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European Equity Capital Markets
Cautious optimism despite scarcity of public deals

ECM update | Summer 2023

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Cautious optimism despite scarcity of deals within the European Equity Capital Markets

This European Equity Capital Markets ("ECM") update contains commentary on recent European and Irish stock markets performance; levels of European equity market issuance; and macroeconomic considerations. We also discuss activist investor activity; the impact of ESG on IPO; managing complex ECM transactions; provide key messages from the Deloitte Ireland CFO survey; and share a Q&A piece with Euronext Dublin.

Cautious optimism despite scarcity of deals

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About this report: This report contains data sourced from IMF Word Economic Outlook, Bloomberg, Refinitiv, FactSet, Dealogic, Central bank of Ireland, European Commission, Euronext, company admission documents and press releases. ECM issuance data is as of 30 June 2023 and includes all European ECM transactions. The Total Deal Value has been calculated by multiplying Dealogic's Total GBP Deal Value and the GBP spot rate of the date of the transaction. Additional market data is as of 30 June 2023

0 Welcome to the Deloitte European ECM update

Investors remain cautious despite lower volatility and positive equity market performance

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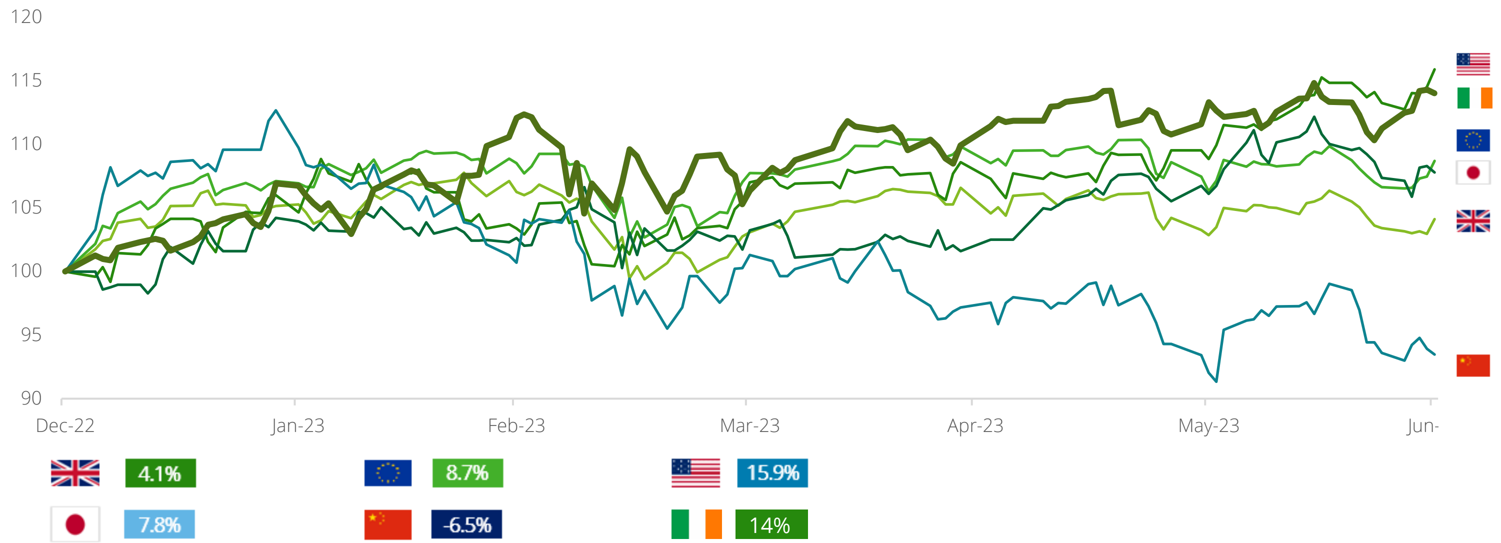
Figure 1: H1 2023 Global indices performance



Source: Refinitiv Eikon (30/06/2023)

Welcome to the second edition of the Deloitte Ireland Equity Capital Markets ("ECM") update. This report considers equity market performance across the first half of 2023 and underlying drivers. We look deeper at the different macroeconomic headwinds economies are contending with and the impact these have had on ECM and IPO issuance levels in Europe. In this report, we dive deeper into several Hot Topics: Activist investors continue to push for change; ESG – From "nice to have" to mandatory at IPO; Managing complex ECM transactions – Our IPO Management Office; a summary of our most recent Irish CFO Survey; we hear from Daryl Bryne and Niall Jones of Euronext, who provide insights on a number of topics impacting listings in our leadership Q&A; and Deloitte's IPO Scanner.

Following a challenging 2022 in terms of equity performance and issuances, the first half of 2023 has been marked by inflation, financial sector turmoil and the risk of an economic recession lingering in investors' minds.

Notwithstanding a challenging macroeconomic environment, global stocks overall have performed well, with main global indices signalling an upward trend since the last quarter of 2022. Regarding sector performance, the Stoxx 600 index delivered positive returns, with most sectors ending H1 2023 in green.

Inflation remains a key concern. The IMF's FY 2023 inflation estimates are at 6.6% for Europe, 4.5% for the US, 8.7% for the UK and 6.9% for Ireland. Central banks continued fiscal tightening as they tried to rein in sticky core inflation. However, the pace of rate hikes is starting to flatten with the end of these rises now in sight. Nonetheless, the combined impact of inflation on consumers and tightening credit conditions are expected to weigh on the real economy impacting household spending, export levels, corporate earnings and ultimately affecting revenue generation.

Recession concerns have intensified more recently as economic data released confirmed that the PMI index dropped below the 50 mark, validated by the news that the eurozone and Germany, the fourth largest economy in the world, entered a recession over the winter months.

Volatility has been more subdued in H1 2023 compared with VIX levels in 2022, reducing to 13.6 compared to. the c.25 average in 2022. Despite lower volatility, investors remain cautious. Many issuers opted to wait/defer equity raises for a more favourable window. The overnight market with accelerated book building processes as well as right issue deals remained very active in Europe, with companies tapping the market to raise cash amid an increasing borrowing cost environment.

We would like to thank all our Deloitte contributors to this edition and the valued insight of Daryl Byrne and Niall Jones from Euronext Dublin who shared their views in our Leadership Q&A section. We hope the ECM Update is a helpful resource. Our team is at your disposal for any issues that you may wish to discuss.

1 H1 2023 Equity Markets Performance

1 H1 2023 Equity Markets Performance

The global economic outlook remains uncertain amid high inflation and recession fears lingering

Figure 2: H1 2023 European indices performance

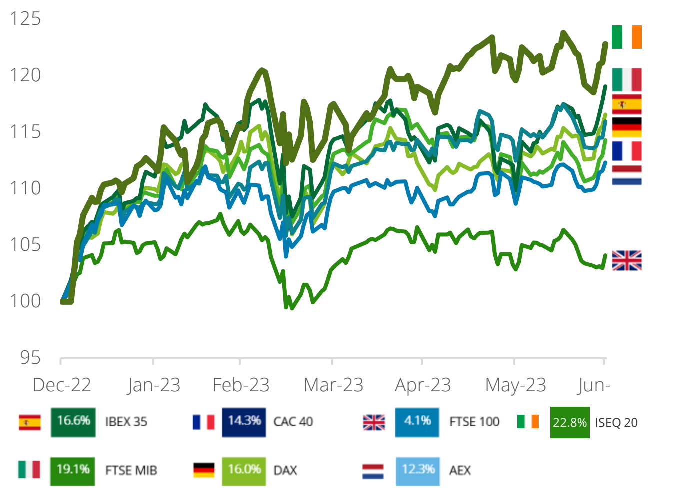
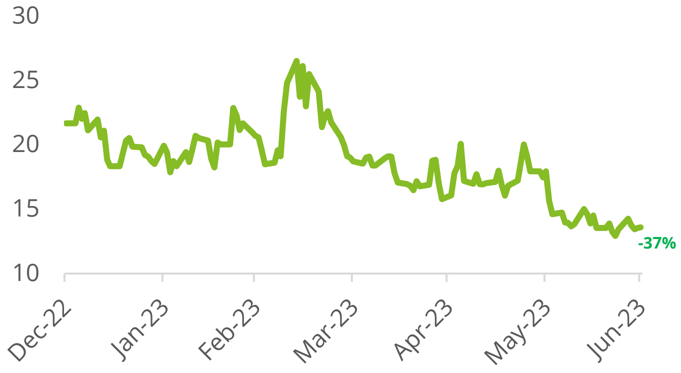


Figure 3: Volatility (VIX)



Source: Refinitiv Eikon, and Bloomberg (30/06/2023)

The first half of 2023 was marked by a challenging macroeconomic environment inherited from 2022, including the ongoing effect of Russia's invasion of Ukraine and three years of Covid. Inflation, financial sector turmoil, and the risk of an economic recession were investors' primary concerns during the first six months of the year.

