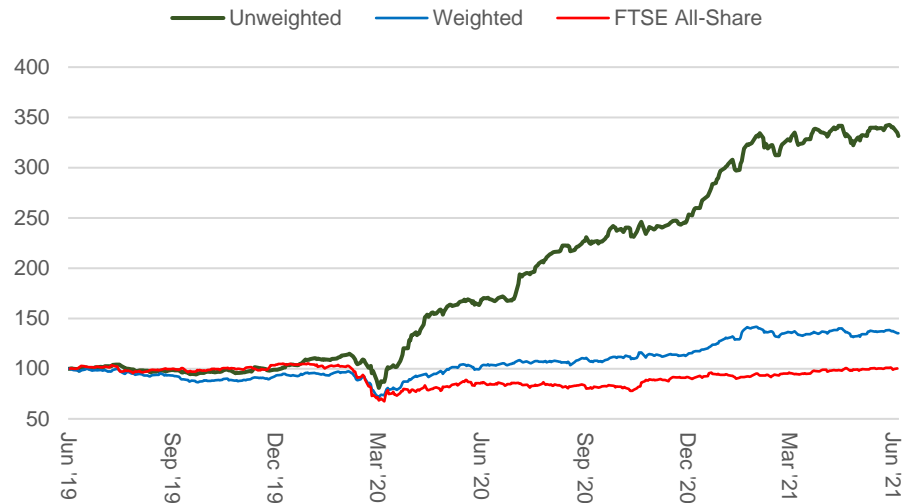


2021 – Half Year Review – Performance maintained

Radnor Broad UK Listed Biotech Index - 2 Year Chart



Source: FactSet, Radnor

The BioIndustry Association is a research client of Radnor Capital Partners Ltd.

MIFID II – this research is deemed to be a minor, non-monetary benefit.

12th July 2021

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+44 (0) 203 897 1830

- Given the remarkable outperformance of the UK listed Biotech sector during 2020; it is notable that much of this outperformance has been maintained through 2021 so far. Neither the pace of share price increases, nor the scale and frequency of capital raising activity, were ever likely to replicate 2020 but we have not yet witnessed any significant reversals.
- Since the start of the pandemic (March 2020) the Unweighted Broad Biotech Index has outperformed the FTSE All Share by +190%. Since our last review in January 2021, the sector has outperformed by +13%.
- The capital raising element of this is perhaps the most profound as 2020 saw a clear break from the previously established trend of declining fundraising activity. The evidence from 2021 to date is that fundraising volumes are tracking below 2020 but well ahead of 2019. With a number of potentially material IPOs to come in H2, this picture is likely to remain positive.
- The other encouraging point is around the breadth and scale of investor activity. The broader pool of capital represented by the sector as a result of increasing values and new capital being committed to the sector has meant that investor activity levels have been, at worst maintained, but in many cases increased through the course of 2021.
- The last two points around capital raising and investor activity levels are especially critical for a sector where capital and liquidity have been prominent historic points of concern. Whilst we do not expect the UK listed biotech arena to knock North America off its global top spot even in the medium term, the progress made by the UK since the start of 2020 has been material.

1 – Price Performance:

Below we show the 1 Year and 5 Year performance charts for the Broad UK Biotech Index. The constituents of this index, and of the sub-indices that make up this master index are detailed in Appendix A at the end of this document. The index classifications and the constituents have been curated by Radnor, in partnership with the BIA.

These indices are calculated and maintained via the FactSet custom index methodology on both an Unweighted basis and a Market Cap Weighted basis. In all cases we show both indices to provide the fullest picture of performance.

- The overall market cap of the Broad Biotech index is **£37.7bn**, an increase of **£6.7bn** (or **+22%**) from the start of the year, and is made up of **91** constituents, up from **87** at the start of the year.
- The ten largest stocks have a combined market cap of **£20.6bn**, representing **64%** of the sector by value.

Figure 1: Broad Biotech Index – 1 Year

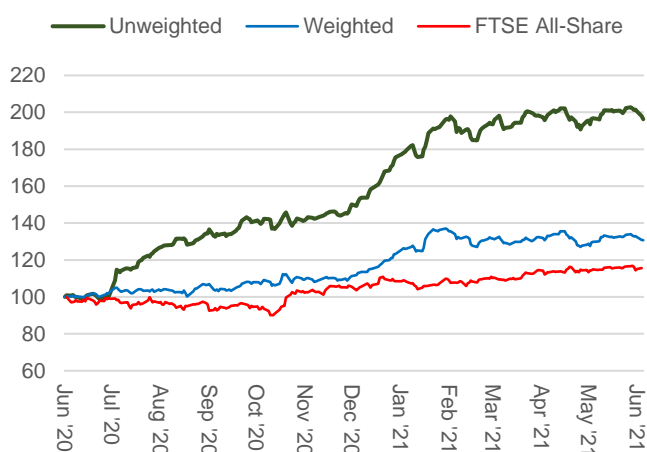
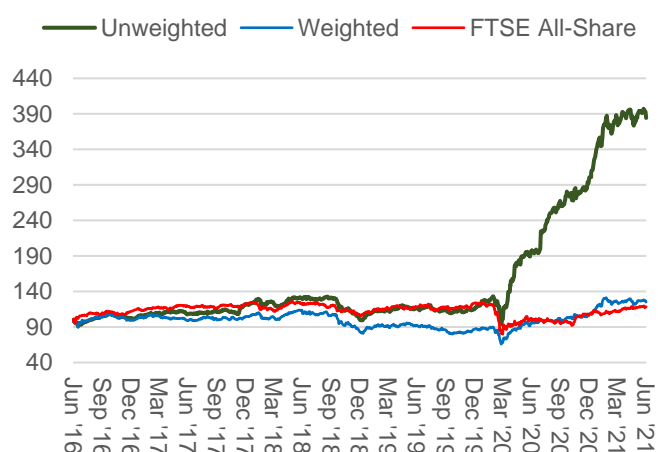


Figure 2: Broad Biotech Index – 5 Year



Source: FactSet, Radnor

- Both the charts above show the extent to which the Broad Biotech index has materially outperformed the FTSE All Share on both an **unweighted** and **weighted** market cap basis since June 2020. Given the preponderance of smaller cap companies making up this index, and the extent of some of the price moves we have witnessed, this outperformance is especially marked on the unweighted basis. This is a common feature across all the sub-indices that follow.
- We would also note that **even prior** to the onset of the Covid-19 pandemic, which has clearly been the catalytic event dominating the sector during 2020, the Broad Biotech index had been outperforming the broader market throughout Q1 2020.
- In fact, over the last five years, on an **unweighted** basis, the Broad Biotech Index had been performing **broadly in line** with the FTSE All Share.

In the charts that follow, we break the Broad Biotech index down into its main sub-components.

Small Molecule & Biologic Therapeutics

Figure 3: Small Molecule – 1 Year

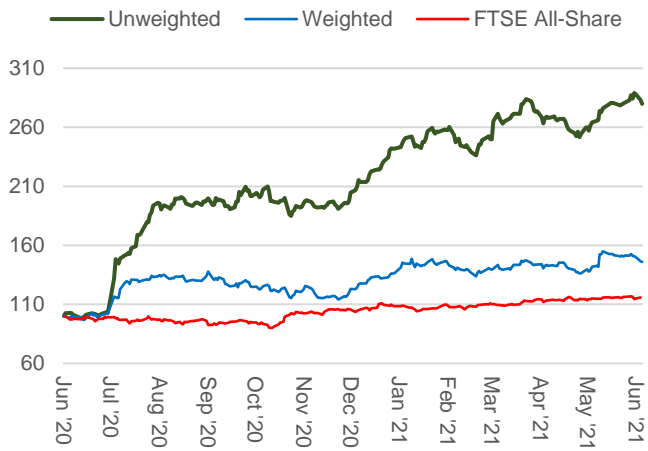
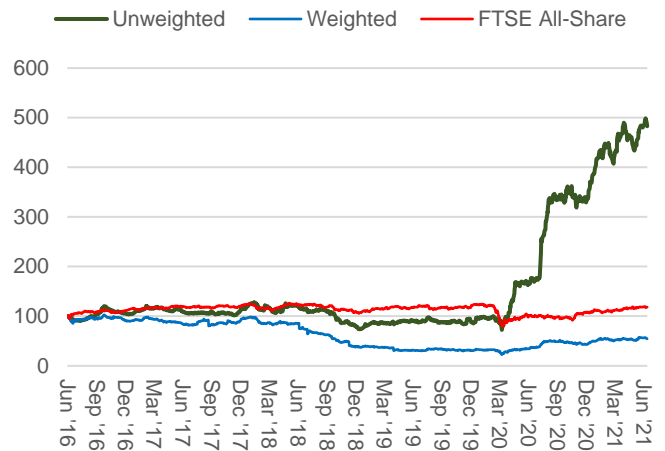


Figure 4: Small Molecule - 5 Year



Source: FactSet, Radnor

Cell & Gene Therapies

Figure 5: Cell & Gene Therapies – 1 Year

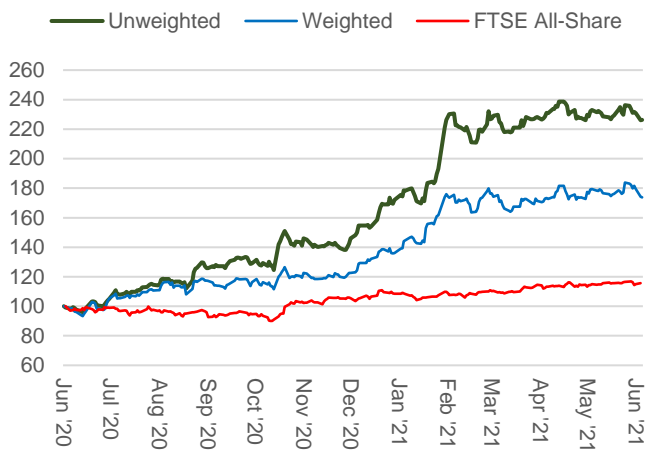
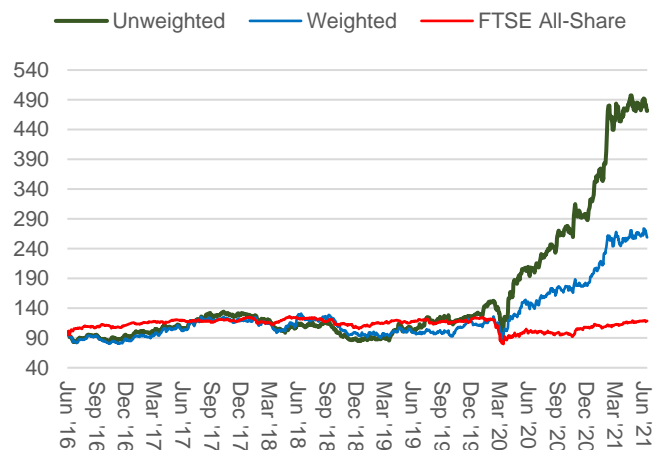


Figure 6: Cell & Gene Therapies – 5 Year



Source: FactSet, Radnor

Research Tools & Data

Figure 7: Research Tools – 1 Year

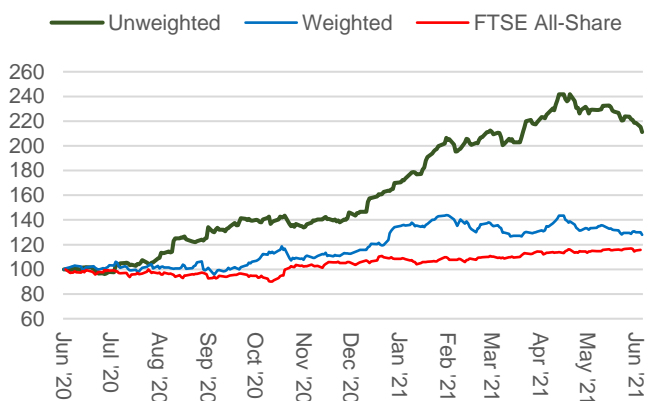
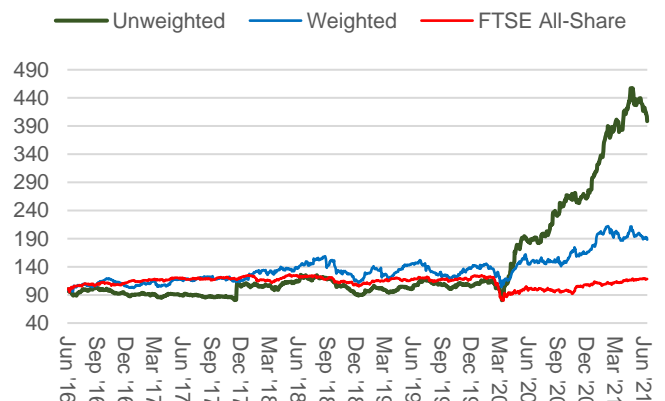


