New shares or selling shareholders? Where IPO money goes

Name: _____ Class: _____ Date: _____

When a company holds its IPO, the money from each share goes either to the company or to an owner who sells. In this lesson you will follow the money in four real offerings.

What to do

1. Read the four company cards below with a partner.
2. In Part C of your worksheet, sort each offering: new shares, selling holders, or both.
3. Copy what each filing says the company will do with its money.
4. The exit ticket is on page 2 of your worksheet.

Part A. Warm-up: the bike shop (made-up numbers)

10 owners, 100 shares in all.

A1. Case A, the shop sells 5 new shares: money goes to _____; shares now _____.

A2. Case B, two owners sell 5 of their shares: money goes to _____; shares now _____.

Part B. Two kinds of shares

Write each definition in your own words.

1. New shares

   _____

2. Selling stockholder

   _____

3. B1. Which S-1 section says what the company will do with its money? _____

   _____

Part C. Four offerings

For each card: who sells, who gets the money, and the first use the company lists for its part.

Wella: Who sells _____ Money goes to _____ First use: _____

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Bamboo Insurance: Who sells _____ Money goes to _____ First use: _____

Oura: Who sells _____ Money goes to _____ First use: _____

Windward Bio: Who sells _____ Money goes to _____ First use: _____

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Part D. Do the math

Part of the total = part ÷ total × 100.

D1. Oura: new shares 13,500,000 ÷ all shares offered (new + sold by holders) × 100 = _____%

D2. Bamboo Insurance: Miramar Blocker HoldCo's 25,842,012 ÷ 35,000,000 × 100 = _____%

1. D3. In which offering does the number of shares in existence stay the same? Why?

_____

_____

Advanced (optional): Patriot Mobile

Patriot Mobile's money buys new units in its operating company (an LLC). The LLC then pays certain existing owners to redeem some units, repays its bank line ($6.5 million at Jun 30, 2026) and covers offering costs.

1. Who ends up with the money? Trace each step.

_____

_____

_____

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Exit ticket

1. In an IPO, who gets the money from new shares? From shares sold by existing owners?

   _____

   _____

2. Name the S-1 section that says what the company will do with its money.

   _____

3. A made-up offering has 2 million new shares and 6 million shares sold by holders. What percent are new shares?

   _____

4. Pick one card. Write the company's first stated use of its money, with the filing and date.

   _____

   _____

Word bank

New shares	Shares the company creates and sells; the money goes to the company.
Selling stockholder	An existing owner who sells shares in the offering; the money goes to them.
Use of proceeds	The S-1 section that says what the company will do with its money.
Term loan	A loan repaid on a set schedule, often to banks.
Underwriter	A bank that runs the offering and sells the shares to buyers.

Sentence starters

- In ____'s offering, ____ sells the shares, so the money goes to ____.
- ____'s filing says it will use the money to ____.
- New shares were ____% of the shares in ____'s offering.

student page

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