

# Making an international IPO a reality

Key legal and financial matters

11.09.2024

Tallinn

In cooperation with

**A&O SHEARMAN**



# Agenda

**9.30 Introduction**

**9.40 Key considerations for your IPO**

A&O Shearman

**10.05 Equity Capital Markets in EMEA**

Morgan Stanley

**10.30 Estonian law specifics for  
an IPO**

Sorainen

**10.55 Coffee break & networking**

**11.30 Listing on Nasdaq Tallinn**

Nasdaq Tallinn

**11.55 Making an IPO a reality: Enefit  
Green's experience**

Enefit Green

**12.20 Summary**



# Key considerations for your IPO

11 September 2024



## Speaking today

**MICHAEL BLOCH**

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**U.K. ECM Partner**

Tel +44 20 3088 2769

[Michael.bloch@aoshearman.com](mailto:Michael.bloch@aoshearman.com)

**JEFF HENDRICKSON**

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**U.S. ECM Partner**

Tel +44 20 3088 2137

[Jeff.hendrickson@aoshearman.com](mailto:Jeff.hendrickson@aoshearman.com)

A&O SHEARMAN

# Preparing for your IPO

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# An overview of what to expect

## BECOMING A PUBLIC COMPANY

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### Cultural changes

- ◆ Separation and independence from shareholders.
- ◆ Accountability to, and interaction with, a wider range of stakeholders.
- ◆ Public scrutiny and assessment.

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### Management changes

- ◆ Institutionalisation of governance.
- ◆ Separation of duties.
- ◆ Recruitment of additional staff (non-executive directors, investor relations, company secretarial etc.)
- ◆ Incentivisation.

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### Regulatory changes

- ◆ Ongoing financial reporting obligations.
- ◆ Compliance with listed company disclosure rules, including announcements.
- ◆ Controls around certain corporate actions.



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# Planning for an IPO

It is important to understand the time and resources involved in preparing for an IPO, and to plan accordingly

Ensure management and shareholder objectives are aligned.



Establish a core team responsible for the day-to-day implementation of the IPO; agree reporting lines and decision making procedures.

Engage early with certain advisers.



Review existing shareholder agreements, and consider implementing shareholder IPO conduct arrangements.



Identify and understand work streams, their interaction and milestones; agree budgets.



Address early any issues that may impact the deliverability or timing of the IPO.



# Role of advisers

Adviser	Role	Timing of appointment
<b>Financial adviser (if appointed)</b>	<ul style="list-style-type: none"> <li>◆ Intermediary between banks and company.</li> <li>◆ Assists with selection of other advisers, and ensures company is well prepared in advance of kick-off.</li> <li>◆ Increasingly has a role in early formulation of the equity story and early look investor meetings.</li> <li>◆ Advice on valuation and allocations.</li> </ul>	Start of pre-IPO preparation
<b>Global Coordinators</b>	<ul style="list-style-type: none"> <li>◆ Coordinate the entire IPO process.</li> <li>◆ Lead on key workstreams, including transaction structuring, diligence and documentation and in advising on valuation and allocations.</li> </ul>	IPO kick-off
<b>Joint bookrunners</b>	<ul style="list-style-type: none"> <li>◆ Often the same banks as the global coordinators, but may be greater in number.</li> <li>◆ Responsible for the marketing of the offering, including pre-deal investor education and bookbuilding.</li> </ul>	IPO kick-off

Adviser	Role	Timing of appointment
<b>Company's counsel</b>	<ul style="list-style-type: none"> <li>◆ Leads drafting of prospectus.</li> <li>◆ Carries out due diligence, assists with governance, employee, board and corporate documentation and pre-IPO restructuring.</li> <li>◆ Negotiates underwriting arrangements and deliverables for company.</li> <li>◆ Supervise publicity and marketing workstreams.</li> </ul>	Start of pre-IPO preparation
<b>Accountants</b>	<ul style="list-style-type: none"> <li>◆ Report on historic and pro forma financial information.</li> <li>◆ Produce diligence reports, including on historic financial information, working capital and financial reporting procedures.</li> </ul>	Start of pre-IPO preparation
<b>Banks' counsel</b>	<ul style="list-style-type: none"> <li>◆ Carries out due diligence, participates in prospectus drafting, reviews and comments on documents prepared by company's counsel, and negotiates underwriting arrangements for banks.</li> </ul>	IPO kick-off
<b>PR firm</b>	<ul style="list-style-type: none"> <li>◆ Provides advice on public relations matters.</li> </ul>	IPO kick-off

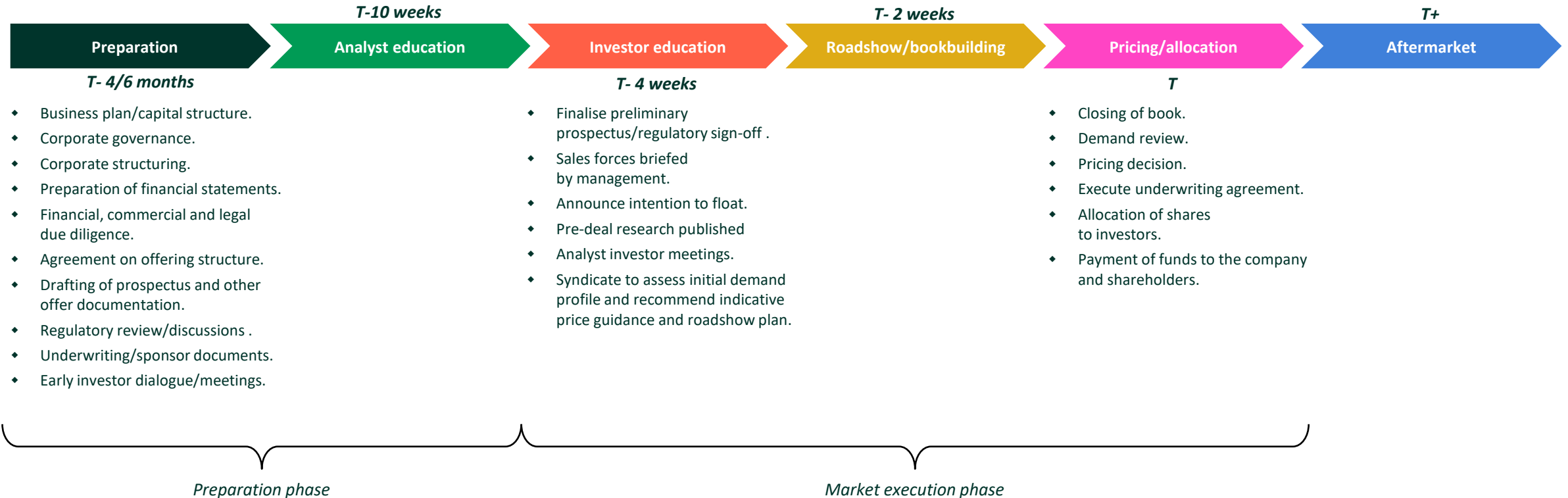


# Indicative timeline for IPO execution

- ♦ Management presents to syndicate analysts at analyst presentation.
- ♦ Pre-deal research notes prepared.
- ♦ Audited financial accounts finalised.
- ♦ Key investors identified.
- ♦ Management preparation for deal launch.

