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If you have sold or transferred all of your registered holding of Existing Ordinary Shares please forward this document, but not the personalised Form of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other party through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold or transferred only part of your registered holding of Existing Ordinary Shares, you are advised to consult your stockbroker, bank or other party through whom the sale or transfer was effected.

**THE WHOLE TEXT OF THIS DOCUMENT SHOULD BE READ.**

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# **AVACTA GROUP PLC**

*(Incorporated in England and Wales with registered number 04748597)*

**Proposed Placing of 20,833,333 Ordinary Shares at 18p per Ordinary Share**  
**Proposed Subscription for 11,111,110 Ordinary Shares at 18p per Ordinary Share**  
**and**  
**Notice of General Meeting**

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A notice convening a General Meeting of the Company to be held at the offices Walker Morris LLP, 33 Wellington Street, Leeds LS1 4DL at 10.00 a.m. on 23 April 2020 is set out in Part II of this document. A Form of Proxy accompanies this document. To be valid, the Form of Proxy for use at the General Meeting must be completed and returned so as to be received at the offices of the Company’s registrars, Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 10.00 a.m. on 21 April 2020.

The Existing Ordinary Shares are admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the Financial Conduct Authority (“FCA”). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange nor the FCA has examined or approved the contents of this document. The AIM Rules are less demanding than those of the Official List of the FCA. It is emphasised that no application is being made for admission of the Existing Ordinary Shares or the New Ordinary Shares to the Official List of the FCA.

finnCap Ltd (“finnCap”), which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser and broker to the Company in connection with the Fundraising. Persons receiving this document should note that finnCap will not be responsible to anyone other than the Company for providing the protections afforded to customers of finnCap or for advising any other person on the arrangements described in this document. No representation or warranty, expressed or implied, is made by finnCap as to any of the contents of this document and finnCap has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by finnCap for the accuracy of any information or opinions contained in this document or for the omission of any information. finnCap, as nominated adviser and broker to the Company, owes certain responsibilities to the London Stock Exchange which are not owed to the Company or the Directors.

This document does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe for or buy New Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation. In particular, this document must not be taken, transmitted, distributed or sent, directly or indirectly, in, or into, the United States of America, Canada, New Zealand, Australia, Japan or the Republic of South Africa, or transmitted, distributed or sent to, or by, any national, resident or citizen of such countries. Accordingly, the New Ordinary Shares may not, subject to certain exceptions, be offered or sold, directly or indirectly, in, or into, the United States of America, Canada, New Zealand, Australia, Japan or the Republic of South Africa, or in any other country, territory or jurisdiction where to do so may contravene local securities laws or regulations. The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the "Securities Act") or qualified for sale under the laws of any state of the United States or under the applicable laws of any of Canada, New Zealand, Australia, Japan, or the Republic of South Africa and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, New Zealand, Australia, Japan or the Republic of South Africa.

Copies of this document are now available on the Company's website [www.avacta.com](http://www.avacta.com).

## **FORWARD LOOKING STATEMENTS**

This document includes "forward-looking statements" which include all statements other than statements of historical facts, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "would", "could" or similar expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules.

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## **DIRECTORS AND ADVISERS**

<b>Directors</b>	Eliot Forster <i>Non-executive Chairman</i> Alastair Smith <i>Chief Executive Officer</i> Tony Gardiner <i>Chief Financial Officer</i> Trevor Nicholls <i>Non-executive Director</i> Paul Fry <i>Non-executive Director</i> Mike Owen <i>Senior Independent Director &amp; Scientific Advisory Board Chairman</i>
<b>Registered Office</b>	Unit 20 Ash Way Thorp Arch Estate Wetherby LS23 7FA
<b>Company Secretary</b>	Tony Gardiner
<b>Nominated Adviser and Broker</b>	finnCap Ltd 60 New Broad Street London EC2M 1JJ
<b>Solicitors to the Company</b>	Walker Morris LLP 33 Wellington Street Leeds LS1 4DL
<b>Solicitors to the Nominated Adviser and Broker</b>	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT
<b>Registrars</b>	Link Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

## KEY STATISTICS

Number of Existing Ordinary Shares in issue on the date of this document	176,036,837
Number of Placing Shares	20,833,333
Number of Subscription Shares	11,111,110
Aggregate number of New Ordinary Shares to be issued pursuant to the Fundraising	31,944,443
Issue Price	18p
Number of Ordinary Shares in issue immediately following Admission <sup>(1) (2)</sup>	207,981,280
Percentage of the Enlarged Share Capital represented by the New Ordinary Shares immediately following Admission <sup>(1) (2)</sup>	15.36 per cent.
Gross proceeds from the Fundraising <sup>(2)</sup>	£5.75 million

(1) Assuming no Ordinary Shares are issued between the date of this document and Admission or other than the relevant New Ordinary Shares.

