

## A D A S T R A

**IPO digest | November 2023**

The recent discussions on interest rates and Shein's upcoming public market debut have rekindled enthusiasm for IPOs. Nevertheless, in November, four out of six major IPOs in the USA were priced below their anticipated ranges, which to us suggests the lack of conviction. The others in the queue to the newly opened IPO window should feel headwinds. While the market tends to be accessible to high-quality companies experiencing profitable growth, businesses considering entering the public markets must temper their valuation expectations. As the festive season approaches, a few preparing companies are deciding to postpone their IPOs to the next year hoping for a more IPO-friendly environment.

**NEW IPOs****CARGO THERAPEUTICS | \$580 m MCAP | \$281 m raised | NASDAQ**

On November 9, CARGO Therapeutics priced its IPO at the low end of the price range. Being a clinical-stage biotechnology company, it advances the next generation of potentially curative cell therapies for cancer patients. The company engineered a CAR - a protein that modifies T-cells so they can recognize and destroy cancer cells. CARgo lead program, derived from a patient's cell product candidate, the underlying CAR of which they exclusively licensed from the National Cancer Institute, is being studied by Stanford University in Phase 1 clinical trial in patients with large B-cell lymphoma.

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**IPO digest | November 2023****HAMILTON INSURANCE | \$1.6 bn MCAP | \$225 m raised | NYSE**

On November 9, Hamilton Insurance Group priced its IPO below the bottom of its range to raise \$225 m. Hamilton is a global specialty insurance and reinsurance company incorporated in Bermuda in 2013. Hamilton Insurance Group harnesses diverse underwriting operations supported by proprietary technology and a team of over 500 full-time employees. They operate globally, and manage three principal underwriting platforms: Hamilton Global Specialty, Hamilton Select, and Hamilton Re.

**NORCONSULT | €503 m MCAP | €155 m sold | EURONEXT Oslo**

On November 10, Norwegian engineering consulting firm Norconsult ASA priced its shares at the bottom of the announced range, the largest listing on Oslo Børs in 2023. Norconsult is one of the largest Nordic consulting companies in engineering, architecture, and community planning, with roots dating back to 1929. The company has approximately 6,000 employees across more than 130 offices in Norway, Sweden, Denmark, Poland, Finland and Iceland. Norconsult aims to strengthen its number one position in the Norwegian market, as well as growing in Denmark and Sweden. The secondary offering by the company's existing shareholders comprised an institutional offering, a retail offering, and an employee offering.

**LEXEO THERAPEUTICS | \$320 m MCAP | \$100 m raised | NASDAQ**

On November 2, Lexeo Therapeutics priced its IPO well below the bottom of the expected range while slightly increasing the number

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of shares on offer, to raise \$100 m - 21% less than the estimated IPO proceeds under the terms in the prospectus. Lexeo Therapeutics is a clinical-stage genetic medicine company dedicated to transforming healthcare by applying pioneering science to fundamentally change the way diseases are treated. Their leading drug product candidates target cardiovascular disease and Alzheimer's disease.

**DDC ENTERPRISE | \$202 m MCAP | \$33 m raised | NYSE**

On November 16, DDC Enterprise Limited downsized the offering and priced its IPO below the bottom of the range to raise \$33 m - 26% less than the estimated proceeds based on the terms in the prospectus. The company also known as DayDayCook states its mission to promote Asian cooking to the world. DDC is a leading content-driven consumer brand offering easy, convenient ready-to-heat, ready-to-cook, ready-to-eat products. The brands and products promote healthier lifestyle choices to a predominately Millennial and GenZ customer base. Founded in Hong Kong in 2012 DDC entered the Mainland China market engaging in technology development of computer software, food circulation, and advertising production. Later in 2019, the business was extended to include the production and sale of own-branded RTH and RTC convenient meal solution products.

**SBE-VARVIT | €975 m MCAP | €25 m sold | EURONEXT Milan**

On November 14, Italian fastener maker SBE-Varvit offered less than 3% of its shares on EURONEXT Growth Milan. The company, part of the Vescovini Group, operates in the production, distribution, and

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marketing of a wide range of fastening components including screws, bolts, nuts, cold and hot stamped products, fasteners, and highly engineered mechanical components intended primarily for the automotive, industrial, agricultural machinery and personal mobility sectors. With headquarters in Reggio Emilia and several production facilities in Italy and one in Serbia, the Group operates as a full-service provider serving more than 5,000 customers globally.

