



Initial Public Offerings

Australian Mid-market Activity
Q2, 2020 Financial Year

Introduction

We are happy to present our quarterly review of the mid-market IPOs on the ASX.

The focus of the analysis is on the current quarter and the immediately preceding 12 months with the aim of providing you with an overview of the current mid-market IPO activity.

In our analysis we have looked at IPOs that had an enterprise value of less than \$200m at the time of listing. We have also provided some further detail on the cost of IPOs broken down by market capitalisation and the performance of IPOs occurring in the last twelve months by significant sectors.

Key highlights are:

- There were 14 IPOs of mid-market companies in the quarter, an increase on last quarter and decrease on the same period last year.
- The mining sector was the most active in the quarter with four IPOs.
- Mid-market companies raised \$322.9m on the ASX in the quarter
- The average IPO fundraising was \$23.1m, which is a 141% increase on the previous quarter, and a 17% increase on the 12-month average.
- On average, transaction costs (excluding brokerage fees) over the last 12 months increased by 42% to \$448k

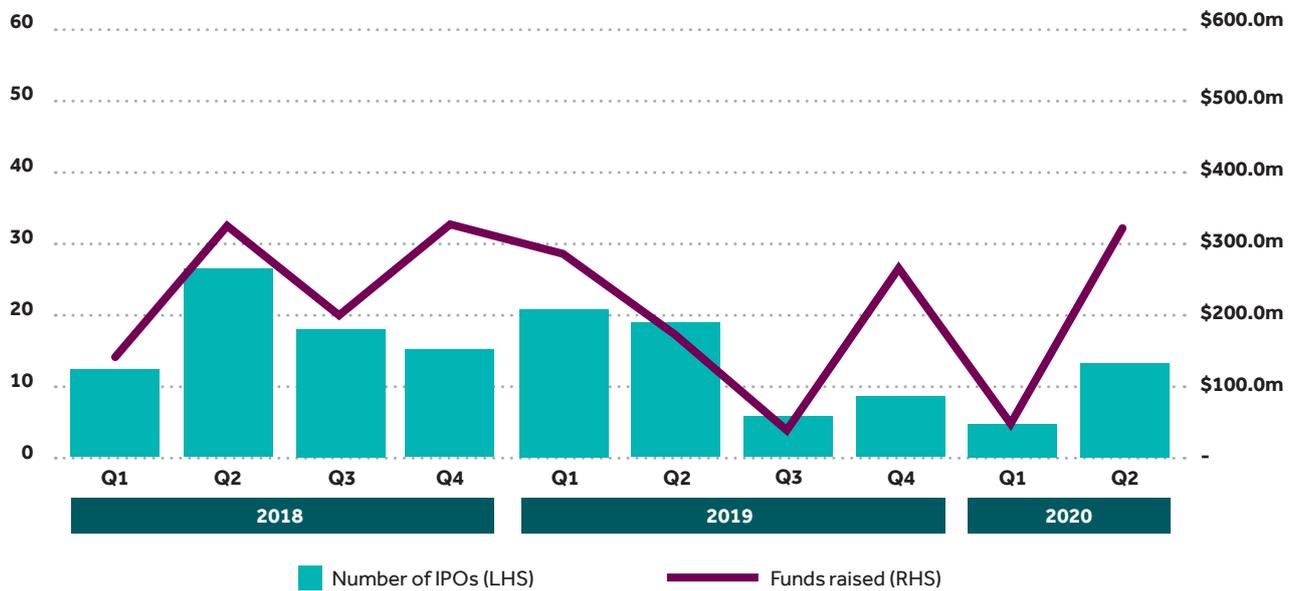
Overview

There were 14 IPOs in the mid-market this quarter, a 180% increase from last quarter and a 30% decrease compared to the same quarter last year.

Total funds raised for the quarter was \$322.9m, which is a 784% increase from last quarter, and a 150% increase when compared to the same period last year. The average funds raised per transaction this quarter increased by 195% from \$9.6m last quarter to \$28.2m, and when compared to the same period last year increased by 233%. This quarter has seen the 12-month average funds raised per transaction decrease by 13%.

The average enterprise value at IPO in the quarter was \$80.0m, which was up 26% from last quarter and up 128% from the same quarter last year.

