



Initial Public Offerings

Australian Mid-market Activity
Q1, 2021 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 9 IPOs for mid-market companies in the quarter, an increase on last quarter and on the same period last year, as the market appears to be bouncing back after COVID-19.
- The mining related and industrials sectors were the two active sectors in the quarter with 4 and 3 IPOs respectively.
- Mid-market companies raised \$154.8 million on the ASX in the quarter.
- The average IPO fundraising was \$17.2 million, which is a 137% increase on the previous quarter, and an 80% increase on the 12-month average.
- On average, transaction costs (excluding brokerage fees) over the last 12 months decreased slightly by 1.5% to \$316.6k.

Overview

There were 2 IPOs in the mid-market this quarter, a 75% decrease from last quarter and a 78% decrease compared to the same quarter last year.

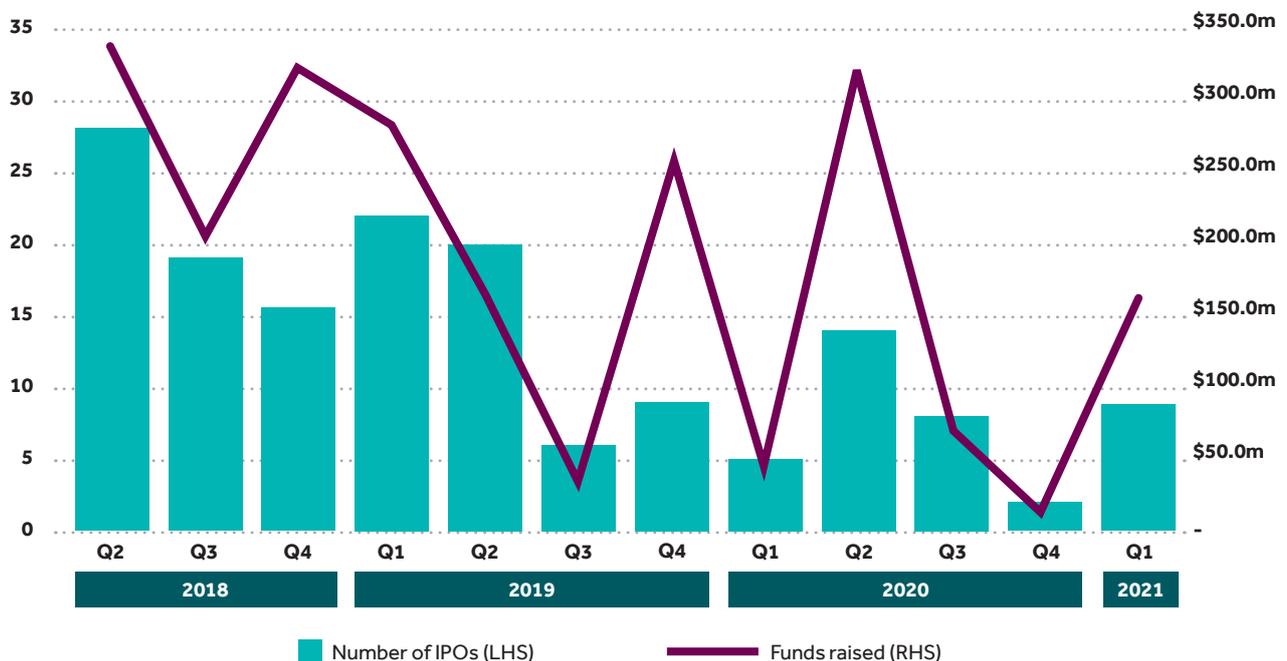
There were 9 IPOs in the mid-market this quarter, a 350% increase from last quarter and a 80% increase compared to the same quarter last year.

Total funds raised in the quarter was \$154.8 million, which is a 967% increase from last quarter, and a 223% increase compared to the same period last year. The average funds raised per transaction this quarter increased by 137% from

\$7.3 million last quarter to \$17.2 million, and increased by 80% when compared to the same period last year. This quarter has seen the 12-month average funds raised per transaction increase by 9%.

The average enterprise value at IPO in the quarter was \$72.7 million, which was up 177% from last quarter and 14% from the same quarter last year.

