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# THE MERITS OF ENTERING A LOST GAME: MOTIVATIONS BEHIND FILLING FOR AN IMPROBABLE FOREIGN IPO[1]

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**Abstract**

This study addresses the theme of motivations behind pursuing foreign IPOs with a low likelihood of success. The main objective is to investigate the reasons why companies opt to initiate seemingly unfruitful IPO processes. The methodology employed is a detailed case study, that analyzes data from a company that filed for and later withdrew its IPO application. The analysis includes assessing the timing of the market and the related documentation. The findings reveal that, although the organization was aware of the low probability of successful listing, the managers invested minimally in the IPO process, using it strategically to enhance the company's market position. This was achieved through acquiring other companies, hiring top-level executives, enhancing corporate governance, changing internal practices, and expanding the customer base. We conclude that these actions were primarily driven by a signaling strategy aiming at capitalizing on the perceived market value of the improvements associated with the IPO process. Our discoveries advance new theoretical propositions that may open new avenues for future research on corporate behavior in IPO engagements.

**Keywords**: Case Study; Foreign IPO; IPO Withdraw; Picpay; Signaling Theory.



**Resumo**

Este estudo aborda a temática das motivações por trás da busca por IPOs estrangeiros com baixa probabilidade de sucesso. O objetivo principal é entender as razões que motivam empresas a optarem por iniciar processos de IPO que aparentam ser infrutíferos. A metodologia empregada consiste em um estudo de caso detalhado, analisando dados de uma empresa que registrou e posteriormente retirou seu pedido de IPO. Esta análise inclui a avaliação do momento de mercado e a documentação relacionada ao processo. Os resultados revelam que, embora conscientes da baixa probabilidade de sucesso na listagem, os gestores investiram minimamente no processo de IPO, utilizando-o estrategicamente para melhorar a posição de mercado da empresa. Isso foi alcançado através da aquisição de outras empresas, contratação de executivos de alto nível, aprimoramento da governança corporativa, alteração de práticas internas e expansão da base de clientes. Concluímos que essas ações foram primariamente impulsionadas pela teoria do sinal, com o objetivo de capitalizar as melhorias percebidas no valor de mercado associadas ao processo de IPO. O estudo apresenta novas proposições teóricas que podem abrir novos caminhos para pesquisas futuras sobre comportamento corporativo em envolvimentos com IPO.

**Palavras-chave**: Estudo de Caso; IPO no Exterior; PicPay; Retirada de IPO; Teoria de Sinalização.

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## INTRODUCTION

In 2021, PicPay announced its intention to go public through an initial public offering (IPO) in the United States, listing its shares on the NASDAQ stock exchange. The company's IPO was seen as a significant event in the Brazilian fintech industry, as it would provide a new source of funding for growth and help to raise the profile of Brazilian fintech companies globally.

However, in what seems a surprising turn of events, PicPay announced that it was withdrawing its IPO in February of 2023. This decision was met with a mix of surprise and disappointment by industry observers, as well as by the company's stakeholders. The withdrawal of the IPO raised questions about the company's financial health and its prospects for growth, as well as the broader impact on the Brazilian fintech industry. This case study aims to provide a comprehensive examination of the reasons for the withdrawal of the IPO from PicPay and its impact on the company and its stakeholders.

Since its launch, PicPay has become one of the leading players in the Brazilian mobile payment market, with millions of users and partnerships with a wide range of merchants and financial institutions.



The withdrawal of the IPO from PicPay is an important event to understand foreign IPO because it can help us:

1. Understand the challenges faced by foreign companies in the United States: By examining PicPay's experience, we can gain a deeper understanding of the challenges that foreign companies face when going public in the United States, including regulatory hurdles, investor sentiment, and market conditions.
2. Evaluate the motivations behind foreign IPOs: By exploring PicPay's motivations for filing for an IPO and its reasons for withdrawing, we can gain insights into the factors that influence foreign companies' decisions to go public, including the benefits they seek to achieve and the risks they face.
3. Assess the impact of foreign IPOs on companies: By examining the impact of PicPay's withdrawal on the company, we can evaluate the financial and operational consequences of foreign IPOs and the impact they have on companies' long-term performance and survival.
4. Contribute to the existing literature on foreign IPOs: The study of PicPay's withdrawal from its IPO can contribute to the existing literature on foreign IPOs by providing new insights into the motivations and challenges faced by foreign companies in the United States and the impact of their decisions on their long-term success.

5. In a nutshell, the study of the withdrawal of the IPO from PicPay can provide valuable insights into the complexities of foreign IPOs and the factors that influence their success or failure.

Our study contributes to the literature by providing a comprehensive examination of the withdrawal of the IPO from PicPay, one of the leading fintech companies in Brazil. The study provides valuable insights into the reasons for the withdrawal, the impact on the company and its stakeholders, and the implications for similar situations in the future. We delve into the intriguing decision made by PicPay to file for an IPO despite the potential risks and challenges associated with foreign IPOs. We aim to unravel the motives behind this move, which could be perceived as either naive or strategic. By examining the potential benefits that the company sought to attain through its unconventional IPO filing, such as improved corporate governance, favorable lender terms, customer and company acquisitions, top executive hires, media coverage, reduced government scrutiny, and international market expansion, we seek to evaluate PicPay's success in achieving these goals and uncover any challenges or adverse consequences that emerged during the IPO process. This analysis endeavors to provide valuable insights and contribute to future empirical research on the complex interplay between risks and rewards in the world of foreign IPOs. The analysis is based on a thorough review of secondary information sources, including news articles, company reports, industry reports, and academic studies, and provides a well-rounded perspective on the subject.



We build the paper as follows: in the next section, we get deeper into the literature on initial public offerings and the factors affecting their success, as well as previous studies on the withdrawal of IPOs. In the results section, we present our findings on the reasons behind the withdrawal of the IPO from PicPay and its impact on the company and its stakeholders. The discussion section provides an interpretation of the results, including a comparison with the assessed literature. The conclusion section summarizes the findings, provides implications for practice, highlights the contributions of the study to the knowledge of the withdrawal of IPOs, and presents the limitations of the study and implications for future research.. The paper ends with a list of references and any applicable appendices.

## THEORETICAL BACKGROUND

The study also highlights the importance of considering the challenges and opportunities faced by companies seeking to go public, both domestically and internationally. Overall, this case study provides valuable insights for companies, investors, regulators, and other stakeholders in the Brazilian fintech industry and the global financial market. This study has particular relevance for companies from

emerging markets, as many foreign firms that have gone public in the United States are from such markets (GO *et al.*, 2021). Our study builds upon the existing body of literature on foreign firms' IPOs, which has been established by Blass and Yafeh (2001), Bruner *et al*. (2006), Hursti and Maula (2007), and further developed by Bell *et al*. (2008), Moore *et al*. (2010), Payne *et al*. (2013), and more recently matured by Gullapalli and Knyazeva (2020), Lee and Ko (2022), and Lu (2020). Our study contributes to this literature by providing a comprehensive examination of the withdrawal of the IPO from PicPay.

Companies seeking to go public must navigate a global IPO landscape fraught with challenges, including stringent listing requirements and evolving regulatory pressures that shape strategic decisions regarding listing locations (FENG, *et al*., 2024). The importance of savvy institutional stakeholders and experienced venture capitalists, particularly those with cross-border experience, cannot be overstated as they provide critical support during the IPO process (HAMAN; LU; NAIDU, 2024; YU; WANG; FENG, 2023). Moreover, political uncertainties play a significant role in determining the timing and willingness to initiate IPOs, emphasizing the need for market and political stability for companies contemplating public listings (JHAWAR; SEAL, 2023). The experience of Polish firms further illustrates how government and institutional frameworks can either support or hinder the internationalization process, offering a pertinent comparison for Brazilian firms operating within a similar regional context (ANDERSON; HUANG, 2017; LIU, 2023).



