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Investor relations – responding to COVID-19

1 October 2020, IR Day

Mårten Knuts



This presentation

- Finnish market update
- COVID-19 considerations
- Defining inside information

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Finnish market update

Finnish market response to COVID-19

The FIN-FSA has endorsed ESMA's recommended actions concerning the impacts of COVID-19 (e.g. contingency plans, disclosure requirements, transparency requirements in financial reporting as well as APMs).

Market response

- Majority of the issuers amended/withdrew their guidance in late March – early April, prior to announcing Q1 results.
- Some issuers have offered elaborative scenarios on the COVID-19 consequences, compared to prior disclosure levels
- Several issuers have amended/withdrawn dividend proposals
- The main market has seen a few rescue offerings (SRV, Finnair)
- Bond market has been relatively slow. However, a few success stories have emerged
- A few have issued positive guidance since their initial negative reaction in the spring (Kone and Kesko among those who have upgraded their guidance during Q3)

Issuers' guidance response in the spring	#	%
Maintained pre-COVID-19 guidance	42	32.8%
Withdrew guidance	52	<u>40.6%</u>
Amended guidance (mostly downwards)	34	26.6%

**A snapshot of the Nasdaq Helsinki main market prepared by Krogerus on 27 May 2020.*

What to expect from the fall of 2020?

- Some positive guidance issued during Q3 (Kone, Kesko), with the majority of issuers still relying on negative guidance issued during the spring
- Further rescue offerings (rights issues, accelerated book-builds)
- A handful of speculative IPOs expected, with some technical listings/venue upgrades taking place (Partnera, Eezy, UB)
- Discussions around PIPEs as well as potential take privates, with some existing Public M&A market activity (Ahlstrom-Munksjö, Neles)

COVID-19 considerations

COVID-19 considerations – Summary of relief measures for public issuers

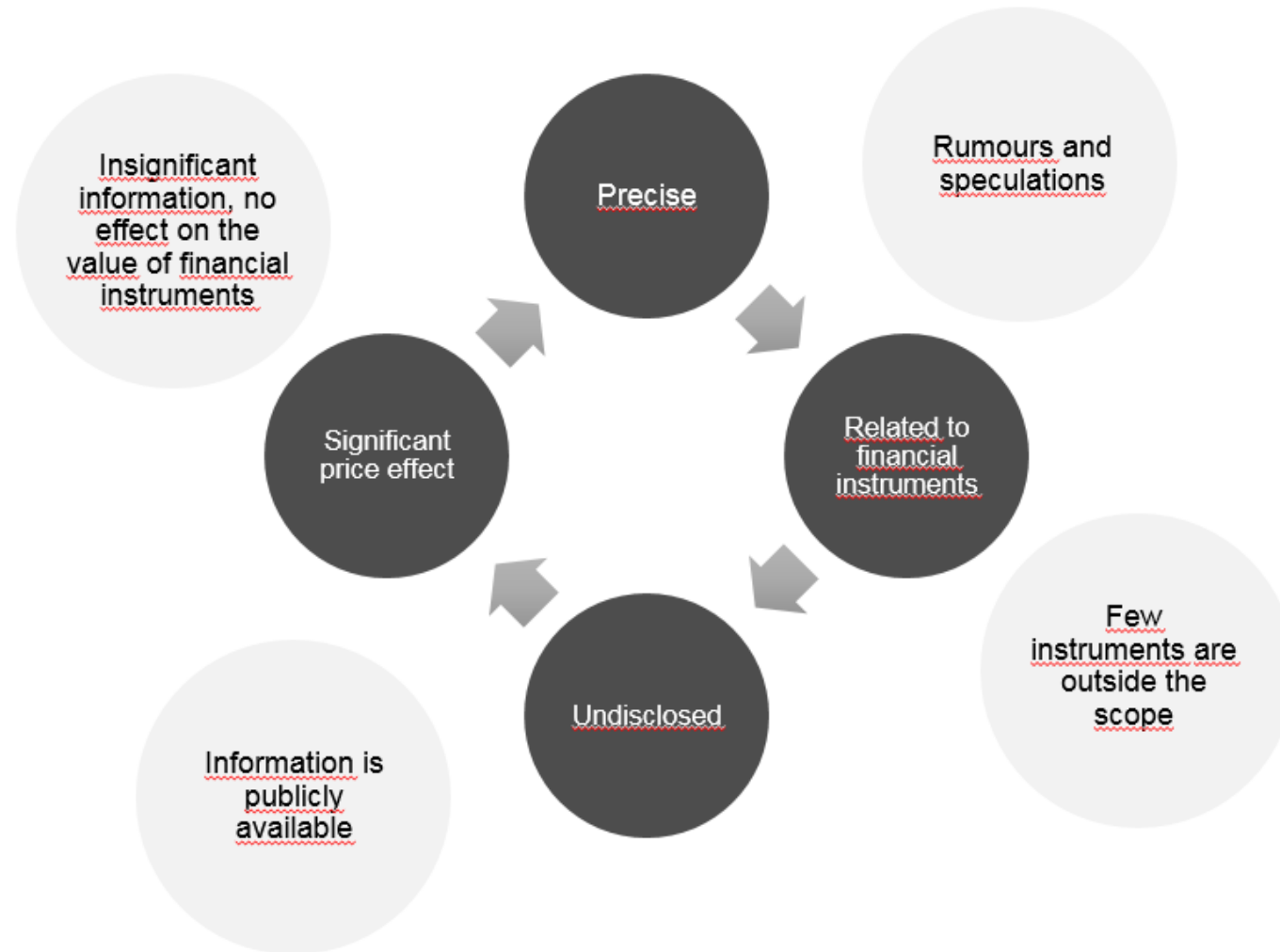
Summary of COVID-19 relief measures for Finnish public issuers*							
Actions recommended to financial market participants	Short selling ban	Lowered reporting threshold	Restrictions on physical meetings of corporate bodies	Special rules on electronic voting / virtual meeting for corporate bodies	Special extension on deadlines to adopt and disclose financial reports	Web address for Finnish FSA's COVID-19 information	Other special corporate governance or trade restrictions measures on public issuers
The Finnish FSA has endorsed ESMA's recommended actions concerning the impacts of COVID-19, namely that (i) market participants should be ready to apply their contingency plans, (ii) issuers should disclose any relevant inside information, (iii) issuers should provide transparency in their financial reporting, and that (iv) asset managers should continue to apply the requirements on risk management, and react accordingly.	None.	Yes, lowered reporting threshold of net short positions in shares traded on a regulated market (if the position reaches or exceeds 0.1% of the issued share capital after the entry into force of ESMA's decision of 16 March 2020, with the lowered threshold extended for an additional three month period as of 18 September 2020).	Yes, all public events, including general meetings, were limited to 10 people (until 13 April), to 50 people (until 31 July) and are currently limited to 500 people (to which there are concessions provided that guidelines are complied with). Special legislation, whereby an AGM could be held at a later date during 2020 than usual has been introduced.	Temporary legislation enabling general meetings to be held without a physical meetings (to be extended until 30 June 2021). The legislation provides essentially two alternatives: (i) general meeting taking place entirely by proxy voting (i.e., no live meeting) or (ii) holding a live meeting entirely online.	Not currently available. Earlier in the year, the Finnish FSA had endorsed ESMA's statement, whereby competent authorities would apply forbearance towards delays in the publication of financial reports, but this statement is no longer in force.	The Finnish FSA's COVID-19 resource page: https://www.finanssivaivonta.fi/en/publications-and-press-releases/news-releases-related-to-the-coronavirus/	No additional restrictive measures that would be specific to issuers.

