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COMPANIES
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Small and Mid-cap Sentiment Index

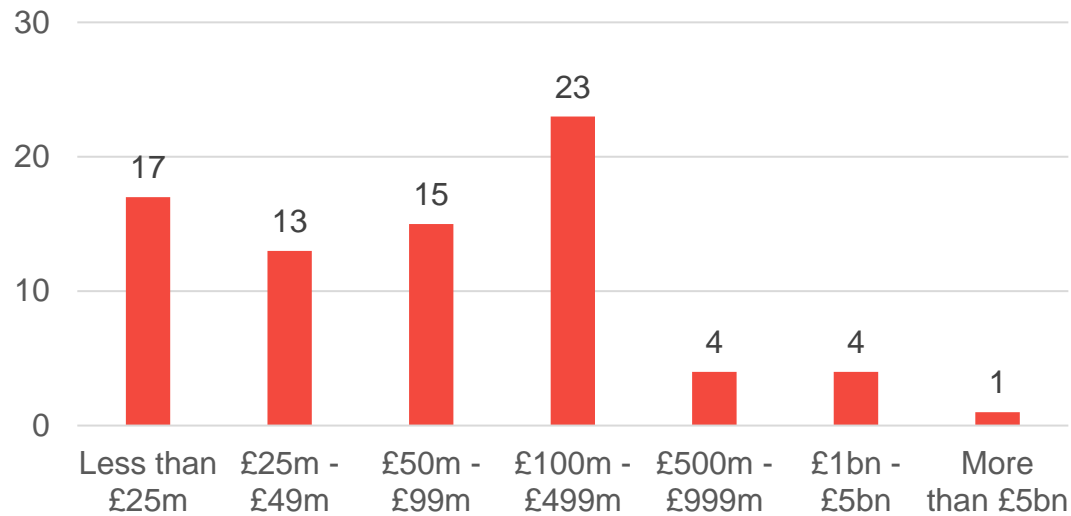
Wave 30, April 2023



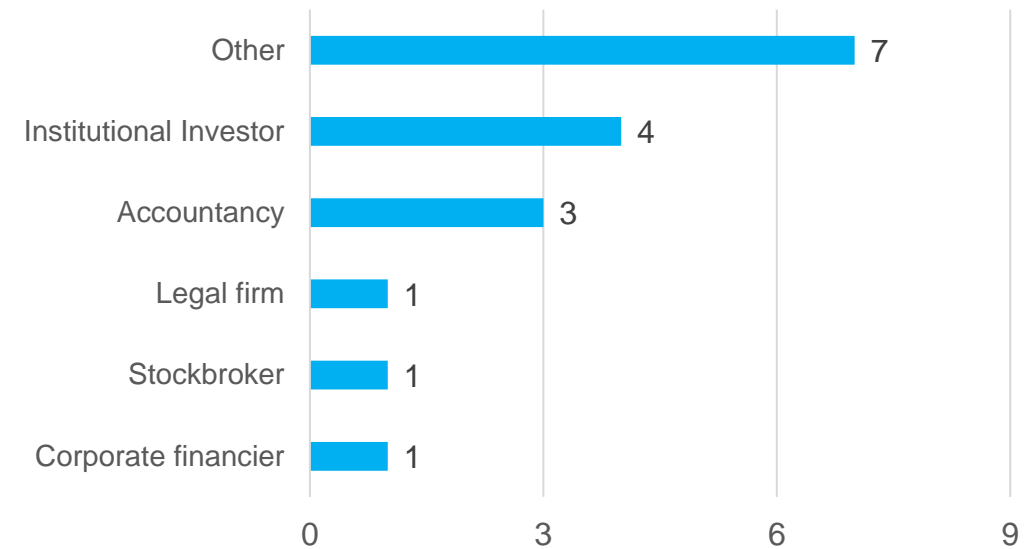
Respondent profile

- Survey conducted between 5th and 25th April 2023 by YouGov.
- **94** respondents: **77** from small and mid-cap UK quoted companies, **17** from advisory companies.

Market cap of quoted company respondents



Profile of advisor respondents



1. Key indicators

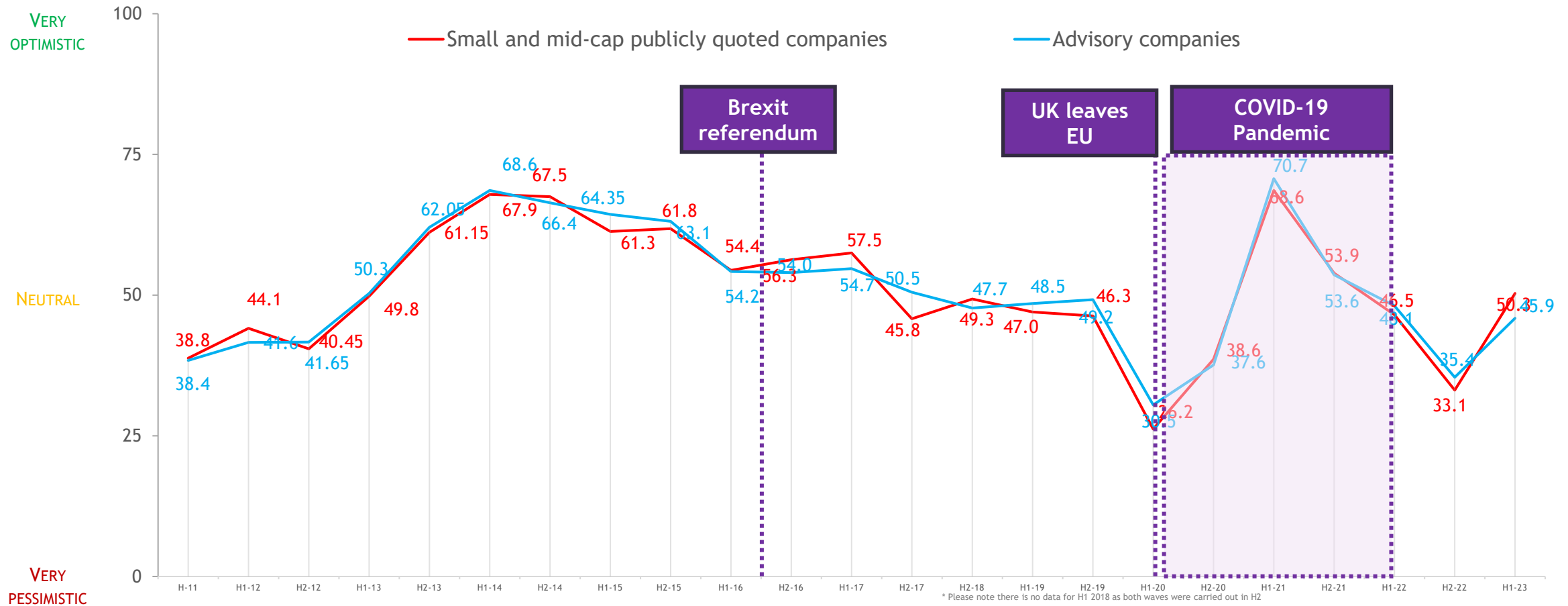
Economic and business outlook

This wave has revealed that optimism over the UK economy has improved dramatically since the last survey in H2 2022, increasing by 52% in H1 2023.

There is also improved optimism towards business prospects over the next 12 months, an expected 10% increase in job growth and a 16.6% in mean expected turnover.

How optimistic or pessimistic do you feel about the UK economy over the coming 12 months?

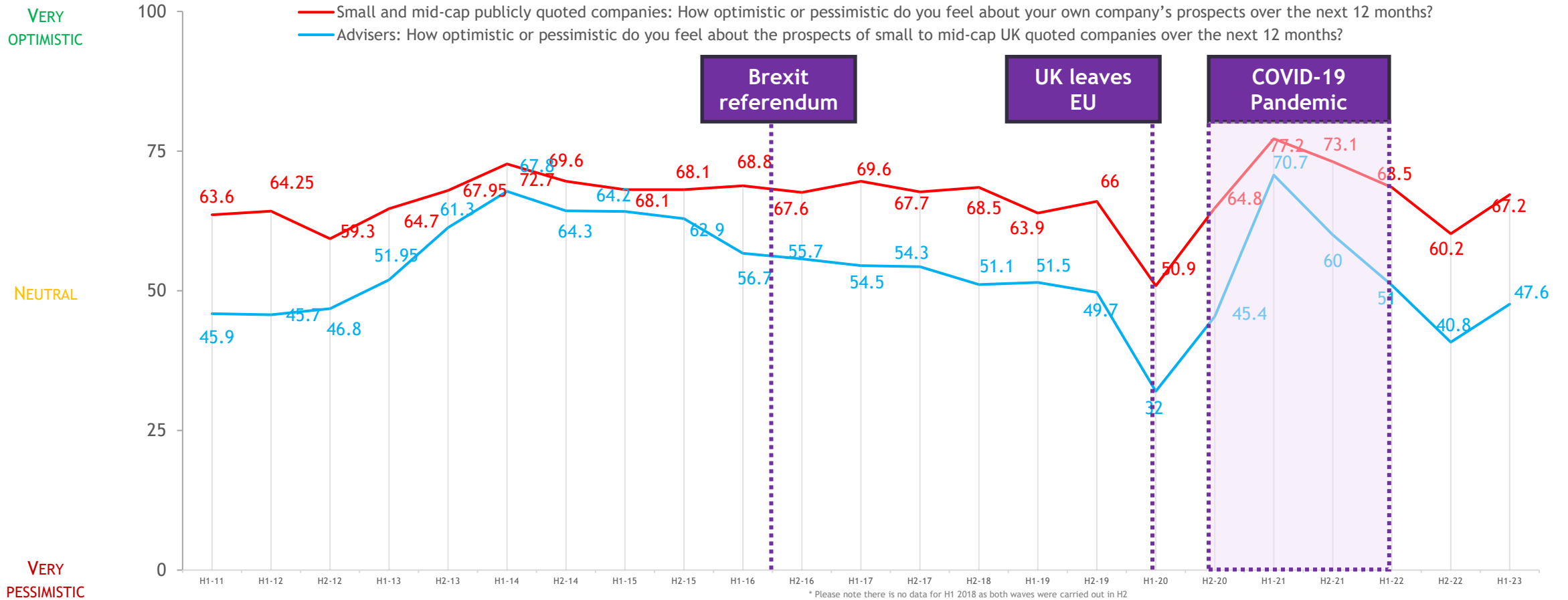
Mean scores (where 0 represents 'very pessimistic', 50 'neutral' and 100 'very optimistic')



