Avacta Group plc

Interim Results

for the Period Ending June 30th, 2023

28th September, 2023

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Avacta Group plc

Our purpose is to improve patients' lives and grow shareholder value by developing novel cancer therapies and powerful diagnostics using our proprietary Affimer® and pre|CISION™ platforms.

Therapeutics

Harnessing our proprietary technologies to deliver innovative oncology drugs that transform treatment outcomes and improve cancer patients' lives.

Diagnostics

M&A led strategy to build an integrated and differentiated in-vitro diagnostics (IVD) business with global reach serving professional healthcare providers.

Investment Highlights

- A UK-based life sciences company focused on improving healthcare outcomes and generating shareholder value through targeted cancer treatments and diagnostics.
- Therapeutics division is harnessing proprietary Affimer® and pre|CISION™ platforms to develop novel cancer therapies targeted to the tumour.
- Lead pre|CISION™ programme, AVA6000, demonstrating an excellent safety profile and initial signs of therapeutic activity in Phase 1a study.
- AVA3996, a FAP-activated proteasome inhibitor, showing positive pre-clinical data, now in IND enabling studies with FIH expected 2024.
- Building a full spectrum European diagnostics business serving healthcare professionals through a targeted buy and build strategy focusing on established routes to market and product portfolios.
- Immediate focus on growing the first two acquired businesses and benefiting from synergies across the division.
- Balanced business and capital allocation model; well-funded to achieve key milestones in therapeutics.

Avacta Group plc Interim Results

for the Period Ending June 30th, 2023

Interim Results for the Six Months Ending 30th June 2023

Income Statement

(£m)	30th June 2023	30th June 2022	31st Dec 2022
Revenue	**11.89**	**5.52**	**9.65**
Gross profit	**6.75**	**5.27**	**7.24**
Research/Manufacturing costs	(6.01)	(6.00)	(11.10)
S, G & A costs	(8.65)	(4.69)	(11.23)
Adjusted EBITDA	**(7.91)**	**(5.42)**	**(15.09)**
Amortisation/Depreciation	(1.71)	(1.29)	(8.18)
SBP/Share of AffyXell losses	(2.26)	(2.94)	(9.38)
Operating loss	**(11.88)**	**(9.65)**	**(32.65)**
Convertible bond	(0.98)	-	(8.99)
Net financial costs	0.06	-	-
Taxation	1.27	0.66	2.10
Discontinued operation	-	1.05	0.35
Retained loss	**(11.53)**	**(7.94)**	**(39.19)**
Loss per share	4.28p	3.58p	15.48p

Interim Results for the Six Months Ending 30th June 2023

Operating Segment Analysis

(£m)	30 June 2023				30 June 2022			
	Dx	Tx	Central	Total	Dx	Tx	Central	Total
Revenue	**9.90**	**1.99**	**-**	**11.89**	**0.08**	**5.44**	**-**	**5.52**
Gross profit	**4.76**	**1.99**	**-**	**6.75**	**0.03**	**5.24**	**-**	**5.27**
Research/Manufacturing costs	(0.66)	(5.35)	-	(6.01)	(1.13)	(4.87)	-	(6.00)
S, G & A costs	(4.53)	(1.19)	(2.93)	(8.65)	(1.47)	(1.35)	(1.87)	(4.69)
Adjusted EBITDA	**(0.43)**	**(4.55)**	**(2.93)**	**(7.91)**	**(2.57)**	**(0.98)**	**(1.87)**	**(5.42)**
Amortisation/Depreciation	(1.07)	(0.64)	-	(1.71)	(0.67)	(0.62)	-	(1.29)
SBP/Share of AffyXell losses	(0.40)	(1.02)	(0.84)	(2.26)	(0.49)	(1.89)	(0.56)	(2.94)
Operating loss	**(1.90)**	**(6.21)**	**(3.77)**	**(11.88)**	**(3.73)**	**(3.49)**	**(2.43)**	**(9.65)**

Interim Results for the Six Months Ending 30th June 2023

Cash Flow

(£m)	30th June 2023	30th June 2022	31st Dec 2022
Cash at 1 January	**41.78**	**26.19**	**26.19**
Operating cash outflows	(8.05)	(9.63)	(16.43)
Investing activities	(7.35)	0.09	(25.04)
Financing activities	(0.56)	0.37	56.90
Other	0.15	-	0.16
Cash at 30 June (& 31 December 2022)	**25.97**	**17.02**	**41.78**

- Investing activities relates to the Coris acquisition and capex (2022 - Launch acquisition, disposal of Animal Health and capex).
- Financing activities is lease payments (2022 - included the £55 million convertible bond at 5% discount, placing and open offer less transaction costs).
- Cash at 30 June 2023 was £26 million, whilst cash at 31 August was circa £24.5 million with the benefit of the FY22 R&D tax credit refund of £2.3 million having been received, giving a cash runway into H2 2024.

Interim Results for the Six Months Ending 30th June 2023

Balance Sheet

(£m)	30th June 2023	30th June 2022	31st Dec 2022
Non-current assets	46.98	17.94	37.10
Current assets (exc. cash/deposits)	14.80	10.50	13.77
Cash/deposits	**25.97**	**17.02**	**41.78**
Current liabilities	(12.54)	(5.51)	(9.78)
Non-current liabilities	(7.89)	(3.97)	(6.60)
Convertible bond	(44.58)	-	(57.83)
Net assets	**22.74**	**35.98**	**18.44**

- Non-current assets include PPE, IFRS16 leases re Avacta facilities, goodwill on the Coris and Launch acquisition plus the investment in AffyXell.
- Current assets includes the FY22 R&D tax credit and Coris/Launch debtors/inventories
- Liabilities (current & non-current) include trade creditors, IFRS 16 lease liabilities and deferred tax.
- Convertible bond – debt value is £15.7 million (31 Dec: £18.7 million)
- Convertible bond – derivative value is £28.9 million (31 Dec: £39.1 million)
- Convertible bond outstanding following 3rd amortisation on 21 July and small conversion on 20 September is now down to £43.35 million.

