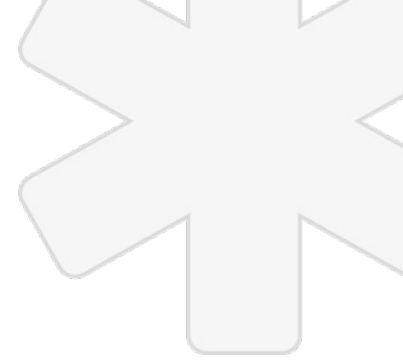
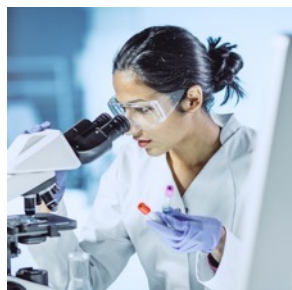




European Federation of Pharmaceutical  
Industries and Associations



# Financing environment of biopharmaceutical SMEs in Europe



Survey Results  
June 2023



# Survey background

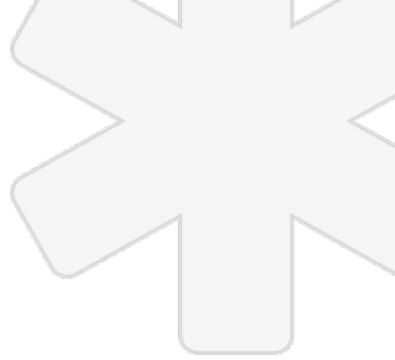
## Survey focusing on the financing environment of biopharmaceutical SMEs in Europe

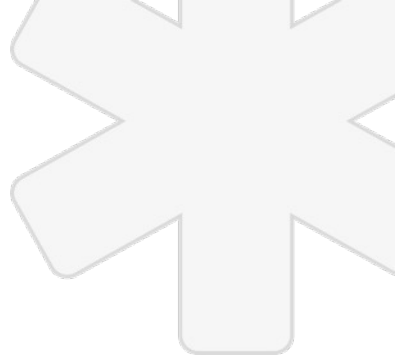
**Survey period:** November 2021 to July 2022

**Objectives:** Small European biopharmaceutical companies operating in Europe were surveyed in order to **map the financial environment** they are evolving in. The outcomes of the survey will help raise awareness among European decision makers about numerous obstacles that small companies are facing in Europe and that are hampering innovation. It will also help **propose solutions to enhance the European biopharmaceutical funding ecosystem for SMEs and small mid-caps** (public and private).

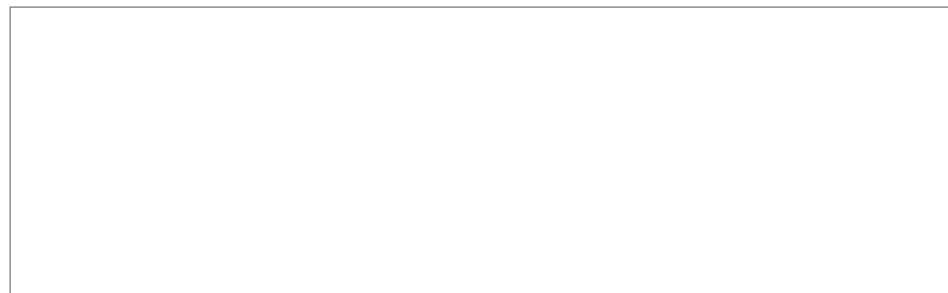
**Method:** Polled online , available on LinkedIn and Twitter, sent to EMA registered SMEs and national trade associations

