US IPO Market

2022 Annual Review

January 3, 2023

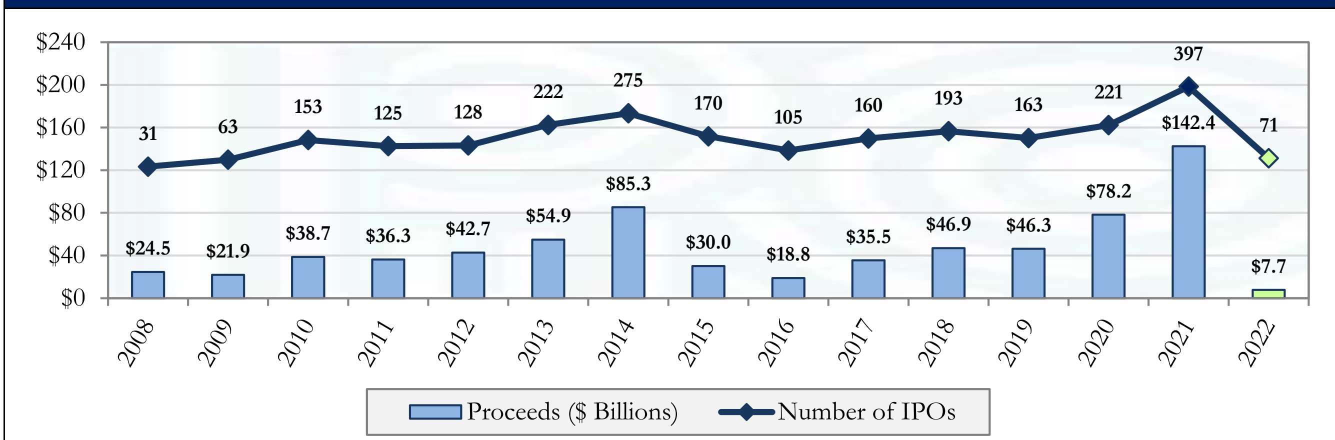
The IPO Market Flips from Boom to Bust in 2022

After the prior year's record activity, the 2022 US IPO market ground to a halt as the war in Ukraine, a valuation correction in high-multiple stocks, historic interest rate hikes, and looming fears of a recession caused the narrowing IPO window to slam shut. 71 IPOs raised just $7.7 billion, the slowest year by proceeds ever recorded in Renaissance Capital's 30+ year history. Small issuers dominated activity, and only 16 offerings (23%) raised $100 million or more, the lowest number to do so in over two decades. Still, two billion-dollar deals made it to market, AIG carve-out Corebridge and private equity giant TPG, while Intel spin-off Mobileye grabbed headlines with the year's largest tech listing. IPOs averaged a disappointing -31% return from offer, though performance was heavily skewed by volatile "pop-and-drop" issuers. Excluding outlier AMTD Digital, the group of $100+ million IPOs averaged a solid 16% return. While poor post-merger returns, high redemptions, and regulatory challenges roiled the deflating SPAC market, blank check activity still outpaced traditional IPOs, with 86 offerings raising a combined $12.0 billion and 100 companies listing via SPAC merger. The Renaissance IPO Index crumbled alongside broader markets, off an especially steep 57% due to its weighting in growth names, although it appeared to build a base in the second half of the year. Looking forward, there are some positive signs heading into 2023, and the pipeline and shadow backlog are packed with IPO candidates ready to go once market conditions improve. That said, we currently expect a slow start to the year ahead, with activity starting to normalize around mid-2023.

Key Takeaways:

- 71 IPOs Raise $8 Billion in Slowest Year by Proceeds in Over Three Decades
- Just 16 Deals Raise More Than $100 Million, Led by Billion-Dollar Deals Corebridge and TPG
- Volatile Small Issuers Skew Average Returns, but Larger IPOs Perform Well
- IPO Index Plummets 57% in Worst Year Since Its 2009 Inception
- SPAC Market Outpaces Traditional IPOs but Withdrawals, Terminations, and Liquidations Skyrocket
- IPO Activity Expected to Normalize Around Mid-2023 as Packed Pipeline Waits for Better Conditions

US IPO Activity



Source: Renaissance Capital. Data includes IPOs and direct listings with a market cap of at least $50mm and excludes closed-end funds and SPACs.

About Renaissance Capital
Renaissance Capital is a global IPO investment adviser providing pre-IPO institutional research and management of the Renaissance IPO ETF (NYSE symbol: IPO) and the Renaissance International IPO ETF (NYSE symbol: IPOS). For more information, visit www.renaissancecapital.com.

71 IPOs Raise Just $8 Billion in Slowest Year by Proceeds in Over Three Decades

Key US IPO Statistics - Activity

	2015	2016	2017	2018	2019	2020	2021	2022
Number of Deals	170	105	160	193	163	221	397	71
Proceeds Raised (US$ in bil)	$30.0	$18.8	$35.5	$46.9	$46.3	$78.2	$142.4	$7.7
Median Deal Size (US$ in mil)	$94	$95	$120	$107	$107	$176	$176	$20
PE-Backed Deals	39	30	45	44	25	38	106	0
PE-Backed Proceeds (US$ in bil)	$11.3	$8.8	$13.3	$16.0	$11.3	$25.6	$50.4	$0.0
VC-Backed Deals	85	42	62	88	88	97	168	14
VC-Backed Proceeds (US$ in bil)	$8.9	$3.5	$11.4	$15.0	$26.3	$31.1	$74.7	$1.7

Source: Renaissance Capital.

