Avacta Group plc
Annual Report & Accounts
for the year ending December 31, 2024

Contents

Highlights

Therapeutics Division

Encouraging clinical data for AVA6000, the Company's lead pre|CISION™ targeted cancer therapy

- Positioned the business as a pure play oncology biopharmaceutical company focused on the Company's proprietary pre|CISION® peptide drug conjugate platform
- FAP-Dox (AVA6000)—first pre|CISION® program
    - Completed Phase 1a enrollment dose escalation portion of clinical trial
    - Opening of the Phase 1b expansion cohorts in salivary gland cancers, triple negative breast cancer and high-grade soft tissue sarcoma
    - Anticipate releasing the initial data in salivary gland cancer in late 2025 and in triple negative breast cancer in H1 2026.
    - Phase 2 trials in these indications planned for H1 2026
- FAP-EXd (AVA6103)
    - Clinical candidate selection enables move toward clinical testing, by advancing to Investigational New Drug (IND)-enabling studies and Good Manufacturing Practices (GMP) manufacturing process development to support initiation of the Phase 1 clinical trial in Q1 2026
- Entered into a strategic collaboration with Tempus, leveraging AI to capture full market opportunity in both wholly owned and partnered medicines and drive smarter trials
- Cash and short-term deposit balances at December 31, 2024 of £12.9 million (31 December 2023: £16.6 million). As of April 30, 2025, £17.3 million following the divestment of Launch Diagnostics extending the Company's cash runway into Q1 2026.
- Board and management strengthened—new Chief Financial Officer and Chief Scientific Officer plus two Non-Executive Directors appointed.

Diagnostics Division

Diagnostics Division held for sale

- Avacta announced that it is exploring strategic options for the Division in a manner which maximizes shareholder value. The Group is classifying the Diagnostics Division as held for sale and reporting as discontinued operations.
- Our diagnostics division, known as Avacta Diagnostics, or the Diagnostics Division, includes three components: Launch Diagnostics, Coris BioConcept, and our internal diagnostics group ALS-Dx.
- *Launch Diagnostics*: Launch Diagnostics, based in Kent, England, is a leading independent in vitro diagnostic, or IVD, distributor in the United Kingdom, with over 30 years' experience in the industry. Launch Diagnostics provides immunodiagnostic and molecular test products, technical support and maintenance to healthcare providers. Launch Diagnostics serves private and public sector customers throughout the United Kingdom, France, Belgium, Luxembourg and Republic of Ireland, with approximately 95% repeat business. We acquired Launch Diagnostics in October 2022.
- Coris BioConcept: Coris BioConcept, or Coris, based in Gembloux, Belgium and established in 1996, develops, manufactures and markets rapid diagnostic test kits, mainly lateral flow tests, for use by healthcare professionals. Coris is ISO 13485 certified and markets its products through distributors in Europe, Asia, South America, Africa and Oceania. We acquired Coris in May 2023.
- Wetherby Diagnostics laboratory (ALS-Dx) operations were wound down during the year. Costs associated with the shutdown and severance pay totaled £1.03 million.
- Coris BioConcept sales process is ongoing.
- The Diagnostics Division reports revenue of £24.3 million (2023: £21.2 million)

Events after the reporting period

- March 2025 Avacta announced the sale of Launch Diagnostics Holdings Limited ("Launch Diagnostics") and its subsidiaries, its UK-based and largest diagnostics unit, for £12.9 million (net £10.6) in cash to Duomed Belgium NV, a subsidiary of Palex Healthcare Group S.L.U

Financial and corporate highlights

- Fundraise completed in March 2024 raising £31.1 million (gross proceeds) from quality institutions, including a European healthcare specialist investor
- Reported loss from continuing operations of £29.43 million (2023, restated: £29.15 million)
- Loss per ordinary share from continuing operations of 8.57p (2023, restated: 10.69p)
- Cash and short-term deposit balances at 31 December 2024 of £12.9 million (31 December 2023: £16.6 million)
- Appointment of Shaun Chilton as Non-Executive chairman of the Board of Directors and Darlene Deptula-Hicks as a Non-Executive Director to the Board of Directors

Events after the reporting period

- Appointment of Brian Hahn as Chief Financial Officer
- Appointment of David Bryant and Richard Hughes as Non-Executive directors in May 2025.

