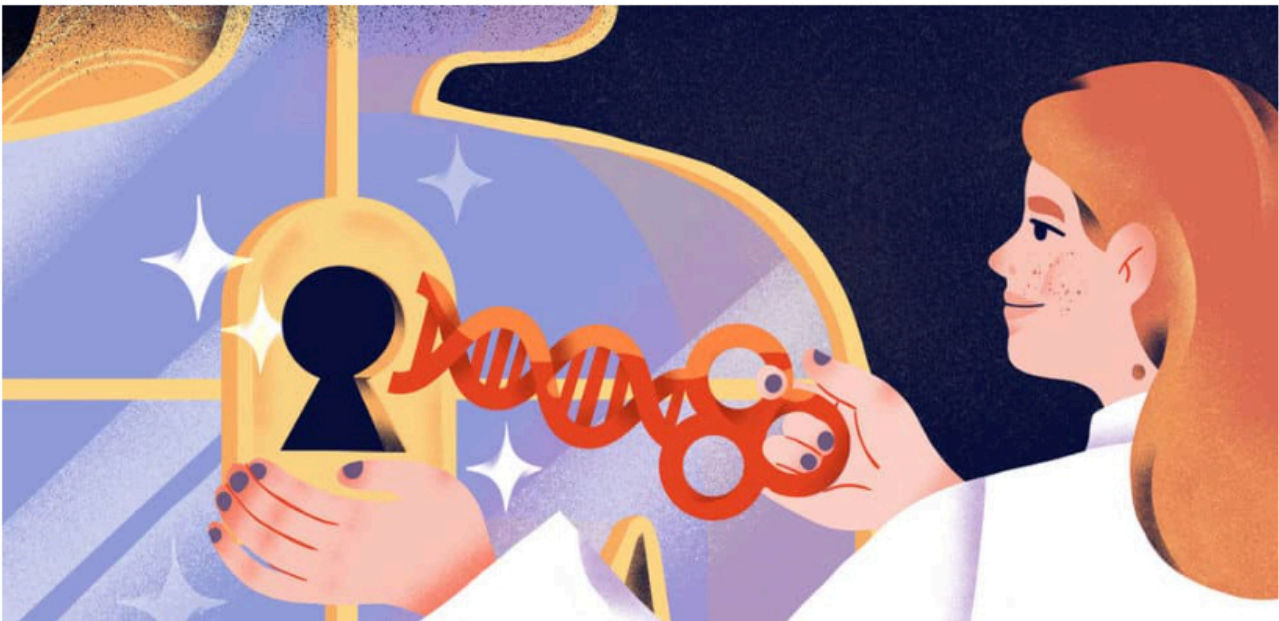


Two Gene Therapy Players Launch IPOs on Stormy Stock Market

BY JONATHAN SMITH
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After a drought of more than a year, the European gene therapy sector saw initial public offerings from Genenta Science and Genflow Biosciences. The firms aim to shine as biotech stocks elsewhere perform poorly.

Until recently, European [gene therapy](#) companies were going through a dry spell in terms of launching initial public offerings (IPO). The last major European gene therapy IPO came from the UK firm Freeline Therapeutics in late 2020. Another UK player, Gyroscope Therapeutics, came close in 2021 but the event was canceled and the company was [instead acquired by Novartis](#).

The Italian firm Genenta Science and the UK company Genflow Biosciences make up a fresh wave of European gene therapy players going public. Genenta bagged €31.4M (\$36M) in its Nasdaq debut in

December 2021 and Genflow Biosciences listed on the London Stock Exchange this week, raising around €4.4M (£3.7M) in the process.

IPOs launched by European gene therapy firms 2017 to 2022

Company	Subsector	Country	Date	Value (€M)	Value (as bars)
Genflow Biosciences	Genetic Disorders	UK	2022-01-17	4.4	
Genenta Science	Oncology	Italy	2021-11-10	31.4	■
Freeline Therapeutics Holdings	Genetic Disorders	UK	2020-08-03	135	■
Orchard Therapeutics	Central Nervous System	UK	2018-10-04	196.5	■
Urovant Sciences (acquired by Sumitovant Biopharma)	Genito Urinary System And Sex Hormones	UK	2018-09-17	124	■
MeiraGTx Holdings	Ophthalmology	UK	2018-06-07	63.6	■
Nightstar Therapeutics (acquired by Biogen)	Ophthalmology	UK	2017-09-15	72.4	■
Lysogene	Genetic Disorders	France	2017-01-25	22.6	■

Source: GlobalData, Selected press releases • Data as of 20 January 2022



🌸 A Flourish data visualization

One factor driving the general reluctance to go public is the [continuing volatility](#) of biotech stock markets around the world. Reasons for the stock troubles include an excess of biotech IPOs in the US in addition to concerns over [inflation and regulatory uncertainty](#).

According to the CEO of Genenta Science, Pierluigi Paracchi, it's complicated for European biotech companies to enter US public markets due to an abundance of local competition.

“All European companies suffer a discount compared to the US companies even if the science is comparable. In my view, it's totally unjustified,” said Paracchi. *“Therefore, European biotech companies try*

to land on the Nasdaq or the New York Stock Exchange when the market is high and the IPO window is wide open just to reduce the discount.”