Figure 8: Research Tools – 5 Year



Source: FactSet, Radnor

Diagnostics

Figure 9: Diagnostics- 1 Year

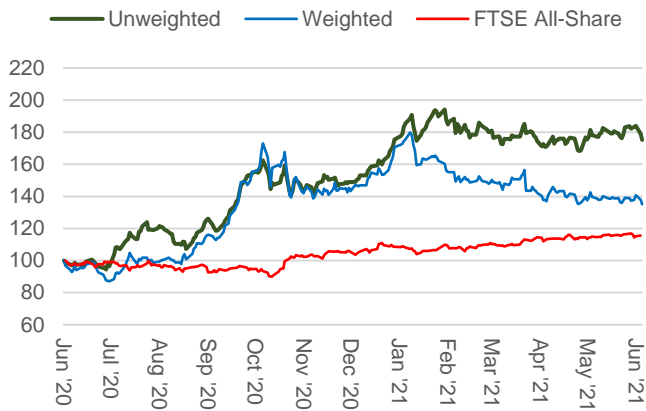
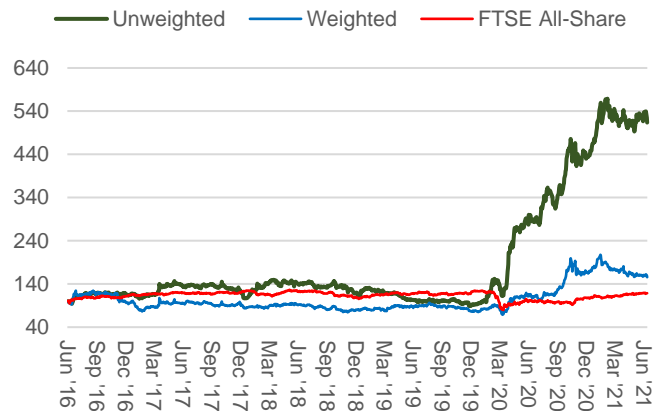


Figure 10: Diagnostics- 5 Year



Source: FactSet, Radnor

Medical Devices

Figure 11: Medical Devices- 1 Year

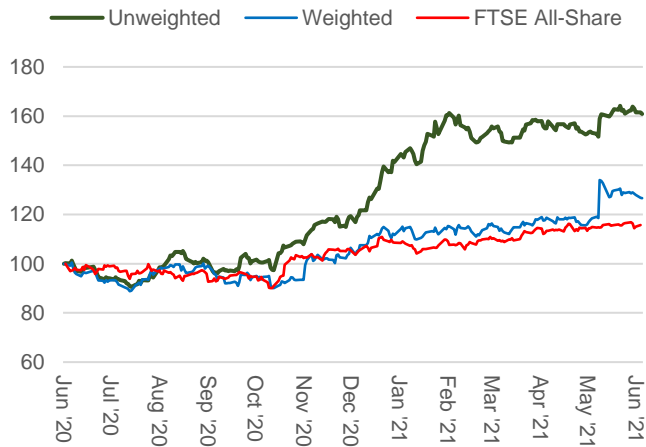
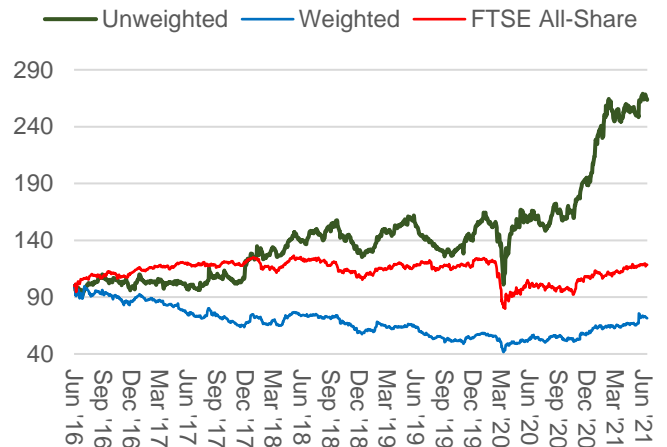


Figure 12: Medical Devices- 5 Year



Source: FactSet, Radnor

Commercialisation & Investment Vehicles

Figure 13: Investment Vehicles- 1 Year

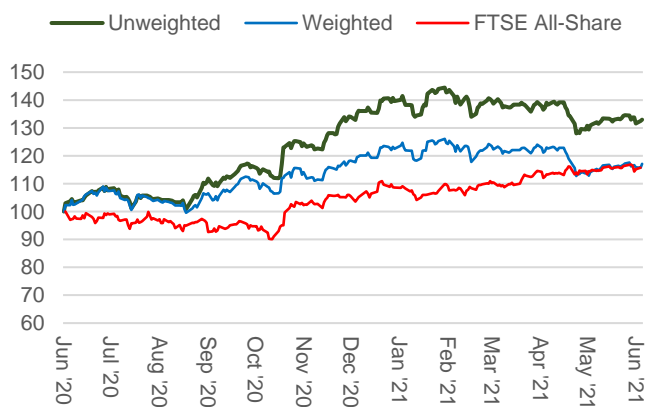
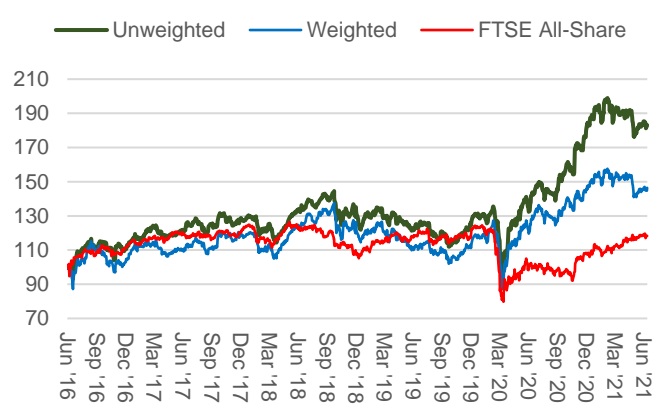


Figure 14: Investment Vehicles- 5 Year



Source: FactSet, Radnor

COVID-19 Specific “Composite”

Figure 15: COVID-19 Specific - 1 Year

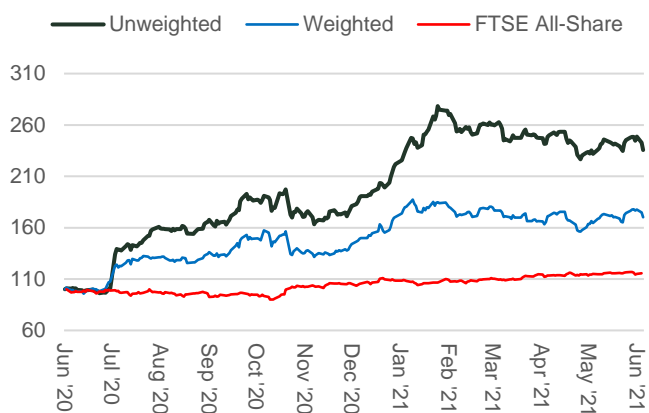
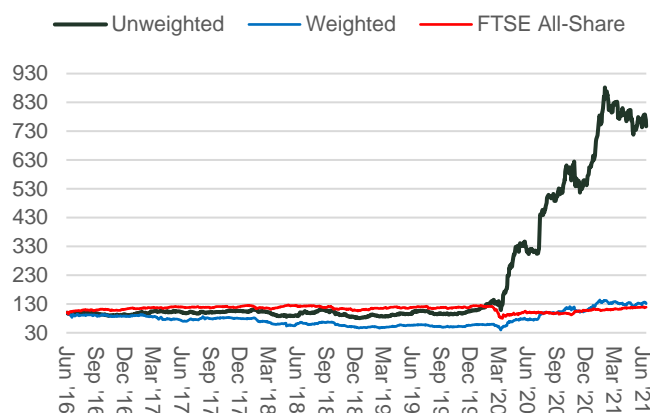


Figure 16: COVID-19 Specific - 5 Year



Source: FactSet, Radnor

Non Human Life Sciences

Figure 17: Non Human Life Sciences - 1 Year

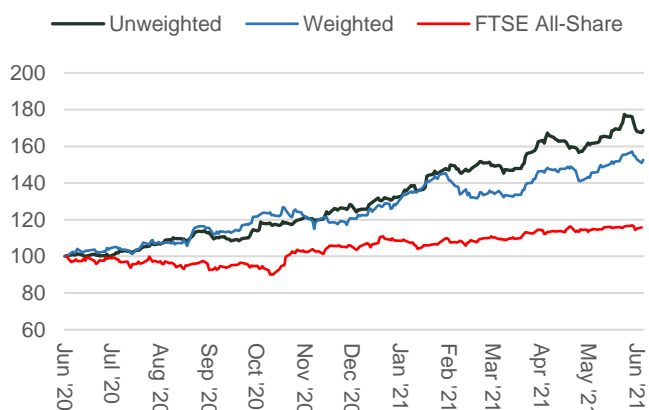
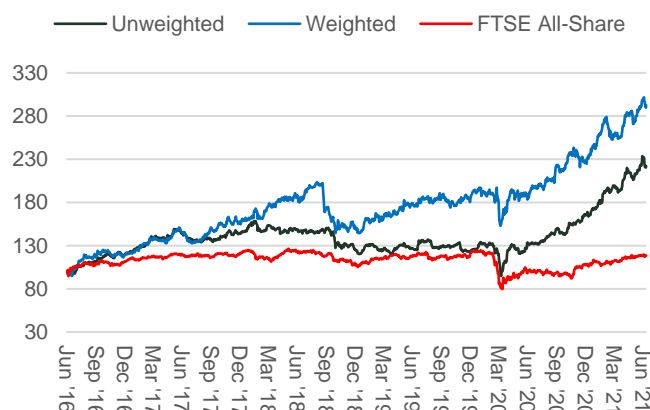


Figure 18: Non Human Life Sciences - 5 Year



Source: FactSet, Radnor

In Figure 15 and 16 above, we show the performance of the COVID-19 specific peer group. This is a “composite” sub index, whose constituents are drawn from each of the former sub-indices. Each of these companies have announced trials or product development specifically aimed at testing or treating Covid-19, or where their existing IP has direct relevance in dealing with the pandemic.

It is notable how this particular “composite” peer group has seen its outperformance tailing off as the vaccine roll-out has gathered pace around the world. It is perhaps not surprising to see a peer group that has seen its aggregate share price increase 8x in the space of less than a year experience some natural profit taking. However, share prices in this peer group remain substantially elevated from pre-pandemic levels, which suggests that investors continue to expect Covid-19 to remain a structural theme for some time to come.