(2) Assuming completion of the Fundraising at the Issue Price.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Subscriptions	2 April 2020
Announcement of the Placing	6 April 2020
Publication and posting of this document and the Form of Proxy	6 April 2020
<b>Latest time and date for receipt of Forms of Proxy</b>	<b>10.00 a.m. on 21 April 2020</b>
General Meeting	10.00 a.m. on 23 April 2020
Admission	8.00 a.m. on 24 April 2020
Subscription Shares and Placing Shares credited to CREST members' accounts in uncertified form	on 24 April 2020
Dispatch of definitive share certificates for New Ordinary Shares in certificated form	no later than 8 May 2020

If any of the details contained in the timetable above should change, the revised times and dates will be notified by means of an announcement through a Regulatory Information Service.

All references are to London, UK time unless stated otherwise.

## DEFINITIONS

<b>“Act”</b>	the Companies Act 2006, as amended
<b>“Admission”</b>	the admission Placing Shares and Subscription Shares to trading on AIM becoming effective in accordance with the AIM Rules
<b>“AIM”</b>	the market of that name, operated by the London Stock Exchange, as amended
<b>“AIM Rules”</b>	the AIM Rules for Companies published by the London Stock Exchange, as amended
<b>“Board” or “Directors”</b>	the directors of the Company as at the date of this document, whose names appear on page 4 of this document
<b>“Business Day”</b>	a day (other than a Saturday or Sunday or public holidays in England) on which commercial banks are open for business in London
<b>“certificated form” or “in certificated form”</b>	an Ordinary Share recorded on the Company’s share register as being held in certificated form (namely, not in CREST)
<b>“Company” or “Avacta”</b>	Avacta Group Plc, a company incorporated in England and Wales with registered number 04748597
<b>“CREST”</b>	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland is the operator (as defined in the CREST Regulations)
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended
<b>“Doxorubicin”</b>	a chemotherapy medication used to treat cancer
<b>“Enlarged Share Capital”</b>	the issued share capital of the Company as enlarged by the issue of the New Ordinary Shares
<b>“Euroclear UK &amp; Ireland”</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>“Existing Ordinary Shares”</b>	the 176,036,837 Ordinary Shares in issue on the date of this document
<b>“FCA”</b>	the Financial Conduct Authority of the UK
<b>“finnCap”</b>	finnCap Ltd, the Company’s nominated adviser and broker
<b>“Form of Proxy”</b>	the form of proxy for use in connection with the General Meeting
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as amended
<b>“Fundraising”</b>	together the Placing and the Subscription
<b>“General Meeting”</b>	the general meeting of the Company convened by the Notice of General Meeting
<b>“Group”</b>	the Company and its subsidiaries as at the date of this document
<b>“IND/CTA”</b>	an investigational new drug application or clinical trial application

