



IPO GUIDE

Setting off
for the Summit



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START CHANGING THE GAME



Going public is a major decision and milestone for any company, its shareholders and the management team involved. With an IPO on a reputable stock exchange such as SIX Swiss Exchange, your company can make a clear commitment to transparency, build trust and credibility and raise its profile among customers, suppliers, employees, banks, investors and the media.

This brochure will guide you through the most important key phases in an IPO and is primarily aimed at entrepreneurs, founders, C-level representatives, shareholders and decision-makers of privately held companies who want to take their company to the next level with an IPO/listing on SIX Swiss Exchange.



An IPO may be of particular interest to you if your company is in one of the following situations:

- You are looking for efficient, continuous access to capital
- You are considering a (partial) exit for yourself as a shareholder and your long-term investors
- You are looking for ways to optimize your balance sheet structure or you want to increase financial flexibility
- You want to provide your investors with liquidity and the possibility to trade the company's shares on a daily basis
- You are looking for access to new shareholders/investors (e.g. institutional investors) in order to further diversify and internationalize your shareholder base
- You want to raise the company's profile and brand
- You want to attract new talent and retain key people
- You are looking for a succession solution (e.g. for your family business)

Whatever the reason for your IPO may be, it will be a game changer and increase the scale of your business. Getting there will in many ways be an exciting, valuable and rewarding venture, provided it is well prepared and approached with the right partners at your side.



#1 MANIFOLD ADVANTAGES

An IPO is much more than an excellent growth opportunity for a company. It offers companies, at different development stages and with distinct needs, the opportunity to position themselves for the future and to advance their business further.

By going public on a recognized and renowned stock exchange such as SIX Swiss Exchange, a company can make a clear stand for transparency and benefit – among others – from the following advantages:

- **ACCESS TO CAPITAL**
 - Direct and continuous access to equity (and debt) capital for organic and/or inorganic growth, which cannot or is not intended to be covered by existing shareholders or other financing
 - Higher degree of financial flexibility¹

- **OWNERSHIP AND CONTROL**
 - Possible medium-term succession arrangement when shareholders wish to withdraw from the company or reduce their holdings
 - Broadening or diversification of the shareholder base, which leads to a reduction of dependencies
 - Ease of trading: Provide a liquid market for the trading of shares

¹ For instance, raising of new equity capital every 12 months of up to 20% of the already outstanding share capital without having to publish a prospectus as set out in the Federal Act on Financial Services (FinSA)

→ **FINANCE AND BALANCE
SHEET STRUCTURE**

- Reduction of debt or bank financing or bolstering of the equity ratio
- Shares as a currency for acquisitions (instead of or alongside cash payments)

→ **EMPOWER STAFF AND
PROMOTE LOYALTY**

- Enhanced ability to attract, retain and reward valued employees
- Incentivization of key people with long-term share plans
- Investment opportunities for management, employees, customers, the general public or other stakeholders

→ **PUBLICITY AND GOVERNANCE**

- Improved availability of information and efficiency (reduced monitoring activities for owners due to regular reporting requirements)
- Transparency and trust through highlighting ambitions and long-term objectives
- Increased credibility and brand recognition
- Enhanced visibility through research coverage and eligibility for indices

COMMITMENTS

An IPO presents a company and its management with new challenges, especially in terms of investor relations, increased transparency requirements and disclosure obligations. If a company is ready to take on these new challenges and provide the necessary resources to do so, an IPO can elevate the company to a new level and help unlock its full potential.

KEY TAKEAWAY

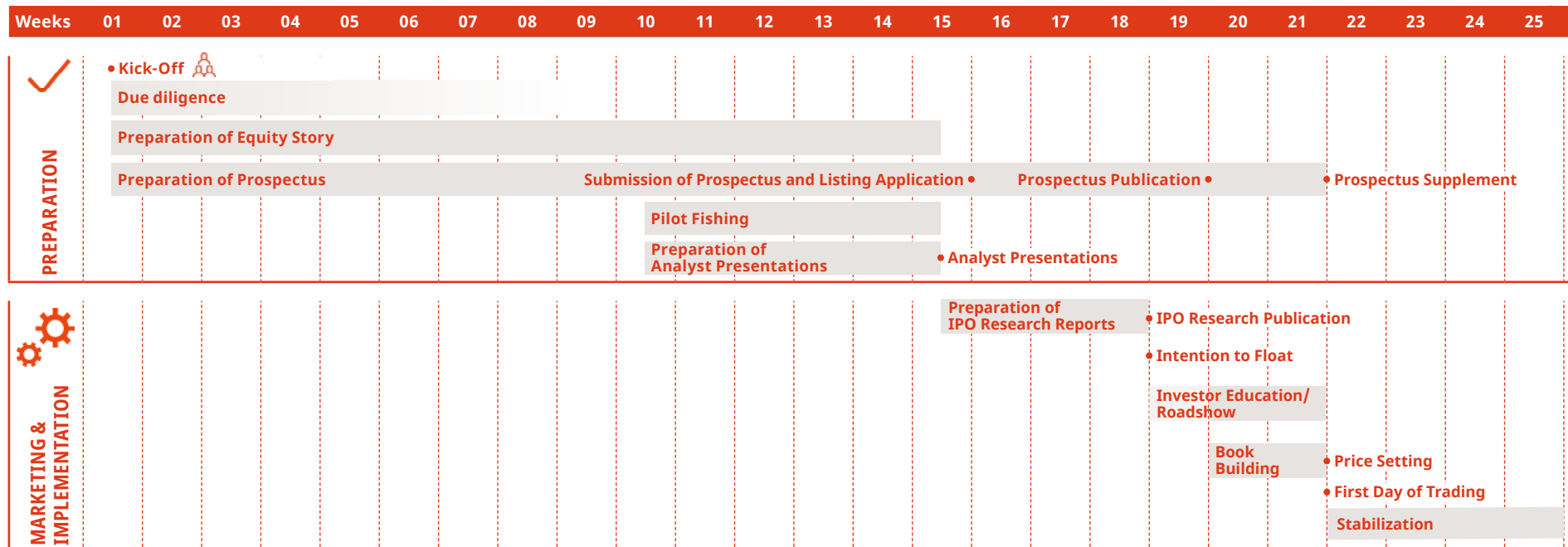
An IPO offers companies many advantages and opportunities, including access to capital, an exit option for existing shareholders, the possibility to attract and retain talent and increased transparency and credibility.



#2 THE IPO PROCESS EXPLAINED

IPO refers to the process when a privately owned company offers its shares to the public on a stock exchange for the first time. Typically, an IPO includes the distribution of primary and secondary shares, as well as an over-allotment option. The IPO process officially starts with a kick-off meeting and normally takes about six months. However, companies should already conduct a readiness check much earlier and ensure that they have the right strategy, corporate governance, legal structure as well as adequate financial reporting in place.

The IPO process can be divided into two phases, namely the “preparation” and the “marketing and implementation” phase, as shown in the indicative timetable below.





→ PRE-IPO PHASE



1. CARRY OUT A “READINESS CHECK”

Successfully going public requires serious preparation by the company. Strategy, market positioning, transparent accounting and controlling processes as well as experienced and trustworthy management with good corporate governance are essential to building a convincing investment case. Moreover, it is crucial to have the right legal structure and adequate financial reporting in place. As a matter of fact, it is not uncommon for companies to restructure in order to be well prepared for an IPO.



2. SELECT EXPERT ADVISORS

Before a company goes public, it needs to find professional partners. Among the key advisors are the lead manager and the bank syndicate, lawyers, auditors and consultants as well as communication experts (see [Have Professional Partners at Your Side](#)). It is essential to engage specialists at an early stage because they can provide support in assessing a company’s IPO readiness and in undertaking the necessary structural amendments.



→ PREPARATION PHASE

During the preparation phase, all relevant clarifications are made and the company is prepared for going public.



3. HOLD A KICK-OFF MEETING

At the kick-off meeting, the company’s management gets together with the chosen advisors, who will answer their specific questions and help to define the precise responsibilities, timeline and structure for the public offering, including the offer details and other key factors.



4. CONDUCT DUE DILIGENCES

Due diligence is a comprehensive procedure to ensure that all material information about the company is appropriately identified and disclosed. The scope of the due diligence work covers mainly three aspects: business, financials as well as legal and tax. During the IPO due diligence process, the bank(s) conduct a business/management focused due diligence whereas the attorneys focus on legal, tax and corporate governance matters. The auditors typically issue one or two comfort letter(s) as part of their work.



5. DEVELOP THE EQUITY STORY

The equity story provides analysts, investment advisors, investors, journalists and other target groups with key information about the company and, most importantly, demonstrates why it is worthwhile investing in it (see [▶ A Compelling Equity Story Is Crucial](#)).