Overall 1 Year Sub Index Performance

Figure 19: All Sub Indices - Unweighted

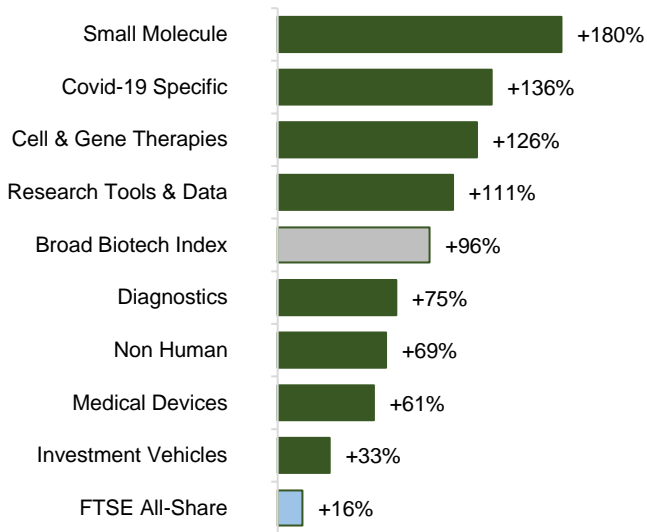
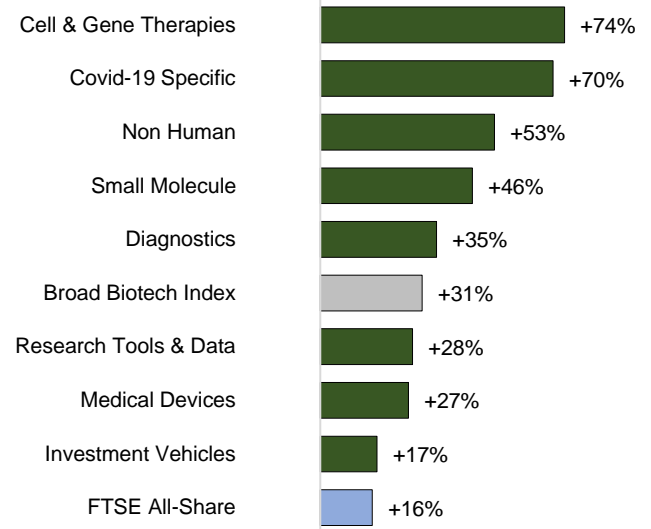


Figure 20: All Sub Indices – Market Cap weighted



Source: FactSet, Radnor

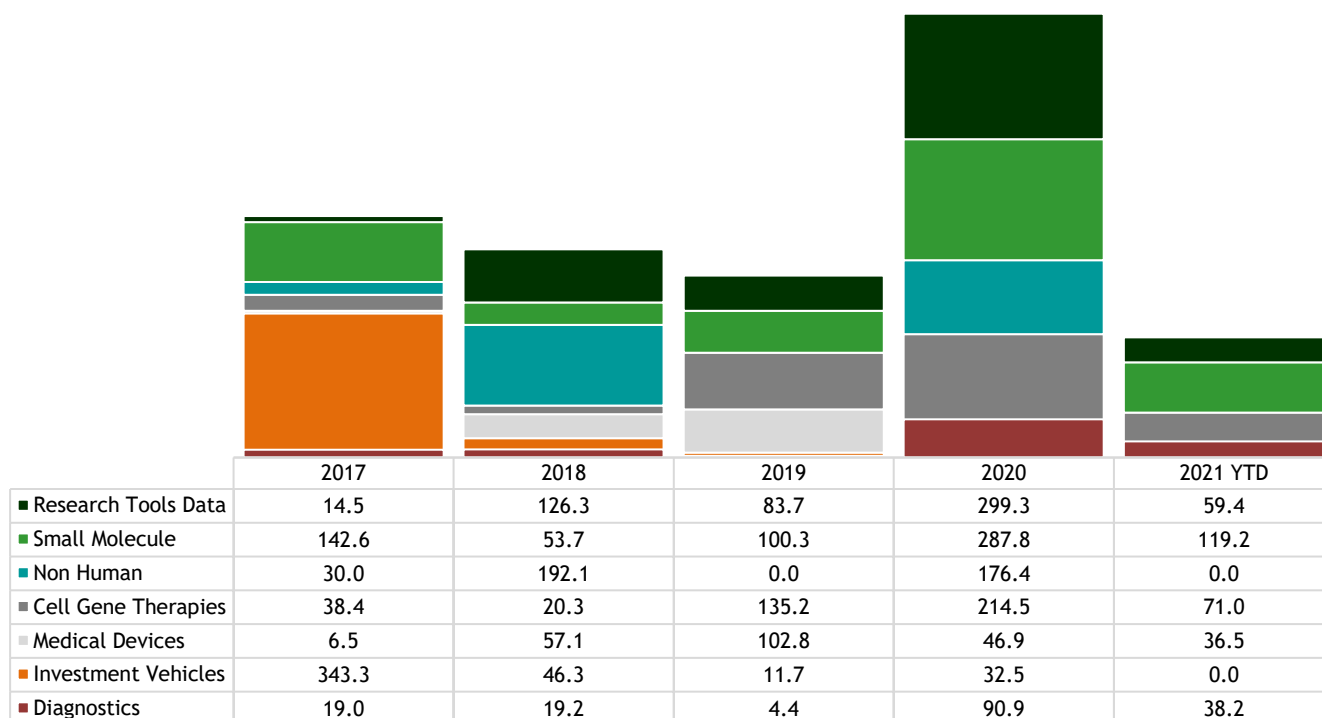
2 – Capital Raising: 2021 building on a standout 2020

It was always going to be challenging for the sector to exceed what was a remarkable (by sector standards) 2020 from a capital raising perspective. However:

- Year to date, 2021 has still seen **£324m** of new equity raised across **4** IPOs and **15** secondaries. This represents 74% of the total equity raised in 2019 and 63% raised in 2018, with only five months of the year completed.
- The four IPOs were Arecor Therapeutics (Small Molecule), Cizzle Biotechnology (Diagnostics), Trellus Health (Research Tools & Data) and Belluscura (Medical Devices).
- **2020** was an unusually strong comparative with a total of **£1,141m** of fresh equity raised by **51** individual companies, more than double the amount raised in 2018 and 2019 combined.
- **2020** was also unusual in the sense that 94% of the equity raised (£1,077m) was to support existing listed companies. 2021 is showing a more normal split with 21% of the capital raised so far coming from IPOs.

In Figure 21 below, we show the **amount** (£m) of fresh equity raised across the last four years by sub-index.

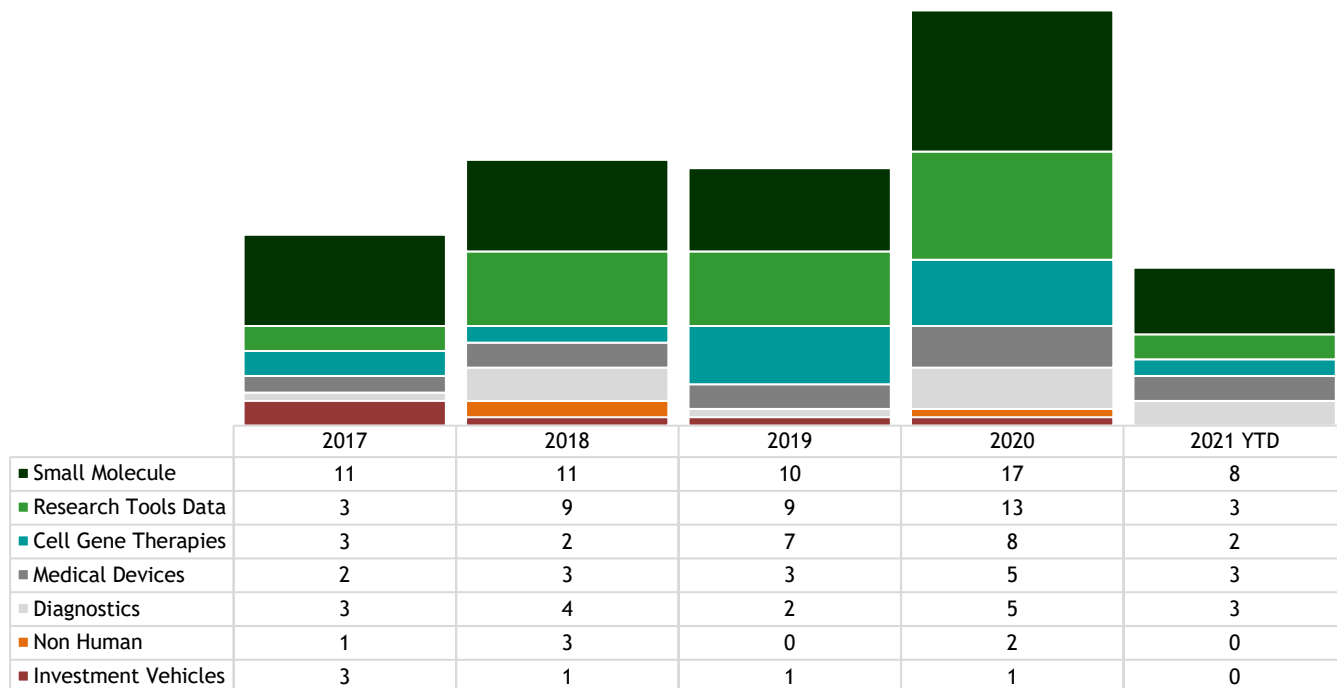
Figure 21: Fundraising Activity, 2017 – 2021 year to date by value of transactions, £m



Source: London Stock Exchange, RNS, Radnor

In Figure 22 below, we show the **number** of companies that have raised fresh equity across the last four years by sub-index

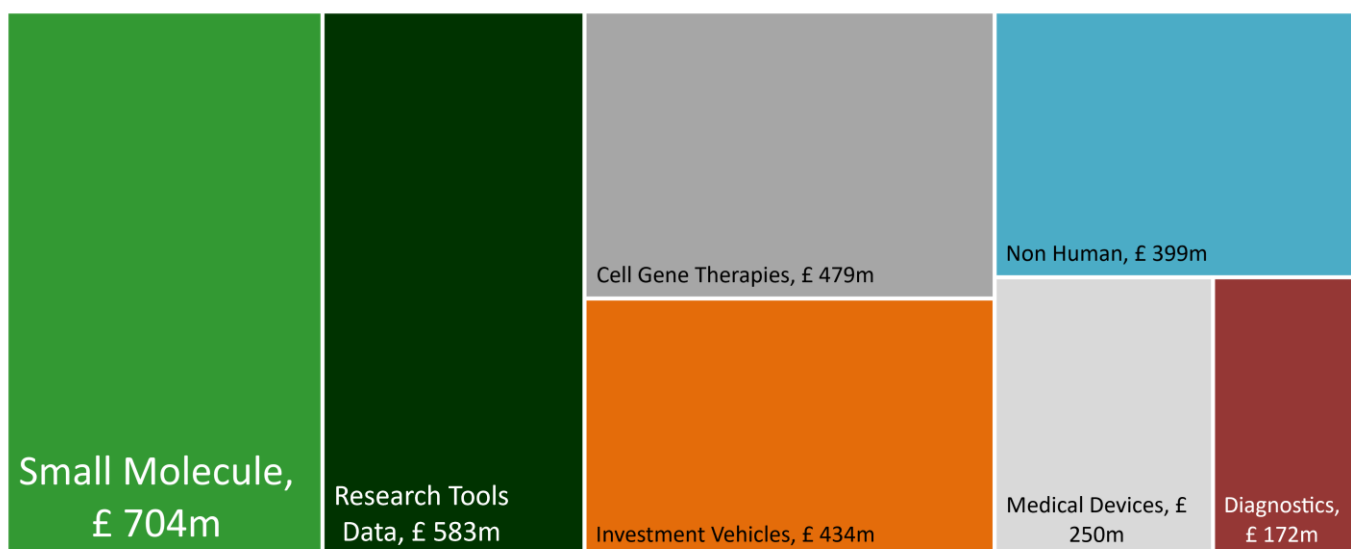
Figure 22: Primary & Secondary Fundraising Activity, 2017 – 2020 by number of companies



Source: London Stock Exchange, RNS, Radnor

Looking at the last four years in the round; Figure 23 below shows the split of total IPO and Secondary fundraising totals across the main sub-indices.

Figure 23: Primary & Secondary Fundraising Activity, 2017 – 2021 year to date combined by value of transactions, £m



Source: London Stock Exchange, RNS, Radnor

3 – Investor Participation: Increasing breadth of ownership

Given the combination of rising share prices and the frequency and scale of equity fundraising in the sector; the interesting question is which investors have been most active in the sector?

In order to answer this question, we have analysed investor net buying and selling activity from the start of the year through to the end of May 2021.