Avacta Therapeutics

Business Update

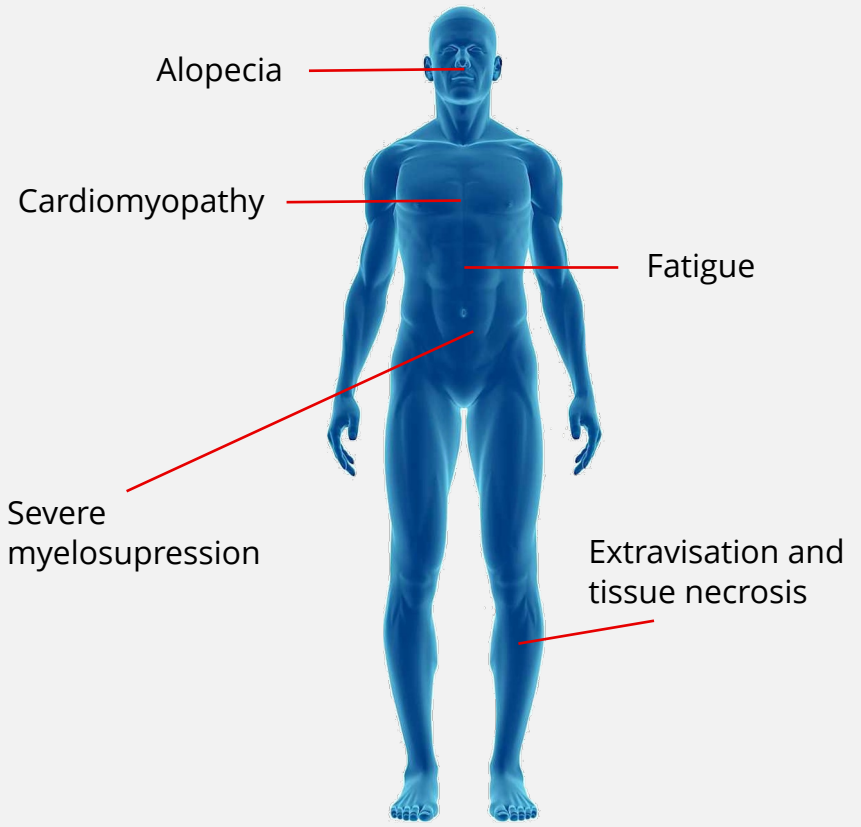
pre|CISION™ Targeting Payloads Directly to the Tumour

Reducing systemic toxicities of chemotherapies and improving tolerability for patients through tumour-specific activation

The Problem

- Chemotherapy, cytotoxic agents and immunotherapies are not tumour selective.
- Systemic toxicities and tolerability for patients limit the therapeutic index of most oncology drugs.
- There is an urgent unmet need for medicines that differentiate between tumour and normal cells.

Common Doxorubicin Toxicities



pre|CISION™

- Targets the tumour tissue and limits systemic exposure.
- Selectively activated in the tumour microenvironment by an enzyme that is in high concentration in most solid tumours.
- Designed to enhance safety and tolerability and increase efficacy.

FAPα and the pre|CISION™ Platform

Avacta

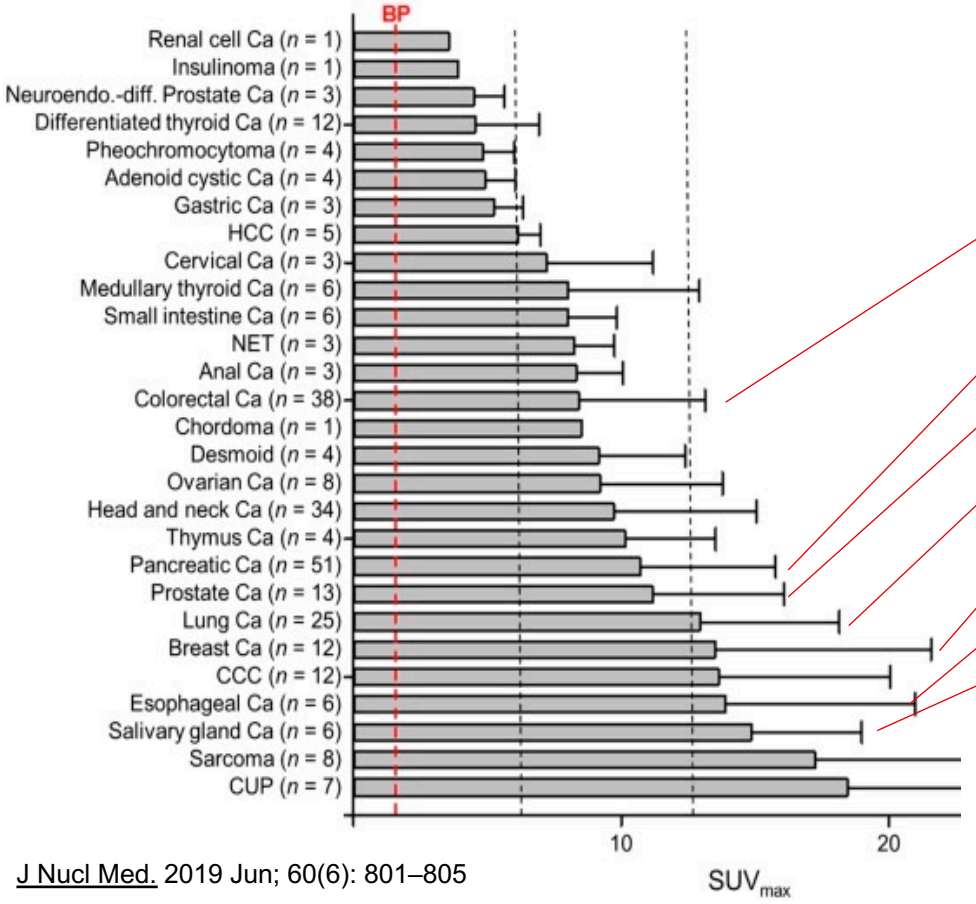
Targeting the tumour microenvironment through fibroblast activation protein alpha

- pre|CISION™ is a highly specific substrate for fibroblast activation protein-α (FAPα), an extracellular enzyme that is upregulated in most solid tumours.
- pre|CISION™ prevents chemotherapeutics from entering cells rendering them inert until it is removed in the tumour microenvironment by FAP.
- IP: pre|CISION™ is specific to FAP and not cleaved by other human enzymes.
- pre|CISION™ can also be incorporated into a drug conjugate linker for release of the targeted warhead in the tumour microenvironment.
- pre|CISION™ is exclusively licensed from Tufts University Medical School.