Going public is a significant milestone for a company (WAEYENBERG; HENS, 2012). In their early stages of operation, companies may struggle to meet their financial obligations with just their sales revenues (CERTO HOLCOMB; HOLMES, 2009), and therefore turn to the capital market to raise funds and finance growth (ZIDER, 1998). This is a costly but valuable process (CHEMMANUR; FULGHIERI, 1999), that can have a lasting impact on a company's long-term performance (ALLEN; FAULHABER, 1989; RITTER, 1991) and survival (BELL *et al*., 2016; JAIN; KINI, 1999).

Withdrawing from an IPO, however, can have negative consequences such as sunk costs (DUNBAR; FOERSTER, 2008), damage to the company's reputation (LIAN; WANG, 2009), and loss of future opportunities (DUNBAR; FOERSTER, 2008). Despite this, between 12% (BOEH; DUNBAR, 2021) and 34% (HELBING, 2019) of all IPOs end up being withdrawn. This can be avoided if the company can demonstrate its promise and trustworthiness to investors.

Many companies, particularly those from emerging markets (GO *et al.*, 2021), choose to go public in developed countries such as the United States (RITTER, 2022). Foreign IPOs offer several benefits, including increased credibility (DOIDGE; KAROLYI; STULZ, 2004), improved transparency (CAI; ZHU, 2020; LANG; LINS; MILLER, 2003), better access to key players (DING; NOWAK; ZHANG, 2010; PURKAYASTHA; KUMAR, 2021; REESE; WEISBACH, 2002), and reduced cost of

capital (CAGLIO; HANLEY; MARIETTA-WESTBERG, 2016; HAIL; LEUZ, 2009). Despite these benefits, several companies still withdraw from their IPOs (CERTO; HOLCOMB; HOLMES, 2009).

Foreign companies also face challenges with CMLOF, as investors tend to prefer domestic companies (FRENCH; POTERBA, 1991) and are more likely to invest in firms from similar countries or countries with strong institutions. A company seeking capital abroad must overcome these extra challenges, incurring costs that local firms do not or offering discounts (BELL *et al*., 2012).

The timing of a company's decision to go public and the state of the market at the time can greatly impact the success or failure of an IPO. For example, companies may choose to delay their IPO if market conditions are unfavorable or if there is a lack of investor demand (CHEMMANUR; FULGHIERI, 1999). On the other hand, companies may choose to go public during a market boom to take advantage of favorable conditions (RITTER, 1991).

The regulatory environment in the country where the company is going public can also play a role in the success or failure of an IPO. For example, some countries have more stringent regulations regarding financial reporting and disclosure, which can make it more difficult for companies to go public (DOIDGE; KAROLYI; STULZ, 2004). Additionally, foreign companies may face challenges related to language and cultural differences, which can make it more difficult to comply with local regulations (LANG; LINS; MILLER, 2003).



The study of foreign IPOs has been a topic of interest in management since 2001, starting with Blass and Yafeh (2001), who aimed to explain why companies list abroad rather than in their home country. Over 40 studies have been published on the topic, with some seeking to explain specific mechanisms in foreign IPOs and others using foreign IPOs as context. For example, Wu (2012) examined the aftermarket performance of US-listed foreign IPOs, rather than attempting to understand the phenomenon of foreign IPOs.

Foreign IPOs are defined in the earliest literature as "Initial Public Offerings made by a company in a country that is not its home country" (HURSTI; MAULA, 2007, p. 835) or as "a company's first public placement on a foreign exchange rather than a domestic exchange" ((BRUNER *et al*., 2006, p. 193). Moore *et al*. (2010) limited the scope of their study to "foreign issuers that are not listed on their home country exchange before the IPO and have their US IPO as their first public issue of any security in any market" (p. 469). This last definition captures the focus of our study: firms that face both CMLON (for not being listed) and CMLOF (for being foreign).

The number of companies listed on stock exchanges outside their home countries has grown due to globalization (KAROLYI, 1998), consolidation of accountability (JAGANNATHAN; STEPHENS; WEISBACH, 1999), and better terms in developed countries (CAGLIO; HANLEY; MARIETTA-

WESTBERG, 2016). The United States is the top destination for foreign IPOs, with $286 billion raised in 2021 (MACKINTOSH, 2022), with $181 billion in Nasdaq and $105 billion in NYSE.

There is no empirical studies about what increases or decreases the chance of a company performing international IPO to withdrawal, nevertheless, there is a body of research on international IPO indicating some attributes that aids or harms the IPO in different performance indicators, including: Firm's Proceeds (AMIN; WU; HAQUE, 2020; BLASS; YAFEH, 2001), more funds raised in a follow up opening (FRANCIS *et al.*, 2010), Underpricing (BELL; MOORE; AL–SHAMMARI, 2008; FRANCIS *et al*., 2010; MOORE *et al*., 2010), Long Term Benefit (BELL *et al*., 2012; BLASS; YAFEH, 2001; TUPPER *et al*., 2018), Survival (BELL *et al*., 2016), Valuation (WU, 2012), Corporate Innovation (CAI; ZHU, 2015), Liquidity (BANTI *et al.*, 2017), First Day Initial Return (BRUNER; CHAPLINSKY; RAMCHAND, 2006).

Therefore, literature indicates characteristics of successful companies and good practices that must be followed by companies willing to be listed in a foreign stock exchange.

Literature indicates that several characteristics of successful companies and good practices must be followed by companies willing to be listed in a foreign stock exchange. One crucial factor that aids a firm in going public is engaging in international operations (BELL; MOORE; AL–SHAMMARI, 2008; BLASS; YAFEH, 2001; HURSTI; MAULA, 2007), as this exposure to global markets demonstrates the company's ability to adapt and scale across different economic environments.



Another important aspect is attracting international investors (BLASS; YAFEH, 2001; HURSTI; MAULA, 2007), as it shows the company's capacity to appeal to a diverse group of stakeholders, instilling confidence in potential shareholders. Furthermore, being backed by prestigious venture capital firms (BELL *et al*., 2012; ZHANG; YU, 2017) signals the company's credibility and growth potential, which can translate into increased investor interest.

The engagement of reputable underwriters (BELL *et al*., 2012) is also essential, as their expertise and reputation can influence market perception, pricing, and overall success of the initial public offering (IPO). Companies operating in high-tech, innovative, and entrepreneurially oriented sectors (BLASS; YAFEH, 2001; HURSTI; MAULA, 2007; LIU; RITTER, 2011) are attractive to investors due to their potential for rapid growth, market disruption, and long-term value creation.

Another crucial element is the quality of the company's leadership. Having a CEO and top management team (TMT) with international experience (AMIN; WU; TU, 2019Aa; HURSTI; MAULA, 2007; LI; VERTINSKY; LI, 2014) indicates that the leadership is well-equipped to navigate the complexities of operating in foreign markets. Education and qualifications of the CEO and TMT (SANCHEZ-MARIN; SAMUEL BAIXAULI-SOLER, 2014) further suggest that the company is

managed by competent professionals, while longer CEO and TMT tenure (SANCHEZ-MARIN; SAMUEL BAIXAULI-SOLER, 2014) can signal stability and expertise.