Number of IPOs and funds raised by quarter



Source: S&P Capital IQ and Nexia analysis



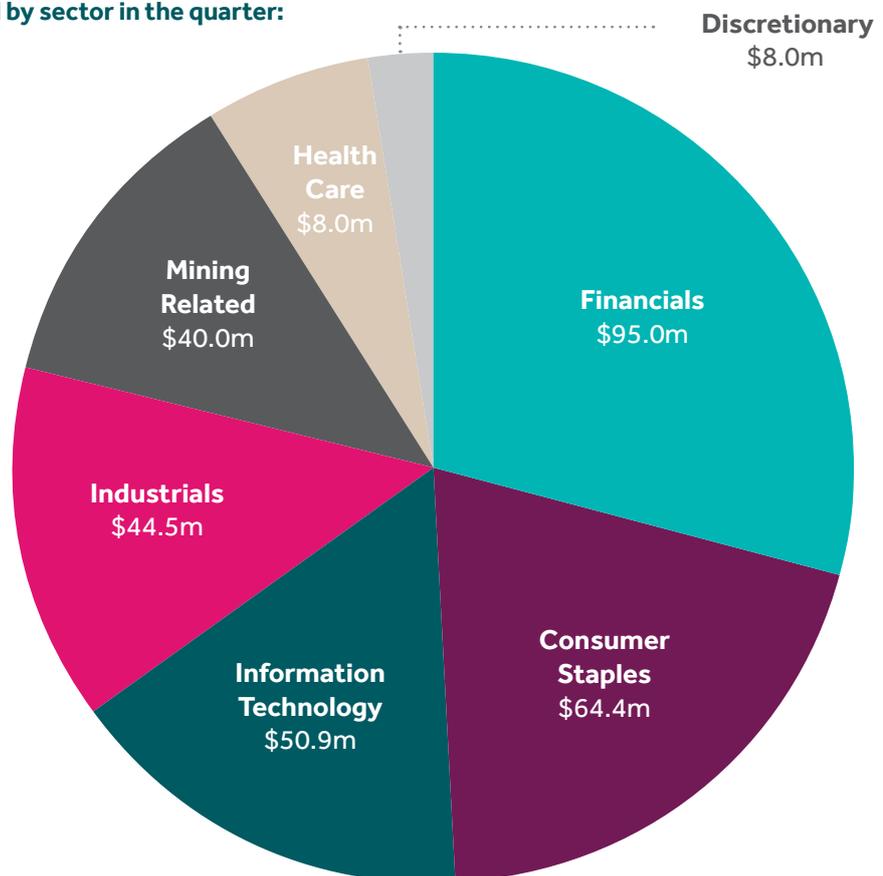


Quarterly Activity

Of the 14 IPOs in the quarter, the mining sector was the most active with four IPO's recorded, followed by financials with three IPOs. Industrials, consumer staples and information technology sectors had two IPOs each this quarter. There were no IPOs in the quarter for the utilities, telecommunication and real estate sectors.

Of the \$322.9m raised during the quarter, financials recorded the highest value of funds raised, raising \$95.0m, followed by the consumer staples sector with \$64.4m raised and information technology with \$50.9m raised. These three industries accounted for 65% of the total funds raised during the quarter. The following graph shows total funds raised by sector in Q2 2020.

The following funds were raised by sector in the quarter:





Company Name	Industry Sector	Industry	Gross Proceeds (\$m)	EV IPO (\$m)
Damstra Holdings Limited	Information Technology	Software	45.9	186.2
Aerometrex Limited	Industrials	Commercial Services and Supplies	25.0	180.1
Nuchev Limited	Consumer Staples	Food Products	48.7	143.7
Openpay Group Ltd	Financials	Consumer Finance	50.0	131.4
Moneyme Limited	Financials	Consumer Finance	45.0	126.6
Amaero International Ltd	Materials	Metals and Mining	8.0	69.8
M8 Sustainable Limited	Industrials	Commercial Services and Supplies	19.5	60.2
Founders First Limited	Consumer Staples	Beverages	15.8	56.4
Cronos Australia Limited	Health Care	Health Care Providers and Services	20.0	48.4
Terragen Holdings Limited	Materials	Chemicals	20.0	34.8
iCetana Limited	Information Technology	Software	5.0	25.4
OpenLearning Limited	Consumer Discretionary	Diversified Consumer Services	8.0	24.2
Godolphin Resources Limited	Materials	Metals and Mining	7.5	12.8
Trigg Mining Limited	Materials	Chemicals	4.5	6.0

Source: S&P Capital IQ and Nexia analysis

Sectors

We have analysed the number of IPOs and average fund raising per sector over the last 12 months, in order to better understand the activity in each sector.

