9 January 2025

UK pharma vs. NASDAQ Biotech

Source: LSEG, 2025

HARDMAN & CO HEALTHCARE INDEX

2024 – Tough year for Life Sciences

The Hardman & Co Healthcare Index (HHI) has been running since 2009. Its main function is to highlight the attractions of life sciences investments over the long term. For the third year running, despite generally good returns in global markets, particularly in the US, performance in 2024 was poor, not helped by the capital-intensive nature of the sector. The HHI fell 17.7% to 398.9, underperforming all its benchmarks – FTSE 100 (+5.7%), FTSE All-Share (5.6%) and the FTSE AIM All-Share Index (-5.7%). Only 11 companies in our index saw share prices rise in 2024. Despite challenges in raising new capital from the market, 37 UK-listed companies raised £557m last year. Having raised this working capital, we highlight a number of companies looking to generate sales traction from commercial activities in 2025.

- Despite setbacks for the past three years, since inauguration in 2009, the CAGR for the HHI has been 9.8%, compared with 3.5% for the FTSE All-Share Index and 0.1% for the FTSE AIM All-Share Index, highlighting the attractiveness of the healthcare sector as a long-term investment, despite being capital-intensive.

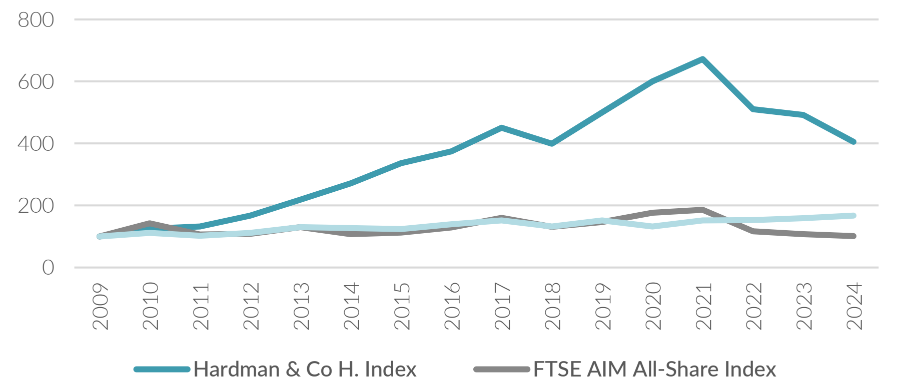
- Of the 53 companies included in the HHI, only 11 recorded an increase in their share prices in 2024. One marked time (change <0.2%) and the remaining 41 companies recorded falls. Shares of all the UK healthcare majors – AstraZeneca (AZN), GSK (GSK), Smith & Nephew (SN.) and Convatec (CTEC) – fell last year.

- The variance between the best- and worst-performing stocks was similar to the level seen historically, at 247% – Allergy Therapeutics (AGY) rising 160% and ValiRx (VAL) down 87%; the median share price change was -14%. Sadly, two companies – AVO and RENE – entered administration, unable to raise capital.

- In relative terms, 28 stocks outperformed the index during 2024, with the other 25 underperforming. Despite the strength of US markets in 2024, the NASDAQ Biotech index also fell (-1.0%) last year, not helped by lower levels of M&A activity and proposed threats to the sector from the new Trump administration.

- Having peaked in 2021, biotech and healthcare stocks have been rerated downwards. In addition, the trend towards greater risk-aversion in response to global tensions, geopolitical events, higher inflation and higher interest rates have made it more difficult to raise capital over the past three years.

Performance of Hardman & Co Healthcare Index – rebased



Source: London Stock Exchange, Hardman & Co Life Sciences Research

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Disclaimer: Attention of readers is drawn to important disclaimers at the end of this document

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Specific comments have been made in this report on the following companies:

Share price performance of stocks in HHI

Listing	Company	Ticker	Share price (p) 31 Dec 2023	Share price (p) 31 Dec 2024	Market cap (£m) 31 Dec 2024	Price change (%)
AIM	Abingdon Health	ABDX	11.0	7.8	24.0	-30%
AIM	Advanced Medical Soln	AMS	207.5	197.6	430.5	-5%
AIM	Allergy Therapeutics	AGY	2.5	6.5	309.8	160%
AIM	Alliance Pharma	APH	40.5	45.8	247.3	13%
AIM	Angle	AGL	11.8	10.3	33.1	-13%
AIM	Arecor	AREC	182.5	73.5	27.8	-60%
Main	Assura	AGR	48.1	38.3	1,246.3	-20%
AIM	Avacta	AVCT	116.5	50.0	184.7	-57%
AIM	4basebio	4BB	680.0	1,210.0	187.3	78%
AMS	BenevolentAI	BAI	1.1	0.4	38.5	-65%
AIM	Camb. Nutritional Sciences	CNSL	2.4	2.8	6.5	15%
Main	ConvaTec	CTEC	244.2	221.2	4,534.1	-9%
AIM	Creo Medical	CREO	46.0	19.5	80.4	-58%
AIM	Deltex Medical Group	DEMG	0.2	0.1	1.5	-47%
AIM	Eco Animal	EAH	108.5	71.0	48.1	-35%
AIM	EKF Diagnostics	EKF	31.7	27.0	122.8	-15%
AIM	Faron	FARN	305.0	205.0	214.5	-33%
AIM	Fusion Antibody	FAB	4.3	7.1	6.7	66%
AIM	Futura Medical	FUM	25.5	31.7	96.1	24%
AIM	Genedrive plc	GDR	8.1	2.5	13.3	-70%
Main	Genus	GNS	2,170.0	1,550.0	1,023.5	-29%
AIM	hVIVO	HVO	23.8	20.5	139.5	-14%
NASDAQ	Immunocore	IMCR	[+]68.6	[+]29.5	1,176.3	-57%
AIM	ImmuPharma	IMM	1.7	1.2	5.0	-28%
Main	Indivior	INDV	1,185.0	1,024.0	1,279.0	-14%
Main	IP Group	IPO	58.1	53.9	525.7	-7%
AIM	Ixico	IXI	12.5	11.8	10.9	-6%
AIM	Judges Scientific	JDG	9,120.0	8,450.0	561.3	-7%
AIM	Niox Group	NIOX	67.0	63.0	250.7	-6%
AIM	Novacyt	NCYT	61.5	49.6	35.0	-19%
AIM	Oncimmune	ONC	25.2	14.4	16.0	-43%
AIM	Optima Health	OPT	150.0	144.0	127.8	-4%
Main	OXB	OXB	220.0	420.0	445.0	91%
AIM	Oxford Metrics	OMG	107.0	55.7	71.4	-48%
AIM	Oxford Nanopore	ONT	208.2	128.8	1,229.9	-38%
AIM	Polarean Imaging	POLX	5.3	1.3	16.1	-75%
Main	Primary Health Properties	PHP	103.8	93.3	1,247.0	-10%
AIM	Proteome Sciences	PRM	4.5	3.4	10.0	-25%
AIM	Sareum	SAR	59.5	24.5	30.6	-59%
AIM	Scancell	SCLP	10.5	10.8	111.5	2%
AIM	SDI Group	SDI	87.5	57.5	60.1	-34%
AIM	Shield Therapeutics	STX	6.7	2.7	28.1	-60%
NASDAQ	Silence Therapeutics	SLN	[+]18.0	[+]6.9	258.9	-62%
AIM	SkinBioTherapeutics	SBTX	15.3	18.5	42.3	21%
Main	Smith & Nephew	SN.	1,078.0	991.5	8,669.5	-8%
Main	Spire	SPI	226.5	226.0	910.2	0%
AIM	Surgical Innovations	SUN	0.6	0.6	5.1	-8%
AIM	Synairgen	SNG	6.0	2.7	5.5	-55%
Main	Syncona	SYNC	123.4	105.6	661.2	-14%
AIM	Tissue Regenix*	TRX	52.0	60.0	42.2	15%
AIM	Tristel	TSTL	460.0	425.0	202.7	-8%
AIM	ValiRx	VAL	5.9	0.8	2.9	-87%
AIM	Venture Life	VLG	33.5	39.3	49.9	17%

