



PRESS RELEASE June 18, 2021 FOR IMMEDIATE RELEASE . . . Minneapolis, MN

Media contact for more information: Heidi Fletcher at Northland Securities, call 612-851-4918 or email hfletcher@northlandcapitalmarkets.com.

Northland Capital Markets' Jason Wittes quoted in Wall Street Journal Article on Biotech IPOs

Flurry of Biotech Startups Heads to Public Markets

This year could top 2020's record total for biotech IPOs

As of Wednesday, 41 biotechs had gone public so far this year, according to Locust Walk Partners, after 71 in all of last year.

By Brian Gormley June 17, 2021 7:00 am ET

A flurry of biotechnology initial public offerings as the first half winds up has put 2021 on pace to top last year's record deal-making.

This year 41 biotechs had staged IPOs in the U.S. as of June 16, according to Locust Walk Partners LLC, a Boston-based firm that helps life sciences companies with strategy, deal-making and capital-raising. Last year, 71 biotechs went public in the U.S.

Several drugmakers are expected to hold IPOs shortly, which will raise the first-half total further. They include cardiovascular genetic-medicine company Verve Therapeutics Inc., mental-health startup ATAI Life Sciences N.V., and cancer cell-therapy developers Lyell Immunopharma Inc. and Century Therapeutics Inc.

Biotech has flourished during the pandemic, with help from federal spending in support of Covid-19 vaccines. Investors remain drawn to the industry because of the aging of the population and the potential to generate strong returns over time, said John Vandermosten, a senior biotech analyst with small-cap research firm Zacks SCR.

"There is good reason to overweight in life sciences," Mr. Vandermosten said.

Many closely held biotechs are putting themselves in a strong position to go public by raising large crossover financings from mutual funds and other public-market investors. This gives them a base of shareholders that could support them long after their IPO, said Kelly Lisbakken, managing director and head of biopharma investment banking for Wedbush PacGrow.

Increasingly, the biotechs going public either haven't started clinical trials or have drugs in the earliest phase of human studies, she said. Roughly 45% of biotechs going public in the U.S. in 2019 were early-stage companies, versus 60% to 65% in 2020 and 2021, she said, indicating investors' interest in novel biotech science.

"It's pretty clear that investors' threshold for risk is pretty high," said Jason Wittes, managing director of healthcare equity research for Northland Securities Inc.



Verve Therapeutics is among the biotechs going public soon. PHOTO: GENEVIEVE DE MANIO

Public investors often look to invest shortly before a biotech reaches a milestone, such as data from a clinical trial. Earlier-stage companies typically run smaller trials that are less likely to falter than larger, late-stage trials involving many more patients, he said.

In addition to betting on specific experimental drugs, public investors also are showing strong interest in biotech startups with technology platforms that could yield many novel medications over time, said Noël Brown, managing director and head of U.S. biotech investment banking for RBC Capital Markets.

“That innovative new technology could be a seedling for something that sprouts a whole field of drug development,” Mr. Brown said.

Overall the outlook for biotechs going public remains bright, especially as new special-purpose acquisition companies give startups another route to a public listing besides an IPO, said Locust Walk Chief Executive Geoff Meyerson. Yet the sector could face some choppiness ahead as some public investors rebalance their portfolios and also invest in other sectors, he said.

“As the economy continues to open up, investors’ fascination with biotech is going to be less on a relative basis,” he said.

Surging investment from public and venture-capital investors in recent years has been helping young biotechs fund their drug-development plans, said Errik Anderson, founder and chief executive of biotech startup Alloy Therapeutics Inc.

Investors have more confidence in biotech these days because preclinical models are better and companies have more ability to target drugs to patients who are likely to respond well to them, Mr. Anderson added.

“Everything is just getting better—which translates into a higher probability of success,” he said.

Yet biotech companies still must be disciplined about how they spend their capital, said David Steinberg, a general partner of Longwood Fund, a biotech venture firm. Investors are looking to add senior executives such as chief medical officers to startups at an earlier stage to help them manage rapid growth, he said.

Write to Brian Gormley at brian.gormley@wsj.com

SOURCE: Wall Street Journal, June 17, 2021, <https://www.wsj.com/articles/flurry-of-biotech-startups-heads-to-public-markets-11623927601>.

About Northland Capital Markets

Northland Capital Markets is the trade name for certain capital markets and investment banking services of Northland Securities, Inc., Member FINRA/SIPC. Northland Securities is registered with SEC and MSRB, and is a diversified financial services firm, including investment banking and full-service broker-dealer divisions, offering investment and finance services for government entities, financial institutions, non-profit organizations, and individual investors. Northland is a leading underwriter of tax-exempt bonds in the Midwest. Headquartered in Minneapolis, Northland Securities has branch offices in Iowa, California, Colorado, Michigan, New York, and Wisconsin.

SOURCE: Northland Securities, www.NorthlandSecurities.com. RC 21-320 ECM 21-29 0621