<b>“Issue Price”</b>	the issue price of the New Ordinary Shares, being 18p per New Ordinary Share
<b>“Link Asset Services”</b>	a trading name of Link Market Services Limited
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“New Ordinary Shares”</b>	the Placing Shares and the Subscription Shares
<b>“Notice of General Meeting”</b>	the notice convening the General Meeting which is set out at Part II of this document
<b>“Ordinary Shares”</b>	ordinary shares of 10p each in the capital of the Company
<b>“Placees”</b>	subscribers for the Placing Shares pursuant to the Placing
<b>“Placing”</b>	the placing of the Placing Shares at the Issue Price by the finnCap, pursuant to the Placing Agreement
<b>“Placing Agreement”</b>	the conditional agreement dated 6 April 2020 between the Company and finnCap in relation to the Placing
<b>“Placing Shares”</b>	the 20,833,333 new Ordinary Shares to be allotted and issued pursuant to the Placing Agreement
<b>“Registrar”</b>	Link Asset Services, the Company’s registrar
<b>“Regulatory Information Service”</b>	has the meaning given to it in the AIM Rules
<b>“Resolutions”</b>	the resolutions to be proposed at the General Meeting, details of which are set out in the Notice of General Meeting, and each a “Resolution”
<b>“Securities Act”</b>	US Securities Act of 1933, as amended
<b>“Selexis”</b>	Selexis SA, a company headquartered in Chemin des Aulx, 14, 1228 Plan-les-Ouates, Switzerland
<b>“Shareholders”</b>	holders of Ordinary Shares
<b>“Subscribers”</b>	subscribers for the Subscription Shares pursuant to the Subscription
<b>“Subscription”</b>	the conditional subscription for the Subscription Shares by the Subscribers pursuant to the Subscription Letters
<b>“Subscription Letters”</b>	the conditional subscription letters entered into by the Company and each Subscriber in connection with the Subscription
<b>“Subscription Shares”</b>	the 11,111,110 new Ordinary Shares to be issued pursuant to the Subscription
<b>“subsidiary”, “subsidiary undertaking”, “associated undertaking” and “undertaking”</b>	have the meanings ascribed to them in the Act
<b>“uncertificated” or “uncertificated form”</b>	recorded on the relevant register or other record of the Ordinary Shares or other security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST

**“United Kingdom“** or **“UK”**

United Kingdom of Great Britain and Northern Ireland

**“United States”,**  
**“United States of America”**  
or **“US”**

the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all areas subject to its jurisdiction



## PART I

### LETTER FROM THE CHAIRMAN OF

# AVACTA GROUP PLC

*(Incorporated in England and Wales with registered number 04748597)*

*Directors:*

Eliot Forster *Non-Executive Chairman*  
Alastair Smith *Chief Executive Officer*  
Tony Gardiner *Chief Financial Officer*  
Trevor Nicholls *Non-executive Director*  
Paul Fry *Non-executive Director*  
Mike Owen *Senior Independent Director & Scientific Advisory Board Chairman*

*Registered Office:*

Unit 20  
Ash Way  
Thorp Arch Estate  
Wetherby  
LS23 7FA

6 April 2020

*To holders of Ordinary Shares and, for information purposes, to holders of options over Ordinary Shares*

Dear Shareholder,

**Proposed Placing of 20,833,333 Ordinary Shares at 18p per Ordinary Share**  
**Proposed Subscription for 11,111,110 Ordinary Shares at 18p per Ordinary Share**  
**and**  
**Notice of General Meeting**

## 1. INTRODUCTION

On 2 April the Company announced the proposed Subscription and earlier today announced the proposed Placing. Under the Placing and the Subscription, the Company proposes to raise £5.75 million for the Company (before expenses) to fund the next key value inflection points, being:

- the phase 1 clinical trial of AVA6000 pro-doxorubicin;
- continuing to advance Affimer® immunotherapy pipeline with partners;
- delivering further commercial progress for therapeutics and diagnostics; and
- developing a small pipeline of Affimer® based diagnostic tests for licensing.

The Issue Price is at a discount of approximately 12 per cent. to the closing middle market price of the Ordinary Shares on AIM on 3 April, being 20.5 pence per Ordinary Share.

The Fundraising is, amongst other things, subject to Shareholder approval of Resolution 1, which will be proposed at the General Meeting.

**The purpose of this document is to provide you with information about the background to and the reasons for the Fundraising and to explain why the Board considers the Fundraising to be in the best interests of the Company and its Shareholders as a whole.**

Brief details of the Fundraising can be found in paragraphs below.

## 2. BACKGROUND ON THE COMPANY

Avacta is developing novel cancer immunotherapies combining its two proprietary platforms – Affimer® biotherapeutics and preCISION™ tumour targeted chemotherapy. With this approach, the Company aims to address the lack of a durable response to current immunotherapies experienced by most patients. The

Company is also generating near-term revenues from Affimer® reagents for diagnostics, bioprocessing and research, through a separate business unit.

The Affimer® platform is an alternative to antibodies derived from a small human protein. Affimer® technology has been designed to address many of the negative performance issues of antibodies, principally: the time taken, and the reliance on an animal's immune response, to generate new antibodies; poor specificity in many cases; large size; and cost. The Board believes that the Affimer® technology has significant commercial and technical benefits that provide major competitive advantages in both drug development and diagnostics.

