

APPENDIX

Summary of outreaches conducted by EFRAG to form its assessment of the interest in a voluntary template for SMEs at the European Single Access Point for the purpose of facilitating financing

- 1 This Appendix summarises the interviews conducted by EFRAG to form its assessment of the interest in a voluntary template for SMEs at the European Single Access Point. They are complemented by the results of the surveys on the financing needs and cross-border investments in the European SMEs and startups. As the Appendix thus presents the input received from interviews conducted, which in turn represents personal views of interviewees, the information presented may deviate from other sources of information.
- 2 The summary is structured based on input received from:
 - (a) information providers (preparers/SMEs) (paragraphs 3 – 136);
 - (b) information consumers (investors, lenders and financing facilitators) (paragraphs 137 –300); and
 - (c) other stakeholders (academics and international aid organisations) (paragraphs 301 – 315).

Detailed outreach responses by group of respondents

Information providers (preparers)

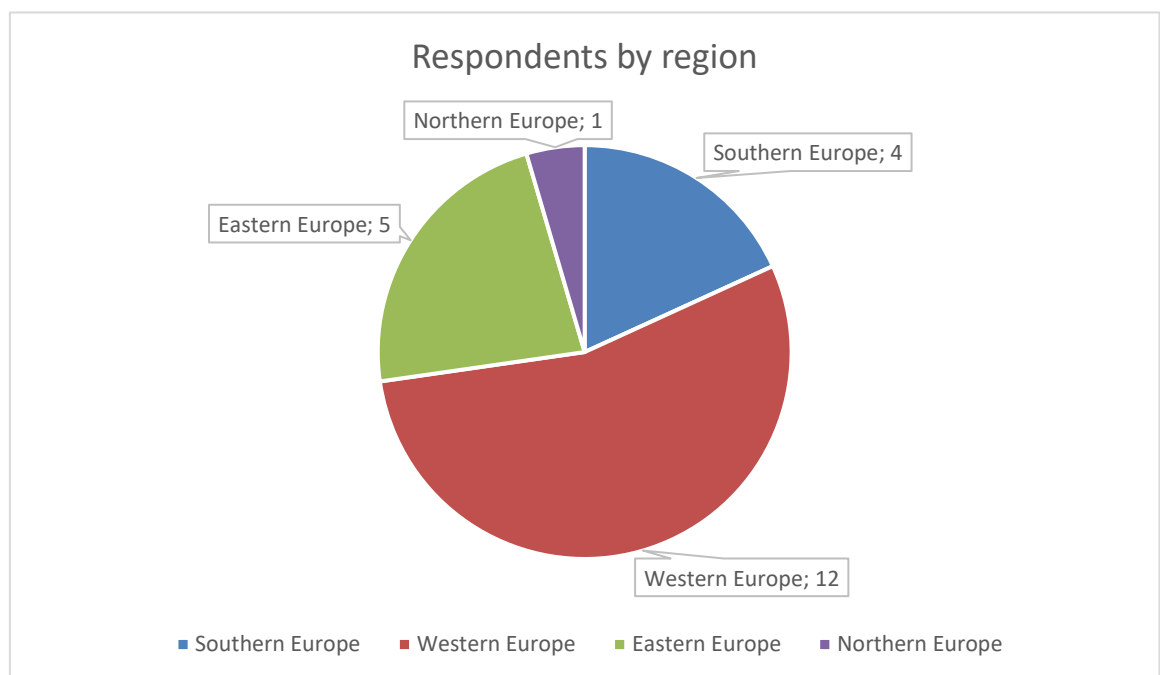
- 3 The input received from information providers depends to some extent on the stage in the lifecycle of the information provider. The input is accordingly summarised for:
 - (a) Survey results on the perceptions of SMEs and startups about the needs and obstacles they face in securing finance, including cross-border (paragraphs 4 - 11);
 - (b) startups (including input received from startup associations and representatives) (paragraphs 12 –65);
 - (c) fast-growing entities (scale-ups) (including input received from associations and representatives of fast-growing entities) (paragraphs 66 –86);
 - (d) ‘steady state’ SMEs (including input received from associations and representatives of ‘steady state’ SMEs) (paragraphs 87 – 119); and

Summary of interviews conducted on the interest in a voluntary template for SMEs at ESAP

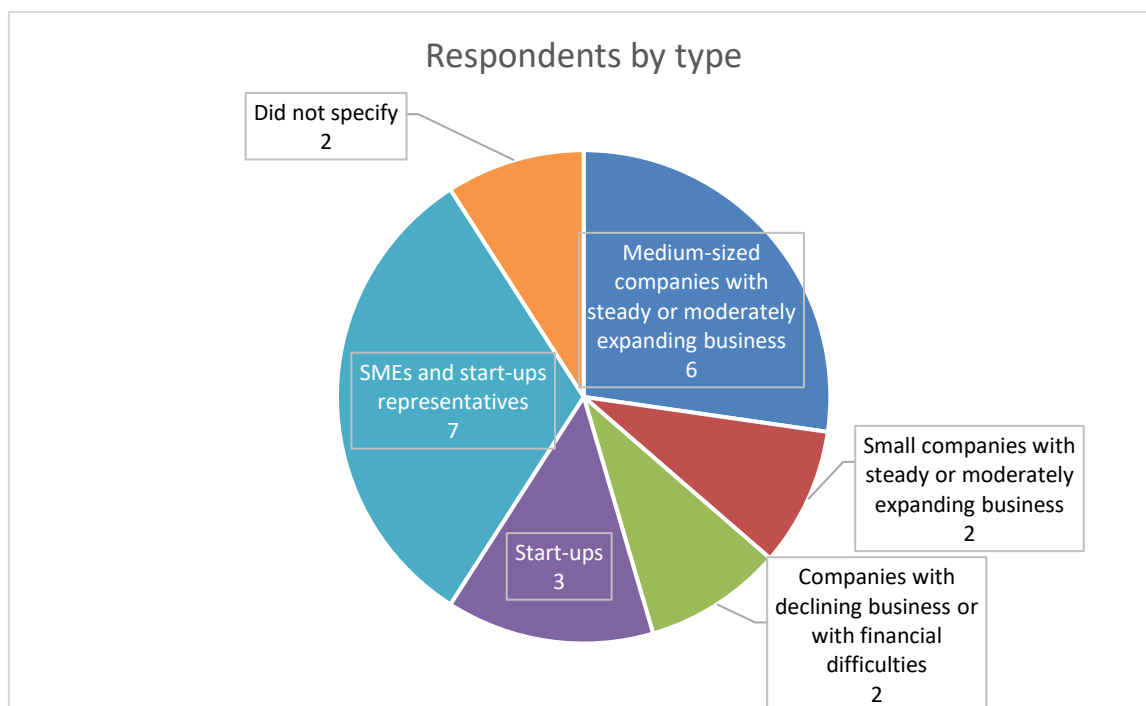
- (e) SMEs where the current owners are looking for other people to take over the company (including input received from associations and representatives of 'steady state' SMEs) (paragraphs 120 – 136).

Results of the survey for the SMEs and startups

- 4 The objective of the survey was to get insights on the needs and obstacles SMEs and start-ups face in securing finance, including any difficulties with cross-border funding opportunities.
- 5 EFRAG has received input from 22 European SMEs and start-ups, the geographical breakdown of respondents is presented in the chart below.



- 6 The chart below represents breakdown of the respondents by type.



- 7 Out of the 22, 12 respondents indicated a need for financing to start and grow their business by investing heavily. Eight of them conveyed that they were interested in debt while the other four indicated their interest in equity financing.
- 8 From those interested in debt, a medium-sized company explained that it was easier to get a loan than to raise capital. On the other hand, a startup preferred equity financing, because their activity was risky and banks would not follow.
- 9 14 out of 22 respondents reported difficulties to get financing in their country, noting the administrative burden for small companies, such as dealing with different reporting and regulations, as one of the main reasons. They also noted that local investors/banks were too risk averse.
- 10 Five of the respondents who reported difficulties to get financing in their country, tried raising finance cross-border (both equity and debt). One of them reported encountering issues and explained that they received initial funding in the US and another one noted administrative burden and limited access to investors as main obstacles.
- 11 Those who did not try to get financing cross-border, reported that there was no need to do so, because their business was focused locally or that investors abroad would not be familiar with the local market.

Startups and their associations/representatives

- 12 EFRAG interviewed 14 startup companies including their representatives and associations.

Primary financing needs and type of financing preferred

- 13 Funding is needed for startups and scale-up companies. Existing entities might need working capital financing which is better arranged through revolving credit line with a bank.
- 14 Startups and scale-ups usually need equity investments more than credit and because they are riskier than 'steady state' SMEs, capital investors are better placed to do it. As a result, 98% of them belong to private investors.
- 15 Often there are centres of excellence by industry either within the same country or between the countries. For example, in Ireland medical technology centre is in Galway, pharmaceutical – in Cork, data and technology in Dublin. On the European level, healthcare startups often go to Germany, as the registration process is simpler there. The startups have easier access to financing when established in the excellence centres, as the investors with a specific sector knowledge are present there.
- 16 The startups look for investors on LinkedIn, through pitch and other events, and their network and personal connections. Some do not limit themselves to Europe only but look globally. Some create their profiles in the existing commercial databases to make themselves known.
- 17 Some respondents considered that early-stage financing of startups in the EU is relatively well covered. There are many accelerators and business angels who received some financing from the EC. But it becomes a problem when a startup reaches series B or C (EUR 20 – 50 million). Scale-ups go to the US as valuations and growth are higher and the prospects for exits are easier.
- 18 After pre-seed and seed the fundraising is still in the same area. With bigger rounds – it becomes more international with bigger funds. After series A and B there is no money in Europe and it takes too long, therefore a startup would go to the US (Delaware swap). Another respondent considered that valuation in the US is three times more than in Europe which incentivises the startups to go to the US.
- 19 Information providers considered that Dutch investors are very conservative, risk appetite is lower than in the US. VC acts sometimes more like a bank than a VC. Since there is no single capital market, investors are regionally oriented and invest in regionally oriented markets. The mindset of startups and investors do not look at the EU market.
- 20 Different financing options are being developed to respond to startups' needs: convertible loans up to a certain amount (e.g. EUR 250 000), public funds with a loan matching facility (EIFO) - one of the best early-stage financing tools in 2025 in Denmark. Convertible loans

go much faster than equity rounds because they are simpler. Some university accelerators help startups to map their financing from the first idea to scale-up.

- 21 On the EU level there is a risk of shift of fundraising rounds to funds that deal with series A. There is a gap of funding on pre-seed and seed level.
- 22 US investors invest on the Polish market. However, the number of startups and the quality of the ideas is decreasing in Poland. There is sufficient information how to start a business but not enough on how to grow it and on possible sources of funding. There is an information gap between the countries of the EU, the focus should be on long-term financing. Crowdfunding is just starting in Poland.
- 23 Spanish startups are financed by the owners, it is difficult to get equity locally and cross-border. To obtain a loan owners have to provide bank with personal guarantees, so it becomes similar to equity for the owner. An SME normally gets debt and equity from own resources.