**Feedback** received from 43 SMEs

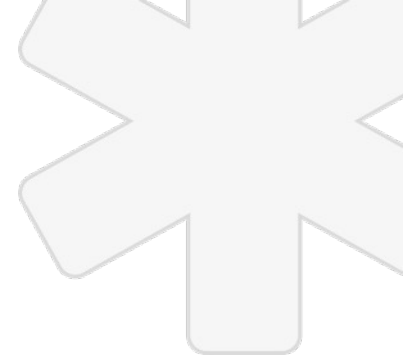




## PART I - RESPONDERS PROFILES

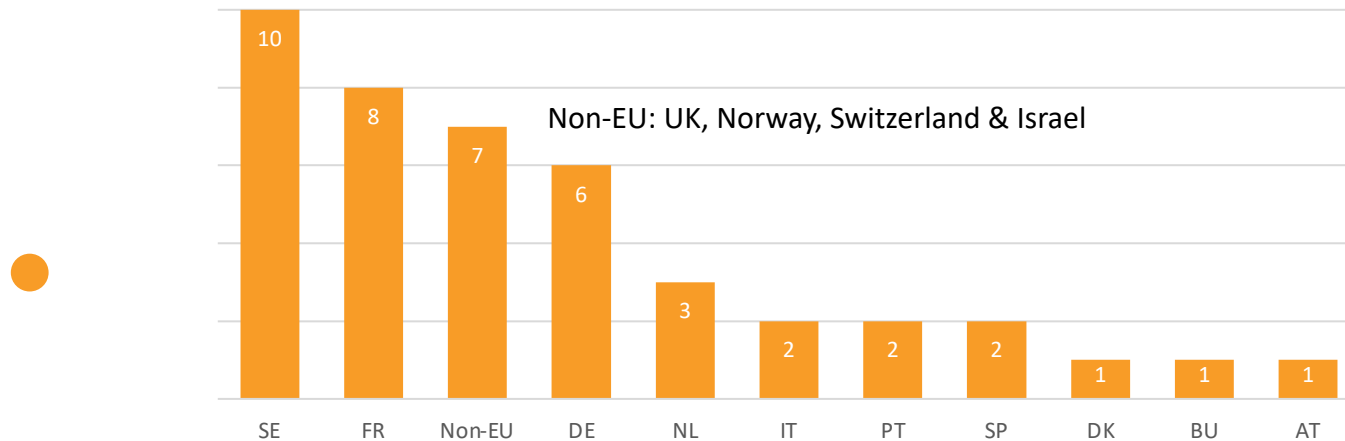


# Presentation of profiles which responded : Demographics



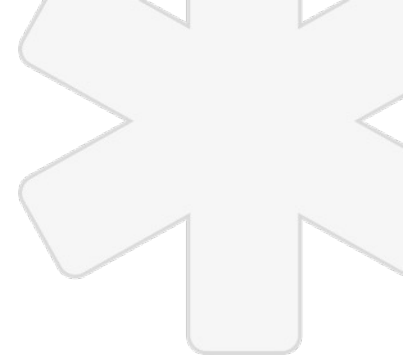
-  >90% of responses are **SMEs** of <50 employees.

-  >53% of responses are from **CEOs**



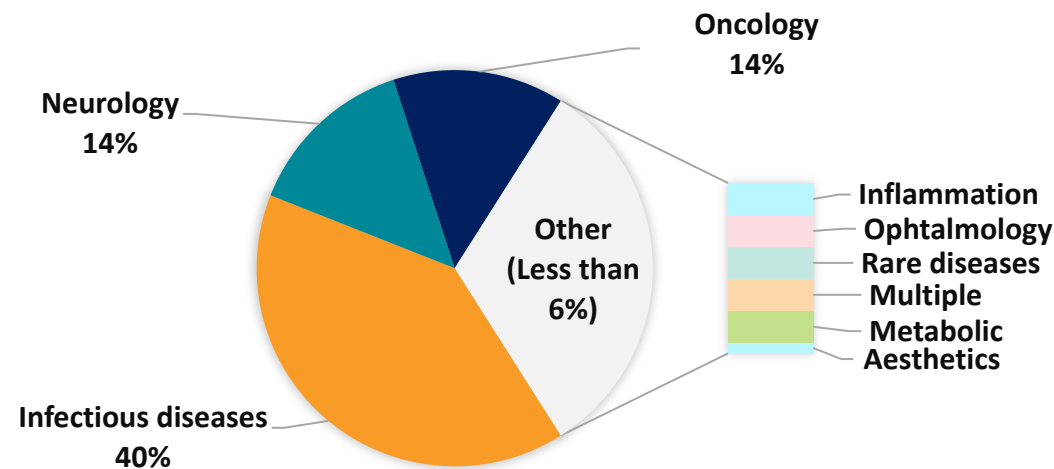
Most of responses represent **Nordic and Western European** biotech SMEs

# Presentation of profiles which responded : Therapeutic Areas

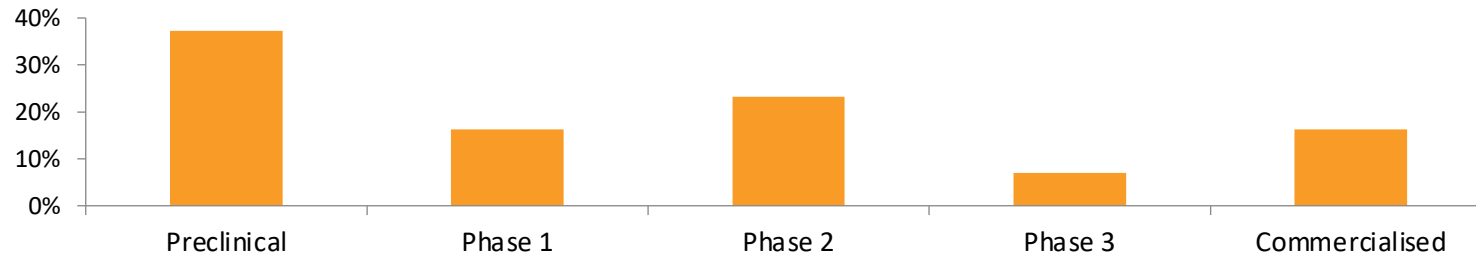


- **80%** focus their research on a **single therapeutic area**  
**20%** develop technologies serving **multiple therapeutic areas**

- **40%** of responses are focusing their research on **infectious diseases**, in addition to **oncology**, **neurology** or other established disease areas



# Presentation of profiles which responded : Commercialisation readiness

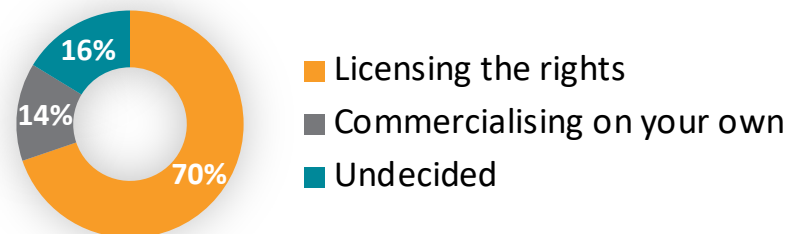


The majority (~40%) of responses are progressing their lead asset towards **pre-clinical proof of concept**. Approximately 20% are progressing their lead asset towards **phase II**

