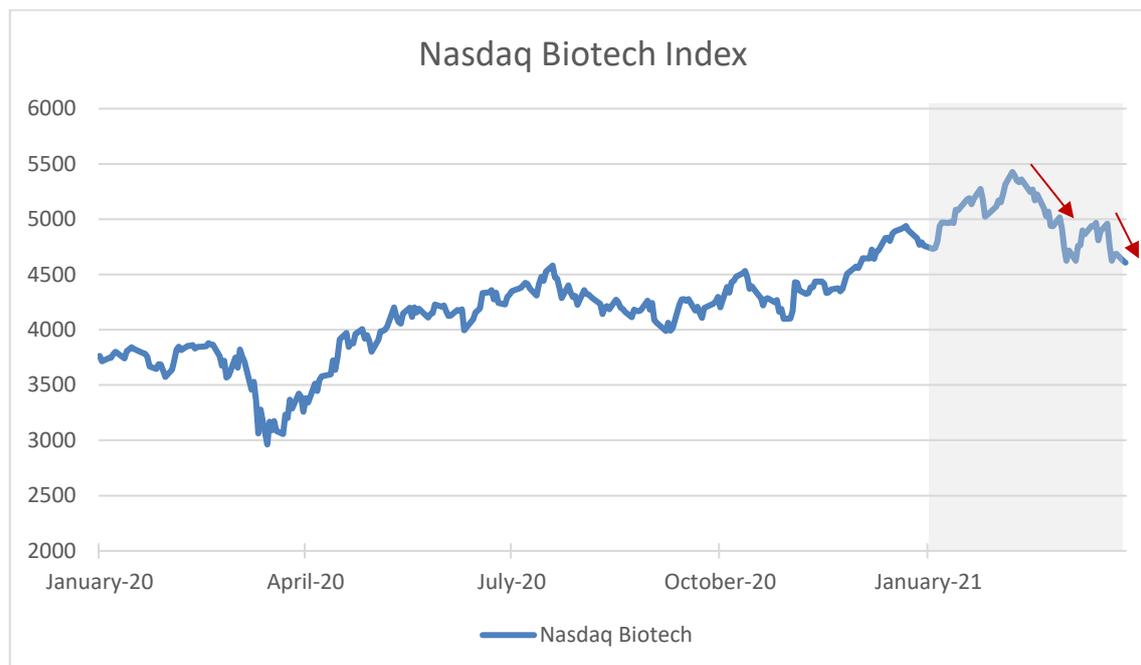


## General Market Overview

### PUBLIC MARKETS

The beginning of 2021 started in a prolongation of last year's positive sentiment. Strong stock markets reaching all-time highs, hand in hand with a continued strong financing environment. What happened in the second half of the quarter was a decoupling between the performance of biotech indices and financing activity, BioCentury concludes. While financing levels kept being strong, public markets started a downward trajectory. Broader indices recovered later in March, but biotech stocks trailed the broader indices as the recovery trade continued with generalists rotating out of life sciences and into cyclical sectors.



NBI. Source: Yahoo Finance.



Public biopharma companies continued to perform well early this year and peaked in early February, when the Nasdaq Biotech Index had added 18% year-to date. The index closed the quarter down 1% after two corrections. The first, in February, was due to macro factors, mainly worries about increasing interest rates as the US Treasury sell-off brought the 10-year yield to its highest levels since January, 2020. The second correction was more sector specific, due to worries about drug pricing regulations and a series of clinical and regulatory setbacks, among other factors. Cowen counted to no less than 23 disappointing study outcomes in Q1. However, the NBI closed Q1 56% above the bottom in March 2020, following the COVID-19 outbreak.

Index	Q1 2021	YTD
S&P 500	↗ 6%	↗ 6%
NASDAQ	↗ 3%	↗ 3%
NASDAQ Biotech	→ -1%	→ -1%
BC 100	↘ -4%	↘ -4%
NYSE Arca Biotech	↘ -5%	↘ -5%

The biotech sector trailed the broader markets in Q1 after falling back from its peak around February 8.