- ♦ Price range announced to the market.
- ♦ Roadshow launch.
- ♦ Management start meeting with investors.
- ♦ One-on-one and group meetings.
- ♦ Bookbuilding process begins - Banks take orders from investors to buy shares.

- ♦ Ongoing research and trading support.
- ♦ Market making.
- ♦ Corporate broking relations.
- ♦ Potential inclusion in indices.



# IPO readiness assessment – gap analysis

## Equity story

Develop consistent equity story which is aligned with internal model, business plan and identified KPIs.

## Resourcing gaps

Identify where key functions have lean resourcing which needs to be scaled – e.g. finance, cossec, etc.

## Corporate and debt structure

Optimise corporate and financing structure of group and identify and eliminate any dividend blocks.

## Dividend policy

Develop and document dividend policy which is aligned with equity story and reporting cycle.

## Board composition

Identify prospective NED candidates and address any gender and ethnic diversity representation concerns.

## Roles and responsibilities

Create clear division of responsibilities between board and committees and roles for individuals.

## Define internal roles

Define finance and compliance roles, develop group tax strategy and reduce 'key person reliance'.

## Related parties

Create related parties register and procedures for identification of related party transactions.

## IFRS / budgeting and forecast

If applicable, undertake or complete transition to IFRS accounting and refresh forecasts with IFRS data.

## Financial position and prospects

Establish procedures which allow the board to make judgements as to financial position and prospects.

## Risk assessment

Define and facilitate risk reporting and management, and create register of key enterprise risks.

## Internal controls framework

Group processes and controls should be documented and tested regularly for effectiveness.

## Conflicts of interests

Create formal framework or code of conduct for identification and management of conflicts of interest.

## MAR compliance

Prepare policies and procedures for identification and publication of inside information and share dealing.

## Company policies

Review/implement key operational policies, e.g. whistle-blowing, ABAC, GDPR, HR, etc.

## Investor relations

Develop appropriately experienced IR function and comms strategy with key milestones and messages.

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# Practical considerations for listing and choice of listing venue

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## MARKETABILITY

- ◆ Understanding the scope of marketing the IPO in different markets is a key consideration while deciding a listing venue.
- ◆ Analyst coverage and to whom the IPO is marketed are important valuation drivers.

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## TARGET INVESTORS

- ◆ The commercial considerations behind free float are often more important than the legal requirements:
- ◆ NYSE and Nasdaq: No minimum free float requirement but driven by commercial factors - typically 20-30% of shares comprised in the IPO.
- ◆ Frankfurt Stock Exchange (Regulated Market): Generally minimum 25%; may be lowered to minimum 10% for large issuers.
- ◆ Euronext Amsterdam: at least 25% of subscribed capital represented by the class of securities.
- ◆ London Stock Exchange (Premium and Standard Listing): Minimum 10%. Higher requirements if targeting FTSE inclusion (25% if non-U.K. incorporated).
- ◆ NASDAQ Stockholm: Generally minimum 25%; may be lowered to minimum 10% for large issuers.

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## FREE FLOAT

- ◆ The type of investors targeted in an IPO (Retail / Institutional investors) determines liquidity of the IPO.
- ◆ This also determines the liquidity post-IPO as the size of the investors can affect the volume of trade in the issuer's shares in the secondary market.

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## SETTLEMENT

- ◆ NYSE and Nasdaq: Electronic settlement via DTC.
- ◆ Frankfurt Stock Exchange: Electronic settlement via XETRA.
- ◆ Euronext Amsterdam: Electronic settlement via Euronext Clearing.
- ◆ London Stock Exchange (Premium and Standard Listing): Electronic settlement via CREST - Depositary instruments for non-U.K. incorporated companies.
- ◆ NASDAQ Stockholm: Electronic settlement via Euroclear Sweden.

## Case study

Recent dual listing of the Naspers spin off **Prosus NV** on the Johannesburg Stock Exchange and Euronext Amsterdam.

The key issues in the dual listing included:

- ◆ Divergent regulatory timetables.
- ◆ Different treatment of related party transactions.
- ◆ Pending regulatory changes in the Netherlands.

# Diligence and disclosure considerations



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# Underwriter due diligence

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## Legal and regulatory

Strict standards of due diligence (Rule 10b-5)  
Comprehensive process covering all aspects  
regulatory framework, disputes,  
management DDQ.

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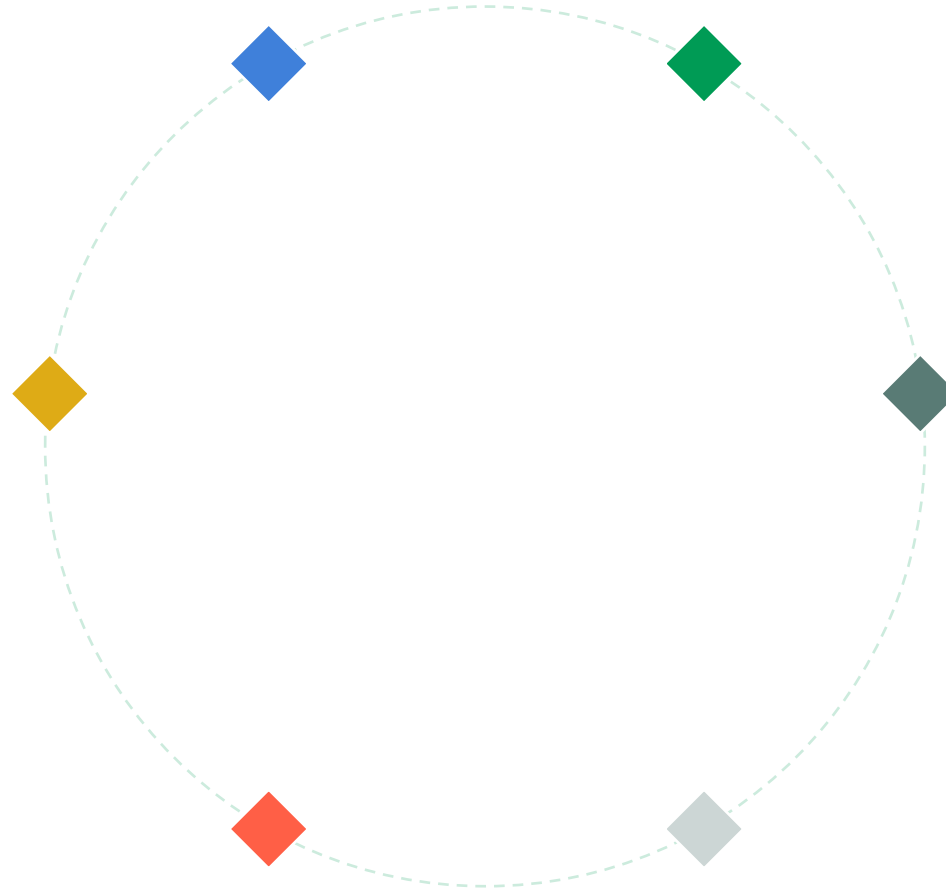
## Financial, business and compliance

Revenue due diligence, review of business  
model to ensure diversity of customers,  
interview with top customers, review of  
customer contracts, detailed review of key  
licences.