**Client of Hardman & Co; [+]USD*

Source: Company data, Hardman & Co Life Sciences Research

Hardman & Co Healthcare Index

Enforced changes to constituent companies

M&A, delisting and administration have enforced changes to the index

In our review of 2023, we highlighted that there would be some enforced changes to the composition of the HHI following some significant M&A activity in that year. During 2024, the acquisitions of Abcam and Ergomed by Danaher and Permira Funds, respectively, were both concluded. Moreover, we have had some additional unexpected changes during the year, with a number of companies de-listing and becoming private again, and two companies, unfortunately, going into administration. Overall, we have had to replace eight companies with a combined market capitalisation of £5.55bn, representing 23.2% of the index (at 31 Dec 2023), as shown in the following table.

Nine additions replaced seven of the losses…with weightings of large companies increased to cover loss of Abcam

To keep the balance and broad spectrum of healthcare technologies that are covered by the index, nine companies have been added. Together, these had (at 31 Dec 2023) a market capitalisation of £1,078m, effectively replacing (97.7%) all of the companies lost, with the exception of Abcam, which had a combined market capitalisation of £1,104m. The only way to replace Abcam and keep the balance between the larger and smaller companies was to increase the weightings of the existing five biggest constituents in the index, as shown in the table. Genus, Immunocore and Oxford Nanopore have all been increased from 50% to 100%, with the weightings in ConvaTec and Smith & Nephew being more modest.

BenevolentAI has stated its intention to consider delisting in 2025

At the time of writing, there is a threat of further delistings, with BenevolentAI having already stated that it is considering its options and market concerns about Indivior (stated), ConvaTec and Smith & Nephew moving primary listings to the US.

Changes to HHI composition

Company	Reason	*Mkt cap (£m)
Deletions		
Abcam	Acquired by Danaher Inc	-4,472.6
Advanced Oncotherapy	Went into administration	-10.3
Arix Bioscience	Acquired by RTW Biotech Opportunities	-162.8
Destiny Pharma	Delisted from AIM – taken private	-66.1
Ergomed	Acquired by Permira Funds	-703.1
e-Therapeutics	Delisted from AIM – taken private	-48.1
Redx Pharma	Delisted from AIM – taken private	-85.6
ReNeuron	Went into administration	-2.0
Total deletions		**-5,550.7**
Additions		
Abingdon Health	Growing its diagnostic offering	33.4
4basebio	Interesting technology – synthetic DNA	84.4
Faron	Clinical-stage pharmaceuticals	209.8
Fusion Antibody	CRO offering antibody engineering	2.5
Judges Scientific	Established and solid mid-cap company	603.4
Oncimmune	Autoantibody detection platform	18.7
Optima Health	Strategic demerger from Marlowe plc	**133.2
Polarean Imaging	Interesting technology – XENOVIEW	11.5
SkinBioTherapeutics	Increased presence through acquisitions	6.8
Total additions		**1,103.6**
Increased weighting		
ConvaTec	From 50% to 60%	+500.6
Genus	From 50% to 100%	+716.5
Immunocore	From 50% to 100%	+1,330.7
Oxford Nanopore	From 50% to 100%	+894.1
Smith & Nephew	From 25% to 36%	+1,004.9
Total additions		**5,550.7**

**31 December 2023; **At point of demerger*
Source: Hardman & Co Life Sciences Research

Review of 2024

HHI comprises 53 stocks…

The main function of the HHI is to monitor the performance, and to highlight the attractiveness, of life sciences investments over the long term, and to try to identify those stocks that have disruptive technologies that consistently allow them to outperform both the index and the markets. Many of the 53 constituents of the index are high-risk, with micro-capitalisations and a long way from profitability. Despite this, some companies can still make extremely attractive returns for investors. However, although pharmaceutical, biotech and healthcare industries have defensive qualities, they are not immune from global economics.