Tufts UNIVERSITY

pre|CISION™

FAP Concentration in a Range of Solid Tumours



J Nucl Med. 2019 Jun; 60(6): 801–805

Global Incidence

Colorectal: 1.93M

Pancreatic: 0.5M

Prostate: 1.41M

Lung: 2.21M

Breast: 2.26M

Esophageal: 0.6M

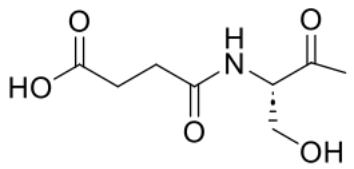
Salivary: 0.06M

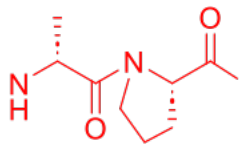
Source: WHO Global Cancer Observatory

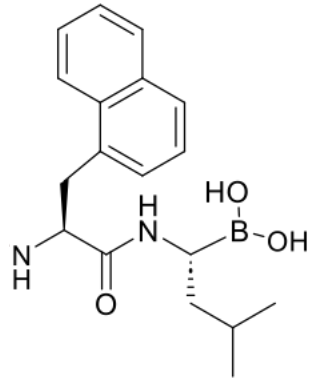
The pre|CISION™ Platform

pre|CISION™: a four-component platform to build a pipeline of tumour targeted anti-cancer drugs

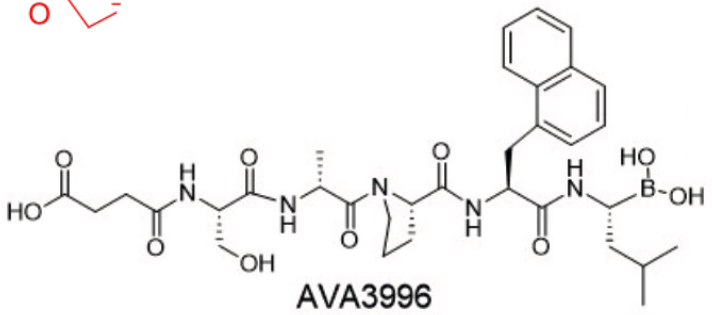
Capping group and/or peptide	FAP-substrate pre|CISION	Optional spacer (as required)	Active agent
Modulate/optimise pharmacokinetics	Selectivity for tumour microenvironment FAPα	Cleavage kinetics	Cell killing payload e.g. doxorubicin, proteasome inhibitor







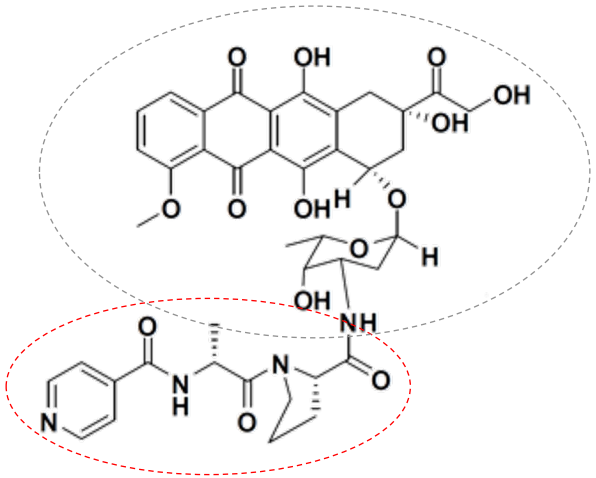
Example:



AVA6000: Targeting Doxorubicin to the Tumour

Reducing systemic toxicities of chemotherapies and improving tolerability for patients through tumour-specific activation

Doxorubicin

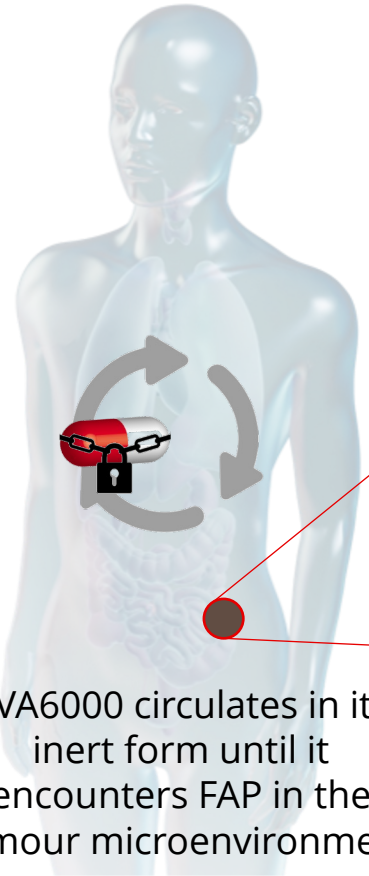


pre|CISION™

AVA6000

AVA6000 is prevented from entering cells by the pre|CISION modification

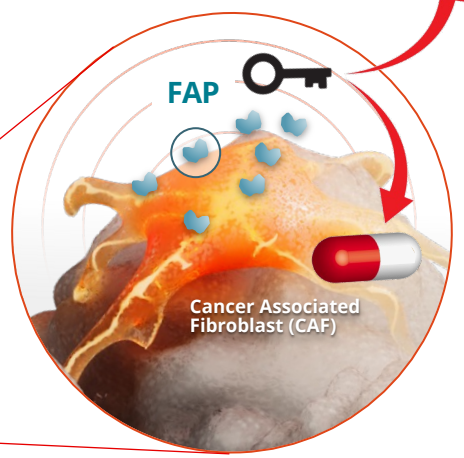
Patient administered with AVA6000



AVA6000 circulates in its inert form until it encounters FAP in the tumour microenvironment

Unlocking of active chemotherapy in tumour by FAP

Released pre|CISION chemistry is excreted



Active chemotherapy is able to enter cells in the tumour and kill them

AVA6000: Ongoing Phase 1 Dose Escalation Trial

Phase 1a Dose Escalation

Primary Objectives

- Safety and tolerability of AVA6000.
- Maximum tolerated dose and/or recommended phase 2 dose of AVA6000.

Patient Population

- Locally advanced or metastatic selected solid tumours.
- ~40 patients.

