Floating biotechs prompt tiny sparks of hope

But with only four IPOs so far this year, there is no disguising a moribund market.

The best that can be said for the biotech IPO scene in the first quarter of this year is that, with a grand total of four flotations collectively raising $375m, it is at least better than the previous three months.

There are other green shoots of hope: for the first time since the second quarter of 2021 the cohort on average priced at a premium to their preannounced ranges, rather than a discount. And they have, again on average, seen their shares rise since floating, no mean feat in the current environment. Even so, the possibility of recapturing the glory days that began three years ago seem as dim as ever.
The outstanding success of this quarter is Genelux, whose lead project has two major aspects that appeal to investors: it is a cancer therapy, and it is already in late-stage trials. The company kicked off the pivotal study of Olvi-Vec, which is based on a modified oncolytic vaccinia virus, in September, and data could come next summer.

The OnPrime trial, testing Olvi-Vec on top of platinum-doublet chemo and Avastin against those therapies alone, is in the tricky setting of platinum-resistant ovarian cancer. A hit will repay investors – but clinical data so far, while promising, come from small patient numbers, with the phase 2 Viro-15 trial enrolling just 27 subjects. And the history of oncolytic viruses has been patchy, though Replimune scored a notable success late last year.

The IPO was priced at the bottom of the proposed range and subsequently the group saw its share price soar 362%. Management might well be reproaching themselves, in retrospect, for only seeking $15m.
The other newly public group that has enjoyed a share price rise since its debut is Structure Therapeutics. This company, too, is active in a hot area: its frontrunner is a GLP-1 agonist for diabetes and obesity, and a GIP/GLP-1 is also in the works. None of its programmes is past phase 1, however.

The worst-performing stock market debutante so far this year is Cadrenal Therapeutics, which is focused on a single asset: tecarfarin, a vitamin K antagonist anticoagulant for thrombosis and atrial fibrillation. The asset has been passed from pillar to post: Cadrenal got it from Horizon Technology Finance, a company that provides loans to venture-backed groups including biotechs. Horizon had acquired the rights from Espero, which had merged with Armetheon in 2017; Armetheon had obtained tecarfarin from Aryx after that group was wound up in 2011.

As long ago as 2009, when Aryx held the asset, tecarfarin disappointed clinically. Cadrenal must think it can do better, though investors clearly hold out little hope. Bearing in mind its sole project’s chequered pedigree it is perhaps surprising that Cadrenal managed to attract any interest.

Compared with the fourth quarter of 2022, last quarter does represent an improvement. But young developers needs the IPO window to open more than a crack, and for that to happen the wider biotech market will have to tick up. Sadly, there is little sign of that happening for now.
<table>
<thead>
<tr>
<th>Company</th>
<th>Primary focus</th>
<th>Amount raised</th>
<th>Premium/(discount), float price to initial offer</th>
<th>Share price change since float to end Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mineralys Therapeutics</td>
<td>Therapies for diseases driven by elevated aldosterone levels</td>
<td>$192m</td>
<td>7%</td>
<td>-2%</td>
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<tr>
<td>Structure Therapeutics</td>
<td>Oral therapies for chronic diseases including obesity</td>
<td>$161m</td>
<td>7%</td>
<td>59%</td>
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<td>Genelux</td>
<td>Oncolytic virus-based immunotherapies</td>
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<td>-8%</td>
<td>362%</td>
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<tr>
<td>Cadrenal Therapeutics</td>
<td>Oral anticoagulant for thrombosis and atrial fibrillation</td>
<td>$7m</td>
<td>0%</td>
<td>-72%</td>
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