

# ARIX

**INVESTING IN LIFE  
CHANGING INNOVATION**

**ARIX BIOSCIENCE PLC (LSE:ARIX)**



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## OUR PURPOSE

“ *Our goal is to generate superior returns for investors by investing in a focused portfolio of biotech companies developing innovative treatments that will make a tangible difference to patients’ lives.* ”



# ARIX OVERVIEW

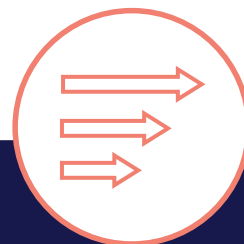
## PROPOSITION



### Liquid access to private & public biotech companies

- » Listed on Main Market of London Stock Exchange (LSE: ARIX)
- » Portfolio of private and public biotech companies developing breakthrough treatments for patients
- » Transatlantic approach sourcing best opportunities from US and Europe
- » Targeting double digit annual NAV per share growth

## PORTFOLIO



### Diversified portfolio

- » 10 companies across various therapeutic areas in the Core Portfolio
- » 6 private holdings; 3 public companies which all IPO'd on Nasdaq after initial private investment
- » Public Opportunities Portfolio of undervalued listed biotech companies
- » New investments target clinical-stage companies in areas of big pharma M&A interest

## NET ASSET VALUE



### Breakdown of NAV\*:

- » **Total NAV:** £230.8m
- » **Public portfolio:** £41.8m
- » **Private portfolio:** £57.1m
- » **Other interests:** £1.9m
- » **Cash balance:** £130.0m
- » **NAV per share:** £1.79



# ARIX BOARD OF DIRECTORS

## Arix Investment Committee Members



### » Peregrine Moncreiffe

Non-Executive Chairman

*30+ years experience in investment, most recently Chairman of North Atlantic Smaller Companies Investment Trust alongside Director at Metage Funds*



### » Robert Lyne

Chief Executive Officer

*Previously COO & General Counsel at Arix. 10 years' experience in listed venture capital and worked on 80+ VC financings and transactions. Broad experience of public company governance.*



### » Debra Barker MD

Senior Independent Director

*More than 25 years' senior experience in major pharmaceutical companies. Currently NED of public biotech companies: Destiny Pharma, BergenBio and CureVac.*



### » Isaac Kohlberg

Non-Executive Director

*Senior Associate Provost and Chief Technology Development Officer at Harvard University. Distinguished career protecting and commercialising IP for leading universities and research institutions*



### » Maureen O'Connell

Non-Executive Director

*Global business executive, formerly Senior Independent Director of Sucampo Pharmaceuticals and prior to that CFO of Scholastic Corporation*



### » Andrew Smith

Non-Executive Director

*Executive leader with over 30 years' international experience within the bio-pharma sectors. Current CFO of Santhera Pharma and previously CFO of Allegra Therapeutics and Sucampo Pharmaceuticals*



### » Benny Soffer MD

Non-Executive Director

*Co-Founder and CIO of Consonance Capital Management, a healthcare-focused public equity investment management firm, and Clinical Assistant Professor of Medicine at Weill Cornell Medicine*

# INVESTMENT STRATEGY

## Our focus

- » **Transatlantic Approach**  
Deep-rooted networks across Europe and North America to source the best opportunities and leverage differing valuation & cost environments



- » **Cutting Edge Therapeutics**  
Novel therapeutics with first or best-in-class approach in areas such as Oncology, Immunology and Rare Disease, that have high unmet need and offer significant market opportunity



- » **Pre-Clinical to Clinical Stage Ventures**  
Guided by the quality of the opportunity with a focus on clinical stage companies that have meaningful upcoming value inflection points



## Our approach

- » Hands-on investors; board members of core portfolio companies, adding value via networks and expertise
- » Experienced management teams with strong investor syndicates to maximise potential
- » Investing £5m-£15m in funding rounds and limiting risk by tranching investments to pre-agreed milestones
- » Disciplined capital approach to funding and valuation of companies

# MARKET OPPORTUNITY



Healthcare spending continues to rise globally, both in absolute terms and as a proportion of GDP. Global healthcare spending in terms of GDP grew from 8.6% in 2000 to 9.9% in 2020. During this time, the amount spent on healthcare in the US alone tripled to \$4.1 trillion.<sup>1,2</sup>



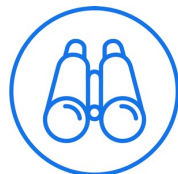
Global spending on pharmaceuticals increased from \$320bn in 2000 to \$1,250bn in 2021; North America and Europe account for >75% of worldwide sales.<sup>3,4,5</sup>



51% of all approved drugs were first developed by independent biotechs.<sup>6</sup>



Between 2010 and 2021, Big Pharma has spent on average ~\$150bn annually buying independent biotechs to gain access to their drug development pipelines.<sup>7</sup>



Big Pharma are reported to be sitting on \$300bn of cash<sup>8</sup> fueling prospects of a buying spree to replenish their pipelines. Arix seeks to identify the most promising opportunities, where we see real potential for successful drug development and acquisition.