71 IPOs raised just $7.7 billion in 2022, the slowest year by proceeds in over three decades. The year started off on a challenging note as a global sell-off crushed growth stocks, particularly those in the tech sector. A few notable deals were able to get done in January, until the IPO window was slammed shut by the war in Ukraine, market volatility, rising inflation, and recession fears. As recent IPO returns plummeted, investors' risk appetites diminished, and the "growth-at-all-costs" model fell out of favor. At the same time, falling multiples made issuers less eager to go public, especially as generous private financing in earlier years had afforded many of them the luxury of sitting on the sidelines. Big tech all but disappeared from the IPO market, contributing to a 92% drop in venture-backed offerings, while private equity produced no IPOs in all of 2022 after reaching an all-time high in 2021. Small issuers dominated deal flow, with sub-$50 million offerings accounting for nearly three-quarters of IPOs, the highest concentration in at least two decades. As a result, median deal size fell to a multi-decade low of $20 million. Not counted in our stats are several companies that needed to add warrants to get their offerings done. Foreign issuers represented a good portion of US IPO activity, producing 27 deals (38%), though a majority were small and low-float. While most were based in China, companies from seven other countries listed in the US, including issuers from Canada, the UK, and Israel.

Volatile Small Issuers Skew Average Returns, but Larger IPOs Perform Well

Key US IPO Statistics – Performance

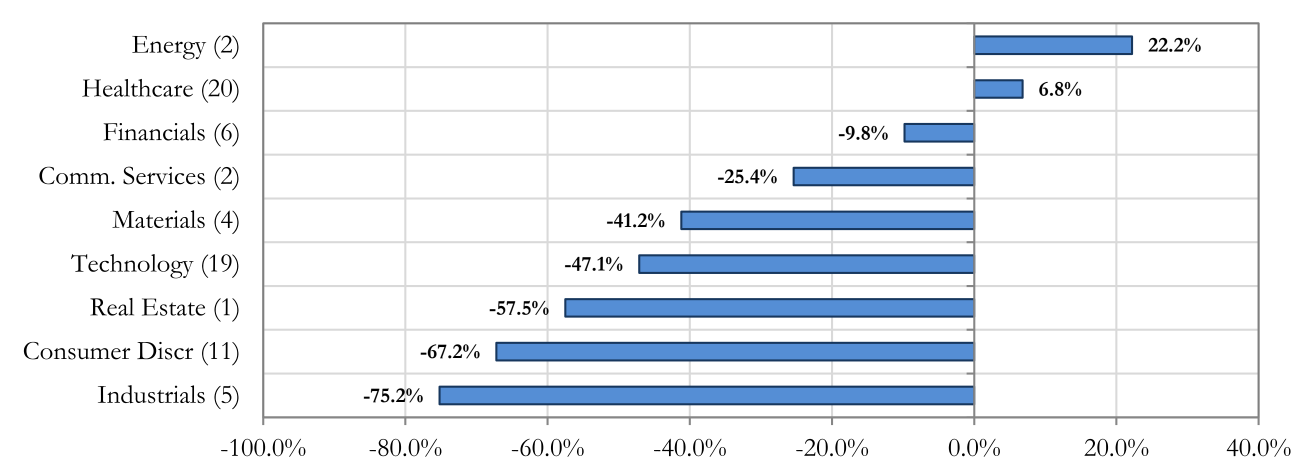
IPO Performance	2018	2019	2020	2021	2022
Avg. US IPO Return	-1.9%	24.4%	76.3%	-7.8%	-30.9%
Avg. First-Day Return	15.7%	18.1%	34.4%	30.7%	318.0%
Avg. Aftermarket Return	-16.7%	4.8%	32.5%	-21.8%	-41.3%
Renaissance IPO Index	-17.1%	34.8%	109.6%	-11.4%	-57.0%
S&P 500	-4.4%	28.9%	16.3%	26.9%	-18.1%
Russell 3000	-5.2%	31.0%	18.6%	24.0%	-20.5%
% Deals Priced **Below** the Range	18.2%	18.1%	9.6%	16.1%	20.0%
% Deals with **Negative** First-Day Return	24.5%	30.0%	22.5%	26.2%	28.6%
% Trading **Above** Issue at Year-End	38.9%	58.1%	74.8%	37.1%	22.9%

Source: Renaissance Capital. 2021 returns as of 12/30/22. Aftermarket shows return from end-of-day trading on IPO to 12/30 close. Excludes direct listings.

The year's IPOs averaged a -31% return from offer, the worst since 2008, though the data was heavily skewed by small volatile issuers that delivered explosive early gains but collapsed in the aftermarket. One small Chinese issuer even popped more than 13,000%, the highest first-day return Renaissance has ever recorded, only to finish the year down 79%. Less than one-quarter of IPOs ended the year above issue, though the larger deals fared better than the broader group. The class of $100+ million IPOs averaged a 16% return, driven by modest first-day gains (8%) and solid aftermarket trading (9%), and over half finished above issue.

Sector performance was mostly negative, though energy and healthcare were bright spots. Energy was the top performing sector, with its two IPOs averaging a 22% return thanks to solid recent trading on news of fuel shortage risks. Healthcare IPOs averaged a 7% return largely due to one high-flying micro-cap, though several larger biotechs also posted strong gains.

US IPO Returns – Average 2022 Returns by Sector



Source: Renaissance Capital. Based on offer price to 12/30/22 closing price. Excludes direct listings.

Healthcare and Tech Drive Activity While Financials Leads on Proceeds

Despite the slowdown in activity, 2022 IPOs were surprisingly diverse, spanning nine sectors. Healthcare and technology were again the most active sectors, together accounting for nearly 60% of activity. Biotechs were the main driver of healthcare deal flow, but the sector also produced a handful of healthcare consumable and medical device companies, led by eyecare spin-off Bausch + Lomb. The tech sector broadened beyond the typically-active software industry to feature electronic equipment, semiconductors, and interactive services, among others. The only sector to bring a billion-dollar IPO to market, financials produced the most proceeds at $2.8 billion, led by AIG carve-out Corebridge and private equity firm TPG. The remaining financials deals included two small US banks. The consumer discretionary sector remained relatively active, producing 12 primarily small deals. Energy activity stayed flat with two sizable listings, but it was the only sector to eclipse 2021 by proceeds.

