



 **Haigh&Company**

---

**Q3 2024  
BiotechEquity  
Report**

---

AN OVERVIEW OF  
EQUITY UTILIZATION IN  
LIFE SCIENCE COMPANIES  
THROUGH Q3 2024

DECEMBER 2024

# Forward & Overview

To our life science industry colleagues,

We are pleased to present the Haigh & Company 2024 BiotechEquity Report. Like our 2023 report, the purpose of our analysis is to provide our clients, colleagues and the broader life sciences community an up-to-date look at equity usage through the third quarter of 2024 and to provide a resource for your year-end planning process.

In our 2023 report, we identified trends that we believed would become prevalent in 2024, such as:

- ❖ *Annual run rates would decrease.* And they did, decreasing by almost 10% vs. 2023 driven by rebounding stock prices and the continued increased use of RSUs.
- ❖ *The use of performance equity would increase.* From almost negligible usage in 2023, 2024 saw almost 14% of companies using some form of PSUs.
- ❖ *Value transfer as a percent of market cap would decrease.* It decreased by almost 15% in 2024, driven primarily by rebounding market caps. Interestingly, the actual dollar value of grants increased significantly versus 2023—almost 40%.
- ❖ *The value of outstanding equity would rebound.* In the 2023 report, the median value of outstanding equity was only approximately \$5M, about \$30,000 per employee on average. In 2024, the median value of outstanding equity is \$15M, about \$131,000 per employee. However, there are still many companies with all of their stock options underwater on a weighted average exercise basis (59% unfortunately).

*It bears repeating...*we continue to believe that the use of equity awards can create a culture of company ownership and inclusion. This ownership and inclusive culture supports building successful companies that develop effective, safe and successful therapeutics and technologies to treat patients in need while creating value for all stakeholders.

Please reach out if you have any questions or would like to discuss custom analyses. We wish our life science colleagues continued success in 2025.

