



Audacia Capital



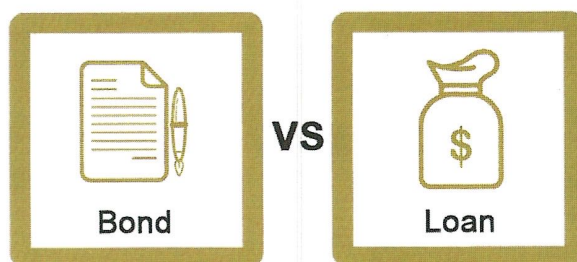
WHY A LISTED BOND COULD BENEFIT YOUR
BUSINESS AND ITS FINANCING NEEDS

Audacia Capital (Ireland) plc

www.audaciapl.com

Bonds vs. Bank Loan

In the right circumstances companies can borrow from banks. However, since the banking crisis and subsequent fiscal tightening, banks have been reluctant to lend unless it's a sizeable arrangement (circa 100m) and with significant restrictions on the use of the loan and the operational decisions of the business. For an increasing number of businesses that do not wish to sell and dilute equity, the issuing of bonds is now an attractive and cost efficient proposition.



The ability to borrow large sums on an "own terms" basis, gives corporations the ability to invest in their own growth and other projects.



Issuing bonds gives companies significantly greater freedom to operate as they see fit. Bonds release firms from the restrictions that are often attached to bank loans. For example, banks often make companies agree not to issue more debt, or make corporate acquisitions until their loans are repaid in full. Such restrictions can hamper a company's ability to do business and limit its operational options. Issuing bonds enables companies to raise money with no such strings attached.

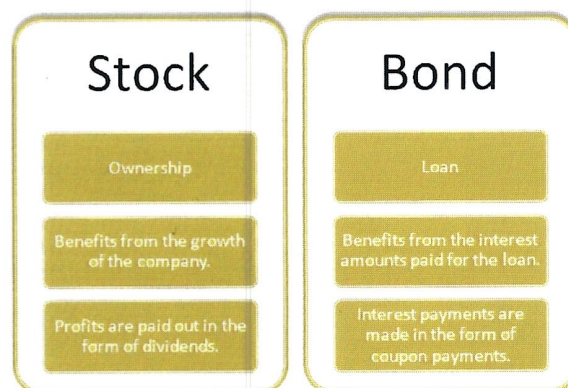
Bonds vs. Selling Equity

Another way for Corporations to raise money is to issue new shares or sell existing shareholding. Issuing shares of stock grants proportional ownership in the firm to investors in exchange for money. From a corporate perspective, perhaps the most attractive feature of stock issuance is that the money does not need to be repaid. There are however, downsides to issuing new shares that may make Bonds the more attractive proposition.

Companies that need to raise money can continue to issue new bonds as long as they can find willing investors. The issuance of new bonds does not affect ownership of the company or how the company operates. Stock issuance, on the other hand, puts additional shares in circulation. That means future upside of both profit and company value must be shared among a wider pool of owners.

Unlike Bond coupon payments, Dividend payments to shareholders are not tax deductible and therefore need to be factored in when considering a Bond versus Equity.

Since investors buy shares to make money, diluting the value of their investment is highly undesirable. By issuing Bonds, companies can avoid this outcome.



Why would your company benefit from a Bond?

Issuing a bond is one way for companies to raise money. A bond functions as a loan between an investor and a corporation.

The investor agrees to give the corporation a certain amount of money for a specific period of time. In exchange, the investor receives periodic interest payments often called the 'coupon'.

When the bond reaches its maturity date, the company repays the investor, and the bond is terminated. The decision to issue bonds instead of selecting other methods of raising money to finance corporate activities can be driven by many factors, but some of the most common ones are:

- Bond financing is often preferable to giving away equity in the business and diluting ownership.
- Bond financing normally does not entail giving up any control of the company.
- A company can often obtain debt financing from a bond quicker and with less onerous terms than a loan from a bank.
- Bonds have both financial and flexibility advantages over bank loans and can be structured in many ways with different features.
- For many corporates based in main jurisdictions the interest payment (coupon) to bondholders is tax deductible from corporation tax, significantly reducing the costs of borrowing via a bond.
- Bonds are considered as an Asset on the company balance sheet versus a loan from a bank being a liability – this can have positive implications for company valuations.
- Bonds can be structured as pre IPO funds if the business is looking at such a scenario in the future.
- Audacia's Bonds are structured to allow coupon payments to investors to be paid gross. No with-holding tax is attractive to institutional investors.

Borrowing from a bank is perhaps the approach that comes to mind first for many businesses which need money. That leads to the question we get asked most often;

"Why would a corporation issue bonds instead of just borrowing from a bank?"



Why Audacia Capital (Ireland) plc?

Originally established in 2016, and subsequently listed on Euronext Dublin in 2018, Audacia has issued numerous bonds, and has a wealth of experience across a wide range of sectors and business sizes.

Expert legal knowledge, a close relationship with Euronext Dublin along with an institutional grade Board of Directors, means that you will receive bespoke advice on the best solution for your business coupled with a personal relationship based on a mutually aligned partnership.



Audacia's BBB+ (investment grade) rating, and our regulated top tier service partners allows your business to leave the entire bond administration to us, meaning you can focus on making your own business a success.

Audacia Capital (Ireland) plc, is a public limited company established and registered in the Republic of Ireland, with company number 622442, and with its registered office at 31-32 Leeson Street Lower, Dublin, Ireland. The Company has been approved by Euronext Dublin (GEM), which is regulated by the Central Bank of Ireland, for the issue of multiple series of publicly tradeable fixed coupon bonds under a common listing particulars framework. The Company has full tax pass-through status by virtue of s.110 of the Irish Taxes Consolidation Act 1997.

The purpose of the Company is to manage a book of portfolios of its Bond Series owner companies and to on-lend the proceeds of the investments received in the listed bonds to the Bond Series owner companies.

TO LEARN MORE, CONTACT OUR TEAM - operations@audaciapl.com

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