6. DRAW UP THE PROSPECTUS AND THE LISTING APPLICATION

The prospectus is a formal document that must be submitted to the Prospectus Office of SIX Exchange Regulation (see [▶ The Prospectus Is at the Centre](#)). The formal listing application is filed with SIX Exchange Regulation and consists of a short description of the securities, a request regarding the first day of trading, evidence that the issuer has a prospectus that has been approved by a Prospectus Office as well as various other documents (see [▶ IPO Checklist](#)). The listing application must be submitted by a so-called [▶ recognized representative](#).



7. PILOT FISHING

The company holds initial meetings with key investors to gauge investor interest and get an idea of whether adjustments to the equity story or the transaction structure are necessary.



➔ **MARKETING AND IMPLEMENTATION PHASE**
In the subsequent marketing and implementation phase, the intention to go public is announced, the search for investors begins and the phase ends with the setting of the price and the start of trading.



8. PRESENTATIONS TO ANALYSTS

Presenting the equity story to the syndicate banks' analysts is a crucial step. The analysts will incorporate the information communicated into their assessment and draw up the research publications.



9. OBTAIN AN ADMISSION DECISION FROM THE REGULATORY BOARD

The Regulatory Board/the Issuers Committee of SIX Exchange Regulation checks the listing application and makes the final admission decision, after which the marketing and implementation phase of the IPO can begin. This normally happens no later than 20 business days after the listing application was filed.



10. ANNOUNCE THE INTENTION TO FLOAT ("ITF")

The company informs the public about its intention to conduct an IPO. After the announcement of the ITF, the attention to the company increases significantly.



11. HOLD AN INVESTOR EDUCATION

The analysts present their research reports prepared on the basis of the analyst presentation to the sales teams of the syndicate bank(s) as a central sales tool and to interested investors. The feedback received is used to set the price range and arrange meetings for the management roadshow.



12. HOLD A MANAGEMENT ROADSHOW

A roadshow gives management an opportunity to provide investors with an introduction to the company in person and explain why it makes sense for them to invest in its shares. One-on-one meetings are held with key investors, as well as group presentations to (institutional) investors to make the case for the investment.



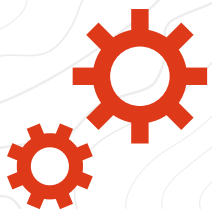
13. START THE BOOK-BUILDING PROCESS

In parallel with the roadshow, the syndicate bank(s) begins the book-building process, during which investors can submit price offers to the syndicate bank(s).

KEY TAKEAWAY

The IPO process can be divided into two phases: The preparation phase and the marketing and implementation phase. However, the actual preparations already start much earlier, as it is important that the company is “IPO-ready” when it starts the process.





14. SET THE PLACEMENT PRICE

At a time clearly defined in the listing process, after the roadshow is completed, the order book is closed. In conjunction with the company, the syndicate bank(s) uses the price offers submitted by investors to determine the placement price.



15. ALLOCATE SHARES

The syndicate bank(s) now allocates the available shares to the investors recorded in the order book. This is done in line with the Swiss Bankers Association's [Allocation Directives for the New Issues Market](#) and criteria discussed with the company in advance, such as target shareholder structure, investor quality, timing, order size and expected stock market demand. To ensure stability in the aftermarket, provision is usually made for an option to allocate additional shares (over-allotment option, also known as a "greenshoe", see info box on the right) in the amount of 10–15% of the planned issue volume.

STABILIZING THE SHARE PRICE

The share price can be stabilized by the lead bank during the initial phase of trading. The lead bank does this by allocating more shares (typically up to 15%) during placement than had originally been provided for in the base tranche. It technically takes a short position by lending out securities. The lead bank may acquire the lent and additional placed shares from selling shareholders (secondary shares) or the company (primary shares) at the placement price at a later date in order to cover the short position. This is known as the "over-allotment" or "greenshoe" option.

- If the share price rises following the IPO, the lead bank exercises the call option with respect to the granting parties within 30 calendar days in order to cover the short position. Once the over-allotment option has been exercised in full, up to 15% additional shares have definitively been publicly placed.
- If the share price falls following the IPO, the lead bank can cover its short position by buying shares back in the market. The bank's purchasing activities have a stabilizing effect. If the over-allotment option is not exercised, only shares from the base tranche will ultimately be publicly placed.



#3 ALTERNATIVE TYPES OF LISTINGS

Instead of a conventional IPO, companies that are going public have the option to apply for listing and admittance of their shares to trading without placing any (new) shares with (new) investors. Such an alternative listing can typically be carried out at lower costs and is less dependent on capital market conditions. However, visibility and subsequent secondary market liquidity in the shares are usually lower.

→ DIRECT LISTING

With a direct listing, a company applies for the listing and admittance of its existing shares to trading (neither issuing new shares nor selling existing or new shares to investors).

Practical example:

Direct listing of WISeKey (March 2016).

→ DUAL LISTING

A private company applies for the simultaneous listing and admission to trading of its shares on two different regulated stock exchanges or a company whose shares are already listed on a regulated stock exchange applies for the listing and admission to trading of its shares on SIX Swiss Exchange in addition.

Practical example:

Dual listing of the NASDAQ-listed shares of ObsEva (July 2018) and dual listing of Alcon on SIX Swiss Exchange and the New York Stock Exchange (NYSE) (April 2019).

→ RELISTING

A company transfers the existing listing of its shares on a stock exchange or a different market segment to SIX Swiss Exchange.

Practical example:

Transfer of the listing of Xlife Sciences from Munich stock exchange to SIX Swiss Exchange (February 2022).

→ **SPIN-OFF**

A company whose shares are already listed on SIX Swiss Exchange applies for the shares of its constituent entity to be listed and admitted to trading. The constituent entity's shares are allocated to the company's existing shareholders.

Practical example:
Spin-off of Accelleron from ABB (October 2022).

→ **REVERSE MERGER**

A private entity "acquires" an entity whose shares are already listed on SIX Swiss Exchange, by means of a "reverse merger". The private entity's shareholders exchange their shares for new shares in the acquired corporation.

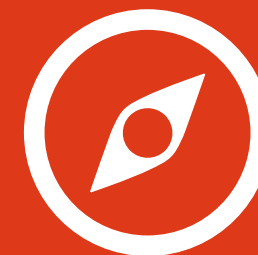
Practical example:
Reverse merger of Kinarus Therapeutics with Perfect Holding (June 2022).

i **GOOD TO KNOW**

Generally, the same listing requirements apply regardless of whether a company lists its shares with or without a share offering. In contrast to a classic IPO, no book building takes place prior to a listing without the placement of shares, which poses an additional challenge when determining the reference price. This implies that the issuer will be required to publish additional information indicating how the reference price was derived. This can for example be an independent valuation report and/or a disclosure of the share prices paid in private market transactions that took place during a certain period of time before the going public.

KEY TAKEAWAY

Companies also have the option of applying for a listing and admittance to trading without placing existing or newly created shares with investors.





#4 HAVE PROFESSIONAL PARTNERS AT YOUR SIDE

Preparing for an IPO is a challenging undertaking. The time and resources required and the number of aspects that need to be taken into account are manifold. A company needs professional partners who have extensive experience in public offerings and can help navigate through the complexity of the (preparation) process. Choosing the right partners is key for a successful IPO.

It is advisable that the company appoints a dedicated internal project manager/ team, which is responsible for all relevant coordinations with the potential partners from the very beginning. When assembling the team of partners, it is important to ensure that at least one party is a recognized representative as prescribed by Art. 43² of the Listing Rules (LR).

² Furthermore, for the initial listing of equity securities of any company, the recognized representative must have an authorization as a bank within the meaning of the Banking Act or as a securities firm within the meaning of the Financial Institutions Act (FinIA), or have a corresponding authorization in accordance with the law of the jurisdiction of its registered office (Art. 43 LR).

→ **INVESTMENT BANKS**

The investment bank(s) plays an essential role in various stages of the IPO process. In particular, this includes acting as an intermediary between the issuer and investors, and as a financial advisor, where the bank(s) executes the transaction for their client.

Often a group of investment banks comes together to execute an IPO, forming a so-called syndicate or consortium, led by the lead manager. The IPO candidate engages the lead manager, who acts as the main party in connection with the placement of shares. The lead manager (or “Global Coordinator”) potentially proposes other members of the syndicate (“Joint Bookrunners”) and appoints them with the company’s approval. It runs the syndicate and coordinates the entire IPO process. At the end of the process, the lead manager allocates the shares to its investors and to the other consortium members, which in turn allocate their quota to their investors. The responsibilities of the lead manager and the consortium of banks include validating the business plan and carrying out a valuation of the company. They conduct due diligence and support the drafting of the equity story. They also structure the offer and their equity research analysts write research reports and market the equity story to investors. During the roadshow, the investment bank’s sales team plays a central role as they are

responsible for selling the shares to (institutional) investors. Post-IPO, the lead manager’s corporate finance/equity capital markets team might continue to advise on ongoing merger and acquisition opportunities, capital increases, debt issuances, etc.