…with disruptive technologies that should allow them to outperform index and markets

Healthcare not immune to global economic pressures and events…

Furthermore, the development and commercialisation of new drugs and medical technologies is capital-intensive. Given the interlink between inflation and interest rates, coupled with the increased risk-aversion of investors since the middle of 2022, there has been a financing crunch, which particularly affects smaller companies at the earlier stages of drug discovery and development with less robust financial profiles.

…and is capital-intensive

Performance of world markets

Although US markets have been generally buoyant…

To put the performance of our, largely, small UK healthcare stocks into perspective, it is sensible to look first at the performance of the major world markets. At the beginning of 2024, global markets were expecting the major central banks to make a number of interest cuts throughout the year. With inflation staying stubbornly high, the central banks took a more cautious approach and, while there were cuts in interest rates, they were fewer than expected, and interest rates today remain higher than had been predicted. Added to this, there has been increasing global unrest and political instability in a number of countries, although the uncertainty has been removed in the US and the UK, with the election of Trump and Starmer, respectively.

…stubborn inflation data reduced the opportunity to cut interest rates

US markets are overvalued…

President-elect Trump has been positive for the US market. Among his election promises, he is threatening trade tariffs to protect US manufacturing companies, has promised lower regulation of cryptocurrencies and markets, and to increase debt to finance major infrastructure projects. The US market was already performing well, but his election victory provided some extra impetus towards the end of the year. Consequently, the S&P500 index rose 23.3% in 2024. As seen in 2023, this index is heavily influenced by the performance of a few tech stocks – Alphabet (GOOG), Amazon (AMZN), Apple (AAPL), Meta (META), Microsoft (MSFT) and Nvidia (NVDA) – all of which have been very strong again. While many commentators believe that the US market as a whole, and the tech stocks in particular, are overvalued, few people are willing to stick their necks out and predict a market correction. With many stocks trading on prospective P/Es of 40x-50x, though, a market correction is inevitable. The question is: what and when will be the trigger?

…but being awash with capital…

…predicting timing of a corrective trigger is difficult

However, it was not just the US, with the MSCI world ex-US index, increasing by a satisfactory 12.4% in 2024. In London, while many people consider the market to be undervalued and likely to attract M&A activity, gains were much more subdued, at 5.7%. The market is dominated by well-capitalised oil and gas, mining and pharmaceutical companies, many of which underperformed in 2024. The performance of the FTSE 100 was matched by the much broader-based FTSE All-Share index, which rose 5.6%. In contrast, the FTSE AIM All-Share index fell 5.7%.

2024 market performance

Index	Ticker	31 Dec 2023	31 Dec 2024	Change
S&P 500	GSPC	4,769.8	5,881.6	23.3%
MSCI All-World (ex-US)	DBAW	30.21	33.96	12.4%
FTSE 100	FTSE100	7,733.2	8,173.0	5.7%
NASDAQ Biotech	NBI	4,370.6	4,310.6	-1.4%

Source: LSEG, 2025, Hardman & Co Life Sciences Research

Performance of UK healthcare majors

All UK healthcare majors underperformed in 2024

The spectacular performance of the US markets in 2024 was not replicated in healthcare. As shown in the table above, the NASDAQ Biotech index fell 1.4%, with three of the influential constituents – Moderna (-58%), Biogen (-41%) and Amgen (-10%) – all seeing substantial falls. Big pharma also fared poorly, with the exception of Eli Lilly and Novo Nordisk, both of which benefited from sales of weight-loss drugs. Generally, in 2024, there has been a dearth of news on drug developments. In addition, Trump has threatened to shake-up the FDA and introduce tariffs on imports, which could affect the drug supply chain. Both of these have had a negative influence on the pharmaceutical industry.

The share performance of US healthcare companies was mimicked by the UK majors, with all three recording share price declines in 2024. AstraZeneca had mixed news on its R&D pipeline and was then hurt late in the year by bribery claims in China. GSK was troubled by further legal claims against Zantac, even though it settled the majority of them out-of-court. Smith & Nephew was hurt by a generally poor trading performance.

Performance of healthcare majors, 2023-24

Company	Ticker	Share price (p) 31 Dec 2023	Share price (p) 31 Dec 2024	Change 2024	CAGR 2014-24
AstraZeneca	AZN	10,600	10,468	-1.2%	8.7%
GSK	GSK	1,450	1,347	-7.1%	-0.2%
Smith & Nephew	SN.	1,078	992	-8.0%	-1.8%

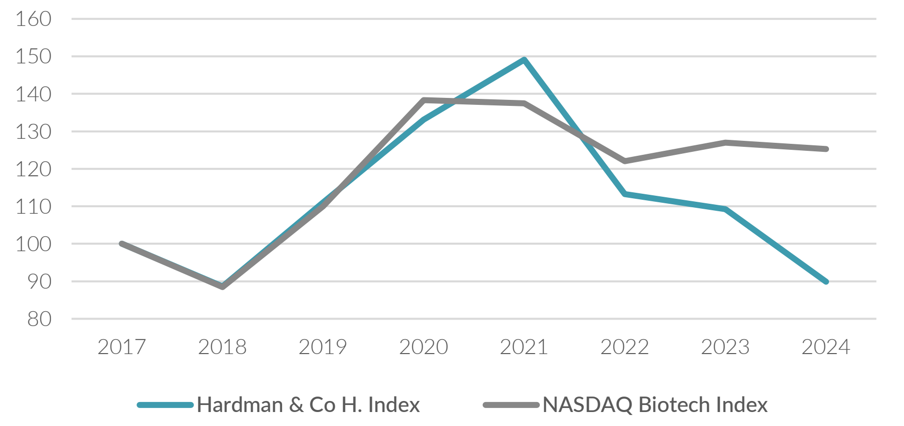
Source: Hardman & Co Life Sciences Research

Performance of HHI

Given need for more capital, unsurprising 2024 was poor for HHI

Given the backdrop of poor performance from both the US and UK majors, coupled with the obvious need for more capital by a number of companies that was highlighted in our 2023 report, it is not surprising that the HHI performed badly, falling 17.7%. Of concern is the fact that this is the third year running that the HHI has fallen and now sits lower than the level it was in 2017.