Despite an initially promising start to the year with reduced volatility and an upward movement of the main global indices compared to Q4 2022, external shocks again affected market sentiment in March. The continued increases in interest rates contributed to a run on several banks, including Silicon Valley Bank and Signature Bank in the US, the run on the US banks and losing investor confidence (due to top Management changes and financial losses) resulted in the emergency rescue of Credit Suisse by UBS in an attempt to halt the banking crisis. Meanwhile, investors responded with an immediate sell-off of banking equities. Still, with the recent tailing off and reduction of inflation and potential tightening from Central Banks soon, stocks have rebounded, with main global indices ending H1 2023 with a positive performance, close to historic highs. The Nasdaq had its best half-year performance in four decades. Meanwhile European stocks rallied fuelled by resilient earnings, which is reflected in the 22.8% uplift in the **ISEQ20** since Dec-22.

Inflation remains a key concern for investors and Central Banks as current levels are far from the 2% target, with FY2023 inflation IMF's estimates at 6.6% in Europe, 4.5% in the US, and 6.8% for the UK. Core inflation remains an issue, core inflation is defined by the ECB as Y-o-Y change in the Harmonised Index of Consumer Prices ("HICP") excluding items such as energy, food, alcohol and tobacco. Central Banks responded to increasing prices by raising interest rates and reducing stimulus. The Fed increased borrowing rates thrice during H1 2023, setting its target range at 5% - 5.25%. In June, the Fed opted to hold off on rate hikes but warned of two more hikes coming later in 2023. Meanwhile, in Europe, the ECB raised its benchmark policy rate four times, starting from 2.5% back in December 2022 to 4% in June 2023. In July, the FED and ECB both increased the rates to 5.25% and 4.25% respectively.

An unintended consequence of the rise in policy rates was the banking crisis in March, revealing the sector's vulnerabilities while fears of contagion rose across the broader financial industry, including non-banking financial institutions. Central banks closely monitored the situation, emphasizing the need for caution and effective risk management in navigating the challenging macroeconomic landscape.

The combined impact of inflation on consumers and tightening credit conditions are expected to continue to weigh on corporate earnings, potentially compressing margins and presenting a headwind for revenue generation. Hence fears of an economic recession remain widespread.

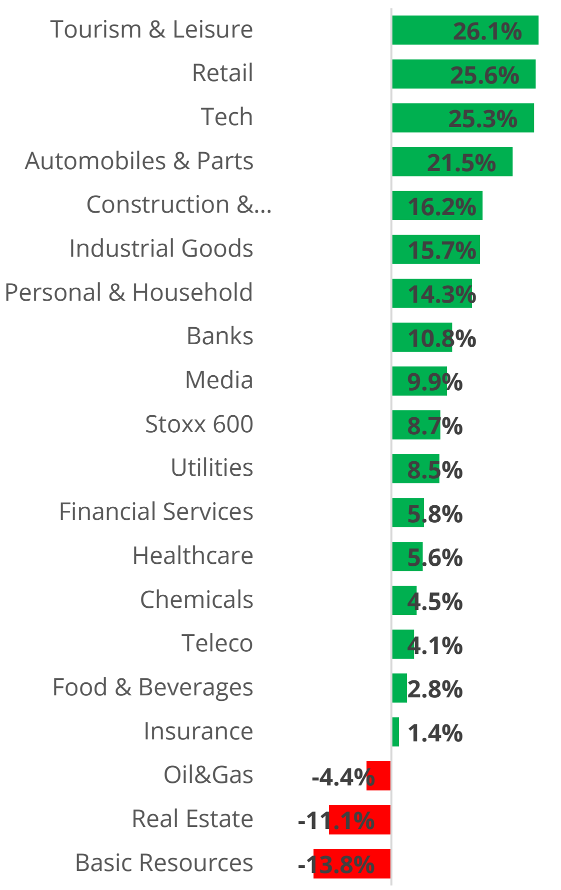
Recent data shows that slower consumer spending and sticky inflation have led the eurozone to enter a recession over the winter months. In the first three months of the year, economic output in the eurozone dropped by 0.1% compared with the previous quarter, following a decline of the same magnitude in the final quarter of 2022. Among the individual countries affected within the eurozone is Germany, the fourth largest economy in the world and largest in Europe, which fell into recession over the winter (Q4 2022: -0.5% q/q and Q1 2023: -0.5% q/q) as inflation hit the economy, affecting German household spending and industrial orders.

Regarding the growth of the global economy, the IMF has projected a potential soft landing, with projections for the world's GDP growth in 2023 being 2.8%. Meanwhile, the IMF's projections estimate that the US economy will grow by 1.6% at the end of 2023, while Europe's economy is estimated to grow by 0.8%. Meanwhile, the European Commission's latest published data showed improvements revising up the **Irish** 2023 GDP estimations to 5.5% (vs. 4.0% from its previous projections) with inflation forecast to ease to 4.6%.

1 H1 2023 Equity Markets Performance

Positive equity market trend with a significant turnaround in fortunes for European sector performance compared to 2022

Figure 4: H1 2023 Stoxx 600 sector market performance



Source: Refinitiv Eikon (30/06/2023)

Notwithstanding the macroeconomic challenges, most of the **main global indices returned a positive performance** during the first half of 2023, with some growing at **double-digit pace.** The upward trajectory **started** for many global indices back in **Q4 2022**, and the rally continued throughout the first half of 2023. A natural rebound of the market was partially driven by the buoyant mood after stocks underperformed for most of 2022, while investors were also motivated by the expectancy of **the ending of central banks tightening.** Nonetheless, with **recession fears lingering**, it is unclear how it may **affect this positive outlook over the course of the remainder of 2023.**

Major global indices ended H1 2023 as follows: the **MIB up by +19.1%; IBEX 35, up by +16.6; the DAX, up by +16.0%; the S&P500, up by +15.9%; the CAC 40 up by +14.3%; the AEX up by +12.3%, the Stoxx 600, up by +8.7%, the ISEQ 20 up by 22.8% and the FTSE 100 up by +4.1%.**

The **Nasdaq composite is up by 36%.** After enduring the fourth-worst year in its history in 2022, the tech-leaning Nasdaq index **roared back to life** driven by **Artificial Intelligence** and its effects on the biggest tech stocks of the index. **Meanwhile, UK stock performance was disappointing** compared to the rest of the main European indices, with **London's blue-chip FTSE 100 up only by +4.1%** (half of the Stoxx 600 performance), driven by a **negative economic growth outlook.**