Adherence to corporate governance best practices (BELL *et al*., 2013; DING *et al*., 2010) is another essential factor, as it demonstrates the company's commitment to transparency, accountability, and ethical conduct, which is vital for attracting investors and maintaining their trust.

On the other hand, political connectedness in the home country (AMIN; WU; TU, 2019b) can be detrimental, as it may raise concerns about the company's independence and susceptibility to political influences. Lastly, the impact of having a founder CEO is not well-established in the literature, with mixed findings (BELL *et al*., 2016; DING *et al*., 2010; MOORE *et al*., 2010; TUPPER, 2016). While a founder CEO may bring valuable domain knowledge and vision, there could also be concerns about their ability to adapt to the increased scrutiny and demands of being a public company.

In Table 1, we summarize the key factors and their corresponding theoretical discussed.

**Table 1 – Characteristics and Theoretical Reference**

| Characteristics | Aid or Harm | Theoretical Reference |
|---|---|---|
| International Operations | Aid | Bell *et al*. (2008); Hursti and Maula (2007); Blass and Yafeh (2001) |
| International Investors | Aid | Hursti and Maula (2007); Blass and Yafeh (2001) |
| Prestige of VC | Aid | Moore *et al*. (2012); Zhang and Yu (2016) |
| Prestige of the Underwritter | Aid | Moore *et al*. (2012) |
| Political Connections | Harm | Amin *et al*. (2019) |
| High Tech, Innovation, Entrepreneurial Orientation | Aid | Blass and Yafeh (2001); Hursti and Maula (2007) Liu *et al*. (2019) |
| CEO International Experience | Aid | Li *et al*. (2016) |
| TMT International Experience | Aid | Li *et al*. (2016); Amin *et al*., (2019); Hursti and Maula (2007); |
| CEO and TMT Education and Qualification | Aid | Bai *et al*. (2018) |
| CEO and TMT Tenure | Aid | Bai *et al*. (2018) |
| Founder CEO | Aid | Ding *et al*. (2010); Moore *et al*. (2012); Bell *et al*. (2016); Tupper (2016) |
| Corporate Governance Good practices | Aid | Ding *et al*. (2010); Bell *et al*. (2013) |

Source: Self elaboration.



The foreign IPO market is vast and complex, and understanding its intricacies is crucial for a better understanding of the modern capital market. Boeh and Southan (2011) found that companies may file for an IPO to signal their intention to be acquired or invested in and use the filing as leverage. This raises questions about the motivations behind executives' decisions to engage in the time- and money-intensive process of going public, only to withdraw later. By examining a single case in depth, our study aims to gain a better understanding of these motivations and reasons.

In conclusion, the literature review highlights the importance of going public for companies, the benefits and challenges faced by foreign companies seeking to go public, and the significance of understanding the motivations behind decisions to withdraw from IPOs. Our study contributes to this

body of literature by examining the withdrawal of the IPO from PicPay, a leading fintech company in Brazil.

Firms with lower chances of success might still pursue IPOs if they possess substantial financial resources. Being well-financed allows these companies to absorb the significant costs associated with an IPO, including underwriting fees, legal expenses, and the costs of compliance and disclosure. These resources can also help in managing the market's potential negative perception due to their "low chance" status by enabling better marketing, investor relations, and strategic positioning pre-IPO. Well-financed low chance firms might view an IPO as a strategic move to secure additional capital for growth or debt reduction, betting on the long-term payoff despite immediate odds.

## METHODOLOGY

This case study on the withdrawal of the IPO from PicPay was conducted using a qualitative research design, with a focus on secondary information sources. The study relied on publicly available information, including news articles, company reports, industry reports, and academic studies, to gather data and analyze the reasons for the withdrawal of the IPO and its impact on the company and its stakeholders. We chose to use the case study method because it provides the best answers to "how" and "why" questions (YIN, 2008). Additionally, the inductive discourse analysis method was selected for its ability to generate generalizations from specific cases in situations where the topic remains unsettled (ELO; KYNGÄS, 2008). This approach uses an active voice and is more direct and objective.



### Choice for case study

In the sphere of business research, particularly in the study of IPOs, certain aspects pose considerable challenges to empirical methodologies. For instance, the motivation behind companies with ostensibly no chance of being listed still filing for an IPO is a multifaceted issue, resistant to straightforward measurement or quantification.

Empirical studies, by their very nature, thrive on precise, quantifiable data. However, when it comes to assessing the probability of a company being listed, or the motivation driving a seemingly futile IPO attempt, we encounter significant hurdles. There are no universally accepted metrics for these variables, nor a simple way to capture the intricacies of such phenomena.

Similarly, measuring the ease of acquisition or hiring can be fraught with complexity. These elements are often subjective, context-dependent, and influenced by numerous external factors, making their quantification challenging, if not impossible.

This is where the utility of case studies comes into play. A case study approach allows for the exploration of these nuanced, subjective, and complex issues in their real-life context. Case studies offer an opportunity to delve into the specifics of each company's experience, shedding light on the unquantifiable aspects of their journey to an IPO.

Through case studies, we can build a rich, detailed understanding of the motivations and strategies of companies filing for an IPO despite low listing probabilities. We can scrutinize the factors that influence their decisions, providing valuable insights that empirical research might not be able to reveal.

This research underscores the importance of developing empirical methodologies that can accommodate such complexities. It invites a discussion on finding ways to marry empirical robustness with the qualitative depth of case studies. The conclusion section will delve further into these implications, highlighting the need for innovative research approaches in studying complex business phenomena like motivation for IPO filing.



**Data and Sampling**

The data for this study was collected through a comprehensive search of secondary information sources. The search was conducted using a variety of databases, including academic databases, news databases, and company websites. The search was focused on finding information about the withdrawal of the IPO from PicPay, the reasons for the withdrawal, and the impact on the company and its stakeholders.

The collected data was analyzed using a content analysis approach. This involved reading and coding the information, identifying key themes and patterns, and synthesizing the information into meaningful insights. The analysis was focused on identifying the reasons for the withdrawal of the IPO, the impact on the company and its stakeholders, and the implications for similar situations in the future.

**Rigor of our study**

To enhance the rigor of our study, we have devised strategies to improve internal validity, construct validity, and external validity (GIBBERT; RUIGROK; WICKI, 2008), which will be

elaborated on in the following paragraphs. Our goal is to demonstrate that the act of filing for an IPO results in improved acquisition potential, hiring potential, and brand positioning, particularly for companies that need to signal strong corporate governance, such as banks. Furthermore, this action can also contribute to the enhancement of a company's overall corporate governance.

To achieve internal validity, we have adopted pattern matching by comparing our study with empirical research on foreign IPOs and withdrawing from IPOs. We have also employed theory triangulation by validating our findings against existing theories on product market signaling for companies that advertise products but never launch them.

To ensure construct validity, we have measured each indicator provided and compared them with other empirical studies, thereby avoiding the use of subjective judgment. This approach is consistent with the recommendations of Yin (2008) and results in more accurate observations (DENZIN; LINCOLN, 1994).

In order to increase external validity, we have followed Eisenhardt's (1989) recommendation of conducting cross-case analysis with at least four cases, which provides a strong foundation for analytical generalization. While our objective is not to make statistical generalizations to a larger population, we seek to develop a deeper understanding of the social phenomena under investigation. To achieve this, we have sampled companies from various sectors, countries, sizes, ages, and levels of internationalization, as indicated in Table 1. Additionally, we have included a detailed explanation of each context to ensure that our findings are applicable beyond the specific cases studied.



