

Stock Data

Share Price: 18.50p
Market Cap: £32.5m
Shares in issue: 175.9m

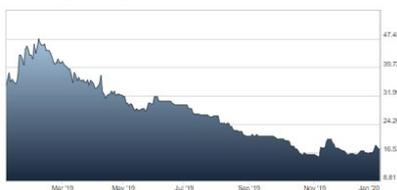
Company Profile

Sector: Healthcare
Ticker: AVCT
Exchange: AIM

Activities

Avacta ('the Group') 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: [London Stock Exchange website](https://www.londonstockexchange.com/quote/AVCT)

Past performance is not an indication of future performance.

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Avacta Group plc

A significant step forward for Avacta. Through a joint venture agreement announced yesterday with Daewoong Pharmaceutical, the Group has identified an ideal champion to help prove the opportunity its Affimer® technology presents in the area of cell and gene therapy. In combination with Daewoong's stem cell technology and associated research, Affimer® technology holds potential to outperform existing treatments for immune-mediated diseases, such as rheumatoid arthritis, multiple sclerosis and type 1 diabetes, and to form the next generation of stem cell therapies. While extended time-schedules and high costing for such trials must be taken as read, the prospective value created for shareholders, should the joint venture and Avacta's wholly owned in-house drug development be successful, will be exceptional.

Avacta, the developer of Affimer® technology, an engineered alternative to antibodies, has announced an agreement to establish a joint venture in South Korea with Daewoong Pharmaceutical Co. Ltd., (KRX: 069620). This leading bioengineering company is an operating subsidiary of Daewoong Co., Ltd., the global health care group. The two companies propose to enter into a collaboration and license agreement to develop the next generation of cell and gene therapies, based on Daewoong's existing and development research, which will incorporate Affimer proteins to enhance their immune-modulatory effects. The importance of this move to Daewoong Pharmaceuticals, is highlighted by the fact that its CEO, Jeon Seng-ho, will assume the same role in this joint venture.

Daewoong Pharmaceutical plans to license out its mesenchymal stem cell technology to the joint venture, and Avacta will do the same with its target-specific Affimer technology. Daewoong Pharmaceutical's platform ('DW-MS') is derived from embryonic stem cells and induced pluripotent stem cells. Unlike the existing adult tissue-derived mesenchymal stem cells, which have to be continually regenerated from donor material, DW-MS cells form an inexhaustible supply that can be mass-produced as "off-the-shelf" therapies.

In this respect, mesenchymal stem cells ('MSCs') are promising agents for the treatment of autoimmune and inflammatory diseases but they cannot control all of the relevant immune system signals on their own. The joint venture will seek to develop a new class of engineered MSCs that are primed to produce and emit Affimer proteins which, in turn, are designed to enhance the immune-modulatory effect when administered to patients by reducing inflammatory and autoimmune responses. Significantly, while displaying similar in-body characteristics to that of an antibody, Affimer proteins are much easier for the stem cells to make, and Avacta has already demonstrated that MSCs can produce clinically relevant levels of Affimer proteins.

The Affimer platform is an alternative to antibodies derived from a small human protein. Despite their obvious shortcomings, antibodies currently dominate markets worth in excess of US \$100bn. Daewoong's willingness to now formally engage with Avacta is not only a major endorsement of the technology, but also highlights Big Pharma's determination to invest in such giant, albeit early, opportunities. Meanwhile, through combination of its two proprietary platforms (Affimer® biotherapeutics and pre|CISION™), Avacta is building a wholly owned pipeline of novel cancer therapies with the aim of creating effective treatments for all cancer patients including those who do not respond to existing immunotherapies. It expects to take its first drug, a pre|CISION targeted form of the standard-of-care Doxorubicin, into the clinic in the middle of 2020. The net proceeds of last October's placing will be deployed for this first programme while also advancing development partnerships and licensing relationships for its Affimer® diagnostics reagents.

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