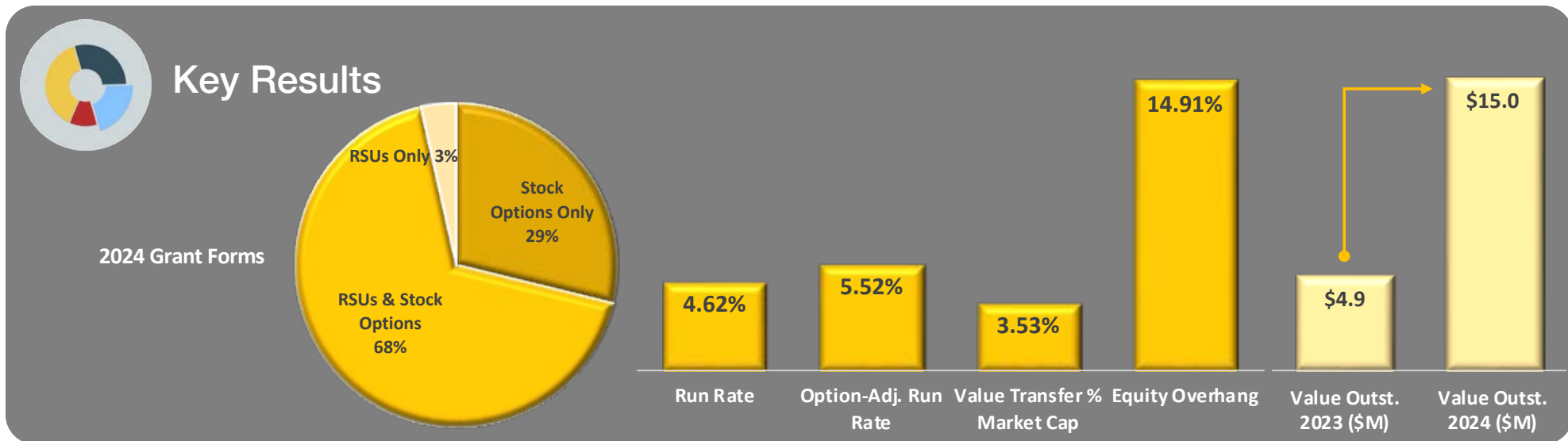


**Casey Lindstrom**

Managing Director &  
Leader of Life Science &  
Technology Practice Areas

[casey@wthigh.com](mailto:casey@wthigh.com) • 617-308-1714

# Executive Summary – By The Numbers



# Grant Forms

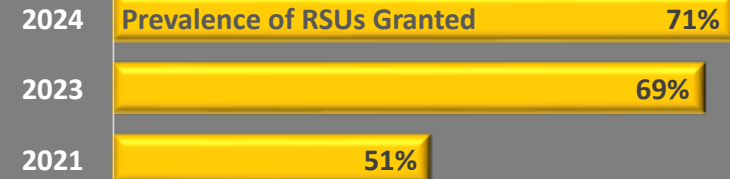
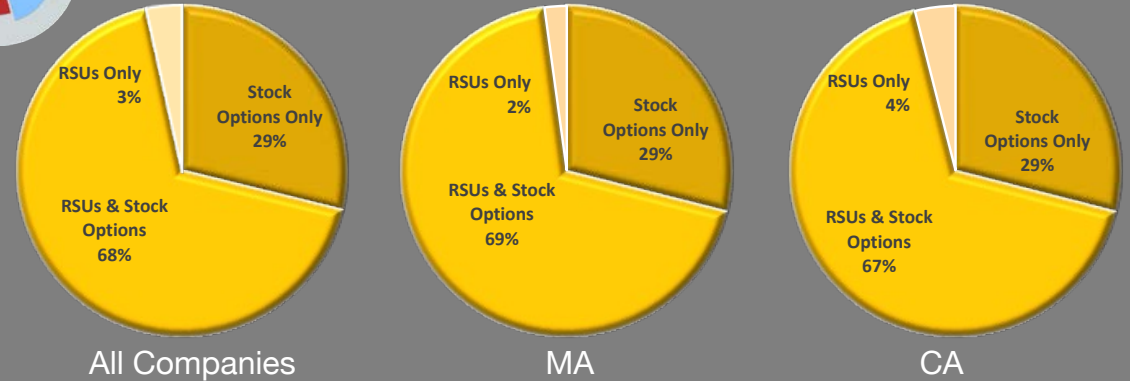


## Key Insights

- ❖ 97% of companies used stock options in 2024 vs. 98% in 2023 and 100% in 2021:
  - Recent IPO companies are more likely to use stock options only
- ❖ 71% of companies granted RSUs in 2024, a slight increase over 2023's 69%:
  - 81% of the companies have used RSUs recently and have a significant number of RSUs unvested and outstanding
- ❖ 14% of companies used PSUs in 2024 vs. 6% of companies in 2023



## Key Results

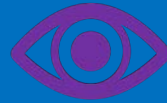


## Key Trends

- ❖ **RSUs vs. Options:** Even with biotech/biopharma stock price performance improving in 2024, 58% of companies have \$0 value in their outstanding stock options on a weighted average exercise price basis. We expect stock options to continue to be widely used but the overall weighting of equity grants value will shift more to RSUs
- ❖ **Performance Equity:** Use of PSUs jumped over 2x versus 2023:
  - 3 of the 4 companies that did not grant options in 2024 did include PSUs in their 2024 equity mix
  - Use of performance stock options will decline as companies move to full-value PSUs (but we expect continued use in special circumstances)

# Run Rate

Please see Methodology & Definitions on page 9.