Avacta's lead preCISION™ targeted chemotherapy programme, AVA6000 Pro-doxorubicin, is seeking to address the significant toxicity of a well-established cancer drug, Doxorubicin, which limits the duration of dosing and eligible patient population. Doxorubicin has been the standard of care treatment for over 40 years for patients with advanced soft tissue sarcomas ("ASTS"). However, patients are taken off the treatment due to irreversible heart failure once the cumulative dose reaches 450 mg/m<sup>2</sup>, even if they are experiencing clinical benefit. As a result, median progression free survival for ASTS patients is approximately six months, with median overall survival of 12 to 15 months. This severe cardiotoxicity limits the size of the Doxorubicin market, but it is still nearly \$1 billion per year. AVA6000 Pro-doxorubicin is inert when given to the patient until activated in the tumour by an enzyme called fibroblast activation protein ("FAP"). This tumour-targeted activation reduces the exposure of the heart and other healthy tissues to the active chemotherapy drug and concentrates the active drug in the tumour. The improved safety and efficacy of AVA6000 Pro-doxorubicin compared with standard Doxorubicin has been demonstrated in mouse models of cancer. Avacta is looking to initiate phase I clinical trials in patients with soft tissue sarcomas with AVA6000 Pro-doxorubicin in the second half of 2020.

The growing *in vitro* and *in vivo* Affimer® therapeutics data packages are improving the potential for substantial deal-making. The Group has established a significant drug development partnership with LG Chem Life Sciences ("LG Chem"), part of the South Korean LG Group, to develop Affimer® therapeutics in several disease areas. Following a research collaboration with Moderna Therapeutics Inc ("**Moderna**"), the two companies also entered into an exclusive licensing agreement with respect to certain Affimers® against a potential therapeutic target. Moderna was granted exclusive access to Avacta's Affimer® technology for certain collaboration targets and the option to enter into exclusive licence agreements on pre-agreed terms to further research, develop and commercialise Affimers® selected by Moderna. Avacta has entered into a collaboration and licence option agreement with ADC Therapeutics to combine Affimer® proteins that bind to certain cancer biomarkers with ADC Therapeutics' PBD warheads in Affimer® drug conjugates. Each of these collaborations and commercial agreements is fully funded by the partner.

Most recently, Avacta has established a joint venture in South Korea with Daewoong Pharmaceutical Co. Ltd., ("**Daewong**"), a leading Korean pharmaceutical company, and entered a collaboration and license agreement for the joint venture to develop the next generation of cell and gene therapies, incorporating Affimer® proteins to enhance the immune-modulatory effects. Avacta will develop Affimer® proteins against several undisclosed targets which will be transferred to the joint venture to be incorporated into mesenchymal stem cells ("**MSC**"). Avacta's research and development costs will be fully covered by the joint venture which is funded by Daewoong. Avacta retains the rights to commercialise the Affimer® proteins outside of the field of cell therapies. Daewoong will provide the joint venture with access to its proprietary technology for generating allogeneic MSCs from a single donor to treat a large number of patients. This proprietary technology facilitates the development of cell therapies as "off-the-shelf" products.

The Avacta reagents business unit works with partners world-wide to develop Affimers® for evaluation by those third parties with the objective of establishing royalty bearing license deals with a particular focus on the diagnostics sector. The Company is also developing a small in-house pipeline of Affimer®-based diagnostic tests for licensing. The Group has made good progress in establishing a revenue stream based on the non-therapeutic applications of Affimer® technology and is aiming to establish a significant number of license and supply deals for Affimer® reagents as quickly as possible that could generate recurring royalty-based revenue such as the deal announced recently with New England Biolabs.

### **3. CURRENT TRADING AND OUTLOOK**

Following the collaboration and option agreement with ADC Therapeutics at the end of 2019, Avacta has successfully expanded the LG Chem Life Sciences Partnership and established a joint venture in South Korea with Daewoong Pharmaceutical Co. Ltd.

Revenues for the 17-month period to 31 December 2019, which include the initial milestone payment from LG Chem, have grown 100 per cent. to £5.5 million from £2.76 million (12 months ended 31 July 2018) and were ahead of market expectations. Importantly, revenues from the Affimer® diagnostics business have grown by 130 per cent. as more customer evaluations of the Affimer® platform are underway. The Group's order intake and sales pipeline into 2020 are the strongest to date.

