

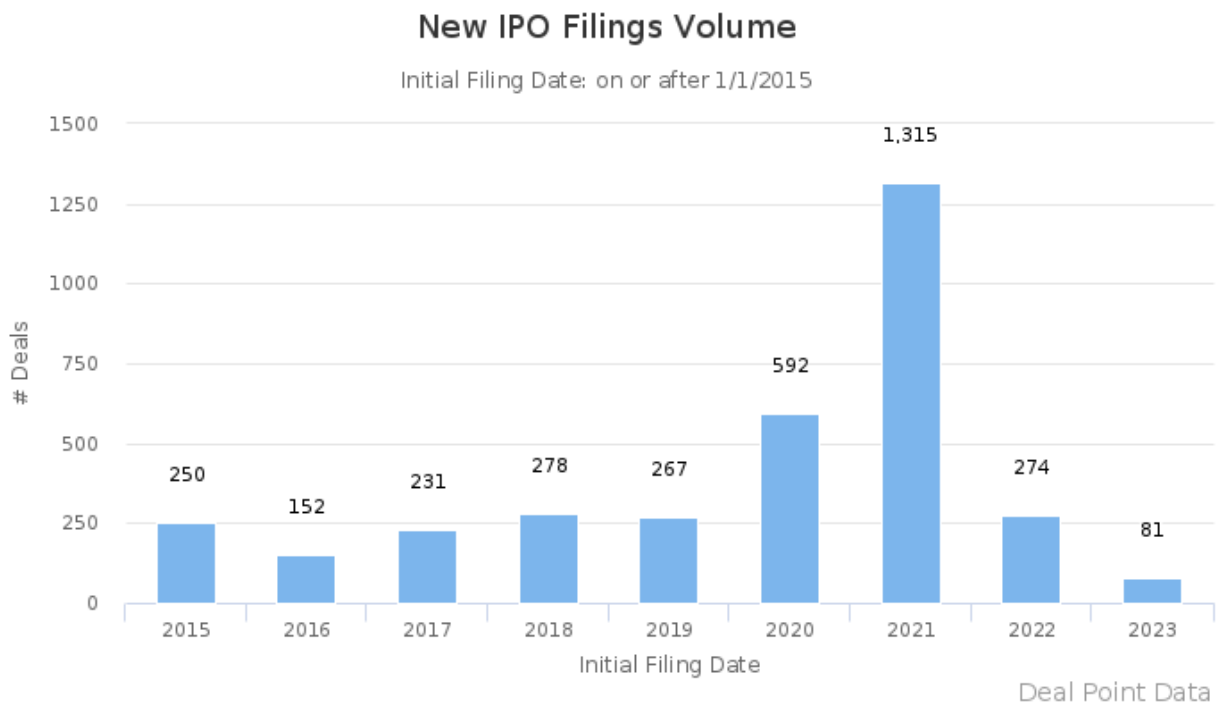
IPO Doldrums

April 25, 2023

The IPO market has seen a significant downturn since the SPAC-led highs of 2021. The charts and statistics below bring this downturn into sharp focus and illustrate the poor condition of the US IPO market.

New IPO Filings

In 2021 there were over 1,300 new IPOs filed including both SPAC and non-SPAC issuers and 2022 saw a decline of nearly 80% to 274 new IPOs filed. So far this year, there have been only 81 new filings.

