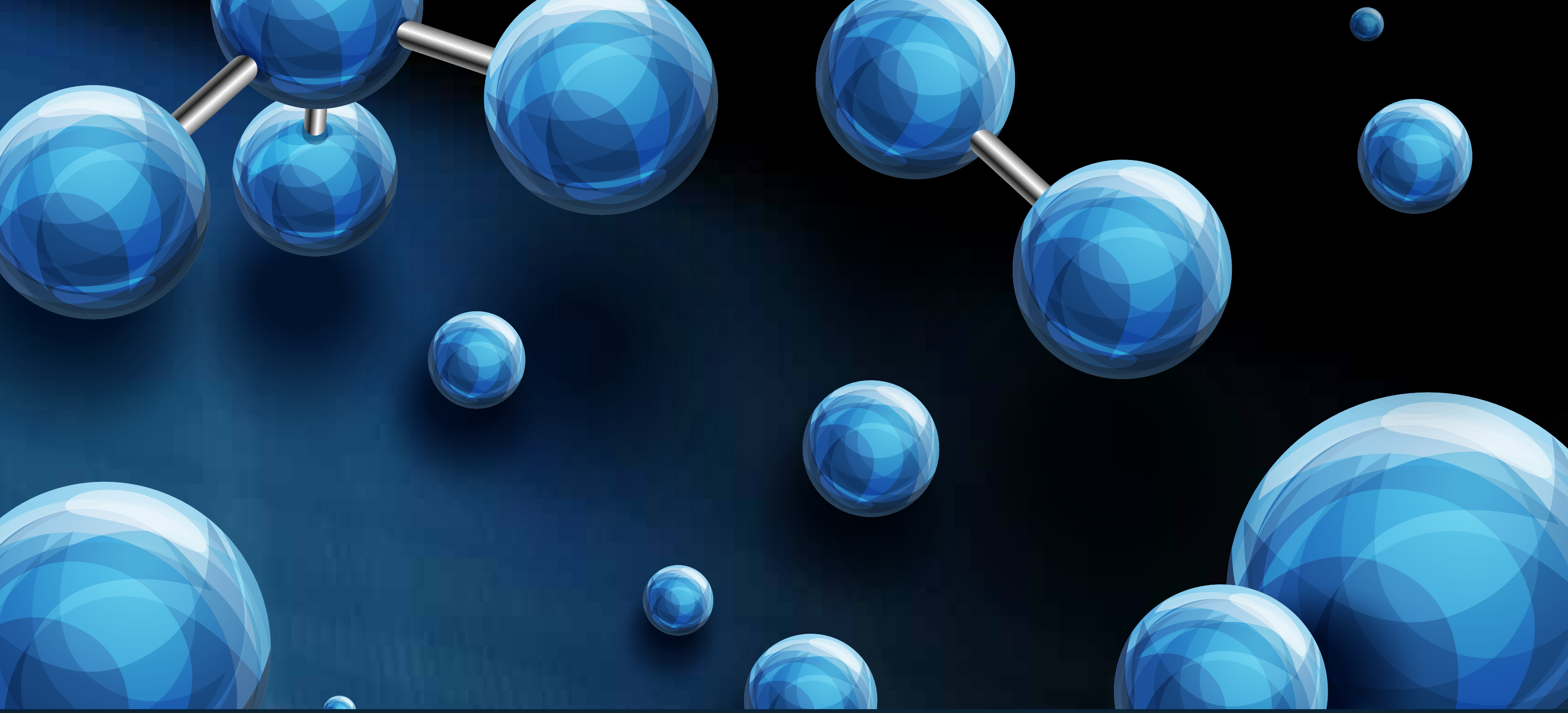

Healthcare and Life Sciences

Capital Markets Monitor

2023 Report

ROPES & GRAY

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Our Integrated Approach

Key Takeaways

In the course of the last three years, the public capital markets for life sciences companies have gone from red hot to a deep chill. Following two historic years during which life sciences IPO and follow-on offering activity set records, we saw these markets cool significantly. Impacted by macroeconomic volatility, wide gulfs between private and public markets on valuation perspectives, and what seems to be a wait-and-see approach on an impending recession, the public markets have become a less friendly place for life sciences companies than they were only a short time ago. In light of this continuing market inactivity, we and others continue to ask: When will the markets thaw, and what will they look like when they do?

This Healthcare and Life Sciences Capital Markets Monitor surveys IPO and follow-on offering market activity from 2020 through 2022. By looking at over 180 IPOs and 300 equity follow-on offerings, the report provides detailed comparisons of market trends as well as deal structures. The following are some key findings from the report:

- IPO and follow-on market activity declined significantly from record levels seen in 2020 and early 2021. IPO activity dropped precipitously in the fourth quarter of 2021. Follow-on offerings dropped significantly from elevated levels as early as the second quarter of 2021, with a further drop occurring in the first quarter of 2022.

- IPO average deal size decreased from 2020 to 2022, but this decline is attributable in significant part to fewer “mega-deals” (deals raising greater than $1 billion) coming to market. Similarly, post-deal valuations for IPO issuers dropped significantly over the three-year period.

- The number of preclinical life sciences companies going public increased significantly from 2020 to 2021, but this trend almost completely disappeared as market activity cooled. Follow-on offerings among preclinical life sciences companies exhibited a similar pattern. As compared to IPO issuers, issuers conducting a follow-on offering were more likely to have lead product candidates further along in clinical development.

- IPO deal timing, as measured by the number of days from an initial SEC submission to pricing date, jumped significantly as market activity decreased, on average, from 114 days in 2020 to 223 days in 2022. As there was not a significant increase in the number of comments or number of comment letters received by IPO issuers in 2022, the longer time frame likely reflects a change in market conditions and not regulatory review processes.

- Among life sciences IPO issuers, SEC comments relating to potential cheap stock issues, intellectual property matters and licensing agreements, use of proceeds from the offering, and the product candidate summary pipeline table were quite common.

- As the market softened for follow-on offerings, we saw a significant increase in common stock plus warrant offerings starting in the third quarter of 2021. A number of these offerings made use of prefunded warrants to manage beneficial ownership limitations for investors.

- The percentage of IPOs in which insiders expressed support of the deals through indications of interest remained relatively constant across the three-year period. The number of IPOs that were accompanied by a concurrent private placement also remained relatively constant.

- While IPO lock-up periods were regularly 180 days across the market, there were variations among lock-up periods in follow-on offerings. In addition, from 2020 to 2021, we noted a 100% increase in the percentage of deals in which directors and officers had a shorter lock-up period than the issuer itself.

Looking forward, we are hopeful that the public markets for life sciences companies will regain strength over time. Though the benchmark biotech exchange-traded fund, SPDR S&P Biotech ETF (XBI), was trading at almost half of what it was at its peak in early 2021, it has recovered some ground from its low mark in 2022. We expect that many private companies may continue to find more receptive investors and attractive valuations in the private markets. In addition, public life sciences companies that have experienced steep declines in their stock price may take a cautious approach to capital raises in the near term. These companies will look to balance their funding needs against the dilution sensitivities of their existing investor base. We expect many life sciences companies will explore licensing and collaboration deals to raise financing that does not cause direct equity dilution. We also expect there to be a more active M&A market as the year progresses. Strategic acquirors have significant cash on their balance sheets and likely will turn to M&A to advance growth plans and replace revenues from expiring patents. M&A activity may not only provide a path for private life sciences companies to advance development of their product candidates, but may also prove to be a way for public life sciences companies to go private and escape the public markets altogether.

Many public life sciences companies were able to raise significant funds to advance the development of their product candidates while the markets were more robust in 2020 and 2021. In addition, 2022 was not a bad year for venture capital investment and many promising private companies are well financed and potentially positioned for IPOs in the second half of 2023 and in early 2024, should markets permit.

Overall, we expect a more robust market for IPOs and follow-on offerings in the next six to 12 months. The precise timing of arrival of this more active market will depend on improvements in the broader market environment and macroeconomic climate. Life sciences companies and their existing investors may also need to adjust their expectations with respect to the valuations their companies will be able to achieve and the capital-raising opportunities that will be available to them in the public markets.

Ropes & Gray Recognition

Law Firm of the Year

Corporate Practice of the Year – Health Care & Pharmaceuticals

—*The American Lawyer*

Private companies considering an IPO can take advantage of this time to focus on public company readiness and sharpen their marketing message. In the current environment, investors are stressing that companies be disciplined and focused on supporting product candidates that have the best chance of success and reaching critical milestones.

If you would like to follow up regarding any of the matters covered by this report, please contact your usual Ropes & Gray attorney. Our healthcare and life sciences capital markets teams would be happy to share perspectives on the evolving market environment and the ways in which we can help you achieve your capital-raising objectives.

Methodology

Data for the charts and analyses for this report were compiled from the following sources:

- Market data for the IPO data set was sourced from the S&P Capital IQ database, a product of S&P Global Market Intelligence, a division of S&P Global Inc. The industry classification utilized was "Pharmaceuticals, Biotechnology and Life Sciences (Primary)." IPOs reviewed were limited to those listings on the Nasdaq Global Select Market, Nasdaq Global Market, Nasdaq Capital Market, New York Stock Exchange or NYSE American. To be included in the data set, an IPO had to have raised at least $30 million in gross proceeds.

- Post-deal valuation data was additionally sourced from PitchBook Data, Inc.

- Market data for the Follow-On Offering data set was sourced from the S&P Capital IQ database, a product of S&P Global Market Intelligence, a division of S&P Global Inc. The industry classification utilized was "Pharmaceuticals, Biotechnology and Life Sciences (Primary)." Follow-on offerings reviewed were limited to those with issuers listed on the Nasdaq Global Select Market, Nasdaq Global Market, Nasdaq Capital Market, New York Stock Exchange or NYSE American. To be included in the data set, a follow-on offering had to have raised at least $30 million in gross proceeds.

- Additional data was sourced from company filings from the Securities and Exchange Commission's EDGAR database (https://www.sec.gov/edgar). Documents reviewed included registration statements, SEC comment letters, periodic and current reports, and underwriting agreements.

The following additional clarifying notes may be helpful in reviewing the charts and analyses in this report:

- Given the size of the Follow-On Offering data set, for purposes of charts and analysis in this report, other than the market activity overview charts, we reviewed a sample data set of 341 transactions out of a total of 603 in the full data set. The full data set was utilized for market activity overview charts. The sample data set was utilized for the remaining charts. For certain charts and analysis, including Lock-Up Periods and Concurrent Private Placements, we also excluded non-underwritten offerings from the sample data set.

- For Stage of Clinical Development charts and analysis, we looked to how far advanced an issuer's lead product candidate was in its FDA clinical trial process at the time of the transaction, as disclosed in such issuer's final prospectus. Certain issuers in our IPO and Follow-On Offering data sets were excluded for purposes of these charts and analysis if their products and/or services were not subject to the FDA approval process.

