



Growth Market Listing Guide



“SMEs are a key engine of our national economy. The launch of the Nasdaq Dubai Growth Market is a strategic step that will support this vital sector by opening new horizons for companies and providing them with investment resources to expand their business and enhance their attractiveness in global markets.”

H.H. Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai and Chairman of the Executive Council, has launched Nasdaq Dubai Growth Market to support the growth and expansion of SMEs on October 27, 2020. The landmark initiative aims to help young businesses and small and medium-sized companies (SMEs) achieve the next phase of their expansion. The step falls under the framework of the Dubai Future District initiatives, which was launched by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai as the largest specialised area in the region for creating the future economy by providing an investment, technical, legislative, service and incentive environment. As part of the Dubai Future District project, the Growth Market will welcome not only companies in the UAE, but also list companies from around the world to help them expand in the region and internationally. The Nasdaq Dubai Growth Market will add further momentum to Dubai and the UAE's established role as the Middle East's hub for business and finance and will serve as an ideal incubator for innovative projects.

An IPO on Nasdaq Dubai
is a launch pad for a company
to expand faster and further.

Welcome to Nasdaq Dubai

Nasdaq Dubai is the ideal IPO platform for companies based in the region, as well as overseas companies that are active within it. As the international exchange in the Middle East, we provide seamless access to regional and international investors.

An IPO on Nasdaq Dubai can act as a launch pad for a company to enter a new phase of growth, by supplying an injection of capital, an increase in global visibility and the extra credibility that comes with the listed status. Nasdaq Dubai's Growth Market is aimed specifically at helping dynamic and rapidly expanding companies achieve further success and facilitate their access to the capital markets.

Based in the Dubai International Financial Centre (DIFC) free zone, Nasdaq Dubai is the leading force in the expansion of Dubai's capital market infrastructure. Our commitment to international best practices benefits issuers and investors alike.

Nasdaq Dubai is ready to work with you every step of the way towards a successful IPO. We will support you afterwards as well in many ways, ranging from marketing projects to investor relations initiatives and providing a venue for further capital raising.

An IPO is not suitable, or desirable, for every company. But for businesses that are ambitious to expand and committed to effective corporate governance, the IPO route is a wonderful opportunity.

This Guide explains the straightforward steps that are involved in achieving a listing on the Growth Market and then moving forward as a public company.

I wish you success and prosperity in the future expansion of your business.



Hamed Ali
Chief Executive Officer

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Nasdaq Dubai's Growth Market, set to launch in early 2021, is aimed specifically at helping dynamic and rapidly expanding companies achieve further success and facilitate their access to the capital markets. Benefiting from key changes made to the listing requirements and process, the Growth Market opens the door for companies to go public with the help of a wider network of Advisors. These are ready to assist companies through the listing process and beyond.

Whether a recent start-up, scale-up or an SME, the Growth Market is a catalyst that will help your company achieve the success it deserves. After working with you every step of the way towards raising capital in a successful IPO, Nasdaq Dubai will then give you access to a suite of key services and opportunities to help your business prosper further. These range from investor relations initiatives to marketing projects and participation at roundtables and other events at the exchange's MarketSite event space, many of which are attended by regional and international media.

Nasdaq Dubai has carefully designed the Growth Market to suit the ambitions and resources of thousands of dynamic companies across the UAE, the GCC and beyond. Many of these businesses are poised to be the leaders of tomorrow in their sectors once they have raised capital and increased their public profile.