The Group's revenues in 2020 are expected to benefit from the expanded LG Chem partnership, the new collaboration established with ADC Therapeutics and the recently announced joint venture with Daewoong Pharmaceuticals; each of which will fully fund Avacta's related R&D activities.

The cash position at 31 December 2019 was £8.7 million (31 July 2018: £5.2 million), following completion of the placing in November 2019.

### ***AVA6000***

Avacta will file a CTA application as soon as possible for a phase I dose escalation study for its lead preCISION™ pro-drug chemotherapy AVA6000 pro-doxorubicin. A positive outcome to this phase I study would require an improved safety profile compared with standard Doxorubicin since the efficacy of this existing chemotherapy is well known. Positive data could lead to a significant licensing opportunity for AVA6000 with companies currently marketing existing Doxorubicin products or with companies that are currently carrying out clinical studies combining Doxorubicin with their checkpoint inhibitors. A successful outcome to the study would also open the potential to using the preCISION™ tumour targeting technology developed at Tufts University and exclusively licensed by Avacta to improve the safety profile of many other chemotherapies.

### ***AVA004***

The Group's lead Affimer® therapeutic molecule (AVA004-251Fc) has been shown to have equivalent tumour growth inhibition to three approved monoclonal antibody inhibitors of PD-L1 (Tecentriq, Imfinzi and Bavencio) in several in vivo animal efficacy models. The Group has completed cell line development, the first stage in the manufacturing process, with its partner Selexis. The next step of GMP manufacturing of AVA004-251 with a partner that has been identified and is expected to cost the Group approximately £5 million. This has been paused whilst the Group focuses on the nearest major value inflection point of delivering phase I data for AVA6000.

### ***Diagnostics***

The Group has made good commercial progress which is reflected in strong revenue growth and a growing pipeline of Affimer® technology evaluations with a range of partners. These evaluations are progressing well and the primary objective remains converting these into license deals that will drive future royalty revenue. Additionally the group is making very good progress with its own pipeline of diagnostic tests which will also deliver licensing opportunities in the medium term.

### ***Outlook and Covid-19***

The Company is monitoring the UK Government's guidance regarding the Covid-19 pandemic. The Company has instigated a working from home policy where possible and has curtailed all travel. Laboratory staff are continuing to carry out their duties working in smaller teams to allow social distancing to be observed.

The Group's revenues are not expected to be materially affected this year as a direct result of the Covid-19 pandemic and will continue to benefit from the expanded LG Chem partnership, the new collaboration established with ADC Therapeutics and the recently announced joint venture with Daewoong Pharmaceuticals; each of which will fully fund Avacta's related R&D activities.

The Company has made good progress in manufacturing drug material for the AVA6000 phase I clinical trial and in preparing the CTA filing. At this stage, the Company does not expect to experience significant delays of more than a few weeks due to the Covid-19 pandemic, but it is reliant on clinical trials in the UK resuming by the end of the year.

#### 4. REASONS FOR THE FUNDRAISING AND USE OF PROCEEDS

The Fundraising will raise £5.75 million (before expenses). As referred to above, the Company intends to utilise the net proceeds of the Fundraising to enter the clinic with its first programme, to secure further significant drug development partnerships that are expected to help progress the Company's technology platforms, and to continue to seek to grow revenues and secure licensing partnerships for Affimer® diagnostics reagents.

It is proposed that the proceeds will be:

- deployed into generating phase I data for AVA6000 pro-doxorubicin;
- used to continue business development activities to generate additional therapeutic partnerships and licensing agreements;
- used to continue to grow the custom Affimer® reagents revenue stream with a strong focus on diagnostics; and
- used to continue to develop a small pipeline of Affimer® based diagnostic tests for licensing.

The Company will continue its collaborations and commercial partnerships with LG Chem and ADC Therapeutics that are fully paid for by the partners.

The balance of funds will be used for working capital purposes.

#### 5. THE PLACING AND THE PLACING AGREEMENT

The Company has raised £3.75 million (before expenses) through the Placing, conditional on (*inter alia*) Admission, at the Issue Price. The Issue Price represents a discount of approximately 12 per cent. to the closing middle market price of the Ordinary Shares on AIM on 3 April 2020, being 20.5 pence per share.