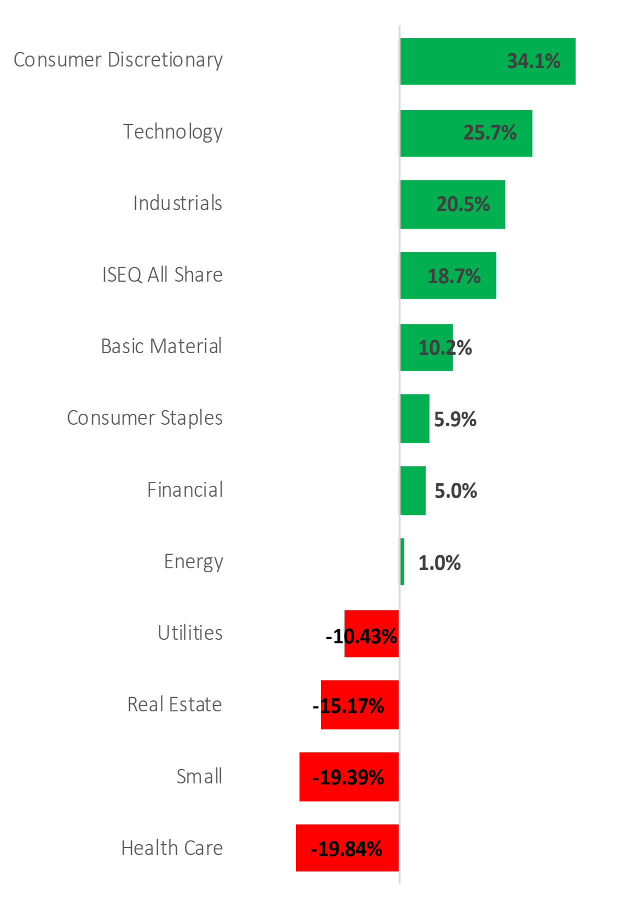
After a very uncertain 2022, volatility levels have reduced significantly, with the VIX **range varying between 12.9 and 26.5 during H1 2023, with the half year closing at 13.6,** which is -37% lower than when the year started. Furthermore, the average for H1 of 2023 was 19 – below the 25-level average in 2022.

Sector wise, the pan-European Stoxx 600 index had a 180º change. Back at the end of 2022, all sectors underperformed except **Basic Resources and Oil & Gas.** Only the latter and the Real Estate industry are in negative territory at H1 2023, driven by a plunge in prices and interest rates hikes. **All other sectors are performing positively** with many growing at double digits. Lower energy costs, high post-pandemic demand, and a positive outlook for the summer season provided tailwinds for the **Tourism & Leisure sector**, which was the **best performer** of the first half of 2023. **European stocks benefited from China's consumer recovery,** especially Luxury stocks. **The retail sector rose** c.26%. Finally, **tech companies** suffered in 2022, and during H1 2023, were boosted by **the market excitement of Artificial Intelligence.**

The stock **market trend remains positive** amid signs of slowing growth in the global economy. Nonetheless, caution remains an important consideration – only time will tell how **tighter monetary policy will transmit to the real economy.**

In the meantime, the **Irish main** index, the ISEQ all share, showed important gains during the first half (+18.7%), a 33.8 percentage point improvement on Dec-22. The gains were led by Consumer Discretionary, Technology and Industrials sectors. Among the best performing stocks during H1 2023 were Flutter Entertainment (Consumer Discretionary), FD Technologies (Technology) and CRH PLC, all up over c.35%, as well as Dalata Hotel Group (c.39%) and Kingspan Group PLC (c.31%). **Utilities, Real Estate and Healthcare** suffered the most by the interest rates hikes, decreasing oil and gas prices and impact of inflation on cost of living.

Figure 5: Irish ISEQ sector market performance



Source: Refinitiv Eikon (30/06/2023)

2 European Equity Issuance Levels

2 European Equity Issuance Levels

Despite lower volatility investors remain cautious, hindering ECM issuance

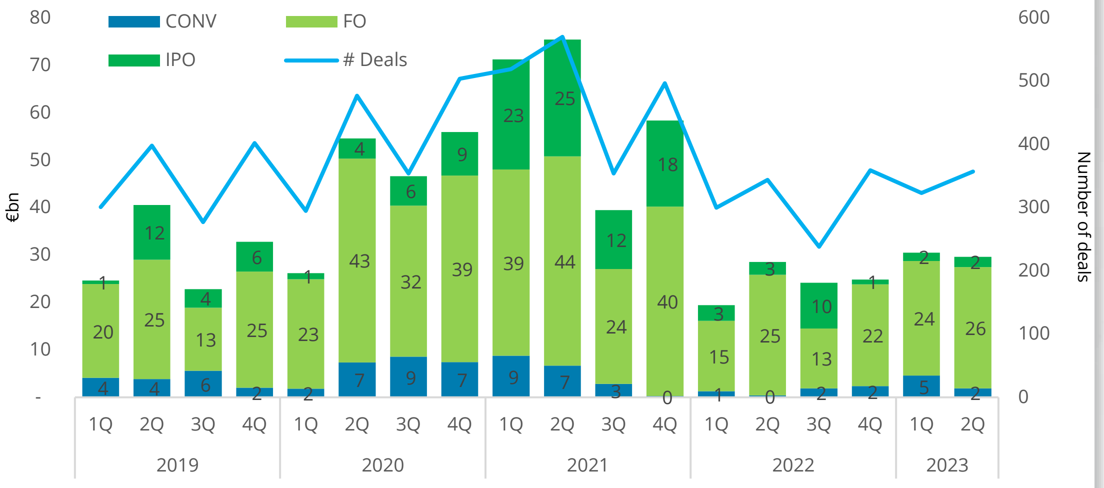
The first half of 2023 has been mixed for equity issuances with IPO levels at their lowest level in the last 14 years. However, there are some encouraging signs from selling of accelerated blocks (which is a share offering over a short time frame, with minimal marketing) and convertible bond issuances. Markets appear to be in a recovery phase, with indices trending upwards and volatility levels stabilizing.

Proceeds from European ECM transactions amounted to €60bn over 680 transactions during H1 2023 – an increase of 25% in volume compared to the same period in 2022. The increase is partially driven by the numerous €1bn+ follow-ons and large convertible deals priced during H1 2023. European IPO issuance levels decreased by 34% to €3.9bn in volume compared to the same period in 2022. Follow-On issuances, including Rights Issues and Accelerated Blocks, have increased by c. 24% compared to 2022 volumes

The overnight market with accelerated book building processes remained very active, including two significant Heineken sell-down blocks (€3.7bn and €3.2bn, respectively) as well as two London Stock Exchange sell-downs of €3.1bn and €2.2bn, respectively. In an environment where borrowing costs are rising, companies have also used the ECM market to raise the cash required for their expansion plans; such was the case of German leisure group's TUI through a €1.8bn rights issue, and the Swedish wholesaler of cooling technology, Beijer Ref, who also completed a €1.3bn rights issue. The convertible bond markets reactivated with 35 deals pricing during the half year accounting for €6.4bn. However, risk-aversion to IPO's remains. Issuers deferred processes or chose other private capital routes instead of accepting the heavy discounts demanded by public investors. The lack of IPOs is a global issue, experienced in both the US and Europe.

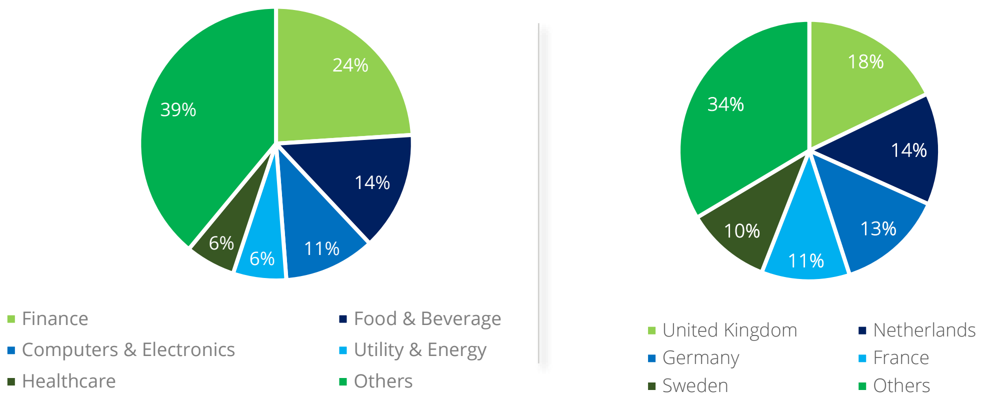
The financial sector remains the most active industry as it relates to European ECM issuances, accounting for 24% of the total transaction volume in H1 2023. Transactions in the sector included the forementioned sell down of the LSE's blocks, BNP Paribas's €2.1bn block, and Bank VTB's €1.1bn deal. The Food & Beverage sector accounted for 14% of the ECM issuance during the period, mainly driven by the sell down of the Heineken blocks. The UK remains the most active exchange for ECM issuance accounting for 18% (c.€11bn), closely followed by the Netherlands, accounting for 14% (c.€8.3bn). By number of transactions, the UK also takes the lead with 187 deals pricing, accounting for 18%, followed by Sweden with 16

Figure 6: European equity issuances since 2019



Source: Refinitiv Eikon (30/06/2023)

Figure 7: H1 2023 equity issuances volume by sector and by country



Source: Refinitiv Eikon (30/06/2023)

2 European Equity Issuance Levels

A first half marked by an IPO drought, making it the worst start of the year for IPOs in over a decade

After a 2022 of dwindling IPO deal flow, bankers and issuers hoped for a better start to 2023, especially given the upward trend of the main global indices and the stabilization of volatility. Nonetheless, this is yet to transpire.

