

GEOPOLITICS AND IPO WITHDRAWALS

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Abstract

We examine how geopolitical risk (GPR) affects IPO withdrawal decisions in the Swedish market. Using a dataset of IPO filings and withdrawals between 2006 and 2023, we investigate whether geopolitical risk influences firms' decisions to proceed with or abandon planned public offerings. We find limited evidence of a direct effect of geopolitical risk on IPO withdrawals. However, the impact of geopolitical risk depends critically on market conditions. Geopolitical risk, geopolitical threats, and geopolitical acts all increase the likelihood of withdrawal during hot IPO periods, with the strongest effects observed for realized geopolitical acts. We also document a nonlinear relationship, whereby firms become less likely to withdraw at very high levels of geopolitical risk, suggesting that severe geopolitical shocks may reduce the attractiveness of alternative financing and exit opportunities. Finally, while dual-track firms are more likely to withdraw their IPOs overall, we find no evidence that they respond differently to geopolitical risk than other firms. Overall, our findings highlight the importance of geopolitical developments for firms' capital-market decisions and show that their effects depend on both market conditions and the intensity of geopolitical shocks.

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1. Introduction

The resilience of capital markets is central to a country's economic competitiveness. Initial public offerings (IPOs) enable young firms to raise growth capital and scale internationally. Yet approximately a quarter of IPOs in the U.S. and Europe are withdrawn after filing (Reiff & Tykvova, 2021; Helbing et al., 2019). Market volatility and investor sentiments are known to drive these withdrawals. However, in recent months, prominent private companies like Klarna and Brainlab withdrew their IPOs explicitly citing geopolitical risks.¹ These withdrawals suggest that wars, sanctions, and trade disputes may affect not only capital costs and flows but also the very feasibility of firms going public. However, there is no systematic evidence on how geopolitical tensions and trade wars affect the likelihood that a filed IPO is ultimately withdrawn.

The effect of geopolitical risk (GPR) on IPO withdrawal is an important consideration for three interconnected reasons. First, unlike general financial volatility or domestic policy uncertainty, geopolitical risk is often exogenous to the domestic economy. The economic effects of GPR on financial markets is significant—it depresses investment, raises the cost of capital, and reduces cross-border capital flows (Caldara & Iacoviello, 2022). IPO outcomes is a frontier setting where investor sentiment and uncertainty plays a critical role. Therefore, heightened GPR can affect access to capital for young firms. Investor demand can evaporate quickly when global tensions escalate, making the “option to withdraw” a less costly option. However, withdrawals carry reputational costs, which may induce firms to proceed at discounted valuations rather than abandon an offering (Chemmanur & Fulghieri, 1999). Second, GPR can have both systematic and idiosyncratic components (Caldara & Iacoviello, 2022). Therefore, how this affects IPOs remain an open question. Finally, withdrawals due to GPR shocks could signal fragility in capital markets, but they may also reflect rational

¹ Klarna withdrew its IPO plans in early April 2025 but went public on 10 September 2025.

substitution into dual-track alternatives such as mergers and acquisitions (M&As) (Brau et al., 2003; Brau et al., 2010). Therefore, an understanding how geopolitics shapes the IPO pipeline matters for regulators who seek to foster robust public markets and maintain competitiveness of domestic firms.

In this paper, we seek to explore how geopolitical tensions and trade wars affect IPO withdrawals and shed light on the underlying mechanisms. Our measure of GPR is based on Caldara and Iacoviello's (2022) Geopolitical Risk Index (GPR threats and GPR acts). We carefully replicate their methodology using Swedish news data, so our measure reflects the perspective of Swedish firms and investors. Our empirical strategy has three components:

- 1) We examine whether rising geopolitical risk increases the probability of IPO withdrawals.
- 2) We analyze whether rising geopolitical risk increases the likelihood of withdrawal, even in otherwise favorable hot markets.
- 3) We test whether dual-track firms, which can switch to a sale, are more likely to withdraw when geopolitical risk is elevated.

We motivate our research questions by the flexibility embedded in the IPO process. Filing for an IPO does not commit a firm to completing the offering (Busaba, 2006; 2010). Throughout the listing process, firms can observe market developments, gauge investor demand, and reassess the attractiveness of going public before making a final decision. As a result, IPO withdrawal should not necessarily be viewed as a failure, but rather as a strategic response to changing conditions that reduce the expected benefits of going public.

One important source of such changing conditions is geopolitical risk. Rising geopolitical tensions can increase market volatility, weaken investor appetite, and create uncertainty about future economic and firm performance. In a sense, geopolitical risk is a specific source of market uncertainty and thus firms are exposed to both geopolitical risk and

financial market uncertainty. However, these two risks operate through different channels. Geopolitical risk arises from external political and international developments, while financial market uncertainty reflects the overall unpredictability of economic and financial conditions. Understanding this distinction is important for identifying whether corporate decisions respond to geopolitical shocks specifically or to uncertainty more generally. In our setting, as the costs and risks associated with going public increase, firms may become more likely to withdraw their IPOs rather than proceed under unfavorable conditions.

However, the relationship between geopolitical risk and IPO withdrawal may vary across market environments and be particularly pronounced during hot IPO periods. These periods are characterized by optimistic investor sentiment, elevated valuations, and favorable financing conditions (Helwege & Liang, 2004; Lowry, 2003), which attract a larger number of firms to the IPO market. As a result, many firms may enter the listing process seeking to capitalize on favorable conditions but remain sensitive to adverse shifts in the external environment. When geopolitical risk rises, these firms may be more likely to reassess the attractiveness of going public and ultimately withdraw their offerings. Consequently, the effect of geopolitical risk on IPO withdrawal may be stronger during hot IPO markets.

The effect of GPR on IPO withdrawal may also vary across firms depending on their strategic flexibility. Dual-track firms, which simultaneously pursue an IPO and a sale process, have access to an alternative exit route if market conditions become less favorable. This additional flexibility may make them more responsive to increases in geopolitical risk when deciding whether to proceed with a public offering.

To answer the research questions, we construct a new dataset of Swedish IPO filings and withdrawals spanning 2005–2023. We employ a Probit model to analyze IPO withdrawal decisions, incorporating hot IPO market periods, dual-track exit strategies, and potential non-linearities in the effect of geopolitical risk.

Sweden offers an ideal testbed for studying the impact of geopolitical risk on IPO withdrawals because it is a small open economy whose firms are disproportionately exposed to international trade and global value chains. Unlike the U.S., where domestic demand cushions many firms from global shocks, Swedish issuers are often export-oriented in sectors such as manufacturing, technology, and life sciences. Swedish exports of goods and services are about 55% of GDP in 2024 (Bremán, 2025). This makes them highly sensitive to trade wars, sanctions, and geopolitical disruptions in Europe, Asia, and North America. At the same time, Sweden hosts one of the most active IPO markets in Europe relative to GDP. Between 2013 and 2024, Sweden had the second highest number of IPOs in Europe (after United Kingdom).² Together, this combination of heightened external exposure and dense IPO activity makes Sweden a uniquely transparent and informative setting for understanding how geopolitical tensions affect IPO withdrawal decisions.

A further advantage of Sweden as a research setting is that it allows us to use granular data from Swedish registries like Nyemissioner. It provides detailed information on both completed and withdrawn offerings, underwriters, firm offerings and textual information on withdrawal motives. In addition, the tiered listing structure (Nasdaq Stockholm Stock Exchange, Spotlight, and Nordic Growth Market), and the alternative markets; First North, Spotlight) provides natural variation across firm types. We also augment this with granular data on financials and accounting from Serrano which gives us a suitable testbed for studying how geopolitical shocks affect IPO withdrawal decisions.

Our preliminary results show that firms are less likely to withdraw during hot IPO periods, confirming that strong market conditions support successful offerings. Yet geopolitical risk sharply increases the likelihood of withdrawal and reduces the stabilizing effect of hot

² How Sweden's stock market became the envy of Europe," Financial Times, March 15, 2025, <https://www.ft.com/content/edc1bba0-25ca-4148-96f6-d67e30f11a2e>

markets, with actual geopolitical events having even stronger impacts than mere threats. These results are consistent across different dimensions of geopolitical risk. We also show that dual-track firms, those considering both an IPO and a sale, are particularly sensitive to geopolitical uncertainty and withdraw more often when threats rise. Overall, while hot markets open attractive windows for going public, geopolitical risk remains an important force that can quickly derail IPO plans.

Our results show that the effect of geopolitical risk on IPO withdrawal is conditional on market conditions. Firms are generally less likely to withdraw during hot IPO periods, but this effect weakens when geopolitical risk is elevated. This pattern is consistent across alternative measures of geopolitical risk, including both geopolitical threats and realized geopolitical acts. We also find evidence of nonlinearity in the relationship between geopolitical risk and IPO withdrawal decisions. The result suggests that the IPO withdrawal effect diminishes at high levels of geopolitical risk. One possible explanation is that when geopolitical uncertainty becomes exceptionally severe, alternative financing and exit opportunities may also deteriorate, leaving firms with fewer attractive options outside the public market. As a result, firms may become less inclined to withdraw despite the heightened uncertainty.

Finally, dual-track firms are significantly more likely to withdraw their IPOs than other firms, consistent with their greater strategic flexibility and access to alternative exit routes. However, we find no evidence that they are disproportionately affected by geopolitical risk. This result could be explained by that elevated geopolitical uncertainty may also reduce the attractiveness of alternative exit options, such as acquisitions, limiting the extent to which dual-track firms can rely on these alternatives when geopolitical risk rises.

