

PRESENTATION AT DFK APAC IPO CONFERENCE

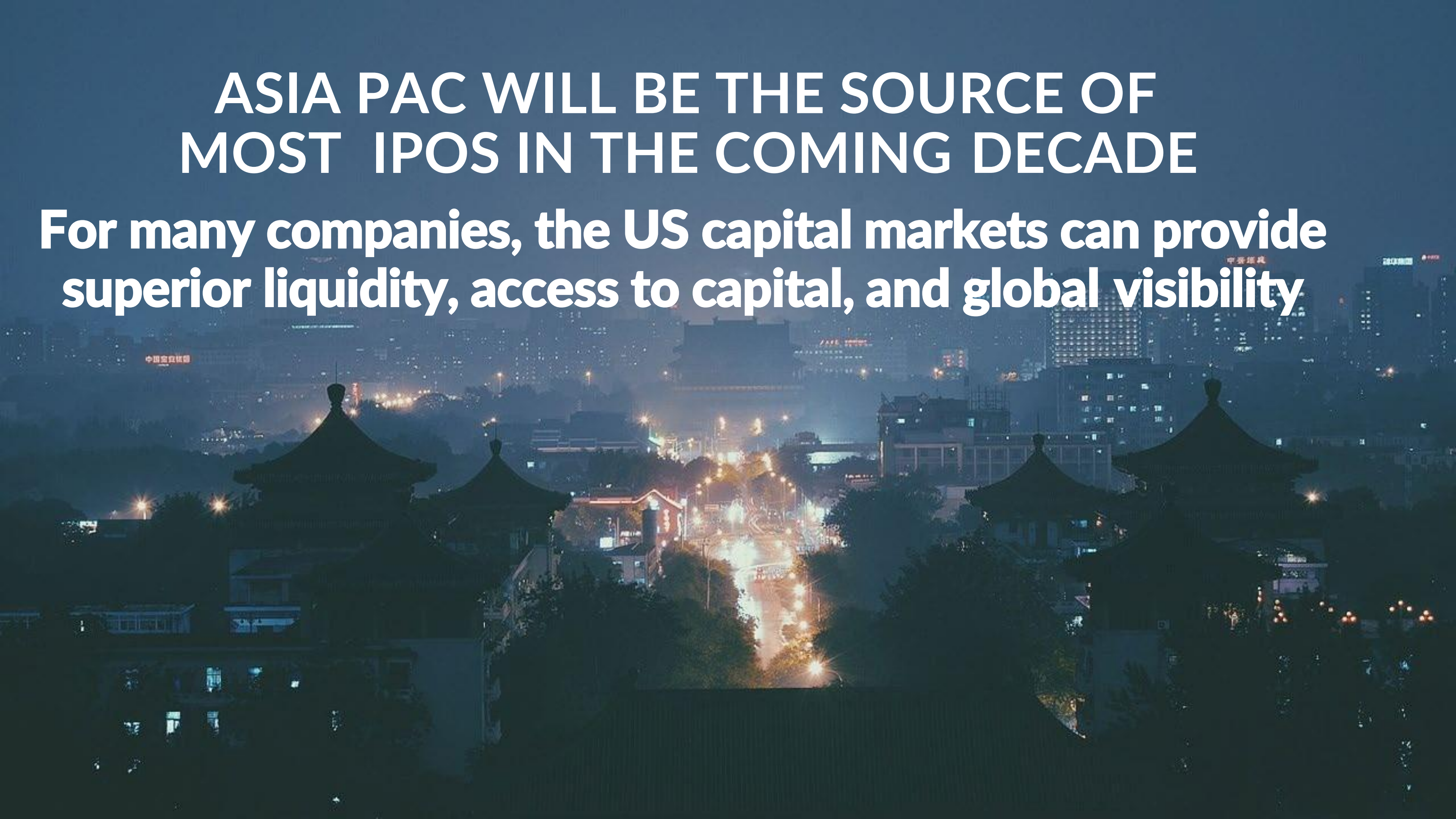
Pathways to the US Capital Markets

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ASIA PAC WILL BE THE SOURCE OF MOST IPOS IN THE COMING DECADE

For many companies, the US capital markets can provide superior liquidity, access to capital, and global visibility



DRIVERS OF ASIA IPO MARKET

Growth of Innovation Economy

Rapid increase in VC and PE investment in the region combined with explosion of digital economy.