- Across the Broad Index we can identify **£2.921bn** of **Buying** activity, offset by **£2.314n** of **Selling** activity; resulting in a total net inflow of **£606m** across the sector;
 - **Small Molecule** (net inflow of £366m) and **Research Tools** (net inflow of £267m) led the way in terms of net positive investor buying activity.
 - Only **Commercialisation & Investment Vehicles** (-£57m) and **Medical Devices** (-£6m) saw net outflows during the period

- Looking at the data through the lens of investor type:
 - **North American** (net inflow of £723m) and **European** investors (net inflow of £130m) were the largest net buyers.
 1. North American buying has been positive across all the sub sectors with **Research Tools** (+£277m), **Small Molecule** (+£206m) and **Cell & Gene Therapy** (+£205m) dominating.
 2. European investors have also been positive across the broad index, with the notable exception of **Research Tools & Data** where they were net sellers of -£22m.
 - **UK Larger Institutions** continued to be material net sellers in value terms with an outflow of £231m. Here overall net selling activity was concentrated in **Cell & Gene Therapy** (-£194m), **Investment vehicles** (-£110m) and **Medical Devices** (-£75m). The standout sub index continues to be **Research Tools & Data** where UK Large Institutional net buying totalled £168m, which is broadly equivalent to H2 of 2020.
 - UK Smaller Institutions have been overall net buyers in the year to date (+£36m) with **Small Molecule** (+£55m) and **Investment Vehicles** (+£17m) outweighing -£43m of net selling in **Research Tools & Data**.
 - **UK Private Wealth** continued to be small net sellers in aggregate (-£55m) continuing their trend established late in 2020. During the first three quarters of 2020, UK Private Wealth had been net buyers of the sector.
 - **UK Retail Execution Only** platforms have been a prominent force in the sector and were overall net buyers (+£40m) in the year to date. This activity has been concentrated in **Small Molecule** (+£41m) offset by marginal net selling elsewhere.

Broad Biotech Index – All Investor Buying / Selling, January through May 2021

Figure 24: All Investors Buying / Selling – January through May 2021 – by Sub Index

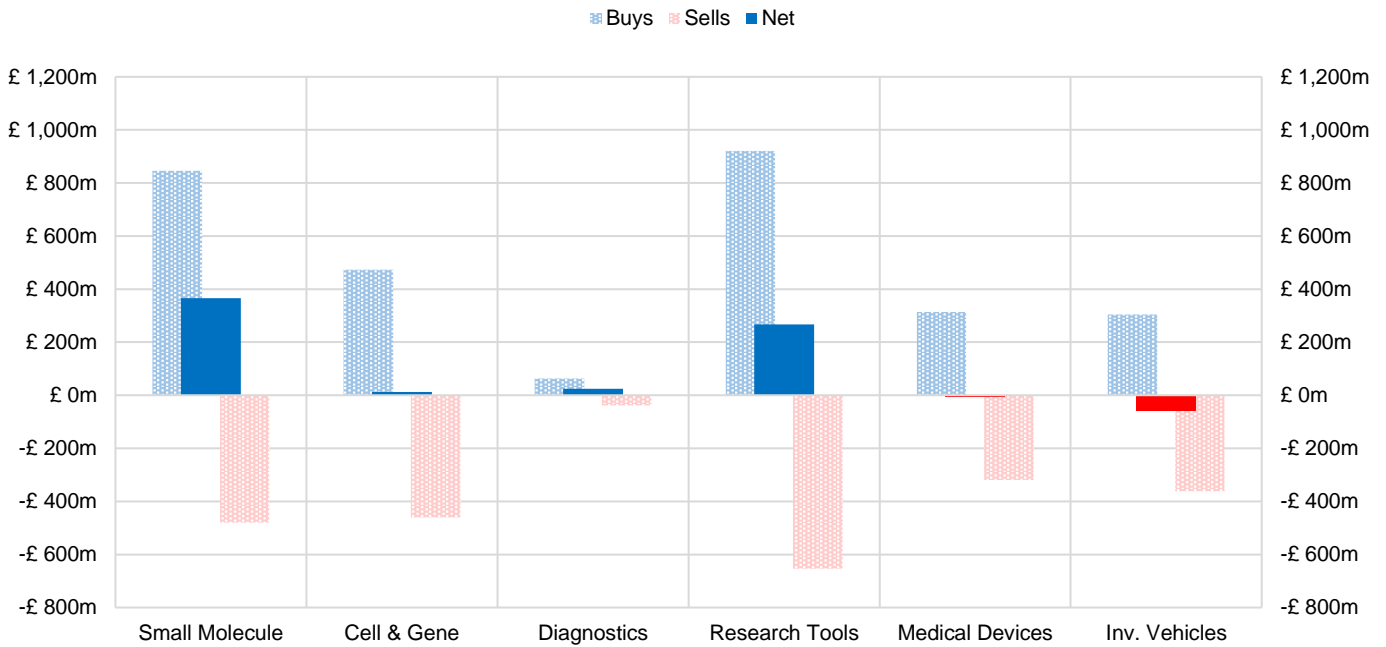
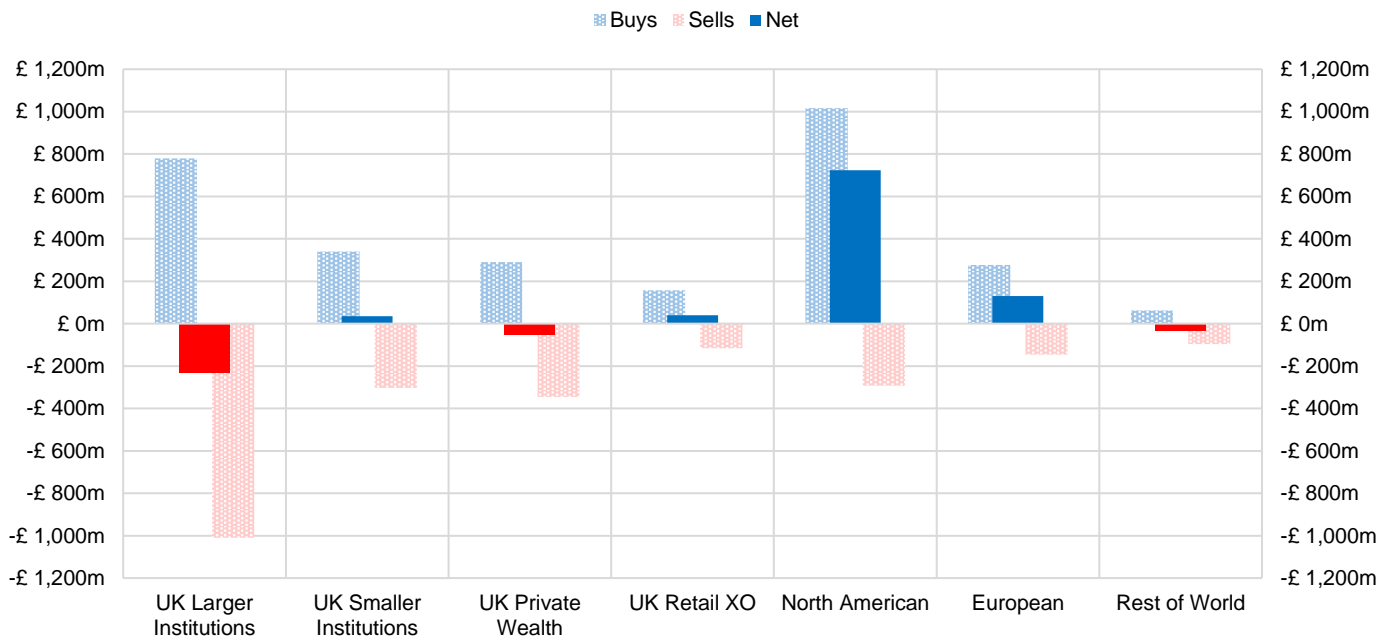


Figure 25: All Investors Buying / Selling – January through May 2021 – by Investor Type



Source: FactSet, Radnor

By Sub Index – Buying / Selling, January through May 2021

Figure 26: Small Molecule – by Investor Type

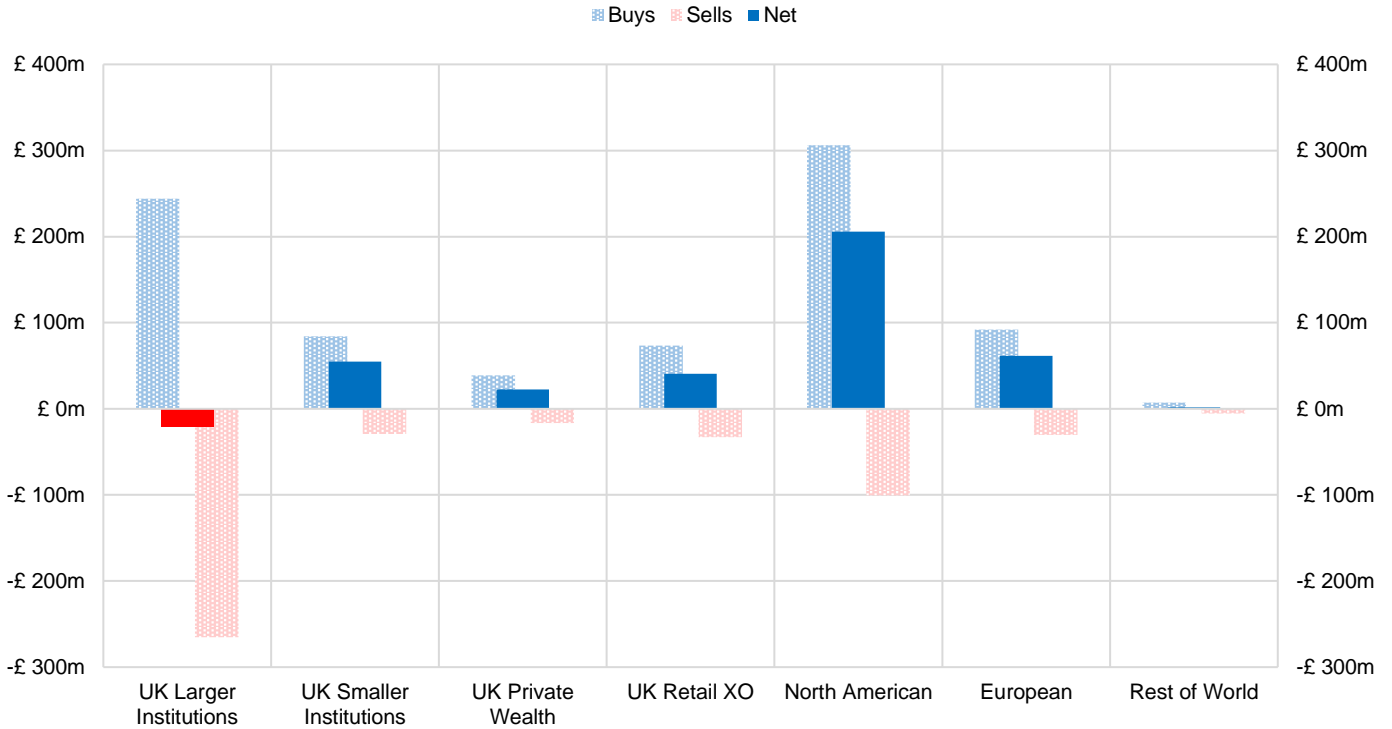
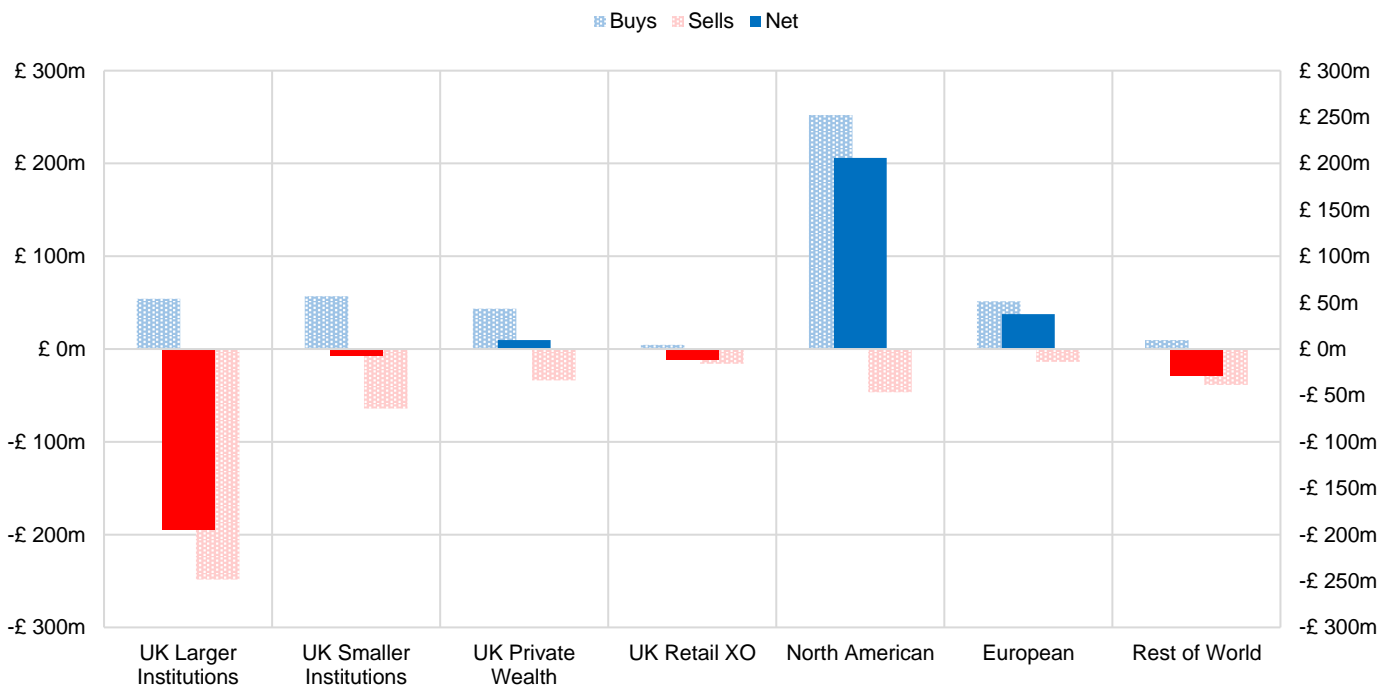


