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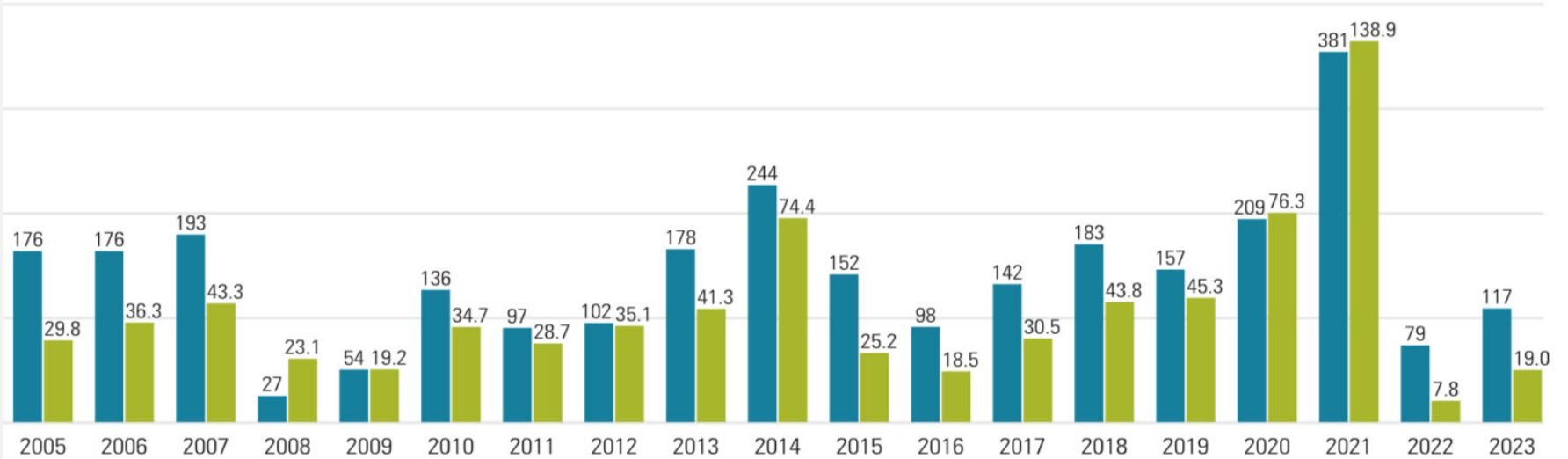
IPO Market Update

February 2024



US IPOs by Year – 2005 to 2023

■ # of IPOs ■ Dollar volume (in \$ billions)