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## Tax

Underwriters work closely with the  
accountants on this workstream. This covers  
tax incentive schemes, tax credits, review of  
corporate tax returns of the group, taxation  
impact of ESOP Schemes.



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## Employment

Review to cover sample employee contracts,  
examining employment contracts with senior  
management, evaluating any ESOPs/ Incentive  
schemes.

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## ESG

Written ESG DDQs, ESG DD calls with  
management, ESG DD calls with customers /  
suppliers / third party accreditation bodies  
and third party ESG audits/reports.

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## Supply chain management

Study of supply chain to ensure no over-  
reliance on one / few suppliers, detailed  
analysis of supplier contracts (particularly CoC  
and Termination clauses), interviews with  
suppliers, DDQ with management, studying  
impact of any potential disruptions to supply  
chain.

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# Key prospectus content requirements

## **EQUITY STORY**

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- ◆ The reasons why an investor should invest in the company (strengths and strategy) – key component of prospectus and roadshow presentations.
- ◆ Equity story developed with input from financial advisor and banks, and refined with investor and analyst input.
- ◆ Aligned with the company's business plan and model.
- ◆ Peer group and KPIs identified and equity story benchmarked against.

## **RISK FACTORS**

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- ◆ Material risks that are specific to the issuer must be included in the prospectus.
- ◆ Risk factors must be adequately described, explaining how they affect the issuer/securities.
- ◆ Risk factors of the greatest/most immediate significance placed at the beginning of each group within the risk factors section.
- ◆ Quantitative information where available and appropriate.

## **BUSINESS DESCRIPTION**

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- ◆ Consider engaging industry expert to assist with drafting.
- ◆ To include a description of the issuer's:
  - ◆ Operations and principal activities, including services provided and to be introduced.
  - ◆ Principal markets (including breakdown of total revenues by segment and geographic market).
  - ◆ Business strategy and objectives.
  - ◆ Material licences and contracts.

## **STANDARD OF DISCLOSURE**

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- ◆ Sufficient information for investors to make an informed assessment of the company and its shares (higher standard to meet U.S. requirements if shares are also to be offered to Qualified Institutional Buyers in the U.S. under Rule 144A or via an SEC registered offering).

## **OFR / MD&A**

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- ◆ Narrative explanation of the financial statements to explain the financial condition and results of operation of the issuer for the period covered in the financial statements.

# Financial disclosure requirements

## IFRS vs U.S. GAAP

- ◆ Financial information must be prepared in accordance with IFRS (U.K./EU), U.S. GAAP, IFRS (IASB) or local GAAP (as applicable).
- ◆ PCAOB audit and review (if U.S. listing).

## Historical financial information (HFI)

U.S.: Audited financial information to cover at least the latest two financial years and any unaudited quarter.

EU/U.K.: Audited financial information to cover the latest three financial years.

## Operating and financial review / MD&A

Review of development / performance of business, including financial and non-financial operating metrics and KPIs, as well as debt position and risk management.

## Significant change statement

Statement of any significant change in the financial position and trading position since the end of the last audited financial period provided by accountants.

## Pro forma financial information

Included (together with report) to capture the continuing impact of a transaction (including acquisitions and disposals) that has resulted in a significant gross change of the financial position of the issuer. Intended to show the impact of the transaction for earlier periods.

EU/U.K.: A significant gross change is the variation of more than 25% to one or more indicators of the size of the issuer's business.

U.S.: Threshold is 20% for individual transactions and 50% for individually insignificant acquisitions (<20%) aggregated together for recent period.

## Working capital statement

U.S. and EU: Statement required by issuer that in its opinion the working capital is sufficient for present requirements / how it will provide additional working capital; external auditors may need to confirm.

London Stock Exchange Premium Listing: Issuer should satisfy that it and its subsidiaries have sufficient working capital for the group's requirements for the next 12 months.



## Profit forecast report

Profit forecast is a statement that expressly or implicitly indicates a figure or a range showing the likely profits or losses for current or future financial periods, or contains data from which calculation of future profits/losses can be made, even if no figure or the term "profit" is mentioned.

While accountant's report is not required if a profit forecast included in the prospectus, issuers may obtain comfort on a private basis

## 144A offer

For a parallel 144A private placement into the U.S. to QIBs, while there may be some flexibility around financial disclosure requirements compared to SEC registered IPO prospectus, AS 6101 comfort letter still required.

This is a key feature of the underwriters' "due diligence defense" against liability under U.S. securities laws.

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# Managing risks of forward-looking financial information / profit forecasts



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## Forward-looking financial information

- ◆ Certain forward-looking financial information (including profit forecasts and estimates) is subject to specific rules in the respective jurisdictions.
- ◆ The EU and U.K. prospectus regulations hold the issuer and the issuer's management responsible for the contents of the prospectus in an IPO, thereby also making them liable for any forward-looking information or profit forecasts.
- ◆ The liability regime in the U.S. however provides for statutory safe harbour for certain forward-looking statements, when such statements are identified as forward-looking and is accompanied by meaningful cautionary statements identifying important factors which can cause actual results to materially differ from that in the forward-looking statement.
- ◆ The definition of profit forecast is wide-ranging and includes statements of future performance where no particular figure is mentioned or where neither 'loss' nor 'profit' is used – focus on substance over form.
- ◆ A cautious approach should be adopted when publishing forward-looking financial information (and where businesses acquired by the issuer have previously published such information), as profit forecasts that are outstanding and valid must be included in the prospectus in accordance with the relevant rules.

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## Examples of profit forecasts

- ◆ A forecast of earnings per share.
- ◆ Revenue figures if allowing for a calculation of profit (likely where an issuer has previously published details of its profit margins).
- ◆ Statements of performance against market expectations if there is a clear market consensus of expectation that allows a calculation of a floor or ceiling on forecast profits.

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## Managing forward-looking financial information / profit forecasts

- ◆ Avoid including information from which a profit forecast can be derived for the current or future financial year.
- ◆ Opt for making references to future trends rather than predicting any precise numbers in the future
- ◆ Avoid referencing to specific time periods and provide broader time frames (eg., short term, medium term or long term).
- ◆ Adding or referring to appropriate cautionary language to avail the benefits of statutory safe harbour exemptions.

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## Requirements

- ◆ Profit forecasts and estimates need to be included in the prospectus and must, amongst other principles, be based on assumptions which are understandable by investors, specific and precise. In the U.S. offerings, projections are generally not permitted in the prospectus.
- ◆ A statement to be included in the prospectus that the profit forecast or estimate has been prepared on a basis which is comparable to the historical financial information and consistent with the issuer's accounting policies.
- ◆ Trend information that is reasonably likely to have a material effect on the issuer's prospects for at least the current financial year needs to be included in the prospectus.



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# Why is ESG important to investors?

