



DEUTSCHE BÖRSE
CASH MARKET

Financing via the stock exchange

Equity and debt capital for small and mid-caps

Finance your future. Made in Germany





Take advantage of new perspectives for your company: Deutsche Börse gives small and medium-sized companies the opportunity to raise equity and debt capital. Via segments tailored to your financing requirements, German and international companies gain access to the capital market – for successful growth, internationalisation, digitalisation and the development of new technologies.

Small and mid-cap financing via the stock exchange

Equity and debt capital for your company

The digital transformation is shaping the economy worldwide and markets are developing more dynamically than ever before. In this context, the digital revolution “industry 4.0” presents new challenges for small and mid-caps, their business models and products. Speed and the availability of financial resources have become success factors. Small and medium-sized companies that want to prosper in an age of disruptive change often have to finance large investment sums to fund necessary strategic investments, technical innovations and shorter product life cycles. In addition, they need to have the courage to change and they need to develop a suitable financing strategy.

The raising of capital via an initial public offering (IPO) enables your company to raise large-scale financial investments, which can then be repeated by means of capital increases. This is particularly helpful to small and mid-caps to raise the capital that dynamic markets and digitisation require. An IPO is also an option for small and medium-sized family-owned businesses to prepare for succession step-by-step and in an orderly fashion. In a listed stock corporation, the corporate and shareholders spheres are clearly separated. Within the ecosystem for growth, Deutsche Börse offers interesting options to enter into dialogue with start-ups from the Deutsche Börse Venture Network®. Anyone looking for new, interesting partners will find suitable formats at Deutsche Börse.

Equity or debt capital – the choice is yours

At Deutsche Börse, you can choose from two sources of capital, both of which make you independent of financing through banks: with an IPO via the stock exchange you can raise equity capital by issuing shares. Alternatively, you can raise debt capital by issuing corporate bonds. Both forms of financing are particularly suitable for small and mid-caps.

Adequate regulatory framework for a successful IPO

We place particular emphasis on tailor-made solutions for small and mid-caps: Deutsche Börse offers different segments for companies of all sizes with a simple admission procedure and well-balanced transparency requirements, which are adjusted to the needs and resources of small and mid-caps. Listing on the stock exchange gives you access to investors who focus on small and medium-sized companies. Not a company's size, but its individual growth prospect is crucial for a successful IPO.

Expanding strategic scope – through investment and modernisation

Going public has many benefits – even in economically difficult times. Small and mid-caps listed on an exchange in particular managed to withstand the worldwide financial and economic crisis well as they had fewer financing shortages. Securing a long-term source of financing for investments and modernisation that decrease dependency on banks is an important element of a sustainable corporate strategy.

Financing options at Deutsche Börse

Equity capital

- Issue of shares
- Choice of three primary market segments: Scale, General Standard and Prime Standard

Debt capital

- Issue of corporate bonds
- Choice of two market segments: Scale for corporate bonds and Prime Standard for corporate bonds

Advantages of a listing at Deutsche Börse



Deutsche Börse Group is one of the largest exchange organisations worldwide. It organises markets characterised by integrity, transparency and safety for investors who invest capital and for companies that raise capital.

An IPO in Frankfurt/Main will sustainably increase awareness of your company and your products on the market, thereby setting your company apart from competitors – both nationally and internationally. Furthermore, the issuing of shares strengthens your equity base and enhances your creditworthiness. This gives you a higher degree of independence and enables you to raise debt capital more cost-effectively. As a result, you can secure your company's future and competitiveness.

Checklist: is my company ready to go public?

Going public could be the next logical step for you and your company. Our checklist will show you that the hurdles you need to clear are not too high.

These are the main criteria a company needs to fulfil in order to become an attractive IPO candidate:

- Competitive products/technologies
- Attractive market position with a sustainable unique selling proposition (USP)
- Promising future prospects
- Efficient accounting/controlling
- Experienced management team

Going public – the IPO

Financing with equity capital

An IPO is possible within one year

An IPO is an important milestone in your company's history and sets the course for future growth. During the careful preparation of this important step, you will receive professional support at all times, among others, from banks and advisors from the network of Deutsche Börse Capital Market Partners. This allows you to complete an IPO in Frankfurt less than a year.

