



FUSION IP PLC

("Fusion IP" or "the Company")
RNS REACH

New Start-up Company Progenteq

~ Radical new potential approach for the treatment of knee injuries ~

Fusion IP, the AIM listed university commercial company that turns world class university research into business, is pleased to announce that it has created a new spin-out company, Progenteq, under its exclusive agreement with Cardiff University.

Progenteq, is developing a novel cartilage replacement therapy that has the potential to revolutionise the treatment of acute knee injuries. The company is founded on the work of Professor Charlie Archer's research group at Cardiff University's School of Biosciences. Professor Archer is Leader of the Connective Tissue Biology Group, recognised for excellence in tissue engineering and repair research.

The group has successfully isolated a defined population of cells from the articular cartilage which surround the main bones in the knee joint. These cells display stem-cell like properties and can be expanded in the laboratory to produce very large quantities of cartilage. As a result this cell type could provide an ideal source of material for an "allogeneic" cartilage replacement therapy, whereby cells derived from donors can be taken and used to grow a large tissue bank of cartilage that can be stored and is suitable for insertion into patients with acute knee injuries as and when needed. This model promises a more cost-effective cell therapy than current "autologous" approaches, where cells are removed from a patient, expanded and then implanted into the same patient. The successful development of a cartilage cell bank could also pave the way for treatment of degenerative cartilage damage such as that seen in osteoarthritis.

David Baynes, CEO of Fusion IP said:

"Cardiff University continues to produce world class IP. Although this is an early stage project, an allogeneic approach has been described as "the holy grail" of cartilage repair. We believe that Professor Archer's discovery may be the key and as such it has the potential to revolutionise the way we treat acute knee injuries. The support from the Technology Strategy Board is proving invaluable in catalysing innovation in regenerative medicine in the UK and we look forward to Progenteq taking its first stages towards the clinic."

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Fusion IP

Fusion IP plc, previously called Biofusion plc, was established in 2002 to commercialise university-generated intellectual property. Fusion IP has signed long term agreements with two of the UK's leading research intensive universities, the University of Sheffield and Cardiff University, giving a combined R&D spend attributable to Fusion IP of approximately £185m a year.

Fusion's first agreement was a ten-year exclusive arrangement with the University of Sheffield giving it the right to commercialise (through both the creation of spin-out companies and licensing) research, owned by the University, initially in the area of medical life sciences. This agreement was expanded in July 2008 to include all non-life science research-generated IP such as energy, engineering and electronics. Fusion has significant shareholdings in a portfolio of Sheffield University spin-out companies including Simcyp, Magnomatics, Diurnal and Phase Focus.

In January 2007, Fusion completed a ten year exclusive agreement with Cardiff University, also giving it the right to commercialise (through the creation of spin-out companies) Cardiff University's research-generated IP. Fusion has significant shareholdings in a portfolio of Cardiff University spin-out companies including Mesuro, Abcellute, Medaphor and Q-Chip.

On 2 December 2009 Fusion announced that it had raised approximately £3.2 million through a fund raising and that as a result, IP Group held approximately 19.8% of Fusion. Fusion has also entered into a new Co-Investment Agreement with IP Group, in which IP Group has the right to acquire for cash, 20% of Fusion's equity in any new portfolio company. As Fusion normally owns 60% of any new portfolio company at start-up, IP Group's shareholding would normally equate to a 12% stake in the new portfolio company.

Fusion IP also has a Memorandum of Understanding with Finance Wales, the provider of commercial funding to Wales-based SMEs, which outlines a strategy of co-investment in opportunities arising from the Cardiff Agreement.