Ropes & Gray Recognition

Top 5 Most Innovative Law Firms in North America

—*Financial Times*

Honored for Excellence – Health Care, Pharmaceuticals and Life Sciences

—*China Business Law Journal*

Charts and Analysis

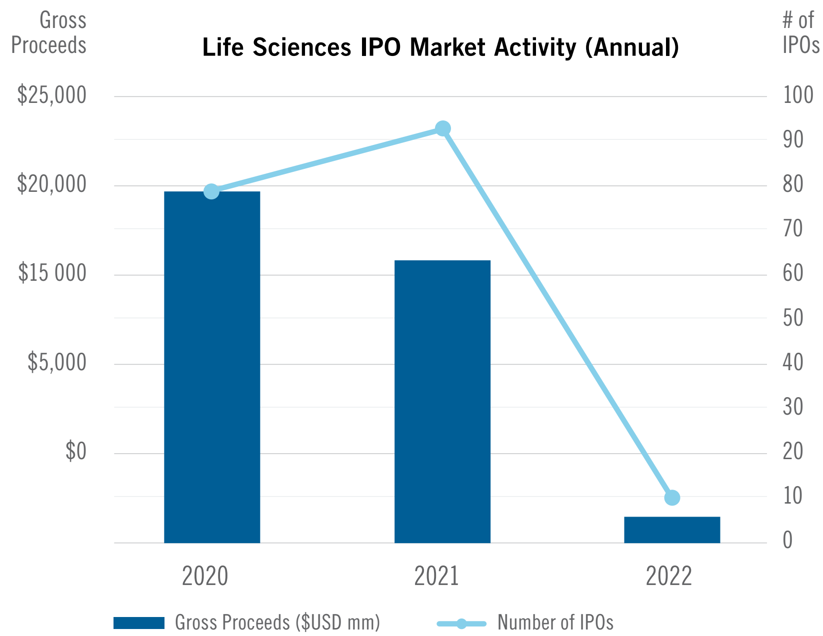
Initial Public Offerings

Follow-On Offerings

Initial Public Offerings

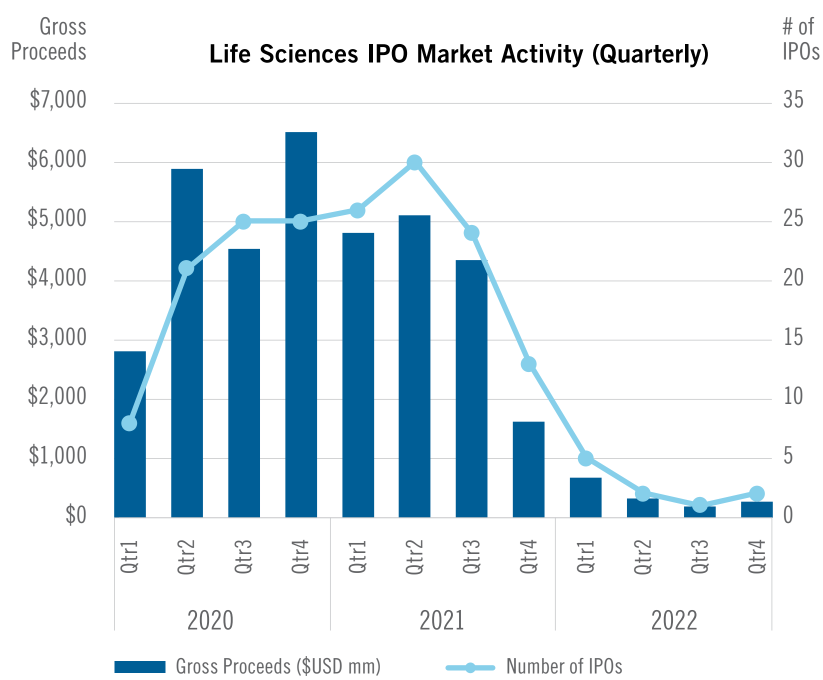
Overview of Life Sciences IPO Market Activity

In 2020, a total of 79 life sciences IPOs raised approximately $19.7 billion in aggregate gross proceeds. The number of life sciences IPOs increased by 14, or approximately 18%, from 2020 to 2021, but aggregate gross proceeds declined by almost 20% due, in significant part, to fewer “mega-IPOs” (IPOs raising over one billion dollars in gross proceeds). From 2021 to 2022, the number of IPOs and the aggregate gross proceeds raised collapsed by 89% and 91%, respectively. Only 10 life sciences companies completed IPOs in 2022, generating approximately $1.4 billion in aggregate gross proceeds.



SOURCE: S&P Capital IQ; Ropes & Gray

The number of life sciences IPOs started to show considerable strength in the second quarter of 2020, with a marked increase in both the number of IPOs and aggregate gross proceeds raised continuing through the third quarter of 2021. During these six quarters, an average of 25 life sciences IPOs priced per quarter, and approximately $5.2 billion of aggregate gross proceeds was raised per quarter. From the third quarter of 2021 to the second quarter of 2022, the number of life sciences IPOs declined by approximately 92%, and aggregate gross proceeds declined by approximately 93%. The life sciences IPO market was so weak in 2022 that both the total number of IPOs and aggregate gross proceeds raised for the year were lower than in any individual quarter in 2020 and 2021.



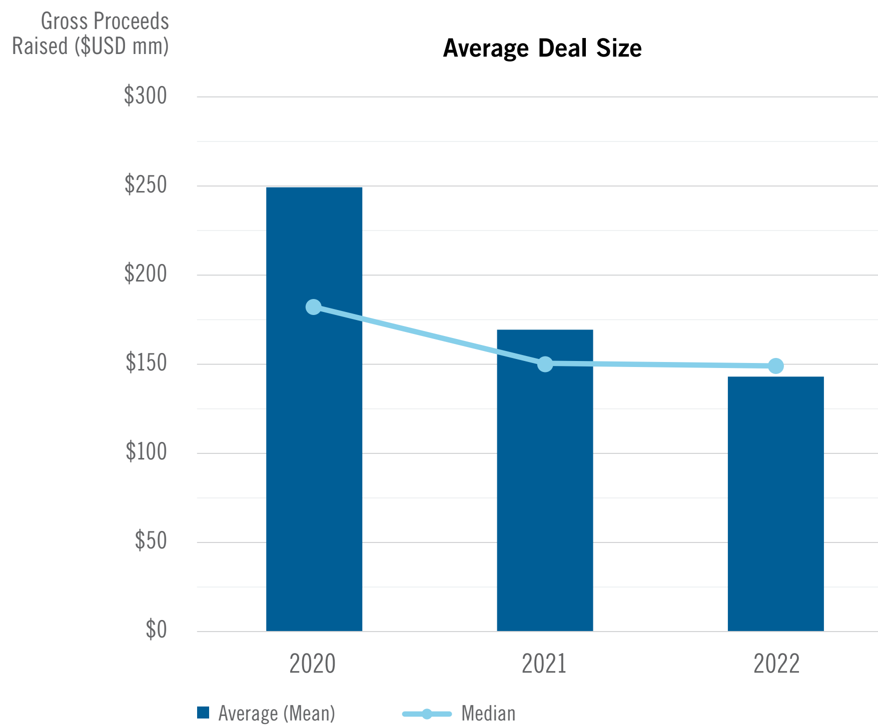
SOURCE: S&P Capital IQ; Ropes & Gray

Average Deal Size

For purposes of the following charts and analysis, deal size refers to the amount of gross proceeds raised in an IPO, excluding any exercise of the underwriters' overallotment option.

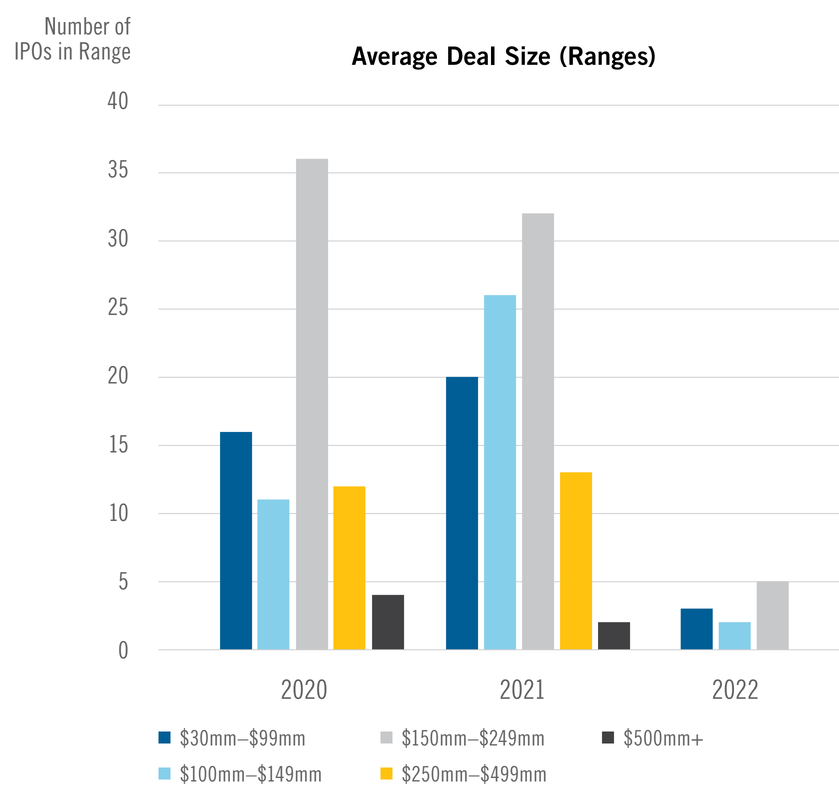
In 2020, the average deal size was approximately $250 million. From 2020 to 2021, the average deal size decreased by more than 30%. From 2021 to 2022, the average deal size decreased approximately 27%.

In 2020, the median deal size was approximately $182 million. From 2020 to 2021, the median deal size decreased by approximately 18% to $150 million. From 2021 to 2022, the median deal size was relatively flat.



SOURCE: S&P Capital IQ; Ropes & Gray

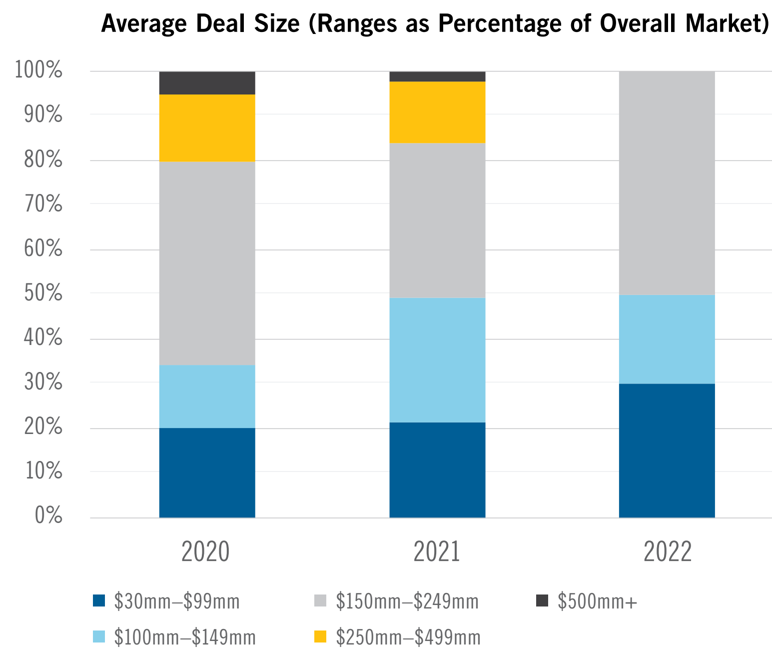
Four life sciences IPOs raised more than $1 billion of gross proceeds in 2020. There were no billion-dollar IPOs in 2021 or 2022. The largest IPO in 2022 raised only $200 million in gross proceeds.



