

## First-quarter venture financing: the retrenchment begins



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With the market having turned distinctly sour this year many will find it heartening to learn that money continued to flow to private biotech companies in the first quarter, with European groups showing a particularly strong performance.

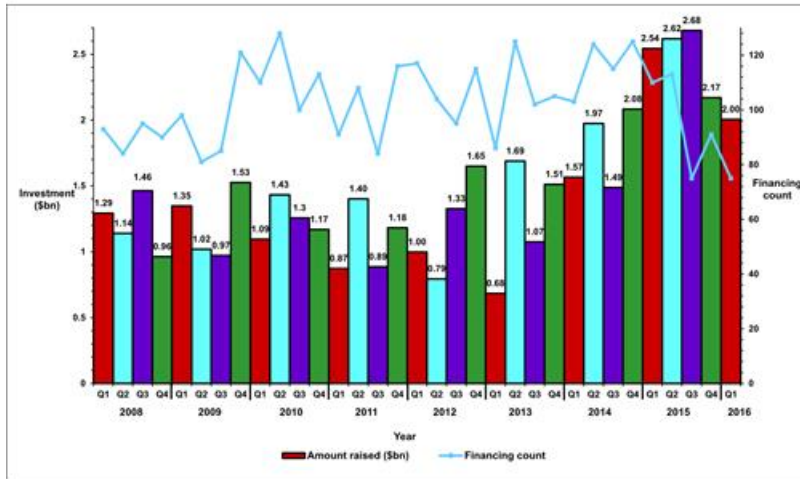
That said, there is no hiding the fact that the retrenchment has begun (see tables below). While in broad historical terms the quarter is respectable, both the total raised and the number of rounds are down versus the fourth quarter of 2015 and the corresponding period 12 months ago.

Top 10 rounds of Q1 2016			
Company	Investment (\$m)	Round	Date
Mission Therapeutics	86.4	Undisclosed	Feb
C4 Therapeutics	73.0	Series A	Jan
Forty Seven	70.0	Series A	Feb
NextCure	67.0	Series A	Jan
Millendo Therapeutics	62.0	Series B	Jan
Zymeworks	61.5	Series A	Jan
SomaLogic	60.5	Undisclosed	Mar
Cardiorentis	60.1	Series B	Jan
Autolus	56.7	Series B	Mar
PanTheryx	53.0	Undisclosed	Mar

Watchers of European biotech will note with pride that a UK company, Mission Therapeutics, seized the global top spot for the largest round of the quarter – a healthy \$86.4m.

This will go towards developing Mission's portfolio of assets focused on deubiquitinating enzymes. Interestingly, the company was one of two in the top 10 to focus on ubiquitin, the second-placed C4 Therapeutics of the US being the other ([Interview - C4 starts life with a bang, March 31, 2016](#)).

Quarterly VC investments



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Overall 75 individual private rounds brought in a combined \$2.0bn in the first quarter. This means that not only are the totals slowly declining quarter on quarter, and year over year, but cash is increasingly going towards a chosen few biotechs.

This “safety in numbers” trend in VC financing has been evident for some time now. In the first quarter the average raised per round was about \$28m, versus \$23m or so a year ago – when the biotech bull market was in full swing and more cash was spread among more companies, notwithstanding Moderna’s monster \$450m raise.

Annual VC investments				
Date	Investment (\$bn)	Financing count	Avg per financing (\$m)	No. of rounds ≥ \$50m
1Q 2016	2.0	75	27.9	13
2015	10.0	389	26.3	55
2014	7.1	467	16.4	35
2013	5.0	418	13.2	12
2012	4.8	431	12.1	16
2011	4.3	399	12.1	11
2010	5.0	451	12.2	13
2009	4.9	385	14.1	16
2008	4.9	362	15.4	14

Mission comfortably edged out C4 to the top spot. It will come as no surprise that two other groups in the VC top 10 – Forty Seven and Nextcure – are targeting immuno-oncology, while Zymeworks and Somalogic are developing novel antibody technologies.

The list also includes Cardiorentis, a Swiss group benefiting from renewed enthusiasm around heart failure, and Autolus, a low-key UK start-up attempting to get into the hot CAR-T therapy space. Cardiorentis was to have revealed keenly awaited results from its large study of Ularitide at this month’s American College of Cardiology meeting, but the [presentation was pulled at short notice](#).

Autolus was spun out of University College London a year ago, but has yet to make public anything about its CAR-T approach, pipeline or clinical trial plan. Presumably it revealed some of these to its new private backers, [Woodford Investment Management and Perceptive Bioscience, before these put in £40m](#).

While UK biotech attracting increasing amounts of money is positive, one worry is that all we are seeing is a delayed reaction, and the EU simply has not yet caught up with the US biotech slump.

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