Number of IPOs and funds raised by quarter



Source: S&P Capital IQ and Nexia analysis



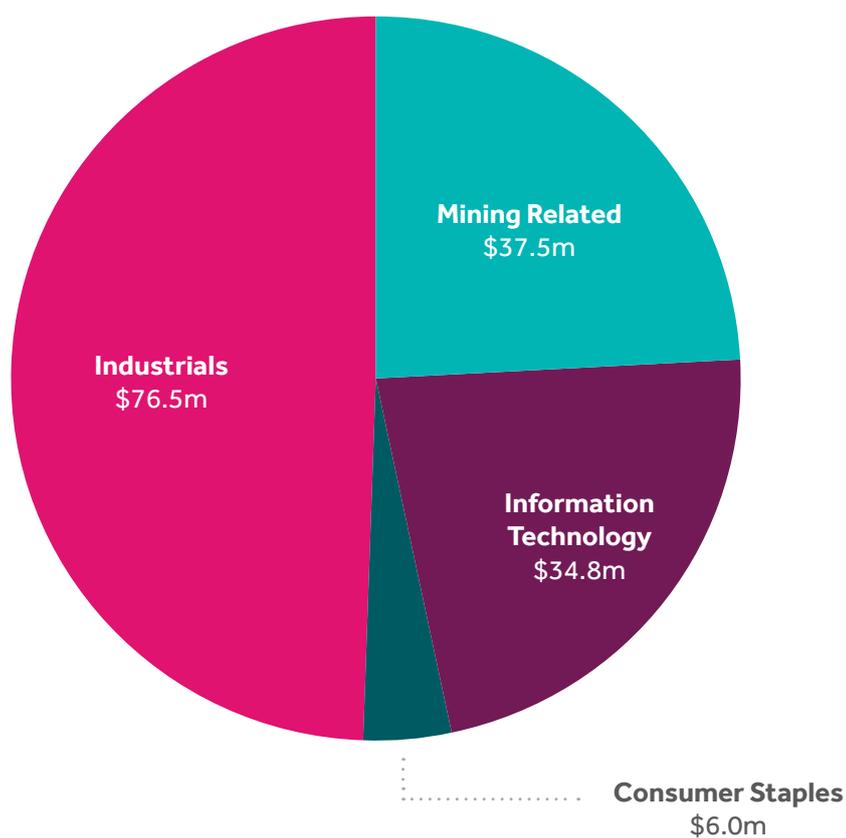


Quarterly Activity

The mining related, information technology, consumer staples and industrials were the only active sectors this quarter. There were 4 IPOs within the mining related sector, 3 in the industrials sector, and 1 each in the information technology and consumer staples sectors. There were no IPOs this quarter in the real estate, financials, telecommunications, healthcare, utilities and consumer discretionary sectors.

Of the \$154.8 million raised during the quarter, the industrials sector recorded the highest value of funds raised, raising \$76.5 million, followed by the mining related sectors with \$37.5 million raised.

The following funds were raised by sector in the quarter:





Company Name	Industry Sector	Industry	Gross Proceeds	EV IPO
DUG Technology Ltd	Information Technology	Software	34,800,000	199,200,000
Access Innovation Holdings Limited	Industrials	Commercial Services and Supplies	63,500,000	190,400,000
Manuka Resources Limited	Materials	Metals and Mining	7,000,000	88,700,000
SRJ Technologies Group plc	Industrials	Machinery	8,000,000	59,500,000
North Stawell Minerals Limited	Materials	Metals and Mining	20,000,000	59,400,000
Montem Resources Limited	Materials	Metals and Mining	8,000,000	55,900,000
Forbidden Foods Limited	Consumer Staples	Food Products	6,000,000	28,900,000
Dynamic Drill and Blast Holdings Limited	Industrials	Construction and Engineering	5,000,000	20,700,000
Torque Metals Limited	Materials	Metals and Mining	2,500,000	6,900,000