Problems to raise finance

- 24 To raise funding for startups and scale-ups in Europe was perceived as important issue by some respondents, particularly for capital intensive industries and investments in intangible assets, such as intellectual property. For these entities it was more difficult to raise finance due to lack of physical collateral, credit history, etc. IP is not considered as a collateral by banks. However, there is no regulatory barrier preventing them from access to finance.
- 25 Banks are reluctant to give credit to a startup as there is no history, no collateral and the risk level is much higher. Sometimes, they can give personal loans to the founders, but the amounts involved are small.
- 26 In Poland, for example, startups are financed by structured finance and SPVs for special purpose lending, such as real estate or agriculture. However, if a startup needs credit, the bank, in the absence of a credit history, will only provide credit if the owner has his own personal account in this bank with a good credit history.
- 27 As a result, a startup is often financed at the very beginning by its founders, then by friends and family, then by business angels and for scale-up - by venture capital funds. However, there is a funding gap at the seed and scale-up level. There are more startups than investors.
- 28 In Germany there is no perception of an issue with funding of startups at an early stage where a ticket price is relatively low. Various public-private co-funding programs exist here

public funding is merged with VC or PE funding (up to EUR 20 – 50 million of investment). It could be different at a scale-up level where amount of funding raises over hundreds millions of euros.

- 29 On the other hand, Norwegian companies struggle getting funding from pre-seed to scale-up stages, because of the funding gap in the market and lack of government mobilisation during last years. Founders and funds report lack of financing and advocate for more funds of funds type of financing. They see less interest from international investors for the last years, linking it to the raise of taxes. Funding gap became bigger in recent years and founders need to go abroad to get a proper funding. Norwegian stakeholders advocate for political efforts to breach the funding gap, such as:
- (a) Governmental risk capital (fund of funds), no new money going there for the last 3 years.
 - (b) Tax reform in Norway, providing tax incentives for startup funding for regular people and small-scale investors. Also, pension funds could invest in startups through fund of funds.
- 30 Some consider a lack of capital as the main barrier for the access to finance, noting that 2025 was the worst year since 2015.
- 31 Fundraising in Europe takes 1.8 times longer than in the US with 5 times less money. Money is critical for being successful: you can hire more people and create more speed.
- 32 For example, many growing companies leave Ireland and relocate to the US because of financing issues and regulatory burden. Irish market is not big enough to attract international investors.
- 33 Another difficulty for startups is that most of the public investors are generalists and the information about the investors specialised in certain areas is often missing. In addition, there are not enough investors in the mid-market. One of the initiatives is to have a co-investment of a fund with for example a government aid.
- 34 In Spain, main barrier for startups and fast-growing companies is of lack of trust by investors and lenders: they need a guarantee to provide finance. Therefore, main source of financing remains own resources. Private investors, such as business angels, are mostly interested in scale-up companies. There is an event (sales summit) focusing on startups in order to bring them in contact with investors.

- 35 Another barrier is the heavy taxation of entrepreneurs in some countries, such as a tax on unrealised capital gains. This coupled with the heavy bureaucracy in some countries does not help startups get financing easily.
- 36 In France, no problem with bank lending was reported, but equity financing slows down due to the geopolitical uncertainties. Funds concentrate on existing investments which are sometimes quite big and thus not enough capital is left for the rest of the startups. The number of funds raised hit its record low of 105 in 2024 (since 2021).
- 37 Some of the reasons for that: fewer funds, greater investor caution, longer fundraising rounds, and a concentration of capital in a limited number of deals or in more mature companies, which makes access to financing more difficult for startups.
- 38 If a startup is accompanied by a university incubator, it makes it more credible. In many countries incubator is joined early in the process and it functions as a connection between investors and firms. They organise pitch days, meetings, etc and all of them are very local.
- 39 However, university financing at a seed level often takes too long. Moreover, overall terms can make a company not investable (e.g. if university has a say on a strategic decision making). If university has a lot of ownership in a startup it is often difficult to attract new investors.
- 40 There are two valleys of death on a startup journey – between business angels and venture capital (from proof of concept to proof of business) – it could be too early for venture capital and too far for business angels; and between series A and B when large amounts of funding are needed.
- 41 To improve this situation it was suggested to:
- (a) Create the 28th regime to help creating a pan European platform to match ambitious startups with funds and without having to understand legal frameworks in each Member State.
 - (b) Improve access to finance for startups and scaleups by the European Innovation Act proposals.
 - (c) Adapt prudential regulation (Solvency II, CRD) to ease the investments in unlisted equity, including regulation for IPOs.
 - (d) Improve legislation about employee participations and physical persons investments. For example, Swedish system makes it easier for physical persons to invest in stocks.

Summary of interviews conducted on the interest in a voluntary template for SMEs at ESAP

- (e) Get political support to make insurance companies investing insurance products into SMEs and startups as they do in the US.
- (f) Create an equity culture in EU financial system.
- (g) Educate investors and startups.
- (h) To get more money in the market (reduction of the EU markets fragmentation, administrative burdens, different legislations is less of an issue).
- (i) Allow the creation of bigger companies (megacorns) in the EU legislation.
- (j) Revise the recommendation of business transfers in the EU – to help with exits.
- (k) Create a single unified market to remove the issues of entering other markets, such as taxation, administration, legal requirements.
- (l) Create more adaptable financial instruments to address structural failure of capital markets and to breach scaling gap. These include mezzanine capital, quasi-equity, catalytic grants, etc. Quasi equity operates similar to convertible debt, it is linked to performance of the company but is a debt instrument. Repayment depends on annual performance of the company and can be adapted.
- (m) Create internalised investment funds in the universities which can help finance spin-offs and startups.
- (n) Standardise KTO and TTO agreements and make more soft funding available for startups.

Interest in cross-border finance and issues with it (if any)

- 42 Startups tend to go first for local sources of financing, because cross-border financing is perceived as more complicated due to different insolvency procedures, difficulties with recovery of collateral, different taxation, consumer protection laws, enforcement procedures. In addition, different languages and forex exposure add to the potential problems. On the other hand, at the local level both startups and investors know the local eco-system. Also, investors do not like to invest in the project outside of their expertise. In a particular locality investors tend to invest in similar projects. So, if a startup does not fit a trajectory of a locality, it is more difficult to get the money as there is no expertise in place and a startup has to move to other locality where their business will be understood. It was noted that the country where the IP gets registered influences if investors would be interested to invest in it.

43 Trust issues can also play a role. In Poland trust to a foreign investor is lower than in Western Europe which is probably due to cultural reasons. Cross border flows are therefore not very well developed, and the market is highly fragmented. For example, Swedish fund will not invest in Croatian startup, because of the insufficient Croatian market knowledge. According to Invest Europe 2024 statistics of cross border flows in the EU in the VC space, there are EUR 9.5 billion of domestic investment, EUR 5.4 billion of cross border investments within the EU. Non-EU firms investing in the EU scale-ups for EUR 3.1 billion, the EU funds investing outside the EU for EUR 1.5 billion.

44 To go cross-border a startup needs to have at least one local investor. There is already a new AI based database [Hello Tomorrow](#) which deals with connecting key players of a startup ecosystem, through events, providing innovation consulting and analysing trends and dynamics on the market.

45 Cross-border financing may be needed if local investors do not have sufficient money. In Germany startups can find funding on a local level until EUR 20 – 50 million, after they need to go abroad.

46 Norwegian businesses call for international and more ‘competent’ money. The main cross-border trends are Sweden, US and UK, because of less regulation for IT companies and tax advantages. It is easier to scale in larger countries than in the EU, because of different regulations.

Would putting key information on the ESAP help you to raise finance?

47 Stakeholders provided mixed views on the usefulness of the ESAP voluntary template for startups.

48 Some considered that having cheap access to a standardised and comparable information in one place would be beneficial for investors. There should be an incentive for SMEs and startups to use it. Companies need to see it as a genuine way to facilitate investment.

49 They further noted that filling in an additional template provided that it is concise and relatively straightforward will not overburden the startups as they are used to do it to get funding.

50 A Northern European respondent also considered that ESAP could be useful for researchers. The national databases in some countries have a lot of information and it could be useful to push it through ESAP. Some countries require consent to use this information (e.g. Germany - yes, Norway - not). However, other respondents were more sceptical about its potential usefulness.

Summary of interviews conducted on the interest in a voluntary template for SMEs at ESAP

- 51 They noted that many other local and international platforms connecting investor with investee exist already: [Angellist](#), [Pitchbook](#), [Dealum](#), [Crunchbase](#), [Signal](#), [Republic](#), [Crowdcube](#), [Invesdor](#), etc. Some of them (e.g. Dealum) have reasonable price.
- 52 In Germany, for example, there are several regional databases to bring together investors and investees and also to inform startups about the pitch events and other financing opportunities. Some municipalities invest important amounts to make startups visible for free. Additional database with KPIs will not bring any added value as the startup business is about connections and not about reporting. In addition, different industries require different types of information and it cannot be standardised.
- 53 Respondents noted that it should be clear what problem ESAP voluntary template is trying to solve compared to already existing privately managed EU platforms and events. For example, in Denmark startups have a wide range of tools to find investors. Startups are focused on who has the money, and another platform with unknown quantity of money may not attract their interest. It may eventually be useful for smaller countries with startups ecosystems not much developed.
- 54 Other stakeholders did not see a need for a voluntary template at ESAP. A Western-European respondent did not see the use, as startups inform investors about themselves through warm intros and events in an informal way. Usually startups chase investors and not the other way around. The real data (product being developed) is only disclosed to investor when they are close to a deal often through an informal way. The investors use existing databases, like PitchBook.
- 55 Also, some Eastern European respondents were not convinced that ESAP will be used by the institutional investors as they already have their tools, but it could be a good source for the academics and for individual investors. European coverage of the database may also be interesting, on the local level there is already enough information about companies in the national register.
- 56 Some expressed doubts about the usefulness of the database because, investors normally look for a particular business idea or technology and not for a company to invest in.
- 57 Respondents further noted that there should be a traffic on a database for it to be useful, possibility to put a teaser video was also suggested. The data should be frequently updated in some cases, for example for pitch deck – every three months. Some considered that updating the information should be mandatory as startups are very busy and will not update it on voluntary basis.

Summary of interviews conducted on the interest in a voluntary template for SMEs at ESAP

- 58 The voluntary template should be simple, regularly updated (more often than once a year) and be automated as much as possible. Concerns about the 'peer pressure' were expressed, by one Northern-European respondent, which would mean that although the template would be voluntary, entities would be pressured to use it.
- 59 It was suggested, the voluntary template could also contain an information about investors, enabling startups and SMEs to directly contact them.
- 60 Concerns were also raised about scope limitations of the access to the information, as sensitive information could be accessed by the competitors. Although confidentiality of information is one of the risks for a startup, the information which is shared during a pitch event when looking for investor could be put on ESAP voluntary template as well.

What type of information would be useful?

- 61 The template should contain only main indicators, preferably specified by sector and entity type (different between an existing SME and a startup).
- (a) information about the founders and the team;
 - (b) company governance and ethics;
 - (c) information about the ability to scale;
 - (d) business model;
 - (e) innovation idea; business model;
 - (f) product use cases;
 - (g) purpose of investment the company is looking for (i.e. for what is the company looking for money);
 - (h) mix of financial and non-financial information with basic KPIs;
 - (i) ROI;
 - (j) profitability;
 - (k) size;
 - (l) pitch deck – but they change very quickly. After 3 months it is already obsolete;
 - (m) teaser of the company and;
 - (n) how much capital was raised.

Should this information be standardised in some way and/or audited?

- 62 One respondent considered that standardisation of information or whether it is audited was not very important for startups. The most important was to convey their story and that they are looking for funding.
- 63 Another respondent supported this view by saying that comparability is not that important and that startups and SMEs are already comparable as much as possible as they apply Accounting Directive.
- 64 However, another respondent considered that information should be standardised to increase investors' confidence. It could be done by choosing the simplest option from the Accounting Directive or IFRS for SMEs.
- 65 Another respondent supported the latter view, highlighting that the way of calculating non-financial KPIs should be comparable or at least the calculation method should be disclosed.

Fast-growing entities (scale-ups) and their associations/representatives

- 66 EFRAG interviewed 7 scale-up companies including their representatives and associations.