## ESG AS A STRATEGY

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Increasing focus on ESG as a driver of strategy and opportunities: New products/services, evolving consumer habits, company culture and reputational considerations



ESG as part of the issuer's business plan, supported by financial and non-financial KPIs



To the extent existing customers highlight the importance they place on ESG solutions and the issuer's commitment to sustainability through its ESG offering – ESG may therefore be a key component of the equity story and future strategy

## ESG AS A RISK

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Greater focus on ESG risks (including physical and transitional risks) material to the issuer's business and its sustainability risk management systems and controls (including culture, behaviour and attitude)



Rise in ESG regulatory activity, reporting obligations and investor focus, resulting in increased ESG disclosures (in the prospectus and financial statements) – such disclosures will be subject to greater scrutiny owing to the issuer's ESG offering and strategy



Increased attention and engagement by activist investors and NGOs, driving greater disclosure, changes in strategy and potential impact on share price

A&O SHEARMAN

## About us



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# Experts in Equity Capital Markets

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## LONDON



**James  
Roe**

Partner – London  
Tel +44 20 3088 4637  
Mob +44 7765 253 630  
james.roe@aoshearman.com



**Michael  
Bloch**

Partner – London  
Tel +44 203 088 2769  
Mob +44 7795 887 740  
michael.bloch@aoshearman.com

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## LONDON (U.S. ECM)



**Adam  
Wells**

Partner – London  
Tel +44 20 3088 3792  
Mob +44 7584 515809  
adam.wells@aoshearman.com



**Jeff Hendrickson**

Partner – London  
Tel +44 20 3088 2137  
Mob +44 7747 693 538  
jeff.hendrickson@aoshearman.com

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## AMSTERDAM



**Tim  
Stevens**

Partner – Amsterdam  
Tel +31 20 674 1408  
Mob +31 651 220 047  
tim.stevens@aoshearman.com

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## BRUSSELS



**Sophie  
Rutten**

Senior Counsel – Brussels  
Tel +32 2 780 24 75  
Mob +32 495 80 73 94  
Sophie.Rutten@aoshearman.com

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## PARIS



**Olivier Thebault**

Tel +33140065374  
Mob +33601081348  
olivier.thebault@aoshearman.com

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## FRANKFURT



**Knut Sauer**

Partner – Frankfurt  
Tel +49 69 2648 5375  
Mob +49 172 1460021  
knut.sauer@aoshearman.com



**Marc Plepelits**

Partner – Frankfurt  
Tel +49 69 2648 5405  
Mob +49 160 7810350  
marc.plepelits@aoshearman.com

# A&O Shearman

Today more than ever, local business concerns can have international dimensions. We offer unmatched international presence and a deep range of specialization for any and every client need with the ability to draw on domain experts across market, sectors and legal disciplines to provide holistic perspective and advice to any engagement to drive home your advantage.

NEARLY  
**4000**  
LAWYERS

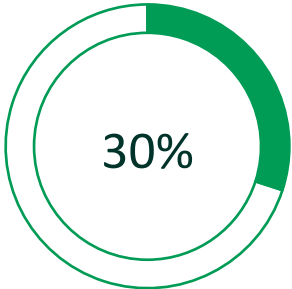


OVER **250** YEARS  
OF COMBINED EXPERIENCE  
AND EXPERTISE

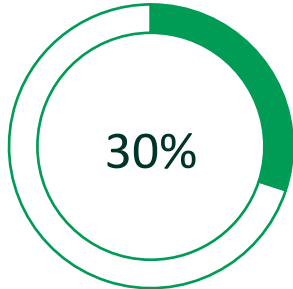
AND WE HAVE  
**800**  
EQUITY PARTNERS GLOBALLY



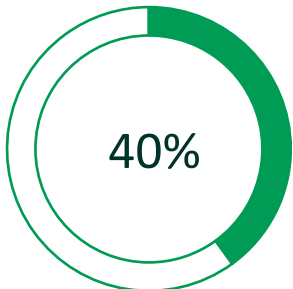
## Our global footprint



UNITED STATES



UNITED KINGDOM



REST OF THE WORLD

# A&O SHEARMAN

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# Estonian law specifics for an IPO

SORAINEN



## Legal form of the company

- Legal form – public limited liability company (*aktsiaselts*)
- Reorganisation:
  - General shareholders meeting, decision by qualified majority of 2/3
  - 2-tier management
  - Minimum share capital EUR 25,000
  - Registration with the Estonian Register of Securities
  - Auditor
  - Securities accounts with central depository
  - Publication of decision
- Reorganisation completed upon registration with the Commercial Register





## Company law considerations

- Issue of shares for IPO
- Withdrawal of pre-emption right –  $\frac{3}{4}$  majority
- Share options as means of motivation for the management



## Sectors of strategic importance

- Energy
- Transport
- IT, telecommunications, other high technology
- Payment services and cash
- Military equipment

Authorisation from the Consumer Protection and Technical Regulatory Authority on acquisition of a qualifying holding.





## Preparation process

- Testing the interest of investors with bond issues
  - No prospectus under EUR 8 mln
  - Listing on regulated market or First North
- Involvement of advisers (legal and financial)
- Due diligence

# Prospectus and listing

## ➤ Prospectus Regulation

- Exemptions
- Structure:
  - Registration document
  - Securities note
  - Risk factors
  - Summary
- Passporting
- Language requirements

## ➤ Dual listing



# Disclosure post IPO



Regular reporting of:

Annual financial information  
Interim financial information



Acquisition of shares above 5%:

thresholds of 5, 10, 15, 20, 25 and 50 %, as well as 1/3 and 2/3



Measures to prevent insider dealing and market manipulation under Market Abuse Regulation

Rules on public disclosure of information  
Insider lists  
Reporting of managers transactions

# Capital markets team – Sorainen Estonia



**Kätlin Krisak**  
Partner



**Jane Eespõld**  
Counsel



**Oliver Ämarik**  
Senior Associate



**Krista Ševerev**  
Senior Associate



**Kamilla Alma Vilderson**  
Senior Associate



Kätlin Krisak

[katlin.krisak@sorainen.com](mailto:katlin.krisak@sorainen.com)

**SORAINEN**

# Coffee break

SORAINEN





# Listing on Nasdaq Tallinn

Kaarel Ots

Head of Nasdaq Baltic Exchanges  
CEO at Nasdaq Tallinn



# Why list on Nasdaq Tallinn?

A group of people, including men and women in business attire, are gathered around a podium, clapping and smiling. A large bell hangs from the ceiling, and gold confetti is falling all around them. In the background, there are banners for 'URIGUM™ & CBG Infused' and 'TEXTMAGIC'. The scene is festive and celebratory.