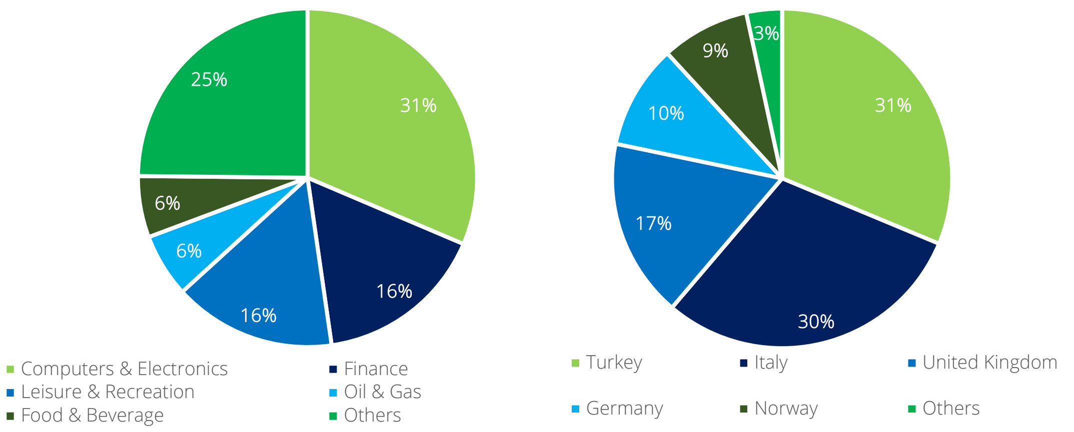
In H1 2023, only 60 IPOs came to market raising €3.9bn. This amounts to a decline of 34% compared to the IPO volume raised in H1 2022, representing the worst start of the year in IPO value for over a decade.

Only 16 IPOs above €50m priced, and none were above the €1bn mark. The largest IPO so far in 2023 was the Italian gaming company Lottomatica (€605m IPO). Other companies that successfully priced their IPOs during H1 2023 include London-listed SPAC Admiral Acquisition (€506m IPO), Italian maker of components for electric motors, EuroGroup Laminations (€411m IPO) and German web hosting firm IONOS (€389m IPO).

Turkey has been the most active stock exchange by IPO volume in H1 2023, with 21 IPOs raising a combined €1.2bn of proceeds closely followed by Italy with 14 companies coming to market raising close to €1.2bn, and a number of companies identified as IPO candidates for the year's second half.

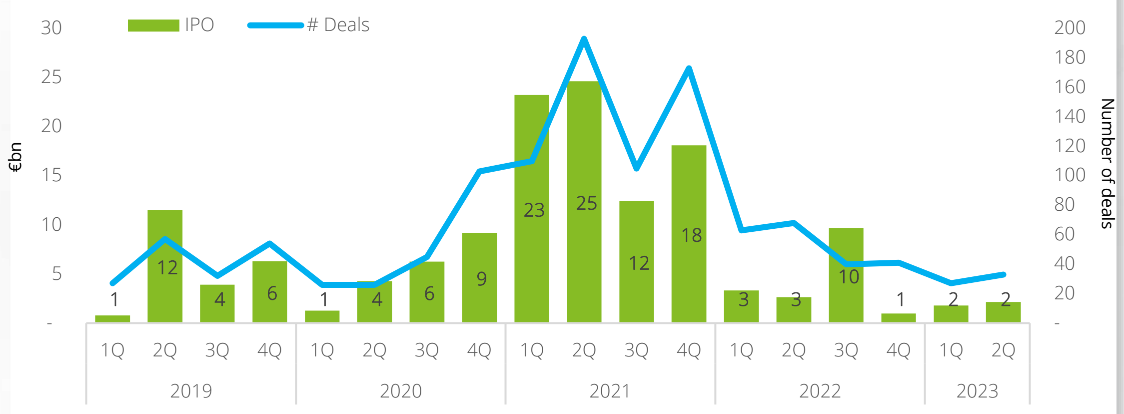
Computer & Electronics is leading the European IPO issuance sector league tables with 31% of the IPO volume issued year to date, including IONOS´ IPO. The Financials and Leisure & Recreation industries were also active accounting for 16% of the volume respectively and responsible for deals such as Admiral Acquisition and Lottomatica.

Figure 8: H1 2023 IPOs by sector and equity volume issuances by country



Source: Refinitiv Eikon (30/06/2023)

Figure 9: European IPOs since 2019



Source: Refinitiv Eikon (30/06/2023)

2 European Equity Issuance Levels

European IPO Barometer

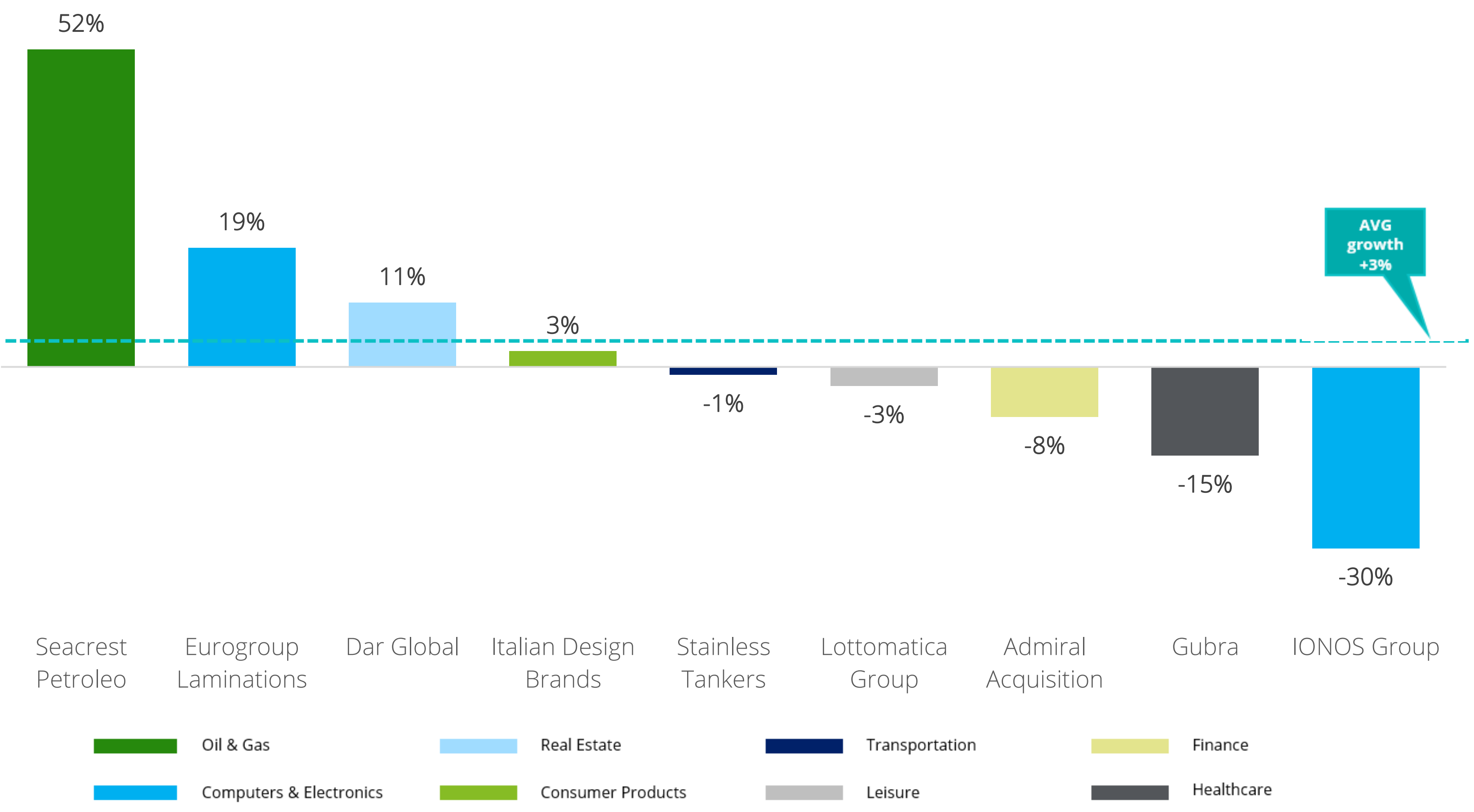
In the first six months of 2023, only 16 European IPOs were priced above €50m, which raised c. €3.2bn. This accounts for a -35% decrease in volume from what we saw back in H1 2022 from similar transactions.