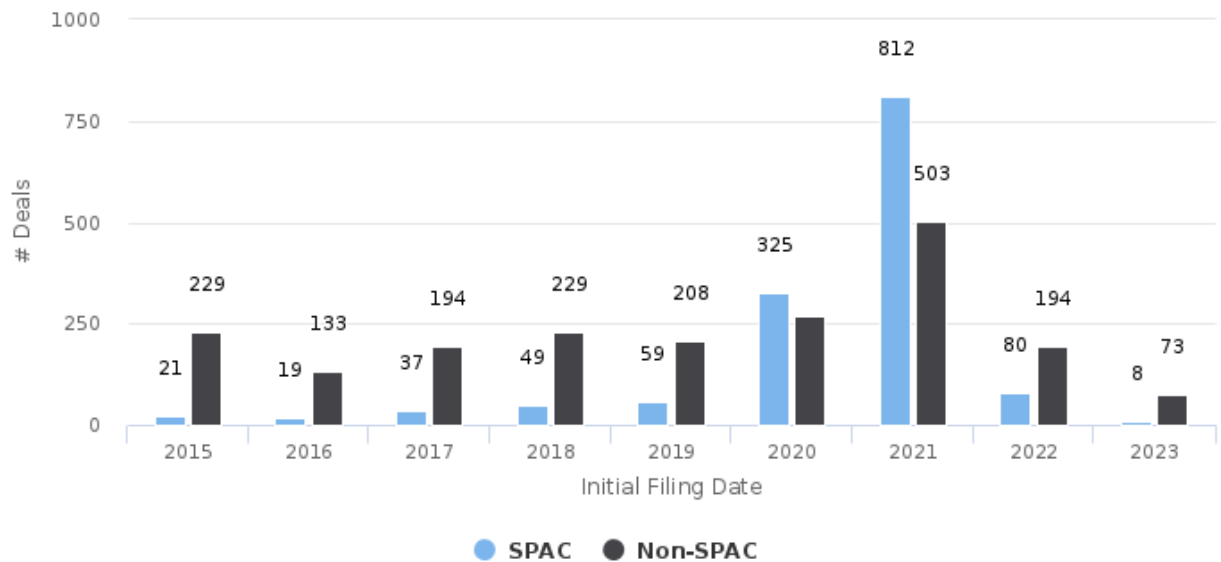


If we break out new filings by SPAC and non-SPAC issuers the drop off in SPAC filings is significantly pronounced. The number of SPAC related new filings in 2022 was 10% of the total from 2021 and this year is only 10% of the number in 2022.

Although the drop off by non-SPAC filers is not as significant, the chart below illustrates the overall reduction in the number of non-SPAC filings as the number in 2022 was 39% of the total from 2021 with a similar reduction so far this year from 2022. However, if we extrapolate based on the 81 IPOs filed this year, the IPO market is on track for about 257 deals and when compared to the average number of IPOs filed in the 5-year period prior to 2020 and the start of the Covid pandemic of 236 deals, this would put 2023 slightly ahead of that historical period.