Benefits of an IPO

An IPO at Deutsche Börse offers companies numerous additional advantages:

- Improved supply of equity capital
- Easy transferability of shares (e.g. for succession planning or due to a partner's exit from the company)
- Inclusion in leading German, European and global benchmark indices covered by investors, such as STOXX® and DAX®
- Increase of brand awareness and trust by customers, business partners and banks
- Increased strategic flexibility
- Improved creditworthiness and simplified debt financing
- Increased attractiveness as an employer, possibility of employee share plan
- Competent network of Deutsche Börse Capital Market Partners
- Integrated clearing and settlement services
- Increased placement reach and expanded investor mix through the subscription functionality DirectPlace

Phases of an IPO

Phase 1: Planning and preparation

- Initial consulting with Deutsche Börse
- Formation of IPO team within the company
- Selection of advisors (e.g. Deutsche Börse Capital Market Partner)
- Selection of syndicate bank
- Establishment of legal framework within the company
- Selection of agency for financial market communication/ investor relations

Phase 2: Structuring

- Development of an equity story
- Setting the timetable
- Preparation of business plan and emission concept
- Implementation of due diligence of relevant business units
- Preparation of EU prospectus

Phase 3: Realisation and marketing

- Preparation of investor relations activities
- Publishing of EU prospectus
- Research
- Application for admission of securities
- Pre-marketing and roadshow for investor relations activities
- Bookbuilding

Phase 4: Pricing and secondary market

- Pricing and allocation procedure
- Initial price auction
- Continuous trading on the trading venue Xetra®

Choice of market segment and requirements after the IPO

In Europe, there are two ways for companies to access capital markets. EU-regulated markets (Regulated Market) and markets regulated by the stock exchanges themselves (Regulated Unofficial Markets, Open Market).

Depending on the company's intended objectives for the IPO, the investors it primarily wants to address and the degree of transparency it wants to fulfil, companies can choose between General Standard and Prime Standard – the segment with the highest transparency requirements – in the EU-regulated market at the Frankfurter Wertpapierbörse (FWB®, the Frankfurt Stock Exchange). The Prime Standard is geared to established and medium-sized companies that focus on international investors and operate globally. The General Standard is primarily suitable for companies that operate in their domestic market and is targeted towards German investors in particular.

Scale is for companies aiming at a primary listing in the Open Market. Scale facilitates raising capital as its inclusion requirements are tailored to small and medium-sized companies and opens a path to both domestic and international investors. Research reports commissioned by Deutsche Börse improve trans-

parency and comparability and via the subscription functionality DirectPlace, you can reach family offices, asset managers and private investors.

Inclusion in Scale and admission to General Standard and Prime Standard

In Prime Standard and General Standard, the admission procedure is initiated by a written application for admission. The company files the application together with a bank or financial services institution admitted to trading on a German securities exchange. Inclusion in Scale can also be initiated through an application by the issuer together with a bank or financial services institution that is also a Deutsche Börse Capital Market Partner. The securities must be deliverable via Clearstream, the central depository of Deutsche Börse Group. For inclusion in the respective market segment, the stipulated admission/inclusion documents must be submitted, for example, an approved prospectus and proof of commercial registry.

More details and key criteria for the primary admission of shares are available on our website: www.deutsche-boerse-cash-market.com/primarymarket_e

Structure of the primary markets of Deutsche Börse – companies have the choice



Follow-up obligations after your IPO

Following an IPO or admission of shares to trading, your company will be in the public limelight to a far greater extent than before. Investors, analysts, business partners and competitors will monitor your performance very closely. This opens opportunities – but at the same time, companies must fulfil certain obligations to their investors.

Depending on the segment, different transparency requirements apply: issuers in General Standard and Prime Standard fulfil the highest European transparency requirements. In Prime Standard, issuers must fulfil international transparency requirements that go beyond those of the General Standard. Scale has transparency requirements geared to the personnel and financial capacities of small and medium-sized companies. The follow-up obligations comprise, for example, the transmission of the annual and half-yearly financial report, an analyst meeting, the publication of significant company news and the transmission of necessary information for the preparation of research reports.

You can find more information about key follow-up obligations for issuers of shares on our website: www.deutsche-boerse-cash-market.com/primarymarket_e

Costs of an IPO

The costs of an IPO depend on the segment chosen and the planned transaction structure. The total costs consist mainly of the following items:

- Consultants, e.g. accompanying investment bank, auditor and legal advice
- Admission/inclusion fee
- Investor relations and communication activities
- Service providers and other costs (e.g. research)
- Possible adjustments of financial reporting to international rules (International Financial Reporting Standards, IFRS) or of transformation of legal form

Succession planning – a challenge for medium-sized family-owned businesses

One important reason for an exchange listing could be well-considered and long-term succession planning. In this case, you have the freedom to gradually withdraw from your business by handing over company shares in different packages. Your influence remains intact and you can personally contribute to ensuring your company's success. Your prospective withdrawal from the business gives you the advantage of being able to build up the new shareholder structure over a longer period. In respect to asset diversification, an IPO also gives you the opportunity to grow your individual assets without putting your company at risk.



