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If you have sold or otherwise transferred all of your Existing Shares, please forward this document as soon as possible to the purchaser or transferee, or to the bank, stockbroker or other agent through or to whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, this document should not be forwarded or transmitted into any jurisdiction where such act would constitute a violation of the relevant laws of such jurisdiction. If you have sold or otherwise transferred only part of your Existing Shares you should retain this document.

The Existing Shares in issue as at the date of this document are admitted to trading on AIM. Applications will be made to the London Stock Exchange for the New Shares to be admitted to trading on AIM. It is expected that First Admission (in respect of the Direct Subscription Shares and the Firm Placing Shares) will become effective and dealings in the such New Shares will commence on at 8.00 a.m. on 4 March 2024 and Second Admission (in respect of the Conditional Placing Shares and the REX Offer Shares) will, subject to (amongst other things) the Resolution being duly passed at the General Meeting, become effective and dealings in such New Shares will commence 8.00 a.m. on 19 March 2024.

**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 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 have examined or approved the contents of this document. This document does not constitute a recommendation regarding securities of the Company.**

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# AVACTA GROUP PLC

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

## Notice of General Meeting

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**Your attention is drawn to the letter from the Chair of the Company which is set out in Part I of this document. That letter explains the background to, and reasons for, the Fundraise and recommends that you vote in favour of the Resolution to be proposed at the General Meeting, referred to below. You should read this document in its entirety.**

Notice of the General Meeting of the Company to be held at the offices of Walker Morris LLP at 33 Wellington Street, Leeds LS1 4DL at 11.00 a.m. on 18 March 2024 is set out at the end of this document. A proxy appointment in relation to the General Meeting should be returned as soon as possible and, in any event, so as to be received by the Company's registrars, Link Group of Central Square, 29 Wellington Street, Leeds LS1 4DL, by no later than 11.00 a.m. on 14 March 2024. Details on the procedure for submitting a proxy appointment are contained in the notes to the Notice of General Meeting.

## IMPORTANT NOTICE

### Cautionary note regarding forward-looking statements

This document includes statements that are, or may be deemed to be, “forward-looking statements” which reflect the Directors’ current views, interpretations, beliefs or expectations with respect to the financial performance, business strategy and plans and objectives of management for future operations of the Group. These statements include forward-looking statements with respect to the Group and the sector and industry in which the business currently operates. Statements which include the words “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “aims”, “targets”, “will”, “should”, “future”, “opportunity”, “potential” or, in each case, their negatives, and similar statements of a future or forward-looking nature identify forward-looking statements. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors’ current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company’s operations, results of operations, growth strategy and liquidity. While the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Save as required by law or by the AIM Rules, the Company undertakes no obligation to release publicly the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors’ expectations or to reflect events or circumstances after the date of this document.

### Notice to Overseas Shareholders

This document and the information contained in it does not contain or constitute an offer of securities for sale, or an invitation to subscribe for, or a solicitation of an offer to subscribe for or purchase New Shares to any person with a registered address in, or who is located and/or resident in or is a citizen of, any jurisdiction outside of the United Kingdom. Accordingly, the New Shares may not be offered or sold, directly or indirectly, in, into or within the United States or any other Restricted Jurisdiction or to, or for the account or benefit of, any resident of such jurisdictions. The New Shares have not been and will not be registered or qualified for distribution under the securities laws of the United States or any other Restricted Jurisdiction.

The New Shares have not been and will not be registered under the US Securities Act or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States. The New Shares are being offered outside of the United States in “offshore transactions” within the meaning of, and in reliance on, Regulation S under the US Securities Act and the New Shares may be offered, sold, pledged, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, in or into the United States, except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable state securities laws of any state or other jurisdiction of the United States. There will be no public offer of the New Shares in the United States or any other Restricted Jurisdiction.

The New Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the US or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the US.

Shareholders and any persons (including, without limitation, custodians, nominees and trustees) who have a contractual or other legal obligation to forward this document into a jurisdiction other than the UK should seek appropriate advice before taking any action. It is the responsibility of persons receiving a copy of this document outside the United Kingdom to satisfy themselves as to the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying any other issue, transfer or other taxes due in such other territory.

In accordance with the AIM Rules, this document will be available on the Company’s website (<https://avacta.com/investors/>) from the date of this document, free of charge.

## **References to defined terms**

Certain terms used in this document are defined in the section of this document headed "Definitions".

## **Nominated adviser**

The responsibilities of Stifel as the Company's nominated adviser under the AIM Rules and the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director, Shareholder or other person. Neither Stifel nor any of its affiliates accepts any responsibility whatsoever for the contents of this document including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on behalf of it, the Company or any other person, in connection with the Company and the contents of this document. Stifel accordingly disclaims all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise be found to have in respect of the contents of this document or any such statement. No representation or warranty, express or implied, is made by Stifel or its affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this document and nothing in this document is or shall be relied upon as a promise or representation in this respect, whether as to the past or future.

## **Banks**

Stifel, Peel Hunt and Turner Pope are authorised and regulated in the United Kingdom by the FCA and Beech Hill is a FINRA Member broker-dealer registered with the US Securities and Exchange Commission. Each Bank is acting exclusively for the Company and no one else in connection with the Placing, the contents of this document or any other matters described in this document. No Bank will regard any other person as its client in relation to the Placing, the content of this document or any other matters described in this document and will not be responsible to anyone (including any Placees) other than the Company for providing the protections afforded to its clients or for providing advice to any other person in relation to the Placing, the content of this document or any other matters referred to in this document.