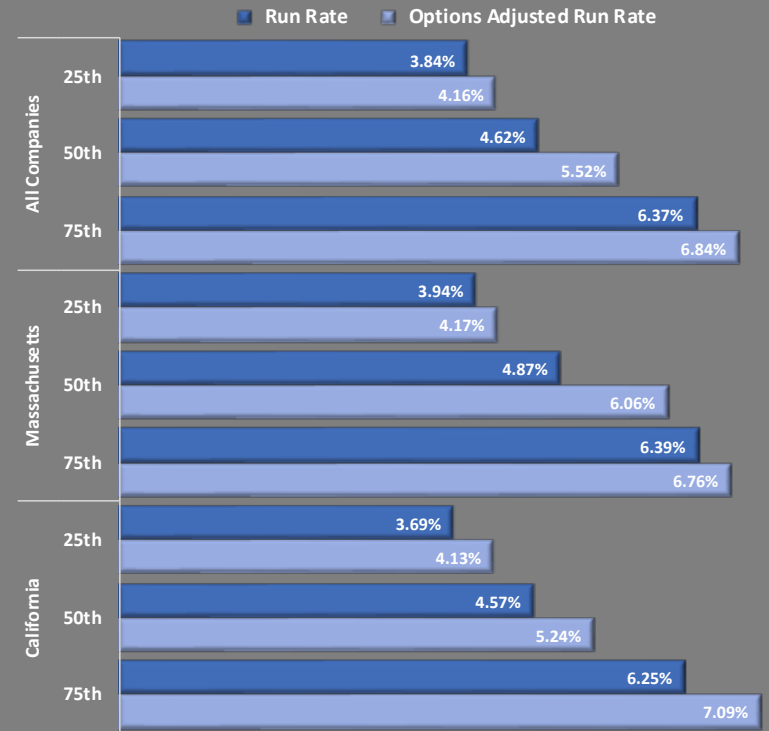


## Key Insights

- ❖ 2024 annual run rate declined by approximately 10% vs. 2023
- ❖ Several factors were at play in 2024:
  - Recovering stock prices allowed companies to grant fewer shares for similar value
  - Increased use of RSUs and increased weighting of total value reduced run rates vs. 2023
  - Lower use of retention and special awards in 2024
  - Generally low/no headcount growth (and reductions in some companies)



## Key Results



## Key Trends

- ❖ **Sustainability:** Even though 2024 run rates decreased vs. 2023, 4.5%-5.0% run rates will be difficult to maintain. We continue to expect flat to slightly lower run rate over time (returning to a 4% target)
- ❖ **RSUs & PSUs Increase:** Full value equity forms allow companies to manage equity usage while maintaining retention value in any market
- ❖ **Impact of IPO Companies:** Impact will be more limited than our expectation heading into the year as investors demand high-quality IPOs (multi-asset, advanced clinical development)
- ❖ **Lack of Evergreen Provision for Mature Companies:** IPO impact statement above notwithstanding, the large number of 2018-2022 IPOs mean these companies have 4-6 years of evergreen provisions remaining in their equity plans, an advantage versus more mature companies without evergreen plans

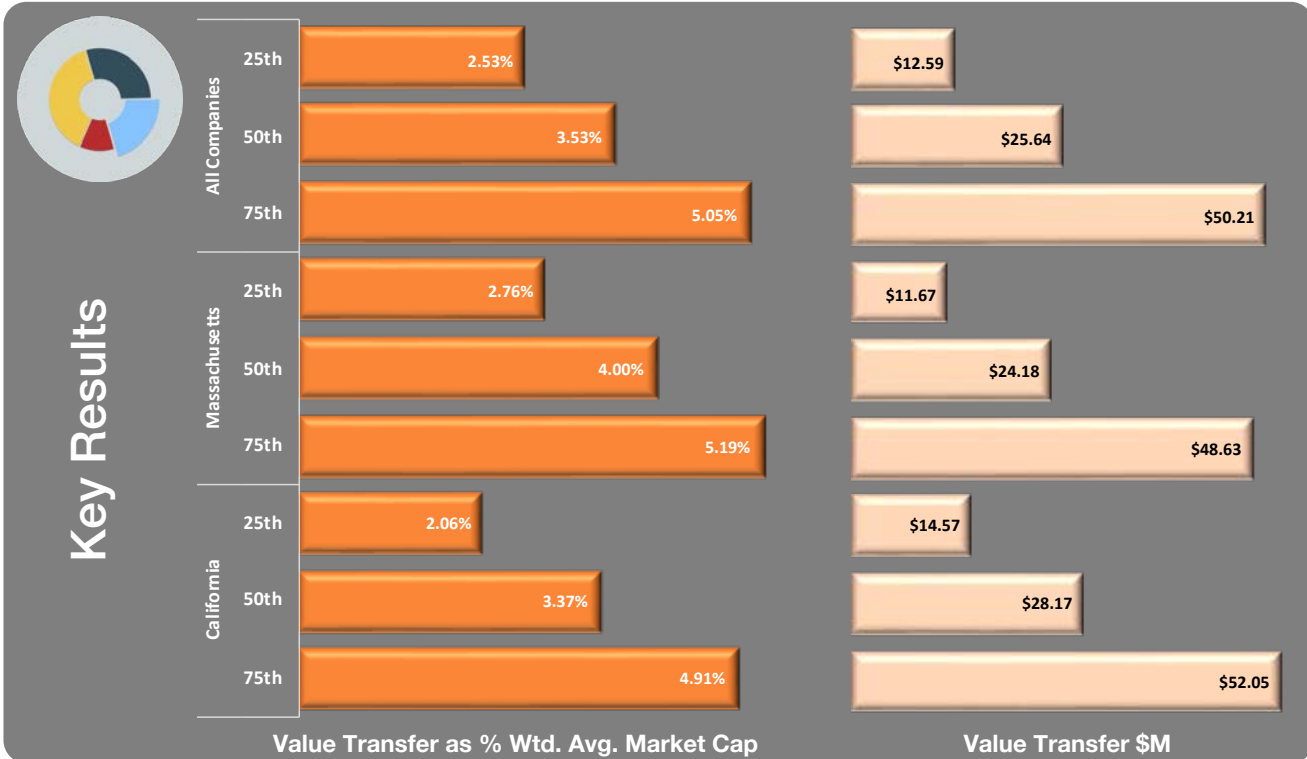
# Value Transfer as Percent of Weighted Average Market Cap