While not counted below, 86 blank check companies raised $12.0 billion, and 100 private companies listed via SPAC merger.

IPOs and Proceeds by Sector (US$ Billion)

	2018			2019			2020			2021			2022		
Sector	#	$	% of IPOs	#	$	% of IPOs	#	$	% of IPOs	#	$	% of IPOs	#	$	% of IPOs
Healthcare	76	$9.1	39%	70	$12.1	43%	109	$24.8	49%	144	$24.5	36%	21	$2.2	30%
Technology	53	$18.3	27%	43	$21.9	26%	54	$28.3	24%	124	$58.7	31%	19	$1.5	27%
Consumer Disc.	17	$4.1	9%	9	$3.1	6%	16	$5.2	7%	40	$23.6	10%	12	$0.2	17%
Financials	19	$4.3	10%	20	$5.2	12%	14	$5.5	6%	29	$12.9	7%	6	$2.8	8%
Industrials	10	$4.1	5%	4	$0.9	2%	11	$5.7	5%	24	$10.9	6%	5	$0.1	7%
Materials	2	$0.9	1%	1	$0.1	1%	2	$0.7	1%	9	$2.5	2%	4	$0.2	6%
Energy	7	$1.5	4%	6	$1.4	4%	-	-	-	2	$0.5	1%	2	$0.7	3%
Comm. Services	1	$0.0	1%	2	$0.2	1%	3	$2.0	1%	2	$0.4	1%	2	$0.0	3%
Real Estate	6	$3.7	3%	4	$0.3	2%	5	$3.1	2%	6	$2.1	2%	1	$0.0	1%
Consumer Stap.	1	$0.6	1%	3	$1.1	2%	7	$3.0	3%	15	$6.3	4%	-	-	-
Utilities	1	$0.3	1%	1	$0.2	1%	-	-	-	2	$0.0	1%	-	-	-

Source: Renaissance Capital.

Just 16 IPOs Raise $100 Million or More, Led by Billion-Dollar Deals Corebridge and TPG

The 10 largest IPOs raised a combined $5.6 billion, or 73% of annual proceeds. There were two billion-dollar IPOs, compared to 27 in 2021, and just 16 deals raised $100 million or more, the fewest to do so in 20+ years. The financials sector claimed the top two spots with Corebridge Financial and TPG, both of which were pitched at reasonable valuations relative to peers and attracted investors with a healthy a dividend. Spinoffs were a key source of larger IPOs in 2022, producing three of the top four largest offerings, namely Corebridge (AIG), Mobileye (Intel), and Bausch + Lomb (Bausch Health, formerly Valeant Pharmaceuticals). Amid rising commodity prices, the year's two energy IPOs made it into the top six: LNG infrastructure play Excelerate Energy and fracking services provider ProFrac. Based on the limited number of large deals in 2022 and the specific profiles of those that did come to market, it was apparent that investors prioritized profitability and stable business models over the growth-at-all-costs mantra of previous years. The 2022 class of $100+ million IPOs averaged a 16% return from offer, and over half finished above issue.

Largest US IPOs

Company	Ticker	Offer Date	Deal Size ($mm)	Sector	First-Day Pop	Return from IPO
Corebridge Financial	CRBG	14-Sep	$1,680	Financials	-1.3%	-4.5%
TPG	TPG	12-Jan	$1,000	Financials	15.3%	-5.7%
Mobileye Global	MBLY	25-Oct	$861	Technology	38.0%	67.0%
Bausch + Lomb	BLCO	5-May	$630	Healthcare	11.1%	-13.8%
Excelerate Energy	EE	12-Apr	$384	Energy	11.9%	4.4%
ProFrac Holding	ACDC	12-May	$288	Energy	0.6%	40.0%
HilleVax	HLVX	28-Apr	$200	Healthcare	12.3%	33.1%
Credo Technology Group	CRDO	26-Jan	$200	Technology	16.5%	-1.6%
CinCor Pharma	CINC	6-Jan	$194	Healthcare	0.0%	-23.2%
Amylyx Pharmaceuticals	AMLX	6-Jan	$190	Healthcare	-4.9%	94.5%

Source: Renaissance Capital. Returns as of 12/30/22.

Top IPO Performers Feature Tech and Biotech

While the list of top performers changed regularly amid volatile trading from small IPOs, over half of the top 10 spots were claimed by $50+ million issuers at year end. Micro-cap biotech Belite Bio was the top performer, finishing with a dizzying 403% return. Larger top performers included Intel spin-off Mobileye, semiconductor play Credo Technology, fracking services provider ProFrac, and biotechs Arcellx and Amylyx Pharmaceuticals.

Best-Performing US IPOs

Company	Ticker	Offer Date	Deal Size ($mm)	Sector	First-Day Pop	Return from IPO
Belite Bio	BLTE	29-Apr	$36	Healthcare	76.5%	402.5%
Arcellx	ACLX	3-Feb	$124	Healthcare	12.0%	106.5%
Amylyx Pharmaceuticals	AMLX	6-Jan	$190	Healthcare	-4.9%	94.5%
Mobileye Global	MBLY	25-Oct	$861	Technology	38.0%	67.0%
Atour Lifestyle Holdings	ATAT	10-Nov	$52	Consumer Disc.	17.1%	63.8%
Nuvectis Pharma	NVCT	4-Feb	$16	Healthcare	-35.0%	50.0%
ProFrac Holding	ACDC	12-May	$288	Energy	0.6%	40.0%
Credo Technology Group	CRDO	26-Jan	$200	Technology	16.5%	33.1%
Loop Media	LPTV	21-Sep	$12	Technology	-1.0%	32.4%
The Arena Group	AREN	11-Feb	$30	Comm. Services	0.0%	28.6%

Source: Renaissance Capital. Returns as of 12/30/22.