This paper contributes to the literature by providing first empirical evidence on how international politics filter into the decision to abort a public offering. IPO withdrawals is a potential channel through which geopolitical risk undermines the competitiveness of small open

economies. By disrupting access to public equity capital, geopolitical shocks weaken the ability of domestic firms to capitalize, innovate, and compete internationally, leading to long-term consequences for national competitiveness and economic resilience.

It also adds to the discussion on IPO withdrawals by moving beyond firm-level and underwriter determinants of withdrawal to embed GPR as a macro-political state variable (Busaba et al. 2001; Helbing et al. 2019; Boeh & Dunbar 2021). Prior research has shown that IPO activity is cyclical and sensitive to general uncertainty, but no paper has linked geopolitical shocks—tariffs, wars, sanctions, and diplomatic crises—to IPO withdrawals (Lowry 2003; Pastor & Veronesi 2012; Baker et al., 2016).

The remainder of the paper is structured as follows. Section 2 reviews the relevant literature and develops our hypotheses. Section 3 describes the data and empirical method. Section 4 presents the results. Section 5 concludes.

2. Literature review and hypothesis development

The literature consistently shows that IPO withdrawal reflects firms' ability to convince investors of their quality amid prevailing market conditions. Firms that are smaller, financially weaker, or more opaque face greater withdrawal risk because investors perceive higher uncertainty (Dunbar & Foerster, 2008; Helbing et al., 2019; Boeh & Dunbar, 2021). Governance quality also matters: firms with stronger boards, greater independence, and tighter monitoring are better able to sustain investor confidence when uncertainty arises, reducing the likelihood of withdrawal (Reiff & Tykvová, 2021; Helbing et al., 2019). At the same time, IPO activity is known to be cyclical and clustered in “hot markets,” where valuations are high, investor sentiment is strong, and completion rates rise (Lowry, 2003; Ritter, 2002). Issuers strategically time filings to exploit these favourable windows.

Certification effects also matter, venture capital and private equity involvement can either stabilize or destabilize an IPO depending on context. While VC and PE backing increase the likelihood of withdrawal in Europe (Helbing et al. 2019) and for U.S. firms pursuing alternative exits (Boeh & Southam, 2011), VC backing tends to reduce withdrawal risk when markets are particularly risky or when VCs have strong local networks (Reiff & Tykvova, 2021; Boeh & Dunbar, 2021).

Intermediaries and market conditions further shape withdrawal decision. Withdrawals are more common when the lead underwriter has low industry market share. Issuers brought forward by banks with deeper industry presence are more likely to succeed (Dunbar & Foerster, 2008). Advisor capability, reflected in recent deal activity and information production, also matters more than pure prestige (Boeh & Southam, 2011). Conversely, deteriorating market conditions, such as weak post-filing returns, rising yields, cold IPO markets, and periods of excessive filing activity, frequently trigger withdrawal as investor valuations fall and competition for capital intensifies (Dunbar & Foerster, 2008; Boeh & Dunbar, 2021). Finally, negative news, intellectual-capital opacity, and signals of agency conflict, such as CEO duality, consistently push firms toward withdrawing. Overall, this evidence shows that IPO completion depends not only on firm's credibility, transparency, and ability to manage information asymmetry but also on external conditions.

While these studies substantially advance our understanding of why firms withdraw or complete their IPOs, gaps remain in understanding how broad, macro-level sources of uncertainty shape withdrawal decisions. Existing research focuses primarily on financial or industry-specific factors, whereas geopolitical risk, an increasingly relevant external force, has received limited attention. Caldara and Iacoviello (2022) develop a news-based Geopolitical Risk Index that tracks threats and actual geopolitical events, such as wars, terrorism, and international crises. They show that GPR spikes around major conflicts and leads to declines in

investment, employment, and stock markets performance, while increasing downside macroeconomic risks. They also find that firms and industries that are more exposed to geopolitical shocks experience larger declines in investment. Because going public sets the firm's valuation, exposes it to market scrutiny, and creates ongoing regulatory obligations, IPO decisions are highly sensitive to external conditions. Geopolitical uncertainty raises perceived risk, weakens investor demand, and increases uncertainty about firm value. Consequently, the attractiveness of completing an IPO may diminish, making withdrawal a more likely outcome. Accordingly, we hypothesize:

H1. IPO firms are more likely to withdraw when geopolitical risk is high.

The effect of geopolitical risk on IPO withdrawal may depend on prevailing market conditions. In general, hot IPO markets reduce the need for firms to abandon their offerings. Strong investor demand, elevated pricing prospects, and more benign informational frictions make it easier to complete an IPO despite firm-level weaknesses (Helwege & Liang, 2004; Lowry, 2003; Ritter & Welch, 2002).

However, favourable market conditions do not eliminate the uncertainty created by geopolitical risk. Elevated geopolitical risk can erode investor confidence, raise concerns about future cash flows, and increase uncertainty surrounding firm valuations (Bloom, 2009; Caldara & Iacoviello, 2022). Recent evidence shows that geopolitical risk depresses investment, lowers employment, weakens stock valuations, and increases downside risks to economic activity (Caldara & Iacoviello, 2022). Importantly, both geopolitical threats and realized geopolitical events generate adverse responses from firms and investors. Because IPOs are highly sensitive to shifts in investor sentiment and valuation conditions, rising geopolitical risk can undermine the very factors that support successful offerings.

This effect may be particularly pronounced during hot IPO periods. Such periods attract a larger number of firms seeking to capitalize on favourable market conditions and elevated valuations. As a result, firms that enter the IPO process during hot markets may be especially vulnerable to sudden increases in geopolitical uncertainty. When geopolitical risk rises, these firms may become more likely to reassess whether the expected benefits of going public still outweigh the risks, weakening the completion advantages normally associated with hot markets. In other words, more firms with heterogeneous quality attempt to go public during the hot IPO periods. When geopolitical risk increases, the pool of marginal issuers is more likely to withdraw, amplifying the overall effect on IPO withdrawals. Thus, we expect that the marginal impact of geopolitical risk on IPO withdrawal is greater in hot IPO markets.

***H2.** The effect of geopolitical risk on IPO withdrawal is amplified during hot IPO periods.*

Prior work also shows that firms with alternative exit options behave differently in public markets. In dual-track processes—where a firm simultaneously prepares for an IPO and an M&A sale—withdrawal becomes a strategic choice rather than a failure. Dual-track firms can credibly fall back on a private sale when market conditions worsen or when information asymmetry becomes too costly to resolve. Governance quality, advisor certification, and investor expectations shape how these firms balance the two paths (Boeh & Southam, 2011; Boeh & Dunbar, 2021), but rising uncertainty increases the relative attractiveness of the M&A route.

Geopolitical risk amplifies the stakes of the exit decision. By reducing investor demand and increasing pricing volatility, it makes the IPO route less attractive. Dual-track firms, unlike single-track IPO candidates, can pivot to a private sale without the stigma of withdrawal or the burden of refiling, giving them greater strategic flexibility (Brau et al., 2010; Lian & Wang,

2012; Reiff & Tykvová, 2021). When geopolitical tensions heighten uncertainty in public markets, these firms can more readily abandon the IPO in favor of a private transaction. The availability of this alternative exit path lowers the opportunity cost of withdrawal, making retreat a rational response to rising geopolitical risk. For example, before its 2015 listing, Alimak Hek's owners were reported to be "evaluating various strategic alternatives, one of which was an IPO", illustrating how some firms consider public listing alongside alternative exit routes.³ Consequently, dual-track firms should be more likely to withdraw when GPR spikes.

H3. Dual-track IPO firms are more likely to withdraw when geopolitical risk is high.

Nevertheless, the relationship may be less straightforward if geopolitical risk also reduces the attractiveness of alternative exit routes. Periods of heightened geopolitical uncertainty can weaken M&A activity (Hao et al., 2022), increase financing constraints, and make potential acquirers more reluctant to undertake transactions. In such environments, the flexibility associated with a dual-track process may become less valuable because both public and private exit opportunities deteriorate simultaneously. As a result, dual-track firms may not necessarily be more sensitive to geopolitical risk than other IPO candidates.

In our analyses, we also distinguish between geopolitical threats and geopolitical acts. While geopolitical threats reflect expectations of potential geopolitical disruptions, geopolitical acts reflect realized geopolitical events. Threats measure uncertainty about future events, whereas acts measure the realization of those events. Accordingly, when testing our hypotheses, we argue that geopolitical threats may affect withdrawal decisions by increasing uncertainty prior to an offering, whereas geopolitical acts may influence withdrawals through the direct realization of adverse shocks and market disruptions.

³ https://nyemissioner.se/borsnotering/alimak_group_ab_1307/

3. Data and method

3.1 Data

To construct our sample, we first collect IPO filings from nyemissioner.se⁴, a comprehensive database covering new issues and stock market listings in Sweden. The platform provides rich information for each filing, including the firm name, listing date, exchange, pre-listing ownership structure, and pre- and post-IPO valuations, along with additional prospectus-based details. Using this source, we identify 1,938 IPO filings between 2006 and 2023, consisting of 1,543 completed offerings (79.6%) and 395 withdrawals (20.4%). Because the IPO data do not consistently include organization numbers, we use the firm names to manually look up and retrieve the correct numbers from Business Retriever and Bolagsverket databases. This step ensures that each IPO filing is matched to an accurate firm identifier for the rest of the data collection. Next, we collect accounting and financial data from the Serrano database using firms' organization numbers. Serrano is a comprehensive firm-level dataset covering both private and public Swedish firms, compiled by the Swedish House of Finance using data from Bolagsverket, Statistics Sweden (SCB), and Bisnode. It provides annual financial statements, firm characteristics, and group-structure information.