Please see Methodology & Definitions on page 9.



## Key Insights

- ❖ 2024 value transfer as a percent of weighted market cap decreased over 15% versus 2023 (3.53% vs. 4.17% in 2023)
- ❖ Several factors were at play in 2024:
  - Market caps are significantly higher than 2023 on average
  - Many of the factors noted around Run Rate also apply to Value Transfer
  - It is worth noting that Massachusetts value transfer is significantly higher than California due to differences in average market cap (~\$1.1B MA vs. ~\$1.6B CA)
  - Absolute dollar value, however, has increased significantly vs. 2023



## Key Trends

- ❖ **Market Capitalization:** Assuming a reasonably steady market cap and stock price industry environment, value transfer as percent of market cap should hold steady or decline slightly
- ❖ **Increasing Use of RSUs and PSUs:**
  - As companies continue to use full value equity vehicles such as RSUs and PSUs and move toward denominating equity awards in value, they will have a clearer view of the actual equity values being delivered in total and by individual and will move to maintain these levels

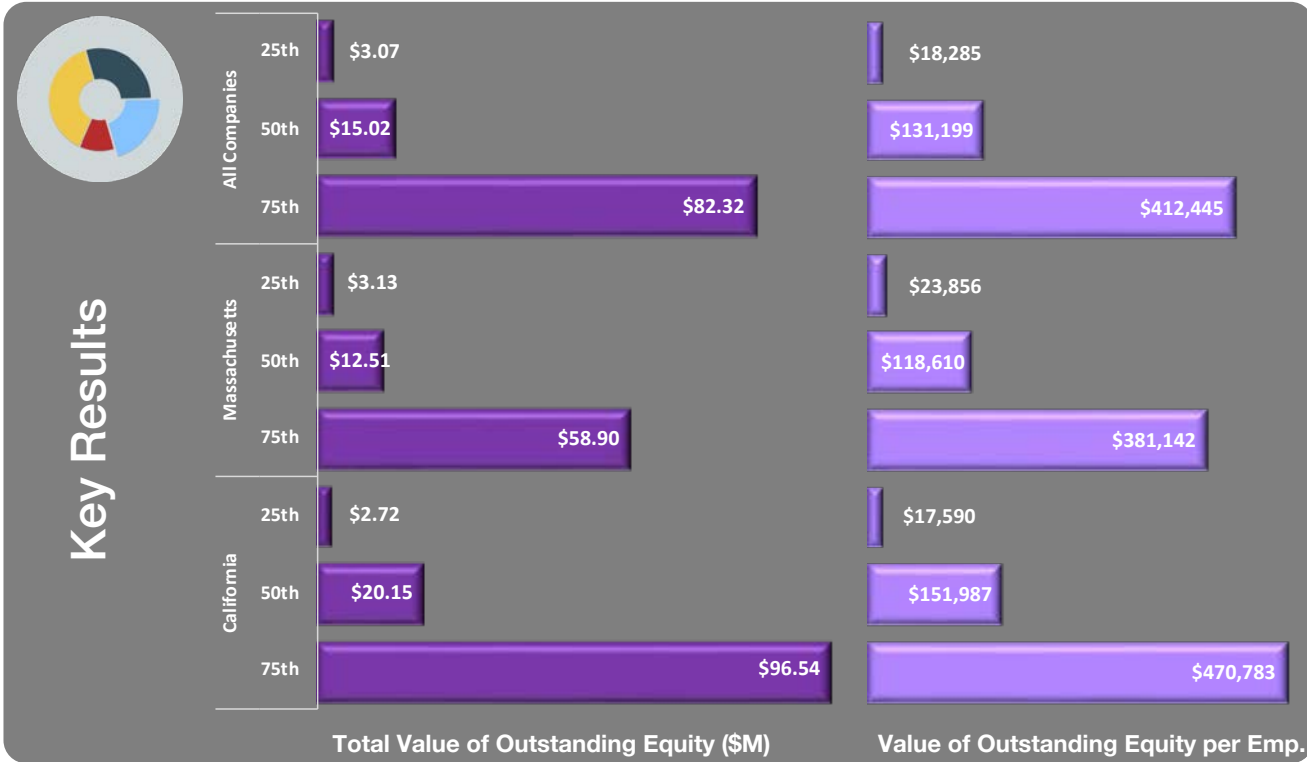
# Value of Outstanding Equity

Please see Methodology & Definitions on page 9.



## Key Insights

- ❖ What a difference a year makes:
  - 2023 median value was \$4.9M
  - 2024 median value was \$15.0M, 3x 2023
- ❖ What a difference a year makes, Part 2:
  - 2023 median value per employee was \$28,999
  - 2024 median value per employee was \$131,199, 4.5x 2023