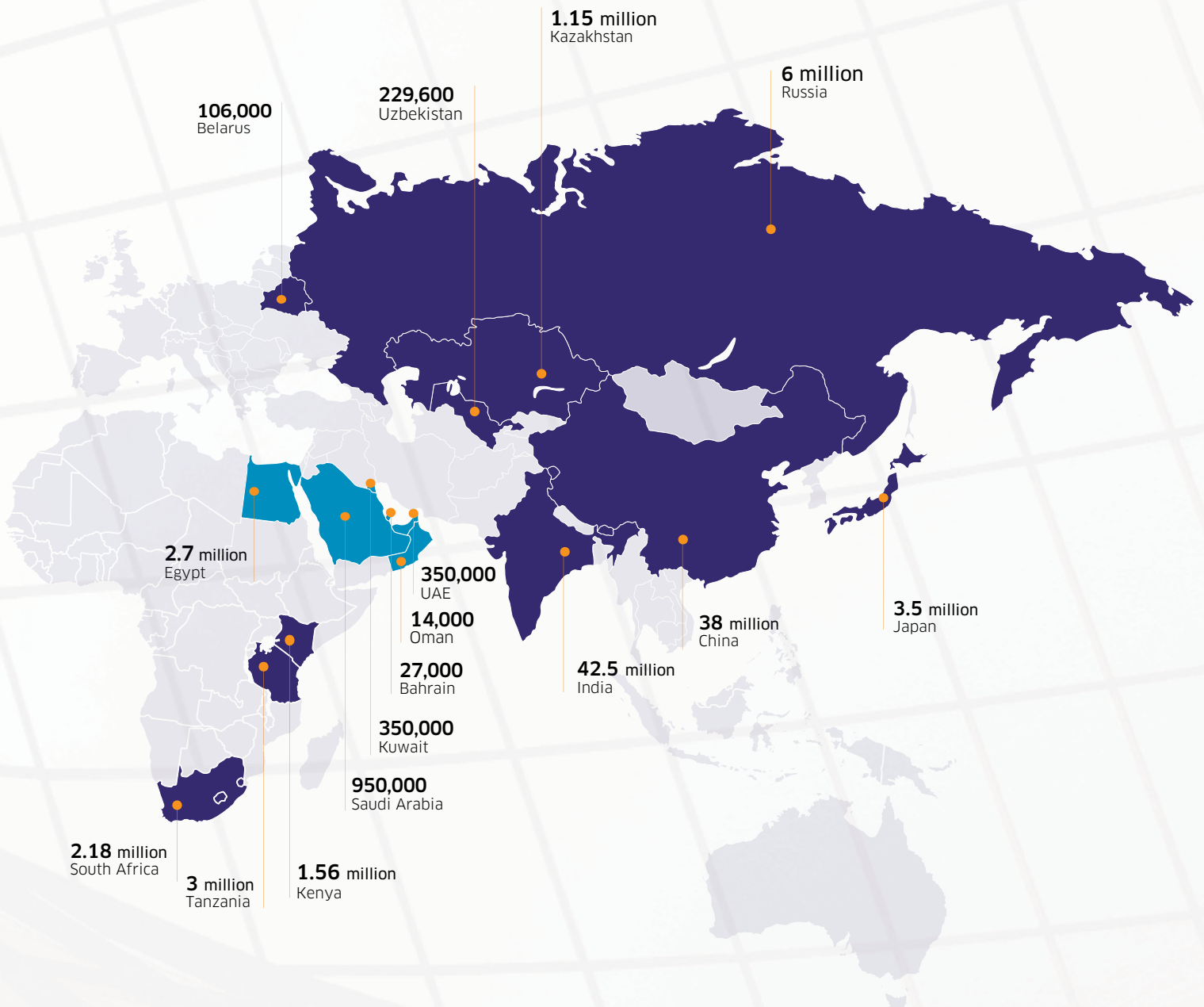
These are the criteria that they should meet:

- A company in its growth phase ready to go public for a rapid expansion
- Any company that is valued up to USD 250 million
- Established for a minimum of 1 year
- Based anywhere in the world
- Ready to offer at least 25% of shares to the public

Opportunities

Millions of SMEs in MENA and many others around the world are seeking to raise capital. Among them are many across various industry sectors that could benefit from a Growth Market listing.

- **4.3 million**
Over 4.3 million SMEs estimated in 6 of the MENA countries
- **45 Free zones**
There are 45 free zones in the UAE that cater predominantly for SMEs
- **Start ups**
17 accelerator programmes, 12 incubators and 7 co-working spaces in the UAE



Benefits of the Market |

Joining the Growth Market can enhance not just a company's financial position and performance, but also its reputation among business partners, customers, employees and the public. It can move the company further ahead of less enterprising competitors.

