

# HYBRIDAN

YOUR PARTNER FOR GROWTH

***May 2026***

We have always been small cap focused: our strongest corporate relationships range up to 15+ years highlighting commitment

- We raise capital for companies in the **most efficient manner possible and pride ourselves as being consistently profitable** achieved through a highly disciplined approach when seeking to create both corporate and institutional relationships.
- Our own structure means we do not need to have a "**float and forget**" mentality and focus instead on aftermarket support for clients.
- We spend time with our corporates on "non-deal activity". The quality of our institutional relationships is of paramount importance to us.
- We communicate the investment cases of our clients to the market through **equity research and frequent non-deal investor road shows**. We provide **market-driven corporate finance** advice to our clients to help deliver shareholder value.
- We can **consistently put you in front of new investors** who can buy shares in the market and not just in placings.
- Our core investor base includes but not limited to: **Institutional fund managers, VCT and EIS fund managers, Regulated Family Offices and Wealth Managers**
- **We take care to cultivate our relationships with many research aggregators and upload research to** AlphaSense, BlueMatrix, Bloomberg, FactSet, Interactive Investor, Morningstar, LSEG (Refinitiv), Master Investor, WorldFlow, Research Tree, Smartkarma, Research Pool, Proactive, SNL Financial, S&P Global, VOX Markets and WorldFlow.

# Hybridan: Your Partner for Growth



**We have a long and proud track record of helping growth companies to raise capital, promote investor awareness and adapt their capital structure to their stage of development.**

- Our focus is on helping our corporate clients grow in the most efficient way possible, with none of the conflicts of interests that can arise from also providing other services such as market making and wealth management.
- We are in continual contact with our corporate clients to ensure they are speaking to the most relevant investors and that the most productive listing, capital-raising or investor outreach strategy is being followed at any given time in the market cycle.
- Coupled with our focus on our corporate clients, the quality of our institutional investor relationships is of paramount importance to us and is what sets us apart from our peers. These relationships have proven invaluable.

Regulated by the FCA.

Member of the LSE.

London Stock Exchange

Member of the CISI.

CISI
CHARTERED INSTITUTE FOR SECURITIES & INVESTMENT

Member of the QCA.

QUOTED COMPANIES ALLIANCE
MEMBER

Expertise in stocks quoted and listed on the, LSE, AIM, AQSE

Incorporated in January 2007. Held in high regard by corporates and institutions.



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# Our Offering

- Corporate Finance
- Corporate Broking
- Equity Research
- EIS/VCT Strategies and Fundraising
- Investor Access
- Valuation work eg. Expert witness projects
- Fundraising
- Pre IPO planning and IPO preparation

# The Three R's

## Research

- We believe that research by a broker who has spent years nurturing the trust of institutions carries significant credibility.
- The digestion of an in depth research note is often an investor's first step in the due diligence process, followed up by regular updates so that news is viewed in a relevant context.
- We are happy to consider Research Only mandates.

## Roadshows

- To gain a new shareholder, companies may need multiple meetings, over a period of months or if not years.
- We have shown that over time smaller quoted companies can build up significant institutional holdings.
- We are happy to consider Investor Access Only mandates.

## Results

- The companies' financial results are the element most closely within the remit of the company itself. This applies to financials, or milestones in the execution of the business plan as well as non-financial KPIs.
- We stress the importance of delivering relevant and material news flow between the bi-annual statutory reporting dates that prevail.

# Our Work

A level of professionalism in handling investors and research normally found in a large institution, but our expertise is in the small cap arena.

No NOMAD, no wealth management and no market-making = no conflicts and no hidden profit centres with different agendas.

Corporate Broking is what we do best: our only interest is in looking after our Corporate customers, which also means looking after our investors.

Well-connected, often presenting at events, interviews and podcasts. CEO was Director and Deputy Chair on the QCA Board (2013-2025), sits on the AQSE advisory, was Chair of the Small Cap Awards and sits on an AIM listed Board. Head of Corporate Broking member of QCA Market Expert Group.

We are constantly monitoring for developments both in our market and clients' markets too, publishing our daily *Small Cap Feast, Friday Takeaway, Monthly update with Master Investor & Small Cap Club* update which is sent to over a thousand investors and other market participants.

There is no hidden agenda behind our corporate finance advice to growth companies. It is 100% driven by our expert knowledge on current investor sentiment when it comes to valuation and deal structure. Test-marketing for every new corporate is essential in our take on procedures to ensure there is investor appetite ready and waiting.

We are one team of people and are very accessible beyond normal working hours.

# We try to avoid

What we feel we don't understand and therefore investors may not understand.

A sector that is an area of decline or managed decline.

Questionable numbers – or lack of delivery against targets set in fund raise use of proceeds, companies without revenue traction and those with inefficient cost bases. We avoid "jam for tomorrow" valuations based on multiples which do not reflect the current market sentiment.