Recent focus on cost structure and profitability is more suitable for public markets.

Pipeline of Potential US Listings

Strong pipeline of “unicorn” and middle-market companies from Singapore, Indonesia, the Philippines, Malaysia, and Vietnam preparing for US IPOs.

Constraints of Local Markets

Many local stock exchanges have limited liquidity and access to global institutional investors.

Desire for Investor Diversification

Strong interest among institutional and retail investors in participating in growth of Asia region as companies gain scale.



YTD IPO ACTIVITY IN THE US

- **Traditional IPOs have recovered in 2023, with more than doubling proceeds driven by a handful of large deals**
- **But issuance is a fraction of the comparable period in 2021 - when 388 IPOs raised \$137 billion**
- **Average IPO returns YTD lag US indexes at -15% versus +38% for NASDAQ**
- **Number and size of SPAC IPOs have continued to decline from comparable period in the 2021 boom - when 696 SPAC IPOs raised \$156 billion**

	2023 YTD	2022 YTD	Change
Traditional IPOs	103	70	+47%
Proceeds	\$19.3B	\$7.7B	+151%
SPAC IPOs	28	83	-66%
SPAC Proceeds	\$3.3B	\$11.8B	-72%

As of November 26, 2023

IS THE IPO WINDOW REOPENING?

- **ARM (\$4.9B) and Instacart (\$660M) launched large IPOs in September, raising hopes that new issues market is back**
- **Both IPOs see an initial surge in share price but gave back most of the gains**
- **Birkenstock (\$1.5 billion) trades down from IPO, while Vietnam's VNG Group (\$100M) delays IPO to 2024**
- **When will the window reopen? When investors see consistent positive returns**
- **Characteristics of recent deals:**
 - Offerings are small relative to market capitalization
 - Valuations may be below the last private round
 - Anchor investors allow for selective distribution of public shares



ASIAN ISSUERS CONTINUE TO IPO IN US

- **APAC has contributed 44% of US IPOs in 2023 YTD**
- **Most have been smaller offerings underwritten by specialized investment banks**
- **Sectors include technology, consumer, and industrials**
- **Sizable backlog of larger deals is said to be preparing to list in 2024**

	Number of IPOs	Proceeds
China	22	\$571M
Malaysia	6	\$85M
Japan	5	\$54
Singapore	4	\$54M
South Korea	1	\$9

**US LISTING MAY BE ATTRACTIVE OPTION
APAC CLIENTS**
**MarcumAsia has collaborated with DFK member
firms in the region on IPOs and SPAC mergers**



THE DECISION TO GO PUBLIC

- 1. How does an IPO support their long-term goals and liquidity?**
- 2. Are there other sources of capital more appropriate to their stage of development?**
- 3. Do they have a qualified professional team and mature systems required of a public company?**
- 4. Are they willing to disclose their operations and strategy as required by U.S. disclosure laws?**



CHOOSING THE RIGHT MARKET

US Markets	Domestic Listing
Deep pools of liquidity with active institutional and retail shareholder base	Local investors may be more familiar with brand and business operations
Flexibility to complete multiple follo-won rounds of equity and debt financing as required by growth strategy	Costs of IPO and ongoing public listing may be significantly lower
Bench of se-slide and bu-yside analysts who specialize in your industry sector	Local and emerging markets funds may better understand economic and industry trends
Currency to make overseas acquisitions, higher global profile	May offer tax advantages or investment support in certain jurisdictions

SHOULD YOU CONSIDER A SPAC MERGER?

- **Certainty of Outcome**

Merger with SPAC provides a path to public status that is not dependent on fluctuations in market environment.

- **Flexible Structure**

Transaction parameters can be negotiated and customized to needs of existing shareholders.

Often combined with strategic investment (PIPE) to provide guaranteed capital raise.

- **Caveats**

Most recent SPAC mergers have had high redemption rates (>90%) that deplete cash in trust at closing.

Company must demonstrate execution to attract analyst coverage and build institutional support or risk becoming "orphan stock."



SUCCESS FACTORS FOR US LISTING

- **Industry Leader**

Investors are drawn to winners. Highlight leading market share or unique advantages. Have investors made returns on companies with related business models?

- **Profitable Growth**

IPO should be timed with crossover to profitability. Can you clearly articulate unit economics and strategy to drive margin expansion?