We also try to increase the reliability of the study by increasing transparency and replicability, what we do by providing a clear protocol for the data collection and data analysis as suggested by (DENZIN; LINCOLN, 1994).

## RESULTS

PicPay was founded in 2012 by three seasoned entrepreneurs – Anderson Chamon do Carmo, Dárcio Schwab Stehling, and Diogo Brumas Carvalho Robert Anderson – in the city of Vitória, the capital of the Brazilian State of Espírito Santo (PICPAY IPO PROSPECTUS ADJUSTED, 2021). The company's goal was to improve peer-to-peer financial transactions, and it began by offering the possibility of transferring money between individuals 24 hours a day, seven days a week, which was not possible in Brazil's financial system at the time.

In 2015, it was officially incorporated as PicPay Serviços S.A, based in Sao Paolo, providing a one-stop platform that aggregates all financial and payment needs in one place. PicPay serves both

individuals and companies, including small businesses and large retailers and supermarkets, with a pre-paid payment account that enables users to make purchases, transfers between users and companies (Demonstrativo Financeiro PicPay de 2020 in the appendix).

PicPay's success can be attributed not only to its innovative solutions but also to its commitment to employee and customer satisfaction. The company's net promoter score of 93% places it ahead of other well-known companies such as Loggi, iFood, PagSeguro, Nubank, Stone, and C6 Bank, indicating a high level of employee satisfaction.

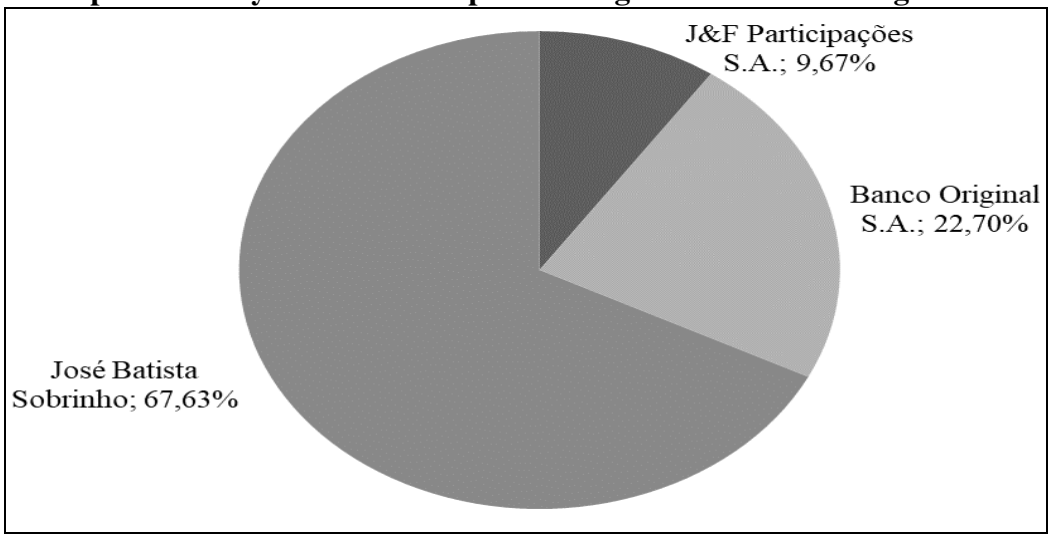
PicPay's strong brand recognition is another testament to its success. In August 2020, 68% of Brazilian adults surveyed by Google with Kyra and MosaicLab were familiar with the brand, highlighting the company's dedication to customer satisfaction in the Brazilian fintech market.

In 2020, PicPay obtained authorization to be a Payment Institution according to the criteria established by BACEN (Central Bank of Brazil) and started to follow the applicable procedures for payment institutions in the Brazilian Payment System (BRASIL, 2020). As a result, the company is now required to publish its financial statements since 2020, which enables a deeper understanding of its financial health and performance.



PicPay's corporate capital underwent a restructuring process. In 2020, the composition was shown in Graph 1:

**Graph 1 – Entity and Ownership Percentage after restructuring in 2020**

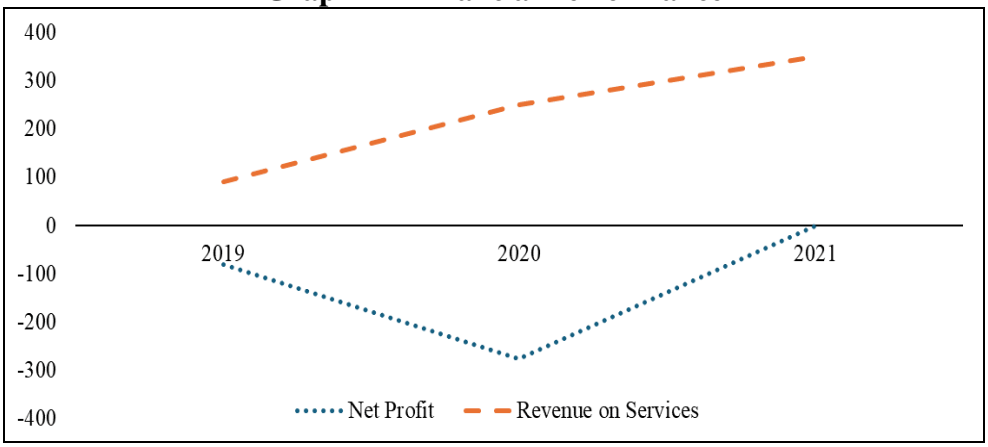



Source: Self elaboration.

In 2021, 100% of the share capital already belonged to PicPay Holding Ltda., as it remains up to the latest public information available.

Graph 2 shows the financial performance of the company PicPay over three years from 2019 to 2021.

**Graph 2 – Financial Performance**



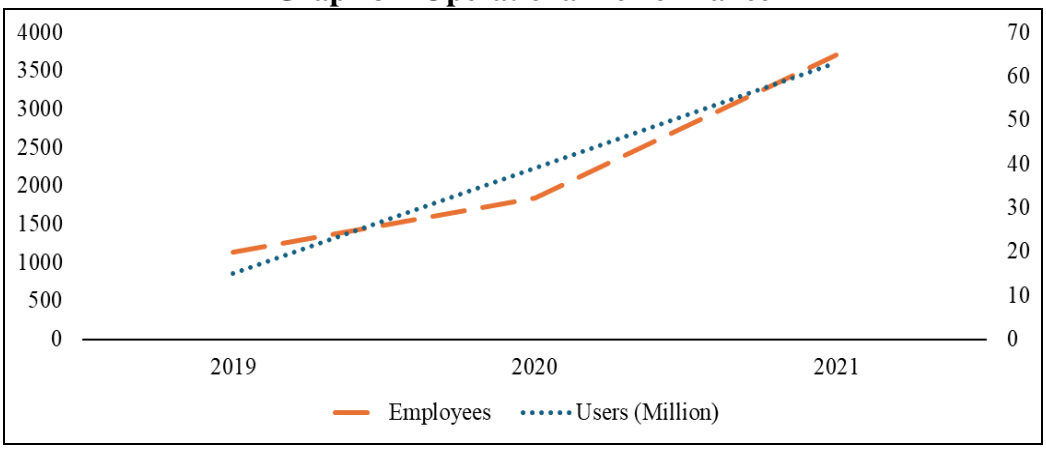

Source: Self elaboration.

Graph 2 indicates that the while the revenue increased from 2019 to 2021, the company was operating on serious deficit.