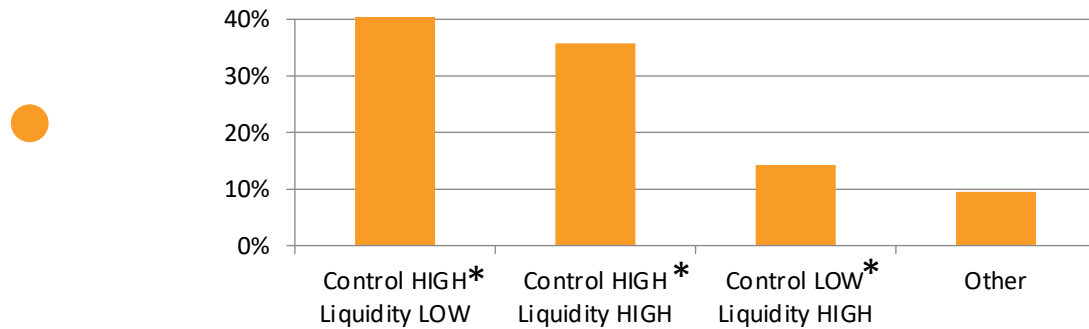
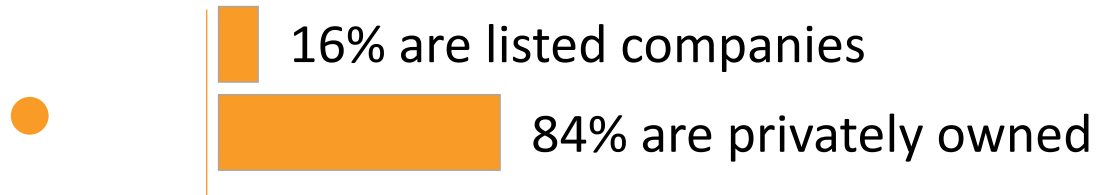
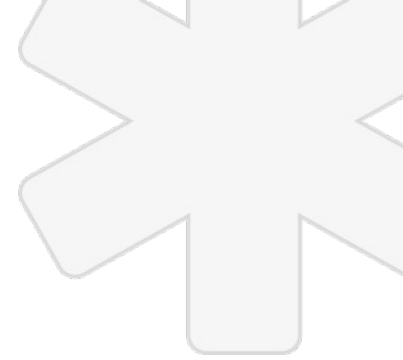
57% anticipate commercialisation **in > 5 years**

43% anticipate commercialisation **within 3 years or less**

>2/3 would **licence their rights** and not commercialise on their own



# Presentation of profiles which responded: Capital structures



*\* Ownership type : wording used in the survey*

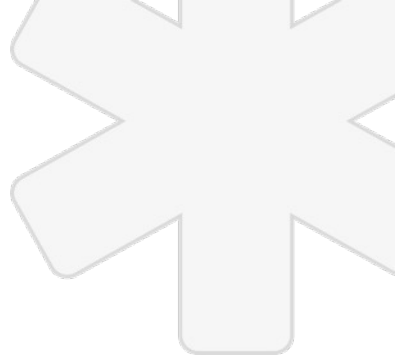
*High level of control / Low liquidity , e.g: small group holding >50%*

*High level of control / High liquidity , e.g: single owner holding >20%*

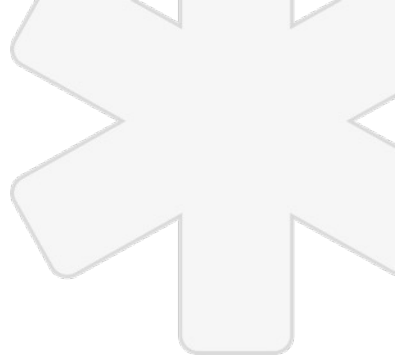
*Low level of control / High liquidity , e.g: fragmented ownership with no holding >5%*

**Ownership is concentrated** among a single (1/3) or a small group (>1/3) of owners, retaining **high control** of the company

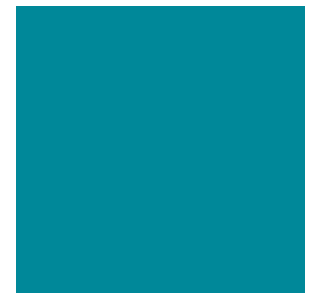
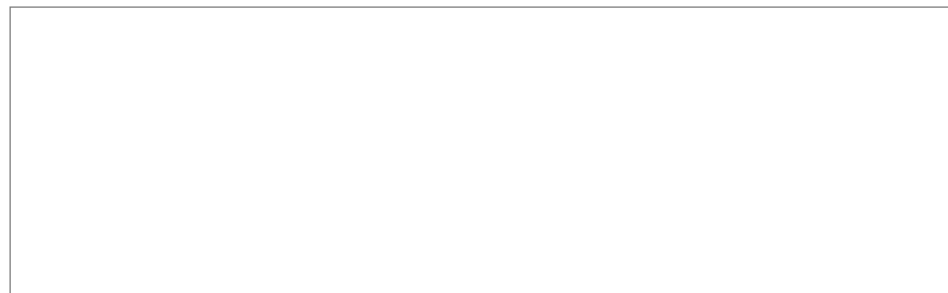
## Main findings