- **Strategy with Clear Milestones**

Vision of the future that is compelling and credible. How does the IPO advance entry into new markets, vertical integration, or other goals?

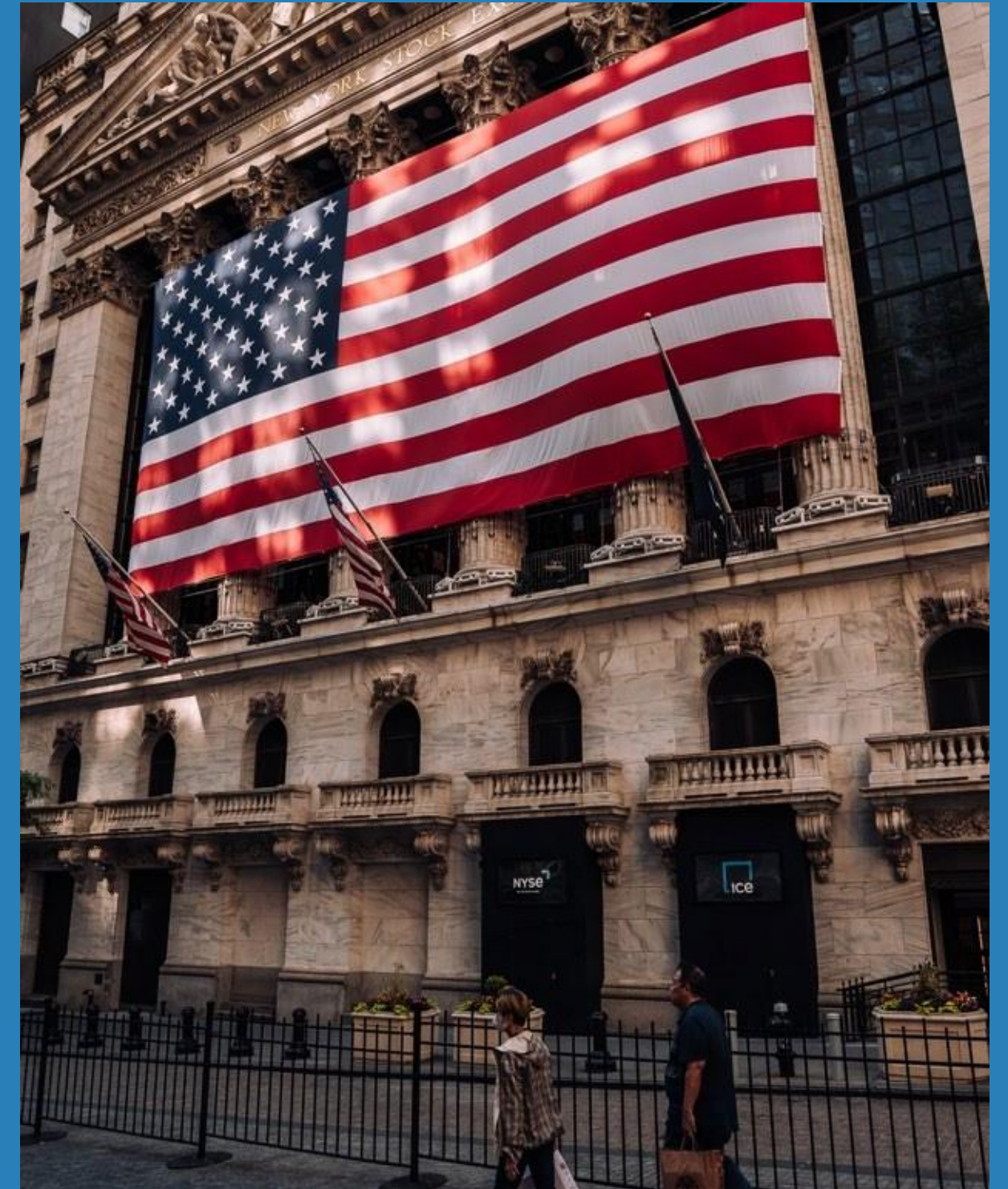
- **Strong Management Team**

Quality and completeness of the management team is a critical decision factor. Are you prepared for the rigors of a public company?