Avacta's Proprietary pre|CISION® platform

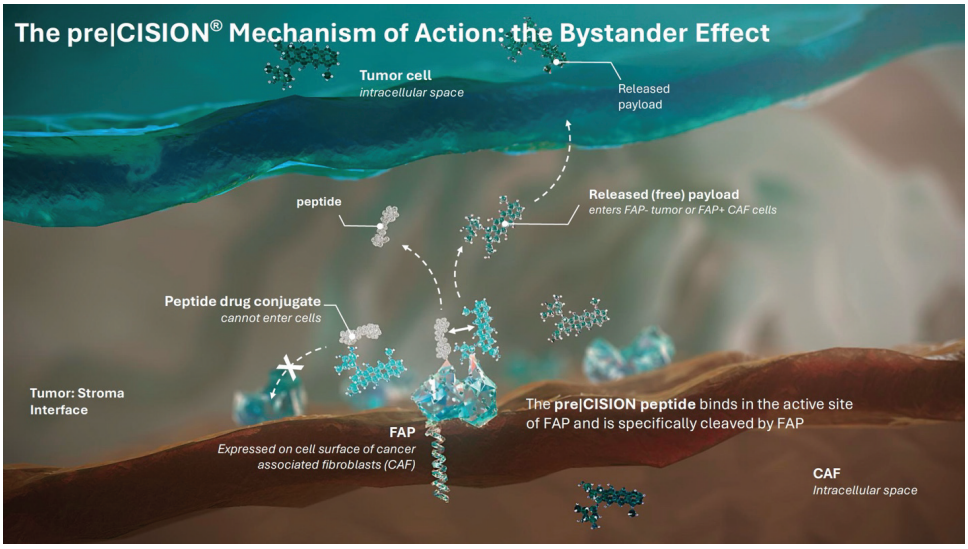
Concentrating highly potent warheads in the tumor microenvironment

The Avacta pre|CISION® platform is a proprietary system designed to deliver an anticancer drug, commonly referred to as a payload or warhead, to tumors while limiting systemic exposure to the payload. Linking the active drug or payload to the pre|CISION® peptide has two advantages:

- The drug is rendered inert by the conjugation to the peptide thereby reducing systemic toxicities; and
- The restricted release of the payload in tumors results in high concentrations of the active payload in tumors with lower concentration in peripheral blood.

By applying pre|CISION®, we aim to reduce systemic exposure while enhancing exposure at the tumor site. This would address dose-limiting toxicities that both cause significant morbidity and may limit the ability to deliver more effective therapy. With this mechanism, the payloads and cytotoxic activity are only activated upon cleavage by FAP within the tumor environment. Further, given that the pre|CISION® "micropeptide" is comprised of only two amino acids and a capping group, one distinct advantage of the peptide design is that it is too small to be visible to the immune system and therefore cannot generate anti-drug immune responses.

Our pre|CISION® technology relies on FAP, a protease that is overexpressed in many solid tumors. Our pre|CISION® product candidates rely on the enzymatic activity of FAP to cleave the pre|CISION® peptide, which releases the warhead directly in tumors. The pre|CISION® peptide is engineered to be highly specific to FAP versus other related and unrelated proteases, thus limiting non-specific release of warhead that results in off-target toxicities with other, non-specific release approaches. Prior to activation by FAP, our pre|CISION® product candidates cannot enter cells, which prevents cytotoxic activity. These product candidates can be administered to patients and travel to tumor sites without exposing healthy tissues to the inherent toxic effects of their payloads. Only upon cleavage by FAP within tumors are their payloads and cytotoxic activity released.