Graph 3 shows how operational data about the number of employees and registered users. Showing a clear growth, and a fixed proportion between the number of employees and the number of users.



**Graph 3 – Operational Performance**




Source: Self elaboration.

In terms of net profit, the company experienced losses in all three years, with the losses increasing over time. In 2019, the net loss was R$ 80 million, which increased to R$ 276 million in 2020 and further to R$ 1.149 billion in 2021. This trend suggests that the company's expenses might be increasing at a faster rate than its revenue.

However, the company has seen significant growth in terms of its user base and number of employees. The user base increased from 14.9 million in 2019 to 38.8 million in 2020, and then to 62.9 million in 2021. This growth indicates that the company is successfully expanding its customer base, which could eventually lead to increased revenue.

Similarly, the number of employees also increased from 1,130 in 2019 to 1,846 in 2020, and then to 3,703 in 2021. This growth suggests that the company is investing in its human resources to support its expansion and improve its services.

Overall, the data shows that PicPay is experiencing losses, but it is investing in expanding its user base and workforce, which could eventually lead to improved financial performance. However, it is worth noting that the company's financial performance needs to be monitored closely to ensure its long-term sustainability.

**Technology and Innovation**

In 2020, the company introduced several new features, including personal loans, integration with SPB (Brazilian Payment System), new content in the Store, the ability to top up accounts with debit cards, and integration with retail networks and Pix, among others.



In 2021, PicPay continued its product development efforts by launching the PicPay card and investing in its platform. The PicPay card allows users to make payments at physical stores and withdraw money from ATMs. The company also invested in its platform's security features, such as KYC (Know Your Customer) and biometric authentication, as well as tools to prevent fraud.

The addition of new products and features has been a key driver of PicPay's growth and success in the Brazilian fintech market.

**Management Team**

PicPay has made significant changes in its executive leadership roles. The company recently hired Guilherme Telles, the former CEO of Uber Brazil, as Chief Marketing Officer and Chief Strategy Officer, aiming to boost all of its business fronts at a time of tremendous growth for PicPay. The platform reached 49 million users in one week. Telles will report directly to the CEO and will oversee two areas: growth, responsible for customer lifetime management, product growth, and performance, and marketing. The recruitment of Telles, who has an extensive background in technology and experience at companies such as Uber and Peixe Urbano, is expected to bring expertise and drive

growth in total payment volume. Additionally, Pedro Romero joined PicPay as the new director responsible for the business unit of financial services for individuals, reinforcing the digital wallet's objective of being the best place to pay everything and manage users' entire financial lives. He will oversee products such as Pix, P2P transactions, bill payments, and portability of salaries, among others. Romero's appointment aims to lead the launch of new products and further boost the business unit's results, which has a balance of BRL 8.6 billion.

PicPay strengthens its leadership team with the hiring of Fabio Plein. The executive, who was the Country General Manager of Uber Eats in Brazil, has been brought on to lead the operations of the PicPay Store. The PicPay Store is an open platform that is already available for any company to create a mini app within PicPay, reflecting their brand and connecting to a base of 39 million customers. The hiring of Plein aims to strengthen the performance of PicPay's store, which had 25 million transactions last year. "PicPay is consolidating itself as the super-app with the largest number of users in Brazil. To continue growing, we need to increase the relevance of our store, and that is Plein's main challenge," explains Anderson Chamon, founder and Vice-President of Products and Technology at PicPay. The purpose of PicPay is to offer a platform that meets all the daily needs of people, not just financial services. "The intention is to provide a marketplace for those who want to offer products and services to our customers. We want to be even more present in users' routines, facilitating processes, and becoming part of their lifestyle," emphasizes Fabio Plein, Senior Director of PicPay Store. In recent years, Fabio Plein has led the Brazilian operations of Uber Eats and was previously the Head of Operations for Uber (Ridesharing) in Brazil. Plein's resume also includes positions at companies such as Grendene, Cyrela, and Falconi. He holds a degree in Business Administration from UFRGS and an MBA from the University of California (USA).



In another significant change, the digital wallet appointed José Antônio Batista da Costa as its new CEO, replacing Gueitiro Genso. Costa, a grandson of JBS's patriarch, was one of the founders of JBS and served as executive director of the meat processing company and VNMB Participações, an investment firm owned by his family. Anderson Chamon, PicPay's founder and Chief Technology and Products Officer, acknowledged that Costa's challenge is enormous. Costa's primary task is to maintain the company's growth and expand the catalog of services offered. PicPay experienced rapid growth during the COVID-19 pandemic, reaching 20 million users and increasing its number of new monthly signups six-fold, with three million new clients. Currently, the platform has 28 million registered users (WRIGT, 2020). These strategic changes in PicPay's leadership roles are expected to drive the digital wallet's continued growth and expansion of services.

Company structured its Corporate Governance in 2021 just before filing for IPO. Table 2 provides an overview of the key executives within the company, highlighting their roles, experience, and education.

**Table 2 – Corporate Governance in 2021**

| Name (Age in 2023). Role in PicPay | Experience | Education |
|---|---|---|
| Gilberto Meirelles Xandó Baptista (55). Independent Director and Chairman. | CEO Vigor Alimentos (2011-2020); Brazil General Business Director Natura (2009-2011); International VP BRF (2007-2009); Board JBS S.A., Ypê, JSL S.A., Grupasso, and BenCorp, ClubSaúde. | Master in Marketing (FGV); Specialization (Dom Cabral and INSEAD). |
| José Antonio Batista Costa (36). CEO and Director. | PicPay CFO (2018); VP JBS USA (2018); CEO JBS (2011-2015); Board Banco Original, Eldorado Brasil Celulose S.A., Flora Produtos de Higiene. | Bachelor in Business Administration (Universidade Paulista). |
| Vincent Trius (63). Director. | Global Head of Retail and Innovation at JBS (2014); President and Director Loblaw Companies (2011-2014); Executive Manager Carrefour (2010-2011); CEO Walmart Latin America and Asia (2007-2009); Board of Directors Pilgrim's Pride Corp. (2019). | Bachelor in Business (University of Barcelona). |
| Raul Francisco Moreira (49). Director. | Chairman at of Cielo and BB Seguridade; Board Elo Participações; CEO Banco Original (May 2019-Dec 2020); CEO Alelo S.A. (Jan 2017-Dec 2018); VP Banco do Brasil (2015-2017). | Bachelor in Technology Management (UniSul). |
| Mario Mello Freire Neto (54). Independent Director and Member of Audit Committee. | Board Construtora Tenda and Track&Field; PayPal (2010-2017 and 2012-2018); Banco Safra (2008-2010), ABN AMRO Bank (2003-2008), Visa (2000-2003). | Civil Engineering (USP); YPO Program (HBS) |
| Camila Farani Lima Porreca (40). Independent Director and Member of Audit Committee. | President of G2 Capital; Venture Partner at GAA Investment; Co-founder of MIA; Founder and Board Member of Grupo Boxx. | Law degree and MBA in Marketing (PUC-RJ); Specializations from MIT, Babson, Stanford, Dom Cabral, and Smith College. |
| Jackson Ricardo Gomes (63). Independent Director and Member of Audit Committee. | Board Member, Angel Investor and Advisor; CEO Banco Original (2015-2016). | Engineering (ITA); MBA (Booth School of Business). |
| Augusto Ribeiro Junior (50). CFO. | CEO of Maxion Componentes Estruturais (2019-2021; CFO and IRO at Iochpe Maxion S.A. (2016-2019). | Bachelor and MSc in Engineering (UFSC); EMBA (Pittsburgh); Specializations (Wharton School and LBS). |

Source: Self elaboration.



