FINSBURY GLOVER HERING

THE FIRST YEAR AS A PUBLIC COMPANY

A 12-Step Action Plan to Achieve Investor Relations Best Practice

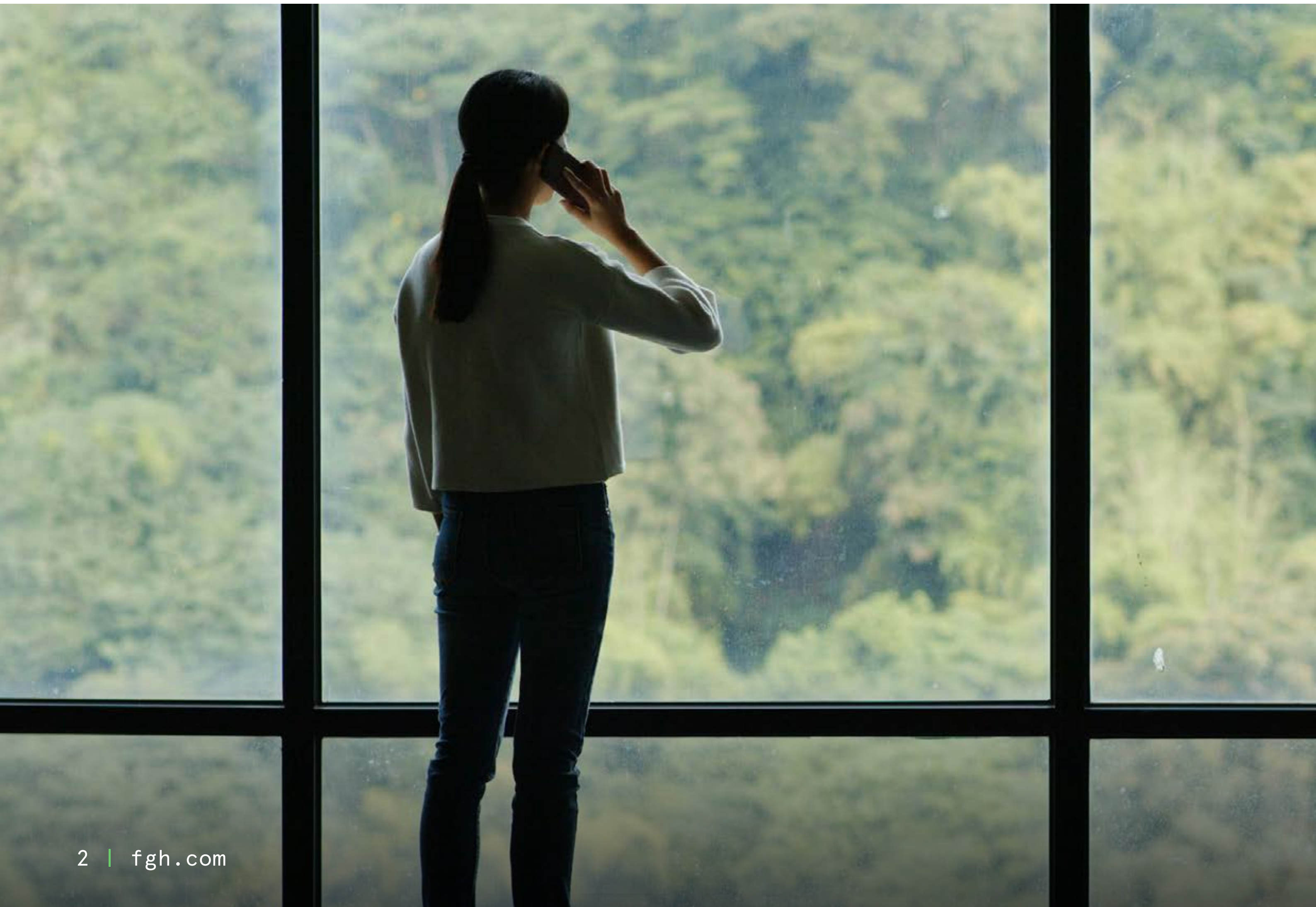
Preface

By the time the CEO rings the bell on the floor of the stock exchange, a company has been through a long and intense period of preparation and execution – with a successful listing as the reward. The reality is however, that this is only the beginning of the company's capital markets journey.

