

General Market Overview

PUBLIC MARKETS

Following the poor stock market performance in Q1, biotech stocks have managed to recover to be above or at least almost above water year-to-date, but still trailing broader indices which have been fueled by the strong performance of tech stocks and other sectors benefiting from the gradual lifting of pandemic restrictions. Other sectors have been pushing all-time highs lately and investor money has continued to move away from biotech.

Investors BioCentury have talked to say that share prices trading sideways during the summer months would be acceptable and agree on M&A events to be the potential trigger that swings the momentum back. The year has so far been slow in terms of acquisitions, probably due to high prices after several years of bullish markets, but with interest rates being so low, the appetite to acquire companies should be picking up, according to some analysts.

Index	Q2 2021	YTD
S&P 500	↗ 8%	↗ 14%
NASDAQ	↗ 9%	↗ 13%
NASDAQ Biotech	↗ 9%	↗ 8%
NYSE Arca Biotech	↗ 8%	↗ 3%
BC 100	↗ 3%	↔ -1%

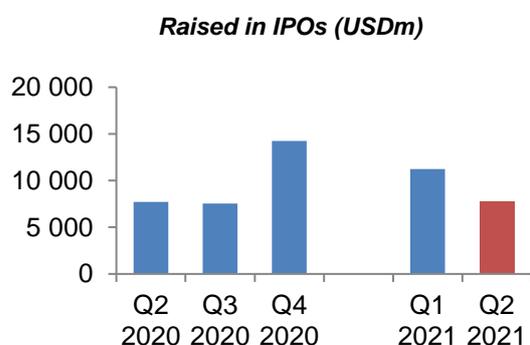
The biotech sector is still behind the broader markets, year-to-date, although Q2 was an improvement from Q1.

Index performance. Source: BioCentury Financial Center

FINANCINGS

Following the extensive period of a remarkably strong financing climate, the biotech sector is well-financed and consequently financing levels were lower in Q2 with the most significant drop in follow-on financings of public companies, also partly due to the fact that the sector has been underperforming on the stock markets in 2021. A survey conducted by BioCentury reveals that 51% of pre-profit public companies have at least two years worth of cash as major financing rounds have secured the companies well beyond their next major inflection point.

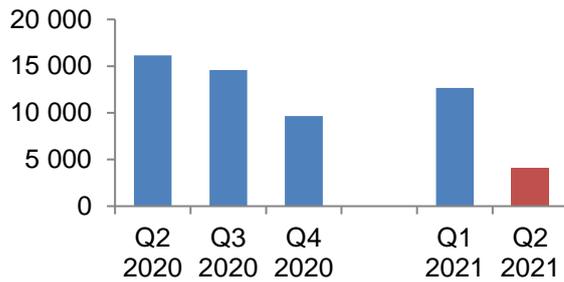
The IPO pace is expected to remain at high levels with a solid IPO queue. According to research from Brookline Capital Markets, the number of publicly traded biopharma companies has doubled since 2015, and many biotech companies are becoming public at an earlier stage. The median time from establishment of a venture-backed biotech company to IPO has decreased to a little over five years in 2020, compared to more than 8 years only five years before, according to a sector report by Lazard.



The second quarter was off to a slow start in terms of number of IPOs in April and was almost entirely paused in May as only nine IPOs were completed, whereof three on Nasdaq. June, however, brought the numbers back up for the quarter as 26 IPOs were completed.

Biotech IPO financings, by quarter. Source: BioCentury Financial Center

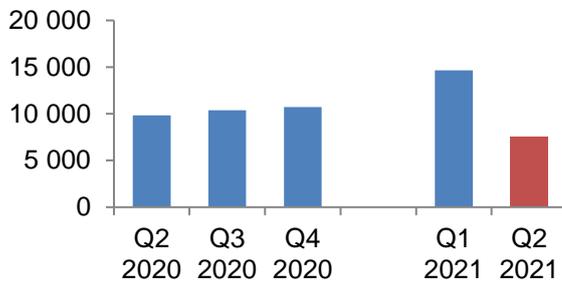
Raised in Follow-ons (USDm)



Biotech Follow-on financings by quarter. Source: BioCentury Financial Center

The number of follow-on financings fell from 124 in Q1 to only 38 in Q2, the lowest number in a quarter for the last five years.

Raised in Venture financings (USDm)



Biotech venture financings by quarter. Source: BioCentury Financial Center

Venture financing levels remained strong in Q2 with more than USD 7.5 billion raised, but clearly lower than record-breaking Q1.

Several private HealthCap portfolio companies raised money in Q2. Swedish digital health company **Doctrin** raised EUR 13 million in June to accelerate further international expansion. New investments have been added to the portfolio recently as HealthCap participated in significant series A financings closed by **ADCendo**, **Hemab** and **Pretzel**, raising EUR 51 million, USD 55 million and USD 65 million, respectively.