

Recommended offer for AIM-listed technology company



AdEPT, a leading independent provider of managed services for IT and telecoms, had been pursuing an ambitious growth strategy for a number of years, with our corporate team working on many of its acquisitions.

As the business reached the next stage in its growth, we were asked to advise AdEPT on a proposed £50.3m cash offer to its shareholders by private equity-backed Wavenet, which AdEPT's board intended to recommend.

Our detailed background knowledge of AdEPT's business and our deep-seated relationships with its senior management meant we were able to deliver pragmatic and tailored legal advice on this complex transaction.

The challenge: navigating a recommended offer

This transaction involved us negotiating a number of complex regulatory and procedural requirements.

As AdEPT was AIM-listed, Wavenet's proposed offer to its shareholders was subject to the rules of the UK Takeover Code in addition to UK company law. Additionally, to ensure that Wavenet acquired 100% of AdEPT, the transaction was to be structured as a court-approved 'Scheme of Arrangement' under the Takeover Code. This meant that, once a majority of shareholders had approved the sale and all regulatory consents were obtained, the UK court could order all shares in AdEPT to transfer to Wavenet, who would subsequently delist the company.

We therefore had to ascertain at the outset whether any regulatory consents to the transaction would be required. As Wavenet was a major competitor, we needed to consider if competition clearance was needed (fortunately it was not). However, the nature of AdEPT's business meant that the transaction did require UK Government approval under the National Security and Investment Act, so we needed to assist with the



clearance applications for this.

Alongside AdEPT's financial advisers, we were also tasked with securing undertakings from major shareholders to vote in favour of Wavenet's offer, in order to 'guarantee' the necessary shareholder approval being obtained. This was a logistically challenging exercise which needed to be delivered in short order.

Our approach: managing the takeover process

The complicated regulatory requirements of a recommended offer to be implemented by Scheme of Arrangement, combined with the differing interests of various stakeholders, meant that staying on top of each element of the process was vital to the transaction proceeding smoothly.

At the outset, given its market-sensitive nature, the proposed offer needed to be kept strictly confidential whilst Wavenet conducted a full due diligence exercise. Once complete and both companies were ready to proceed, the market announcement and circular to shareholders recommending they vote in favour of the proposed sale needed to be extensively factually verified before publication, with the directors of AdEPT assuming responsibility for any information about the company in the announcement. Our long-standing relationship with AdEPT's board certainly eased the burden of these considerable diligence and verification exercises.

There were a number of processes we needed to manage alongside these exercises. In addition to the regulatory consents and shareholder undertakings to be obtained, we also needed to manage the option exercise process for AdEPT's share option holders, to assist with communications with the Takeover Panel confirming compliance with the Takeover Code, to liaise with AdEPT's registrars and printers to ensure that the transaction and voting documentation was properly circulated to all shareholders and option holders, and to negotiate any commercially agreed exits of the management team.

Working closely with AdEPT and its financial advisors, and remaining in daily contact with Wavenet's team, was key to the smooth management of these numerous and logistically complex workstreams.

The outcome: delivering the milestone transaction

The proposed recommended offer to AdEPT shareholders was formally announced to the market on 8 February 2023. Following this, we then needed to guide our clients through the necessary court and shareholder approval meetings, ensuring that the proper procedure was followed.

Once the sale of AdEPT was approved by its shareholders and the court, we then had to physically file the court approval order at Companies House in Cardiff shortly after midnight on 11 April 2023. The Scheme then became effective, and Wavenet subsequently delisted AdEPT from AIM.

The pragmatism and experience of the Cripps team in guiding our client through the complexities of a public takeover process was a key part in getting this substantial transaction to completion, which – due to its market-sensitive nature – needed to take place within an extremely short timetable.

How we made a difference

Our extensive knowledge of the client's business, long-standing working relationship with the key management at AdEPT who were project managing the transaction, and our focus on providing practical solutions to the issues which cropped up almost daily, enabled us to deliver effectively and efficiently on this milestone transaction for AdEPT.

Cripps



We have worked with Nigel Stanford and the team at Cripps for over a decade on acquisitions and bank re-financing. They were a natural choice to help us on our potential sale. Their experience of 'public-to-private' transactions has been invaluable. The common theme with Cripps, and why we have worked with them for so long is this: they bring us solutions, not problems.

Ian Fishwick, Chairman of AdEPT