- ❖ What a difference a year makes, Part 3:
  - In 2023, 80% of companies had all options underwater
  - In 2024, 58% of companies had all options underwater, -28% vs. 2023 (however, still a significant amount)



## Key Trends

- ❖ **Where to next?:** It seems as though the broader biotech and biopharma “market” is increasingly made up of companies that have won big and companies that have lost big (as illustrated by the gaps of 75<sup>th</sup> versus 50<sup>th</sup> and 25<sup>th</sup> percentiles in the chart above:
  - While encouraging that the value of outstanding equity has rebounded vs. 2023, it is still below the median value of equity in our 2021 analysis (\$16.9M)
  - The actual value of outstanding equity covering years of grants does not line up with the \$20M-\$30M in grant date value transferred each year...the disconnect is largely attributable to stock options, the majority of which are underwater

# Overhang

Please see Methodology & Definitions on page 9.

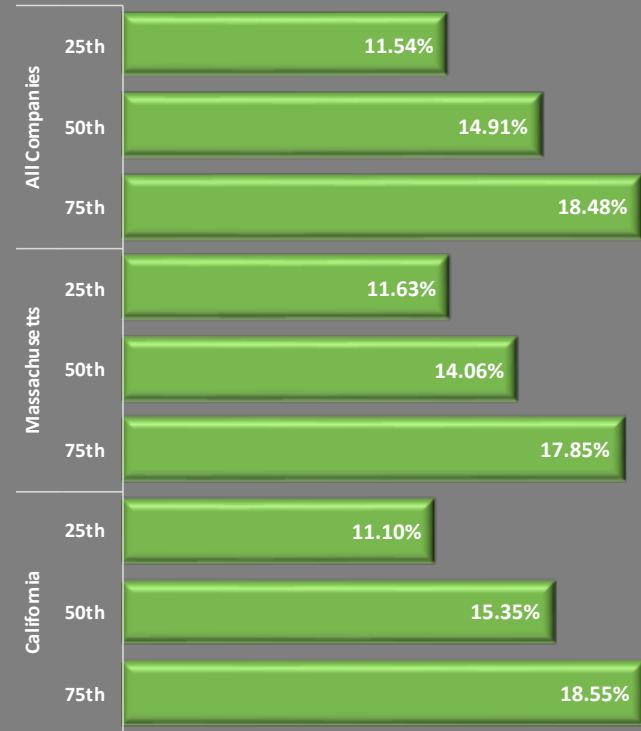


## Key Insights

- ❖ Overhang has decreased by approximately 6% versus 2023 to under 15%
- ❖ Several factors are at play:
  - Modest increase in stock option exercise activity versus 2023
  - The shift over time to using more RSUs which are no longer outstanding once vested has helped move equity out of the denominator
- ❖ Within our sample companies at the end of Q3 2024, there were ~1.2 billion stock options outstanding, 770M of which are underwater!