Lead managers are chosen based on a variety of criteria:

- Experience in IPOs
- Knowledge of the respective industry of the issuer
- Issue strategy (national/international)
- Quality and number of investor contacts (placement capacity)
- Quality of equity research
- Voluntary market making following the IPO
- Issuance performance and costs
- Overall client relationship

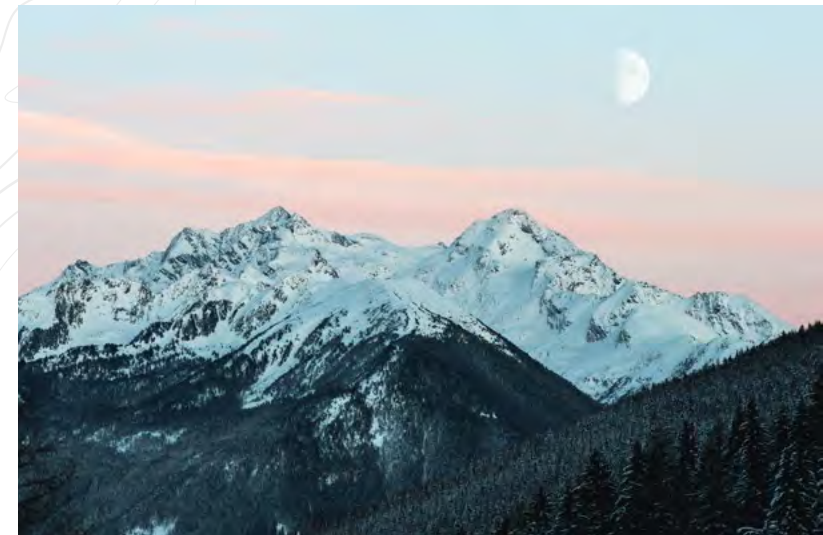
→ **LAWYERS**

Lawyers are indispensable partners during the IPO process, both as transaction lawyers and general legal and tax consultants. Lawyers have two main tasks in connection with an IPO:

- **Due diligence:** This kind of due diligence comprises a legal appraisal of the company (contracts, capital increases, intangible rights, etc.). During this process, legal risks are identified, documented in the listing and offering prospectus, and tested/confirmed in conjunction with the lead manager based on legal (technical and disclosure) opinions.
- **Prospectus (and other legal documents):** Lawyers usually work with the company to draft the listing and offering prospectus, which is the main document in connection with an IPO. According to Art. 69 of the Swiss Federal Act on Financial Services (FinSA), any person who is materially involved in the drafting of the prospectus, including the board of directors and senior management, is potentially liable for information that is inaccurate, misleading or in violation of statutory requirements in the prospectus, key information documents or similar communications.

→ **AUDITORS**

Audited financial statements for the last three (main segment) or the last two financial years (Sparks segment) of a company are generally required for an IPO. If financial accounting according to a recognized accounting standard is not yet in place, auditors can support the IPO candidate in converting to such standard. As part of its due diligence, the banks require a “comfort letter” from the audit firm. This audit certificate is usually updated by means of a “bring-down letter” when the lead manager transfers the funds raised through the IPO to the company. The issuer must take into account the requirements of the Swiss Federal Act on the Admission and Oversight of Auditors when appointing an audit firm.



→ **IPO CONSULTANTS**

Independent IPO consultants can help companies prepare for an IPO well in advance. They also offer impartial recommendations for choosing advisors, the valuation of the company and the optimization of corporate governance structures.

→ **PUBLIC RELATIONS AND
COMMUNICATION AGENCIES**

Experienced financial communications experts can support companies with their entire communications process before, during and after an IPO. The agency is responsible for handling all matters relating to communication and ensures that requirements are met and a best-practice approach is followed. It helps sharpen the company's profile and raise awareness of it in various markets and among different stakeholder groups. It can also help organize conferences for analysts and the media, and support communication with financial market participants.

→ **SIX PRIMARY MARKETS TEAM**

The Primary Markets Team is a reliable partner throughout the entire IPO process and assists companies and their partners with any questions they have in relation to listing on SIX Swiss Exchange.

KEY TAKEAWAY

Having professional partners at your side is money and time well invested. They substantially increase the likelihood of a successful IPO.





#5 A COMPELLING EQUITY STORY IS CRUCIAL

An IPO offers a company the opportunity to redefine its positioning and perception in the market. It sets the tone for the company's future interactions with the capital market and defines the benchmark against which future performance will be evaluated. The equity story forms the basis for this positioning and is the central element for the company's communication with the capital market. Based on essential financial and non-financial information, it describes why investors should invest in the company's shares.

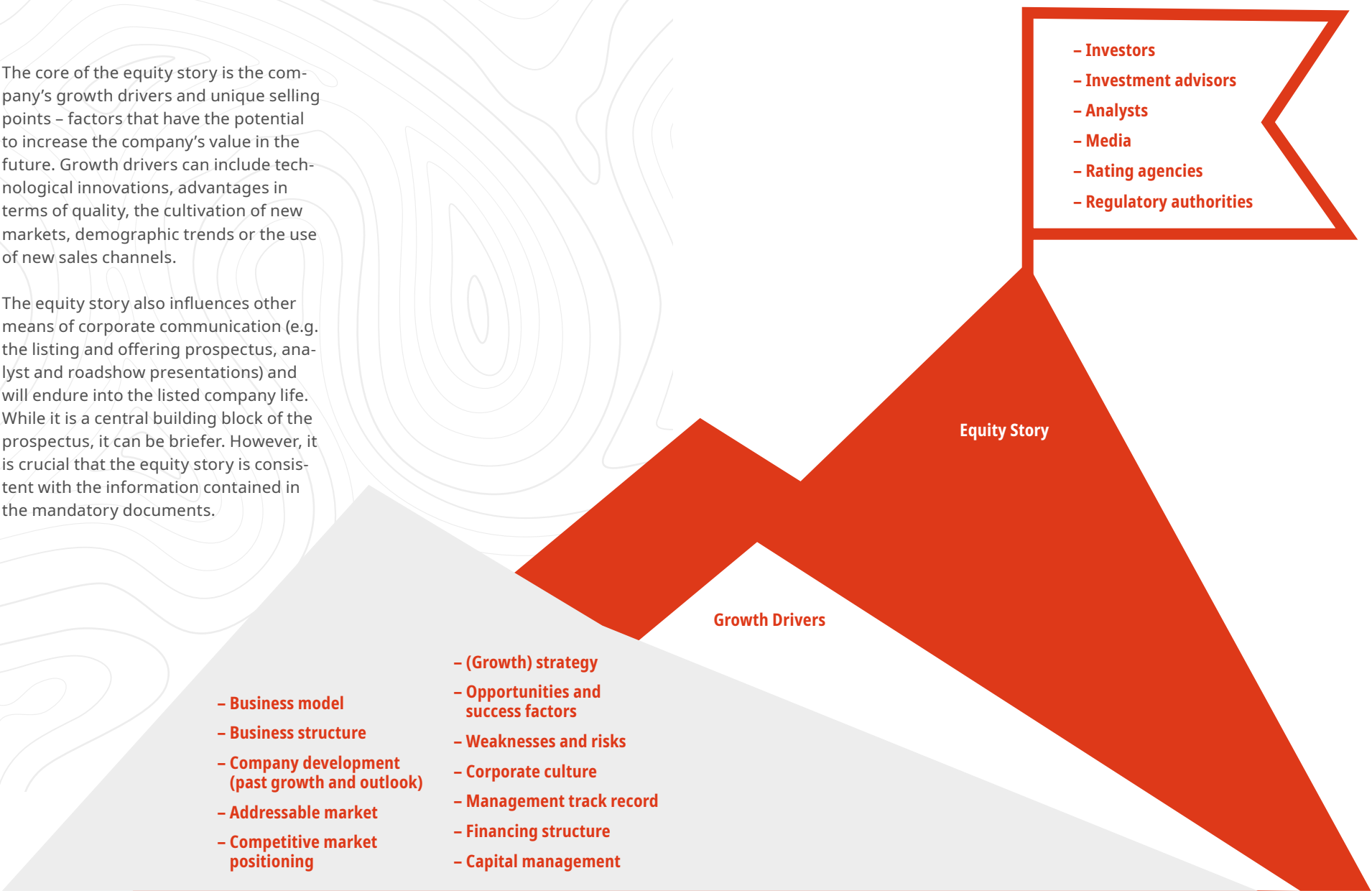
The company usually develops its first, essential equity story together with its selected partners on the basis of the business plan in preparation for an IPO. It primarily addresses investors, but also analysts, advisors, journalists and other stakeholders.