To measure geopolitical risk, we carefully replicate the news-based geopolitical risk indices (GPR, GPR threats, and GPR acts) developed by Caldara and Iacoviello (2022) using Swedish news data from Retriever. We observe that the Swedish perspective on geopolitical risk and threat differs from that of the U.S. and the U.K. Our geopolitical risk indices are summarized in Figures 1–4 and in the descriptive statistics and bivariate analyses reported in Tables 1–2.

[Insert Figure 1]

⁴See [Aktier, nyemissioner och börsnoteringar - Nyemissioner.se](https://nyemissioner.se)

Figure 1 displays trends in geopolitical risk in Sweden by tracking the frequency of recorded overall geopolitical risk and also threats and acts over time. It illustrates the evolution of Sweden's exposure to geopolitical risk and visualizes volatility or periods of rising tension, potentially linked to global or regional security events.

[Insert Figure 2]

Figure 2 illustrates the evolution of geopolitical risk and IPO outcomes over time. While periods of elevated geopolitical risk generally coincide with weaker IPO markets, the aggregate relationship between geopolitical risk and IPO withdrawals is not immediately apparent. This highlights the importance of firm-level analysis, as geopolitical risk may influence withdrawal decisions conditional on firm characteristics and market conditions.

[Insert Figures 3 & 4]

Figures 3 and 4 present the evolution of geopolitical threats and geopolitical acts alongside IPO outcomes. As in the aggregate GPR measure, both measures exhibit substantial variation over time, with notable spikes around periods of heightened geopolitical tensions. While higher levels of geopolitical threats and acts often coincide with weaker IPO activity, their relationship with IPO withdrawals is less apparent.

[Insert Table 1]

Table 1 presents the summary statistics of the main variables used in the analysis. The variable *withdrawals* is a binary indicator that takes the value of one for withdrawn IPOs and zero for completed IPOs, with a mean of 0.204, indicating that about 20% of IPOs in the sample were withdrawn. Following Caldara and Iacoviello (2022), the geopolitical risk indices (*GPR*, *GPR_Threats*, and *GPR_Acts*) are constructed by first normalizing each series by its own average and then standardizing it to have a mean of zero and a standard deviation of one. The geopolitical risk measures exhibit substantial variation over the sample period, with *GPR*

ranging from -1.525 to 2.105, GPR_threats from -1.182 to 3.007, and GPR_acts from -1.795 to 2.279. Hot IPO periods are determined by assigning a dummy for years in which the total number of IPOs exceeds the sample median. Thus, 50% of IPO filings occur during hot IPO periods. Approximately, 18% of the IPO firms are venture-capital-backed, 9% involve foreign firms, and 30% employ top-tier underwriters. The data also show that 2% of the offerings have preferential shares, 78% of the IPO firms are headquartered in urban areas, and the average IPO firm is 12 years old. Moreover, the average IPO firm has a size of 10 (measured in natural logarithms), a leverage ratio of 1.8, negative profitability (-0.002), and intangible assets of 0.15. All continuous firm-specific financial variables are winsorized at the 1st and 99th percentiles. Definitions of all variables are provided in Appendix A.

[Insert Table 2]

Table 2 Panel A presents descriptive statistics after splitting the sample into periods of high and low geopolitical risk based on the median value of the GPR index. The data show that IPO withdrawals are 6.2% less common during periods of high geopolitical risk, with a withdrawal rate of 17.1% compared to 23.3% during periods of low geopolitical risk. We also observe that firms filing during high-GPR periods are 3.3% less likely to be venture-capital-backed and 2.6% less likely to be foreign firms. In addition, firms in the high-GPR subsample exhibit lower leverage (-0.4) on average.

Table 2 Panel B presents descriptive statistics after splitting the sample into hot and cold IPO periods. Consistent with previous evidence (e.g., Helbing et al. 2019), we find that IPO withdrawals are significantly less common during hot IPO periods, with a withdrawal rate of 15.8% compared to 25.0% during cold IPO periods. In other words, IPO withdrawals are 9.2% lower during hot IPO periods. Hot IPO periods are also characterized by a higher presence of VC-backed firms (11.9%), a greater number of top underwriters (16.2%), a larger share of preferential offerings (1.6%), and larger firms (Ln size diff: 0.48).

3.2 Method

To examine how geopolitical risk affects IPO withdrawal decisions and whether this effect varies during hot IPO periods, we first estimate a series of Probit models. In all specifications, the dependent variable, $Withdrawals_i$, equals 1 if IPO i is withdrawn and 0 if completed. We begin with a baseline model that captures the relationship between hot geopolitical risk and withdrawal probability:

$$\Pr[Withdrawals_i = 1] = \phi[\alpha + \beta_1 GPR_risk_t + \gamma X_{i,t-1} + \delta_t + \eta_j], \quad (1)$$

where GPR_risk_t denotes the geopolitical risk index measured at time t . In different specifications, this measure is replaced by its aggregate, threat, or act components to examine which types of geopolitical tensions drive withdrawal decision., $X_{i,t-1}$ is a vector of lagged firm and deal-level widely used controls in the IPO literature (Busaba et al. 2001; Helbing et al. 2019; Boeh & Dunbar 2021) and includes venture-capital backing, foreign issuer status, top underwriter involvement, preferential share structures, firm age, size, leverage, profitability, and intangible assets, δ_t represents year trend and captures time-specific effects, and η_j denotes industry fixed effects that account for systematic differences across industries. Standard errors are adjusted for heteroskedasticity.

We then extend the baseline model by incorporating geopolitical risk and an interaction term that allows geopolitical conditions to influence the effect of hot IPO period:

$$\begin{aligned} \Pr[Withdrawals_i = 1] &= \phi[\alpha + \beta_1 GPR_risk_t + \beta_2 Hot_IPO_period_t \\ &\quad + \beta_3 (GPR_risk_t \times Hot_IPO_period_t) + \gamma X_{i,t-1} + \delta_t + \eta_j], \end{aligned} \quad (2)$$

where GPR_risk_t denotes the geopolitical risk index measured at time t . In different specifications, this measure is replaced by its aggregate, threat, or act components. $Hot_IPO_period_t$ is an indicator for periods of elevated IPO activity The interaction term

between GPR_risk_t and $Hot_IPO_period_t$ captures whether geopolitical risk strengthens or weakens the IPO withdrawals decision during hot IPO period., The control vector, $X_{i,t-1}$ includes standard firm- and deal-level characteristics as described in Eq. 1. Similar to equation 1, year trend and industry fixed effects are added to account for variation across time and industries. Standard errors are adjusted for heteroskedasticity.

4. Empirical results

Table 3 examines the relationship between geopolitical risk and IPO withdrawal probability. Models 1–3 report baseline specifications using the aggregate GPR index, geopolitical threats, and geopolitical acts, respectively, while Models 4–6 include the full set of IPO- and firm-level control variables, year trend, industry fixed effects, and a hot IPO period indicator.

[Insert Table 3]

Contrary to H1, the results indicate a negative relationship between geopolitical risk and IPO withdrawals, excluding the firm and market level controls. In the baseline specifications, the coefficients on GPR, GPR threats, and GPR acts are all negative and statistically significant, suggesting that firms are less likely to withdraw during periods of elevated geopolitical risk. However, these effects weaken considerably once control variables are included. The coefficient on the aggregate GPR index becomes statistically insignificant, the effect of geopolitical threats remains only marginally significant, and the coefficient on geopolitical acts is no longer significant. Overall, the evidence does not indicate a robust direct relationship between geopolitical risk and IPO withdrawal probability.

Among the control variables, firms are less likely to withdraw when they employ top-tier underwriters and when they have preferential share structures. By contrast, withdrawal probability is higher for venture-capital-backed firms, older firms, and firms with greater

leverage. More profitable firms are significantly less likely to withdraw, suggesting that stronger fundamentals improve the likelihood of successfully completing the IPO process. Consistent with the descriptive evidence, the coefficient on the hot IPO period indicator is negative, although only marginally significant in specification 6.

Taken together, the results provide little evidence of a robust direct relationship between geopolitical risk and IPO withdrawal probability. However, the effect of geopolitical risk may depend on the broader market environment. In particular, geopolitical uncertainty may be more consequential during hot IPO periods, when firms rely heavily on favorable valuations and strong investor demand to complete their offerings. During hot IPO periods, a broader range of firms, including lower-quality issuers, may attempt to go public. These marginal issuers are particularly likely to withdraw when geopolitical risk increases, amplifying the overall effect of geopolitical risk on IPO withdrawals. We therefore turn to an examination of the interaction between geopolitical risk and hot IPO periods.

Table 4 examines whether the relationship between geopolitical risk and IPO withdrawal depends on market conditions. Models 1–5 report Probit estimates, while Model 6 presents results from a linear probability model (LPM). Set of control variables are the same as in Table 3.