## Key Results



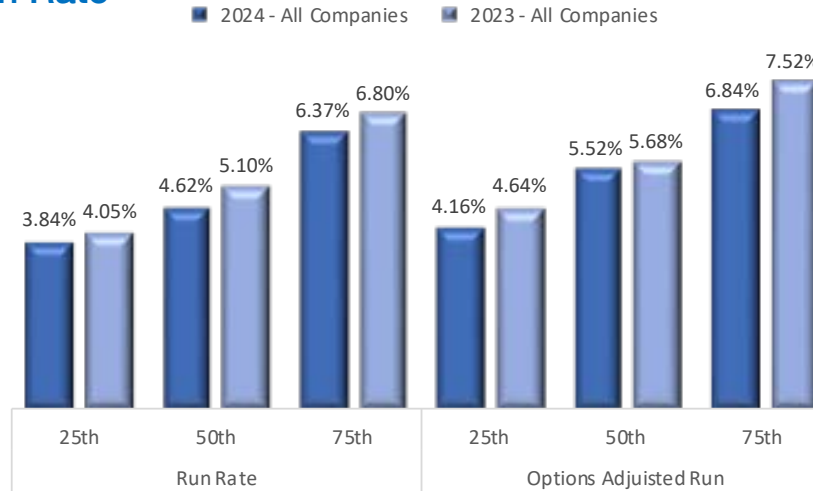
## Key Trends

- ❖ **Decreasing Overhang:** We expect overhang to decrease over time:
  - In a more favorable stock market, financing and IPO environment, exercise activity should increase as outstanding options regain in-the-money status...however, the median year-end stock price is -15% versus weighted average exercise price, there is still more price appreciation needed to bring options into the money (~29% of companies have current stock price at -50% or more below the weighted average exercise price.
  - Increasing use of RSUs will also mitigate higher overhang levels—unlike stock options, RSUs are no longer outstanding once vested and underlying shares are delivered to the participant

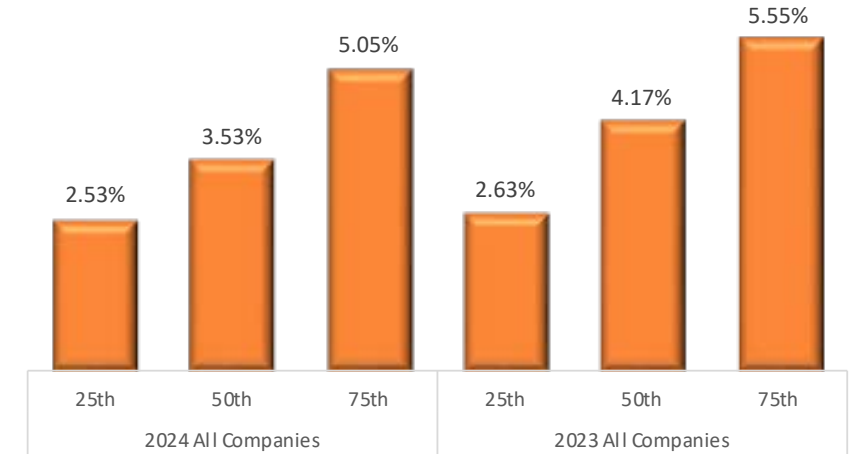


# 2024 Versus 2023 Summary - All Companies

## Run Rate



## Value Transfer - % Weighted Mkt. Cap



## Total Value of Outstanding Equity - \$M



## Overhang



# Methodology & Definitions

## Run Rate & Options-Adjusted Run Rate

- ❖ Run rate equals the number of stock options, restricted shares/units and other equity award forms divided by the weighted average common shares outstanding as of 9/30/24.
- ❖ Options-adjusted run rate counts full-value shares granted (RSUs, PSUs) as 1.5 equity units to state run rate on an options equivalent basis. This is aligned with ISS' run rate methodology for companies with high price volatility.