PicPay has made strategic changes to its executive leadership team to drive growth and expand its services. The leadership team consists of experienced professionals, predominantly from Brazil, with diverse industry backgrounds. These individuals bring valuable expertise from their previous roles at companies such as Vigor Alimentos, Natura, JBS, Walmart, Carrefour, Banco do Brasil, PayPal, Banco Original.

Although the team has extensive experience within Brazil, it is worth noting that their international experience is relatively limited. Nevertheless, their educational backgrounds include degrees and specializations from prestigious institutions such as FGV, INSEAD, University of Barcelona, USP, Harvard Business School, MIT, Babson College, Stanford University, ITA, Wharton School.

It is worth noting that the top management team at PicPay lacks significant international experience. While they possess extensive expertise within the Brazilian market, this limitation may present challenges in understanding global trends, strategies, and opportunities as the company continues to grow and potentially explore expansion beyond Brazil.

In summary, PicPay has made substantial changes to its executive leadership team, aiming to drive growth and expand its services. The company has hired Guilherme Telles as Chief Marketing Officer and Chief Strategy Officer; Pedro Romero as the new director responsible for the business unit of financial services for individuals; and Fabio Plein to lead the operations of the PicPay Store. Additionally, José Antonio Batista da Costa has been appointed as the new CEO. These strategic changes in corporates roles demonstrate PicPay's commitment to innovation and long-term success as they continue to evolve and solidify their position in the competitive financial services landscape.

**Auditing Firm**

The company did not hire an externa consulting company to review its financial books for the prospectus, but it has hired KPMG to review its it every year since 2020 when it was mandated to do so by the Central Bank.



KPMG is a global professional services firm and part of the "Big Four," a group of accounting and consulting firms that dominate the industry (INVESTOPEDIA, 2022). Known for their high-quality services, extensive global reach, and vast resources, the Big Four also includes Deloitte, PwC, and EY.

Founded in the Netherlands in 1987, KPMG provides audit, tax, and advisory services to clients in over 150 countries. Some of the world's biggest companies, such as Accenture, Halliburton, and Citigroup, are among its clients (BIG4 ACCOUNTING FIRMS, 2020).

KPMG is committed to maintaining the highest standards of quality and has a rigorous quality control system in place to ensure accurate and thorough work (KPMG, 2022). The firm also places a strong emphasis on innovation and sustainability, helping its clients navigate the rapidly changing business landscape and create long-term value.

**Underwriters**

BTG Pactual, Bradesco BBI, Santander, and Barclays are the prominent underwriters for this offering, bringing together their extensive expertise and resources to ensure a successful and well-coordinated process. Each of these financial institutions has a strong track record in underwriting, with a

deep understanding of the market dynamics and regulatory requirements. By collaborating with these esteemed underwriters, the company aimed to effectively navigate the capital market landscape and achieve a seamless transaction.

BTG Pactual is a Brazilian investment bank that operates in several countries, including Brazil, the United States, and the United Kingdom. The bank provides a range of financial services, including investment banking, wealth management, asset management, and institutional sales and trading. Known for its entrepreneurial spirit, BTG Pactual has a reputation for developing innovative solutions for its clients.

Bradesco BBI is the investment banking arm of Banco Bradesco, one of the largest banks in Brazil. The bank offers a wide range of services, including corporate finance, capital markets, project finance, and structured finance. Bradesco BBI is known for its expertise in the Brazilian market and has a strong track record of advising clients on mergers and acquisitions, as well as capital raising transactions.

Santander is a Spanish multinational banking and financial services company that operates in several countries, including Brazil. In Brazil, Santander offers a wide range of financial services, including retail banking, corporate banking, investment banking, and asset management. The bank has a strong presence in Brazil and is known for its innovative digital banking solutions.



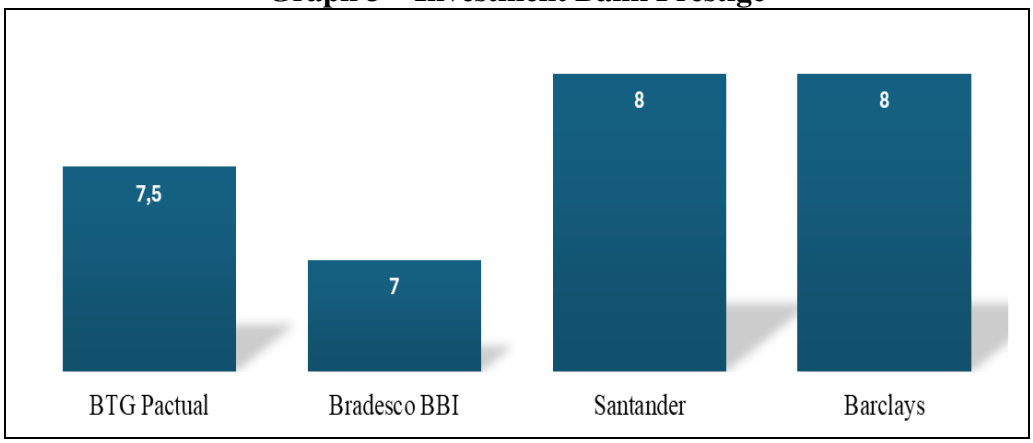
Barclays is a British multinational investment bank and financial services company that operates in several countries, including Brazil. In Brazil, Barclays offers a range of financial services, including investment banking, wealth management, and corporate banking. The bank has a strong reputation for its expertise in the global capital markets and is known for its innovative products and solutions. Barclays has a long history of operating in Brazil, having first established a presence in the country in the early 1900s.

Prestige for an investment bank refers to the reputation, credibility, and perceived excellence of the bank within the financial industry. It is an essential factor contributing to the bank's ability to attract top talent, win lucrative deals, and maintain strong relationships with clients and investors. A prestigious investment bank is often associated with a track record of successful transactions, financial expertise, and outstanding client services. The importance of prestige in the success of a launch cannot be overstated, as it helps build trust and confidence among stakeholders. A highly regarded investment bank is more likely to generate interest and enthusiasm from investors, which can lead to higher demand for the securities being launched. Moreover, the prestige of an investment bank can positively influence the perception of the company going public, making it more attractive to potential investors, ultimately resulting in a successful and smooth launch.

The investment banking industry is often categorized into two tiers based on their scale, reputation, and global reach. The first tier banks, comprising of Citi, Goldman Sachs, JP Morgan, and Morgan Stanley, are renowned for their strong presence and impeccable track records in providing high-quality financial services to clients around the world. These banks are highly sought-after for their extensive knowledge, expertise, and ability to deliver successful deals and transactions across various industries. On the other hand, the second tier banks, which include Bank of America, Merrill Lynch, Credit Suisse, Deutsche Bank, and UBS, also offer a wide range of financial services and have a significant global presence. Although they may not have the same level of prestige as the first tier banks, they still play a crucial role in the investment banking landscape, catering to different markets and clientele. Both tiers of banks contribute to the overall growth and success of the global financial market, offering their unique strengths and capabilities. While the banks chosen by PicPay to perform the IPO are notable, they are not the most reputable banks (none of them are in the top 10) and none is American, what is possibly a very bad signal to send to the American market. Their prestige level calculated by the authors based on the previous literature are shown in Graph 3:



**Graph 3 – Investment Bank Prestige**




Source: Self elaboration.

While it seems high to have banks scoring 7 to 8, half of the IPOs are performed by one of the top 5 Investment banks, with a score of 9.