With onerous disclosure requirements and increased public scrutiny, the company must now handle new and higher expectations in order to retain control of the company's narrative and perception. To do this, it is essential to build trust and confidence with investors, the sell-side analysts and the broader financial community; collectively known as the capital markets.

A best-in-class investor relations team succeeds in establishing a culture that specifically manages capital market expectations in order to reliably achieve or exceed them. This activity needs to be prioritised right from the start. Get it right and the foundation is set to attract new investors as perceptions of quality and reliability are enhanced. Disappointment, in particular in the first year as a public company, can result in investors selling their shares and prospective new investors adopting a wait and see approach that can result in sustained share price underperformance.

With extensive capital markets experience, Finsbury Glover Hering can provide strategic and practical advice to the Board of Directors, Management and Investor Relations on all matters related to optimising valuation and market impact through strategic communications excellence.



12 Ways to Achieve Investor Relations Best Practice

1. Full steam ahead: setting up a viable and long-term oriented IR department

IR managers are company's representatives and the first point of contact for the capital markets. Finding the right way to replace or enhance a perhaps temporary IR workforce that has supported during the IPO preparation process with a viable, long-term oriented IR team is crucial to succeed as a newly listed company.

An investor relations team requires an energetic, intelligent, and credible professional at the helm who is committed to implementing and consistently delivering a first-class IR function. Sufficient manpower to support the Head of IR with ideally complementary backgrounds such as experience within the company, finance or communications industries can optimise the effectiveness of the team.

2. The business card of IR: establishing a comprehensive and well-structured IR website

The IR website will have been developed and gone live during the IPO process, and it remains a key part of the corporate website after listing. The IR website is the first point of contact for investors, analysts, journalists, and other stakeholder groups for information on the company's equity story and financial performance. The website should make people want to engage further with the company. Therefore, it is essential that the website is comprehensive, well-structured, and always up to date. The company should be presented clearly and transparently. With some additional services that are easy to access, such as consensus publication, a company can stand out from its peers.

3. Deliver transparency and meet expectations of all investors: establishing a reliable quarterly reporting process

The financial results release will need to be drafted carefully, usually with the advice of financial advisers and will generally be supported by a management presentation and conference call. It is advisable to start the process well in advance of the publication date – preparation usually starts at least 6 weeks before the announcement. The working group mostly involves finance, IR, strategy, communications and legal departments, amongst which responsibilities are divided.

When determining the reporting date, peer events should be considered. Publishing early may well be perceived by the market as great self-confidence. On the other hand, there can be tactical advantages in knowing the competitors' results before one's own publication. Additionally, clashes with peers and companies in the same region should be avoided when planning the reporting calendar in order to get attention and to generate more coverage.

Thinking "outside the box" can also be well-received in some circumstances – for example Q1 and Q3 results releases can be linked to strategic focus topics of the company or deep dives, in order to provide added value for example by other board members joining the CEO and CFO in the conference call.

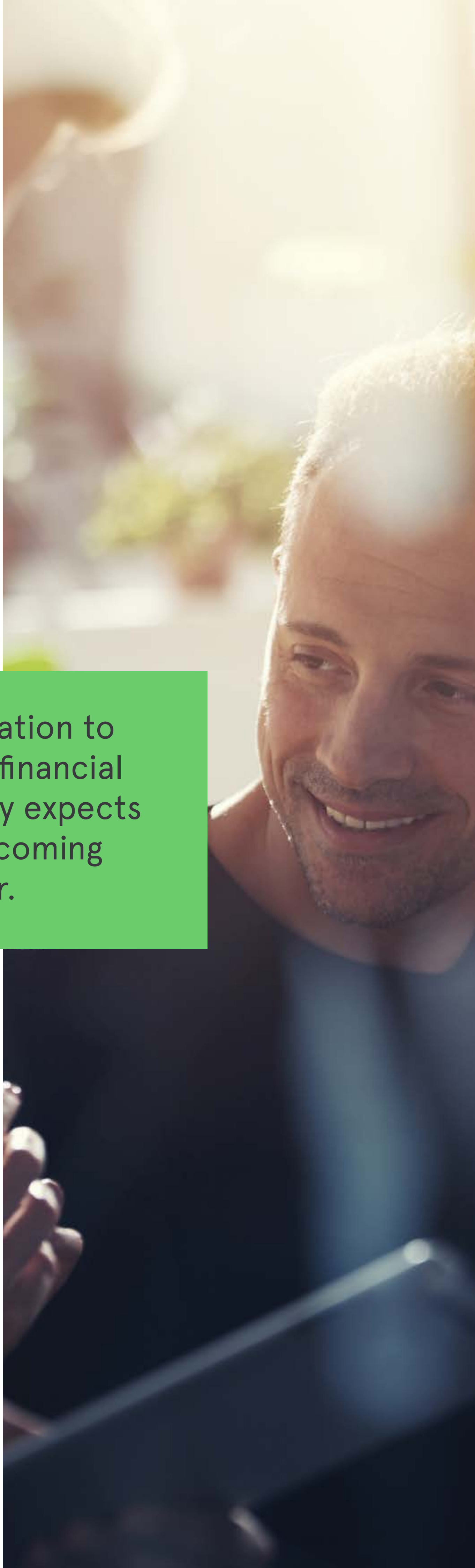
4. A legal obligation: material non-public information (ad-hoc)