Performance of Hardman Healthcare Index vs. NASDAQ Biotech – rebased



Source: Hardman & Co Life Sciences Research

Having peaked in August 2021 on the back of COVID-19-related benefits, particularly vaccines and diagnostics, the NASDAQ Biotech Index (NBI) began to correct. At that point in time, valuations were considered particularly high, as evidenced by a relatively low level of M&A activity in the sector and companies' likely demand for more capital. This also coincided with investors becoming more risk-averse, due to the general global economic outlook. As mentioned earlier, performance in the last quarter of 2024 was also influenced by Trump economics.

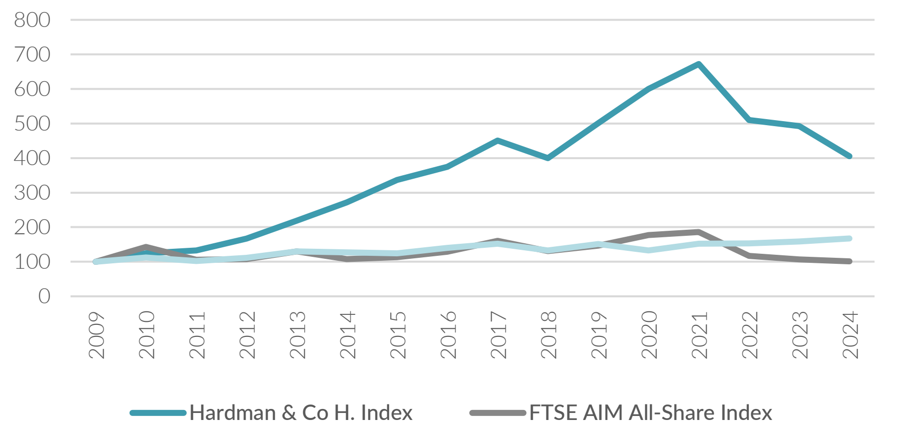
Comparison of Hardman Healthcare Index with London markets, 2009-24

@ 31 Dec	2009 Index	2014 Δ	2015 Δ	2016 Δ	2017 Δ	2018 Δ	2019 Δ	2020 Δ	2021 Δ	2022 Δ	2023 Δ	2024 Δ	CAGR %
Hardman & Co Healthcare Index	**98.4**	24.1%	23.9%	9.7%	20.3%	-10.0%	25.3%	19.9%	12.0%	-24.1%	-3.5%	-17.7%	**9.8%**
FTSE AIM All-Share Index	**654.2**	-17.5%	5.2%	14.3%	24.3%	-18.2%	11.6%	20.7%	5.2%	-31.7%	-8.2%	-5.7%	**0.1%**
FTSE All-Share Index	**2,772.0**	-2.1%	-2.5%	12.5%	9.0%	-13.0%	14.2%	-12.5%	14.5%	-3.2%	3.8%	5.6%	**3.5%**

Source: London Stock Exchange, Hardman & Co Life Sciences Research

In 2024, the HHI underperformed all of its national and international benchmarks – the NBI (peers), the broad-based FTSE All-Share index, the FTSE AIM All-Share index (small, growth companies). Despite this, since inception, the HHI has seen a CAGR of 9.8%, compared with 3.5% for the FTSE All-Share Index and 0.1% for the FTSE AIM All-Share Index, highlighting the attractiveness of the sector as a long-term investment.

Performance of Hardman Healthcare Index – rebased



Source: London Stock Exchange, Hardman & Co Life Sciences Research

In our opinion, the reasons behind the underperformance in 2024 were three-fold. First, as we highlighted in our review of 2023, there was considerable market awareness that a number of companies included in the HHI were in need of more capital (see page 13). This tends to result in a clear "mark down/sell-off/shorting" ahead of a fundraise, which then has to be done at a discount to those lower levels, causing greater dilution, and from which it is difficult to recover. Secondly, the consequence of the lack of capital means that management teams struggle to make development and commercialisation progress over the expected timescales, making the whole process more protracted. Thirdly, there was very little M&A activity in the sector last year.

Movers and shakers

Of the 53 companies included in the HHI, only 11 recorded an increase in their share prices during 2024; one company was flat and the remaining 41 decreased.

28 companies outperformed and 25 underperformed

Compared with the movement in the index, 28 companies outperformed and 25 underperformed.

The variance between the best- and worst-performing stocks was similar to historical data, at 247% – Allergy Therapeutics (AGY) rising 160% and ValiRx (VAL) down 87%; the median share price change was -14%.

Given the large portfolio of constituent companies, we usually focus on both the top five (outperformers) and the bottom five (underperformers), and try to offer a short explanation as to why the shares performed in the way that they did.

Best and worst performers in 2024 – share price rises and falls

Top five				Bottom five			
Rank	Company	Ticker	Δ	Rank	Company	Ticker	Δ
1	Allergy Therapeutics	AGY	160%	49	Silence Therapeutics	SLN	-62%
2	OXB	OXB	91%	50	BenevolentAI	BAI	-65%
3	4basebio	4BB	78%	51	Genedrive	GDR	-70%
4	Fusion Antibody	FAB	66%	52	Polarean Imaging	POLX	-75%
5	Futura Medical	FUM	24%	53	ValiRx	VAL	-87%

Source: Hardman & Co Life Sciences Research

The "top five"

Allergy Therapeutics (AGY)

Return to growth and resolution of funding needs

AGY began the year with an immediate suspension of its shares from trading because the release of its annual report had been delayed while the auditors looked for clarification on three items – statutory rebates with the German Health Insurance Association, a contingent payment related to G306, and the valuation of a retirement benefit insurance policy. These were successfully resolved and, during the course of the year, management has also satisfied the company's near-term funding requirements via a £10m extension to its existing £40m loan facility with its two major shareholders (SkyGem 65.0%; and Southern Fox 27.4%) and a new £40m facility with Hayfin Capital Management.