Financing via corporate bonds

Debt capital via the stock exchange

Exchange-listed corporate bonds offer companies the opportunity to raise debt capital on the stock exchange and provide an alternative to credit financing via banks. They entitle the bearer to repayment and interest at a pre-agreed rate as payment for the provision of capital. While an investor is (part) owner of a company when he buys shares, the holder of bonds is a creditor. Issuing a corporate bond gives you financial flexibility for growth and innovation and increases the public awareness of your company.

At Deutsche Börse, corporate bonds are issued in Scale for corporate bonds or Prime Standard for corporate bonds. Scale for corporate bonds, the segment for small and mid-caps, offers an efficient way to raise debt capital on the stock exchange. Deutsche Börse supports you in financing with debt capital: Deutsche Börse Capital Market Partners help you in your detailed preparation for this important entry into the capital market and offer competent and ongoing support. The subscription functionality DirectPlace gives you access to other investor groups such as family offices, asset managers and private investors.

The issue of bonds is a non-permanent listing. At the end of the pre-fixed term, you can decide whether you want to continue using this instrument by issuing a new bond. Bonds are traded on the trading floor of Börse Frankfurt in specialist trading: liquid, reliable and with transparent pricing.

Key data of a typical corporate bond

Scale for corporate bonds

- Required bond volume: at least €20 million
- Target group: small and medium-sized companies that want to increase their awareness level in public

Prime Standard for corporate bonds

- Required bond volume: at least €100 million
- Target group: recognised market leaders who want to strengthen their international competitive position and reputation with a bond issuance

Bond issuance phases in Scale for corporate bonds/Prime Standard for corporate bonds

Phase 1: Planning and preparation

- Initial consulting with Deutsche Börse
- Formation of initial bond offering (IBO) team within the company
- Selection of advisors (e.g. Deutsche Börse Capital Market Partner)
- Selection of agency financial market communication/investor relations

Phase 2: Structuring

- Set timetable
- Structuring of bond
- Development of marketing concept
- Preparation of EU prospectus

Phase 3: Realisation and marketing

- Publication of EU prospectus
- Rating
- Application for inclusion
- Contact/marketing investors
- Subscription period

Phase 4: Placement and secondary market

- Opportunity for subscription via DirectPlace, an offer by Deutsche Börse; own sales activities possible
- "First price" from initial price auction
- Continuous auction on Börse Frankfurt



Our services for you

- Comprehensive investor information on the investor portal www.boerse-frankfurt.de, as well as via the Börse Frankfurt newsletter, market reports, and distribution cooperation with leading finance information portals
- IBO (Initial Bond Offering) event on the trading floor of the Frankfurt Stock Exchange with international and national TV media presence for visibility and investor reach
- Increase of placement reach and expanded investor mix with subscription functionality DirectPlace
- Various events (e.g. analyst events, workshops)
- Visibility as a result of listing on Europe's leading stock exchange

- Deutsche Börse Capital Market Partner write financial analyses (equity research) for all scale issuers. Financial analyses are available on the issuer's website.
- Your stock exchange data at a glance through the Issuer Data app and monthly stock report
- Liquid trading and high price quality thanks to specialists at Börse Frankfurt
- IR services (livestream, web services such as price chart integration)

Less than five months for an IBO

Capital market specialists from the Deutsche Börse Capital Market Partners network support you during the preparation process.

paragon AG



Founded in 1988, paragon AG develops, manufactures and distributes products and systems in the field of automotive electronics, electro-mobility and body kinematics. The portfolio of the Tier 1 supplier to the automotive industry includes innovative air management, high-end acoustic systems as well as modern display systems in the Electronics Segment. In addition, the group is also active in the fast-growing electro-mobility segment with its Voltabox subsidiaries and its self-developed lithium-ion battery systems. In the business segment Mechanics, paragon develops and produces mobile car body components such as adaptively extendable spoilers.

Company name: paragon AG
Admission of bond in Scale: 5 July 2017
Issuing volume: €50 million
Interest rate: 4.5 per cent p.a.
Initial subscription period: 1 day
Maturity day: 5 July 2022

“As a listed company, paragon has met the highest transparency requirements in the Prime Standard for many years. Deutsche Börse’s new Scale segment now provides us with the perfect platform for our bond communication, making us quickly feel at home.”

