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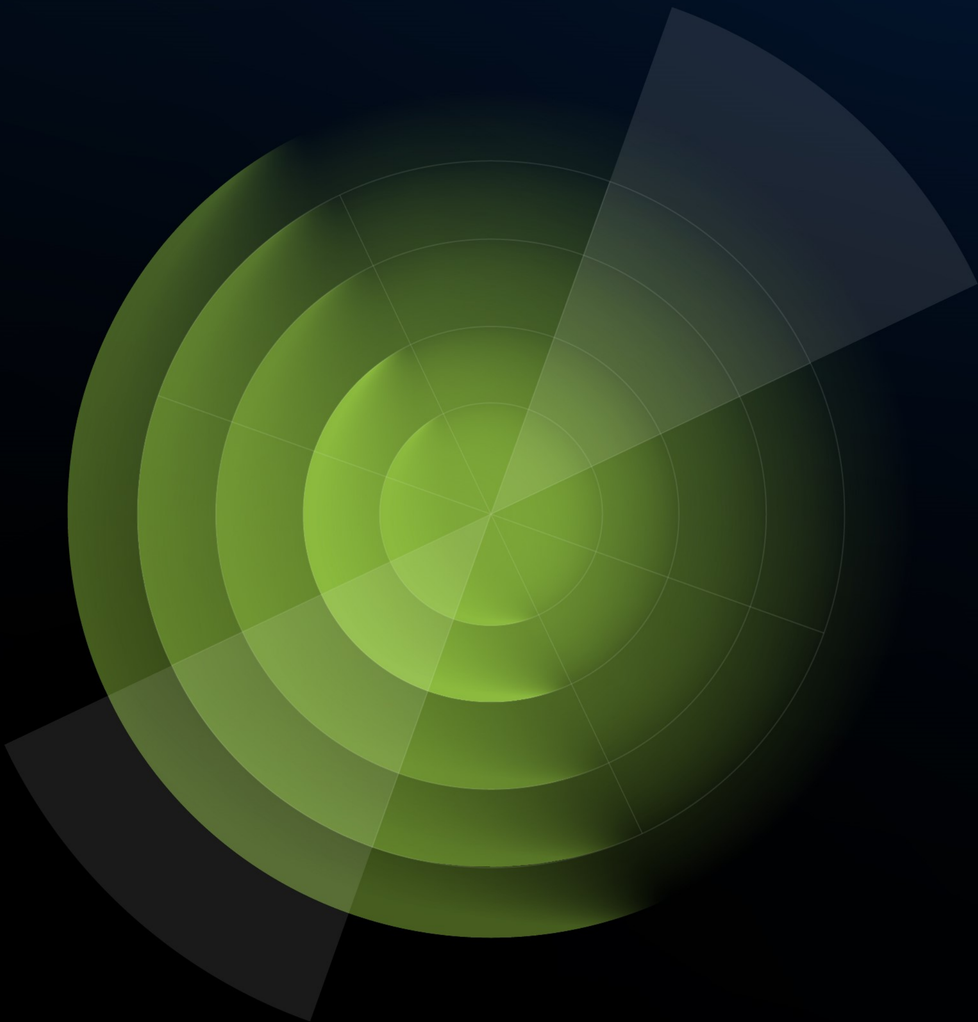