Source: SEC filings



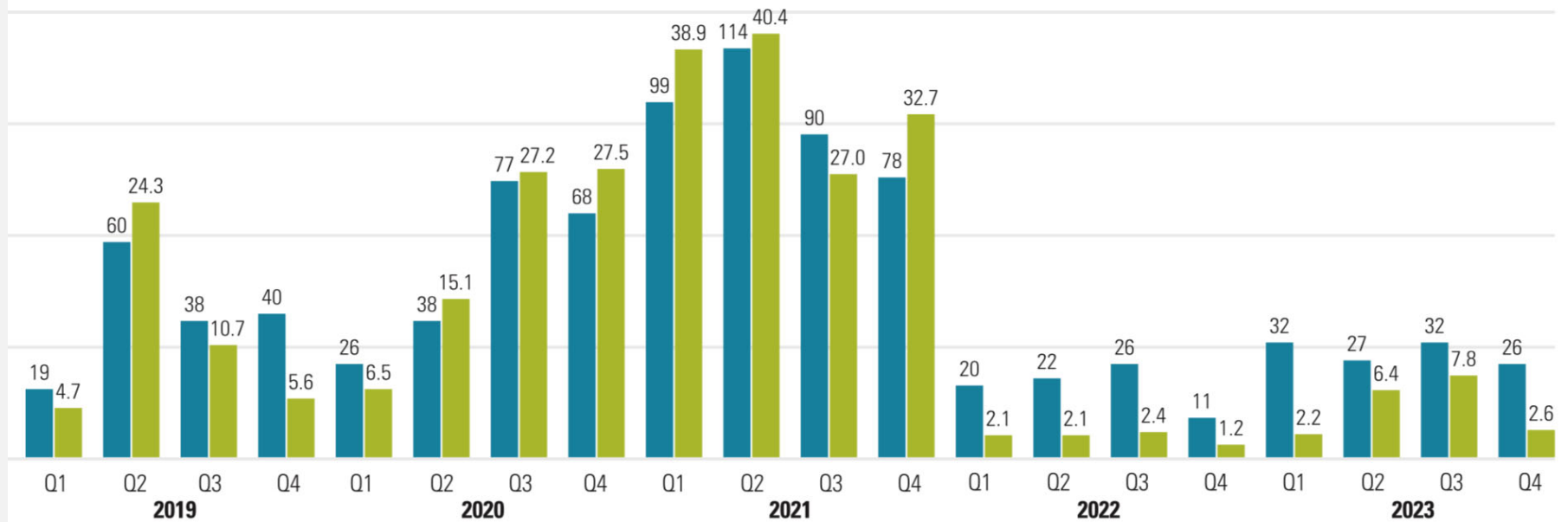
U.S. Market Review

- Pessimism surrounding the Federal Reserve's interest rate hikes, combined with subdued business and consumer confidence as well as geopolitical concerns, weighed heavily on the IPO market in 2023.
- With 117 IPOs in 2023 (excluding IPOs by SPACs and direct listings), deal activity increased 48% from the mere 79 IPOs completed in 2022, but still accounted for less than one-third of the 2021 total of 381 IPOs.
- Total gross proceeds in 2023 were \$19.0 billion, up 144% from the \$7.8 billion in 2022.
- The median offering size for IPOs in 2023 was \$10.0 million, 43% lower than the \$17.6 million for 2022 and a fraction of the \$144.2 million median that prevailed over the five-year period from 2017 to 2021.
- The percentage of IPOs raising gross proceeds of less than \$25 million increased to 68% in 2023 from 61% in 2022. In comparison, IPOs of that size accounted for only 8% of all IPOs between 2017 and 2021.
- The median annual revenue of IPO companies in 2023 was \$9.0 million, up from \$4.7 million for 2022, but well below the \$66.9 million median that prevailed during the five-year period from 2017 to 2021.



US IPOs by Quarter – 2019 to 2023

■ # of IPOs ■ Dollar volume (in \$ billions)