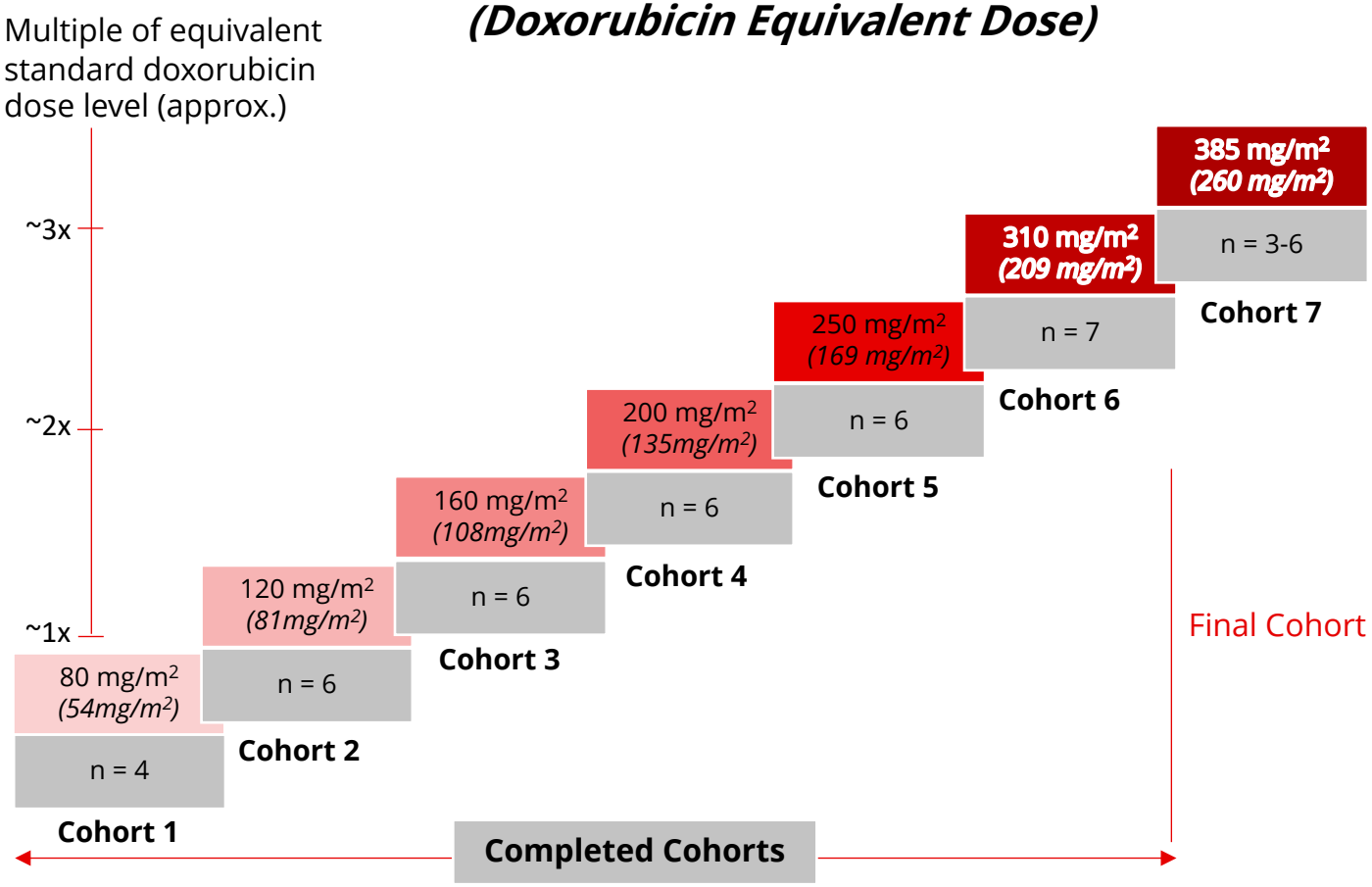
Endpoints

- Dose limiting toxicities, safety, tolerability & cardiac safety.
- Pharmacokinetic profiles for cycles 1 & 2.
- Optional biopsies (AVA6000/Dox levels).
- Tumour assessments.

Centres

- 5 UK & 2 US

AVA6000 Dose Regimen - 3 weekly cycles *(Doxorubicin Equivalent Dose)*



"n" = number of patients in cohort

Summary of ALS-6000-101 Phase 1 Dose Escalation Data

Excellent safety profile, biopsies confirm release of doxorubicin in the tumour tissue at therapeutic levels and confirmed clinical signs of activity

- 35 patients with a range of solid tumours dosed across six dose escalation cohorts.
- Currently dosing patients in the 7th cohort at 385 mg/m^2; cohort 7 will be the final cohort in the three-weekly dosing study.

Safety and Tolerability

- AVA6000 is well tolerated across all dose cohorts.
- Significant reduction in the incidence and severity of the usual doxorubicin related toxicities (alopecia, nausea, myelosuppression, mucositis) including the most serious (neutropenia, thrombocytopenia, anaemia).
- Despite administering the equivalent of approximately three times the normal dose of doxorubicin to patients in cohort 6, the typical drug-related cardiotoxicity of doxorubicin is not being observed.

Biopsy Analysis

- Analysis of tumour biopsies taken from 9 patients confirms pre|CISION™ can deliver therapeutically significant levels of doxorubicin to tumour tissue compared to systemic levels at same timepoint.

Clinical Activity

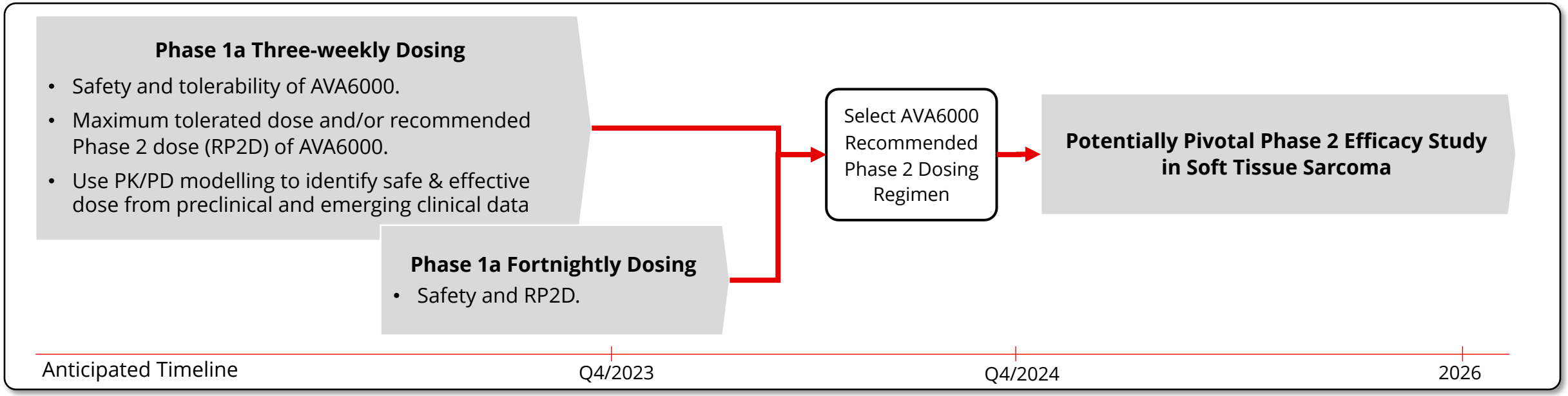
- A significant reduction in tumour volume has been confirmed in a patient with soft tissue sarcoma.
- Further indications of activity have been observed in several other sarcoma patients and in one non-sarcoma patient.