1

Access capital and secondary liquidity

2

Leverage Nasdaq brand and visibility

3

Positive impact on the region's capital market

 **Nasdaq** is the leading listing venue  
for tech companies



Microsoft

amazon

Google



Meta



# Baltic IPOs

2021 - 2023

Attracted capital/  
Capitalization on the first trading day



2022

REGULATED MARKET

2023

FIRST NORTH MARKET



# New corporate bond issues

2024 May-September

**GRENARDI**  
GROUP

12 MEUR  
3 y  
10%

*Liven*

6.2 MEUR  
4 y  
10.5%

ŠIAULIŲ BANKAS

25 MEUR  
10 y  
7.7%

**B Bigbank**

7 MEUR  
10 y  
7%

INVALDA INL

10 MEUR  
3 y  
7%

**GRENARDI**  
GROUP

5 MEUR  
3 y  
10%

REGULATED MARKET

FIRST NORTH

**ARSENAL**

4.5 MEUR  
2.5 y  
12%

**HOLM**

2 MEUR  
10 y  
9.5%

SUMMUS  
CAPITAL

15 MEUR  
3 y  
9.5%

OCAPITALICA

14.8 MEUR  
2 y  
6% + 6 mo  
EURIBOR

**agathum**

2 MEUR  
2 y  
11%

**fastlink**

5 MEUR  
3 y  
12%


**Hero** PHOTO **realco**

19.5 MEUR  
3 y  
6% + 6 mo  
EURIBOR

**FINANCE**

135 MEUR  
12 y  
11.25%

 BluOr Bank

 delfingroup

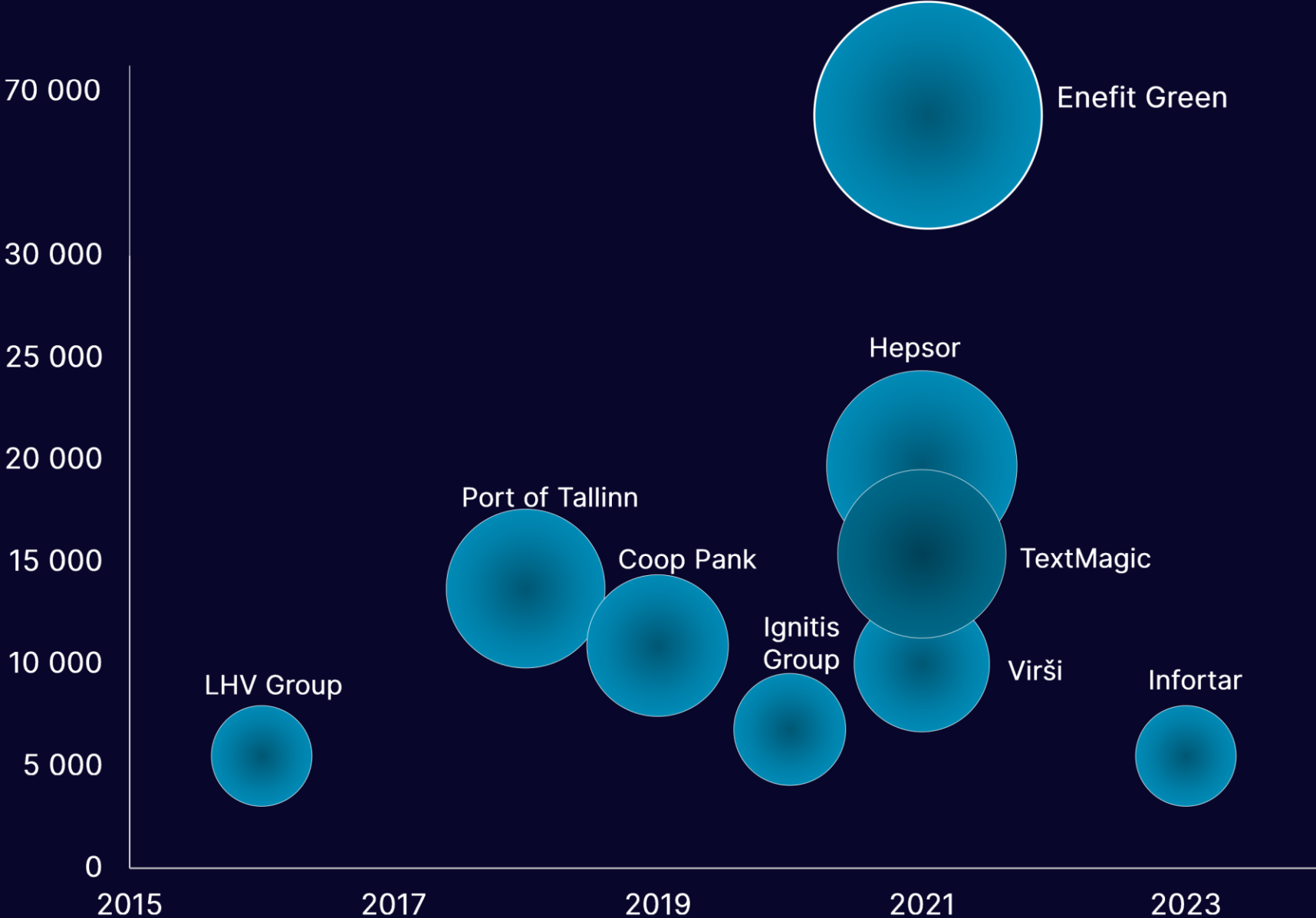
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GROUP

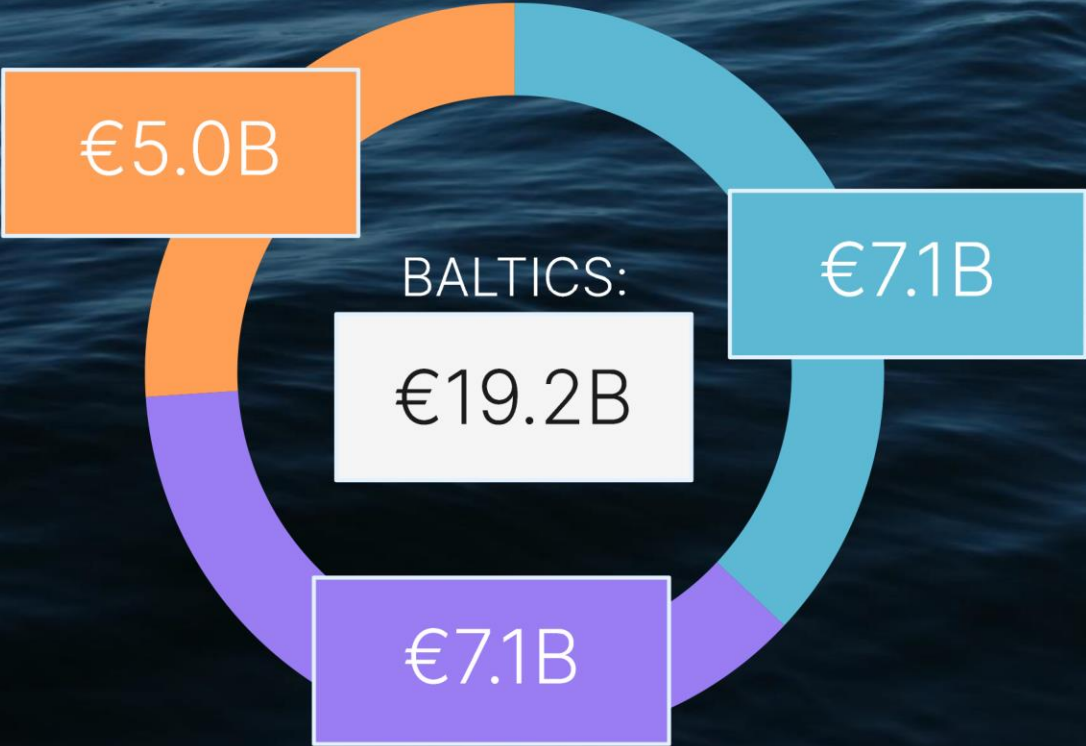
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# Growing retail investor engagement

200,000 +  
RETAIL INVESTORS  
IN THE BALTICS  
↑ 4.5 times  
over years 3



# Growing Assets Under Management in the Baltic pension funds\*



■ Lithuania ■ Latvia ■ Estonia



\* End of 2023 data

# Anchor Baltic Nordic investors

European Bank for Reconstruction and Development investments in the Baltic-listed companies:

