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IPO digest | Week 34 | 21-27 August 2023

Tech IPOs are making a comeback after a prolonged hiatus. The IPO market is now showing renewed vitality, driven by the much-anticipated filings of industry giants like Arm, Instacart, and Klaviyo. If these offerings prove successful, September has the potential to double the IPO volume in the USA for the year, following months of relative quietness marked by concerns about inflation, stock prices, and economic growth. Valuations achieved by these first market entrants will serve as a benchmark for investor confidence in public capital markets. All three companies are scheduled to go public in mid-September, marking a pivotal moment in the tech IPO resurgence.

NEW IPOs

As it is said, the darkest is before the dawn. There was just 1 direct listing on the covered markets this week.

RegTech Open Project (RTOP), a technology company specializing in regulatory compliance automation, has joined the Main Market of **LSE** through a Direct Listing admitting £60 mn share capital to a listing.

And the central part of this week's digest is ...

NEW FILINGS AND DISCLOSURES

ARM | \$50+ bn MCAP | \$6+ bn raising | NASDAQ

On August 21, Arm Holdings Ltd. filed F-1 for its IPO without disclosing terms. The IPO will be an offering of ADS, a minority stake

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of Arm, roughly 10% – all offered by the selling stockholder, SoftBank. SoftBank confirmed its acquisition of a 25% stake in Arm for \$16.1 bn from its Vision Fund unit. As disclosed in the prospectus, Arm is committed to conducting an IPO by no later than September 2023 by the loan agreement.

Although Arm has reported a profit drop of over 50% in the latest quarter, Arm expects its revenue to grow as the complexity and cost of chip design increase, leading to a higher proportion of royalties in each chip's total value. Arm is working with Alphabet, GM, Mercedes-Benz, Meta Platforms, and Nvidia to deploy Arm technology to run AI workloads.

Arm also disclosed a growing number of threats to its business, including heavy customer concentration. The top five customers make up approximately 57% of its revenue. Moreover, about 25% of Arm's revenue comes from Arm China, an independent entity that has the exclusive rights to distribute Arm's technology in the country.

Nvidia, alongside firms like Broadcom and AMD, are considered in the cohort of public semiconductor companies used as comparatives with Arm. Arm's \$60 bn valuation gives it 23 times its last 12 month's sales and places it between the multiples of AMD (8x) and Broadcom (11x) on one side and Nvidia (45x) on the other.

INSTACART | \$13+ bn MCAP | ca. \$1 bn raising | NASDAQ

Instacart (parent Maplebear Inc.) filed its S-1 on August 25 without disclosing terms for its IPO. It is estimated that the IPO could raise about \$1 bn.

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Instacart's revenue growth and profitability in 1H 2023 make its debut promising. Instacart's CEO, Fidji Simo, believes that the grocery industry is undergoing a significant digital transformation, with online penetration potentially doubling as more people shop online for groceries. With 7.7 mn monthly active customers spending an average of \$317 per month, Instacart partners with retailers through its Marketplace and Enterprise Platform, allowing them to integrate Instacart technology into their operations.

New investors TCV and Norges Bank, which is the investing arm of the Norwegian central bank, as well as existing shareholders D1 Capital Partners, Sequoia Capital, and Valiant Capital Management, had manifested their interest in purchasing up to \$400 mn worth of shares in the offering as anchor investors. Additionally, Instacart has an agreement with PepsiCo to buy \$175 mn of its Series A redeemable convertible preferred stock.

VNG | \$240+ mn MCAP | \$100+ mn raising | NASDAQ

VNG Limited filed its F-1 on August 23 without disclosing a price range. VNG is Vietnam's leading, homegrown digital ecosystem, with diverse and competitive product offerings across games, communications, media, and fintech. They are the No. 1 mobile games publisher in Vietnam, with gross revenues representing almost 40% of Vietnam's mobile games market for 2022. VNG also stands behind Vietnam's most popular chat app Zalo.