On the one hand, the equity story should convince investors of the company's potential. It must clearly set out why the company's business model and strategy are particularly promising and demonstrate the company's future potential. On the other hand, the description of the company's strategy and business activities must be based on factual information without making unrealistic promises.

#5 A COMPELLING EQUITY STORY IS CRUCIAL

The core of the equity story is the company's growth drivers and unique selling points – factors that have the potential to increase the company's value in the future. Growth drivers can include technological innovations, advantages in terms of quality, the cultivation of new markets, demographic trends or the use of new sales channels.

The equity story also influences other means of corporate communication (e.g. the listing and offering prospectus, analyst and roadshow presentations) and will endure into the listed company life. While it is a central building block of the prospectus, it can be briefer. However, it is crucial that the equity story is consistent with the information contained in the mandatory documents.



#5 A COMPELLING EQUITY STORY IS CRUCIAL

→ HOW TO CREATE A CONVINCING EQUITY STORY

- Involve your management – they are the ones to present the company to investors
- Dedicate sufficient time to prepare your equity story and apply a high level of care and rigor
- Test your business plan thoroughly, understand the risks and mitigations, and compare the company's own perspective with external perceptions
- Be brief – focus on your company's most important assets to secure investors' attention and to differentiate your company from competitors
- Translate your business description and selling points into profit, growth and returns
- Do not set false expectations – select and disclose targets and KPIs that the company can and will achieve
- Be proactive and honest – disclose your risks and weaknesses, but also how they are addressed
- Present the company in the context of its market and competition

KEY TAKEAWAY

The equity story should be crisp, comprehensive and convincing. Dedicate sufficient time and resources to define the equity story.



#6 THE PROSPECTUS IS AT THE CENTRE

Anyone who wants to make a public offer for the acquisition of securities or any person who seeks the admission of securities to trading on SIX Swiss Exchange must prepare an offering prospectus in accordance with the requirements of the Swiss Federal Act on Financial Services (FinSA). The objective is to give potential investors an overview of the issuer's net assets, results of operations and financial position so that they can make an informed decision about whether to purchase the company's shares.

The listing and offering prospectus typically contains the following sections:

- Summary (including key information on the issuer, the securities and the offer)
- Information on the issuer (including detail information of the issuer, the company's management bodies, business activities and prospects, risk factors, capital structure and voting rights, financial position and dividends)
- Information on the securities (including detailed information on the offer, risk factors, issue price and volume as well as use of proceeds)

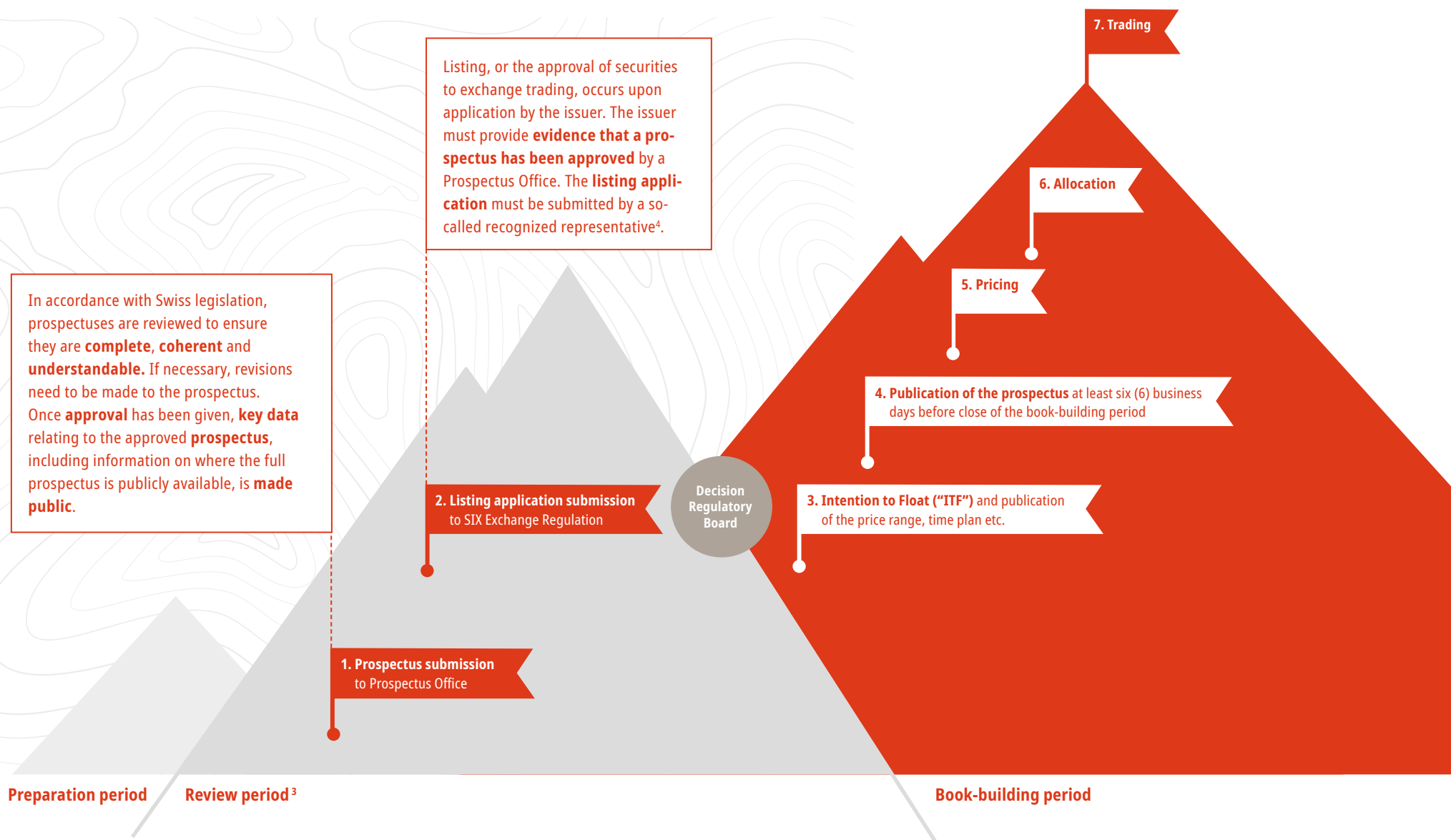
Annexes 1 to 5 of the Ordinance on Financial Services (FinSO) provide a detailed overview of the minimum content requirements for the prospectus of equity securities.

The prospectus must be submitted by a so-called recognized representative to a FINMA-approved entity, such as the SIX Prospectus Office, for review and approval. The Prospectus Office then reviews the prospectus within 20 calendar days (new issuers) for completeness, coherence and understandability. In the listing application, the issuer must provide evidence that it has an approved prospectus. SIX Exchange Regulation can exempt the issuer from providing this proof if this information can be obtained from the respective Prospectus Office automatically and in electronic form. The issuer must publish the prospectus no later than six business days before the close of the book-building period.

KEY TAKEAWAY

The prospectus must be complete, coherent and understandable. It is for information and protection and the basis for all the IPO documents and communication.





³ The prospectus review period is 10 / 20 (new issuers) calendar days.

⁴ For the initial listing of equity securities of any company, the recognized representative must have an authorization as a bank in the meaning of the Banking Act or as a securities firm within the meaning of the Financial Institutions Act (FinIA), or have a corresponding authorization in accordance with the law of the jurisdiction of its registered office (see Art. 43 LR).



#7 SELECT THE RIGHT STOCK EXCHANGE

The choice of the most suitable stock exchange for an IPO is first and foremost a strategic decision and the advantages and disadvantages associated with the different listing locations must be weighed against each other carefully.