PUBLIC COMPANY READINESS CHECKLIST

- ✓ **Qualified CFO**
- ✓ **Finance team with US GAAP/SEC reporting capabilities**
- ✓ **Independent and engaged Board of Directors**
- ✓ **Mature business forecasting systems**
- ✓ **Robust internal controls and disclosure policies**
- ✓ **Investor relations capability**

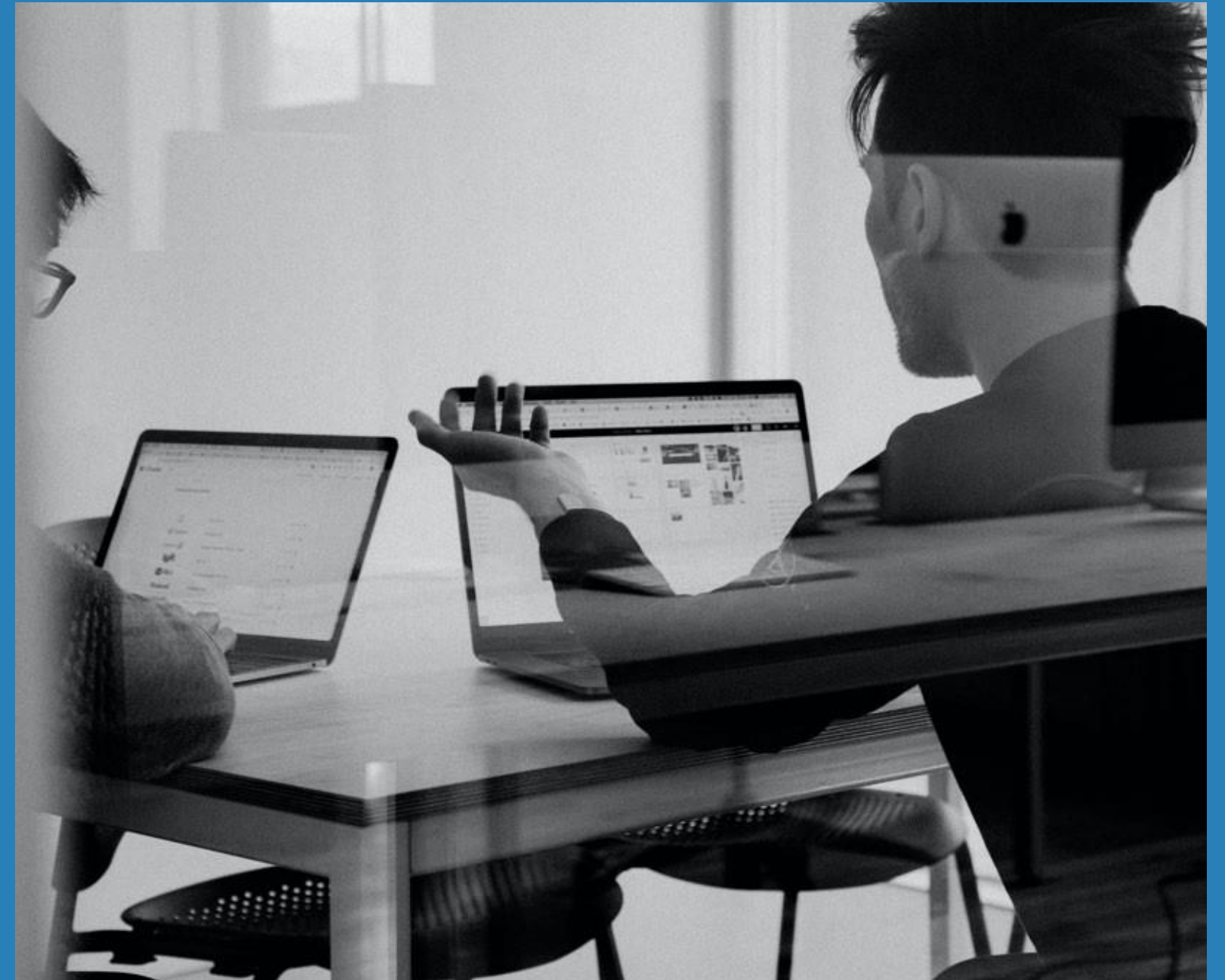


**A PCAOB AUDIT IS OFTEN THE
ACHILLES HEEL OF AN IPO**



FAILED OR UNTIMELY AUDITS CAN LEAD TO MISSING IPO WINDOW

- 1. Lack of regional auditors trained to conduct audits to PCAOB standards**
- 2. Coordination breakdown between local team and "head office" in US**
- 3. Scarce talent trained in US GAAP and SEC accounting**
- 4. Misunderstanding of auditor independence rules under PCAOB**
- 5. "Too little, too late" investment in internal and external resources**



WHY CAN'T I JUST USE MY CURRENT AUDITOR?