<sup>1</sup> WHO Global spending on health: Weathering the storm - <https://www.who.int/publications/>

<sup>2</sup> Health System Tracker

<sup>3</sup> GlobeNewswire - Pharmaceuticals Global Market Report 2021

<sup>4</sup> IMS Health World Review

<sup>5</sup> EFPIA - <https://www.efpia.eu/media/>

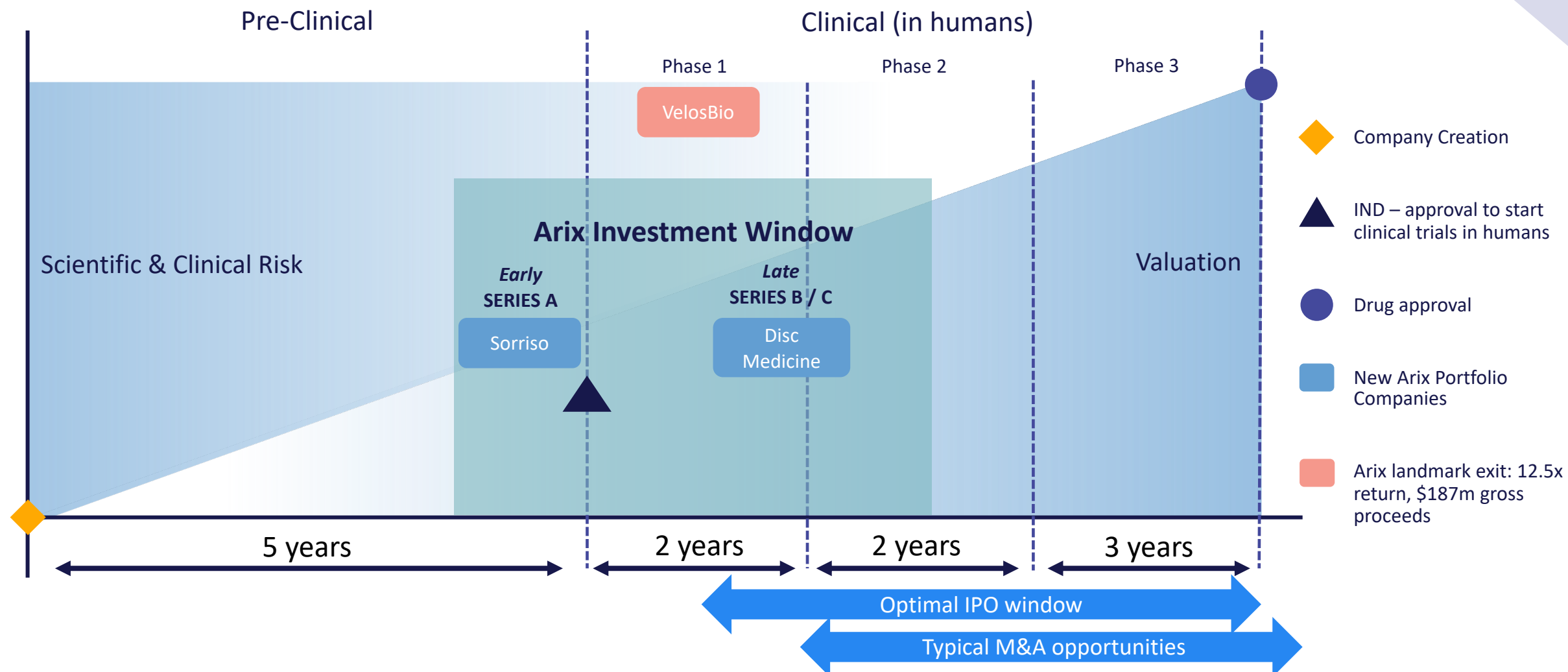
<sup>6</sup> FDA, S&P CapiQ

<sup>7</sup> Pharma Intelligence Informa - <https://pharmaintelligence.informa.com>

<sup>8</sup> The Financial Times: <https://www.ft.com/content>

# INVESTMENT CYCLE

Strategy designed to give investors access to early stage biotech companies with risk adjusted returns
















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## PORTFOLIO OVERVIEW

# PORTFOLIO COMPANY OVERVIEW

## Breakdown of Core Portfolio

Portfolio Company	Therapeutic Area	Company Stage	Structure	Date of first Arix Investment	Expected Milestone
	Oncology	Phase 1	Private	Sep '16	Safety / efficacy data
	Oncology	Phase 2	NASDAQ	Dec '17	Efficacy data
	Genetic Disease	Product development	Private	Jul '16	Proof-of-application
	Oncology	Phase 1/2	NASDAQ	May '17	Efficacy data
	Rare Disease	Phase 2	NASDAQ	Mar '19	Merger Agreement
	Oncology	Preclinical	Private	Sep '19	IND filing
	Genetic Disease	Preclinical	Private	Mar '21	<i>in vivo</i> POM
	Rare Disease	Phase 1/2	Private	Sep '21	Safety/efficacy data
	Immunology	Preclinical	Private	Dec '21	IND filing

## STRATEGY IN ACTION:



### Source and investment rationale

- » Developing a pipeline of disease-modifying antibodies for the treatment of inflammatory disease, such as Crohn's and ulcerative colitis
- » Unique approach combines the strong clinical impact of antibody therapeutics with the benefits of oral administration, resulting in targeted activity, negligible systemic exposure and minimal immunogenicity.
- » Company led by Ciara Kennedy, former CEO of Arix portfolio company Amplyx, which was acquired by Pfizer in 2021



### Investment

- » Arix co-led the Series A committing £9.8m in the \$31m round in December 2021
- » Arix co-led the round with New Enterprise Associates, Inc.
- » Arix holds a Board seat and a Board Observer position