The worst performers were small issuers, with the largest raising just $40 million. Seven IPOs on the list posted triple-digit pops, and the overall group averaged a staggering 224% first-day return, reflecting very low floats. Not counted below, the year's sole direct listing Bright Green, an early-stage US cannabis producer, ended the year 97% below its first trade.

Worst-Performing US IPOs

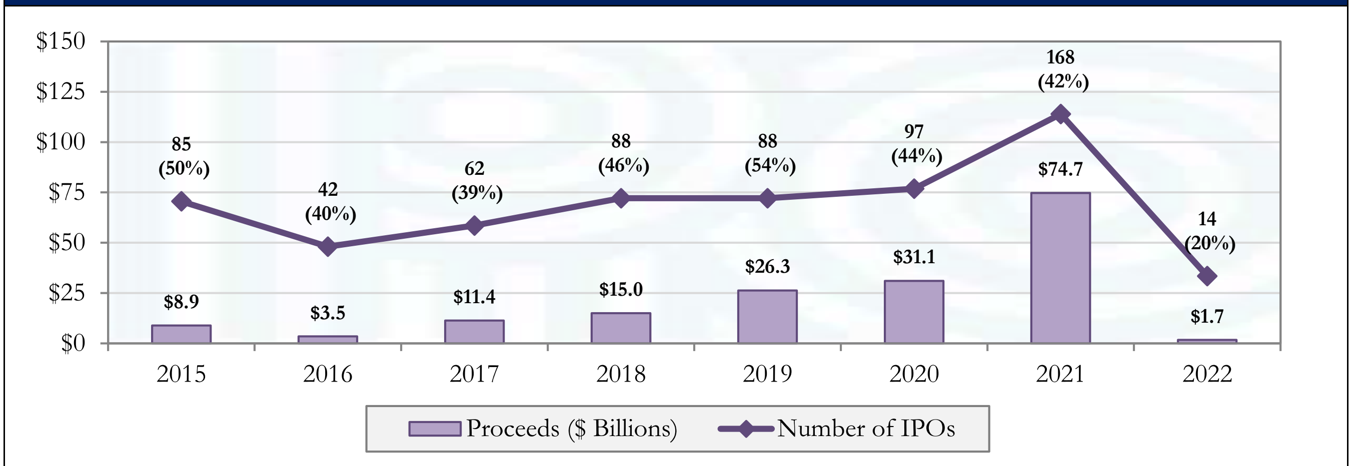
Company	Ticker	Offer Date	Deal Size ($mm)	Sector	First-Day Pop	Return from IPO
Akanda	AKAN	14-Mar	$16	Consumer Disc.	162.5%	-96.3%
Genius Group	GNS	11-Apr	$20	Technology	408.3%	-94.5%
WeTrade Group	WETG	18-Jul	$40	Technology	403.8%	-91.5%
Visionary Education Technology	VEDU	16-May	$17	Consumer Disc.	525.0%	-90.3%
Nano Labs	NA	11-Jul	$20	Technology	4.8%	-90.0%
Actelis Networks	ASNS	12-May	$15	Technology	-40.0%	-88.0%
Lytus Technologies Holdings	LYT	14-Jun	$12	Technology	258.1%	-88.0%
Blue Water Vaccines	BWV	17-Feb	$20	Healthcare	537.8%	-87.8%
Hempacco	HPCO	29-Aug	$6	Consumer Disc.	29.7%	-86.3%
Phoenix Motor	PEV	7-Jun	$16	Consumer Disc.	-45.9%	-85.9%

Source: Renaissance Capital. Returns as of 12/30/22.

Venture Capital Posts Its Slowest Year Since 2009

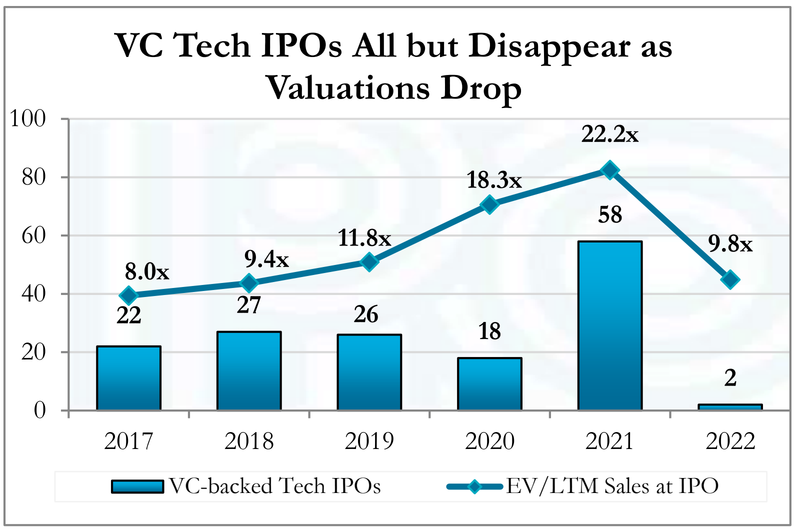
Venture capital backed just 14 IPOs (-92% y/y) that raised a combined $1.7 billion (-98% y/y), its slowest year since 2009 (12 IPOs, $1.3B). VC produced eight $100+ million IPOs and primarily came to market via biotech, which represented over three-quarters of venture activity. Large tech names were mostly sidelined by the year's challenging conditions, but VC still brought two tech deals to market, semiconductor play Credo Technology Group and small Chinese B2B marketplace GigaCloud Technology. Outside of healthcare and tech, venture capital backed one IPO from the consumer discretionary sector, Chinese hotel chain Atour Lifestyle. The year's venture-backed IPOs averaged a modest 2% return from offer, while 2021's class of VC deals now average a return of -58%.