**Acquisitions**

The firm shows a continuous commitment to expanding its business and enhancing its user experience is evident through its recent acquisitions of two important players in the market Guiabolso and BX Blue.

PicPay acquired the Brazilian marketplace for payroll and pension advances, BX Blue, in February 2023. BX Blue has partnerships with Bradesco, BB, and Daycoval, with over $450 million transacted since its launch and 1 million registered users. However, the specifics of the acquisition remain undisclosed (THIS WEEK IN FINTECH, 2023). As a financial marketplace, PicPay generates a commission on transactions made on its platform. The integration of BX Blue is expected to broaden its product offerings and boost its Total Payment Volume, as noted by (OKOLLA, 2023). Danilo Caffaro, Vice President of Financial Services for Individuals at PicPay, stated that "BX Blue's advanced technology, established partnerships, and secure digital platform, combined with PicPay's well-known brand and extensive customer base, offer enormous potential for the growth of payroll loans".

PicPay acquired Guiabolso in July 2021, a financial management and analysis startup. Guiabolso has six million users and has granted R$1 billion in credit through its partners on the platform. The value of the transaction was not disclosed. According to José Antonio Batista, CEO of PicPay, the acquisition aims to position the company as a protagonist in open banking and accelerate the PicPay financial marketplace operation, which already offers credit cards, personal loans, and peer-to-peer lending. Thiago Alvarez, founder of Guiabolso, will join the PicPay team as director responsible for open banking. Guiabolso has a financial marketplace with more than ten partners, including Creditas, BV, Digio, Icatu, and Órama. The acquisition expands PicPay's range of partners in the distribution of cards, loans, insurance, and investments, with great potential for scale through the offer of these products to its more than 55 million registered users. Nothing changes for PicPay and Guiabolso users at the moment. The apps will continue to operate normally and separately, but new functionalities and synergies will soon be available. The fintech startup Guiabolso has 200 employees, most of them working in technology and data, and all of them will be integrated into PicPay.



**Launching Strategy**

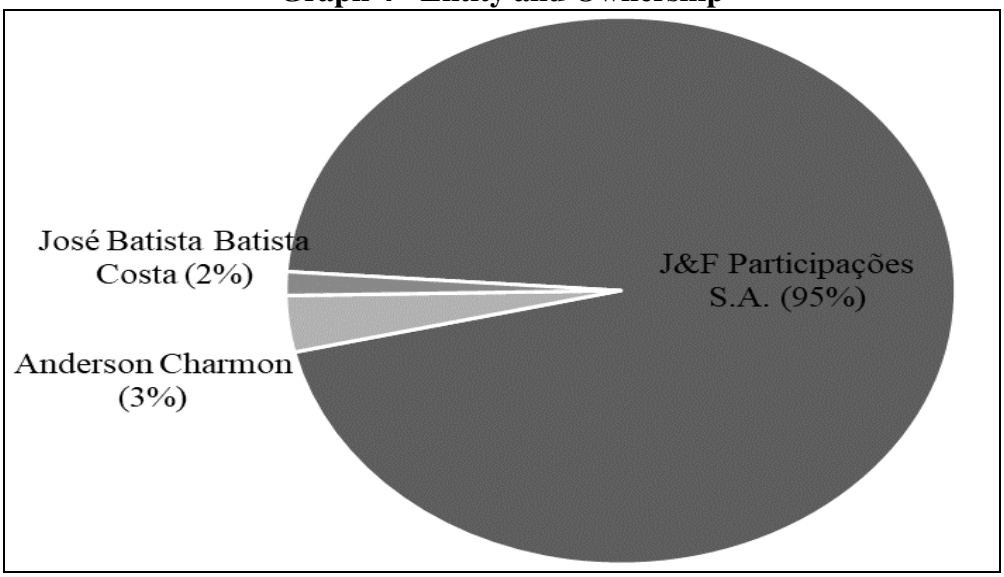
In April 2021, PicPay submitted its F-1 form to the SEC in order to be listed on the Nasdaq under the ticker symbol PICS. A month later, the company updated the information through the F-1/A form, which contained no significant changes in the documentation. However, in February 2023, PicPay ultimately filed an RW form to withdraw its offering.

PicPay, an exempted company with limited liability, was incorporated in the Cayman Islands on January 18, 2021, most likely for tax purposes, as the island is widely recognized as a tax haven (INVESTOPEDIA, 2023). In accordance with Cayman Islands law, companies are not required to

disclose individual compensation details for their senior management. As a result, PicPay has not released this information through any public channels or other means.

Prior to the planned launch, the company's share capital underwent a reorganization in Graph 4:

**Graph 4 - Entity and Ownership**




Source: Self elaboration.



How many shares the company is expecting to launch is important information to understand the launching strategy, nevertheless, the information is missing in the documents filed within SEC.

It's worth noting that PicPay's IPO listing did not receive media coverage in some of the most important financial media outlets, including Financial Times, CNBC, Fox Business, and Coindesk. Although Forbes (MARI, 2021) briefly mentioned PicPay's S-1 form filing to be listed in the US as a foreign company in an article about Brazilian companies, it's possible that the lack of media attention was due to PicPay not actively seeking coverage. This may indicate a lack of interest in raising awareness among potential investors through media outlets. However, it's important to consider that media coverage can play a significant role in generating interest in an IPO, especially among retail investors.

## DISCUSSION

Firms with lower chances of success might still opt for an IPO if they are well-financed. These companies can afford the significant costs associated with going public, such as underwriting fees, legal expenses, and compliance costs. With ample resources, they can better manage the market's potential negative perception by enhancing their marketing and strategic positioning before the IPO. Despite the

risks, a well-financed IPO allows these firms to access crucial capital for growth or secure debt reduction, betting on long-term gains despite the immediate odds. This discussion sets the stage to explore how such firms approach IPOs, manage investments, leverage international markets for growth, and attract top talent and users through strategic decisions.

Companies seeking to go public must navigate a global IPO landscape fraught with challenges, including stringent listing requirements and evolving regulatory pressures that shape strategic decisions regarding listing locations (FENG *et al*, 2024). The importance of savvy institutional stakeholders and experienced venture capitalists, particularly those with cross-border experience, cannot be overstated as they provide critical support during the IPO process (HAMAN; LU; NAIDU, 2024; YU; WANG; FENG, 2023). Moreover, political uncertainties play a significant role in determining the timing and willingness to initiate IPOs, emphasizing the need for market and political stability for companies contemplating public listings (JHAWAR; SEAL, 2023). The experience of Polish firms further illustrates how government and institutional frameworks can either support or hinder the internationalization process, offering a pertinent comparison for Brazilian firms operating within a similar regional context (ANDERSON; HUANG, 2017; LIU, 2023).



Being well-financed allows these companies to absorb the significant costs associated with an IPO, including underwriting fees, legal expenses, and the costs of compliance and disclosure. These resources can also mitigate the market's potential negative perception due to their "low chance" status by enabling better marketing, investor relations, and strategic positioning pre-IPO. Well-financed low chance firms might view an IPO as a strategic move to secure additional capital for growth or debt reduction, betting on the long-term payoff despite immediate odds.

PicPay's strategy after filing for IPO is not clear as the company did not seem to make a deliberate effort to be viable in the American capital market. Additionally, the company did not make visible efforts in the direction of raising private capital or to be acquired.