Admission is conditional, *inter alia*, on:

- the relevant conditions in the Placing Agreement being satisfied or (if applicable) waived and the Placing Agreement not having been terminated in accordance with its terms prior to Admission;
- the passing of Resolution 1;
- the Subscription Letters having been duly executed by all parties thereto; and
- Admission becoming effective by no later than 8.00 a.m. on 24 April 2020 (or such later time and/or date as the Company and finnCap may agree, not being later than 8.00 a.m. on 15 May 2020).

It is expected that the Placing Shares will be allotted, conditional upon, *inter alia*, Admission, at 8.00 a.m. on 24 April 2020, or such later time and/or date as the Company and finnCap may agree, being not later than 8.00 a.m. on 15 May 2020 (the "**Long Stop Date**").

In connection with the Fundraising, the Company has entered into the Placing Agreement pursuant to which finnCap has agreed, in accordance with its terms, to use their reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price.

The Placing Agreement contains customary undertakings and warranties given by the Company to finnCap including as to the accuracy of information contained in this document, to matters relating to the Group and its business and a customary indemnity given by the Company to finnCap in respect of liabilities arising out of or in connection with the Placing. finnCap may, in its absolute discretion, terminate the Placing Agreement in certain circumstances including, among other things, following a material breach of the Placing Agreement by the Company or the occurrence of certain force majeure events.

The New Ordinary Shares will be issued credited as fully paid and will rank in full for all dividends and other distributions declared, made or paid after Admission and will otherwise rank on Admission *pari passu* in all respects with the Ordinary Shares then in issue. The New Ordinary Shares are not being made available to the public and are not being offered or sold in any jurisdiction where it would be unlawful to do so.

The Fundraising is not underwritten (in whole or in part).

## 6. THE SUBSCRIPTION

Pursuant to the Subscription Letters, the Subscribers have conditionally agreed to subscribe for the Subscription Shares at the Issue Price, raising approximately £2 million in aggregate.

The Subscriptions are conditional, *inter alia*, upon (i) Resolution 1 being passed at the General Meeting and (ii) Admission becoming effective by no later than 8.00 a.m. on 24 April 2020 or such later time and/or date (not being later than 8.00 a.m. on 15 May 2020) as the Company and the Subscribers may agree.

## 7. GENERAL MEETING

Set out in Part II of this document is a notice convening the General Meeting to be held at the offices of Walker Morris LLP at 33 Wellington Street, Leeds LS1 4DL at 10.00 a.m. on 23 April 2020, at which the Resolutions will be proposed. The only Resolution that the Fundraising is conditional upon is Resolution 1 (being a special resolution to empower the directors of the Company to allot the New Ordinary Shares on a non-pre-emptive basis).

**The Directors believe the Fundraising to be the most appropriate way to provide the capital necessary to meet the Company's future requirements. The Directors urge Shareholders to vote in favour of the Resolution.**

## 8. ADMISSION, DEALINGS AND SETTLEMENT ON AIM

The New Ordinary Shares will be allotted and issued fully paid and will, on issue, rank *pari passu* with the Ordinary Shares then in issue, including the right to receive, in full, all dividends and other distributions thereafter declared, made or paid after the date of issue together with all rights attaching to them and free from all liens, charges and encumbrances of any kind.

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM and it is expected that Admission will become effective and trading in the New Ordinary Shares will commence at 8.00 a.m. on 24 April 2020.

## 9. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders will find enclosed with this document a Form of Proxy for use at the General Meeting. You are strongly encouraged to complete, sign and return your Form of Proxy in accordance with the instructions printed on it as soon as possible, but in any event so as to be received, by post at Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 10.00 a.m. on 21 April 2020 (or, in the case of an adjournment, not less than 48 hours before the time fixed for the holding of the adjourned meeting (at the discretion of the directors, excluding any part of a day that is not a Business Day)).