Red flags in management (appropriate management team for size of company, an equally strong CFO as CEO, an independent non exec board, and exec management having alignment with investors in terms of stakes in the business).

# VCT and EIS Update

## VCT

A VCT is a company, similar to an investment trust, that has been approved by HMRC and invests in, or lends money to, unlisted companies. Under the VCT scheme, VCTs and their investors enjoy certain tax reliefs

Under VCT you can:
- ✓ Raise up to £10m each year. £20m for knowledge-intensive companies receiving investments on or after 6 April 2026
- ✓ Maximum of £24m Company lifetime. £40m for knowledge-intensive companies*

A VCT may invest in your company if it has:
- ✓ no more than £30m in gross assets pre monies, £35m post monies
- ✓ less than 250 employees, 500 for knowledge-intensive companies
- ✓ not been more than 7 years since its first commercial sale, 10 years for knowledge-intensive companies
- ✓ has a permanent establishment in the UK
- ✓ Requirement where a VCT invests in a company the trade or research and development that benefits from the VCT investment must be carried on by the company in which the investment is made, or a relevant qualifying subsidiary (a 90% subsidiary) that company, but it need not be the same company at all times.
- ✓ Company must not control any company which is not a qualifying subsidiary of the relevant company
- ✓ Any subsidiary that the issuing company has must be a qualifying subsidiary of the company

## EIS

EIS is designed so that your company can raise money to help grow your business. It does this by offering tax reliefs to individual investors who buy new shares in your company.

Under EIS you can:
- ✓ Raise up to £10m each year. £20m for knowledge-intensive companies receiving investments on or after 6 April 2026
- ✓ Maximum of £24m in Company lifetime. £40m for knowledge-intensive companies*

Company will qualify if:
- ✓ No more than £30m in gross assets before shares issued, and not more than £35m immediately afterwards
- ✓ Less than 250 employees, 500 for knowledge-intensive companies
- ✓ Been no more than 7 years since its first commercial sale, 10 years for knowledge-intensive companies
- ✓ has a permanent establishment in the UK
- ✓ is not trading on a recognised stock exchange at the time of the share issue and does not plan to do so (AIM and AQSE are exempt)
- ✓ does not control another company other than qualifying subsidiaries
- ✓ is not controlled by another company, or does not have more than 50% of its shares owned by another company
- ✓ does not expect to close after completing a project or series of projects
- ✓ use the money for growth and development

**Things to Consider**
- X VCT can sell withing 3 years, EIS you cannot. If EIS funds are sold within 3 years, tax reliefs will not apply.
- X Ensure you have procedures in place to segregate qualifying monies and non qualifying in your Company.

*To qualify as a knowledge intensive company, you and any qualifying subsidiaries must have less than 500 full-time employees and either: be carrying out work to create intellectual property and expect the majority of your business to come from this within 10 years or have 20% of employees carrying out research for at least 3 years from the date of investment - these employees must be in a role that requires a relevant Master's or higher degree.
Operating costs conditions: You must spend some overall operating costs on research, development or innovation. This should be either: 10% a year for 3 years or 15% in one of 3 years. If your company is at least 3 years old, you must have done this in the 3 years before the investment. If your company is less than 3 years old, you must do this in the 3 years following the investment. You'll need to submit a schedule, supported by accounts to show that you have. Limits on Age: You can receive investment under EIS as long as it's within 10 years of either your: annual turnover going over £200k or first commercial sale.

# Current Market Sentiment:



# General

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**M & A: 2025 saw a drop in M&A volume, however the value increased.**

- Investors moved from "cautious optimism" to "selective aggression": willing to pay premiums for more higher-quality and resilient assets.
- Total deal volume from 2024 to 2025 decreased by 12%, while Total Deal Value increased by 12%.
- The standout performer being FS, with deal values increasing 44% year-on-year, driven by mergers in insurance and wealth management.

**Regulation:** Main Market restructure, New Main Market Rules, Prospectus Regime, AIM Rules Consultation and AQSE market consultation.

**Sector Themes**: **Positive:** Financials, Energy, Industrials, Defence, Select Healthcare & **Mixed:** Technology and Growth stocks (rate-dependent) Challenged: UK domestic consumer-facing sectors.

**IPOs as exit**

- Investor confidence rebounded in late 2025 as macroeconomic indicators strengthened and monetary policy became more predictable.
- PE sponsors are increasingly returning to IPOs as a viable exit route, with PE-backed listings doubling in early 2025 and expected to anchor the 2026 market.

**Structural & Strategic Weakness Remains Unresolved**

- Talk about rebranding/restructuring ideas e.g., "Global Growth Exchange" and PISCES.

**Valuation & Performance**

- UK small caps faced weak relative performance, and UK equity issuance is still at historically low levels.
- Market sentiment indicators and capital flows continue to skew away from small-cap public equity.