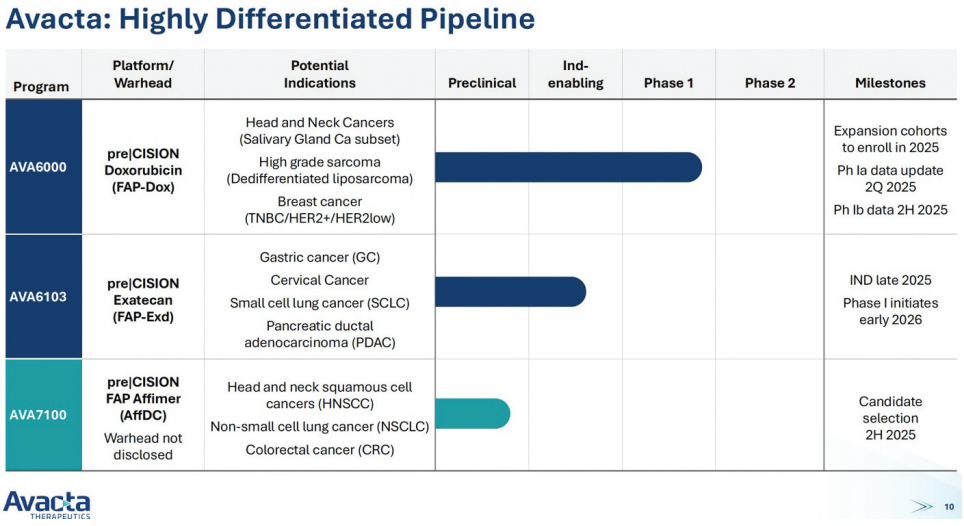


AVA6000, a doxorubicin pre|CISION® product candidate

AVA6000 is a PDC pre|CISION® product candidate designed to deliver doxorubicin to FAP-expressing solid tumors. In a Phase 1 trial in patients with solid tumors, tumor concentrations of doxorubicin delivered this way were approximately 100-fold higher than plasma concentrations, consistent with tumor-specific release of doxorubicin from AVA6000. Patients dosed with AVA6000 had reduced rates of toxicities compared to those reported with standard doses of doxorubicin. Preliminary signs of clinical activity have been observed, including partial responses that showed over 50 percent reduction in tumor load. The relatively low rate of toxicities observed in the every-three-week dosing regimen has enabled a modification of the dosing regimen so that one ongoing arm of the trial now features biweekly dosing. Expansion arms in indications such as breast cancer, soft tissue sarcoma, and salivary gland cancer were opened to screening in December 2024 and will begin dosing patients early in 2025. The FDA has granted orphan drug designation to AVA6000 for the treatment of patients with soft tissue sarcoma.

AVA6103, an exatecan pre|CISION® product candidate

AVA6103 is a pre|CISION® product candidate that delivers exatecan, a chemotherapy drug with clinical antitumor activity in cancers such as breast, gastric, small cell lung and pancreatic cancers. AVA6103 was designed to improve the safety and efficacy of exatecan by enhancing its exposure in tumors through blocking its ability to enter cells before FAP activation and by altering its pharmacokinetics to increase its tumor residence time. In early 2025, we will select the clinical candidate and advance AVA6103 into IND-enabling studies, with an IND planned to be filed with the FDA Q4 2025 / Q1 2026.

