

N+1 SINGER

N+1 Singer

2016 Annual Review

Chief Executive's Review - 2016

2016 was a year full of shocks and surprises and a classic volatile stock market year; the scarcely credible trough to peak move being 28%. The year has certainly had its challenges but as Sir John Templeton always remarked Stock Markets like to climb the 'wall of worry'. There is still a high level of uncertainty overhanging the UK economy as we look forward to 2017; but for all of the worry the UK equity market has proved itself to be remarkably resilient with positive returns delivered by all areas. In our key area of smaller companies the market has posted double digit capital returns, a performance that would be welcome in any environment.

The events of the year demonstrate that it is difficult to predict even the short term outlook and its likely impact on financial markets, but fortunately investors generally take a longer term view. We leave the year with a political landscape that is incomparable to that of twelve months ago and a world stage that few had foreseen; a new prime minister with a mandate to negotiate the UK's exit from Europe, President Elect Donald Trump waiting to take over the reins in America and a geopolitical outlook across Europe and the Middle East that has rarely appeared more challenging. In our view though, it has emphasised yet again that investing in good businesses is the path to capital growth, and in the virtuous circle this equity investment provides for employment and profits for the UK.

Against this background, and after a subdued first half as Investors awaited the outcome of the BREXIT vote, we have had a very busy second half. The last quarter especially, with activity quickening in December, which proved to be our busiest month of the year. During 2016 we have completed 27 transactions for 26 clients by way of conventional equity raises as well as M&A, an area we expect to be an increasing feature in the coming twelve months. During 2016, the year in which N+1 Singer celebrated its 10 year anniversary, we raised c.£432m of additional equity for our clients, bringing the total raised over the last three years to £1.9bn.

Notable fund raisings during the last twelve months included:

- CVS Group raised £30.2m through a well supported placing in December, the proceeds of which will primarily be used to provide extra funding for acquisitive growth
- The successful AIM IPO of FreeAgent Holdings, raising proceeds of £8m to be used to invest in product development and repay loans
- Quantum Pharma raised £15m in a placing, with the proceeds being used to reduce the Group's debt and fund a more focussed strategy
- Swallowfield plc raised £8.6m in a placing to part fund the acquisition of Brand Architekts, an owner and manager of mid-premium beauty and personal care brands
- Verona Pharma raised £44.7m to help fund its Phase 2b for RPL554 and clinical trial and additional Phase 2 studies in both COPD and cystic fibrosis

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- Raven Russia raised £108.7m through a Convertible Redeemable Preference Share issue which will allow the company to exploit new investment opportunities and reduce debt
 - Castle Street Investments plc raised £30.0m in a placing to part fund the acquisition of Selection Services Limited, a provider of IT solutions and Cloud services
 - The IPO of Harwood Wealth Management Group which raised £13.5m to acquire Wellian Investment Solutions.

Whilst M&A transactions announced included:

- The agreed merger of Skyepharma and Vectura to create an enlarged group with a market value in excess of £1bn, delivering significant value for its shareholders
- The recommended public offer by IDOX to acquire the equity capital of 6PM plc for £18.5m and associated £21m equity placing
- The sale of Cyprotex to Evotec A.G. at a price of 160 pence per share, a 74% premium to the prevailing share price, valuing Cyprotex at £41.7m
- The sale of Source BioScience in a recommended cash offer to Sherwood Holdings Limited which valued the company at £63m

We are pleased to have secured fifteen new clients over the last twelve months; the most recent being ECO Animal Health Group, Sanderson Group, Avingtrans and EKF Diagnostics. We look forward to working with all of our new and existing clients to help them realise their ambitions.

The year has also seen N+1 Singer broaden its range of client services, particularly in the area of investor access, and extend its partnerships. Of particular note is our agreement with Janney Montgomery Scott, based in the United States, which offers our clients the opportunity to access US investors. We have further augmented our research distribution through a tie up with Research Tree, which offers high net worth investors direct access to our research. Key shareholder Alantra (formerly N+1) has extended its geographic coverage, and now includes an established M&A franchise in the United States.

The year ahead will no doubt contain many surprises but we remain confident that we can find equity to support your business ambitions. The Stock Market comes in for criticism from time to time but we find that it is always open to good ideas whether they are acquisitions or simply the need for growth capital to drive organic opportunities.

We set up N+1 Singer with a specific aim to help UK plc and not only feel privileged to work with our clients but incredibly optimistic about the standing of UK plc in the World. Innovation through a variety of sectors, whether that be Industrial, Technology, Healthcare, Life Sciences, Software or simply through incredibly good management will provide many opportunities in the future.

We wish you all a successful 2017.

Tim Cockroft

Partner & Chief Executive

HIGHLIGHTS

Client		Transaction	Value
Bagir Group		Placing & subscription	£2.0m
Cyprotex plc		Sale	£41.7m
Idox		Placing & acquisition	£20.5m
Charlemagne Capital Limited		Sale	£40.0m
CVS Group		Placing	£30.2m
RM Secured Direct Lending plc		Admission to Main Market, Placing & Offer	£50.3m
FreeAgent Holdings plc		Admission to AIM & placing	£8.0m
Ten Alps plc		Placing	£0.8m
Futura Medical plc		Placing	£12.0m
Quantum Pharma		Placing	£15.0m
Swallowfield		Placing & acquisition	£8.6m
Verona Pharma		Placing	£44.7m
Raven Russia		Placing	£108.7m
Superglass Holdings		Sale	£6.6m

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APQ Global Limited		IPO & acquisition	£60.9m
SourceBioscience		Sale	£63.0m
Microsaic Systems		Placing	£5.4m
IPPlus		Disposal	£6.7m
Bagir Group		Placing	\$8.5m
PuriCore		Disposal	\$13.5m
Skyepharma		Merger with Vectura	£1,014.3m
mporium		Placing	£3.1m
Castle Street Investments		IPO & acquisition	£30.0m
Applied Graphene Materials		Placing	£8.5m
Pinnacle Technology Group		Placing & acquisitions	£4.5m
Instem		Placing	£6.6m
Harwood Wealth Management Group		IPO & acquisition	£13.5m

Janney Montgomery Scott

N+1 Singer is always looking for ways it can expand its client offering and to this end was pleased to announce the formation of a strategic alliance with Janney Montgomery Scott LLC (Janney) in the US.