Deloitte
IPO Scanner report

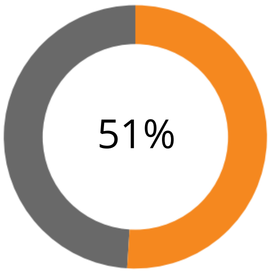
08-05-2024

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

Contents

Your IPO readiness journey starts here

Overall readiness score



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

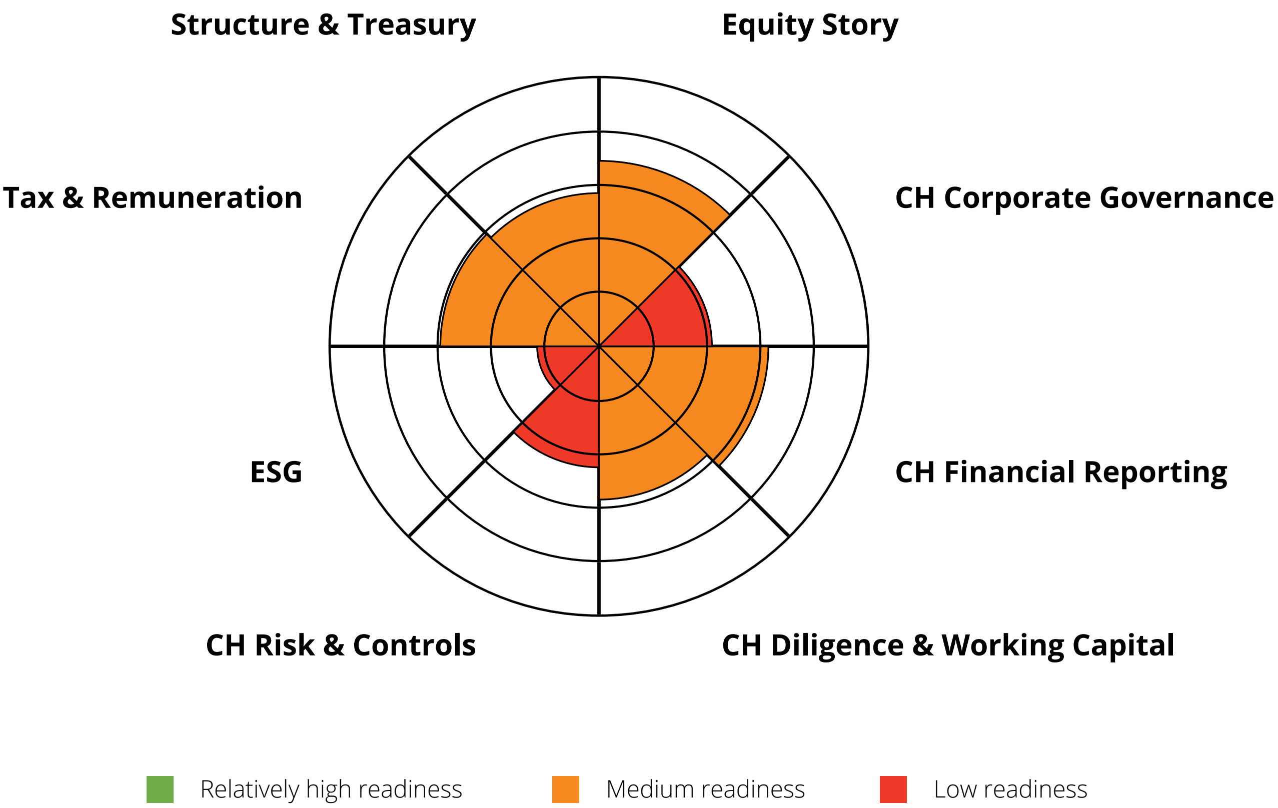
The results per topic are designed to provide you with a general indication of the areas to consider as you start to think about your IPO readiness journey. This publication must not be recited or referred to in any document or made available (in whole or in part) to any other party. We accept no liability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

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

Yours faithfully,

Liam Baynes
Partner | Equity Capital Markets Switserland

Summary of your readiness



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

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

As a next step, we would recommend setting up a meeting to discuss your roadmap to readiness. Contact details for the Deloitte Equity Capital Markets team are included on page 14 in this document and naturally we would be delighted to have a conversation with you to discuss the results of this report.

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

Readiness score

69%

Equity Story

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

Based on the self-assessment performed, preparation of Deloitte's equity story appears to be in formulation, with certain key elements established or in progress. Given the breadth of work streams required in order to evidence and support an equity story, it is important that this progress is sustained. Therefore continuing your preparations in this area - together with ensuring full, clear and evidence-backed articulation of the equity story should remain a priority area in your ongoing readiness preparations.