Figure 27: Cell & Gene Therapy – by Investor Type



Source: FactSet, Radnor

Figure 28: Diagnostics – by Investor Type

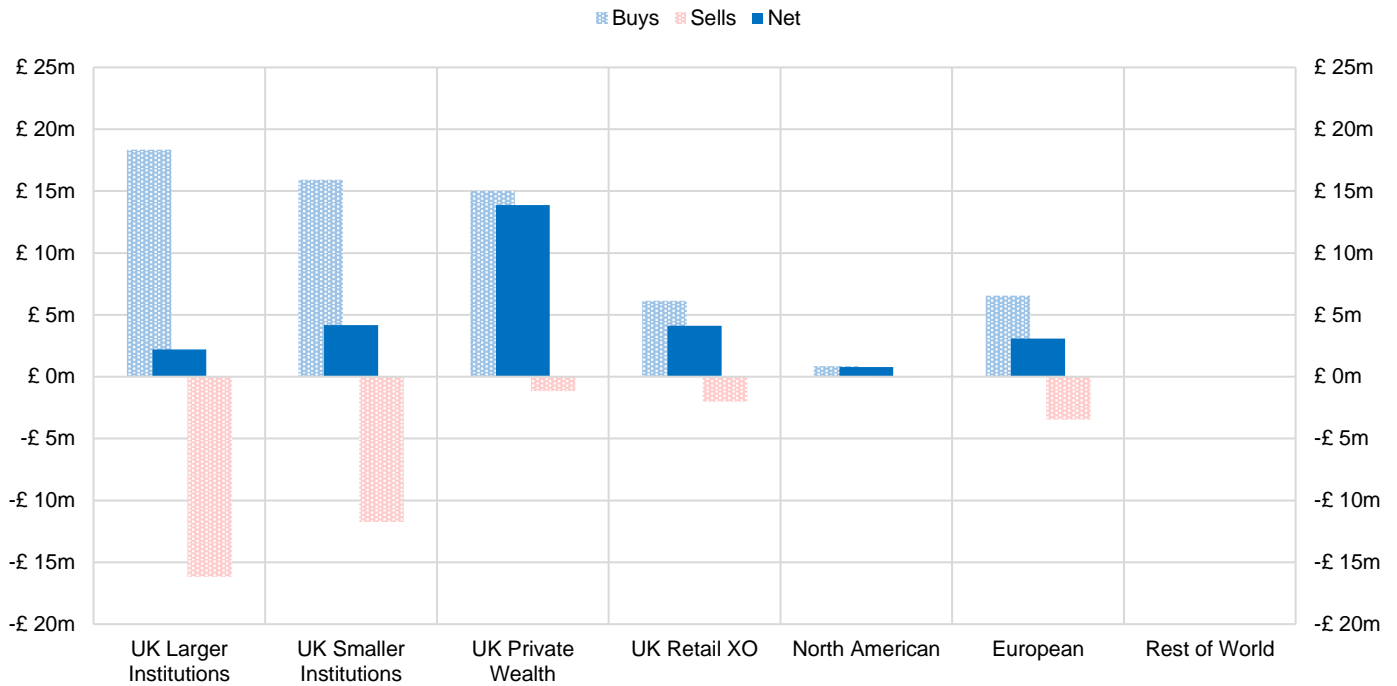
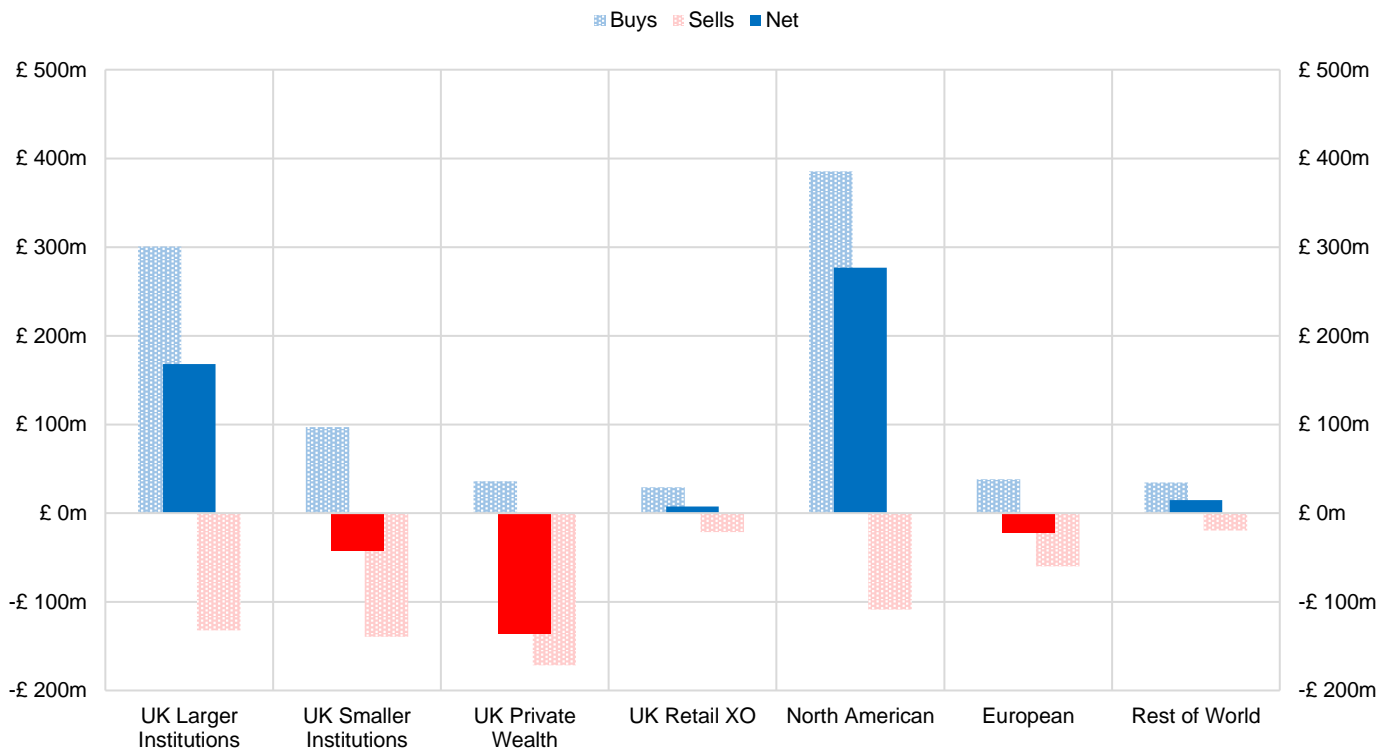


