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PRO VC NEWSLETTER

## Pro VC Health Pulse: Biotech Startups Cash In With IPOs in First Half; Life Sciences Startups Strike Acquisition-Option Deals

Good day. Some life sciences startups are looking to provide liquidity for their venture investors through corporate deals that don't involve a conventional sale of the company.

This week venture-backed Tizona Therapeutics Inc. disclosed a deal with Gilead Sciences Inc. in which Gilead agreed to pay \$300 million to Tizona shareholders to acquire 49.9% of the startup. Gilead also gained the exclusive option to acquire the rest of Tizona for up to \$1.25 billion in additional payments. Last month, Gilead also secured an exclusive option to acquire venture-backed Pionyr Immunotherapeutics Inc. in a deal in which it took a 49.9% equity stake in the startup.

Mark Bekheit, a partner with the law firm Latham & Watkins who advised Tizona and Pionyr on their deals, said life sciences startups are increasingly considering acquisition-option agreements that give their existing investors liquidity.

Because of uncertainty due to the coronavirus pandemic, startup investors have grown more willing to lock in gains by selling some shares in deals that also give them a shot at an even bigger payday later if the acquisition option is exercised, he said.

And now on to the news...

### Top News

**Biotech investment surge.** Drug startups capitalized on soaring interest in biotechnology to hold 26 initial public offerings in the first half. That put this year on pace to be one of the best ever for new stock offerings by drug startups, WSJ Pro's Brian Gormley reports.

\* As some industries slump because

of restrictions stemming from the coronavirus pandemic, many investors see health care as a safer haven, especially with many biotechs developing vaccines and drugs for the new virus and receiving government support, according to observers.

\* If the pace of biotech IPOs keeps up in the second half, this year will top the 2019 total of 50 biotech stock-market debuts, according to data from Silicon Valley Bank.

\* Crossover investors are joining venture rounds for biotech startups and participating in IPOs alongside venture investors. That leaves limited room for new investors, creating more demand for shares after IPOs, according to SVB Managing Director Jonathan Norris.

### \$10.1 Billion

The amount of venture capital U.S. and European biotechnology startups raised in the first half, according to Silicon Valley Bank.

**Covid-19 vaccine order.** The U.S. will pay Pfizer Inc. and BioNTech SE nearly \$2 billion to secure 100 million doses of their experimental Covid-19 vaccine to provide to Americans free of charge, The Wall Street Journal reports. It is the latest sign the government is readying plans to make vaccines available if proved to work safely. Under the \$1.95 billion agreement, the U.S. Department of Health and Human Services and the Defense Department will receive 100 million doses of the vaccine should it be cleared by regulators, and can also acquire an additional 500 million doses. The vaccine, which has shown promising preliminary results in small groups of patients, is set to enter late-stage testing this month.

### Industry News

#### Blank-Check Company

A blank-check company formed and led by health-care and biotechnology investment specialist Perceptive Advisors in New York plans to raise about \$125 million through an initial public offering of shares at \$10 each. The company, ARYA Sciences Acquisition Corp III, plans to focus on finding a North American or European company in the life sciences sector to buy, to take advantage of its management's expertise. Perceptive oversees more than \$7 billion through a private debt investment strategy, a venture investment fund and hedge funds. The firm was founded in 1999 by Joseph Edelman, who is chairman of the firm and of ARYA. ARYA Sciences Acquisition Corp II recently raised \$149.5 million through an IPO, with a stated strategy very similar to that proposed by the newer SPAC. The earlier blank-check company is also led by Mr. Edelman and colleagues at Perceptive.

#### New Money

Tasso Inc., a provider of clinical-grade, at-home, self-sampling blood collection devices, completed a \$17 million Series A round. The Seattle-based company said it will use the capital to scale manufacturing and operations to meet demand for its line of devices enabling people to collect their own blood using a virtually painless process. The products are being adopted by academic medical institutions, government agencies, comprehensive cancer centers, and pharmaceutical organizations, the company said. The round was led by Hambrecht Ducera Growth Ventures and included participation from Foresite Capital,

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Merck Global Health Innovation Fund, Vertical Venture Partners, Techstars and Cedars-Sinai. Elizabeth Hambrecht, a partner at Hambrecht Ducera Growth Ventures, has joined Tasso's board.

Tubulis GmbH, a German developer of antibody-drug conjugates, closed a €10.7 million (more than \$12 million) Series A round. BioMedPartners and High-Tech Gründerfonds co-led the round, which included participation from Seventure Partners, coparion, Bayern Kapital, Occident and others.

Roundtrip, a Philadelphia- and Richmond, Va.-based healthcare transportation marketplace, fetched \$4 million in new funding. Motley Fool Ventures led the round, which included participation from UH Ventures, Grays Ferry Capital, Johns Hopkins University, Ben Franklin Technology Partners and ZOLL Medical Corp.

### **More Health News**

A medical worker injected an elderly woman with a flu vaccine inside a church in April as part of a government vaccination campaign in Buenos Aires.

\* Countries in the Southern Hemisphere are reporting far lower numbers of influenza and other seasonal respiratory viral infections this year. In some countries, the flu seems to have all but disappeared, a surprise silver lining that health experts attribute to measures to corral the coronavirus. (WSJ)

\* HCA Healthcare Inc., one of the largest U.S. hospital chains, said its profit rose on relief aid to help businesses navigate the coronavirus pandemic and the resumption of some hospital procedures. (WSJ)

\* Pharmaceutical companies are split on how they would price potential Covid-19 vaccines, with some pledging to members of Congress that they wouldn't seek a profit while others

indicated they would. (WSJ)

\* There's a gap between how coronavirus affects young kids and teens. What the data says so far. (WSJ)

\* St. Croix Hospice LLC, a provider of end-of-life care serving the Midwest, is considering a sale, according to people familiar with the matter. (WSJ Pro Private Equity)

### **Around the Web**

\* Among biotech venture capital firms, Flagship Pioneering got the best single-fund returns (Stat News)

\* Seer raises another \$55M and finally reveals proteomic tech—can it hold up? (Endpoints News)

\* Cullinan Oncology launches new subsidiary (Endpoints News)

\* Biofourmis, Chugai to develop wearable for digitally measuring endometriosis pain (FierceBiotech)

\* Scientists want to know more about using UV light to fight Covid-19 spread (Kaiser Health News)