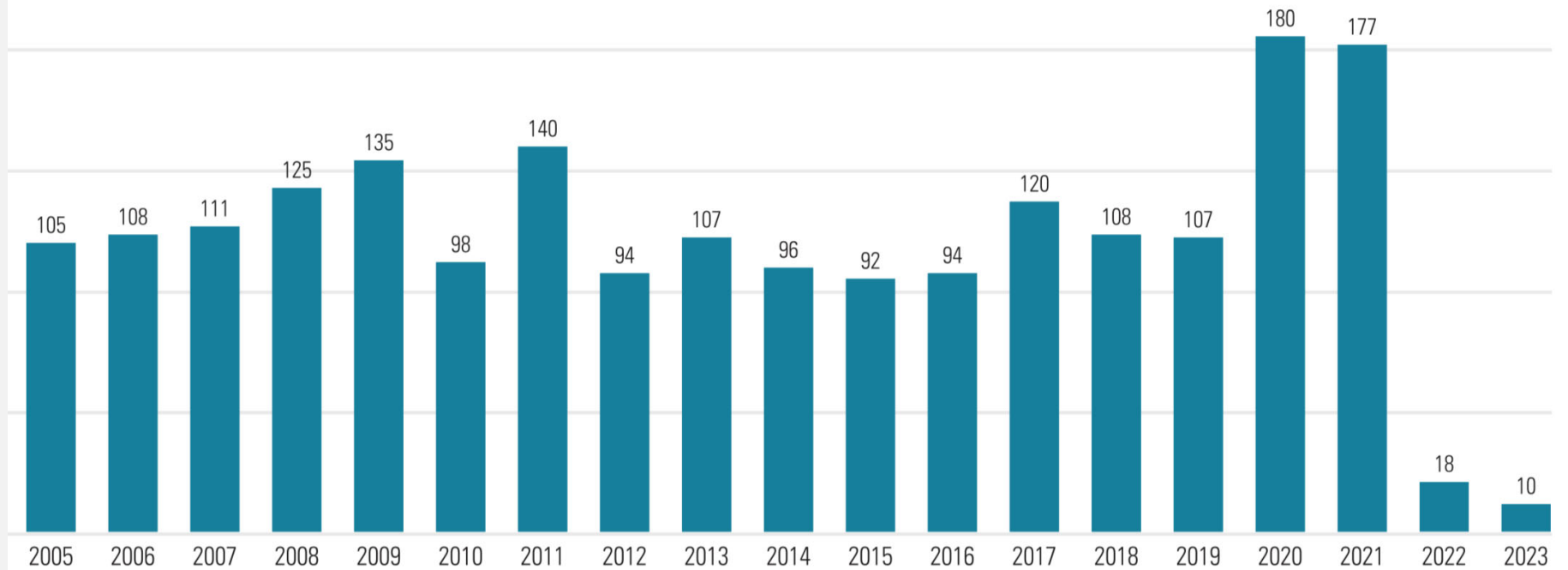


Source: SEC filings



Median IPO Offering Size – 2005 to 2023

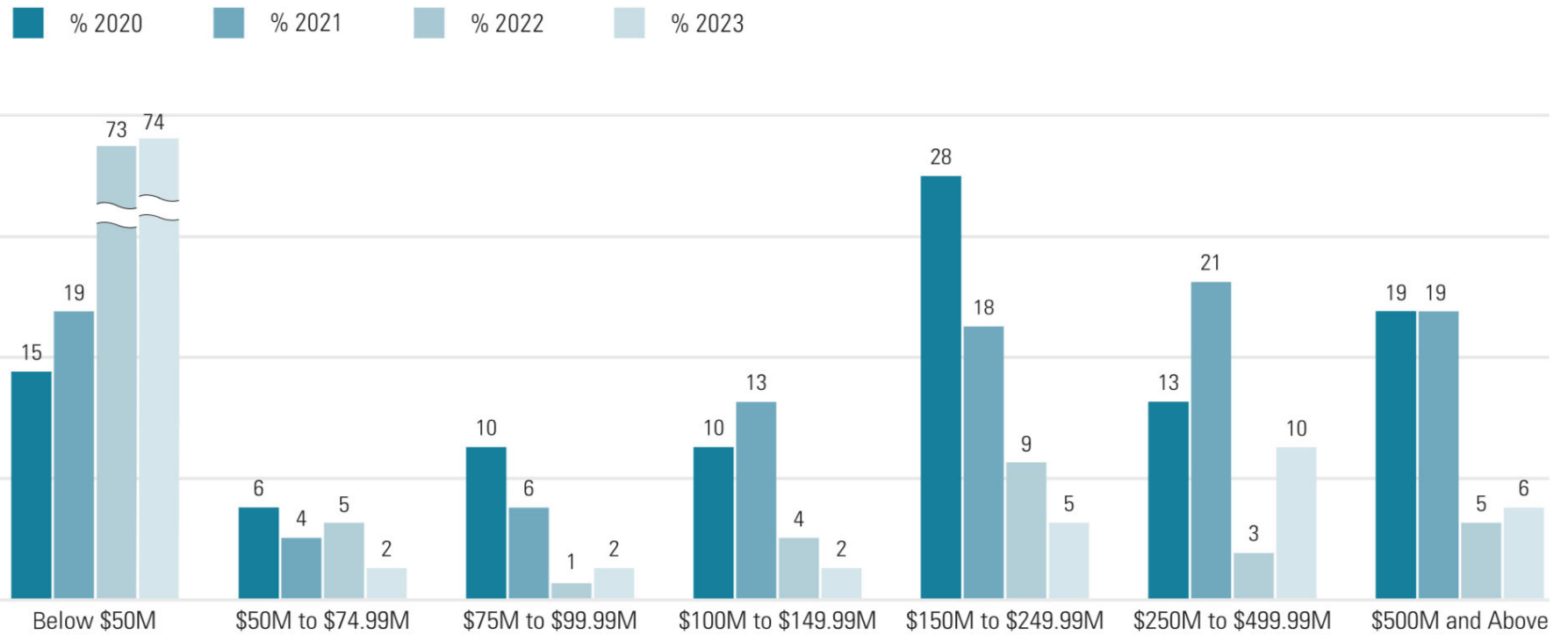
\$ millions



Source: SEC filings



Distribution of IPO Offering Size – 2020 to 2023



Source: SEC filings



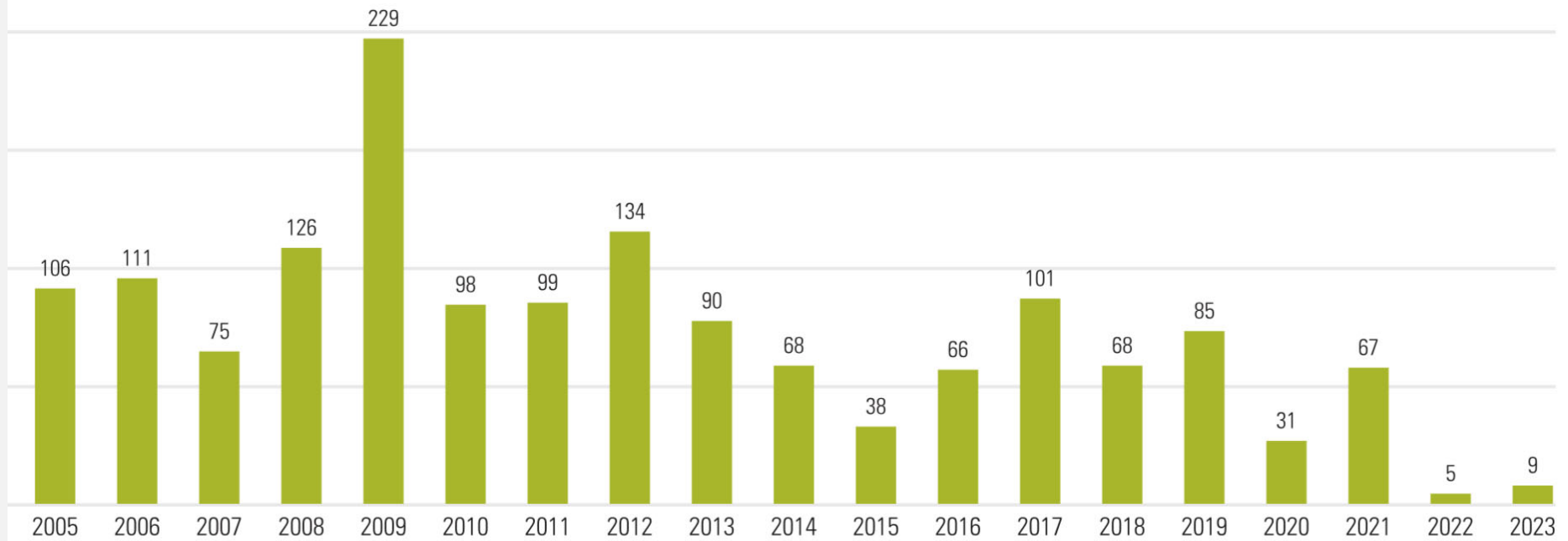
U.S. Market Review

- In 2023, only 33% of life sciences IPO companies had revenue—nearly double the 17% figure for 2022, but down from 46% over the five-year period from 2017 to 2021.
- At \$21.9 million, the median annual revenue of non-life sciences IPO companies in 2023 was almost double the \$12.0 million in 2022 but well short of the \$192.7 million median from 2017 to 2021.
- The percentage of profitable IPO companies increased to 42% in 2023 from 34% in 2022 and from 28% of all IPO companies between 2017 and 2021.
- None of the 21 life sciences IPO companies in 2023 were profitable, compared to 56% of the non-life sciences IPO companies—the highest percentage for non-life sciences IPO companies since the 61% in 2012.
- The median IPO company in 2023 ended its first day of trading unchanged from its offering price, compared to a gain of 8% in 2022 and a gain of 16% in 2021. The 2023 median first-day gain figure is the second-lowest annual figure in the past 25 years.