BASE: SEP 11: 100; JAN 12: 150; APR 12: 132; JUL 12: 136; OCT 12: 114; JAN 13: 137; APR 13: 125; JUL 13: 113; OCT 13, 133; JAN 14, 127; APR 14, 107; JUL 14, 119; JAN 15, 133; MAY 15, 133; SEP 15, 125; MAR 16, 113; SEP 16, 101; MAY 17, 105; DEC 17, 109; JUN 18, 111; NOV 18, 105; JUN 19, 78; NOV 19, 110; APR 20, 132; NOV 20, 141; MAY 21, 103; OCT 21, 118; APR 22, 107; OCT 22, 104; APR 23, 77 SMALL AND MID-CAP PUBLICLY QUOTED COMPANIES;
 SEP 11: 64; JAN 12: 87; APR 12: 103; JUL 12: 68; OCT 12: 86; JAN 13: 112; APR 13: 97; JUL 13: 76; OCT 13, 89; JAN 14, 88; APR 14, 73; JUL 14, 78; JAN 15, 69; MAY 15, 73; SEP 15, 92; MAR 16, 69; SEP 16, 59; MAY 17, 52; DEC 17, 64; JUN 18, 42; NOV 18, 47; JUN 19, 39; NOV 19, 39; APR 20, 45; NOV 20, 52; MAY 21, 28; OCT 21, 24; APR 22, 21; OCT 22, 41; APR 23, 17 ADVISORY COMPANIES

Optimism/Pessimism toward business prospects

Mean scores (where 0 represents 'very pessimistic', 50 'neutral' and 100 'very optimistic')



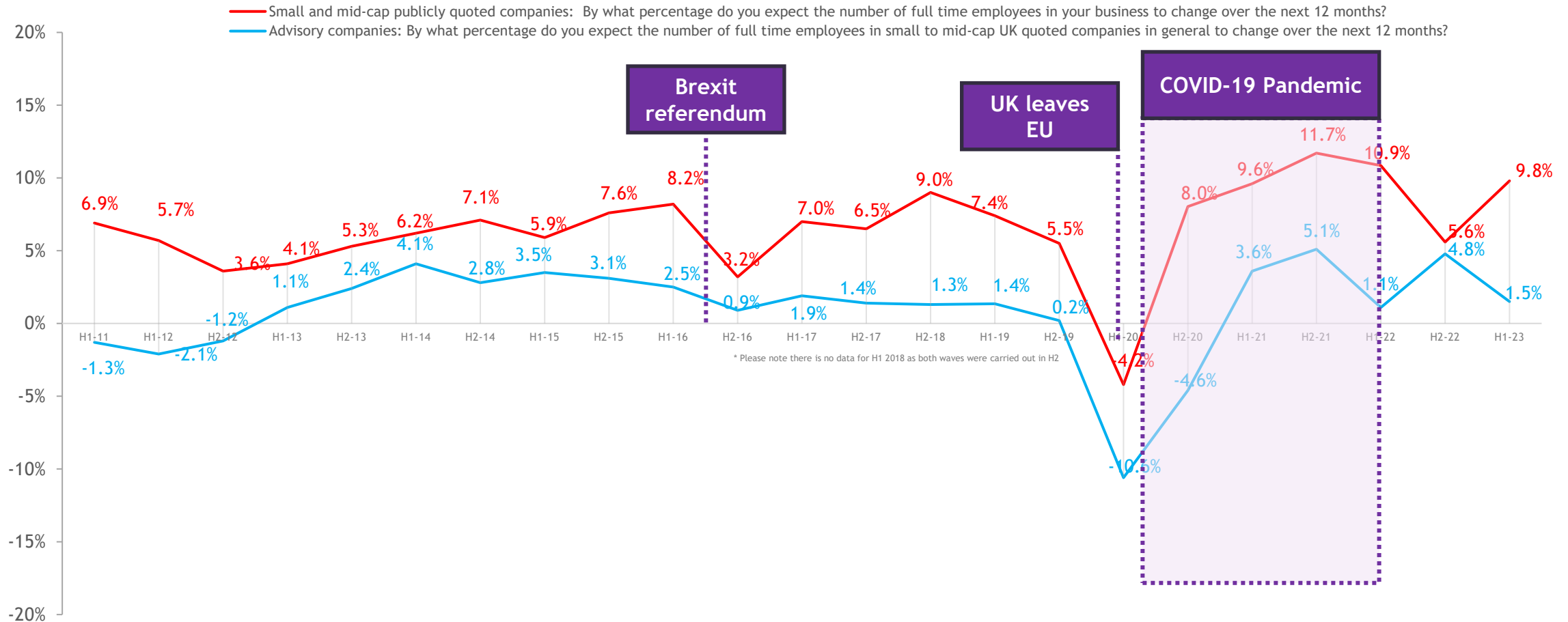
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5



Expectations regarding job growth: Mean expected employment change over the next 12 months



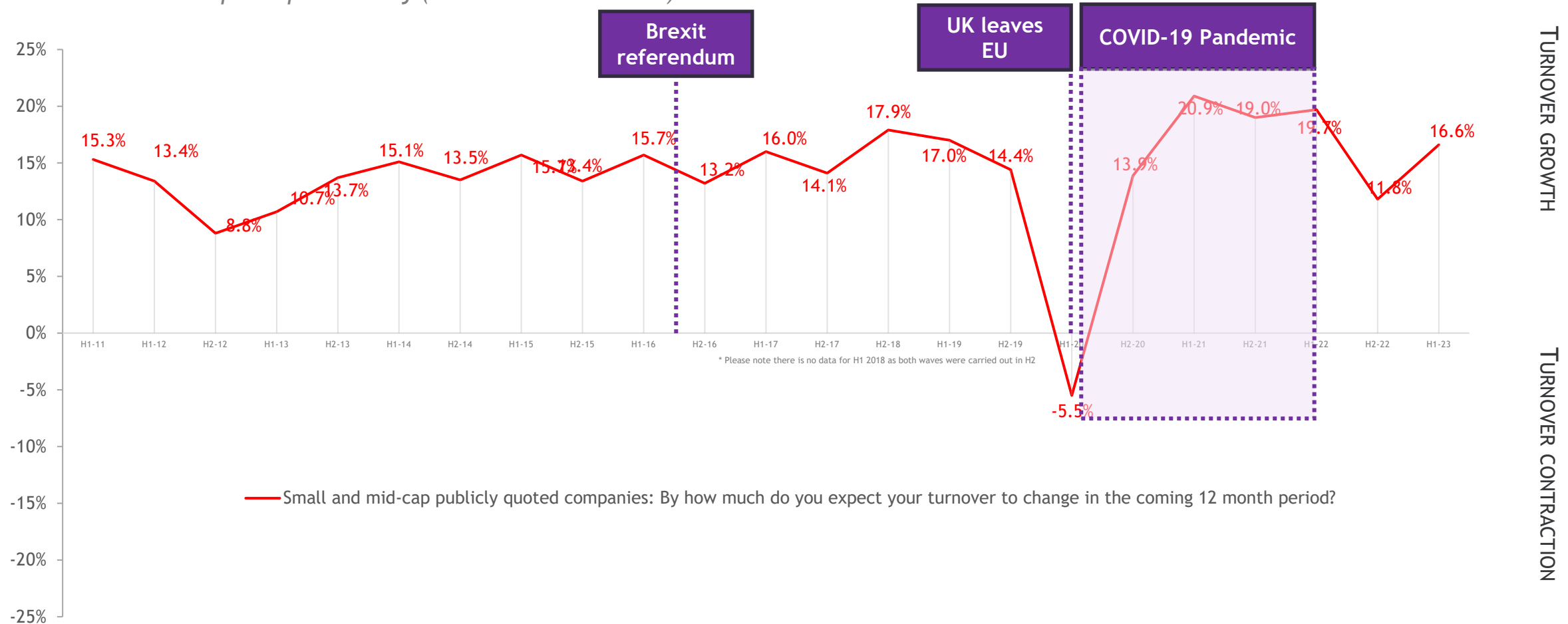
EMPLOYMENT GROWTH

EMPLOYMENT CONTRACTION

BASE: SEP 11: 100; JAN 12: 150; APR 12: 132; JUL 12: 136; OCT 12: 114; JAN 13: 137; APR 13: 125; JUL 13: 113; OCT 13, 133; JAN 14, 127; APR 14, 107; JUL 14, 119; JAN 15, 133; MAY 15, 133; SEP 15, 125; MAR 16, 113; SEP 16, 101; MAY 17, 105; DEC 17, 109; JUN 18, 111; NOV 18, 105; JUN 19, 78; NOV 19, 110; APR 20, 132; NOV 20, 141; MAY 21, 103; OCT 21, 118; APR 22, 107; OCT 22, 104; APR 23, 77 SMALL AND MID-CAP PUBLICLY QUOTED COMPANIES;
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Expectations regarding turnover: Mean expected turnover change over the next 12 months

