

IPO

VS

REGULATION A+

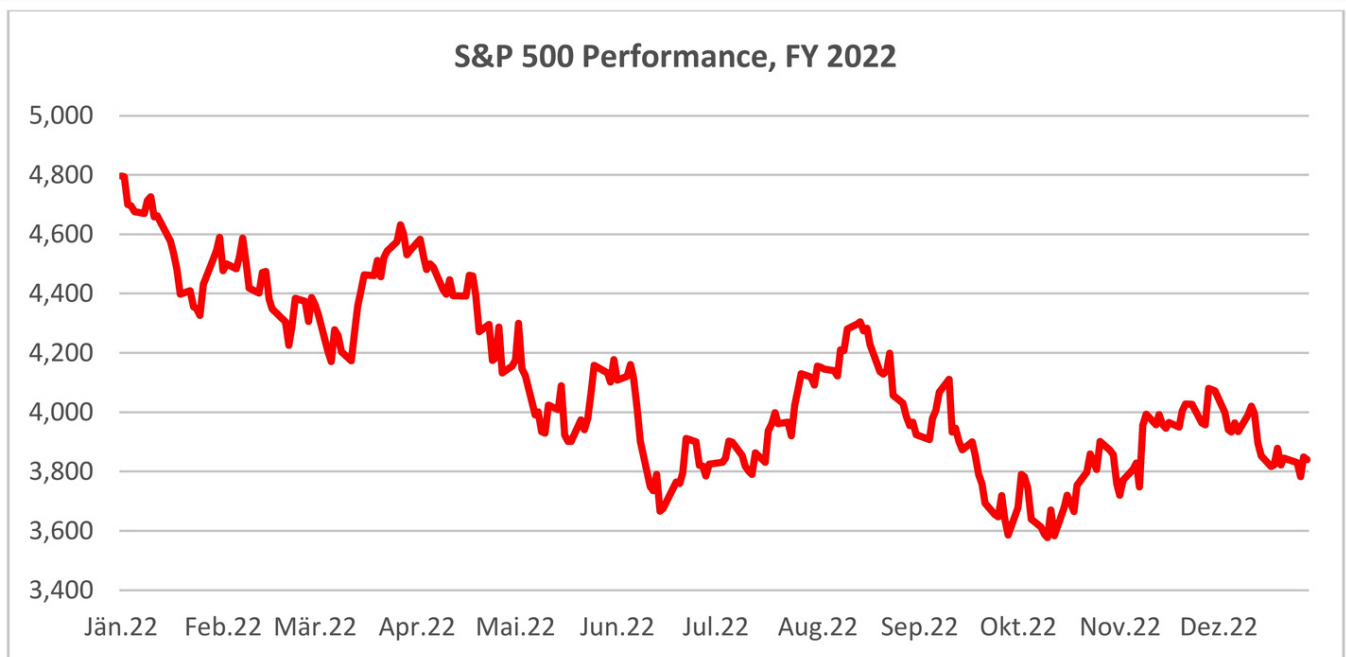


 MEDICAL FUNDING
PROFESSIONALS

MEDICAL FUNDING PROFESSIONALS

IPO vs Reg A+

2022 was a turbulent year for the stock market. Spurred by inflation, rising interest rates, recession fears, and Russia's invasion of Ukraine, the benchmark S&P 500 index declined 20% - the biggest annual drop since 2008 - wiping out \$8 trillion in household wealth.

