

LegoChem CEO expects \$1.72b deal to give traction to ADC development

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LegoChem Biosciences CEO Kim Yong-zu (LegoChem Biosciences)

LegoChem Biosciences will leverage its \$1.72 billion out-licensing deal with Janssen Pharmaceuticals for the development of its subsequent antibody-drug conjugate pipelines, the Korean biopharmaceutical firm's CEO said on Wednesday.

On Tuesday, the Kosdaq-listed LegoChem signed a technology transfer agreement with Janssen Pharmaceuticals for the development and commercialization of antibody-drug conjugate candidate LCB84.

The deal, potentially worth over \$1.72 billion, is the largest licensing deal a South Korean drug company has ever clinched.

The technology transfer agreement is also significant because it is an opportunity that would unlock the potential of the firm's ADC drug candidates, LegoChem Biosciences CEO Kim Yong-zu told The Korea Herald.

"Receiving additional payments from the licensing deal is important as they will provide financial resources needed for future research and development. But accumulating experience in clinical studies in the US is also very important for the company," Kim said in a phone interview with the Herald.

LegoChem will first receive an upfront payment of \$100 million under the agreement. The firm will also be eligible for an option exercise payment of \$200 million and royalties of up to \$1.42 billion on net sales, including milestones for development, licensing and commercialization in the future, according to the company's regulatory filing.

Kim added it is the first time for LegoChem to conduct clinical studies of ADC candidates, and the experience will greatly help the company's subsequent clinical trials of other ADC candidates in the future.

To strengthen its clinical research capability, LegoChem has established a clinical trial unit in Boston, according to Kim.

LegoChem and Janssen are currently carrying out phase 1 and 2 clinical studies together in the US after LegoChem received approval from the US Food and Drug Administration to conduct clinical trials in July.

"Janssen may decide whether to continue the development of LCB84 after seeing the results of the ongoing clinical trial. After the option exercise, Janssen will become solely responsible for the development and commercialization of LCB84," an official from LegoChem said.

If Janssen decides not to continue the development of LCB84, the drug candidate can also be returned to LegoChem.

But if Janssen decides to develop and is able to commercialize the drug, LegoChem will be able to secure additional financial resources to push ahead with the development of more ADC candidates, which will help the company to increase its footing in the global ADC market.

"Developing subsequent pipelines will be increasingly important as the ADC market currently is short of ADC candidates," Kim said.

ADCs are a class of biopharmaceuticals designed as targeted therapies to treat cancer. Unlike chemotherapy, ADCs are intended to target and kill tumor cells while sparing healthy cells.

LegoChem's LCB84 is an ADC candidate with the ADC platform technology Trop2, licensed from the Italian biotech startup Mediterranea Theranostic. LCB84 is designed to target solid tumors such as breast cancer.

LegoChem's LCB84 was linked with Janssen previously, and Janssen reportedly spent more than a year reviewing the drug candidate.

According to LegoChem, preclinical data demonstrated LCB84's potential for safety and efficacy across a range of cancers.

Meanwhile, following the news of the licensing deal, LegoChem's stock price jumped to 61,100 won (\$47.16) at Wednesday's close, up 25 percent from 48,900 won on Friday.

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