Issuers have a legal obligation to immediately disclose to the public any facts about their company that have the potential to influence the share price (under MAR regulations). In this instance, the rules are precise – an ad-hoc announcement should only contain specific information about circumstances that are reasonably certain, material to the share price and not publicly known. The publication of other information not covered by these requirements is prohibited. If companies fail to disclose insider information or disclose it late, incorrectly, or incompletely, authorities can take legal action – including substantial fines. It is therefore advisable to establish a committee to decide on potential publication of ad-hoc notifications.

5. Looking into the future: a company's forecast & guidance

Guidance is an indication to shareholders of key financial metrics the company expects to achieve in the upcoming fiscal quarter or year. The guidance typically includes internal projections for revenues, margins or earnings and may be subject to revision.

Especially for newly listed companies, it can become a challenge to provide reliable guidance. It is important to establish a process that generates sustainable KPI forecasts for the short- and longer-term. These should not only take into account internal company events and factors within the company's control, but also keep an eye on the macroeconomic perspective, perhaps addressing these with sensitivity analyses around key assumptions. The performance of the share price can falter in the event of major deviations from guidance or major revisions to guidance, which can unnerve investors and jeopardise the company's reputation.



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6. An external assessment: sell-side analyst coverage

When sell-side analysts cover a stock, their published research reports and investment recommendations can play a role in the purchase decision of investors. Investor confidence in reputable analysts can be high because analysts may have followed a listed company over a long period of time, published their findings regularly and shown a credible track record of expected share price performance. Large and well-known companies often see greater analyst coverage than other companies and the gap is widening. It is particularly difficult for small-size companies to attract analysts for coverage. The MiFID II Directive is further intensifying this trend as capital markets focus more on fewer companies with greater liquidity.

However, companies, especially newly listed companies, can position themselves optimally to achieve better analyst coverage. For this it is imperative to have a simple and clear investment case; to publish best-in-class materials; and to have a professional disclosure process.

Additionally, the investor relations team should present the equity story as well as relative advantages of the company consistently and convincingly to analysts whilst always sticking to data and hard facts: "Don't oversell your company!" By providing the sell-side with access to management, the likelihood of comprehensive coverage also increases.

7. Always keeping an eye on the market: managing the consensus

A consensus estimate is a forecast of a public company's projected earnings based on the combined estimates of all equity analysts that cover the stock. It is generally stated for a company's key financial metrics, for example revenue and profit, for the quarter, the financial year and the next few financial years. The consensus depends on a variety of factors, e.g. previous results, access to company information, estimates of the market for the company's / industry's product sales etc.

Investor relations keeps track of estimates and typically publishes an aggregated estimate ahead of results reporting. The consensus is valued by investors and analysts as it increases transparency towards the capital markets by showing an external, independent benchmark of market expectations. This can be used as a comparison parameter with the company guidance and with actual results.

It is important to collate analyst forecasts regularly (at least quarterly), especially after trading statements or results, to ensure the consensus reflects most recent guidance (consensus management).

