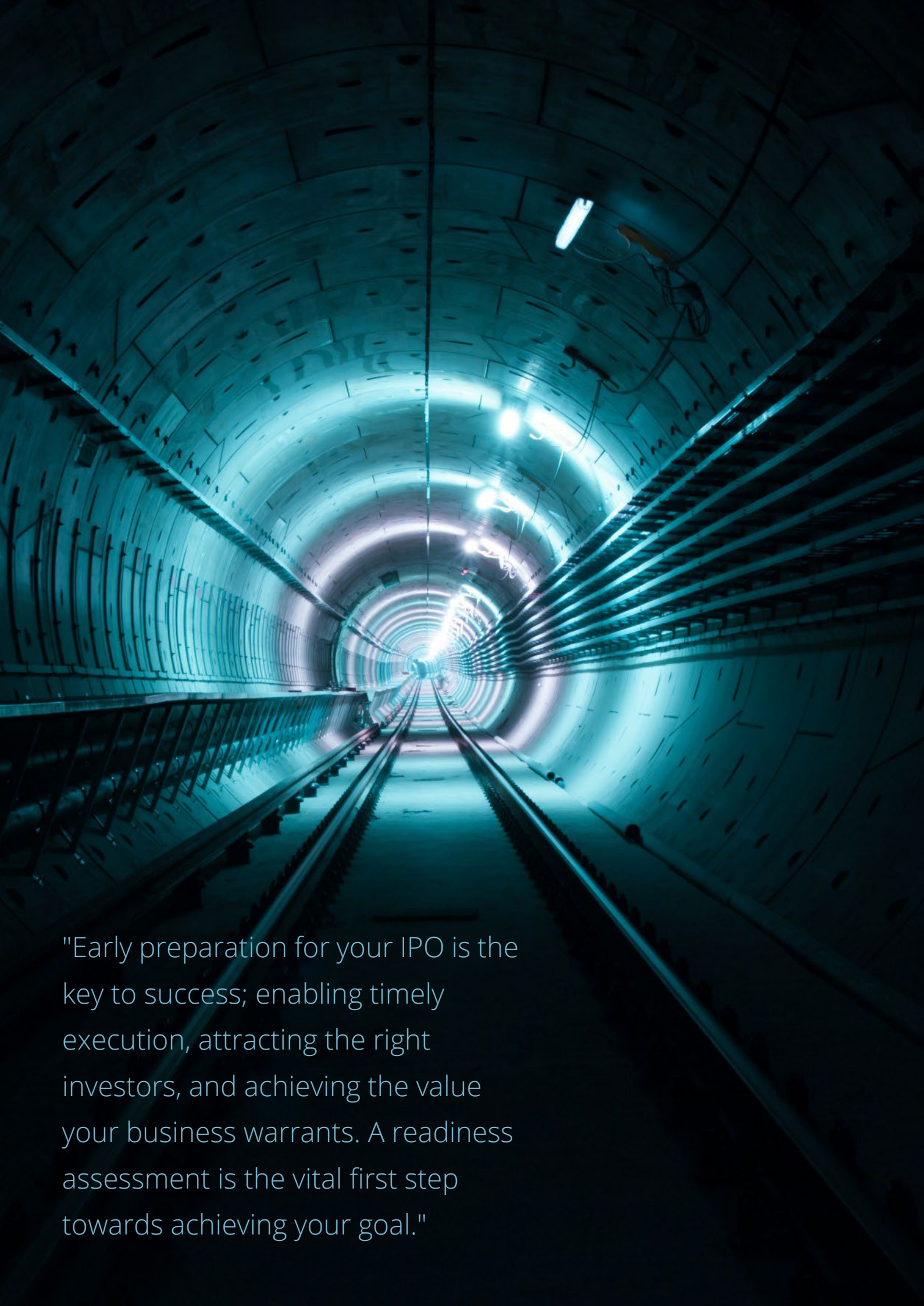




Deloitte  
IPO Scanner report



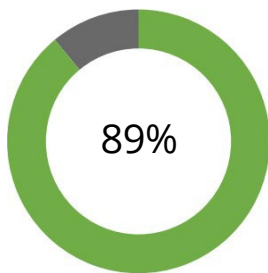
"Early preparation for your IPO is the key to success; enabling timely execution, attracting the right investors, and achieving the value your business warrants. A readiness assessment is the vital first step towards achieving your goal."