Best Practices

- A key cornerstone of a successful IPO is a solid equity story, articulating the key investment reasons and supported by the Company's historical track record.
- Managing Boards of Listed Companies must ascertain adequate experience in their team with listing related matters.
- For an IPO, it is important that the segment reporting chosen is conducive to the overall equity story and positioning of the company which will be listed.
- A clear growth strategy will be part of the equity story and/or dividend policy.
- Investment banks will ask for high quality forecasts, outlining strategy, objectives and integrated forecast financials, supporting the equity story and allowing for due diligence.

Results Breakdown

Positive attributes and progress

- Peer group identified, which you benchmark against
- Identified competitive advantage versus peer group
- Sufficient resources and expertise in-house to undertake an IPO process
- Prior experience of transaction(s) (i.e. M&A;)
- Management (segment) reporting aligned with your equity story

What you should consider

- Company or a segment has positive cash flows
- Three-year business plan and confidence in meeting forecasts
- Listed company experience of Board and senior management
- Value of your Company in 3 years

What you should focus on

- Company operates in a large and growing market

Readiness score

57%

Structure & Treasury

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

Based on the self-assessment performed, Deloitte's Capital Structure and Treasury function still requires further work. Prior to IPO, the Company should continue to formalise its treasury function and determine the appropriate capital structure. Ensuring the existence of a well-established treasury function and clear capital structure should remain a priority focus in your ongoing readiness preparations.

Best Practices

- Typically, the debt structure of a company gets refinanced prior to IPO to have a suitable level of leverage, as well as appropriate loan covenants (if any).

- A listed company would be expected to have processes in place to measure, record and report complex financial instruments and transactions involving such financial instruments on a timely basis. This is often achieved through a robust treasury policy, defined roles and responsibilities and processes and controls over key treasury activities including: (i) Managing banking relationships, credit facilities and other banking services in line with the company's financing needs; (ii) Policies over complex financial instruments and management of treasury risks; and (iii) processes, roles and responsibilities for escalation of treasury-related matters to the Board.

Results Breakdown

Positive attributes and progress

- Treasury Management System (or equivalent)
- Determined use of IPO proceeds
- Share class structure
- (Controlling) Shareholders (>30%) and/or owners with IPO veto rights

What you should consider

- Stand-alone treasury function with adequate resources
- Policy and strategy for the hedging of interest rates and FX exposures

What you should focus on

- Distributable cash reserves to pay dividends
- Complexity of legal structure

Readiness score

59%

Tax & Remuneration

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

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

Best Practices

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

Results Breakdown

Positive attributes and progress

- Remuneration policy for the Board suitable after IPO
- IPO corporate structure
- Established tax function

What you should consider

- Documented tax control processes
- Employee share participation plan in place
- Processes to monitor and review company's tax reporting

What you should focus on

- Results of tax audits and other correspondence
- Transfer pricing policy (if applicable)

Readiness score

23%

ESG

As investors and regulators have increasing demands for information on a company's ESG risks and opportunities, a clear articulation of these alongside the Company's ESG strategy and historical track record within the equity story is critical for a public company.

The Company should determine its ESG risks and opportunities, ESG KPIs/metrics and corresponding data collection and reporting procedures, an integrated ESG strategy (including materiality assessment) and its ESG governance framework. By aligning a well-substantiated ESG strategy with a compelling ESG equity story, the Company will be better placed to meet the expectations of the investor community.

Best Practices

- The Company should develop its ESG data collection, monitoring and reporting ability in preparation for future ESG reporting requirements.
- The Company should identify material ESG KPIs and monitor performance against these (e.g. on diversity, equity and inclusion and carbon emissions) to create a historical track record.
- The Company should implement an ESG risk management process including a value chain and stakeholder analysis.
- The Company should perform a double materiality assessment to identify material ESG topics and the impacts of these topics on the environment, society and Company.
- The Company should develop an authentic ESG strategy and integrate this within the Company's equity story.