Small and mid-cap companies only (not asked to advisers)



TURNOVER GROWTH

TURNOVER CONTRACTION

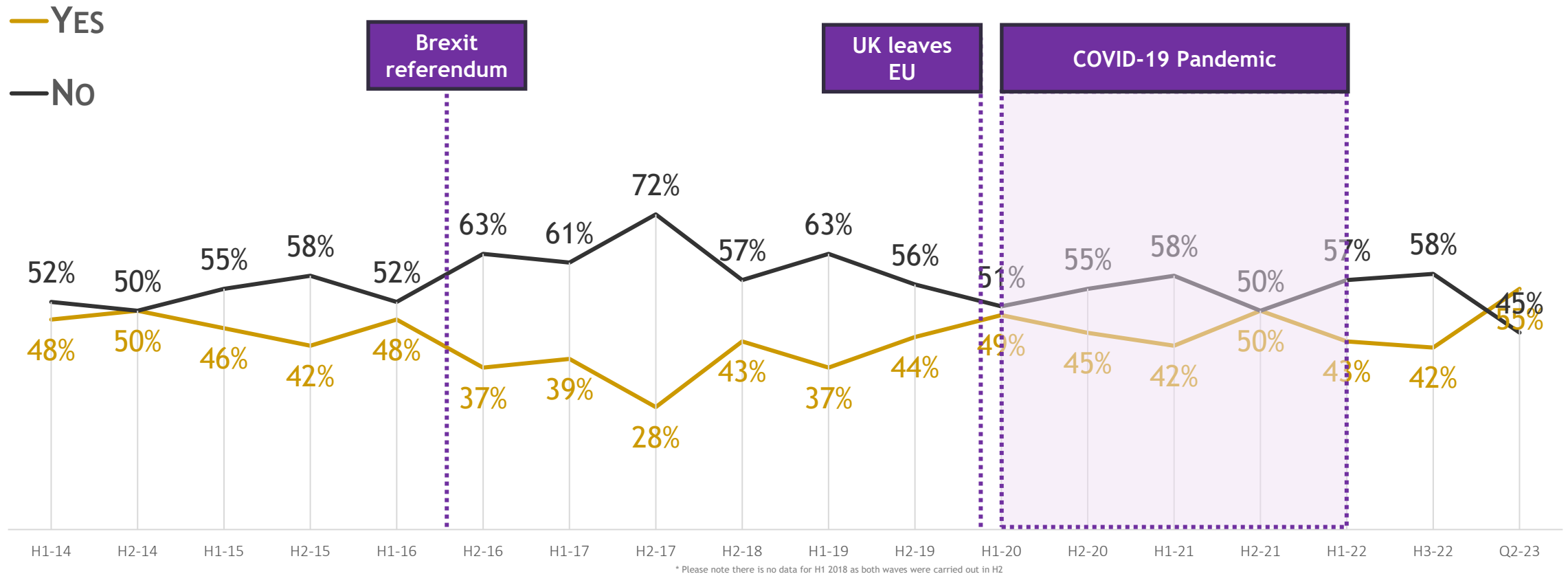
2. Access to Capital

Fundraising plans and challenges



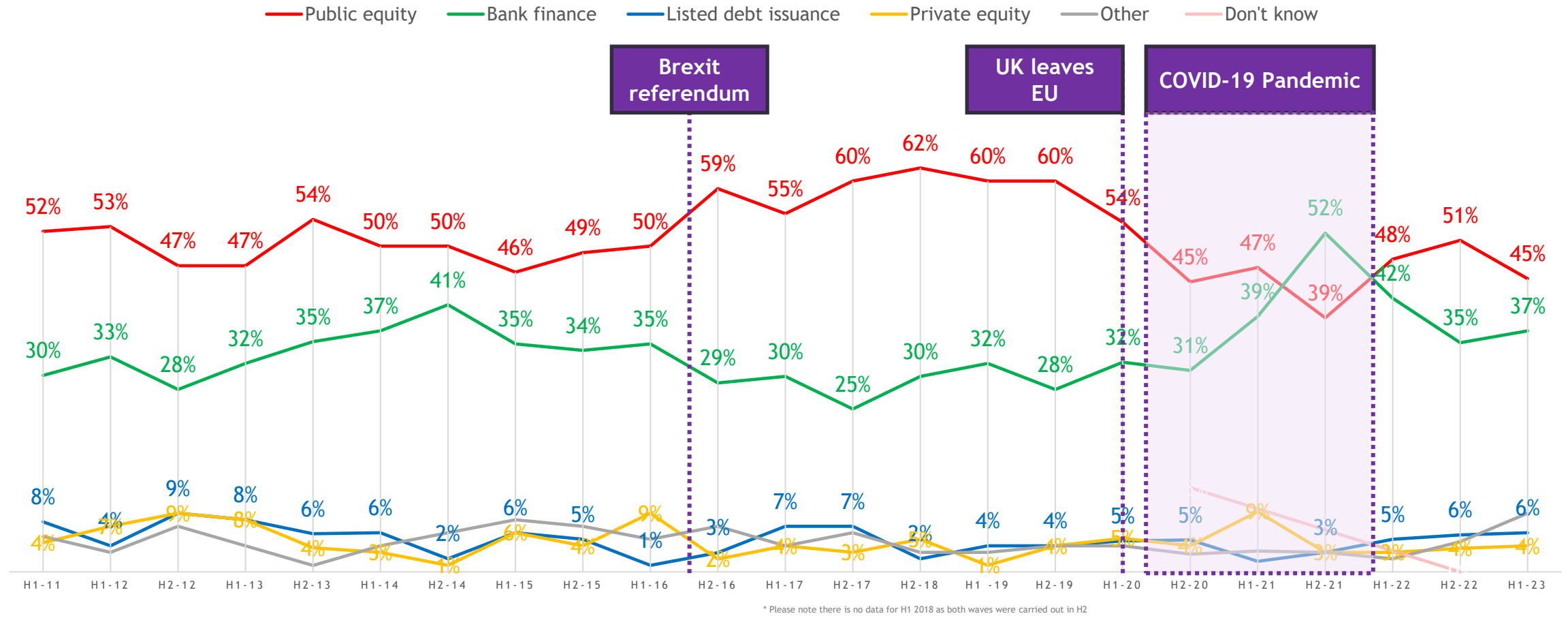
Raising capital for small and mid-caps

Are you considering raising capital for your company in the next 12 months?