Primary financing needs and type of financing preferred

- 67 Startups and scale-ups mainly use equity financing. There might be some governmental monetary and non-monetary aid, but not through platforms connecting investors to SMEs.

Problems to raise finance (if any)

- 68 Respondents considered access to growth capital as an important issue in Europe. The faster the company grows, the more difficult it becomes to find funding in the EU. Funds are unable to deploy EUR 10-20 million in an early-stage development. This creates a venture capital funding gap on a scale-up level. It is extremely hard to grow fast in the EU compared to the US because of the fragmented market, higher regulatory costs, language barrier, taxation, more efforts to get a customer and market expansion. Scaling up in Europe is much more expensive and more time consuming than in the US.
- 69 The creation of the [European Scaleup Fund](#) announced recently, which blends private and public funding could boost the investments. Europe is too slow for the fast-growing companies who need to raise capital fast.
- 70 Nevertheless, in some areas, such as France, no problems with raising finance were reported. Some issues might exist at scale-up level, but there are local programmes, such as Tibi initiative, to finance the development of French technology companies who has potential to become European and global leaders (Tibi initiative). The objective of this programme is to direct large private savings toward technological innovation.

- 71 Venture capital and business angels network are quite developed in some areas like France, allowing startups and scale-ups to get financed locally. There are platforms in France connecting innovative entities with potential investors, such as lesdeeptech.fr.
- 72 The low number of technological startups and scale-ups in some areas, for example Spain, was explained by a fragmentation of the market not only on a European but also on a local level. The US market was considered more attractive due to its size, less fragmentation and higher appetite for new and innovative products.
- 73 In other areas, like Estonia, when there is a need to scale-up a business, business angels need to go to investments funds for additional financing. Software startups need more money and therefore investors change.

Interest in cross-border finance and issues with it (if any)

- 74 Interest in cross-border financing and the stage of a company when it becomes required are different in different European countries. It depends on the size and the level of the development of the economy. Generally in larger economies companies can stay financed locally longer than in smaller or less developed economies.
- 75 In areas like Spain scale-ups and mid-caps have interest but have problems to access cross-border financing.
- 76 Also, in areas like Estonia to scale-up a business, one need to go abroad as there is not enough money locally. This is especially true for tech startups and scale-ups. Similarly, Irish companies are interested to go cross-border as Ireland is a small country and it is difficult to raise finance there.
- 77 In some areas, some cross-border financing is common. In Austria, for example, it is usual to have co-investor from Germany. At every funding round the geographical coverage of potential investors grows. However, US is still an attractive market and VC funds are much bigger.
- 78 In other countries like Germany, scale-ups have to go abroad only when they need funding over EUR 50 million, otherwise several local public-private co-funding programs are available for them.
- 79 Some companies go to the US, because of scalability, easier market fit (digital tech side), customer base in the US is more test friendly for new software, they can raise much bigger amounts. However, going to the US adds another level of difficulty because a company needs to change the legal structure to get the US presence.

- 80 In case of a pool, the flows between the VC funds may not be identifiable and the cross-border financing may not be seen. Final beneficial ownership may not be transparent as there are contracts between the VC funds which are not public. A greater transparency in a private capital market would therefore be welcome.

Would putting key information on the ESAP help you to raise finance?

- 81 The voluntary template project was considered important for SMEs as it will allow them to convey the information about themselves at the European level. The voluntary template was considered more useful for the scale-up phase and established SMEs trying to grow than for startups. The voluntary template could improve visibility, comparability and trust and it will put additional pressure on the providers of similar databases. The voluntary template could serve general economic interest, as it helps SMEs practitioners to provide the information and will create market for other participants. It could also be used to improve 'green' investments.

- 82 The interviews indicated that a voluntary template on ESAP could be a useful tool to connect SMEs with investors and to help scale-ups to go to public markets. For example, it could be used to match a scale-up and a pension fund with a help of a financial intermediary who will verify the data and do due diligence.

- 83 An accounting standard setter noted that the fact that ESAP is government based and contains a regulated information can be disincentivising for investors. It may be better to have two separate platforms or to make it private to avoid a link to a compliance mindset.

What type of information would be useful?

- 84 The following type of information was mentioned by various stakeholders to be useful in relation to the screening for fast-growing entities/scaleups in need of finance:

- (a) business idea;
- (b) invested capital and return on invested capital;
- (c) cash flow information;
- (d) intangibles including IP; and
- (e) ESG indicators.

Should this information be standardised in some way and/or audited?

- 85 It was suggested to use local GAAP and to indicate if the information is audited. SMEs generally do not have complex financial products or operations, so local GAAP is sufficient.

- 86 On startup and scale-up level, there is too much uncertainty, so comparability and assurance (audit) are not important. A disclaimer could be added stating that information is not audited.

SMEs (steady) and their associations/representatives

- 87 EFRAG interviewed 17 SMEs including their representatives and associations.

Primary financing needs and type of financing preferred

- 88 Financing of established SMEs consist of 40% loans, 40% overdrafts and 20% leasing. Leases are mostly local as they are dependent on collateral. The established SMEs mostly need funding for liquidity and operational purposes. They mostly borrow locally, very few – nationally and almost none abroad. Banks provide funding to these SMEs as they have assets which can be used as collateral.
- 89 A Western-European respondent noted that around 80%-90% of SMEs in its country are financed by a bank loan, some banks have programs offering small equity financing to SMEs. The balance between newly created and closed businesses over a year is positive. The majority of businesses close without insolvency procedures, only a small part goes bankrupt. This is a normal process helping economy to refresh.
- 90 However, a Southern-European SME association noted that main source of financing of SMEs in Spain were own resources as banks and private investors required additional information (for example on sustainability) and guarantees which was costly to provide. Majority of SMEs in Spain are family businesses and they do not want to have external investors in order to keep their voting rights.
- 91 This was confirmed by another respondent who noted that the majority of the European SMEs are family companies and they do not want to lose control over their business. Therefore, Europe must innovate in the debt instruments.
- 92 Polish SMEs are mostly financed by bank loans, but many SMEs prefer leasing. The EU funding is also available for them.
- 93 Regular SMEs tend to seek credit locally with their bank, the needs in raising capital are rarer and are done through different private investment vehicles. If SMEs want to have external investor, they have to go through a due diligence process, provide forward-looking information, describe potential of the business, etc. They are supported by regional programmes and family offices, crowdfunding, and similar.

Problems to raise finance (if any)

- 94 A pan-European representative of finance providers did not see problems with access to lending-finance by SMEs. Domestic markets are already developed enough. Three Western-European SME representatives agreed with this view. French SMEs have an easy access to bank lending but raising capital is more difficult. In France there are initiatives in place to help SMEs and micro-entities.
- 95 No particular issues with getting credit by SMEs were reported by a pan-European respondent. Classical SMEs are micro enterprises - 94% of all SMEs and they are getting credit domestically. EIF can provide general guarantee on SMEs loans below EUR 100 000. Loans above EUR 1 million are very rare for SMEs.
- 96 The high costs of going to the market or obtaining a bank loan were reported in Spain. Banks often required guarantees or many additional information.
- 97 In Lithuania some SMEs were struggling to get financing due to lack of collateral amongst smaller companies and lack of awareness of alternative finance opportunities. Amongst other reasons low level of equity and financial reporting literacy were reported.
- 98 In case of difficulties raising funding with banks due to the regulatory restrictions, not allowing them to take risks, SMEs can use alternative sources of non-dilutive financing, like leverage lending and preference shares. Due to the higher risk, the interest they pay is higher than for normal debt (e.g. 10%).
- 99 The respondents, therefore, suggested to extend the use of other forms of equity, like multi-voting stock avoiding dilution across Europe.
- 100 Several respondents were of the view that the main problem with raising finance is that financial markets do not work efficiently. In the absence of well-functioning single capital market, the funding problem will not be resolved.

Interest in cross-border finance and issues with it (if any)

- 101 According to a Pan-European respondent representing SMEs, the absolute majority of SMEs have no interest to go abroad neither for their business, nor for financing. Active cross-border SMEs and startups could be interested, but they face problems with different insolvency laws, taxation, supervision rules, languages, etc. Cross-border financing has additional risks. For example, SME loans are four times more expensive in Italy than in Germany, because it takes up to ten years for a bank to recover the collateral.

- 102 In Spain, as noted above, there is no culture to go for cross-border financing, the language barrier was noted as one of the obstacles. It was also noted that it is easier to obtain a loan for a branch in France from a French rather than a Spanish bank.
- 103 Since no problems with raising finance by SMEs were reported in France by Western-European stakeholders (banks and SMEs), there is less incentive for French SMEs to look for cross-border financing.
- 104 In Poland, SMEs work first with closest countries, Germany and the Czech Republic, US investors are also present on the market.

Would putting key information on the ESAP help you to raise finance?

- 105 Respondents provided mixed views on whether they would provide information to a voluntary template on ESAP. Some considered that the EASP platform will provide SMEs the possibility of conveying the information about them, especially on a cross-border level and to easier find investors or a pool of investors. Such a unique point to access the information is easier to manage and it will provide a cheap access to the information.
- 106 Other respondents were of the view that in the absence of well-functioning single capital market (different legislation, taxation, etc), the voluntary template on its own will not improve access to finance.
- 107 A Western-European association of SMEs thought that it could be useful to raise finance for specific projects, but was concerned about confidentiality of the information and negative impact on competitiveness if all the data on ESAP will be publicly available. Another French respondent, however, considered that entities can decide what type of information they want to disclose on a publicly available platform to avoid confidentiality issues. This respondent considered that the template could help entities who have difficulties obtaining finance locally. It noted, however, the following obstacles:
- (a) Some companies wish to disclose as little as possible about their internal strategic information.
 - (b) Additional costs incurred, including expenses required to comply with the data formats mandated by the ESAP platform (such as XBRL), staff training, and the implementation of control procedures.
 - (c) Companies participating on a voluntary basis will also need reassurance regarding the following points:
 - (i) use and dissemination of data to other economic actors; and
 - (ii) data protection (confidentiality) and cybersecurity.

Summary of interviews conducted on the interest in a voluntary template for SMEs at ESAP

- 108 Other respondents noted that generic information from financial statements could hardly be confidential, but if such concern arises, it can be addressed by creating dedicated user profiles having access to particular type of information.
- 109 A SME representative considered that companies in some jurisdictions, for example, in Ireland, will be interested to use voluntary template to get in touch with the EU market and help with language differences. However, a voluntary template may become mandatory due to a 'peer pressure'. It is important not to create additional reporting burden on the entities, especially SMEs, need to keep a balance between burden and benefit.
- 110 It was also noted that if reliable ESG information is available on ESAP, it will attract investors looking for sustainable investments.

What type of information would be useful?

- (a) a mix of quantitative and qualitative information in local GAAP;
 - (b) supply chain information;
 - (c) revenue;
 - (d) operating profit;
 - (e) net result;
 - (f) capital invested;
 - (g) net debt and bad debt provisions;
 - (h) net working capital;
 - (i) cash flow information;
 - (j) liquidity ratios; and
 - (k) VSME indicators.
- 111 It was stressed that information in the template should not duplicate the existing information provided to the authorities. If it does, then it should automatically be fetched into the template to avoid additional burden on the SMEs.

Should this information be standardised in some way and/or audited?

- 112 It was suggested to use local GAAP and to further indicate if the information is audited. It was stressed not to increase the administrative burden on SMEs by additional reporting. Entities subject to audit should provide audited information or entire financial statements to increase trust in the reported data.