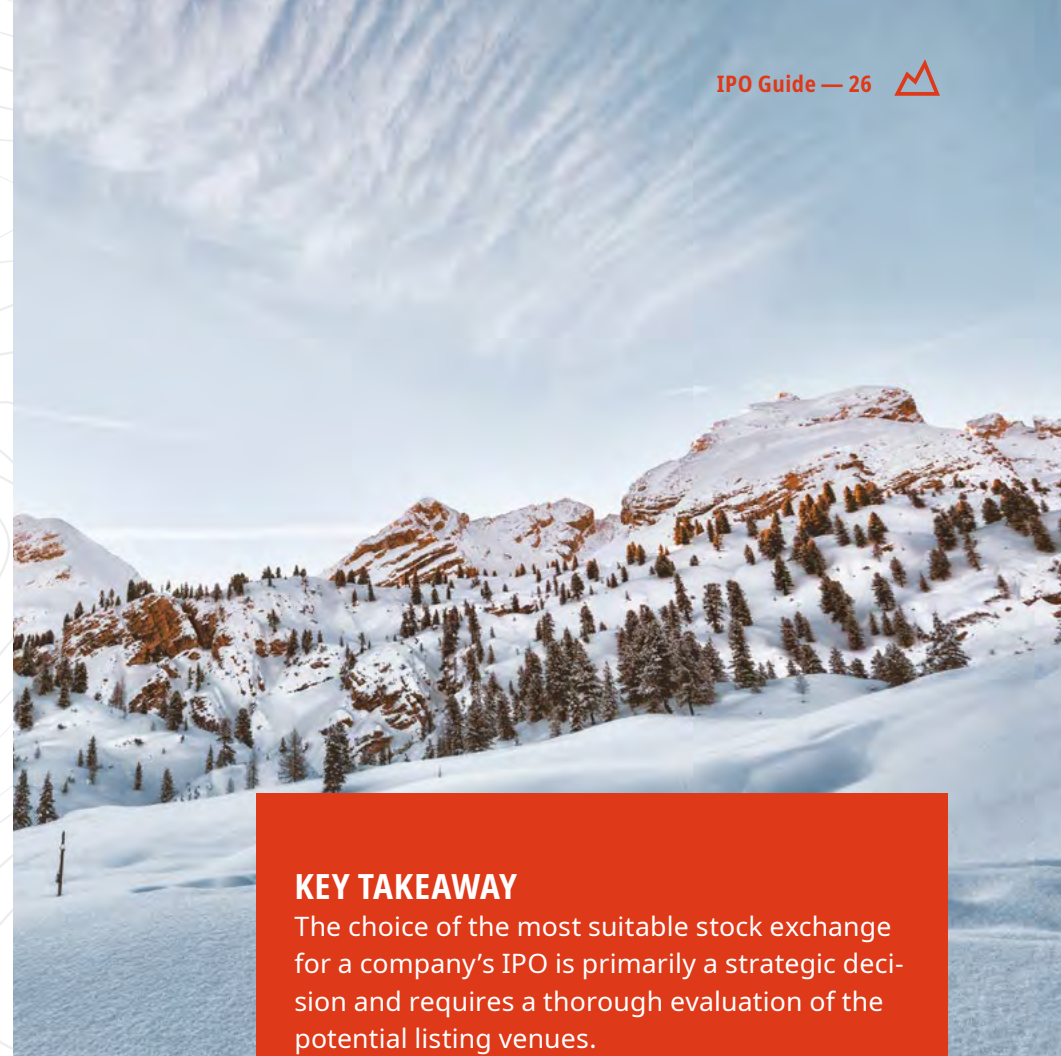
There is a strong “home bias” in the listing industry. Around 90% of all IPOs take place in the country where the company is legally domiciled/headquartered. However, whether a listing location is suitable depends mainly on the strategy of the company, as well as on the risks and costs associated with a listing on the respective stock exchange. Companies may carefully evaluate the following aspects to ensure that the listing venue matches their size and ambitions:

| General considerations | Exchange-specific considerations | Company-specific considerations |
|--|---|--|
| Access to target investor base | Peer groups | Key customers and target market |
| Visibility and brand recognition | Listing requirements and ongoing disclosure obligations | Currency (M&A target market) |
| Valuation | Index eligibility and inclusion | Tax implications |
| Experience and placement power of banks | Speed and efficiency of approval process | Legal considerations |
| Costs | Accepted accounting standards | |
| Analyst and investor expertise | Availability of dual share class structures | |
| Liability risks for board members and management | Share buyback option (second trading line) | |
| | Trading (liquidity and restrictions) | |
| | Efficient clearing, settlement and custody | |

#7 SELECT THE RIGHT STOCK EXCHANGE

A listing on SIX Swiss Exchange offers companies the following advantages:

- Access to well-capitalized Swiss and international investors (see also our publication [Go Public on SIX Swiss Exchange and Concurrently Access the US Capital Markets](#))
- Experienced banks with strong placement power
- High visibility among media and the public
- Potential index inclusion in highly recognized SIX indices
- A legal environment where plaintiffs must meet high requirements for a successful prospectus liability claim and without class actions
- Protection through the Swiss Takeover Rule (see also our publication [Securing Fair and Transparent Protection Offered by the Swiss Takeover Rules Through Being Listed on SIX](#))
- The possibility for dual share class structures and share buyback programs
- A fast and efficient listing process (review and approval period is typically no more than 20 business days)
- Strong peer groups, in particular in the healthcare, industrial, financial services and technology sectors
- A strong, stable currency



KEY TAKEAWAY

The choice of the most suitable stock exchange for a company's IPO is primarily a strategic decision and requires a thorough evaluation of the potential listing venues.





#8 TAILOR-MADE LISTING STANDARDS

As one of the most important exchanges in Europe, SIX Swiss Exchange offers an attractive listing venue with comprehensive services both prior to and after listing. With its main equity market segment for larger, well-established companies, its regulated segment for SMEs, Sparks, and a wide range of other listing standards, SIX Swiss Exchange offers companies of different types and sizes a world-class listing venue with efficient access to an international investor base.

→ **MAIN MARKET**

SIX Swiss Exchange is one of the most important regulated exchanges in Europe. Its main equity market segment is aimed at larger, well-established companies that seek to access a well-capitalized, international investor base. Among others, large peer groups from the healthcare, industrial and consumer goods sectors are listed here, with some of the listed companies being among the largest in Europe and their respective sector.

Listing requirements:  High

Ongoing requirements:  High

Liquidity: Highly liquid market with access to an international, well-capitalized investor base

→ **SPARKS**

Sparks, the SME segment of SIX Swiss Exchange, is aimed at entrepreneurs and owners wishing to raise capital on a regulated market to lead their SME through its next growth phase and significantly advance their business. The listing requirements for issuers are slightly lower than on the Main Market to meet the needs of SMEs, but still high enough to ensure investor protection and transparency.

Listing requirements:  Medium⁵

Ongoing requirements:  High

Liquidity: A condensed trading window increases the effectiveness of price formation and trade execution in shares of companies with a smaller market capitalization

⁵ but higher than on European SME Growth Markets or OTC Markets

→ **SIX SWISS EXCHANGE LISTING
STANDARDS IN A NUTSHELL**

SIX Swiss Exchange offers a wide range of listing standards tailored to the specific needs of different company types:

– **Swiss Reporting Standard –
Main Market**

For operating companies using Swiss GAAP FER or the accounting standard according to the Banking Act.

– **International Reporting Standard –
Main Market**

For operating companies using an international accounting standard according to IFRS or US GAAP.

– **Standard for SMEs – Sparks**

For SMEs with a market capitalization of up to CHF 500 million at the time of listing. Swiss and international reporting standards are accepted.

– **Standard for Depository Receipts**

For companies who want to list so-called global depository receipts (GDRs). GDRs are tradable certificates representing foreign equity securities which are segregated and deposited in the home country and permit the (indirect) exercise of the membership and property rights attached to the deposited equity securities.

– **Standard for Investment Companies**

For joint-stock companies set up primarily for the purpose of generating income and/or capital gains on investments.

– **Standard for Real Estate Companies**

For companies that generate at least two thirds of their income from real estate activities.

FURTHER INFORMATION

For more information about a listing on SIX Swiss Exchange, see:

▸ <https://www.six-group.com/en/products-services/the-swiss-stock-exchange/listing/equities.html>

For the Listing Rules, see:

▸ <https://www.ser-ag.com/dam/downloads/regulation-listing/listing-rules/lr-en.pdf>

For more information on Sparks, see:

▸ <https://www.six-group.com/en/products-services/the-swiss-stock-exchange/listing/equities/sme-ipo/sparks-sme-stock-exchange.html>

For more information on SPACs, see:

▸ <https://www.six-group.com/en/products-services/the-swiss-stock-exchange/listing/equities/ipo/spac.html>

For more information on GDRs, see:

▸ <https://www.six-group.com/en/products-services/the-swiss-stock-exchange/listing/equities/ipo/gdr.html>

– **Standard for Special Purpose
Acquisition Companies (SPACs)**

For joint-stock companies whose exclusive purpose is the direct or indirect acquisition of a non-listed operating company (or multiple companies at the same time).

KEY TAKEAWAY

SIX offers seven listing standards with requirements tailored to the needs of different company types/ business models and investors.



