


The biopharma flotation remains a rare beast



[Edwin Elmhirst](#)



Initial public offerings

Biopharma - Q3 2022

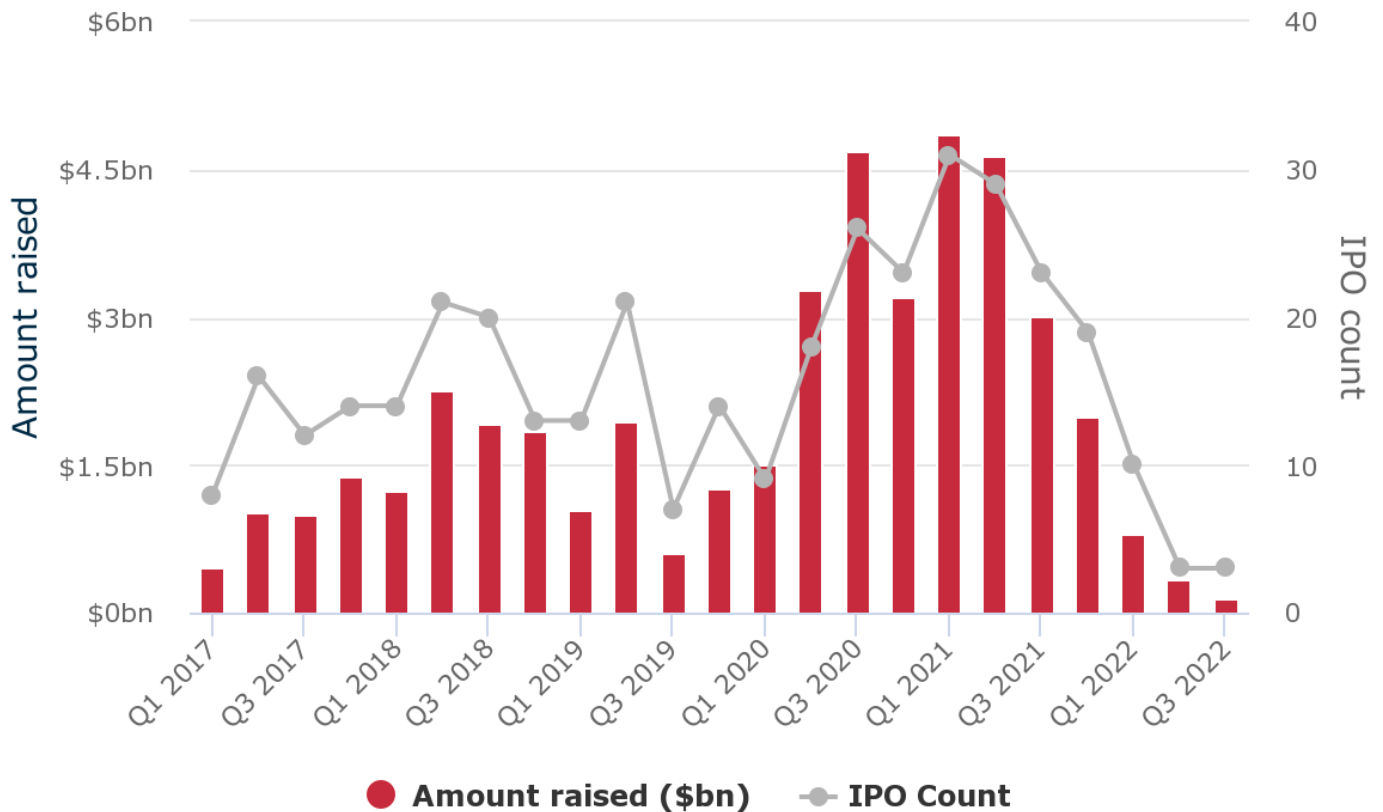
Few developers are feeling bold enough to brave the markets, though the bigger deals are finding some support.

For the second quarter running only three drug developers floated on Western stock exchanges, as the biotech bear market continued to squash demand for new offerings. And the stats get worse: the total sum raised plunged once again, with only \$153m banked in the third quarter, *Evaluate Vantage* finds.

Most of that was raised by one company, Third Harmonic, [which managed to upsize its offering](#), raising more than originally intended. The group has also just about managed to keep its head above water, with its share price only briefly breaking issue and slipping below its offer price.

Third Harmonic's reception might help persuade some groups to test demand, though a look at the IPO queue suggests that many remain to be convinced. Only one biotech, Prime Medicine, is eyeing a sizeable deal, having filed to raise \$100m. The others readying registration documents are preparing tiny, sub-\$25m offerings.

