From resilience to reawakening

European Equity Capital Markets

ECM Update | SUMMER 2024

Content

About this report: This report contains data sourced from IMF Word Economic Outlook, Bloomberg, Refinitiv Workspace, Dealogic, company admission documents and press releases. ECM issuance data is as of 30 June 2024 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 2024.

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Welcome

This European Equity Capital Markets update contains commentary on recent European and Dutch stock markets performance; levels of European equity market issuance and macroeconomic considerations; the Dutch CFO Survey and hot topics on the rise of dual track, enhancing transparency in financial reporting and the EU's New Listing Act

A bullish equity market and reawakening of European IPO despite investor uncertainty

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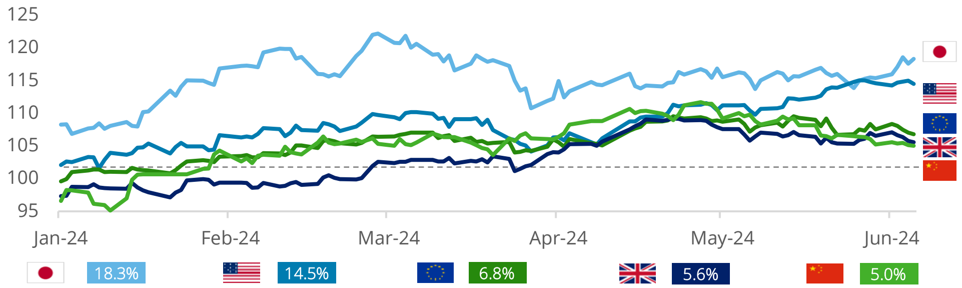
This European ECM update includes an **analysis** of the **performance of the major global indices** and the factors that have influenced and shaped this performance. Additionally, we will explore the **implications of declining inflation**, **economic growth prospects,** and the **central banks' inactivity regarding monetary policy**. In this report, we delve deeper into several **hot topics**: Deloitte's "Dutch CFO Survey", "The Rise of Dual Track", "Enhancing Transparency in Financial Reporting" and the "EU's New Listing Act: A Game-Changer for Access to Capital Markets".

Following a very positive year for major global indices in 2023, **the first half of 2024 has continued with a similar bullish momentum.** As of June 30, 2024, the **major global stock indices, have all closed on the up**, with gains ranging from 5% to 18%, except for the CAC 40, which slipped 0.8% due to the country's political instability. Despite the strong performance of global stock markets, **investors** have been highly **attentive** to the **evolution of inflation, interest rate policies,** and the risk of entering a period of **stagflation.**

Inflation has continued its **downward trend**, albeit at a slower pace and with occasional upticks compared to the previous year. As of December 2023, inflation in the euro area stood at 2.9%, decreased to 2.6% in May and is expected to be 2.5% in June.

Figure 1: 1H 2024 performance of global indices



Source: Refinitiv Eikon (30/06/2024)

However, despite this positive trend, **central banks** have **not met the projections** made by analysts at the beginning of the year **regarding monetary policy.**

Despite clear signs of weakening inflation since its all-time peak in October 2022, when it reached a high of 10.6% YoY in the Eurozone, **central banks have maintained a stringent stance on lowering interest rates too quickly**. As a result, throughout the first half of 2024, **one of the only significant rate adjustments was a modest 0.25% cut by the ECB**, bringing the rate down to **4.25%**. In contrast, the **Federal Reserve** has kept its **interest rates unchanged at 5.25%-5.5%.**

The performance of global stock markets has been mainly linked to **corporate earnings** and the potential **impact of inflation** and **monetary policy trends.**

The bullish equity market **encouraged ECM market activity** which **volumes** rose to **€73.2 billion**, a **20% year-on-year increase.** The improvement in ECM activity is undoubtedly due to the **reawakening of the IPO market,** with IPO volumes reaching **€13.6 billion, a 246% increase** compared to the 1H 2023 and a 26% increase compared to 2023 as a whole. **Blocks have been very present** during the past 6 months, with companies and **sellers taking advantage of the bull equity market and attractive valuations.** Conversely, **right issuances have been scarce,** as companies do not wish to be exposed to market volatility for a long period of time. When compared with the performance of the main European index, **European IPOs have clearly outperformed,** encouraging other companies to view IPOs as a viable option to raise capital or an exit opportunity. **The pipeline for the second semester, and especially for 2025, continues to build up.**

We hope the ECM Update is a helpful resource. Our team is at your disposal for any issues that you may wish to discuss.

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H1 2024
Equity Markets Performance

European stock markets have surpassed their historical highs amidst an improved macroeconomic environment

Figure 2: 1H 2024 performance of European indices

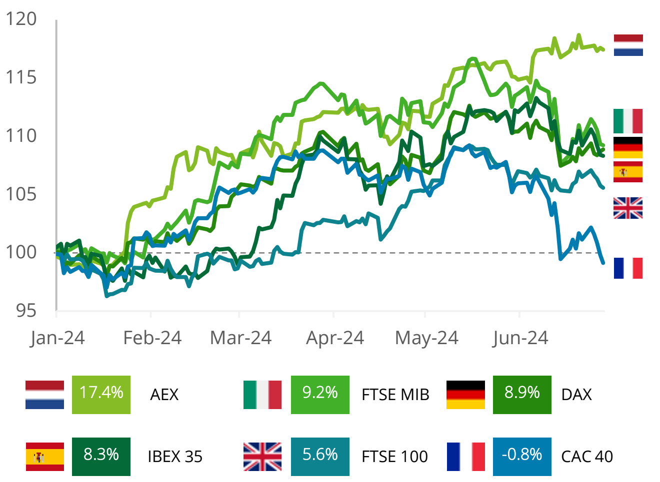
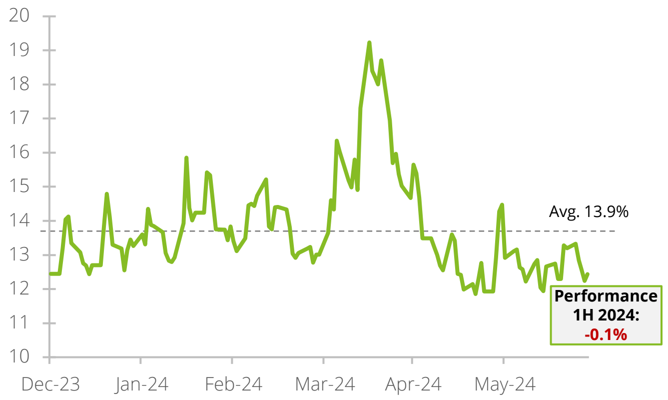


Figure 3: Volatility (VIX)



The major global economies' **main equity indices continued** to experience a **bull market** during the first half of 2024. This growth was **driven by economic recovery and strong corporate earnings**, which helped to **overcome well-founded investor concerns** related to **monetary policy uncertainty**, **stagflation** worries, and **geopolitical tensions**.

Equities have rallied in 2024 as main economies **show economic growth resilience, despite** major countries such as the **UK and Germany** entering and subsequently exiting **technical recessions** during the period, which caused **concerns among investors**. Nonetheless, **overall economic growth projections provide a positive outlook** for investors. The IMF projects that **Eurozone** economies will **grow in 0.8% for 2024 and 1.5% in 2025** contrasting with the economic expansion expected in **the US**, which is estimated to achieve growth rates of **2.7% and 1.9% in 2024 and 2025**, respectively. Meanwhile **the Netherlands** is expected to grow by **0.7% and 1.5%** in the respective periods.

The economic recovery is expected to be driven by **stronger household consumption**, supported by a **decrease in energy prices** and a **decline in inflation**. Projections regarding global inflation are equally promising. The IMF expects global inflation to decline steadily, from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025, with advanced economies returning to their inflation targets sooner than emerging markets and developing economies. The **core inflation is also expected to decline** mainly due to **monetary policies that are still restrictive**, and a **softening of the labor markets**. The IMF expects **Dutch inflation to stand at 2.7% in 2024** and to decrease to **2.1% in 2025.**

With inflation projected to continue declining towards national targets, policy rates of **central banks** in major advanced economies are generally **expected to shift towards a rate-cutting cycle.**

Regarding **monetary policies**, the disparity between anticipated and actual interest rate cuts by central banks generated significant uncertainty during the first half of the year. In December 2023, experts projected that **interest rates would be lowered between five and six times in both Europe and the US.** However, as of June 30, 2024, **only the ECB had reduced rates by 0.25%, to 4.25%**. The Fed, during its last meeting in June, **decided to hold interest rates unchanged** at 5.25%-5.5%, and its latest hawkish message signaled **only one upcoming rate cut during the second half of the year**.

Furthermore, such **divergence** between expected and actual **rate cuts alongside the rising tension in the Middle East** driven by the Israeli-Palestinian conflict were the **main reasons behind the volatility spike experienced in April**. The VIX index, hit 19.2, its highest level since October 2023, and very far from the 13.8-points-level that persisted on average during the first half of the year. **Geopolitical tensions, although present, have taken a backseat**, as they did not have a significant impact on commodity prices such as oil or grain during 1H 2024.