Advantages of listing include:

- 1 Strong Investor Base**
Access to capital from around the world on the region's international exchange through its investor network from over 110 countries. This wide investor base may give a better valuation of the company.
- 2 Global Brand**
The Nasdaq brand brings global visibility and can help listed companies as they further expand.
- 3 Build Market Trust**
Increased credibility as a public company through establishing international best practices and corporate governance standards.
- 4 Experienced Advisors Network**
International network of high quality Advisors available to facilitate a smooth listing process by collaborating with both the company and Nasdaq Dubai.
- 5 Transparent Process**
Streamlined and timely listing process and post-listing disclosure system. Provides the opportunity for investors to buy and sell efficiently and transparently.
- 6 Issuer's Control**
Owners can float as little as 25% of the company, enabling them to keep control. They are able to choose their IPO price through a book building process.
- 7 Flexible Listing Application**
Nasdaq Dubai Growth Market is designed to meet the needs of growing companies with a less demanding listing process and lower exchange listing fees. USD 5,000 application fee and USD 10,000 annual fee.
- 8 Respected Location**
World class regulations from the DFSA gives confidence to investors. The exchange's location in DIFC, the Middle East's business hub, puts companies at the heart of the region's capital markets ecosystem.

Journey to Growth |

Stage One |

Listing Requirements

The first stage of carrying out an IPO is to understand the listing requirements at a high level and assess whether the company meets these, or if it needs to take any action in order to do so. Waivers of certain requirements can sometimes be provided on a case-by-case basis.

- 1 Market Cap**

The market capitalisation at the time of listing must be below USD 250 million to list on the Growth Market. There is no minimum valuation requirement.
- 2 Financials**

Companies must have a financial track record of at least one year. For companies established for longer, up to 3 years of audited accounts are required according to IFRS or equivalent reporting standards.
- 3 Working Capital**

Sufficient working capital must be available for current requirements. A working capital report must be provided.
- 4 Free Float**

A minimum of 25% free float is required to list on Nasdaq Dubai.
- 5 Lock-In**

A 1-year lock-in period is required for all pre-listing shareholders of the company.
- 6 Corporate Governance**

The Growth Market requires companies to have good corporate governance in line with international standards.
- 7 Appointing Advisor**

A Listing Advisor must be appointed to support and manage the IPO, and will continue to act as an advisor for a minimum of 3 years post IPO. Listing Advisors include financial institutions, law firms and accountancy firms. Their key responsibilities include working with the company to prepare the Prospectus, which will include detailed information about the company. The Listing Advisor will also agree key milestones such as the announcement of the company's intention to go public and when to conduct the investor roadshow.

IPO Readiness

The second stage of the IPO journey is to prepare for life as a public company in a number of key areas. The Listing Advisor will assist by identifying gaps and highlighting changes that may be required to become IPO ready. The key areas for consideration are:

1. Corporate governance

A company that lists on the Growth Market must have a corporate governance framework in line with international standards, which promote sound management in the long-term interests of the company and its shareholders. The listing rules require strong governance structures to be implemented with specific emphasis placed on the responsibilities and decision-making powers of the Board, together with its membership and protocols. Good corporate governance is much more than a checklist exercise. It reflects a company's ethics. It can also bring practical benefits by improving efficiency and procedures, and giving investors additional comfort, leading to a higher valuation of the company's shares.

The corporate governance requirements are set by the Dubai Financial Services Authority (DFSA) Market Rules, the regulator of Nasdaq Dubai, and include:

- **Board of Directors**

Every listed company must have an effective Board which is collectively accountable for ensuring effective and prudent management and oversight. The Board and its committees must have an appropriate balance of skills, experience, independence and knowledge of the company's business. They should have adequate resources, including access to expertise as required, and timely and comprehensive information about the affairs of the company.

- **Shareholder rights**

The Board must safeguard the interests of shareholders, including protecting the rights of minority shareholders to be treated fairly. The number of minority shareholders may become substantial following an IPO, including institutional and individual shareholders.

- **Division of responsibilities**

There should be a separation between the functions of setting a company's strategic aims and oversight on the one hand, and day-to-day management of the business on the other.

- **Risk management and internal control systems**

The company should have an effective risk management, internal control and compliance framework.