Private companies may assume because they already undergo statutory audits (often by large global firms) that the transition will be easy, only to discover:

- 1. Internal team is unprepared for the rigor of a public filing**
- 2. Financials audited in accordance with Standards other than PCAOB**
- 3. Auditor is not independent under SEC and PCAOB Standards**
- 4. Auditor declines to be associated with a public filing (often after wasting months interacting with the head office)**
- 5. Financials are presented on a basis other than US GAAP and/or in currencies other than the US Dollar**



WALKING THROUGH THE PRE-AUDIT, AUDIT, AND SEC PROCESS





UNDERSTANDING AUDITOR INDEPENDENCE RULES

What an Auditor Can Do

1. Review and test your financial statements
2. Identify areas where the company's accounting policies are not supported by US GAAP
3. Test and opine on internal controls for financial reporting
4. Advocate for well-supported accounting positions with regulators
5. Make introductions to other qualified professionals or clients
6. Review the proposed accounting and tax treatment of a contemplated transaction

What an Auditor Cannot Do

1. Prepare your financial statements
2. Tell you how to conform to GAAP
3. Design and implement financial controls
4. Have any financial interest or play a management role at the company
5. Receive a contingent fee or commission
6. Provide marketing, planning, or tax advice related to a transaction

FREQUENT AUDIT CONCERNS FOR ASIAN ISSUERS

- Books and records incomplete or poorly maintained
- Deferred taxes as a result of tax incentives that cannot be adequately documented
- Related party transactions, including distribution or supply agreements, real estate, or acquisitions
- Asset verification for companies that have not been rigorously audited or had third-party valuations
- Segment reporting when there are multiple lines of business
- "Cheap stock" issues when equity is issued to employees at lower price to offering



IPO IS JUST THE STARTING GUN

Life as a public company is a marathon. Preparation is key to success.

Research analysts will initiate coverage 25 days post-IPO and maintain forecasts .

Institutional investors will be scrutinizing your share price and performance and offering advice.

Conferences and Roadshows will require allocation of senior management's time to cultivate new interest.

Quarterly earnings reports offer a running report card of financial performance versus Wall Street expectations



MARCUMASIA S

MarcumAsia CPAs LLP is a PCAOB-registered independent accounting firm specializing in cross-border transactions between Asia-based companies and the U.S. capital markets.

- **Joint venture with Marcum LLP, #5 audit firm in U.S. by SEC registrants**
- **Focus on audits for IPOs, SPAC mergers, overseas M&A**
- **Clients in Singapore, Mainland China, Hong Kong, Taiwan, Indonesia, Malaysia, Cambodia, Australia, and Japan**
- **>250 bilingual audit staff with SEC and U.S. GAAP expertise**
- **Majority of professional staff come from Big Four**
- **46 offices world-wide ***
- **525 global partners ***
- **3500 global professionals ***