Despite these issues, **major European stock markets** ended the first half of the year **on the up**, driven by a noticeable **improvement** in the **macroeconomic environment**, but primarily by the continuous improvement in **corporate earnings**, which for many companies have already surpassed 2019 levels. **Most European indices** consistently set and **surpassed** their respective **all-time highs**. This trend continued until early May, when the Dutch, Italian, UK, German, and French indices reached their historical peaks. Since then, European stock markets have experienced a slight correction.

It should be noted that, on this occasion, the **indices of some major European economies have demonstrated the poorest performance**, relinquishing the lead to the Netherlands (AEX: 17.4%), followed by Italy (FTSE MIB: 9.2%), significantly outpacing the UK (FTSE 100: 5.6%) and particularly France (CAC 40: -0.8%).

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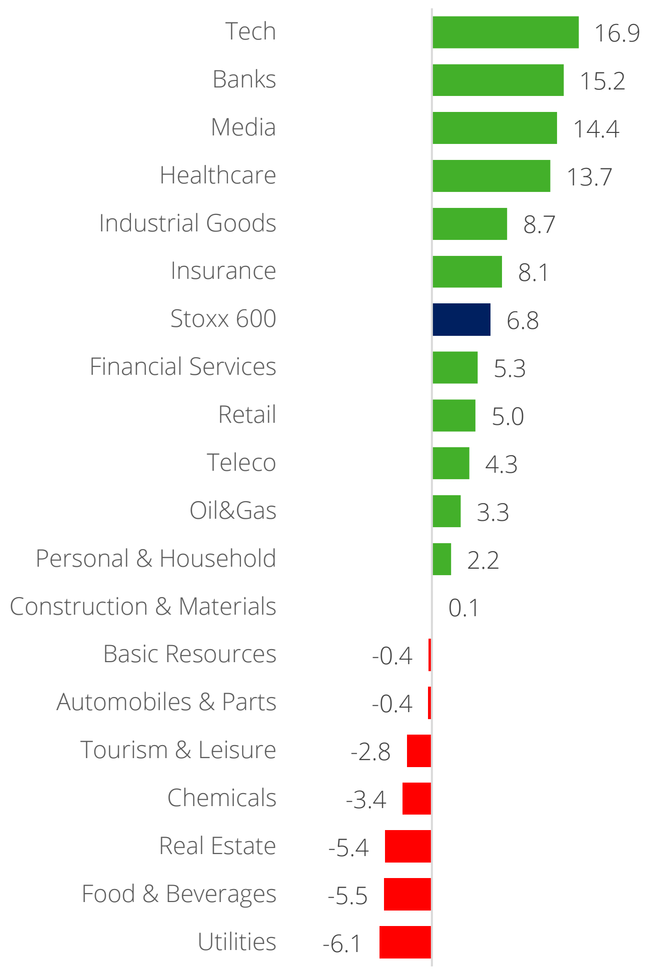
Strong corporate earnings and AI momentum lead to positive returns across global indices

In the first half of 2024 equities continue to rally despite markets being submerged in a **state of uncertainty,** especially regarding **a potential shift of monetary policy** and its potential effects. At the midpoint of the year, **many key indices were obtaining positive returns**, closing the period as follows: AEX up 17.4%, Nasdaq 100 up 17.0%, S&P 500 up 14.5%, FTSE MIB up 9.2%, DAX up 8.9%, IBEX 35 up 8.3%, Stoxx 600 up 6.8%, and the FTSE 100 up 5.6%, with the clear exception of the CAC 40, down by -0.8%, which suffered after the success achieved by the far-right parties and the subsequently political instability.

Like the previous year, the **main indices in the US outperformed their European counterparts,** helped by a **resilient domestic economy** and significant contributions from **major tech companies,** which are being boosted by the momentum of Artificial Intelligence. **Concerns regarding the breadth of the US market continue,** as close to **half of S&P's 500 gain can be attributed to Nvidia, Apple, Microsoft and Alphabet.** As of June 30, 2024, Nvidia's stock had appreciated by 149%, surpassing the €3 trillion market value mark, staying close behind Microsoft and Apple, constituting the podium of the world's most valuable companies.

The main **Dutch index, AEX,** was **by far the best performing European index, gaining 17%** in the first half of the year**, almost doubling the second-best performer, the Italian FTSE MIB**. The AEX has a **significant proportion of technology companies** which, as mentioned earlier, have been positively driven by the **momentum** of AI and **strong tech company earnings,** in many cases **above expectations**. Key semiconductor related companies, **ASM International and ASML Holding**, saw **substantial growth** during the period, **boosting the performance of the index**.

Figure 4: 2023 Stoxx 600 sector performance



Source: Refinitiv Eikon (31/12/2023)

In terms of sectors, the **pan-European Stoxx 600** ended the first half of the year on a high note, with **most of its industries closing in green.** Notably, the **technology sector**, up by **16.9%,** climbed on the back of **advancements in AI** and cloud computing, with many companies in the sector showing strong corporate earnings, such as ASM, ASML, SAP or Prosus. Meanwhile, the **European banking sector**, up by **15.2%,** benefited from prevailing **interest rate levels**, with stocks such as UniCredit, Intesa Sanpaolo, ING and Santander showing significant doble digit gains.

However, seven sectors ended the year down, with **utilities (-6.1%)** and **food & beverage (-5.5%)** being the **worst performers**. The **utility sector has struggled due to regulatory challenges** and the impact of higher interest rates, with stocks such as EDP, Naturgy, and RWE being among the most affected. Furthermore, within the **food and beverages** sector, companies such as JDE Peets, Pernod Ricard and Davide Campari Milano were the worst performers having being impacted by increased production costs. The European real estate market has been impacted since the rate hikes in 2022 with the rise in borrowing costs, tumbling prices and asset devaluation. **The delays in rate cuts by central banks have severely impacted the sector**. Companies such as Deutsche Wohnen, Aroundtown, Kojamo, CPI Property and Vonovia have been among the stocks most severely hit.

03 Equity Issuance Levels

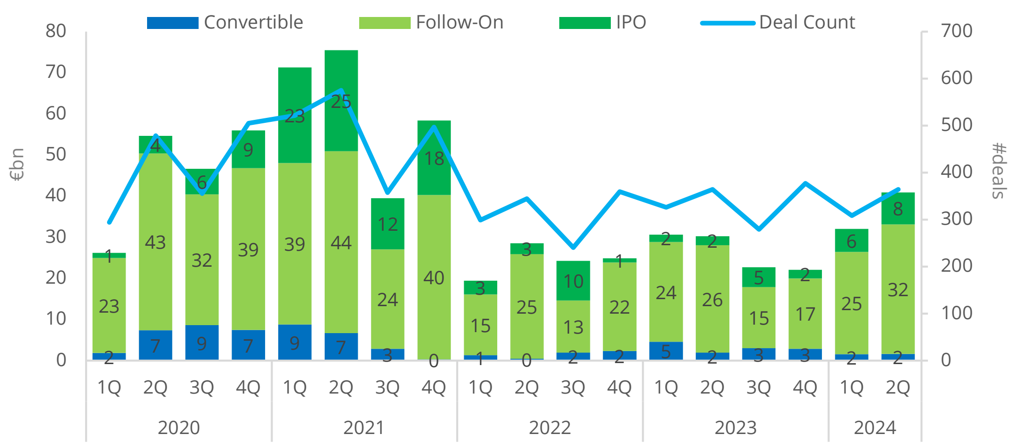
Encouraging ECM market activity driven by rising IPO and block volumes

Amid a mixed macroeconomic environment, with inflation gradually approaching the 2% target set by central banks, interest rates remaining high, and GDP growing slightly, **the ECM market has shown improvement compared to the previous year**. During the first half of the year, the **ECM market** has seen an increase in activity, with volumes increasing to **€73.2 billion, a 20% year-on-year**, mainly from IPO and block volume issuances, although the number of deals decreased, by -3% year-on-year. During the fist half of the year, we have seen **the size of the transactions rising compared with the average size of last year.** In H1 2024, the average transaction size reached €109 million, up from €88 million in the same period of 2023, reflecting a 23% growth.

The **improvement in ECM** activity is undoubtedly due to the **reawakening of the IPO market.** During the first half of 2024, **IPO activity amounted to €13.6 billion**, representing a **26% increase** compared to the **total volume raised in 2023**. This is primarily due to a **much larger average IPO size** (€192 million average IPO size in 2024 compared to €61 million in 2023). **Private Equity-backed-companies** made a **comeback in the IPO market**, boosting megadeals. During 1H 2024, **€57 billion** were raised via **Follow-Ons** (FO), **12% more** than during the same period last year. Nonetheless, when one **looks closer on FO deals**, **performances have been mixed**. **Blocks have been very present** during the past 6 months, with companies and sellers taking **advantage** of the **bull equity market and attractive valuations**. Conversely, **right issuances have been scarce**, as companies do **not wish to be exposed to market volatility for a long period of time**. Furthermore, there may be misconceptions as companies perceive that rights issues are associated with corporate trouble, which should not be the case. Lastly, the **convertibles market** has fared the worst, with **only 16 transactions** in the first six months of the year, amounting to **€3.1 billion, a 51% decrease year-on-year**.

