

## Takeaways From Biotech IPOs So Far In 2025

By Yeji Jesse Lee

*Law360 (March 11, 2025, 7:10 PM EDT)* -- The first cohort of biotech initial public offerings this year is out the door and off to what experts say is an "OK" start that could get better as long as the right pieces come together for the space.

After a busy IPO period during the heights of the coronavirus pandemic, the window for biotech companies looking to go public has remained mostly shuttered over the past few years, with only a handful of companies braving the public market waters.

Those that have gone out have struggled to perform for the most part. Biotechs that went public in 2024 are painfully down 50% from their deal price, or the price they set when they first went public, Jefferies analyst Michael Yee said in a note last month to investors.

But Yee also said at the time that the five companies that have gone public so far this year are for the most part performing better — up 14% from their IPO deal prices, with three of the five in the green.

"The biotech capital markets and the biotech IPO market is a mixed bag," Yee recently told Law360 Healthcare Authority.

But Yee said there are key reasons why he believes the market for biotech companies is set to improve over the next few months, including an expected uptick in mergers and acquisitions activity, attractive valuations and an expected lowering of interest rates.

"We are in a challenging environment, but the relative outlook is getting better," he said.

The five biotech companies that have gone public since the start of this year are Ascentage Pharma, Metsera, Maze Therapeutics, Sionna Therapeutics and Aardvark Therapeutics. The companies vary in focus area, but overall have done better than their 2024 counterparts.

Experts say that based on early signals from the handful of biotechs that have made the plunge so far in 2025, we could be in for a decent year for public offerings — as long as things fall into place. But we'll have to see how the next cohort of public companies fares and keep an eye on how moves in Washington affect the public waters, they said.

**Volatility in Washington Is Making for Choppy Public Markets**

Several attorneys told Law360 Healthcare Authority that moves in Washington have made it difficult for private companies to plan the right timing for an IPO as the markets react viscerally to announcements on tariffs and other foreign policy developments.

On Tuesday, after President Donald Trump said he would impose additional tariffs on Canadian steel and aluminum, the Dow, S&P 500 and Nasdaq Composite all tumbled. The administration's back-and-forth policies on tariffs and the subsequent effects on markets have also triggered concerns about a potential recession.

Uncertainty over tariffs has also made its way into risk disclosures in securities filings, according to an analysis by Law360, revealing growing worries from companies trying to grapple with vast legal and policy uncertainties.

Scott Lunin, a partner in the corporate practice group at WilmerHale, said that while there's definitely preparation happening behind the scenes, companies are "certainly not at a rush stage" to IPO, given the volatility that's happening in the market.

"With more recent developments in Washington, which I think we're watching play out in real time right now, it's hard to know for the rest of the year what the impact of those developments will be," he said.

Tom Danielski, a capital markets partner at Ropes & Gray LLP, said he expects the next few months to be "a bit muted" for biotech IPOs as a result of the political environment.

"It's really hard for companies to get a sense of whether it's the right time to go, given all this instability," he said, adding that he expects companies to be in a "wait-and-see mode" for the next few months.

"Hopefully, at the end of the second quarter, early third quarter, we might see a little bit more of a ramp-up," he said.

Charlie Kim, a partner at Cooley LLP and co-chair of the firm's global capital markets practice, said that while the markets are definitely "choppy" right now, the appetite is still there for good companies with game-changing science.

"The right companies are picking the right windows," Kim said.

He added that while biotechs have always thought about timing their public offerings with a near-term catalyst like a data readout or some other good news that could be positive for stock prices, that pressure to have something soon is "more apparent in market situations like this."

Companies are having their stock prices depressed at no fault of their own, but purely because of how the markets are performing on a larger scale, Kim said.

"That's something that's being thought of in a lot of these IPO windows that we're working through right now," he said.

### **A Pipeline of Eager Biotechs Continues to Wait Patiently**

Amid a difficult IPO environment over the past few years, a pipeline of companies itching to go public

seems to be steadily building.

Some have gone off and raised additional private funding rounds to buy more time, or gotten scooped up in an M&A deal. But attorneys say there's no shortage of biotechs waiting on the sidelines for the right time to go public.

"My sense is the pipeline has been growing, not shrinking," Ben Marsh, a partner at Goodwin Procter LLP, told Law360 Healthcare Authority.

While Marsh said it's hard to get the full picture of what's happening across the space, M&A levels haven't been high enough to have taken too many names out of that pipeline. Larger private capital raises, meanwhile, have given some companies the privilege to be a little more patient about when they want to have their IPO.

Biotechs that can afford to wait can "look at market windows and assess their timing without having that proverbial gun to their head," he said.

Latham & Watkins LLP partner Nathan Ajishvili said that while the pipeline "still remains very strong and deep," it's hard to say at this point when those companies will pull the trigger.

"There are many, many healthy companies out there in the biotech sector that are currently private that are waiting on the sidelines," he said.

### **Stability and Consistent Performance Key to an Open IPO Window**

Lunin of WilmerHale said there was "quite a bit of enthusiasm in January" when a number of biotechs filed their S-1 registration statements, a document that companies file to the U.S. Securities and Exchange Commission to signal their plans to go public soon.

But for the most part, companies have failed to outperform their IPO prices since then.

"I think as we look to hopeful excitement for the rest of the year, it'll be important to see meaningful aftermarket performance in companies that do go public to help create momentum and enthusiasm for others to follow," Lunin said.

Marsh said a wider IPO window will need to start with stability in the macro environment, and interest rates in particular will need to move in a "clear downward direction." Consistency in aftermarket performance from companies that do brave the public waters is also important.

It's a little chicken-and-egg, he admits, but "once you have those two things, you have a more open window."

--Additional reporting by Dylan Moroses and Tom Zanki. Editing by Alanna Weissman and Emily Kokoll.