

General Market Overview

PUBLIC MARKETS

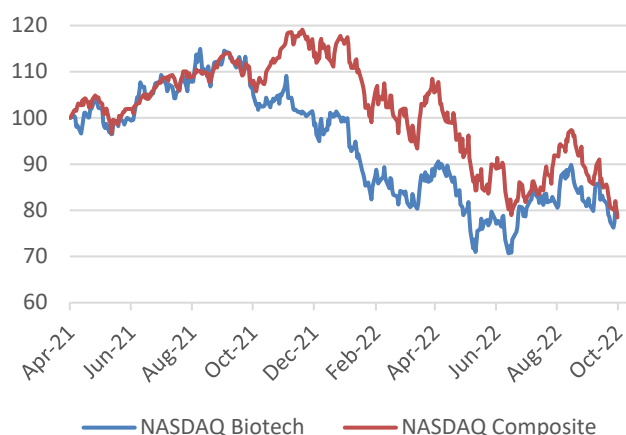
The general market downturn continued during the quarter, driven by increased interest rates, continued high inflation and European energy crisis. Despite the negative trend, biotech markets outperformed both tech and general markets, Q3 was the first quarter of positive biotech sector performance during 2022. The BioCentury BC 100 index had a significant upturn during the quarter (+11%) and the SPDR S&P XBI Biotech index reached a peak of +27.9% in mid-August before turning down to a full quarter performance of +6.8%.

BioCentury reported that 21% of NASDAQ listed biotech companies now are trading below their cash position, this might lead to an increase in consolidations in the coming months.

Index	Q3 2022	YTD
BC 100	↑ 11%	↓ -11%
NYSE Arca Biotech	↓ -3%	↓ -18%
NASDAQ Biotech	→ 1%	↓ -20%
S&P 500	↓ -5%	↓ -21%
NASDAQ	↓ -4%	↓ -32%

Biotech outperformed general indexes both during the quarter and YTD.

Index performance. Source: BioCentury Financial Center



NASDAQ biotechnology and composite index performance, 18 months.

HEALTHCAP PUBLIC COMPANIES

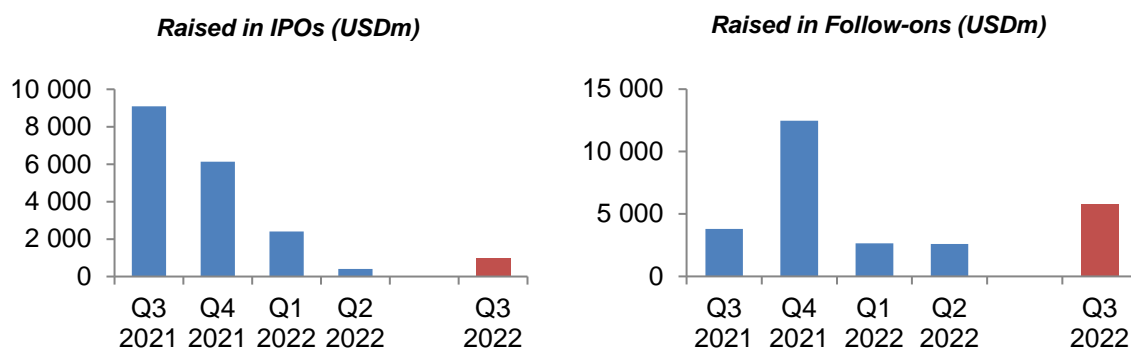
HealthCap public portfolio company **Oncopeptides** (STO:ONCO) saw its share price fall after a majority of the FDA ODAC committee considered that the OCEAN trial did not confirm a favorable benefit-risk profile in the current indicated patient population. The share price is still up 38% YTD.

Vicore (STO:VICO) has continued to perform well based on the very promising data in IPF, despite the failure to meet the primary endpoint in the company's phase 3 trial in COVID patients. The company has seen a share price increase of 125% during the year.

Bonesupport (STO:BONEX) has continued to perform well after the FDA market authorization for the company's antibiotic eluting product CERAMENT G, for the indication bone infection (osteomyelitis). The company share price is currently up 67% YTD.

FINANCINGS AND DEALS

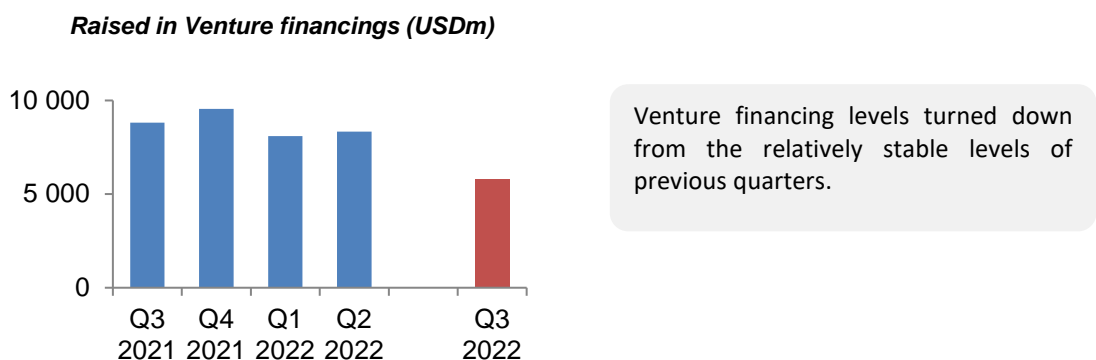
12 IPOs took place during the quarter, raising a total of USD 983.9 million according to the BioCentury BCIQ database. This represents an increase from the previous quarter, but IPO activity remains low compared to 2021. The number of follow-on financings increased to a total of 42 financings during the quarter compared to 25 each in the first two quarters of 2022. The total amount of capital raised in follow on financings during the quarter was 5.7 billion, more than half of the \$11.2 billion raised in follow-ons YTD. Follow on financings remain catalyst driven and BioCentury recorded a total of 19 positive catalyst events during the quarter, adding an aggregate of 32.7 billion in valuation.



Biotech IPO and follow-on financings by quarter. Source: BioCentury Financial Center

IPO financings increased by more than 50% compared to Q2 2022 but remained low compared to 2021 levels.

The total amount raised in follow-on financings increased by 70% over the first two quarters of 2022.



Venture financing levels turned down from the relatively stable levels of previous quarters.

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

M&A ACTIVITIES

M&A activity levels remained in line with the previous quarter with a total of 48 deals announced. Five acquisitions over USD 750 million were announced, the largest being **Pfizer's** (NASDAQ:PFE) acquisition of **Global Blood Therapeutics** (NASDAQ:GBT) for USD 5.4 billion. This deal was centered on Global Blood Therapeutics' small molecules for sickle cell disease.

The increase in M&A activity compared to the beginning of 2022 could be an indication that biotech is unlikely to return to the low index levels seen in May.