AVA6000: Clinical and Regulatory Strategy

Clinical development in soft tissue sarcoma (Phase 1 to 2)

Development Rationale in Soft Tissue Sarcoma (STS)

- Advanced, metastatic soft tissue sarcoma (STS)
- Doxorubicin is the only therapy indicated for first-line monotherapy in advanced STS
- Limited current or near future competition for doxorubicin in first-line STS
- Conventional doxorubicin has marginal efficacy (18% ORR; 6mth PFS) & limitations due to cumulative dose limit (450mg/m^2 – 6 cycles maximum)
- AVA6000 has potential to safely increase treatment duration beyond 6 cycles/increase dose level/increase dose frequency to improve patient outcomes

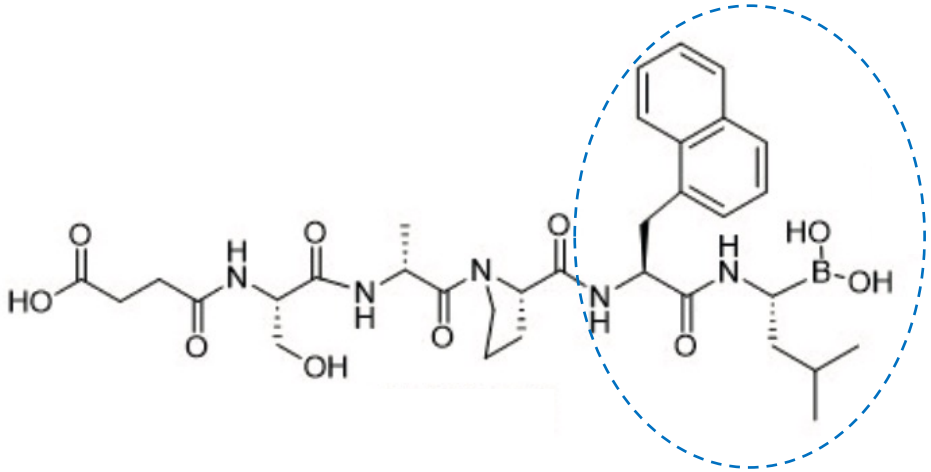


pre|CISION Pipeline: AVA3996

AVA3996 is a FAP-activated proteasome inhibitor with potential for use in solid tumour indications

- The “proteasome” is the cell’s “garbage disposal” system that breaks down protein waste.
- A working proteasomal degradation pathway (“garbage disposal”) is essential for a cell to survive.
- Inhibiting the proteasome (turning off the “garbage disposal” system) leads to cell death of many types of cells including cancer cells.
- AVA3996 is a pre|CISION™ proteasome inhibitor. The inhibitor itself is referred to as AVA2727D.
- The global proteasome inhibitors market is expected to grow at a CAGR of 8.4% (2023-2028) to reach nearly USD 2.3 billion by 2026[1].
- Proteasome inhibitors have severe dose limiting toxicities which have restricted their approval to haematological cancer (multiple myeloma).

AVA2727D



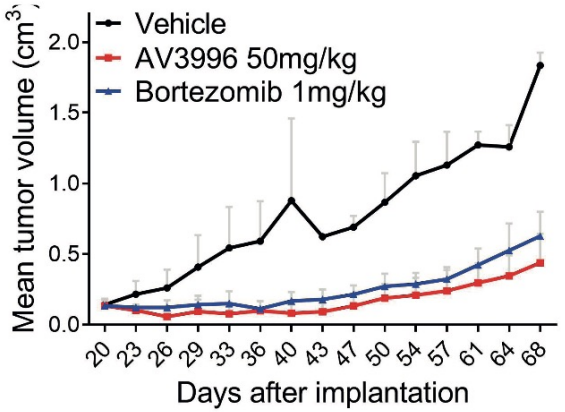
AVA3996 pre|CISION™ Proteasome Inhibitor

In-vivo Efficacy in Multiple Tumour Models

AVA3996 is as effective as Velcade in several PDX models of cancer without showing the same toxicities

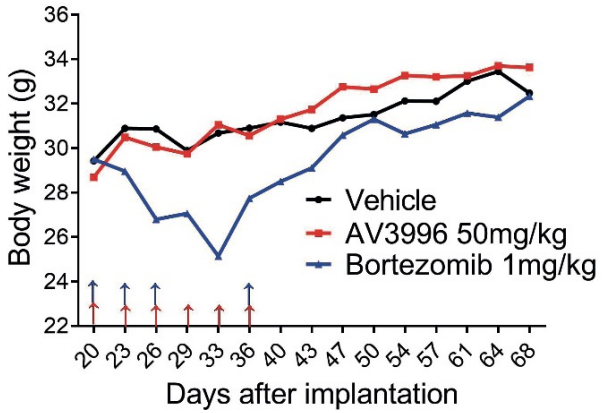
Melonoma PDX Model

Tumour growth inhibition: melanoma PDX model



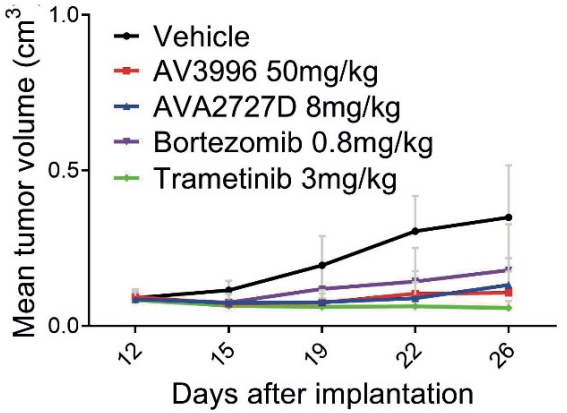
- AVA3996 is as effective as Velcade (bortezomib) in the melanoma model.
- AVA3996 also showed the same performance as Velcade in sarcoma and colorectal cancer PDX models.

Body weight: melanoma PDX model



- Mice did not show the same toxicities (reflected in body weight loss) when treated with AVA3996 as when they were treated with 1mg/kg bortezomib.

Tumour growth inhibition: melanoma PDX model



- Velcade dose had to be reduced to 0.8mg/kg to be tolerated.
- AVA3996 (FAP-activated in the tumour) was further compared with directly dosed AVA2727D and Trametinib (the standard of care for unresectable melanoma).

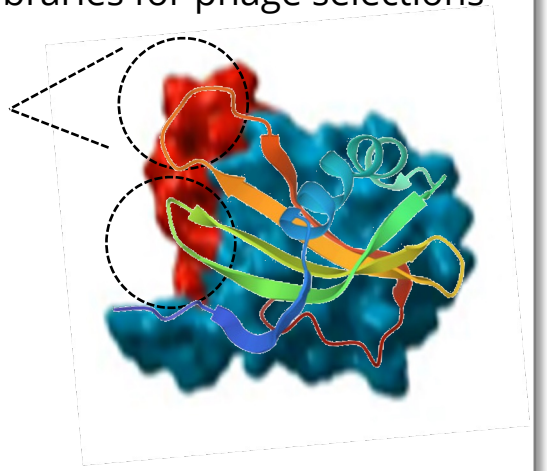
Affimer® Next-generation Biotherapeutics

What is an Affimer®?