Figure 29: Research Tools & Data – by Investor Type



Source: FactSet, Radnor

Figure 30: Medical Devices – by Investor Type

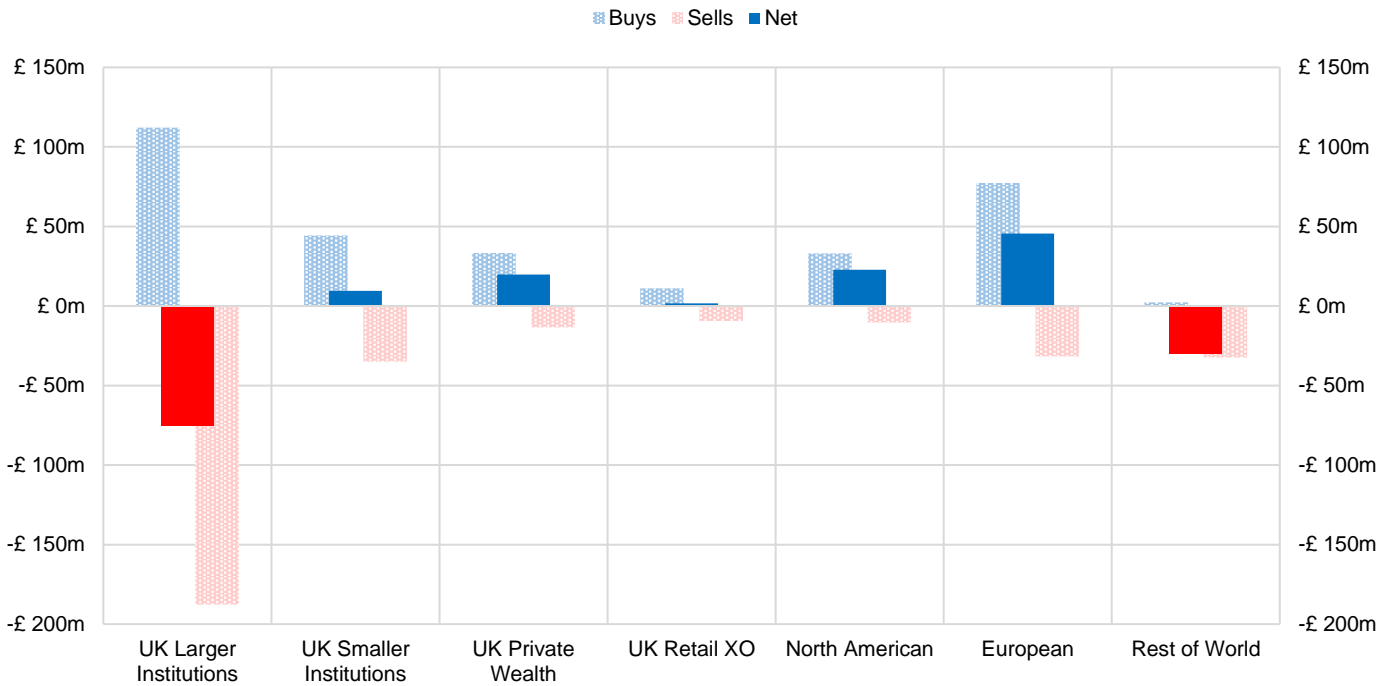
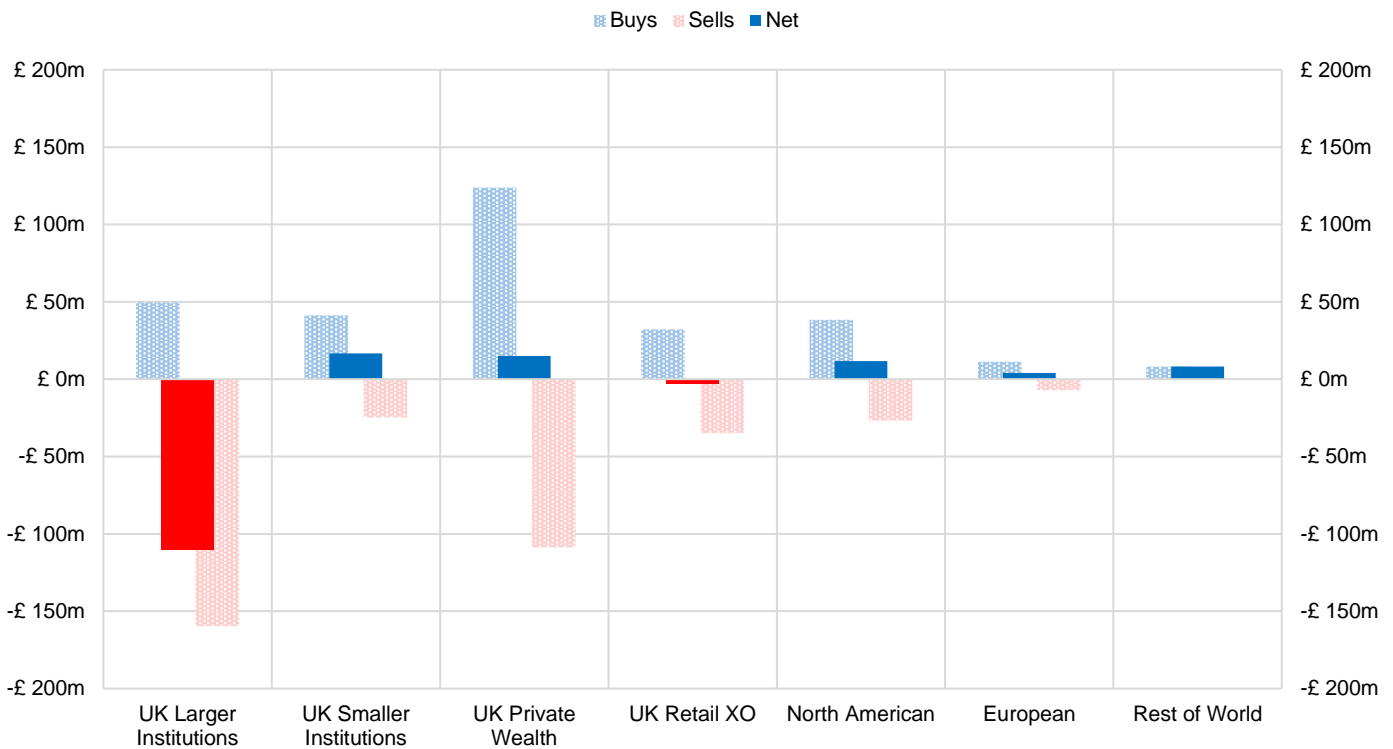


Figure 31: Commercialisation & Investment Vehicles – by Investor Type



Source: FactSet, Radnor

By Investor Type – Buying / Selling, January through May 2021

Figure 32: UK Large Institution – by Sub Index

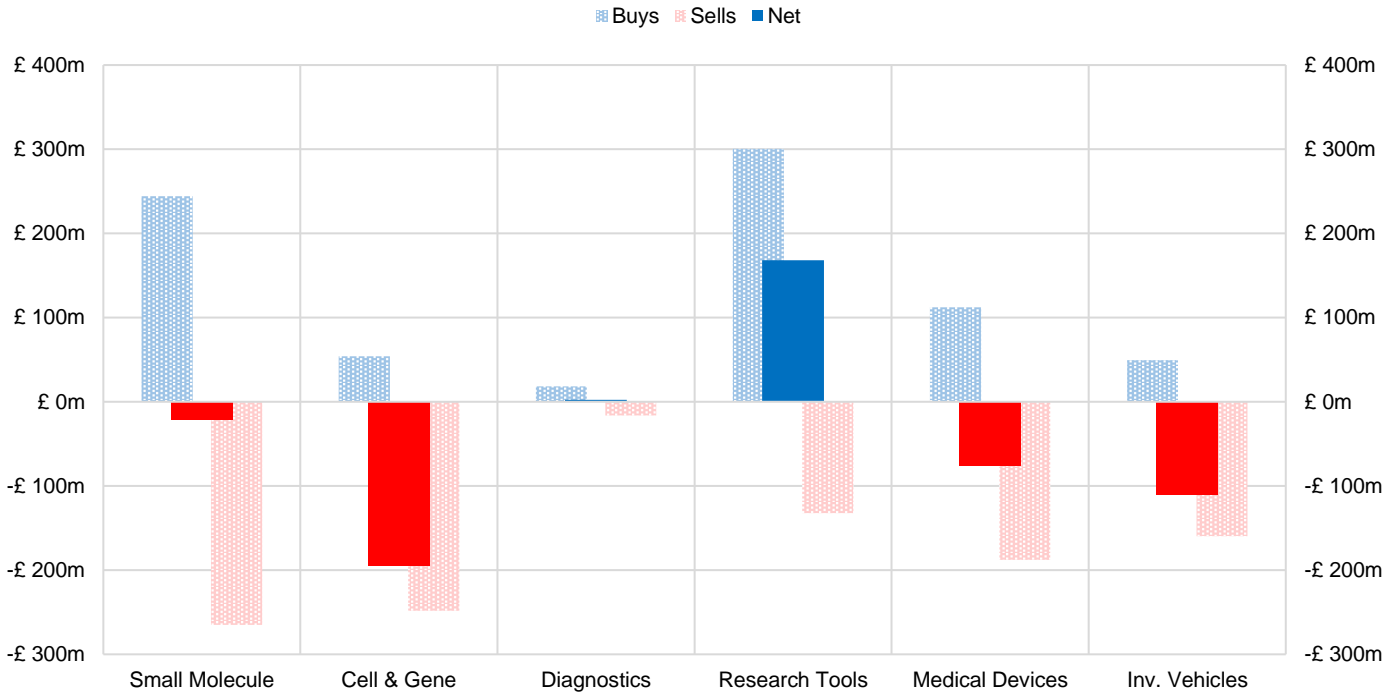
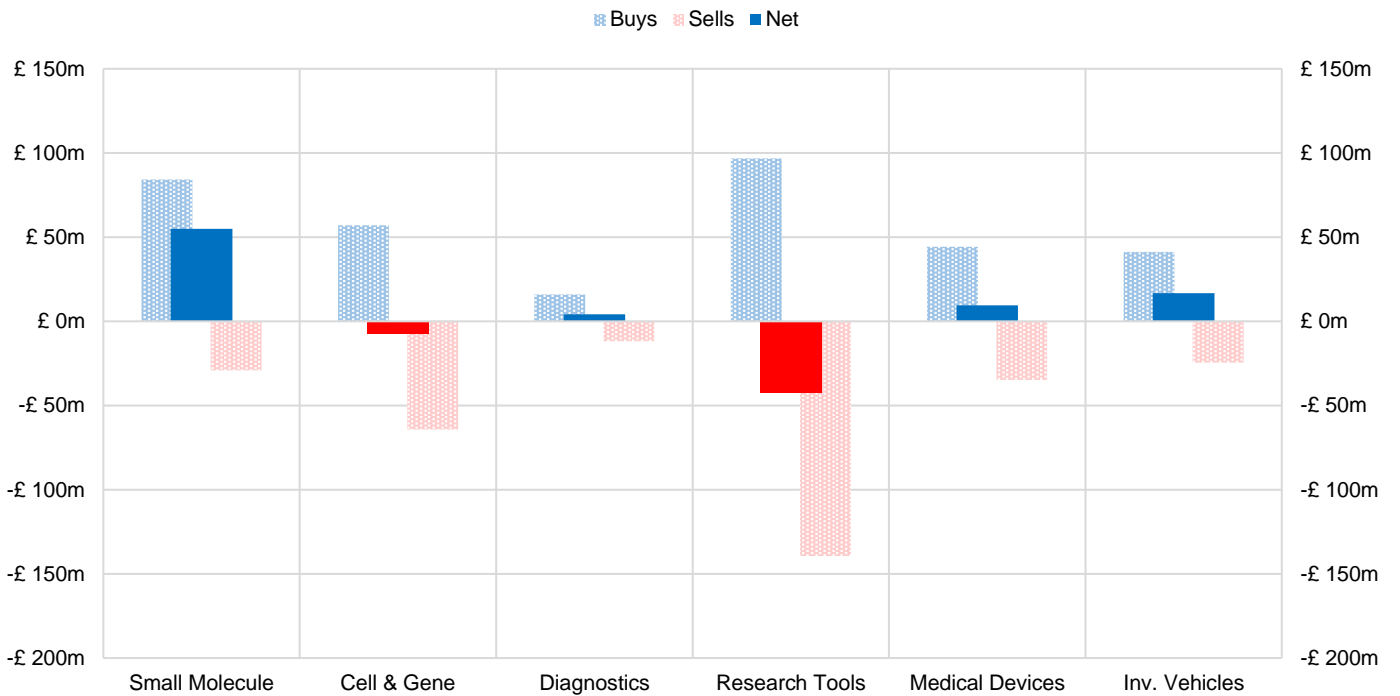