Of those deals, only one was a SPAC, where little to no price changes are expected until a Business Combination is announced. Therefore, when looking at how IPOs performed in this first half, (excluding SPACs) , we see a +3% average uplift in initial IPO share price compared to closing price at H1 2023 (excluding Turkish companies). When compared with the performance of the main European index (STOXX 600 +8.7 %), IPOs have underperformed.

Performance of recently IPO'd businesses is in stark contrast to the performance of the major European stock indices, which have seen double-digit growth in most cases. IPOs have obtained a lower return compared to European indices, despite being a higher-risk investment. The only clear exception to this trend has been Turkish IPOs, which have performed exceptionally well, with an average growth of 58% on initial IPO share price.

It is too early to assess what the performance of the second half of the year would look like in terms of IPO issuances. Nonetheless, the trend of deals flow will partly depend on the performance of recent IPOs, including recently priced German hydrogen electrolyser maker Thyssenkrupp Nucera and upcoming IPO of Romanian energy producer Hidroelectrica. At the end of July, Thyssenkrupp Nucera closing share price is up 10.5% and Hidroelectrica is up 8.5% on their initial IPO price respectively.

Figure 10: Deloitte's European IPO Barometer H1 2023



Source: Dealogic, (30/06/2023). Data includes all European IPO above €50m, excluding Turkish IPO

3 Activist investors continue to push for change

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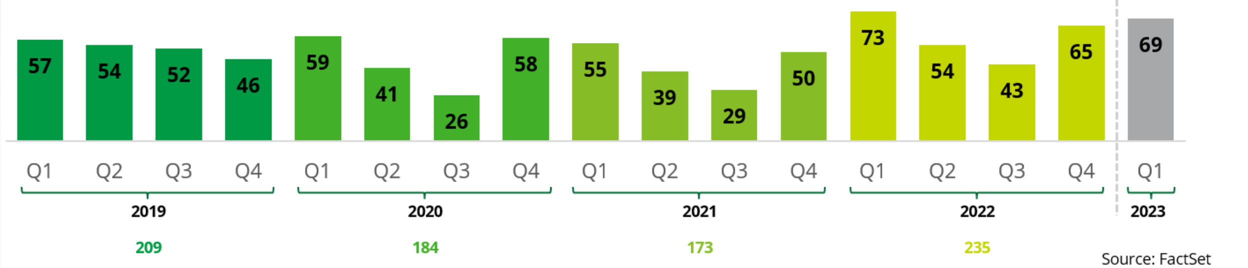
The macroeconomic environment and new regulations continue to encourage shareholder activism

Shareholders' Activism at a Glance

An activist shareholder is a person or entity that tries to pressure and influence a listed company using their voting rights. In recent years, we have seen increased activism partially driven by economic uncertainty and a changing regulatory landscape. After a record-breaking year in 2022, with a total of 235 campaigns, Q1 2023 started strong, recording 69 campaigns vs. the 73 registered during the same period the previous year. Shareholder activism usually targets companies that have experienced slower sales growth over the past 12 months, lower value relative to sales, weaker net margin during the previous year, and two years of underperformance. Taking a sectorial approach, and according to Refinitiv, the most targeted sectors year to date are Financials (19%), Healthcare (19%), Industrials (15%), Consumer Cyclical (13%) and Technology (13%), representing more than 80% of the campaigns conducted so far.

Looking at precedents, shareholder activists tend to target the Financial sector for potential mismanagement or conflicts of interest, the Healthcare sector for high costs and concerns about pricing and access, the Industrial sector for environmental impact and labor practices, the Consumer Cyclical sector for strategic direction issues, and the Technology sector for data privacy and cybersecurity concerns.

Figure 11: Quarterly number of activism campaigns – Global



Source: FactSet

Trends shifts

Recently shareholder activism has increasingly focused on M&A and ESG issues. In the context of M&A, the most common demand from activists was for companies to separate their businesses, blocking a proposed merger or acquisition or becoming a target of a potential acquisition. On the ESG front, shareholders may use their ownership position to push for changes in a company's ESG practices, advocating for more sustainable business practices, promoting diversity and inclusion in the workplace, and pushing for greater transparency and accountability in corporate governance.

Another trend shift has occurred regarding target companies. Until now, companies considered "mega-cap" were able to reduce the likelihood of shareholder activists reaching their shareholder base because of the company's size. However, due mainly to successful proxy contests against "mega-cap" companies, there will likely be a surge of activist campaigns targeting publicly traded companies, in relation to M&A and ESG issues.

Additional significant differences compared to previous years are the increasing importance of the European and APAC markets, accounting for 49% of global activism campaigns, compared to the United States (42%).

On the regulatory side, new laws and regulations, such as the Universal Proxy Rule (USA), will come into effect throughout 2023, and it is expected that it will have a substantial impact on the shareholder activism ecosystem, making proxy contests easier and more affordable.

Navigating the Impact of Activist Investors on Companies: Deloitte's Self-Assessment Approach

While activists may pursue various strategies and tactics, their approaches are often based on common beliefs. The arrival of an activist investor places an extraordinary strain on senior management and the board. The activist's demands may involve public criticism of crucial personnel, track record, and company strategy. Deloitte can help companies carry out self-assessments to support their value creation opportunities, divestments, and "disruptive" M&A, which targets small, fast-growing businesses and technologies to capture innovation-led growth.