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# Your IPO readiness journey starts here

## Overall readiness score



We are pleased to present you with the results of your IPO readiness self-assessment. Your scores and the commentary thereon have been solely determined based on your responses in the IPO Scanner and therefore should be viewed as a starting point for the consideration of your ability to perform an IPO.

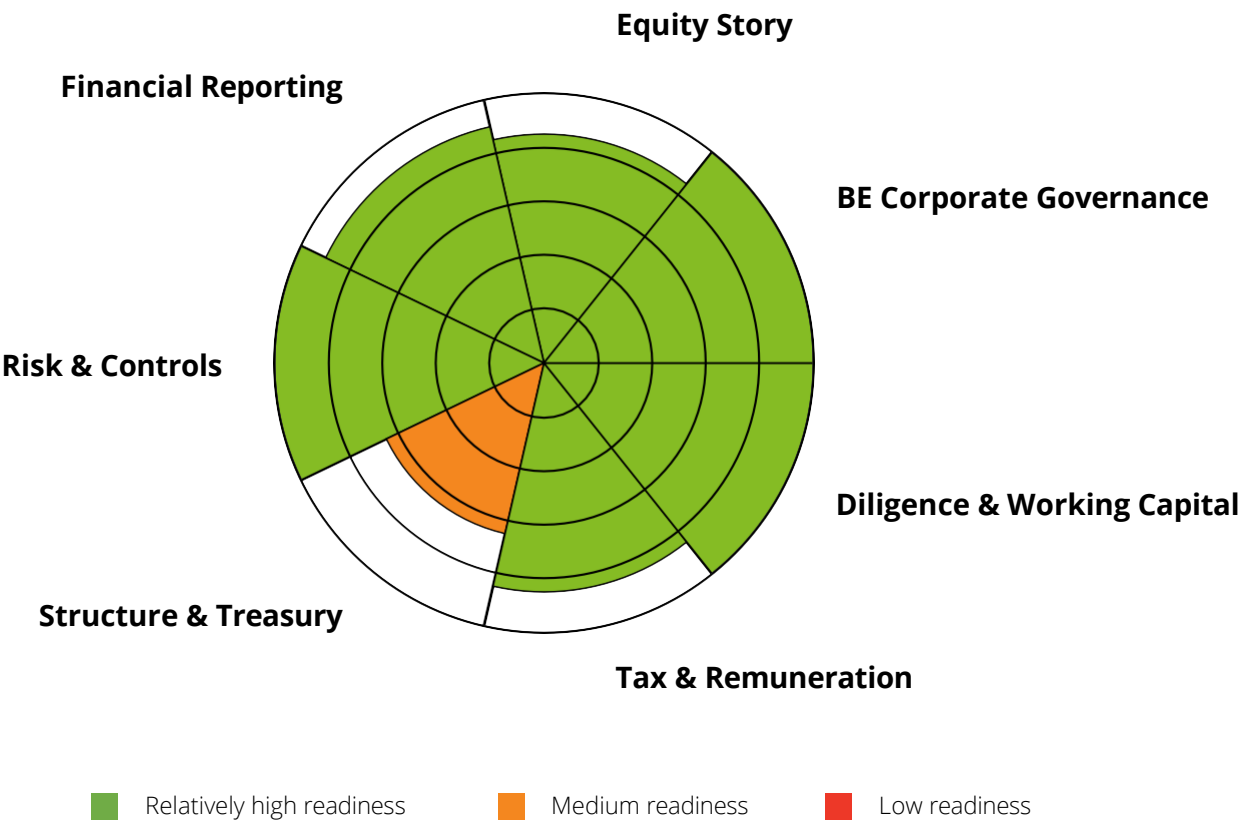
The results per topic are designed to provide you with a general indication of the areas to consider as you start to think about your IPO readiness journey. This publication must not be recited or referred to in any document or made available (in whole or in part) to any other party. We accept no liability to any party in connection with this IPO readiness self-assessment.

Naturally, we would be more than happy to assist you further on your journey to become a listed company by discussing the results of your self-assessment and determining the next steps. Therefore, please do not hesitate to get in touch.

Yours faithfully,

Pieter-Jan van Durme  
Partner | Equity Capital Markets Belgium

# Summary of your readiness



On the following pages we have provided a more detailed explanation of your self-assessment results by topic. This includes further commentary and best practice guidance, as well as drawing your attention to the specific areas where further work may be required.