- Port of Tallinn: **18.3** MEUR (3.6% stake, through an IPO)
- Enefit Green: **13.8** MEUR (1.5% stake, through an IPO)
- Šiaulių bankas: **52.1** MEUR (14% stake)
- Ignitis Group: **66.3** MEUR (4% stake, through an IPO)

Investor Reach through



**EAST CAPITAL**



**Handelsbanken**



**Nordea**



# Nasdaq Baltic Index Performance



NDX - Nasdaq 100 +1352%

OMXBBGI - Baltic Benchmark index +535%


SPX - S&P500 +487%

SXXP - Europe 600 +154%





# Nasdaq Baltic TOP 10 companies

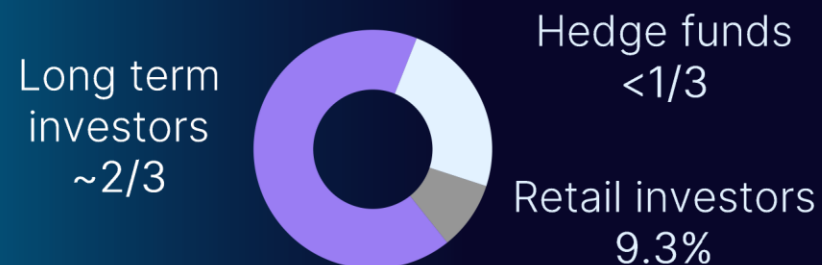
 1 340 MEUR	 1 078 MEUR	 920 MEUR	 838 MEUR	 781 MEUR
 469 MEUR	 438 MEUR	 383 MEUR	 358 MEUR	 291 MEUR

## Dual listing case

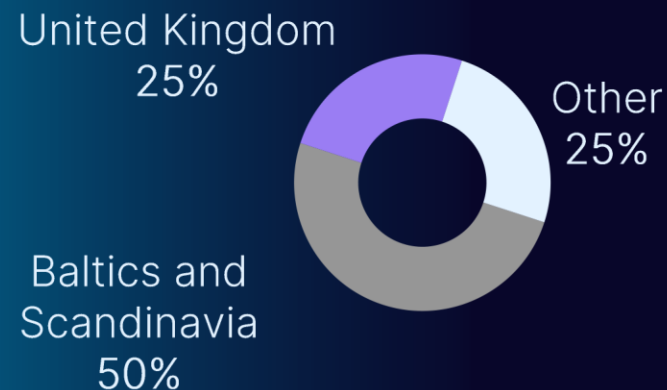
# Ignitis Grupe

Offer price	EUR 22.5 (price range 22.5-28 EUR)
Attracted capital	450 MEUR
Free float	26.9%
Market cap	~EUR 1.5 BEUR
Listing venues	Nasdaq Baltic Main List and London SE
JGC and JBR	JP Morgan, Morgan Stanley, UBS, Swedbank/Kepler Cheuvreux
JBR	Bank of America