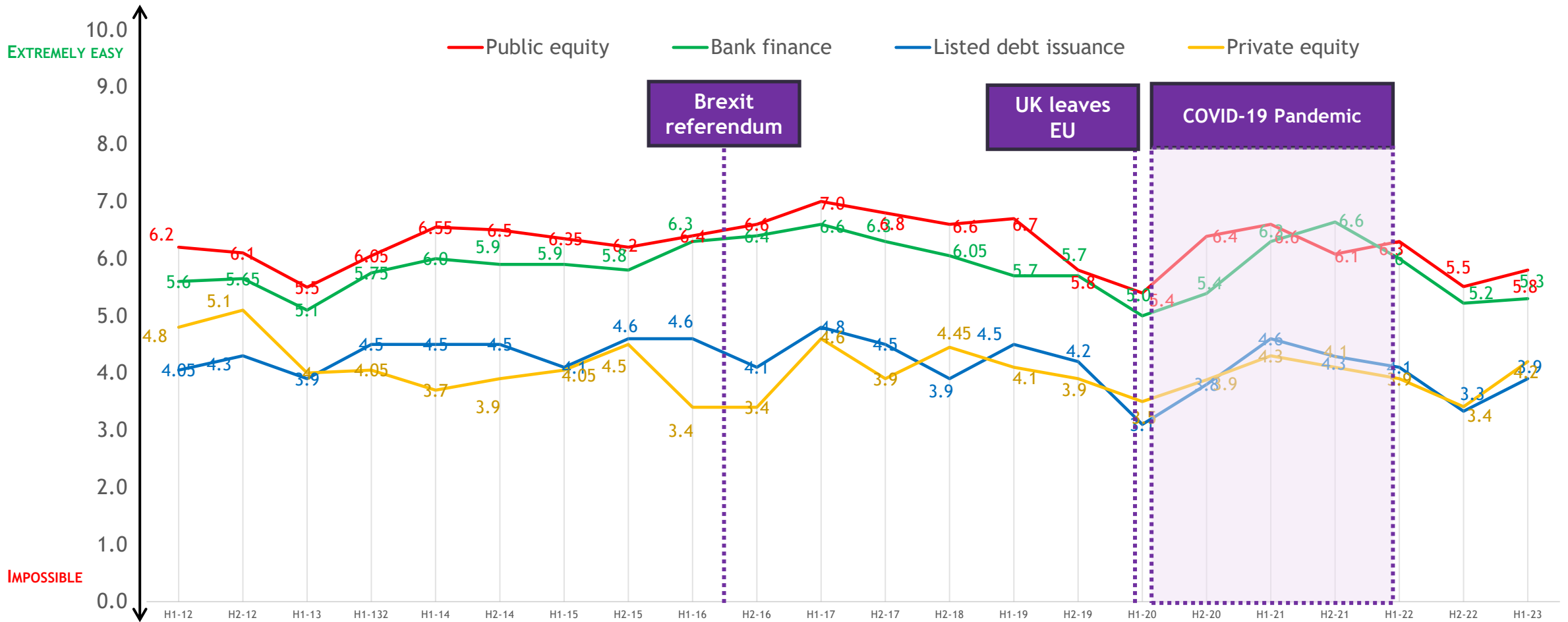
Raising capital (small and mid-caps only)

What would be your preferred way of raising capital, if the need arose in the next 12 months?



Ease of raising capital for small and mid-caps

How easy or difficult would your company currently find it to raise finance through the following channels? **Mean scores - Companies**



* Please note there is no data for H1 2018 as both waves were carried out in H2

— Topical Questions

New addition to previous waves

In this section, we explored the perceived outlook on merger and acquisition activity within the small and mid-cap sector.

Companies have expressed their concern at being the subject of a possible takeover bid over the next 12 months.

In comparison with 12 months ago, one in three also feel more vulnerable to a takeover.

One in six quoted company directors were likely to consider moving their primary listing within the next year.

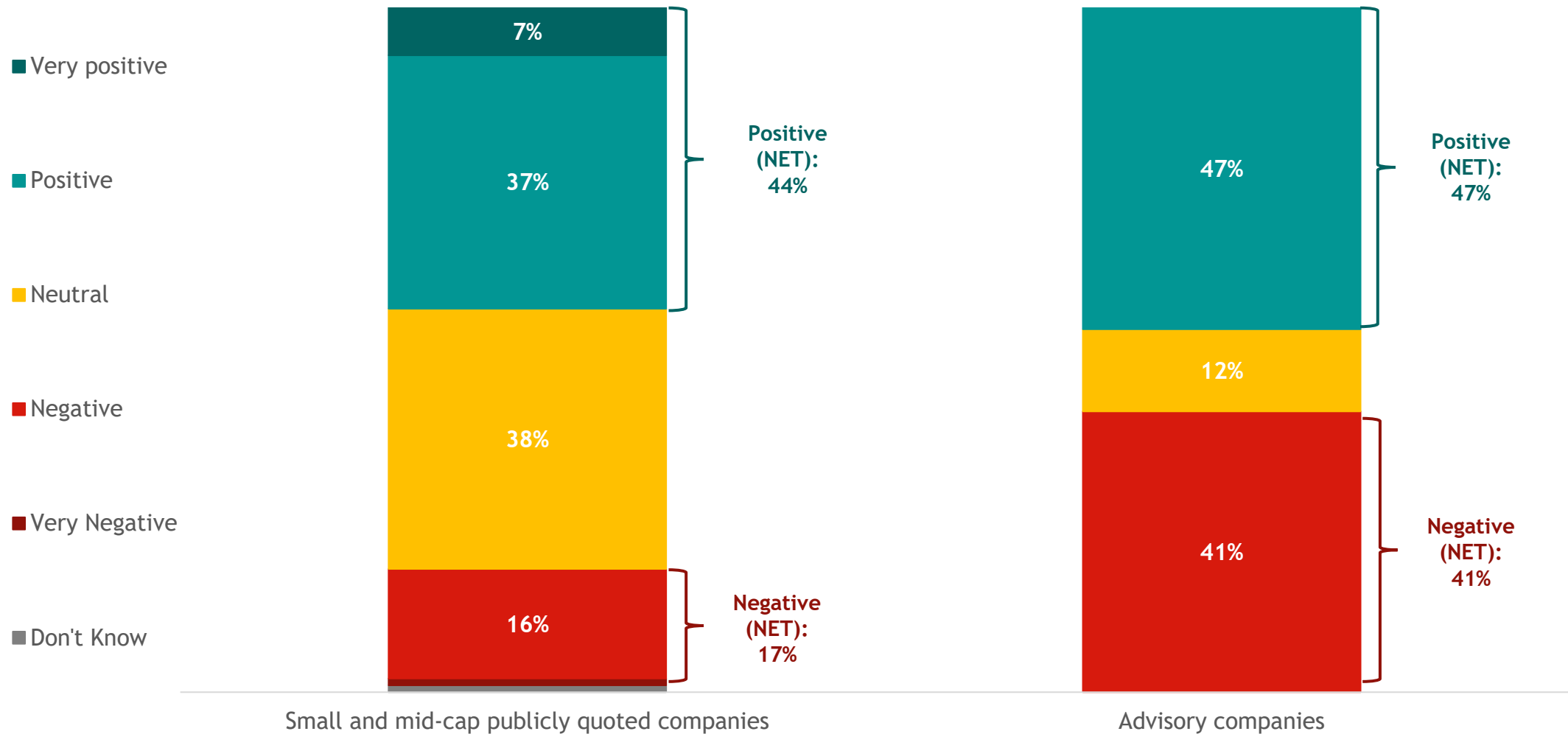
The desire for improved liquidity was the key reason cited by this group, closely followed by better valuations elsewhere, better access to capital and other markets' better reputation.

De-listing is also a likely consideration for one in seven of the quoted company directors surveyed, reinforcing the ongoing reduction in the number of listed companies on the UK stock market.

Bosses said they were turned off by disproportionately high levels of regulation for smaller stocks, as well as a lack of liquidity.

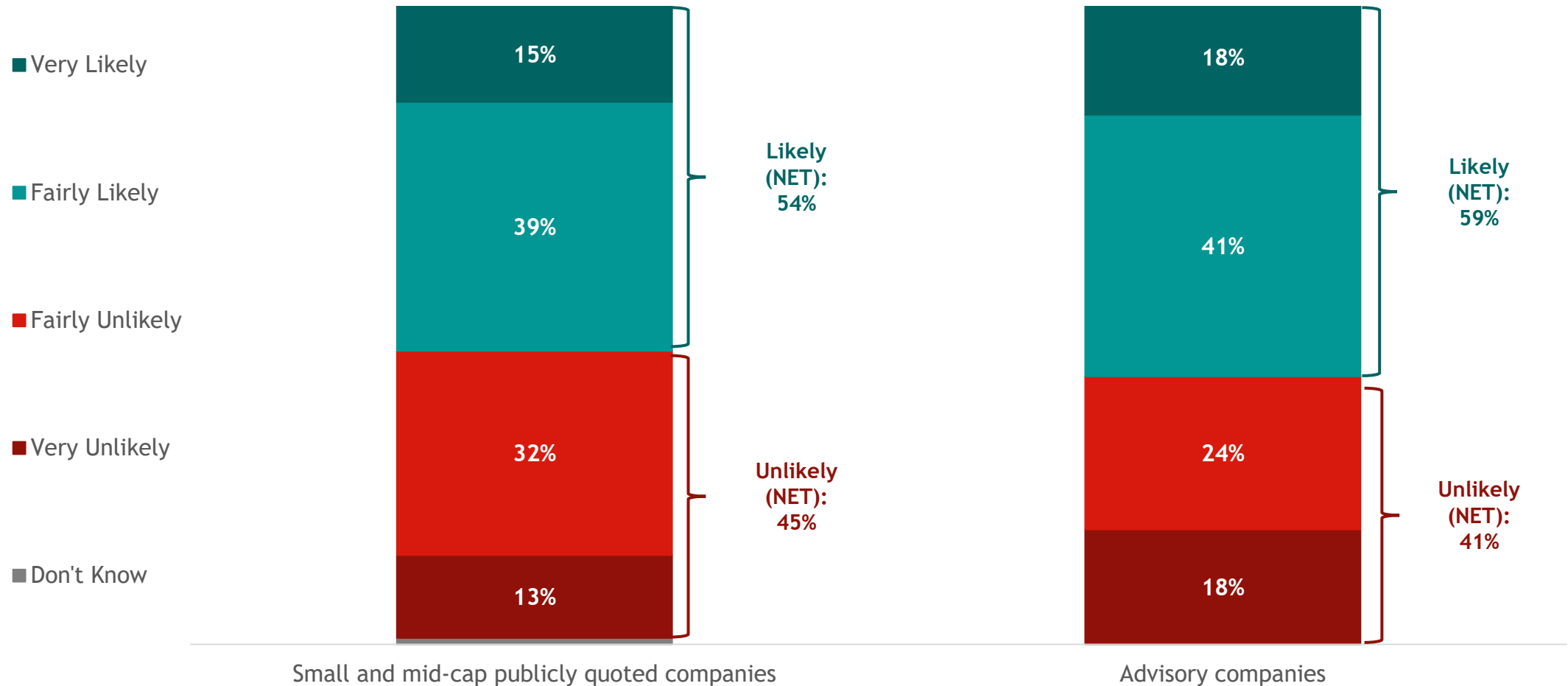
M&A outlook

What is your view on the general outlook for mergers and acquisitions (M&A) activity over the next 12 months?