Summary of interviews conducted on the interest in a voluntary template for SMEs at ESAP

- 113 One respondent noted that a standardised template would be better, but it would be costly and suggested to start with local GAAP and to come to this question later.
- 114 Lithuanian stakeholders stressed that the information should be standardised in some way and assurance on the reliability and quality of information should be provided for the database to be trusted. Using XBRL and XBRL converter like the one developed by EFRAG for ESRS, could add some assurance about the quality of data.
- 115 Representatives of accounting and audit profession expressed their preference for the information in the template to be standardised. With one respondent suggesting using a single structured format, such as XBRL/iXBRL, a common accounting framework across the EU, similar to the one for listed companies. The respondent was in favour of either choosing the simplest option from the Accounting Directive or using local GAAP numbers with the explanation how they were calculated.
- 116 This respondent also suggested that ESG information should be fetched to ESAP automatically from VSME reporting. Other data fields should be standardised, like LEI code, sector of activity, definition of the turnover, number of employees, etc to make the comparison more precise.
- 117 A pan-European organisation suggested to endorse IFRS for SMEs to help with the comparability of financial statements around different EU countries. According to them, this would help cross-border investments.

Would it help to obtain better payment terms from your suppliers?

- 118 A respondent noted that it takes years to build the trust of suppliers and that template would hardly help with it.
- 119 In Spain one can check credit-worthiness of a customer through a trade organisation or a credit-rating agency. There are also affordable insurance products that cover non-payment of a customer.

'Exit' SMEs

Problems to find an acquirer (if any)

- 120 Selling a small business is an issue, it is not easy to find an acquirer. Exit market is very difficult now in the EU, investors cannot sell their existing portfolios. This, in turn, limits their possibility for further investments. Pre-money valuations of some existing platforms were perceived as not reliable and too high. As a result, these companies are unable to perform according to their promises and the market valuations crashes.

'Old companies'

- 121 In Spain it is complicated from a regulation point of view to take over a local company when an owner retires. A remote location of a company, problems to get new workforce, etc. were reported as obstacles for investors.
- 122 It is also difficult to find an investor in Germany for the SMEs where the current owner wants to exit for example due to age. In Germany around 30% of the SMEs are closed because of the age of the owner.

Startups

- 123 Business angels can partially exit from a startup when a venture capital fund steps in or at a later stage which could be either IPO or a sale to a big corporate. In Hungary IPO can be done at a stock exchange for SMEs BSE Xtend with looser conditions and less stringent requirements. A company can also hire an M&A consultant to help finding a buyer.
- 124 It takes on average seven to eight years for business angels to exit, the best solution that the startup is bought out by a large company. Syndicated investors could be another option, in this case business angels do not exit when venture capital enters, but are pushed down the ladder until they can exit.
- 125 European IPO market became also quite difficult in the 2023-2025 compared to 2020-2021. The reasons for that are the mix of low interest rates, inflation and geopolitical instability. Some respondents said however, that private capital investors often overprice their investees, making them difficult to sell (through an IPO).
- 126 In Spain there is only one fund focusing on selling small and mid-caps and one online platform connecting sellers with investors. However, Spanish economic ministry is thinking about the platform on national level to link sellers and buyers.
- 127 IPOs are almost not present in Austria, capital market is underdeveloped.
- 128 Main exit channel often remains a sale to a strategic business partner, not an IPO.
- 129 More money and liquidity in the EU are needed to have a well-functioning IPO market. More IPOs in the EU should be able to scale faster to the next size. If there is an EU IPO platform, it still needs to provide the better price than in the US, and for this a single EU capital market is needed. The more niche market it becomes, the lower the IPO price is.

Summary of interviews conducted on the interest in a voluntary template for SMEs at ESAP

Interest and issues with cross-border acquirer (if any)

- 130 If an SME cannot find an acquirer locally, it would be interesting to get an acquirer from abroad. For example in case of an IPO to get more financing. There are not many IPOs in smaller European countries like Estonia.
- 131 Companies often do IPOs outside the EU because of the lack of investors' base and investors being really risk adverse. The US has got very flexible public market with many pension funds, high worth individuals, whereas the EU is very bank centred. There is no single EU capital market for the IPOs and national legislative differences result in a market and investor fragmentation. Certain markets managed these difficulties e.g. Warsaw stock exchange with many IPOs coming from private equity world.

Would putting key information on the ESAP help you to find an acquirer?

- 132 Platforms promoting business transfers are currently very national. EC is planning to update recommendations on business transfers and in this context ESAP might be helpful. However, confidentiality of the information should be considered.
- 133 For an average local SME for sale there is often a need to find a new entrepreneur and not to go for an IPO or to get sold to a bigger company. There was a doubt that these types of entrepreneurs would use ESAP or even be aware of it.
- 134 On the other hand, it was also thought that a voluntary template on ESAP can be useful for SMEs where an owner wants to exit as it will make a company known across Europe and increase the chances to find an acquirer. Having more clarity on how investors could get their money back would stimulate investments.

What type of information would be useful?

- 135 Respondents did not provide comments on this question.

Should this information be standardised in some way and/or audited?

- 136 Respondents did not provide comments on this question.

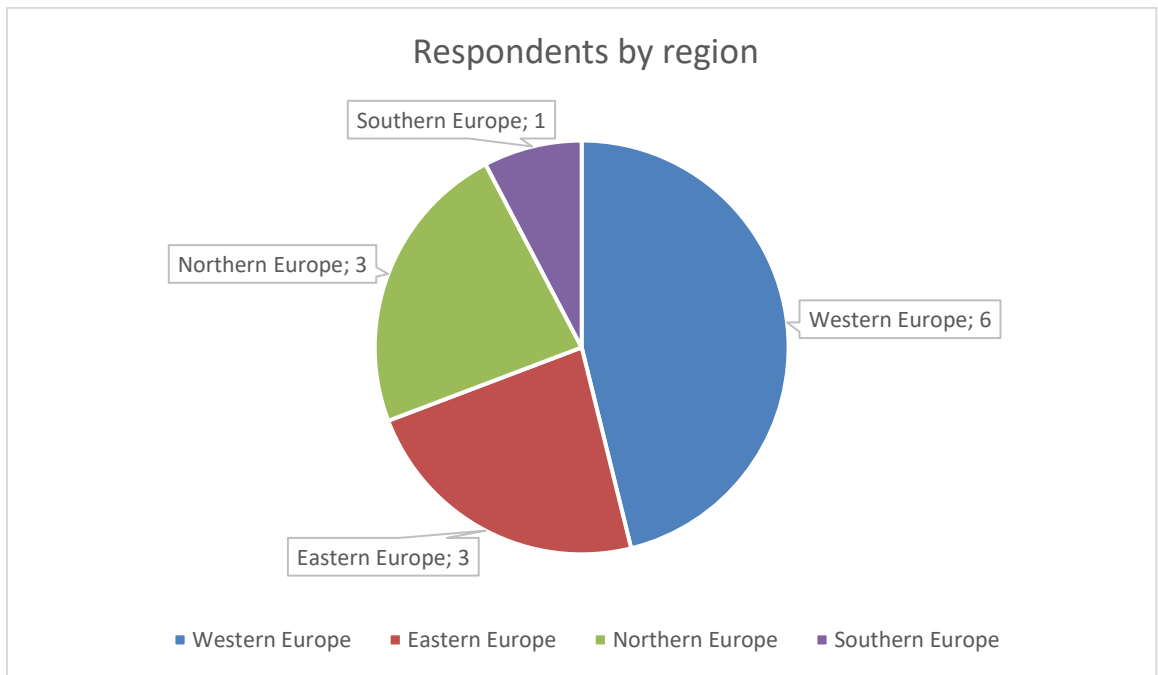
Information consumers (investors and lenders)

- 137 The input received from information consumers depends to some extent on the type of information consumer (finance provider). The input is accordingly summarised for:
- (a) Survey results on the perception of investors and finance providers about key challenges they face in finding and assessing potential European SMEs and startups investment targets, particularly in a cross-border context (paragraphs 138 – 143);
 - (b) commercial/corporate banks (including input received from associations and representatives of commercial/corporate banks) (paragraphs 144 – 172);

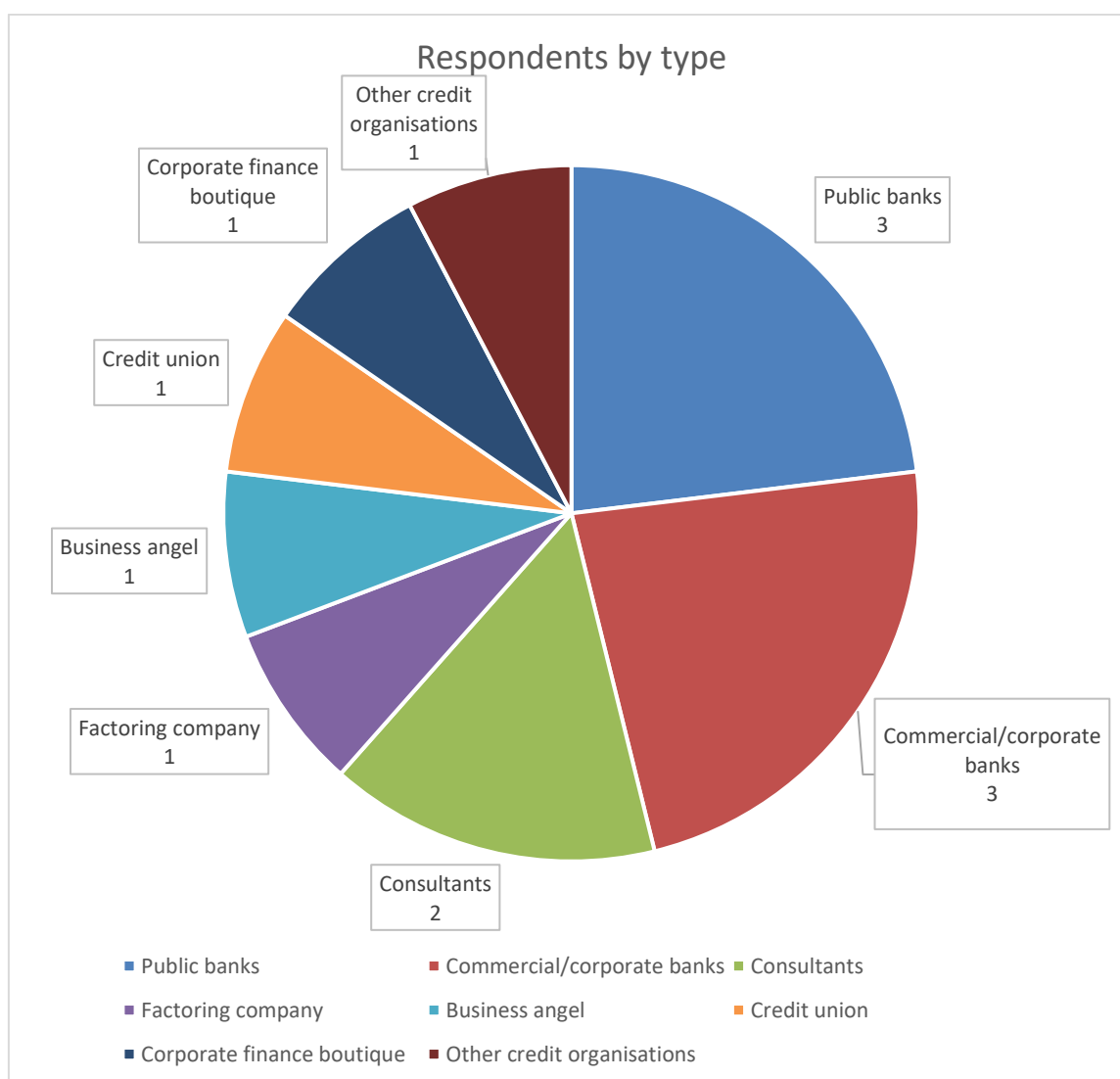
- (c) investment banks (including input received from associations and representatives of investment banks) (paragraphs 173 – 180);
- (d) public banks (including input received from associations and representatives of public banks SMEs) (paragraphs 181 – 193);
- (e) other public and EU-backed financing providers (including input received from associations and representatives other public and EU-backed financing providers) (paragraphs 194 – 207);
- (f) debt funds (including input received from associations and representatives of debt funds) (paragraphs 208 – 215);
- (g) pension funds and insurance companies (including input received from associations and representatives of pension funds and insurance companies) (paragraphs 216 – 228);
- (h) peer-to-peer lenders (including input received from associations and representatives of peer-to-peer lender) (paragraphs 229 – 240);
- (i) factoring companies (including input received from associations and representatives of factoring companies) (paragraph 241);
- (j) crowdfunding platforms/providers (including input received from their representatives and associations) (paragraphs 242 – 249);
- (k) private equity investors (including input received from associations and representatives of private equity investors) (paragraphs 250 –283); and
- (l) IPO advisors and M&A consultants (including input received from associations and representatives of IPO advisors and M&A consultants) (paragraphs 284 – 300).