## Value Transfer as Percent of Market Cap

- ❖ Value transfer equals the grant date value of equity awarded:
  - ◆ Stock options equal number of options granted x weighted average exercise price x Black-Scholes valuation factor of 65% (applied to all companies\*).
  - ◆ RSAs/RSUs and PSAs/PSUs equal total number of units granted x weighted average grant price.
  - ◆ Value transfer as a percent of market cap equals the sum of the above divided by weighted average market capitalization through 9/30/24 using weighted average common shares outstanding x weekly average stock price.

## Value of Outstanding Equity

- ❖ Value of outstanding equity awards equals an approximation of outstanding equity awards based on 12/6/24 closing price (our data cutoff date):
  - ◆ Stock options are valued based on the *weighted average exercise price disclosed* through 9/30/23. Some companies whose weighted exercise price is higher than the 12/6 closing price may have isolated grants that are in-the-money, but our methodology is based on the overall weighted exercise price.
  - ◆ Full-value awards outstanding equals number of shares/units outstanding at 9/30/23 x the closing price on 12/6/24.

## Overhang

- ❖ Overhang equals the total number of equity awards outstanding divided by the common shares outstanding as of 9/30/24.

## Company Selection

- ❖ Companies in our selection generally meet the following criteria:
  - ◆ Located in Massachusetts or California
  - ◆ Market caps between \$100M to approximately \$10B
  - ◆ Precommercial companies with fully integrated R&D
  - ◆ Reported detailed equity usage on a quarterly basis.

\* Companies covered in this report typically have Black-Scholes valuation factors of 55%-80% of the fair market value on the date of grant (e.g., an option granted with an exercise price of \$10/share is valued at \$5.50 to \$8.00 per option). We have back-tested option valuations for the covered companies and have found that 65% is a reasonable "indexed" and "normalized" Black-Scholes valuation factor.

## Companies – Massachusetts & Connecticut

Company	Ticker	City	State
Acrivon Therapeutics	ACRV	Watertown	MA
Aldeyra Therapeutics	ALDX	Lexington	MA
Anika Therapeutics	ANIK	Bedford	MA
Apogee Therapeutics, Inc.	APGE	Waltham	MA
Arvinas	ARVN	New Haven	CT
Astria Therapeutics	ATXS	Boston	MA
Atea Pharmaceuticals	AVIR	Boston	MA
Beam Therapeutics	BEAM	Cambridge	MA
Black Diamond Therapeutics	BDTX	Cambridge	MA
Blueprint Medicines Corp	BPMC	Cambridge	MA
C4 Therapeutics	CCCC	Watertown	MA
Cartesian Therapeutics	RNAC	Watertown	MA
Collegium Pharmaceutical	COLL	Stoughton	MA
Compass Therapeutics	CMPX	Boston	MA
Disc Medicine	IRON	Watertown	MA
Dyne Therapeutics	DYN	Waltham	MA
Editas Medicine	EDIT	Cambridge	MA
Enanta Pharmaceuticals 9/30 FYE	ENTA	Watertown	MA
Entrada Therapeutics, Inc.	TRDA	Boston	MA
Eyepoint Pharmaceuticals	EYPT	Watertown	MA
Fulcrum Therapeutics	FULC	Cambridge	MA
Intellia Therapeutics	NTLA	Cambridge	MA
Iteos Therapeutics	ITOS	Cambridge	MA

Company	Ticker	City	State
Keros Therapeutics	KROS	Lexington	MA
Korro Bio	KRRO	Cambridge	MA
Kymera Therapeutics	KYMR	Watertown	MA
Mersana Therapeutic	MRSN	Cambridge	MA
Monte Rosa Therapeutics	GLUE	Boston	MA
Neumora Therapeutics, Inc.	NMRA	Watertown	MA
Nuvalent	NUVL	Cambridge	MA
Organogenesis Holdings	ORGO	Canton	MA
Praxis Precision Medicines	PRAX	Cambridge	MA
Prime Medicine	PRME	Cambridge	MA
Q32 Bio	QTTB	Waltham	MA
Replimune Group	REPL	Woburn	MA
Sage Therapeutics	SAGE	Cambridge	MA
Scholar Rock Holding Crp	SRRK	Cambridge	MA
scPharmaceuticals	SCPH	Burlington	MA
Seres Therapeutics	MCRB	Cambridge	MA
Tango Therapeutics	TNGX	Boston	MA
Tectonic Therapeutic	TECX	Watertown	MA
Trevi Therapeutics	TRVI	New Haven	CT
Verastem	VSTM	Needham	MA
Verve Therapeutics	VERV	Cambridge	MA
Viridian Therapeutics	VRDN	Waltham	MA
Voyager Therapeutics	VYGR	Cambridge	MA