US IPO Activity – Venture Capital



Source: Renaissance Capital.

After last year's multi-decade high, just two venture-backed tech companies went public in 2022, the fewest to do so since 2008. The average multiple of enterprise value to LTM sales sank to 10x, less than half that of the prior year. Credo Technology went public in January at 19x LTM sales, while GigaCloud Technologies IPO'd in August at 1x LTM sales. While 2022's average reflects just two data points, it is clear that tech's time of sky-high valuations is over for now, and we expect multiples will be closer to this lower level in 2023.

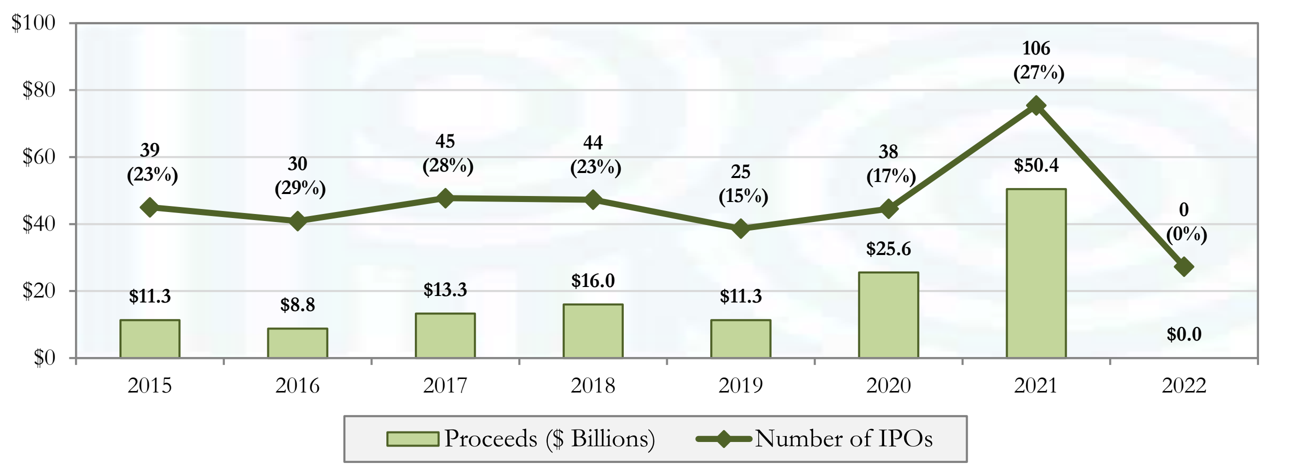


Multiples based on LTM sales. 2021 average excludes pre-revenue CYN.

Private Equity Backs No IPOs for the First Time in 20+ Years

There were no PE-backed IPOs in 2022, marking private equity's first completely quiet year in over two decades, though it did come to market through the 1Q listing of buyout firm TPG. While a low rate environment and pandemic tailwinds fueled PE's record numbers in 2021, it has since been halted by rising rates, lower valuations, and volatility. LBOs are facing higher debt servicing costs, and IPO exits have become less attractive given the current conditions. Still, there are a handful of sizable PE-backed IPOs on file that could go public in the coming year if conditions improve, such as childcare provider KinderCare, digital ad firm Aleph Group, thrift store operator Savers Value Village, and Brazilian steakhouse chain Fogo Hospitality. In addition to more amenable market conditions, these names may also be waiting for improved returns from their public counterparts; 2021's class of PE-backed IPOs averaged a -37% return at year-end, down from the 3Q.

US IPO Activity – Private Equity



Source: Renaissance Capital.

SPAC Market Collapses Amid Poor Post-Merger Returns and Tightening Regulations

The SPAC market collapsed in 2022, with 86 blank check IPOs (-86% y/y) raising a combined $12.0 billion (-92% y/y). Even still, more blank check companies went public than any year prior to 2020 due to an active 1Q, which had 55 deals (65% of total); by contrast, the 4Q was the least active quarter for new SPACs in nearly six years with 8 deals (9%). Heading into 2023, there are 74 SPAC IPOs on file, including 25 that have filed or updated in the past 90 days.

Consistently poor returns post-merger finally caught up with deal formation. As more public investors opted to redeem shares, SPACs became less attractive listing vehicles and often failed to meet minimum cash conditions, which led to merger terminations, and eventually liquidations. Among them, Bill Ackman's $4 billion SPAC liquidated, blaming market conditions. Finally faced with losing their at-risk capital, sponsors stopped forming new deals, and 189 SPACs withdrew or abandoned filings. Meanwhile, the SEC's newly-proposed SPAC regulatory framework introduced uncertainty and prompted several large banks to pause underwriting.

In order to get deals done, SPACs scaled back the size of their offerings and added various incentives to IPO buyers, such as overfunded trusts, increased warrants, founder shares, and shorter lifespans. While SPAC IPOs raised about 50% more than traditional IPOs in 2022, a substantial portion of those funds may be returned to shareholders if current redemption rates persist.

Blank Check IPOs Collapse in 2022 (View 2022 SPAC IPOs)

Source: Renaissance Capital. Includes SPACs listing on the Nasdaq/NYSE/AmEx with a market value above $50 million. Excludes over-allotments.

Two blank check IPOs raised at least $500 million, both of which came in the beginning of the year, and were led by SPAC veterans. However, even SPAC veterans had difficulty raising new funds in 2022, as strong track records were obliterated during the sell-off in the first half. The average SPAC size declined by 40% in 2022 to $142 million, and the appetite for large deals further dried up throughout the year.