Biotech IPOs by quarter on Western exchanges



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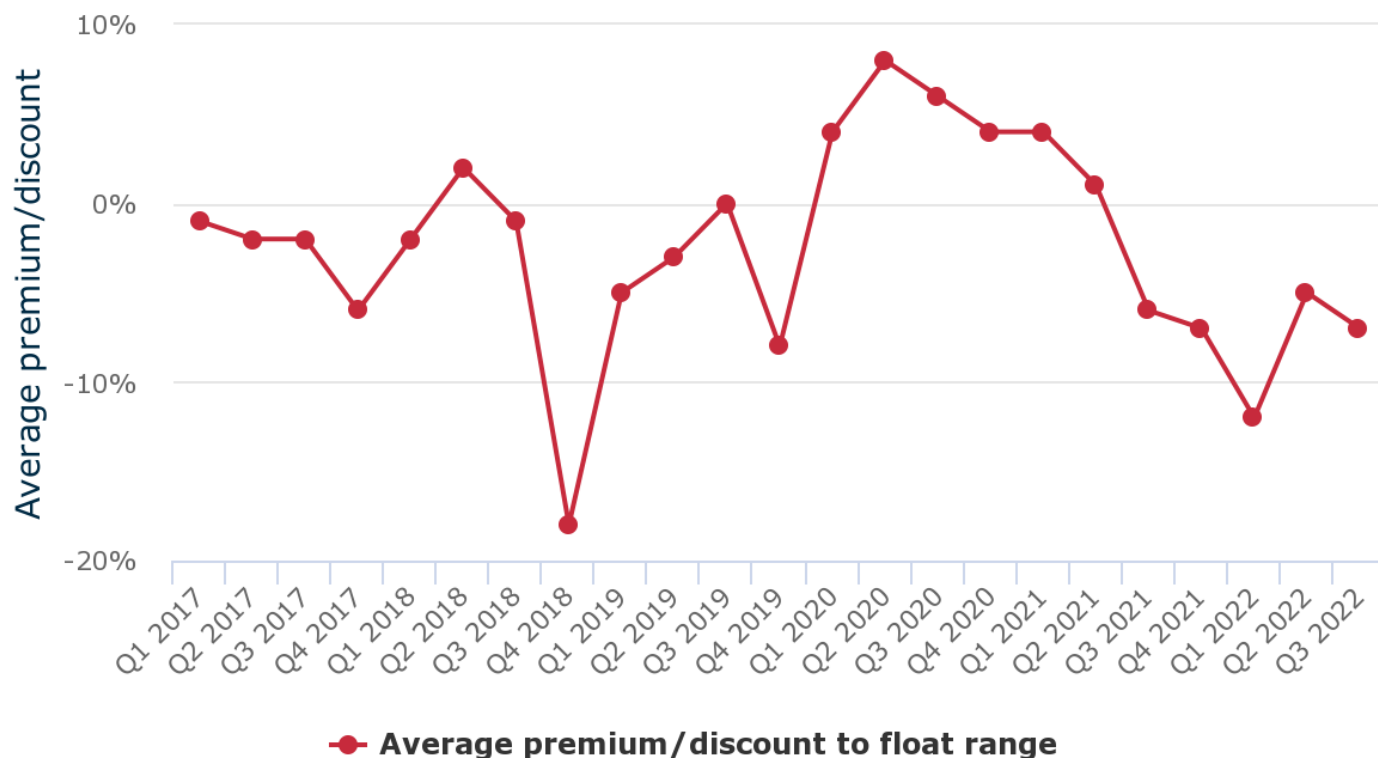
Small deals have been a feature of this year's IPO scene, which has seen the average amount raised plunge to \$79m. Last year this average reached \$142m, having hit \$167m in 2020.

And in a bear market it tends to be the small fry that get eaten. Of the eight developers that raised less than \$50m at IPO this year, six have broken issue.

The larger deals are finding some support. Of the six developers that raised more than \$100m at IPO this year, only one is trading below its float price. So perhaps there are glimmers of hope to be found.

For this analysis *Evaluate Vantage* considers IPOs of pure-play drug developers only; secondary listings or unit offerings are not included. For now, this paints a picture of the US market. No European flotations have happened since Aelis Farma arrived on Euronext in February, and the situation on that continent is even more dire than in the US.

Average Nasdaq premium/discount to IPO price range



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It is also encouraging to see that all three of the third-quarter's flotations got away without a haircut – so within the initially proposed price range – albeit right at the bottom for Maia. This is presumably a result of bankers approaching investors with a realistic valuation in the first place, rather than signalling a supportive environment.

Overall, it is hard to see this picture changing much this year. The IPO market is dead across all sectors, largely thanks to the spectre of rising interest rates, which haunts the cash-burning biotech space particularly fiercely.

Three's a crowd? Third-quarter IPOs

Company	Primary focus	Amount raised	Premium/(discount); float price to initial offer	Share price change since float to end Q3
Maia Biotechnology	Telomere-targeting immuno-oncology	\$10m	-10%	-34%
Paxmedica	Neurodevelopmental disorders	\$8m	-17%	-54%
Third Harmonic Bio	Allergy and inflammation	\$135m	0%	12%

Note: amount raised does not include over-allotments. Source: Evaluate Pharma.

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