*** Inclusive of Marcum LLP**

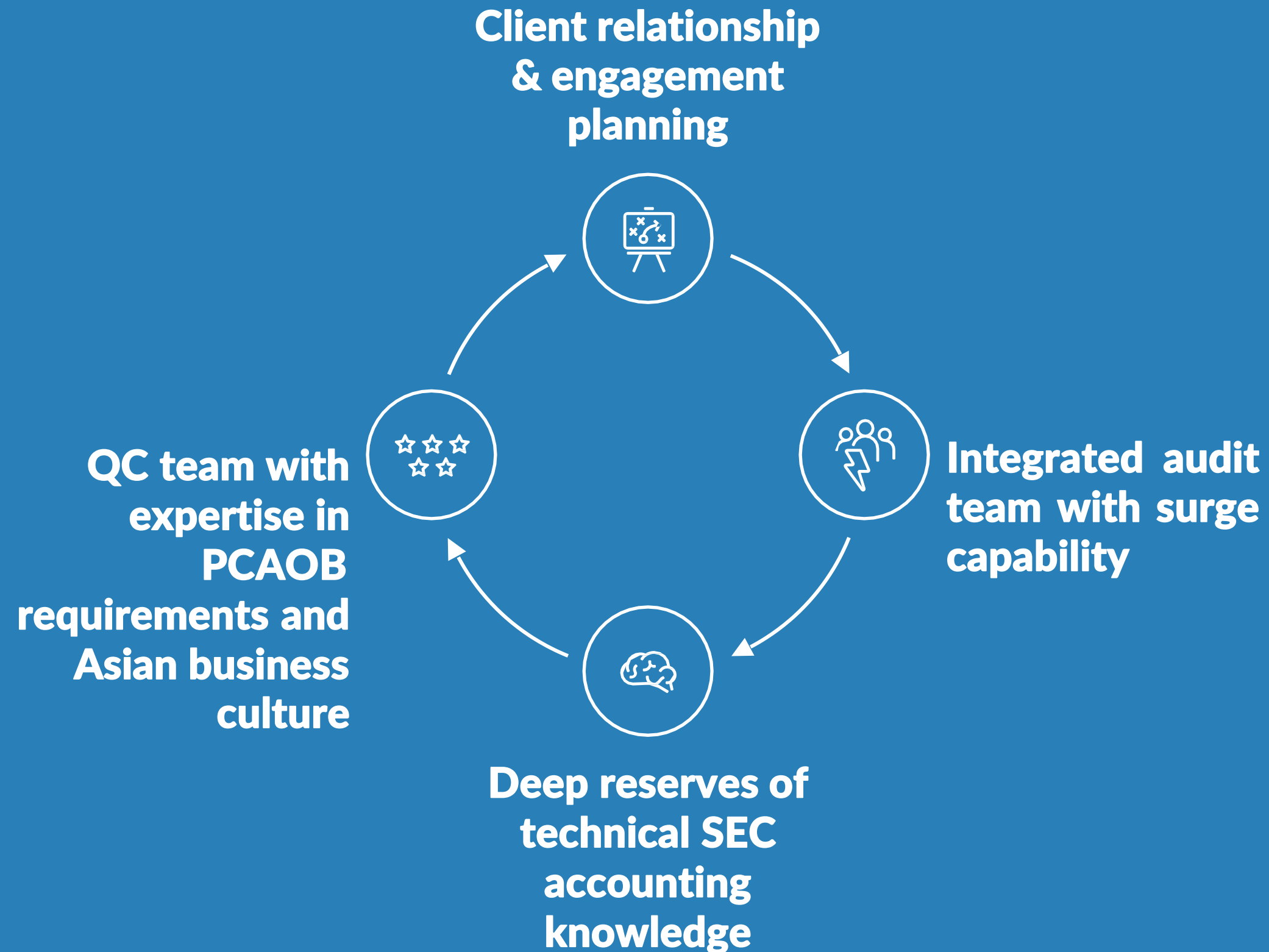
OUR PROFILE IN U.S. CAPITAL MARKETS

- **MarcumAsia with our parent company is ranked:**
 - **#1 auditor for U.S. IPOs in 2021 and 2022***
 - **#5 auditor for all SEC registrants in U.S. ***
 - **#2 auditor for Chinese companies listed in U.S.**
- **Track record of working with all major underwriters and law firms active in IPO market**
- **Strong base of experience in IPOs and SPAC mergers across Asia**
- **Professional staff with deep knowledge of SEC and PCAOB accounting, fluent in English and Chinese**



* Inclusive of Marcum LLP, Source: Audit Analytics

MARCUMASIA INTEGRATED SERVICE MODEL



Superior Outcomes to Global Affiliate Audit Firms

- **Responsiveness and client embedded knowledge**
- **Identify audit issues early**
- **24-hour working cycle**
- **Technical experts able to evaluate source documents and operate bilingual environment**

PATHWAYS FOR COLLABORATION

1. Referrals and advisory

- Relationships and client confidence are essential in APAC markets
- MarcumAsia can help DFK clients broaden options for public status and capital raising

1. Internal accounting and financial statement preparation (non-audit)

- Local member firms can provide internal accounting services and audit prep

3. Consultant providing local audit expertise

- Local business practices
- Local tax accruals
- Support for document review/field audit



OPEN TO QUESTIONS

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