Largest 2022 SPAC IPOs

SPAC	Sponsor/Manager	Offer Date	Deal Size ($mm)
Screaming Eagle Acquisition	Jeff Sagansky, Harry Sloan	5-Jan	$750
Gores Holdings IX	The Gores Group	11-Jan	$525
GSR II Meteora Acquisition (Bitcoin Depot)	Meteora Capital	25-Feb	$275
Atlantic Coastal Acquisition II	Shahraab Ahmad, Burt Jordan	13-Jan	$261

Source: Renaissance Capital. Excludes over-allotments.

Blank Check Mergers Fall Out of Favor but Outpace Traditional IPOs

In 2022, 100 companies listed via SPAC merger, a decline of 49% from last year, as poor post-merger returns and high redemption rates caused the IPO alternative to lose popularity. The year's de-SPACs averaged a dismal -63% return from offer, often plummeting within weeks of the merger, and only 8% finished the year above issue. The average SPAC transaction lost more than 80% of trust proceeds due to redemptions, and more than half had a redemption rate above 90%, including high-profile listings like Getty Images (99%) and Grindr (98%). In several cases, miniscule floats post-listing resulted in volatile initial trading.

Despite a challenging environment, more companies listed via SPAC merger than any year prior to 2021, and 2022 SPAC mergers brought more companies public than traditional IPOs. De-SPAC deal flow was boosted by a pipeline of roughly 700 SPACs seeking or pending mergers at the start of 2022, while a closed IPO window pushed companies to consider a SPAC merger. In order to close deals in a crowded field, SPAC sponsors often turned their focus abroad, or acquired outside their original target industry. However, the incentive to close a deal at all costs continued to misalign their interests with public investors, who, unlike with IPOs, have no input on the SPAC valuation at listing, and are presented with deals struck months prior under different conditions.

Heading into 2023, SPAC mergers should continue at a decent pace, with 70 deal announcements in the 4Q22 (40% of 2022 total). While 450 SPACs seek merger targets and another 150 have pending deals, we expect a fair number of pending mergers to be terminated, as well as hundreds of liquidations in the 1Q23 as issuers from the 2021 boom approach their deal deadlines.

Largest SPAC Mergers of 2022 - Completed

Target	Ticker	Business Description	Closing Date	De-SPAC Mkt Cap ($mm)	Return from SPAC IPO
MSP Recovery	MSPR	Medicare payments recovery.	05/23/2022	$32,600	-84.0%
Polestar	PSNY	Swedish EV maker.	06/23/2022	$20,000	-46.9%
Pagaya Technologies	PGY	Loan analytics platform.	06/22/2022	$8,500	-87.6%
Global Business Travel Group	GBTG	Corporate travel platform.	05/27/2022	$4,984	-32.5%

Source: Renaissance Capital. Market caps are from proposed merger documents.

Largest SPAC Mergers at Year-End - Pending

SPAC/Target	SPAC Ticker	Business Description (Target)	Announced Date	Exp. De-SPAC Mkt Cap ($mm)	Return from SPAC IPO
Aurora Acq. / Better HoldCo	AURC	Digital mortgage lending.	05/11/2021	$6,732	0.9%
Blue Safari / Bitdeer Tech.	BSGA	Bitcoin miner.	11/18/2021	$4,000	4.6%
Avalon Acq. / Beneficient	AVAC	Specialty financing.	09/21/2022	$3,547	2.5%
Adit EdTech Acq. / Griid	ADEX	Bitcoin miner.	05/26/2022	$3,300	1.1%

Source: Renaissance Capital. Market caps are from proposed merger documents.

Best-Performing De-SPACs of 2022

SPAC	Ticker	Business	Return from SPAC IPO
Westrock Coffee	WEST	Coffee wholesaler.	33.6%
Moolec Science	MLEC	GMO seeds.	21.0%
Symbotic	SYM	Logistics robots.	19.4%
Dragonfly Energy	DFLI	Li-ion batteries.	19.0%

Worst-Performing De-SPACs of 2022

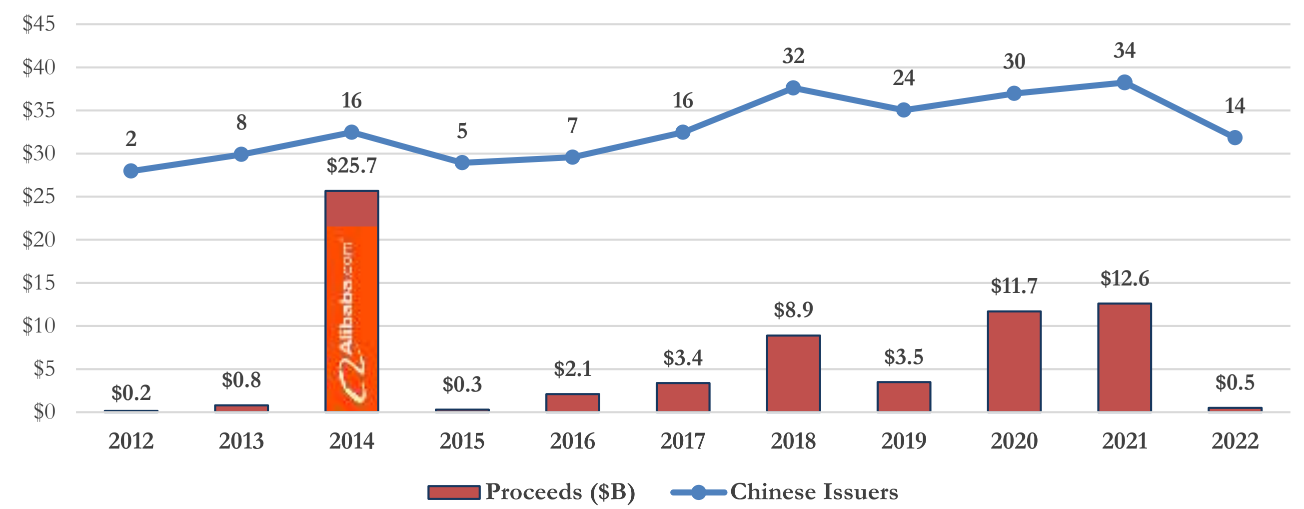
SPAC	Ticker	Business	Return from SPAC IPO
Quanergy Sys.	QNGY	LiDAR sensors.	-100.0%
Fast Radius	FSRD	Custom part design.	-99.9%
Starry Group	STRY	US internet service.	-99.5%
Core Scientific	CORZ	Digital asset miner.	-99.3%