### SHIMMICK | \$178 m MCAP | \$25 m raised | NASDAQ

On November 13, Shimmick Corp. dropped both the size and the price of the offering below the range to raise just half of the required capital. Shimmick is a leading provider of water and other critical infrastructure solutions in the USA. They have a long history of working on complex water projects, ranging from the world's largest wastewater recycling and purification system in California to the iconic Hoover Dam. Led by industry veterans Shimmick works closely with the customers to deliver complete solutions, including long-term operations and maintenance.

### RICHTECH ROBOTICS | \$321 m MCAP | \$11 m raised | NASDAQ

On November 16, Richtech Robotics Inc. priced its slightly upsized IPO to raise \$10.5 m. Richtech Robotics designs, manufactures, and sells Autonomous Mobile Robots for the hospitality sector, and its current customer base includes hotels, restaurants, senior care facilities, and casino management companies. Richtech envisions becoming the first robotics "Super-operator" where thousands of its

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robots are deployed out in the field and managed by Richtech's AI Cloud Platform.

**Globavend Holdings**, an emerging e-commerce logistics provider of end-to-end logistics solutions in Hong Kong, Australia, and New Zealand raised \$6 m on **NASDAQ**.

**Signing Day Sports**, a technology company developing and operating platforms aiming to allow significantly more student-athletes to go to college and continue playing sports, raised \$6 m on **NYSE**.

**Elevai Labs**, a physician-dispensed skincare company with a focus on modernizing aesthetic skincare, raised \$6 m on **NASDAQ**.

**Fenbo Holdings**, a Hong Kong-based manufacturer of electrical hair styling products raised \$5 m on **NASDAQ**.

**Pineapple Financial**, a Canadian mortgage technology and brokerage company, raised \$3.5 m on **NYSE**.

**Xenia Hotellerie Solution**, a hospitality company with accommodation services and its own hotel brand Phi Hotels, raised €2.3 m on **EURONEXT** Growth Milan.

**Sibek AB**, a technology consultancy specializing in the Swedish railway's signaling system, raised €1 m on **NASDAQ First North** Growth Market.

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## NEW FILINGS AND IPO PLANS

The long-rumored IPO of **Shein** is set to become a reality in 2024, as reported by both the WSJ and CNBC. Shein has confidentially filed to go public in the US and has hired Goldman Sachs, JPMorgan Chase, and Morgan Stanley as lead underwriters for the offering. It aims to seek a valuation of up to \$90 bn in its IPO, as per Bloomberg reports. As the dominant player in fast-fashion retail, Shein commands an 18% share of the global market as per Reuters data and is indicating a continuous increase in its market share. The company's direct shipping strategy has proven instrumental in preventing unsold inventory from accumulating in warehouses and circumventing import taxes in the US, one of its largest markets.

**Reddit** is reportedly reengaging in discussions with potential investors, reigniting its plans for an IPO that could occur as early as the 1Q24, according to Bloomberg. The social media platform is said to be considering a valuation of up to \$15 bn. Reddit filed for an IPO in December 2021 but postponed its plans due to market volatility.

Swedish fintech **Klarna** has confirmed its intent to move towards an eventual IPO. The company is undergoing legal restructuring to establish a holding company in the UK as an early step in its IPO plans. This administrative change has been in progress for over a year and involves creating a holding company at the top of the corporate structure, facilitating an easier listing on a stock exchange, according to TechCrunch. The holdco, Klarna Holding, will be regulated by the Swedish Financial Supervisory Authority,

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maintaining the group's Swedish banking license while being registered in the UK. Klarna's CEO and co-founder, Sebastian Siemiatkowski, has reached out to the company's largest shareholders seeking approval for the restructuring. Klarna, with 150 m global customers, 500,000 merchant partners, and about 5,000 employees, reported positive 3Q23 results, swinging to a profit and achieving a 30% increase in revenue to around \$550 m. The company's most recent valuation was \$6.7 bn, down 85% from its valuation of \$45.6 bn in 2021.

**UL Solutions**, a testing, inspection, and certification company, is targeting a valuation of \$5+ bn in its upcoming IPO, which has been postponed to 2024 due to market uncertainties as was reported by the WSJ. The decision to delay the IPO was influenced by volatile market conditions. UL Solutions filed confidentially for an IPO in October and is working with JPMorgan Chase and Goldman Sachs Group on the offering aiming to raise up to \$1 bn.

Chinese automaker Geely's premium EV brand, **Zeekr**, has reportedly postponed its US IPO due to a mismatch in valuation expectations, according to two anonymous sources cited by Reuters. The decision is attributed to volatile global financial markets. Zeekr, which filed a prospectus for a New York IPO earlier this month, aimed to maintain its \$13 bn valuation achieved in a private fundraising in February 2023. However, informal talks with potential investors since late August suggested a lower valuation for the two-year-old firm, causing the postponement. Zeekr's prospectus revealed a surge in

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revenue but also an increased loss from operations. The company still aims to raise at least \$500 m in the IPO, as per Reuters' sources.