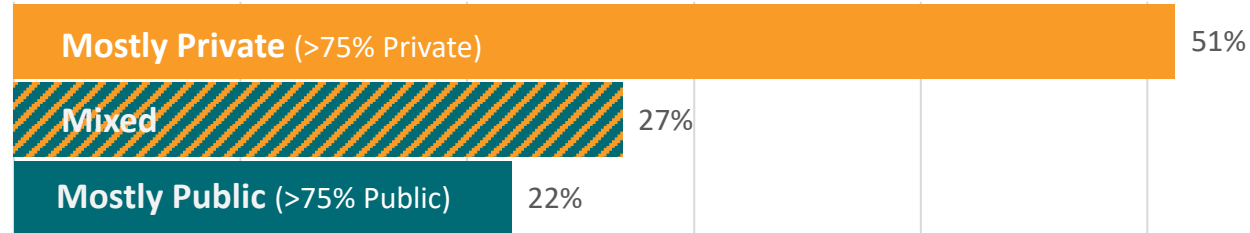
## PART II – FINANCING : SITUATION AND OPPORTUNITIES



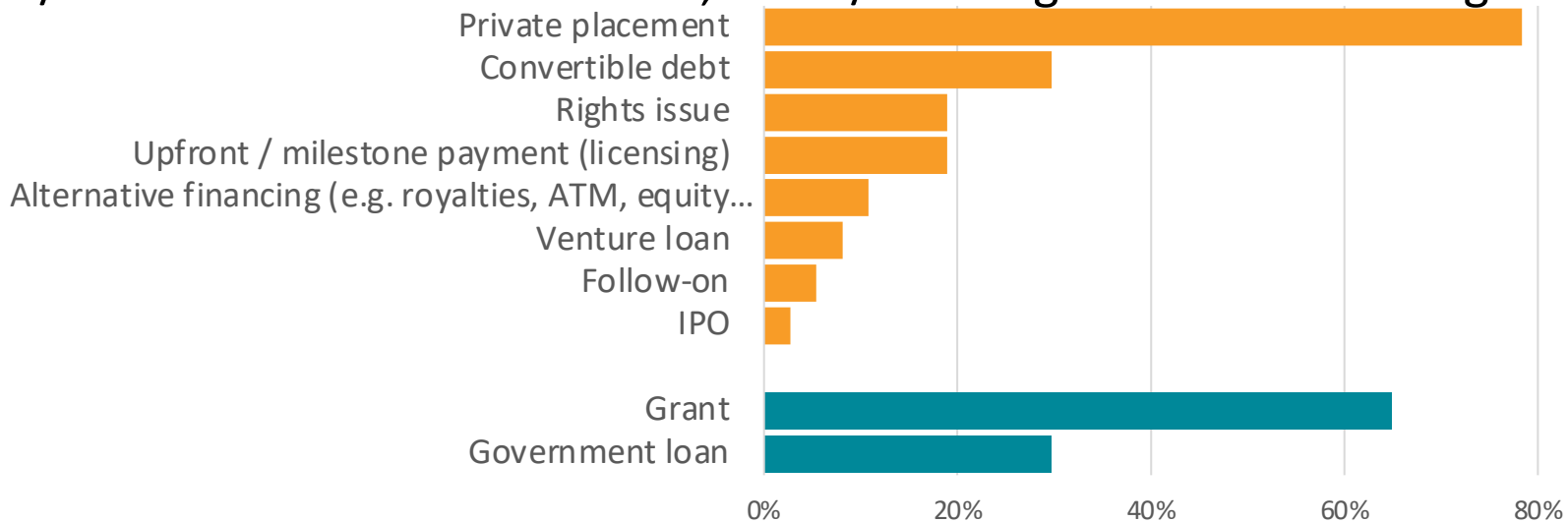
SMEs turn to a variety of private funding instruments to finance their development, complemented with public grants and loans. 25% of SMEs rely solely on public funding

### 3 out of 4 SMEs list private funding as their main funding source

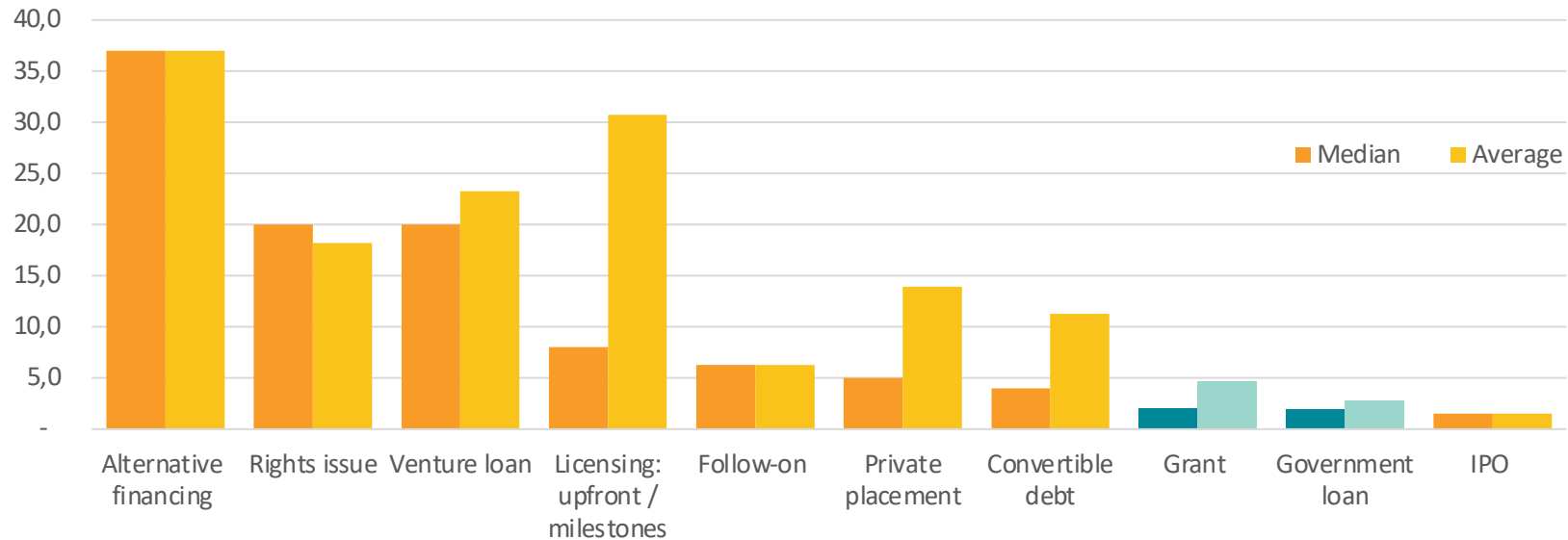
Approximate part of funding (private vs. Public) in volume