Although the mining related sector was one the most active sectors over the last 12 months, with eight IPOs, the average funds raised was the lowest of all sectors at only \$7.7m per IPO.

The sector with the highest average gross proceeds raised is the financials, raising an average of \$39.7m for six IPOs in the last 12 months.

Information Technology has also experienced strong activity with six IPOs completed over the last 12 months, raising an average of \$27.5m per IPO.

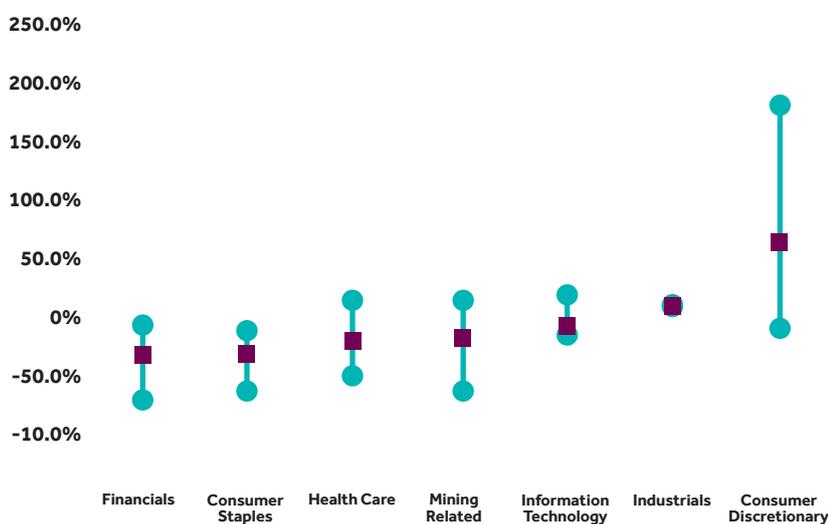
Number and average fundraising by sector (last 12 months)



Source: S&P Capital IQ and Nexia analysis

Performance over the last 12 months

Movement in market capital since IPO by industry (Past 12 months IPOs: low, high and average)



There were no mid-market IPOs in the utilities and real estate sectors in the last 12 months and only one transaction in communication services, which is excluded from this analysis.

Consumer discretionary was the most volatile sector, with a spread of returns of 191%.

Consumer discretionary IPOs were the best performing over the last 12 months with an average return of 73%, followed by the industrials sector with an average return of 21%. The financials, consumer staples, health care and mining relates sectors were all volatile with the average return being negative for the last twelve months.

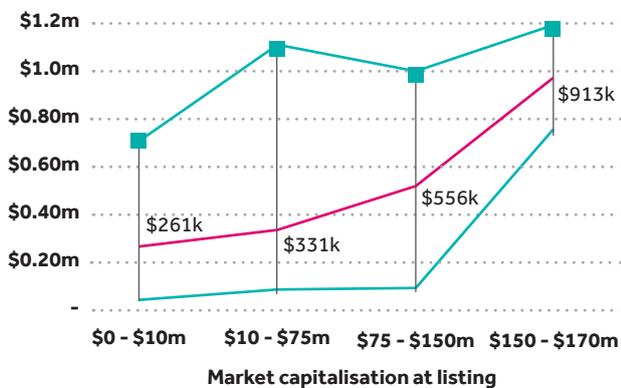
Source: S&P Capital IQ and Nexia analysis

Costs

Certain costs in undertaking an IPO, being accounting and legal costs, are typically fixed regardless of the outcome. Fundraising costs, on the other hand, are generally paid on successful completion of the IPO and represent a percentage of proceeds raised. Accordingly, fundraising costs have been excluded from our analysis.

A number of factors will impact the costs incurred, including how prepared the company is for the IPO, the complexity of its business and whether there are any related transactions. Over the last year, the fixed costs for an IPO have averaged \$447.9k compared to \$314.9k for the corresponding 12-month period in the prior year.

Transaction costs by market capital size



Source: S&P Capital IQ and Nexia analysis

Methodology

The analysis was prepared based on data sourced from S&P Capital IQ. Data analysed is for completed IPOs on the ASX, from 1 July 2017 to 31 December 2019, with an implied enterprise value of less than \$200m. If no implied enterprise value was disclosed at the IPO filing date, transactions were adjusted to be the first enterprise value disclosed within the preceding 90 days.

Of the 35 transactions analysed for transaction costs there was sufficient data for 17% of the transactions to calculate the average accounting fees per transaction and there was sufficient data for 69% of the transactions to calculate the average wlegal fees per transaction.

