Bird & Bird

Highlights with Foresight

Spring/Summer 2022

Introduction

> Bird & Bird have provided us with high-quality legal advice together with an excellent customer experience. Their strong focus on adapting their legal service delivery to evolving client needs helps to set them apart.
>
> Chambers UK, 2022

In 2021-22, after multiple disruptors and the onset of geo-political uncertainty, companies in every industry faced the challenge of making strategic decisions to remain competitive in the market. Whilst digitalisation was critical in the short-term, it also provided a window of opportunity for big picture decisions, to reshape current business models for the long term and adapt. Naturally, some sectors came out less affected by the repercussions of the pandemic than others and within fast-growing sectors such as technology, energy and life sciences, we have seen more transactions than ever before. These new external pressures have sparked a wave of innovation and investor appetite across the market, meaning businesses need to continuously evolve to stay ahead of the curve. Within this report, we will explore the changes and trends within corporate on an international scale and highlight some of our work in these areas.

Adaptation

Investment in the digital transformation of companies has undeniably been a top priority in the past year, ranging from the reallocation of resources, to optimising supply chains and investment into new technologies such as cloud software, AI analytics and digital currencies for efficiency and growth. However, this is by no means the only way for businesses to stand out from the crowd. Businesses that continue to focus on solving problems through innovation, extending customer loyalty and product efficiency will be the companies that create sustainable value. The pandemic placed further pressure on the importance of ESG considerations when making decisions related to business strategies, employee well-being, stakeholder management and investment risk mitigation. Those businesses which embrace ESG principles and understand the opportunity of sustainable commitments will be the ones to attract new talent, larger investment and thereby facilitate top-line growth in the long run.

Regulation

In terms of regulation, 2022 will be a year when regulators move from implementation mode to one of supervision, paying particular attention to operational risks of resilience. Now the Brexit transition period has ended, regulation will be focused on international competitiveness, innovation and consumer protection as dominant themes throughout the year. Lastly, as the world balances between a holistic approach and a drive towards technology, we expect to see clarity on regulation focused on ESG, AI, machine learning models and crypto assets.

Challenges

Several factors contribute to make the current M&A landscape uncertain, after the peak experienced in 2021 (n. 62.500 transactions for an overall deal value over US $5.100 bn have been announced in 2021 on a global scale, that equates to +24% compared to 2020).

The geopolitical situation is not only changing the approach to deals of both strategic and financial investors: it is also influencing the attitude of Governments and supervisory authorities. FDI regulations are becoming stricter, especially in sectors where strategic technology is the main asset underlying the M&A transactions, and we can expect to see Governments take further measures to scrutinise foreign ownership of assets within their jurisdictions.

Inflation and an increase in energy and raw material costs are additional challenges which will challenge the sustainability of a business and will be heavily scrutinised by buyers, sellers and financing banks.

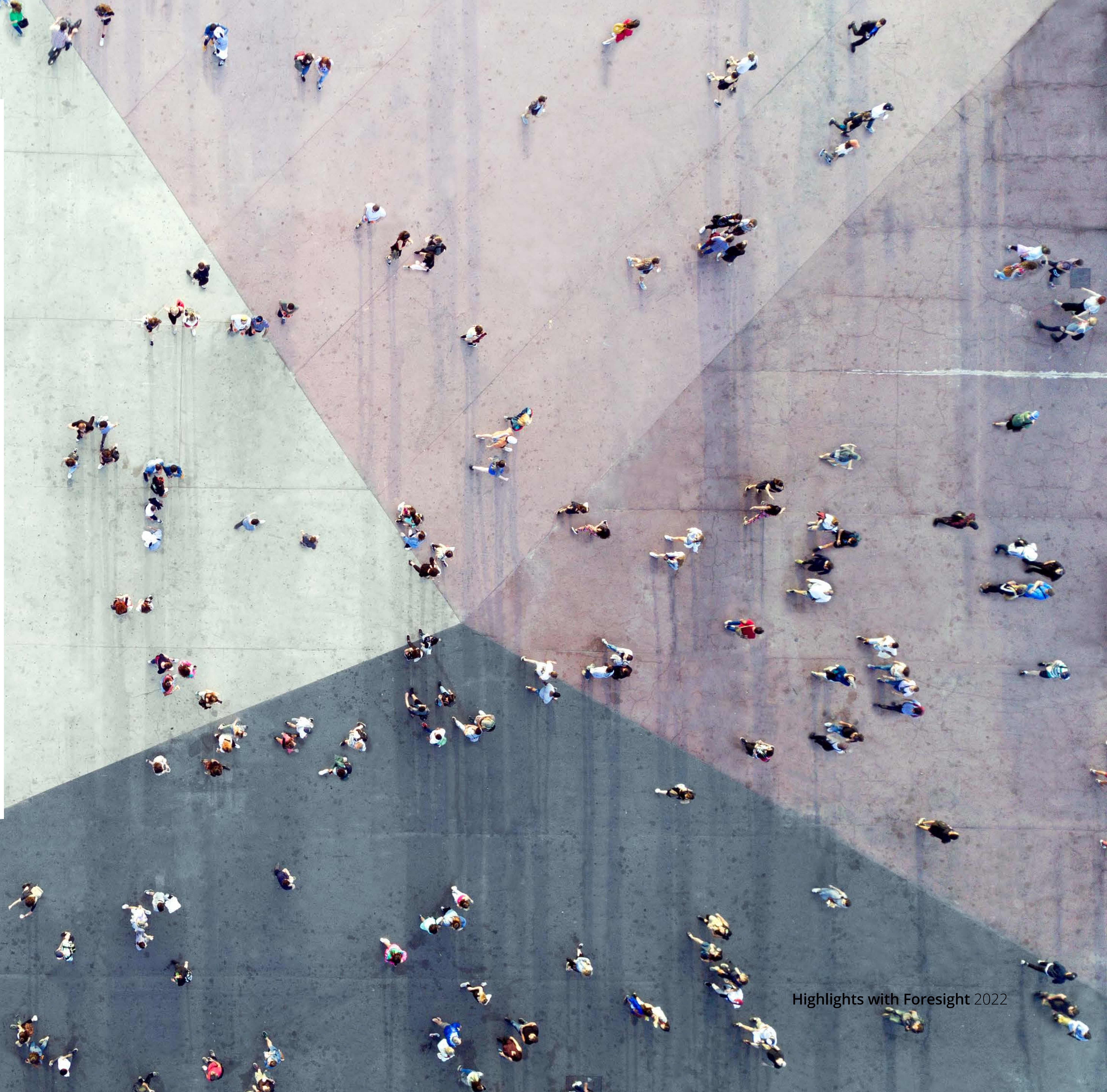
Notwithstanding all of the above, existing capital which has built up during the pandemic needs to be deployed: careful selection of assets, deep understanding of the industry features and dynamics, the optimum structure of the deal, a clear vision on integration and the development of acquired businesses will all be crucial factors for both investors and advisors.