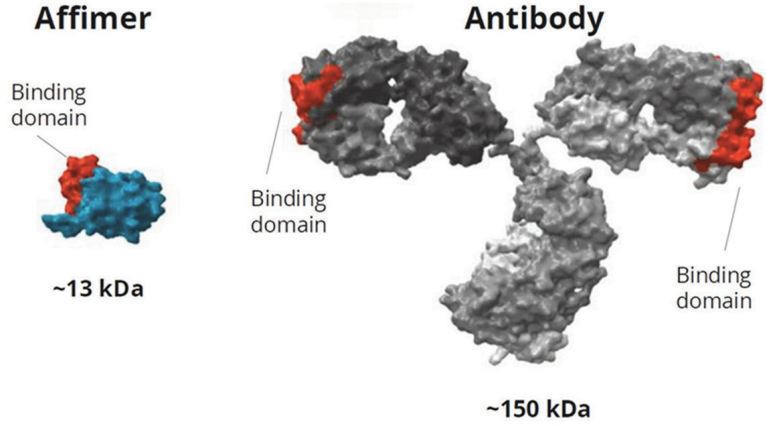


Affimer® Technology

Affimer® reagents are small proteins that can be engineered to bind to a target molecule of interest, in the same way that an antibody does, but with a number of competitive advantages over antibodies. Affimer regents can be used to develop diagnostic and research assays, or products to enrich or purify a target from a complex mixture. If the target is involved in a disease pathway and binding by the Affimer® molecule activates, alters or blocks its function, then there is potential for the Affimer® molecule to provide therapeutic benefit as a drug.

Our biologic drug conjugates

The capping group can also be applied as a linker to a biologic molecule through standard cysteine-maleimide conjugation methods used in the antibody drug conjugate field. Our Affimer® molecules are small proteins that can be engineered to bind to the pre|CISION® peptide, in the same way that an antibody does, but with a number of competitive advantages over antibodies. Affimer® molecules are based on a naturally occurring human protein called stefin A which is engineered to display two loops that create an antigen binding surface. Affimer® molecules are considerably smaller and simpler than naturally occurring antibodies, offering several advantages in comparison.

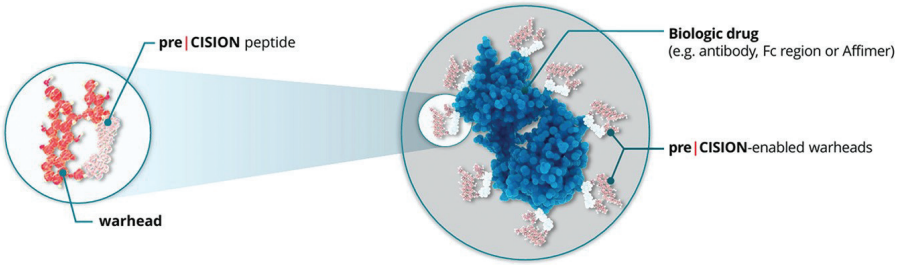


Affimer® molecules are 10-fold smaller than antibodies

Advantages of Affimer® molecules compared to antibodies:

- **Desired specificity and affinity can be generated more rapidly**. Antibodies are often generated by immunization of animals, a process which can take many months. Both the specificity and the affinity of antibodies identified by this method are limited by the immunological response in the particular animal used for production. By contrast, Affimer® molecules are generated by screening a pre-existing library of approximately 10 billion candidates, a process which takes weeks.
- **Potential to address a broader spectrum of targets**. Antibodies that are generated by immunization have some fundamental limitations. These antibodies cannot be generated if they are toxic to the host animal in which they are created. In order to elicit an immune response and to avoid immunogenicity or attack on the animal's healthy tissues, antibodies must address targets that are sufficiently different than targets endogenous to the animal. These limitations do not apply to Affimer® because the screening of potential candidates is done in the laboratory in a process called *in vitro* phage display that does not use animals.
- **Smaller size and simpler manufacturing.** Antibodies are typically produced by mammalian cell culture, a time consuming and expensive process. By contrast, Affimer® molecules have no post-translational modifications. Therefore, these molecules can be generated in bacterial cell culture. Along with having a smaller size, they are stable to extremes of pH and temperature, properties that are favorable both for purification and for chemical modification with drug payloads.
- **Potential for increased tissue penetration.** One of the disadvantages of biologics, such as antibodies, is that their size limits their ability to penetrate poorly vascularized tissues such as tumors. Affimer® monomer molecules are 5-10 times smaller than antibodies, a size advantage that may allow them to penetrate target tissues more readily.