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## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Eliot Forster, <i>Non-Executive Chair</i> Alastair Smith, <i>Chief Executive Officer</i> Tony Gardiner, <i>Chief Financial Officer</i> Christina Coughlin, <i>Head of Research &amp; Development</i> Trevor Nicholls, <i>Non-Executive Director</i> Paul Fry, <i>Non-Executive Director</i> Mark Goldberg, <i>Non-Executive Director</i> Shaun Chilton, <i>Non-Executive Director</i>
<b>Company secretary</b>	Tony Gardiner
<b>Registered office</b>	Unit 20 Ash Way Thorp Arch Estate Wetherby West Yorkshire LS23 7FA
<b>Nominated adviser and joint broker</b>	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V 6ET
<b>Joint broker</b>	Peel Hunt LLP 7th Floor 100 Liverpool Street London EC2M 2AT
<b>Legal advisers to the Company (as to English law)</b>	Walker Morris LLP 33 Wellington Street Leeds LS1 4DL
<b>Registrars</b>	Link Group Central Square 29 Wellington Street Leeds LS1 4DL

## FUNDRAISE STATISTICS

Closing Price per Share <sup>(1)</sup>	75.8 pence
Offer Price per New Share	50 pence
Discount to the Closing Price <sup>(1)</sup>	34.0 per cent.
Number of Existing Shares as at the date of this document	288,215,722
Number of New Shares to be issued pursuant to the Firm Placing and the Direct Subscription	27,520,485
Number of New Shares to be issued pursuant to Conditional Placing	23,879,124
Maximum number of REX Offer Shares to be issued	13,600,000
Gross proceeds of the Firm Placing and the Direct Subscription	approximately £13.8 million
Gross proceeds of the Conditional Placing	approximately £11.9 million
Maximum gross proceeds of the REX Offer	£6.8 million
Maximum gross proceeds of the Fundraise	approximately £32.5 million
Enlarged Share Capital <sup>(2)</sup> immediately following completion of the Fundraise (but excluding the REX Offer)	339,615,331
Percentage of Enlarged Share Capital <sup>(2)</sup> following completion of the Fundraise represented by New Shares (but excluding the REX Offer Shares)	15.1 per cent.

### Notes

- (1) Closing Price on 27 February 2024 (being the latest practicable date before the announcement of the Fundraise).
- (2) Assuming that all the Direct Subscription Shares are allotted and issued at First Admission and all the Placing Shares are allotted and issued at First Admission and Second Admission (as applicable), but not including any REX Offer Shares. This calculation also assumes that no further Shares are issued under the Company's share schemes (or otherwise) between the date of this document and Second Admission.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS<sup>(1)(2)(3)</sup>

*Date 2024*

Posting of this document	1 March
First Admission effective and dealings in the Direct Subscription Shares and the Firm Placing Shares expected to commence on AIM	8.00 a.m. on 4 March
<b>Latest time and date for electronic proxy appointments or receipt of completed forms of proxy</b>	<b>11.00 a.m. on 14 March</b>
Voting Record Time	8.00 p.m. on 14 March
<b>General Meeting</b>	<b>11.00 a.m. on 18 March</b>
Announcement of the results of the General Meeting	18 March
Second Admission effective and dealings in the Conditional Placing Shares and REX Offer Shares expected to commence on AIM	8.00 a.m. on 19 March
Expected date for crediting of the Conditional Placing Shares and REX Offer Shares in uncertificated form to CREST stock accounts	19 March
Expected date of dispatch of share certificates in respect of the Conditional Placing Shares and REX Offer Shares	by 2 April

### Notes

- (1) Each of the times and dates are indicative only and are subject to change at the absolute discretion of the Company, Peel Hunt and Stifel. If any of the above times and/or dates change, the revised times and/or dates will be notified by the Company by announcement through a RIS.
- (2) References to times in this document are to London, UK times unless otherwise stated.
- (3) The timetable assumes that the Resolution is duly passed at the General Meeting (on the date it is originally convened for).

## DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

<b>“2023 AGM”</b>	the annual general meeting of the Company held on 28 June 2023
<b>“Act”</b>	the Companies Act 2006 (as amended)
<b>“Admission”</b>	the First Admission and/or the Second Admission (as the context requires)
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange
<b>“AIM Rules”</b>	the rules published by the London Stock Exchange entitled “AIM Rules for Companies” in force from time to time
<b>“AIM Rules for Nominated Advisers”</b>	the rules published by the London Stock Exchange entitled “AIM Rules for Nominated Advisers” in force from time to time
<b>“Banks”</b>	Stifel, Peel Hunt, Turner Pope and Beech Hill
<b>“Beech Hill”</b>	Beech Hill Securities, Inc.
<b>“Board”</b>	the board of directors of the Company
<b>“Bookbuild”</b>	means the bookbuilding process commenced by the Banks immediately following release of the Bookbuild Announcement to use their respective reasonable endeavours to procure Placees for the Placing Shares, as described in the Bookbuild Announcement and subject to the terms and conditions set out in the Bookbuild Announcement and the Placing Agreement
<b>“Bookbuild Announcement”</b>	the announcement published by the Company at or about 4.41 p.m. on 28 February 2024 setting out details of, amongst other things, the Placing
<b>“Bookrunners”</b>	Stifel and Peel Hunt
<b>“Closing Price”</b>	the closing middle market price of an Existing Share as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange
<b>“Company” or “Avacta”</b>	Avacta Group plc, a company incorporated in England and Wales under the Companies Act 1985 with registered number 04748597
<b>“Conditional Placees”</b>	investors procured by the Banks to subscribe for Conditional Placing Shares
<b>“Conditional Placing”</b>	the conditional placing of the Conditional Placing Shares pursuant to the Placing in accordance with Appendix I to the Bookbuild Announcement
<b>“Conditional Placing Shares”</b>	the 23,879,124 New Shares which are to be issued pursuant to the Conditional Placing
<b>“CREST”</b>	the relevant system (as defined in the CREST Regulations) for the paperless settlement of share transfers and the holding of uncertificated shares operated by Euroclear