Renault's CEO, Luca de Meo, stated that the company may reconsider the planned IPO of its EV unit, **Ampere**, if the valuation is deemed too low. As cited by Reuters, De Meo is targeting a valuation of €8-10 bn for the IPO, which is scheduled for spring 2024 in Paris. However, concerns about slower demand for EVs, volatile markets, and increased competition from Chinese manufacturers have raised doubts about the ambitious valuation. Sources suggest that Renault might reconsider the IPO if the valuation falls below €7 bn. At the same time, UBS analysts have valued Ampere at €3-4 bn, and there are questions about the rationale for listing the EV business.

According to Bloomberg, **Circle Internet Financial**, the issuer of the USDC stablecoin, is reportedly considering an IPO in early 2024. The company is in discussions with advisers as it contemplates the potential listing. The company was valued at \$9 bn when it attempted to go public via a deal with a SPAC in 2022. Circle has attracted investments from notable backers, including Goldman Sachs Group, General Catalyst Partners, BlackRock, Fidelity Management and Research, and Marshall Wace, which valued Circle at \$7.7 bn in a 2022 funding round. Circle is a major player in the stablecoin market, issuing one of the world's largest stablecoins pegged to assets like the USD. The company faced a brief depegging of USD Coin earlier this year due to exposure to the collapsed Silicon Valley Bank. Circle plans to share financial reports regularly and announced Deloitte as its auditor.

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**Figure Technologies**, a fintech firm co-founded by Mike Cagney, is reported by Bloomberg to be working with banks, including Goldman Sachs, JPMorgan Chase, and Jefferies, on an IPO for its lending arm, LendCo. The IPO is being considered for the 1H24 at a valuation of \$2-3 bn. Figure Technologies, founded in 2018 focusing on blockchain-based financial products, experienced layoffs of about 20% of its staff earlier in the year. The company's valuation was \$3.2 bn in a 2021 venture-backed funding round.

London-based payments company **Ebury** has hired investment bank Perella Weinberg Partners to initiate an IPO in 2025, according to CEO Juan Lobato in a statement to Reuters. Majority-owned by Spain's Santander, which holds around 67% after a funding round valuing the firm at approximately £900 m last year, Ebury aims to go public, possibly on the **LSE**. The company may also consider a capital raising before the IPO. Perella Weinberg's mandate focuses on positioning Ebury for the IPO, and Santander has not indicated a sale of shares. Ebury, specializing in payments, cash management, and trade finance for businesses, is expected to report sharp growth in its upcoming results presentation.

Kazakhstan's flag carrier, **Air Astana**, is planning a long-delayed IPO in London and domestically in 1Q24 according to Bloomberg. Shareholders BAE Systems and Kazakhstan's sovereign wealth fund aim to reduce their combined ownership to around 50% to maintain control in Kazakh hands. BAE Systems owns 49% of Air Astana, and Samruk-Kazyna controls the remaining 51%. The airline may be valued at around \$1 bn. The advisers for the IPO include Citigroup,

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Jefferies, Wood & Co., Halyk Finance, BCC Invest, Jusan Invest, and SkyBridge Invest. Air Astana returned to profitability in 2021 after a loss in 2020 due to pandemic-related travel slumps. The IPO would be the first sale of a state-run Kazakh company in London since 2018.

Tiptree has announced the filing of its specialty insurance subsidiary, **Fortegra Group**. Tiptree anticipates using the net proceeds for Fortegra's growth strategy, working capital, and general corporate purposes. The company expects to maintain majority ownership of Fortegra after the **NYSE** IPO, viewing it as a platform for future capital needs. The multinational specialty insurer had previously filed for an IPO in March 2021 to raise \$133 m and is targeting to raise up to \$100 m in the current offering according to SeekingAlpha. The joint bookrunners for the deal include Goldman Sachs, J.P. Morgan, Jefferies, and Barclays.

**Key Mining**, an exploration-stage miner concentrating on projects in Chile, has filed for an IPO with plans to list on **NASDAQ**. The sole underwriter for the deal is Titan Partners Group. The IPO proceeds will primarily fund the development and drilling of the company's two projects, with the remaining funds allocated for working capital and general corporate purposes. However, Key Mining is currently operating at a loss and anticipates no revenue or positive cash flow in the foreseeable future, as stated in its filing documents. The company's auditor, Assure CPA LLC, expressed concerns about its ability to continue given its accumulated losses, as reported by Marketwatch.

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*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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 [today@adastra.today](mailto:today@adastra.today)