Results of the survey for investors and finance providers

- 138 The survey aimed to identify the key challenges investors and finance providers face in finding and assessing potential European SMEs and startups investment targets, particularly in a cross-border context.
- 139 EFRAG received 13 responses from investors and finance providers, the geographical breakdown of respondents is presented in the chart below.



140 Various types of investors provided their responses. The breakdown of respondents by investor type is presented in the chart below.



141 Ten out of 13 respondents invested or lent locally. Four of them reported difficulties finding startups or SMEs to invest in or to lend to. Another respondent, that did not invest or lend locally, also reported difficulties finding investees.

142 Only five of 13 respondents were active in cross border financing and none of them reported any issues. Those who did not provide cross-border financing conveyed that they were not interested either because of different regulations making it more costly or because of the legal structure they had.

143 One respondent from Western Europe reported issues with cross border financing because of heavy bureaucracy which limits innovation and the desire to invest. He noted unfavourable treatment of tax losses in their jurisdiction.

Commercial/corporate banks and their associations/representatives (debt financing)

144 EFRAG interviewed 13 commercial banks and their associations/representative engaged in providing credit for small businesses.

Problems to find SMEs to invest in (if any)

- 145 Commercial banks generally provide finance for local businesses where they have direct knowledge of and contact with the companies.
- 146 Banks do not look for new customers, they come to the banks. Most commercial banks and their representatives did not perceive that SMEs in their country or in Europe in general had problems with access to lending finance apart from normal credit rejections based on their performance. In case of doubts in their repayment capacity, the guarantees from the owners can be asked.
- 147 The bank financing is limited to a debt financing to the entities with a proven track record and ability to generate cash flows and profit. Physical collateral is taken into consideration as a secondary assessment. Three respondents noted that it might be more difficult for startups and scale-ups to find debt financing. The reason for that is the bank regulation which 'prohibits' the banks to invest in risky assets. Accordingly, to improve the situation with bank lending, the regulation should be adapted and administrative burden of the banks decreased.
- 148 Feedback from some European jurisdictions is presented below.
- 149 One Southern European bank provides small loans to the startups. This bank has set up a separate investment fund with bigger equity investments, operating as a subsidiary. This bank also operates a venture debt fund to invest in the fast-growing startups.
- 150 In a Northern European Country, banks are very competitive and willing to provide finance. Most SMEs (80%) will borrow from local banks and the rest (20%) - from foreign banks. The issue is that most of the companies will only go to one bank to get financing.
- 151 Banks in another Southern-European country provide financing to startups and fast growing innovative companies, often through the use of the SMEs Guarantee Fund which guarantees up to 80% of the loans granted by banks. Some banks offer different financial instruments to support startups throughout their life cycle, combining public leverage and traditional banking finance. Banks in that country use different instruments (e.g. convertible financing, corporate venture capital initiatives) which cover the entire development cycle of innovative companies. Some of them invest in equity, although acknowledging that prudential supervisory regulations are not favourable in this respect. The preferred sectors include technological solutions in the fields of life sciences, climate tech and energy transition, digital transformation, and aerospace and manufacturing.

- 152 In another Northern European country, a bank has a special startups and growth unit to finance startups.
- 153 Commercial banks in other countries do not invest much in equity of non-listed entities (including SMEs and startups) because prudential treatment of equity exposure is very unfavourable.
- 154 Some banks help companies to apply for various European funding programs, but they note that despite the existence of European programs to finance and support SMEs, the information about these programs is fragmented, difficult to find and applications are so complex that required help from external consultants. In Lithuania local agencies deal with these programs and help SMEs.
- 155 Southern-European banks also provide support to SMEs in accessing European and national funding, growth and capital market readiness programs, IPO support and medium-term financing facilities.

Interest in cross-border investing and issues with it (if any)

- 156 Traditionally business model of most commercial banks is to provide credit locally and base their credit decisions on the direct knowledge and proximity of the client.
- 157 Some banks sometimes provide loans to the entities (branches of their existing clients) located in the neighbourhood countries (e.g. Spain to Portugal or Netherlands to Sweden, Norway or the Netherlands, Poland to Czech Republic and Slovakia) but it remains relatively rare due to language, legal and other constraints. In this case banks ask for additional guarantees (collateral, letter of credit from a mother company, etc). The proximity approach does not work in this case and entities themselves prefer asking for a loan to a local bank, either than seeking financing abroad.
- 158 Other banks have a risk policy to not provide financing outside of their country due to the above reasons. They can even be reluctant to provide a loan to a branch of an entity located in another country due to the lack of information about the mother company, difficulties with recovering the collateral and different legal issues.
- 159 For example, an Irish bank will only provide a loan to a parent company located in another country in a form of a syndicated loan with four-five other banks.
- 160 Some banks in smaller countries, like Lithuania, sometimes provide financing to the neighbourhood countries: Baltics, Sweden, Germany, but it remains limited. The loans are short-term and for smaller amounts. The branches of foreign countries can get a loan but with a mother company guarantee.

Summary of interviews conducted on the interest in a voluntary template for SMEs at ESAP

161 Southern-European banks generally do not provide financing outside Italy, in the rare cases when they do, loan transactions outside Italy are assessed based on standard credit criteria, similar to those applied to other companies.

162 In Ireland three banks finance SMEs and they only do it locally.

Would putting key information on the ESAP help you to find investees?

163 Although generally supporting the idea of a template with main business and financial indicators for the screening phase, all the commercial banks and their representatives interviewed said that they will not use this tool as they have established their tailor-made credit rating procedures and systems and need more granular information to make credit decisions. In addition, banks usually also need access to the full financial statements of the client.

164 A banking association noted that a voluntary template on ESAP would compete with local information platforms and was concerned that information from it could be repackaged and sold. Another issue that the information to be submitted to ESAP should be put in machine-readable format which involves additional cost and efforts for SMEs.

165 There was a view that banks who are interested to issue more 'green loans' could use a voluntary template for SMEs on ESAP to find SMEs active in the 'green-sectors' to invest in. However, another respondent said that banks prefer to provide 'green loans' to their existing clients and that they will not use the template to look for the unknown SMEs to issue a loan to. This view was confirmed by another Western-European bank.

166 A Western-European respondent believed that a voluntary template will not attract interest of the SMEs as it will impose additional burden on them. In the country of the respondent there are very limited data requirements for SMEs and they have 18 months to submit them. This respondent suggested to use a voluntary template on ESAP as a source of information about their existing or potential clients. The confidentiality of information was not considered as a concern by this respondent as in this respondent country, the information about the entity and its owners is publicly available.

What type of information would be useful?

167 Respondents noted that ratios or KPIs would depend on the sector, size and stage of a life cycle of the entity. One respondent recommended to use a limited set of KPIs (not more than ten).

168 The respondents suggested that the following information could be useful for existing SMEs:

Summary of interviews conducted on the interest in a voluntary template for SMEs at ESAP

- (a) total assets and liabilities;
- (b) revenue;
- (c) EBITDA;
- (d) interest bearing capacity;
- (e) margins, profitability;
- (f) profit or loss for the year;
- (g) information about short term liquidity management, such as burn rate;
- (h) leverage;
- (i) cash flow information;
- (j) investment property; (at FV)
- (k) loan to value (LTV);
- (l) dividend pay outs;
- (m) ESG – CO2 emissions;
- (n) standardised ESG information; and
- (o) key qualitative information: description of the business, transition plans, etc.

169 For the startups the following information could be useful:

- (a) business model;
- (b) business plans;
- (c) cash flow projections;
- (d) collateral;
- (e) payment capacity ratio;
- (f) growth and traction metrics;
- (g) information about the founders and management; and
- (h) certifications.

Should this information be standardised in some way and/or audited?

170 Most commercial banks preferred the information to be somehow standardised but based on the local GAAP to avoid additional burden on the SMEs. One respondent did not consider that information should be audited and another that it should be mandatory.

Summary of interviews conducted on the interest in a voluntary template for SMEs at ESAP

171 A banking association also considered that some standardisation would be useful, but the template should include only mandatory reported financial figures and key qualitative information.

172 Southern-European banks noted that if ESAP template will be standardised and publicly available, it could significantly support financing and investment assessment processes for fast-growing innovative SMEs and startups.

Investment banks (equity financing)

Problems to find SMEs to invest in (if any)

173 Investment banks generally do not invest in the SMEs directly but through the dedicated investment funds managed by them.

174 The fund managers find investees by attending specialised conferences, meeting directly with entrepreneurs and by looking at their existing portfolio.

Interest in cross-border investing and issues with it (if any)

175 Investment banks invest cross-border through the funds specialised in different EU regions or internationally. Fund managers use existing databases, such as Preqin or PitchBook to get the information about potential investees.

Would putting key information on the ESAP help you to find investees?

176 In the investments banks' opinion, the voluntary template on ESAP could be useful to originate deals, to search for potential targets or to be informed about potential exits. It could also be useful to build benchmarks and to get an information about competitors.

177 It was noted that some European regions have different levels of public data availability, for example Nordic funds have bigger universe of comparable information compared to other EU funds, because majority of data is publicly available.

178 Confidentiality of the information is considered important, portfolio companies do not want to share sensitive information with everyone. This issue could be addressed by creating different types of access to ESAP.

What type of information would be useful?

179 The following information will be useful:

- (a) revenue;
- (b) EBITDA;
- (c) margins;
- (d) level of debt;

Summary of interviews conducted on the interest in a voluntary template for SMEs at ESAP

- (e) shareholdings, including any new shareholders;
- (f) recent liquidity event – last share valuation; and
- (g) IP valuation.

Should this information be standardised in some way and/or audited?

180 Comparability of the information was considered important to understand the valuation policy of a fund. Some could be more aggressive in their valuations than others.

Public banks

Problems to find SMEs to invest in (if any)

181 Western-European respondents said that there is no problem with providing a debt financing to the SMEs in France. Banks are starting to provide more ‘green’ financing. French banks normally do not invest in equity of the SMEs or startups, different types of private equity investors do.

Interest in cross-border investing and issues with it (if any)

182 According to the Western-European respondents the debt interests in France are lower compared to other European countries, therefore there is no interest for cross-border debt financing.

183 EIB has special programs to invest in green economy, for example, which can be accessed via banks partners in different European countries. It takes more time to get the funding under these programs but the interest is lower and the duration of the loan can be extended. The applications to these programs are relatively easy as done via the local bank.

Would putting key information on the ESAP help you to find investees?

