

**Stock Data**

Share Price:	167.5p
Market Cap:	£419.8m
Shares in issue:	250.6m

**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.**

**Turner Pope contact details**

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

Tel: 0203 657 0050  
Email: [info@turnerpope.com](mailto:info@turnerpope.com)  
Web: [www.turnerpope.com](http://www.turnerpope.com)

**Attention is drawn to the disclaimers and risk warnings at the end of this document.**

This is a non-independent marketing communication. The analyst who has prepared this report is aware that TPI has a relationship with the company covered in this report. Accordingly, it has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

**TPI acts as joint broker to Avacta Group plc.**

**Retail clients (as defined by the rules of the FCA) must not rely on this document.**

**Barry Gibb**  
Research Analyst  
Tel: 0203 657 0050  
[barry.gibb@turnerpope.com](mailto:barry.gibb@turnerpope.com)

**Andrew Thacker**  
Corporate Broking & Sales  
Tel: 0203 657 0050  
[andy.thacker@turnerpope.com](mailto:andy.thacker@turnerpope.com)

# Avacta Group plc

Recognising that manufacturing capacity now represents the key challenge it faces in the global provision of its innovative, rapid, saliva-based SARS-CoV-2 antigen test that is being developed with [Cytiva](#) (formerly GE Healthcare Life Sciences), Avacta yesterday announced a further production agreement, this time with [Abingdon Health](#) ('Abingdon'). Claiming Europe's [largest lateral flow test contract manufacturing capacity](#) and capable of delivering millions of units/month, this follows a similar partnership agreement that was put in place with [BBI Solutions](#) back on [6 August 2020](#). The technology transfer to Abingdon will begin immediately, with the aim of manufacturing an equivalent product which does not require additional clinical validation/regulatory approvals.

## More desirably, less complicated application

In order for it to prospectively capture a good slice of the multi-billion US\$ opportunity for sales of rapid SARS-CoV-2 antigen tests to governments, agencies, healthcare providers, international retailers etc., Avacta understands that it is now ultimately only limited by manufacturing capacity and so has further expanded its production relationships with Abingdon Health. In this respect, it is worth noting that [Abbot Healthcare's 'US\\$5, 15-minute test'](#) that recently received FDA Emergency Use Authorisation, must ultimately be considered flawed given that its application is based on the less acceptable nasal swab, whose self-collected sampling is considered undesirable and more complicated than Avacta's saliva-based test by both the user and practitioner ([one nasal swab trial for example](#), resulted a type-1 error rate of 5% along with a refusal/dropout rate of 10%).

Avacta, Cytiva and BBI are now in the process of technology transfer of the prototype and related manufacturing procedures for the test. Avacta aims to begin clinical validation of the test as soon as possible using the first pilot batches. In parallel BBI will oversee external clinical validation as part of the [CE marking](#) approval process. Significantly, the Affimer reagents generated are very specific to SARS-CoV-2 antigen, which, combined with the fact that authorities around the world are asking for high frequency testing to detect at least the most infectious people, provides a high level of confidence in meeting/exceeding the clinical performance requirements of a successful rapid antigen test.

## Major inflection point drawing ever closer?

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, potentially huge opportunities are available to it right now should it succeed in delivering an approved antigen testing product combined with the necessary scale, reliability and ease-of-use demanded by the global market. Importantly, the recent shift by governments world-wide to apply frequent testing with sensitivity highlighted in order to identify the most infectious people for isolation, as offered through the test Abbott recently launched, has made the technical hurdle much easier to achieve. 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, these 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 its two proprietary platforms.

**THIS DOCUMENT IS NOT FOR PUBLICATION, DISTRIBUTION OR TRANSMISSION INTO THE UNITED STATES OF AMERICA, JAPAN, CANADA OR AUSTRALIA.**

### **Conflicts**

This is a non-independent marketing communication under the rules of the Financial Conduct Authority ("FCA"). The analyst who has prepared this report is aware that Turner Pope Investments (TPI) Limited ("TPI") has a relationship with the company covered in this report. Accordingly, the report has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing by TPI or its clients ahead of the dissemination of investment research.

TPI manages its conflicts in accordance with its conflict management policy. For example, TPI may provide services (including corporate finance advice) where the flow of information is restricted by a Chinese wall. Accordingly, information may be available to TPI that is not reflected in this document. TPI may have acted upon or used research recommendations before they have been published.

### **Risk Warnings**

Retail clients (as defined by the rules of the FCA) must not rely on this document.

Any opinions expressed in this document are those of TPI's research analyst. Any forecast or valuation given in this document is the theoretical result of a study of a range of possible outcomes and is not a forecast of a likely outcome or share price.

The value of securities, particularly those of smaller companies, can fall as well as rise and may be subject to large and sudden swings. In addition, the level of marketability of smaller company securities may result in significant trading spreads and sometimes may lead to difficulties in opening and/or closing positions. Past performance is not necessarily a guide to future performance and forecasts are not a reliable indicator of future results.

AIM is a market designed primarily for emerging or smaller companies and the rules of this market are less demanding than those of the Official List of the UK Listing Authority; consequently, AIM investments may not be suitable for some investors. Liquidity may be lower and hence some investments may be harder to realise.

### **Specific disclaimers**

TPI acts as joint broker to Avacta Group plc ('Avacta') which is listed on the AIM Market of the London Stock Exchange ('AIM'). TPI's private and institutional clients may hold, subscribe for or buy or sell Avacta's securities.

Opinions and estimates in this document are entirely those of TPI as part of its internal research activity. TPI has no authority whatsoever to make any representation or warranty on behalf of Avacta.

### **General disclaimers**

This document, which presents the views of TPI's research analyst, cannot be regarded as "investment research" in accordance with the FCA definition. The contents are based upon sources of information believed to be reliable but no warranty or representation, express or implied, is given as to their accuracy or completeness. Any opinion reflects TPI's judgement at the date of publication and neither TPI nor any of its directors or employees accepts any responsibility in respect of the information or recommendations contained herein which, moreover, are subject to change without notice. Any forecast or valuation given in this document is the theoretical result of a study of a range of possible outcomes and is not a forecast of a likely outcome or share price. TPI does not undertake to provide updates to any opinions or views expressed in this document. TPI accepts no liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document (except in respect of wilful default and to the extent that any such liability cannot be excluded by applicable law).

The information in this document is published solely for information purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. The material contained in the document is general information intended for recipients who understand the risks associated with equity investment in smaller companies. It does not constitute a personal recommendation as defined by the FCA or take into account the particular investment objectives, financial situation or needs of individual investors nor provide any indication as to whether an investment, a course of action or the associated risks are suitable for the recipient.

This document is approved and issued by TPI for publication only to UK persons who are authorised persons under the Financial Services and Markets Act 2000 and to professional clients, as defined by Directive 2004/39/EC as set out in the rules of the Financial Conduct Authority. This document may not be published, distributed or transmitted to persons in the United States of America, Japan, Canada or Australia. This document may not be copied or reproduced or re-distributed to any other person or organisation, in whole or in part, without TPI's prior written consent.

Copyright © 2020 Turner Pope Investments (TPI) Limited, all rights reserved.