4 ESG – From “nice to have” to mandatory at IPO

4 ESG – From "nice to have" to mandatory at IPO

ESG has become a key factor in public companies

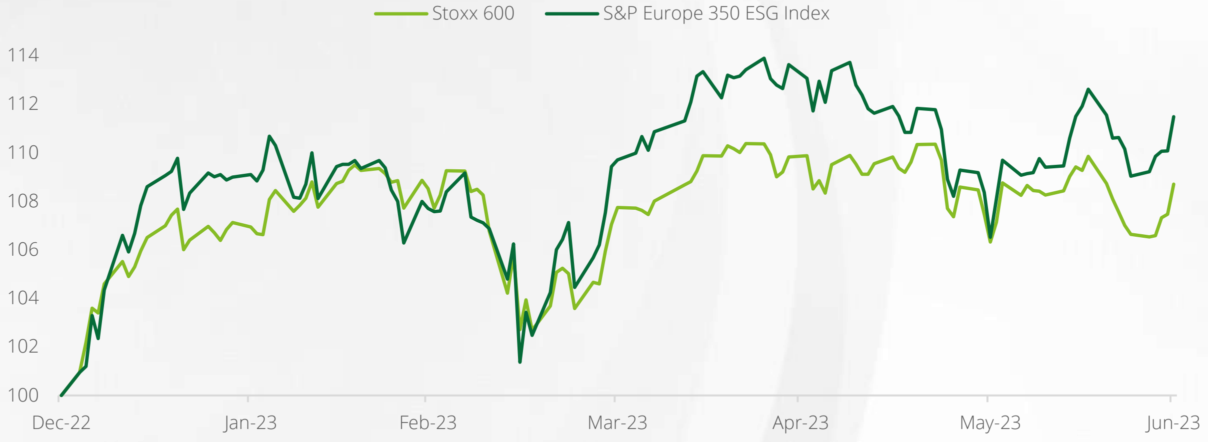
ESG gaining importance in IPOs over the years

Over the past few years, the acronym ESG has become one of the most widely used terms worldwide. The corporate deal and fundraising space is no exception. ESG continues to gain momentum and is gradually becoming a fundamental axis for companies when making strategic decisions such as funding growth through an IPO. Historically, investors focused almost exclusively on the company's Equity Story and Corporate Governance; however, integrating ESG reporting into the equity offering has become a key theme for investors and, thus, for IPO candidates, and this trend is expected to accelerate going forward.

Meeting Investor Expectations: Financial Returns and ESG Principles

Despite having a significant interest in ESG principles, investors seem unwilling to accept lower returns to meet ESG objectives. Instead, they seek investments that can meet both - satisfy their financial expectations while also investing in companies that engage in activities that contribute to reversing climate change (Environmental), have a positive impact on people and communities (Social), and make positive business decisions (Governance). Companies that meet these requirements may have access to a larger pool of investors as they can access those who focus solely on ESG. It also may impact positively valuations when going public. Furthermore, several studies have shown a positive correlation between ESG scores and the financial performance of a business.

Figure 12: Total return YTD



Source: Refinitiv Eikon, (30/06/2023)

The Regulatory Landscape: A Key Challenge for Companies

Regulators have taken action, and shifting stakeholder expectations and regulations are increasingly making ESG reporting a must for companies seeking to operate in global markets. Among other regulators, the European Union launched the Corporate Sustainability Reporting Directive (CSRD) in November. It published the European Sustainability Reporting Standards (ESRS), moving the ESG reporting landscape from a voluntary reporting exercise to a mandatory one for many companies.

The new regulations will affect listed companies and firms within the EU that meet two of the following criteria: (i) a balance sheet of €20m, (ii) net turnover of €40m, and (iii) 250 employees or more on average. Companies outside the EU will also be affected if they have generated a net turnover of at least €150m in the EU. These new regulations represent a significant challenge for companies, requiring more than a thousand qualitative and quantitative data points that businesses must provide and review by an accredited independent auditor or certifier.

The CSRD replaces the Non-Financial Reporting Directive (NFRD) and will first apply to companies already required to report under the NFRD from 1 January 2024, with other large EU private companies outside of the NFRD starting to report in January 2025. SMEs listed on EU-regulated markets must report beginning in 2026, and finally, Non-EU parent companies with EU subsidiaries or branches meeting specific criteria will start reporting in 2029.

As a result of these new regulations, companies will be required to include a significant number of new sections in their investor documents, including the following:

- Risk and opportunities assessment and Employees health and safety;
- Responsible supply chain management and sourcing and;
- Sustainability targets and strategy for sustainability risks, among others

ESG Standards and the Changing Landscape of IPOs

Investors are increasingly focusing on companies that meet specific ESG standards. Companies considering an IPO must prioritize their ESG strategy to attract investors who prioritize sustainability and responsible corporate behavior. This means setting achievable targets that align with ESG regulations and communicating their efforts effectively to potential investors and stakeholders. In short, ESG is now a must-have for companies going public.

5 Managing complex ECM transactions

5 Managing complex ECM transactions

A capital market transaction will be one of the largest and most complex projects a management team will undertake. We consider a successfully executed transaction as one that places ownership and control of the process in the hands of the Company rather than being driven by external factors

Complexity of ECM transactions

DRIVERS OF COMPLEXITY

1. **Complex and interdependent workstreams** with inflexible milestones to hit market windows
2. Process requires an extensive understanding of specific capital markets **transaction requirements**
3. Time and **resource constraints** of managing transactions whilst maintaining BAU
4. Alignment of an extensive **range of internal and external stakeholders** and interests

DELIVERING A SUCCESSFUL ECM TRANSACTION

Therefore, when determining how to manage an ECM transaction, a Company must put a **core team** in place that is **capable of driving three broad outcomes:**

1. Placing **control of the process** in the hands of the Company
2. Driving **complex and interdependent work streams**, bringing **clarity on progress** and priorities to the Exec and Senior Management
3. Achieving **early preparation where possible**, to allow the Company flexibility to respond to market conditions as appropriate

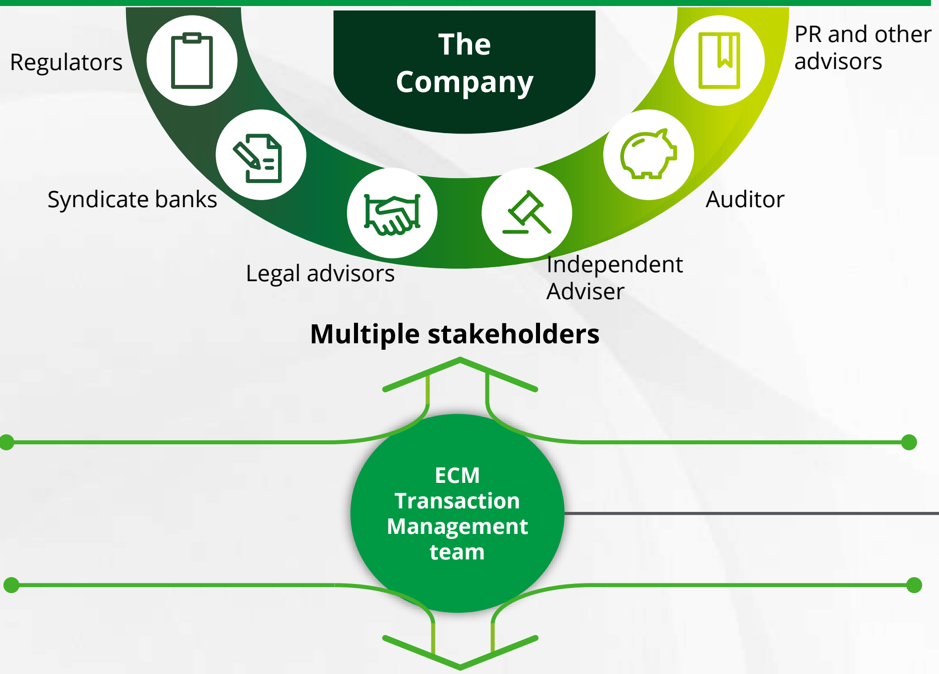
Common ECM Transaction pitfalls

- Not having an appropriately **skilled, resourced and a time constrained team** leading to the process being 'done to' the business
- **Distraction** of management from running the underlying business
- **Underestimating** the **timeline and resources** required across the many transaction workstreams
- **Lack of coordination** of key stakeholders and **visibility on interdependent workstreams** resulting in greater cost and inefficiency
- Last minute reporting and information requirements causing **'surprises' in the results** or challenging disclosures post the transaction
- Failure to identify **and deliver improvement initiatives** early enough that are required to deliver a strong investor story

5 Managing complex ECM transactions – The role of the IPO Management Office

Establishing an effective Management Office at the heart of the program will help you efficiently navigate the challenges and mitigate the risks inherent in ECM transactions. Deloitte can support you throughout the deal lifecycle with experienced professionals ready to be deployed at pace across a breadth of capabilities

The TMO should sit at the heart of programme



Interdependent workstreams

Prospectus	Preparation of financials	Analyst/ investor marketing	Equity story
Corporate governance	Regulator engagement	Legal & financials due diligence	Management of auditor