184 Western-European banks stated that they will not use the voluntary ESAP template. Several alternatives exist in France on a local level. For example, Banque de France (‘BDF’) provides every reporting entity established in France with a credit rating note, which is not public but is transmitted to the entity and the financial institutions if the entity is seeking credit with them. BDF established a special model for startups with its own definition based on the cash flow, profitability horizon, proportion of the own funds and cash available. BDF operates this system under the *In-house Credit Assessment System* approved by the ECB. Central banks of Austria, Germany, Spain, Italy, Portugal and Slovenia operate under the same system.

185 Not all European central banks give a credit rating to the legal entities. For example, it is not the case in Spain where banks have to establish their own credit rating procedures.

- 186 BDF also provides entities submitting a full reporting package with a free of charge financial analysis report. This report contains analysis of results, entity resources (assets, human capital, etc) financial structure and financial health. It also provides comparison of an entity's position with a sector average. This report is confidential but entity can submit it to its bank or any other investor.
- 187 A European investment institution noted that there is a lack of general information about SMEs even in the payable databases, so any information will be welcome. The voluntary template in ESAP can be used if the entity wants to apply for a public financing. For example, if it looks for green financing.
- 188 The template could also be useful to attract equity investors. However, information should not be publicly available but accessible only by targeted users (EU only). This is to avoid the risk of competitors or other parties using it to a detriment of an entity. Confidentiality of the information should be addressed.
- 189 Another view expressed by a public bank was that the voluntary template on ESAP would only attract companies that need financing really badly and thus would not represent good investment opportunities. The investors need access to non-public information to find good opportunities before others.

What type of information would be useful?

- 190 It was noted that the indicators in the template should be clearly defined. The following information could be useful:
- (a) NACE code;
 - (b) location;
 - (c) company size;
 - (d) cash flow information;
 - (e) green patents or certificates; and
 - (f) some ESG data points from VSME report.

Should this information be standardised in some way and/or audited?

- 191 Respondents from Western Europe considered that the template should use local GAAP numbers and not be audited in order not to be too costly for SMEs and startups.
- 192 In Lithuania there was also a support of SMEs to continue using local GAAP in the financial statements. IFRS for SMEs was considered much more complex and there was no support for switching to it.

Summary of interviews conducted on the interest in a voluntary template for SMEs at ESAP

193 It was noted that data should be standardised and structured and be available upon request to address the confidentiality issues.

Other public and EU-backed financing

Problems to find SMEs to invest in (if any)

194 Government and European public funding programs are available for the European startups and provided through banks, guarantee institutions or fund managers. There is a lack of general information about the SMEs, especially regarding ESG data. Even the payable databases do not have SMEs data.

195 However, it was noted that EU financing programs are not always known and the applications demand a lot of work. The startups and SMEs often need help to apply for the EU funding and it takes so much time to get it, so that in the end it is not worth it. Respondents called for improving the speed of public EU funding.

196 There was an attempt to bring EU funds to member states, but it was not easy to disseminate them.

197 Another European initiative is the development of the European IP valuation standards and disclosures, similar to the Singapore intangibles disclosure framework, that will enable companies to use the IP valuation results for financing purposes. IP disclosures will not be mandatory, only for those companies who want financing. EIF will be used to provide guarantee schemes. The objective is to give more value to IP rights.

198 A respondent noted, however, that a standardised IP valuation will be a challenge. This is because valuable IP in the hands of a knowledgeable team has a value while a company is going concern. But if a startup goes bankrupt, the IP becomes worthless and bank cannot resale it.

Interest in cross-border investing and issues with it (if any)

199 Various European public funding programs are available for the companies across Europe.

Would putting key information on the ESAP help you to find investees?

200 Respondents noted that a voluntary template for SMEs at ESAP form could be used by companies applying for the EU funding programs and/or to provide VSME information or a link to it. However, due to confidentiality concerns, the data should only be available upon request.

201 It was also considered useful to put the information about the EU funding programs on the ESAP platform to make it more visible and to ease the applications. In addition, it will be easier to perform a due diligence of a customer if the information is on the ESAP.

Summary of interviews conducted on the interest in a voluntary template for SMEs at ESAP

- 202 Respondents again stressed that the data collection from the SMEs remains one of the most significant problems. Consolidation of all the SMEs reporting in one place will have an added value.
- 203 Another alternative use of a voluntary template on ESAP could be to help to identify companies to whom the IP valuation and financing support can be proactively provided.
- 204 Two respondents suggested to use a voluntary template on ESAP as a central compliance register. They noted that compliance requirements should be standardised between national regulators, otherwise entry costs to a new market are expensive.
- 205 Some respondents remained sceptical about the usefulness of a voluntary template on ESAP. They noted that SMEs are overburdened with reporting. In their view, this additional reporting tool will not bring any real added value as there will not be enough information neither for banks nor for private equity providers. Private equity providers need forward-looking information, but it will not be shared due to the confidentiality reasons. Only 0.01% of a deal flow is invested and the voluntary template will not change anything.

What type of information would be useful?

- 206 The following information would be useful:
- (a) sector code;
 - (b) company size;
 - (c) IP (patents, certificates);
 - (d) geographical location of a company and its assets;
 - (e) debt and debt service capacity;
 - (f) EBITDA;
 - (g) solvency Ratio;
 - (h) equity and semi-equity;
 - (i) shareholder loans;
 - (j) management experience;
 - (k) supply chain;
 - (l) markets;
 - (m) ESG, VSME; and
 - (n) forward-looking information.

Summary of interviews conducted on the interest in a voluntary template for SMEs at ESAP

Should this information be standardised in some way and/or audited?

- 207 Respondents were of the view that information should not be audited. They noted, however, that if accounting practices were standardised across the EU, it would give an extra-comfort to a lender, but legal and compliance costs would still remain.

Debt funds and their associations/representatives (debt financing)

Problems to find SMEs to invest in (if any)

- 208 For this type of respondents, finding clients with matching characteristics is done by asset managers, sponsors and sometimes banks. The databases like PitchBook are less used by this investor type, but some investors develop one.
- 209 A Southern-European respondent noted that there is a demand for alternative lending complementing the bank debt from the fast-growing companies. There is a lot of private lending available for companies with EUR 15 - 20 million of EBITDA, but there are less funds for smaller companies. They provide bullet lending for 6-7 years to already established SMEs with high growth potential with EBITDA starting from EUR 7.5 million. To find investment opportunities in this segment they had developed a business intelligence tool allowing to identify fast-growing SMEs in fast growing sectors.

Interest in cross-border investing and issues with it (if any)

- 210 Debt funds generally provide cross-border lending. For example, some Luxembourg and Irish debt funds operate cross-border lending without major issues. Direct lending is usually sponsor-based and backed by private equity.
- 211 A Southern-European respondent also provides bullet lending to fast-growing SMEs across Europe. However, it has difficulties identifying potential clients abroad as the access to information and level of details are different from market to market.

Would putting key information on the ESAP help you to find investees?

- 212 The respondents considered that a voluntary template would be useful as it would help to have information about SMEs in one place. However, they preferred to have full financial statements and sustainability reporting. The 'business card' style template might not be as useful, because it would lack detailed information. They also noted that the more entities use the platform, the more it increases its usefulness and relevance.
- 213 A Southern-European respondent considered that a voluntary ESAP template will be useful to complement its internally developed business intelligence tool by providing data about fast-growing companies looking for finance, especially outside of its country.

What type of information would be useful?

- 214 At least the following information would be useful:

Summary of interviews conducted on the interest in a voluntary template for SMEs at ESAP

- (a) financial statements;
- (b) cash flow statement;
- (c) clients and suppliers;
- (d) corporate ownership information;
- (e) funding rounds; and
- (f) management discussion and analysis with comments on sales and profitability (SEC disclosure).

Should this information be standardised in some way and/or audited?

215 These respondents were of the view that the information should be audited and preferably be under IFRS. Local GAAP information can be a second choice, as it will at least allow a comparison within the country.

Pension funds and insurance companies

Problems to find SMEs to invest in (if any)

216 Pension funds and insurance companies normally do not directly invest in unquoted SMEs but can do it indirectly through the dedicated investment funds. In majority of the European countries regulations do not allow pension funds to invest in risky and/or unquoted assets, but in some countries such types of investment may be allowed up to a certain limit.

217 Pension funds could be another source of funding for the entities scaling-up. However, most EU pension funds are very conservative, as regulation requires them to invest in low-risk assets, such as government bonds. The statistics show that only 0.02% of the pension funds' assets are invested in alternative investment space (private equity, infrastructure) whereas in the US pension funds invest up to a quarter of their assets into alternative equity.

218 In Spain, Netherlands and in UK pension funds are very important investors. In the US pension funds invest up to 10% in private equity, but in the EU this percentage is much lower. US pension funds invest more in German startups than German funds.

219 In Denmark and Finland pension funds invest in fund of funds. Finland has now the 5th generation of fund of funds. In the Netherlands, the situation is similar. However, as the Dutch market is too small for a pension fund, Dutch pension funds invest in the US funds that invest in US startups, and do not invest in the EU. Currently Danish pension funds are 80% invested in the US shares, it is important to make them invest in Danish shares.

Summary of interviews conducted on the interest in a voluntary template for SMEs at ESAP

- 220 In Italy, due to recent change in legislation, pension funds are obliged to invest in Italian VC funds. In Croatia a new regulation allows pension funds to invest up to 20% of assets under management into alternative assets and recommended on a voluntary basis to have approximately 5% of the assets invested in alternative assets.
- 221 The situation in Austria is very different, where pensions funds, insurance companies or banks do not invest in VC funds to a large extent. It is not only a problem of regulatory obstacles, but mainly the issue of no experience of institutions with the VC-like investments.
- 222 Irish pension funds do not have any obligation to invest in local SMEs.
- 223 Respondents noted the lack of equity culture in Europe. The retirement products (life insurance products unit-linked products) are currently invested in the US markets. The equity ratio of life-insurance companies came down from 25% to less than 5% in the EU. And they need to invest in SMEs. There are initiatives in France to oblige certain savings products to invest in SMEs. In Germany some private retirement schemes also invest in equity. Political support is needed to make insurance companies investing insurance products into SMEs.
- 224 To improve this situation it was suggested to ease the regulation of pension funds and institutional capital to allow investing in SMEs and startups, as they do in the US.

Interest in cross-border investing and issues with it (if any)

- 225 Respondents did not comment on this question.

Would putting key information on the ESAP help you to find investees?

- 226 Respondents noted that insurance companies and pension funds are less likely to use a voluntary template on ESAP as they do not invest directly. If they would, it could be a good tool to connect them with the investees.

What type of information would be useful?

- 227 Respondents did not comment on this question.

Should this information be standardised in some way and/or audited?

- 228 Respondents did not comment on this question.

Peer-to-peer lenders (debt financing)

Problems to find SMEs to invest in (if any)

- 229 Peer-to-peer lenders generally do not look for the investees, usually it is the companies needing finance contact them. An exception may be if loans are listed on a type of

Summary of interviews conducted on the interest in a voluntary template for SMEs at ESAP

crowdfunding platform, in which case, the platform and loan originators may look for companies they can offer loans.

230 A Western European respondent noted that it could be helpful if the EU funds had more general scope enabling the platform to co-invest with them.

231 Respondents considered a lack of risk appetite as an issue to the financial landscape in EU.

Interest in cross-border investing and issues with it (if any)

232 Peer-to-peer lenders invest in the companies and projects cross-border and have clients across Europe. There are, however, regulatory limitations in some European jurisdictions, not allowing, for example, private customers to invest via unregulated platforms, like in Poland. Generally, B2B business loans in Europe is less regulated than B2C. Peer-to-peer platforms are regulated in some jurisdictions, in some – not (Croatia).