→ SIX SWISS EXCHANGE MAIN LISTING
REQUIREMENTS IN COMPARISON

| LISTING REQUIREMENTS | | | | | | | |
|--|--|----------------------------------|---|--|--|------------------------------------|--------------------|
| | Swiss Reporting Standard | International Reporting Standard | Standard Sparks | Standard for Depository Receipts | Standard for Investment Companies | Standard for Real Estate Companies | Standard for SPACs |
| Financial track record | 3 years | 3 years | 2 years | 3 years | n.a. | n.a. | n.a. |
| Minimum equity capital (in CHF) | 25m | 25m | 12m (capital increase requirement of >8m if equity capital <25m) ⁶ | 25m | 25m | 25m | 25m |
| Minimum free float (in %) | 20% | 20% | 15% and ≥50 investors | 20% | 20% | 20% | 20% |
| Minimum free float market capitalization (in CHF) | 25m | 25m | 15m | 25m | 25m | 25m | 25m |
| Accounting standard | Swiss GAAP FER/Standard according to Banking Act | IFRS/US GAAP | IFRS/US GAAP/Swiss GAAP FER/Standard according to Banking Act | IFRS/US GAAP | IFRS/US GAAP | IFRS/Swiss GAAP FER | IFRS/US GAAP |
| ONGOING OBLIGATIONS | | | | | | | |
| Regular reporting obligations | Semi-annual | Semi-annual | Semi-annual | Semi-annual | Semi-annual (NAV publication at least quarterly) | Semi-annual | Quarterly |
| Ad hoc publicity | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Corporate governance | Yes | Yes | Yes (special template) | Corporate governance standard of domestic market applies | Yes | Yes | Yes |
| Management transactions | Yes | Yes | Yes | Yes (for both the DRs and the underlying shares) | Yes | Yes | Yes |

⁶ e.g. a company with equity capital of CHF 4 million prior to the IPO that raises CHF 8 million as part of the IPO fulfills the minimum equity capital requirement of CHF 12 million.



#9 IPO SUCCESS FACTORS

A number of success factors are crucial to the viability and feasibility of an IPO. A thorough preparation is of particular importance in order to go public successfully.

As such, the following factors are in the focus during the pre-IPO phase:

1. Strategy, business plan and equity story
2. Corporate structure
3. Corporate governance
4. Financial reporting and controls
5. Financial disclosures
6. Financial policy and capital structure
7. Due diligence, legal and regulatory matters
8. Shareholders matters
9. Investor relations

The first three aspects are the most crucial ones. The strategy, the business plan and the equity story (see [▶ A Compelling Equity Story Is Crucial](#)) are important elements with regard to convincing investors to buy the company's shares, and preparing them requires a lot of time and resources.

With respect to corporate matters (structure and governance), investors, but also advisors, tend to no longer have any leeway and increasingly follow zero tolerance policies. Below are two examples:

- Goldman Sachs is only underwriting IPOs of companies that can demonstrate at least two diverse board members.
- Many investors' investment policies require a "one share, one vote" principle. If a company does not fulfill this requirement, certain investors simply cannot invest based on their investment policy.

As soon as investors discover weaknesses in relation to the first three aspects, it can become difficult to bring an IPO-project to the finish line. Last but not least, a company must be able to fulfill the listing requirements of the respective stock exchange (see [Tailor-made Listing Standards](#)). In this context, it is advisable to meet them well with a sufficient buffer.

It is fair to say that the better a company is prepared, the more efficient and less costly the process will be – but most importantly, the chance of a successful IPO increases substantially.

→ TIPS FOR A SUCCESSFUL IPO

Positioning

The development of the equity story is time-consuming and requires the attention of the board of directors and senior management. The equity story needs to be concise, credible and based on fundamentals and realistic assumptions.

Governance and leadership

No (bad) compromises with respect to governance and leadership. Today, particular concerns are (i) non-diversity, (ii) over-boarding, (iii) polarizing figures as founders or CEOs, and (iv) board members who are not necessarily a good fit but hold their position due to personal relationships.

Readiness of financials

The resources required for the preparation of the financials are often underestimated. An IPO candidate should ensure that qualified and sufficient internal and potentially external staff is available, as well as the respective management attention.

Openness and transparency

Openness and transparency with advisors from the very beginning is key, especially with respect to material business, regulatory, tax or legal matters

and potential litigation, which can have a substantial financial impact. Remedial measures and respective prospectus disclosures can mitigate such risks.

Shareholder alignment

The vast majority of the existing shareholders and especially key shareholders shall support an IPO from the very beginning.

Marketing strategy

Early engagement with key investors (i.e. pilot fishing) and a professional marketing campaign de-risk the IPO.

Valuation

"Don't maximize – rather optimize the pricing and be willing to leave some money on the table." New investors want to be compensated for their willingness to invest in a new company. The valuation needs also to take into account overall market and industry trends.

Overall market environment

The right timing is a key contributor for a successful IPO – companies should not rush into an IPO.

→ COMPANY CHARACTERISTICS FOR A SUCCESSFUL IPO

Companies that successfully conducted an IPO have some characteristics in common, which include the following:

- a) A large/growing addressable market
- b) A differentiated business model and track record of success
- c) An attractive product or service, preferably with a competitive “moat”
- d) Strong revenue growth that is sustainable and visible and/or an attractive pipeline
- e) Strong margins, cash flow generation and/or a path to profitability
- f) An experienced, “public company ready” management team
- g) Robust financial, operational and compliance controls supporting KPI reporting
- h) Robust IPO project management

More and more, companies are also asked to outline their strategy and ambitions with respect to sustainability, i.e. environmental, social and governance aspects, and convince investors accordingly (see [▸ The Role of ESG in IPOs](#)).

→ THE BUY-SIDE INVESTORS' PERSPECTIVE

A buy-side institutional investor may be scared away by the below matters, which subsequently could end up in pitfalls:

- Wide price range
- Overly complex story with too many reasons to invest
- Too thin capitalization of the company
- Setting false expectations

KEY TAKEAWAY

The strategy, the business plan and the equity story as well as the corporate structure and governance are the most decisive success factors for an IPO.





#10 THE ROLE OF ESG IN IPOS

Sustainable finance refers to the process of considering environmental, social and governance (ESG) aspects when making investment decisions. Especially with the rapid progression of climate change, the topic is gaining momentum and investors are no longer focusing solely on risk and return, but are increasingly considering a company's sustainability efforts in their investment decisions.

→ WHY ESG MATTERS FOR AN IPO

Companies are increasingly expected to address ESG aspects that affect their business, but also their own impact on the environment and society as a whole.

This development also affects IPO candidates: First, legislators are increasingly enacting ESG regulations that require companies, among other things, to disclose their sustainability efforts. Second, investors require a complete picture of a company's strategy as well as its financial and non-financial performance (including sustainability metrics) to assess whether to invest in a company's shares. Therefore, it is crucial that companies include their ESG strategy and performance as part of their equity story, reporting and other disclosure documentation.

Above all, it is important to carve out and illustrate well which ESG aspects are material to the company and to the industry the company is operating in. This includes both ESG aspects that affect a company's business, but also ESG aspects arising from a company's operations. These two directions of sustainability form the very core of the concept of "double-materiality".

#10 THE ROLE OF ESG IN IPOS

Companies benefit from early engagement with ESG aspects in a number of ways:

Attract capital

Investor appetite for investments in companies that take ESG aspects seriously and that report on their sustainability strategy is growing. The motivation behind most of “sustainable investing” is the optimization of the risk-return profile. This requires an in-depth analysis and disclosure of ESG matters on the part of companies, which in turn presents them with the opportunity to improve their performance:

– *Take new opportunities and potentially gain a competitive advantage*

ESG-related developments may offer companies new opportunities and the potential to gain a competitive advantage.

Examples include:

- Revenue growth through new, sustainable products and services
- Cost savings through the use of less resource-intensive, sustainable technologies
- Access to key talent and improved employee retention through fair working conditions

