ViaCyte Secures $80 Million Financing to Advance Functional Cures for Insulin-Requiring Diabetes

November 29, 2018

- *Three financing initiatives announced over last three months secure combined commitments of over $100M to drive forward the Company's human cell therapy platform including its clinical-stage islet cell replacement product candidates*
- *Initial data from clinical evaluation of PEC-Direct anticipated and clinical trial of PEC-Encap is expected to resume in 2019*

SAN DIEGO – November 29, 2018 – ViaCyte, Inc., a privately-held clinical stage regenerative medicine company, today 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.

Together with the recently announced strategic collaborations and transactions with W.L. Gore and Associates and CRISPR Therapeutics, ViaCyte has secured commitments for over $100 million of new financing in the second half of this year.

"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," said Adam M. Koppel, M.D., Ph.D., a Managing Director at Bain Capital Life Sciences. "We look forward to partnering with ViaCyte's management team to accelerate the development of ViaCyte's transformative cell therapies to help patients."

Headquartered in San Diego, ViaCyte has been a pioneer in stem cell-derived cell replacement therapy with a focus on the treatment of insulin-requiring diabetes. The Company's scientists were the first to describe directed differentiation of human pluripotent stem cells into pancreatic cells and the first to demonstrate the potential of these cells to faithfully produce insulin in response to increased blood glucose in pre-clinical models. ViaCyte has also shown that these cells can differentiate in vivo to all the constituent cell types of the normal human islet. The Company's leadership in the field is reflected in its intellectual property portfolio, which includes over 700 issued patents worldwide and a nearly equal number of pending applications.

Heath Lukatch, Ph.D., 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." Dr. Lukatch continued, "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.

"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," said Paul Laikind, Ph.D., President and CEO of ViaCyte. "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."

"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," commented Fred Middleton, ViaCyte's Chairman of the Board. "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."

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.

Raymond James acted as the Sole Placement Agent on the transaction.

About ViaCyte

ViaCyte is a privately held regenerative medicine company developing novel cell replacement therapies as potential long-term diabetes treatments to achieve glucose control targets and reduce the risk of hypoglycemia and diabetes-related complications. ViaCyte's product candidates are based on the derivation of pancreatic progenitor cells from stem cells, which are then implanted in durable and retrievable cell delivery devices. Once implanted and matured, these cells are designed to secrete insulin and other pancreatic hormones in response to blood glucose levels. ViaCyte has two product candidates in clinical-stage development. The PEC-Direct™ product candidate delivers the pancreatic progenitor cells in a non-immunoprotective device and is being developed for type 1 diabetes patients who have hypoglycemia unawareness, extreme glycemic lability, and/or recurrent severe hypoglycemic episodes. The PEC-Encap™ (also known as VC-01) product candidate delivers the same pancreatic progenitor cells in an immunoprotective device and is being developed for all patients with diabetes, type 1 and type 2, who use insulin. ViaCyte is also developing immune-evasive ‘universal donor' stem cell lines, from its proprietary CyT49 cell line, which have the potential to further broaden the availability of cell therapy for diabetes and other potential indications. ViaCyte is headquartered in San Diego, California. ViaCyte is funded in part by the California Institute for Regenerative Medicine (CIRM) and JDRF. For more information on ViaCyte, please visit

www.viacyte.com and connect with ViaCyte on Twitter and Facebook.

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