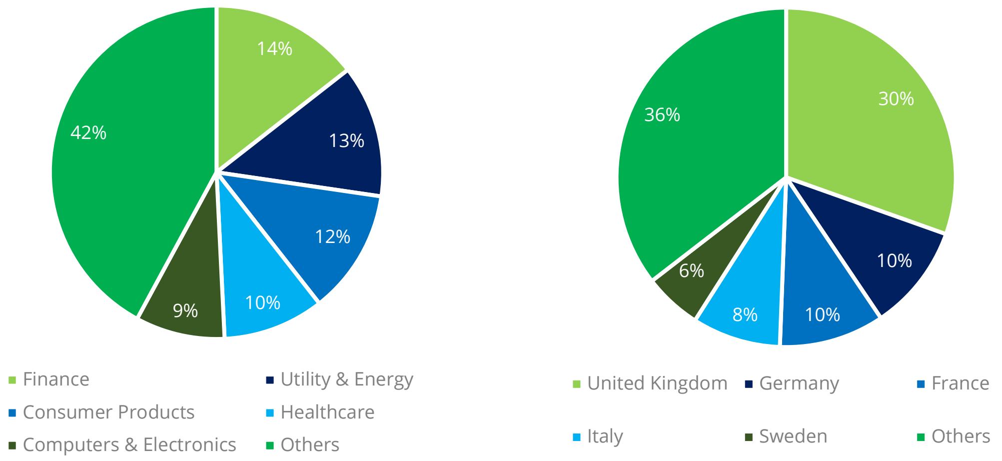
From an industry perspective, the **Finance sector has raised the most capital**, reaching €10.5 billion, **mainly through CVC IPO** (€2.3 bn) and **London Stock Exchange Group blocks** (€1.8 bn and €1.7 bn, respectively). This is followed by the **Utilities and Energy** sector with €9.5 billion, and the **Consumer products** sector in third place with €8.8 billion. Conversely, at the lower end of the scale, the **Insurance** sector raised €131 million, while **Dining & Lodging** and **Aerospace** sectors raised €69 million and €34 million, respectively. In terms of equity raised by country, the **UK once again leads the table with €22.3 billion**, followed by **Germany** with €7.4 billion and **France** with €7.3 billion. **The Netherlands ranks eighth**, with €3.0 billion raised through **only seven transactions**: CVC Capital Partners plc, THEON International plc, follow-on offerings from IMCD NV, InPost SA, Avantium NV and NX Filtration NV and, lastly, the convertible bond issue by Pharming Group NV.

Figure 5: European equity issuances since 2020



Source: Dealogic (30/06/2024)

Figure 6: 1H 2024 volume of equity issuances by sector and country



Source: Dealogic (30/06/2024)

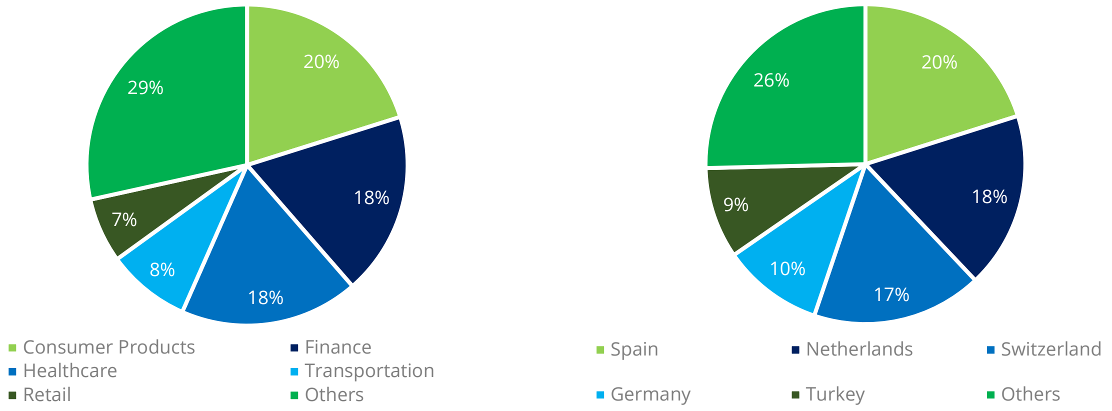
The IPO market has bounced back, with successful and significant deals encouraging others to come to market in the second half of the year and in 2025, building a healthy pipeline

Following a very poor 2023 for IPOs in Europe, the **first half of 2024 experienced a significantly improved level of activity**. While the number of IPOs remained relatively stable, with only six more deals than in the first half of the previous year, **the total volume of transactions increased significantly.**

In the first half of the year the **aggregate size of IPOs in Europe reached €13.6 billion, a 246% increase compared to the same period last year** and a 26% increase compared to 2023 as a whole. The **three most significant IPOs exceeded €2 billion each**: Spanish beauty group, Puig (€2.7 billion), followed by Swiss skincare products maker, Galderma (€2.4 billion) and, lastly, Private Equity CVC (€2.3 billion). In comparison, in the first half of 2023, there was only one **IPO above €500 million**, whereas **in 2024 there were 6 IPOs** above this value.

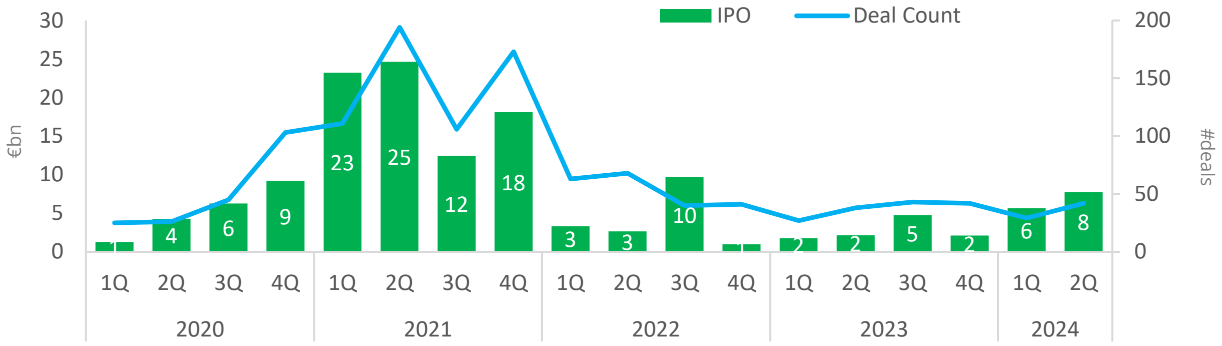
Regarding the most active countries in IPO volume, **Spain ranks first** with €2.7 billion, **Netherland was in second place** with €2.4 billion, followed by **Switzerland** in third place with €2.4 billion. The **UK, which used to lead the rankings, is now in eighth place out of seventeen** with only two IPOs above €50m, Raspberry Pi and Air Astana, raising €205 million and €330 million, respectively.

Figure 7: 1H 2024 IPOs by sector and equity volume issuances by country



Source: Dealogic (30/06/2024)

Figure 8: European IPOs since 2020



Source: Dealogic (30/06/2024)

Regarding the most active sectors, **companies in the consumer products sector stand out, capturing 26% of the capital raised and amounting to nearly €2.8 billion,** driven by the Puig IPO. The **financial sector ranks second,** led by the **CVC** deal while Galderma IPO was responsible for enabling the **healthcare sector to rank as the third** most active in terms of IPO volume.

The **average IPO size has increased significantly**, reaching €192 million compared to €61 million in 2023 YoY, as investors focus on **big names**, that can show **strong, resilient growth and have a solid track-record**. Furthermore, despite **bullish equity markets**, **investors remain very price sensitive** due to the **uncertainty surrounding markets,** and hence it is common to see a **big valuation gap** between sellers and investors, who are **demanding heftier IPO discounts.**

Regarding the IPO market in **the Netherlands**, the **Main Market has reopened after nearly two years of inactivity with the THEON International IPO**. The last IPOs that came to market were SPACs back in 2022, being RA Special Acquisition Corp and GP Bullhound Acquisition I SE, raising €217 million and €197 million, respectively. Despite the limited activity in the domestic market over the past few years, the pipeline for 2024 and 2025 includes several notable (international) companies from various sectors. However, although 2024 has now seen the first two IPOs in years, it will take some more time for IPO levels to return to the historical 2021 high of €11 billion raised across 23 IPOs.

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European IPO Barometer

During the first half of **2024, 32 IPOs were priced above €50 million,** of which 3 were above the €1billion mark of deal value. One country that was very active is Turkey. **Excluding Turkish and Russian** IPOs, **18 IPOs were priced above €50 million in Europe.** This represents a **396% increase** in volume from what we saw back in 1H 2023 from similar transactions.

