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Finance Watch: Venture Capital On Track For Another Record Year

\$20.3bn Raised In H1 2021 Versus \$27.2bn For All Of 2020

by **Mandy Jackson**

Private Company Edition: With \$8.9bn raised in the second quarter, venture capital investment in biopharma companies reached its second highest quarterly total to date – behind only Q1 of this year. Also, Nimbus Therapeutics raised \$105m and European drug developers get in on the VC action.

Venture capital investment in biopharmaceutical companies during the second quarter brought another set of staggering numbers, with 257 firms raising \$8.9bn – the second highest quarterly dollar total going back to 2006, according to data from Pitchbook and the National Venture Capital Association's Venture Monitor report released on 14 July.

Q2 was second only to the first quarter of 2021, when \$11.4bn was invested in 339 biopharma ventures (revised from a previous sum of \$10.5bn). (Also see "[Finance Watch: Biotech Venture Capital Had Its Biggest Quarter Ever](#)" - Scrip, 28 Apr, 2021.) This year is well on its way to beating the record set in 2020 when 1,043 companies raised \$27.2bn (revised from \$27.4bn). (Also see "[Finance Watch: Biopharma VC Deals Hit New Record Of \\$27.4bn In 2020](#)" - Scrip, 18 Jan, 2021.) At the halfway mark in 2021, the year already is in second place with \$20.3bn raised by 596 companies; second place had been held by 2018, when an annual total of \$19.8bn was raised by 875 companies (see *table*).

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In addition to the high volume and large size of venture capital deals, the record-breaking pace is driven by the size of individual deals. Biopharma VC financings averaged \$15m in 2015 and grew to \$26.1m in 2020, but have ballooned to \$34.1m at the halfway mark in 2021.

Venture capital mega-rounds are driving this phenomenon, with many firms funding novel technology platforms and multi-drug development pipelines through VC rounds totaling \$100m or more, including Prime Medicine, which revealed a whopping \$315m in new financing on 13 July. The company, headquartered in Cambridge, MA, said it closed a \$115m series A and a \$200m series B round to build its gene editing technology platform and advance development programs toward the clinic. (Also see "[Prime Medicine Launches With \\$315m To Fund New Approach To Gene Editing](#)" - Scrip, 13 Jul, 2021.)

Nimbus Raises \$105m To Advance TYK2, Other Programs

Cambridge, MA-based [Nimbus Therapeutics, Inc.](#) also announced a mega-round on 13 July, noting that it closed a \$105m private financing led by BVF Partners LP. Nimbus previously raised \$60m in October to fund development programs arising from its structure-based drug discovery engine for the design of small molecules against difficult-to-target proteins that drive disease pathology. (Also see "[Finance Watch: Biopharma VC Deals On Track For A Record-Breaking Year](#)" - Scrip, 16 Oct, 2020.)

Existing investors RA Capital Management and Atlas Venture also participated in the company's latest financing along with new investors Access Biotechnology, Commodore Capital, Logos Capital, Surveyor Capital (a Citadel company) and an unnamed large alternative asset manager.

The list of institutional and crossover investors participating in its most recent funding round raises the question of whether Nimbus soon will file paperwork with the US Securities and Exchange Commission in support of a proposed initial public offering. As with biopharma VC financings, with 62 offerings so far this year, IPOs also are on track to potentially beat the record set in 2020, when 86 biopharma companies went public in the US. (Also see "[IPO Update: Booming Biopharma On Pace For Another Record Year](#)" - Scrip, 1 Jul, 2021.)

Nimbus believes initial data for its allosteric TYK2 inhibitor support "pipeline-in-a-product" potential for the candidate, which the company will move into multiple Phase II clinical trials in 2021 and 2022 for the treatment of autoimmune and inflammatory diseases.

[Bristol Myers Squibb Company](#) is well ahead of Nimbus with the allosteric TYK2 inhibitor deucravacitinib, which has generated positive Phase III results in psoriasis and is in Phase II for the treatment of psoriatic arthritis, ulcerative colitis, Crohn's disease and systemic lupus erythematosus. (Also see "[Bristol Engineers An Oral TYK2 Inhibitor With Biologic-Like Efficacy That Rivals JAK Safety](#)" - Scrip, 12 Sep, 2018.)

Nimbus entered into an agreement with [Celgene Corporation](#) in 2017 – two years before BMS acquired the big biopharma company – for the development of its TYK2 inhibitor. (Also see "[Deal Watch: Celgene The Latest To Buy Into Nimbus' Computational Chemistry Approach](#)" - Scrip, 3 Oct, 2017.) Celgene retains an option to license the drug, which may be a moot point given Bristol's

already extensive development program for deucravacitinib. (Also see "[Bristol Lays Groundwork For First Dermatology Launch, Ahead Of TYK2 Inhibitor](#)" - Scrip, 26 Apr, 2021.) Plus, BMS had to sell off Celgene's psoriasis drug Otezla (apremilast) to [Amgen, Inc.](#) so that anti-competition regulators would sign off on the Bristol-Celgene merger, so the big pharma may be reluctant to bring in a second TYK2 inhibitor for psoriasis. (Also see "[Amgen's \\$13.4bn Otezla Buy Helps Bristol/Celgene Merger Close By Year-End](#)" - Scrip, 26 Aug, 2019.)

In addition to its TYK2 program, Nimbus also will initiate a first-in-human trial this year for its HPK1 inhibitor in the treatment of solid tumors and accelerate preclinical programs, with plans to initiate preclinical studies in 2022 that will enable investigational new drug (IND) application filings.

VC Boom Extends To Europe, Additional Novel Platforms

US-based companies may dominate in the global venture capital arena, but biopharma firms in Europe are getting into the action as well. In the UK alone, the BioIndustry Association recently reported that the biotechnology and life science sector raised £1.56bn (\$2.16bn) between March and May, bringing the 2021 total to £2.39bn in just the first five months of 2021, beating the prior record of £2.81bn for the whole of 2020.