Median Annual Revenue of IPO Companies – 2005 to 2023

\$ millions

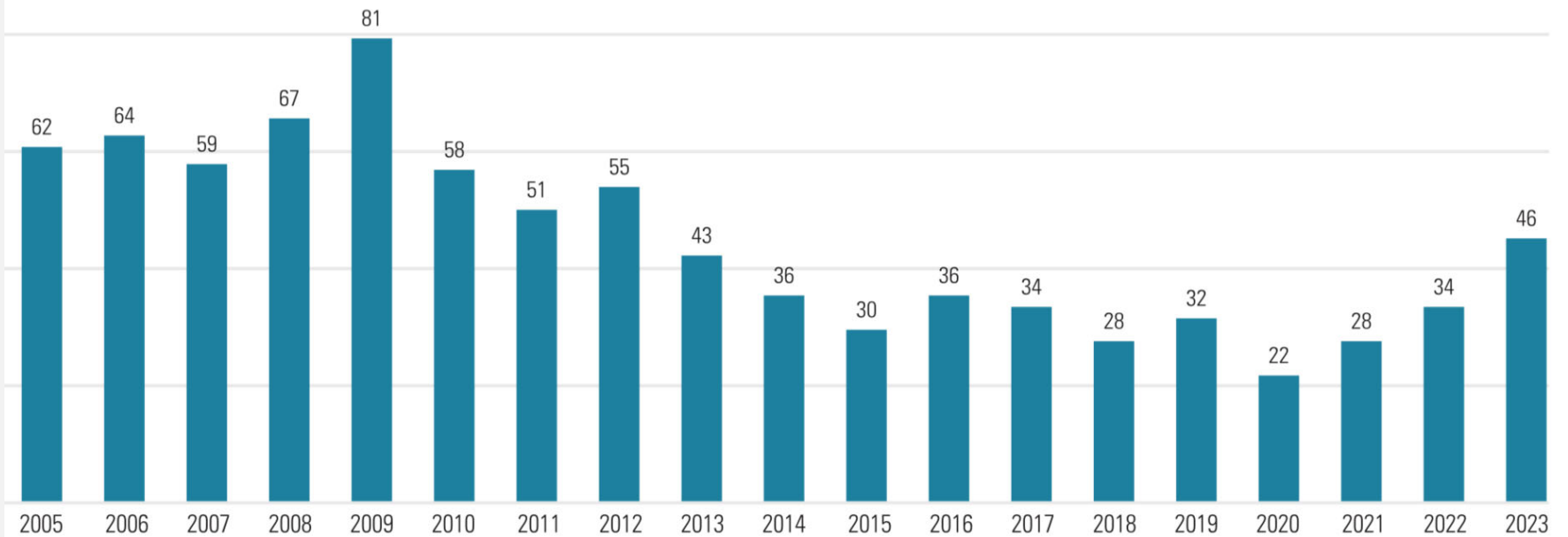


Source: SEC filings and IPO Vital Signs



Percentage of Profitable IPO Companies – 2005 to 2023

%

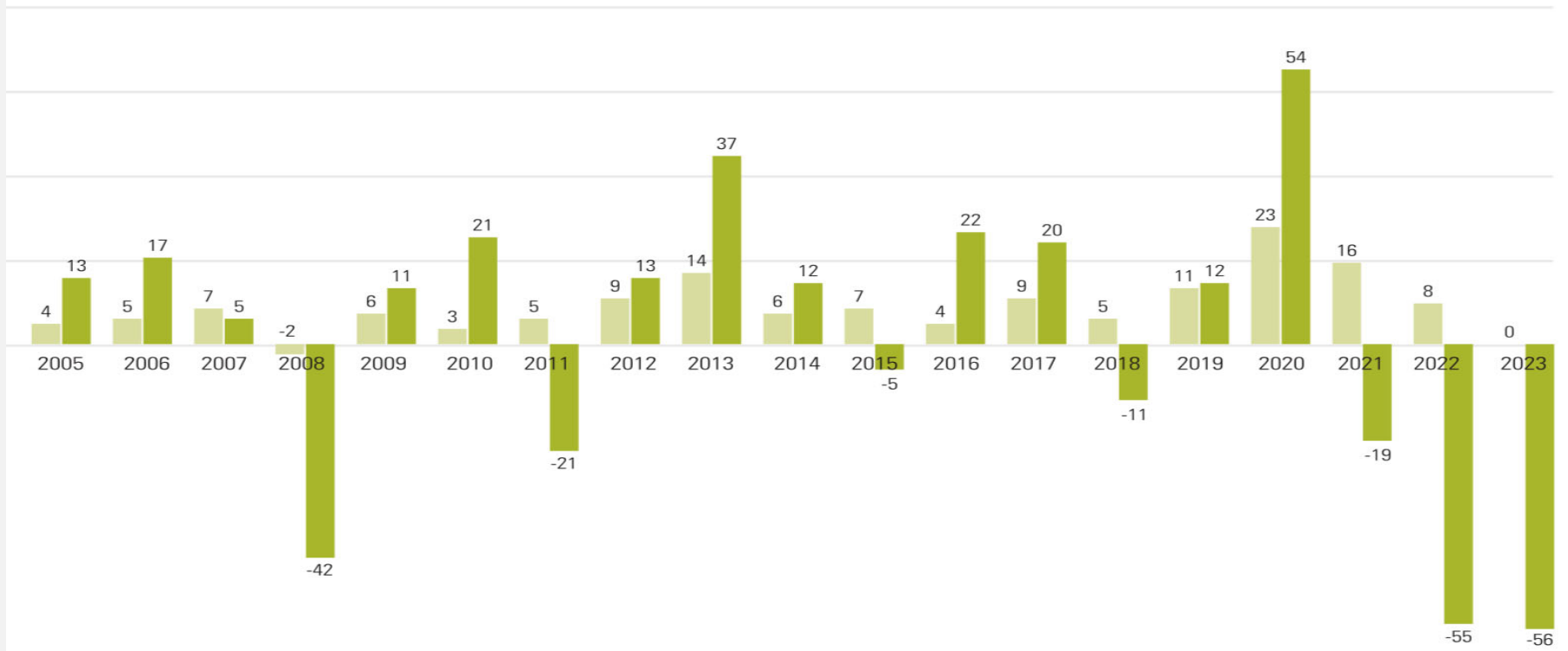


Source: SEC filings and IPO Vital Signs



Median IPO First-Day and Year-End Gain by Year – 2005 to 2023

■ % First-day gain ■ % Year-end gain



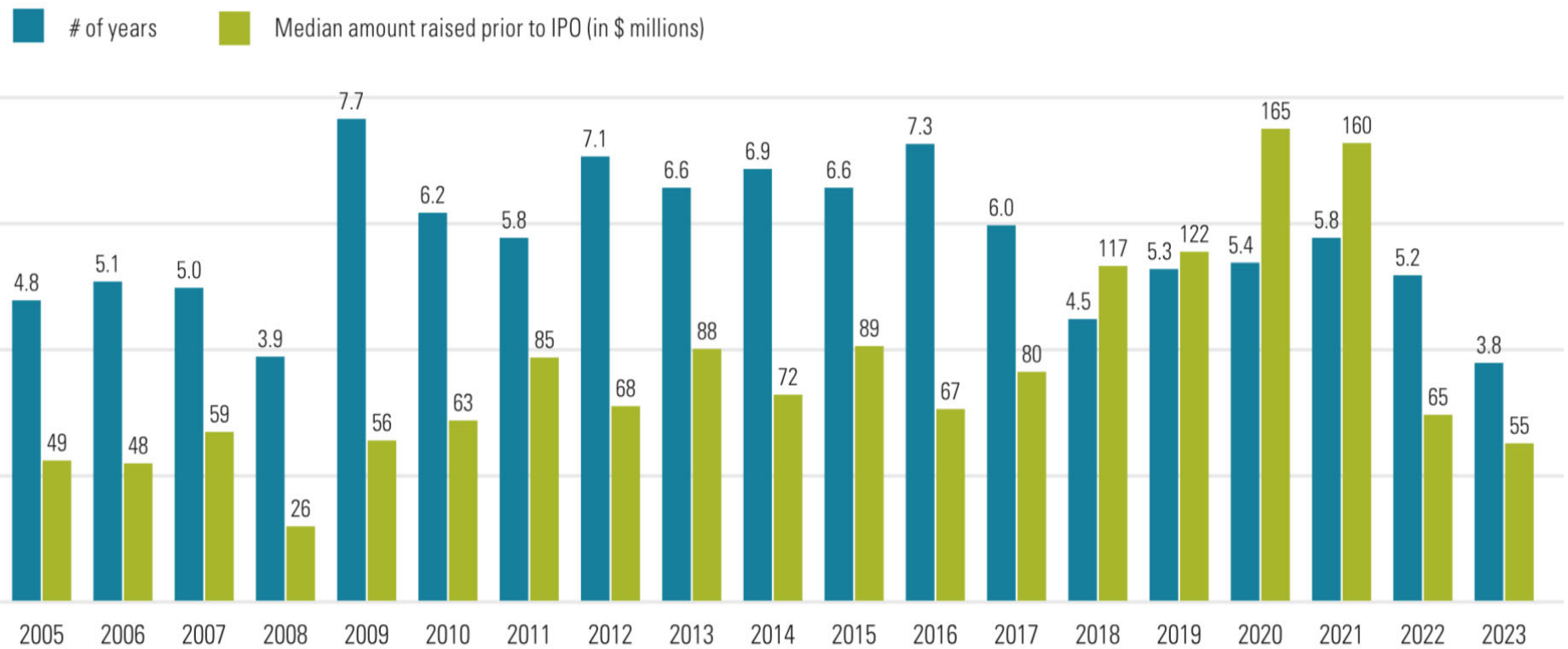