About Nexia

Nexia Australia represents a network of solutions focused accountancy and consultancy firms in Australia which is supported by global links to Nexia International. We offer a full service accounting solution with experienced partners and an enthusiastic team.

Nexia Australia services clients from small to medium enterprises, large private company groups, not-for-profit entities, subsidiaries of international companies, publicly listed companies and high net worth individuals and includes market leaders in many sectors of Australian business.

With over 72 partners and 520 staff, Nexia Australia has grown into one of Australia's leading chartered accountancy firms with offices in Adelaide, Brisbane, Canberra, Darwin, Melbourne, Perth, Sydney and New Zealand (Christchurch).

We offer a comprehensive range of services in the areas of Audit & Assurance, Business Advisory, Corporate Advisory, Family Office, Finance & Lending Services, Financial Services, Forensic Accounting, Management Consulting, Superannuation Solutions, Taxation Consulting.

We pride ourselves on having the skills and experience to deliver effective solutions to all our clients. We make our advice easy to understand and back it up with one-to-one contact, with partners always accessible.

Nexia Australia is continually evolving to find the next solution, building on over 40 years of experience to focus on fresh ideas and perspectives that make the difference. Our objective is to grow your business through strategic and proactive thinking and utilising the strength of our global Network.

The key to our success is simple: the strength of our member firms in major global financial and economic centres, providing expertise in each of our local jurisdictions. With members in all major world economies, Nexia International delivers:

- A global resource of professional expertise offering a comprehensive portfolio of assurance, tax and advisory services and solutions
- Access to detailed knowledge of local regulations, cultures and customs
- Consistently high levels of client service and solution based insights, built on strong, long lasting professional relationships.

Our Nexia name is a promise. When you are dealing with a Nexia firm anywhere in the world, you can always count on us being:

agile | accessible | advancing

Contact us

For further information or to discuss how Nexia Australia can assist your organisation, please contact a local Nexia Advisor below.



Adelaide Office

Hugh McPharlin

Level 3, 153 Flinders Street Adelaide SA 5000
GPO Box 2163, Adelaide SA 5001
p +61 8 8139 1111, f +61 8 8139 1100
hmcpharlin@nexiaem.com.au
www.nexiaem.com.au

Brisbane Office

Ken Robertson

Level 28, 10 Eagle Street Brisbane QLD 4000
GPO Box 1189 Brisbane QLD 4001
p +61 7 3229 2022, f +61 7 3229 3277
krobertson@nexiabrisbane.com.au,
www.nexia.com.au

Brisbane South Office

Malcolm Mathews

1187 Logan Road, Holland Park QLD 4121
PO Box 63, Mt Gravatt, QLD 4122
p +61 7 3343 6333, f +61 7 3849 8598
mmathews@nexiabrisbane.com.au
www.nexia.com.au

Canberra Office

Billy Kang

Level 5, 17 Moore Street, Canberra ACT 2601
GPO Box 500, Canberra ACT 2601
p +61 2 6279 5400, f +61 2 6279 5444
bkang@nexiacanberra.com.au
www.nexia.com.au

Darwin Office

Noel Clifford

Level 2, 62 Cavenagh Street Darwin NT 0800
GPO Box 3770, Darwin NT 0801
p +61 8 8981 5585, f +61 8 8981 5586
nclifford@nexiaem.com.au
www.nexiaemnt.com.au

Melbourne Office

Vito Interlandi

Level 12, 31 Queen Street
Melbourne VIC 3000
p +61 3 8613 8888, f +61 3 8613 8800
vinterlandi@nexiamelbourne.com.au
www.nexia.com.au

Perth Office

Mal Di Giulio

Level 3, 88 William Street, Perth WA 6000
GPO Box 2570, Perth WA 6001
p +61 8 9463 2463, f +61 8 9463 2499
mal.digiulio@nexiaperth.com.au
www.nexia.com.au

Sydney Office

Brent Goldman

Level 16, 1 Market Street, Sydney NSW 2000
PO Box H195, Australia Square, NSW 1215
p +61 2 9251 4600, f +61 2 9251 7138
bgoldman@nexiasydney.com.au
www.nexia.com.au

New Zealand Office

Craig Melhuish

Level 4, 123 Victoria Street, Christchurch
PO Box 4160, Christchurch
p +64 3 379 0829, f +64 3 366 7144
cmelhuish@nexiachch.co.nz
www.nexiachch.co.nz