UK biotech financing 2023
March – May 2023
UK biotech financing has seen a positive upward trend this year, securing a second-quarter total of £382 million in venture and public financing, a 29% increase from the previous quarter’s £295 million.

The majority of financings, amounting to £338 million, were venture capital investments as confidence continues to grow, particularly in early-stage deals. However, the public markets remain challenging for UK biotechs, with no new market launches and lacklustre follow-ons. This is in line with international trends for public and private biotechs, resulting in an overall global decline in fundraising compared to the first quarter. Despite macroeconomic conditions, the UK biotech sector has demonstrated positive momentum and stability in attracting capital, which will be enhanced by recent UK Government policy initiatives.

### 2022 and 2023 Q2 figures at a glance

**Venture capital (£m)**
- 2022: £0m
- 2023 Q1: £258m
- 2023 Q2: £338m

**Follow-on financing (£m)**
- 2022: £0m
- 2023 Q1: £37m
- 2023 Q2: £44m

**IPO (£m)**
- 2022: £28m
- 2023 Q1: £0m
- 2023 Q2: £0m

**Total 2022: £1,810m**
**Total Q1 2023: £295m**
**Total Q2 2023: £382m**

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**Steve Bates OBE, CEO, BIA**

Amidst the current challenges facing the UK’s biotech sector, we are encouraged by the 29% growth in investment quarter-on-quarter, and the positive policy progress from UK Government that bodes well for a rapid rebound.

The continuous attraction of global investors to our high-quality science is a testament to the strength of the UK ecosystem. While the public markets pose short-term hurdles in securing major deals, we remain confident in a bright future for the UK industry.
During the second quarter of the year, the UK biotech sector experienced steady growth in venture investment, raising a total of £338 million, representing a 31% increase from the previous quarter's fundraisings and a 22% increase compared to the same period last year.

The average deal size across 26 deals was £13 million, the same as the previous quarter, and there was a healthy spread of investment between early and late-stage companies. Investor appetite is showing signs of recovery, with a large number of seed deals following a slow start to the year.

**Total venture capital raised by quarter, for the past five years**

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>182</td>
<td>189</td>
<td>194</td>
<td>124</td>
</tr>
<tr>
<td>2020</td>
<td>879</td>
<td>348</td>
<td>224</td>
<td>191</td>
</tr>
<tr>
<td>2021</td>
<td>2,518</td>
<td>1,068</td>
<td>685</td>
<td>429</td>
</tr>
<tr>
<td>2022</td>
<td>1,210</td>
<td>457</td>
<td>277</td>
<td>185</td>
</tr>
<tr>
<td>2023</td>
<td>258</td>
<td>338</td>
<td>596</td>
<td>1,210</td>
</tr>
</tbody>
</table>

BIA UK biotech financing 2023 Q2 | 3
UK biotech venture capital deals by amount raised and deal count

The UK sector saw its first £100+ million deal of 2023, secured by Ascend, a gene and cell therapy manufacturing specialist backed by Monograph Capital and Abingworth. This raised the average series A deal value to £40 million this quarter, a remarkable increase from £9 million in the previous quarter. Meanwhile, other deal sizes have remained stable, with seed deals maintaining a mean value of £4 million and late-stage deals averaging £27 million.
Top five UK biotech venture capital deals

<table>
<thead>
<tr>
<th>Company</th>
<th>Date</th>
<th>Round</th>
<th>Amount (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ascend Gene &amp; Cell Therapies</td>
<td>08/05/2023</td>
<td>A</td>
<td>106.3</td>
</tr>
<tr>
<td>Perspectum</td>
<td>15/03/2023</td>
<td>C</td>
<td>56.5</td>
</tr>
<tr>
<td>eXmoor Pharma</td>
<td>30/05/2023</td>
<td>ND</td>
<td>28.0</td>
</tr>
<tr>
<td>Mosaic Therapeutics</td>
<td>04/04/2023</td>
<td>A</td>
<td>23.0</td>
</tr>
<tr>
<td>ThirtyFiveBio</td>
<td>30/03/2023</td>
<td>Seed</td>
<td>16.5</td>
</tr>
</tbody>
</table>

Internationally, there has been steady growth with the US securing £2.7 billion and European countries raising £905 million in venture capital. This positive trend marks a return to more typical quarterly takings following a slow start to the year. On the other hand, Asian companies saw a decline in fundraising activity.

International venture capital financing

* Including Hong Kong
IPOs

The lack of initial public offerings (IPOs) has persisted for the past year across the globe for the life sciences sector, with the UK as no exception.

Despite this low baseline, global IPO activity has still notably declined this quarter. There were no new launches across European countries. Elsewhere, only one US-based company listed during the quarter – Los Angeles-based Acelyrin raised £483 million on NASDAQ – while three Asian companies collectively raised £68 million.

Total raised in IPO by quarter, for the past five years

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>64</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2020</td>
<td>64</td>
<td>244</td>
<td>119</td>
<td>125</td>
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<tr>
<td>2021</td>
<td>215</td>
<td>53</td>
<td>431</td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>5</td>
<td>24</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2023</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

International IPOs

- **US**: Total £483m (one IPO)
- **Europe**: Total £0m
- **Asia**: Total £68m
  - Singapore: £8m
  - China*: £60m

* Including Hong Kong
Follow-on financings

Follow-on financing remained lacklustre, with a total of £44 million raised—a small improvement compared to the previous quarter’s £37 million, but still the lowest amount raised in any second quarter on record.

Orchard Therapeutics’ £28.3 million fundraise on NASDAQ made up the majority of public capital raised by UK biotech in the quarter. Follow-on fundraising tends to fluctuate significantly from quarter to quarter, but there is typically an upward trend towards the second half of the year, so the figures could improve.

Total raised in follow-ons, shown by quarter in past five years

Top five UK biotech public follow-on deals

<table>
<thead>
<tr>
<th>Company</th>
<th>Date</th>
<th>Market</th>
<th>Amount (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orchard Therapeutics</td>
<td>06/03/2023</td>
<td>NASDAQ</td>
<td>28.3</td>
</tr>
<tr>
<td>Destiny Pharma</td>
<td>01/03/2023</td>
<td>AIM</td>
<td>7.3</td>
</tr>
<tr>
<td>Okyo Pharma</td>
<td>14/03/2023</td>
<td>NASDAQ</td>
<td>4.4</td>
</tr>
<tr>
<td>TC BioPharm</td>
<td>28/03/2023</td>
<td>NASDAQ</td>
<td>2.1</td>
</tr>
<tr>
<td>MGC Pharma</td>
<td>11/04/2023</td>
<td>LSE/ASX</td>
<td>1.5</td>
</tr>
</tbody>
</table>
Fundraisings on public markets around the world revealed mixed fortunes for sectors in different regions. European companies faced challenges, experiencing a significant decline from £1.2 billion to £397 million in secured follow-on financing. In contrast, Asian and US biotechs saw an increase in follow-on fundraising, with Asian companies securing £408 million and US biotechs raising £5.5 billion.

**International follow-ons**
The BioIndustry Association (BIA) is the voice of the innovative life sciences and biotech industry, enabling and connecting the UK ecosystem so that businesses can start, grow and deliver world-changing innovation.

We are an award-winning trade association representing more than 500 member companies including:

- Start-ups, biotechnology and innovative life science companies
- Pharmaceutical and technological companies
- Universities, research centres, tech transfer offices, incubators and accelerators
- A wide range of life science service providers: investors, lawyers, IP consultants and IR agencies

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