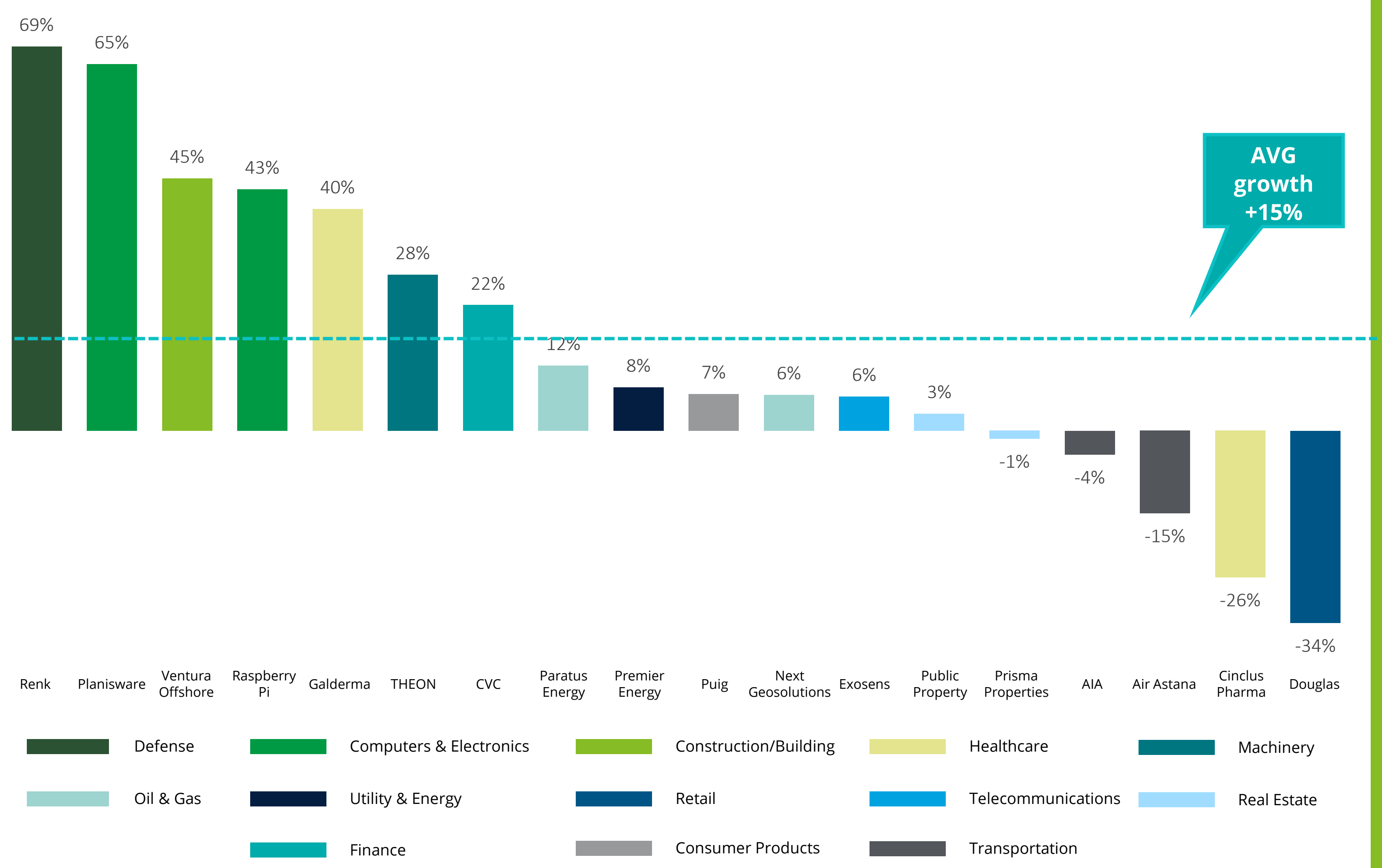
Overall, European IPOs during 1H 2024 had a **very positive performance**, with average growth of **+15.1%** *(above €50 million and excluding Turkish & Russian companies).* **When compared** with the performance of the main European index (**STOXX 600: +6.8%), European IPOs have clearly outperformed,** encouraging other companies to view IPOs as a viable option to raise capital or an exit opportunity. In fact, out of the 18 IPOs priced in Europe above €50 million, only 5 were, as of June 30, trading down.

The best performing IPOs of 2024 are German manufacturer **Renk** (defense sector) and French software provider **Planisware** (tech sector) with a **69% and 65% increase**, respectively.

It is **worth highlighting** that as **investors remain price sensitive, many IPOs** are said to have **applied a significant IPO discount** to ensure the success of the deal and a positive aftermarket performance.

Going forward, it seems that **many companies** are **preparing** for a potential IPO**, building the pipeline for the second half of the year as well as for 2025.** A successful **pricing** will **depend on investors' appetite** for the story and the **willingness of issuers to accept IPO discount demands.**

Figure 9: Deloitte's European IPO Barometer 1H 2024



Source: Source: Dealogic (30/06/2024). Data includes all European IPO above €50m, excluding Turkish and Russian IPOs

04 Dutch CFO Survey

DUTCH CFO SURVEY

The CFO's guide in dynamic and turbulent times

READ THE FULL REPORT HERE

The bi-annual **CFO survey** collects inputs from over **1,100 Chief Financial Officers** across Europe. The report provides an overview of the Netherlands based CFOs' **financial outlook**, as well as their views on **critical business risks, inflation, strategic priorities, funding and other factors** they currently consider to be vital for success. Many CFOs—from **private and public organisations**—contributed to the Netherlands-specific report, sharing **insights** about a diverse number of **Industries**. To get an in depth understanding of CFOs' current priorities and concerns, the report is divided into three sections (with their respective key takeaways presented):

Economy

- **CFO optimism and a soft landing** - *After a period of economic uncertainty and difficulty, a new wind is blowing and with it comes optimism. While CFOs do caution that this sentiment is fragile, their number one focus has shifted away from cost reduction towards creating value*
- **Partnering with the business to drive value** - *A strong economic outlook changes the priorities on the agenda of the company. We find that CEOs are expecting the finance function to now help drive value creation*
- **Lingering uncertainty can rear its head** - *While the prevailing sentiment remains optimistic, risks from labour shortages to increased geopolitical tension could turn into a cold shower for Dutch economic outlook*
- **Geopolitical risk and supply chain challenges** - *A core attribute of the Finance function is the role it plays in mitigating risks, but geopolitical challenges amplify existing risks and expose companies to new challenges*

Sustainability

- **Value vs Compliance** - *Most CFOs indicate value is driving their sustainability strategy; however, there are great divergences between different sectors*
- **Role of Finance function** - *The Finance function remains a key player in sustainability reporting and other non-financial reports, though rarely as the primary driver of them*
- **Regulatory readiness** - *Despite the growing importance and focus on sustainability, companies don't feel ready to face the challenges that sustainability regulation may bring, including the costs to meet these requirements*
- **Emission free CapEx** - *Greener investments are becoming more common throughout most industries, as sustainability is firmly linked to both the economy and digital efforts*

Digitalisation

- **Current AI Trends** - *AI trends currently indicate that both young and more established companies see AI as an opportunity, but despite this, funding for it remains limited*
- **AI expected to grow rapidly before 2030** - *A massive growth is expected for AI in the next 5 years, as CFOs throughout multiple industries see its potential for strategic decision making*
- **Early stages of next gen ERP adoption** – *Next Gen ERP systems are identified as a key step in the digitalisation process by 80% of companies, but their costs pose some questions and worries*

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05

Keeping the window open
The rise of Dual Track

The reopening of the IPO market has resurged Dual-Track transactions, as companies are looking to navigate the new market environment to ensure a successful deal

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UNCERTAIN MARKETS AS THE FOUNDATION OF THE RESURGENCE

After an exceptional 2021 for European IPOs, **activity significantly declined** during **2022 and 2023**, primarily due to rising inflation, the tightening of monetary policy, geopolitical tensions (notably the wars between Ukraine and Russia & Israel and Hamas), the increase in oil and electricity prices, the risk of economic recession, and market volatility. These **"risk factors" not only impacted IPOs but also influenced M&A transactions**, which have substantially decreased, mainly due to the higher cost of financing.

In 2024, we are seeing several of these **risk factors begin to dissipate**, **creating a new window of opportunity for IPOs**. During the first half of the current year, **€13.6 billion was raised** through 71 IPOs**,** representing a **246%** increase compared to the volume raised during 1H 2023. One of the aspects to highlight of this new wave of IPOs, is that the **average size of IPOs has increased significantly** to € 192 million (up 215% compared to the same period in 2023), **reflecting investors' appetite for less risky assets**, as they **welcome large companies with sound financials,** proven growth and profit potential.

