

PHILADELPHIA BUSINESS JOURNAL

SwanBio raises \$56M despite 'bearish' market for life sciences VC deals



**SwanBio Therapeutics CEO
Tom Anderson**

BY JOHN GEORGE
Senior Reporter, Philadelphia Business Journal

SwanBio Therapeutics has raised \$56 million in one of the local life sciences industry's largest venture funding deals this year.

The Series B financing was led by Syncona Limited and Mass General Brigham Ventures, both of which are founding investors in the Philadelphia gene therapy company.

SwanBio has now raised \$133 million since its inception in 2018.

SwanBio CEO Tom Anderson said the company plans to use the bulk of the proceeds from the equity financing to support ongoing clinical development of its lead candidate, SBT101, a potential treatment for adrenomyeloneuropathy.

Adrenomyeloneuropathy is an inherited metabol-

ic disorder caused by a disease-causing genetic mutation that disrupts the function of spinal cord cells and other tissues. The condition leads to nerve degeneration that causes the loss of mobility in adulthood along with incontinence, debilitating pain, and sexual dysfunction. As many as 10,000 men in the U.S. and European Union have the condition.

SwanBio expects to initiate a phase 1/2 study of SBT101 during the second half of this year.

The investment funds will also be used to continue the development of other products in its pipeline, which is focused on spinal cord-related disorders.

Anderson told the Business Journal that despite the "bearish" market that has some life sciences companies struggling to attract investors, SwanBio didn't encounter that same stress.

"We had no shortage of interest in our Series B," he said. "We had more than a dozen [venture capital] companies that went into due diligence with us. They loved our story and loved our approach to the medicine.

SwanBio gene therapies are being designed to target the root cause of disease. "[We] are motivated by our drive to help those affected by neurological diseases as soon as possible because they can't wait – and we don't want them to," he said.

The company is developing gene therapies that can be delivered directly to the spinal cord using its proprietary insights into delivery and bio-distribution, expertise in cassette design, and ability to develop novel capsids. In gene therapy, a cassette is a type of mobile genetic element that contains a gene and a recombination site. Capsids are the protein shell of adeno-associated viruses used as delivery vehicles for various gene therapies.

Anderson said the company did have some differences of opinion with some potential investors over the valuation of SwanBio, but in the end

they completed an "up round." He declined to say what the increase in the company's valuation was when compared to its previous valuation.

"Gene therapies company [valuations] have been hit hard," he said. "Some of it is because of safety concerns [tied to failed new product candidates]. I think there also seems to be a feeding frenzy about being bearish."

Anderson, again without getting into specific details, said the company did recently lower its headcount to conserve cash. The company was previously at more than 50 employees and now has between 40 and 50, he said. Most of its staff works out of SwanBio's headquarters at CIC Philadelphia in University City. About 10% of its workers are based in Boston. "We want to be in both locations," Anderson said.

With the \$56 million Series B financing, Anderson said the company has sufficient funds to take it into 2023. He expects additional funding opportunities as it continues to advance other products in its pipeline targeting other, undisclosed neurological disorders.

Anderson credited its lead investors, Syncona and Mass General Brigham, as being committed for the long term. "They look at horizons that are 10 years out," he said. "You need that perspective with some of the neurodegenerative disease we are trying to address. They are very challenging."

Chris Hollowood, chief investment officer at Syncona and the chairman of SwanBio, said since Syncona's initial investment four years ago, SwanBio has made "excellent" progress with its lead gene therapy candidate and establishing a broader pipeline of experimental gene therapies.

"We are excited by the potential we see in this business to become a leading gene therapy company, delivering life-changing treatments to patients with debilitating neurological disorders," he said.