In the details, almost 80% of SMEs were funded by private placements  
2/3 also benefited from Grants, and 1/3 from government funding



## In actual volumes of € raised, the most commonly available instruments often provide the less impact, and vice versa

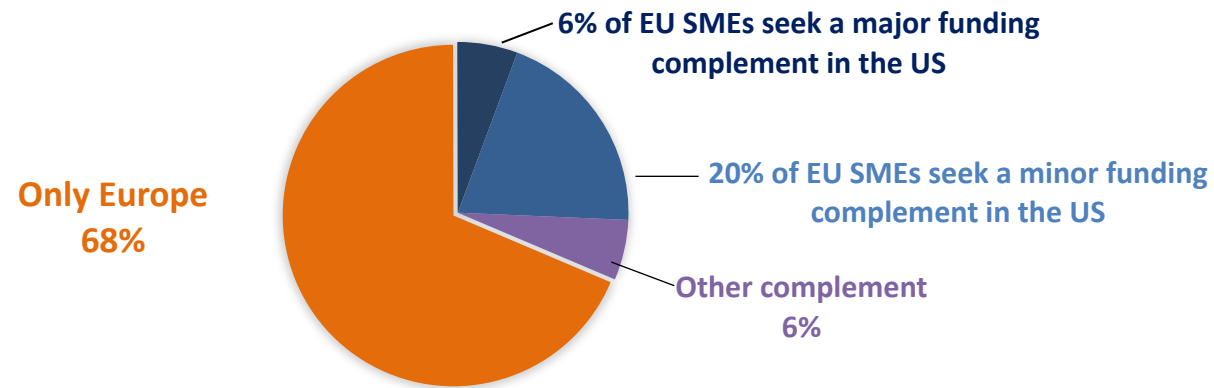


In volumes, private placements provide relatively reduced amounts of funding. Although not an instrument commonly used by SMEs, alternative financing yields the highest funding volumes, € 35mo on average

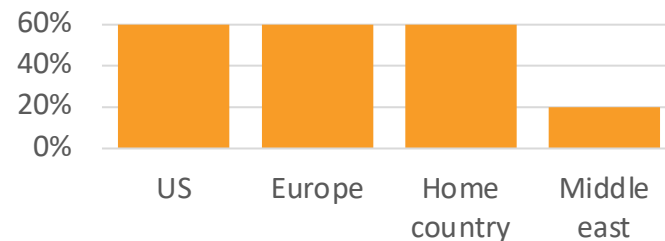
Grants and loans, although used by the majority of SMEs, yield less funding volumes than any other private instrument (excl. IPO), € 2,5mo for a median SME

# EU-based SMEs select EU-based financing. Non-EU SMEs also capture this opportunity while diversifying their funding sources

EU SMEs are turning to **EU-based financing**, which may be completed with **US-based financing** for **1 in 4** SMEs. Rarely, EU SMEs will seek funding in other regions than the US