Small Chinese Issuers Make a Cautious Return to US Markets

14 Chinese issuers raised a combined $467 million from US markets in 2022, a 59% decline in volume and a 96% drop in proceeds from 2021, though they increased as a percentage of overall IPOs. Issuance got off to a slow start, with a majority of activity coming in the second half of the year after China's regulator clarified its stance on foreign listings and the country came to an audit agreement with the US in August. Most deals raised $25 million or less, with only two raising more than $50 million: fintech AMTD Digital and hotel chain Atour Lifestyle.

Many of these small deals perpetuated the year's "pop-and-drop" trading trend, experiencing explosive early trading and heavy losses in the aftermarket. As a result, the group averaged a ludicrous 1,264% first-day return but a -48% return from offer. The short-lived rallies garnered suspicion from US regulators and exchanges alike. It was reported in September that the Nasdaq would be stepping up its scrutiny of small-cap IPOs, causing a near halt in new issuance, and in November, Wall Street watchdog FINRA warned investors to stay away from potentially fraudulent small IPOs.

Chinese Issuance Drops in 2022 Despite Pickup in the 2H (View 2022 IPOs from China)



Excludes SPACs, best-efforts IPOs, deals that raise <$5mm or have a market cap <$50mm. Includes Hong Kong-based companies. Source: Renaissance Capital.

Crushed by Challenging Market Conditions, US IPO Index Posts Its Worst Year Since Inception

Stymied by challenging market conditions, the Renaissance IPO Index (IPOUSA), the underlying index for the Renaissance IPO ETF (NYSE Ticker: IPO), plummeted 57.0% in its worst year since its 2009 inception. By comparison, the S&P 500 finished the year down 18.1%, while the Nasdaq Composite finished down 32.5%. Energy was the only sector to finish with a positive contribution, followed by slightly-negative sectors Real Estate and Consumer Staples. Top contributors included healthcare data platform Change Healthcare (CHNG; +19.1%), Chinese freight platform Full Truck Alliance (YMM; -4.4%), and vaccine biotech Vaxcyte (PCVX; +11.9%). The weakest sector was Information Technology, which was hit particularly hard by the year's sell-off in growth stocks, and the worst performances came from major tech names Snowflake (SNOW; -57.6%), Uber (UBER; -48.1%), and Coinbase (COIN; -86.0%). In its fourth quarterly rebalance of the year, the Index added 12 companies, including AIG carve-out Corebridge Financial, Intel spin-off Mobileye Global, and fracking services provider ProFrac Holding.

US IPO Index Performance

	2018	2019	2020	2021	2022
Renaissance IPO Index	-17.1%	34.8%	109.6%	-11.4%	-57.0%
S&P 500	-4.4%	31.5%	18.4%	28.7%	-18.1%

Note: The Renaissance IPO Index Series represents a rolling three-year population of newly public companies weighted by float adjusted market cap. Data as of December 30, 2022.

IPO Pipeline Packed with Candidates Waiting for Better Market Conditions

153 companies filed for IPOs in 2022, a 69% decline from 2021 and well below the 10-year average of 250. That said, the year's filings outpaced its 71 pricings and 62 withdrawals. After a fairly busy January for the pipeline, filing activity decelerated and held a consistently slow pace throughout the year amid a historic shutdown of the US IPO market. There are 137 companies publicly on file looking to raise a total of nearly $10 billion, including 97 in the "active pipeline" that have filed or updated in the past 90 days. By sector, the active pipeline is led by technology (24), industrials (15), and healthcare (12). As a majority of the year's filings came from small issuers, the median deal size of the active pipeline is $18 million, with just 13 IPOs on file to raise $100 million or more.

2022 has been a "wait and see" year for companies looking to IPO. Most of the larger deals on file joined the pipeline in late 2021 and early 2022, but have kept their prospectuses fresh in anticipation of improved market conditions. The most likely candidates to go public first in 2023 are a turn from previous years' tech and healthcare-focused lineups, with consumer discretionary, energy, real estate, and utilities names among the largest up-to-date filers in the pipeline.

The table below highlights some of the largest IPOs in the active pipeline, led by two that we expect could raise at least $1 billion: EV spinoff VinFast, which is anticipated to list in January in the first-ever US IPO from a Vietnam-based company, and battery maker Clarios International. The table also features REITs American Healthcare and SmartStop, consumer names Savers Value Village and Fogo Hospitality, renewables companies MN8 Energy and REV Renewables, and dividend-paying energy plays BKV, TXO Energy Partners, and Bounty Minerals.