### Vision and next steps

- » Funding will enable Sorriso to advance SOR102, a treatment for IBD, into clinical trials and advance its early-stage pipeline through preclinical development
- » Expected to file IND to enter the clinic in the next 12 months
- » The Arix team will work to support Sorriso as they move from pre-clinical development into clinical trials and further develop the platform

# STRATEGY IN ACTION: **disc**medicine



## Source and investment rationale

- » Clinical-stage developing platform of drugs for patients with hematologic disorders ranging from severe orphan conditions to widely prevalent diseases
- » John Quisel, CEO, former CBO of Acceleron, acquired by Merck for over \$11bn in 2021



## Investment

- » Arix invested \$11M in the \$90M Series B round in September 2021
- » The financing was led by OrbiMed with participation from Janus Henderson Investors, 5AM Ventures, Rock Springs Capital, Nantahala Capital Management, Willett Advisors, and Alexandria Venture Investments
- » Arix holds a Board seat



## Vision and next steps

- » In August 2022 Disc Medicine agreed to merge with NASDAQ listed cash shell Gemini Therapeutics
- » Merged company will have approx. \$175m of cash to provide runway into 2025
- » Cash will fund Disc Medicine through multiple clinical studies, including key Phase 2 efficacy data readouts in several indications

# PUBLIC OPPORTUNITIES PORTFOLIO

Taking advantage of opportunities in the public markets

- » Disconnect between depressed public valuations vs elevated private valuations presents opportunities in public markets
- » This has resulted in a rich pool of companies pursuing innovative therapies trading at valuations below cash reserves or with negative enterprise values.
- » Taking advantage of the prevailing conditions in public markets to optimise return potential, we have created a Public Opportunities Portfolio
- » Deployment of 5-10% of NAV into small positions to participate in the undervalued growth potential the sector has to offer, sitting alongside our core, venture portfolio.
- » Focus on highly de-risked opportunities: well funded, clinical-stage biotech companies, trading at negative enterprise value or close to an equivalent of cash reserves, with expected clinical milestones over the next 6 to 18 months



## S&P 500 vs. S&P Biotech ETF (last 12 months)












Source: Refinitiv



# MULTIPLE UPCOMING PRE CLINICAL AND CLINICAL CATALYSTS

A rich and diversified portfolio to maximise potential returns

Company	Programme/Indication	Current Status	Next 12 Months
<b>CLINICAL</b>			
	AU-011 - choroidal melanoma (SC)	Phase 2	Initiate Ph3 trial
	AU-011 - choroidal melanoma (IVT)	Phase 1b/2	Ph1b/2 data and select treatment regimen for select pivotal study design
	AU-011 – (NMIBC)	Phase 1	Initial Ph1 data in 2023
	ART0380 - Advanced or metastatic solid tumours	Phase 1	Complete Ph1 dose escalation
	ART4215 – Advanced or metastatic solid tumours	Phase 1	Interim Ph1 safety data
	DISC-0974 – Myelofibrosis	Phase 1/2	Ph1/2 data
	Bitopertin – Erythropoietic porphyria	Phase 2-ready asset	Initiation of Ph2 trial and presentation of interim Ph2 data
	HPN601 (EpCAM) – multiple solid tumours	Phase 1 ready	IND filing in 1H '23
	HPN217 (BCMA) – multiple myeloma	Phase 1/2	Ph1/2 data presentation and selection of RP2D
	HPN328 (DLL3) – SCLC	Phase 1/2	Ph1/2 data presentation and selection of RP2D
<b>PRE-CLINICAL</b>			
	DDR nuclease inhibitors – Oncology	Pre-Clinical	Ongoing partnership with Merck KGaA
	RLT sensitisers – Oncology	Pre-Clinical	Ongoing partnership with Novartis
	TriTAC / ProTriTAC – Oncology	Pre-Clinical	Ongoing partnership with Abbvie – lead program in IND enabling studies
	TriTAC-XR – Oncology / Non Oncology	Pre-Clinical	Finalising platform validation
	Matriptase-2 inhibitor – hepcidin-dependent diseases	Pre-Clinical	To be announced
	SOR102 – Inflammatory bowel disease	Pre-Clinical	IND-enabling studies with anticipated IND filing by Q1 2023
	SOR104 - T-cell driven inflammatory diseases	Pre-Clinical	Completion of pharmacology studies in 2022
	ST317 – Solid tumours	Pre-Clinical	IND-enabling studies with anticipated IND filing by Q1 2023
Public Opportunities Portfolio	Indications across a number of therapeutics areas	Ranging from Phase 1 - Phase 2	Multiple readouts expected

