

A summer greeting from Augment



Dear friends,

The last time we sent out one of our greeting emails was in January 2021. We discussed our strong IPO pipeline at the time... needless to say, the reality is a bit different now.

We have soon concluded the first seven months of 2023. Given the overall uncertain sentiment coming into the year, stock markets have in general performed well. Signs (or hope?) of a soft landing, tamed inflation and declining rate hikes have provided grounds for a rebound of equity markets after 2022. The Nasdaq Composite Index YTD of +35% is remarkable, yet boosted by an exceptional development from some specific companies. Among these are some tech giants as well as pick-and-shovel companies serving the thriving thirst for AI. Choosing the right company and not just the right sector – which was a formula for success for pretty much everyone up until 2021 – has proven to be important and is something that we believe to be key in the coming months and years.

The OMX Nordic PI index has gained +7% YTD, where larger companies tend to slightly outperform smaller ones. This is also reflected in the First North Index being in negative territory (-1% YTD) as well as a weak development for many micro-caps. Financing risk is something that weighs heavily on the share price of many small growth companies. Also, trading liquidity on the growth markets has naturally dried up in the last year and a half, having an additional negative effect on prices.

At the moment, many investors that we talk to strictly allocate time and capital to current holdings. This makes it more challenging to finalise equity transactions, yet we are satisfied with our activity during H1 2023. We are happy to have guided our friends in the gaming sector at SOZAP and Nitro Games (**ongoing**) with their respective rights issues. We are also pleased with several successful capital raises among our junior mining clients. The overall increasing importance of nearby sourced commodities and battery metals will most certainly lead to interesting movements in the sector going forward. Furthermore, we are happy to be helping the team at Flat Capital with a **rights issue** – the subscription period is coming up in August.

Even though the IPO window is closed, there are several possibilities for new listings. Notably, we are proud to have supported the Finnish investment company Arvo Sijoitusosuuskunta in their listing on First North Helsinki. The listing made history as the first cooperative in the world to be listed on a Nasdaq marketplace. We predict more alternative listings and reverse takeovers to be carried out during H2.

The current outlook is very uncertain, but regardless of market conditions, companies with disruptive technologies, a sound capital structure and good business models will continue to thrive. We find the cyber security sector interesting now, thanks to underlying structural trends and upcoming regulations. Innovative companies within this sector are well-positioned to take advantage of current broader tech development and advancements. We are happy to discuss possibilities with entrepreneurs and investors during the autumn regarding this, or any other interesting ideas.

We hope you have a good summer, wishing you all the best for the rest of the year.

Best,
The team at Augment