Excellent industry knowledge - genuinely exceptional - very pragmatic - not scared to get off the fence and give opinions on the tough elements - very good negotiators.

Legal 500 UK, 2022

M&A

In the global M&A market we are seeing macro-economic and political influences, protectionism and scarcity of resource all adding to the challenge of getting deals done.



There has been a steady expansion of national security rules affecting M&A deals. Some of these have had a significant impact. For example, in the UK, the National Security and Investment Act came in to force on 4 January 2022. Described as “CFIUS light” it gives the UK Government retrospective powers to call in for review any qualifying transactions from 12 November 2020. Mandatory notification is required in 17 sensitive sectors including artificial intelligence, communications, critical suppliers to government, data infrastructure, energy and transport with a prohibition on completion prior to clearance. The call-in power is exercisable at any time up to 6 months after the Secretary of State becomes aware of the transaction (notified or not). The new rules are broad and apply to any business which has UK activities or customers – so non-UK targets are affected as are internal corporate restructurings. The Government applies three criteria to any call-in: the target risk – the nature of the target and whether it is in an area of the economy where the Government considers risks are more likely to arise; the acquirer risk – the extent to which the acquirer raises national security concerns; and the control risk – the type and level of control that has been, or will be, acquired and how this could be used in practice. The Government is allowed up to 30 working days from when the notification is accepted for clearance to be given and, if called in, another 30 working days for an in-depth review – close to three months in all.

In the government’s recently published first annual report on the NSIA (publishing.service.gov.uk) we learnt that from January to March 2022 there were 222 notifications, of which 17 (7.6%) were called in for in-depth analysis, 13 of which involved military, dual-use or defence products/services. There have been notifications in all 17 sectors – nearly 35% involved defence. The sector accounting for the smallest proportion of notifications is synthetic biology. In terms of timing, the ISU is taking a median of 3 working days to accept the notification, and an average of 24 working days to issue a clearance decision. The Government has not yet issued any final orders prohibiting transactions or imposing conditions.

Scarcity of resource is impacting not only advisor availability but also warranty and indemnity insurance where market demand has exceeded underwriting capacity in some areas. As a result, pricing is more robust, exclusions harder to negotiate and many brokers are turning away smaller deals. This is balanced by more optional extras becoming available in the market, most notably a rise in synthetic policies. These are warranties negotiated outside of a sale and purchase agreement directly between the buyer and the W&I insurer and deemed to have been given by the seller. The insurer then covers any financial liability for a breach of the synthetic warranties. Some sellers are now considering only giving title/capacity warranties and requiring the bidders to take out a synthetic policy directly with the insurer. It will be interesting to see if these become more common, especially on private equity deals.