Meanwhile, AGY has been making progress operationally. Sales growth has returned following an increase in manufacturing capacity after improvements were made in operational and quality systems, which have plagued the past two years. Also, recently, AGY submitted its subcutaneous immunotherapy, Grass MATA MPL, to the European regulator (Paul Ehrlich Institut), a requirement following changes to the regulatory status of such products. Approval will position AGY very positively in the treatment of allergies in Europe. This would be even more so in the US, where AGY is continuing with its Phase III trials. In its Peanut PROTECT trial, AGY reported completion of cohort 2 – up to 50-fold dose increase from initial dose – and preliminary biomarker analysis of efficacy was released in early December. Cohorts 3 and 4 are on schedule to complete dosing in 1H'25. This all augurs well for the share price. However, any investor should be aware that the free float is minimal and the company is effectively controlled by its two major shareholders. From a very low base, AGY shares rose 160% during 2024.

OXB (OXB)

Strategic focus on CDMO service…

…with ever-increasing sales pipeline

Following significant investment to expand manufacturing capacity for cell and gene therapies, the board and management team have refocused the company, positioning it as a quality, innovation-led contract development & manufacturing organisation (CDMO), paving the way for OXB (formally known as Oxford Biomedica) to become EBITDA-positive in 2025. Capacity within CDMOs for the supply of vectors for cell and gene therapies is extremely limited, as evidenced by OXB's $565m revenue pipeline (@13 September 2024) and high level of GMP suite utilisation for 2025.

As part of this change in strategic direction, OXB acquired ABL Europe, a pure-play European CDMO with specialised expertise in the development and manufacturing of solutions for biotech and biopharma companies, including viruses for gene therapy, oncolytic viruses and vaccine candidates, from Institut Mérieux in December 2023. Through this transaction, together with a Subscription for shares and market purchases, Institut Mérieux has become a 10.9% shareholder in the company.

The market has liked this strategic focus, the limited number of CDMOs globally that can provide such a service, the ever-increasing order book and capacity utilisation and greatly improved prospects of reaching profitability in the medium term; it has rerated the stock accordingly, with the shares appreciating 91% during 2024.

4basebio (4BB)

Specialist supplier of synthetic DNA products

4BB is a biotechnology company focused on accelerating the development of advanced therapy medicinal products through its proprietary, high-performance synthetic DNA products and non-viral, cell targeting nucleic acid delivery platform. The company's goal is to be a market leader in the manufacture and supply of high-quality synthetic DNA products for research, therapeutic and pharmacological use as well as development of target specific non-viral vectors for the efficient delivery of payloads in patients. In some ways, it is providing a similar service to OXB but using non-viral vectors as opposed to viral vectors.

Two new shareholders provided £40m capital and control 29.9% of 4BB

Over the past two years, 4BB has made significant progress, but it needed a capital injection in 2024. Its position was made somewhat more complex by the desire of an existing 28.6% shareholder and former parent company (2Invest AG) to reduce its holding, which could have put considerable pressure onto the share price. Rather than approaching the market, the company and its advisers secured two interested parties – Elevage Medical Technologies (Elevage) and M&G Investment Management (M&G) – to not only provide the £40m of new capital but also to buy out the shares from the existing selling holder(s). At the end of the transaction, Elevage and M&G together hold 29.9% of the enlarged share capital.

During the first six months of 2024, 4BB made a number of small announcements regarding progress, which resulted in considerable share price appreciation. Despite ending the year well off its peak, the share price still increased 78%.

Fusion Antibody (FAB)

Boosted by several new contracts…

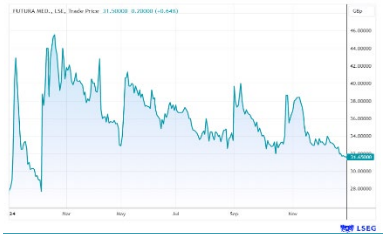
…but sales numbers still very small

FAB is a CRO providing antibody services, including discovery/generation, development, characterisation, optimisation, and small-scale production, for human and veterinary medicines, diagnostic tools, and research. 2024 was characterised by a number of announcements with biotech and pharma companies and research labs. Consequently, the shares rose 66%.

Recently announced interim results reported that sales increased 123% to £1.21m in 1H'25. However, the numbers are still very small and getting sales traction with some form of recurring revenue will be the key challenge going forward.

Futura Medical (FUM)

FUM share price performance



Source: LSEG, 2025

FUM had quite a volatile year in 2024. On five occasions, it made announcements which resulted in significant share price appreciation, only to see the stock drift back again over subsequent months. But, overall, FUM shares rose 24%. The most influential announcements involved the launches of Eroxon in Europe and the US. FUM is at a very important stage of its development. Following a protracted clinical development, Eroxon has finally received regulatory approvals in key territories and been launched. Commercialisation is being undertaken by partners, notably Cooper Consumer Health (EU, UK and Switzerland) and Haleon (US) – but, in our opinion, 2025 will be a defining year, dependent on whether Eroxon gets sales traction.

Eroxon now on major markets…

…but debate over timing to get sales traction

When assessing progress, key will be the deciphering of “revenues” in the financial statements, which are a combination of product sales and milestones/royalties. FUM states that product sales in 1H’24 were £3.8m out of total revenues of £7.0m, the difference being recognition of one-off licensing milestones. For the full year, despite the US launch in October, product sales are only forecast to be £6.0m (including £0.5m royalty from Haleon), rising to £10.5m in 2025. While we want UK companies such as FUM to do well, given the sales performance so far in the UK and Europe, we do worry that it could take some time to generate sales traction in the US even with the best endeavours of Haleon.

The “bottom five”

ValiRx (VAL)

Turmoil at board level throughout 2024

2024 was a turbulent year for ValiRx, an early-stage company focused on cancer therapeutics and women’s health. During the course of 12 months, the company has changed its entire board of directors. The main trading asset of VAL is its wholly owned subsidiary, Inaphaea BioLabs Limited (Inaphaea), which provides a high throughput drug screening service using patient derived cells (PDC). The shares have drifted on a month-by-month basis on little news over-and-above the turmoil at the board level.

