

Bioceltix on its path to New Connect - in 2024, the company will offer biological drugs for canine atopic dermatitis

- **Bioceltix, the company located in Wrocław, is working on innovative biological drugs used to treat common autoimmune and inflammatory diseases in pet animals.**
- **Atopic dermatitis, which is a growing problem, affects 15% of the dog population. For certain breeds the disease ratio is even higher.**
- **Two best selling drugs for canine atopic dermatitis are currently generating the revenue of over USD 700 million* annually. Global revenue in this market will exceed USD 2.4 billion in 2029 ([as stated in the report by Future Market Insights](#)).**

Approximately 30% of all visits of dog owners to a veterinary clinic are triggered by dermatological issues. Atopic dermatitis (AD) is one of the most common allergic diseases observed in quadrupeds. **Bioceltix**, a company that develops innovative veterinary drugs, has noticed the scale of the problem. The scientists from Wrocław **use** in their therapies immunomodulatory properties of mesenchymal stem cells. Their approach may completely change the paradigm of treating dogs with atopy. Classical methods of treatment based on chemical drugs require constant administration of such drugs and are basically symptomatic. On the other hand, new therapies that use monoclonal antibodies are effective, but similarly as chemical drugs, are used in symptomatic treatment and help to reduce itching that accompanies atopy. Products based on stem cells will enable high effectiveness of treatment with significantly reduced frequency of administering the drug.

“Approximately 15% of the population of dogs suffer from AD, while some breeds are more numerously represented in this group than others. This is a common problem of growing importance, preventing animals from normal physiological functioning. Certainly, it cannot be underestimated, because there are still no effective drugs capable of fully eliminating the allergy, while known therapies mainly rely on treatment using steroid medication”, says Łukasz Bzdion, President of Bioceltix. “In contrast to standard therapies based on classical chemical drugs, which are used in symptomatic treatment, biological drugs based on stem cells regulate natural processes in the body, modulate, inter alia, the inflammation, and thus enable the maximum therapeutic effect. In Europe alone, there are 100 million dogs, and one in six suffers from atopy. Apart from joint disorders and the associated chronic pain, this is a common cause of suffering in these animals”, adds Łukasz Bzdion.

Veterinary breakthrough

Bioceltix is the first company that, along with conducting research on stem cell efficacy, has simultaneously developed the technology of their large-scale growing. Drugs acting on the cause that are being developed in Wrocław will become an alternative to the traditional symptomatic treatment. **The Company is in possession of a technology that allows to administer stem cells between various individuals within the same species as well as research and manufacturing facilities which meet the pharmaceutical standard of GMP** in the stem therapy area. The company aims to launch the new-generation biological drugs for veterinary purposes.

“In October, Bioceltix was registered as a manufacturer of biological drugs for veterinary purposes. Therefore, it became one of few places in the world adjusted to the manufacture of biological drugs for animals, using stem cells as active substance, and probably the only one capable of conducting this process on such a scale. Thus, it opened the door for the first clinical study”, says Dr Paweł Wielgus, one of the investors and founders of Bioceltix and the member of the company’s management board. “For us atopy is one of two most important therapeutic areas in dogs, just after joint diseases. Using our technology, we can face this problem on the basis of both the stem cells and the proteins that they produce. This significantly increases our chances for future commercialization of our products”, adds Wielgus.

Bioceltix

As one of the first companies in the world, Bioceltix plans to go through the full authorization procedure with the European Medicines Authority for a veterinary medicinal product using stem cells as active substance. With a view to speeding up the development of the company, **Bioceltix is planning to debut on New Connect in Q2 of 2021**. Investors have also noticed the potential of the animal drug industry - the company is currently finalizing a pre-IPO, during which it will raise subsequent funds.

Sound investment

Numbers relating to the global drug market for canine atopic dermatitis fill us with optimism. In 2019, this market was estimated to be worth approx. USD 900 million. It can be expected, however, that this is an underestimated value - two most important products for atopy from the portfolio of the veterinary giant, Zoetis, namely Cytoint and Apoquel, generated in 2019 a total revenue of over USD 700 million. Zoetis may be the largest one, but it is still only one participant in this market.

Symptomatic drugs - commonly used to treat atopy - will be losing their market share in favor of biological medicines that act on the causes, including drugs based on stem cells. This is a result of both high efficacy of biological drugs and reduced frequency of their use and the fact that they can be administered by injection, which often causes fewer problems than pills.

All factors indicate that the market of drugs for canine atopic dermatitis, similarly as in the case of people, will be developing dynamically, as the problem of atopy is getting worse. This is due to an increasing number of **allergens in the air and food** of our quadrupeds. Such factors as general **development of biotechnology** and **increasing household spending on animals**, which are more and more often treated as family members, will undoubtedly contribute to such market growth. All these factors cause growing interest in the industry among the largest players, who have recently taken numerous actions in the area of product expansion and takeovers. **The most spectacular example is the takeover by Elanco Animal Health of the veterinary division of Bayer that took place in August 2020. The transaction reached the value of USD 6.9 billion.** It is also worthwhile to mention a takeover by Zoetis in 2018 of Nexvet Biopharma for approx. USD 85 million, which allowed the company to obtain a portfolio of monoclonal antibodies, or a tender offer for shares of a NASDAQ-listed veterinary company Aratana Therapeutics, which offers, *inter alia*, Galliprant that treats joint pain in dogs, worth USD 245 million that was announced in 2019 by Elanco.

* Source: Zoetis financial statements 2019

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