Newly Public Operating Companies Snapshot: 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. 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 in public equities when tracking unequal voting structures.

The 2022 snapshot examines IPO activity in the first and second halves of 2022, as well as annual trends in relation to 2021.

First Half of 2022

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

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)

Second Half of 2022

From July 1 to December 31, 2022, there were eight traditional IPOs, 15 de-SPAC mergers, and no direct listings.

Of these 23 companies, three have dual class structures with unequal voting rights. These companies represent 13% of total companies in 2H 2022:

- 1 traditional IPO (12.5% of all traditional IPOs)
- 2 de-SPAC mergers (13.3% of all de-SPAC mergers)

All of 2022

From January 1 to December 31, 2022, 22 companies went public via traditional IPO, 23 via de-SPAC merger, and one via direct listing.

Of these 46 companies, seven have dual-class structures with unequal voting rights. These companies represent 15.2% of total companies tracked by CII in 2022:

- 2 traditional IPOs (9% of all traditional IPOs)
- 5 de-SPAC mergers (21.7% of all de-SPAC mergers)
Out of the 46 companies tracked by CII in 2022, the three following companies adopted time-based sunsets:

1H 2022
TPG, Inc. (5 years)
SoundHound AI (10 years)

2H 2022
FiscalNote Holdings, Inc. (7 years)

The four following dual-class companies did not adopt time-based sunsets in 2022, and are of greatest concern to CII for their long-term misalignment between voting rights and equity stake:

1H 2022
System1
Dave Inc.

2H 2022
Atlis Motor Vehicles, Inc.
Rumble Inc.

Trend analysis

Only 46 companies went public in 2022, representing an 88.9% decrease from 415 companies in 2021. A greater decrease was seen in the number of traditional IPOs: only 22 companies went public via a traditional IPO in 2022, a 92.3% decrease from 287 traditional IPOs during the same period in 2021.

Despite the poor climate for public equities in 2022, a growing share of newly public companies featured equal voting structures as compared to the previous year. 85% of companies tracked by CII went public with equal voting structures in 2022, an increase of eight percentage points from 77% in 2021.

A smaller proportion of newly public companies had dual class structures in 2H 2022 as compared to the same period last year. Three out of 23 companies had dual class structures (13% of all companies) in 2H 2022, while 50 out of 244 companies (20.5% of all companies) had dual class structures in 2H 2021.

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**Figure 1.** Newly public companies with the following shareowner voting structures, represented as a percentage of all companies tracked by CII in 2H 2022: equal voting rights (blue); unequal voting rights with time-based sunset (green); unequal voting rights without time-based sunset (red).  
**Source:** CII analysis of StockAnalysis.com, SPAC Track, SEC filings via BamSEC
Among companies with dual-class structures, CII observed a 50% adoption rate for time-based sunsets in 1H 2022 and a 33% adoption rate in 2H 2022. Overall adoption of sunsets increased marginally in 2022 despite a significant decrease in the number public offerings, rising 0.3 percentage points from 42.6% in 2021 to 42.9% in 2022. Whether this trend continues will depend on activity in 2023.

**Figure 3.** Annual percentage of newly public companies with dual-class structures tracked by CII that also adopted time-based sunset clauses for their unequal voting structures. Note: CII changed its tracking criteria in 2021 to exclude shell company IPOs and include de-SPAC mergers.

Source: CII analysis of IPOScoop, SPAC Track, StockAnalysis.com, SEC filings (via BamSEC)