## Companies – California

Company	Ticker	City
4D Molecular Ther	FDMT	Emeryville
89Bio	ETNB	San Francisco
Acelyrin	SLRN	Agoura Hills
Adverum Biotechnologies	ADVM	Redwood City
Akero Therapeutics	AKRO	South San Francisco
Aligos Therapeutics	ALGS	South San Francisco
Allogene Therapeutics	ALLO	South San Francisco
Anaptysbio	ANAB	San Diego
Annexon	ANNX	Brisbane
Arcutis Biotherapeutics	ARQT	Westlake Village
Ardelyx	ARDX	Fremont
Arrowhead Pharmaceutical	ARWR	Pasadena
ARS Pharmaceuticals	SPRY	San Diego
aTyr Pharma	ATYR	San Diego
Avid Bioservices	CDMO	Tustin
Avidity Bioscience	RNA	San Diego
Biomea Fusion	BMEA	Redwood City
Bridgebio Pharma	BBIO	Palo Alto
Capricor Therapeutics	CAPR	Beverly Hills
Cardiff Oncology	CRDF	San Diego
CARGO Therapeutics	CRGX	San Mateo
Caribou Bioscience	CRBU	Berkeley
CG Oncology, Inc.	CGON	Irvine
Cidara Therapeutics	CDTX	San Diego

Company	Ticker	City
Crinetics Pharmaceuticals	CRNX	San Diego
Day One Biopharmaceutcls	DAWN	Brisbane
Denali Therapeutcs	DNLI	South San Francisco
Design Therapeutis	DSGN	Carlsbad
Dynavax Technologies	DVAX	Emeryville
Erasca	ERAS	San Diego
Evolus	EOLS	Newport Beach
Fate Therapeutics	FATE	San Diego
Ideaya Biosciences	IDYA	South San Francisco
IGM Biosciences	IGMS	Mountain View
Immunitybio	IBRX	San Diego
Inhibrx	INBX	La Jolla
iovance Biotherapeutics	IOVA	San Carlos
Janux Therapeutics	JANX	San Diego
Jasper Therapeutics	JSPR	Redwood City
Kodiak Sciences	KOD	Palo Alto
Lineage Cell Therapeutics In	LCTX	Carlsbad
Lyell Immunopharma	LYEL	South San Francisco
Medicinova	MNOV	La Jolla
Mirum Pharmaceuticals	MIRM	Foster City
Nkarta	NKTX	South San Francisco
Nurix Therapeutics	NRIX	South San Francisco
Olema Pharmaceuticals	OLMA	San Francisco
OmniAb	OABI	Emeryville

Company	Ticker	City
Oric Pharmaceuticals	ORIC	South San Francisco
Pliant Therapeutics In	PLRX	South San Francisco
Poseida Therapeutics	PSTX	San Diego
Rani Therapeutics	RANI	San Jose
Revolution Medicines	RVMD	Redwood City
Rezolute, Inc.	RZLT	Redwood City
Soleno Therapeutics	SLNO	Redwood City
Structure Therapeutics Inc.	GPCR	San Francisco
Summit Therapeutics	SMMT	Menlo Park
Sutro Biopharma	STRO	South San Francisco
Tarsus Pharmaceuti	TARS	Irvine
Tenaya Therapeutics	TNYA	South San Francisco
Terns Pharmaceutic	TERN	Foster City
Third Harmonic Bio	THRD	San Francisco
Traverse Therapeutics	TVTX	San Diego
Twist Bioscience 9/30 FYE	TWST	South San Francisco
Tyra Biosciences	TYRA	Carlsbad
Vaxart	VXRT	South San Francisco
Vaxcyte	PCVX	San Carlos
Ventyx Biosciences	VTYX	San Diego
Vera Therapeutics	VERA	Brisbane
Viking Therapeutics	VKTX	San Diego
Xencor	XNCR	Pasadena
Xoma	XOMA	Emeryville