Index performance. Source: BioCentury Financial Center

Although the FDA approved a record 14 NMEs in Q1, more than any other first quarter, the sector suffered from several clinical blowups in Q1, with the DMD gene therapy from **Sarepta** as one of the major ones, missing its phase II endpoint. Q2 holds many more events that investors are watching with great interest, among them one of the claimed largest binary events in biotech history according to analysts BioCentury has talked to – **Biogens’s** molecular antibody to treat Alzheimer’s, with PDUFA date June 7.

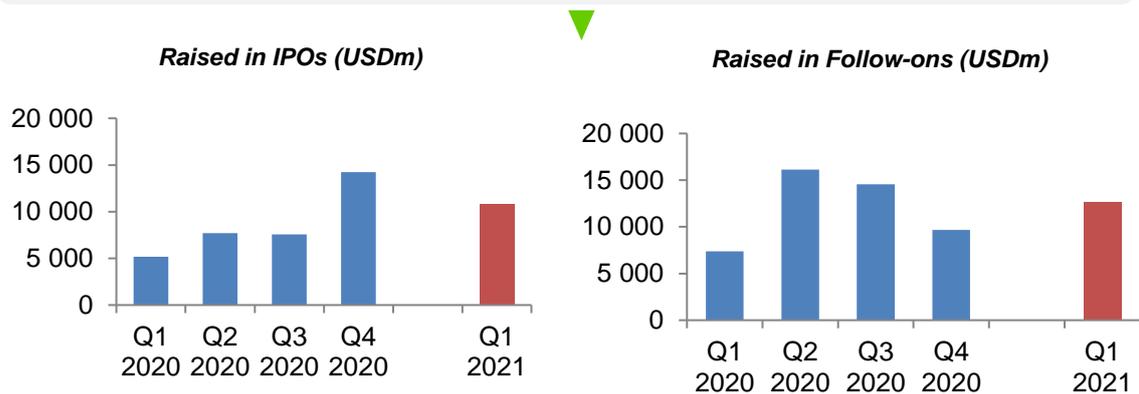
Most public HealthCap companies saw their share prices slide in Q1, with the exception of **Nordic Nanovector** (OSE:NANO), climbing 53% in the quarter mainly after reporting significant improvement of patient recruitment rate to its pivotal phase II trial, and **Strongbridge** (Nasdaq: SBBP), adding 14%.

## FINANCINGS

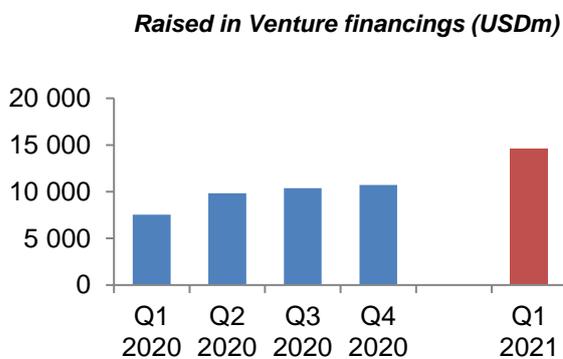
The financing sentiment continued to be strong in Q1, reaching all-time highs for first-quarter financings in each of the categories IPOs, follow-ons and venture financings. For venture and IPOs, even by a large margin.

Companies completing their IPOs in Q1 also added a median of 17% through quarter-end, clearly better than the sector in general.

Almost USD 11 billion was raised in IPO financings and USD 12.6 billion in follow-on financings, in Q1.



Raised in IPOs and Follow-on financings, by quarter. Source: BioCentury Financial Center



Venture financing levels in Q1 surpassed each quarter in 2020 and was by a wide margin the highest amount raised in any Q1, since BioCentury started tracking. Approximately USD 14.5 billion was raised during the quarter.

Biotech Venture financings by year. Source: BioCentury Financial Center

Several HealthCap portfolio companies successfully closed financing rounds in Q1. Among public companies, Norwegian company **Nordic Nanovector** (OSE: NANO) raised USD 50 million (NOK 422 million) in a private placement, including the repair offering closing in April. Swedish companies **Oncopeptides** (Nasdaq Stockholm: ONCO) and **Vicore pharma** (Nasdaq Stockholm: VICO) raised USD 130 million (SEK 1,106 million) and USD 40 million (SEK 336 million) in their respective directed share issues.

Among private companies in the portfolio, two US companies raised capital as **Aro Biotherapeutics** closed a USD 88 million series A financing and **Carisma therapeutics** closed a series B financing totaling USD 59 million.