Janney is one of the largest wealth managers in the United States, serving a range of individual, corporate and institutional investors via a network of professionals located in 108 offices throughout the United States. With roots dating back to 1832 and over \$66 billion of client assets the firm is ranked tenth largest in the United States.

Like N+1 Singer Janney has expertise in the mid and smaller cap companies market with particular focus on Life Sciences, Healthcare, high tech Industrials and Financials. The partnership expands the access N+1 Singer can provide to a diverse investor audience. It will now be possible to leverage the Janney network in order to arrange US roadshows for those clients look to gain exposure to a US client base. During this year meetings have been arranged for Abzena and Summit Therapeutics amongst others, with more roadshows in the pipeline for 2017.

If you would like to learn more about our new partnership or investigate opportunities for engaging with a US audience please don't hesitate to contact Lisa Alarcon in our Investor Relations team.

Sponsorship Activity



N+1 Singer sponsors Hannah Cockroft, Paralympic and triple world champion, for the second year running on her road to the 2018 Paralympic Games in Tokyo.

The 2016 Paralympic Games began with a spectacular opening ceremony at the Maracanã Stadium in Rio. The country welcomed more than 4,300 Paralympians this year and we were

proud to sponsor British wheelchair racer, Hannah. 'Hurricane' Hannah successfully won three gold medals in the Women's 100 metres T34 Final, the Women's 400 metres T34 Final, recording a new world record time of 58.78 seconds, and the Women's 800 metres T34 Final.

After a record breaking medal tally in the Rio Olympic Games, ParalympicsGB surpassed their London 2012 medal tally of 120 on day nine of the Games in Rio and finished with 147, second in the medal table behind China.

Hannah is one of Team GB's biggest Paralympic stars and N+1 Singer is thrilled to be a part of her amazing success story.

Hannah's journey:

Hannah was born in 1992 and started racing for the first time at the age of 15 while studying at the Loughborough University. In 2010, she competed at the British Wheelchair Athletics Association International event and broke four world records whilst winning her first international medals at the 2011 IPC Athletics World Championship in New Zealand.

The next year she managed to become the first Paralympic athlete to break a world record in the London Olympic Stadium, recording a time of 18.56 seconds to win the 100 metres T34. 'Hurricane Hannah' continued her record breaking at the 2013 IPC Athletics World Championships in Lyon, France winning both the 100m and 200m world titles.

The 2014 season saw Hannah setting a new world record in the 100m (17.91 seconds) at the IPC Athletics Grand Prix in Nottwil, Switzerland while also claiming European titles in the 100m and 800m in Swansea, Great Britain.

In June 2015 she broke her 200m world record (30.51 seconds) and months later won three world titles in Championship record time.

After her success at the Paralympics, Hannah visited our offices here in London to share her experiences from the Rio 2016 Paralympics.

1000 Companies to Inspire

In recognition of N+1 Singer's positive growth in revenue over the last four years, the London Stock Exchange chose to feature our company in the third edition of the landmark "1000 Companies to inspire Britain" report; showcasing the UK's most inspiring and fast growing small and medium-sized enterprises.



The report has received the support of the Government and major political parties who have contributed forewords to the report alongside contributions from the UK's major business associations.

To be selected for the list, businesses had to demonstrate not only positive growth in revenue over the last four years, but also significantly outperform their sector peers. More specifically, the companies highlighted in the report have a compound annual growth rate of 71%.

The LSE "1000 Companies to inspire Britain" is fast becoming one of the most exciting initiatives aimed at applauding Britain's entrepreneurial talent and N+1 Singer is excited to be recognized as one of the most vibrant companies to inspire Britain.

KEY FACTS ABOUT N+1 SINGER

- N+1 Singer is one of the UK's leading corporate advisory and broking firms. We offer a full range of client services with a clear focus on UK small and mid-cap equities
- £1.9bn of growth capital has been raised for our clients since the start of 2013 delivering an average return to investors of 26%
- We are 68% employee owned; with significant participation across all employee groups the business has a strong partnership culture
- N+1 Singer is backed by two blue chip investment institutions, Artemis and Henderson
- Our other major shareholder, Alantra, provides access to leading international M&A and debt advisory capabilities
- Leading financial advisory, broking and sales teams ensure N+1 Singer offers exceptional client support in all areas of corporate activity
- 10 core sectors of focus: Technology, Life Sciences, Healthcare, Industrials, Consumer, General Retail, Media, Support Services, Financials, Investment Funds
- More than 200 stocks under research and market making coverage of around 600 stocks

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One Bartholomew Lane, London, EC2N 2AX

Telephone: +44(0)20 7496 3000

www.n1singer.com



Also located at:

West One, Wellington Street, Leeds, LS1 1BA

Earl Grey House, 75-85 Grey Street, Newcastle upon Tyne, NE1 6EF

Registered in England No. 07997006