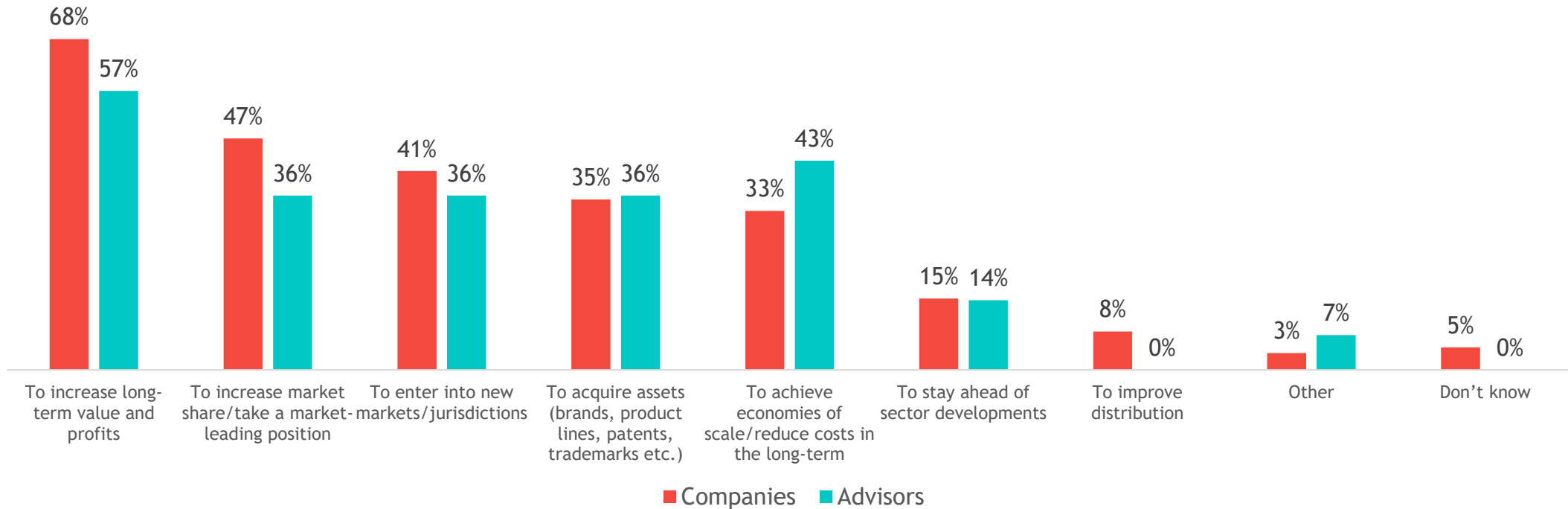
Likelihood of conducting M&A

How likely, if at all, are you to conduct any form of M&A over the next 12 months?



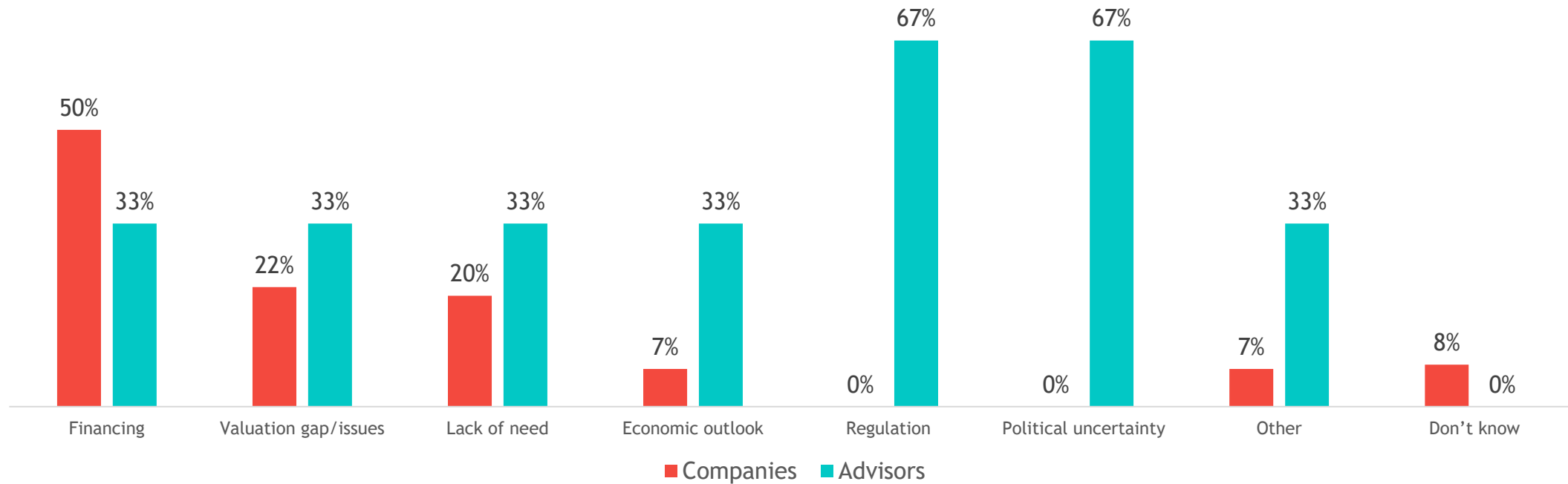
Reasons for conducting M&A

What are the main reasons for conducting potential M&A? Please select all that apply



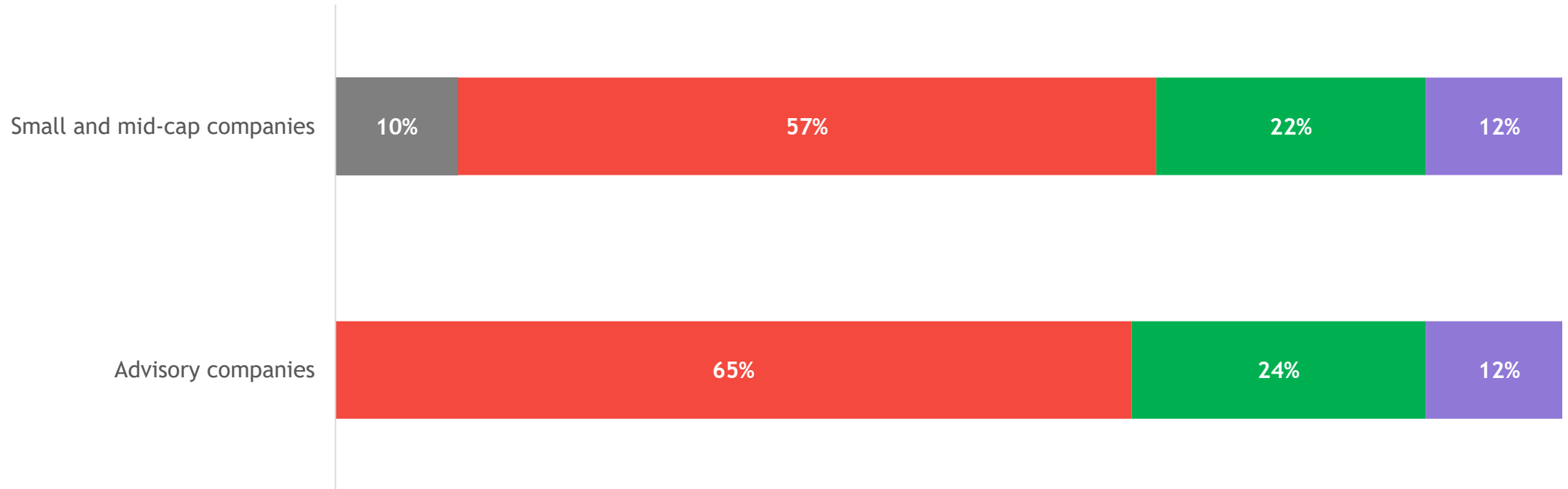
Obstacles to M&A

What are the key obstacles for your company in conducting M&A?