It is perhaps too early (and too uncertain) to predict how macro-economic factors such as rising prices and inflationary pressures, plus the effects of Russia's invasion of Ukraine, will affect the global M&A market. There could be multiple outcomes in different sectors and geographies. We have seen some impact to date in Europe – for example a European fund putting on hold an investment in the UK financial services sector and price adjustments being negotiated on M&A deals where the impact of rising energy prices has a material impact on the future profitability of the business being acquired. Tech valuations are also less robust then they were, reflected by public market falls, and this is beginning to generate an expectation gap between buyers and sellers on some deals. It will certainly be interesting to see if deals are increasingly structured to take account of the legal protections afforded by bilateral investment treaties, in particular deals involving targets in emerging markets. However, notwithstanding the uncertainties, at the moment activity levels remain high.

“A *very pragmatic and diligent team* that provides very sufficient support to clients during M&A transactions.”

Legal 500 Asia-Pacific, 2021

Recent Highlights:

- Bird & Bird has advised the major shareholders of **Ad-Lib.io** on its acquisition by ad-tech company Smartly.io for approximately USD$100 million. Headquartered in London but with offices around the world, Ad-Lib.io offers marketers tools for Google’s advertising platforms and YouTube ads.
- We advised leading Singapore energy company **BW Energy** on its first investment into the UK battery energy storage project. BW entered into a joint venture with green energy developer Penso Power to fund their UK storage projects, including the UK’s largest battery energy storage project “Minety”, and to develop the first stand-alone storage plant in Bramley, UK. We advised on the equity and debt finance, including the due diligence on the pipeline of projects.
- A cross-practice team has advised **Gamma** on the acquisition of Mission Labs in the UK. Gamma Communications plc (Gamma), is a leading technology-based provider of communications services in the UK and

mainland Europe. Mission Labs Limited (Mission Labs) is a leading developer of applications to manage Cloud Contact Centres and Cloud Communications. The acquisition forms part of Gamma's strategy to accelerate its digital channels, and Unified Communications as a Service (UCaaS) and Contact Centre as a Service (CCaaS) offerings.

- We assisted **Norwegian Kitron** in its acquisition of the Danish EMS company BB Electronics A/S, which has production facilities and subsidiaries in Denmark, China and the Czech Republic.This was a cross-border transaction between Norway, Denmark, China and Czech Republic.
- We advised **Six Nations Rugby**, the organising body of the Six Nations Championships and Autumn Internationals, on its a long-term strategic partnership with a £365 million investment from CVC Capital Partners. The deal involved being at the centre and playing the lead co-ordinating and negotiating role on a major process working closely with both the private equity investor and the national rugby unions in each of the six nations on this strategic acquisition.
- We advised **Nordic Unmanned**, one of Europe's leading providers of unmanned systems and services, on the acquisition of AirRobot GmbH, a leading German drone developer and manufacturer. The acquisition secures patented world-leading last-mile unmanned delivery technology and extends the product and customer portfolio as a system integrator.Nordic Unmanned will leverage AirRobot's German customer relationships, technical capabilities, and product portfolio to expand customer relationships and offerings.
- Bird & Bird assisted **Medable**, Inc with the acquisition of Omhu A/S from LEO Pharma A/S. Omhu A/S is a biotech company with a dermatology-focused platform that was launched in 2020 after five years of research and development within the LEO Innovation Lab. Medable is on a mission to get effective therapies to patients faster by transforming clinical drug development with disruptive technologies. The new acquisition will strengthen Medable's European expansion efforts.
- We advised French investors **Hy24 and Mirova** on the acquisition of stakes in German Hy2gen AG, a pioneering green hydrogen company. The record investment of EUR 200 million is the largest private capital increase in the green hydrogen sector to date and is being made by Hy24 and Mirova together with Caisse de dépôt et placement du Québec (CDPQ) and strategic investor Technip Energies.

What I like about Bird & Bird is of course the areas that they can cover; *a lot can be advised on from one hand.*

Chambers Europe, 2022

M&A - Foreign Direct Investment

Cross-border M&A transactions and investments are increasingly subject to foreign direct investment ("FDI") restrictions and notification requirements. A growing number of countries have recently introduced FDI regulations or tightened existing regulation. Many countries are not only expanding the scope beyond the traditional area of "national security" to include more and more sectors but are also becoming increasingly proactive scrutinizing transactions that are not subject to mandatory FDI filing.

There is broad divergence among legislative regimes regarding FDI regulations and restrictions. Some countries provide for mandatory FDI filings, other for voluntary filings or ex officio investigations or a combination thereof, even within the EU. The various legislative regimes also differ in terms of whether they cover investments from any foreign investor or as in case of some EU countries only by non-EU-based investors. Some regimes are, again, hybrid depending on sector. The duration of the procedures varies widely from country to country. Often the FDI screening procedure takes several months and involves a two-stage process (initial review followed by potential in-depth review). In addition to this, in many legislations there are mechanisms that halt the statutory periods, such as suspension based on requests by the competent authorities for further information.

Moreover, FDI sensitive sectors are generally no longer limited to the traditional sectors associated with national security (defense, energy or telecoms), but are now expanding to biotech, hi-tech, new critical technologies such as artificial intelligence, and data-driven activities.