## IPO investor breakdown by type

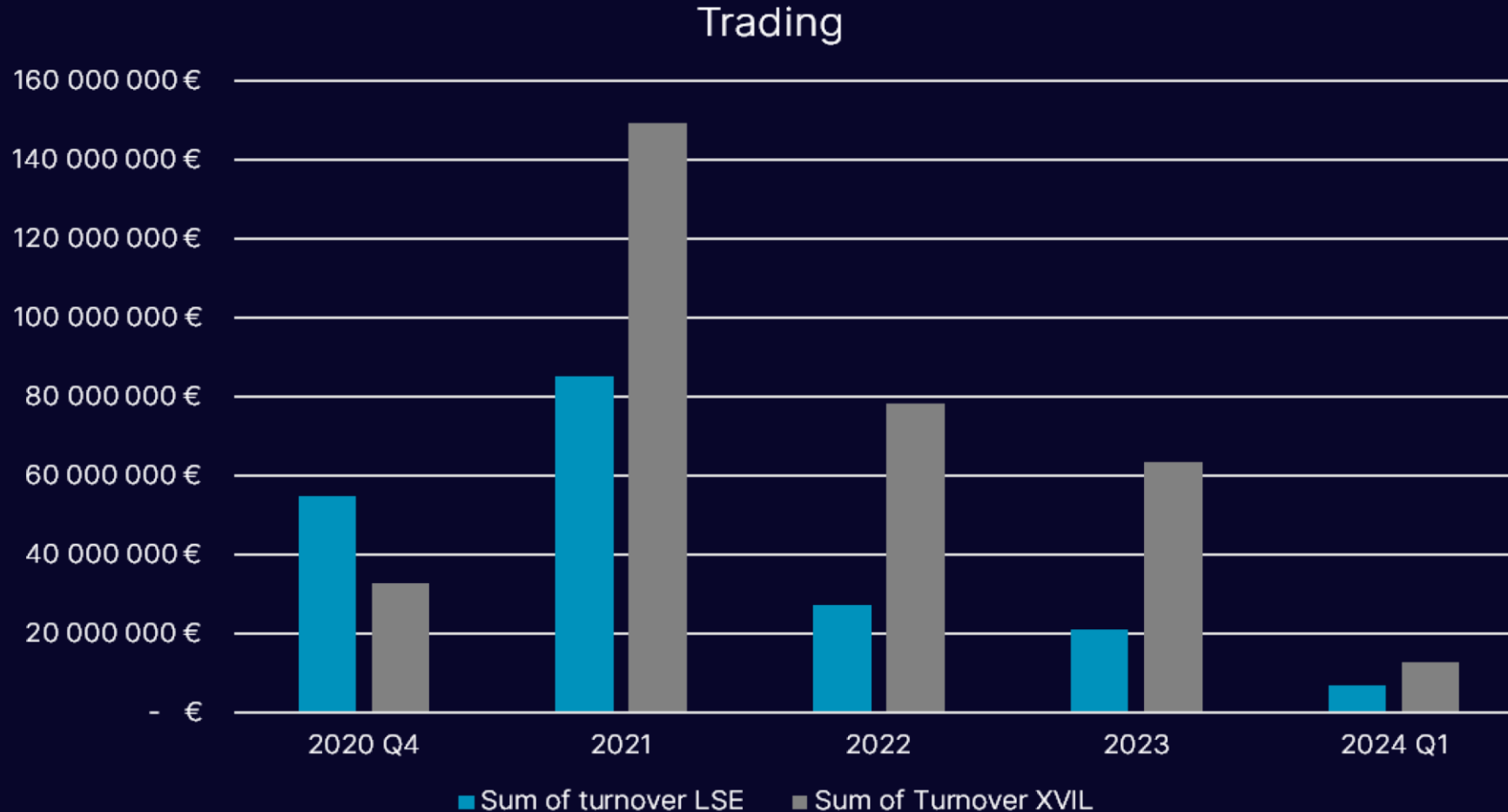


## IPO investor breakdown by geography



Dual listing case

# Ignitis Grupe after IPO



## Dual listing cases

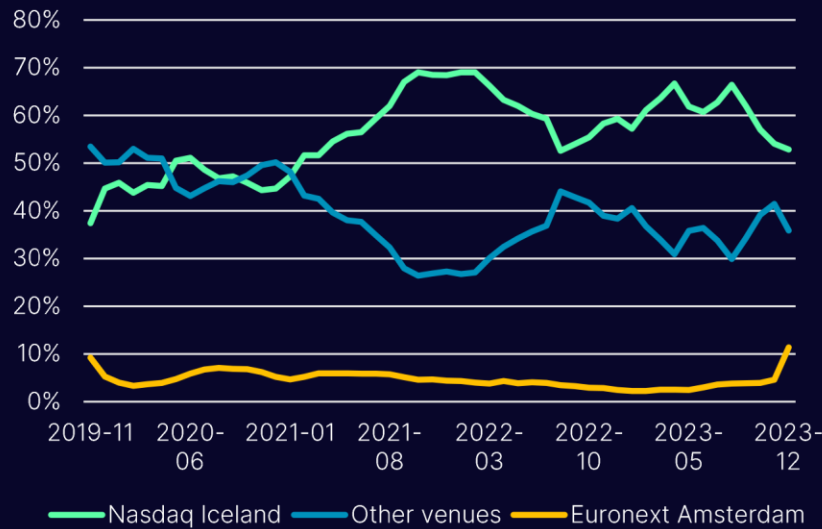
# Icelandic Companies

### Marel

Food processing

Mcap €2.4BN

Iceland / Amsterdam

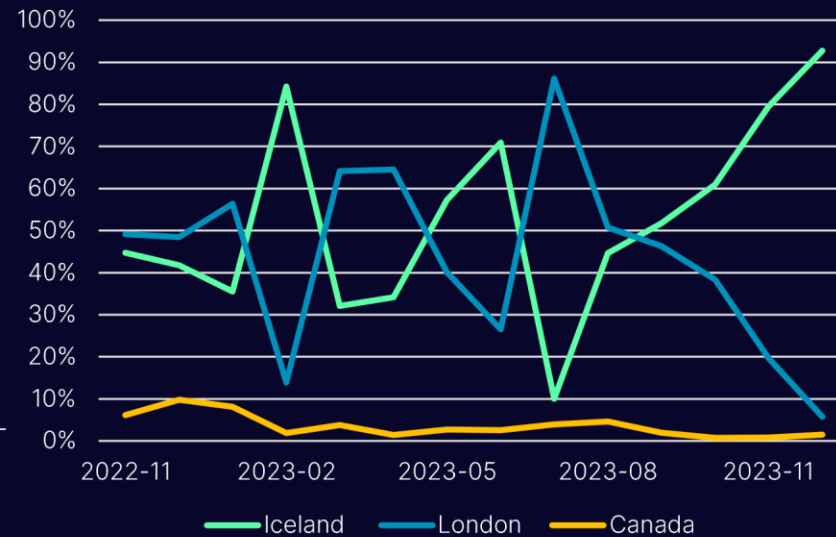


### Amaroq

Mining

Mcap ~\$470M

Toronto / London / Iceland



### Alvotech

Biotech

Mcap \$4BN

US / Iceland



Comparison of monthly total turnover on each trading venue

Source: Refinitiv, Yahoo Finance, Nasdaq Iceland calculations



# Dual listing adds liquidity

- Local market = greater visibility, buy-in from local stakeholders
- Larger markets have specialist investors, analysts and advisors but...
  - ...companies struggle with reaching generalist investors
  - *“Attracting investment capital, particularly from generalists [...], emerged as the primary challenge for IR professionals.”*  
[Nasdaq Global IR Pulse Report 2022](#)
- Dual listing = best of both worlds



# Regional Index Classification

As of September 2023, MSCI considers Estonia, Latvia and Lithuania as a single market

## MSCI Baltic States Investable Market Index (IMI)

	Estonia	Lithuania	Latvia
Index market cap	\$1,395m	\$949m	\$35m
# of constituents	8	8	2

Next step is transitioning the Baltic Market to Emerging category

## Criteria

	Frontier	Emerging
# of companies meeting index criteria	1	3
Company size (full mcap)	\$112m	\$2,251m
Security size (float mcap)	\$56m	\$1,126m
Security liquidity	2.5%	15 AVTR

Nasdaq Tallinn is unique with its high share of retail investors.  
The number of securities accounts has increased significantly during large IPOs.

As proven by several cases, retail investors tend to be loyal as they are less sensitive to market fluctuations compared to institution institutional investors.

Reputable and recognized companies in the region can expect significant retail investor participation - a level no market can match - and this boosts liquidity.



Thank you!

[Kaarel.Ots@nasdaq.com](mailto:Kaarel.Ots@nasdaq.com)

[www.nasdaqbaltic.com](http://www.nasdaqbaltic.com)



An aerial photograph of a wind farm. In the foreground, there is a dense, lush green forest. Beyond the forest, the landscape is a patchwork of agricultural fields in various shades of brown and green. Several large white wind turbines are scattered across the fields, with some in the mid-ground and others in the distance. The sky is filled with heavy, grey clouds, suggesting an overcast day.

Enefit Green 

# Making an IPO a reality: Enefit Green's experience

Veiko Rääm, CFO

# About me

- Member of the Management Board, CFO  
**Enefit Green since 2017**
- Energy Trading Director /  
Head of Financing and Investor Relations  
**Eesti Energia since 2009**
- Corporate Finance Associate  
**SEB Enskilda**
- Debt Capital Markets Analyst  
**Dresdner Kleinwort Wasserstein**
- MSc in Finance, **Stockholm School of  
Economics**
- BSc in Economics and Business Administration  
**Stockholm School of Economics Riga**



# Long and winding road to the offering

- 3 commencements (2017, 2020, 2021)
- Listing on Nasdaq Tallinn: October 2021
- **Most successful Baltic retail IPO to date:**
  - €175m size (increased from initial €115m)
  - 4x oversubscription
  - €100m new / €75m existing shares
  - Split 55% retail / 45% institutional
  - 60k+ investors



# Success factors: Stars were aligned for Enefit Green IPO in 2021

- **Explicit funding need** to execute ×2 growth story
- **Team experience** from recent major M&A transaction (€491m 4E acquisition in 2018)
- **Independent management** alongside strong strategic shareholder
- Enhancements to **corporate governance** (independent board and audit committee members, clear dividend policy)
- Strong **advisors** (Citi, Nordea, Swedbank, LHV + experienced legal counsels)