* As at 22 September 2020.

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Defining inside information

What is inside information?



Evaluation of inside information

- Inside information is evaluated based on the circumstances of each individual case. The following can be taken into account:
 - Would a reasonable investor take the information into account when making an investment decision?
 - The expected extent of the decision, matter or circumstance and the importance of it in comparison with the operations of the company as a whole
 - The significance of the information in respect of factors affecting the price of the issuer's financial instruments
- The consistency of the evaluation must be taken into account
 - Has similar information previously had material impact?
 - Has the issuer previously considered similar situations to have a material effect on the price of financial instruments?

Prohibited use and disclosure of inside information

- A person possessing inside information **may not**:
 1. **use** inside information by acquiring or disposing of, for its own account or for the account of a third party, directly or indirectly, **financial instruments** to which that information relates
 - **cancel or amend an order** concerning a financial instrument to which that information relates, when the order has been placed before the person concerned possessed the inside information
 2. **recommend** that another person **acquire or dispose of financial instruments** to which that information relates or **induce** another person to acquire or dispose of such financial instruments
 3. **disclose inside information to another person**, unless the disclosure happens in the ordinary course of the persons employment, profession or duties

Practical issues regarding inside information

- When is inside information at hand?
 - Often difficult to categorise information as inside information or non-inside information, or to determine the moment when information becomes inside information
 - Price sensitivity often assessed based on empirical knowledge / experiences rather than qualitative and quantitative analysis
 - Enforcement becoming stricter in the Nordics, mind the sanctions!
- Disclosure – when is “as soon as possible”?
 - Practice varies but interpretation is becoming more strict; issuers should not wait until morning to disclose inside information that is available in the evening
 - Decision to delay the disclosure of inside information to be documented, based on necessary criteria (!) and notified to the competent authority upon subsequent disclosure
 - Competent authorities do notice if there is a price movement following a disclosure that has not been categorised as “inside information”
 - Authorities want to see insider lists post-disclosure for supervision purposes

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Thank you!

Mårten Knuts

Tel: +358 44 750 5630
marten.knuts@krogerus.com

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Krogerus Attorneys Ltd

krogerus.com
linkedin.com/company/krogerusfinland
instagram.com/krogerusfinland
facebook.com/krogerusfinland
twitter.com/krogerusfinland

Helsinki

Unioninkatu 22, 00130 Helsinki

Telephone: +358 (0)29 000 6200
Fax: +358 (0)29 000 6201
Email: helsinki@krogerus.com

Turku

Yliopistonkatu 21, 20100 Turku

Telephone: +358 (0)29 000 6600
Fax: +358 (0)29 000 6601
Email: turku@krogerus.com

Kuopio

Maaherrankatu 21 B, 70100 Kuopio

Telephone: +358 (0)29 000 6700
Fax: +358 (0)29 000 6701
Email: kuopio@krogerus.com