Key characteristics of an effective transaction management office

Shapes the programme – Shapes the governance of the program over time to meet the demands of each stage, ensuring **the right people can make informed decisions when required**

Drives value – Focusses on the **value-driving initiatives/ synergies** that must be delivered in addition to the structural and regulatory requirements to meet the transaction timeline

Focusses on business performance – Understands the longer-term priorities. While many acting for the Company will be focused on getting to the 'finish line of listing, the **transaction office should know what needs to be delivered in the first 100 days** to begin life post-transaction successfully and to meet commitments made to the market

Guides the business – Manages the preparation on the Company side and provides insights to functional teams on the process to **establish control in the organization** and to ensure the Company is engaging advisors most efficiently and effectively as possible

Owns the roadmap – Is able to develop and **own the end-to-end consolidated roadmap** to set priorities and identify upcoming issues requiring management attention well in advance

Deloitte's differentiators – how we can support you with market leading ECM transaction management

- **Experience** across multiple markets, industries and deal sizes ✓
- **Breadth of capability** – we have the ability to access the full breadth of the firm's expertise ✓
- **Track record** – our team has been involved in many IPO transactions in recent years ✓
- **ECM knowledge** – our team is comprised of ECM experts with deep IPO process knowledge ✓
- **Scalability** – our proposition is scalable thus can be deployed across discreet workstreams or entire programme ✓

6 Irish CFO Survey

6 Irish CFO Spring Survey 2023

Our latest CFO survey suggests that optimism among finance leaders is starting to reappear and growing numbers of Irish and European CFOs are beginning to see green shoots across their business. The top risks identified by CFOs over the next 12 months includes retaining and attracting talent, sustainability and climate, supply chain efficiencies and looking at strategic intentions for the year ahead.

Access our full report:

[The Deloitte CFO Survey]

Over the last six months, finance leaders are preparing to take on greater risk on their balance sheets and this has been reflected in 57% of finance leaders believing that revenue will grow over the next 12 months and 33% expecting operating margin to improve. Some of this optimism may be driven by expectation that inflation rates will decline.

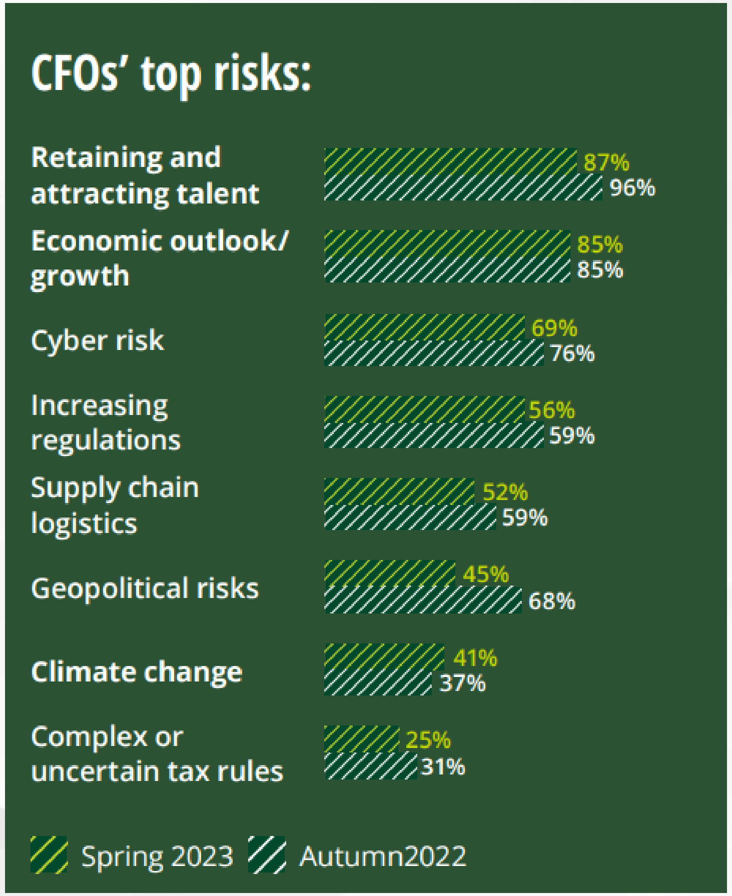
CFO's perception of external risk has eased from the Spring survey. There were reductions in six of the areas tracked in our survey compared with only one increase and one remaining stable – relating to retaining and attracting talent and Economic outlook/growth respectively.

Irish finance leaders and their European counterparts see increased use of digital tools as a strategic enabler in the immediate term, helping them to provide strategic insights needed to maintain a competitive advantage. These insights underscore the need to retain and attract skilled talent, which is forming their number one risk over the next six months.

Although Irish CFOs see climate change as a lower risk than other factors, this is expected to grow considerably if organisations don't develop their ESG endeavours. Organisations will come under increasing external and regulatory pressure to set, and commit to, ESG targets and to demonstrate progress through transparent reporting. CFOs believe that the absence of a global standard for ESG reporting acts as a barrier to unlocking their organisation's ESG reporting strategy.

As a rising priority, supply chain efficiencies are examined, due to being so heavily impacted by the macro environment. Supply chain shocks caused by events such as Brexit, Covid-19 and the Ukraine war have placed huge strain on organisations to sustain operations, secure production and ensure order fulfilment. CFOs recognise that investment in this area will enable organisations to build more visible, integrated and responsive supply chains.

The largest shifts in focus for Irish finance leaders includes organic growth, introducing new products and services, and expansion into new markets. We believe CFOs should focus on maximising core functions such as digitisation and tech transformation along with identifying supply chain efficiencies.



7 Euronext Dublin Leadership Q&A

7 Euronext Dublin Leadership Q&A

Q&A

Daryl Byrne

CEO, Euronext Dublin

Niall Jones

Head of Listing Ireland & UK, Euronext Dublin

What are the key factors for companies to consider when embarking on an IPO journey?	*DB: Companies need to carefully set their growth strategy and determine the most appropriate funding mechanism to deliver this. For high growth and acquisitive companies, an IPO provides an avenue to tap the market quickly at later stages as funding needs arise. Companies need to consider their governance models, as well as their preparedness for the initial and ongoing disciplines of being on a public market and their ability to communicate in a timely and transparent manner with investors and other stakeholders.*
What are the key major benefits of listing on Euronext Dublin or other exchanges such as LSE, NASDAQ or NYSE?	*NJ: A listing on Euronext Dublin is a European listing, as we are part of the leading pan-European exchange group. We have a particularly strong local ecosystem of advisors in Ireland, which is key to a successful IPO. Ireland is an ideal marketplace for small cap issuers (<€1bn) to get access to US, UK and European investors. Euronext Growth has almost 600 companies listed on it and the Dublin access point is suited to Irish, European and US issuers. Many globally leading companies have come from Ireland and our listing regime facilitates dual EU / US listings.*
What value do companies get enrolling in Euronext's financing programme, IPO ready?	*NJ: The programme offers CEOs and CFOs of scaling companies the opportunity to meet with key members of the Irish ecosystem of financial advisors, corporate lawyers, accountants, debt and equity investors, listed company representatives and many others to investigate the best source of financing for them. On the 6-month course, they work with experienced mentors on developing their strategy and business plan and pitch it to investors. There is a huge value from being part of a network of like-minded entrepreneurs, all looking at their scaling options.*
There have been few listings in Ireland in recent years. Why do you think that is and what is your view on prospects for the future?	*DB: We're fortunate that we can see what works well in other Euronext markets to attract higher numbers of IPO. There are important features of other markets that are missing at present in Ireland. We have less of an equity culture and IPO as a funding mechanism for companies doesn't tend to be on the radars of companies at an early enough stage. We also lack sufficient taxation supports to incentivise companies to IPO. We're doing a lot of work with the broader ECM ecosystem to introduce initiatives which would change the current market dynamics and incentivise more companies to IPO.*

7 Euronext Dublin Leadership Q&A

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Daryl Byrne

CEO, Euronext Dublin

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Head of Listing Ireland & UK, Euronext Dublin