Results Breakdown

Positive attributes and progress

- ESG equity story

What you should consider

- Integrated ESG strategy
- Double materiality assessment

What you should focus on

- Governance structure
- ESG risk management process
- Compliance with EU ESG reporting regulations
- Accurate and complete ESG data
- Limited assurance over CSRD reporting

Readiness score

45%

Swiss Risk & Controls

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

Based on the self-assessment performed, preparation of Deloitte's risk management and internal controls appears to be at an early stage. If the Company is in an early stage of its lifecycle with a nascent control environment then this is not uncommon amongst potential IPO candidates, however it is important that policies and procedures are embedded throughout the business to ensure the right balance between achieving strategic objectives and managing associated risks. As your intentions progress, developing and embedding a framework for risk management and internal controls, with process and controls documentation established for key business cycles, should be considered a high priority topic.

Best Practices

- A risk management framework helps the Board to identify, mitigate and manage risk so as to make proper judgements on the financial position and prospects of the business.
- Management should identify, assess and document the risk factors likely to impact on its (i) financial position, prospects and any changes thereto, and (ii) preparation and communication to the directors of related information.
- Financial Services Ordinance lisitng prospectus to contain a Risk Factors section, which should explain the material risk exposures that the company faces. Furthermore, good corporate governance requires a company to include its risk management approach in its annual report.
- Policies and procedures for financial accounting and reporting processes should be documented to ensure that activities are understood consistently between business units and that financial controls are formalised.

Results Breakdown

Positive attributes and progress

- Internal controls working effectively
- Number of key controls identified
- Documented internal control framework

What you should consider

- Documentation of month-end close process and activities
- IT Governance and cyber security framework

What you should focus on

- Disaster recovery and business continuity plan for business-critical systems
- Remediation of identified internal control findings
- Risk register reviewed and updated regularly
- Formalisation of risk management framework

Readiness score

57%

Swiss Diligence & Working Capital

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

Based on the self-assessment performed preparation of Deloitte's working capital model and financial data set appears to be in formulation. Given the amount of time and effort that is typically required from the finance team in preparing financial information to support the due diligence exercise and in preparing a suitable working capital model, we recommend that Management maintains focus in this area going forward in preparation for IPO - ensuring a core data set of consistent management information prepared under IFRS, US GAAP or Swiss GAAP FER together with an integrated, flexible forecast model.

Best Practices

- A detailed due diligence exercise is performed and serves as a key building block for other workstreams, including the prospectus drafting and analyst presentations. Key considerations include the consistency and availability of the historical information, and supporting documentation to understand and analyse key trends.
- A working capital statement should be supported by a consistent, integrated comprehensive financial forecast (P&L;, B/S and CF) covering the foreseeable future (market practice of 18 months) and based on a reasonable worst-case scenario (there should be little risk that the statement is called into question subsequently). The model should be dynamic, capable of sensitivities being overlaid, include covenant testing and outputs to facilitate headroom analysis. The extent of headroom will determine the level of work performed, both in a base case and in a "reasonable worst case" scenario.
- A prospectus is required to include a working capital statement. This is a statement by the Issuer that it expects it will have sufficient liquidity (including compliance with loan covenants) for the foreseeable future.