M&A valuation of UK companies

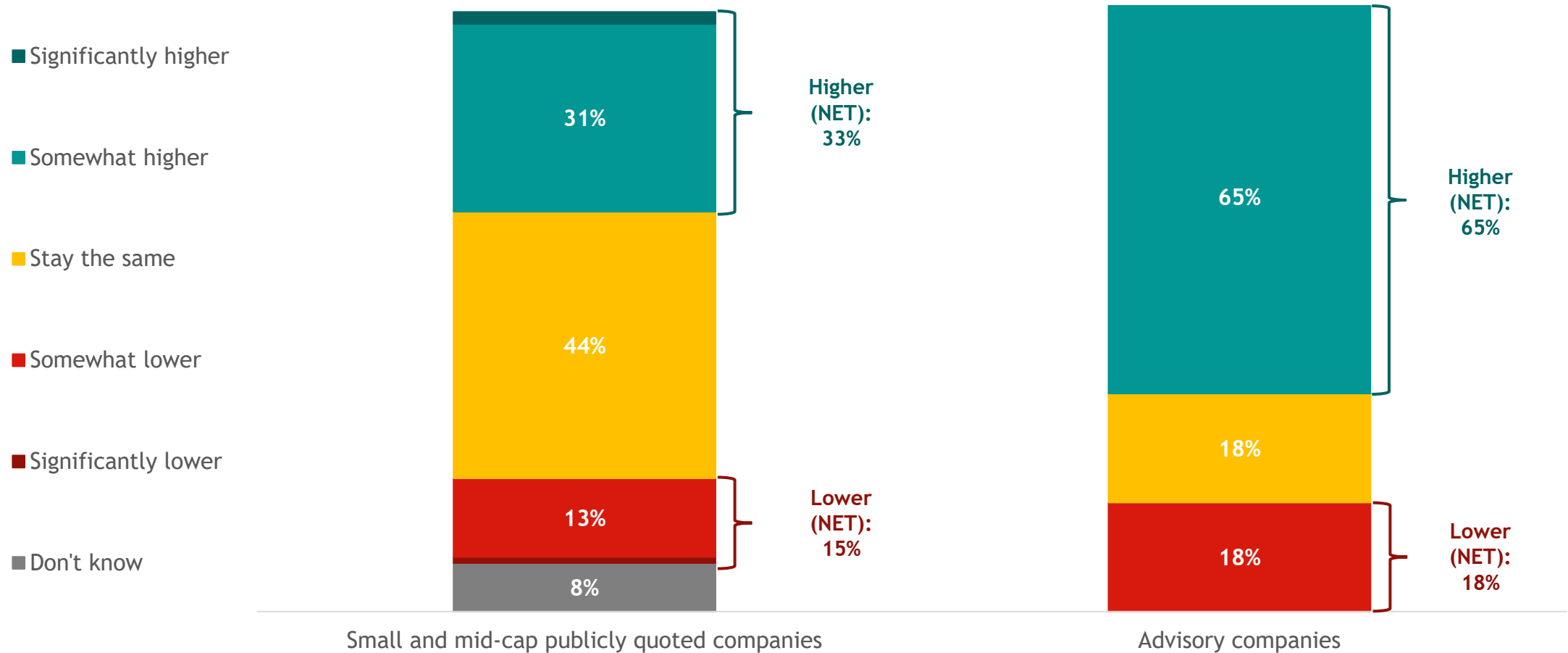
When thinking about the value of UK companies in M&A activity over the past year, which of the following most closely resembles your view?



■ Don't Know ■ UK companies have generally been undervalued ■ UK companies have generally been valued fairly ■ UK companies have generally been overvalued

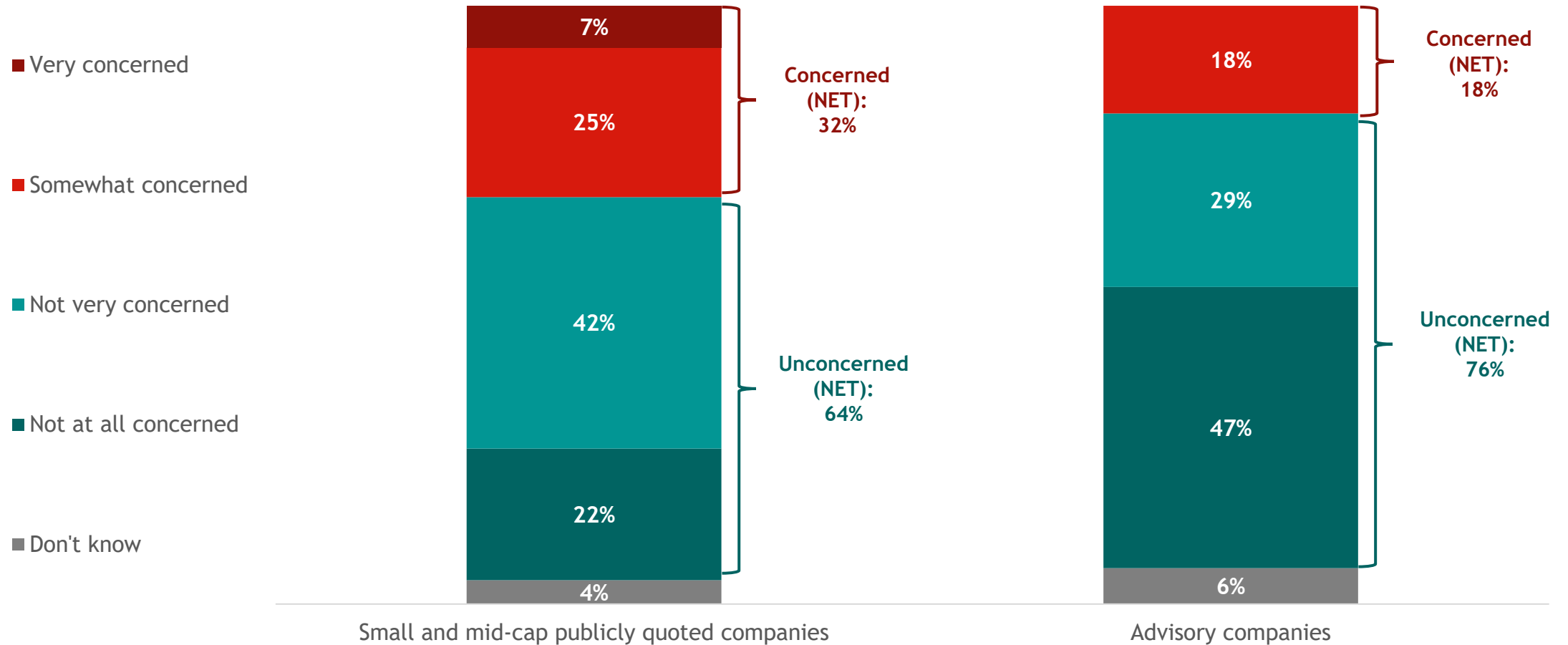
UK PLC valuation changes

In your view, how do you expect valuations for UK PLCs to change over the next 12 months?



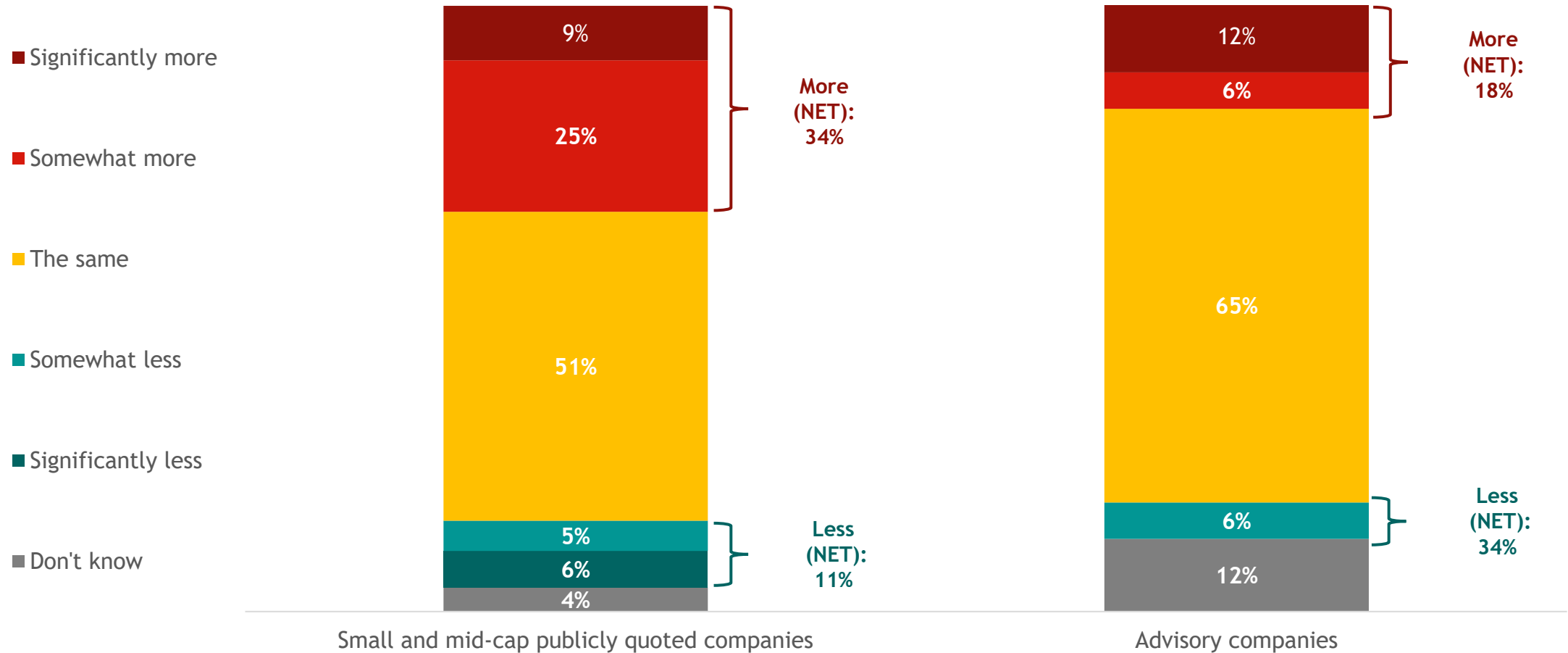
Takeover concern

To what extent, if at all, do you feel concerned about being the subject of a takeover bid in the next 12 months?



