

Newly Public Operating Companies Snapshot: Jan.-June 2022

Since 2017 CII has tracked U.S. initial public offerings (IPOs) to monitor the proliferation of dual-class structures. In 2021 CII updated the scope of this work by focusing on the three primary avenues for operating companies to go public: traditional IPO, direct listing, and de-SPAC merger structures. Starting in 2021, CII excludes shell company IPOs from its data. CII continues to exclude foreign private issuers (FPIs), Real Estate Investment Trusts (REITs) and companies valued at less than \$200 million when tracking unequal voting structures.

The 2022 mid-year snapshot examines the first half of 2022 both independently and in relation to the same period last year.

Newly Public Operating Companies: First Half of 2022

From January 1 to June 30, 2022, there were 14 traditional IPOs, one direct listing and eight de-SPAC mergers.

Of these 23 companies, four have dual class structures with unequal voting rights. These companies represent 17% of total companies in 1H 2022:

- 1 traditional IPO (7.1% of all traditional IPOs)
- 3 de-SPAC mergers (37.5% of all de-SPAC mergers)

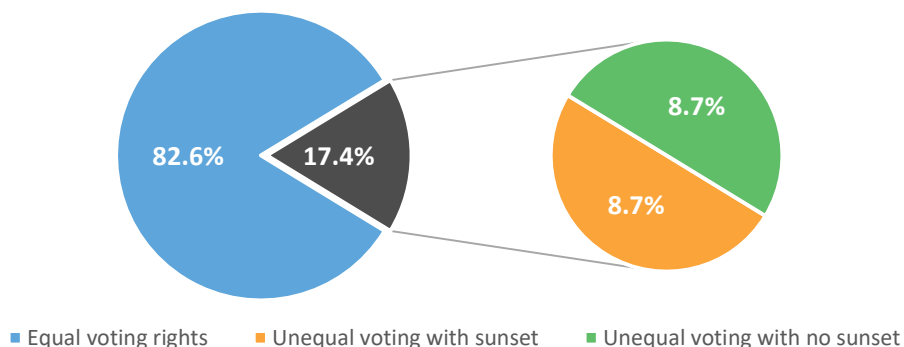
Of the four companies with dual-class structures, two have adopted time-based sunsets:

- TPG, Inc. (5 years)
- SoundHound AI (10 years)

Two of these companies with dual-class structures (9% of all newly public companies) do not have time-based sunsets. They are of greatest concern to CII for their long-term misalignment between voting rights and equity stake:

- System1
- Dave Inc.

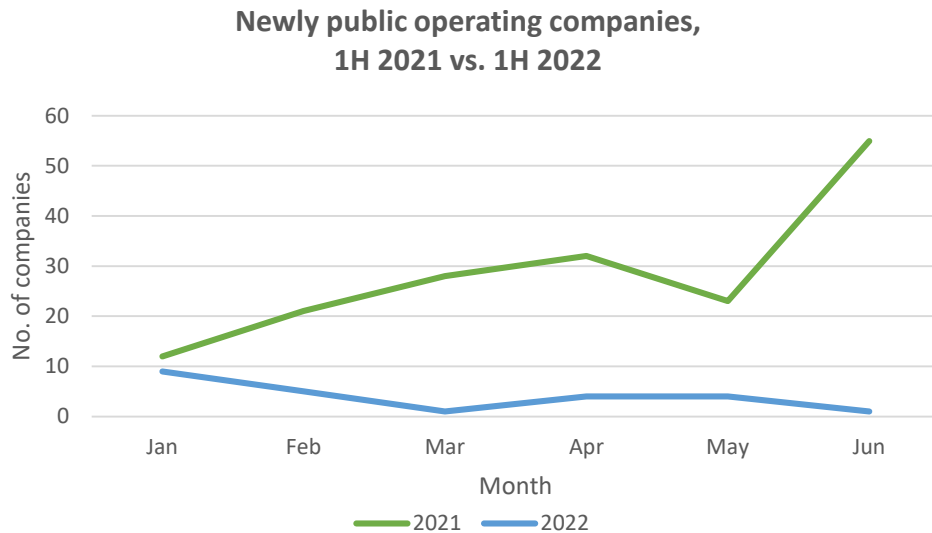
Newly public operating companies and time-based sunsets, 1H 2022



Trend analysis

Only 23 companies went public in 1H 2022, representing an 86.5% decrease from 171 companies in 1H 2021. A greater decrease was seen in the number of traditional IPOs: only 14 companies went public via a traditional IPO in 1H 2022, an 88.9% decrease from 124 traditional IPOs during the same period last year.

A smaller proportion of newly public companies had dual class structures in 1H 2022 as compared to the same period last year. Four out of 23 companies had dual class structures (17.4% of all companies) in 1H 2022, while 44 out of 171 companies (22.4% of all companies) had dual class structures in 1H 2021.



The 50% adoption rate of time-based sunsets among dual class companies in 1H 2022 compares to a 36.4% adoption rate in 1H 2021. Whether the upward trend continues will depend on activity in the second half of 2022.