2. Investor relations

Information that was previously shared only with a small stakeholder base as a private company needs to be made available to a much wider base when a company is public. Understanding what information needs to be disclosed, and when, is fundamental to being a public company. A company should ensure it has an investor relations function in place that will be able to keep investors informed and respond to any questions they have. Continuous engagement with investors will keep interest in the company at a high and help with demand post-IPO. At the IPO readiness stage it is important that management starts understanding key aspects of investor relations. Appointing a suitable person to an investor relations role at an early stage is advisable since they will need to learn about the company in-depth, which may take time.

IPO Readiness

3. Financial reporting

Management should ensure it can comply with ongoing obligations such as publishing annual financial statements or interim financial information at the right time. Internal financial processes and controls must also be adequate. Not all private companies have audited accounts in accordance with IFRS reporting standards. This is a key step that will need to take place prior to the IPO. In some cases, the DFSA may accept local reporting standards at the time of the IPO and require IFRS to be followed post-IPO.

4. Management team

Investors will keenly assess the management team and their credentials for taking the business they invest in to the next level. This is an important time to assess if additional roles are required within the management team, and to work on filling those roles. It can be helpful to bring in someone who has had experience of working for another company during the IPO process.

5. Public relations

A listed company is in the public eye. It should ensure it knows how to tell its story in the media to promote its reputation and share price. PR activities need to be considered at an early stage to start raising the profile of the company and prepare for media interest. The management also needs to understand the difference between public relations and investor relations, and how they work together

6. Internal and stakeholder communication

It is advisable to plan how and when to tell company staff, investors and other stakeholders that there will be an IPO. A balance is required between maintaining secrecy and informing selected people at the right time, in a way that helps them understand the reasons for the IPO so that they support it.

Listing Process

The third stage of carrying out an IPO is the run-up to the listing. It involves some technical procedures, as well as telling the company's story to attract investors. Companies that have managed the first two stages well will be positioned for success in the third.

Step 1: Appoint further advisor

In addition to the Listing Advisor, the company will require other advisors too which may include:

- **Law Firm**
to assist with the legal contracts and writing of the Prospectus.
- **Auditor**
to assist in preparing the financials in accordance with IFRS.
- **Financial Institution**
to assist with the capital raise. In some cases, the Listing Advisor may not have a regulatory license to raise capital for the IPO.
- **PR Agency**
to assist with public relations activities leading up to the IPO and post IPO.

Step 2: Preparing the Prospectus

The Prospectus is a key document for persuading investors to buy shares. It provides information about the company's business and strategic focus.

It must be in English and also include:

- Financials and a working capital statement
- Information about the company's owners, Directors and senior management
- The terms of the offer of shares to the public
- Risk factors that may affect the company's performance

Step 3: Submission of Prospectus

Upon submission of the first draft of the Prospectus to the DFSA, they will review the document and revert to the Listing Advisor with their comments. These comments may include additional information the DFSA would like to see in the Prospectus or clarifications of some of the content. The advisors will work on addressing the DFSA's comments and update the Prospectus, and once again submit it to the DFSA. This process may recur until the DFSA is comfortable with the content of the Prospectus and they have no further comments.

Step 4: Announcement of intention to list

At an appropriate time the company will inform the world of its intention to go public on Nasdaq Dubai's Growth Market. This is done through a press release and social media, as well as perhaps a press conference or interviews with selected journalists. This is an important moment that sets the tone for public discussion and perception of the company's IPO.

Listing Process

Step 5: Application to trading

An IPO on Nasdaq Dubai requires two successful applications:

1. To the DFSA for admission of the company's shares to the Official List of Securities. This is done as part of Step 3 above when the Prospectus is submitted; and
2. To Nasdaq Dubai for Admission to Trading in accordance with its Admission and Disclosure Standards.

The application to Nasdaq Dubai will include the following:

- Approval for Admission to Trading
- Approval to hold the shares in Nasdaq Dubai's Central Securities Depository (CSD)
- Approval for Nasdaq Dubai to hold the share register of the company
- Due diligence documents such as company incorporation documents, passport copies of Directors, and Board resolutions approving the IPO
- Letters providing instructions to Nasdaq Dubai to complete the IPO process. Templates for the letter will be provided by Nasdaq Dubai.