**In light of the Coronavirus pandemic, Shareholders are urged to appoint the chairman of the meeting as his or her proxy as, given the Coronavirus situation and current Government advice, attendance in person is not advised and members and their proxies may be refused entry if circumstances permit or require.**

**The Company is actively following developments and will issue further information through an RIS and/or on its website at <https://avacta.com/investors/> if it becomes necessary or appropriate to make any alternative arrangements for the General Meeting. In particular, the Company has noted the UK Government's announcement, made on 28 March 2020, that it will introduce legislation to ensure that general meetings will be able to be held safely and in accordance with current restrictions on movement and gatherings.**

If you hold your Ordinary Shares in uncertificated form (that is, in CREST) you may vote using the CREST Proxy Voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the Notice of the General Meeting). Proxies submitted via CREST must be received by the Company's agent (ID RA10 ) by no later than 10.00 a.m. on 21 April 2020 (or, in the case of an adjournment, not less than 48 hours before the time fixed for the holding of the adjourned meeting (at the discretion of the directors, excluding any part of a day that is not a Business Day)).

Appointing a proxy in accordance with the instructions set out above will enable your vote to be counted at the General Meeting in the event of your absence. The completion and return of the Form of Proxy or the use of the CREST Proxy Voting service will not prevent you from attending and voting at the General Meeting, or any adjournment of it, in person should you wish to do so.

#### **10. DIRECTORS' RECOMMENDATION AND VOTING INTENTIONS**

**The Directors believe that the Resolutions are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolutions, as they intend to do in respect of their own beneficial holdings amounting, in aggregate, to 948,194 Ordinary Shares and representing approximately 0.54 per cent. of the Company's current issued share capital.**

**Dr. Eliot Forster**

*Non-executive Chairman*

## PART II

# AVACTA GROUP PLC

*(Incorporated in England and Wales with registered number 04748597)*

### NOTICE OF A GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a general meeting of Avacta Group plc (the “**Company**”) will be held at the offices of Walker Morris LLP, 33 Wellington Street, Leeds LS1 4DL at 10.00 a.m. on 23 April 2020 for the purposes of considering and, if thought fit, passing the resolutions below (resolutions 1 and 3 as special resolutions and resolution 2 as an ordinary resolution, and in which capitalised terms shall have the meanings given in the circular to shareholders issued by the Company dated 6 April 2020, containing this Notice of General Meeting (the “**Circular**”), save where otherwise specified):

1. **THAT:**

- (a) the directors of the Company from time to time (the “**Directors**”) be authorised pursuant to section 551 of the Act (in addition and without prejudice to any subsisting like authority to allot shares in the Company (“**Shares**”)) generally and unconditionally to exercise all powers of the Company to allot Shares up to an aggregate nominal amount of £3,194,444.30 in connection with the Fundraising, provided that the authority conferred on the Directors by this part of this resolution shall expire on 31 December 2020; and
- (b) the Directors be empowered in accordance with section 571 of the Act (in addition and without prejudice to any subsisting like power) to allot equity securities (within the meaning of section 560 of the Act) for cash, pursuant to the authority conferred on them by part (a) of this resolution, as if section 561(1) and subsections (1) – (6) of section 562 of the Act did not apply to such allotment, provided that the power conferred by this part of this resolution shall be limited to the allotment of equity securities for cash up to a maximum nominal amount of £3,194,444.30 in connection with the Fundraising and shall expire on 31 December 2020.

2. **THAT:** subject to and conditional upon Admission, the Directors be authorised pursuant to section 551 of the Act (in addition and without prejudice to any subsisting like authority to allot Shares) generally and unconditionally to exercise all powers of the Company to allot Shares and grant rights to subscribe for, or to convert any security into Shares (“**Rights**”) up to an aggregate nominal amount of £6,863,400, provided that the authority conferred on the Directors by this resolution shall expire at the conclusion of the next annual general meeting of the Company or, if earlier, on 31 December 2020, save that under this authority the Company may before such expiry make an offer or agreement which would or might require the Shares to be allotted and/or Rights granted after such expiry and the Directors may allot Shares and Rights in pursuance of such an offer or agreement as if the authority conferred by this resolution had not expired.