Contributing to this year's total in the UK, Stevenage-based [NeRRe Therapeutics, Ltd.](#) said on 7 July that it raised £20m (\$27.7m) in a series B2 round led by new investor Columbus Venture Partners with existing investors Advent Life Sciences, Fountain Healthcare Partners, Forbion Capital Partners, OrbiMed and the UK Government's Future Fund.

NeRRe will use the new funding primarily to fund a Phase II clinical trial of orvepitant, a neurokinin-1 (NK-1) antagonist, in the treatment of chronic cough associated with idiopathic pulmonary fibrosis (IPF). The company is developing the drug as a first-in-class treatment for disabling chronic cough caused by reflex hypersensitivity disorders. (Also see "[NeRRe: Advancing Neurokinin Receptor Antagonists](#)" - Scrip, 1 May, 2017.)

Danish and Dutch firms also recently have announced significant funding rounds. Copenhagen, Denmark-based [Muna Therapeutics](#) said on 9 July that it closed a €60m (\$73m) series A round to fund its development of novel small molecules for neurodegenerative diseases. (Also see "[Muna](#)

Funding Boom Time Continues For UK Life Sciences

By [Kevin Grogan](#)

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Nearly £1.6bn was invested in the pharma, biotech and life sciences sector in the UK from March to May, which means £2.39bn has been raised in the year to date, more than in the whole of 2020.

[Read the full article here](#)

[Launches On 'Rising Tide' Of Alzheimer's](#)" - Scrip, 9 Jul, 2021.) Also, [ISA Pharmaceuticals B.V.](#) in Oegstgeest, Netherlands revealed on 13 July that [Regeneron Pharmaceuticals, Inc.](#) was among the investors in its €26m (\$30.7m) financing to support its development of cancer immunotherapies. (Also see "[Regeneron Lifts Stake In Biotech Partner ISA Pharma](#)" - Scrip, 13 Jul, 2021.)

In other recent private company financings:

- Durham, NC-based [Xilis Inc.](#) said on 8 July that it closed a \$70m series A round led by Mubadala Capital. Xilis is paring its MicroOrganoSphere (MOS) technology for analyzing patients' tumors in their native microenvironment with artificial intelligence capabilities to develop precision medicines based on the company's observations within individual tumor microenvironments. Going forward, Xilis will build out its capabilities, take diagnostics into clinical testing and validate its technology in partnership with other biopharma companies.
- [ProfoundBio \(Suzhou\) Co., Ltd.](#) in Woodinville, WA and Suzhou, China said on 12 July that it completed a \$55m-plus series A round co-led by Lilly Asia Ventures and LYFE Capital. The proceeds will be used to build novel antibody-drug conjugate (ADC) and immuno-oncology platforms, and to move a portfolio of differentiated cancer therapeutics into the clinic.
- Paris-based [INOTREM S.A.](#) said on 12 July that it received an additional €45m (\$53.2m) from the French government under a program operated by Bpifrance, the country's national bank, to fund development of COVID-19 treatments. Inotrem also said it received authorization from French and Belgian authorities to advance nangibotide, its drug targeting the TREM-1 pathway, through clinical development and up to registration. Nangibotide has been studied in a 60-patient Phase IIa trial that will continue as a Phase II/III program enrolling up to 730 critically ill COVID-19 patients. The France-backed program has received €52.5m from the government to date. (Also see "[Coronavirus Notebook: Oxford/AZ Vaccine Nears UK Approval; Argentina OKs Russia's Sputnik V](#)" - Pink Sheet, 24 Dec, 2020.) Inotrem previously raised €58m in series B debt and equity as of February 2020 to fund its development of immunotherapies targeting TREM-1 for the treatment of acute and chronic inflammatory syndromes, including clinical-stage nangibotide for septic shock. (Also see "[Finance Watch: VCs Are Sharing The Wealth With More Biopharmas](#)" - Scrip, 18 Feb, 2020.)
- The novel antiviral developer [Evrys Bio LLC](#), based in Doylestown, PA, said on 13 July that it was awarded a \$34.3m contract from the US Department of Defense to develop a drug that is simultaneously effective against multiple high-risk viral agents from or more of three virus families: alphaviruses, arenaviruses and filoviruses. The company's broad-spectrum antiviral technology is based on the discovery that proteins called sirtuins normally defend human cells from being invaded by pathogens; its novel drug for the DOD will target the SIRT-2 protein. Evrys may develop the program over the five-year contract from drug discovery through regulatory filings.

- Seoul-based Standigm Inc., the Korean artificial intelligence-based drug discovery firm that said in March that it raised \$44.5m in pre-IPO funding, announced on 6 July that it received a \$10m investment from Singapore's Pavilion Capital. NH Investment & Securities, which is shepherding Standigm through the IPO process, said the new investment improves the AI-focused company's chances of a successful offering. SK Chemicals also invested in Standigm after the March financing. (Also see "[*Standigm Races AI Rivals To Become Global Discovery Contender*](#)" - Scrip, 25 Mar, 2021.)
- [*Suono Bio*](#) in Foxborough, MA said on 13 July that it closed an \$8.5m series A round led by Axil Capital and Mizuho Securities Principal Investment to fund its development of treatments for inflammatory bowel disease and other gastrointestinal diseases. [*Massachusetts Institute of Technology*](#) professor Robert Langer, a frequent biopharma company founder, is one of Suono's co-founders. The start-up is developing macromolecules to deliver DNA- and RNA-based medicines outside of the liver to the site of disease. Suono plans to prepare a drug candidate to treat ulcerative colitis for clinical development.