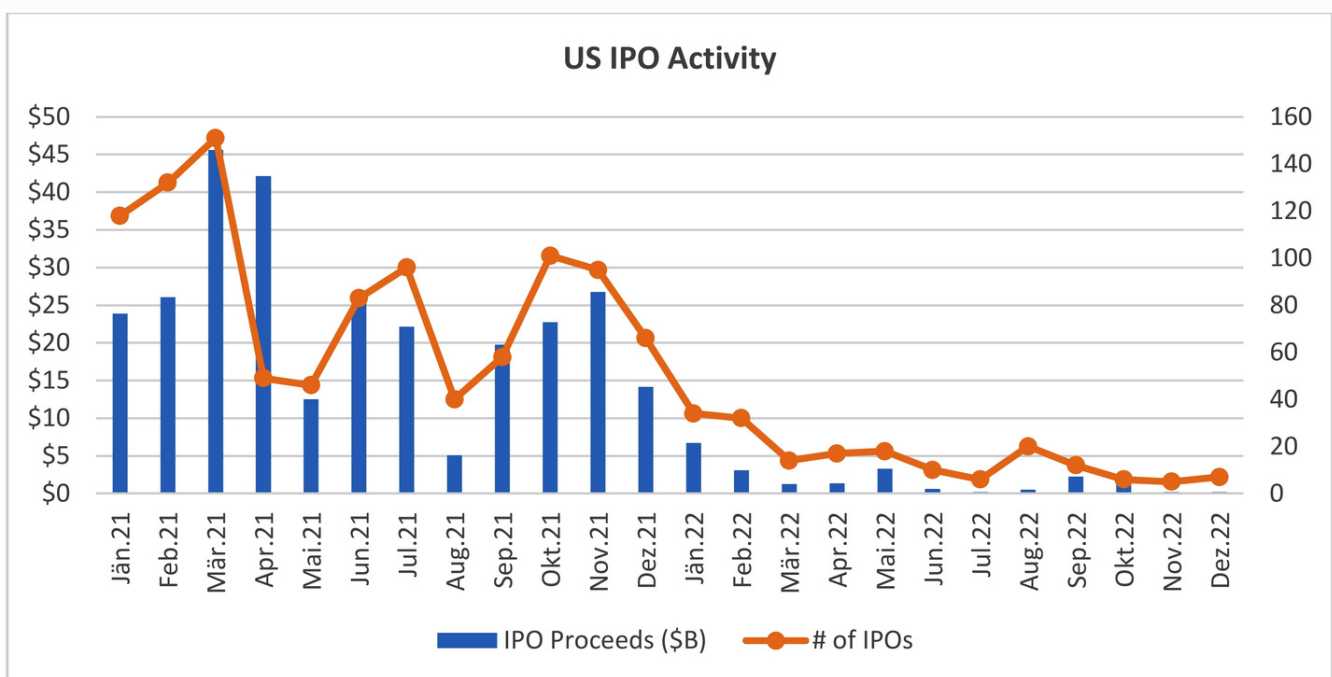


Source: Yahoo Finance

The impact on IPOs has been staggering. US IPO deal volume fell more than 80% last year while the valuations of companies seeking to raise money through IPOs plummeted in lockstep with stock market valuations.



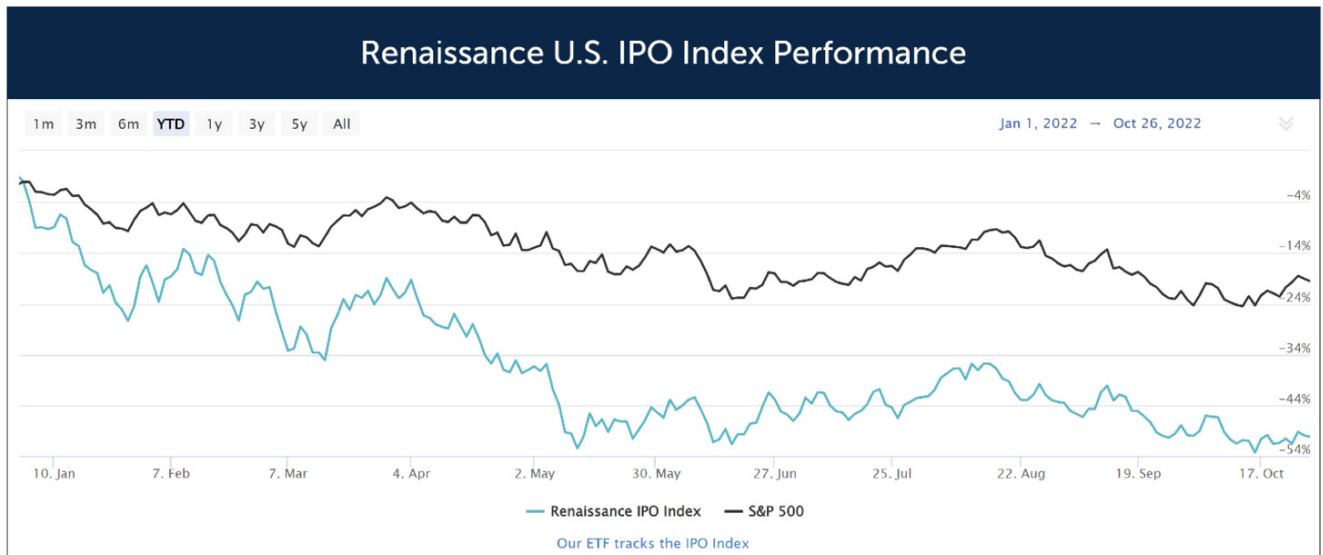
The steepest declines occurred amongst unicorns, mega IPOs (issuers raising \$1 billion or more), and SPACs. In total, US IPOs generated just over \$21 billion in proceeds in 2022, compared to approximately \$155 billion in 2021.



