

Venture Capital: Evonik invests in SYNOSTE, a medical technology start-up in Düsseldorf and Helsinki

- High-tech implant will make leg-lengthening treatment easier and less painful
- New medical application with high performance polymer VESTAKEEP® PEEK from Evonik
- Technology estimated to be available on the market in 2017

Essen. Evonik Industries has invested in the start-up company SYNOSTE Oy via its venture capital arm and now holds a minority share in the medical technology company based in Düsseldorf (Germany) and Helsinki (Finland). The investment was made as part of a series A round, together with High-Tech Gründerfonds, two Finnish venture capital funds Finnvera and Lifeline Ventures as well as Finnish business angels. The overall volume of the financing round lies in the single-digit million euro range.

SYNOSTE Oy, founded in 2012, is a spin-off of the Aalto University in Espoo (Finland). Together with Orton, a hospital specialized in orthopedics and located in Helsinki, SYNOSTE developed a high-tech implant for a minimally invasive treatment of leg length discrepancy, which can lead to chronic back pain and osteoarthritis in the long term. The bone of the shorter leg is lengthened in a gentle way over the period of several months. For the patient the implant represents easier treatment with less pain and lower risk compared to established methods. “Medical technology is one of the strategic growth fields of Evonik,” says Bernhard Mohr, head of Venture Capital at Evonik. “At the same time, we have outstanding materials competence in high performance polymers, which makes SYNOSTE an excellent fit for Evonik.”

The start-up is expected to launch the implant on the market in 2017 with the name Nitinail™. Currently, the product is heading to the CE approval procedure that is a prerequisite for the sale of medical technology applications in Europe.

“We are happy to have found a strategic partner in Evonik, who is supporting us in this important phase with its material

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competence,” explains Harri Hallila, CEO and co-founder of SYNOSTE. With the funds from the current financing round, SYNOSTE is primarily aiming to move forward to the clinical tests. The company intends to develop its Düsseldorf site into the European sales center due to its good infrastructure and location. SYNOSTE currently has nine employees.

VESTAKEEP® PEEK, a high performance polymer from Evonik, will also be used in the implant. Due to its excellent mechanical properties and biocompatibility, VESTAKEEP® PEEK is well established in implant, dental and medical technologies. “By investing in SYNOSTE we hope to open up a new, extremely innovative application for VESTAKEEP® PEEK and enhance our business and expertise in the field of medical technology,” says Matthias Kottenhahn, who heads the High Performance Polymers Business Line at Evonik. SYNOSTE’s implant technology does not just offer potential in leg-lengthening, but also for deformities in arms, fingers and toes as well as spine and craniomaxillofacial surgery.

“We are extremely pleased about this additional joint investment with our fund investor Evonik,” highlights Michael Brandkamp, managing director of the German seed investor High-Tech Gründerfonds. “It is proof of our excellent collaboration and shows the potential added value that fund investments can create for our investors.”

Better quality of life for patients

There are various reasons why legs might be different in length—it could occur from birth or as a result of an accident or cancer. According to estimates, some 30,000 people worldwide receive treatment per year. The standard treatment method involves the use of an external fixator—a construction made of steel which is fixed to the bone and the outside of the leg. This method does, however, pose the risk of infection, and it is also painful and uncomfortable.

The implant offered by SYNOSTE is similar to an intramedullary nail and is fixed to the bone after the bone has been cut. During the treatment period, which lasts for several months, it is extended in small increments of 0.5 millimeters, like a telescope, by electromagnetic means. This causes fresh bone substance to steadily form between the two halves of the bone. Using this method, it is possible to increase the length of the bone by several centimeters.

An advantage of the implant from SYNOSTE is its high mechanical stability. SYNOSTE targets to allow patients to bear full weight on their leg at an early stage in the treatment process. Furthermore, it significantly reduces the risk of infection compared to a fixator, and requires shorter hospitalization.

As part of its venture capital activities, Evonik intends to invest a total of €100 million in highly promising start-ups with innovative technologies and in leading, specialized venture capital funds. The regional focus areas are Europe, the USA, and Asia. Evonik currently has investments in eight start-ups and four funds. For more information see <http://venturing.evonik.com/>.

Captions:

Synoste Product: The implant offered by SYNOSTE is similar to an intramedullary nail and is fixed to the bone after the bone has been cut. During the treatment period, which lasts for several months, it is extended in small increments of 0.5 millimeters, like a telescope, by electromagnetic means.

Synoste CEO: Harri_Hallila

About the High-Tech Gruenderfonds

High-Tech Gruenderfonds invests in young, high potential high-tech start-ups. The seed financing provided is designed to enable start-ups to take an idea through prototyping and to market launch. Typically, High-Tech Gruenderfonds invests EUR 600,000 in the seed stage, with the potential for up to a total of EUR 2 million per portfolio company in follow-on financing. Investors in this public/private partnership include the Federal Ministry of Economics and Energy, the KfW Banking Group, as well as strategic corporate investors including ALTANA, BASF, Bayer, B. Braun, Robert Bosch, CEWE, Daimler, Deutsche Post DHL, Deutsche Telekom, Evonik, Lanxess, media + more venture, METRO, Qiagen, RWE Innogy, SAP, Tengemann and Carl Zeiss. High-Tech Gruenderfonds has about EUR 576 million under management in two funds (EUR 272 million HTGF I, EUR 304 million HTGF II).

Company information Evonik

Evonik, the creative industrial group from Germany, is one of the world leaders in specialty chemicals. Profitable growth and a sustained increase in the value of the company form the heart of Evonik's corporate strategy. Its activities focus on the key megatrends health, nutrition, resource efficiency and globalization. Evonik benefits specifically from its innovative prowess and integrated technology platforms.

Evonik is active in over 100 countries around the world. In fiscal 2014 more than 33,000 employees generated sales of around €12.9 billion and an operating profit (adjusted EBITDA) of about €1.9 billion.

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