[Insert Table 4]

The results show that the relationship between geopolitical risk and IPO withdrawal is conditional on market conditions. Across all specifications, the interaction between GPR and hot IPO periods is positive and highly significant, providing strong support for H2. The results from the full specification (Model 3) suggest that, economically, during hot IPO periods, a one-standard-deviation increase in the GPR index is associated with an 8.3 percentage point increase in withdrawal probability. The negative relationship (–6 percentage points) between the GPR index and the probability of withdrawal remains during cold IPO periods. With respect to the

control variables, VC backing, firm age, and leverage are consistently associated with a higher likelihood of withdrawal, whereas firms with preferential shares and greater profitability exhibit a lower likelihood of withdrawal.

Taken together, these findings imply that the effect of geopolitical risk differs across market environments. While geopolitical risk appears to reduce withdrawal probability during cold IPO periods, it substantially increases the likelihood of withdrawal during hot IPO periods, where firms rely more heavily on favorable valuations and strong investor demand to complete their offerings. Finally, the LPM results reported in Model 6 are consistent with the Probit estimates and confirms that the findings are not sensitive to the choice of estimation method.

Table 5 repeats the analysis using the geopolitical threats component of the GPR index. Models 1–5 report Probit estimates, while Model 6 presents results from a linear probability model (LPM). The set of control variables is identical to that used in Table 3.

[Insert Table 5]

The results closely mirror those reported in Table 4. Across all specifications, the interaction between geopolitical threats and hot IPO periods is positive. In the full specification (Model 3), a one-standard-deviation increase in the GPR threats index is associated with a 7.6 percentage point increase in withdrawal probability during hot IPO periods. Consistent with the results presented in Table 4, a one standard deviation increase in the GPR Threats index is associated with a 5.6 percentage point reduction in the probability of withdrawal during cold IPO periods. The LPM results (Model 6) are consistent with the Probit models. The findings therefore suggest that geopolitical threats play an important role in weakening the favorable conditions typically associated with hot IPO markets.

Table 6 repeats the analysis using the geopolitical acts component of the GPR index. Models 1–5 report Probit estimates, while Model 6 presents results from a linear probability model (LPM), including the same set of control variables as in previous tables.

[Insert Table 6]

The results are consistent with those reported in Tables 4 and 5. Across all specifications, the interaction between geopolitical acts and hot IPO periods is positive. The full specification model (Model 3) shows that a one-standard-deviation increase in the GPR acts index is associated with a 9.1 percentage point increase in withdrawal probability during hot IPO periods. The LPM results (Model 6) are consistent with the Probit models. Again, the GPR acts index reduces withdrawal probability during cold IPO periods. Compared with the results for the aggregate GPR index and geopolitical threats, the estimated effect is somewhat larger, suggesting that realized geopolitical events have a stronger impact on IPO withdrawal decisions than geopolitical threats alone. One potential reason could be that realized geopolitical events provide more precise and credible information about adverse economic conditions than geopolitical threats. Consequently, issuers and investors may react more strongly to geopolitical acts, which directly affect market conditions, valuation uncertainty, and investor demand, leading to a greater likelihood of IPO withdrawal.

Overall, the results from the interaction effects models support our H2 and align with theories of uncertainty shocks. GPR threats and realized geopolitical risk (GPR acts) raise macroeconomic uncertainty (Bloom 2009; Caldara & Iacoviello 2022), which increases the value associated with delaying the offering and retaining the flexibility to withdraw. Even in hot IPO markets—normally characterized by high sentiment and low information frictions (Lowry 2003; Helwege & Liang 2004)—firms may delay issuance when uncertainty spikes because committing to an IPO becomes costlier if future conditions deteriorate. The stronger effects for realized GPR compared to GPR threats reflect standard distinctions between signals

and actual shocks: realized geopolitical events produce sharper updates to expected cash flows, risk premia, and market volatility, leading firms to reassess completion more aggressively.

Table 7 examines whether the relationship between geopolitical risk and IPO withdrawal is nonlinear by including both the GPR index and its squared term. We expect the relationship between geopolitical risk and IPO withdrawal to be nonlinear because firms may tolerate moderate levels of geopolitical risk, while high levels of geopolitical risk substantially increase uncertainty and the value of waiting. Consequently, the effect of geopolitical risk on withdrawal decisions may become stronger once geopolitical risk exceeds certain thresholds. Models 1–5 report Probit estimates, while Model 6 presents results from a linear probability model (LPM), including the same set of control variables as in previous tables.

[Insert Table 7]

The results provide strong evidence of a nonlinear relationship between geopolitical risk and IPO withdrawals. Across all specifications, the squared GPR term is negative and significant, while the linear GPR term remains statistically insignificant. The LPM results (Model 6) are consistent with the Probit models. These findings suggest that the effect of geopolitical risk weakens as geopolitical uncertainty becomes more severe. Put differently, firms become less likely to withdraw their IPOs at very high levels of geopolitical risk. One possible explanation is that extreme geopolitical uncertainty not only affects IPO markets but also reduces the attractiveness of alternative financing and exit opportunities. When geopolitical risk becomes sufficiently elevated, firms may face fewer viable alternatives outside the public market, making withdrawal less attractive despite heightened uncertainty. This interpretation is consistent with the idea that firms may proceed with an IPO when both public and private market opportunities deteriorate simultaneously.

Table 8 examines whether dual-track firms are more sensitive to geopolitical risk when making IPO withdrawal decisions. Models 1–2 use the aggregate GPR index, Models 3–4 use

geopolitical threats, and Models 5–6 use geopolitical acts. The set of control variables is identical to that used in Table 3.

[Insert Table 8]

The results do not support for the hypothesis that dual-track firms respond more strongly to geopolitical risk. Across all specifications, the interaction terms between the geopolitical risk measures and the dual-track indicator are statistically insignificant. This suggests that the effect of geopolitical risk on IPO withdrawal decisions does not differ systematically between dual-track and non-dual-track firms.

At the same time, the coefficient on the dual-track indicator is positive and highly significant across all specifications. This finding indicates that when there is no geopolitical risk, dual-track firms are generally more likely to withdraw their IPOs than other firms, consistent with the notion that access to alternative exit routes increases the flexibility to abandon a public offering. Consistent with the previous results, the GPR indices reduce the probability of withdrawal in the absence of dual-tracking firms. However, for dual-tracking firms, the corresponding effect is lower ($\beta_1 + \beta_3$).

The insignificant interaction effects suggest that geopolitical risk does not appear to alter this flexibility. One possible explanation is that heightened geopolitical uncertainty affects not only IPO markets but also alternative exit opportunities, such as mergers and acquisitions. If geopolitical risk reduces the attractiveness of both public and private market transactions, the relative advantage of maintaining a dual-track process may diminish. Consequently, while dual-track firms are more likely to withdraw in the absence of geopolitical risk, they do not appear to be disproportionately affected by geopolitical risk. Overall, the findings suggest that strategic flexibility influences IPO withdrawal decisions, but there is limited evidence that geopolitical risk has a differential effect on firms pursuing dual-track exit strategies.

Taken together, the results suggest that geopolitical risk affects IPO withdrawal decisions through its influence on the trade-off between proceeding with a public offering and delaying the financing decision. Rather than exerting a uniform effect, geopolitical risk appears to become most relevant when firms rely heavily on favorable market conditions to support valuations and investor demand. This finding is consistent with theories emphasizing that political and geopolitical shocks alter expected cash flows, discount rates, and risk perceptions, thereby affecting firms' financing choices (Pástor & Veronesi, 2012). The stronger effects observed for realized geopolitical acts further suggest that firms respond more strongly to concrete geopolitical events than to the anticipation of such events. At the same time, the nonlinear results indicate that the relationship is not monotonic. When geopolitical risk becomes exceptionally high, firms may face a deterioration in both public and private market opportunities, reducing the relative attractiveness of withdrawal. This interpretation aligns with Bloom's (2009) argument that uncertainty shocks affect a broad range of economic decisions and with Caldara and Iacoviello's (2022) evidence that geopolitical risk influences investment and financial market activity through multiple channels. Overall, the findings highlight that geopolitical risk shapes IPO outcomes by altering the relative costs and benefits of proceeding with a public listing.

5. Conclusion

In this study, we examine how geopolitical risk influences IPO withdrawal decisions in the Swedish market. Using a novel dataset of IPO filings and withdrawals between 2006 and 2023, we analyze whether geopolitical risk affects firms' decisions to proceed with or abandon planned public offerings. While we find limited evidence of a direct relationship between geopolitical risk and IPO withdrawal, our results show that the effect of geopolitical risk depends critically on the market environment. In particular, geopolitical risk, geopolitical threats, and geopolitical acts all increase the likelihood of withdrawal when firms seek to go

public during favorable market conditions. The strongest effects are observed for realized geopolitical acts, suggesting that actual geopolitical events have a greater impact on IPO decisions than geopolitical threats alone. Underwriters and exchanges should therefore expect more abrupt reversals in issuance activity during geopolitical escalations, even when fundamentals and investor sentiment are strong. For policymakers, the evidence suggests that geopolitical stability supports capital formation not only by fostering favorable conditions but also by preserving firms' willingness to complete offerings during typical issuance booms.

We further document a nonlinear relationship between geopolitical risk and IPO withdrawal. As geopolitical risk reaches exceptionally high levels, firms become less likely to withdraw their offerings. This finding suggests that severe geopolitical shocks may reduce the attractiveness of alternative financing and exit opportunities, making withdrawal a less appealing option despite heightened uncertainty. In addition, although dual-track firms are more likely to withdraw their IPOs overall, we find no evidence that they respond differently to geopolitical risk than other IPO candidates.