8. Impactful events right from the start: planning the first AGM and Capital Markets Days

Annual General Meetings (AGM) & Governance

The first AGM is a highlight in the first year of a newly listed company and should therefore be prepared carefully. The AGM needs be held within a set time period, defined by local law and regulations, from the date of the end of the financial year of the company.

The AGM is mainly a retail shareholder and media event. Thus, companies typically prepare a retail shareholder-friendly presentation on the financial year's performance and strategy and may choose to do a deep dive on a key project or case study that has been significant during the year.

However, some agenda items can generate quite some publicity. One example is the vote on remuneration, which has become even more explosive due to Shareholder Rights Directive II (SRD II). Therefore, AGM votes on board compensation require intensive preparation and consultation to avoid controversial voting outcomes.

Capital Markets Days

Listed companies organise Capital Markets Days (CMDs) to provide financial stakeholders with the opportunity to meet a broader selection of the management of the company, get more detailed information on the company, announce a medium-term strategic update or to showcase a particular aspect of the company's strategy. If the share price has been disappointing post IPO, a CMD is an ideal way to clarify the equity story and any related misperceptions or gaps in understanding. However, a CMD does not have to take place in the first year after the IPO, as it is not a mandatory event.

The frequency of Capital Markets Days varies per company, but it is common practice to host an event every two to three years to announce a major strategic update. Smaller updates can take place more frequently, e.g. annually. Ahead of the event, a perception study can be a tool of choice to gauge capital markets sentiment towards quality of the company's corporate strategy and its messaging. Companies usually plan investor and analyst engagement following the event through a series of investor meetings and roadshows.

9. A substantial impact on voting outcomes: proxy advisors

The influence of proxy advisors, such as ISS and Glass Lewis, has been constantly increasing in recent years. The first annual general meeting post IPO will likely be the first contact point with proxy advisors for a newly listed company. Proxy advisors provide corporate governance and responsible investment solutions for asset owners, asset managers, hedge funds and asset service providers.

Proxy advisors' core business is the provision of proxy research and vote recommendations prior to general meetings; however, their range of products has expanded to ESG ratings as well as data and voting services. Many large institutional investors follow proxy advisor recommendations when voting not only because of their independent expertise but also because these investors have too many companies to follow globally.

Proxy advisors base their recommendations on policies: Investor relations should be aware of these voting guidelines, especially with respect to "hot topics" like board elections, executive compensation, and capital authorisations. In order to give some context and background information, it is advisable to engage with proxy advisors and to build a relationship.

10. Make valuable investor contacts: investor conferences & roadshows

Conferences

Investor conferences bring together issuers and institutional investors and are mostly organised by investment banks and brokers. They are a great opportunity to present the company's financial highlights and equity story to a selected group of existing and potential new investors.

It is important as a newly listed company to have all relevant (sector) conferences on the agenda – in the home market as well as abroad – and to understand which conferences should be attended by the management and which by investor relations or other company representatives.

Roadshows

In contrast to conferences, management and investor relations representatives present the equity story directly to a circle of existing and potential investors at roadshows. The discussions can be held in small groups as well as one-on-one and often lay the foundation for long-term investor relationships.

Roadshows often take place following the publication of quarterly results and are usually held in financial centres around the world such as New York, London or Frankfurt. As a newly listed company, planning and arranging meetings should begin well in advance of the releases.

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11. Built for the long-term: the investor base of a company

Especially for newly listed companies, the investor base can be very fluid after the IPO. Often hedge funds or previous private equity owners are still invested. Usually, however, they are not interested in remaining as long-term investors. Therefore, it is particularly important in the first few months to define and build up a target core, longer-term investor base.

To determine the baseline, a high-quality shareholder analysis should be conducted. The methodology used for analysis depends on the domicile of the company, but essentially analysts make enquiries to custodian banks and other shareholders using the powers provided to the company under the relevant domestic legislation and/or the company's own articles, supported by direct approaches to investors. Data provided by shareholder analysis research is augmented to provide intelligence on investors in terms of their location, type, investment style and investment behaviour.

The next step is to determine the target investor structure. In investor targeting it is useful to work with external service providers to refine a list of target investors, including using comparisons with the investor base of peers.