VAL is looking to out-license both VAL201 and VAL401 to TheoremRx and Ambrose Healthcare, respectively. VAL’s letter of intent with TheoremRx has just been extended to 31 May 2025 while TheoremRx undertakes its own transaction with a NASDAQ-listed entity. In November, Ambrose exercised a six-month extension option to give it more time to evaluate VAL401. The new CEO clearly believes in the company, as evidenced by the 6.0% holding of the enlarged share capital taken in the recent £1.57m fundraise at 0.65p per share.

Polarean Imaging (POLX)

POLX needs to deliver on commercialisation strategy…

POLX is a medical imaging company commercialising its XENOVIEW MRI technology to improve pulmonary medicine through direct visualisation of lung function. A key reason for the underperformance of its shares was the need for more capital, so the market marked them down in anticipation of such an event, which duly arrived in May 2024, when the company raised $12.6m/£9.9m at a deeply discounted price of 1.0p per share, significantly diluting existing shareholders. In the fundraise, two major imaging companies took the opportunity to raise their stakes substantially – Nuken Isotopes from 10.5% to 19.0% and Bracco Imaging from 7.6% to 14.4% – which should provide shareholders with considerable comfort.

…but has backdrop of two major trade operators should it hit difficulties

With the cash in the bank, it is now down to management to deliver on its commercial plans. In September, POLX reported a solid improvement in 1H’24 results and raised guidance for the full year. Additionally, it announced two key hires. Despite this, the stock has struggled to recover from the discounted issue and the shares ended the year falling 75%.

Genedrive (GDR)

Technology recognition needs to be translated into sales

In last year's report, we highlighted a disastrous, in our opinion, alternative funding arrangement for £5m that GDR had signed with Riverfort Global Opportunities. While acknowledging that the deal was probably signed because its hands were tied, the board also came to the same conclusion during 2024. However, by that stage, the shares had already fallen 95% from when the deal was done, to 1.5p, despite the positive news that NICE was recommending its CYP2C19-ID kit to improve outcomes for stroke patients. In May, the company undertook a £6.5m fundraise, at 1.5p per share, to shore up the balance sheet and provide the funds to commercialise products.

Investment to get the products through the complex development and regulatory stages is now behind the group. News flow surrounding the company and its products during 2024 has generally been of a positive nature, but the new management team still seems to be struggling to generate sales traction. NICE recommendation for use in the UK NHS and "Breakthrough Device Designation" by the US FDA are clear recognition of the positive benefits that its MT-RNR1 ID kit provides. Also, a positive value assessment by the Scottish Health Technology Group, which could lead to a phased rollout across Scotland, was a significant achievement. However, the market wants to see this recognition translated into sales and the regular re-ordering of products. This is also the case with its AIHL or MT-RNR1 test for antibiotic-induced hearing loss in neonates. Until there is clear evidence of sales traction for these two important tests, the shares are likely to languish on fears of yet another cash call.

Benevolent AI (BAI)

Paying for a grossly inflated valuation when reversing into SPAC

BAI is a European-based artificial intelligence (AI) company, with drug discovery and research capability that can take a drug through the entire development process, from discovery to late-stage clinical development. In April 2022, BAI reversed into a SPAC (Odyssey) quoted on the Amsterdam stock exchange. At that point in time, the business was valued at €1.1bn/£955m pre-money and €1.4bn/£1.22bn with the €255m/£220m raised. As seen with many examples in the US, companies are seriously overvalued when they reverse into SPACs, with the consequence that the shares tumble when the true valuation is afforded by the market. BAI has been no different, appearing in our five worst performers for the second year running. In 2024, the shares have fallen 65%, trading at a market capitalisation of just £38.5m.

Further restructuring to preserve cash and potential delisting of its shares

Given the high rate of cash burn in the company, in January 2024, we were firmly of the opinion that BAI would need to tap the market for more cash. However, the management team clearly recognised this and had already started to greatly reduce operating costs, thereby extending the runway of its £72.9m cash pile. In December, BAI announced another strategic overhaul to return the company to its core strengths and TechBio mission. In parallel, management instigated further operational cuts to extend its cash (down to £38.1m at 30 June 2024) runway from 3Q'25 to 1Q'27. Additionally, the company stated that it would evaluate its delisting from Euronext Amsterdam, which put further downward pressure on the shares.

Silence Therapeutics (SLN)

SLN transferred successfully primary listing to US...

In recent sector reports[1]: *Survival of the UK life sciences sector*, we have held up SLN as a good example of a biotech company that transferred successfully its listing from AIM to NASDAQ. Having struggled with both funding and valuation in London over a number of years, SLN decided to make its listing in the US, in July 2023. Since making the change, the company has raised $176m and seen its valuation triple.

[1] https://hardmanandco.com/research/corporate-research/11260/

Silence Therapeutics share price performance – 01 July 2023 to current

Source: LSEG, 2025

...but it must still deliver on fundamentals

However, despite a strong balance sheet, the company still needs to deliver on its development fundamentals. Although SLN presented positive Phase II clinical trial data on zerlasiran at the 2024 American Heart Association, showing an 80% mean time-averaged, placebo-adjusted reduction from baseline in lipoprotein(a) (Lp(a)), there were concerns about the six-monthly dosing schedule. While advantageous from a patient's perspective, the fall in Lp(a) was not maintained between doses, suggesting that more frequent dosing might be required. If this were the case, zerlasiran would lose its competitive advantage compared to olpasiran (Amgen). Further consideration of these results has seen SLN shares more than halve in recent weeks, ending the year at $6.88, down 62%.

Ongoing need for more capital

Over £0.5bn raised by 37 UK-listed companies in 2024

Investors are well aware that the healthcare industry, particularly for small companies with products in development or the early stages of commercialisation, is capital-intensive. Most institutional investors that commit to this sector are buying into a new technology and know that they must be in it and supportive for the long term. Consequently, it should come as no surprise that 37 companies took the opportunity to raise £556.6m in 2024 to support their operational activities, including some acquisitions that were paid for with shares.

