

HEALTHCARE AND LIFE SCIENCES

# Capital Markets Quarterly Report

APRIL 2025



# Key Takeaways

During the first quarter of 2025, capital markets for life sciences companies have been less active than in the first quarter of 2024, with the year off to a slow start. The IPO market has opened compared to an exceptionally slow IPO market in the fourth quarter of 2024, but overall, IPO transaction volume in the first quarter of 2025 was on par with activity observed during the middle of 2024. Follow-on market activity has continued to decrease since a remarkably active first quarter of 2024, and that cooling trend continued into the first quarter of 2025.

- This report surveys IPO and follow-on market activity from the past three years, including a total of 39 IPOs and 304 follow-on offerings. Below are some of the key observations of the review, including market trends and transaction structures:
- While the first quarter of 2024 saw a significant resurgence in capital markets activity, this significant rebound in the first quarter of 2024 was not sustained through the remainder of 2024 and first quarter of 2025.
- While IPO average deal size has generally increased in recent years, the average amount raised per initial public offering during the first quarter of 2025 was under \$200 million, representing the lowest quarterly average since the end of 2022.
- Many life sciences companies conducting follow-on offerings continue to rely on a use of pre-funded warrants in order to permit investors to make large investments while continuing to limit certain investors' beneficial ownership.

## Perspectives and Outlook

### Alternative Transactions

Other types of transactions may also follow trends observed in public offerings, with respect to activity levels and dollars raised.

For example, in the first quarter of 2025, investments in biopharmaceutical companies through PIPEs have also significantly decreased compared to the same period in 2024, as these transactions are impacted by some of the same market drivers as registered public offerings.

Issuers may also seek direct listings if markets are not conducive to underwritten public offerings. In the first quarter of 2025, one issuer completed a direct listing and another issuer indicated its intention to complete a registered direct offering this year.

### Second Quarter Outlook

Market volatility in the first week of the second quarter caused by geopolitical news has halted or delayed many offerings planned for the quarter. We expect that many issuers may wait for better market certainty before executing opportunistic capital markets transactions. As a result, issuers will need to be ready to take advantage of market windows that open quickly during periods of volatility.

Recent statements made by the U.S. Secretary of the Treasury indicated that the SEC could consider requiring Chinese companies to delist from U.S. stock exchanges in the future, potentially reigniting a concern for U.S.-listed Chinese companies initiated by the Holding Foreign Companies Accountable Act, signed into law by the prior Trump Administration in 2020.

