

MEDIA RELEASE

The Genetics Company, Inc.

First financing round for young Swiss biotechnology company successfully concluded

The Genetics Company, Inc. (TGC) is a recently founded spin-off company of the University of Zurich and the Swiss Institute for Experimental Cancer Research. Thanks to research successes in the fields of cancer and Type 2 diabetes, with their enormous potential for development, this young research company is an increasingly interesting partner for the pharmaceutical and biotechnological industries. Through the commitment of Nextech Venture, the first financing round, involving the sum of 6 million Swiss Francs, has now been successfully concluded. The Genetics Company, Inc. has access to several promising patents of the University of Zurich and is the proprietor of various innovative technologies. Listing on the stock exchange is planned in the medium term.

Research for the drugs of tomorrow has for some time no longer been taking place only at universities and in the pharmaceutical industry. On the contrary, the pharmaceutical industry relies increasingly on young companies where partial or whole fields of research can be outsourced. Mainly spin-offs from universities or research institutes play an important role here. Mario Jenni, molecular-geneticist, co-founder and Chief Operating Officer (COO) of The Genetics Company, Inc.: "We are present and available in those areas where the pharmaceutical industry has indicated its lack of innovation. It depends on top achievements in specific fields of research". The functional identification of new sites of drug action (targets) and precursors of drugs (leads) and the development of procedures for the discovery of modulators of tissue and organ development for the "re-programming" of human tumours are among the successful core capabilities of this young company. The preferred model systems are the fruit fly (*Drosophila*) and the mouse.

First successes in cancer and diabetes research

From the outset, three renowned scientists have been committed in this company, which was founded as a spin-off of the University of Zurich and of the Swiss Institute for Experimental Cancer Research. Michel Aguet, Professor and Director of the Institute for Experimental Cancer Research in Epalinges, near to Lausanne, is President of the young company and Professors Konrad Basler and Ernst Hafen of the Institute for Molecular Biology and the Zoological Institute of the University of Zurich, respectively, are Scientific Directors of TGC.

The focussing of this young company on the fields of cancer and Type 2 diabetes has already paid off at various different levels. The still short history of the company already includes several patent applications. The founders belonged to the winning teams of Venture 98, a business competition for young companies organised by the ETH Zurich and the business consultants, McKinsey. Since 1999 TGC is holder of the KTI label, an award of the Committee for Technology and Innovation of the Federal Office for Professional Training and Technology. Companies that are recognised in this way receive the certificate, "Qualified for Risk Financing".

For the financing of its operations, besides other investors the company was able to also obtain financing from the Novartis Venture Fund. Thanks to the major commitment of Nextech Venture, as the main investor, it has been possible to conclude the first financing round, involving the sum of 6 million Swiss Francs. This venture capital institution, domiciled in Princeton (New Jersey) and Zurich, thus provides this enterprising start-up company with the necessary financial backing, so that it can concentrate on its promising business objectives. This should also pay off for the investors, because for the diabetes market alone it is expected that by the year 2004 the annual sales will have doubled, from the present US\$ 6.7 billion to more than US\$ 14 billion.

The second financing round planned for 2002

Thanks to its innovative concepts and its mastery of sophisticated technologies, the company is today already in the position to apply new pioneering procedures that are indispensable for its partners in the pharmaceutical and biotechnological industries for the development of attractive new product lines. TGC aims to maintain its position in this field in the future and, besides first-class application-oriented research, it also aims to offer first-class products of its own. To achieve these objectives it will, in the medium term, need additional qualified personnel. It is intended, within the next two years, to almost double the staff of about 20 persons that is planned for the end of this year. After the successful conclusion of the first financing round with the main participation of Nextech Venture, there follows the second financing round. Mario Jenni: "Within the next two years we shall again need major new investment in order to be able to achieve our objectives, whereby the initial promising discussions with venture capital institutions have already taken place." The Genetics Company plans its listing on the stock exchange in the medium term.

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