<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (S.I. 2001 No 3755) (as amended)
<b>“Direct Subscription”</b>	the subscription by certain Directors for the Direct Subscription Shares
<b>“Direct Subscription Letters”</b>	the subscription letters entered by those persons subscribing for Direct Subscription Shares
<b>“Direct Subscription Shares”</b>	130,000 New Shares (in aggregate) to be subscribed for in the Direct Subscription
<b>“Directors”</b>	the directors of the Company as at the date of this document whose names are set out on page 5 of this document and <b>“Director”</b> means any one of them
<b>“Enlarged Share Capital”</b>	the entire issued ordinary share capital of the Company immediately following Second Admission (assuming that all the Direct Subscription Shares are allotted and issued at First Admission and all the Placing Shares are allotted and issued at First Admission and Second Admission (as applicable), but not including any REX Offer Shares. This amount also assumes that no further Shares are issued under the Company’s share schemes (or otherwise) between the date of this document and Second Admission)
<b>“Euroclear”</b>	Euroclear UK & International Limited
<b>“Existing Shares”</b>	the Shares in issue at the date of this document
<b>“FCA”</b>	the Financial Conduct Authority of the UK
<b>“Firm Placing”</b>	the conditional placing of the Firm Placing Shares pursuant to the Placing in accordance with Appendix I to the Bookbuild Announcement
<b>“Firm Placing Shares”</b>	the 27,390,485 New Shares to be issued pursuant to the Firm Placing
<b>“First Admission”</b>	admission of the Direct Subscription Shares and the Firm Placing Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended)
<b>“Fundraise”</b>	together, the Placing, the Direct Subscription and the REX Offer
<b>“General Meeting”</b>	the general meeting of the Company’s shareholders, notice of which is set out at the end of this document, including any adjournment(s) of it
<b>“Group”</b>	the Company and each of its subsidiary undertakings (to be construed in accordance with section 1162 of the Act)
<b>“Intermediaries”</b>	any intermediary financial institution that is appointed by the Company in connection with the REX Offer pursuant to an Intermediaries Agreement, and <b>“Intermediary”</b> shall mean any one of them

<b>“Intermediaries Agreements”</b>	(i) the Master Intermediary Agreements; (ii) the agreement(s) (if any) between an Intermediary, the Company and Peel Hunt relating to the REX Offer, setting out the terms and conditions of the REX Offer; and (iii) the form of subscription by the relevant Intermediary under the REX Offer
<b>“Link Group”</b>	a trading name of Link Market Services Limited
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Master Intermediary Agreements”</b>	the master intermediary agreements between Peel Hunt and certain Intermediaries
<b>“New Shares”</b>	the Placing Shares, the Direct Subscription Shares and the REX Offer Shares
<b>“Notice of General Meeting”</b>	the notice of the General Meeting, set out at the end of this document
<b>“Offer Price”</b>	50 pence per New Share
<b>“Overseas Shareholders”</b>	all Shareholders with a registered address in, or who are located and/or resident in or are citizens of, any jurisdiction outside of the United Kingdom
<b>“Peel Hunt”</b>	Peel Hunt LLP (registered number: OC357088)
<b>“Placees”</b>	any person (including individuals, funds or otherwise) by whom or on whose behalf a commitment to acquire Placing Shares is given
<b>“Placing”</b>	the Firm Placing and/or the Conditional Placing (as the context requires)
<b>“Placing Agreement”</b>	the agreement between the Company and the Banks dated 28 February 2024 relating to the Placing
<b>“Placing Shares”</b>	the Firm Placing Shares and the Conditional Placing Shares
<b>“Registrars”</b>	Link Group
<b>“Regulatory Information Service” or “RIS”</b>	has the meaning given in the AIM Rules
<b>“Resolution”</b>	the resolution to be proposed at the General Meeting, which is set out in full in the Notice of General Meeting
<b>“REX Offer”</b>	the conditional offer of the REX Offer Shares being made to retail investors by the Company through intermediaries using the REX platform and on the basis of the terms and conditions set out in the REX Offer Announcement and Intermediaries Agreements
<b>“REX Offer Announcement”</b>	the announcement released by the Company on 28 February 2024 giving details, amongst other things, of the REX Offer
<b>“REX Offer Shares”</b>	the New Shares being made available under the REX Offer
<b>“Second Admission”</b>	admission of the Conditional Placing Shares and REX Offer Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
<b>“Shareholder”</b>	a holder of one or more Shares from time to time

<b>“Shares”</b>	ordinary shares of £0.10 each in the capital of the Company
<b>“Stifel”</b>	Stifel Nicolaus Europe Limited (registered number: 03719559)
<b>“Turner Pope”</b>	Turner Pope Investments (TPI) Limited (registered number: 09506196)
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“US” or “United States”</b>	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction and any political sub-division thereof
<b>“US Securities Act”</b>	the United States Securities Act of 1933.