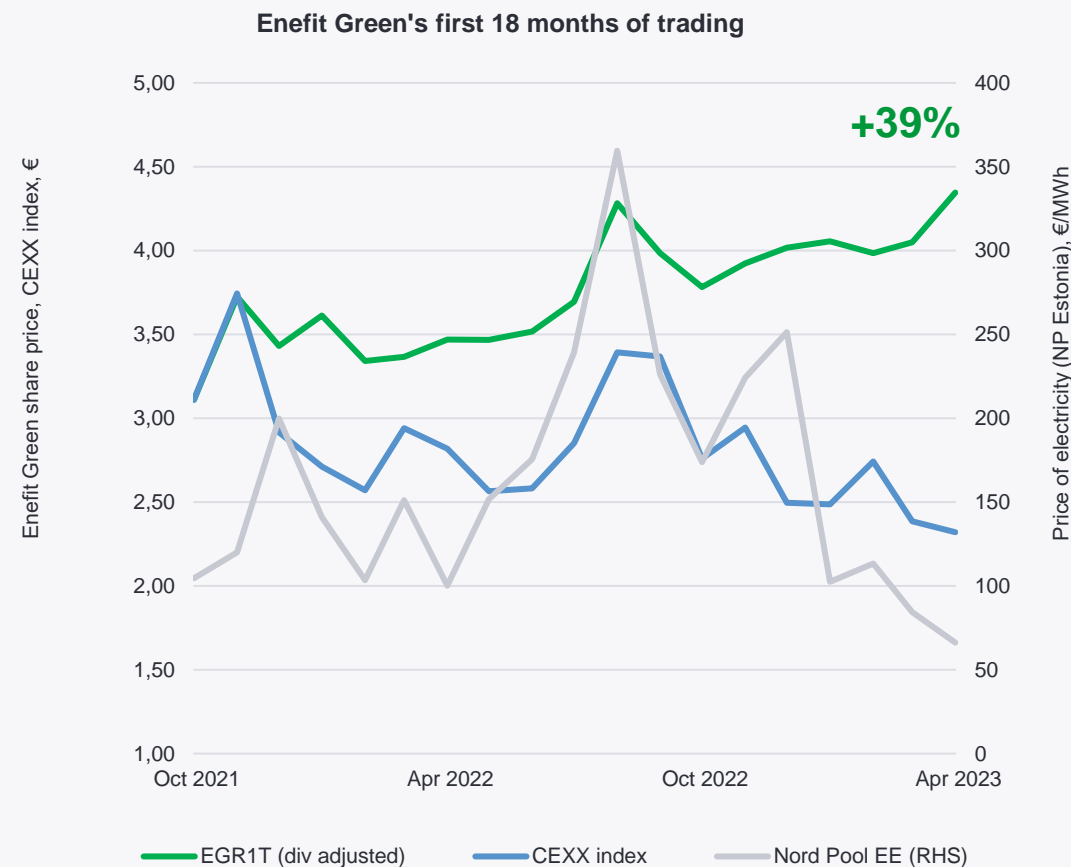
# Tailwinds prevailed pre-IPO and immediately thereafter

## Global

- Preceding global ESG and green energy boom
- Post COVID consumption and investment boom (accompanied by low interest rates)
- Late cycle but still benign IPO markets

## Regional / local

- Successful Port of Tallinn IPO (June 2018)
- Rising retail investor culture (accounts more than doubled during 2021 to 90k+)
- Estonian pension reform (September 2021)
- Rising and then exploding energy prices (after February 2022 Russian aggression against Ukraine)



Source: Bloomberg

CEXX Index – NASDAQ Clean Edge Green Energy Total Return Index

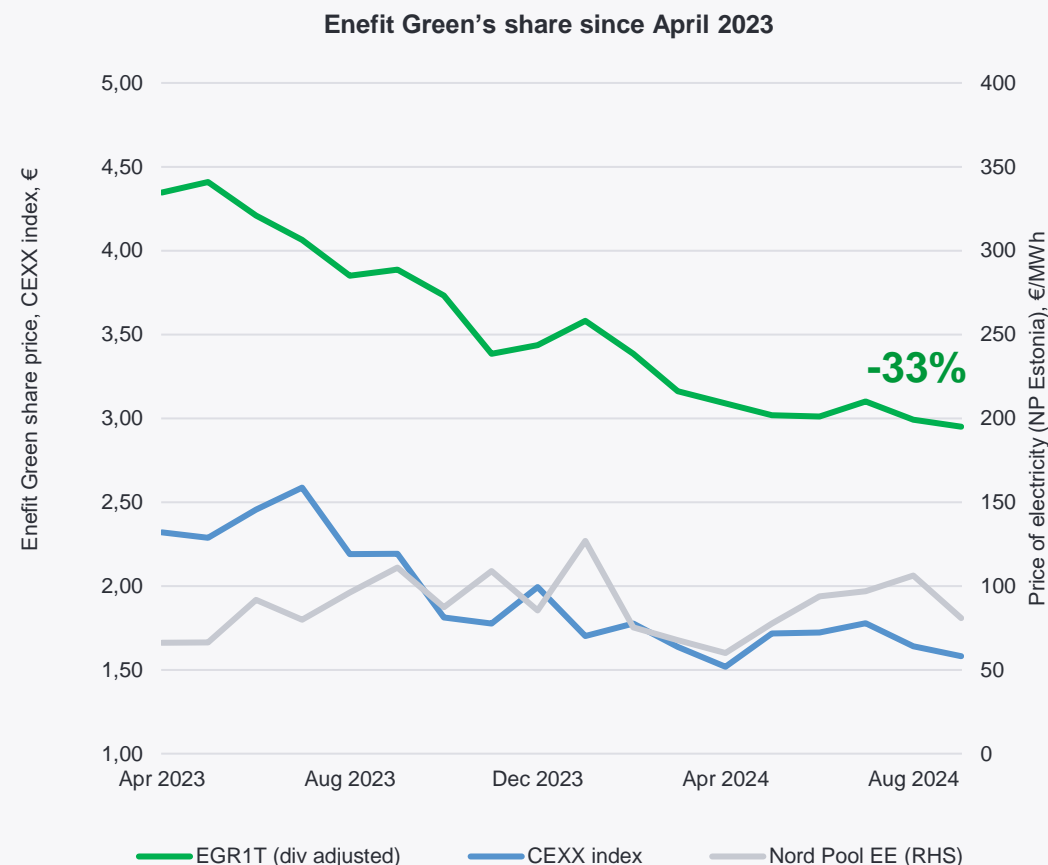
# Headwinds and challenges from last 1,5 years

## General and Industry specific

- Lower (but still rather high) power prices
- Growing wind/solar discounts on core markets
- High interest rates
- Cost inflation – general construction and (wind) technology
- Less demand for long-term PPAs in Baltics

## Company specific:

- Akmene incident stops this major wind farm for 5 months, slow ramp-up in other projects
- Low wind speeds in 2023 and 2024
- Production shortage and resulting overhedge



Source: Bloomberg

CEXX Index – NASDAQ Clean Edge Green Energy Total Return Index



## 3-year progress report

- Excellent growth platform to navigate future market opportunities
  - Operating capacity +28% @ 587MW
  - Under construction capacity @ 637MW
  - Annual power production +73% @ 2TWh+
- Stronger voice due to strong support from 62k+ public investors
- Competitive access to debt capital and public equity markets
- Strong corporate governance and active independent board members
- Attractive employer for new talent

# Thoughts for new issuers

- Experienced and motivated team
- Importance of a good equity story
- Power of local retail investors can surprise
- Local pension funds have proven to have a very steady hand
- Difficult to attract new investors to region with fair valuation
- Corporate governance can be an asset
- Spend time and effort on reporting preparations
- Choose your advisors wisely!

Enefit Green 





Enefit Green 

Thank You!



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# RAHA KAASAMINE



Kuula Sorainenin sagedust!



Kuula Sorainen  
õigusnõu Spotify`st!

Õigusnõu

suletud jaatmehoidlastest  
ete taaskasutamist.

**SORAINEN**