U.S. Market Review

- The percentage of “broken” IPOs (in which the stock closes below the offering price on the first trading day) rose to 50% in 2023 from 37% in 2022 and 24% over the five-year period from 2017 to 2021.
- The 2023 figure represents the highest level of broken IPOs since 2008, when almost two-thirds of the year’s IPOs were broken.
- A slightly lower percentage of 2023 life sciences IPOs (48%) than non-life sciences IPOs (50%) were broken.
- 2023 IPO companies ended the year trading a median of 56% below their offering price, only slightly down from 2022 IPO companies, which ended that year down 55%. In comparison, 2021 IPO companies were only down 19% in the year of their debut.



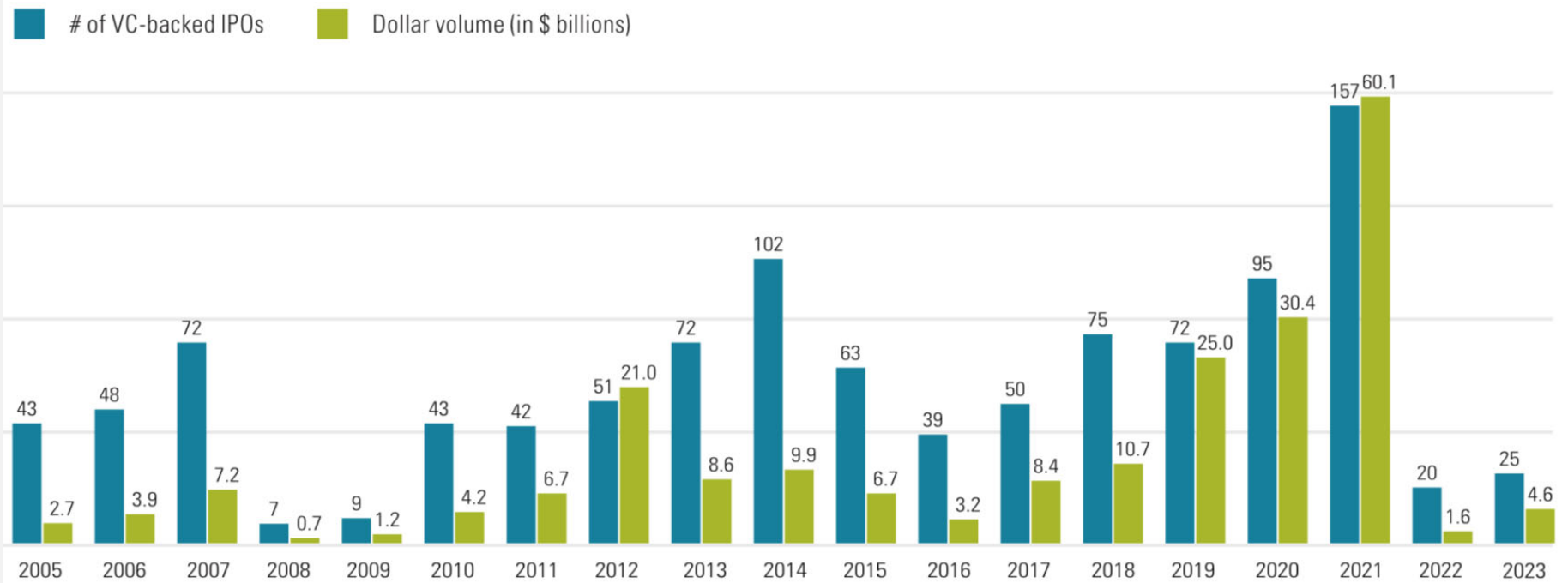
Median Time to IPO and Median Amount Raised Prior to IPO – 2005 to 2023