Unless otherwise indicated in this document, all references to “**£**”, “**pounds**”, “**p**” or “**pence**” are to the lawful currency of the United Kingdom.

## PART I

### LETTER FROM THE CHAIR OF AVACTA GROUP PLC

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

#### Directors

Eliot Forster, *Non-Executive Chair*  
Alastair Smith, *Chief Executive Officer*  
Tony Gardiner, *Chief Financial Officer*  
Christina Coughlin, *Head of Research & Development*  
Trevor Nicholls, *Non-Executive Director*  
Paul Fry, *Non-Executive Director*  
Mark Goldberg, *Non-Executive Director*  
Shaun Chilton, *Non-Executive Director*

#### Registered office

Unit 20 Ash Way  
Thorpe Arch Estate  
Wetherby  
West Yorkshire LS23 7FA

1 March 2024

Dear Shareholder,

### Notice of General Meeting

#### 1. INTRODUCTION

On 29 February 2024, the Company announced that it had successfully placed:

- 27,520,485 New Shares at an offer price of 50 pence per new Share (the “**Offer Price**”) to investors in a non-pre-emptive firm placing and to certain Directors, raising gross proceeds of £13.8 million; and
- conditional upon Shareholder approval at the General Meeting, 23,879,124 New Shares at the Offer Price to investors in a non-pre-emptive conditional placing, raising gross proceeds of approximately £11.9 million.

In addition, the Company announced on 28 February 2024, an offer of new Shares by the Company on the ‘REX’ platform to new and existing retail investors at the Offer Price, which is also conditional upon Shareholder approval at the General Meeting, to raise gross proceeds of up to £6.8 million.

The Offer Price represents a discount of approximately 34.0 per cent. to the Closing Price of a Share on 27 February 2024 (being the latest practicable date before the announcement of the Fundraise).

The purpose of this document is to explain the background to, and reasons for, the Fundraise and to set out the reasons why the Board considers that the Resolution to be proposed at the General Meeting to be in the best interests of Shareholders and why the Board unanimously recommends that Shareholders vote in favour of the Resolution.

#### 2. BACKGROUND TO AND REASONS FOR THE FUNDRAISE

As Shareholders will be aware, the Company is a life sciences company working to improve people’s health and well-being through innovative oncology drugs and powerful diagnostics. The Company operates through two divisions: Therapeutics and Diagnostics.

On 8 November 2022, Avacta announced the completion of a fundraise of approximately £64.0 million (gross). The use of these proceeds has been directed towards the execution of an M&A-led growth strategy for its Diagnostics division and progressing its oncology drug development pipeline. Avacta has used part of these funds to complete the acquisitions of Launch Diagnostics and Coris Bioconcept SRL (“**Coris**”) as the first steps in building an integrated in-vitro diagnostics (“**IVD**”) business. This expanded Diagnostics division also has the advantage of Avacta’s proprietary Affimer® platform, which helps to differentiate its immunodiagnostic products in a competitive market. Avacta Diagnostics is now focused on integrating and growing the acquired businesses, driving efficiencies across the enlarged Group infrastructure and delivering near-term financial performance of both companies. The FY 2023 adjusted revenue for the Diagnostics Division is approximately £22 million and the revenue forecast for FY 2024 is approximately £24 million. The Diagnostics Division is expected to be EBITDA positive in 2H 2024 and cash generative in 2025.

In light of progress in the clinic with the first of Avacta's pre|CISION™ tumour targeted chemotherapy AVA6000, the Board has taken the strategic decision to focus resources on its therapeutics drug development programmes as the key value driver of the Group. The Group continues to explore all possible pathways to appropriately finance its clinical therapeutics programmes including divestment of the Diagnostics division in a manner that maximises value for Shareholders.

The most advanced asset within Avacta's Therapeutics division is AVA6000 which is currently progressing through a Phase 1a safety study. The Phase 1a clinical trial involves a dose-escalation in patients with locally advanced or metastatic selected solid tumours, known to be fibroblast activation protein ("**FAP**")  $\alpha$ -positive, in which cohorts of patients receive ascending doses of AVA6000 to optimise the dose level and dosing schedule to establish a recommended Phase 2 dose.

The starting dose for cohort 1 was 80 mg/m<sup>2</sup> of AVA6000, which is equivalent to 54 mg/m<sup>2</sup> of doxorubicin which is just below the standard dose for doxorubicin. The Safety Data Monitoring Committee ("**SDMC**") reviewed the data from cohort 1 in February 2022 and recommended that the dose be escalated to 120 mg/m<sup>2</sup>. The SDMC approved dose escalation to 120 mg/m<sup>2</sup> in a second cohort, 160 mg/m<sup>2</sup> in a third cohort, 200mg/m<sup>2</sup> in a fourth cohort, 250mg/m<sup>2</sup> in a fifth cohort, 310mg/m<sup>2</sup> in a sixth cohort and 385mg/m<sup>2</sup> in a seventh and final cohort.