Overall, our findings contribute to the literature on IPO withdrawals and geopolitical risk by showing that geopolitical developments influence firms' capital-market decisions in ways that depend on both market conditions and the intensity of geopolitical shocks. These results have implications for issuers, investors, and policymakers and highlight that geopolitical risk can materially affect IPO outcomes even in otherwise favorable market environments.

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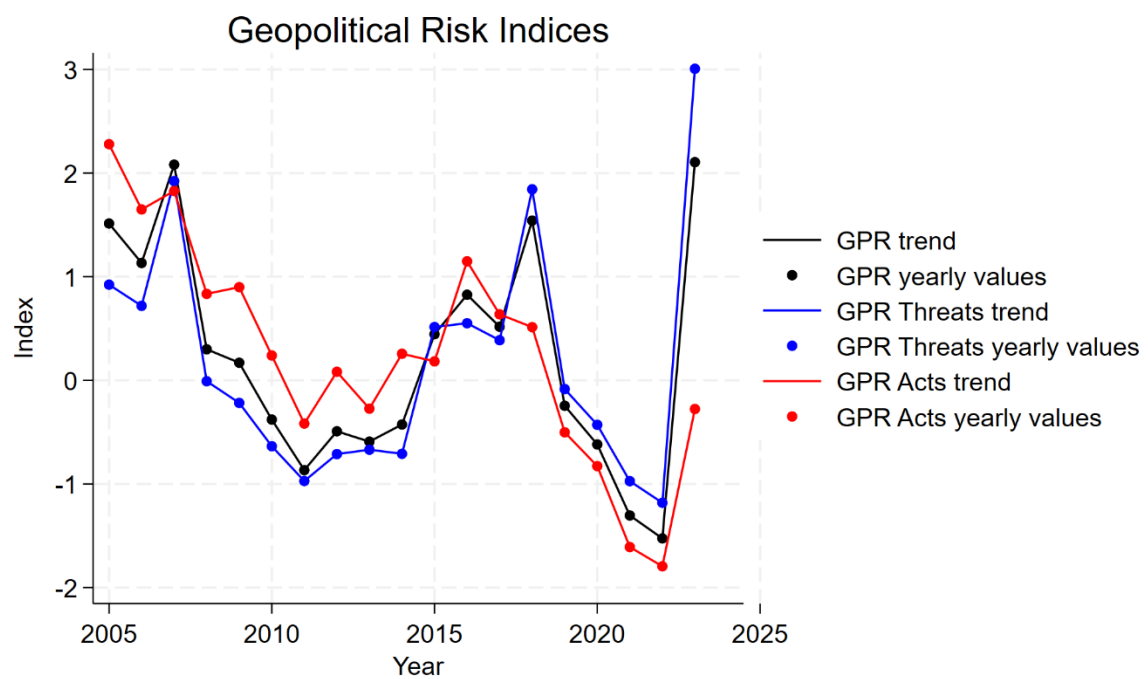


Figure 1. Trends in geopolitical risk in Sweden over time.

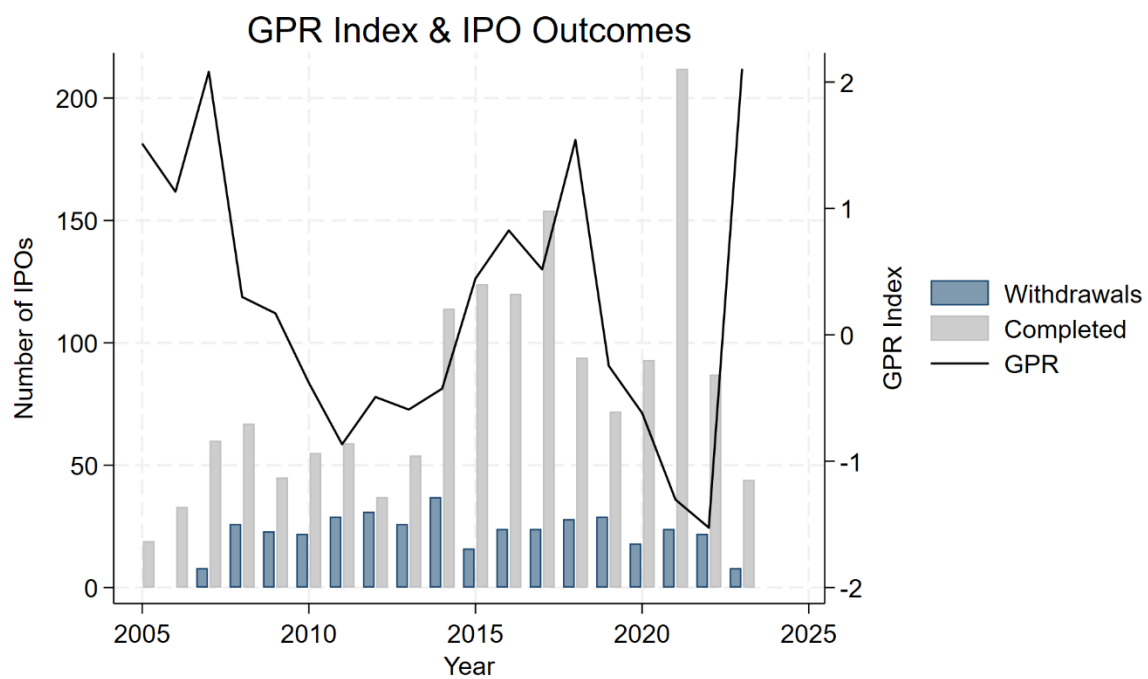


Figure 2. Trends in geopolitical risk and IPO outcomes in Sweden.

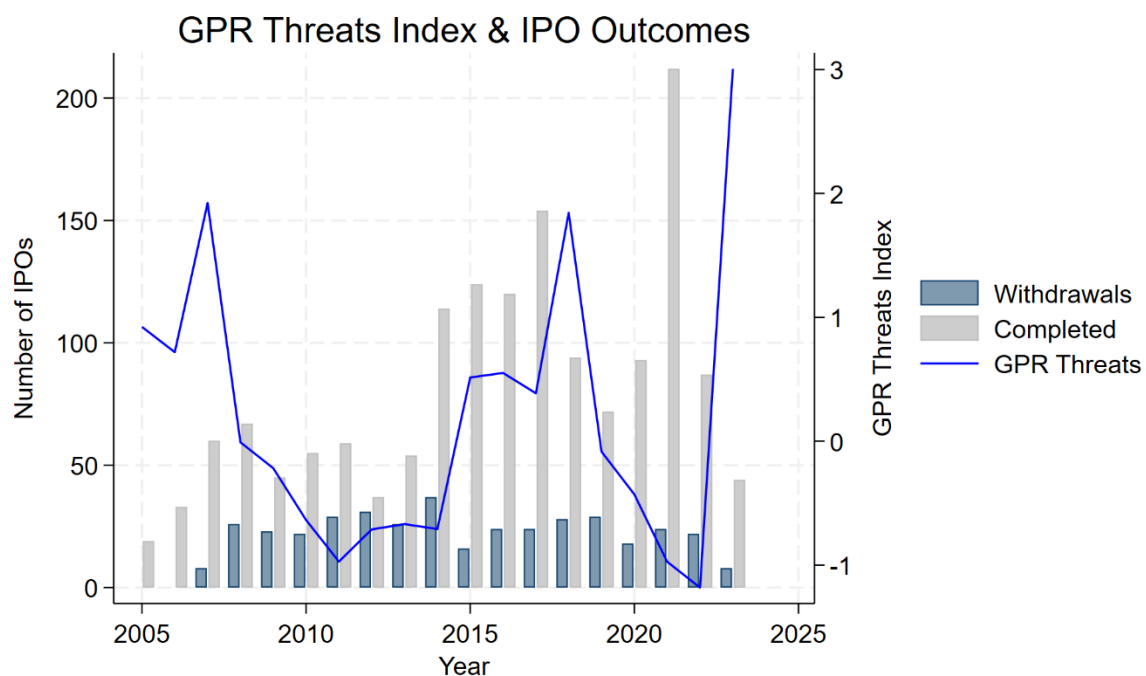


Figure 3. Trends in geopolitical risk and IPO outcomes in Sweden, based on recorded threats over time.