Despite the good start of the year, **investors remain cautious and very sensitive to valuation,** resulting in several **postponements or cancellations** of IPOs, such as **Golden Goose, Europastry, Jordanes or Ampere**. **Some** companies that initially postponed their transactions **came back to the market later**, as in the case of **CVC**, which **after two previous attempts successfully attracted plenty of demand**, boosting its aftermarket performance. **Galderma, Renk and Planisware** are further examples that second and third chances do exist, as these companies attempted an IPO but after quoting unfavorable market conditions, chose to look for a better IPO window. **They are all trading favorable following their public debut.**

Due to market sensitivity, **many issuers have opted to increase their chances of a successful deal by keeping their options open and structure their IPOs in a Dual Track format.**

DUAL TRACK POPULARITY

In the past the **IPO and M&A dual-track transaction** setup was one of the options to build the transaction strategy upon. And now, after a period of challenging markets, this type of transactions **seems to become more popular** again. Running an IPO and a private sale process simultaneously **complicates the deal-execution** and can incur **higher costs,** but it **offers numerous advantages**, especially in the current environment, where **having optionality is highly valued.** This combined with the creation of **price tension** by driving demand from competing sources of capital **can give the company the best chance of delivering an attractive outcome**. Other benefits may include the **greater clarity** that such a process can bring on a variety of issues such as **valuation** levels, **the amount that can be monetized and** alternatives for the **residual ownership** position. On the other hand, one of the **complexities of a Dual-Track transaction**, relates to **the considerations for potential investors**. Investors typically don't appreciate companies put up for a listing as a last resort after an unsuccessful private sale process.

Over the course of the years there have been **several cases of Dual-Track transactions in the Netherlands**. Some deals ended in an IPO (**Signify, SIF**) and others in private sales (**Sunrise Medical, Nouryon (formerly known as AkzoNobel Specialty Chemicals)**).

More recently we have seen IPOs of **Ithaca Energy and Italian Design Brands**, as well as the M&A transactions of **Gruppo Florence, Essentra and Best in Parking**, reflecting the reality of this new trend, as they were all run at some point in the transaction as Dual-Tracks. The trend is **very present in Private Equity transactions**, which, due to economic and corporate market conditions, might opt to retain their assets for a longer period, with global **PE AUMs at historic highs (>$5 trillion).** Of the six largest European IPOs, four were backed by Private Equity: **Renk, Douglas, CVC,** and **Galderma**. Down the pipeline, several PE-backed firms and other companies said to be undergoing a dual track process. Only time will tell which way they choose, but **it is clear that issuers are keeping the doors open to the best possible outcome.**

Deloitte's practical support and advice to help companies navigate through a complex transaction to ensure the best outcome for their shareholders

Deloitte's multidisciplinary team led by **M&A and IPO experts** helps clients navigate dual track transactions to take full advantage of the synergies between the two tracks. **We advise and provide practical support** from the side of the company and its shareholders to **protect their interests**, **reduce transaction risk, coordinate all the parties and workstreams, ultimately easing the burden on management**. We can act in each of the **three distinct phases** of the dual track process:

Pre-Deal

1-2 years before

Goal: Provide integral support, anticipate deal-breakers, minimize duplications, and generate process synergies

- **Readiness and Value Creation:** Understand objectives, performing **transactions readiness assessment** and assess value creation opportunities (i.e., cost reduction programs, revenue & margin enhancements)
- **Company Readiness:** Strengthening capabilities and closing gaps to **prepare the company for the deal**
- **Dual-Track Design:** Defining the deal **roadmap** and **preparing common data-sets and documentation**

Deal

6-10 months before

Goal: Create competitive tension, maximize value, and optimize the probability of success for the transaction. *Deliotte will coordinate the entire process and all parties involved, though other specific tasks will depend on the track*

IPO

Deloitte will advise and support shareholders on key execution aspects such as, financial information and transaction documentation (including Prospectus).

Dual-track: *Go-to-Market* → *Market approach* → *Value & Deal case* → *Sell or float* → *Deal*

M&A

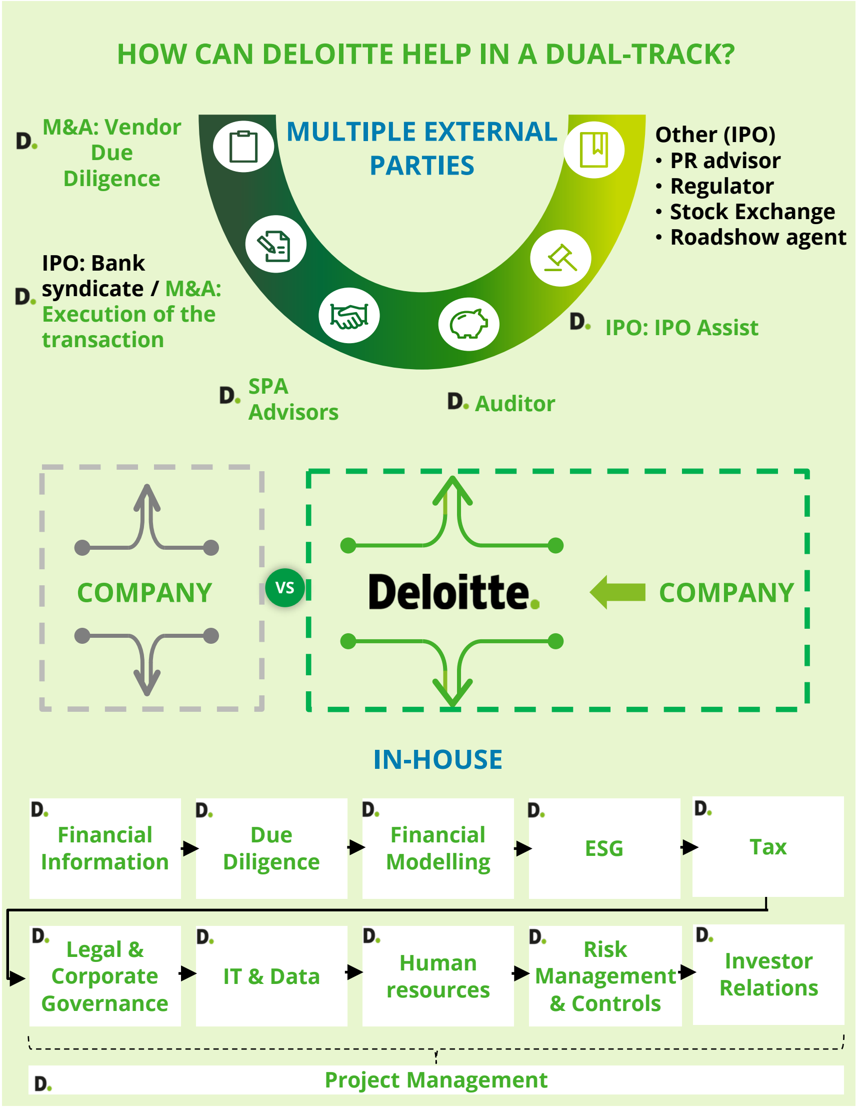
Deloitte **will lead the execution of the process and provide integral** financial, tax, ESG, Renumeration and due diligence support along the M&A track.

Post-Deal

1-2 years later

Goal: Ensure the company successfully executes its business plan and meets investors' expectations while enhancing value

- **M&A post-deal requirements:** Resolve contingencies post-process including SPA clause management
- **Reporting as a listed company:** Assist the company to ensure full compliance with reporting requirements, including financial reporting, ICFR system implementation, IR and ESG support
- **Business Plan (BP) execution:** Ensure successful BP' execution incl. 100-day.plan, synergy capture plan, M&A growth



D. Roles/Workstreams where Deloitte could lead/assist

06 Enhancing Transparency in Financial Reporting: A Call to Action on APMs

A Call to Action on Alternative Performance Measures

The Dutch Authority for the Financial Markets (AFM) has released a critical review of the disclosure practices surrounding Alternative Performance Measures (APMs) by Dutch-listed entities. The findings highlight significant gaps in transparency and compliance with the European Securities and Markets Authority (ESMA) guidelines, underscoring the urgent need for improvements.

The Crucial Role of Transparency

APMs are financial measures not explicitly defined in applicable financial reporting standards or mandated by other relevant legislation. Examples of frequently used APMs are (Adjusted) EBITDA, CAPEX and Free Cash Flow. They serve as supplementary indicators that can offer valuable insights into a company's performance. However, the lack of transparency and consistency in their presentation can mislead investors and analysts, undermining the reliability of financial reports.

Key Findings from the AFM Review

Prominence - APMs must not overshadow IFRS measures. Some reports featured APMs more prominently than IFRS figures, causing confusion. Prominence isn't merely a matter of sequencing different measures, it also encompasses the weight given to individual measures through e.g. visual presentation or the level of importance implied by the tone of the explanatory notes.

Reconciliations - Many APMs are not adequately reconciled to their nearest IFRS measure. Transparent explanations of adjustments are essential for users to assess appropriateness of such adjustments and, hence, reliability of the APM.