This self-assessment has been prepared based upon the standards and best practices considered appropriate for a capital market transaction. The scoring reflects a combination of the estimated management effort required to achieve the appropriate standard, in addition to the relative priority of the topic in the overall listing process.

As a next step, we would recommend setting up a meeting to discuss your

readings to readiness. Contact details for the Deloitte Equity Capital Markets team are included on page 12 of this document and naturally we would be delighted to have a conversation with you to discuss the results of this report.

To maximise the opportunity for a successful transaction, further consideration and detailed approval should be considered in order to determine a clear roadmap as to how any further preparatory steps will be implemented. Please note the scoring and guidance provided is indicative, it is not intended to be exhaustive but highlights the most significant matters that you may wish to consider.



# Equity Story

A strong equity story is fundamental to the success of your IPO, setting out the core investment case for your business and supported by data to drive demand for your shares

Based on the self-assessment performed, completion of Example 8's equity story appears to be in formation, with certain key elements established in a progress state. The breadth of work already started is useful to evidence and support an equity story. It is important that the progress is sustained. Therefore continuing your preparations in this area – together with ensuring full, clear and well-understood articulation of the equity story should remain a priority area in your ongoing self-assessments.

## Best Practices

- A key cornerstone of a successful IPO is a solid equity story, articulating the key investment reasons and supported by the Company's performance record.
- Managing Boards of listed Companies must monitor attributable experience in their team with listed market matters.
- For an IPO, it is important that the segment reporting chosen is consistent to the listed equity story and positioning of the company after completion.
- A clear growth strategy will be part of the equity story and/or dividend policy.
- Investment banks will ask for high quality forecasts, valuing strategy, objectives and integrated financial forecasts, supporting the equity story and allowing for due diligence.

## Results Breakdown

### Positive attributes and progress

- Company operates in a large and growing market
- Proven business plan and confidence in meeting forecasts
- Identified competitive advantage versus peers
- Clear experience of transactions (e.g. M&A)
- Value of your Company in 3 years

### What you should consider

- Sufficient resources and expertise in-house to undertake an IPO process
- Management segment reporting aligned with your equity story

### What you should focus on

- Company is a segment for positive cash flow
- Clear group identified which you dominate against
- Clear company experience of Board and senior management

# Financial Reporting

High quality and consistent financial information across all IPO marketing materials is critical to driving investor confidence

Based on the self-assessment performed, preparation of Example 10's 10F and management reporting systems to ensure improvements. If the Company is in an early stage of its financial reporting, it is not uncommon amongst potential IPO candidates to have multiple ongoing, continuation of the work stream to prepare and report robust, consistent, auditable financial information under 10F that is complete and accurate with reasonable frequency should be considered a high priority task as the 10F exercise typically requires a substantial amount of time and effort on the part of the finance team and independent auditor and it is always on the critical path in any IPO readiness.

## Best Practices

- Listed companies not applicable to 10F are required to submit their audited financial statements within four months of the period end and their 10F annual report must submit three months of the period end date.
- The Preparation Rules require that a three year track record of audited financial information is disclosed in the prospectus, typically prepared in accordance with 10F.
- Management accounts should include a full 10F balance sheet, income statement and cash flow statement with comparison against budget and forecasts that can be disclosed in the audited accounts along with relevant 10F and supporting schedule. These should be ready for review by the Board within 10-15 working days post month-end.
- Management should determine the financial and non-financial 10F most significant to the company and ensure that these are consistently reported on both internally and externally.
- 10F is Governing Segments is applicable to all listed companies and companies aiming to be acquired and require that aggregated information is presented consistently with internal and external reporting.

## Ready Checklist

### Positive attitudes and progress

- Management accounts include a consolidated balance sheet, income statement and cash flow statement
- Management accounts include narrative commentary, including budget to actual comparison
- Signed set of 10Fs that are consistently reported

### What you should consider

- Evaluation of financial statements within 4 months of period end
- Improved reporting in existing financial information
- Accuracy of management reporting
- Timing of monthly close and delivery of management accounts

### What you should focus on

- Three years of audited financial statements
- Consistent financial statements in accordance with 10F
- Financial statements prepared under 10F

# Risk & Controls

Establishing robust governance and controls will enable you to be accountable to shareholders and ready for life as a listed company

Based on the self-assessment performed, preparation of Example 8.1.1's risk management and internal controls system is in progress. It is noted that the system is currently in progress. This is OK. The Company should continue to develop and implement risk management and internal controls within the business, with a focus on setting the internal risk register, and establishing policies and controls documentation for all the business units across the company, mapping out the risk, processes and controls that exist within each unit. This should result in a priority focus area for your ongoing readiness preparation.