Key features

- 37 UK-listed life sciences companies raised a total gross cash of £556.6m during the year for working capital and acquisition growth. While this is a substantial figure, it pales into insignificance against the funds raised by private life sciences companies from venture capital and private equity.
- Funds were raised at an average discount of 11.6% to the prior closing share price, or 17.8% to the share price at the start of the year, indicating that the market often marked down the shares in anticipation of a capital increase.
- There was a large variance in the price at which funds were raised from a premium of 85% (OXB) to a discount of 89% (ValiRx), compared with the share price at the beginning of the year.
- Of the 14 companies highlighted in last year's report as being likely to need new capital in 2024, 10 did indeed raise new working capital.
- Two companies – Advanced Oncotherapy (AVO) and Reneuron (RENE) – were unable to raise the required capital and went into administration.
- Three companies – C4X Discovery (C4XD), Redx Pharma (REDX) and e-therapeutics (ETX) – were unhappy with the valuation afforded them by the London market and decided to de-list and look to private equity for their working capital needs.
- Our two US-listed companies – Immunocore (IMCR) and Silence Therapeutics (SLN) – raised $402.5m (convertible loan) and $125.7m (equity issue), respectively, in 2024. However, although their balance sheets are strong, the performance of both shares has suffered from adverse clinical trial news.
- During 2024, there have been a number of notable fundraises by unlisted UK companies, backed by venture capital and private equity at valuations substantially above those of listed peers, highlighting the lack of interest in small companies by institutional investors and the enormous discrepancy in the valuations of private and listed companies.

Commercial traction

Readers will be aware that it takes several years and large amounts of money to get new drugs, medical devices and diagnostics through the R&D process and satisfy the regulators. However, even when products receive approval, allowing them to be commercialised, the time taken and cash required to get sales traction can also be quite significant.

With painful R&D now behind several companies…

…time has come to deliver on sales in 2025

Many of the companies included in our index have been through the painful development and regulatory stages to the point of commercialisation and many of the fundraises in 2024 were to support the commercialisation of their products and technologies. We believe that 2025 will be an important year for several companies to achieve sales traction, often a very important step to reaching profitability and cash generation.

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UK life sciences capital increases – 2024

Date	Company	Ticker	Gross cash (£m)	Share price (p)	Prior close (p)	Prem./(Disc.) (%)	31 Dec 2023 (p)	Δ (%)
25-Jan	SkinBioTherapeutics	SBTX	*£5.00m		15.3p		15.3p	
29-Jan	OXB	OXB	£12.83m	407.4p	181.8p	124.1%	220.0p	85.2%
14-Feb	Fusion Antibodies	FAB	£1.38m	4.0p	4.3p	-5.9%	4.3p	-5.9%
28-Feb	Avacta	AVCT	£31.10m	50.0p	75.8p	-34.0%	116.5p	-57.1%
29-Feb	Haemogenyx	HEMO	£3.33m	2.0p	3.0p	-32.2%	2.3p	-13.0%
05-Mar	LungLife AI	LLAI	£1.80m	35.0p	41.5p	-15.7%	46.0p	-23.9%
12-Mar	Renalytix	RENX	£9.36m	20.0p	40.0p	-50.0%	15.5p	29.0%
14-Mar	Oxford Biodynamics	OBD	£9.90m	9.0p	11.4p	-21.1%	28.0p	-67.9%
19-Mar	TheraCryf (Evgen)	TCF	£0.90m	1.4p	1.0p	51.6%	1.6p	-10.0%
19-Mar	Evgen/TheraCryf	EVG	£0.95m	1.0p	1.0p	5.3%	1.6p	-37.5%
25-Mar	OptiBiotix	OPTI	£1.35m	20.0p	23.8p	-15.8%	26.8p	-25.2%
26-Mar	Cizzle Biotech	CIZ	£0.62m	2.0p	2.6p	-21.6%	2.0p	2.6%
28-Mar	Sareum	SAR	£2.72m	10.0p	14.5p	-31.0%	59.5p	-83.2%
04-Apr	Faron	FARN	£6.86m	128.6p	150.0p	-14.2%	305.0p	-57.8%
08-Apr	Renalytix	RENX	£0.78m	26.8p	28.5p	-6.0%	15.5p	72.8%
10-Apr	e-therapeutics	ETX	£28.90m	15.0p	12.0p	25.0%	8.3p	81.8%
03-May	Ondine Biomedical	OBI	£3.54m	7.0p	5.1p	36.5%	8.8p	-20.5%
07-May	Abingdon Health	ABDX	£0.50m	10.0p	9.8p	2.6%	11.0p	-9.1%
09-May	genedrive plc	GDR	£6.00m	1.5p	3.5p	-57.1%	8.1p	-81.5%
21-May	Polarean Imaging	POLX	£9.91m	1.0p	3.7p	-73.0%	6.3p	-84.0%
30-May	Cambridge Cognition	COG	£2.62m	40.0p	44.5p	-10.1%	51.5p	-22.3%
03-Jun	Incanthera	INC	£2.60m	15.0p	19.0p	-21.1%	8.0p	87.5%
04-Jun	Faron	FARN	£26.10m	85.0p	195.0p	-56.4%	305.0p	-72.1%
05-Jun	Angle	AGL	£9.30m	15.0p	18.0p	-16.7%	31.4p	-52.2%
07-Jun	N4 Pharma	N4P	£0.63m	0.5p	0.6p	-20.0%	0.9p	-41.2%
18-Jun	OXB	OXB	£16.90m	325.0p	318.5p	2.0%	220.0p	47.7%
26-Jun	Inspiration Healthcare	IHC	£3.00m	14.0p	24.5p	-42.9%	39.9p	-64.9%
15-Jul	Renalytix	RENX	£0.83m	7.2p	23.0p	-68.9%	15.5p	-53.8%
19-Jul	Arecor	AREC	£7.26m	90.0p	92.5p	-2.7%	182.5p	-50.7%
24-Jul	Aptamer	APTA	£2.83m	0.2p	0.6p	-63.6%	1.2p	-82.6%
24-Jul	Abingdon Health	ABDX	£1.00m	10.9p	10.8p	0.9%	11.0p	-1.4%
25-Jul	Abingdon Health	ABDX	£5.22m	9.8p	10.8p	-9.3%	11.0p	-11.4%
29-Jul	4basebio	4BB	£40.00m	1,500p	1,450p	3.4%	680p	120.6%
01-Aug	Oxford Nanopore	ONT	£80.00m	120.0p	121.0p	-0.8%	207.5p	-42.2%
02-Aug	SkinBioTherapeutics	SBTX	£1.56m	10.5p	14.3p	-26.3%	15.3p	-31.1%
08-Aug	Assura	AGR	£99.84m	40.7p	40.7p	0.0%	48.1p	-15.4%
30-Sep	Creo Medical	CREO	£17.00m	24.0p	26.8p	-10.3%	16.3p	47.7%
30-Sep	Renalytix	RENX	£14.88m	9.0p	9.3p	-2.7%	46.0p	-80.4%
08-Oct	Ixico	IXI	£4.05m	9.5p	9.0p	5.6%	12.5p	-24.0%
11-Oct	Sareum	SAR	£3.36m	20.0p	27.5p	-27.3%	59.5p	-66.4%
18-Oct	Oncimmune	ONC	£5.64m	15.0p	13.9p	7.9%	25.2p	-40.5%
01-Nov	Ondine Biomedical	SAR	£10.69m	8.5p	8.4p	1.5%	8.8p	-3.4%
03-Dec	Animalcare	ANCR	£20.00m	232.5p	245.0p	-5.1%	170.0p	36.8%
04-Dec	Scancell	SCLP	£10.25m	10.5p	13.5p	-22.2%	10.5p	0.0%
06-Dec	Shield Therapeutics	STX	£7.79m	3.0p	2.9p	5.3%	7.1p	-57.4%
07-Dec	ValiRx	VAL	£1.57m	0.7p	1.5p	-56.5%	5.9p	-89.0%
20-Dec	Synairgen	SNG	£23.98m	2.0p	4.5p	-55.8%	6.0p	-66.6%
	Total raised		**£556.64m**		**Average**	**-11.6%**		**-17.8%**
	(n=37)				**Median**	**-10.2%**		**-23.9%**