Source: PitchBook



Venture Capital–Backed IPOs – 2005 to 2023

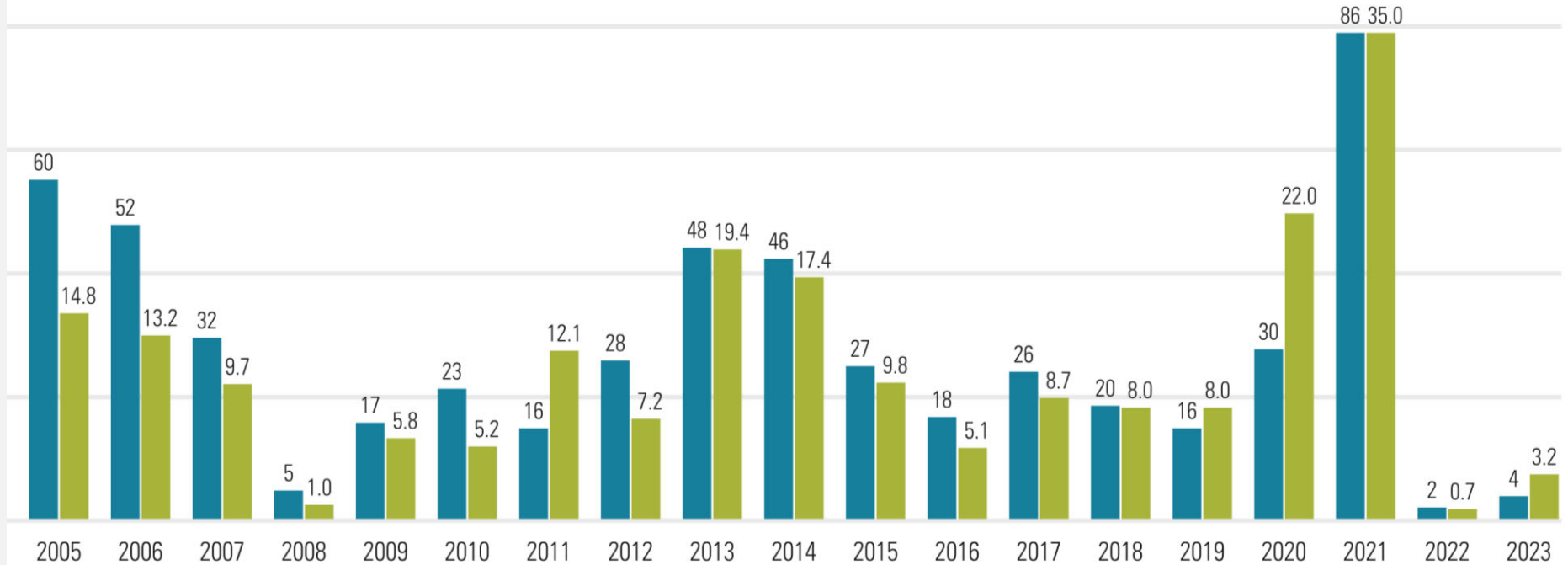


Source: SEC filings
 Based on US IPOs by VC-backed US issuers



Private Equity–Backed IPOs – 2005 to 2023

■ # of PE-backed IPOs ■ Dollar volume (in \$ billions)



Source: Refinitiv and SEC filings



Typical Profile of Successful IPO Candidate

- Outstanding Management
- Market Differentiation and Leadership
- Substantial Revenue
- Revenue Growth
- Profitability
- Market Capitalization



IPO Basics—Pros and Cons

Advantages of Going Public

- Capital
- Liquidity
- Higher valuation
- Improved capital access
- Employee equity incentives
- Acquisition currency
- Enhanced prestige

Disadvantages of Going Public

- Expense
- Public company obligations
- Scrutiny and loss of privacy
- Loss of control
- Reduced flexibility
- Diversion of management time
- Potential liability



Is the Time Right for an IPO?

- Company management and infrastructure ready for IPO and public company requirements
- Comparable companies have completed IPOs
- Company has sound business model and visibility on growth and profitability—or, in life sciences, on drug development and commercialization pathway
- Existing investors desire liquidity event
- IPO market conditions