The data obtained to date in 40 patients with a range of solid tumours has confirmed that AVA6000 has improved the safety and tolerability of doxorubicin, with a marked reduction in the incidence and severity of the usual doxorubicin related toxicities (including neutropenia, anemia and leukopenia). Cohort 7, at a dose of 385mg/m<sup>2</sup> (equivalent to approximately 3.5 times the normal dose of doxorubicin), has not shown to date the typical drug-related cardiotoxicity and pharmacokinetic data suggest that AVA6000 has the potential to be used for 2-3 times more cycles (depending on dose) than standard 75mg/m<sup>2</sup> doxorubicin dosing.

Ten tumour biopsies obtained from nine patients in different cohorts have also been analysed in order to confirm the release of the active chemotherapy, doxorubicin, in the tumour tissue. This analysis shows that AVA6000 targets the release of doxorubicin to the tumour tissue at therapeutic levels which are much higher than the levels being detected in the bloodstream at the same time point.

Pharmacokinetic data indicate that systemic levels of doxorubicin are considerably lower compared to standard 75mg/m<sup>2</sup> doxorubicin dosing, potentially allowing for higher dosing or more treatment cycles.

Deepening tumour shrinkage has been observed in two patients with disease predicted to have high FAP expression:

- a 59-year-old male with the diagnosis of undifferentiated pleomorphic sarcoma, treated at 160 mg/m<sup>2</sup> on a three-weekly dosing ("**Q3W**"), resulted in a Partial Response with a duration of greater than 6 months and a tumour volume reduction of ~65 per cent. Treatment is ongoing, with high FAP expression observed in the tumour tissue and a favourable PK profile with reduction in AUC which permits dosing for seven additional cycles (~21 weeks); and
- a 79-year-old female with the diagnosis of angiosarcoma of the spleen has been treated at 250 mg/m<sup>2</sup> Q3W, with Minor Response with visceral (hepatic) metastases resulting in a reduction of 14 per cent. at cycle 2 and ~22 per cent. at cycle 4, with a continued shrinkage of liver metastases at cycle 4 scan, with interval development of new bone metastases (mixed response).

In addition, three patients with the diagnosis of solitary fibrous tumour have been treated at the dose levels of 250 mg/m<sup>2</sup> and 200 mg/m<sup>2</sup>. All three patients with prolonged stable disease of 4-8 months with two of three patients ongoing, having experienced rapid progression prior to enrolment. The PK profile suggests additional cycles can be administered in all three patients.

The next steps with AVA6000 involve optimising the patient population, dose and schedule in order to increase efficacy and tolerability of doxorubicin treatment via pre|CISION™ targeting. Given the favourable safety data from the three-weekly Phase 1a dosing study, a two-weekly dosing study, which is now screening patients with high FAP levels in the USA, will assist in optimising the schedule and dose for a Phase 2 study (dose expansions are expected to begin in H2 2024 in the USA, subject to funding and FDA approval). The Company would, dependent on the data obtained during the Phase 1a and Phase 2 trials, anticipate commencing a potential Phase 3 trial in Q1 2026 for AVA6000 (also subject to funding and regulatory approval).

The majority of the net proceeds raised through the Firm Placing, the Direct Subscription and the Conditional Placing alongside the Company's existing cash resources will be used to initiate and progress the dose expansion and Phase 2 efficacy studies for its lead pre|CISION™ clinical programme, AVA6000, a tumour targeted form of the chemotherapy drug doxorubicin, as well as for general working capital for the Group until the end of 2025. The dose expansions are expected to begin in H2 2024 in the USA, followed by the Phase 2 efficacy study, subject to funding and FDA approval, which the Board considers to be a major value-driving event for the Group. The dose expansions are expected to be in several orphan indications including soft tissue sarcomas and the selection of these dose expansion indications will be informed by data from the ongoing two-weekly and three-weekly dose escalation studies.

The Directors believe that, subject to the successful completion of clinical trials and receipt of the necessary regulatory approvals, AVA6000 has the potential to compete effectively against other approaches that limit the incidence and severity of doxorubicin related toxicities.

Additionally, proceeds in excess of £20.0 million, including any proceeds raised through the REX Offer, alongside existing cash resources may also be used for:

- completing investigational new drug (“IND”) enabling studies, submitting an IND/clinical trial application and initiating a Phase 1a dose escalation study for AVA3996;
- progressing the current pre|CISION™ and Affimer® pre-clinical pipelines.

As at 1 January 2024, Avacta Group plc's unaudited cash position and principal remaining under the convertible bond amounts stood at £16.6 million and £40.8 million, respectively.

The Group continues to explore all available pathways to appropriately finance its clinical therapeutics programmes over the longer term, including non-dilutive funding through business development, attracting global specialist biotech investors and potentially a NASDAQ dual-listing. Avacta is also actively exploring routes to divest its Diagnostics division in a manner which maximises value for Shareholders.