Figure 33: UK Smaller Institution – by Sub Index



Source: FactSet, Radnor

Figure 34: UK Private Wealth – by Sub Index

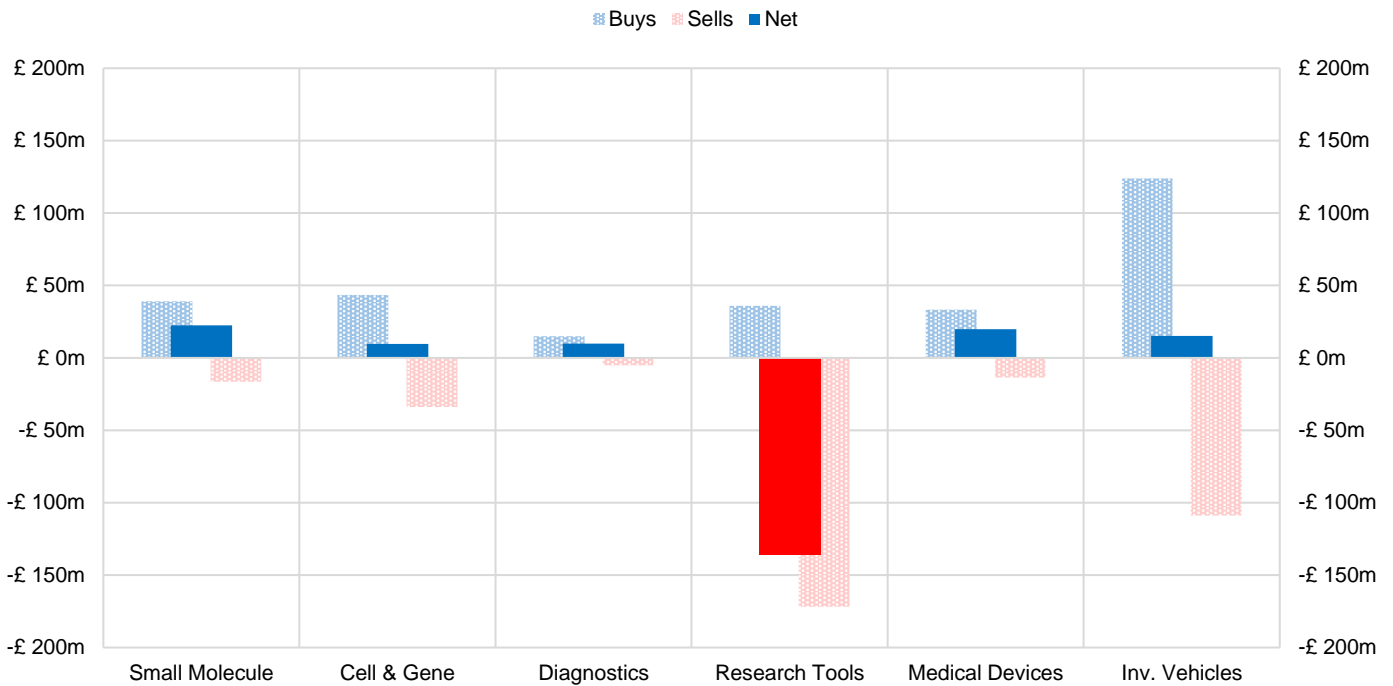
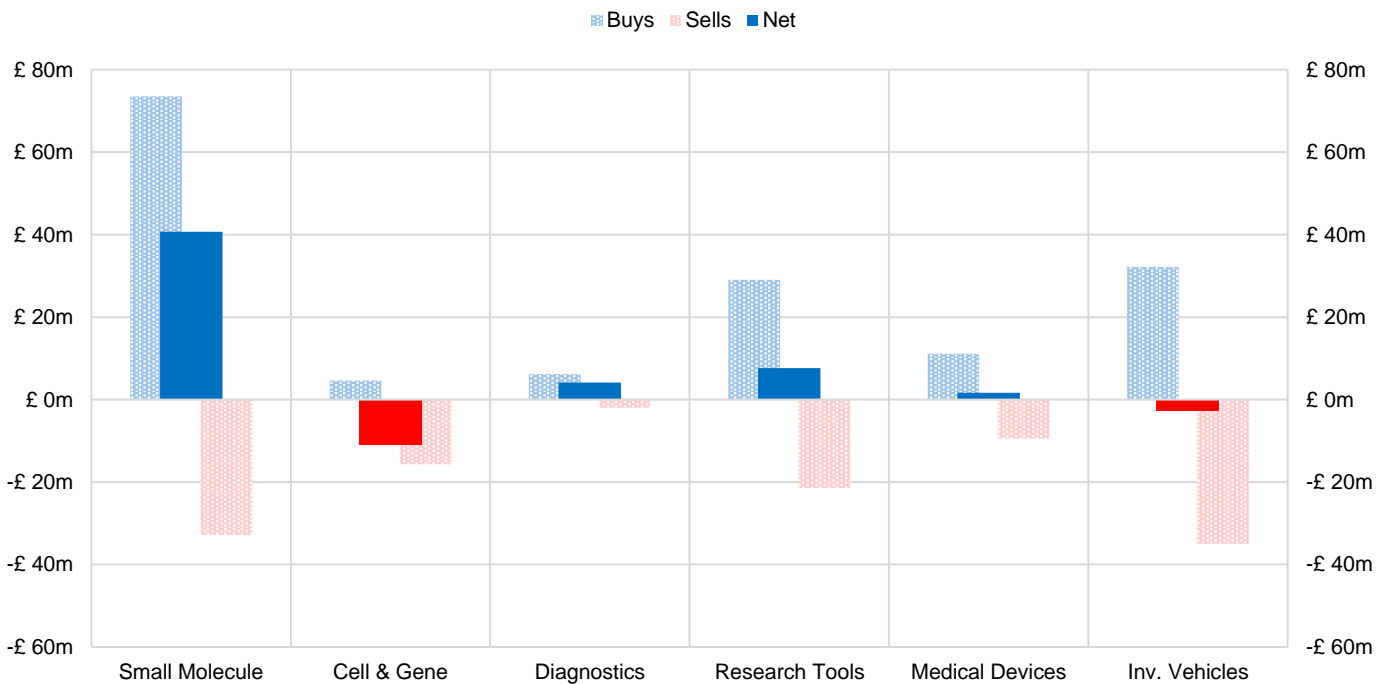


Figure 35: UK Retail Execution Only – by Sub Index



Source: FactSet, Radnor

Figure 36: North American Investors – by Sub Index

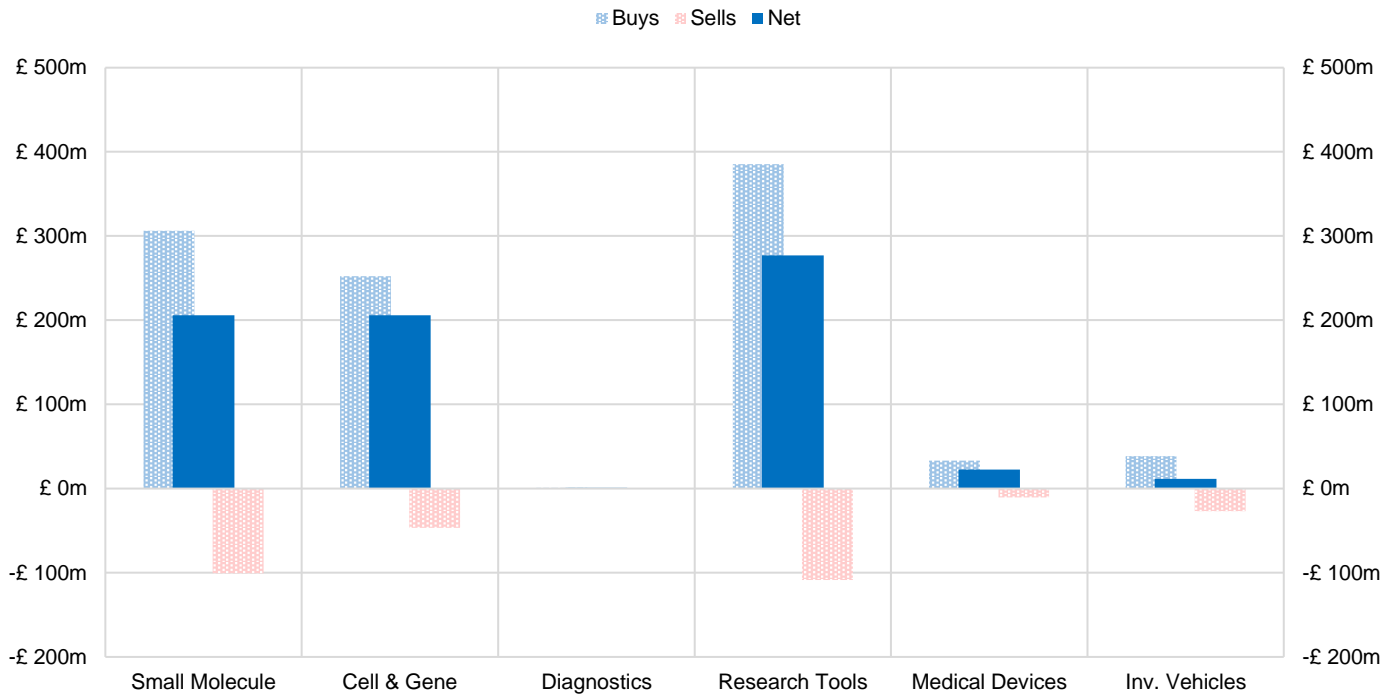
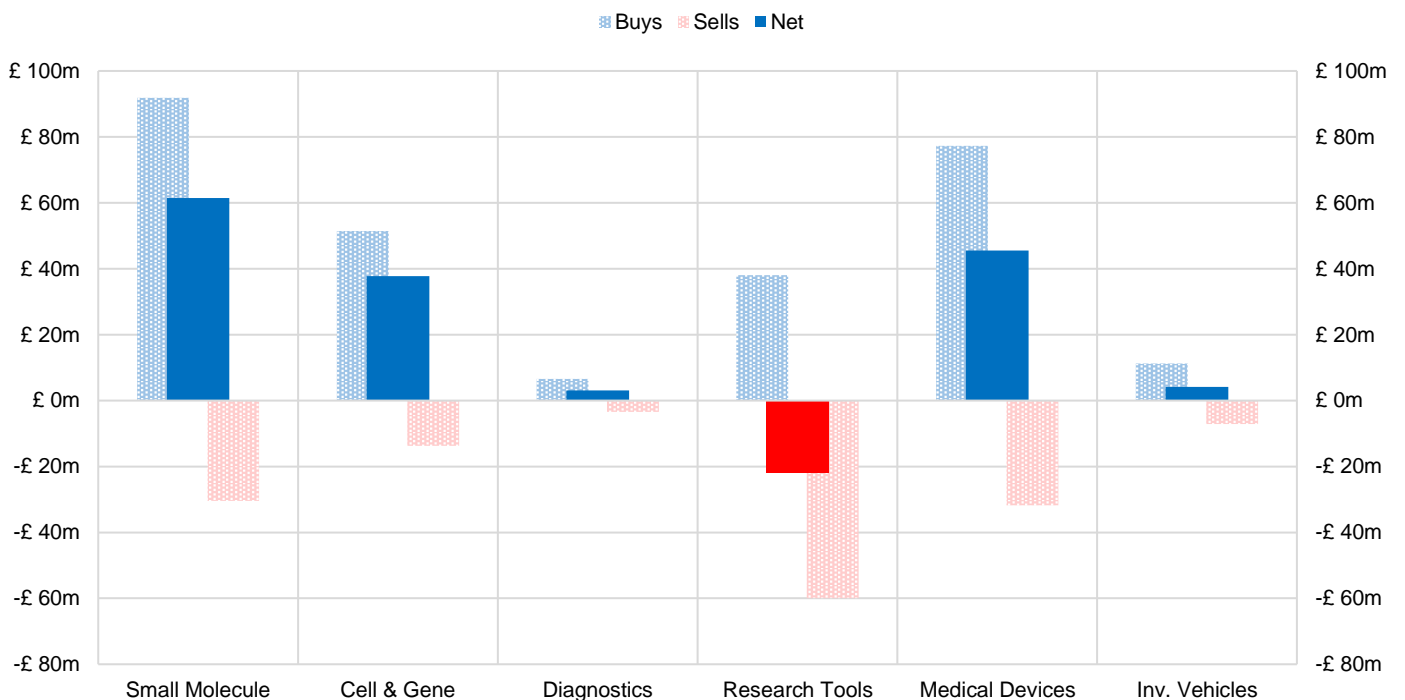
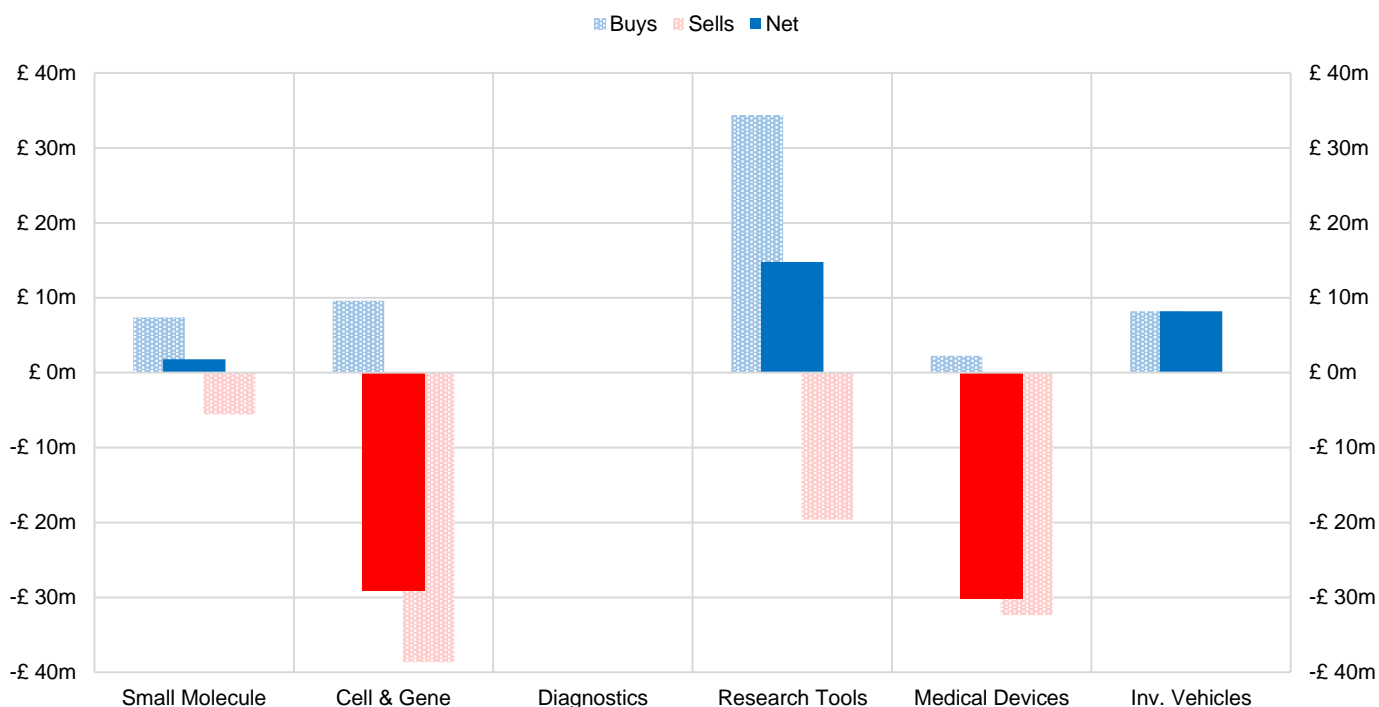


Figure 37: European Investors – by Sub Index



Source: FactSet, Radnor

Figure 38: Rest of the World Investors – by Sub Index



Source: FactSet, Radnor

By Investor Type – Net New Investors by Number, May 2021 vs December 2020

In Figures 39 – 44 below, we recut the investor data to show how many **net** new investors have entered the sector since December 2020. We break these investor numbers down by each individual sub-index. In order to avoid double-counting investors, the sub sector picture is the clearest indicator of overall activity levels.