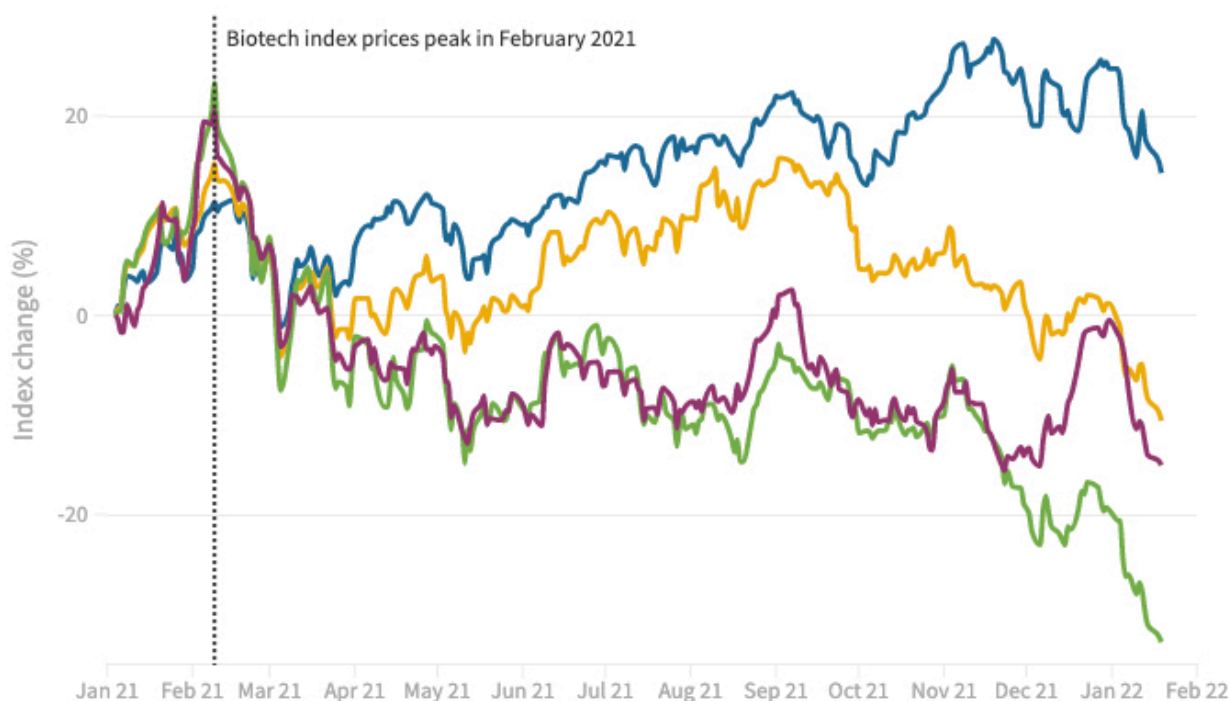
Nonetheless, high markets aren't always the best time for European biotechs to go public in the US; sometimes it helps to enter when the market is lower and investors are more selective. Paracchi told me that recent phase I/II data of Genenta's lead cancer gene therapy justified the decision to go public.

“We are developing a platform and the first indications we are investigating gave us enough comfort that we were and are moving in the right direction,” Paracchi said. “The investors understood that. We upsized our offering by 20% in a very tough market.”

Biotech stock performances in 2021/2022

Click in the legend to hide or show data

■ IXIC (Nasdaq cross-sector) ■ NBI (Nasdaq bios) ■ XBI (small Nasdaq bios) ■ BIOTK (Euro bios)



Source: Nasdaq, Euronext, Yahoo Finance • Data as of 20 January 2022

Nasdaq Composite Index represents cross-sector stock market performance. Using first trading day of 2021 as a reference



• A Flourish chart

In the case of Genflow, founded in 2020, the company is appealing to investors with a gene therapy designed to promote [healthy aging](#).

“The longevity sector has seen strong growth in recent years, mainly in the US,” said Eric Leire, CEO of Genflow Biosciences. *“Europe was an ‘empty field’ that we decided to capture.”*

“We believe that being the first pure play longevity firm to list in Europe will contribute to position Genflow Biosciences as one of the reference longevity biotech companies.”

Gene therapy has had [a difficult history](#) since the early 1990s as safety scares slowed the development of the field. However, the sector has progressed rapidly in the last decade, [reaching record investments in 2021](#).

Over the last few years, many gene therapy players including BioMarin, Rocket Pharmaceuticals, Astellas, and bluebird bio have encountered safety issues that led to pauses in clinical development and stock price drops. Nonetheless, knowledge of gene therapy and safe use of its most common delivery method — viral vectors — is growing.

“Everything is in the details,” said Leire. *“We believe that now we are reaching the tipping point where gene delivery can be safely administered at a reasonable cost.”*

As the technology is still maturing, companies developing these treatments must invest heavily in manufacturing and preclinical work early on. This process can be tough to convey to impatient stock markets.

“This early work on process development and chemistry, manufacturing, and control is difficult to communicate to the public, which is expecting some quick efficacy proof of concept,” said Leire. However, he added that Genflow’s longevity angle could make it easier to keep investors engaged than for other public gene therapy developers.

Although the outlook remains gloomy for many biotech stocks, Paracchi sees a strong season coming for mergers and acquisitions as big investors take advantage of the discounted prices. Furthermore, gene therapy technology is likely to see a major shift as it becomes more mainstream.

“Gene and cell therapies are mature and can move from version 1.0 to 2.0, from rare diseases to cancer and autoimmune diseases,” said Paracchi. *“In the coming months, we will see interesting data from some companies in our space.”*

Cover image via Elena Resko