### **Significant Newsflow**

The Company is anticipating the progression of its clinical development and research stage programmes to important value inflection points across 2024 and 2025, which includes key deliverables for the pre|CISION™ pipeline:

- AVA6000:
  - Read out of two-weekly and three-weekly dose escalation study data in late Q2 2024;
  - Presentation of Phase 1 three-weekly study clinical data at AACR 2024 in April 2024; and
  - Establish recommended Phase 2 dose in Q3 2024, initiating the dose expansion phase in the US in H2 2024, followed by the Phase 2 study, subject to funding and FDA approval.
- AVA3996:
  - Complete IND enabling studies and submit IND/CTA application in Q4 2024/Q1 2025; and
  - Initiate Phase 1a dose escalation study in the first half of 2025.
- pre|CISION™ pre-clinical pipeline:
  - Next clinical candidate to be selected Q1 2025;
  - Tumour microenvironment activated drug conjugate clinical candidate to be selected in the second half of 2025; and
  - Further expand pipeline.

### 3. PRINCIPAL DETAILS OF THE FUNDRAISE

#### **Placing**

The Placing was conducted through an accelerated bookbuild and comprises the Firm Placing and the Conditional Placing. At the 2023 AGM, the Company obtained Shareholder approval to issue Shares representing up to 10 per cent. of the Company's then issued ordinary share capital on a non-pre-emptive basis. The allotment and issue of the Firm Placing Shares will rely on the existing Shareholder authorities. However, the allotment and issue of any Conditional Placing Shares will be conditional, amongst other things, upon such Shareholder approval being granted (by way of the Resolution being passed). The Placing is not underwritten.

The Firm Placing may complete even if the Conditional Placing does not, whether by reason of a failure to obtain Shareholder approval or non-satisfaction of the other conditions. If this eventuality was to arise, the Company will not receive any proceeds of the Conditional Placing and it will not be able to fund the development of its programmes or extend its cash runway as indicated above. The Company estimates that the proceeds of the Firm Placing plus its existing cash resources will finance the Company through to 30 June 2025.

Subject to the discretion of the Company and the Bookrunners to elect otherwise, the Firm Placing Shares and the Conditional Placing Shares have been allocated proportionately with the same investors. An investor allocated Firm Placing Shares has been conditionally allocated an equivalent proportion of Conditional Placing Shares.

The Firm Placing is conditional upon, amongst other things, on the Placing Agreement not being terminated in accordance with its terms before First Admission and the Conditional Placing is conditional upon, amongst other things, on the Placing Agreement not being terminated in accordance with its terms before Second Admission.

The Placing Shares, when issued, will be credited as fully paid and will rank *pari passu* in all respects with the Company's then existing Shares, including the right to receive all dividends and other distributions declared, made or paid on or in respect of such shares after the date of issue.

#### **Direct Subscription**

Certain Directors, being Eliot Forster (Chairman), Alastair Smith (CEO), Christina Coughlin (Head of Research & Development) and Shaun Chilton (Non-Executive Director) (the "**Board Subscribers**"), have conditionally agreed to subscribe for an aggregate amount of £65,000 of Direct Subscription Shares at the Offer Price pursuant to the Direct Subscription. The Direct Subscription is not underwritten.

The Direct Subscription is conditional, amongst other things, upon First Admission becoming effective by no later than 8.00 a.m. on 4 March 2024 or such later time and/or date as the Board Subscribers and the Company may agree.

If any of the conditions to the Direct Subscription are not satisfied, the Direct Subscription Shares will not be issued and any monies received from the Board Subscribers will be returned to them.

The Direct Subscription Shares are not subject to clawback and are not part of or subject to any condition related to the REX Offer or the passing of the Resolution at the General Meeting.

The Direct Subscription Shares will be issued free of all liens, charges and encumbrances and will, when issued and fully paid, rank *pari passu* in all respects with the Company's then existing Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue.

The number of Direct Subscription Shares subscribed for pursuant to the Direct Subscription and the resulting Shareholdings immediately following completion of the Fundraise (excluding the REX Offer) are set out below:

	<i>As at the date of the Bookbuild Announcement</i>			<i>Immediately following completion of the Fundraise (excluding the REX Offer)</i>	
	<i>No. of Existing Shares</i>	<i>% of Existing Shares</i>	<i>No. of Direct Subscription Shares subscribed for</i>	<i>No. of Shares held</i>	<i>% of Enlarged Share Capital</i>
Eliot Forster	169,593	0.06%	20,000	189,593	0.06%
Alastair Smith	431,100	0.15%	20,000	451,100	0.13%
Christina Coughlin	–	–	50,000	50,000	0.01%
Shaun Chilton	–	–	40,000	40,000	0.01%

Participation in the Direct Subscription will constitute related party transactions for the purposes of the AIM Rules. Tony Gardiner, Trevor Nicholls, Paul Fry and Mark Goldberg, being the independent Directors for the purpose of the Direct Subscription, having consulted with the Company's nominated adviser, Stifel, consider that the terms of the Directors' Related Party Transaction are fair and reasonable insofar as Shareholders are concerned.

#### **REX Offer**

The Company has separately engaged Peel Hunt to undertake an intermediaries offer of the REX Offer Shares at the Offer Price, alongside the Firm Placing, the Direct Subscription and the Conditional Placing, to new and existing retail investors through its 'REX' platform.

The REX Offer Shares are not part of the Placing and are not Placing Shares. The REX Offer is not underwritten. The issue and allotment of the REX Offer Shares is conditional, amongst other things, upon the Resolution being passed at the General Meeting.