A trend can be seen that in response to the COVID pandemic, many countries have taken specific FDI measures for the health sector, such as lowering reporting thresholds and other tightening of applicable regimes. Some of these measures will expire or be relaxed as the world emerges from the pandemic, but many are likely to remain in place.

Also, a number of countries have provided the competent authorities with the authority to review transactions that do not actually trigger a reporting obligation under national law, but which are deemed a potential "threat to national security or national interest" which is a rather vague criteria and raises more and more questions around deal certainty. It remains to be seen whether the resources allocated to such authorities will be appropriately increased as well to meet the additional workload in time.

These developments have a significant impact on cross-border transactions, as increasingly they must be assessed and often notified to the competent national authorities not only for antitrust purposes, but also for regulations and restrictions related to FDI. The same transaction may even trigger multiple FDI screening regimes in different countries, some of which require complex cross-border legal consultations, such as under the new EU FDI screening framework. As a result, early identification of applicable regulations and potential substantial concerns has increasingly become an essential part of the transaction planning and process. In this context, FDI screening and antitrust review often run in parallel and need to be closely coordinated though in most regimes, timing for merger clearance (at least in a Phase I proceeding) is typically quicker than FDI approval deadlines.

As a result, the closing of transactions can be delayed for months or even fail in rare cases because the authorities refuse their approval or prohibit the transaction. However, empirically, the full blocking of a transaction based on FDI regimes is still an exception.

Sanctions Regime

In light of new political developments and regulation, changing sanction regimes are increasingly at the focus of DD and AML checks. Sanctions are restrictions on businesses with targeted parties that are designated on a sanctions list. Due to geopolitical uncertainties, daily or weekly additions of parties to the relevant sanctions lists can take place. Non-compliance with sanctions could result in financial penalties, significant reputational damage and even imprisonment for individuals.

To prevent non-compliance with sanctions, business partners should be screened against the relevant sanctions (e.g. jointly with other due diligence such as AML checks) in order to ensure that their business partners are not designated on any relevant sanctions list. To start ensuring sanctions compliance and to check if your business partner appears on a sanctions list, you can download our sanctions screening app – the SanctionsList – in the Apple or Google app store.

Legal 500
Top Tier Firm
Commercial, Corporate & M&A
Hungary - 2021

Legal 500
Tier 3
Commercial, Corporate & M&A
Denmark - 2021

Legal 500
Band 2
M&A: lower mid-market, £50m - £250m
UK - 2022

Chambers
Band 4
Corporate/M&A: Mid-Market
UK - 2022

Legal 500
Top Tier Firm
Commercial, Corporate & M&A
Hungary - 2021

Legal 500
Tier 4
Commercial, Corporate & M&A
Spain - 2021

Venture Capital

2021 proved to be another landmark year within the VC ecosystem, with European investments amounting to €102.9billion. Despite the permanent societal changes of the pandemic, macroeconomic volatility due to inflation and the onset of an unsteady geo-political climate, innovative companies continue to attract the investment of wealthy backers. As a result, we have seen two discernible trends emerge.

Firstly, with the unpredictable market conditions and sustained investor cashflow, we have seen the rise of late-stage ventures as companies choose to stay private for longer and make the most of bigger funding rounds such as Series D and E before making their exit decision. No longer a risk to the volatility of early-stage investment, with established business models and a recognised position in the marketplace, later stage venture continues to be an attractive place for investment. Staying private has natural perks as it allows founders to think strategically about the long-term goals of the business and how best to manage and achieve a successful exit. As a result, companies are not only going public much later, but with a larger market cap.

Secondly, as we predicted last year, highly relevant tech-focussed sectors that are key to the new ways of living and working are the companies set to prosper. Following the Covid-19 pandemic, we find ourselves in an accelerated golden age of tech innovation. Notably, e-commerce, healthcare, fintech, life sciences, cleantech, edtech, cybersecurity and medtech companies are all thriving. The diversity of these areas and the fact that these companies received a significant amount of investment throughout 2021, demonstrates the importance of the tech sector to create new solutions in a variety of sectors. Tech defining areas have demonstrated their resiliency and growth, whereas other more traditional sectors have unfortunately suffered. For example, companies reliant on supply chain issues, rising material prices or in-person consumer experiences only served to highlight the flexibility of cloud-based businesses. Those that can rapidly scale across borders, buy-now-pay-later initiatives that can fuel new consumer behaviour and bio-tech companies that are revolutionising the production and creation of new pharmaceutical drugs are seen as more attractive for investment.

Looking forward

Despite the ongoing situation in Ukraine and its impact on international markets, this has yet to show any clear effect on venture capital funding, though it is still too early to tell whether that will remain the case. Whilst current monetary and political climates may encourage companies to keep hold of their money for longer, raise subsequent funding rounds and delay their exit strategy, this seems to so far have had little effect on the efforts of both entrepreneurs and investors to find opportunities. That being said, we are certainly starting to see valuations come under closer scrutiny from investors, but for now high valuations seem to be being maintained where companies are able to justify it.

