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Massachusetts Life Sciences Center Awards Avaxia Biologics a Universal Partnerships (UP) Program Grant

Avaxia Biologics will partner with Belgian company Delphi Genetics

Lexington, MA – The Massachusetts Life Sciences Center (MLSC) and Lexington-based Avaxia Biologics, Inc. announced today that Avaxia has been awarded one of the first grants through MLSC's new Universal Partnerships (UP) Program. The grant will support an international research collaboration between Avaxia and Delphi Genetics SA of the Wallonia region of Belgium. Under the collaboration, Avaxia and Delphi will develop an improved manufacturing process for Avaxia's lead product candidate, AVX-470, which is in clinical development for the treatment of ulcerative colitis.

"By investing in the life sciences sectors in Massachusetts we are not only creating jobs and improving health care at home, we are also making a difference across the globe," said Governor Charlie Baker. "I'm excited to see the results and the impact of this international collaboration between Avaxia and Delphi."

Avaxia leads the field of gut-targeted antibody therapeutics — orally administered, minimally absorbed antibody drugs that are designed to act locally in the gastrointestinal tract. Avaxia's lead clinical candidate, AVX-470, is an oral anti-tumor necrosis factor (TNF) antibody for inflammatory bowel disease including ulcerative colitis and Crohn's disease. This transformative product offers potentially improved safety and efficacy over existing anti-TNF therapies by focusing immune suppression only where needed in the diseased gut. Avaxia produces AVX-470 from the early milk of dairy cows that have been immunized with human TNF.

The goal of this grant is to develop an improved immunization process to increase the amount of AVX-470 that each cow produces. Delphi Genetics brings proprietary technology and expertise in novel DNA vaccine immunization approaches and other immunization technologies that have successfully generated strong antibody responses in animals.

This past June, at the 2014 BIO International Convention, the Massachusetts Life Sciences Center (MLSC) announced the launch of the UP Program, a new and innovative model for partnerships that provides grant funding to support Massachusetts companies that are forming R&D collaborations with life science organizations throughout the world. The creation of the UP Program furthers the MLSC's efforts to create global partnerships between life sciences organizations to enable scientific and commercial breakthroughs and to fuel economic development in the Commonwealth. The UP program enhances the MLSC's international program portfolio by offering Massachusetts more collaborative opportunities.

"No country can address the challenges of life sciences discovery and development alone," said Susan Windham Bannister, Ph.D. President & CEO of MLSC. "The challenges we face in trying to improve global health are too great. The Center's Universal Partnership Program enables Massachusetts companies to partner with colleagues around the world to collaboratively address these health challenges. Avaxia and Delphi's unique partnership is a great example of the collaboration that we hope to encourage with UP."

Avaxia was one of the early recipients of funding through the MLSC's Accelerator Loan Program when that program was launched in 2009. In January 2013, the company repaid its \$375,000 loan early after raising \$6.4 million in its Series B financing round. Including interest on the loan, the company's repayment totaled \$459,362. Avaxia has also received support through the MLSC's Internship Challenge Program.

"This MLSC grant provides Avaxia with the tremendous opportunity to collaborate with Delphi to evaluate DNA vaccine technology and other novel immunization approaches that may improve the manufacturing process for AVX-470," said Barbara S. Fox, Ph.D., CEO and Founder of Avaxia. "MLSC support has been, and continues to be, instrumental to the success of Avaxia in developing novel drugs for serious diseases like ulcerative colitis and Crohn's disease."

"This project perfectly synergizes with existing developments and will strengthen our activities using our Staby® technology for production of DNA and proteins at high yield and without antibiotic resistance genes. The collaboration with Avaxia is a good opportunity to translate our technological expertise into concrete projects with future commercialization potential," said Cédric Szpirer, CEO/CSO of Delphi. "Of course, we hope that this project will be the starting point of a long-term collaboration with Avaxia."

For the inaugural year of the UP Program, the MLSC will award grants ranging from a minimum of \$50,000 to a maximum of \$200,000 to select Massachusetts companies. Applications will be accepted year round and an ongoing review will allow for a streamlined process. An eligible project will focus on a milestone within an R&D collaboration and will consist of one Massachusetts company and an organization in a non-U.S. geography, which could include a company, an academic institution, a hospital or a research institute.

"Our state's intellectual firepower fosters international collaborations like this one," said Senator Mike Barrett, a health care IT specialist by profession. "These partnerships are key to improving health care here and abroad."

"I'm thrilled that once again, another cutting-edge Lexington company will be the recipient of the

Massachusetts Life Sciences Center grant program,” said Representative Jay Kaufman. “Avaxia Biologics will grow both the local and global economy by providing good jobs, and also help lead the way in quality home-based health care. This project demonstrates the critical importance of global life science collaboration.”

For more information about the Universal Partnerships Program, visit <http://www.masslifesciences.com/programs/international-up/>

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About the Massachusetts Life Sciences Center

The Massachusetts Life Sciences Center (MLSC) is an investment agency that supports life sciences innovation, research, development and commercialization. The MLSC is charged with implementing a 10-year, \$1-billion, state-funded investment initiative. These investments create jobs and support advances that improve health and well-being. The MLSC offers the nation’s most comprehensive set of incentives and collaborative programs targeted to the life sciences ecosystem. These programs propel the growth that has made Massachusetts the global leader in life sciences. The MLSC creates new models for collaboration and partners with organizations, both public and private, around the world to promote innovation in the life sciences. For more information, visit www.masslifesciences.com.

About Avaxia Biologics

Avaxia leads the field of gut-targeted antibody therapeutics — orally administered, minimally absorbed antibody drugs that are designed to act locally in the gastrointestinal tract. Avaxia’s clinical candidate, AVX-470, is an oral anti-TNF antibody for inflammatory bowel disease (IBD). This transformative product offers potentially improved safety and efficacy over existing anti-TNF therapies by focusing immune suppression only where needed in the diseased gut. Avaxia is focused primarily on gastrointestinal diseases such as IBD, celiac disease and necrotizing enterocolitis, though our proprietary gut-targeted antibody platform can address any disease that has a biological target accessible via the gastrointestinal tract. For more information, visit www.avaxiabiologics.com.

About Delphi Genetics

Delphi Genetics SA, based in Belgium, develops the Staby® technologies for development and production of biomolecules. These biomolecules (DNA, proteins, antibodies) can be used as vaccines, therapeutics or enzymes. Delphi Genetics has been marketing the Staby® technologies as kits for researchers, custom services and licenses to industries. These technologies are consistent with the recommendations of the FDA, USDA and EMA regarding the removal of antibiotic resistance genes for both human and veterinary uses. The technologies were validated and licensed to several companies active in the food or pharmaceutical industry, including Sanofi-Pasteur, GSK and Merck-MSD. Delphi Genetics is involved in several research projects in bacterial fermentation, immunization and adaptation of the Staby® technologies to yeast and mammalian cells. For more information, visit www.delphigenetics.com.

This announcement is not intended to be a commercial endorsement by the MLSC of any products or services provided or developed by the entities referenced in this release.