SOURCE: S&P Capital IQ; Ropes & Gray

Average Deal Size (continued)

For 2020 through 2022, most IPOs (in terms of both deal count and percentage of deals) fell within the $150 million to $249 million range with respect to gross proceeds raised. No IPO raised more than $250 million in gross proceeds in 2022.

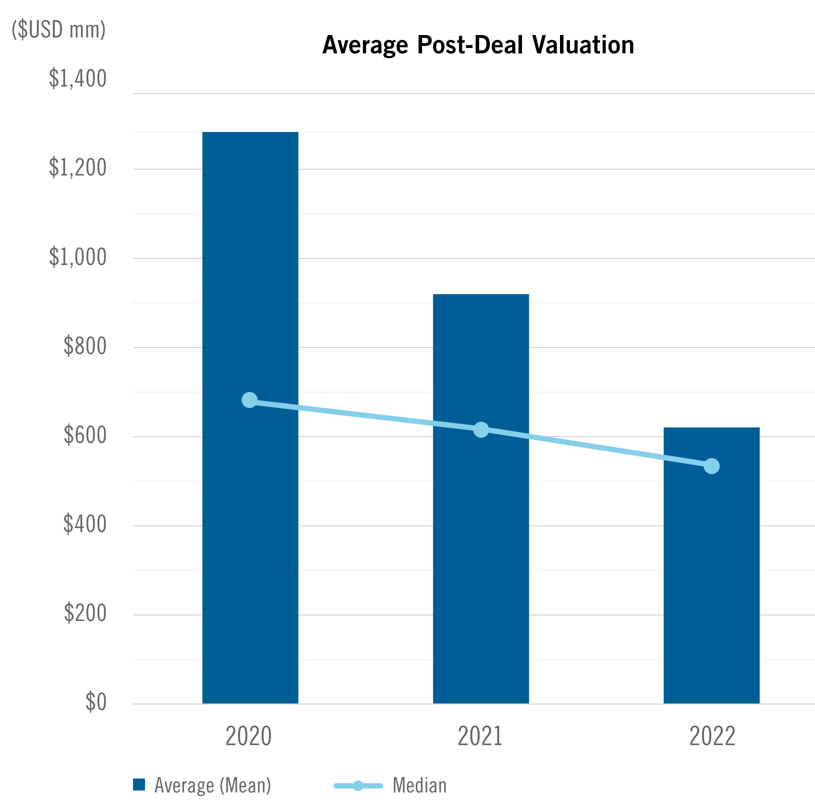


SOURCE: S&P Capital IQ; Ropes & Gray

Post-Deal Valuation

A steady decline in post-deal valuation for IPOs was observed from 2020 to 2022. In 2020, the average post-deal valuation was approximately $1.3 billion. From 2020 to 2021, the average post-deal valuation decreased by approximately 29% to $918 million. From 2021 to 2022, the average post-deal valuation decreased further by approximately 32% to $622 million.

In 2020, the median post-deal valuation was approximately $677 million. From 2020 to 2021, the median post-deal valuation decreased by approximately 9% to $618 million. From 2021 to 2022, the median post-deal valuation decreased by approximately 13% to $535 million.

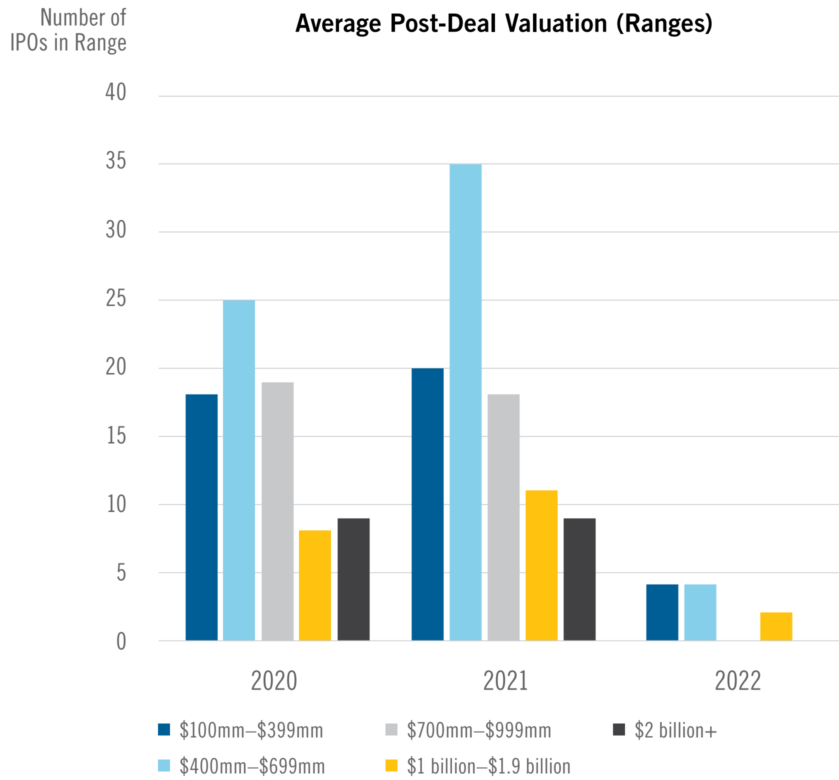


SOURCE: Pitchbook; Ropes & Gray

Post-Deal Valuation (continued)

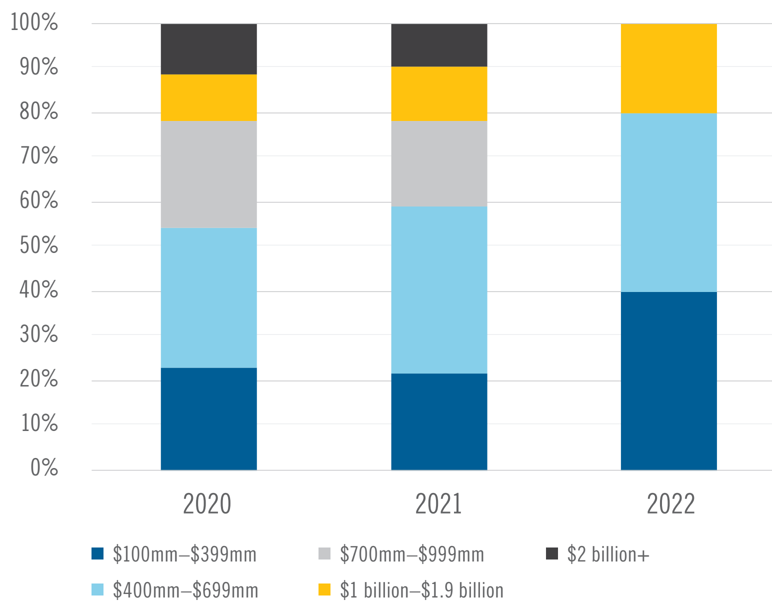
Over the past three years, small-cap issuers with post-deal valuations of less than $1 billion made up most of the life sciences IPO market. In 2020 and 2021, most life sciences IPO issuers had post-IPO valuations of between $400 and $699 million, followed by valuations of between $100 million and $399 million. In 2022, an equal number of life sciences issuers priced IPOs in both the $400-699 million and $100-$399 million ranges. While an equal number of life sciences issuers priced IPOs in 2020 and 2021 with post-deal valuations above $2 billion, six life sciences issuers with post-deal valuations above $5 billion completed IPOs in 2020. In contrast, in 2021, only one life sciences issuer with a post-deal valuation of greater than $5 billion completed an IPO in 2021. In 2022, no life sciences IPOs yielded a post-deal valuation of $2 billion or greater.

Average Post-Deal Valuation (Ranges)



SOURCE: Pitchbook; Ropes & Gray

Average Post-Deal Valuation (Ranges as Percentage of Overall Market)



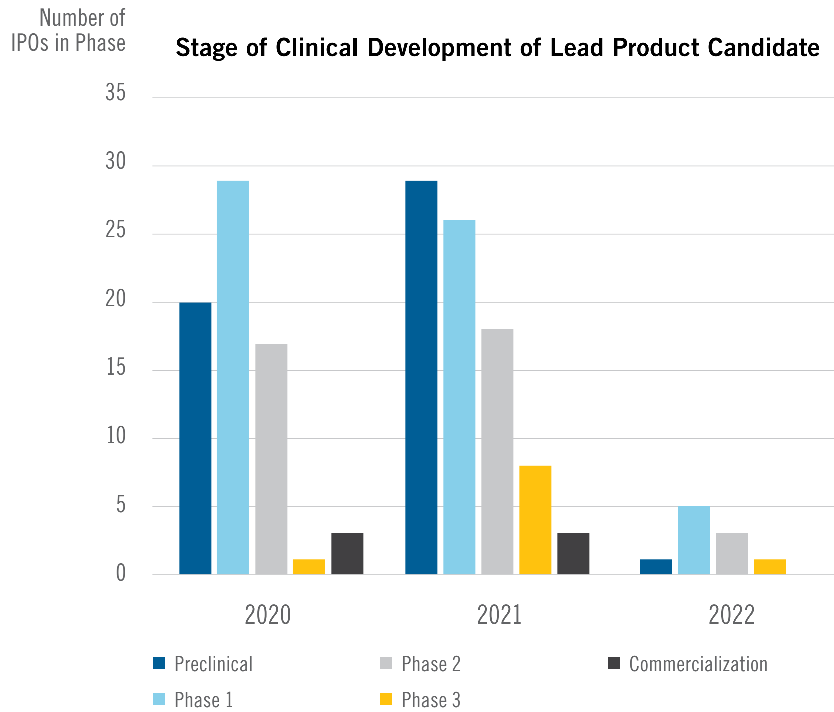
SOURCE: Pitchbook; Ropes & Gray

Stage of Clinical Development

For determining stage of clinical development for a life sciences issuer, we looked at the stage of clinical development of its lead product candidate. Certain issuers in our data set were excluded for purposes of these charts and analysis if their products and/or services were not subject to the FDA approval process, including, for example, medical device companies, lab and biotech service providers, and clinical research organizations.

In both 2020 and 2022, life sciences issuers that priced IPOs most commonly had a lead product candidate in Phase 1 development as compared to other stages of clinical development. In 2021, by contrast, a greater number of life sciences issuers had not yet advanced their product candidates into clinical development. Even taking into account the sharp decline in deals overall, 2022 was notable for seeing only one preclinical issuer price an IPO.