We also continue to see corporate transparency and accountability as a significant driver for the success of a company. If a company is not holding up sufficient sustainable or social responsibility goals, investors and consumers will look elsewhere to prioritise companies and investments more aligned to their personal values. As a result, we are likely to see more innovative products and services addressing issues of sustainability, food-tech and wellbeing over the coming year.

Recent Highlights:

- We advised long-standing client, **Jobandtalent**, on its €100 million financing from SoftBank Vision Fund 2, via its Series D funding round, as well as an €83 million debt facility from BlackRock. The funding will accelerate Jobandtalent's expansion into new markets, including the US, and help to further consolidate its market leading position in existing territories.
- We advised **Kreos Capital** on numerous transactions, including its investment in HungryPanda, a specialist online food delivery HungryPanda focuses on food delivery for Asian restaurants and Chinese populations overseas, and the company has recently expanded its product offering to include Asian groceries, increasing its services under the Panda Fresh brand. platform, as part of its $130 million Series D funding round.
- We advised **Immersive Labs** on their $75 million Series C funding round led by Insight Partners with participation from new investors Citi Ventures and Menlo Ventures, as well as follow on from Goldman Sachs Asset Management. Immersive Labs empowers organisations to measure and improve cybersecurity knowledge, skills and judgement across technical and non-technical teams.
- We have advised **Kinexon**, provider of the world's most advanced full-stack solution for real-time connectivity, intelligence and automation, on its USD 130 million Series A financing round. The funding will enable KINEXON to accelerate international expansion and scaling of its operating system for networked and automated processes.
- We advised **21st Bio** with an investment from Novo Holdings, a leading international life sciences investor. 21st. Bio is a biotech startup that was launched last year by a very experienced management team comprising former executives from McKinsey, Novozymes, and Danske Bank. 21st. Bio aims to be the World's leading scaling hub for innovators in industrial biotech and looks into a very rapid growth over the coming 5 years.
- We advised **Hy24**, the world's largest clean hydrogen infrastructure investment platform on its € 70m investment in Berlin based company H2 MOBILITY Deutschland. Hy24 is a joint venture between Ardian, a world leading private investment house and Swiss FiveT Hydrogen AG, an investment manager specialized in clean hydrogen investments.

Legal 500 UK 2022, Venture Capital, Tier 1

"Equally adept at advising investors and investees and also able to draw upon strong ancillary IP and IT expertise, Bird & Bird LLP provides 'sound commercial advice' throughout the investment lifecycle. In addition to core expertise in equity investments and exit strategies (through IPOs or an M&A process), the firm has a fairly unique proposition on the debt venture side"

Chambers UK 2022, Tier 2, Private Equity: Venture Capital Investment

High-quality team advising on every stage in the venture capital funding cycle, with a strong reputation for servicing a high-profile client base that spans investors, growth companies and wider corporates. Regularly takes on big-ticket transactions in the technology sector, and also has core expertise in the field of life sciences. Well placed to handle cross-border matters via its network of offices throughout Europe and East Asia.

Private Equity

Throughout the pandemic, the private equity team continued to support longstanding relationships with private equity houses and infrastructure funds, representing both private equity investment funds and portfolio companies.

Private equity transaction volumes reached great heights in 2021 and private equity played a critical role in the significant growth in M&A activity in the same year. General partners (GPs) had the second-highest year in terms of fundraising in the industry's history and private equity funds largely increased distributions to limited partners (LPs). Sellers also looked to gain advantage of higher multiples and increasing prices, driving up the number of transactions in the industry. Categories of non-buyout investing such as growth equity also saw a rise in activity as a proportion in the industry.

Unlike in 2020, the pandemic was not able to slow down deal activity. This was not only due to the large amount of unused capital from the previous year that needed to be put into utilisation but also as a result of huge momentum built in certain sectors such as Tech & Comms, Lifesciences, Financial Services and Energy & Utilities. The digital revolution is increasingly becoming a popular area for investors, continuing a sharp trend of the past few years in the number of private equity transactions in the Tech & Comms sector. There is an increasing investor appetite in new types of Tech industries such as cloud computing, digital payments and artificial intelligence. Lifesciences also continues to be a strong area of focus for funds given strong consumer demand, the investment of technology in the sector and the long-term potential for development of lifesciences products and services.

ESG rose significantly in importance in the private equity industry as private equity funds increasingly recognised its importance in reducing risks and increasing value, and ESG factors are being increasingly considered in the transaction processes. Indeed, more and more private equity houses have established funds with an ESG focus and funds with formalised ESG policies have found it easier to conduct fundraising.

Looking Forward

ESG will continue to grow in importance, particularly due to an increasing focus in the area by funds, greater scrutiny by LPs and also recent regulations requiring disclosure of organisations' sustainability policies.

Inflation and supply chain slowdowns are expected to have an impact in the private equity industry and are likely to cause pressure on the availability of capital. As a result, private equity funds will be required to adapt to these changing circumstances and take account these risks in their modelling.