New IPO Filings Volume - SPACs vs. Non-SPACs

Initial Filing Date: on or after 1/1/2015



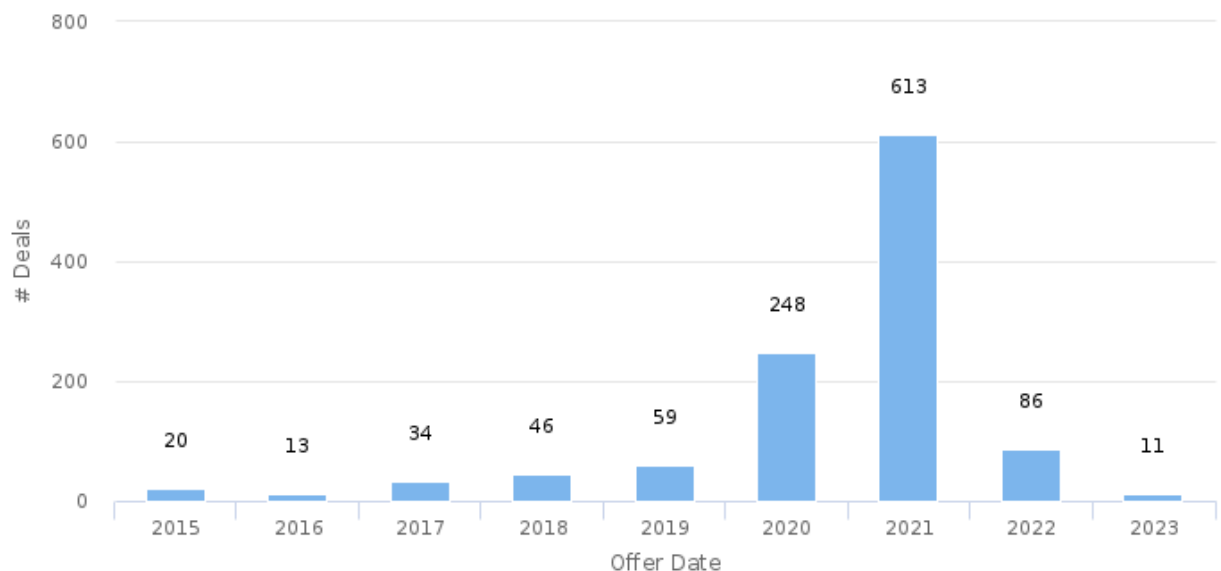
Deal Point Data

IPO Pricings

The volume of IPO pricings for both SPACs and non-SPACs has also fallen dramatically now that the SPAC boom has passed. SPAC pricings have fallen off a cliff and this year there have been 11 pricings as compared to 613 pricings in 2021. For non-SPAC IPOs, the number of pricings in 2023 is just 11% of the total from 2021. The gross proceeds for non-SPAC IPOs in 2021 was over \$200 bil. In 2022 gross proceeds were just over \$10 bil and this year are just \$2.5 bil. The three charts below illustrate these statistics.

IPO Pricing Volume - SPAC Issuers

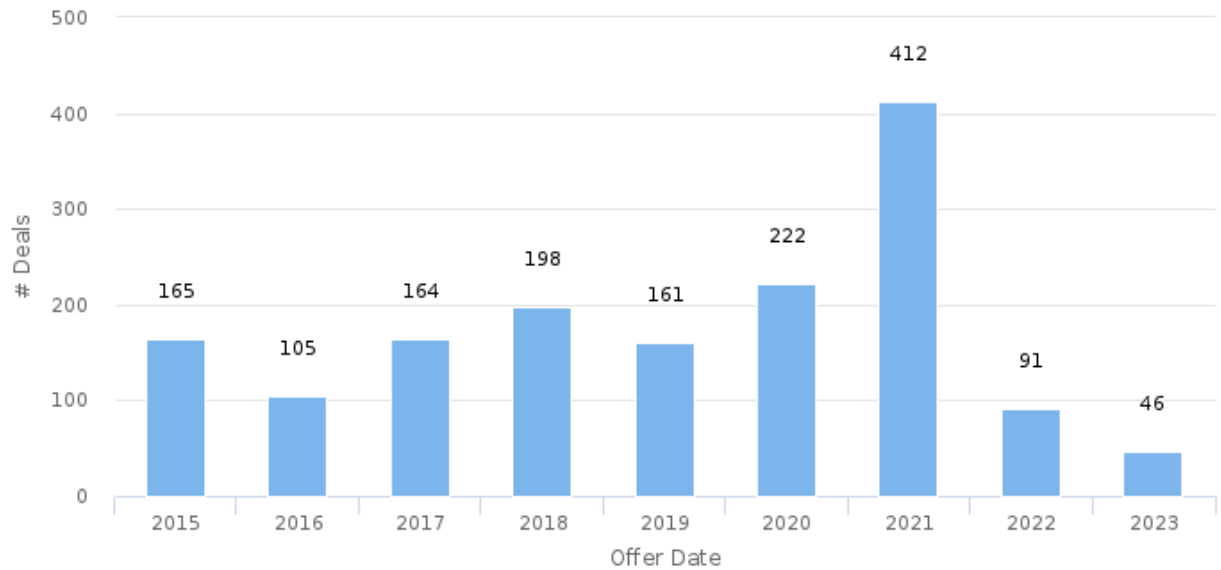
Offer Date: on or after 1/1/2015, SPAC Issuer: Yes