Source: stockanalysis.com

As poorly as the broad market performed in 2022, companies who recently IPO'd have fared even worse. Of the 1,035 US-listed companies that went public in 2021, nearly two-thirds were trading below their IPO prices as of Q4 2022. The Renaissance IPO Index, which tracks the returns of the largest, most liquid, newly-listed US IPOs, declined 52% from January 1st through October 2022, significantly lagging the S&P 500.



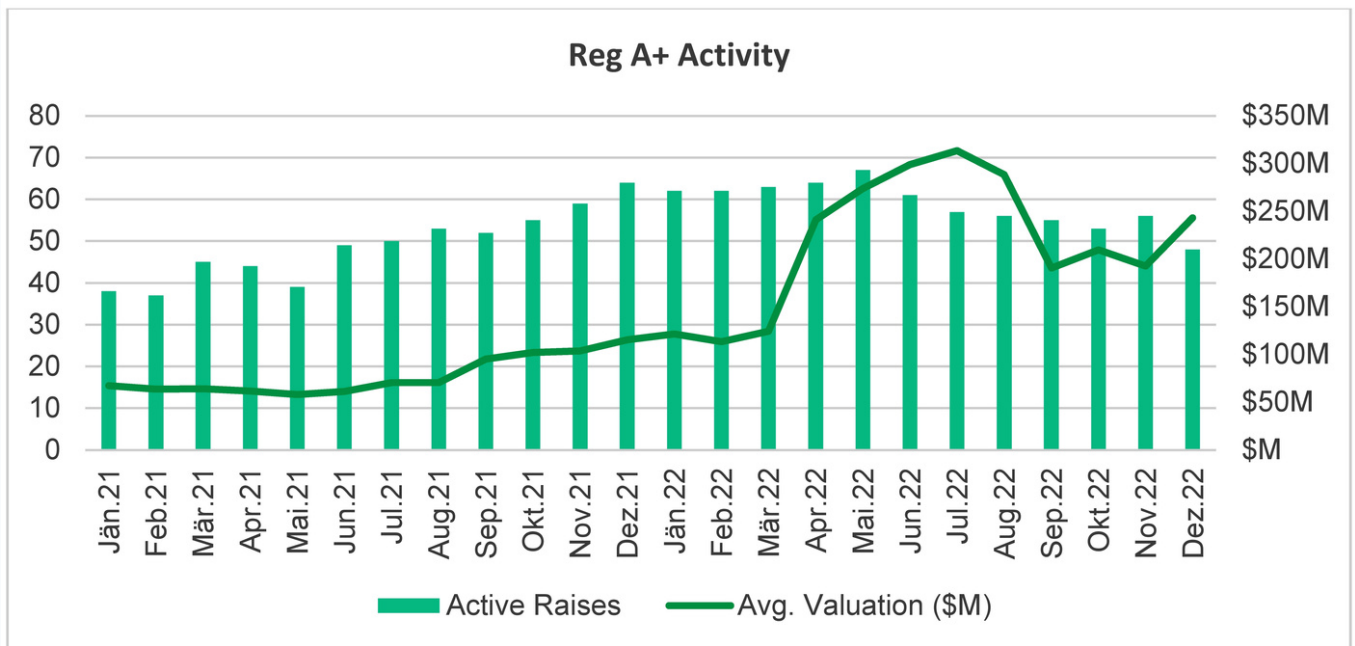


Source: renaissancecapital.com

The Reg A+ market, however, tells a different story. Regulation A+, or the “mini-IPO”, allows early-stage companies to raise up to \$75 million per year from the general public while avoiding many of the filing and regulatory requirements of a traditional IPO.

