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ViaCyte Secures $80 Million Financing for Insulin-Requiring Diabetes

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Proceeds from the financing will be used to further advance ViaCyte's novel stem cell-derived islet replacement therapies

Clinical stage regenerative medicine company has announced an $80 million Series D financing led by Bain Capital Life Sciences and joined by TPG and RA Capital Management, as well as existing investor, Sanderling Ventures, and several individual supporters of the Company.

Proceeds from the financing will be used to further advance ViaCyte's novel stem cell-derived islet replacement therapies.

These therapies have the potential to provide a functional cure for patients with type 1 diabetes as well as an important option for patients with type 2 diabetes who depend on insulin to help control their disease. The private financing will be completed in two tranches; further details were not disclosed.

Adam M. Koppel, Managing Director at Bain Capital Life Sciences said, "ViaCyte is the clear leader in beta cell replacement, and we are excited about the lasting impact that its stem cell-derived therapies can potentially have on improving treatment and quality of life for people living with insulin-requiring diabetes. We look forward to partnering with ViaCyte's management team to accelerate the development of ViaCyte's transformative cell therapies to help patients."

Heath Lukatch, Partner at TPG stated, "TPG is committed to investing in companies developing curative treatments for chronic disease. We believe that ViaCyte's cellular therapy approach is at the vanguard of diabetes treatment and has the potential to dramatically reduce the near-term consequences and long-term complications associated with diabetes. The anticipated long-term positive impact of reduced morbidity and mortality possible with ViaCyte's product candidates is a core part of our focus in this investment. We look forward to working with company management and our co-investors to bring to market ViaCyte's powerful new therapeutic modality for the benefit of those suffering from insulin-requiring diabetes."

ViaCyte currently has two stem cell-derived islet replacement therapy candidates at the clinical stage: PEC-Direct and PEC-Encap. The PEC-Direct product candidate is being developed as a transformative therapy for high-risk type 1 diabetes patients and is currently being evaluated in the second stage of a Phase 1/2 trial, with initial proof-of-efficacy data expected as early as mid-2019.

The PEC-Encap product candidate is initially being developed for all patients with type 1 diabetes. Enrollment in the PEC-Encap clinical trial, known as STEP ONE, has been paused as the Company is making product improvements in collaboration with W.L. Gore & Associates. Device optimization has yielded the recently announced positive data showing unprecedented engraftment and function of the PEC-Encap product candidate in a clinically relevant non-clinical "challenge" model, and clinical evaluation is expected to resume next year.

Paul Laikind, President and CEO of ViaCyte said, "We have made important scientific progress with both PEC-Direct and PEC-Encap. A major part of this financing will support our continued clinical development efforts with both product candidates to evaluate efficacy. In addition, we have begun our collaboration with CRISPR Therapeutics to discover, develop, and commercialize gene-edited allogeneic stem cell therapies which could be a next-generation cure for diabetes."

Dr. Laikind continued, "We are very excited to have completed this financing. Not only does it provide us with funding needed to advance our programs, it also adds three sophisticated investment groups to the ViaCyte team. Each of these groups is a major supporter of companies in the life science sectors. These groups are more than just investors, they are experienced partners who roll up their sleeves and help companies succeed. We look forward to working with them to realize the promise of ViaCyte's industry-leading technologies for the benefit of patients and investors alike."

Fred Middleton, ViaCyte's Chairman of the Board said, "I am encouraged by the strong support demonstrated by the funding transactions at ViaCyte this year. They provide the financial resources necessary to move forward with our clinical studies and as well as supporting the technological developments necessary for the delivery of our stem cell-derived technology to treat diabetes in patients."

"Being able to pursue multiple clinical strategies in parallel, with more patients being treated, gives us the potential to reach successful clinical outcomes sooner than would otherwise be the case. On behalf of ViaCyte, I would like to thank our many partners who have committed to us their continuing support as we seek to deliver highly innovative treatments for diabetes", he added.

The recent funding adds to the substantial financial support ViaCyte has received from the non-profit patient advocacy groups, JDRF and the California Institute for Regenerative Medicine.