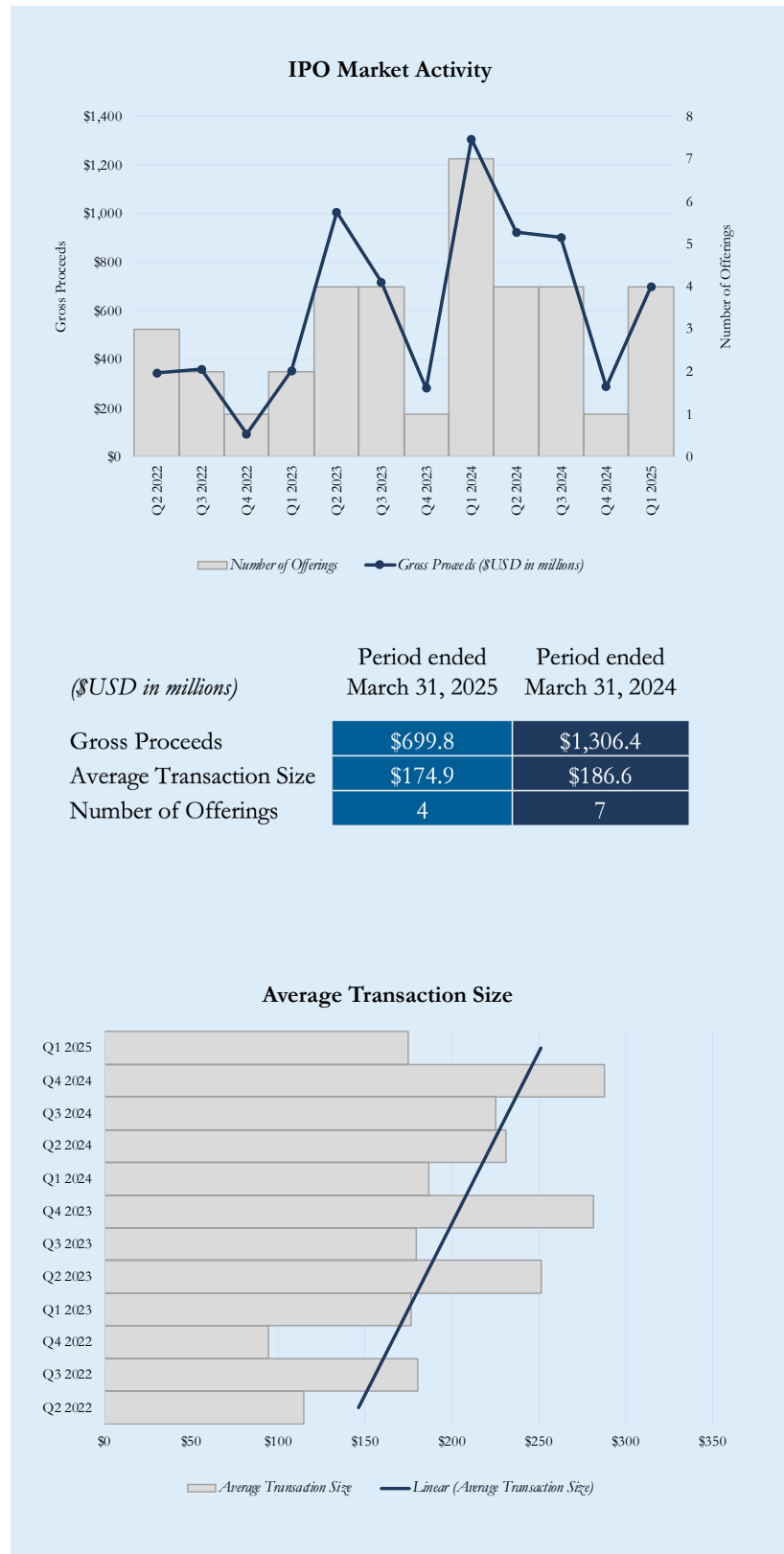
# Initial Public Offerings

## Overview of Initial Public Offering Market Activity

In the first quarter of 2025, there were four life sciences IPOs, as compared to seven IPOs in the first quarter of 2024 and two IPOs in the first quarter of 2023.

The four life sciences IPOs in the first quarter of 2025 raised aggregate gross proceeds of approximately \$700 million, as compared to approximately \$1.3 billion raised in the first quarter of 2024 and \$288 million in the fourth quarter of 2024.

Overall, IPO market activity has slowed since an initial rebound in the first quarter of 2024.



## Average Transaction Size

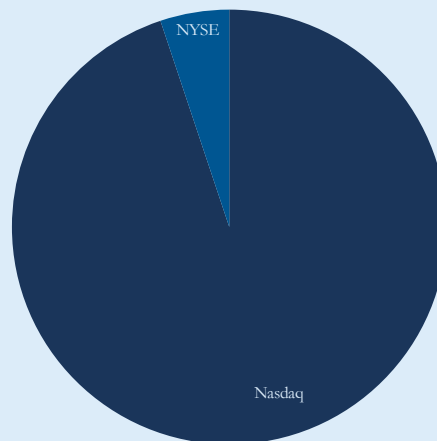
The four life sciences IPOs in the first quarter of 2025 had an average transaction size of \$174.9 million, representing the lowest per quarter average since the fourth quarter of 2022.

# Initial Public Offerings

## IPO Exchange Listings

In the past three years, 37 out of 39 life sciences IPO issuers listed equity securities on the Nasdaq Stock Market, as compared to only two life sciences IPO issuers who listed equity securities on the New York Stock Exchange.

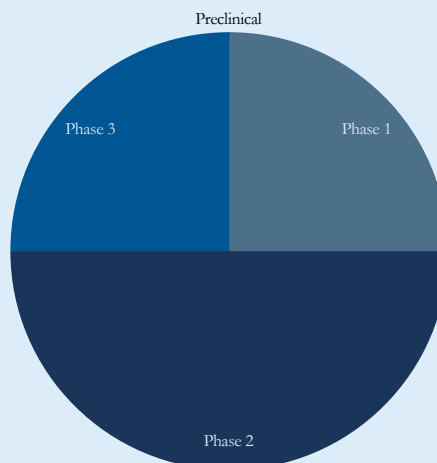
IPO Exchange Listings



## Stage of Clinical Development

In the first quarter of 2025, one life sciences issuer had a lead product candidate in Phase 1 clinical development, two life sciences issuers had a lead product candidate in Phase 2 clinical development, and one life sciences issuer had a lead product candidate in Phase 3 clinical development. During the period, no life sciences issuers conducting IPOs had commercialized products.

Stage of Clinical Development



## IPO Transaction Structures

### PRIMARY OFFERINGS

In the first quarter of 2025, all life sciences IPOs were primary-only and did not include shares sold by any selling stockholders.