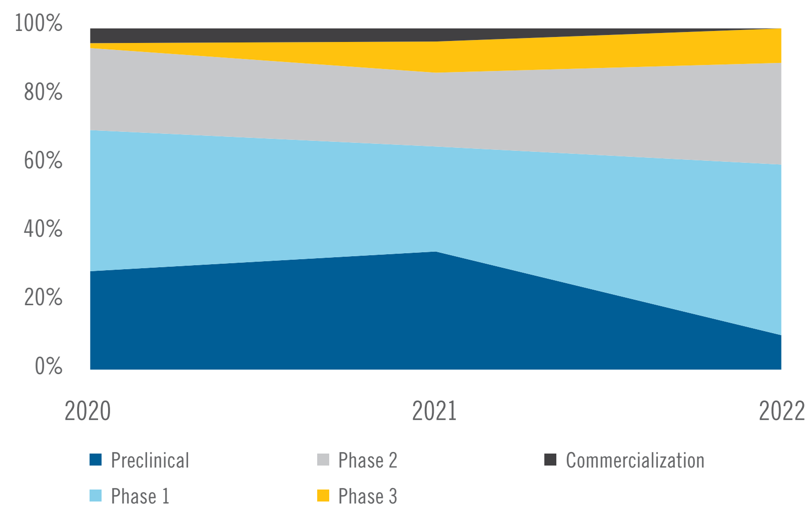
Stage of Clinical Development of Lead Product Candidate



SOURCE: S&P Capital IQ; Ropes & Gray

Despite the fall-off of preclinical issuers completing IPOs in 2022, over the past three years, more than 60% of life sciences issuers that priced an IPO had a lead candidate in Phase 1 clinical development or in an earlier stage of development. Apart from a notable increase in 2021, relatively few life sciences issuers that priced an IPO had a lead product candidate in Phase 3 clinical development or a commercialized product.

Stage of Clinical Development of Lead Product Candidate (Percentages of Overall Market)

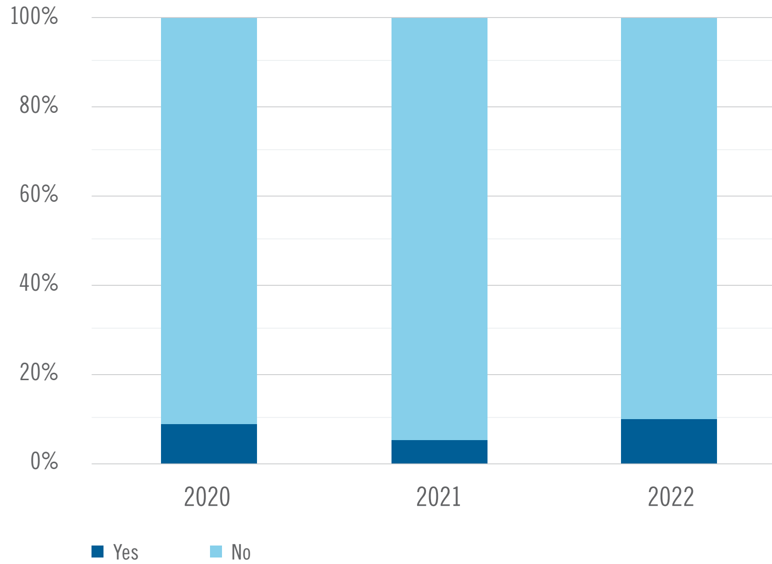


SOURCE: S&P Capital IQ; Ropes & Gray

Concurrent Private Placements

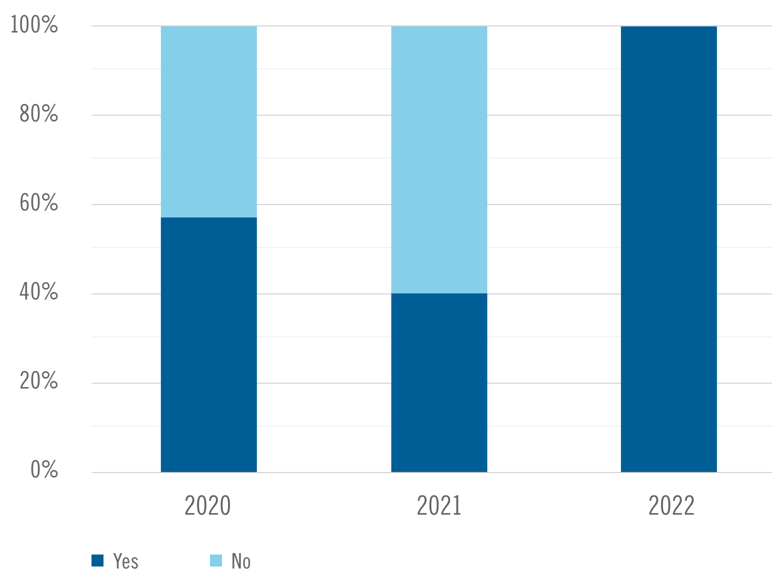
Over the past three years, approximately 7% of life sciences IPOs have been accompanied by concurrent private placements, ranging from a low of 5% to a high of 10%. Of these life sciences IPOs, the concurrent private placements have more often than not included participation by existing insiders (significant stockholders, directors or executive officers) of the issuer.

Concurrent Private Placements (Percentage of Overall Market)



SOURCE: S&P Capital IQ; Ropes & Gray

Insider Participation in Concurrent Private Placements

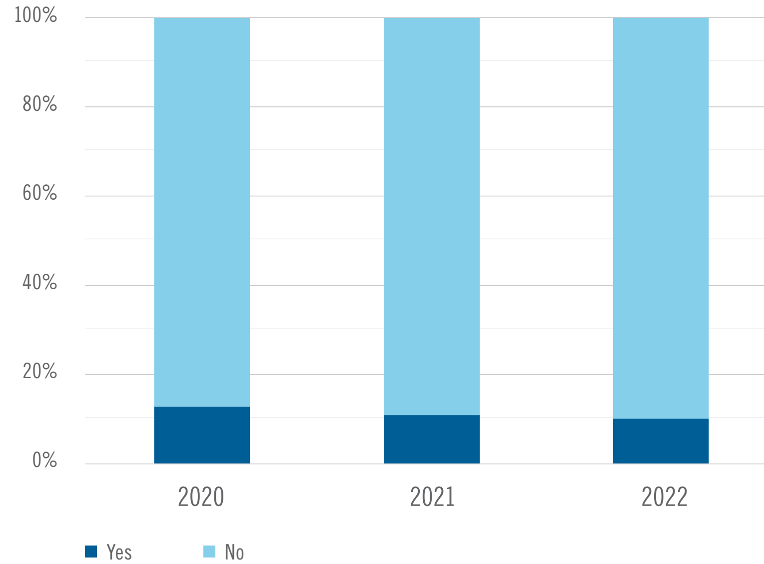


SOURCE: S&P Capital IQ; Ropes & Gray

Indications of Interest

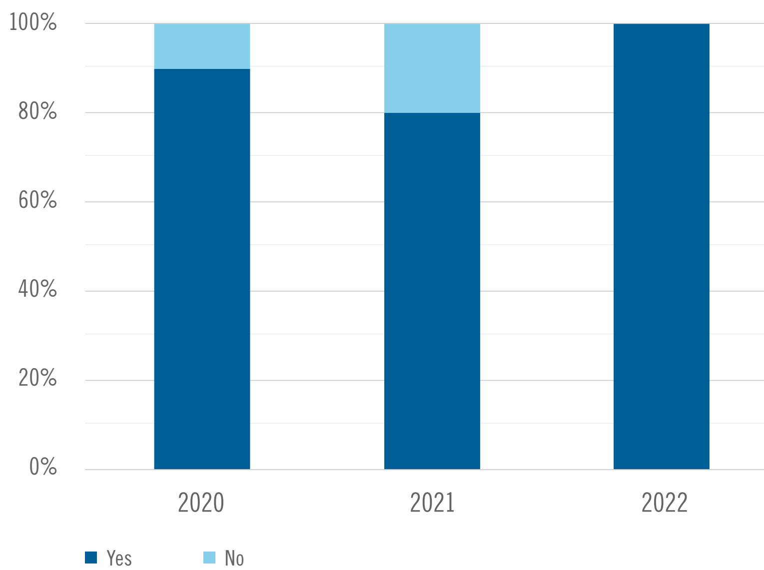
Over the past three years, the preliminary prospectuses of approximately 13% of life sciences IPOs have included indications of interest disclosure, ranging from a low of 11% to a high of 15%. Almost all of these indications of interest include participation by existing insiders (significant stockholders, directors or executive officers) of the issuer. Frequently, these indications of interest are expressed by investors that also participated in an issuer's last private financing round prior to the IPO.

Indications of Interest (Percentage of Overall Market)



SOURCE: S&P Capital IQ; Ropes & Gray

Indications of Interest Where Insiders Expressed Interest



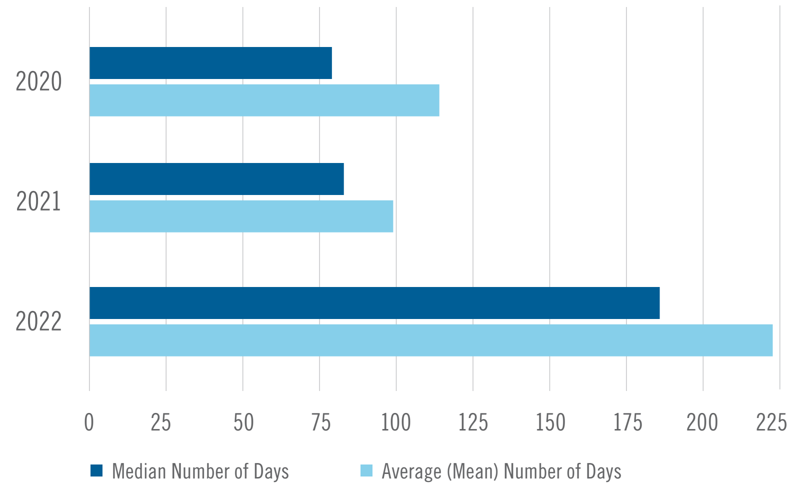
SOURCE: S&P Capital IQ; Ropes & Gray

Deal Timing

To assess deal timing, we calculated the number of days from an issuer's initial confidential submission of its draft registration statement to the SEC to the IPO pricing date.

From 2020 to 2021, the average number of days decreased from the initial submission date to the IPO pricing date. When looking at the median measure, there was a slight increase in the number of days from 2020 to 2021. In 2022, it took issuers more than twice as long to price an IPO, whether looking at the average or median measure.