Results Breakdown

Positive attributes and progress

- 18 months cash flow forecast model
- Prior experience of a financial due diligence process
- Set of consistent KPIs available over the 3 year historical period

What you should consider

- Monitoring of compliance with covenants
- Formal process for review of annual budget

What you should focus on

- Cash flow model linked to balance sheet and income statement
- Cash flow forecast model setup on a monthly basis
- Periodic stress testing of forecast model

Readiness score

63%

Swiss Financial Reporting

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

Based on the self-assessment performed, Deloitte has processes in place to produce internal and external financial reporting, with notable key elements established or in progress. The HFI exercise typically requires a substantial amount of time and effort on the part of the finance team and independent auditor and it is almost always on the critical path in any IPO timetable. Early stage planning is crucial so that you can present consistent and robust financials which underpin the equity story as part of the marketing campaign. Therefore, continuing your preparations in this area, and ensuring timely release of accurate and complete financial information should remain a priority focus in your ongoing readiness preparations.

Best Practices

- Management should determine the financial and non-financial KPIs most significant to the company and ensure that these are consistently reported on both internally and externally.
- Segment reporting is applicable for all listed companies and companies aiming to list securities and requires that segmental information is presented consistently within internal and external reporting.
- Management accounts should include a full balance sheet, income statement and cash flow statement (with comparison against budget and forecasts) that can be reconciled to the statutory accounts along with relevant KPIs and supporting narrative. These should be ready for review by the Board within 10-15 working days post month-end.
- Listed companies (not applicable for AIM) are required to release their audited financial statements within four months of the year-end date and their half-year interim report within three months of the period-end date.
- The Prospectus Rules require that a three year track record of audited financial information is disclosed in the prospectus, typically prepared in accordance with IFRS, US GAAP or Swiss GAAP FER.

Results Breakdown

Positive attributes and progress

- Three years of audited financial statements
- Financial statements prepared under IFRS, US GAAP of Swiss GAAP FER
- Semi-annual financial statements in accordance with IFRS, US GAAP or Swiss GAAP FER
- Agreed set of KPIs that are consistently reported
- Timing of monthly close and delivery of management accounts
- Management accounts include a balance sheet, income statement and cash flow statement

What you should consider

- Management accounts include narrative commentary, including budget to actuals comparison

What you should focus on

- Publication of financial statements within 4 months of year-end
- Accuracy of management reporting
- Segmental reporting in existing financial information

Readiness score

42%

Swiss Corporate Governance

A listed company is expected to adhere to good corporate governance, which is increasingly becoming an area of interest for regulators and investors alike. There is a number of codes and directives that set the best practice standard for corporate governance for listed companies in Switzerland.

Based on the self-assessment performed formalisation of Deloitte's corporate governance environment appears to be at an early stage, which is not uncommon amongst potential IPO candidates. As your intentions progress, continuation of this work stream (to formulate and refine your corporate governance environment and board structures) should be considered a high priority topic as it will demonstrate the directors commitment to accountability, transparency, probity and focus on the sustainable success of the business over the longer term.

Best Practices

- Swiss Best Practices set standards of good practice in relation to board composition, leadership, accountability and relations with shareholders (i.e. audit, nominations and remuneration committees in place).
- Policies that enable management and the board to set the overall ethical culture should exist (i.e. code of conduct, anti-fraud, whistleblowing policy etc.).
- There should be processes in place to identify, manage and report internal control deficiencies to management and the board with a clear process for remediation of such findings. This can be done through an internal audit function.
- Listed companies in Switzerland need to comply with the Ordinance against Excessive Compensation for Listed Companies that requires a remuneration report to be disclosed and SIX directive on the types of information to be disclosed relating to corporate governance.
- Swiss Code of Best practice for corporate governance ("Swiss Best Practices") as published by "Economie Suisse" provides recommendations on designing company's corporate governance and information that go beyond what is stipulated by law. All provisions are subject to the "comply or explain" principle.

Results Breakdown

Positive attributes and progress

- SIX directive on the types of information to be disclosed relating to corporate governance
- Code of Conduct policy
- Fraud risk policy
- Internal Audit department

What you should consider

- Compensation Committee
- Remuneration report
- Majority of the Board members are independent

What you should focus on

- Whistle-blower policy
- Swiss Code of Best practice for corporate governance as published by "Economie Suisse"
- Board Charter

Contacts

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

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