Presentation - Clear definitions and meaningful labels for APMs are often lacking. Without these, users cannot accurately interpret or compare measures across issuers. APM label should clearly stretch what the measure entails, whether the measure has been adjusted and shouldn't leave room for misinterpretation.

Comparatives - APMs should be accompanied by comparative figures for previous periods to aid analysis, in line with the requirements to present comparative figures in the primary financial statements and the notes thereto. This requirement reaches beyond tables; APMs disclosed in explanatory text should also show comparatives.

Explanation on Use - Each individual APM must include an explanation of its relevance and added value. Generic explanations do not suffice; issuers should explain what additional information the measure provides and how such information adds to a more comprehensive understanding (whilst not displaying too much prominence).

Consistency - APM definitions and calculations should remain consistent over time in order to increase period-on-period comparability. Both the rationale behind and the effect of changes in definitions and calculations must be clearly explained.

Compliance by Reference - Issuers can refer to other documents to meet disclosure requirements, but this practice is underutilized.

Recommendations for Issuers

The AFM urges issuers to:

- Deepen their understanding of and compliance with ESMA guidelines.
- Critically evaluate the inclusion of APMs to ensure relevance and avoid excessive use.
- Clearly define and reconcile APMs, providing transparent and detailed disclosures.
- Maintain consistency in APM reporting and use compliance by reference where applicable.

Advice for Users of Financial Information

Investors, analysts, and financial journalists should maintain a critical perspective on APMs:

- Understand the calculation and definitions of APMs, avoiding assumptions based on common labels.
- Engage with issuers to address any concerns about transparency or excessive use of APMs.
- Focus on IFRS measures for reliable and comparable financial analysis.

Role of Auditors and Advisers

Auditors and advisers play a vital role in upholding transparency:

- Auditors must ensure that annual reports comply with ESMA guidelines.
- Advisers should guide issuers in including compliant APM disclosures in prospectuses and other communications.

Conclusion

The AFM's review reveals that many Dutch-listed entities fall short of ESMA's transparency standards in their APM disclosures. This deficiency poses risks of misleading information and hampers users' ability to derive meaningful insights. The AFM calls on issuers, users, auditors, and advisers to collectively enhance the transparency and reliability of financial reporting, thereby supporting informed investment decisions and fostering trust in the financial markets.

07 EU's New Listing Act: A Game-Changer for Access to Capital Markets

EU'S NEW LISTING ACT

A Game-Changer for Access to Capital Markets

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In a landmark move on April 24, 2024, the European Parliament adopted the EU Listing Act, a comprehensive set of reforms aimed at making the EU's public capital markets more accessible and attractive to companies, particularly small and medium-sized enterprises (SMEs). This initiative is part of the broader Capital Markets Union effort, which seeks to diversify funding sources for companies beyond traditional bank lending. The Listing Act introduces significant changes to existing regulations and directives, simplifying the listing process and reducing compliance burdens, thereby fostering a more business-friendly environment in the EU.

Key Changes in the Prospectus Regulation

The Listing Act introduces several targeted amendments to the Prospectus Regulation (EU 2017/1129) to simplify and streamline the requirements for companies seeking to list or already listed on EU public capital markets. Among the notable changes are additional exemptions to the obligation to publish a prospectus, the introduction of new types of documents, and a shortened IPO offer period. Some key changes are described below:

Additional Exemptions: New thresholds and conditions have been established for exempting certain public offers and admissions to trading from the obligation to publish a prospectus. Issuers can offer securities fungible with those already listed on a regulated market or SME growth market without a prospectus if they represent less than 30% of the existing listed securities over a twelve-months period. This is provided the issuer is not under insolvency or restructuring. This requires the filing of the new Annex IX, a short-form document for specific exemptions, aimed at reducing the administrative burden on issuers. Furthermore, the pre-existing exemption thresholds for admission to trading of fungible securities and admission of shares resulting from conversion or exchange has been increased from 20% to 30%.

Small Offers: The Act introduces a harmonized threshold for prospectus exemptions at EUR 12 million over 12 months (instead of the current consideration threshold of EUR 1 million), with an optional EUR 5 million threshold for individual Member States and except for cross-border offerings. This change aims to make it easier for smaller companies to raise capital without the costly and time-consuming process of preparing a full prospectus.

Credit Institutions: The threshold for exempting an offer, or admission to trading, of non-equity securities from the obligation to publish a prospectus has been permanently increased from EUR 75 million to EUR 150 million, providing greater flexibility for credit institutions.

EU Follow-On and Growth Issuance Prospectuses: The Act simplifies the requirements for secondary issuances and SME growth issuance prospectuses, limiting the documentation to 50 pages and 75 pages respectively, making the listing process more accessible and less burdensome for SMEs already admitted to trading on a regulated market or SME growth market for at least 18 months.

Page Limitation and Standardisation: A 300-page limit for share prospectuses has been introduced to reduce unnecessary information and improve the clarity and usability of prospectuses. This limit excludes certain sections like e.g. summaries, incorporated references or complex financial history information.

Simplifications to the Market Abuse Regulation and MiFID II

The Listing Act also addresses the Market Abuse Regulation (EU 596/2014) and MiFID II to alleviate some of the compliance burdens on issuers while maintaining market integrity.

Market Abuse Regulation: Key changes include:

- A change to the conditions under which delaying of the disclosure of inside information is permitted. The requirement that disclosure is likely to prejudice the interest of the issuer and the ability of the issuer to ensure confidentiality already apply, but the third requirement is amended. The previous generic condition that the delay should not mislead the public is replaced by the condition that inside information should not be contradicting to the latest publicly announced information on that matter.
- The removal of disclosure obligations for intermediary steps in protracted processes. Where steps in a protracted process result in a particular event, issuers will now only have to disclose the event or result that will follow from the protracted process.
- The threshold for managers' transaction notifications is increased from EUR 5 thousand to EUR 20 thousand. These changes aim to reduce the administrative burden on issuers and provide more flexibility in managing sensitive information.

EU'S NEW LISTING ACT

A Game-Changer for Access to Capital Markets

MiFID II: Whilst maintaining the EUR 1 million foreseeable market capitalisation condition, MiFID II reduces the minimum free float requirement for listings on regulated markets from 25% to 10%. Furthermore, it enhances rules for investment research. This includes a general requirement for research to be fair, clear and not misleading and a new EU code of conduct for issuer-sponsored research to ensure fairness and transparency.

Directive on Multiple Vote Share Structures

A new directive under the Listing Act addresses multiple vote share structures (MVS) for companies seeking admission on a multilateral trading facility (MTF). This directive aims to encourage founders to list their companies while retaining control post-listing. The directive includes safeguards to protect non-MVS shareholders, such as requiring qualified majority approval for adopting or amending MVS structures and introducing potential sunset clauses.

Entry into Force

The majority of the amendments introduced by the Listing Act will come into force 20 days following their publication. However, certain provisions, such as those related to the EU Growth issuance prospectus and the Follow-On prospectus, will not take effect until the second half of 2025. The Directive on multiple vote structures is expected to be implemented within two years of its entry into force, likely by 2026.

Conclusion

The EU Listing Act represents a significant shift in the regulatory landscape of EU public capital markets. By simplifying the listing requirements and reducing the compliance burdens, the Act aims to make the EU a more attractive destination for companies seeking to raise capital. This is particularly beneficial for SMEs, which often face higher barriers to entry in public markets. As these reforms take effect, they are expected to foster a more dynamic and accessible capital market environment in the EU, encouraging more companies to go public and drive economic growth.

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08 IPO 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?

Now including a new ESG module

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.

Our IPO Scanner now features a newly added ESG module, allowing you to assess your company's readiness for an IPO in the face of ESG. You'll be evaluated on aspects such as ESG strategy, and new European ESG regulations including the EU taxonomy and CSRD. This upgrade empowers you to navigate the evolving landscape of sustainable finance, ensuring that your company is not only IPO-ready, but also equipped to thrive in a future defined by ESG considerations.

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.

Next steps

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.