We expect to see a rise in the involvement of private debt funds in respect of the debt financing on buy-out transactions. A larger number of private equity firms are expected to increase their use of private credit funding, where the process is simpler and quicker and greater leverage is being offered than with the traditional banks.

Our Position in the Market

- France, Tier 2, Private Equity: Venture/Growth Capital, Legal 500 2022
- Germany, Private Equity & Venture Capital (Dusseldorf, Frankfurt) – Juve 2021
- UK, Band 2, Private Equity: Venture Capital Investment, Chambers UK 2022

Recent Highlights:

- We advised funds by **Alder** on its investment in Centrair Holding AB. Founded in 2007, Centrair designs, develops and delivers airborne odour and volatile organic compound emissions abatement systems for process industries, resulting in lower concentrations of harmful gases and aerosols. Alder will partner with Centrair's founders and management to continue the company's growth.
- Bird & Bird has advised European private equity firm **Vitruvian Partners** on its investment in AI-powered healthcare platform ADA Health as part of its ongoing relationship with the equity firm. This series B financing round, with a value of $90 Million USD will help ADA Health, which combines medical knowledge with powerful artificial intelligence, to create new opportunities for personalised healthcare.
- Advised **Cube Infrastructure Fund II** on the acquisition of a majority stake in the Heliot group, the exclusive operator of the Sigfox 0G IoT-LPWA network in Switzerland, Austria and Liechtenstein.
- Advised **Antin Infrastructure Partners**, the sole shareholder of Eurofiber, on the formation of a joint venture between Eurofiber and Vattenfall.
- Advised **NICG Holding Lt**d. in connection with the EUR 85 million sale of Norli Pension to a group of financial investors.
- We advised **CapMan** and its portfolio company PDSVISION Group on the add-on acquisition of Frisco Texas based Sconce Solutions. With a global footprint of eight locations worldwide (Canada, Germany, India, Italy, Japan, Singapore, USA), Sconce Solutions provides solutions and services focused on helping companies successfully enable their digital transformation journey from product development to aftermarket services. PDSVISION, headquartered in Stockholm, provides solutions centered around the portfolio of products provided by PTC Inc. and Ansys Inc. The acquisition of Sconce Solutions allows PDSVISION to continue its service growth and global expansion.
- We advised European private equity firm **Vitruvian Partners** on its investment in ClimatePartner. This makes Vitruvian a new minority shareholder of the ClimatePartner group, enabling ClimatePartner to expand its solutions and contribution to tackling climate change even further and faster.

> "Regularly takes on big-ticket transactions in the technology sector, and also has core expertise in the field of life sciences. Well placed to handle cross-border matters via its network of offices throughout Europe and East Asia."
>
> Chambers UK 2021

Capital Markets - UK

In the London equity markets, 2021 was an exceptional year. Despite the long lockdown at the beginning of the year and the various scares over new variations of Covid, IPOs in the UK have proliferated and the strong fundraising activity which we commented on in last year's review continued apace.

There were 124 IPOs in aggregate on the London Market up 153% compared to 2020 and up 244% compared to 2019 (2020: 49: 2019: 36). Of these, AIM had the greater share of deals in 2021: 66 AIM IPOs completed compared to 58 Main Market IPOs reversing the trend from the last couple of years which has seen AIM IPO activity significantly lag behind the Main Market. This demonstrates a renewed trend for growth companies to access the equity markets at an earlier stage, at improved valuations. So, while private equity investment has remained strong, the equity markets have become a more viable alternative for growth companies in some sectors than has been the case in recent years. Turning to 2022, various lockdowns disrupted IPO launches in Q1 but there is a strong pipeline for Q3 and Q4.

Apart from the investment category (which is a mix of investment trusts and cash shells or even SPACs), the most popular sectors in order of number of IPOs were Computing & IT, Mining, Metals & Minerals, Healthcare, Pharmaceuticals and Biotechnology, Financial Services and Consumer Products, all sectors in which Bird & Bird has particular strength. We were delighted to be involved in the IPOs of consumer goods manufacturer, Supreme plc and the IPOs of new technology focussed mining companies, Future Metals NL and Tungsten West.

Across Europe, whilst the IPO activity has not been as strong as in London we were delighted to act on the IPO of greentech company Afyren on Euronext Growth Paris, which was the first French Tech120 IPO outside of the Next40. Our teams in the Nordics have continued to be busy, especially with NASDAQ Nord listings - we assisted Administer Plc, Toivo Group Plc, check-in.com and SECITS Holding on their IPOs and the Hong Kong and Singapore teams clocked up five IPOs between them including the large HK main board listing for Haitong International Financial Products.

2021 was also a year noted for regulatory reform, with our markets considering rule changes to allow more flexibility for special purpose acquisition companies (SPACs), so as to compete with US markets and dual class structures. In particular in post-Brexit UK, regulators are looking at ways to position the UK equity markets more competitively and there have been major changes proposed, with an emphasis on attracting more technology companies to list in London. A recent development is that, in April 2022, the UK Government confirmed it intends to introduce a UK corporate re-domiciliation regime allowing companies to move their domicile to, and relocate to, the UK.