Deal Point Data

IPO Pricing Volume - Non-SPAC Issuers

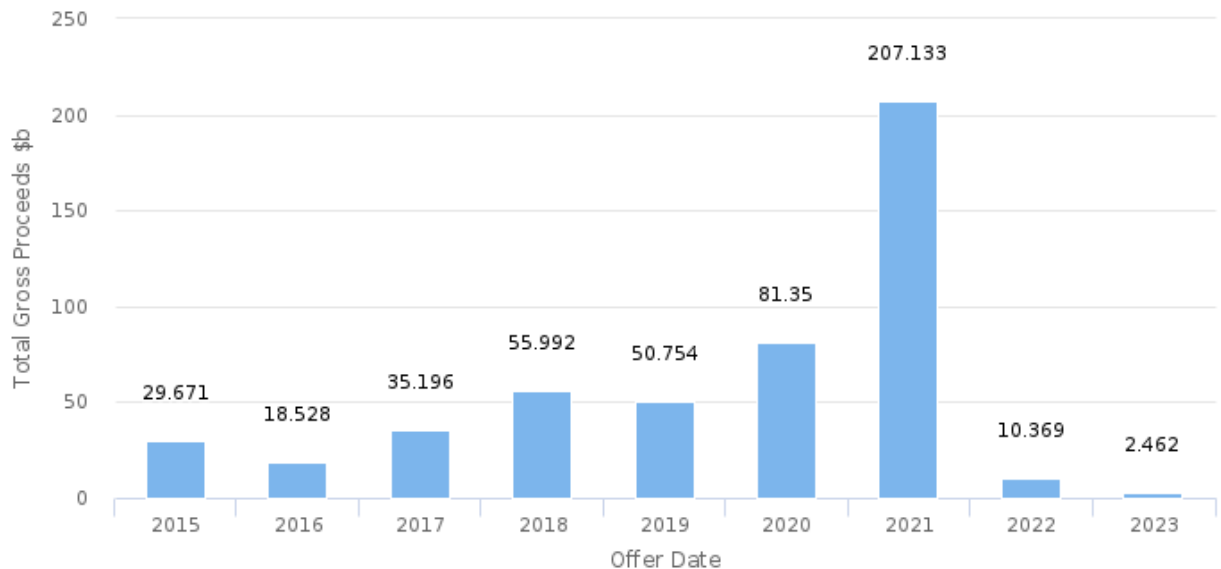
Offer Date: on or after 1/1/2015, SPAC Issuer: No



Deal Point Data

Gross Proceeds - Non-SPAC Issuers

Offer Date: on or after 1/1/2015, SPAC Issuer: No



Deal Point Data

Average and Median Deal Size for Non-SPAC Issuers

The average and median deal size for non-SPAC issuers over the last few years is another way to quantify the declining condition of the US IPO market. As the table below indicates, average and median deal sizes have dropped precipitously. In 2020 the average priced IPO was \$366 mil and the median was \$117 mil. This year, the average priced IPO is \$54 mil and the median is \$10 mil. Of the two statistics the median is the more telling

of the two numbers as this shows that while there are a few large deals that increase the average, the majority of deals that actually price are very small.

<u>Year</u>	<u>Average</u>	<u>Median</u>
2020	366.44	176.98
2021	502.75	168
2022	113.94	15.51
2023	53.53	10.33

US vs Non-US Issuers

An interesting trend to keep an eye on going forward related to non-SPAC issuers is the percentage of new filings from non-US issuers. In 2020 and 2021, the percentage of new IPOs filed by US issuers was 69.3% and 72.4%, respectively. In 2022 those percentages fell to 49.5%, meaning there were essentially the same number of new IPOs filed by non-US issuers as were made by US issuers. In 2023, US issuers account for only 42.5% of new IPOs filed. The leading country for non-US issuers this year is China, accounting for over 57% of all non-US issuers.

Conclusion

Is there any reason to hope that the IPO market will improve in the near future? The last \$1 bil plus IPO that priced was Corebridge Financial, Inc.'s \$1.68 bil in September, 2022. Kenvue, Inc., a wholly owned subsidiary of Johnson & Johnson (NYSE: JNJ), kicked off its roadshow April 24, 2023 and set terms for a potential \$3.25 bil IPO assuming the IPO prices within the expected range and the number of shares does not change. Could a successful Kenvue IPO provide some much-needed forward momentum and give confidence to other potential issuers? Only time will tell.