**Markets** (see overleaf for a look at Main, AIM and AQSE in depth)

- 2-4 AIM companies move from AIM to the Main Market each year. In 2025, there were 7, and more companies making the move in 2026. CVS Group and GlobalData have moved already. Young and Co planning to move in the Q2 2026, Serica Energy and Amaroq Minerals planning to move later in 2026. These 3 companies are capitalised at around £2bn, so it will be more large market caps leaving AIM.

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# Main Market

**Structural Reforms & Strategic Overhaul**

- The New Prospectus Regime was launched in 2026, allowing for listing companies to raise up to 75% of share capital without a prospectus, making London a more competitive marketplace.
- The newly introduced **UK Listing Relief and a three-year stamp duty** exemption for newly listed companies are key strategic measures designed to strengthen London's competitive position against international rivals.
- Reforms to attract broader base of innovative cross-border issuers, streamlining listing requirements and modernising disclosure frameworks.

# AIM Market

**Structural Reforms & Strategic Overhaul**

- Dual-Class Share Structures (DCSS) are now permitted on AIM to align with the Main Market.
- There has been a move towards simplified disclosures to reduce the cost and length of IPO filings.
- Companies allowed more freedom for M&A: threshold for 'Significant Transactions" increased from 10% to 25%, aligning with Main Market.
- LSE acknowledged AIM needs reform, issuing a 2025 discussion paper on the future of the market, but still unresolved.

**Sentiment and Exit Drivers**

- Circa 622 AIM companies by late 2025: 22 companies were admitted in 2025, while there were 89 cancellations. This does look to be a slight improvement on 2024's record low since AIM's launch in 1995.
- With AIM trading at a significant discount to its 10-year average, private equity and trade buyers now view the market as a "hunting ground" for undervalued growth assets.

**Budget Changes to VCT**

- Renewed focus on preserving Inheritance Tax (IHT) relief and EIS/VCT eligibility as critical drivers for the AIM investor base.
- The November 2025 Budget included rate cuts to upfront income tax relief where it will fall from 30% to 20% starting April 2026. This has led to investors pouring £310m into VCTs since the budget announcement to lock in the 30% relief before it expires.

# AQSE

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## Market Performance and Growth

- Current number of companies listed (February 2026): ~81, Average market capitalisation: £16m

## Regulatory Position

- AQSE was acquired by SIX Exchange Group AG (operator of Swiss and Spanish exchanges) with SIX aiming to use Aquis as a leading "leading pan-European listing venue".
- UK's Listing rules also impacted AQSE, with the FCA finalising rules in H1 2025 to simplify the prospectus process.

## Market Position

- Not all issuers on AQSE are automatically available on the RSP (Retail Service Providers). This inhibits trading volumes as retail investors cannot deal online but have to ring up their respective dealing desks increasing time and cost to trade.
- Lack of available data on issuers: professional investors who use terminals such as Bloomberg are not automatically provided with basic trading data such as Level 2. Less data = less likelihood of investors buying.
- Over-reliance on "momentum" stocks; zero/nascent revenue companies in bitcoin treasury, AI and quantum computing that have a large retail following often leading to unsustainable valuations…..
- ……THAT being said AI is of itself a sector worth consideration applying all the usual parameters as to what makes a good business and something every business should be thinking about.

# 2026 Outlook

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**Overall Sentiment**

- Cautiously constructive outlook for 2026
- Investor confidence improving, but still selective
- Valuations are viewed as attractive relative to global peers
- Any short surge is invariably followed by a crash when reality (and fundamentals) start to kick in eg in AI, digital currency.

**Key Supportive Factors**

- Expected easing in UK monetary policy supporting risk assets
- Renewed international interest driven by value opportunities
- Strong dividend yields attract income-focused investors

**Key Risks & Headwinds**

- Slower UK and European economic growth remain a concern
- Geopolitical uncertainty
- Sector-specific pressure in consumer discretionary and commercial real estate

**Investor Positioning**

- Shift from defensive to selectively cyclical exposure
- Preference for high-quality balance sheets and cash-generative businesses: prioritising "quality" over quantity, specifically seeking companies with operational resilience and pathways to profitability
- Continued focus on dividends, buybacks, and capital discipline

**Markets**

- A build-up of smaller "diverse international" companies delayed listings in 2025 eyeing early 2026.
- Ongoing work with the FRC and QCA aims to make audit costs and governance reporting more proportionate for smaller issuers.
- Sentiment is rebounding in 2026 as interest rates fall, which is historically a strong tailwind for smaller caps. Analysts project the AIM All-Share to outperform the FTSE All-Share in 2026. A bottoming out of equity fund outflows.

## HYBRIDAN LLP

E: enquiries@hybridan.com
W: www.hybridan.com

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@hybridanllp

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