Throughout the process Nasdaq Dubai will work closely with the company and the advisors to ensure the process is completed smoothly and efficiently.

Step 6: Roadshow and book building

Once the Prospectus content has been finalised, the advisors can take the company on a roadshow to meet with investors and determine their interest. This is called a book building exercise. Some important activities need to be conducted before the roadshow starts:

- **Investor presentation**
The Listing Advisor and PR advisor will assist in ensuring the story of the company is told in an appealing way in the investor presentation. Every member of management needs to be aware of every aspect of the presentation. This will show a strong management team that is aligned.
- **Pilot fishing roadshow**
To test investor sentiment, it is helpful for the advisors to take the company on an early-look roadshow. This is where it pre-markets the IPO to key institutions to receive their initial opinions about the company and the IPO plans. Feedback at this stage helps in preparation for the final roadshow.
- **Analyst presentation**
Research analysts provide investors their thoughts on a listed company, in particular whether they think the stock is cheap or too expensive. Many investors rely heavily on what the research analysts have to say, so it is important for the company to impress them and provide thorough details.

Listing Process

The choice of which countries to hold roadshows in should not only depend on the size of the capital raise, but also on the company's business plan and where its stakeholders are. It is important to include key stakeholders as investors in the IPO too. This will give them a sense of belonging to the company and a stronger reason to support it.

A company should keep in mind countries it may want to expand to post-IPO. Attracting investors from those countries may help build relationships that will assist in the expansion plans.

Once the roadshow is completed, investors will indicate their interest to the advisors, including the number of shares they would like to buy and at what price. The company and advisors will then assess all the interest and calculate the best price to offer the shares at to ensure maximum subscription to the IPO. The shares on offer at the IPO will be allocated to the investors, and these will be the new shareholders when the company lists.

Step 7: Final Approval

Once the roadshow has been completed and the new shares have been allocated to the investors, Nasdaq Dubai and the DFSA will be informed of the details. A final Prospectus will be issued that will include the final share price, and a final approval will be provided by Nasdaq Dubai and the DFSA which will include the date when the company will be listed on Nasdaq Dubai.

Timeline

No. of days before listing	28 - 42 Days	8 Days	7 Days	5 Days	Listing	
Issuer appoints advisors	Submission of draft Prospectus to DFSA and Nasdaq Dubai	Application to DFSA for Prospectus approval	Prospectus approval by DFSA	Final Listing Application to DFSA	Conditional Listing approval by DFSA	Admission to Official List
Initial meeting with DFSA and Nasdaq Dubai	Draft Prospectus vetting	Initial Trading Application to Nasdaq Dubai		Final Trading Application to Nasdaq Dubai	Approval for Admission to Trading	Admission to Trading

Listing Day and Beyond

The listing day is a key moment of the IPO process, and often the most colourful, as the company goes public following the hard work and preparation. Brokers' screens light up with bid and offer prices for the shares as trading gets underway on Nasdaq Dubai at 10am when the market opens.

Bell ringing ceremony

Many people consider ringing the opening bell at Nasdaq Dubai to be a professional pinnacle both for an individual and the organisation they represent. The company's owners, executives and guests celebrate by publicly opening the exchange's market at Nasdaq Dubai MarketSite.

Media and press release

The bell ringing ceremony may be covered live by TV stations and broadcast around the world. The media watches keenly and reports on how much trading in the shares occurs and what price moves take place. Nasdaq Dubai can assist the company with introductions and invitations to key media companies. The exchange will jointly announce the listing to regional and international media with a press release, via social media, and on its website.

Nasdaq Tower

A welcome message is placed on Nasdaq Tower in Times Square, New York, to celebrate the listing and announce the company's association with the Nasdaq brand. The Nasdaq Tower is one of the largest electronic screens in Times Square and is seen by hundreds of thousands of people every day.

MarketSite

Nasdaq Dubai MarketSite has been the venue of many significant occasions since its launch in 2018. Each ceremony is individually designed by the Nasdaq Dubai team. Issuers are welcome to hold their events such as the company's Annual General Meeting, investor presentations and other product or report launches. A Growth Market listing entitles a company to priority participation in panel discussions and other thought leadership exercises hosted at the MarketSite.