The horrific events in Ukraine have inevitably dampened investor enthusiasm for IPOs across the UK and European markets but we have continued to see a steady flow of secondary fundraisings.

Sector Trends

In terms of sectors, we expect mining to continue an upward trend and we are seeing increasing demand for specialist metals from technology businesses, including the fast-growing EV sector, which is fuelling investor interest again in mining companies, especially companies with projects in areas of the world which provide security of supply. We expect that the war in Ukraine will exacerbate this trend as manufactures seek alternative supply chains for their raw materials. Energy generally is also likely to attract investor interest in view of these events and this includes some renewed interest in oil and gas, provided the story is sufficiently balanced from an ESG perspective.

The focus on ESG remains a key trend, particularly with the adoption of the disclosure requirements of the Task Force on Climate-Related Financial Disclosures (TCFD) becoming adopted in certain jurisdictions. At the same time, investors are bringing a greater scrutiny to their review of ESG credentials of IPO candidates amid claims of "greenwashing" by some.

Other areas for growing investor scrutiny include supply chain risk, cyber-security, the adoption of digital and the impact of macro-economic trends. In respect of the final issue, that is particularly the case in business-to-consumer operations where the full impact of rising interest rates and inflation is yet to be seen.

Regulation

In terms of regulation, we are seeing a general tightening up by governments and regulators on access to their markets on national security grounds. Australia was an early adopter of new legislation in this area and in the UK, the National Security and Investment Act 2021, which applies to any transaction completed on or after 12 November 2020, allows the Government to scrutinise and intervene in, certain acquisitions and investments that could harm the UK's national security.

The Government announced its intention to extend this to take a precautionary power to block listings on national security grounds. Such a power would operate alongside other safeguards, such as anti-money laundering legislation and criminal checks taken as part of the Senior Managers and Certification Regime. The Government anticipates that this power would be used in a very small number of exceptional cases.

The recent suspension of a number of Russian based issuers from trading on the London Stock Exchange has shone the spotlight on the use of UK capital markets by businesses in unfriendly states and we expect much greater scrutiny by regulators throughout our office network into the ownership and status of overseas applicants to our markets.

Commercial and results focused with good partner involvement and a lot of experience.

Legal 500 UK, 2022

Recent Highlights:

- Bird & Bird assisted **Imperial X plc** (renamed Cloudbreak Discovery plc) on its reverse takeover and admission of its enlarged ordinary share capital to the standard listing segment of the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange's Main Market. In conjunction with the listing, Cloudbreak undertook a placing to raise £2 million and secured a £10m equity line facility with Crescita Capital.
- We advised **London Premium Listed, JKX Oil & Gas PLC** on its:
  - Delisting from the Main Market of the London Stock Exchange;
  - US$97,476,000 reduction of capital; and
  - Buy-back tender offer.
- We advised the **Nomad, Strand Hanson Limited**, and joint brokers, **H&P Advisors Limited, and VSA Capital Group Limited** on Tungsten West's IPO and admission to the AIM market. The IPO raised £39 million for the Company, giving a market capitalisation of approximately £106.2 million. Tungsten West is the 100% owner and operator of the Hemerdon tungsten and tin mine, located near Plymouth, England, and the third largest tungsten resource in the world.
- Advising **Strand Hanson Limited** as NOMAD on the admission of Future Metals NL to AIM. Future Metals is a platinum group metals exploration and development company that holds a 100% interest in the Panton Project in Western Australia.
- We advised S**erum Life Science Ltd**, the UK subsidiary of the Serum Institute of India with their strategic investment at the value of just over £50 million into Oxford Biomedica plc.
- We advised Aim listed client, **Tekcapital plc**, a company which acquires and invests in breakthrough technologies that can improve quality of life, in a placing which raised £3m for further investment in their portfolio innovation companies.
- We advised Aim listed **DP Poland plc**, the franchiser holder of Domino's Pizza in Poland, in a placing and subscription which raised £3m to aid the expansion of the Domino's brand in Poland.

Legal 500
Band 3
for Equity Capital Markets: Small-mid cap
2022

Legal 500
Band 3
for Emerging Markets
2022

AIM Advisor Rankings
Ranked 5th for FTSE AIM 50 clients
(and 4th by total market cap)
Q2 2022

AIM Advisor Rankings
Ranked 8th for FTSE AIM 100 clients
(and 5th by total market cap)
Q2 2022

Capital Markets - Nordics - *Finland Focus*

2021 - record-breaking year for the Finnish IPO market

2021 was a record-breaking year for the Finnish IPO market with 29 new companies entering the public market. Particularly, Nasdaq First North Finland performed strongly as close to 80 % of the Finnish IPOs in 2021 were made on Nasdaq First North, turning the overall IPO market to a more growth-company focused direction. The sectoral distribution of newly listed companies has been versatile, but some trends have been visible. For example, we have seen many listed companies been driven by the environment, climate and energy transition related business strategies. 2021 was also a year of first SPAC listing in the Finnish market and we've been pleased to note that the related aftermarket performance has been encouraging.

