

# FOCUS ON Newcastle

Summer 2024

## North East Fund

Supported by the European Regional  
Development Fund



**Over 100  
Newcastle  
companies  
have received  
investment  
from the North  
East Fund**



By Jason Hobbs,  
Chief Executive, The North East Fund



## North East Funds' £1 billion impact

**Since it was launched in 2018, the North East Fund has built on the work of its two predecessors. Over the last two decades, the three schemes have generated more than £1 billion**

**of investment in local companies – boosting business growth and creating thousands of jobs.**

In total, they've invested almost £400 million in 2,275 North East companies across multiple sectors. The investments have

helped these businesses to secure a further £700 million from other funding partners – generating a £1.1 billion impact in the region.

I don't think any of us who were involved in setting up the funds in the early 2000s could have imagined that they would make such a big impact. The three programmes have invested on average £50 million a year, helping hundreds of companies to launch and grow and acting as a catalyst to the

Since 2003



**£400m**  
invested

**2,275** North East companies secured investment



**10,994**  
new jobs created



**£1.1bn**  
total funding secured



Over  
**12,600**  
jobs safeguarded

Since 2018



**£128m**  
invested

**435** North East companies secured investment



**3,125**  
new jobs created



**£391m**  
total funding secured



Over  
**2,200**  
jobs safeguarded

investment ecosystem in the North East.

The funds have worked alongside multiple partners, including the region's universities, professional advisors and business support agencies, to provide backing for companies which wouldn't otherwise have had the opportunity to develop innovative projects in key sectors including clean energy, manufacturing, digital and low carbon technologies and life sciences.

Providing funding on commercial terms rather than as grants means that the financial returns from successful investments are re-used to support new companies and with the aim of making the funds self-sustaining. Almost £40 million of the current programme's funding has come from returns on previous investments.

Over one hundred Newcastle companies of all types, stages and sectors have received investment from the North East

Fund, creating around a thousand new jobs to date. Some received support from our predecessor JEREMIE fund in their early development stages, including **SoPost** which received a proof-of-concept investment in 2014, and 2015 investee **Newcells Biotech**. Both of these companies have made great progress in the past decade and are profiled elsewhere in this newsletter.

The city and its universities' strengths in biotechnology, life sciences and digital technologies have resulted in our funds making multiple investments in exciting companies operating in those sectors, a handful of which are mentioned in this newsletter. Our funds have also helped to attract growing businesses from outside the region to establish a presence in Newcastle and take advantage of its facilities, local talent and quality of life. These include financial technology firm **Pockit**, which provides bank services to financially

excluded individuals, and ecommerce optimisation platform **RevLifter**. Around forty Newcastle companies have received small loans to aid their progress – including **Nudge Education**, which is also profiled in these pages.

*It's nearly 20 years since the former regional development agency, One North East, set up the predecessor to the North East Fund and tasked it with increasing the supply of finance for local SMEs. I'm proud that we've successfully delivered on this vision.*

**Businesses interested in funding should contact James Holloway or Andrew Gibson on 0191 211 2300 or via email at [info@northeastfund.org](mailto:info@northeastfund.org). Further information on the North East Fund can be found at [www.northeastfund.org](http://www.northeastfund.org).**

## Thriving science hub boosted by North East Fund



The AMLo team

### Investment from the North East Fund is helping science and tech firms at Newcastle's premier innovation district to transform the quality of life for families, communities and cities around the world.

We have invested millions of pounds in firms based at the Newcastle Helix, including AMLo Bioscience, Aelius Biotech, CellRev, NunaBio, Nanoverly and Newcells Biotech. Twenty percent of tenants at the Helix have received investment from The North East Fund or our predecessor programmes.

**AMLo** is an innovative medical diagnostic company spun out of Newcastle University which specialises in the early detection of skin cancers. Our Innovation Fund first invested in the company in 2018 and has continued to support the company, helping it to bring in additional investors and raise several million pounds. This enabled it to fast-track essential clinical studies

and to roll-out **AMBLor**® – the company's prognostic test for early-stage skin cancer – in the UK, US and Australia.

**Aelius Biotech**, which has created a model of a human gut to trial new drugs and foodstuffs without the use of animals, raised £1.25 million from our Venture Fund in 2023. The funding has enabled the company to meet growing demand by relocating from Newcastle University into laboratory space in the Helix's Biosphere building. It expects to expand its team with the creation of ten new jobs in the next two years.

Meanwhile, **CellRev**, which operates at the cutting edge of biological innovation for commercial scale cell manufacturing, last year raised £1.4 million in a funding round led by our Innovation Fund. The start-up firm has developed a suite of technologies which offer scalable, quality-controlled, efficient and affordable processes that make adherent cell culture a viable commercial option for innovative cell and gene therapies and cultured meat. The technology provides cellular product developers and manufacturers with a scalable cost-efficient production platform for adherent cells. The funding is being used to fully launch the platform during 2024.