Submit your name and contact details to start the IPO Scanner

Click in 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 eight key categories

09 Deloitte Equity Capital Markets

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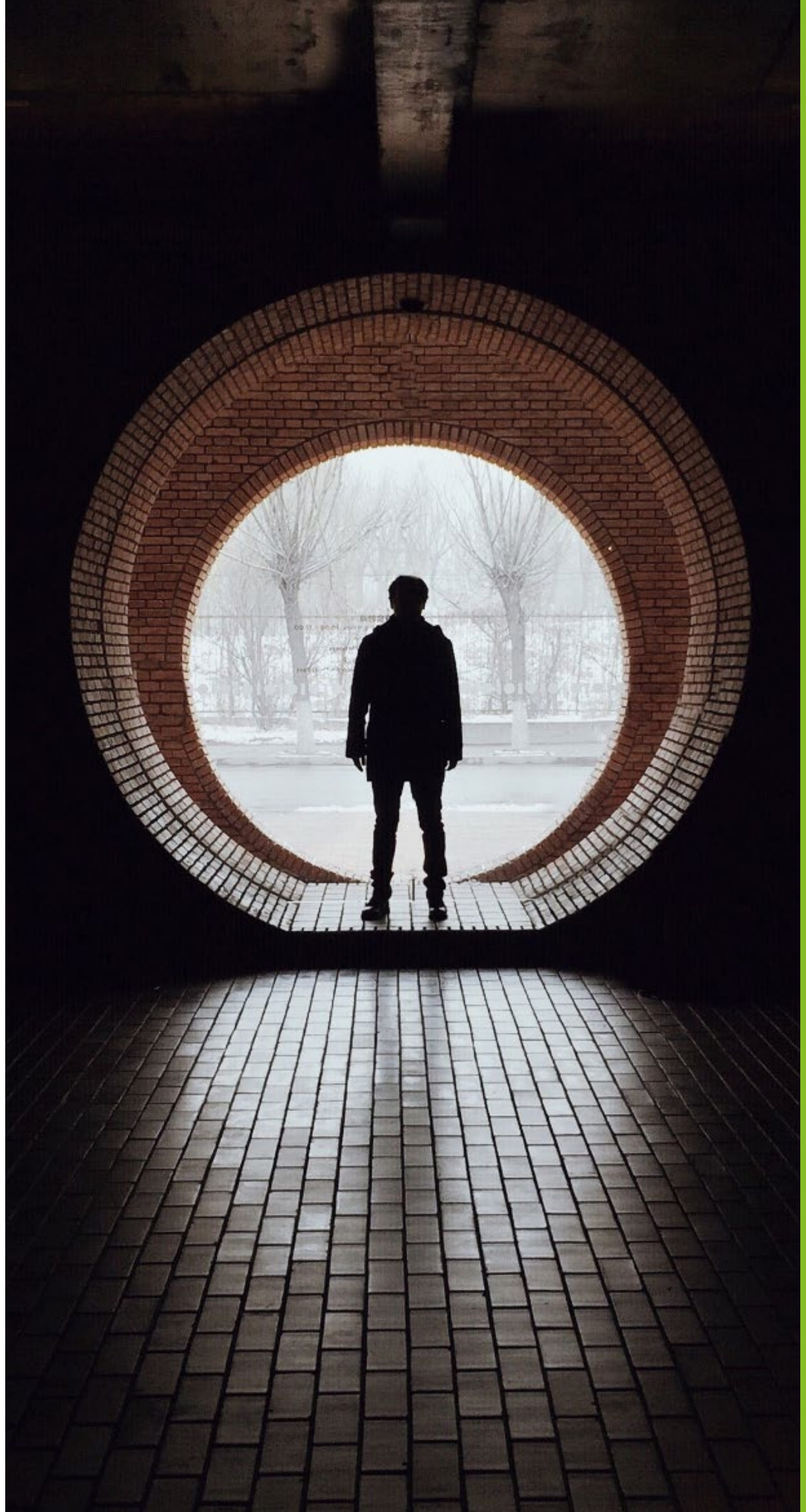

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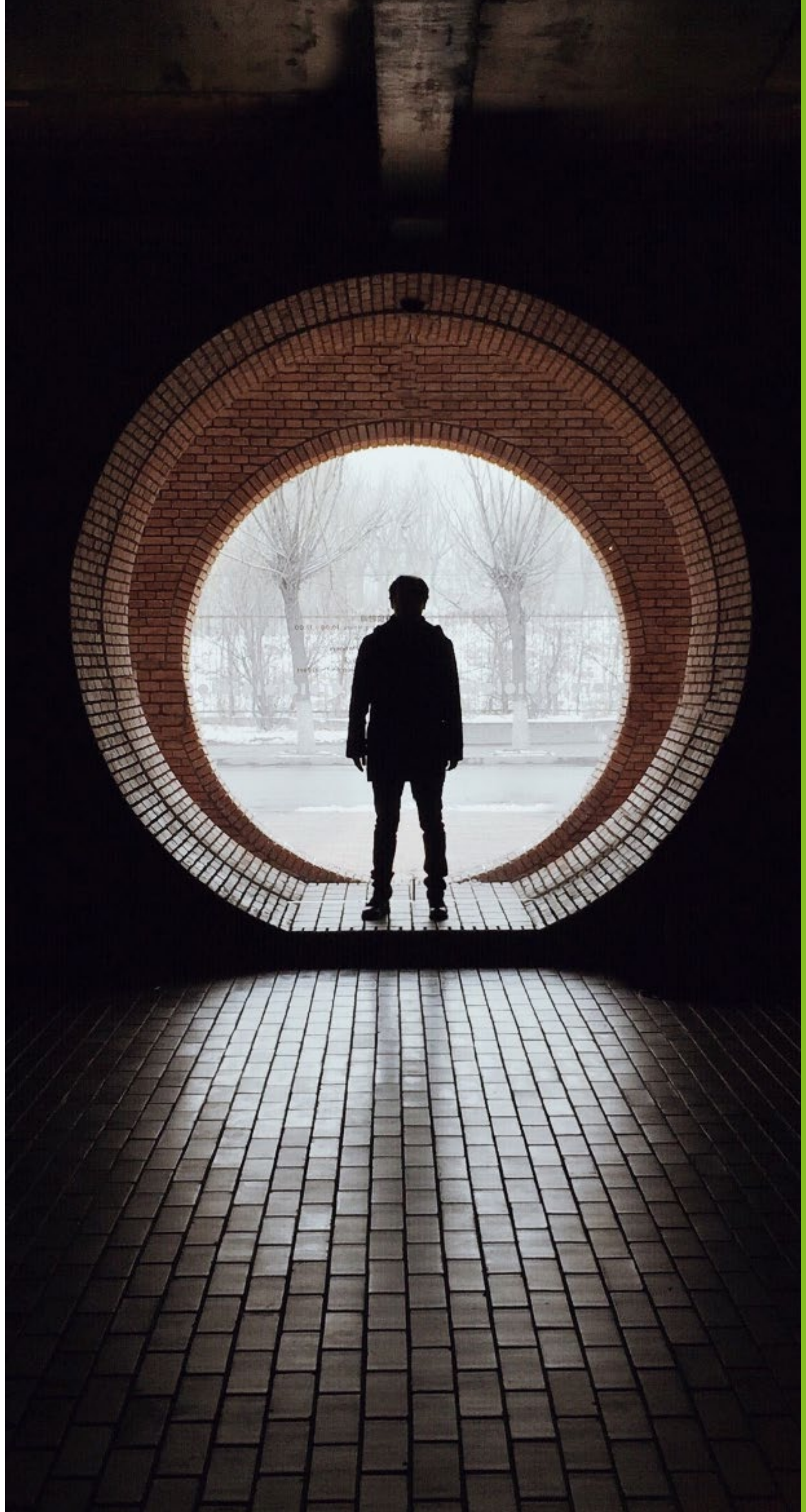

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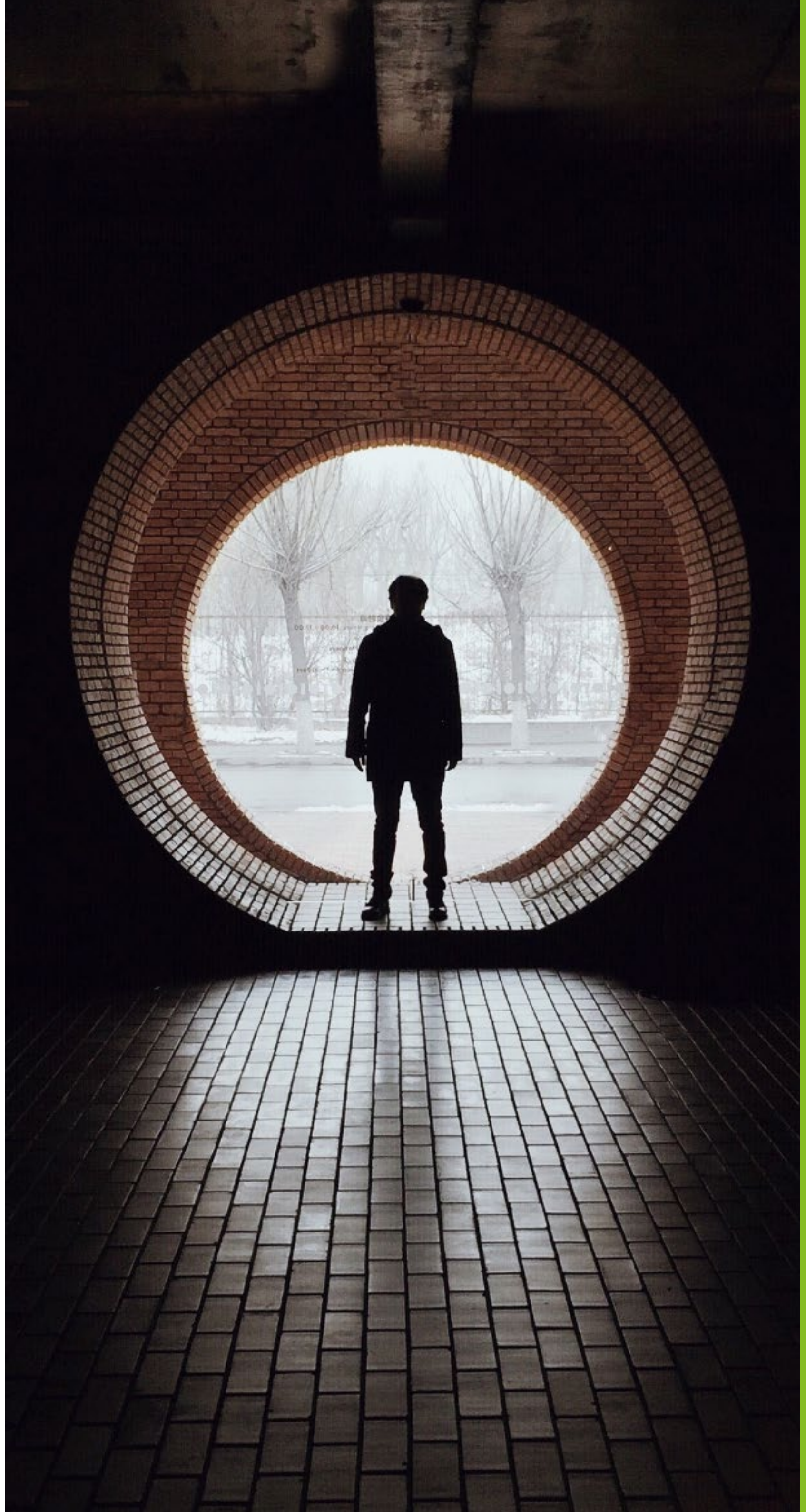
Selected Credentials