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IPO digest | Week 34 | 21-27 August 2023**NEUMORA THERAPEUTICS | MCAP NA | \$100+ mn raising | NASDAQ**

Biopharmaceutical company Neumora Therapeutics, backed by Amgen and SoftBank, has filed for an IPO without disclosing the price of the offering. Neumora's lead drug candidate, navacaprant, is a potential oral treatment for major depressive disorder, and the company expects results from the first of its late-stage trials in 2H 2024.

RAYZEBIO | MCAP NA | \$100+ mn raising | NASDAQ

RayzeBio, a Phase 3 biotech specializing in radiopharmaceutical therapies for cancer, has filed S-1 with the SEC without disclosing the price. Its leading candidate uses a potent alpha particle radioisotope to target tumors with high expression of certain genes. This radiopharmaceutical therapeutic aims to provide greater efficacy compared to existing beta particle therapies.

AUTOZI | \$328 mn MCAP | \$23 mn raising | NASDAQ

Autozi Internet Technology (Global) Ltd. filed an F-1/A in which it disclosed terms for its IPO. Being one of the leading and fast-growing lifecycle automotive service providers in China, the company builds a nationwide multi-brand service equipped with SaaS.

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Haoxi Health Technology, a Chinese online marketing solutions provider, has filed with the SEC for an IPO to offer 3 mn shares at a price range of \$4 to \$5. The company specializes in customized marketing solutions, offering planning, production, placement, and optimization of online short video ads to help advertisers acquire, convert, and retain consumers on various online media platforms. Serving around 2,000 advertisers, mostly healthcare companies, since its founding in 2018, the company generated \$18 mn in revenue in 2022.

New Century Logistics | \$101 mn MCAP | \$11 mn raising | NASDAQ

New Century Logistics (BVI) Ltd. filed its F-1 on August 21. This is a holding company incorporated in the British Virgin Islands, overseeing a well-established Hong Kong-based freight forwarding business. They offer comprehensive air and ocean export and import freight forwarding services, including cargo space sales, security screening, documentation preparation, customs clearance, and cargo handling.

AGAPE ATP | \$459 mn MCAP | \$7 mn raising | NASDAQ

Malaysian direct sales company Agape ATP has increased the deal size by 51% aiming to raise \$7 mn. The Kuala Lumpur-based company primarily specializes in dietary supplements and skincare products in Malaysia. The IPO is set to represent 1.4% of the basic shares outstanding.

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DAVIS COMMODITIES | \$105 mn MCAP | \$5 mn raising | NASDAQ

Davis Commodities Ltd. cut its IPO's size by 68% to raise \$4.6 mn according to an F-1/A dated August 22. Singaporean agricultural commodity trading company specializes in trading sugar, rice, and oil and fat products. They distribute agricultural commodities to various markets, including Asia, Africa, and the Middle East. Being an asset-light business, Davis Commodities uses an established global network of third-party commodity suppliers and logistics service providers in order to distribute products to customers in over 20 countries.

Other **NASDAQ** filings included:

Globavend Holdings, an emerging e-commerce logistics provider of end-to-end logistics solutions in Hong Kong, Australia, and New Zealand, filed for a \$8 mn IPO.

mF International, a Hong Kong provider of financial trading solutions to customers via SaaS platform, has filed for a \$8 mn IPO.

Hongxu Shangzeng Global Holding has filed for an IPO without disclosing the details. London-incorporated company is focused on providing high-quality and high-tech medical and health management services, particularly for the elderly care industry and precision medicine.

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And there were 2 filings on **NYSE**.

KLAVIYO | \$8+ bn MCAP | \$600+ mn | NYSE

Klaviyo Inc. filed its S-1 on August 25 without disclosing the terms of its IPO. It is estimated that Klaviyo could raise between \$600 mn and \$800 mn in its IPO.

Klaviyo is a digital marketing software platform known for automating marketing campaigns. Klaviyo's software utilizes proprietary data and AI to optimize marketing messages across various channels, such as email, SMS, and push notifications. The company, based in Boston, boasts over 130,000 customers and focuses primarily on retail and e-commerce, with potential for expansion across various functions and industries.