Investor Relations

The company's investor relations function plays a key role in the life of a listed company. As well as keeping investors informed of company developments in line with regulations, it can also help to support the share price by ensuring the company's strategy and strengths are widely understood. Nasdaq Dubai can support the investor relations team where required.

Investor Roadshows

Nasdaq Dubai will invite its listed companies to attend investor road shows in the UAE and the region as well as the UK, Europe, US and Asia. This gives them a chance to meet with key investors to present the company.

Dividend Distribution

Nasdaq Dubai can assist in dividend distribution to a company's shareholders as a post-listing service, ensuring each shareholder receives the dividends in a smooth and efficient manner.

Listing Day and Beyond

Disclosures

Once a company is listed on the Growth Market, the Listing Advisor provides support for three years to help ensure that it meets its ongoing compliance and public disclosure obligations. These include:

- Publishing annual and semi-annual financial statements as well as the annual report
- Prompt disclosure of information which might move the share price, such as a takeover bid or legal proceedings, so that all investors receive the same information at the same time
- Disclosure of shareholdings by Directors and other people closely connected to the company
- Continuing compliance with corporate governance obligations

Disclosures can be made through Nasdaq Dubai's CANDI platform. After three years of being listed, the company can discuss with the DFSA whether there is a need to continue with the appointment of a Listing Advisor.

Launch Partners

Nasdaq Dubai will open the Growth Market with a number of Launch Partners including UAE free zones and Listing Advisors.

Is my company suitable for the Growth Market?

Nasdaq Dubai's international profile enables ambitious companies to benefit from listing wherever in the world they are based. Regional companies can go global and international companies can expand their presence in the region.

Is it expensive to list?

The process is designed to be very cost effective. This includes Nasdaq Dubai's fees and the Listing Advisor framework, which is more streamlined than the Sponsor framework required for a main market listing.

How long will it take to list?

It depends how ready you are. It may take at least a few months to ensure you have the right company structures and financial reports in place and to prepare the prospectus. Once the application for prospectus approval has been filed with DFSA, your company should typically be able to list within 28-42 days.

Can my company list in any currency?

Yes, you can choose which one you prefer without restriction.

Are there any foreign ownership rules?

The exchange itself imposes no foreign ownership restrictions. Companies based outside a UAE free zone may however need to meet foreign ownership limits under UAE law, whereby no more than 49% of a company may be owned by foreign nationals.

How do I choose a Listing Advisor?

We will introduce you to Listing Advisors. All have been carefully selected by Nasdaq Dubai to ensure they have the right capabilities. Nasdaq Dubai will not recommend a particular Advisor.

Can investors be confident that the Growth Market is well regulated?

Yes. The rules for preparing a prospectus, corporate governance, and post-listing disclosures are exactly the same as for Nasdaq Dubai's main market, under the Markets Rules of the DFSA.

What legal jurisdiction is Nasdaq Dubai in?

The exchange is based in Dubai International Financial Centre (DIFC), a free zone in the UAE that has an English common law framework. The DIFC was named as a global top ten financial centre in the Global Financial Centres Index in 2019

Can owners keep control of a company after listing ?

Yes, because they do not have to sell more than 25% of the shares in the IPO. So after listing they can still have a majority of the shareholder votes.

Do you allow companies to list on the Growth Market without selling shares?

An important factor that creates success in the secondary market is a price discovery exercise. This can be achieved through a book building exercise for a capital raise when a company sells shares. An offer of shares to the public in an IPO is highly recommended.

Can my company join Nasdaq Dubai if it is not yet ready for the Growth Market?

Yes it can join the Private Market segment of the Growth Market. On the Private Market a company's shares are held for safekeeping in Nasdaq Dubai's Central Securities Depository (CSD). This gives confidence to investors and moves the company into an exchange environment ahead of a possible listing. We can also work with you on your journey to prepare yourself for an IPO.

CONTACT |

GO
GLOBAL



We look forward to welcoming you to Nasdaq Dubai's Growth Market. Your success story is our priority. Contact our team to discover how you can take your company to the next level of growth.

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