Klaus Dieter Frers

CEO, founder and majority shareholder of paragon AG

paragon AG benefits sustainably from the changing traditional value chains in the automotive industry by addressing megatrends such as climate change (CO₂ reduction), urbanisation (shared mobility), digitisation (autonomous driving) and electrification (electro-mobility).

In addition to the company’s headquarters in Delbrück (North Rhine-Westphalia), paragon AG and its subsidiaries also have locations in Suhl (Thuringia), Nuremberg (Bavaria), St. Georgen (Baden-Wuerttemberg), Bexbach (Saarland) and Aachen (North Rhine-Westphalia) as well as in Kunshan (China) and Austin (Texas, USA).



Deutsche Börse Group

The leading exchange organisation for small and mid-caps

Deutsche Börse AG is a listed company and is one of the world's leading exchange organisations. Its products and services cover the entire value chain in the financial sector – its business areas range from the admission of securities to listing, through trading, clearing, settlement and custody of securities and other financial instruments as well as collateral management. Additionally, Deutsche Börse provides IT services, indices and market data worldwide. It also fosters innovation by offering various services for growth companies and investors.

Trading platforms of Deutsche Börse – liquidity concentration

Securities are traded on Xetra® and Börse Frankfurt. On Xetra, orders are executed at optimum conditions in a central and fully electronic order book. More than 90 per cent of all trading in shares at all German exchanges is transacted through Xetra. At Börse Frankfurt, private investors can buy and sell over 1 million securities of German and international issuers, such as the shares of more than 10,000 companies, including world market leaders from all major sectors. Regulated and supervised on-exchange trading offers integrity, stability and safety for all participants as well as best investor protection – an invaluable advantage over unregulated off-exchange trading.

Integrated clearing and settlement services

Xetra and Börse Frankfurt are connected to Eurex Clearing AG: a clearing house, which guarantees settlement of trading transactions. The clearing house acts as a central counterparty (CCP) between the trading parties and offsets purchases and sales against one another upon conclusion of a transaction.



Access to capital in Germany, Europe and beyond

- Deutsche Börse – as a global and fully integrated market infrastructure provider – connects Europe's financial centres.
- Around 190 participants from 18 countries and more than 3,900 authorised traders are connected.
- Directly connected investors represent 35 per cent of the world's institutional capital.

Deutsche Börse services

Comprehensive service portfolio for companies

By going public, you are taking a major step towards securing the capital market as a long-term source of capital. However, several challenges are involved. Deutsche Börse will help you before, during and after listing.

Our Going Public services support you during preparations and the IPO:
[Deutsche Börse Cash Market – Going Public](#)

Additionally, take advantage of the capital market expertise of Deutsche Börse Capital Market Partners. This network gives both IPO candidates and listed companies direct access to experienced capital market specialists in all areas of going and being public. You can find a catalogue of partners including a search tool, which allows searches according to field of competence and profiles, and contact information online at
[Deutsche Börse Cash Market – Deutsche Börse Capital Market Partner](#)

A listing places high demands on corporate communications. Depending on your choice of market

access – Prime Standard, General Standard or Scale – you have to comply with disclosure requirements of varied stringency. We support you in your investor relations activities and the fulfilment of your disclosure obligations:

[Deutsche Börse Cash Market – Being Public](#)

Ongoing investor relations activities are also essential for a positive price development. Therefore, we help you communicate with investors through numerous events where you can present your company to analysts and investors. More information on upcoming dates and topics can be found online at

[Deutsche Börse Cash Market – Events](#)

Convenient access to clear information on the internet at deutsche-boerse-cash-market.com

The cash market portal of Deutsche Börse provides an overview of current market issues, dates and statistics. Here, you will also find current application forms and regulations:
www.deutsche-boerse-cash-market.com

Deutsche Börse services for companies

<p>Personal support Individual contact person</p>	<p>Network of experts Deutsche Börse Capital Market Partners</p>	<p>Segments Shares: Prime Standard, General Standard, Scale Bonds: Scale for corporate bonds, Prime Standard for corporate bonds</p>	<p>Liquidity Fully electronic trading platform Xetra®, Designated Sponsors, Börse Frankfurt Specialists</p>
<p>Visibility Opening bell event, indices, e.g. DAX® index family, investor portal boerse-frankfurt.de, DirectPlace</p>	<p>Market information and know-how Stock report, research reports, equity indices rankings</p>	<p>Events German Equity Forum, stocks & standards workshops, trading floor events</p>	<p>Web services IPO-Line, open Xetra® order book, price chart integration, stock exchange glossary, Issuer Data Service-app</p>



Feel free to contact us

Deutsche Börse's team of experts is there to answer all your questions individually and in person – right from the start.

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