Reg A+ deal volume increased 20% last year, continuing the long-term trend in volume growth which extends back to 2015 when the JOBS Act was first implemented. Valuations, meanwhile, have climbed to record highs. The average valuation of Reg A+ offerings in 2022 was \$210 million, compared to \$78 million in 2021.








Source: Kingscrowd

Note: The data displayed in this chart is not a comprehensive account of Reg A+ offerings in 2022. KingsCrowd does not track privately-managed offerings (managed by the issuer as opposed to a crowdfunding platform) which constitute the majority of Reg A+ offerings. The purpose of this chart is to illustrate trends in raise activity and valuation where data is available.

The resilience of the Reg A+ market reflects several forces, most notably an increase in the number of issuers pursuing Reg A+ as an alternative to traditional funding approaches, and the rising popularity of crowdfunding spurred by a surge in retail investor participation on the demand side. Private market price stability, combined with the crowdfunding focus on long-term “big-picture” impact investments over short-term returns and price movements, has kept demand for Reg A+ offerings steady amidst widespread uncertainty in the traditional IPO market.



Notable Reg A+ Offerings in 2022

			
Industry	Manufactured Housing	Robotic Automation	Solar Electric Vehicles
Max Offering	\$65 million	\$60 million	\$60 million
Valuation	\$3 billion	\$500 million	\$200 million
Amount Raised	\$63.6 million	\$53.5 million	\$45.8 million
Investors	26,472	367	7,459

* [Company names listed here are for examples only.]

Optimism in the Reg A+ market is perhaps best reflected in the number of companies registering large offerings. Over 400 companies representing \$8.5 billion in total aggregate equity offerings earned qualification status with the SEC last year, and 50 companies filed offerings for \$60 million or greater, an increase of approximately 25% compared to 2021.

While volatility continues to weigh on investor sentiment in the stock and IPO markets, all signs point to a continuation of recent trends within both the Reg A+ market and broader crowdfunding sector, which encompasses peer-to-peer fundraising and lending platforms. According to Technavio Research Insights, the global crowdfunding market is projected to increase by **\$240 billion** over the next five years, growing at a CAGR of 16.1%.



The increased success and popularity of Reg A+ has attracted interest amongst institutional investors – namely venture capital funds, private equity groups, and family offices – who largely avoided crowdfunding investments in the past. Today, it's not uncommon for institutional investors to participate in Reg A+ offerings, and more and more issuers are soliciting VCs, PEs, and family offices in their primary Reg A+ and later funding rounds. These private funding sources are flush with idle capital seeking investment, thanks in large part to volatility in the stock and bond markets which has increased demand for nontraditional investments.

There's simply never been a better time for early-stage companies to consider Reg A+ as a funding solution. Click [here](#) to learn more about the advantages of Reg A+ and discover how Medical Funding Professionals can guide you through your next capital raise.

To learn more about IPO or Reg A+ for your company,
[Schedule a call](#), and let's talk!

Schedule A Call



Disclaimer: None of the information contained here constitutes an offer (or solicitation of an offer) to buy or sell any product or financial instrument, to make any investment, or to participate in any particular investment, offering, or trading strategy. The information and materials provided here, whether or not provided on Medical Funding Professionals emails, website/webpages, on third party websites, in marketing materials, newsletters or any form of publication are provided for general information and educational purposes, and do not constitute legal advice or investment advice. We are not an attorney or broker-dealer. Investment involves risk. Past performance is not indicative of future performance. If you have any questions, you should seek independent professional advice.