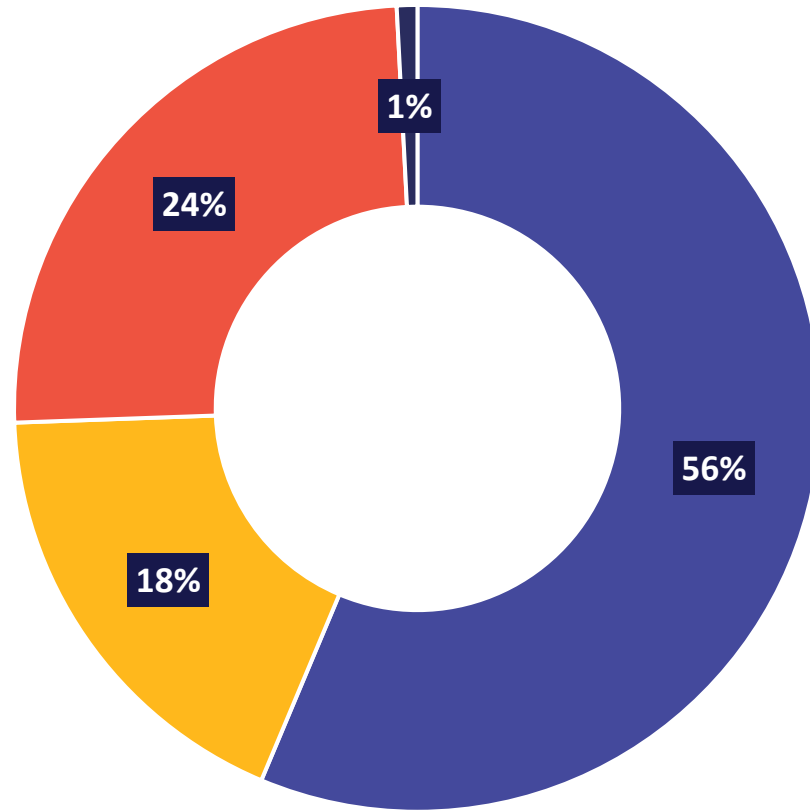


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# FINANCIAL REVIEW

# NAV BREAKDOWN: CASH / PUBLIC / PRIVATE / OTHER

NAV: £243.9m\* (189p per share)



■ Cash ■ Public ■ Private ■ Other



**56%**

of the NAV is cash available for new investments



**18%**

of the NAV is in listed companies, including both POP and Core Portfolio companies valued at market prices



**24%**

of the NAV is in private companies valued by reference to the most recent third-party funding round, or the original cost of investment, with reductions where appropriate



**1%**

of the NAV is in other interests

# NAV PROGRESSION

NAV: £228m (176p per share); **11% decrease in NAV per share in the 6 month period**