## Best Practices

- A risk management framework helps the Board to identify, mitigate and manage risk so as to make sound judgements on the financial position and prospects of the business.
- Management should identify, assess and document the risk factors that it expects to be (i) financial position, prospects and any changes thereto, and (ii) operational and commercial in the interests of better information.
- The UK Transparency Directive requires a public Company to include an internal statement in its annual financial reporting.
- Policies and procedures for financial accounting and reporting processes should be documented to ensure that activities are conducted consistently between business units and that financial controls are formalised.
- The Transparency Directive requires a risk factors section, which should explain the material risk exposures that the company faces. Furthermore, good corporate governance requires a company to include its risk management approach in its annual report.

## Results Evaluation

### Positive attributes and progress

- Internal controls setting effectively - able to show an understanding of risk.
- Clearly defined and business continuity plan for business-critical systems.
- Documentation of non-financial risk processes and activities.

### What you should consider

- Risk register reviewed and updated regularly.
- Documented internal control framework.
- Number of key controls identified.
- Knowledge of identified internal control findings.

### What you should focus on

- Formalisation of risk management framework.



# Structure & Treasury

Focus should be placed on ensuring an optimal capital structure with ongoing support from a capable treasury function

Based on the self-assessment performed preparation of Example B's Capital Structure and Treasury Function appears to require improvements. If the Company is in an early stage of its lifecycle then this is not uncommon amongst potential IPO candidates. As your readiness improves, continuation of the work stream to establish a dedicated Treasury Function and have a clear capital structure suitable for an IPO should be considered a high priority item as establishing a robust dedicated Treasury Function and appropriate capital structure could require a substantial amount of effort from management and/or the advisors to the Company.

## Best Practices

- Typically, the debt structure of a company gets refinanced prior to IPO to have a suitable level of leverage as well as appropriate covenants in place.
- A listed company would be expected to have procedures in place to monitor, report and report complex financial instruments and transactions involving such financial instruments on a timely basis. This is often achieved through a robust Treasury policy, defined roles and responsibilities and procedures and controls over the Treasury activities including: (i) identifying, issuing, refinancing, cash facilities and other lending services in line with the company's financing needs; (ii) Finance over complex financial instruments and management of Treasury risks and (iii) providing roles and responsibilities for execution of Treasury-related matters to the Board.

## Results Evaluation

### Positive attitudes and progress

- Complexity of legal structure

### What you should consider

- Policy and strategy for the hedging of interest rates and FX exposures
- Treasury Management System (if available)
- Share-based structure

### What you should focus on

- Dedicated Treasury Function
- Robust Treasury Function
- Optimised use of IPO proceeds
- Optimised cash resources to key business
- Controlling Shareholders' rights and in context with IPO exit rights







# Tax & Remuneration

Any pre-IPO re-structuring of the business should consider tax consequences for the company, its shareholders and a remuneration framework that rewards the board and senior management for increasing shareholder value

Based on the self-assessment performed preparation of Example 8.11's corporate structure, the tax and remuneration policies appear to be in place to an extent with notable tax elements addressed in it in progress. Prior to IPO the Company should continue to address the appropriate legal structure, establish a robust tax function and formulate the remuneration plan in place for key personnel including Board and Senior management. These areas should remain a priority focus in your ongoing readiness preparations.

## Best Practices

- The company's legal structure should be considered in the context of the IPO process and also consider a business continuing operations of the company in a local environment. Companies frequently make changes to their legal entity structure in the lead up to an IPO, as a minimum to resolve a Topic which is appropriate for the listing jurisdiction. In addition to the commercial, legal and accounting aspects of the structure should be considered, including potential costs incurred as part of the execution of the restructuring steps. Ability to distribute dividends and the efficiency of the tax structure is also considered as part of the structuring outcomes.
- The processes and procedures should be documented as part of the overall tax control framework, including a board-approved tax policy.
- The tax function should be appropriate to the size and nature of the company. This may be through an internal tax function, an outsourced model or a mix of the two.
- A remuneration plan is in place for key personnel.
- Board and senior management equity plans are in place with the right IPO selling financial and non-financial, including equity or the tax treatment of these equity plans in the respective countries of operation.