Number of Days from Initial SEC Submission to Pricing

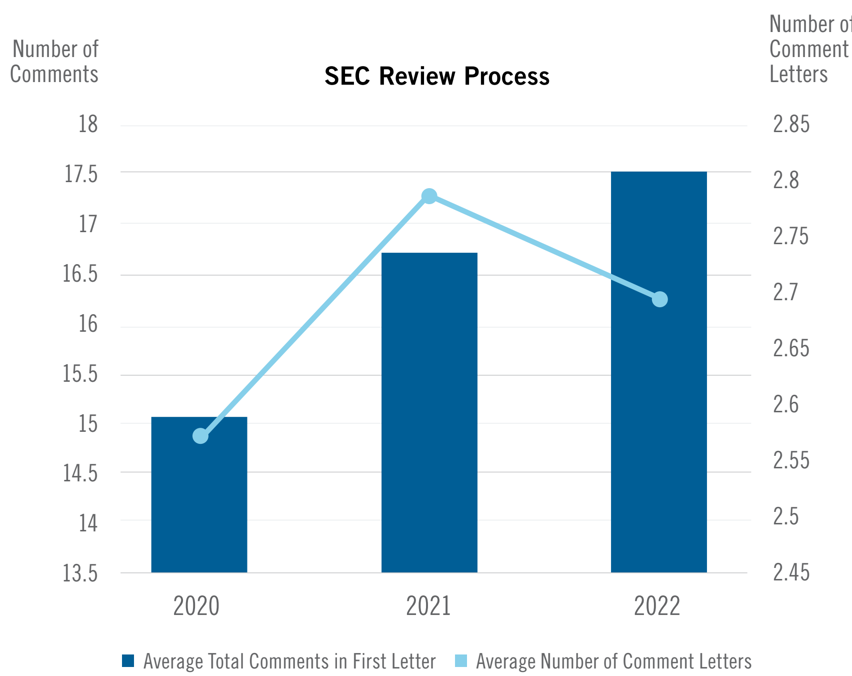


SOURCE: S&P Capital IQ; Ropes & Gray

SEC Review Process

From 2020 to 2021, there was a slight uptick in the average number of comments received in initial SEC comment letters for life sciences IPOs, from 15 to 17.5. The average for the three-year period was 16 comments; the median was 15 comments. Similarly, the average number of comment letters received by life sciences issuers during the SEC review process for IPOs was relatively stable over the three-year period and averaged 2.7 comment letters, with a median of 3 comment letters.

SEC Review Process

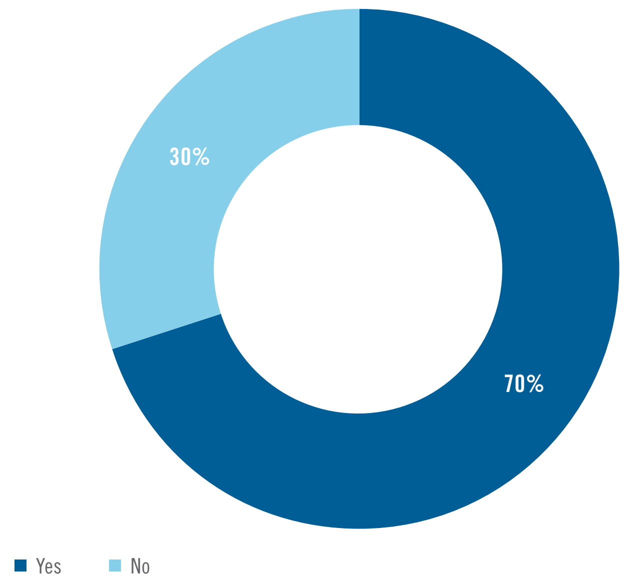


SOURCE: Ropes & Gray

SEC Comments: Summary Pipeline Table

Life sciences issuers often include a summary table of their pipeline of product candidates and programs in their IPO prospectuses. The pipeline illustrates the stage of clinical development of each of their significant programs. From 2020 through 2022, the SEC commented on the summary pipeline table in 70% of life sciences IPOs. Comments ranged from questioning whether certain programs should be included in the table to requesting technical adjustments to graphical illustrations.

SEC Comments: Summary Pipeline Table

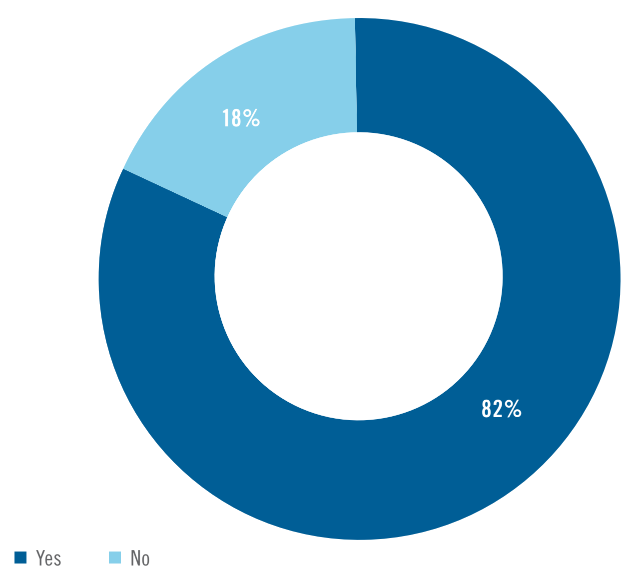


SOURCE: Ropes & Gray

SEC Comments: Intellectual Property Matters and License Agreements

From 2020 through 2022, the SEC commented on intellectual property matters and licensing agreements in 82% of life sciences IPOs. Comments included requested clarifications of ownership of intellectual property rights and patent portfolios, specificity regarding the jurisdictions in which life sciences issuers hold intellectual property rights, and additional detail regarding the terms of license agreements with partners and institutions.

SEC Comments: Intellectual Property Matters and License Agreements

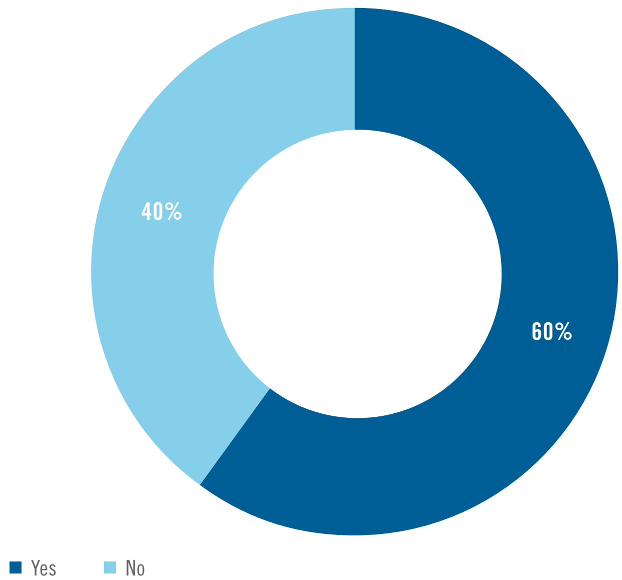


SOURCE: Ropes & Gray

SEC Comments: Use of Proceeds

From 2020 through 2022, the SEC commented on the intended use of proceeds in 60% of life sciences IPOs. Comments included requesting greater detail as to how proceeds would be allocated among different programs and product candidates, how far such proceeds would advance toward the achievement of specific purposes, and whether material amounts of other funds would be necessary to accomplish these specific purposes.

SEC Comments: Use of Proceeds

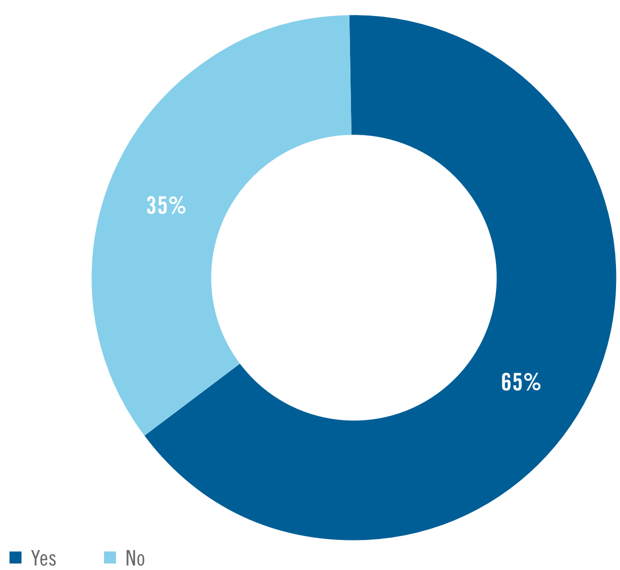


SOURCE: Ropes & Gray

SEC Comments: "Cheap Stock" Issues

During the review process for IPOs, the SEC will often focus on pre-IPO equity issuances and award grants made significantly below the expected IPO price. There are a number of financial reporting and accounting issues that can arise relating to the valuation of these issuances and grants that fall into this category of "cheap stock" issues. From 2020 through 2022, the SEC commented on cheap stock issues in 65% of life sciences IPOs. It is also sometimes the case that life sciences issuers preemptively address the issue with a stand-alone "cheap stock letter." The most common variation of this comment is to preliminarily request from the issuer an explanation of how it determined the fair value of the common stock underlying its equity issuances and the reasons for any differences between the recent valuations of common stock leading up to the IPO and the estimated offering price.

SEC Comments: "Cheap Stock" Issues

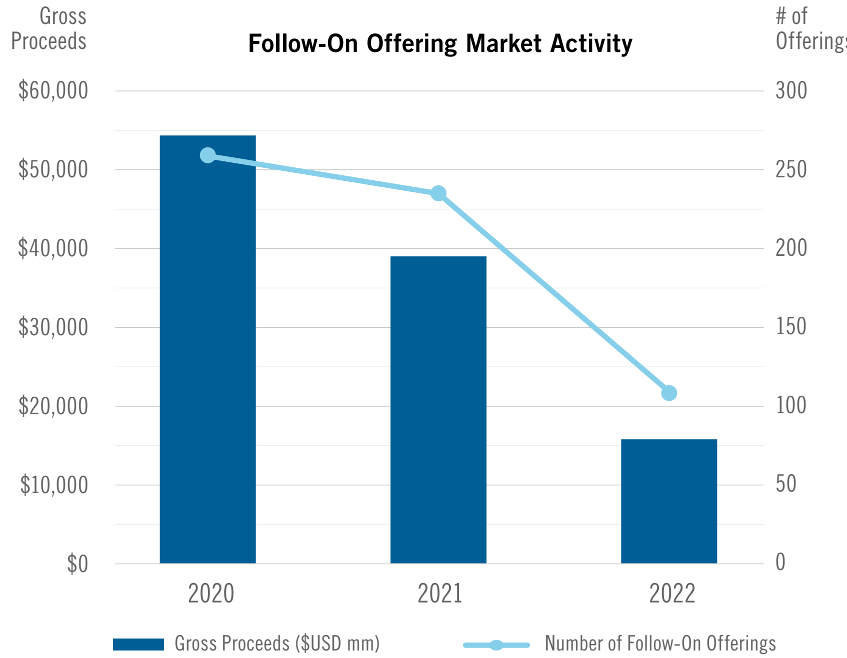


SOURCE: Ropes & Gray

Follow-On Offerings

Overview of Follow-On Offering Market Activity

In 2020, 262 life sciences follow-on offerings raised approximately $55.4 billion in aggregate gross proceeds. The number of life sciences follow-on offerings decreased by approximately 12% from 2020 to 2021, and by another 53% from 2021 to 2022. Aggregate gross proceeds raised from life sciences follow-on offerings decreased by approximately 32% from 2020 to 2021, and by another 57% from 2021 to 2022. There was an approximately 58% decrease in the number of deals and a 71% decrease in aggregate gross proceeds raised in 2022, as compared to 2020.