Based on a naturally occurring human protein (stefin A) and engineered to display two loops that create an antigen binding surface

Variable loop regions of 9 amino acids each create a target recognition surface and can be randomised to create very large (10^{10}) libraries for phage selections

Variable loop regions



Affimer®

Technical Benefits

Smaller (14 kD), simpler and more robust, soluble and **more** stable than antibodies

High affinity Affimer® candidates generated for new targets rapidly

Flexible formatting for multi-specifics, agonism, drug conjugates

High expression levels in a range of cells and tissues

Fully human: lower immunogenicity risk

Commercial Advantages

Proprietary and unencumbered IP

Freedom to operate where there is antibody-based IP

Differentiated Biotherapies

Flexible solutions for **difficult-to-drug** targets **eg GPCRs**

Exquisitely selective for target antigen

Building blocks for **developable multi-specific** formats

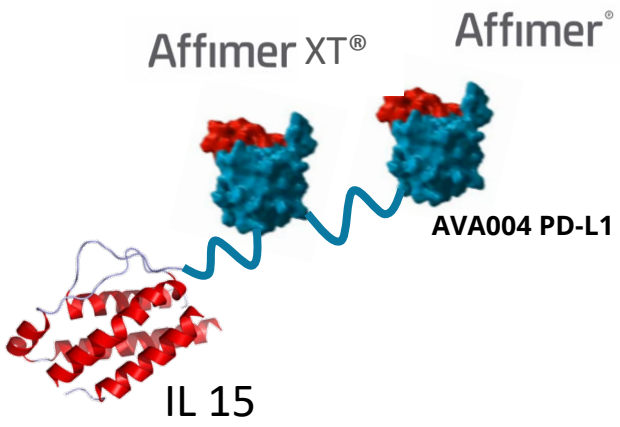
(Proof-of-concept multi-specific Affimers (LG Chem collaboration PD-L1 / XT) have demonstrated the developability of the platform)

Half-life extension capability and tunable pharmacokinetics

Affimer® Internal Research Programmes

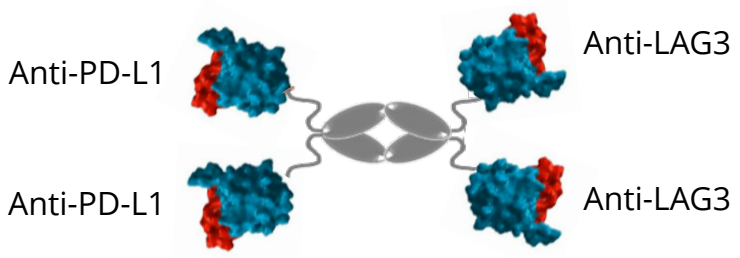
AVA028 PDL1/Cytokine Multi-specific

- Bispecific Affimer/ immunoctyokines utilise over-expression of PD-L1 on tumour cells to bring immunomodulatory cytokines directly to the tumour and reverse the immuno-suppressive tumour microenvironment by enhancing T cell activation but avoiding T cell exhaustion.
- The lead programme is a novel PD-L1/IL15 bispecific with Affimer XT® half-life extension which has demonstrated encouraging pre-clinical efficacy.
- Data will be presented at the Molecular Targets and Cancer Therapeutics Conference in Boston (Oct 11-15th).



AVA021 Multispecific Immunotherapy

- AVA021 is an Affimer® bispecific including Affimer® inhibitors of both the PD-L1 and LAG-3 mediated checkpoint pathways.
- The molecule works through reversal of LAG-3 signalling.
- As the targets of the bispecific are on two separate cells in the tumour microenvironment, the bispecific also has the potential to promote T cells to engage and kill PD-L1 positive tumour cells and tumour-supporting stromal cells.
- A combination of a PD-1 antibody and a LAG3 antibody (Opdualag) was approved in 2022 to treat melanoma, further validating this dual inhibition approach.



Tumour Microenvironment Activated Drug Conjugates

- Cytotoxin linked to immunotherapy by pre|CISION™ linker.
- Cytotoxin released in the TME/stroma by FAP.
- Potential for synergistic action of pro-inflammatory cytotoxin and immunotherapy.
- Recently increased internal and external chemistry capabilities to further evolve the opportunities for novel FAP targeted therapeutics including TMAC.

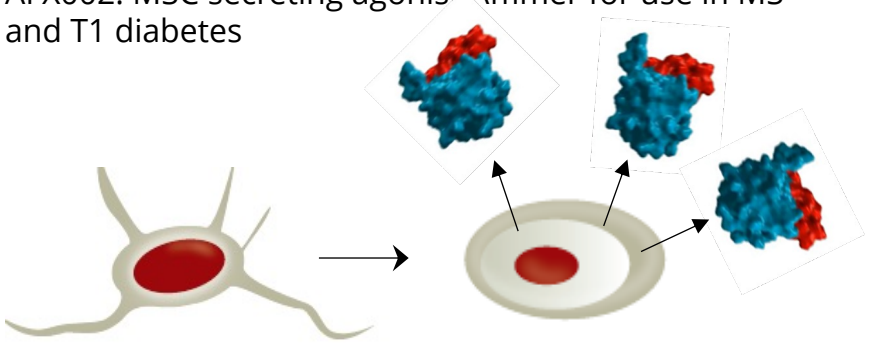
AffyXell – Joint Venture in the Cell & Gene Therapy

AffyXell THERAPEUTICS

A joint venture in South Korea with Daewoong Pharmaceutical to develop engineered mesenchymal stem cells that express and secrete immuno-modulatory Affimer molecules to treat autoimmune diseases

Next-generation Stem Cell Therapies

- Renewable "off-the-shelf" mesenchymal stem cells
- AFX001: MSC secreting anti-CD40L Affimer for use in GvHD
- AFX002: MSC secreting agonist Affimer for use in MS and T1 diabetes



COMPANY TECHNOLOGY PIPELINES AffyXell THERAPEUTICS INVESTORS & MEDIA CONTACT KR | EN

Development stage

Product Candidate	Target Indication	Discovery	Pre-clinical	Phase1	Phase2	Phase3
AFX-001	SOT					
	GvHD					
AFX-002	MS					

Avacta's JV AffyXell is progressing AFX001 through IND enabling studies, with Phase 1 planned for 2024. AffyXell and Avacta presented new data at the International Society for Cell Therapy Conference in Paris in May.