The REX Offer Announcement was made on 28 February 2024 relating to the REX Offer and its terms and conditions.

No prospectus will be published in connection with the REX Offer.

#### **4. UNSECURED CONVERTIBLE BONDS**

In October 2022, the Group issued senior unsecured convertible bonds (the "**Bonds**") of £55.00 million in aggregate principal amount to a fund advised by Heights Capital Ireland LLC. The Bonds were issued at 95 per cent. par value resulting in total gross cash proceeds of £52.25 million with a 6.5 per cent. coupon and amortise quarterly at 5 per cent. of the initial principal amount, with an initial 25 per cent. conversion premium to the offer price and a five-year term.

The Bonds were issued with a five-year term and are repayable in 20 quarterly amortisation repayments of principal and interest in either cash or in new Shares at the Group's option. If paid in new Shares, the repayment is at the lower of the initial conversion price (118.75 pence) or a 10 per cent. discount to the volume weighted average price ("**VWAP**") in the five- or ten-day trading period prior to each election date. The Bonds contain various conversion and redemption features together with standard UK market anti-dilution features.



As a result of the Offer Price being less than 95 per cent. of the VWAP in the five-day trading period prior to the announcement of the Placing, the Direct Subscription and the REX Offer, the conversion price (118.75 pence) and the reset floor price (95 pence) will be recalculated by the calculation agent using an adjustment factor calculation, where the adjustment factor will be  $(A+B)/(A+C)$ , and where:

A = number of Shares in issue on 27 February 2024 (being the date immediately before the date of first public announcement of the terms of the Bookbuild (the “Pricing Date”));

B = aggregate gross proceeds of the Bookbuild divided by the Current Market Price (“CMP”) on the Pricing Date of the Bookbuild, where CMP on the Pricing Date = arithmetic average of the five daily VWAPs immediately preceding the Pricing Date; and

C = number of Shares comprised in the Bookbuild.

The principal remaining under the Bonds was reduced by a further £2.55 million to £38.25 million on 22 January 2024 following the fifth quarterly amortisation.

## 5. GENERAL MEETING AND ADMISSION

The General Meeting, notice of which is set out at the end of this document, is to be held at 11.00 a.m. on 18 March 2024 at the offices of Walker Morris LLP at 33 Wellington Street, Leeds LS1 4DL. The General Meeting is being held for the purposes of considering and, if thought fit, passing the Resolution set out in full in the Notice of General Meeting. The Resolution is a special resolution to grant the directors of the Company authority to allot up to 37,479,124 New Shares (being an amount equal to the Conditional Placing Shares and the maximum number of REX Offer Shares) and to disapply the statutory pre-emption rights in respect of such Shares.

Application has been made to the London Stock Exchange for admission of the Firm Placing Shares and the Direct Subscription Shares to trading on AIM. Further applications will be made to the London Stock Exchange for admission of the Conditional Placing Shares and such number of REX Offer Shares as are subscribed for to trading on AIM.

It is expected that First Admission will become effective at or around 8.00 a.m. on 4 March 2024 or such later time and date (being not later than 8.00 a.m. on 11 March 2024) and the Second Admission will become effective at or around 8.00 a.m. on 19 March 2024 or such later time and date (being not later than 8.00 a.m. on 26 March 2024), in each case as the Bookrunners and the Company may agree.

## 6. WHY VOTE IN FAVOUR OF THE RESOLUTION?

**Your attention is drawn to the fact that the Conditional Placing and REX Offer are conditional upon, amongst other things, the Resolution being passed at the General Meeting and Shareholders are asked to vote in favour of the Resolution at the General Meeting.**

If the Resolution is not passed at the General Meeting (or any of the other conditions applicable to the Conditional Placing are not satisfied (or waived, where permitted)), the Company will not receive any proceeds of the Conditional Placing (or the REX Offer, which is conditional on Second Admission) and it will not be able to fund the development of its programmes or extend its cash runway as indicated above.

In such circumstances, the Group will have to explore further alternative pathways to finance appropriately its clinical therapeutics programmes over the longer term, including non-dilutive funding through business development, attracting global specialist biotech investors and potentially a NASDAQ dual-listing. Avacta is also actively exploring routes to divest its Diagnostics division in a manner which maximises value for Shareholders.

The Company estimates that the proceeds of the Firm Placing and the Direct Subscription together with its existing cash resources will finance the Company through to 30 June 2025.

## **7. ACTION TO BE TAKEN**

The General Meeting will be held for the purpose of considering and, if thought fit, passing the Resolution set out in full in the Notice of General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to appoint a proxy as soon as possible and, in any case, so as to be received by the Registrars, Link Group, no later than 11.00 a.m. on 14 March 2024. Details on how to appoint a proxy are contained in the notes to the Notice of General Meeting.

## **8. PRINCIPAL RISKS AND UNCERTAINTIES**

The Company draws your attention to the principal risks and uncertainties for the Group on pages 42 to 44 of its annual report and accounts for the financial year end 31 December 2022, which remain relevant to the Group. The risks in the Company's annual report do not necessarily comprise all those faced by the Group and are not intended to be presented in any assumed order of priority. If you are in any doubt about the contents of this document, or what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction.