### CONCURRENT PRIVATE PLACEMENTS

In first quarter of 2025, no life sciences IPOs included concurrent private placements.

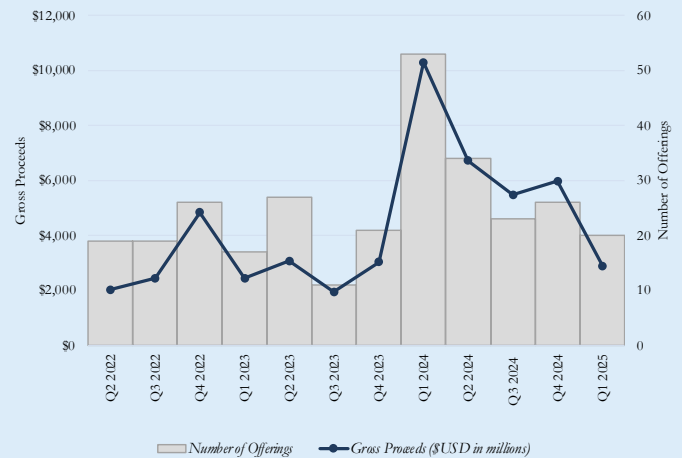
# Follow-On Offerings

## Overview of Follow-On Offering Market Activity

In the first quarter of 2025, there were a total of 20 follow-on offerings by life sciences companies, representing a 62% decrease as compared to 53 follow-on offerings by life sciences companies during the first quarter of 2024 and a 23% sequential decrease since the fourth quarter of 2024.

These 20 life sciences follow-on offerings raised aggregate gross proceeds of approximately \$2.8 billion, compared to approximately \$10.2 billion during the first quarter of 2024.

Follow-On Market Activity

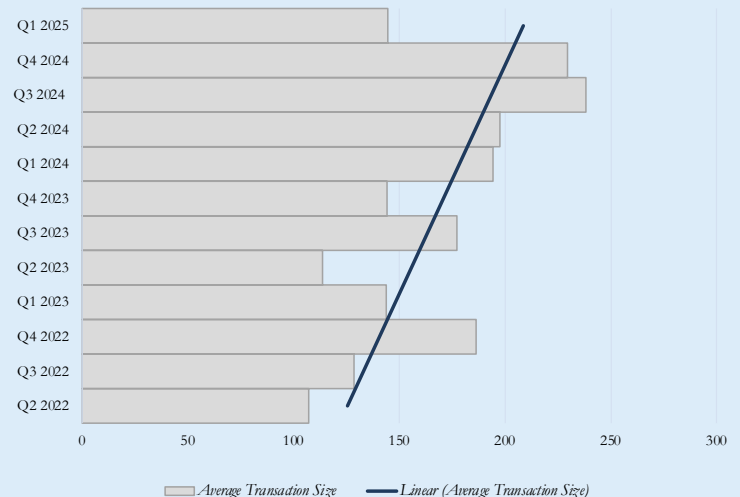


(\$USD in millions)	Period ended March 31, 2025	Period ended March 31, 2024
Gross Proceeds	\$2,888.0	\$10,288.5
Average Transaction Size	\$144.4	\$194.1
Number of Offerings	20	53

## Average Transaction Size

The 20 life sciences follow-on offerings in the first quarter of 2025 had an average transaction size of \$144.4 million, a significantly lower quarterly average than any period during calendar year 2024.

Average Transaction Size



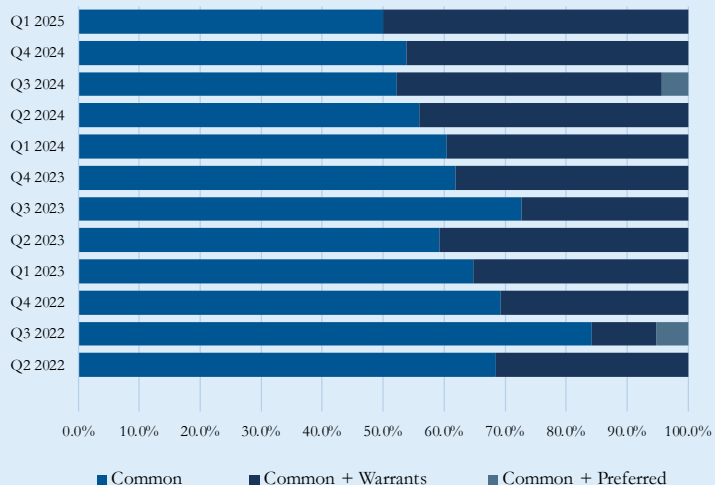
# Follow-On Offerings

## Types of Securities Offered

In the first quarter of 2025, 50% of life sciences follow-on offerings included common stock only and 50% included common stock and equity warrants. This prevalence is approximately on par with transaction structures observed during 2024.

