

Stock Data

Share Price: 25.5p
Market Cap: £29.4m
Shares in issue: 115.5m

Company Profile

Sector: Healthcare
Ticker: AVCT
Exchange: AIM

Activities

Avacta is a biotechnology company which has developed the proprietary Affimer[®] technology platform, a unique engineered alternative to antibodies. Affimer proteins can be developed quickly for drug development and a wide range of life sciences applications in the diagnostics and research sectors.

Share price performance chart



Source: LSE

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Avacta Group plc

Avacta has agreed a commercial licence with New England Biolabs[®] (NEB[®]), a global leader in the discovery and production of enzymes for molecular biology applications, to commercialise a product using Affimer technology for use in both life science research and diagnostic assays. We believe that this is very good news for the company given NEB represents a third party endorsement from a highly prestigious partner for Avacta's Affimer technology platform.

Based in Ipswich, Massachusetts in the US, NEB is an industry leader in the discovery and production of enzymes for molecular biology applications. The company was established in the mid-1970s and currently offers the largest selection of recombinant and native enzymes for genomic research. NEB is focused on strengthening alliances that enable new technologies, such as Affimers, to access key markets including molecular diagnostics development.

Avacta and NEB have been collaborating to develop Affimers to combine with NEB's reagents. In regard to this, Avacta has identified Affimers that specifically inhibit certain NEB proprietary enzymes to provide modulation of their activity in response to temperature. Unlike alternative enzyme inhibitors, Affimers can be fine-tuned to switch to the correct temperature without a negative impact on the overall assay performance.

NEB is now in the final stages of product testing and both Avacta and NEB have agreed terms under which NEB will commercialise the combined product. The two companies also anticipate continuing their collaboration to generate further Affimer tools and inhibitors to other enzymes enabling a pipeline of additional product developments.

The collaboration with NEB, as with Avacta's existing relationship with New England Biolabs, is very important as third party validations of Avacta's Affimer technology platform is likely to deliver additional licence agreements and move the platform closer to full commercialisation.

Avacta's reagents business model is based on licensing and growing future royalty streams and we believe that the collaboration with NEB validates this model. Although Avacta has not disclosed the specific level of royalty for the agreement with NEB for commercial reasons, we would anticipate that the collaboration begins to generate income for the company in 2019 when product development is completed.

As Avacta grows the number of collaborative relationships with prestigious third parties and the successful co-development of products demonstrates the commercial potential of Affimer technology, we expect the company to announce additional agreements over the next twelve months as momentum grows within the reagents business.

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