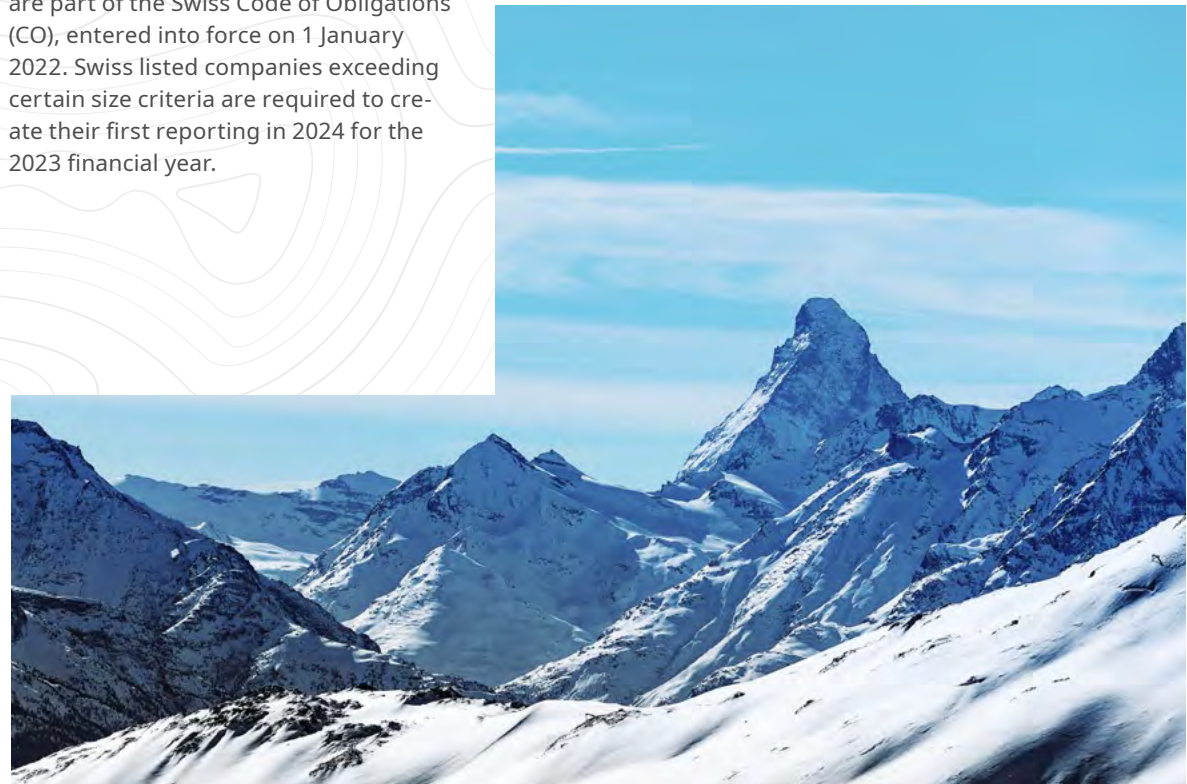
– *Identify and mitigate risks*

ESG-related developments potentially expose a company to additional risks (business risks, legal and compliance risks, reputational risks, etc.). Being aware of these risks allows a company to act accordingly and implement risk-mitigating measures early on.

Ensure compliance

The legal and regulatory environment around ESG is rapidly evolving and regulators and lawmakers are increasingly implementing ESG into law. Addressing the topic early helps ensure legal and regulatory compliance in the future.

Example: New statutory provisions on the reporting of environmental, social and employee matters, human rights and anti-corruption measures, which are part of the Swiss Code of Obligations (CO), entered into force on 1 January 2022. Swiss listed companies exceeding certain size criteria are required to create their first reporting in 2024 for the 2023 financial year.



→ **ESG IN THE IPO PROCESS**

During an IPO and roadshows, a company constantly engages with current and future shareholders and stakeholders. This continuous dialogue helps the various stakeholders to better understand the company and which ESG aspects are material. Likewise, it can help the company to identify material ESG topics. Consequently, in addition to the existing dialog between company management, financial analysts and investment managers, a separate stewardship of ESG aspects needs to be established.

→ **THE ESG REGULATORY LANDSCAPE IN SWITZERLAND**

Sustainability requirements are (still) lightly regulated in Swiss law compared to other jurisdictions, especially the EU. In recent years, however, the Swiss legislature enacted several ESG provisions to catch up with international developments, in particular with the requirements under EU legislation, and will continue to do so in the future. The [Investor Relations Handbook](#) of SIX Swiss Exchange provides a detailed overview of all ESG-related provisions applicable to listed companies.

KEY TAKEAWAY

Today, it is elementary that companies outline their strategy and ambitions with respect to sustainability as well as environmental, social and governance aspects in their equity story and that the respective processes and reportings are in place.





#11 ASSISTANCE AND SUPPORT FROM SIX

SIX Swiss Exchange offers comprehensive pre- and post-listing services to help companies evaluate their public market readiness, successfully go public and navigate life as a listed company.

#11 ASSISTANCE AND SUPPORT FROM SIX

→ SPARKS IPO ACADEMY

SIX Swiss Exchange's Sparks IPO Academy is an exclusive fast-track program that prepares and equips companies for a potential IPO on SIX Swiss Exchange. It has been predominantly designed for executives of Switzerland's high-potential, fast-growing SMEs, but also more established companies considering going public. The Sparks IPO Academy has been jointly developed with leading capital market specialists in Switzerland, enabling companies to connect with them and benefit from their extensive experience in capital market transactions.

For additional information, see:

► <https://www.six-group.com/en/products-services/the-swiss-stock-exchange/education/pre-ipo/sparks-ipo-academy.html>

→ E-LEARNING PLATFORM

The e-learning platform helps companies to understand what will be required of them as a public company. The digital learning modules provide specific expertise on the various reporting obligations listed companies have. The e-learning platform covers the following areas: Ad hoc reporting; corporate governance reporting; disclosure of shareholdings; disclosure of management transactions; insider trading.

For additional information, see:

► <https://www.six-group.com/en/products-services/the-swiss-stock-exchange/education/equity-issuers.html>

→ CAPITAL MARKET CATALOG

Our curated B2B marketplace supports companies in discovering and comparing specialized providers for services around their going public. A list of experienced capital market specialists helps companies to find and choose the right partners to evaluate their IPO readiness and support them with their IPO project.

For additional information, see:

► <https://www.six-group.com/en/products-services/the-swiss-stock-exchange/listing/equities/sme-ipo/sparks-digital-catalog.html>

SIX PRIMARY MARKETS TEAM

The SIX Primary Markets Team helps companies to get all their questions answered and make their IPO as efficient as possible. We provide companies with expert assistance prior to, during and after the IPO.



IPO CHECKLIST

1. Readiness Check and Selection of Advisors

Prior to X-4 weeks

- Update company strategy and business plan
- Contact SIX Swiss Exchange
- Select IPO partners, including:
 - Lead manager (and subsequently consortium of banks)
 - Lawyer(s)
 - Auditor(s) (elected by shareholders)
 - Tax consultants (if necessary)
 - Communications experts (if necessary)

SIX Exchange Regulation's website contains a helpful list of potential advisors
(see [list of recognized representatives](#))

- Conduct kick-off meeting with partners (structuring of the IPO in terms of responsibilities, offer details, timing etc. and start of the due diligence process)
- Prepare equity story (in collaboration with IPO partners – mainly the lead bank and lawyers)
- Check corporate governance structures (in accordance with the Swiss Code of Obligations (if applicable), the SIX Corporate Governance Directive and the Swiss Code of Best Practice for Corporate Governance)
- Check and adapt accounting and controlling processes

2. Preparation for the IPO

Up to X-4 weeks

- Carry out due diligence
- Conduct initial company valuation
- Draft listing and offering prospectus and ancillary documents
- Prepare formal approval process:
 - Listing and offering prospectus to be filed with (and approved by) a Prospectus Office
 - Listing application to be filed with (and approved by) SIX Exchange Regulation
 - Articles of association
 - Official notification
 - Excerpt from the commercial register
 - Statement from the lead manager regarding free float
 - Statement from the issuer pursuant to Art. 45 of the Listing Rules and declaration of consent
 - Proof in accordance with respective audit oversight act
- Prepare communications concept
- Finalize documents and presentation for meeting with analysts
- Select and invite other syndicate banks in consultation with the lead manager
- Hold analyst briefing (management presentation and Q&A for analysts of banks involved)
- Discuss company valuation and book building process with lead manager and syndicate banks
- Finalize equity story
- Prepare list of frequently asked questions and answers (FAQ)
- Hold initial meetings with important investors (pilot fishing)
- Start event planning for the first day of trading (in partnership with SIX Swiss Exchange)

3. Submission of the Listing and Offering Prospectus with a Prospectus Office and submission of the listing application with SIX Exchange Regulation

Week X-4

4. Announcement of IPO and Roadshow

X-1 to X+2 Weeks

- Officially announce IPO (Intention to Float)
- Carry out investor education/analyst roadshow
- Finalize documents and presentations for meetings with investors
- Schedule ongoing feedback meetings with investors, advisors, analysts and sales employees of the syndicate banks

5. Book Building until First Day of Trading

X to X+2 Weeks

- Receive admission decision from the Regulatory Board of SIX Exchange Regulation
- Sign contract with lead manager and syndicate banks (underwriting agreement)
- Set and publish share price range
- Print listing and offering prospectus
- Publish final listing and offering prospectus, including prospectus supplement and other documents (needs to be published latest six days prior to the closing of the book building)
- Hold roadshows with investors
- Continue ongoing feedback meetings with advisors, analysts and sales employees of syndicate banks
- Discuss pricing and the share allocation on issue date with lead manager
- Close order book and set definitive issue price per share
- Hold IPO event at SIX Swiss Exchange (first day of trading)