3. **THAT:** subject to and conditional upon Admission, the Directors be empowered in accordance with section 571 of the Act (in addition and without prejudice to any subsisting like power) to allot equity securities (within the meaning of section 560 of the Act) for cash, pursuant to the authority conferred on them by resolution 2, as if section 561(1) and subsections (1) – (6) of section 562 of the Act did not apply to such allotment, provided that the power conferred by this resolution shall be limited to the allotment of equity securities
- (a) in connection with or pursuant to an offer of such securities by way of a pre-emptive offer (as defined below); and
  - (b) (otherwise than pursuant to sub-paragraph (a)) up to an aggregate nominal amount of £2,640,553 (being approximately 15 per cent. of the issued ordinary share capital of the Company as at the date of this notice),

and shall expire at the conclusion of the next annual general meeting of the Company or, if earlier, on 31 December 2020, save that the Company may before such expiry make an offer or agreement which

would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred by this resolution had not expired.

For the purpose of this resolution 3: pre-emptive offer means a rights issue, open offer or other pre-emptive issue or offer to: (i) holders of ordinary shares in proportion (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on the record date(s) for such allotment; and (ii) persons who are holders of other classes of equity securities if this is required by the rights of such securities (if any) or, if the directors of the Company consider necessary, as permitted by the rights of those securities, but subject in both cases to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, treasury shares, record dates or legal, regulatory or practical difficulties which may arise under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory or any other matter whatsoever.

By order of the Board

**Tony Gardiner**  
*Company Secretary*

6 April 2020



Notes:

(i) Appointment of proxy using hard copy proxy form:

The notes to the proxy form explain how to direct your proxy how to vote on a resolution or to withhold your vote. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against a resolution. If you do not indicate on the proxy form how your proxy should vote, they will vote or abstain from voting at their discretion. They will also vote (or abstain from voting) at they think fit in relation to any other matter which is put before the meeting.

To appoint a proxy using the proxy form, the form must be completed, signed and received by the Company's registrars by 10.00 a.m. on 21 April 2020 (or, in the case of an adjournment of the General Meeting, not less than 48 hours before the time fixed for the holding of the adjourned meeting (at the discretion of the directors, excluding any part of a day that is not a Business Day)). Any proxy forms (including any amended proxy forms) received after the deadline will be disregarded. A form of proxy may be returned in any of the following ways:

- (a) in hard copy form by post or by courier to the Company's registrars, Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or
- (b) electronically via [www.signalshares.com](http://www.signalshares.com); or
- (c) in the case of CREST members, by using the CREST electronic proxy appointment service in accordance with the procedures set out below.

If the shareholder is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer or attorney. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

**Completion of the Form of Proxy or appointment or a proxy through CREST will not prevent a member from attending and voting in person. However, in light of the Coronavirus pandemic situation and current Government advice, attendance in person is not advised and members and their proxies may be refused entry if circumstances permit or require.**

- (ii) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10), by 10.00 a.m. on 21 April 2020 (or, in the case of an adjournment of the General Meeting, not less than 48 hours before the time fixed for the holding of the adjourned meeting (at the discretion of the Directors, excluding any part of a day that is not a Business Day)). For this purpose, the time of receipt will be taken to be the time determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the CREST Regulations.

- (iii) Completion of the Form of Proxy or appointment or a proxy through CREST will not prevent a member from attending and voting in person. **However, in light of the Coronavirus pandemic situation and current Government advice, attendance in person is not advised and members and their proxies may be refused entry if circumstances permit or require.**
- (iv) Any member or his proxy attending the General Meeting has the right to ask any question at the General Meeting relating to the business of the General Meeting. **Shareholders are urged to appoint the chairman of the meeting as his or her proxy as, given the Coronavirus situation and current Government advice, attendance in person is not advised and members and their proxies may be refused entry if circumstances permit or require.**
- (v) Pursuant to Regulation 41 of the CREST Regulations, only Shareholders registered in the register of members of the Company as at close of business on 21 April 2020 (being not more than 48 hours before the time fixed for the holding of the General Meeting (at the discretion of the Directors, excluding any part of a day that is not a Business Day)) shall be entitled to attend and vote at the General Meeting in respect of the number of shares registered in their name at such time. If the General Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned General Meeting is close of business on the day which falls two days prior to the date fixed for the adjourned General Meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the General Meeting. **Shareholders are urged to appoint the chairman of the meeting as his or her proxy as, given the Coronavirus situation and current Government advice, attendance in person is not advised and members and their proxies may be refused entry if circumstances permit or require.**

- (vi) In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (vii) As at 3 April 2020 (being the last Business Day prior to the publication of this Notice of General Meeting) the Company's issued share capital consisted of 176,036,837 Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 3 April 2020 were 176,036,837.