All 10 offerings during the period that included equity warrants included pre-funded warrants. Two of these 10 issuers offered both pre-funded warrants and market warrants.

Types of Securities Offered

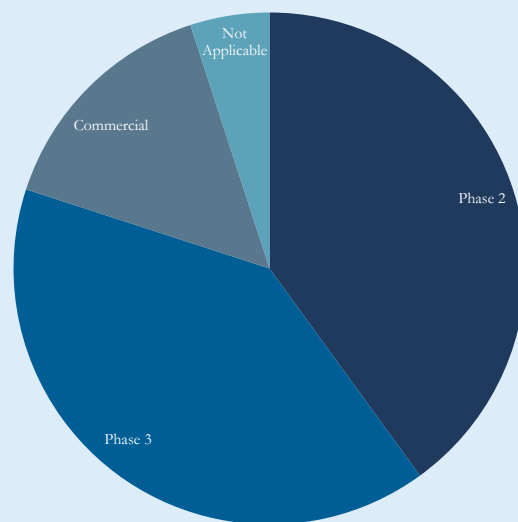


## Stage of Clinical Development

In the first quarter of 2025, 40% of life sciences issuers had a lead product candidate in Phase 2 clinical development, 40% of life sciences issuers had a lead product candidate in Phase 3 clinical development, 15% of life sciences issuers had a commercialized lead product and 5% of life sciences issuers (one issuer) operated within the life sciences industry but does not develop clinical products.

The majority of life sciences follow-on offerings were conducted by companies in the late stages of clinical development (Phase 2 and Phase 3), representing 80% of all life sciences follow-on issuers during the period.

Stage of Clinical Development

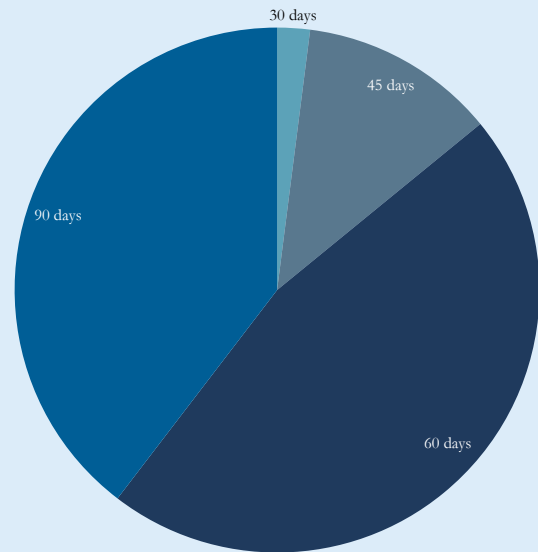


# Follow-On Offerings

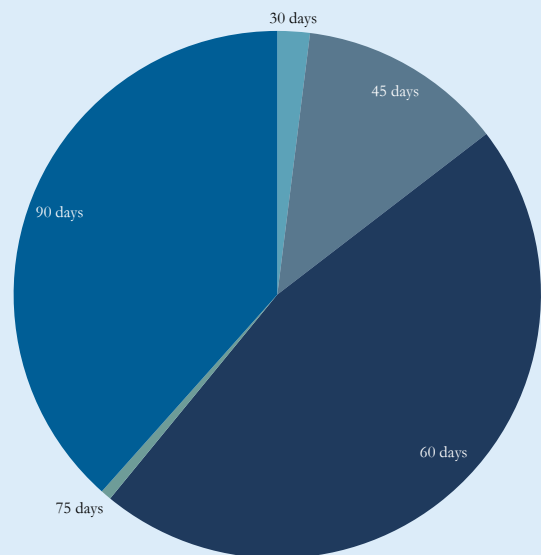
## Lock-Up Agreement Terms

In the first quarter of 2025, the most common company lock-up period and director and officer lock-up period for life sciences follow-on offerings was 60 days, followed closely by 90 days. For all offerings during the quarter, the lock-up period was the same for the company and directors and officers.

**Company Lockup Periods**



**Director and Officer Lock-Up Periods**





# Methodology

- Market data for the Initial Public 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).” Initial public 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, an initial public offering had to have raised at least \$30 million in gross proceeds.
- Market data for the Follow-On Offering data set was sourced from the S&P Capital IQ database. 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>).
- 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 or on its website during the applicable quarter.





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information on our IPO  
capabilities scan here