

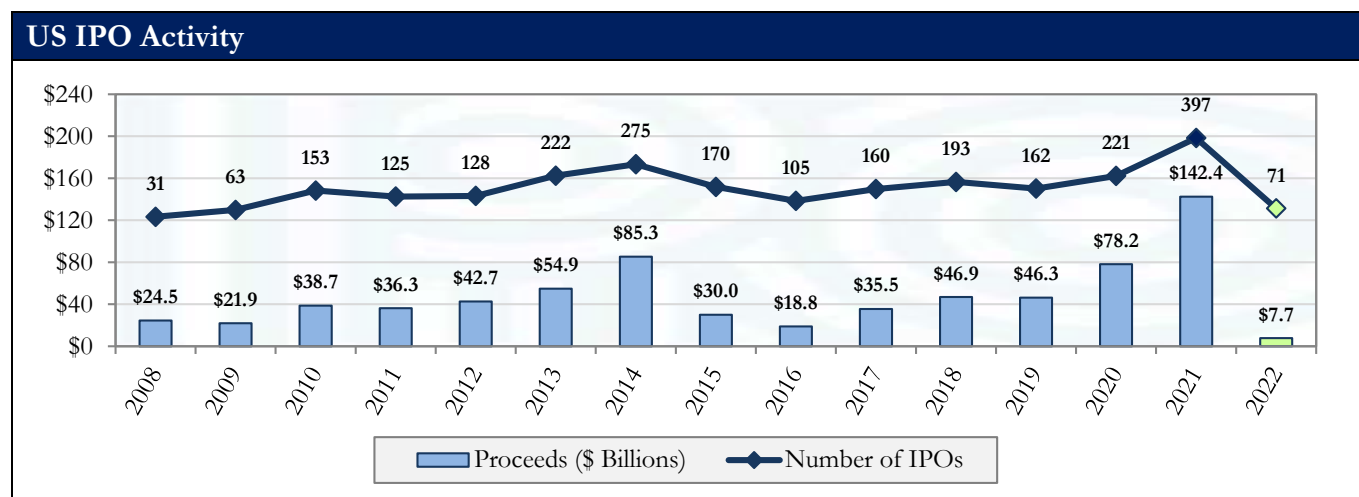
January 3, 2023

## 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



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](http://www.renaissancecapital.com).

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