

Akston Biosciences explores 2024 IPO while it raises up to USD 45m in equity round, CEO says

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Akston Biosciences, which is developing new veterinary and human health drugs, is exploring options including a public listing as soon as the end of next year, according to Todd Zion, CEO and co-founder.

Beverly, Massachusetts-based Akston is in the early stages of working with an undisclosed investment bank to explore a potential IPO or possible mezzanine round, the CEO said.

Akston is also in the midst of raising as much as USD 45m to fund three company divisions, two of which – Vakston and Diamune Therapeutics, both focused on human health – are being spun off in a move that allows the parent Akston to focus on novel veterinary drugs, he said.

The moves come amid a surge in interest in biologic drugs known as protein therapeutics used in humans to treat similar conditions in companion animals, the company said.

Animal health leader Zoetis [NYSE:ZTS], for instance, listed recently approved injectable pet treatments Cytopoint and Solensia as among its fastest growing products in its second quarter 2023 earnings statement.

The new injectable animal health drugs are an outgrowth of blockbuster inflammatory drug technology, including for Abbvie's Humira and cancer drugs Keytruda and Avastin sold by Merck and Roche respectively, said Zion.

"There has been an explosion" in new biologics, with nearly 80 on the market, said Zion. "It's no surprise that they would eventually find their way into veterinary health."

Akston, which has raised USD 46m in equity financing in previous rounds, is looking to raise USD 25m for the parent company to advance key products through market approval, according to an investor deck. Its most advanced are AKS-321d and AKS-425c for pet diabetes, which are being developed in partnership with Dechra [Pharmaceuticals](#) [LON:DPH], which recently agreed to be taken private by EQT.

It is also raising up to USD 10m each for Vakston and Diamune, both of which are currently wholly owned subsidiaries but which "will eventually transition to find their own independence," said Zion. Diamune is in pre-clinical stages of developing a Type-1 diabetes prevention treatment, while Vakston is in late-stage development of a COVID-19 booster vaccine, according to the company.

With the expected partial or full separation of Vakston and Diamune, Akston is “engaging with potential strategics” besides Dechra to help develop other animal health products in its pipeline, the CEO said.

Partnership talks could also raise Akston’s profile among major animal health strategics in a veterinary drug market worth an estimated USD 45bn, according to Akston’s investor deck. Such a move could lead to an acquisition of the company should it decide to pursue that route, the CEO said.

Zoetis, for instance, this month said it acquired PetMedix, a UK-based animal drug company, for USD 111m, plus contingency consideration of up to USD 100m. And Boston-based Invetx, which is also developing novel injectable companion animal biotherapeutics, told this news service this month that it would consider takeover offers in the wake of the PetMedix deal.

“The markets give a nice premium to vet health companies,” said Zion.

The top-five public vet pharma companies, for instance, currently collectively trade at a multiple of 30x earnings, while EQT agreed to buy Dechra for USD 5.6bn, a 44% premium to its market value, according to Akston’s investor deck.

Akston is expected to generate USD 18m in revenue in 2023, including from licensing deals, and is expected to be profitable by 2027, according to the investor deck. The company’s strategy is to eventually partner its products with major animal health strategics and does not have plans to invest in sales, marketing and distribution, said Zion.

Akston has 65 employees and uses Goodwin Procter as its legal advisor.

by Dane Hamilton

TARGET

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Lawyer

[Goodwin Procter LLP](#)



Other Equity Provider

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