## **9. RECOMMENDATION**

**The Directors consider that the Resolution is in the best interests of the Company and its Shareholders as a whole and recommend that the Shareholders vote in favour of the Resolution as they intend to do in respect of their own direct and beneficial shareholdings of the Existing Shares and the New Shares subscribed in the Direct Subscription.**

Yours faithfully

**Eliot Forster**  
*Non-Executive Chair*  
Avacta Group plc

## NOTICE OF GENERAL MEETING

# AVACTA GROUP PLC

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

**NOTICE IS GIVEN** that a general meeting of Avacta Group plc (the “**Company**”) will be held at the offices of Walker Morris LLP at 33 Wellington Street, Leeds LS1 4DL on 18 March 2024 at 11.00 a.m. to consider and, if thought fit, pass the following resolution, which will be proposed as a special resolution:

To:

- (a) authorise the directors of the Company (the “**Directors**”) generally and unconditionally pursuant to section 551 of the Companies Act 2006 (the “**Act**”) (in addition to all existing authorities granted to the Directors under section 551 of the Act (to the extent that they remain in force and unutilised)) to exercise all powers of the Company to allot shares in the Company up to an aggregate nominal amount of £3,747,913 in connection with the Conditional Placing and the REX Offer (as defined in the circular to shareholders of the Company dated 1 March 2024 of which this notice forms part (the “**Circular**”)); and
- (b) empower the Directors (in addition to all existing like powers granted to the Directors (to the extent that they remain in force and unexercised)) pursuant to sections 570 and 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash up to an aggregate nominal amount of £3,747,913 in connection with the Conditional Placing and the REX Offer pursuant to the authority conferred upon them by part (a) above as if section 561(1) of the Act and sections (1) - (6) of sections 562 of the Act did not apply to any such allotment,

provided that such authority and power shall expire on 30 April 2024 unless varied, revoked or renewed by the Company in general meeting.

By order of the Board

**Tony Gardiner**  
Company Secretary

*Registered Office:*

Unit 20 Ash Way  
Thorp Arch Estate  
Wetherby  
West Yorkshire LS23 7FA

1 March 2024

### Notes to this Notice of General Meeting

- (i) To be entitled to attend, speak and vote at the meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the register of members of the Company at 8.00 p.m. on 14 March 2024. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend, speak and vote at the meeting.
- (ii) Registered shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend, speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that shareholder. A proxy need not be a shareholder of the Company.
- (iii) In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company’s register of members in respect of the joint holding (the first named being the most senior).
- (iv) 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 the resolution. If no voting indication is given, your proxy will vote or abstain from voting at their discretion. Your proxy will vote (or abstain from voting) as they think fit in relation to any other matter which is put before the meeting.
- (v) You can vote/appoint a proxy:
  - by logging on to [www.signalshares.com](http://www.signalshares.com) and following the instructions;
  - Link Group, the Company’s registrars (the “**Registrars**”), has launched a shareholder app: LinkVote+. It is free to download and use and gives shareholders the ability to access their shareholding record at any time and allows users to submit a proxy appointment quickly and easily online rather than through the post. The app is available to download on both the Apple App Store and Google Play;
  - if you are an institutional investor, you may also be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by the Company and approved by the Registrars. For further information regarding Proximity, please go to [www.proximity.io](http://www.proximity.io). Your proxy must be lodged by 11.00 a.m. on 14 March 2024 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours (excluding any part of a day that is a non-working day) before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proximity’s

associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proximity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote;

- by requesting a hard copy form of proxy directly from the Registrars by email at [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk) or by phone on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate. Lines are open between 9.00 a.m. to 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales); or
  - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below (see note (x) below).
- (vi) In order for a proxy appointment to be a valid, the appointment must be completed via one of the methods detailed in note (v) above and reach the Registrars not later than 48 hours (excluding any part of a day that is a non-working day) before the meeting.
- (vii) If you submit more than one valid proxy appointment, the appointment which is last received by the Registrars shall be treated as taking precedence over, replacing and revoking, the others as regards that share (provided that such date is on or before the date of delivery and delivery takes place before the time referred to in note (vi) above).
- (viii) The return of a completed proxy appointment, electronic filing or any CREST Proxy Instructions (as described in note (x) below) will not prevent a shareholder from attending the meeting and speaking and/or voting in person if they wish to do so.
- (ix) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by using the procedures described in the CREST manual (available from [www.euroclear.com](http://www.euroclear.com)). 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.
- (x) In order for a proxy appointment or instruction 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 & International Limited’s (“**EUI**”) 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 11.00 a.m. on 14 March 2024. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- (xi) CREST members and, where applicable, their CREST sponsors, or voting service provider(s) should note that EUI does not make available special procedures in CREST for any particular message. 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 or her 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 system 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 Uncertificated Securities Regulations 2001.
- (xii) Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same share.
- (xiii) As at 29 February 2024 (being the last practicable business day prior to the publication of this Notice), the Company’s ordinary issued share capital consists of 288,215,722 ordinary shares, carrying one vote each, and deferred shares which carry no voting rights. Therefore, the total voting rights in the Company as at 29 February 2024 were 288,215,722.
- (xiv) You may not use any electronic address (within the meaning of section 333(4) of the Act) provided in either this notice of general meeting or any related documents (including the Circular) to communicate with the Company for any purposes other than those expressly stated.