

FUNDING FUTURE INNOVATIONS



The UK Innovation & Science Seed Fund (UKI2S) gives insight into early stage investment

Early-stage investment

Seed stage funding is a crucial step for early stage life sciences companies in achieving long term success. It can provide essential support to overcome the challenges and pitfalls associated with getting a new business off the ground. However, early ventures pose risks for investors, such as incomplete management teams, technology development risk, an uncertain route to market, being too early for fully commercial sales, incomplete funding packages and lack of visibility on exit.

The UK Innovation & Science Seed Fund (UKI2S), formerly Rainbow Seed Fund, is one of the few funds that invests in ideas and early-stage technologies, kick-starting entrepreneurs' ideas to launch science-based companies that can deliver important innovations. The seed fund invests at the earliest stages of technology development, including pre-company stages, from £25k to £1m. UKI2S is a patient capital fund, meaning it can invest for as long as it takes to take technology to a great exit. It's also a high risk high growth fund and actively seeks big ideas across the universe of life sciences

What do investors want to see from early stage companies?

As deep tech investors, we look for four key things:

- 1 Technical.** We want to see technical proof of concept – this can be in the form of an experiment, a published paper or an extensive literature review.
- 2 Founders.** We want to see founders with strong technical capabilities and ambition.
- 3 Awareness.** We look for awareness of the competition – it is essential for the company to be able to state why its technology is addressing an unmet need.
- 4 A plan.** We want to see a plan; for a seed-stage company, an 18-month plan with a cash forecast means that an investor can quickly understand the value of inflection points and the type of investors the company will need.





The impact of timely investment

UKI2S has been instrumental in the creation and development of many bioscience companies. For instance, UKI2S was the founding investor in Quethera, a gene therapy company focused on glaucoma, founded in 2014. The Fund backed the team to develop its novel ocular disorder therapy despite the high level of technical risk. It helped shape the company by leading the investment rounds to exit, providing strategic advice and playing an active role on the board. Three years after the company was founded, Astellas Pharmaceuticals bought Quethera for £85m.

Another UKI2S success story is Atelerix, a company with a transformative technology for the storage and transport of viable cells at room temperature, overcoming the limitations of the current need for cryo-shipping. UKI2S helped in the spin-

out process from Newcastle University, recognising the immense technical value of Professor Che Connor's patented technology to revolutionise the transport of viable cells. UKI2S provided early-stage funding and introduced the company to other investors, enabling the rapid growth of the team. Within two years of incorporation, the company is now generating revenue and is in discussions with several of the Top 20 Big Pharma to evaluate the feasibility of collaboration for the shipping of CAR-T therapies.

Independent analysis of the UKI2S Fund showed that over 70% of its companies would not have existed without the Fund's support, and its investment has been leveraged by over £500M of third-party investment, illustrating that seed stage funding is a crucial source of support for life science venture creation and company growth.

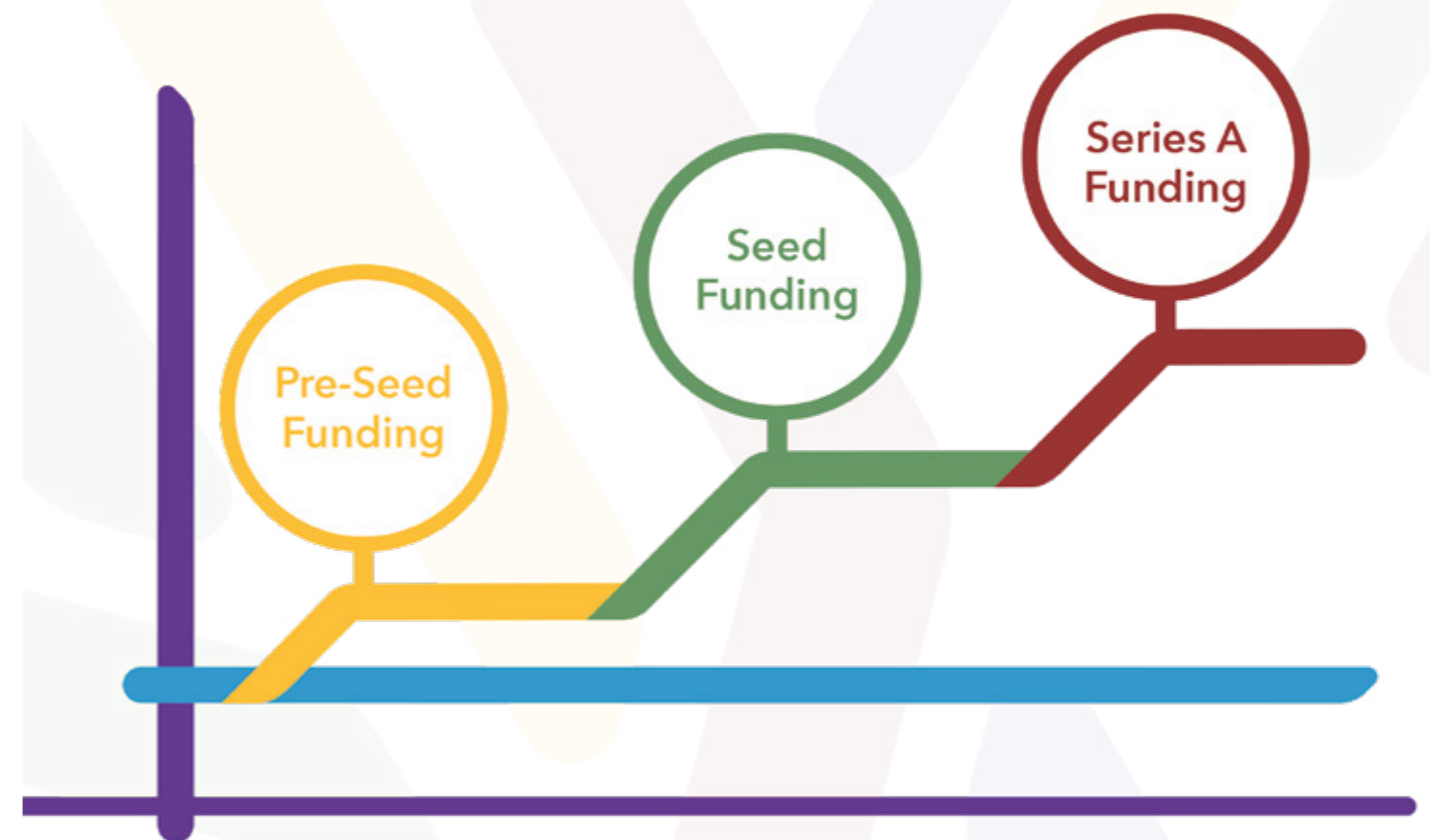
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If you are an entrepreneur starting a synthetic biology company we want to hear from you. Contact enquiries@UKI2S.co.uk

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