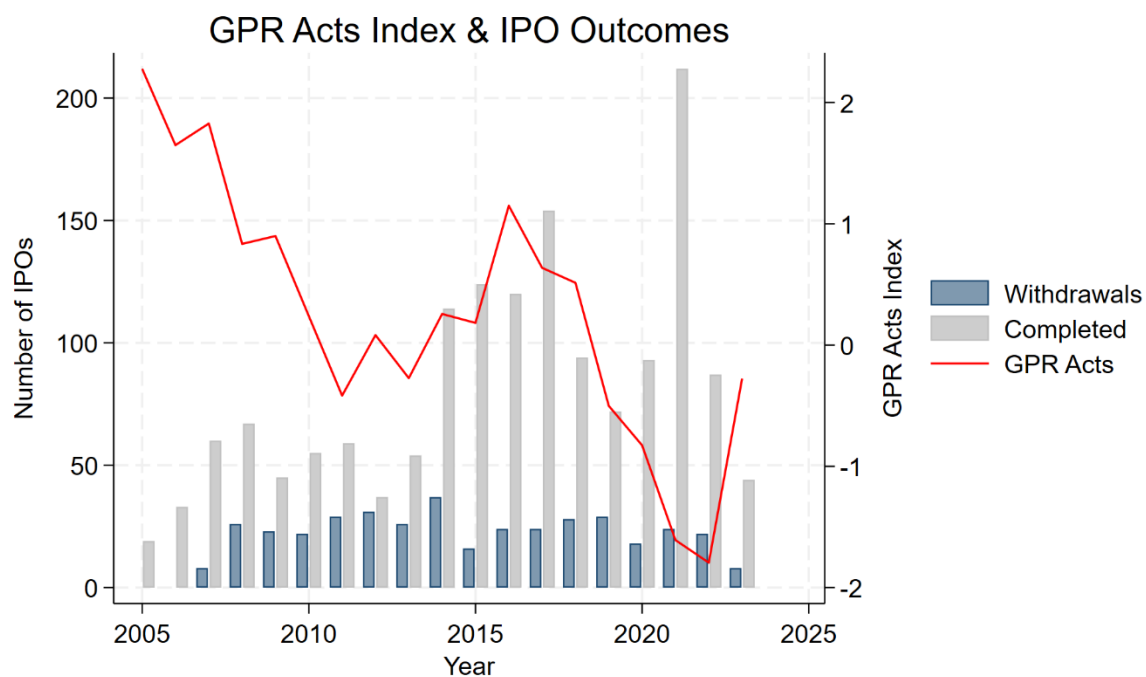


Figure 4. Trends in geopolitical risk and IPO outcomes in Sweden, based on recorded acts over time.

Table 1. Descriptive statistics

This table presents the descriptive statistics of variables used in this study. IPO data are obtained from the webpage Nyemissioner.se, and pre-IPO firm characteristics are collected from the Serrano database. Continuous variables are winsorized at the 1% and 99% levels. All variables are defined in Table A in Appendix.

Variable	N	Min	p25	p50	Mean	p75	Max	SD
Withdrawals	1938	0.000	0.000	0.000	0.204	0.000	1.000	0.403
GPR	1938	-1.525	-0.619	-0.246	0.000	0.518	2.105	1.000
GPR_threats	1938	-1.182	-0.712	-0.218	0.000	0.514	3.007	1.000
GPR_acts	1938	-1.795	-0.501	0.183	0.000	0.637	2.279	1.000
Hot_ipo_period	1938	0.000	0.000	1.000	0.501	1.000	1.000	0.500
VC_backed	1938	0.000	0.000	0.000	0.176	0.000	1.000	0.381
Foreign	1938	0.000	0.000	0.000	0.087	0.000	1.000	0.281
Top_underwriters	1938	0.000	0.000	0.000	0.297	1.000	1.000	0.457
Prefrential_shares	1938	0.000	0.000	0.000	0.022	0.000	1.000	0.147
Urban	1938	0.000	1.000	1.000	0.779	1.000	1.000	0.415
Age	1938	0.000	3.000	7.000	11.194	14.000	146.000	14.563
Size	1613	1.099	9.051	10.332	10.427	11.952	18.940	2.423
Leverage	1567	0.000	0.118	0.482	1.813	1.589	22.211	3.860
Profitability	1160	-0.072	0.000	0.000	-0.002	0.000	0.001	0.008
Intangible	1613	0.000	0.000	0.000	0.150	0.201	0.929	0.257

Table 2a Descriptive statistics by GPR

This table presents descriptive statistics (number of observations and mean) for the variables used in this study during periods of high and low geopolitical risk (High GPR = 1 and High GPR = 0). High GPR is a dummy variable equal to 1 if the GPR index is above its sample median and 0 otherwise. Statistical tests for differences in means between the two subsamples are also reported in the last two columns, assuming unequal variances. Continuous variables are winsorized at the 1st and 99th percentiles. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively. All variables are defined in Table A in the Appendix.

	High GPR		Low GPR		t-test	
	N	Mean	N	Mean	Diff-in-mean	t-stat
Withdrawals	917	0.171	1021	0.233	-0.062***	-3.41
VC_backed	917	0.159	1021	0.192	-0.033*	-1.9
Foreign	917	0.073	1021	0.099	-0.026**	-2.04
Top_underwriters	917	0.289	1021	0.305	-0.016	-0.75
Prefrential_shares	917	0.023	1021	0.022	0.001	0.2
Urban	917	0.778	1021	0.78	-0.002	-0.11
Age	917	10.942	1021	11.419	-0.477	-0.72
Size	784	10.422	829	10.432	-0.01	-0.09
Leverage	758	1.616	809	1.997	-0.381**	-1.96
Profitability	560	-0.001	600	-0.002	0.001	0.94
Intangible	784	0.151	829	0.149	0.002	0.1

Table 2b. Descriptive statistics by hot IPO period

This table presents descriptive statistics (number of observations and mean) for the variables used in this study during hot and cold IPO periods (Hot IPO = 1 and Hot IPO = 0). A hot IPO period is defined as a year in which the number of IPOs filed exceeds the median number of IPOs filed across all years, while a cold IPO period is defined as a year in which the number of IPOs filed is at or below the median. Statistical tests for differences in means between the two subsamples are also reported in the last two columns, assuming unequal variances. Continuous variables are winsorized at the 1st and 99th percentiles. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively. All variables are defined in Table A in the Appendix.

	Hot_ipo_period=1		Hot_ipo_period=0		t-test	
	N	Mean	N	Mean	Diff-in-mean	t-stat
Withdrawals	971	0.158	967	0.25	-0.092***	-5.09
VC_backed	971	0.236	967	0.117	0.119***	6.96
Foreign	971	0.082	967	0.091	-0.009	-0.67
Top_underwriters	971	0.378	967	0.216	0.162***	7.92
Prefrential_shares	971	0.03	967	0.014	0.016**	2.3
Urban	971	0.779	967	0.779	0	-0.01
Age	971	11.016	967	11.371	-0.355	-0.54
Size	813	10.667	800	10.184	0.483***	4.02
Leverage	794	1.714	773	1.914	-0.2	-1.03
Profitability	567	-0.002	593	-0.002	0	0.15
Intangible	813	0.156	800	0.143	0.013	1.03

Table 3. GPR and IPO withdrawal

This table presents the results of regression analyses examining the effect of geopolitical risk on IPO withdrawal likelihood. The dependent variable is a binary variable equal to 1 if an IPO is withdrawn and 0 if the IPO is completed. The main independent variable is geopolitical risk. Robust standard errors are reported in parentheses. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively. All variables are defined in Table A in the Appendix.

VARIABLES	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
GPR	-0.02776*** (0.010)			-0.01904 (0.012)		
GPR_threats		-0.02640*** (0.010)			-0.02193* (0.012)	
GPR_acts			-0.03243** (0.013)			-0.00551 (0.017)
Hot_ipo_period				-0.03770 (0.024)	-0.03916 (0.024)	-0.04445* (0.026)
VC_backed				0.06388** (0.031)	0.06321** (0.031)	0.06555** (0.031)
Foreign				-0.00894 (0.074)	-0.01017 (0.074)	-0.00689 (0.074)
Top_underwriters				-0.12112*** (0.028)	-0.12022*** (0.028)	-0.12389*** (0.028)
Prefrential_shares				-0.18416* (0.105)	-0.18318* (0.105)	-0.18657* (0.105)
Urban				-0.02367 (0.026)	-0.02357 (0.026)	-0.02321 (0.026)
Age				0.00152** (0.001)	0.00151** (0.001)	0.00155** (0.001)
Size				-0.00636 (0.006)	-0.00640 (0.006)	-0.00608 (0.006)
Leverage				0.00780*** (0.003)	0.00778*** (0.003)	0.00798*** (0.003)
Profitability				-3.20699*** (1.182)	-3.21319*** (1.183)	-3.22754*** (1.176)
Intangible				-0.04990 (0.049)	-0.05036 (0.049)	-0.04829 (0.049)
Year_trend	-0.00882*** (0.002)	-0.00742*** (0.002)	-0.01177*** (0.003)	0.00038 (0.003)	0.00129 (0.003)	0.00119 (0.004)
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,931	1,931	1,931	1,125	1,125	1,125
Wald chi2	101.94	101.79	99.4	99.81	100.57	98.58
Pseudo R2/Adj R2	0.0539	0.0539	0.0528	0.0959	0.0969	0.094

Table 4. GPR, hot IPO period, and IPO withdrawals

This table presents the results of regression analyses examining the effect of geopolitical risk and its interaction with hot IPO periods on IPO withdrawal likelihood. The dependent variable is a binary variable equal to 1 if an IPO is withdrawn and 0 if the IPO is completed. Models 1–5 report Probit regression estimates, while Model 6 reports results from a linear probability model (LPM). Robust standard errors are reported in parentheses. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively. All variables are defined in Table A in the Appendix.