During the reporting period:

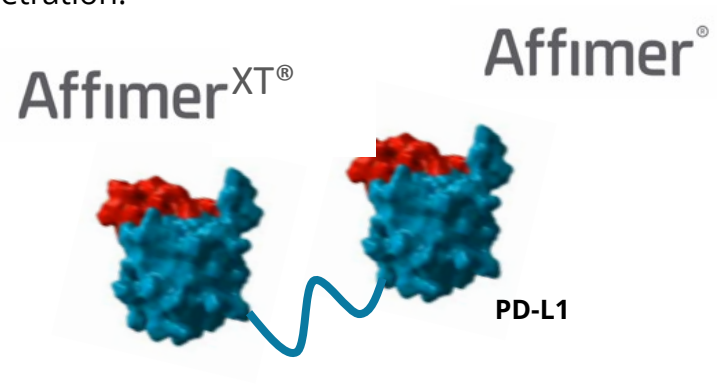
- Avacta successfully filed a patent application for the intellectual property relating to Affimers against the second AffyXell target triggering payment of a second milestone.
- The second milestone payment resulted in an increase in Avacta's shareholding in AffyXell, which stood at 19% before the milestone was triggered. The exact shareholding will be determined, as with the first milestone payment which was achieved in April 2022, following a formal valuation of AffyXell. Shareholding anticipated to increase from 19% to 25%.

LG Chem – Multi-target Partnership

A multi-target development partnership and licensing deal worth up to $310 million with a focus on oncology and inflammatory diseases

PDL1/XT Antagonist

- PD1/PDL1 axis Affimer inhibitor.
- Half-life extension using Affimer XT® a human serum albumin binder.
- Small size potentially leads to better tumour penetration.



LG Chem Life Sciences Innovation Center, Inc.

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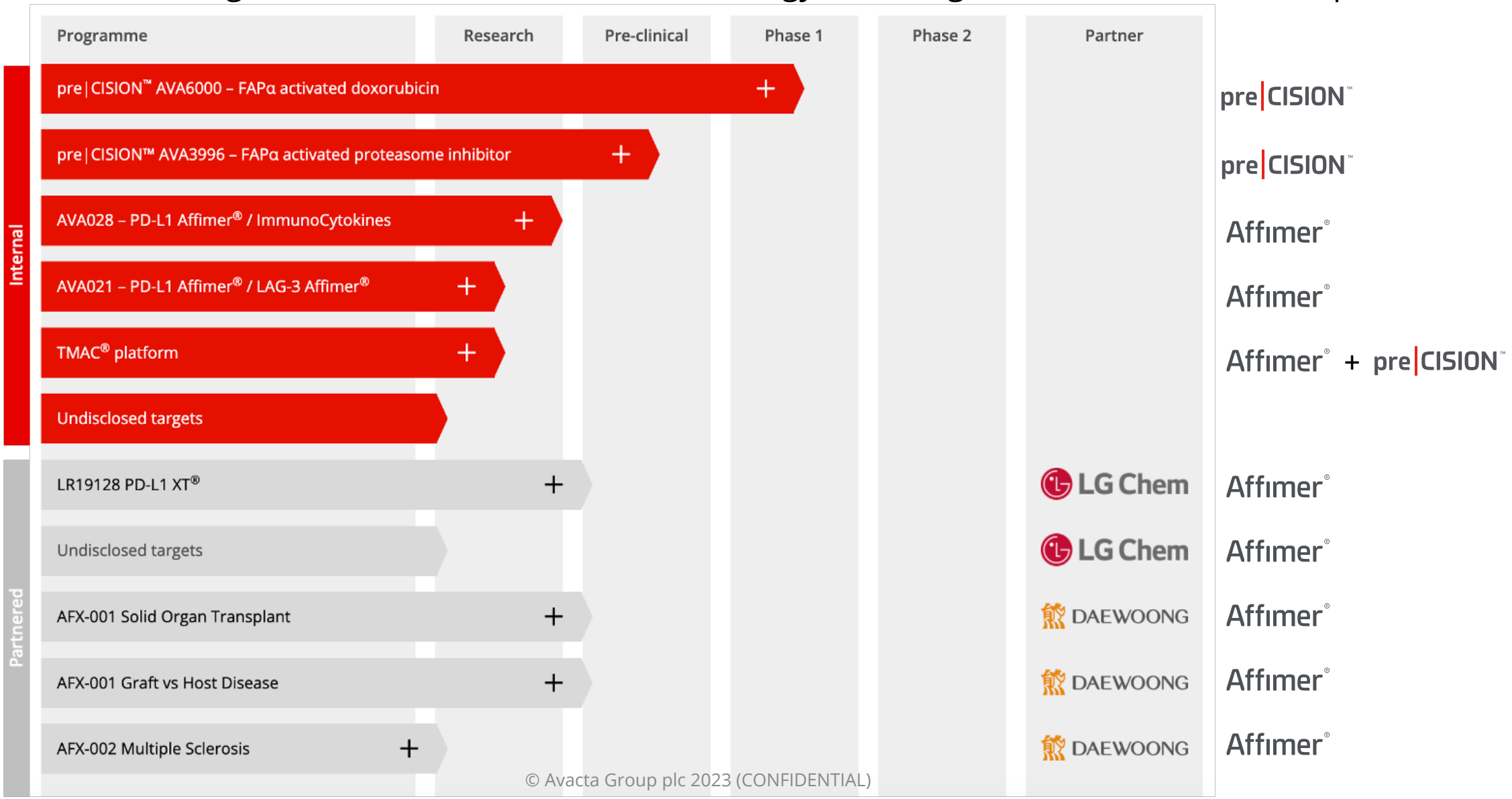
Disease Area	Code	Indication	Research	Preclinical	Phase I	Phase II	Phase III	NDA	Remark
Oncology	LR20009	Oncology							
	LR19023	Oncology							
	LR19128	Oncology							In partnership with Avacta
	LR19155	Oncology							

Avacta Therapeutics Pipeline

Pipeline addressing some of the hottest areas in oncology from targeted medicines to multispecifics



Avacta Diagnostics

Business Update

Avacta Diagnostics: M&A Led Growth Strategy

VISION

Build a full spectrum, differentiated European in-vitro diagnostics (IVD) business supporting healthcare professionals and broadening access to diagnostics.

MISSION

Innovate to make market leading diagnostic solutions available to all, to inform treatment and monitor health and fitness.