SOURCE: S&P Capital IQ; Ropes & Gray

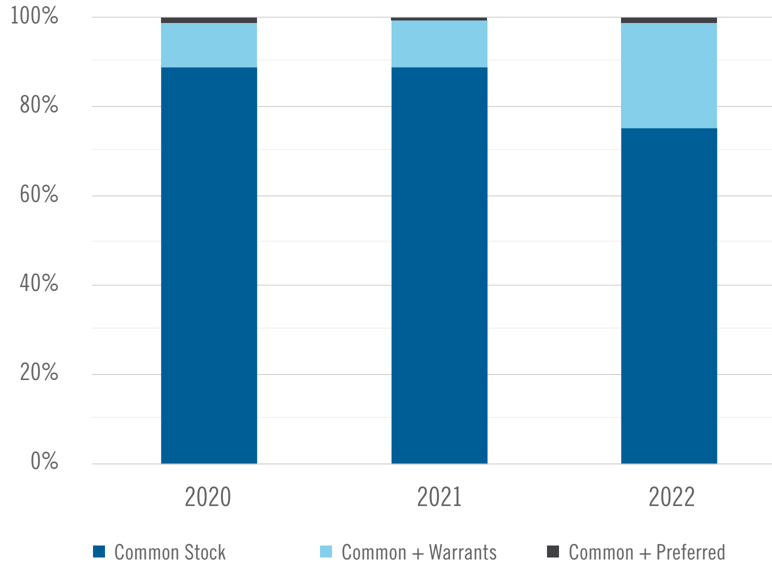
Similar to the life sciences IPO market, there was a boom in life sciences follow-on offerings commencing in the second quarter of 2020. Deal count increased by approximately 63%, and aggregate gross proceeds increased by 1.6 times. Life sciences follow-on offering activity continued at considerably elevated levels until the second quarter of 2021, when both the number of follow-on offerings and aggregate gross proceeds raised fell back to levels consistent with the first quarter of 2020. This contrasted with the life sciences IPO market, which was still going strong up until the fourth quarter of 2021. In 2022, the first quarter had the lowest levels of life sciences follow-on offering activity, as compared to the prior eight quarters. Both deal count and aggregate gross proceeds raised recovered somewhat during the third and fourth quarters of 2022.

SOURCE: S&P Capital IQ; Ropes & Gray

Types of Securities Offered

While the mix of securities included in life sciences follow-on offerings was relatively consistent from 2020 to 2021, the number of deals including warrants alongside common stock increased from approximately 11% in 2020 and 2021 to approximately 24% in 2022. Follow-on offerings involving both common and preferred stock remained relatively infrequent over the three-year period.

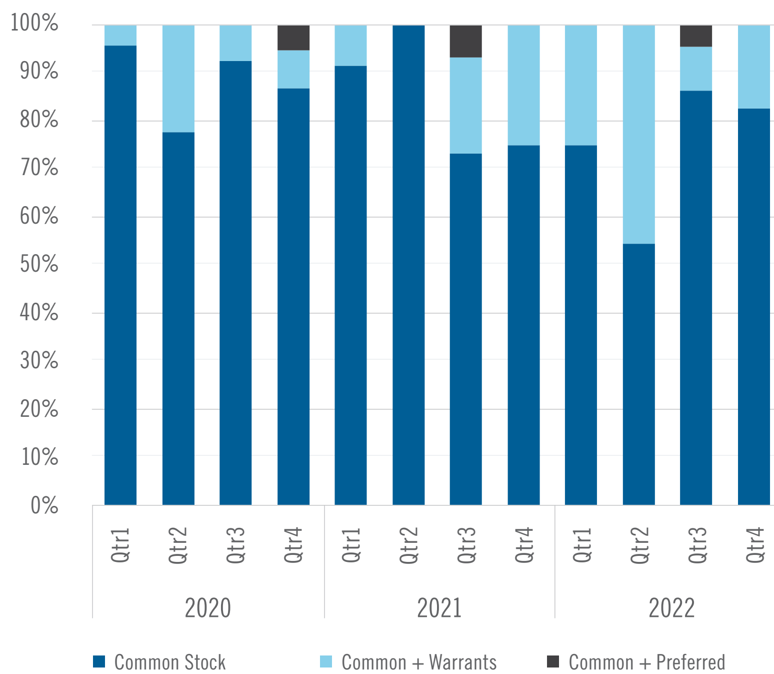
Types of Securities Included in Offering



SOURCE: S&P Capital IQ; Ropes & Gray

Taking a closer look at quarter-by-quarter breakdowns, follow-on offerings involving both common stock and warrants began to increase in the third quarter of 2021 as the market softened, and these types of deals made up approximately 46% of total life sciences follow-on offerings in the second quarter of 2022.

Types of Securities Included in Offering (Quarterly)



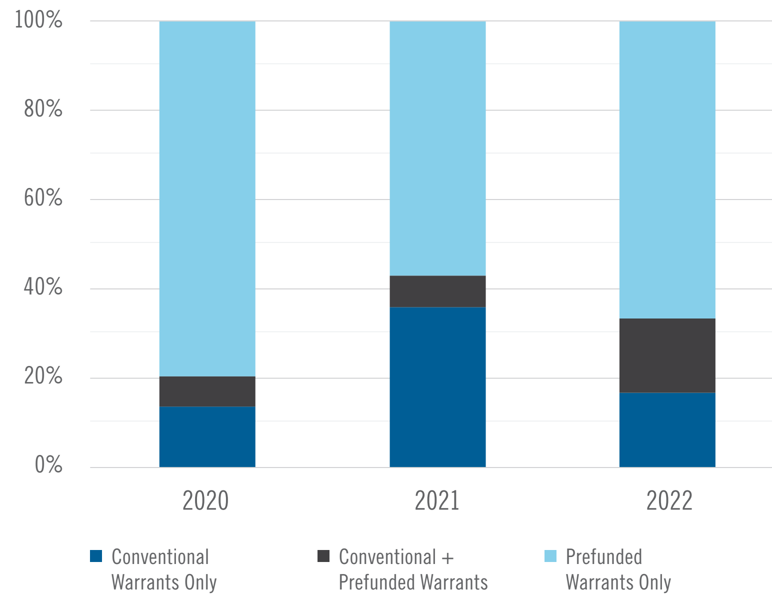
SOURCE: S&P Capital IQ; Ropes & Gray

** Charts and analysis on this page were prepared utilizing the Follow-On Offering sample set. See Methodology for details.*

Types of Securities Offered (continued)

On closer examination, many of the common stock plus warrant follow-on offerings consisted of prefunded warrants. A prefunded warrant is a warrant that allows the holder to purchase a specified number of the issuer's securities at a nominal exercise price, typically $0.01 per share. In most of the life sciences follow-on offerings reviewed for this report, the prefunded warrants served as substitutes for common stock. The use of the prefunded warrant allowed insiders and other significant owners to avoid specified beneficial ownership thresholds.

Conventional vs. Prefunded Warrants

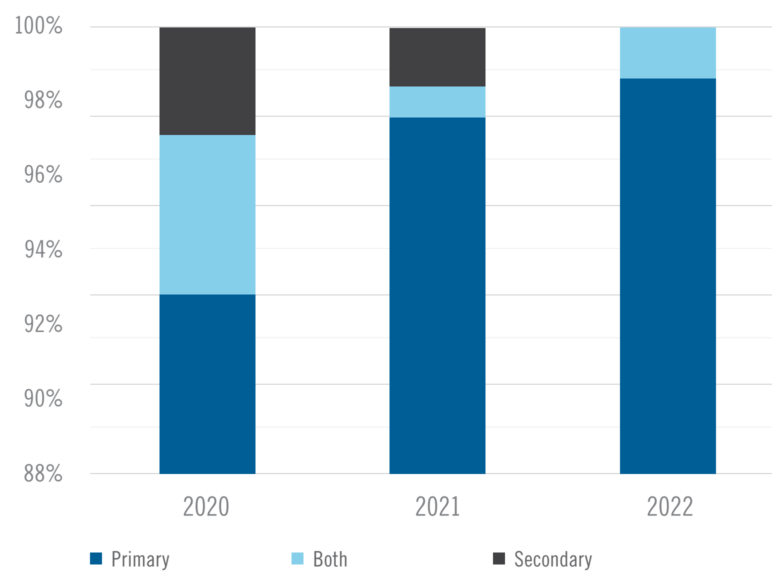


SOURCE: S&P Capital IQ; Ropes & Gray

Primary vs. Secondary Offerings

While almost 8% of the 2020 life sciences follow-on offerings reviewed included a secondary component (i.e., selling shareholders), that percentage decreased to approximately 2% in 2021 and 2022. As compared to other industry sectors, secondary components are extremely rare features in life sciences follow-on offerings.

Primary vs. Secondary Offerings



SOURCE: S&P Capital IQ; Ropes & Gray

* *Charts and analysis on this page were prepared utilizing the Follow-On Offering sample set. See Methodology for details.*

Stage of Clinical Development

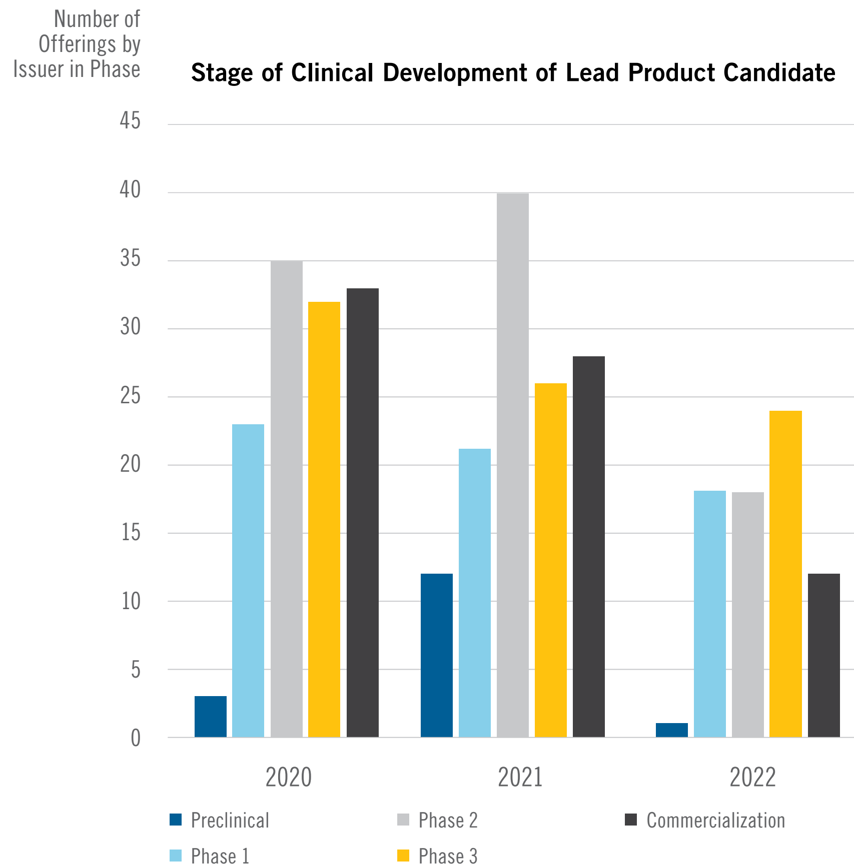
For determining stage of clinical development for a life sciences issuer, we looked to how far advanced the issuer's lead product candidate was in its FDA clinical trial process. Certain issuers in our data set were excluded for purposes of these charts and analysis if their products and/or services were not subject to this FDA approval process, including, for example, medical device companies, lab and biotech service providers, and clinical research organizations.