- We have seen a reversal between UK Larger and UK Smaller Institutions in 2021 compared to 2020, with a larger number of new UK Smaller Institutions buying in across **Cell & Gene (+4)**, **Small Molecule (+3)** and **Research Tools (+3)**. For UK Larger Institutions the overall picture was flat outside of **Investment Vehicles (+7)**
- North American Investors continued their positive trend from 2020 with **Cell & Gene (+8)** and **Small Molecule (+3)** seeing the largest number of new entrants.
- In a similar fashion, UK Private Wealth names continued to increase their presence and overall were the largest single source of new investors in the sector. **Commercialisation & Investment Vehicles (+9)**, **Small Molecule (+5)**, **Cell & Gene (+4)** and **Diagnostics (+4)** led the way.
- Although from a smaller base, European investors also grew in number with **Medical Devices (+5)** seeing the largest number of new European investors

Figure 39: Small Molecule – Net New Investors

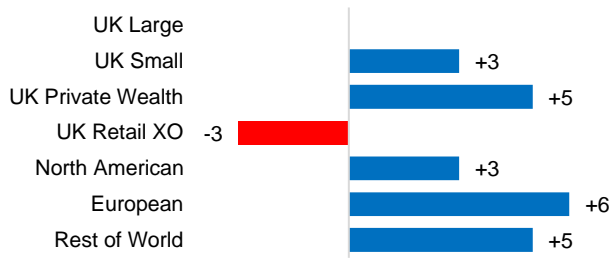


Figure 40: Cell & Gene Therapy – Net New Investors

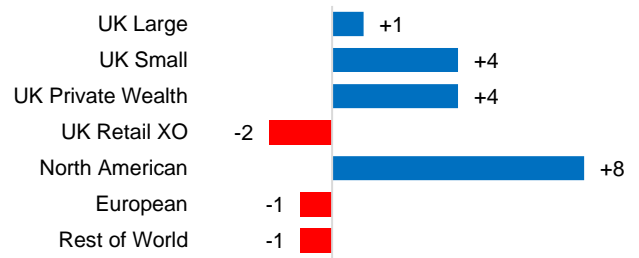


Figure 41: Research Tools – Net New Investors

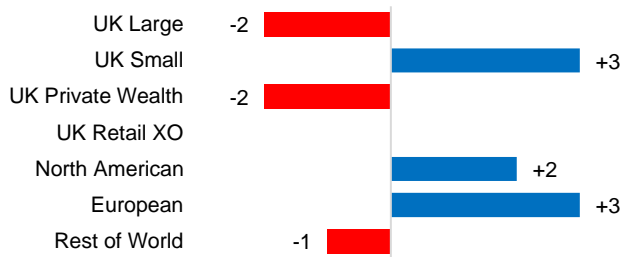


Figure 42: Medical Devices – Net New Investors

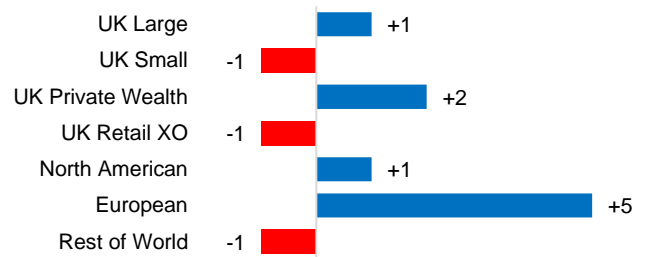


Figure 43: Diagnostics – Net New Investors

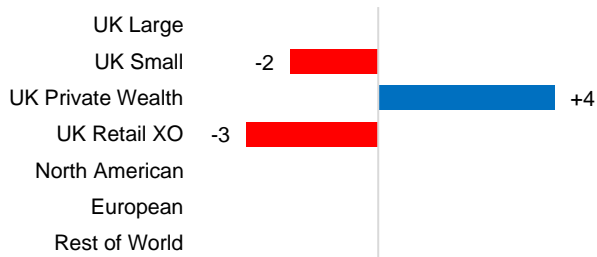
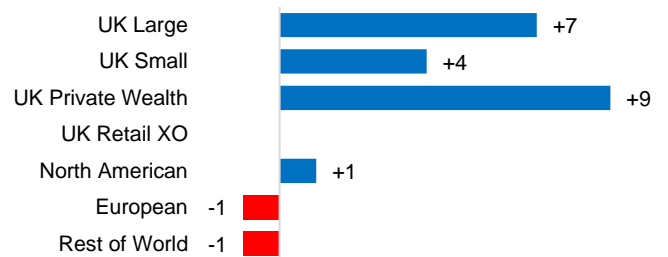


Figure 44: Investment Vehicles – Net New Investors

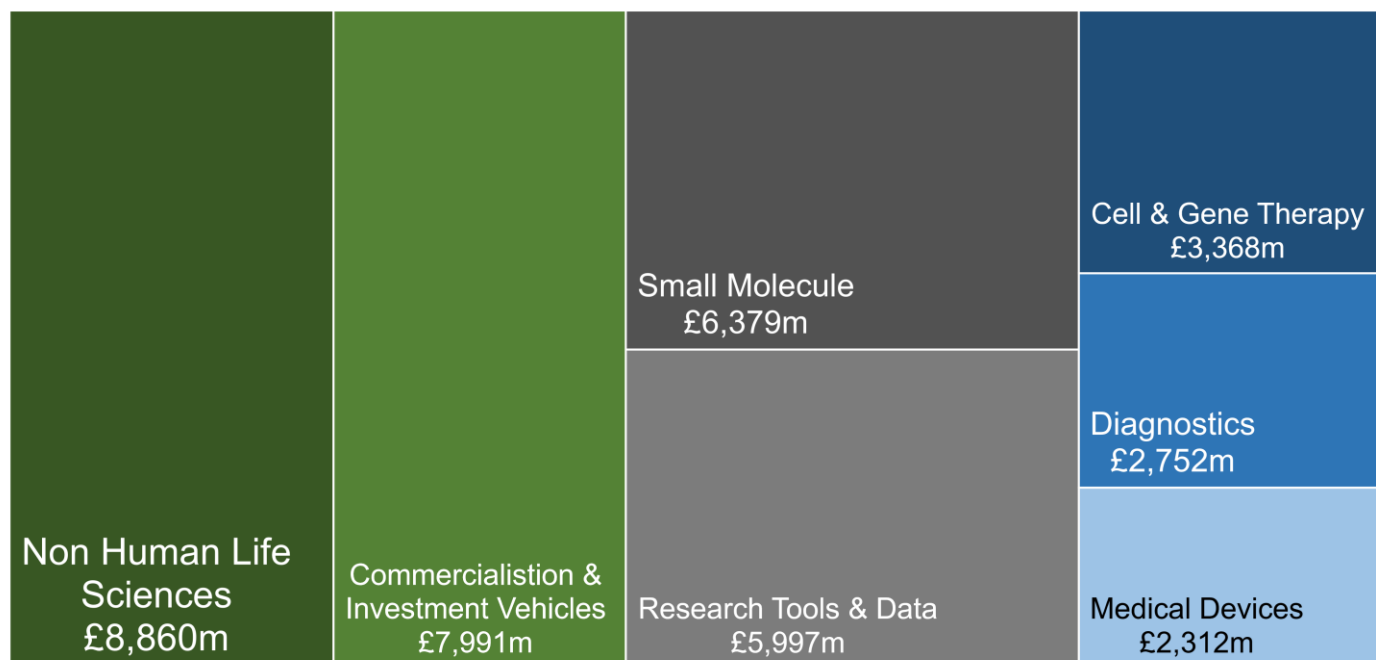


Source: FactSet, Radnor

Appendix:

Broad Biotech Index – Market Cap Analysis

£37,659m Combined Market Cap



Source: FactSet, Radnor

Broad Biotech Index – Top Ten Constituents and Market Caps



Source: FactSet, Radnor

Broad Biotech Index - UK listed constituents

Small Molecule

Allergy Therapeutics
 Arecor Therapeutics
 Circassia Group
 4d Pharma
 Destiny Pharma
 Diurnal Group
 Evgen Pharma
 Faron Pharmaceuticals Oy
 Futura Medical
 HemoGenyx Pharmaceuticals
 ImmuPharma
 Indivior
 Midatech Pharma
 N4 Pharma
 OptiBiotix Health
 PureTech Health
 Redx Pharma
 Sareum Holdings
 SkinBioTherapeutics
 Synairgen
 Shield Therapeutics
 Tiziana Life Sciences
 ValiRx
 Vectura Group

Cell & Gene Therapy

4BaseBio UK Societas
 Amryt Pharma
 Avacta Group
 Oxford BioMedica
 Horizon Discovery Group
 MaxCyte, Inc.
 ReNeuron Group
 Scancell Holdings
 Silence Therapeutics

Research Tools & Data

ABCAM
 ANGLE
 Bioventix
 C4X Discovery Holdings
 Cambridge Cognition Holdings
 Collagen Solutions
 MyHealthChecked
 Diaceutics
 e-Therapeutics
 Ergomed
 Fusion Antibodies
 Genedrive
 hVIVO /Open Orphan
 IXICO
 Oxford BioDynamics
 Open Orphan
 Physiomics
 Proteome Sciences
 Renalytix AI
 Sensyne Health
 Trellus Health
 Yourgene Health

Medical Devices

Advanced Medical Solutions Group
 Advanced Oncotherapy
 Belluscura
 Creo Medical Group
 Consort Medical
 Deltex Medical Group
 Inspiration Healthcare Group
 Kromek Group
 LiDCO Group
 RUA Life Sciences
 SDI Group
 Surgical Innovations Group
 Tissue Regenix Group
 Vectura Group

Diagnostics

Abingdon Health
 EKF Diagnostics Holdings
 Immunodiagnostic Systems Holdings
 Integrated Diagnostics Holdings
 Novacyt SAS
 Omega Diagnostics Group
 Oncimmune Holdings
 Polarean Imaging
 SourceBio International
 Verici Dx

Commercialisation & Inv. Vehicles

Arix Bioscience
 BB Healthcare Trust
 Biotech Growth Trust
 International Biotechnology Trust
 IP Group
 Polar Capital Global Healthcare Trust
 RTW Venture Fund Limited
 Syncona Ltd
 Worldwide Healthcare Trust

Non Human

Animalcare Group
 Anpario
 Benchmark Holdings
 Dechra Pharmaceuticals
 ECO Animal Health Group
 Genus

Covid-19 composite peer group

Source: Radnor, BIA

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