

## Avacta

FY22 results point to progress across Tx and Dx

25 April 2023

- Avacta posted FY22 revenue of £9.65m (FY21: £2.94m), with a gross profit of £7.24m (FY21: £2.02m) and an operating loss of £32.65m (FY21: £29.08m). End-December 2022 cash resources were £41.78m and stood at c £39.0m at end-March 2023 following receipt of £2.8m in FY21 R&D tax credits. These resources provide ample funding to reach important value-inflection points within the Therapeutics pipeline and to explore further potential Diagnostics M&A opportunities.
- Development progress continues across the Therapeutics business. Lead pre|CISION asset AVA6000, a tumour microenvironment activated form of doxorubicin, has successfully completed the fourth dose cohort of the [Phase I trial](#) with a favourable safety profile and a marked reduction in the incidence and severity of doxorubicin-associated toxicities. Post-period, the first patient was dosed in a fifth dose cohort. Data to date, including from tissue biopsies, confirm the release of active doxorubicin at the tumour site, with tumour drug levels materially higher than those in the bloodstream, confirming pre|CISION's tumour targeting potential.
- A second pre|CISION drug candidate, AVA3996, a tumour-targeted proteasome inhibitor, has shown in-vivo efficacy in multiple tumour models and is on track for an Investigational New Drug application in late 2023 to 2024. Key research partnerships with AffyXell (Daewoong Pharma) and LG Chem are also progressing, with receipt of a £3.6m milestone equity payment and a \$2m licence renewal fee respectively.
- The transformational acquisition of Launch Therapeutics for £24m in October 2022 was the first deal in the Diagnostics division's 'buy and build' strategy to create a fully integrated in-vitro diagnostics (IVD) business ([December 2022 Update](#)). Avacta's plan is to acquire complementary capabilities or products and expand geographically through M&A, while leveraging its internal expertise (ie the product development, regulatory, and compliance infrastructure established during the COVID pandemic) and its proprietary Affimer platform (to optimise product performance and economics).

Price	130.5p
Market Cap	£352.2m
Primary exchange	AIM
Sector	Healthcare
Company Code	AVCT
Corporate client	Yes

### Company description:

Avacta owns two novel technology platforms: Affimer and pre|CISION. Affimer proteins are antibody mimetics being developed as diagnostic reagents and oncology therapeutics. pre|CISION, the most advanced, improves potency and reduces toxicity of cancer drugs by only activating them inside the tumour. Success in clinical trials would be transformative for Avacta.

**Trinity Delta view:** FY22 results reveal the financial, operational, and strategic progress made across both Avacta's Therapeutics and Diagnostics divisions. The pre|CISION platform underpins the near- and medium-term prospects of its Therapeutics business, with emerging data from lead asset AVA6000 effectively validating the pre|CISION platform's tumour targeting potential and providing the blueprint for an extensive pipeline of related products. AVA3996, the second pre|CISION asset, could enter the clinic within 12 months. The Diagnostics M&A-led growth strategy, seeded with the Launch Diagnostics acquisition, and complemented by internal capabilities and the proprietary Affimer platform, should create a self-sustaining Diagnostics business. Our current Avacta valuation is £587m, equivalent to 221p per share.

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