## Results Breakdown

### Positive attributes and progress

- Employee share participation plan in place
- Processes to monitor and review company's tax reporting
- Results of tax audits and other correspondence
- Transfer pricing policy if applicable

### What you should consider

- Documented tax control processes
- Remuneration policy for the Board outside after IPO
- Outsourcing tax function

### What you should focus on

- IPO corporate structure

# Diligence & Working Capital

Readiness of both historical and forecast financials is essential to meet the diligence demands of the multiple different stakeholders in the IPO process

Based on the self-assessment performed preparation of Example B.V.'s corporate structure, the function and remuneration policies appears to be in place to an extent with certain key elements established or in progress. Prior to IPO the Company should continue to establish the appropriate legal structure, establish a robust tax function and formalize the retention plan in place for key personnel including Board and senior management. These areas should remain a priority focus in your ongoing readiness/preparation.

## Best Practices

- The company's legal structure should be considered in the context of the IPO process and also whether a business continuing operations of the company in a local environment. Companies frequently make changes to their legal entity structure in the lead up to an IPO as a minimum to establish a 'Topic' which is appropriate for the listing jurisdiction. In addition to see the commercial, legal and accounting aspects of the structure should be considered, including whether costs incurred as part of the execution of the restructuring steps really is structure dividends and the efficiency of the legal structure is also considered as part of the structuring exercises.
- The processes and procedures should be documented as part of the overall tax control framework, including a management tax policy.
- The tax function should be appropriate for the size and nature of the company. This may be through an internal tax function, an outsourced model or a mixture of the two.
- A retention plan is in place for key personnel.
- Board and senior management equity plans are in place with the right IPO selling (financial and non-financial) including clarity on the tax treatment of these equity plans in the respective countries of operation.

## Results Evaluation

### Positive attributes and progress

- Established share participation plan in place
- Processes to monitor and review compliance with reporting
- Results of the audits and other correspondence
- Transfer pricing policy if applicable

### What you should consider

- Documented tax control processes
- Remuneration policy for the Board available after IPO
- Compensation tax function

### What you should focus on

- IPO corporate structure

# Belgian Corporate Governance

A listed company is expected to adhere to good corporate governance, which is increasingly becoming an area of interest for regulators and investors alike. The Belgian Corporate Governance Code of 1 January 2020 (the "2020 Code") sets the best practice standard for corporate governance for listed companies in Belgium.

Based on the self-assessment performed preparation of Chapter 8 of a corporate structure, the function and remuneration policies appears to be in place in an order, with certain key elements mentioned in a progress. Prior to 2020 the Company should continue to enhance the appropriate legal structure, establish a robust tax function and formulate the selection plan in place for key personnel including Board and senior management. These areas should remain a priority focus in your ongoing readiness preparation.

## Best Practices

- The company's legal structure should be considered in the context of the 2020 process and also whether a technique controlling operations of the company in a local environment. Companies frequently make changes to their legal entity structure in the lead up to an IPO as a minimum to resolve a Topic, which is appropriate for the listing conditions. In addition to the commercial, legal and accounting aspects of the structure should be considered, including potential costs involved as part of the execution of the restructuring steps. Robustly to structure decisions and the efficiency of the legal structure is also considered as part of the structuring outcomes.
- The processes and procedures should be documented as part of the overall tax control framework, including a management tax policy.
- The tax function should be appropriate to the size and nature of the company. This may be through an internal tax function, an outsourced model or a mix of the two.
- A selection plan is in place for key personnel.
- Board and senior management equity plans are in place with the right 2020 selling financial and non-financial, including clarity on the tax treatment of these equity plans in the respective countries of operation.

## Results Evaluation

### Positive attributes and progress

- Corporate share participation plan in place
- Processes to monitor and review compliance for reporting
- Results of the audits and other correspondence
- Transfer pricing policy if applicable

### What you should consider

- Documented tax control processes
- Remuneration policy for the Board suitable after IPO
- Outsourcing tax function

### What you should focus on

- IPO corporate structure

# Contacts

*We are available to discuss the results of your self-assessment with you, including any next steps to address the recommendations set out. Please feel free to contact any member of the team below.*



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The Report provides a point in time assessment and is therefore intended to reflect relevant regulations and best practice understood to be applicable for your target listing exchange(s) as at date of this Report. We have not updated, and have no responsibility to update, this Report for events, transactions, circumstances, or changes in any of the facts or assumptions occurring after the date of the Report.

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