A Full Spectrum IVD Business

Supporting healthcare professionals ..... and broadening access to diagnostics

Centralised Testing		Decentralised Testing
Pathology Laboratory	Rapid PoC Tests	Self-sampling

Diagnostics Value Chain

Research
- Affimer® reagents
- Sampling devices
- Software/apps
- IP

Product Development
- Market led
- Lateral flow tests
- IP

Manufacturing
- High volume
- High quality
- Competitive costs

Sales and Marketing
- Lead generation
- Sales channel management
- Market intelligence

Logistics and Distribution

Commercial and Technical Support

Rationale for Acquisitions of Launch and Coris

Supporting healthcare professionals ..... and broadening access to diagnostics

Centralised Testing		Decentralised Testing
Pathology Laboratory	Rapid PoC Tests	Self-sampling

LAUNCH

Sales and Marketing

- Lead generation
- Sales channel management
- Market intelligence

Logistics and Distribution

Commercial and Technical Support

CORIS BioConcept

Avacta

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- High quality
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Launch Diagnostics: Growth Opportunities

Opportunities for growth in sales and margin through geographical expansion, cross-selling to customers gained during the pandemic and expansion of product range

Investment in Sales and Marketing

- Investment in sales and marketing team.
- Cross-selling of non-COVID products into the recently expanded installed base of PCR equipment post-COVID.

Short Term

Portfolio Expansion

- Expansion of centralised and decentralized testing product portfolio.
- e.g. New automated system for autoimmune and allergy testing (HOB).

Medium Term

Geographical Expansion

- Investment to expand commercial, logistics and support teams to expand into German market over a 3 year period.
- New logistics site already established in northern France.

Long Term

Coris BioConcept: Growth Opportunities

Opportunities for growth through improved distribution network and broadened product portfolio

Distribution Network

- Improvement in the quality and management of the distributor network in Europe.
- Potential synergy with Launch Diagnostics as a distribution partner in UK, France and ROI.

Short Term

Product Portfolio Expansion

- Market-led product development and product acquisition, to build a complete professional-use point-of-care rapid test portfolio.
- e.g.
  - Infectious diseases: STIs, Strep A
  - Gastro-enteric: C. difficile GDH/Tox AB combo
  - Respiratory: RSV/Flu AB/ SARS-CoV-2 combo
  - Cardiac, women's health, cancer

Medium/Long Term

Differentiation in a Competitive POCT Market

Affimer®

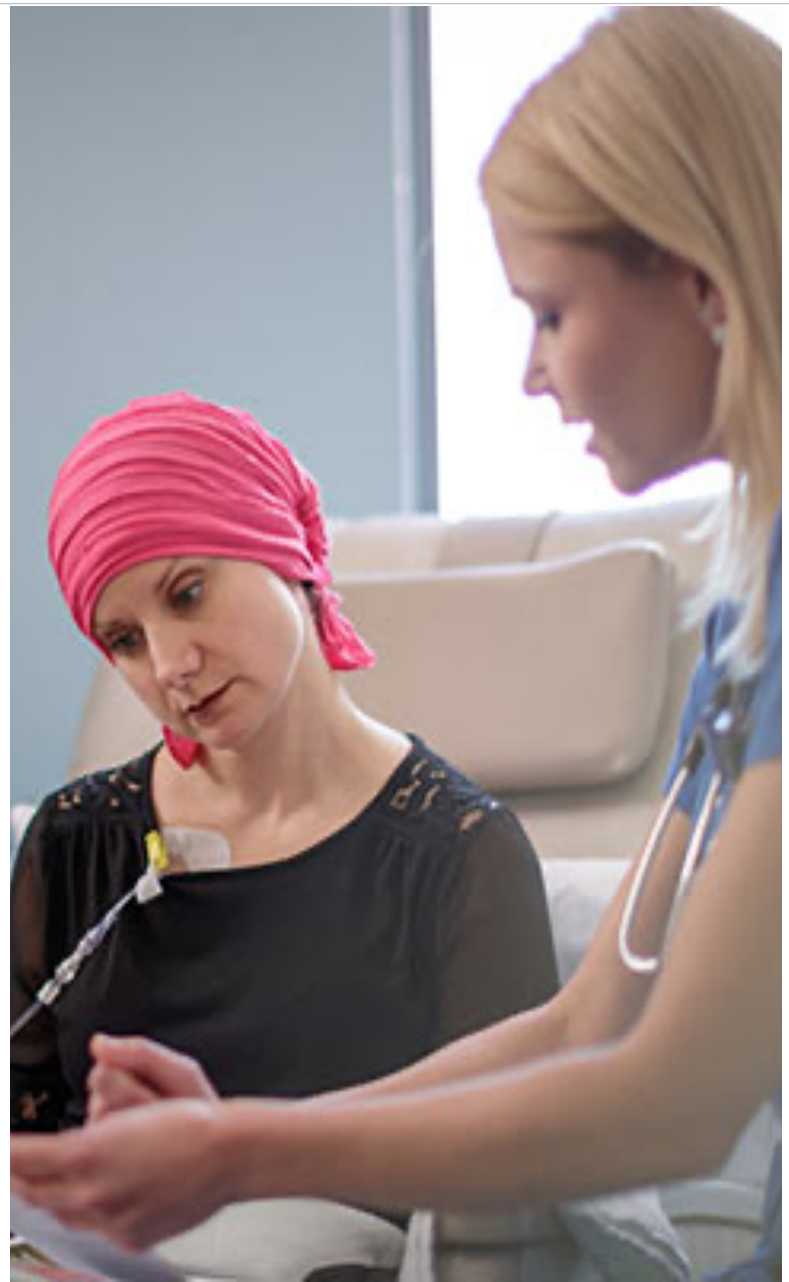
Avacta's proprietary technology with significant technical and commercial benefits to differentiate lateral flow tests and other immunodiagnostic products.

Competitive Advantages

- High specificity and sensitivity.
- Rapidly generated.
- No immune response required.
- Flexible formatting for different read-out mechanisms.
- Low cost, reliable manufacturing.
- Freedom to operate around antibody IPR.

Summary

- A UK-based life sciences company focused on improving healthcare outcomes and generating shareholder value through targeted cancer treatments and diagnostics.
- Therapeutics division is harnessing proprietary Affimer® and pre|CISION™ platforms to develop novel cancer therapies targeted to the tumour.
- Lead pre|CISION™ programme, AVA6000, demonstrating an excellent safety profile and initial signs of therapeutic activity in Phase 1a study.
- AVA3996, a FAP-activated proteasome inhibitor, showing positive pre-clinical data, now in IND enabling studies with FIH expected 2024.
- Building a full spectrum, European diagnostics business serving healthcare professionals through a targeted buy and build strategy focusing on established routes to market and product portfolios.
- Immediate focus on growing the first two acquired businesses and benefiting from synergies across the division.
- Balanced business and capital allocation model; well-funded to achieve key milestones in therapeutics.

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