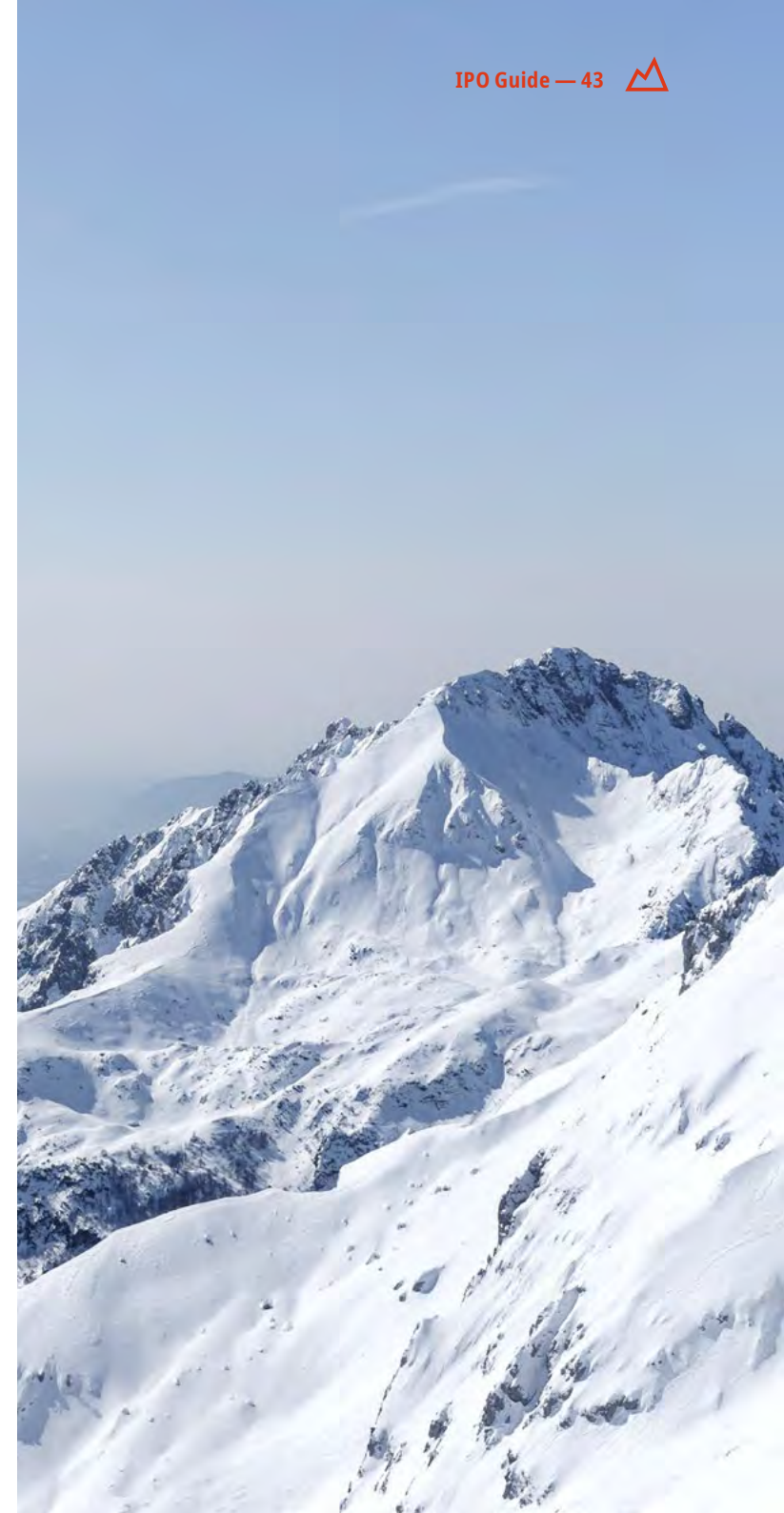
GLOSSARY

As in every discipline, there is specific language involved – and this is also the case with respect to an IPO. Professional market participants use the following terms in order to structure and explain an IPO. Finally, many of such terms are also mentioned in the Intention to Float (“ITF”).

| | |
|--|---|
| Allocation | After the end of the book-building period, shares are allocated to shareholders. In Switzerland, the Allocation Directive for the New Issues Market by the Swiss Banking Association governs the allocation of shares offered in IPOs. |
| Banking syndicate | An IPO candidate usually engages one or more banks who act as the main party in connection with the IPO. The lead manager(s) heads the banking syndicate (also called “consortium”) and coordinates the entire IPO. The lead manager(s) is often also called “Sole/Lead (Joint) Global Coordinator(s)”. Potentially, (Joint) Bookrunners are added to the syndicate to support and to generate additional investor demand. It might be that the involved banks use different naming terminologies. |
| Book building | Book building is a systematic process for determining the issue price. During the book-building period, the bank syndicate solicits bids within the defined price range from interested investors. The book-building process typically lasts between six and ten business days. |
| Comfort letter | The comfort letter is a document prepared by an audit firm that assures the financial soundness of a company. It declares that the financial statements do not contain any indications of false or misleading information and that the company’s prospectus complies with the applicable accounting standards. Comfort letters are typically signed prior to the pricing decision or closing date of a public offering or other transaction as a part of the due diligence process. Subsequently, a “bring-down” letter is issued to reconfirm that the original comfort letter is still valid usually when the lead manager transfers the funds raised to the company. |
| Cornerstone vs. anchor investor | A cornerstone commitment is a subscription commitment by an investor which is agreed prior to the determination of the price range and disclosed in the listing and offering prospectus. As such commitment is “hard”, the allocation of shares in the respective amount is guaranteed. By contrast, an anchor investor commitment is a “soft” commitment with no guaranteed allocation. Subsequently, there is also no disclosure in the listing and offering prospectus. Such a soft commitment can be provided prior to the price range setting or during the book-building process. |

| | | | |
|---------------------------------|--|---|---|
| Free float | The free float refers to the percentage of a company's shares within the respective share class that can be publicly traded and is not in fixed ownership (e.g. shares held by persons bound by a shareholder's agreement or with a known long-term interest in the company). | Over-allotment option | The share price can be "stabilized" by the lead bank(s) during the initial phase of trading. The lead bank(s) does this by allocating more shares during placement than it had originally been provided (typically up to 15%). The bank(s) technically takes a short position by lending out shares. The lead bank(s) may acquire the lent and additional placed shares from selling shareholders (secondary shares) or the company (primary shares) at the issue price later in order to cover the short position. This is known as the "over-allotment" or "greenshoe" option, which can either be exercised not at all, in part or in full. |
| Intention to Float (ITF) | The ITF is an announcement which is made by the company when it is confident that it will proceed with the IPO. The publication of the ITF typically starts the public marketing phase of the IPO. | Price range | When a company announces its IPO, it does not define a single price but sets a price range within which investors are asked to place their subscriptions. |
| Issue price | The issue price is determined based on the demand expressed during book building and refers to the price the shares are finally sold at to investors. Typically, the issue price is set within the defined price range. | Primary vs. secondary shares | Shares that are newly created by the company for the purpose of the IPO are called primary shares. The proceeds from the issuance and sale of primary shares are received by the company. Existing shares of existing shareholders which are sold to new investors in the IPO are called secondary shares. The proceeds from the sale of secondary shares go to the selling shareholders. |
| Lock-up(s) | An IPO lock-up period is the period after a company has gone public during which certain shareholders (often major shareholders and members of the board of directors and senior management) are prohibited from selling their shares. This helps to ensure that no substantial amount of shares is sold shortly after the IPO, as this would exert pressure on the share price. Lock-up periods usually last between six to 24 months. | Rule 144A vs. Regulation S (Reg S) | In a Rule 144A offering, issuers can offer securities in the US to so-called qualified institutional buyers ("QIBs") and they rely on a safe harbor rule from the US registration requirements (or in other words, Rule 144A under the US Securities Act is designed to provide an exemption to the general rule that all securities must be registered with the US SEC before being sold). Regulation S provides a safe harbor from the US Securities Act registration requirements for certain offerings outside the US and offshore resales of securities. If the conditions of Regulation S are met, the transaction is deemed to take place outside the US and hence does not trigger a US registration requirement. See also our dedicated publication Go Public on SIX Swiss Exchange and Concurrently Access the US Capital Markets . |
| Market capitalization | The market capitalization is the total number of outstanding shares of the company multiplied by the respective price per share. The market capitalization can be determined once the shares of the company started trading. | | |
| Offer size | Normally, the offer size of an IPO composes primary shares (newly created shares) and secondary shares (existing shares). The offer size is defined as (i) approximate number of shares to be sold, and (ii) an amount range in million/billion which is derived from the number of shares to be sold and the respective price range. The offer size can be stated excluding (base offer) or including (total or gross offer) the over-allotment option. | | |

- Stabilization period** In Switzerland, the period during which the over-allotment (or green-shoe) option can be exercised is 30 calendar days. This period is also called the stabilization period.
- Transaction size** The transaction size is the final number of shares sold multiplied by the issue price per share. The transaction size can be stated including (total or gross offer) or excluding (base offer) the over-allotment option.
- Underwriting agreement** The underwriting agreement is a contract between the banking syndicate and the company issuing securities, which sets out the various responsibilities and obligations of the parties in connection with the transaction.



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