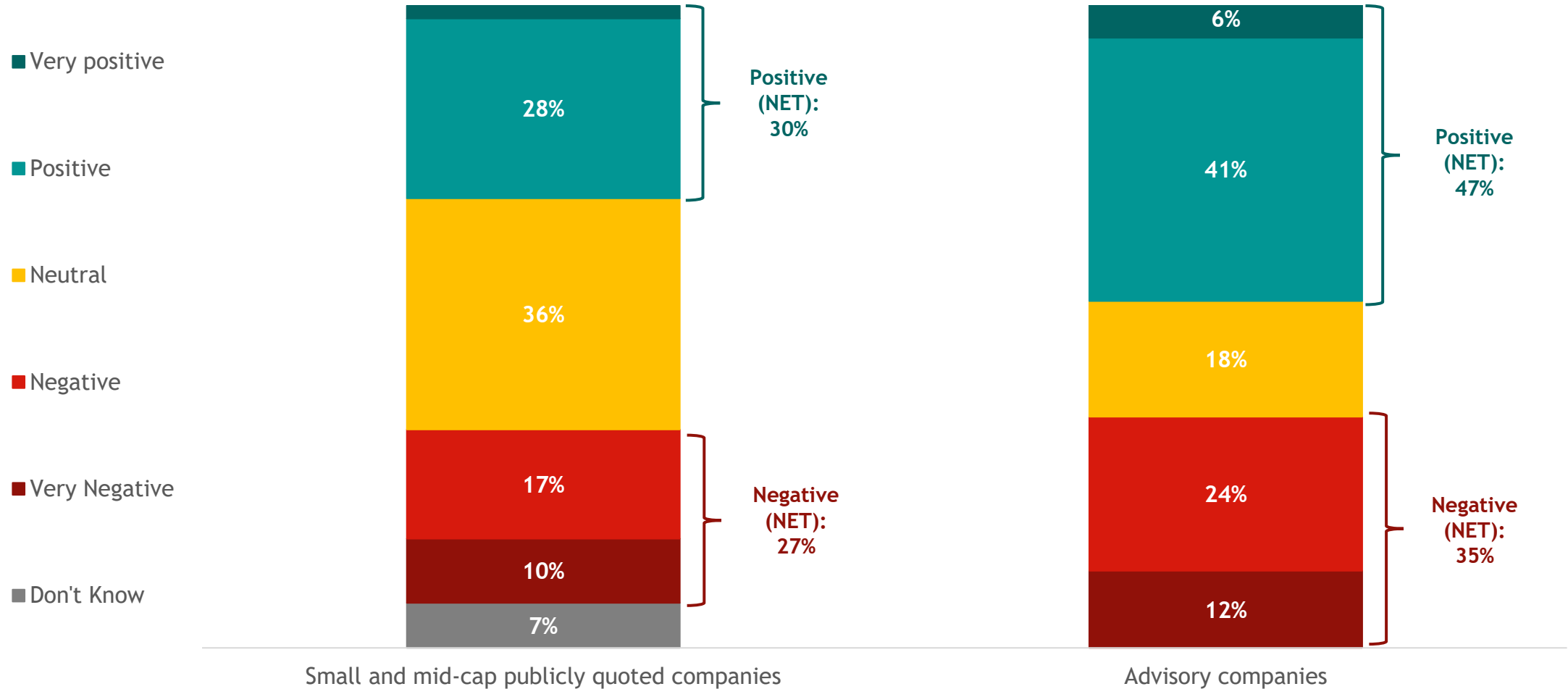
Change in takeover concern

Do you feel more or less vulnerable to a takeover than you did 12 months ago?



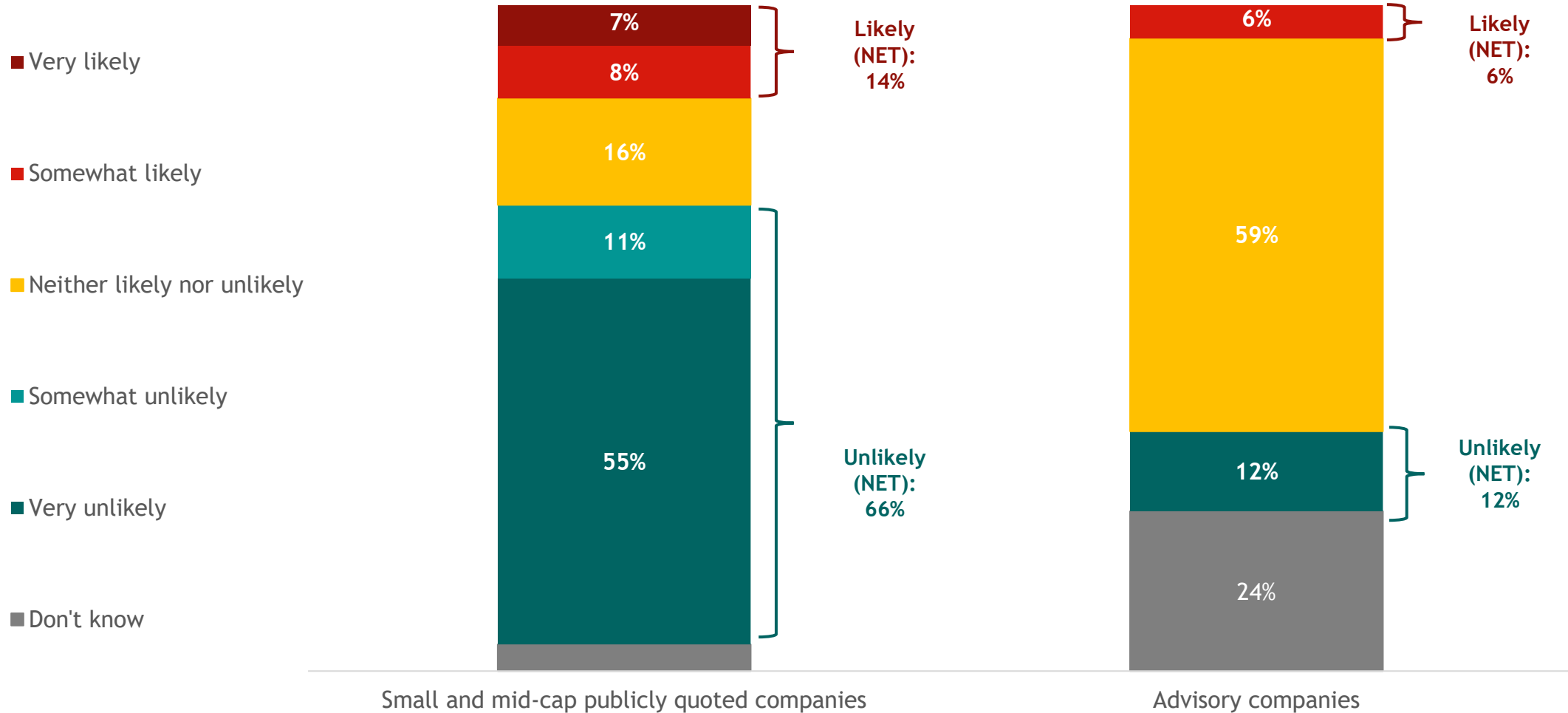
View on private equity levels in UK M&A

What is your view on the high levels of private equity-backed buyer activity in the UK M&A market?