PicPay's commitment to expanding its business and enhancing its user experience is evident through its recent acquisitions of two important players in the market. Despite the lack of public information regarding these acquisitions, PicPay's investments suggest a strategic move towards growth and innovation. Furthermore, there is no indication that PicPay has been acquired or received private capital, indicating the company's continued independence in the market.

As literature suggests, international operations (BELL *et al*., 2008; HURSTI; MAULA, 2007; BLASS; YAFEH, 2001) and attracting international investors (HURSTI; MAULA, 2007; BLASS; YAFEH, 2001) are crucial for a successful IPO, but Picpay lacked both. Additionally, the company did

not have backing from prestigious venture capital firms (MOORE *et al*., 2012; ZHANG; YU, 2016), nor did they engage with a reputable underwriter (MOORE *et al*., 2012).

Furthermore, PicPay was entangled with political connectedness in Brazil, which could be detrimental (AMIN *et al*., 2019). Both the CEO and top management team (TMT) lacked international experience (AMIN; WU; TU, 2019a; HURSTI; MAULA, 2007; LI; BRUTON; FILATOTCHEV, 2016) and had not been in their roles for an extended period (BAI *et al*., 2018). The company did not have a founder CEO, the impact of which remains uncertain in the literature (DING *et al*., 2010; MOORE *et al*., 2012; BELL *et al*., 2016; TUPPER, 2016). Picpay's corporate governance practices were not exemplary (DING *et al*., 2010; BELL *et al*., 2013), as they had not even undergone an audit for the launch. Despite the lack of media coverage, the company seemingly did not make an effort to obtain it.

On the positive side, the CEO and TMT were highly qualified and experienced (BAI *et al*., 2018), and the company operated within the high-tech sector (BLASS; YAFEH, 2001; HURSTI; MAULA, 2007; LIU *et al*., 2019). However, these factors alone were not sufficient to outweigh the numerous disadvantages. Given the circumstances, it seems that Picpay’s chances of a successful IPO were slim from the start. It is possible that the company had other motives for filing, but without addressing the aforementioned challenges, their prospects for a successful public offering were limited.



The fact that PicPay filed for an IPO despite the potential risks and challenges provides a relevant case that adds a contribution to the existing literature on foreign IPOs. This decision could be seen as either a naive or a strategic move. This study explores the potential benefits that the company sought to achieve through filing for a non-probable IPO. Possible benefits of filing for an IPO may include improving corporate governance, negotiating better terms with lenders, improving customer acquisition and other company acquisitions, facilitating the hiring of top-performing executives, gaining free media coverage, reducing scrutiny from the government, and expanding product offerings to international markets. This study examines the extent to which PicPay was successful in achieving these benefits, as well as any challenges or negative consequences that arose from the IPO process. This analysis can provide insights for future empirical research on the risks and rewards associated with this process.

In the contributions section, we observed notable changes in the top management team before and immediately after the IPO filing, as well as significant acquisitions that occurred post-filing. These events may be interconnected, as the prospect of being listed on a foreign market can have a strong impact on both executive and startup decisions. Executives from publicly listed companies often receive higher compensation, which can attract top talent to the company (SANCHEZ-MARIN; SAMUEL

BAIXAULI-SOLER, 2014). Additionally, for startups, being acquired by a firm on the verge of listing in a foreign market can represent a successful exit strategy.

The following propositions explore how firms can strategically leverage their resources to potentially turn a low probability of success into advantageous outcomes.

- *Proposition 1: Despite the odds, firms with a low likelihood of successful IPOs may benefit from filing if they are well-financed, allowing them to achieve strategic outcomes.*

Recognizing their low probability of a successful IPO, these firms aim to minimize their investment to conserve resources, avoiding substantial spending on aspects typically essential for IPO success such as extensive promotional activities, roadshows, or higher-tier underwriters. This strategic decision is based on a cost-benefit analysis where the expected costs of a fully funded IPO initiative may not justify the uncertain returns. Therefore, they opt for a lean approach to reduce potential losses if the IPO does not meet expectations.

- *Proposition 2: Aware of their low chances, such firms may invest minimally in their IPO efforts to conserve resources and mitigate potential losses.*

Filing for a foreign IPO can enhance a firm's visibility and credibility on a global scale, potentially boosting its valuation. This international exposure attracts more diverse and substantial investment, strengthening the firm's financial position and its ability to leverage new capital for strategic acquisitions. Furthermore, firms that expand their market reach through foreign IPOs may become less attractive targets for acquisition due to their increased size, complexity, and valuation. Instead, they are positioned as strong competitors who can pursue acquisitions aggressively in their industry.



- *Proposition 3: Firms that opt for foreign IPOs may gain a strategic advantage in acquiring other firms, especially if they prefer to remain independent rather than be acquired.*

A foreign IPO can be an indicator of a firm's ambition and global reach, making it more attractive to top executive talent looking for dynamic and internationally oriented career opportunities. Such IPOs often signal potential for rapid growth, significant financial backing, and enhanced corporate prestige — key factors that appeal to high-caliber executives. This can give these firms an edge in recruiting top talent over domestic-only firms.

- *Proposition 4: Filing for a foreign IPO may give firms a competitive edge in attracting top executive talent, enhancing their leadership and organizational strength.*

Launching an IPO in a foreign market can significantly raise a firm's profile and brand awareness across international borders. This increased recognition can attract new users or customers from these new markets, driven by heightened media coverage and investor interest surrounding the IPO.

Additionally, being listed on a foreign exchange might instill greater trust and legitimacy among potential users unfamiliar with the firm's home market operations, thereby facilitating user base expansion at a faster rate than if the firm remained a domestic entity.

- *Proposition 5: Firms pursuing foreign IPOs may experience an advantage in expanding their user base, capitalizing on the increased market visibility and credibility.*

In conclusion, firms categorized as having lower chances of success can still strategically leverage IPOs to their advantage if they are well-financed. These firms navigate the substantial costs and public scrutiny by focusing on long-term benefits over short-term gains. Their financial readiness allows them to undertake IPOs as a means to access necessary capital, improve market presence, and execute strategic goals such as acquisitions, hiring top executives, and expanding their user base. By carefully managing their investments and exploiting opportunities in foreign markets, these firms demonstrate that with the right strategies, even those with low initial prospects can achieve substantial growth and success in the competitive global arena.

In summary, even firms with a low likelihood of successful IPOs can utilize strategic foresight and careful resource management to achieve significant advantages. By focusing on long-term benefits and embracing opportunities in foreign markets, these firms demonstrate that with the right strategies, they can overcome initial odds and achieve sustainable success in other related areas.



## CONCLUSION

The implications of this study suggest that even a withdrawn IPO can serve as a strategic move to achieve various corporate objectives. The actions undertaken by PicPay, including acquisitions, executive hires, and governance improvements, demonstrate how companies can capitalize on the perceived value enhancements associated with an IPO process. These strategic maneuvers, driven by signaling theory, indicate that the process of preparing for an IPO can itself be a valuable exercise in corporate development.

A key limitation of this study is the focus on a single case, which may not fully capture the diversity of motivations and strategies employed by other companies in similar situations. Future research could benefit from comparative analyses across different firms and industries to validate and expand upon the theoretical propositions presented here. Additionally, in-depth interviews with executives and stakeholders involved in IPO processes could provide richer insights into the decision-making dynamics.

Overall, this research contributes to a deeper understanding of corporate behavior in the context of IPO engagements, particularly when the likelihood of successful listing is low. The insights gained from PicPay's experience underscore the potential benefits of an IPO process beyond immediate financial gains, offering valuable lessons for other companies contemplating similar strategic moves.

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