VARIABLES	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
GPR	-0.06203*** (0.015)	-0.05499*** (0.014)	-0.05994*** (0.018)	-0.05479*** (0.015)	-0.05942*** (0.018)	-0.05626*** (0.015)
Hot_ipo_period	-0.04808** (0.021)	-0.04440** (0.021)	-0.02573 (0.026)	-0.03107 (0.023)	-0.02610 (0.026)	-0.03179 (0.024)
GPR × Hot_ipo_period	0.08876*** (0.020)	0.08227*** (0.019)	0.08327*** (0.024)	0.07577*** (0.023)	0.08268*** (0.024)	0.08028*** (0.020)
VC_backed		0.03724 (0.025)	0.06413** (0.031)	0.06028** (0.030)	0.06458** (0.031)	0.05463* (0.033)
Foreign		0.01518 (0.032)	-0.01031 (0.075)	-0.02584 (0.076)	-0.01046 (0.075)	-0.01382 (0.084)
Top_underwriters		-0.13941*** (0.023)	-0.11879*** (0.028)	-0.11679*** (0.027)	-0.11963*** (0.028)	-0.10069*** (0.023)
Prefrential_shares		-0.17236** (0.077)	-0.18770* (0.105)	-0.20563* (0.110)	-0.18719* (0.105)	-0.12012*** (0.044)
Urban		-0.07113*** (0.021)	-0.01792 (0.025)	-0.01125 (0.025)	-0.01846 (0.025)	-0.01980 (0.027)
Age			0.00153** (0.001)	0.00175** (0.001)	0.00151** (0.001)	0.00170* (0.001)
Size			-0.00637 (0.006)	-0.00882 (0.006)	-0.00643 (0.006)	-0.00704 (0.007)
Leverage			0.00822*** (0.003)	0.00835*** (0.002)	0.00819*** (0.003)	0.00927*** (0.003)
Profitability			-3.08610*** (1.180)	-2.63079** (1.147)	-3.09105*** (1.173)	-3.59938** (1.744)
Intangible			-0.04980 (0.049)	-0.07602 (0.048)	-0.04955 (0.049)	-0.04848 (0.048)
Year_trend	-0.00788*** (0.002)	-0.00490** (0.002)	-0.00174 (0.003)		-0.00333 (0.004)	-0.00091 (0.003)
Year_trend×Industry				-0.000001** (0.000)	0.00026 (0.000)	
Constant						2.14798 (5.824)
Industry FE	Yes	Yes	Yes	No	Yes	Yes
Observations	1,931	1,931	1,125	1,131	1,125	1,131
Wald chi2/F	119.37	154.43	108.81	71.24	110.08	4.36
Pseudo R2/R2	0.0690	0.0974	0.1072	0.0702	0.1075	0.0958

Table 5. GPR threats, hot IPO period, and IPO withdrawals

This table presents the results of regression analyses examining the effect of geopolitical risk threats and their interaction with hot IPO periods on IPO withdrawal likelihood. The dependent variable is a binary variable equal to 1 if an IPO is withdrawn and 0 if the IPO is completed. Models 1–5 report Probit regression estimates, while Model 6 reports results from a linear probability model (LPM). Robust standard errors are reported in parentheses. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively. All variables are defined in Table A in the Appendix.

VARIABLES	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
GPR_threats	-0.05427*** (0.014)	-0.04803*** (0.013)	-0.05642*** (0.018)	-0.05592*** (0.017)	-0.05596*** (0.018)	-0.05049*** (0.013)
Hot_ipo_period	-0.05570*** (0.020)	-0.05113** (0.020)	-0.03080 (0.026)	-0.02764 (0.023)	-0.03110 (0.025)	-0.03779 (0.024)
GPR_threats × Hot_ipo_period	0.07790*** (0.020)	0.07244*** (0.019)	0.07618*** (0.024)	0.07164*** (0.025)	0.07559*** (0.024)	0.07156*** (0.021)
VC_backed		0.03742 (0.025)	0.06363** (0.031)	0.06282** (0.030)	0.06409** (0.030)	0.05384* (0.033)
Foreign		0.01562 (0.032)	-0.01161 (0.075)	-0.02005 (0.076)	-0.01181 (0.075)	-0.01355 (0.083)
Top_underwriters		-0.14026*** (0.023)	-0.12025*** (0.028)	-0.11363*** (0.027)	-0.12106*** (0.028)	-0.10187*** (0.023)
Prefential_shares		-0.17148** (0.077)	-0.18712* (0.105)	-0.20027* (0.111)	-0.18661* (0.105)	-0.11947*** (0.044)
Urban		-0.07172*** (0.021)	-0.01938 (0.025)	-0.01301 (0.025)	-0.01993 (0.025)	-0.02048 (0.027)
Age			0.00153** (0.001)	0.00171** (0.001)	0.00151** (0.001)	0.00169* (0.001)
Size			-0.00656 (0.006)	-0.00878 (0.006)	-0.00662 (0.006)	-0.00704 (0.007)
Leverage			0.00818*** (0.003)	0.00828*** (0.002)	0.00815*** (0.003)	0.00921*** (0.003)
Profitability			-3.10444*** (1.169)	-2.63340** (1.148)	-3.10891*** (1.163)	-3.61179** (1.736)
Intangible			-0.05199 (0.049)	-0.07652 (0.048)	-0.05171 (0.049)	-0.04960 (0.048)
Year_trend	-0.00533** (0.002)	-0.00265 (0.002)	0.00061 (0.003)		-0.00104 (0.004)	0.00132 (0.003)
Year_trend × Industry				-0.00000** (0.000)	0.00027 (0.000)	
Constant						-2.34611 (5.338)
Industry FE	Yes	Yes	Yes	No	Yes	Yes
Observations	1,931	1,931	1,125	1,131	1,125	1,131
Wald chi2/F	116.22	151.13	108.56	68.46	109.72	4.36
Pseudo R2/R2	0.0670	0.0957	0.1060	0.0691	0.1064	0.0944

Table 6. GPR acts, hot IPO period, and IPO withdrawals

This table presents the results of regression analyses examining the effect of geopolitical risk acts and their interaction with hot IPO periods on IPO withdrawal likelihood. The dependent variable is a binary variable equal to 1 if an IPO is withdrawn and 0 if the IPO is completed. Models 1–5 report Probit regression estimates, while Model 6 reports results from a linear probability model (LPM). Robust standard errors are reported in parentheses. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively. All variables are defined in Table A in the Appendix.

VARIABLES	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
GPR_acts	-0.09541*** (0.021)	-0.08479*** (0.021)	-0.07238*** (0.025)	-0.03984*** (0.014)	-0.07137*** (0.025)	-0.07677*** (0.026)
Hot_ipo_period	-0.02276 (0.022)	-0.02163 (0.022)	-0.01615 (0.027)	-0.04073* (0.022)	-0.01691 (0.027)	-0.01375 (0.027)
GPR_acts × Hot_ipo_period	0.10936*** (0.021)	0.10019*** (0.021)	0.09105*** (0.025)	0.06703*** (0.022)	0.09033*** (0.025)	0.09289*** (0.024)
VC_backed		0.03828 (0.025)	0.06552** (0.031)	0.06112** (0.030)	0.06596** (0.031)	0.05609* (0.033)
Foreign		0.01569 (0.032)	-0.00633 (0.075)	-0.02732 (0.075)	-0.00653 (0.074)	-0.01170 (0.084)
Top_underwriters		-0.13939*** (0.023)	-0.11611*** (0.028)	-0.11930*** (0.028)	-0.11706*** (0.028)	-0.09845*** (0.023)
Prefrential_shares		-0.17082** (0.078)	-0.18817* (0.105)	-0.20977* (0.110)	-0.18764* (0.105)	-0.12123*** (0.044)
Urban		-0.07068*** (0.021)	-0.01703 (0.025)	-0.01061 (0.025)	-0.01756 (0.025)	-0.01897 (0.027)
Age			0.00153** (0.001)	0.00179** (0.001)	0.00150** (0.001)	0.00172* (0.001)
Size			-0.00599 (0.006)	-0.00872 (0.006)	-0.00606 (0.006)	-0.00700 (0.007)
Leverage			0.00815*** (0.003)	0.00842*** (0.002)	0.00812*** (0.003)	0.00922*** (0.003)
Profitability			-3.08935** (1.206)	-2.71486** (1.145)	-3.09549*** (1.200)	-3.60392** (1.773)
Intangible			-0.04468 (0.049)	-0.07182 (0.048)	-0.04446 (0.049)	-0.04530 (0.048)
Year_trend	-0.01669*** (0.004)	-0.01275*** (0.004)	-0.00716 (0.005)		-0.00873* (0.005)	-0.00745 (0.005)
Year_trend × Industry				-0.00000** (0.000)	0.00028 (0.000)	
Constant						15.32351 (9.960)
Industry FE	Yes	Yes	Yes	No	Yes	Yes
Observations	1,931	1,931	1,125	1,131	1,125	1,131
Wald chi2/F	122.91	159.66	104.65	65.04	105.72	4.24
Pseudo R2/R2	0.0692	0.0977	0.1050	0.0665	0.1053	0.0946

Table 7: GPR and IPO withdrawals: Nonlinear effects

This table presents the results of regression analyses examining whether the relationship between geopolitical risk and IPO withdrawal likelihood is nonlinear by including both geopolitical risk and its squared term. The dependent variable is a binary variable equal to 1 if an IPO is withdrawn and 0 if the IPO is completed. Models 1–5 report Probit regression estimates, while Model 6 reports results from a linear probability model (LPM). Robust standard errors are reported in parentheses. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively. All variables are defined in Table A in the Appendix.