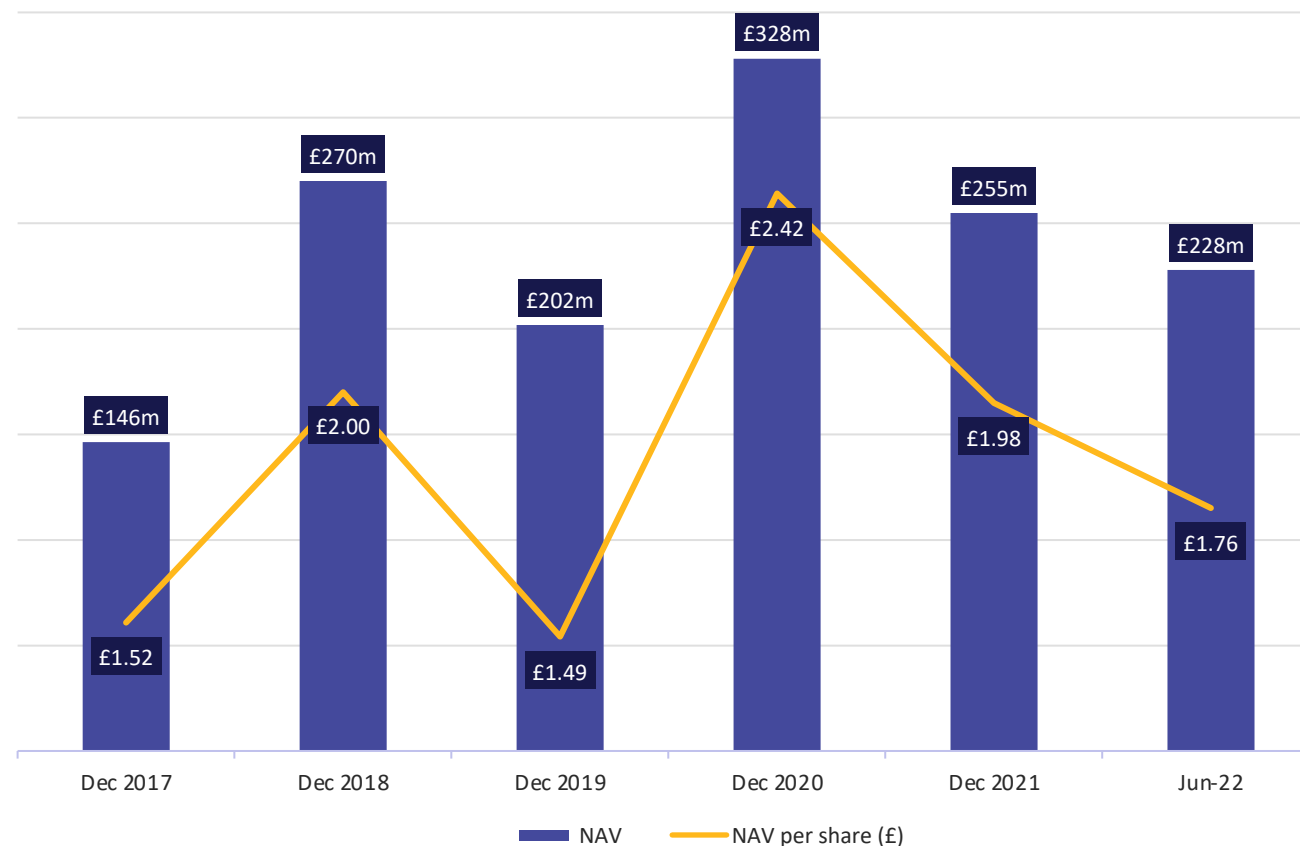
» **£131m** cash at 30 June 2022

» **£93.9m** GPV at 30 June 2022

» **1%** Annualised NAV per share growth over 36 months to 30 June 2022

» **£213m** realised proceeds since inception

**Robust and Prudent approach to valuation**



# SIGNIFICANT GROWTH IN PORTFOLIO VALUE SINCE INCEPTION

£222m invested; £319m of realised and unrealised value

Excludes uninvested cash and impact of operating costs and other group activities

» Capital raised since inception: **£252m**

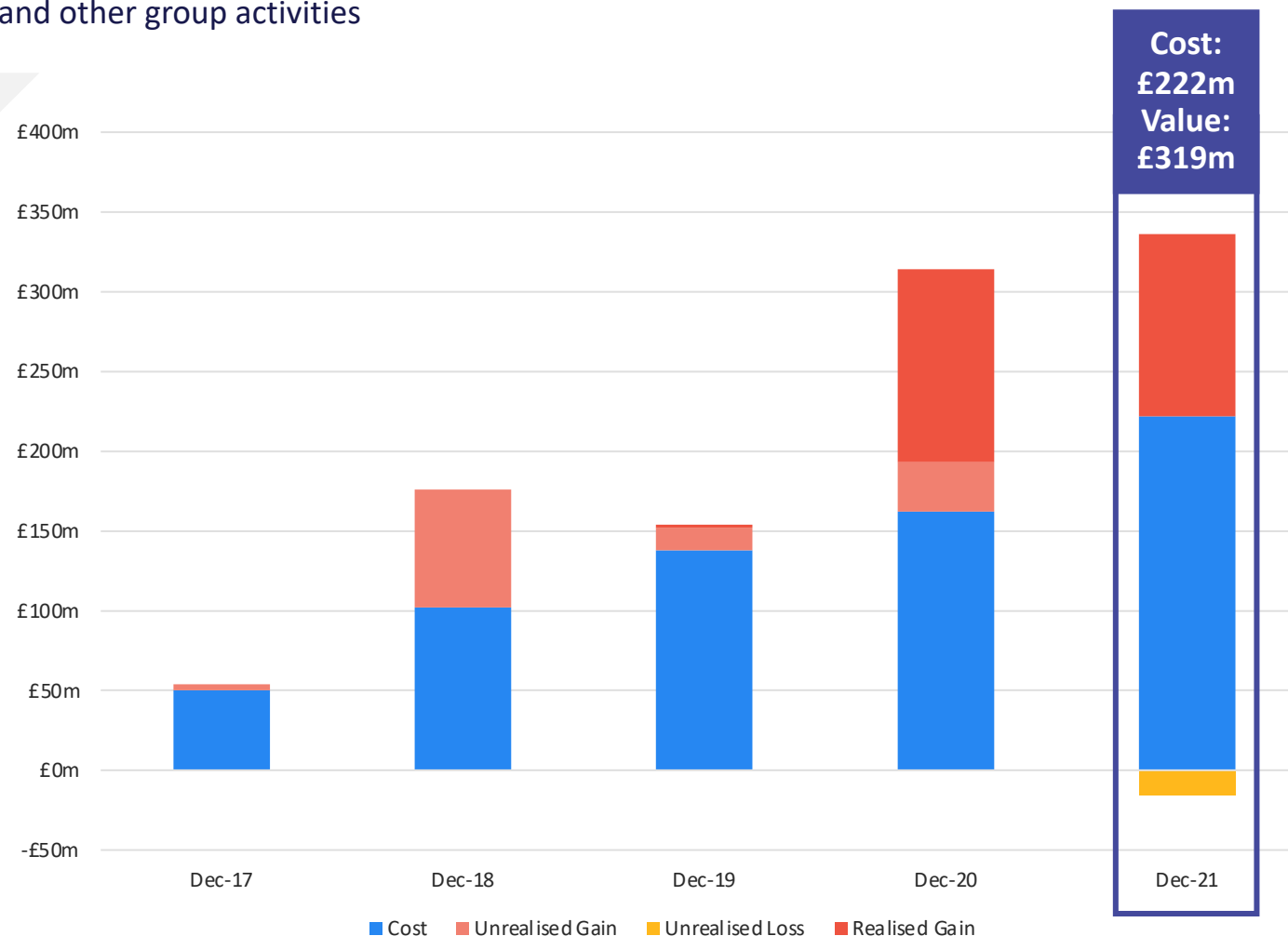
» Capital deployed since inception: **£200m+**

» Value (realised and unrealised): **£319m**

» Average IPO step up: **x 1.6**

» 2 companies acquired by pharmaceutical companies:

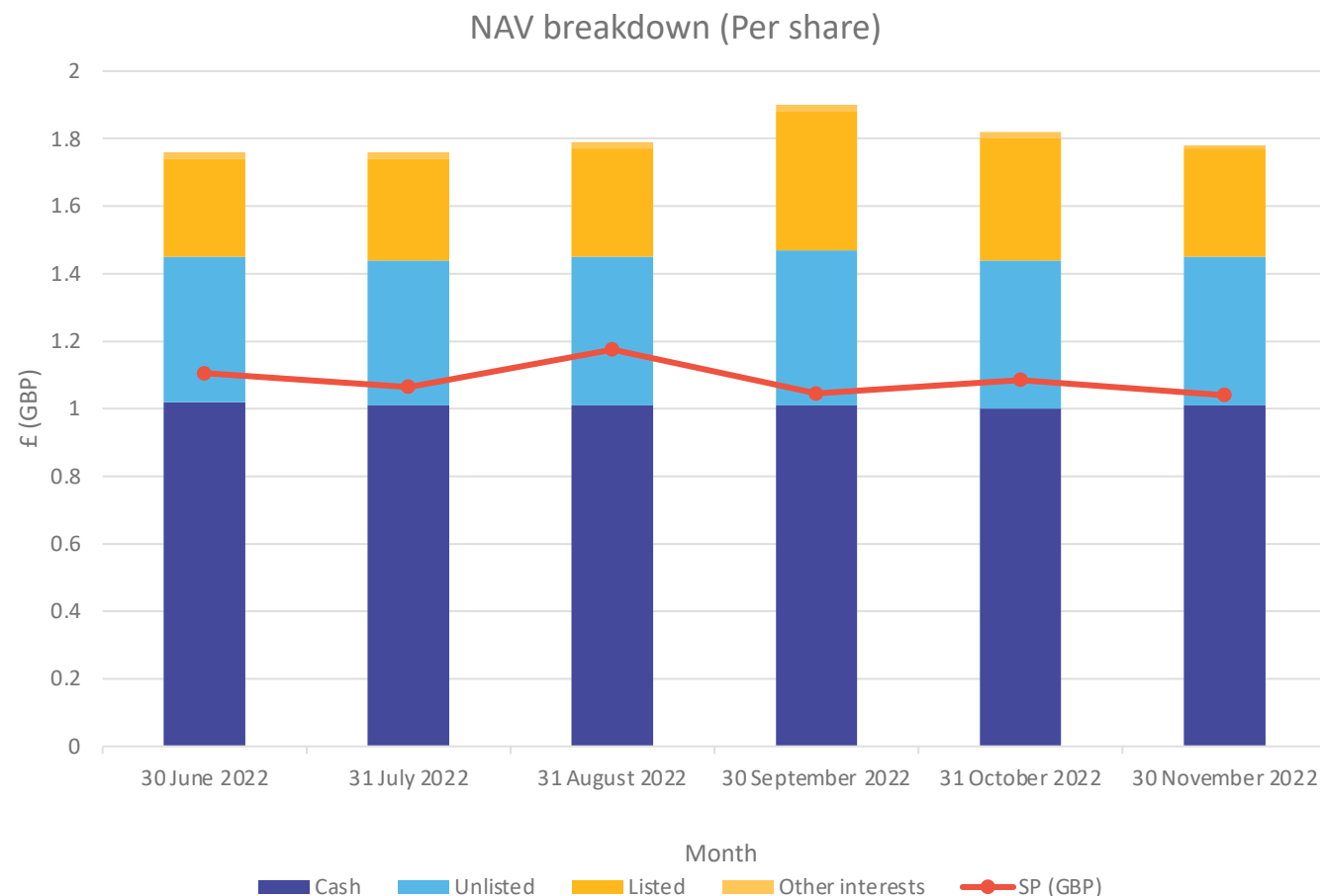
- > VelosBio acquired by Merck for \$2.75bn (12x return; 323% IRR)
- > Amplyx acquired by Pfizer (1.1x return; 4% IRR)





# NAV PER SHARE BREAKDOWN

Last 6 months of NAV per share\* performance against listed share price



» NAV performance impacted by volatility in share prices of listed portfolio companies

» Current share price underpinned by cash holdings

\*Unaudited figures aside from 30 June 2022 audited figure

## SUMMARY AND TARGETS

- » **Significant capital pool and investment pipeline;** well positioned to expand the portfolio providing opportunities for significant returns
- » **Lean cost base;** annual net costs expected to be at or below 2% of NAV in normal market conditions
- » **Diverse portfolio of disruptive biotech companies;** multiple anticipated near to mid-term milestones with potential to deliver significant value
- » **Strong networks;** allowing us to seek out the best investment opportunities and create value for shareholders



### Rolling 36 Month Goals

- » **Double digit %** NAV Per Share Growth
- » **≥2** Additional IPOs
- » **≥2** Successful Exits

A photograph of a laboratory scene. In the foreground, a person wearing blue nitrile gloves is using a red marker to label test tubes. The test tubes are held in a purple and grey rack. Some tubes already have 'Q13' written on them. The background is slightly blurred, showing various lab equipment and containers. A diagonal white line cuts across the image from the bottom left to the top right.