Source: S&P Capital IQ and Nexia analysis

Sectors

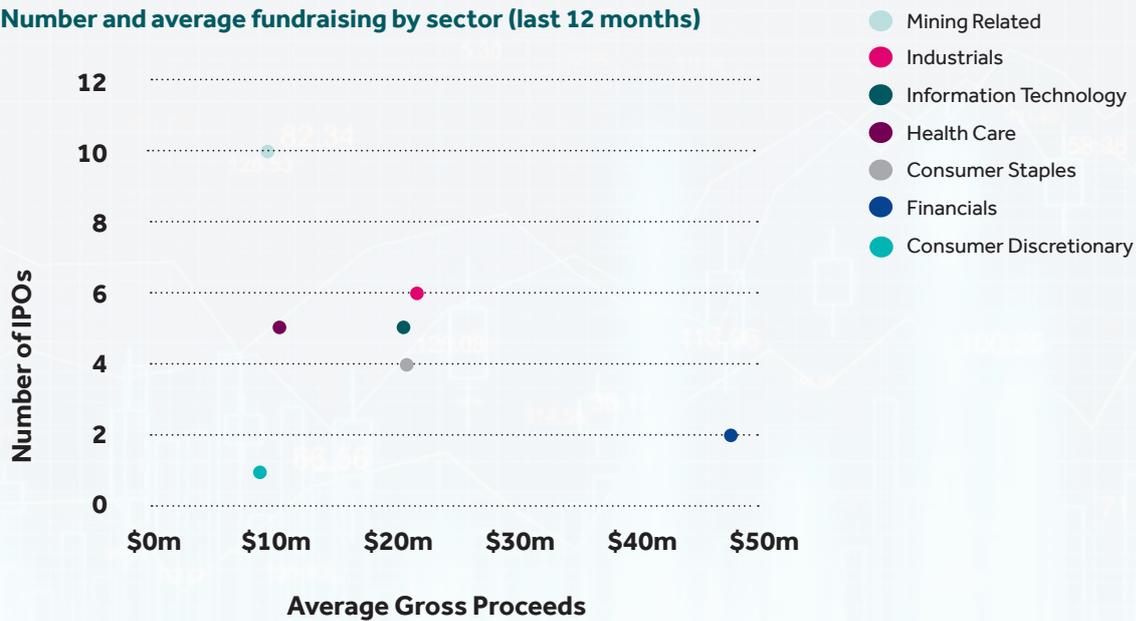
We have analysed the number of IPOs and average fund raising per sector over the last 12 months, in order to better understand the activity in each sector.

Mining related sectors were the most active sectors over the last 12 months with 10 IPOs, however, the average funds raised were the lowest of all sectors.

Within the financials sector, there were only 2 IPOs over the last 12 months however the average funds raised was the highest of all sectors at \$48 million per transaction.

The industrials, information technology and consumer staples had average funds raised of around \$21 million over the last 12 months, and the health care and consumer discretionary sectors raised an average of \$10 million or less, over the last 12 months.

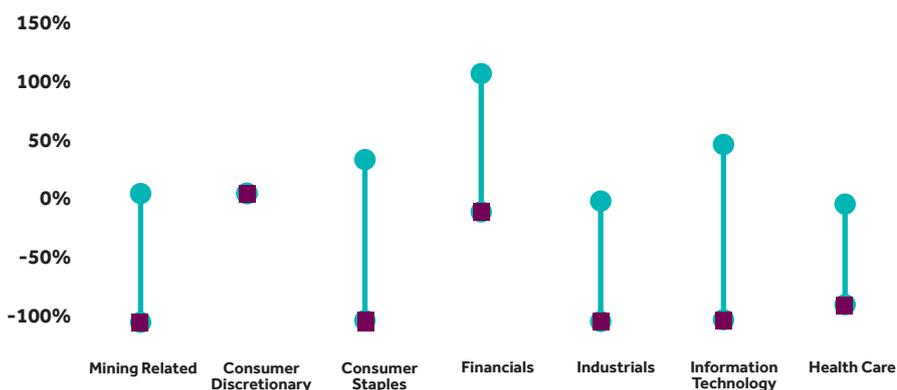
Number and average fundraising by sector (last 12 months)



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, communication services and real estate sectors in the last 12 months.

Information technology and consumer staples were the most volatile sector, with a spread of returns of 78% and 74% respectively.

All the sectors were volatile with the average return being negative for the last 12 months reflecting current market conditions, except the consumer discretionary sector which had positive and consistent average returns.

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 \$401,236 compared to \$321,337 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 October 2017 to 30 September 2020, 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 34 transactions analysed for transaction costs there was sufficient data for 32% of the transactions to calculate the average accounting fees per transaction and there was sufficient data for 68% of the transactions to calculate the average legal fees per transaction.

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Contact us

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



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