Which sectors/sub-sectors are you expecting to see major growth in over the next 24 months?	*NJ: Funding the energy transition is the obvious one. There is a huge infrastructural deficit in Ireland and globally. Over the past 250 years stock markets have funded capital-intensive businesses and infrastructural projects like the railways and other large projects for the public good, so it would be great to see them used for this again now. We have some companies in the sector already listed with us, but there is room for Ireland to take a lead on this in the decades ahead. Other interesting sectors which we would expect to see more activity in are MedTech and broad Tech, reflecting the number of scale-ups active in those sectors here at the moment.*
What additional government support would be welcomed by Euronext Dublin in relation to supporting indigenous Irish companies, whether listed or planning to list?	*DB: We see features of other Euronext markets that could work well in Ireland and stimulate more IPO activity. Things like establishing a cornerstone investor to take a stake in domestic IPOs, have an Individual Savings Account regime to encourage retail investment in SMEs, and taxation incentives to encourage entrepreneurs and founders to bring their companies to the market. We have also called for an abolition of stamp duty on trading in Irish shares in our Budget 2024 submission so as to put investment in Irish shares on an even keel with investment in shares on other securities markets.*
Which geopolitical and/or macro environmental factors currently have the greatest impact on Euronext Dublin listed entities?	*DB: We're seeing that the combination of high inflation, rising interest rates, the Russia-Ukraine war and other macro factors are all weighing on investor and corporate confidence and impacting market activity. In the current environment IPO activity is subdued and investment decisions are being postponed.*
What are the major geopolitical and/or economic barriers for companies looking to raise capital through IPO or secondary issuances?	*NJ: The elevated volatility as measured by VIX or the 'fear gauge' was elevated for most of 2022 and Q1 2023 as the war in Ukraine, energy shocks and the changed interest rate took hold but are now back to pre-Covid levels. We expect deal activity to pick up in all markets in H2 for IPOs and the market for secondary issuance is already firmly open.*

7 Euronext Dublin Leadership Q&A

Q&A

Daryl Byrne

CEO, Euronext Dublin

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What is the exchanges' view on the growing importance of ESG and its impact on Companies who are already listed and those hoping to IPO?	*DB: ESG is and will continue to be important for companies and investors alike. Things have moved considerably in the past few years and there's a clear expectation that companies will adopt sustainable practices and have a clear transition plan that can be articulated for investors and stakeholders and measured for reporting on progress. Euronext offers a range of services to support our listed companies on their ESG journeys.*
What is the outlook for Euronext Dublin over the next 24 months?	*DB: Euronext Dublin is the number one venue globally for bond and funds listings, and we are fast becoming the leading venue in Europe for listing ESG bonds. We continue to expand our service offering to our global client base. Working with the local ecosystem, we are seeking to implement measures to create a more favourable equity markets environment so that there are proper incentives in place for entrepreneurial Irish companies to fund their growth ambitions using public equity markets. Our collective ambition should be to secure 4 to 5 IPOs each year so as to build a more vibrant domestic equity market for the years ahead.*

8 Are you ready to go public? Deloitte's IPO Scanner

8 Are you ready to go public?| Introducing the Deloitte IPO readiness scanner

Are you a founder, CEO, or CFO considering taking your company public?

Do you have a clear understanding of what an IPO entails, and how your company can ensure it is ready for not only the IPO process but also life as a listed company?

Submit your name and contact details to start the IPO Scanner

Click the link in your email to complete the full assessment *(this should take about 15 minutes)*

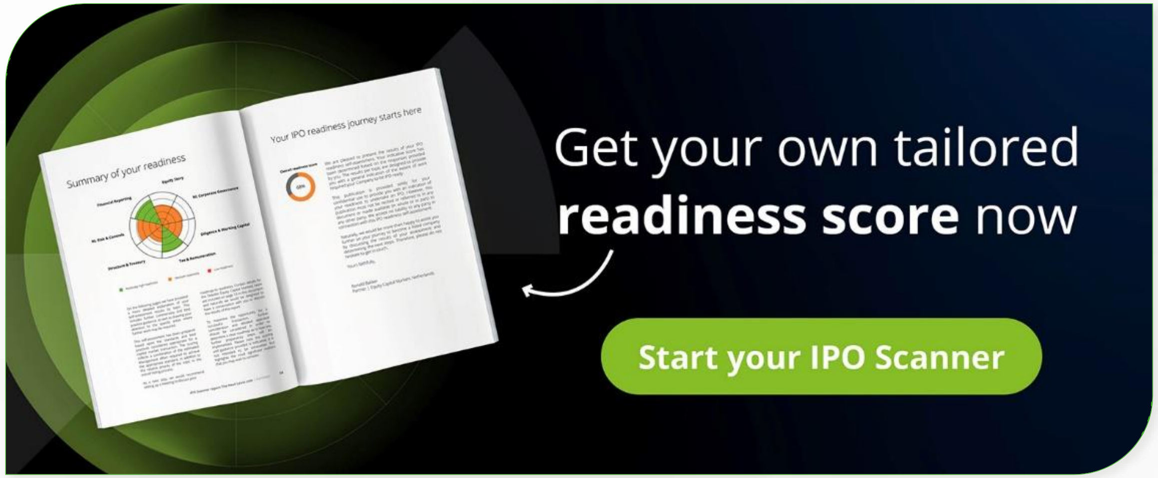
Receive your free IPO readiness report – with further detail and commentary assessing your company's readiness across seven key categories

Early preparation is key to a successful transaction and ensuring your business is able to attract the right investors and achieve the value your business warrants. Our IPO Scanner helps you to clearly identify the key actions and resources required, so your company can set out a practical and realistic roadmap to IPO.

- What is the IPO Scanner?

Our free and easy-to-use IPO Scanner provides you with a headline assessment of your company's readiness to IPO, with analysis across seven key categories – including equity story, diligence and working capital, financial reporting, risk and controls, and more.

Once you have completed the IPO Scanner, you will receive a PDF report outlining your company's preparedness across these seven categories. The report includes commentary and best practice to help you start your journey towards an IPO.



Our team is also available to discuss the findings with you in more depth, supporting you through the development and implementation of a bespoke plan and practical solutions to get your business fit and ready for life as a listed company.

9 Deloitte Equity Capital Markets

9 Deloitte Equity Capital Markets

Our dedicated team of over 150 ECM professionals in Europe provide specialist expertise across the lifecycle of an IPO, SPAC transaction, M&A transaction, or equity fundraising.

IPO Auditor

- Audit the financial statements included in the prospectus
- Providing comfort to the underwriters
- Assessing the control and governance environment

Post-IPO Support

- Help management handle the transition to a public company
- Assist with preparation of first set of public financials, audit of financial statements, ongoing analyst liaison and results announcements
- Ongoing corporate governance advice and support

Public Company M&A

- P2Ps, public offers, hostile takeovers
- Act as lead adviser on either the buy-side or sell-side of the transaction
- Advice on corporate restructurings and demergers
- Support and advice on preparing bid defence procedures

IPO Readiness

- Help companies prepare for an IPO
- Readiness assessment with a key findings report. Identifies deficiencies that may delay or prohibit an IPO
- Scope covers financial and commercial areas
- Design remediation plan to address shortcomings prior to IPO kick-off

Carve out financials

- Support and advice on carve-out design (operational and financial) and implementation
- Support on preparation of carve-out financials
- Support and advice on transaction (ECM or private sale) matters

Reporting Accountant

- Underwriter due diligence
- Working capital reporting
- Profit forecast reporting
- Pro Forma opinion

IPO Assist

- Support and advice where and when needed
- Services include project management, seconding staff, building models and working as an integrated part of the company's team
- Providing advice on ESG reporting structure set-up and implementation

Tax and Remuneration Advice

- Tax structuring, including domicile of Topco
- Advice on arranging executive and employee remuneration plans
- Benchmarking remuneration structures against other listed companies
- Implementation and documentation of remuneration plans

9 Our team| Deloitte Equity Capital Markets

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