In 2020 and 2021, life sciences follow-on offerings were most often conducted by issuers with a lead product candidate in a Phase 2 clinical trial. In 2022, more life sciences follow-on offerings were conducted by issuers with a lead product candidate in a Phase 3 clinical trial as compared to issuers with lead product candidates in other stages of clinical development. As compared to IPOs, life sciences issuers conducting a follow-on offering were more likely to have lead product candidates in a more advanced development phase. Although a number of preclinical issuers completed follow-on offerings in 2021, offerings by preclinical issuers became quite infrequent in 2022 as markets became more challenged.

From 2020 to 2022, about half of life sciences follow-on offerings were consistently conducted by issuers with a lead product candidate in Phase 2 or Phase 3 of clinical development. From 2021 to 2022, the percentage of life sciences follow-on offerings for preclinical issuers and issuers with approved or commercialized products, companies at the opposite poles of the clinical development spectrum, decreased significantly, by approximately 68% in total.

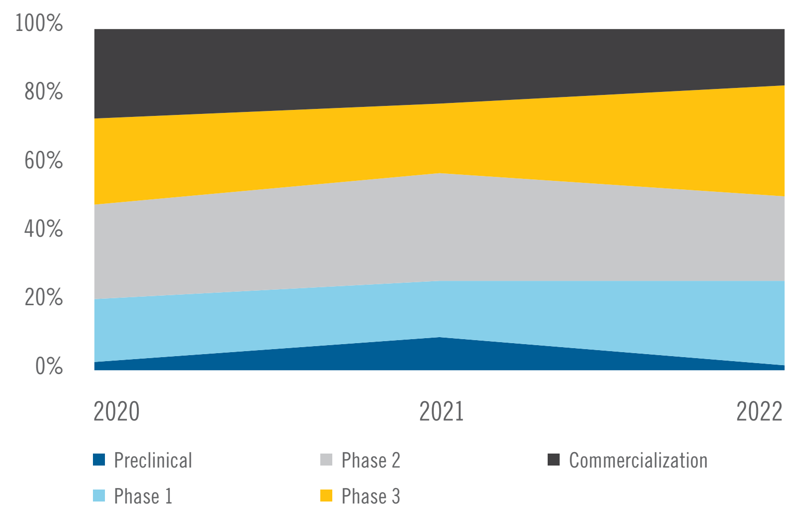
* *Charts and analysis on this page were prepared utilizing the Follow-On Offering sample set. See Methodology for details.*

Stage of Clinical Development of Lead Product Candidate



SOURCE: S&P Capital IQ; Ropes & Gray

Stage of Clinical Development of Lead Product Candidate (Percentages of Overall Market)



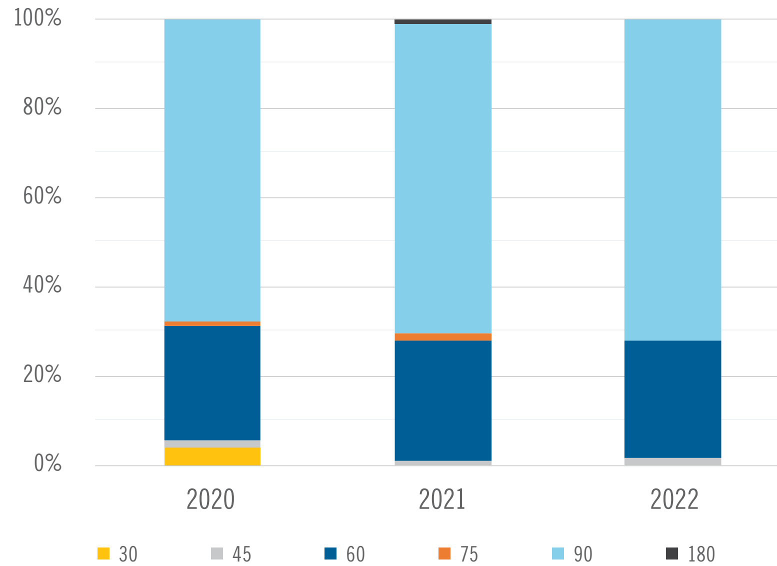
SOURCE: S&P Capital IQ; Ropes & Gray

Lock-Ups

Lock-up agreements prohibit issuers and company insiders from selling their shares for a set period of time after an offering.

From 2020 through 2022, the most common lock-up period for life sciences issuers conducting a follow-on offering was 90 days. The second most common lock-up period for life sciences issuers was 60 days. Other periods were infrequent.

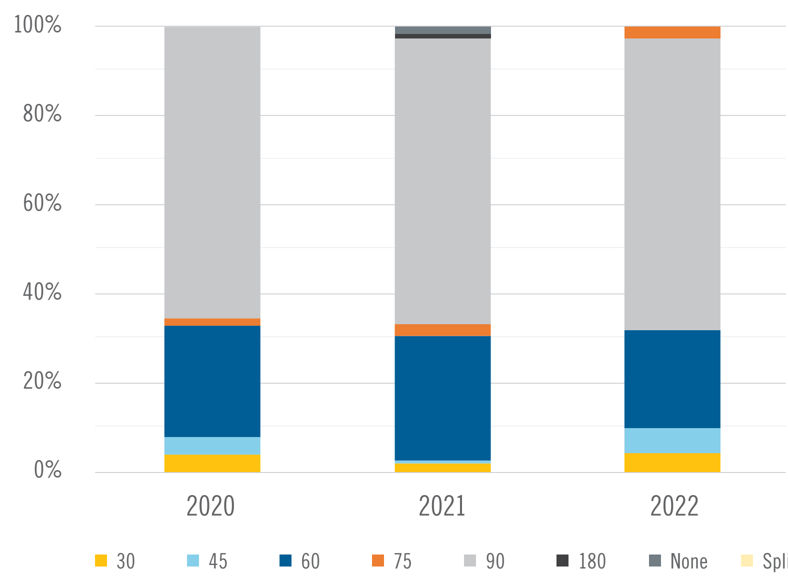
Company Lock-Up Periods in Underwritten Follow-on Offerings



SOURCE: S&P Capital IQ; Ropes & Gray

From 2020 through 2022, the most common lock-up period in life sciences follow-on offerings for directors and officers was 90 days. The second most common lock-up period in life sciences follow-on offerings for directors and officers was 60 days. Other periods were infrequent, but variations were more common for directors and officers than life sciences issuers. There was a higher percentage of 30- and 45-day lock-up periods for directors and officers than for life sciences issuers. In addition, there were a couple of life sciences follow-on offerings reviewed in which directors and officers were not locked up and in which there were differences in the lock-up period among the director and officer group.

Director & Officer Lock-Up Periods in Underwritten Follow-On Offerings



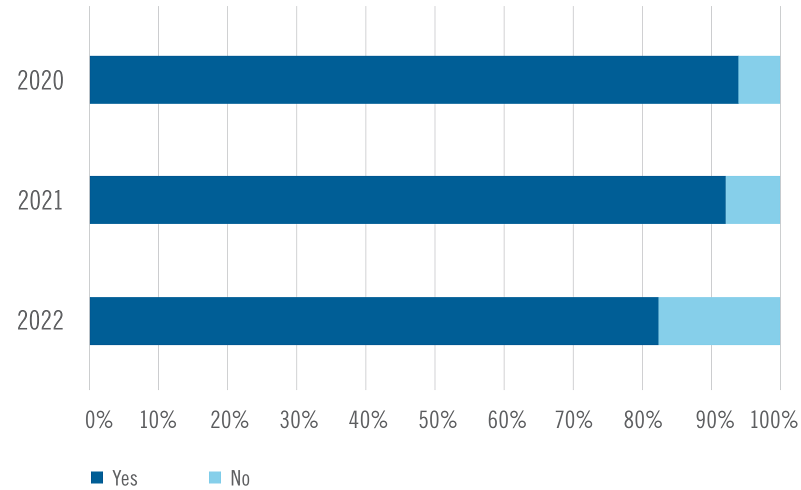
SOURCE: S&P Capital IQ; Ropes & Gray

* *Charts and analysis on this page were prepared utilizing the Follow-On Offering sample set. Lock-up charts and analysis only include underwritten firm-commitment offerings and exclude registered direct or best-efforts offerings. See Methodology for details.*

Lock-Up Periods (continued)

In 2020 and 2021, the percentage of life sciences follow-on offerings in which the company lock-up period and director and officer lock-up period were not the same was consistent at approximately 8%. In 2022, the percentage of life sciences follow-on offerings in which the company lock-up period and director and officer lock-up period were not the same doubled to approximately 16%. In all deals surveyed, the director and officer lock-up period was shorter than the company lock-up period where the two periods were different.

Same Period for Company and Director & Officer Lock-Ups



SOURCE: S&P Capital IQ; Ropes & Gray

Registered Direct Offerings

There were relatively few registered direct offerings (RDOs) by life sciences issuers over the past three years, but such offerings made up almost 10% of life sciences follow-on offerings in 2021. An RDO is a negotiated sale by an issuer directly to one or more investors of securities that have been registered pursuant to an already-effective shelf registration statement. RDOs do not utilize underwriters and are often utilized to raise smaller amounts of capital.

Because our report did not look at life sciences follow-on offerings that raised less than $30 million, we did not include a number of smaller RDOs that would have increased the percentage of RDOs as compared to the overall life sciences follow-on market.

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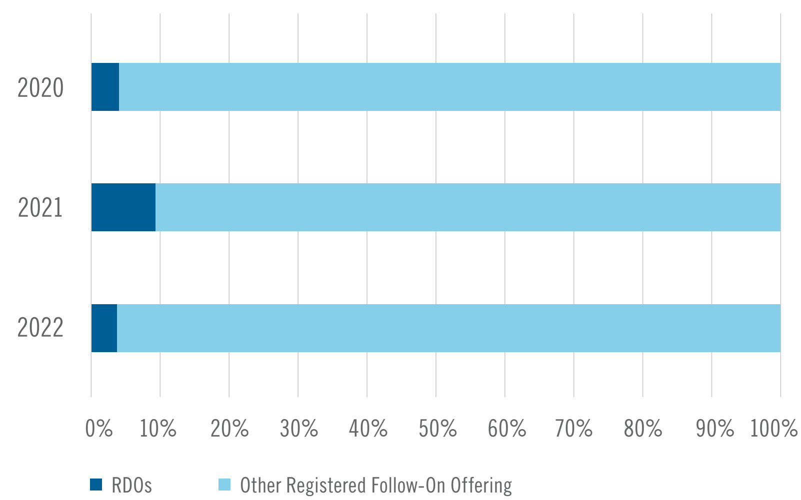
Registered Direct Offerings



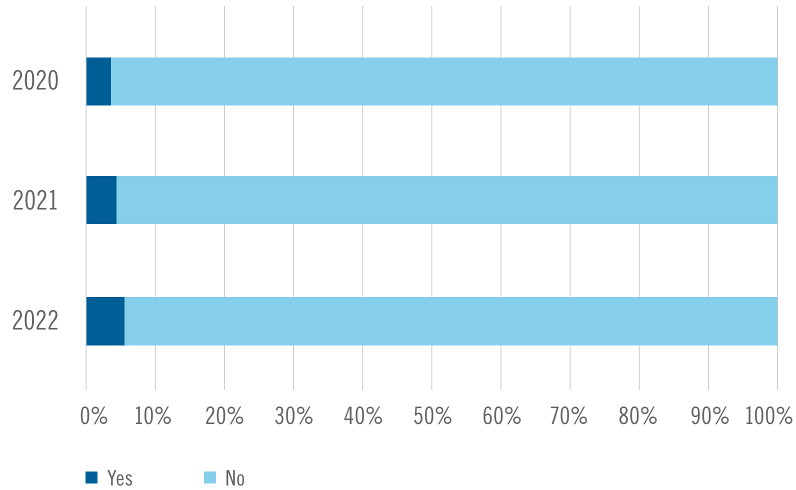
SOURCE: S&P Capital IQ; Ropes & Gray

Concurrent Private Placements

A small percentage of life sciences follow-on offerings were accompanied by a concurrent private placement. The percentage of life sciences follow-on offerings with a concurrent private placement rose from 3.5% in 2020 to 5.5% in 2022. Most often these concurrent private placements involved sales of large blocks of shares to an existing institutional investor or other insider, in some cases pursuant to existing preemptive rights. In other instances, a new institutional investor participated in the concurrent private placement and received governance rights.