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## Q&A





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**THANK YOU**

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**APPENDIX**





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**CASE STUDY:**  
**Velos Bio**

# SUCCESSFUL EXIT: VelosBio



## The Opportunity

- » Oncology company developing **novel antibody-drug conjugates** to treat hematological cancers and solid tumours
- » **Highly regarded management team** led by CEO Dave Johnson and CMO Langdon Miller
- » **First-in-class science** with potential for profound therapeutic benefit



## The Investment

- » **Arix co-led** the Series A financing with Sofinnova Ventures, investing **\$11m in October 2018**
- » In July 2020 completed an oversubscribed Series B financing of \$137M to **fund clinical development** with a further \$4m invested by Arix

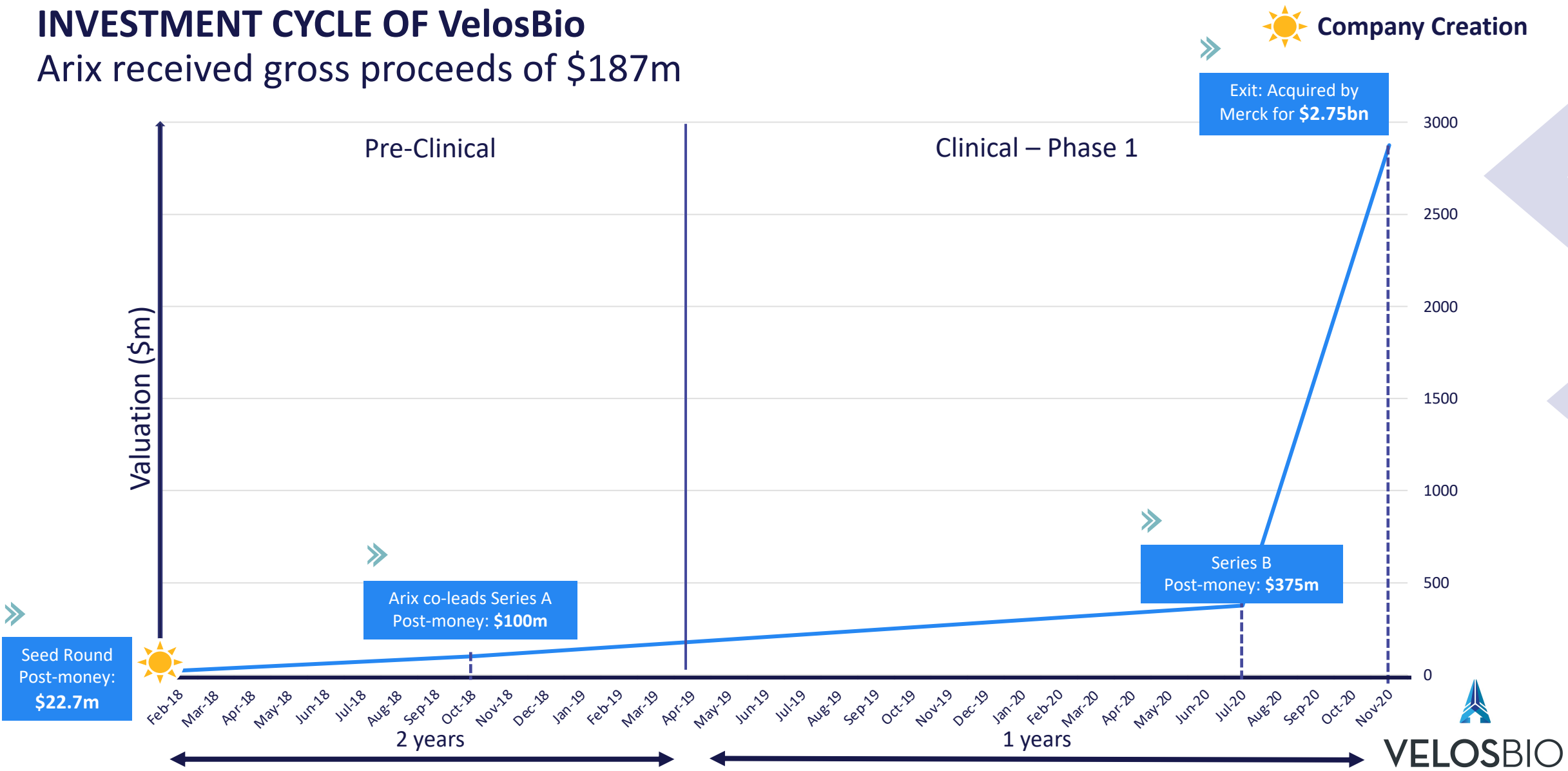


## The Exit

- » **Acquired by Merck & Co** for **\$2.75bn** in December 2020
- » Generated gross proceeds of **\$187m**
- » **12.5x** return on original investment of **\$15m** and an **IRR of 328%**