Despite uncertainties, Finnish IPO market for 2022 looks promising

2022 was initially expected to be a strong IPO year for the Finnish market and even though the volatility caused by the Russia's invasion in Ukraine in February has left the market in a state of uncertainty, we're seeing several capital markets transactions being prepared and just waiting for the market conditions to get healthier. Thus we consider there to be quite a lot of underlying potential in the Finnish IPO market and provided uncertainties fade, we reckon many transactions will be announced either during Q2 or H2 this year. Then again, should public market valuations recover slowly, this could reduce the IPO appetite of private equity players planning to list their portfolio companies, which could I turn leave more room for M&A led exit processes.

We're pleased having advised several capital markets issuers in the Finnish market during the past 12 months. Our recent highlights include:

- Advised Finnish real estate house **Toivo Group** in connection with its oversubscribed EUR 15 million initial public offering and listing on Nasdaq First North Finland. The company's market value directly after the offering was approximately EUR 111 million.
- Advised **Administer**, one of the Finland's largest providers of financial administration services, in connection with its oversubscribed EUR 14 million initial public offering and listing on Nasdaq First North Finland. We also advised the company's shareholder Bocap SME Achievers Fund II Ky in connection with the sale of their position in the company as part of the IPO.
- Advised **Vesivek**, a provider of roof renovation and installation services in Finland and Sweden, in listing of SEK 300,000,000 senior secured floating rate bonds issued in February 2021 by HLRE Holding Oyj, the parent company of Vesivek group, on the corporate bond segment of Nasdaq Stockholm. The work included the

entire listing process i.e. prospectus drafting, due diligence, listing application as well as corporate and securities market law related advice.

- Advised **Elisa Corporation,** a Finnish market leader in telecommunications and digital services, in updating its EUR 1.5 billion EMTN program, i.e. mainly drafting/reviewing the prospectus, programme agreements and legal opinion. The EMTN program was under English law and the notes to be issued will be admitted to trading in the Luxembourg stock exchange.

Recent Deal Highlights:

- Advised high performance façade glass manufacturer **ChromoGenics AB** in connection with its MSEK 68 rights issue on Nasdaq First North Growth Market.
- We advised **Checkin.com Group AB**, a Stockholm based provider of cloud-based software for improved online check-in solutions, on its SEK 45 million IPO on Nasdaq First North Growth Market.
- Advised independent oil and gas producer **EnQuest PLC**, listed on Nasdaq Stockholm Main Market, on Swedish law aspects to its MUSD 50 open offer and placing on LSE Main Market.
- Advised pay-as-you-drive insurance solution provider **Greater Than** in connection with its MSEK 136 accelerated book building and placing on Nasdaq First North Growth Market.

Capital Markets - APAC - *Hong Kong Focus*

Hampered by geopolitical and regulatory concerns, economic uncertainties and COVID-19 restrictions, the first three months of 2022 saw an almost 88% drop in funds raised on the Hong Kong Stock Exchange as compared to the same period last year. Fifteen companies raised just HK$15.8 billion (around US$2.2 billion) on the Hong Kong Stock Exchange during the first quarter of 2022, compared with 31 deals worth HK$136.5 billion (around US$17.41 billion) during the same period a year ago. The slowdown reflects the market's concerns about soaring inflation globally, regulatory issues in relation to technology companies and property developers in China, possible economic and political ramifications of the ongoing Russian-Ukraine conflict, and the threat of a further slowdown of the Chinese economy as a result of China's zero-COVID policy. The zero-COVID strategy and travel restrictions imposed by the Hong Kong government also contributed to the slowdown in deal activity, hindering the ability of bankers, lawyers and auditors to travel and conduct deal making and execution activities.

However, there is cause for optimism that equity capital markets deal activity may improve in Hong Kong in the rest of the year. As of late March 2022, there was a pipeline of 150 companies in the queue having submitted applications to list on the Hong Kong Stock Exchange. Hong Kong remains the natural choice for homecoming listings for Chinese companies listed in the US amid geopolitical and regulatory issues and the most prominent fundraising hub for the healthcare and life sciences sectors in Asia, with a pipeline of 30 healthcare and life sciences companies applying to list on the Hong Kong Stock Exchange as of late March 2022. As of late March 2022, 11 applicants had filed listing applications under the new SPAC listing regime introduced earlier this year, among which 1 was listed on 18 March 2022. The Hong Kong government relaxed travel restrictions in April 2022, loosening flight bans and reducing the period of quarantines required for incoming travellers, which is expected to improve the overall business sentiment and in turn boost capital markets activity in Hong Kong. Furthermore, the Hong Kong regulators are reviewing the listing rules and examining the revision of listing requirements for large-scale advanced technology companies that are currently not eligible, which if implemented should, along with the new SPAC listing regime, further improve market sentiment.

"The team is responsive and provides high quality work on a timely basis, which we highly value in ECM transactions."

Legal 500 Asia-Pacific, 2022

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