

## General Market Overview

### PUBLIC MARKETS

For the first time in more than a decade, the sector has faced an extended bear market. Biotech stock kept underperforming in the ending quarter of 2021, bringing all sector indices to red numbers for the year and across all market cap tiers. Generalist investors have rotated away from life sciences, looking for other sectors believed to benefit more from a post-pandemic economic recovery.

Index	Q4 2021	2021
S&P 500	↑ 11%	↑ 27%
NASDAQ	↔ 8%	↑ 21%
NASDAQ Biotech	↓ -7%	↔ -1%
NYSE Arca Biotech	↓ -3%	↓ -4%
BC 100	↓ -11%	↓ -15%

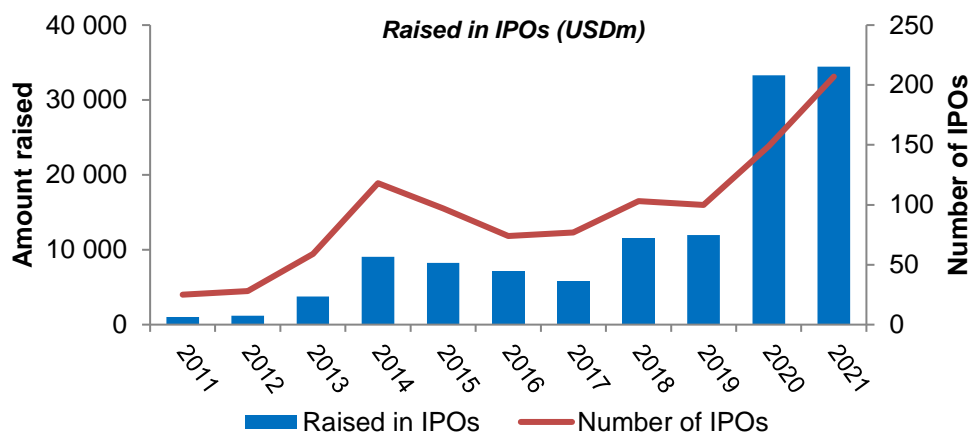
The underperformance of biotech stocks continued in Q4. The relative underperformance of NASDAQ Biotech vs the broader NASDAQ index was 22% for the full year of 2021.

Index performance. Source: BioCentury Financial Center

### FINANCINGS AND DEALS

The IPO class of 2021 was down a median of 23% at year-end and as many as two thirds of companies going public finished the year below their IPO price. Early 2022 has started more or less the same as last year ended, with only a few IPOs and follow-on financings completed, a week into February.

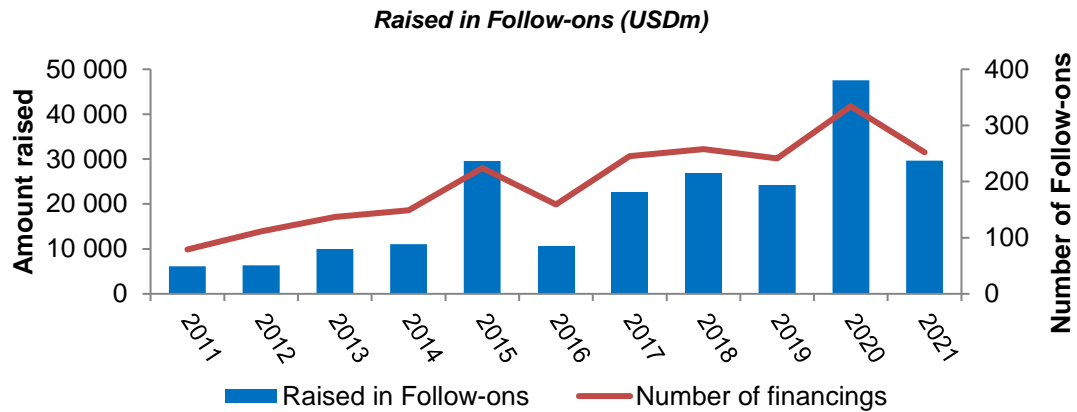
IPOs, follow-on financings and crossover deals are indeed all expected to slow down due to the poor performance on the public markets for the sector. There are, however, many large biopharmas with cash and valuations of smaller biotech companies are attractive with many stocks trading near 52-week lows and a large number are trading below cash, according to a BioCentury analysis. The conditions for M&A to pick up in 2022 remain strong.



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

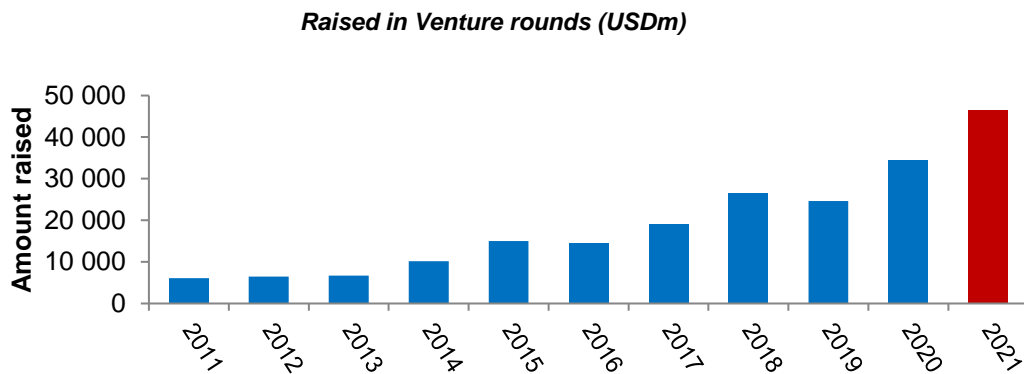
In 2021, we saw a record number of biotech IPOs as 208 public listings were completed, raising USD 34.5 billion.

Follow-on financings dropped significantly in the ending quarters of 2021, to end the year more in line with the years before record-breaking 2020.



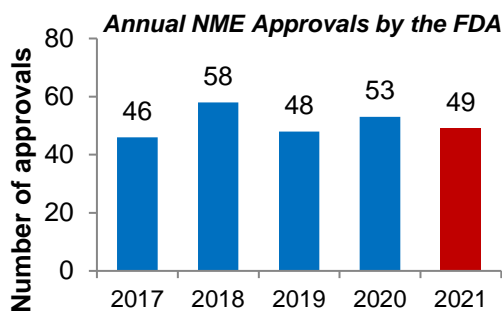
Biotech Follow-on financings by year. Source: BioCentury Financial Center

A healthy amount of capital is still available for venture financings, which could imply that more companies stay private longer, compared to the last few years where we have seen plenty of early-stage companies going public.



Biotech venture financings by year. Source: BioCentury Financial Center

## PRODUCT APPROVALS



The FDA approved 49 new drugs in 2021, a number slightly lower than the year before, but on par with the average over the last couple of years. Notable from the list of approvals is that almost one third, or 16 approvals, were drugs addressing new targets previously not address by drugs already on the market – up from nine such approvals in 2020. Oncology drugs accounted for 15 of the approvals, but in vivo gene therapies were completely absent after a year with several clinical setbacks.

NME approvals by the FDA, by year. Source: FDA