# INVESTMENT CYCLE OF VelosBio

Arix received gross proceeds of \$187m



# FINANCIAL REVIEW\*

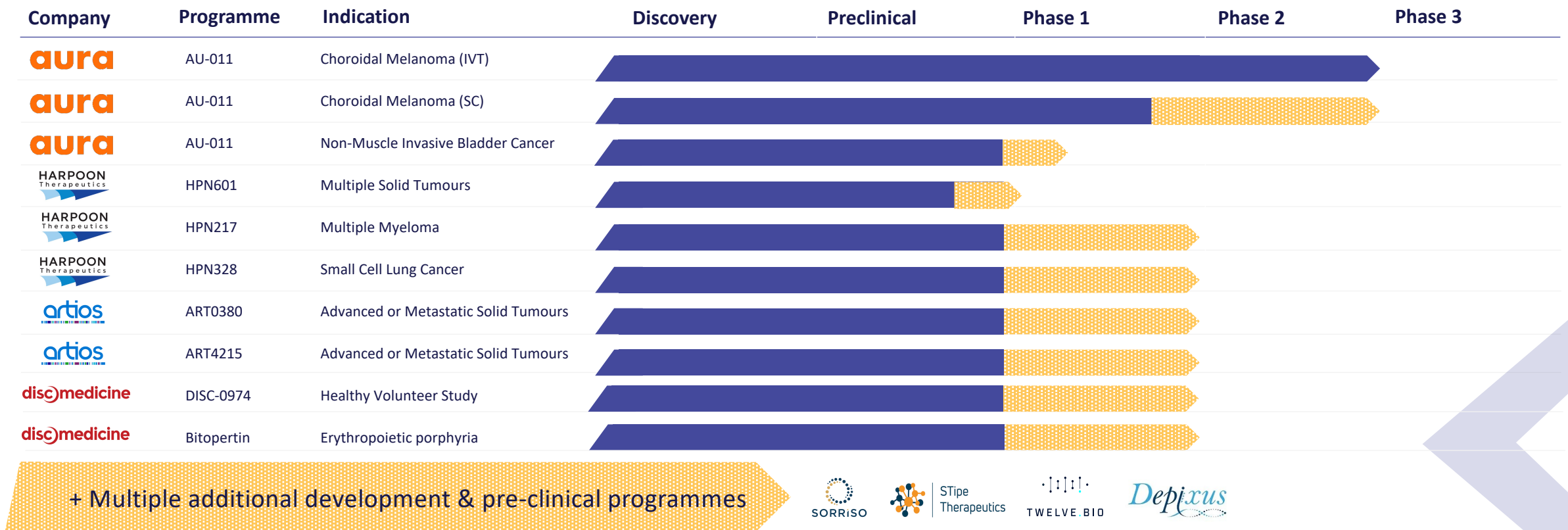
NAV of £228m (176p); capital pool of £131m

Portfolio Company	Value 1 Jan 2022 £m	Investment in period £m	Realisations in period £m	Impairment in period £m	Change in valuation £m	FX movement £m	Value 30 Jun 2022 £m	Fully diluted** equity interest %	Committed, not invested £m	Fully funded %
<b>Core portfolio</b>										
<b>Unlisted</b>										
Artios	24.9	–	–	–	–	–	24.9	8.8%	–	8.8%
Disc	8.1	–	–	–	–	1.0	9.1	4.2%	–	4.2%
Depixus	7.8	–	–	–	–	0.2	8.0	21.4%	–	21.4%
Sorriso	5.9	–	–	–	–	0.7	6.6	26.0%	3.7	26.0%
Twelve Bio	3.8	–	–	–	–	0.1	3.9	49.0%	–	49.0%
STipe	2.9	1.9	–	(2.5)	–	0.1	2.4	17.6%	–	20.0%
Amplx	1.2	–	–	–	–	0.1	1.3	–	–	–
<b>Listed on NASDAQ</b>										
Aura	20.0	–	(1.2)	–	(3.8)	2.6	17.6	5.2%	–	5.2%
Harpoon	12.2	–	–	–	(9.8)	1.0	3.4	6.6%	–	6.6%
Imara	3.9	–	–	–	(1.9)	0.4	2.4	8.9%	–	8.9%
LogicBio	4.9	–	(1.3)	–	(3.5)	0.1	0.2	2.1%	–	2.1%
Autolus	1.9	–	(1.5)	–	(0.4)	–	–	–	–	–
Pyxis	14.1	–	(4.1)	–	(10.5)	0.5	–	–	–	–
<b>Public Opportunities Portfolio</b>	–	14.4	–	–	(1.9)	1.4	13.9	n/a	–	n/a
<b>Other public market investments</b>										
GenSight (Euronext Paris)	6.4	–	(4.2)	–	(2.1)	(0.1)	–	–	–	–
<b>Legacy assets</b>	0.3	–	–	–	–	(0.1)	0.2	–	–	–
<b>Gross Portfolio</b>	118.3	16.3	(12.3)	(2.5)	(33.9)	8.0	93.9	–	3.7	–
<b>Other interests</b>	2.4	–	–	–	(0.8)	0.1	1.7	–	–	–
<b>Total investments</b>	120.7	16.3	(12.3)	(2.5)	(34.7)	8.1	95.6	–	3.7	–

\* Audited numbers as of 30 June 2022

\*\*Fully diluted reflects the shareholding inclusive of unvested and unexercised share options

# DIVERSE CLINICAL PIPELINE WITH MULTIPLE UPCOMING CATALYSTS





# GLOSSARY OF ABBREVIATIONS

»	<b>ADC</b>	Antibody drug conjugate
»	<b>NDA</b>	New drug application
»	<b>IBD</b>	Inflammatory Bowl Disease
»	<b>DDR</b>	DNA damage response
»	<b>NAV</b>	Net asset value
»	<b>NMIBC</b>	Non-Muscle Invasive Bladder Cancer
»	<b>EMA</b>	European Medicines Agency
»	<b>GPV</b>	Gross portfolio value
»	<b>IND</b>	Investigational new drug
»	<b>Ph1</b>	Phase 1 Trial – studies the safety of drug
»	<b>Ph2</b>	Phase 2 Trial – studies the efficacy of drug
»	<b>Ph3</b>	Phase 3 Trial – studies the safety, efficacy & dosing
»	<b>SCLC</b>	Small Cell Lung Cancer