The company reported a profit of \$15 mn on revenue of \$321 mn for 1H 2023, a significant improvement compared to the same period last year when it had a loss of \$25 mn on revenue of \$208 mn.

Klaviyo, backed by venture capital investors, has raised nearly \$779 mn and was valued at \$9.5 bn after a \$100 mn funding round in July 2022. Key investors in Klaviyo include Summit Partners, Shopify Strategic Holdings 3 LLC, and Accomplice Fund 1 LP. The largest shareholder is co-founder and CEO Andrew Bialecki.

LeeWay Services, specializing in freight brokerage and logistics services, has increased the proposed deal size for its upcoming IPO to \$15 mn.

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Zeekr, the premium EV brand of Chinese automaker Geely, is considering a \$1 bn IPO in the USA, aiming for a valuation surpassing \$13 bn - similar to what was achieved in a private funding round earlier this year. Zeekr plans to meet with global investors in various locations over a two-week period. The IPO ambitions of Zeekr, based in Hangzhou, reflect its parent company Geely's efforts to tap into the growing demand for high-end EVs in China. The company recently introduced its first luxury sports car. The brand also has plans to expand its market presence beyond China, including countries like the Netherlands, Sweden, Israel, and Kazakhstan. The IPO, if successful, could become the largest US listing by a Chinese firm in over two years.

Healthcare payments technology firm **Waystar Technologies** has confidentially filed for an IPO through its parent company. This move marks the company's first step towards a potential stock market listing that could value it at up to \$8 bn. The company was previously valued at \$2.7 bn in a 2019 funding round when buyout firm EQT AB and Canada Pension Plan Investment Board acquired a majority stake. Waystar offers software that assists hospitals and healthcare firms in managing their financial operations. The company has expanded its presence in the healthcare payments industry by acquiring competitors, including eSolutions in 2020, which enhanced its reach in Medicare. Recently, Waystar acquired financial engagement platform HealthPay24, marking its eighth acquisition in the last five years.

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Flutterwave, Africa's largest fintech, is moving forward with its plans for an IPO in New York as it resolves allegations of financial impropriety in Kenya, aiming to access international partners and expand its reach. CEO Olugbenga Agboola expressed that going public would attract larger global clients seeking compliance and a global view. Founded in 2016, Flutterwave has expanded across approximately 30 African countries and secured investments from firms like Tiger Global Management. It collaborates with companies including Alibaba's Alipay, Uber, and Netflix.

Ticket-reselling company **StubHub** has hired a new finance chief to try to take it public next year, following the departure of its previous CFO in 2022, according to people familiar with the matter. StubHub's new CFO is Connie James. She stepped down last month from the same post at Light & Wonder, a publicly traded company that sells slot machines to casinos.

SPAC ACTIVITY

Better Home & Finance Holding, an online mortgage lender backed by SoftBank, faced a challenging public debut as its shares plummeted \$17.4 to \$1.2, as most of Aurora's shareholders chose cash over shares. The company merged with SPAC **Aurora Acquisition** which allowed Better.com to access approximately \$565 mn in funding, mainly through convertible debt from SoftBank. Better.com intends to use the new capital infusion to enhance existing operations, explore partnerships, lending opportunities, and potential acquisitions.

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Mission Control Acquisition, a blank check company centered on aerospace and defense services, has filed with the SEC to raise up to \$100 mn through an IPO on the **NYSE**.

Clean energy-focused SPAC **Prospect Energy Holdings** has significantly reduced its planned unit offering for its upcoming IPO, now aiming to raise \$75 mn on **NASDAQ**.

Quetta Acquisition, a New York-based blank check company, has filed for a \$60 mn IPO on **NASDAQ** with a focus on the fintech sector in Asia (excluding China, Hong Kong, and Macau).

This digest covers key IPO deals on European and US exchanges.

Our main focus is on companies exceeding \$100 mn in market capitalization.

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