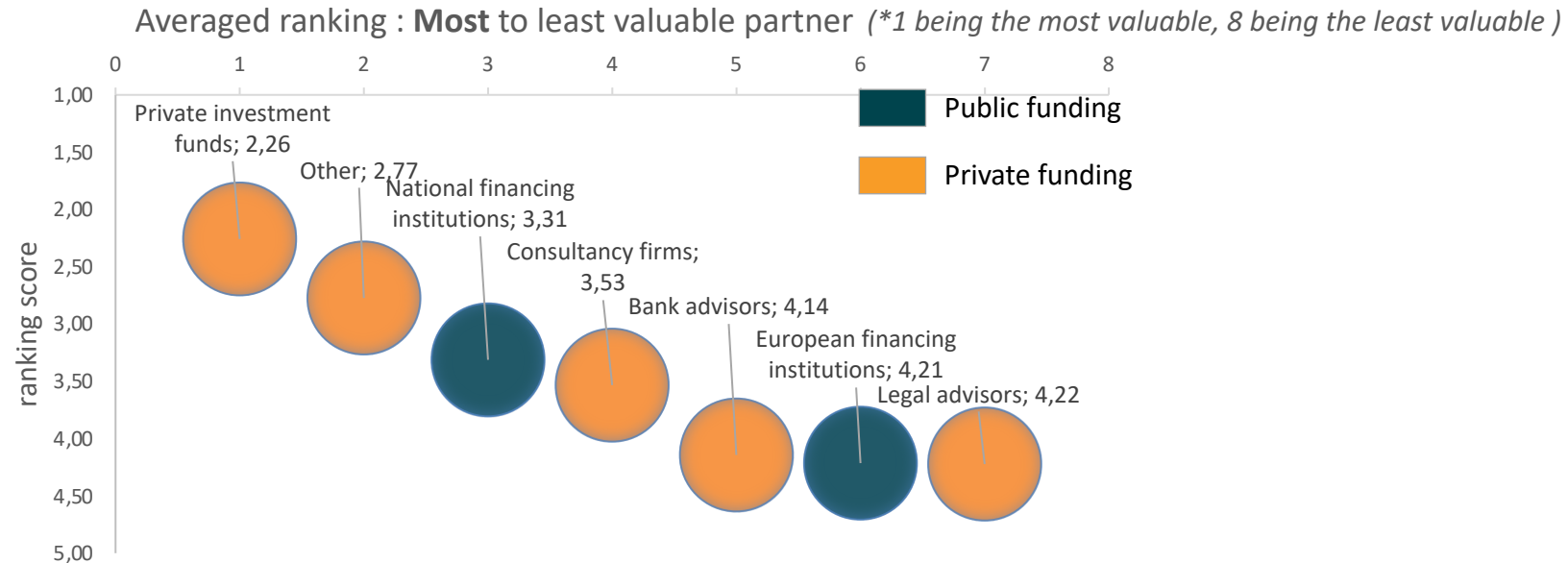


Non-EU SMEs (UK, CH) are turning to varied regions for financing, including **EU-based financing or local financing**, often completed by **US-based financing**



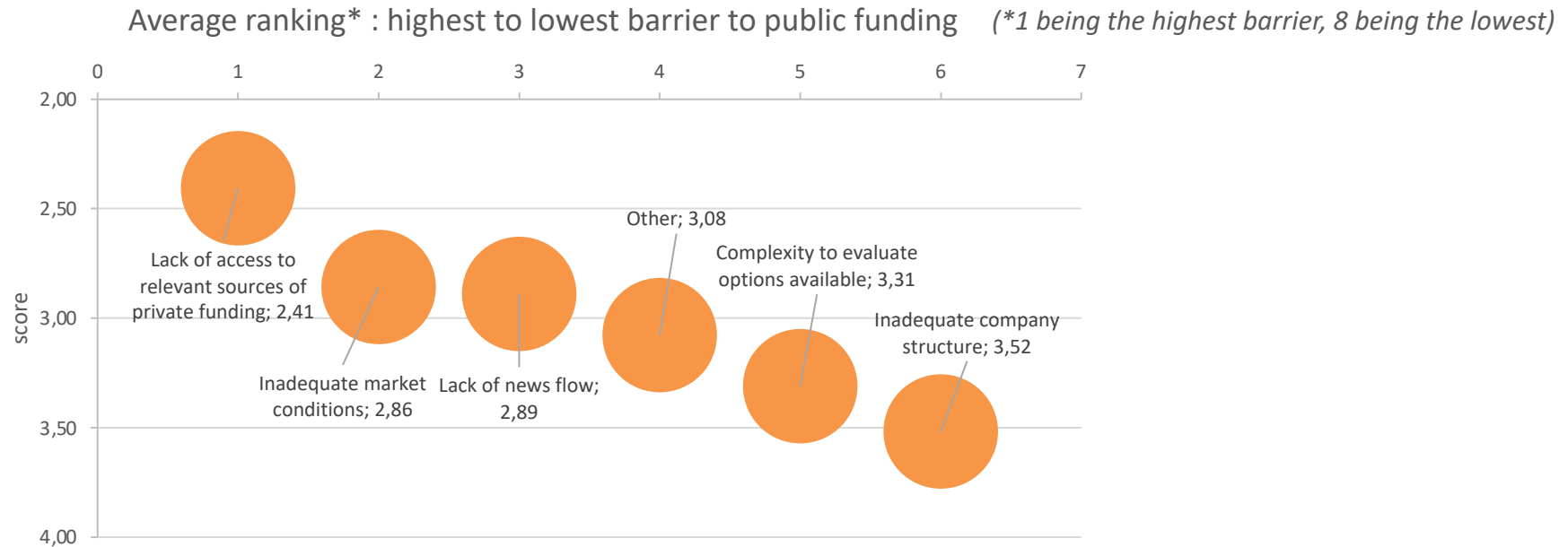
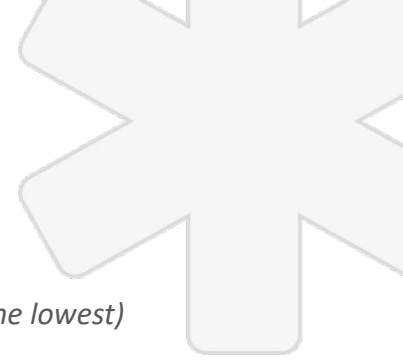
# When it comes to getting advice, SMEs favour direct contact with investors

## SMEs also turn to national rather than EU institutions for public financing advice



- **Half** of the responders contact **'Other'** trusted partners, which are :
  - 45%** of these other partners are **individual investors**
  - 35%** are the funders' **own networks**
- **Consultancy firms**, while not the most valuable partner, complement the preferred partner's advice
- 10% of responders did not secure advice from external partners