Finally, investor relations should plan engagement with potential new investors across geographies, maximising the effective use of management and IR time. Marketing the company and raising its profile is key to building an optimal and diversified shareholder base and also access to capital for future growth. Therefore, planning roadshows, one-on-one meetings, reverse roadshows, and, as outlined above, conference attendance is key.

12. Constantly on the rise: ESG impacts every aspect of corporate life and must be fundamentally integrated in the IR work

Whether listed or not, being aware as a company of the increasing importance of sustainability topics is crucial to being successful in the long-term. However, especially as a listed company, the public has an increased focus on whether Environmental, Social and Governance (ESG) topics are being adequately addressed.

Increasingly a company's approach to sustainability should be fundamentally integrated into its equity investment case and can be a differentiating factor in achieving a best-in-class equity story. As such, it is important for investor relations to understand the key elements of ESG for a corporate that can impact growth, risk management and capital allocation.

Major investors typically publish an ESG policy outlining their commitments and they also place an emphasis on membership of the UN Global Compact and are UN Principles for Responsible Investment (PRI) signatories. Investors use responsible investment approaches such as exclusions, positive screening and thematic investments to implement responsible investment. Thus, ensuring that your company aligns with investor ESG criteria is vital. Some investors explicitly state what they require or to which reporting indices/guidance they want you to align to. For example, investors are increasingly asking for companies to have incorporated climate into their business strategy and inclusion in selected indices, as well as alignment with UN Global Compact.

Sustainability reporting, on the other hand, is stipulated by the application of reporting principles. Materiality in ESG refers to "the threshold at which ESG issues become sufficiently important to investors and other stakeholders that they should be reported." If your sustainability team has already conducted a materiality assessment, IR should be conversant in the material issues, since these will be of most interest to investors.

In conclusion...

Is this the complete master plan? Unfortunately not. Newly listed companies also attract more media, government and regulatory attention. In addition, the likelihood of becoming the focus of activist investors is increasing, and confrontation with M&A activity both as buyers and targets is on the rise. With extensive market experience and an interdisciplinary team, Finsbury Glover Hering can provide support in all of these areas.

Contacts

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Caroline joined Finsbury Glover Hering in January 2021 to continue to build the Equity Advisory & IR practice in London. She brings extensive experience and understanding of investor and market behaviour into a private side and confidential environment to advise company management and Boards on all matters related to their valuation, market impact and communication. Before joining Finsbury Glover Hering, Caroline had 25 years of investment banking experience at Deutsche, BAML and Barclays. This included Equity Advisory, M&A and Capital Markets. Caroline also spent eight years on the public side of the Chinese wall, as a lead equity research analyst and head of Barclays Africa equity research business. In the corporate world she also led the M&A and treasury function for chemicals company Sasol, ran its US listing project and sat on its Southern African exco. Caroline holds the CFA certificate in ESG investing.

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Justin joined Finsbury Glover Hering in September 2020 to lead the Equity Advisory & IR practice in London. He brings extensive experience and understanding of investor and market behaviour into a private side and confidential environment to advise company management and Boards on all matters related to their valuation, market impact and communication.

Before joining Finsbury Glover Hering, Justin had 17 years Equity Sales experience at Morgan Stanley, HSBC and Barclays, the last seven as Head of European Equity Sales, followed by eight years in Banking as Head of Equity Advisory Europe in 2012 and Chairman of Equity Advisory Europe in 2018 also at Barclays. Justin is on the Board of Trustees at The Centre for Literacy in Primary Education, a national charity which aims to raise the achievement of children's reading and writing skills through teacher professional development and The Battersea Arts Centre, a community based creative hub for the arts and social enterprises.

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Robert joined Finsbury Glover Hering in 2019 to build the German Equity Advisory & IR practice. Today, from the Frankfurt office, Robert mainly advises companies on questions of financial communication and investor relations, including corporate governance.

Before joining Finsbury Glover Hering, he was Deputy Head of Investor Relations at Deutsche Bank and issuer representative on the Executive Board of the German Investor Relations Association (DIRK). From 2001 to 2009, Robert worked as a management consultant for McKinsey & Company in Germany and New York. Subsequently, he was responsible for setting up the OTC Clearing business at Deutsche Börse Group. Robert holds a PhD from the European Business School in Oestrich-Winkel and a degree in Business Administration from WHU Otto Beisheim School of Management.

THANK YOU