Would putting key information on the ESAP help you to find investees?

233 One respondent expressed doubts that a voluntary template on ESAP will add any value for their business, because credit bureaus¹ exist almost in every European country and have already detailed information about the entity and its ability to repay the credit (shareholders, beneficial owners, credit information, ESG, etc). Limited information on ESAP will not be sufficient to make credit decisions.

234 Another respondent, however, noted that a voluntary template on ESAP could be useful to find clients, if a peer-to-peer platform wants to expand its business to a new European country or in case an owner wants to sell a company.

235 The incentives for companies to submit information, were, however, questioned. In order to provide the information companies would have to consider that there would be significant benefits of submitting its data to an additional database.

236 Another respondent noted that the voluntary template on ESAP could be used by the other private databases as a data source if made public and available to them. Providing different types of accesses to the platform was suggested.

¹ **Germany:** SCHUFA Holding AG, Creditreform, CRIF Bürgel GmbH & Co. **UK & Denmark:** Experian. **Italy & Czech Republic:** CRIF S.p.A. **Belgium:** Banque Nationale de Belgique. **Austria:** KSV1870 Information GmbH. **Romania, Bulgaria, Greece, Cyprus:** [ICAP CRIF](#). **Estonia, Lithuania, Malta:** Creditinfo.

237 It should be noted that several crowdfunding and peer-to-peer platforms exist already. For example in Norway: [Fundingpartner](#) – for debt funding; [Folkeinvest](#) – for crowdfunding.

What type of information would be useful?

238 The following information was considered useful:

- (a) revenue;
- (b) contracts to sustain the revenue;
- (c) gross profit; and
- (d) EBITDA.

Should this information be standardised in some way and/or audited?

239 A respondent stated that more or less the same data about a company is collected across Europe by national registers, but the format of this data differs significantly. Having the data under the same format would be a deal breaker.

240 However, another respondent noted that they do not have any issues with different local GAAPs in the jurisdictions they invest in.

Factoring companies and their associations/representatives (supply chain financing)

241 There was no feedback from this group apart from limited feedback from banks dealing with factoring. Banks offering factoring arrangements would use the same information for deciding on factoring arrangements as for providing loans. There was no interest expressed for the voluntary template on ESAP for this purpose.

Crowdfunding (debt/equity/product/service/tokens) and their associations/representatives

Problems to find SMEs to invest in (if any)

242 Crowdfunding laws and regulations, such as ECSPR were created after 2008 financial crisis. They made possible to raise equity crowdfunding which was not allowed before. However, raising money through crowdfunding can take lot of time and some consider that B2B is too difficult.

243 Total amount of money raised through these platforms is relatively small. One respondent considered that they remain last resorts for those projects which were not successful with other investors.

244 [Eurocrowd](#) provides consulting and advisory services to the crowdfunding platforms and SMEs and startups. Together with [ESIL \(Early Stage Investing Launchpad\)](#) they created harmonised EU term sheet templates aiming to reduce legal complexity, facilitate investment decisions, and strengthen SME access to funding.

- 245 The only regulated crowdfunding platform in Cyprus to match investor and startup is Crowdbase which covers fundraising from pre-seed to minimum viable product (MVP).

Interest in cross-border investing and issues with it (if any)

- 246 Please see comments in the peer-to-peer lenders section.

Would putting key information on the ESAP help you to find investees?

- 247 Please see comments in the peer-to-peer lenders section.

What type of information would be useful?

- 248 Please see comments in the peer-to-peer lenders section.

Should this information be standardised in some way and/or audited?

- 249 Please see comments in the peer-to-peer lenders section.

Private equity investors (investment management companies, venture capital funds corporate venture capital, or take overs, and angel investors) and their associations/representatives

Problems to find SMEs to invest in (if any)

- 250 There is no problem for private investors (business angels, venture capital and private equity funds) to find startups to invest in, especially in larger countries and economies. Their pipeline is always full with startups and scale-ups proactively looking for finance.

- 251 The connections usually happen locally, through pitch events, using various range of existing databases either local or not, through personal network. Investors receive a lot of pitches and choose the best suited project/idea for them. The trust in the team or other investors is essential at the initial stage, so personal contact is very important. Deals can be shared between business angels or investment funds, either to get syndicated financing or if the project does not match their investment model. There is also exchange of deals between business angels and venture capital and private equity funds at the later stages.

- 252 Universities assist startups at the initial (pre-seed and seed) stages. They create innovation agencies where they transfer the intellectual property. These agencies hold the shares of the spin-offs. University often holds between 15% and 45% of the shares in a startup depending on the type of innovation. It is possible to attract other investors if university holds no more than 15%-20% in a startup.

- 253 Business Angels work often with universities, incubators and accelerators, they also organise regular events to present startups to investors. In some countries, for example Spain, business angels mostly deal with scale-up companies. At later stages where bigger investments are needed venture capital private equity funds intervene.

254 Some respondents noted that there is a lot of money in the market in Baltics and Nordics, but the expectations of investors have changed, they became stricter, which is partially due to the general geopolitical situation. Valuations are more reasonable in the EU than in the US and it was necessary as market was inflated for a bit. To get funded, a startup needs to build something what is necessary and have a proof of it. Due diligence became more thorough, as the market has matured.

Interest in cross-border investing and issues with it (if any).

255 There is a growing interest in cross-border investments. In 2024, 30% of all private equity investments were done cross-border. However, lack of single market, lack of risk capital due to the overregulation of a financial sector since the 2008 crisis, different languages, taxation, insolvency and legal rules between the EU countries were seen as major barriers for cross-border investments by most of the respondents. This, coupled with the risk aversion of the European investor, often makes it easier to raise capital in the US. The availability of capital was also noted as an issue.

256 The 28th regime could help to address some of the above obstacles, but it should be accompanied by unified taxation at the EU level, including the taxation on investments which is different in each EU country.

257 Venture capital industry is unevenly spread across Europe. It is concentrated in Cambridge, Oxford, Frankfurt and Paris, but there is nothing in Southern Europe. One respondent suggested that creating one single European stock exchange could be a solution because Europe cannot have 27 stock exchanges, they will be too small and the valuations will be low. However, as long as the EU countries will have their liberty in fiscal, insolvency and other rules, the market fragmentation will remain.

258 Generally, these types of investors expressed a genuine interest in investing cross-border. They are nuanced however between jurisdictions and stages of investment as outlined below.

259 When investors want to divert their funds in growth money, they move to other jurisdictions and geographies. An EU investor is needed when entity wants to scale-up in a smaller country. For example, Estonia is a good country for a 1st funding round, but after scale-ups need to go out of Estonia, as there is not enough money.

260 In Greece, the situation is different, there is a lot of capital, but not enough quality investments, so investing cross-border would be interesting.

Summary of interviews conducted on the interest in a voluntary template for SMEs at ESAP

- 261 In Poland, financing of startups is getting better with the help of European investors. Furthermore, it was noted that startups that want to move to the US do not succeed most of the times.
- 262 Appetite of investors for investing abroad is usually linked to the investor size and stages of startups they fund. Business Angels for example generally invest in countries they know and where they understand rules and regulations. They can sometimes cooperate with angels network in other countries, for example Estonian BAN cooperates with Slovenia and Poland.
- 263 A venture capital fund in Denmark invests in startups in Nordics and Baltics regions. They do not have problems with laws and regulations or languages.
- 264 A Western European private equity fund invests over 30% of its portfolio outside its country and does not experience major problems with cross-border investments. However, the largest investment for them in the EU is up to EUR 30 million and after a company has to go to the US.

Would putting key information on the ESAP help you to find investees?

- 265 Many respondents expressed doubts about the usefulness of ESAP voluntary template for their purposes. They noted that there are already local and commercial global platforms European investors use to inform themselves about the market, startups looking for investors, deals etc, such as Dealum, PitchBook, Crunchbase, Crowdbase etc. These databases use any data available on the market and compile them using AI. Some use already available and verified data about existing SME and startups, like in France. Similar startups database built on publicly available information, exists in Estonia. There are initiatives to do matchmaking platforms via AI. Any new database should be proven to have reliable information useful for investors. Some respondents added that the current databases are expensive. General feedback was that replacing the existing resources will be very difficult.
- 266 One venture capital fund from Northern Europe expressed strong doubts that another 'general' database is needed in addition to the existing tailored for purpose databases mentioned above. They noted that new databases are constantly appearing, competition is rising and hence the prices are falling.
- 267 Other respondents also had doubts about the usefulness of the voluntary template at ESAP and questioned what it would add to the already established market practice. In this respondent view, generic information will not have any added value to the existing resources, but if you go beyond, there is a high risk that information becomes commercially

Summary of interviews conducted on the interest in a voluntary template for SMEs at ESAP

sensitive and confidential. To be valuable, the voluntary template needs to have a right balance of information and it will be difficult to find.

- 268 Respondents further noted that only a small number (5%-10%) of pitches get investors' attention, for the rest – providing information on the voluntary template may not bring any results.
- 269 Strong concerns about confidentiality of data and its potential misuse (for example by local and/or international competitors) that could have a negative impact on competitiveness were raised by Western European respondents if data in ESAP will be accessible to general public. Currently not all the data about an entity in their country is publicly available and an entity can choose whom it provides the information to. It was suggested that information in ESAP should only be accessible to a certain type of registered users. Another respondent, to the contrary, did not see an issue with confidentiality of information. Other respondents noted that it is often investors who prefer to keep information about their deals confidential.
- 270 On the confidentiality issue one respondent further noted that ESAP voluntary template will be more relevant to those who are ready to go to the market openly.
- 271 However, some other respondents provided different views as to the usefulness of the voluntary template. In their opinion, a voluntary template on ESAP can be seen by startups as another channel to convey their information. It can be seen as additional source of information which does not compete with existing platforms, but improves the visibility. They noted that it is important to make the platform known and used by the industry and that 'matches' happen on it. Regular maintenance and updating of the voluntary template remain important for its acceptance. It is very performant and ambitious industry, so the platform has to have minimum standards. The quality of the data in the voluntary template would determine its usefulness. Voluntary philosophy was also approved by these respondents.
- 272 Several respondents suggested alternatives uses of the voluntary template which are listed below.
- 273 Template could facilitate scaling through partnerships, franchising in addition to traditional capital raising. It could be helpful to create a pool of investors or for public procurement to see what businesses exist to procure the services from the EU Companies. It would be a useful tool, if made user-friendly eventually with the help of AI. It could bring big benefit for all types of investors or buyers, but it should not create additional burden for companies.

Summary of interviews conducted on the interest in a voluntary template for SMEs at ESAP

- 274 The ESAP platform could be also useful for research purposes, especially regarding startups in other EU countries. It was noted, however, that it will not be of help for the deal flow as there is already enough deals on the local level. The voluntary template will be most useful for those companies which want to develop cross-border.
- 275 One more possible use of a voluntary template on ESAP could be to connect the large groups with local or foreign suppliers or customers or to attract talent, identified in specific startups. Entities should be incentivised to provide information on ESAP, and this could be one of the possible incentives.
- 276 A private equity fund further suggested that ESAP could be useful to sell a company to another fund, investor or any other acquirer.
- 277 It was also highlighted that to ensure there is a traffic on the platform it needs to be regularly advertised amongst the investors and startups community. Passive communication will not be enough, participating in the events, doing press conferences and press releases will be needed to convince the industry that it is helpful and not intrusive.

What type of information would be useful?