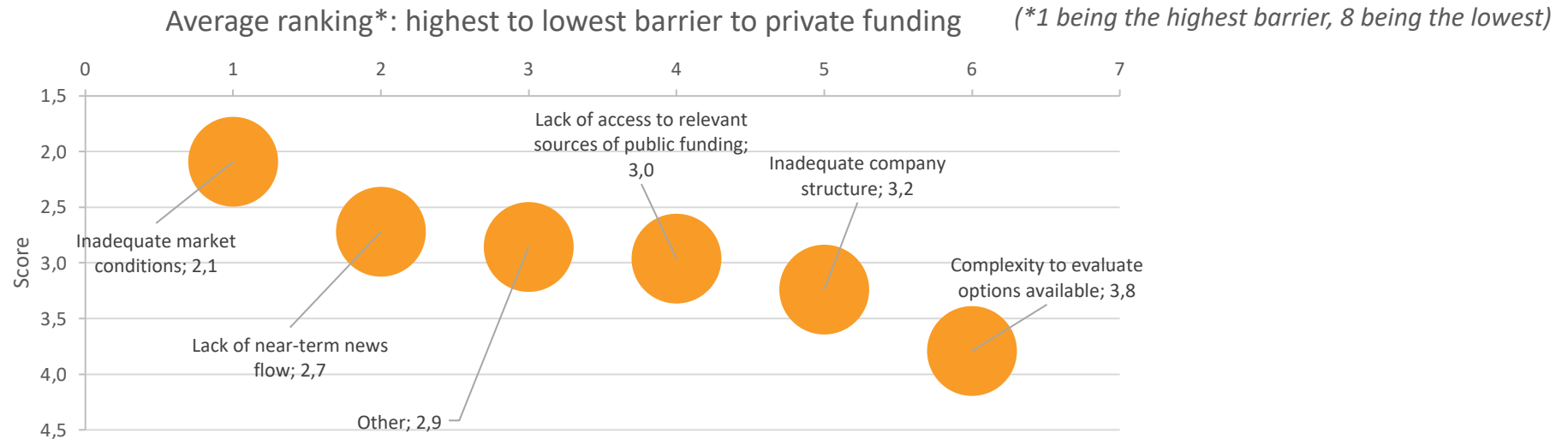
# SMEs highlight the need for private funding in order to secure public financing



Half of the responders face **Other** obstacles:



# SMEs highlight the need for adequate market and product conditions in order to secure private financing

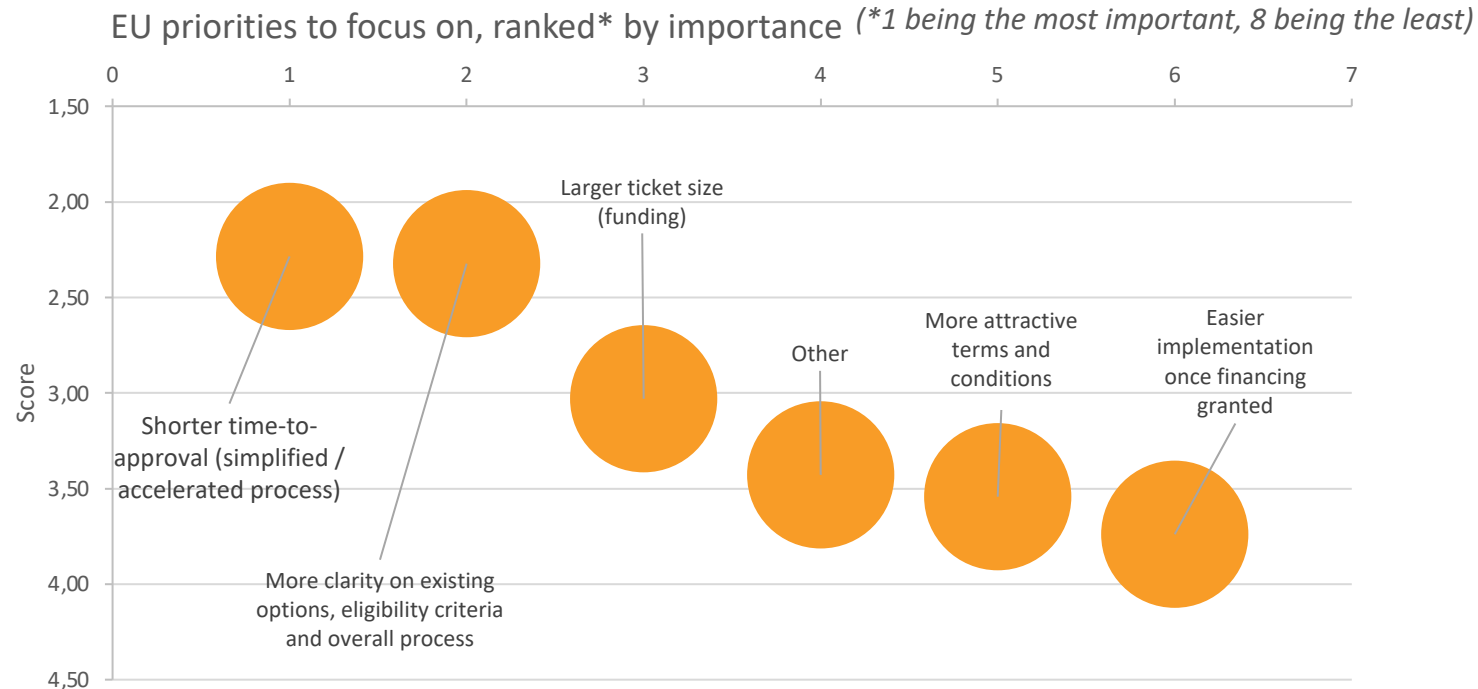


- **Other** obstacles include, for 22% responders : **Not enough private funding available**  
This is particularly expressed in the anti-infectious therapeutic areas of research
- **Lack of risk financing**, and lack of risk financing among **private vs. public** actors, as well as in the **UE vs US** explain this statement

*'Lack of **risk willing** capital'*

*Too little private money in the European **risk financing** market*

# SMEs share their experience with EU institutions and mention key priorities to better finance the growth of EU biopharmaceutical SMEs

