

VIBEMOTION LABS

IPO Research

Checklist and Red Flag Identifier

Before you chase the next hot IPO, run it through this filter first.

\$9

The due diligence framework that separates real businesses from well-marketed stories.

WHY MOST RETAIL IPO INVESTORS LOSE MONEY

IPOs are structured to benefit insiders and underwriters first. The prospectus is written by lawyers to protect the company, not to inform you. Your advantage as a retail investor is patience — you are under no obligation to participate on the first day. Most IPOs trade lower six months after listing.

01

Business Model Clarity

Examine

Can you explain the business model in a single sentence? Is the revenue source clearly defined and ideally recurring?

Record

Verdict: Clear / Complicated / Confusing — stop here

Watch For

Deliberately complex business models frequently obscure unsustainable or declining unit economics.

02

Revenue Growth Rate

Examine

Year-over-year revenue growth: ____%. Is this rate accelerating or decelerating heading into the IPO?

Record

Trend: Accelerating / Stable / Decelerating — flag this

Watch For

Decelerating growth at the IPO moment often means insiders are selling at the peak of momentum.

03

Path to Profitability

Examine

Is the company profitable? If not: when will it be, and at what revenue level does the model break even?

Record

Net income: \$_____ Projected breakeven: _____

Watch For

No credible path to profitability combined with high cash burn creates inevitable shareholder dilution.

04

Cash Burn Rate

Examine

Quarterly cash burn: \$_____ per quarter Post-IPO cash runway: _____ quarters

Record

Runway below eight quarters post-IPO indicates near-term dilutive fundraising

Watch For

Runway below eight quarters post-IPO indicates near-term dilutive fundraising risk.

05

Use of IPO Proceeds

Examine

Precisely what will the company do with the capital raised? Growth investment, debt repayment, or insider liquidity?

Record	Primary use: _____
Watch For	Proceeds used primarily to repay existing debt or cash out early investors mean retail buyers are funding insider exits.

06 Insider Selling and Lockup

Examine	Are insiders selling their own shares in the IPO itself? When does the lockup period expire?
Record	Insider selling in offering: Y / N Lockup expiry: _____
Watch For	Meaningful insider selling at IPO signals that insiders believe the stock is fully or over-valued at the offering price.

07 Competitive Moat

Examine	Does the company have a defensible and durable advantage? How easily could a well-funded competitor replicate this?
Record	Moat type: _____ Strength: Strong / Narrow / None
Watch For	No moat in a high-growth, high-profile market typically leads to a destructive price war as competition enters.

08 Customer Concentration

Examine	Does any single customer represent more than 10% of revenue? What is the annual customer churn rate?
Record	Largest customer as % of revenue: _____% Annual churn: _____%
Watch For	Customer concentration above 20% represents a material and often underappreciated business risk.

09 Valuation Relative to Peers

Examine	P/S at IPO price: _____ Industry P/S average: _____ Premium: _____% EV/Revenue: _____ Closest comparable public companies trade at: _____
Record	IPOs typically price at a 20 to 40% premium to peers — above 60% is speculative territory
Watch For	IPOs typically price at a 20 to 40% premium to comparable public companies. Premiums above 60% require exceptional conviction.

10

Management Track Record

Examine	Has the CEO previously built and scaled a company successfully? Any regulatory violations or documented prior failures?
Record	CEO previous exits: _____ Regulatory issues found: Y / N
Watch For	First-time CEOs taking companies public have a measurably higher rate of post-IPO underperformance.