- 278 Respondents highlighted the importance of not overburdening entities with the overlapping reporting requirements, as a lot of data is already collected by the local authorities. Five – ten company specific KPIs should be sufficient for a business card information.
- 279 In addition, two years of historical financial information should be provided where possible.
- 280 It was noted, however, that for private equity investors KPI will not be sufficient, more qualitative information will be needed. It could be obtained during a subsequent due diligence process.
- 281 The voluntary template should contain the following information:
- (a) project or idea description;
 - (b) information about owners and the team;
 - (c) team expansion plans;
 - (d) industry, sector code;
 - (e) capital raised;
 - (f) financing needs: short or long-term, growth, exit;

Summary of interviews conducted on the interest in a voluntary template for SMEs at ESAP

- (g) type of investor entity is looking for: minority, majority or syndicated investors;
- (h) amount and type of investment;
- (i) goals per market;
- (j) how company gets customers, number of customers and customer concentration, customer acquisition costs;
- (k) how company develops profitability;
- (l) cash flow information;
- (m) cash burn ratio;
- (n) runway (if not profitable);
- (o) revenue (recurring or point in time);
- (p) profit and break-even point;
- (q) EBITDA;
- (r) goodwill;
- (s) Fair value of assets;
- (t) investment in IP; is it capitalised and protected;
- (u) trends and growth perspectives; and
- (v) ESG information: climate strategy, gender balance, carbon footprint.

Should this information be standardised in some way and/or audited?

- 282 No need for comparability or assurance at the screening phase was expressed by most stakeholders, investors understand that the amounts are proxies and will undertake a proper due diligence later. Local GAAP numbers were considered sufficient for the screening phase. An explanation of how a particular metric was calculated could be added for better understanding.
- 283 It was noted that the need for standardisation of information with some kind of assurance (audit) arises if the objective of the database is to provide some sort of statistical information about the companies in the EU. In this case the database should either be widely accepted by the users or made obligatory. Data on the national level should be comparable on the EU basis.

IPO advisors and M&A consultants

Problems to find clients (if any)

- 284 Only 7% of divestments in Europe are done through an IPO. In Germany there were only 3 IPO in 2025 but according to the size of the market there should have been around 50, so there is a potential on the market. Some investors called for a European NASDAQ to improve this situation and to make European market more attractive. According to one respondent, three parts were important for a successful exit - the capital, skilled management and the right product.
- 285 M&A and IPO advisors and facilitators often find clients by referral of their already existing clients, through their network of advisors and auditors or by searching companies active in certain industries and for them ESAP could be useful. Around 60% of the clients come to them and 40% they chase. The advisors use existing databases, like PitchBook, but acknowledge that they are quite expensive.
- 286 In Cyprus private equity investors are more focused on getting leads from facilitators, who search for specific sectors and industries.
- 287 For smaller advisors these commercial databases are often too expensive, as a result they attract potential clients through competence marketing: webcasts, seminars, workshops or through direct referral. They do it mostly locally, but sometimes for international companies as well. Therefore, these investors could be interested in the publicly available information ESAP will provide to find their potential clients.
- 288 Respondents highlighted that IPO is quite expensive exit strategy and regulatory framework around it should be simplified. For example stock listing in Germany is very burdensome and bureaucratic, as a result German companies prefer listing on other markets.
- 289 One respondent considered an IPO to be a very good solution not to lose control of a company.

Would putting key information on the ESAP help you to find clients?

- 290 Several respondents suggested that ESAP could be useful source of information for intermediary firms acting like scouters for the new ideas for corporates, VC funds. It would also be useful for M&A and IPO consultants. They would benefit from a standardised business card as it would reduce their costs to identify potential target companies. However, it was noted that ESAP will be in competition with existing commercial databases. Some of these databases even provide rumours on potential future deals that could occur based on historical trends.

Summary of interviews conducted on the interest in a voluntary template for SMEs at ESAP

- 291 The voluntary template could also be beneficial for investors who do not know what is going on in another EU countries. It will help to achieve higher speed of matchmaking. There will be implied level of confidence in the data if it comes from the EU. Frequency of the update of the template is important (for example quarterly) as it helps investors to see the trends and to differentiate serious from not serious startups. ESAP voluntary template will also be a useful source of information to find potential clients for a smaller IPO advisory companies, as existing databases (PitchBook) are too expensive.
- 292 M&A and IPO consultants and facilitators expressed interest in using this database to find their potential targets.
- 293 One respondent, representing European analysts, suggested that only SMEs planning an IPO should use the voluntary template. The voluntary template could democratise access to capital by giving an opportunity to participate in the IPO to the bigger number of investors. Thus, ESAP could be used before a company gets quoted, for an IPO pitch.
- 294 Another use of ESAP could be for benchmarking or research purposes, to provide information about peer group, but in this case, data should be comparable and preferably audited. A database with investors investing in a public market would also be useful.
- 295 The need of advertising of the database through advisors, forums or events was also highlighted by this group of respondents. Its usefulness will depend on completeness and quality of data and also on adherence of stakeholders. If there are successful stories of fundraising or IPOs through the voluntary template, more companies will use it. Strong filtering capabilities will also attract investors.

What type of information would be useful?

- 296 The following information will be useful for these respondents:

1. Business Model: Entity profile and business rationale

- (a) core activity and business model;
- (b) whether this area has structural growth, e.g. defence;
- (c) target market(s) and geographic focus;
- (d) stage of development (early growth, scale-up, pre-IPO);

2. Historical Financial Information: Traction and key performance indicators

- (e) revenue for the last 3 years (or since inception, if shorter);
- (f) revenue growth rate (CAGR);

- (g) EBITDA or operating margin;
- (h) cash burn and runway (if not profitable);
- (i) net financial debt;
- (j) customer concentration (top 5 customers as % of revenue);
- (k) subject to audit (Y/N);
- (l) GAAP of the financial statements. If local GAAP has main differences with IFRS (list of the differences and quantification if available);

3. Corporate Governance: Management team and minimum governance setup

- (m) key management roles and relevant experience;
- (n) board of directors / advisory board (if any)/ Audit Committee (Y/N);
- (o) separation between ownership and management (Y/N);

4. Shareholding structure and control

- (p) main shareholders and approximate ownership percentages;
- (q) existence of shareholders' agreements (Y/N);
- (r) estimated potential free float (in an IPO scenario);
- (s) history of previous funding rounds;

5. Key risks and controls

- (t) 3–5 principal risks (operational, financial, regulatory);
- (u) critical dependencies (key client, supplier, individual);
- (v) material legal or litigation issues (Y/N);
- (w) internal systems (ERP, management control tools);

6. Financing objectives

- (x) current type of financing sought (equity, debt, hybrid);
- (y) indicative amount;
- (z) main use of proceeds in a potential IPO (clear rationale for seeking finance);
- (aa) target market (private, growth market, regulated market);
- (bb) prior experience with institutional investors (Y/N);
- (cc) realistic timeline to IPO (12/24/36 months);

7. ESG

- (dd) existence of basic ESG policies (Y/N);
- (ee) identification of material ESG risks (if applicable);
- (ff) key regulatory or sustainability constraints linked to the sector (if applicable);

297 Also, the following information may be useful:

- (a) industry, NACE code;
- (b) what is unique about the idea, value proposition;
- (c) the process description;
- (d) market potential and expected market share – ultimate company value;
- (e) cash flow projections;
- (f) future financing needs;
- (g) timeline of funding rounds and their amounts;
- (h) Investment in IP;
- (i) if a company creates a new technology and if it is owned by the company;
- (j) capitalisation rate;
- (k) ability to retain personal talents, e.g. remuneration with shares or options;
- (l) dispersion of shareholding – more likely to have an IPO when it is dispersed rather than concentrated;
- (m) can you enter new markets without raising equity, if not – good candidate for an IPO;
- (n) if one of the board members has a financial background and understands stock markets, it helps for an IPO;
- (o) whether other private equity funds are already invested; and
- (p) link to a company website.

Should this information be standardised in some way and/or audited?

298 Some respondents were of the view that the information in the template should not be verified, it will be done later during a due diligence process. In their view, GAAP was not important at the initial screening phase. These respondents neither had concern about sensitivity of the information provided – since it is voluntary, company should be allowed to choose what to disclose and what not. The information can be updated annually in order

not to overburden the companies. One respondent noted that confidentiality could concern companies in the defence sector.

299 Other respondents preferred the information to be standardised or at least it should be explained how certain KPIs (e.g. EBITDA) were calculated. The KPIs should preferably be tied to the financial statements line items and if they are prepared under local GAAP, the differences with IFRS explained. Audited numbers for those aiming for IPO are preferable.

300 It was highlighted that initial onboarding on the ESAP platform should be made easy for companies, therefore they should be able to submit their financial information under local GAAP and it may not be audited if a company is not subject to audit. Later, when there are many companies on board, the conditions may be reviewed.

Other stakeholders (academics and international aid organisations)

General comments on the financing needs and related issues

301 Respondents noted that SMEs are primarily interested in debt finance, or grants, they are not seeking equity financing, but if they cannot secure bank financing, then they go for equity. Most startups are financed by private people, this funding is very informal and local. Venture capital is a high end of sophistication on this market.

302 It was further noted that startups and growth-oriented companies cannot access bank funding, and one of the reasons being that IP is not accepted by banks as a collateral.

303 Finance issues arise mainly for scale-ups. Risk capital market is not functioning very well. Norwegian investors, for example, mostly invest locally, only big venture capital funds and private equity firms may invest outside Norway. In Norway business and venture capital are concentrated in main hubs, such as Oslo and it is difficult to raise finance outside.

Interest in cross-border investing and issues with it (if any)

304 Feedback showed that cross-border financing is difficult due to different regulations, taxes, languages, etc. Investors have the similar issues with investing cross-border. Investors already have their own ways to find investees.

305 Many fast-growing companies are looking for financing internationally. For example, scale-ups in healthcare often go to Germany to raise finance or to do an IPO, because the legislation on healthcare is more favourable there.

306 Organisations in some countries help companies going cross-border. For example, a government organisation connects innovative businesses in Norway with local and international investors.

Summary of interviews conducted on the interest in a voluntary template for SMEs at ESAP

Would putting key information on the ESAP be helpful for investors or SMEs/startups?

- 307 Respondents viewed the EU initiative to make funding more accessible as an important. In their views, it will make more information about the companies visible to investors. Companies looking for finance will be motivated to complete the voluntary ESAP template, in particular in countries such as Norway and Spain, because financial statements companies are already publicly available and reported electronically.
- 308 The importance of not increasing the administrative burden on these companies was again highlighted. Where possible the information already available in the national registers should be uploaded automatically to the ESAP.
- 309 Various additional potential uses of the voluntary template at ESAP were suggested, such as connecting companies with potential small private individual investors.
- 310 If the database has information about a large number of companies it could then be used by academics for research and also for statistical purposes.
- 311 Respondents noted that a voluntary template will in long-term be useful for both investors and investees if it would be easy to complete and access and if it would provide relevant information.
- 312 The importance to address the confidentiality of information was highlighted. Not all information should be available for everyone and different accesses to ESAP should be previewed.

What type of information would be useful?

- 313 The following information was considered to be useful to provide:
- (a) founders' ambitions;
 - (b) products;
 - (c) innovation activities;
 - (d) sources of initial funding;
 - (e) HR information (number of people, average salaries);
 - (f) profit and loss on accruals basis;
 - (g) cash flow statement; and
 - (h) business plans and forecasts.

Summary of interviews conducted on the interest in a voluntary template for SMEs at ESAP

Should this information be standardised in some way and/or audited?

- 314 Respondents noted that it will be easier to perform a due diligence of a customer if the information is on ESAP. The data should have some degree of standardisation and should be automated as much as possible. Local GAAP can be used.
- 315 One respondent stressed that it is important to state how leases are accounted for. This respondent expressed a preference that information should be standardised and audited.