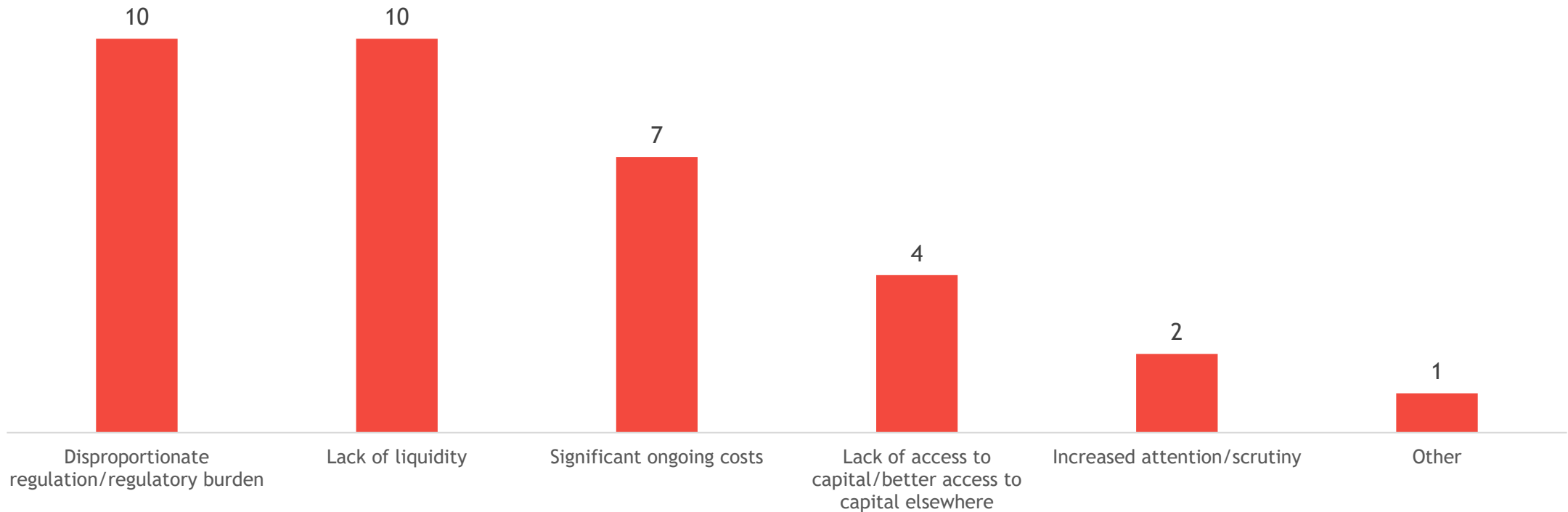
De-listing consideration

To what extent, if at all, are you likely to consider de-listing in the next 12 months?



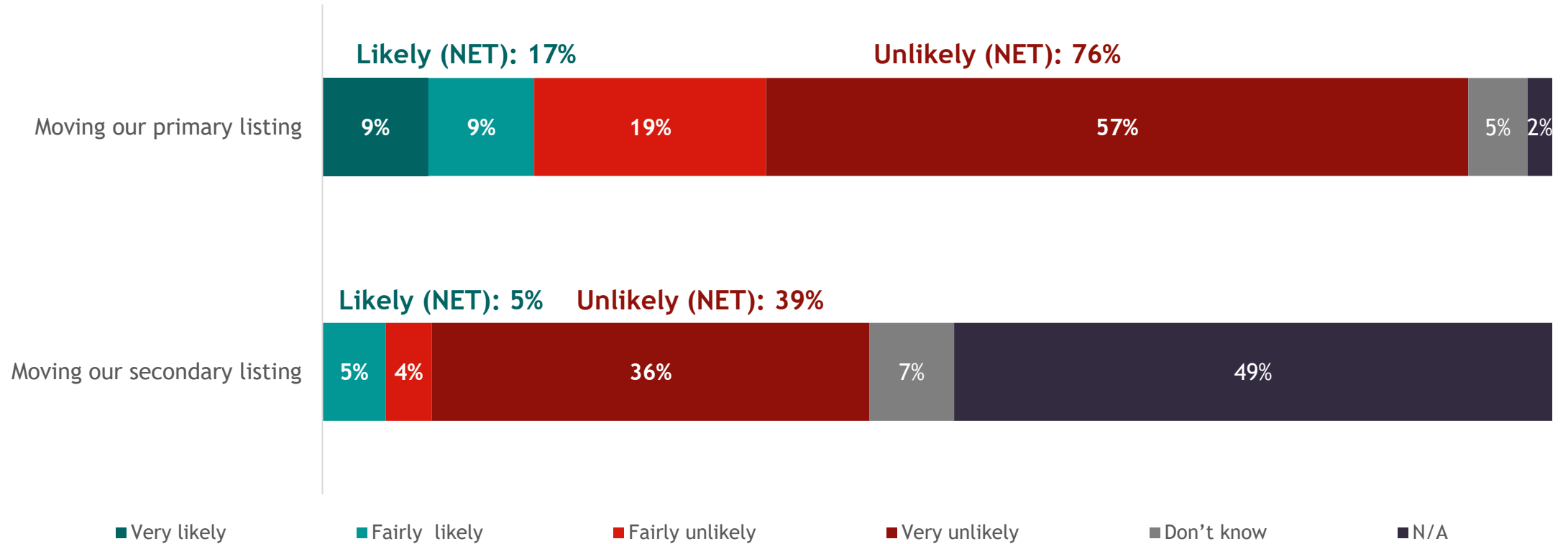
Reasons for de-listing consideration

You say you are likely to consider de-listing in the next 12 months. What are the main reasons for this? Please select all that apply



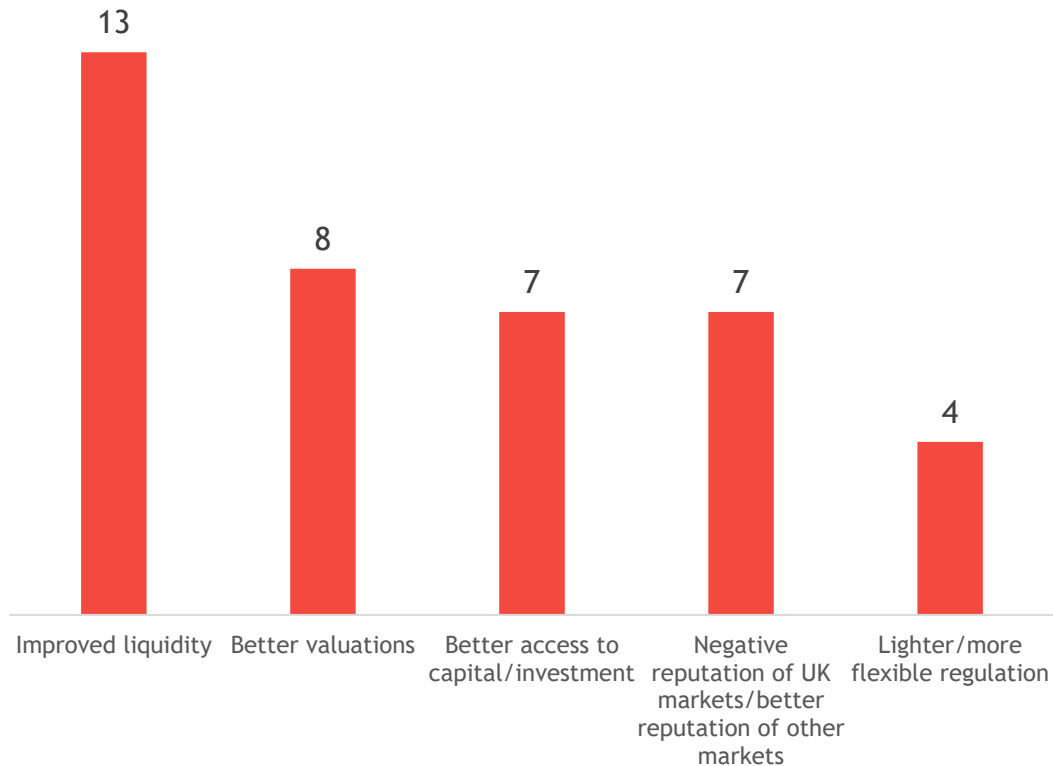
Likelihood of moving listings

How likely or unlikely is your business to consider each of the following over the next year?

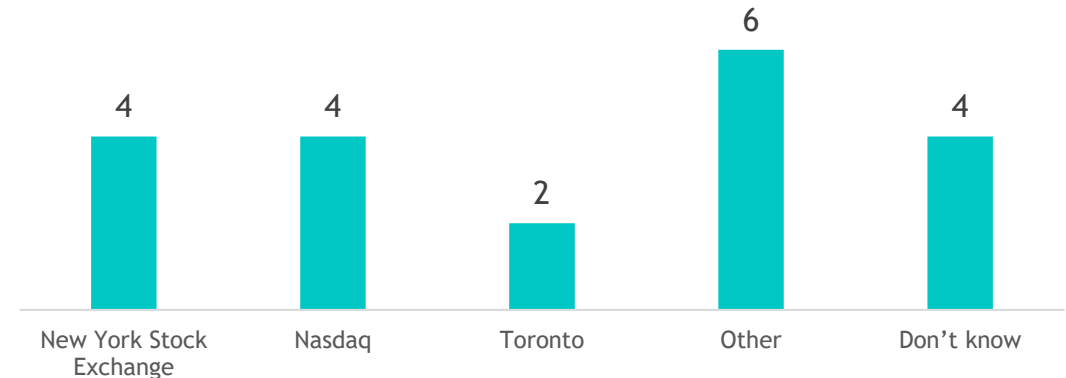


Re-listing reasons and locations

You say you are likely to consider moving either your primary or secondary listing in the next 12 months. What are the main reasons for this?



You say you would consider moving your listing. Which of the following, if any, would you likely move your listing to?





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