

**Stock Data**

Share Price:	146.0p
Market Cap:	£363.2m
Shares in issue:	248.8m

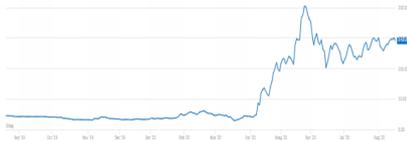
**Company Profile**

Sector:	Healthcare
Ticker:	AVCT
Exchange:	AIM

**Activities**

Avacta Group plc ('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.

**1-year Share price performance**



Source: [LSE](#)

**Past performance is not an indication of future performance.**

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# Avacta Group plc

Avacta has announced the expansion of its existing multi-target collaboration and development agreement with [LG Chem Life Sciences](#) ('LG Chem'), the life sciences division of the South Korean LG Group, to include new programmes incorporating [Affimer XT™](#) serum half-life extension system. In a clear reflection of the value Big Pharma places on the Group's proprietary technology, this new arrangement lifts the potential total value of upfront and near-term development milestones plus option fees due to Avacta from US\$310m to as much as US\$408.5m, on top of a further undisclosed upfront payment plus additional royalties on all future Affimer XT™ product sales by LG Chem. Similar non-exclusive partnerships already in place with [ADC Therapeutics](#), [Daewoong](#) and [Moderna](#) now push this pre-royalty figure to c.US\$600m, although the exceptional level of interest in this novel class of biotherapeutics suggests continuing opportunity for growth both through yet further expansion of existing arrangements and/or the signing of new collaborations with other sector majors. While near-term sentiment clearly rests on the Group's coronavirus-related developments, today's announcement highlights the long-term value contained in its therapeutic and diagnostic platforms along with its advancing pipeline of in-house drug candidates.

## Expanding the Partnership with LG Chem

Representing a further strong validation for the Affimer® platform, the existing drug development partnership with LG Chem has been expanded to include Avacta's Affimer XT™ technology, which can be used to control the time a drug spends in circulation. Highlighting its potential as a therapeutic platform to deliver a pipeline of new drugs, this arrangement results in an undisclosed additional upfront payment, plus near-term pre-clinical milestones and longer-term clinical development milestones totalling US\$98.5m for two therapeutics to be developed.

Under the terms of the extended agreement, LG Chem now also has the exclusive rights to develop and commercialise, on a world-wide basis, Avacta's Affimer PD-L1 inhibitor with Affimer XT™ serum half-life extension. It also provides LG Chem with rights to develop and commercialise other Affimer and non-Affimer biotherapeutics combined with Affimer XT™ half-life extension for a range of indications from which Avacta could earn up to US\$55m in milestone payments for each of these new products.

## Closing in on a major inflection point?

Having recently put the necessary [financial resources in place](#), Avacta now appears to be rapidly closing-in on a number of major inflection points, while in tandem it secures longer-term value by partnering its proprietary technologies. Although timing clearly remains of the essence for the Group's COVID-19 test developments, billion-dollar markets are available to it right now should it succeed in becoming a first mover capable of delivering an approved antigen testing product combined with the necessary scale, reliability and ease of use demanded by the global market.. While highlighting the development potential offered through Affimer molecules, today's news covers just one of a number of ambitious and rapidly developing projects Avacta presently has underway, and all of which address areas of major growth potential. In this respect, it is important to note that while Avacta's COVID-related developments are likely to continue to drive near-term share price sentiment, they are in addition to the significant value potentially being generated through the Group's core operations which are focused on developing diagnostics and novel cancer therapies, both in-house and with partners using the Group's two proprietary drug development platforms.

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