**Convertible loan at various prices*
Although RNS announcements are closely monitored, this table should not be viewed as comprehensive
Source: Company data, Hardman & Co Life Sciences Research

Companies aiming to generate sales traction in 2025		
Company	**Product/technology**	**Category**
Abingdon Health	Lateral flow CDMO	Diagnostic service
Angle	Parsortix – liquid biopsy (oncology)	Diagnostic
Creo Medical	Speedboat and other products	MedTech
Futura Medical	Eroxon – male healthcare support	OTC/consumer healthcare
genedrive plc	AIHL.MT-RNR1 (neonates); CYP2C19 (stroke)	Diagnostics
Oncimmune	ImmunoINSIGHTS autoantibody detection platform	Service to CROs
Polarean Imaging	XENOVIEW – MRI lung function	Diagnostic
Renalytix	KidneyIntelX – prognosis of patients with diabetic kidney disease	Prognostic
Shield Therapeutics	ACCRUFeR oral iron supplement	Pharmaceutical
SkinBioTherapeutix	SkinBiotix/Croda; AxisBiotix (psoriasis/acne)	Consumer/cosmetic
Tristel	Tristel ULT – ultrasound/equipment disinfectant	MedTech

Source: Hardman & Co Life Sciences Research

Share buybacks

Capital increases reasonably balanced by share buybacks in 2024

By default, capital increases raise the number of shares in issue and have the potential to increase the market capitalisation of a company, all clearly dependent on share price appreciation. Consequently, they may positively bias the performance of the index. Conversely, share buybacks reduce the number of shares in issue and can potentially negatively influence the index. In 2024, there was a reasonable balance between capital increases and share buybacks, so this was not a major issue when considering the performance of our index.

Share buybacks in 2024		
Company	**Programme**	***Amount spent**
Convatec	Up to 15m shares p.a.	£0m
Indivior	Up to	£122m
IP Group	£20m, plus additional £10m	£28m
NIOX	Tender offer for 26.25m shares @ 80p	£21m
Oxford Metrics	Up to £6m	£2m
Smith & Nephew	Ongoing programme	£0m
Spire Healthcare	Up to £5m	£3m
Syncona	Up to £40m	£35m
		£211m

**Latest reported figure*
Source: Hardman & Co Life Sciences Research

Potential capital raises in 2025

Inevitable need for more capital in 2025

As we highlighted in last year's report, a quick assessment of the latest balance sheets and statements from companies included in our index suggests that there will be a number of cash calls again in 2025. Some of these are expected to occur imminently in order to get auditor sign-off of 2024 accounts for the 12 months' working capital need, whereas others will be later in the year ready for sign-off of 2025 accounts.

As always, I hope that you have enjoyed this opinionated review of UK healthcare in 2024 and wish you the best of luck with stock selections in 2025!

About the author

Dr Martin Hall

Martin's career in the City started as a healthcare analyst in 1987, working at Morgan Grenfell and then UBS. He joined HSBC in 1992, where he became Head of Global Pharmaceutical/Healthcare Equity Research. In 2005, he set up as an independent Life Sciences Analyst and Corporate Broker under the umbrella of Eden Financial Limited. Martin is acknowledged for his thought-provoking and opinionated research. He joined Hardman & Co in June 2013.

Martin qualified as a pharmacist (B.Pharm.Hons) at the School of Pharmacy, University of London, and has a PhD in Neuropharmacology, also from the University of London. After two years of post-doctoral research under a Royal Society Fellowship at the Collège de France, Paris, he became leader in Biochemical Pharmacology at the Parke-Davis Research Centre in Cambridge. Martin is a member of the Royal Pharmaceutical Society of Great Britain.

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