**NunaBio**, a company producing synthetic DNA for biochemical research, raised £1.9 million in a seed round with investment from our Innovation Fund. A spin-out from Newcastle University, NunaBio is developing a novel method of DNA synthesis which enables the cost-effective production of oligonucleotides (short single strands of synthetic DNA or RNA) at impressive scale, speed and accuracy. The platform will enable synthesis of whole genes and DNA fragments of unprecedented length without the use of plasmids or primers, which are currently bottlenecks in the synthetic biology industry.

Biotech research firm **Nanoverly** raised over £1.8 million, including £500,000 from our Innovation Fund, to help its quest to save more lives through more accurate testing for prostate cancer. Meanwhile, **Newcells Biotech** recently secured a further £2.35 million to help it further scale-up its work. The Newcastle University spin-out company received early support from the JEREMIE fund and further investment from our Venture Fund. It is breaking ground in the drug development and testing sphere by using human stem cells to create artificial versions of organs and tissues, improving the accuracy of tests and reducing animal testing.

## Fund fast-tracks expansion of university spin-outs



Roma Galloway (centre) and Jurek Kozyra (right) of Nanoverly

### The North East Fund is helping to power the growth of Newcastle University spin-out companies.

Sixteen Newcastle University spin-outs raised funding during 2023, worth a combined total of more than £40 million. Eight of these received investment from the North East Fund, including Nanoverly, CellRev, Aelius Biotech, NunaBio and AMLo Bioscience.

The fund also invested in XR Therapeutics which has used the results of over nine years of academic research and clinical trials to create innovative therapeutic tools, which use immersive digital technologies to support therapists' work with patients to

overcome anxiety. By combining life-like digital scenes with face-to-face Cognitive Behavioural Therapies, patients are able to learn about and manage their anxiety triggers. This reduces waiting times and can treat symptoms within two weeks compared to 10 to 16 weeks for traditional talking therapies.

The involvement of the North East Fund helped Newcastle University's angel investor group to increase the amount of seed capital provided to these spin-out companies, which also benefited from support from the Northern Accelerator scheme – an innovative collaboration between the region's universities which provides specialist support including pre-incorporation funding and the placement of experienced executives into spin-out companies.

## SoPost samples investment benefits, creating 70 new jobs

Jonny Grubin, founder and CEO of SoPost



### Tech firm SoPost has recorded stellar growth after securing a string of investments.

The Newcastle-based product sampling innovator received Proof of Concept funding from the JEREMIE Fund in 2014, when it was a start-up company, and subsequent investments from that fund and its successor, the North East Fund.

The investments have helped fuel SoPost's rapid expansion and it now works with some of the world's most recognisable consumer brands including PepsiCo and L'Oreal. The Newcastle firm has been helping brands run powerful product sampling campaigns for the last 12 years, harnessing data and analytics to help boost their clients' market share.

Annual turnover at SoPost rose to £18.5 million last year and staff count to 70, and the company recently launched a partnership with Shiseido UKI, the world's fifth biggest beauty group which operates in around 120 countries. The partnership will see SoPost act as Shiseido's local digital sampling platform to drive the global giant's UK product sampling strategy and market share.

// **Investments from the funds have helped fuel SoPost's rapid expansion** //

# 'Metaverse' training firm set for global expansion after £1m fundraise

**A Newcastle company that provides immersive training programmes for industry using extended reality software is going for growth after raising £1 million from the North East Venture Fund.**

By recreating real-life scenarios in a virtual reality setting, Luminous Group's technology facilitates real-time, virtual training experiences for high-risk industries.

The funding will enable Luminous to roll out its technology to a wider audience and create 10 new jobs. It comes as the company is set to open a third office in the Middle East to support its growing client base in the region.



Ben Bennett of Luminous and Ian Wilson of Mercia

# Investing in inclusion



Brian Mair and Diego Melo with Mike Guellard of NEL Fund Managers

**A company that provides education services for disengaged children has scaled up and expanded outside of the region with the support of The North East Fund.**

Nudge Education, which is based at Newcastle Business Park, received £40,000 from our Small Loan Fund in 2019 and has received further investment as it has grown over subsequent years. This has enabled the firm, which is run by entrepreneurs Brian Mair and Diego Melo, to boost revenues and expand its footprint across the UK.

To date the company has worked with more than 200 schools and 40 local authorities to help disenfranchised young people reengage with education programmes – helping many children whose education was disrupted by the Covid pandemic.