VARIABLES	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
GPR	0.00028 (0.012)	0.00546 (0.012)	0.00742 (0.015)	-0.00994 (0.013)	0.00773 (0.015)	0.01165 (0.014)
GPR^2	-0.03318*** (0.009)	-0.03573*** (0.009)	-0.04752*** (0.012)	-0.03385*** (0.011)	-0.04766*** (0.012)	-0.04600*** (0.011)
Hot_ipo_period	-0.07636*** (0.020)	-0.07423*** (0.020)	-0.06472*** (0.025)	-0.03966* (0.022)	-0.06515*** (0.025)	-0.06739*** (0.026)
VC_backed		0.03980 (0.025)	0.06256** (0.031)	0.06686** (0.031)	0.06310** (0.031)	0.05148 (0.033)
Foreign		0.02055 (0.032)	-0.01904 (0.071)	-0.01707 (0.073)	-0.01950 (0.071)	-0.01881 (0.080)
Top_underwriters		-0.14671*** (0.023)	-0.11985*** (0.028)	-0.10733*** (0.028)	-0.12104*** (0.028)	-0.10127*** (0.023)
Prefential_shares		-0.17347** (0.078)	-0.19781* (0.104)	-0.19983* (0.110)	-0.19779* (0.104)	-0.12794*** (0.043)
Urban		-0.07374*** (0.021)	-0.02350 (0.026)	-0.01653 (0.025)	-0.02410 (0.026)	-0.02359 (0.027)
Age			0.00163** (0.001)	0.00170** (0.001)	0.00159** (0.001)	0.00179* (0.001)
Size			-0.00659 (0.006)	-0.00871 (0.006)	-0.00664 (0.006)	-0.00740 (0.007)
Leverage			0.00864*** (0.002)	0.00831*** (0.002)	0.00860*** (0.002)	0.00981*** (0.003)
Profitability			-3.47451*** (1.183)	-2.91813** (1.166)	-3.48194*** (1.175)	-3.99015** (1.731)
Intangible			-0.04744 (0.049)	-0.07231 (0.048)	-0.04691 (0.049)	-0.04836 (0.048)
Year_trend	-0.00201 (0.002)	0.00128 (0.002)	0.00586* (0.003)		0.00375 (0.004)	0.00622* (0.003)
Year_trend × Industry				-0.00000** (0.000)	0.00035 (0.000)	
Constant						-12.16037* (6.367)
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,931	1,931	1,125	1,131	1,125	1,131
Wald chi2/F	114.01	151.89	111.74	65.38	113.09	4.95
Pseudo R2/R2	0.0642	0.0952	0.1114	0.0699	0.1119	0.0990

Table 8 GPR, dual track, and IPO withdrawals

This table presents the results of regression analyses examining the interaction effect of geopolitical risk and dual-track processes on IPO withdrawal likelihood. The dependent variable is a binary variable equal to 1 if an IPO is withdrawn and 0 if the IPO is completed. Robust standard errors are reported in parentheses. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively. All variables are defined in Table A in the Appendix.

VARIABLES	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
GPR	-0.02720*** (0.010)	-0.02169* (0.012)				
Dual_track	0.10933*** (0.040)	0.13565*** (0.045)	0.11022*** (0.039)	0.13646*** (0.046)	0.10652*** (0.041)	0.12615*** (0.046)
GPR × Dual_track	0.00951 (0.038)	0.00956 (0.042)				
GPR_threats			-0.02628*** (0.010)	-0.02605** (0.012)		
GPR_threats × Dual_track			0.01334 (0.037)	0.02104 (0.039)		
GPR_acts					-0.03056** (0.013)	-0.00524 (0.017)
GPR_acts × Dual_track					0.00035 (0.039)	-0.01704 (0.046)
Hot_ipo_period		-0.03179 (0.024)		-0.03260 (0.024)		-0.03959 (0.026)
VC_backed		0.05186* (0.031)		0.05175* (0.031)		0.05232* (0.031)
Foreign		-0.00693 (0.074)		-0.00874 (0.074)		-0.00366 (0.073)
Top_underwriters		-0.11872*** (0.028)		-0.11751*** (0.028)		-0.12201*** (0.028)
Prefrential_shares		-0.17321* (0.104)		-0.17193* (0.104)		-0.17574* (0.104)
Urban		-0.02568 (0.026)		-0.02508 (0.026)		-0.02583 (0.026)
Age		0.00140* (0.001)		0.00138* (0.001)		0.00145* (0.001)
Size		-0.00680 (0.006)		-0.00680 (0.006)		-0.00653 (0.006)
Leverage		0.00776*** (0.003)		0.00775*** (0.003)		0.00789*** (0.003)
Profitability		-3.23507*** (1.175)		-3.24319*** (1.177)		-3.25408*** (1.167)
Intangible		-0.04961 (0.049)		-0.04957 (0.049)		-0.04829 (0.049)
Year_trend	-0.00911*** (0.002)	-0.00062 (0.003)	-0.00777*** (0.002)	0.00029 (0.003)	-0.01185*** (0.003)	0.00035 (0.004)
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,931	1,125	1,931	1,125	1,931	1,125
Wald chi2	106.81	105.41	106.73	105.99	104.5	104.89
Pseudo R2	0.0577	0.1037	0.0577	0.1051	0.0565	0.1014

Appendix A

Table A: Variable's definition

Variable	Definition	Source
Withdrawals	A binary variable that takes the value of 1 if IPO is withdrawn and zero if it is completed	Nyemissioner
GPR	Sweden geopolitical risk	Retriever
GPR_threats	Sweden geopolitical risk threats	Retriever
GPR_acts	Sweden geopolitical risk acts	Retriever
Hot_ipo_period	A binary variable equal to 1 for years in which the total number of IPOs exceeds the sample median, and 0 otherwise.	Authors' calculation
VC_backed	A binary variable that takes the value of 1 if the IPO firm is VC_backed and zero otherwise	Nyemissioner
Foreign	A binary variable equal to 1 if the IPO firm is a non-Swedish company, and 0 if the company is Swedish.	Nyemissioner
Top_underwriters	Indicator variable equal to 1 if the IPO is managed by an underwriter that handled at least 1% of all IPOs in the sample, and 0 otherwise.	Authors' calculation
Prefrential_shares	A binary variable that takes the value of 1 if the firm has issued preferential shares in connection with the IPO and zero otherwise	Nyemissioner
Urban	Dummy variable equal to 1 if the IPO firm is located in an urban area, and 0 if located in a non-urban area.	Serrano
Age	Difference between the firm establishment year and the year of the IPO	Serrano & Nyemissioner
Size	Log of total assets of the firm in the year prior to the IPO year	Serrano
Leverage	Debt to equity ratio in the year prior to the IPO year	Serrano
Profitability	Profit margin divided by the total assets in the year prior to the IPO year	Serrano
Intangible	Intangible assets divided by total assets in the year prior to the IPO year	Serrano

Table B. Hot IPO period and IPO withdrawals

This table presents the results of regression analyses examining the effect of hot IPO periods on IPO withdrawal likelihood. The dependent variable is a binary variable equal to 1 if an IPO is withdrawn and 0 if the IPO is completed. Models 1–5 report Probit regression estimates, while Model 6 reports results from a linear probability model (LPM). Robust standard errors are reported in parentheses. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively. All variables are defined in Table A in the Appendix.

VARIABLES	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Hot_ipo_period	-0.06634*** (0.019)	-0.06023*** (0.019)	-0.04824** (0.024)	-0.04069* (0.023)	-0.04852** (0.024)	-0.04462* (0.024)
VC_backed		0.03933 (0.025)	0.06572** (0.031)	0.06807** (0.030)	0.06626** (0.031)	0.05532* (0.033)
Foreign		0.01973 (0.031)	-0.00693 (0.074)	-0.01150 (0.075)	-0.00748 (0.073)	-0.00878 (0.082)
Top_underwriters		-0.14674*** (0.023)	-0.12436*** (0.028)	-0.11519*** (0.028)	-0.12533*** (0.028)	-0.10534*** (0.023)
Prefrential_shares		-0.16541** (0.078)	-0.18682* (0.105)	-0.19807* (0.112)	-0.18615* (0.105)	-0.11885*** (0.043)
Urban		-0.07331*** (0.021)	-0.02296 (0.026)	-0.01712 (0.025)	-0.02362 (0.026)	-0.02146 (0.027)
Age			0.00156** (0.001)	0.00172** (0.001)	0.00152** (0.001)	0.00170* (0.001)
Size			-0.00600 (0.006)	-0.00826 (0.006)	-0.00610 (0.006)	-0.00667 (0.007)
Leverage			0.00803*** (0.003)	0.00809*** (0.003)	0.00799*** (0.003)	0.00910** (0.004)
Profitability			-3.23991*** (1.173)	-2.78590** (1.149)	-3.24172*** (1.168)	-3.76573** (1.725)
Intangible			-0.04799 (0.049)	-0.06958 (0.049)	-0.04770 (0.049)	-0.04544 (0.048)
Year_trend	-0.00439** (0.002)	-0.00176 (0.002)	0.00216 (0.002)		0.00002 (0.004)	0.00223 (0.003)
Year_trend×Industry				-0.00000** (0.000)	0.00035 (0.000)	
Constant						-4.16724 (5.269)
Industry FE	Yes	Yes	Yes	No	Yes	Yes
Observations	1,931	1,931	1,125	1,131	1,125	1,131
Wald chi2/F	101.21	138.2	98.64	56.61	99.36	4.35
Pseudo R2/R2	0.0557	0.0862	0.0938	0.0576	0.0944	0.0843