Both equity and debt offerings

- **CVC Capital Partners** IPO — 2024 €2.3b
- **Q-Park** High yield Bond — 2024 €430m + €550m
- **Boels** High yield Bond — 2024 €600m; 2023 €400m
- **Infopro Digital Group** High Yield Bond — 2024 €610m; 2023 €975m
- **Wolter Kluwer N.V.** Senior Bonds — 2023 €700m
- **Hunkemöller** High Yield Bond — 2022 €273m
- **Heineken N.V.** EMTN Update — 2022 €20b
- **European FinTech IPO Company 1** IPO — 2021 €382m
- **Viterra** EMTN Update — 2021 €5b
- **Stedin Holding N.V.** EMTN Update — 2021 €3b
- **JDE Peet's** Guaranteed Bond Programme — 2021 €2.5b
- **CTC** IPO — 2021 €190m
- **Just Eat Takeaway** Offering and US listing — 2021 €6.1b
- **Allfunds** IPO — 2021 €2.2b
- **JDE Peet's** IPO — 2020 €2.6b
- **Just Eat Takeaway** UK listing — 2020 €6.9b
- **DSC 2** IPO — 2020 €110m
- **DSC 1** IPO — 2020 €80m
- **Dutch Star Companies One** IPO — 2018 €55m
- **VolkerWessels** IPO — 2017 €575m
- **Takeaway.com** IPO — 2016 €350m



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09 **Powering ahead** | Deloitte Equity Capital Markets

ECM service offerings

Independent IPO Adviser

- Truly independent advice throughout the IPO process
- Detailed peer benchmarking and market/industry reports
- Offer and transaction structuring advice
- Assistance with adviser selection and monitoring their performance throughout the IPO execution phase
- Input into equity story
- Project and syndicate management
- Advice on pricing and allocation

IPO / Exit Readiness

- Help companies prepare for an IPO/Dual-Track transaction
- Readiness assessment with a key findings report identifying deficiencies that may delay or prohibit a transaction
- Scope covers financial, commercial and organisational areas
- Design remediation plan to address shortcomings prior to the project's kick-off
- Categorisation of findings into necessary for listing, best practices, effort required to implement the finding, as well as the IPO timing to be executed (pre/post or during the IPO execution)

IPO Assist

- Support and advice where and when needed including:
  - Acting as Project management office for the IPO, which includes coordinating all parties, ensuring resources are in place to carry out all tasks in a timely manner, avoiding the distraction of management in their day-to-day activities, anticipating risk, and tracking IPO costs
  - Offering the secondment of staff when needed
  - Building models for the IPO
  - Working as an integrated part of the company's team

ECM & Dual-Track Transaction management office

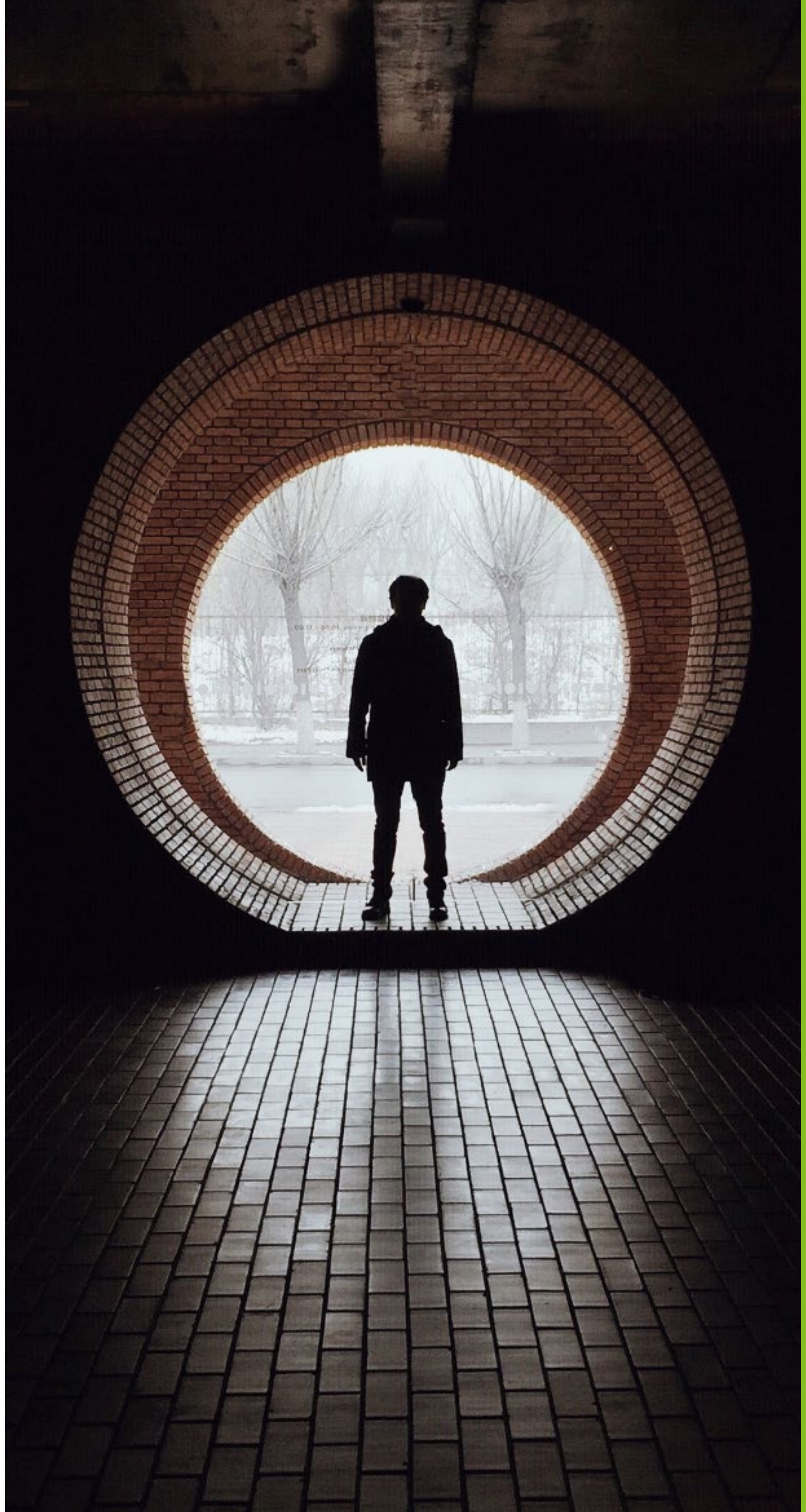
- Provide expertise in project management office support for a transaction
- Experienced personnel to ensure the transaction is performed according to schedule and issues are identified and dealt with
- Tried and tested project management methodologies and tools
- Fully scalable model that can be deployed rapidly across an entire program or discreet workstreams

Dual-Track and Public Company M&A

- Advise shareholders and management in the preparation and execution of Dual-Track transactions
- Act as a lead adviser on the buy-side or sell-side of a deal
- P2Ps, public offerings, hostile takeovers
- Advice on corporate restructurings and demergers
- Support and advice on preparing bid defense procedures

SPACs

- Dedicated and experienced SPAC services team
- Support provided throughout the lifecycle of a SPAC from initial IPO through to the SPAC
- Experience in supporting target management teams through a SPAC merger



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