* *Charts and analysis on this page were prepared utilizing the Follow-On Offering sample set. Concurrent private placement charts and analysis only include underwritten firm-commitment offerings and exclude registered direct or best-efforts offerings. See Methodology for details.*

Follow-On Offerings with Concurrent Private Placement



SOURCE: S&P Capital IQ; Ropes & Gray

Our Integrated Approach

Capital Markets and Governance

Ropes & Gray has extensive experience representing corporate issuers, large institutional and other investors, and major investment banks, as well as leading private equity firms, in all aspects of capital markets financings and investments.

We draw upon our significant experience to help clients interact with the SEC, including navigating all types of securities offerings, from traditional initial and follow-on offerings and private placements to complex liability management and other structured transactions. The breadth and depth of our attorneys' knowledge allow us to effectively manage the capital markets process for our clients and develop creative solutions to meet their needs.

Our team engages in regular and constructive dialogue with key regulators at the SEC to support our clients on critical compliance and governance issues, including SEC requirements and other complex laws and regulations.

Our capital markets team provides a comprehensive range of services, including:

- First-time listings and initial public offerings
- Follow-on offerings
- Investment-grade debt offerings
- Private placements and Rule 144A/ Regulation S offerings
- SPAC IPOs, private investments and de-SPAC transactions
- Other exempt offerings, such as bank securities and commercial paper financings
- PIPEs
- Spin-off, split-off and carve-out transactions
- Liability management transactions, debt exchanges and debt restructurings
- High yield debt offerings and acquisition financing
- Structured finance transactions, such as asset-backed instruments, credit-linked instruments and CLOs
- Convertible notes and preferred equity instruments
- Privatizations
- Trading, stabilization and other market activity

By the Numbers

100+

attorneys regularly represent clients on capital markets transactions

200+

capital markets transactions worth over $75 billion since January 2021

Top 5

2022 ranking for U.S. IPOs and Equity Offerings (Managers) by *Bloomberg*

Global Healthcare and Life Sciences

Ropes & Gray's healthcare and life sciences group serves the legal and business needs of the world's leading industry participants. Representing clients across all subsectors, our internationally recognized team counsels pharma, biotech and medical device companies; digital health enterprises and technology companies expanding into the industry; major hospital systems, academic medical centers and healthcare service providers; and hundreds of investors, including private equity, asset management, venture capital and investment banking firms. Drawing on resources in our offices around the globe, which include EU and China regulatory specialists, we focus on developing cutting-edge solutions to help clients meet their business goals.

Mergers & Acquisitions

Our life sciences M&A team has represented clients in many large, high-profile mergers and acquisitions. Unique to our team is our ability to handle an entire transaction under one roof, calling upon attorneys in our IP, healthcare and FDA regulatory, antitrust, labor and employment, and tax groups to conduct due diligence and provide advice on various issues that arise during transactions.

Licensing, Collaborations & Joint Ventures

We represent life sciences and healthcare companies in structuring and negotiating commercial agreements involving licensing, co-marketing, co-promotion, distribution and other arrangements.

Capital Markets

We have extensive experience representing life sciences corporate issuers, major investment banks and leading private equity firms in all aspects of capital markets financings.

Private Equity

We have one of the leading, most robust private equity practices in the world. Together with our globally renowned life sciences and healthcare team, we are uniquely positioned to help private equity investors navigate the many types of industry deals and investments taking place around the world.

Venture Capital & Emerging Companies

We advise life sciences venture capital investors throughout the life cycle of their investments. From negotiating and closing seed financings to assisting growth-stage investors in developing successful portfolio companies and structures, we have the experience to support clients from the time of initial investment through their ultimate exit.

Business Restructuring

Our business restructuring team provides life sciences and healthcare clients with creative strategies and practical solutions for addressing the challenges of financial distress and insolvency.

Privacy & Cybersecurity

We help life sciences industry clients manage matters involving privacy and cybersecurity law by counseling on compliance as well as incident prevention and response. We also advise on the risks in corporate transactions and provide representation in litigation and regulatory investigations arising from cyber incidents and alleged privacy violations.

Antitrust

We represent life sciences companies before the FTC, U.S. Department of Justice and other agencies. We also advise in connection with non-public government investigations and represent plaintiffs and defendants in litigating cutting-edge issues.

Healthcare & FDA Regulatory Compliance

As a true healthcare and life sciences firm, we have made a long-term investment in building out a global team of top healthcare and FDA regulatory subject matter experts. We know the ins and outs of regulatory risks, cross-border compliance and enforcement.

Ropes & Gray Recognition

Capital Markets Deal of the Year – LianBio IPO
—*China Business Law Journal*

Intellectual Property

Our IP professionals evaluate third-party IP and provide opinions, perform due diligence, conduct portfolio assessments, develop domestic and international patent strategies, prepare and evaluate IP-related securities disclosures, advise on licensing and collaboration transactions, and deliver litigation services to global life sciences companies.

Securities Litigation & Enforcement

Our litigators have defended numerous securities fraud claims, including those related to regulatory disclosures.

Government Enforcement

We have a long, successful track record of partnering with life sciences companies and other organizations on the full spectrum of internal investigations and white collar enforcement matters.

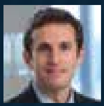
Tax, Benefits & Executive Compensation

Our tax and executive compensation teams provide comprehensive advice related to aspects of mergers and acquisitions, business restructurings, joint ventures, tax planning, and tax controversies.

Real Estate

Our real estate team has a unique understanding of our life sciences clients' needs around R&D and manufacturing, as well as the challenges that arise in developing, leasing, acquiring, structuring, financing, owning and operating real estate for life sciences use.

Life Sciences Capital Markets Contacts



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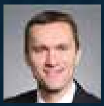

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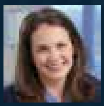

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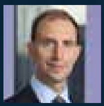

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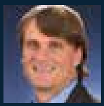

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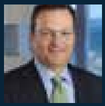

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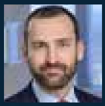

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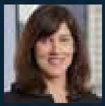

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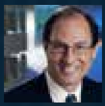

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- Matt Stranzl
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- Sona Sulakian
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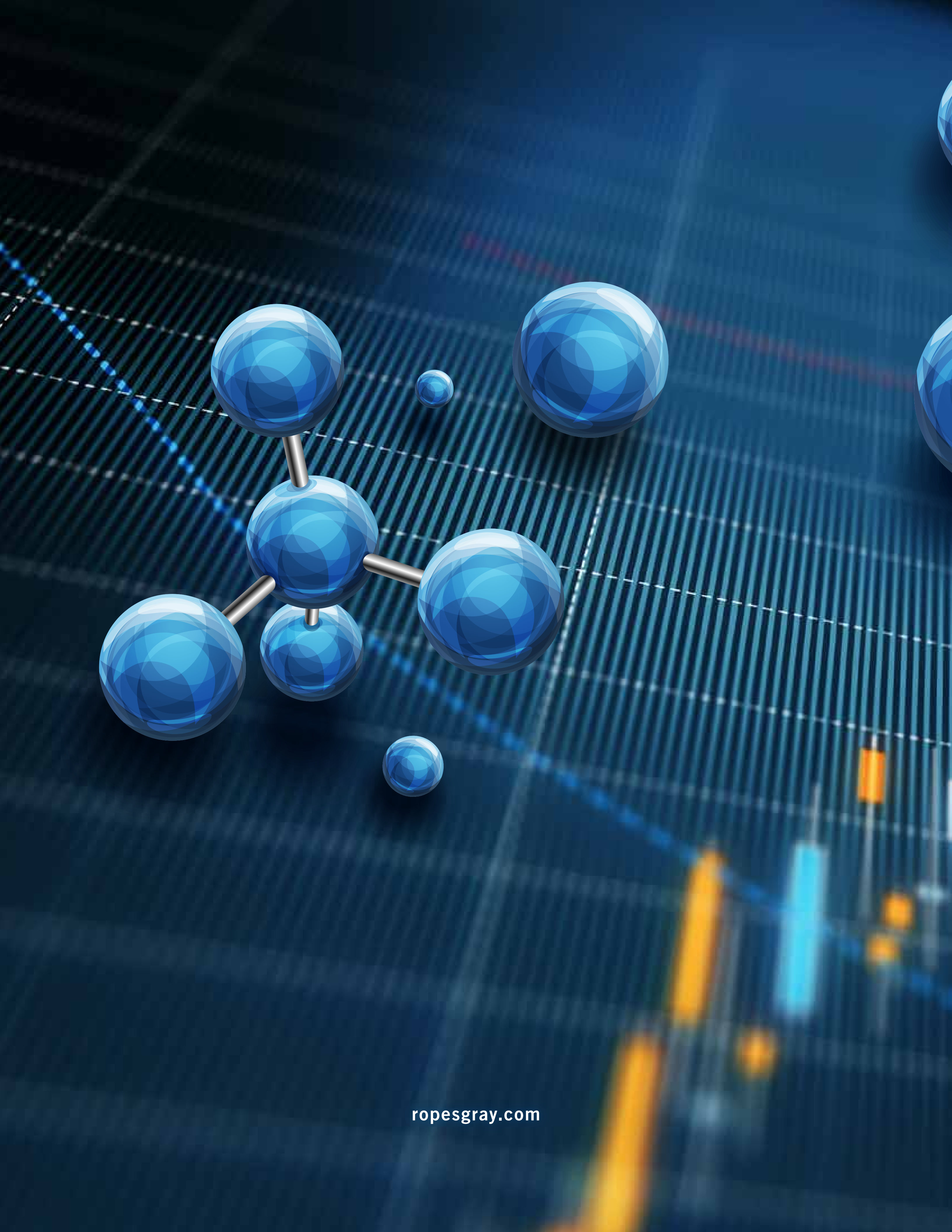

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