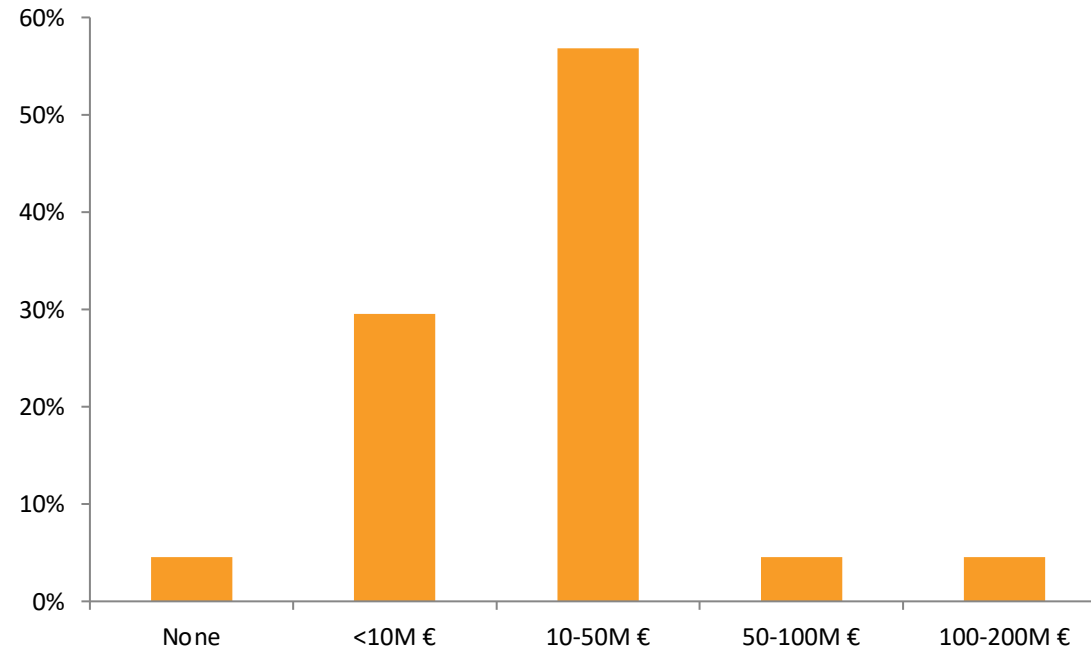


**Other** suggestions include, in order of occurrence:

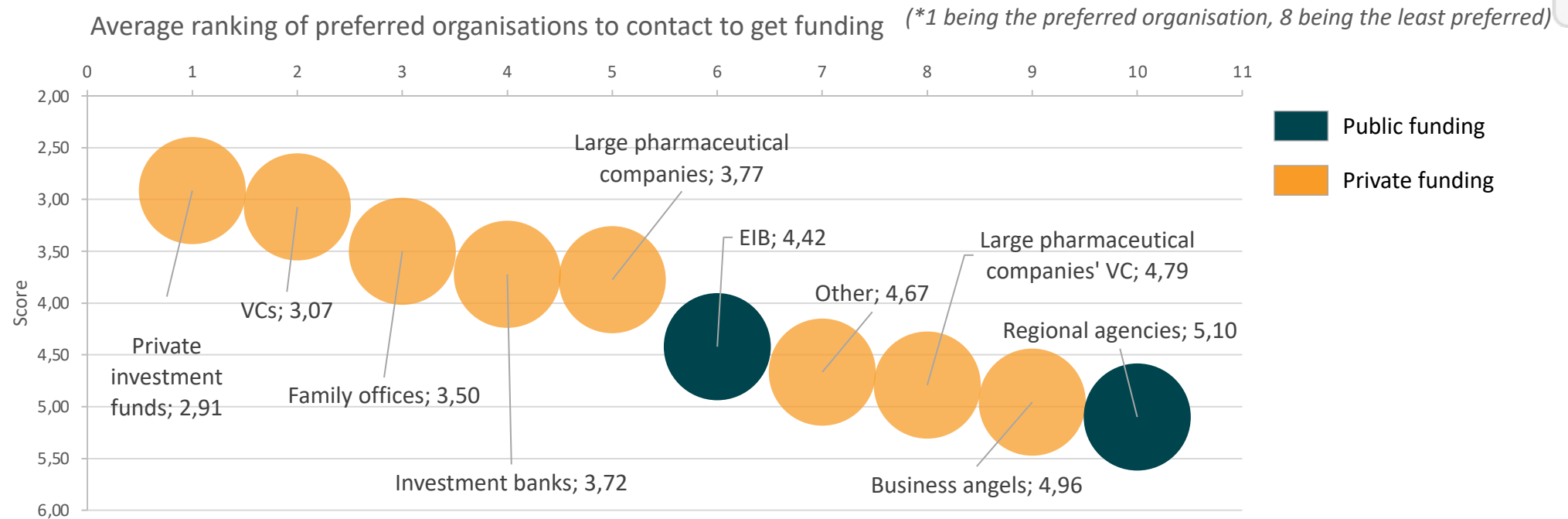
- Provide more incentives to apply for funding via collaborative projects
- Larger funding rounds
- Simplify the processes
- More risk funding instruments



## For almost 90% of SMEs, funding needs in the next 2 years are below €50M

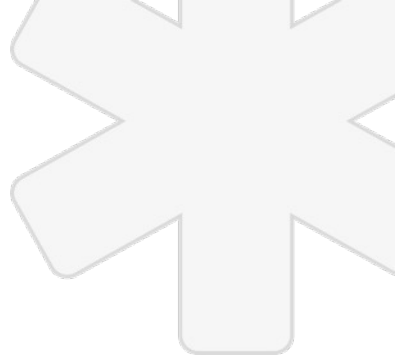


# Private investment funds, VC and family offices are the top 3 preferred organisations to get funding from in Europe





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Thank you

