

Stock Data

Share Price: 16.12p
Market Cap: 28.4m*
Shares in issue: 175.9m*
*Pro forma until 6 November 2019

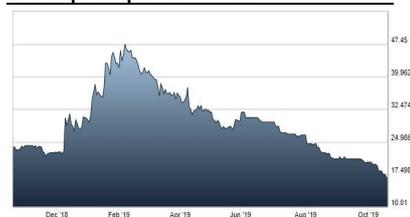
Company Profile

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



Source: LSE

Past performance is not an indication of future performance.

Turner Pope contact details

Turner Pope Investments (TPI) Ltd
8 Frederick's Place
London
EC2R 8AB

Tel: 0203 657 0050
Email: info@turnerpope.com
Web: www.turnerpope.com

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TPI acts as joint broker to Avacta Group plc.

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Barney Gray Research analyst
Tel: 0203 657 0050
barney@turnerpope.com

Avacta Group plc

With the assistance of the company's joint broker Turner Pope, Avacta is raising gross proceeds of up to £9m through the issue of up to 59.8 million new shares (including 200,000 subscription shares) at a price of 15p per share. Admission of the new shares to AIM is subject primarily to a General Meeting which will be held on 4 November 2019. The net proceeds of the placing will be deployed as Avacta enters the clinic with its first programme and also to advance drug development partnerships and grow revenue and licensing relationships for the company's Affimer[®] diagnostics reagents.

Avacta proposes that approximately £6.5m of the proceeds will be deployed into generating phase 1 data for AVA6000 pro-doxorubicin and also used to advance business development opportunities to generate additional therapeutic partnerships and licensing agreements. This will augment the company's existing collaborations with LG Chem and ADC Therapeutics SA which are fully funded by Avacta's partners.

The most recent agreement with ADC Therapeutics, a biotech company developing highly potent drug conjugates for patients suffering from haematological malignancies and solid tumours, has the potential to deliver a range of option fees, milestone payments and single digit royalties as the relationship develops.

The balance of the placing proceeds will be invested in efforts to grow the custom Affimer[®] reagents revenue stream with a focus of diagnostics and also to develop a small pipeline of Affimer[®] based diagnostic tests for licensing.

Avacta expects to file an IND/CTA application by the end of Q1 2020 to dose first patients with AVA6000 pro-doxorubicin by the end of Q2 2020 with initial read-out expected in Q3 2020. A positive outcome to this phase 1 study would require only an improved safety profile compared with standard doxorubicin since the efficacy of the existing chemotherapy is well known. A positive test outcome could lead to a significant licensing opportunity for AVA6000, potentially with tens of millions of dollars upfront, meaning that the recent placing could be the last time Avacta comes to the market for funding. Positive data would also create the opportunity to reduce the side effects of other chemotherapies in the same way.

Avacta also remains on track to enter the clinic for the first-time-in-human trials of the Affimer[®] platform in 2020 and has selected a specific Affimer[®]; AVA004-251Fc, as its clinical candidate. AVA004 is demonstrated to have equivalent tumour growth inhibition to three monoclonal antibody inhibitors of PD-L1 in several in vivo animal models.

With regards to AVA004, the company is now close to completing cell line development, the first stage in the manufacturing process, with its partner Selexis and the next stage of manufacturing is expected to cost Avacta approximately £5m. Following completion of the current fund raising, the AVA004 programme will be paused temporarily while Avacta focuses on the nearest value inflection point for delivering phase 1 data for AVA6000.

The Research and Diagnostics Reagents business represents a solid pipeline of paid-for technology evaluations and custom Affimer[®] services with a range of global partners. Avacta has identified the diagnostics market as the primary focus for the Affimer[®] reagents business and this will enable the company to reduce the divisional cost base while maintaining sufficient working capital for at least 12 months following the completion of the fund raising.

Of the 59.8 million placing shares, 16.2 million first placing shares are expected to be admitted to AIM on 5 November 2019 with balance of 43.6 million second placing shares and subscription shares being admitted the following day. Management has participated in the fund raise and we anticipate that its successful completion will put Avacta in a strong position to fulfil its key development milestones over the next 12 months.

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