Notable Upcoming IPOs (view pipeline)

File Date	Company	Ticker	Sector	Est. Deal Size ($mm)	LTM Sales ($mm)	Y/y Sales Growth %	EBIT %
12/06/22	VinFast	VFS	Consumer Disc.	$1,000	$651	17%	-277%
07/02/21	Clarios International	BTRY	Industrials	$1,000	$9,260	4%	8%
09/16/22	American Healthcare REIT	AHR	Real Estate	$500	$1,447	3%	4%
10/18/21	KinderCare	KLC	Consumer Disc.	$500	$2,066	32%	19%
02/07/22	Aleph Group	ALEF	Comm. Services	$300	$210	83%	25%
01/10/22	Turo	TURO	Technology	$300	$698	213%	6%
12/22/21	Savers Value Village	SVV	Consumer Disc.	$250	$1,415	44%	13%
04/22/22	SmartStop Self Storage	SMST	Real Estate	$200	$203	36%	25%
11/16/21	Fogo Hospitality	FOGO	Consumer Disc.	$200	$517	110%	12%
11/18/22	BKV Corp.	BKV	Energy	$100	$953	253%	32%
11/17/22	TXO Energy Partners LP	TXO	Energy	$100	$344	156%	10%
11/14/22	Skyward Specialty	SKWD	Financials	$100	$602	22%	4%
11/09/22	Bounty Minerals	BNTY	Energy	$100	$131	151%	70%
09/12/22	MN8 Energy	MNX	Utilities	$100	$340	8%	17%
01/14/22	REV Renewables	RVR	Utilities	$100	$406	46%	15%

Source: Renaissance Capital.

Private Company Watchlist is Packed with Tech Names for 2023

The Private Company Watchlist (PCW) contains 245 companies, over 100 of which have selected banks or confidentially filed. In 2022, just six IPOs came from our PCW, though they were some of the largest issuers to brave the year's challenging conditions, including Corebridge, TPG, and Mobileye.

Private companies faced a variety of obstacles on the path to public markets in 2022, including depressed public market valuations, poor returns, and high volatility. With war chests built from generous COVID-era venture rounds, many IPO candidates were content to stay private and work on shifting their focus to profitability while waiting for better market conditions. For those with dwindling cash piles and stronger fundamentals, the coming year could be the right time to test the IPO waters.

Private Company Watchlist names are exclusive to IPO Pro. Sign up for a free 7-day trial to see page 14.

Read on to page 15 for our Outlook.

Outlook

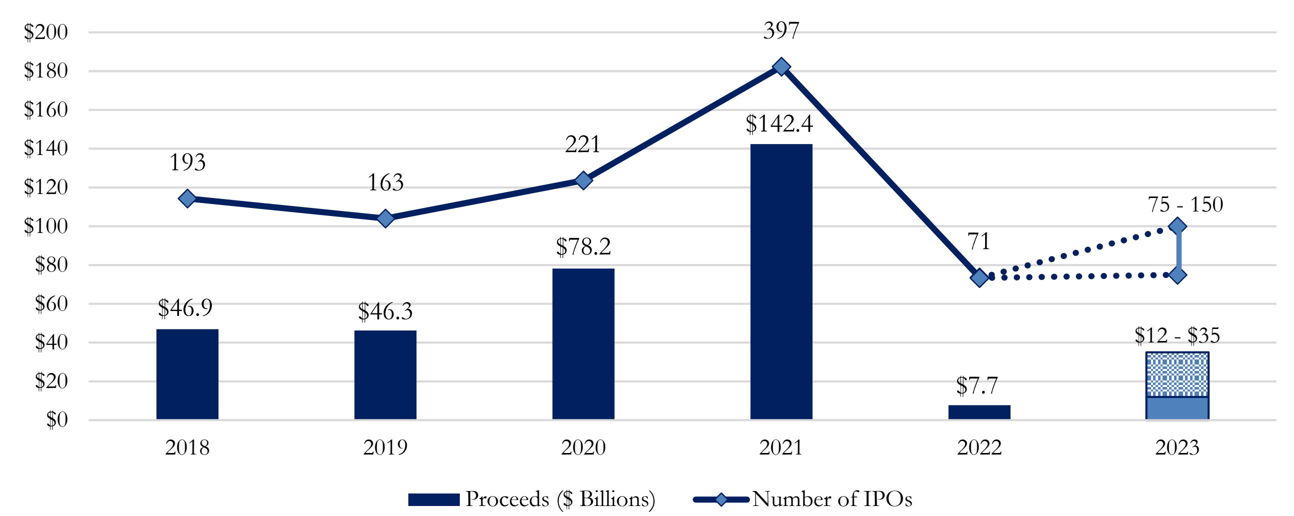
2022 has been a reset year for the IPO market as another era of easy money has come to an end. Interest rates reflect a more reasonable cost of capital. Sky-high valuation multiples are no longer the norm. Growth-at-all-costs is out; profitability is once again king. The COVID bubble has burst, and investors have traded voracious risk appetites for more cautious palates. However, seasoned investors will look at times like these as opportunities to buy quality IPOs at fair prices; our historical research has shown that IPOs tend to outperform coming out of slow periods.

Large, cash-flow-positive businesses with solid growth prospects should drive IPO activity in 2023, and typically-active tech is expected to take a back seat to sectors like consumer and energy in the near term. SPAC mergers will continue to be a source of new listings, somewhat overshadowed by a tidal wave of liquidations in the 1Q23.

In 2021, we predicted that new issuance would slow considerably in 2022, but didn't anticipate the perfect storm that shuttered the IPO window. In past slow periods, namely the early 2000's dot-com crash and the 2008 financial crisis, IPO filing activity normalized after the Nasdaq rallied 45-55% from the bottom. The Nasdaq has rebounded slightly from its October low but has yet to stage a full recovery. We currently expect activity to start to normalize around mid-2023, though it will ultimately depend on the rate at which market conditions improve. With several unknowns clouding our IPO outlook for the year ahead, we estimate a relatively wide range of activity between 75 and 150 IPOs, with a pickup in larger offerings.

Sign up for IPO Pro to see the full deal list of 2022 IPOs.

IPO Activity is Expected to Normalize in 2023



Source: Renaissance Capital.

About Renaissance Capital
Renaissance Capital is a global IPO investment adviser providing pre-IPO institutional research and management of the Renaissance IPO ETF (NYSE symbol: IPO) and the Renaissance International IPO ETF (NYSE symbol: IPOS). For more information, visit www.renaissancecapital.com.