- **Engineered for precision modification.** Affimer® molecules are engineered with specific sites that allow chemical modifications (cysteines), such as attachment of drugs, at specific sites. By contrast, antibodies are naturally occurring molecules that are not optimized for specific chemical modification. This property simplifies the ability to create product candidates that include both Affimer® and pre|CISION® technologies.



Affimers represent an efficient method of delivering pre|CISION® cytotoxins

Affimer® drug conjugates, or AffDCs, are pre|CISION® drug candidates that rely on Affimers as a means of targeting tumor-specific delivery; and those in which the Affimer® is intended to further extend plasma half-life. We believe that an Affimer® that directly targets tumor-associated antigens can lead to further increases in half- life by sequestration of drug molecules prior to activation by FAP. Furthermore, an Affimer® can be engineered to block signaling within the tumor, such as preventing PD-1/PD-L1 signaling, which we believe may lead to an increase antitumor activity. We have shown that we can create dual Affimers, enabling the inclusion of both types of functionality in a single AffDC product candidate.

AVA7100, an AffDC program

We are developing AVA7100 a dual Affimer® containing four sites to which a pre|CISION® exatecan drug conjugate can be linked. The FAP-targeting Affimer® domain of AVA7100 is designed to drive localization to FAP-expressing tumors. The second Affimer® domain binds albumin intended to improve pharmacokinetics by increasing plasma half-life.

Investment Proposition

Our Mission

Our Mission is to improve patients' lives and grow shareholder value by developing novel cancer therapies to create a portfolio of product candidates using our proprietary Affimer® and pre|CISION™ platforms.

Investment opportunity

- Avacta Group is strategically transitioning into a pure-play oncology therapeutics company by the ongoing divestment of its diagnostics division. This move allows the company to concentrate resources on its proprietary pre|CISION® platform, aiming to revolutionize cancer treatment through targeted peptide drug conjugates (PDCs)
- In March 2025, Avacta sold its UK-based diagnostics unit, Launch Diagnostics Holdings Limited, for £12.9 million (net £10.6 million) in cash to Duomed Belgium NV. This sale is a significant step toward Avacta's goal of becoming a dedicated biotechnology company.
- Coris BioConcept divestment process ongoing

Technology platforms

- Avacta has two proprietary platform technologies—the Affimer® and pre|CISION™ platforms—which are being used to deliver a robust portfolio of products that address multi-billion-dollar markets.
    - The pre|CISION™ platform is a highly specific substrate for fibroblast activation protein (FAP) which is highly upregulated in most solid tumours compared with healthy tissues. The pre|CISION platform harnesses this tumour-specific protease to activate pre|CISION peptide drug conjugates and pre|CISION antibody drug conjugates in the tumour microenvironment, reducing systemic exposure and toxicity, allowing dosing to be optimised to deliver the best outcomes for patients.

- Affimer® molecules are engineered alternatives to antibodies that have significant competitive advantages including size, stability, versatility, rapid development and ease of production.

Our Strategy

Our goal is to develop and ultimately commercialize a broad portfolio of product candidates based on the ability of our pre|CISION® technology to deliver potent warheads to tumors. In principle, if applied to all patients whose tumors overexpress FAP, our approach could lead to treatments for hundreds of thousands of patients. Our strategy to achieve this goal is as follows:

- **Continue to develop AVA6000 for the treatment of breast cancer, head and neck cancers and other tumors sensitive to doxorubicin.** Interim data from our ongoing Phase 1 trial indicates that AVA6000 delivers high concentrations of released doxorubicin directly to tumors in human subjects resulting in fewer toxicities than reported in the literature for conventional doxorubicin administration. We have observed clinically meaningful antitumor activity in the Phase 1a portion of this trial. To confirm this activity, we opened the indication-specific dose expansion cohorts to screening in December 2024 and will begin dosing patients early in 2025.
- **Advance AVA6103 into and through clinical development.** We have demonstrated the ability of our pre|CISION® technology to be applied to other warheads through the creation of AVA6103, an exatecan derivative. We intend to select a product candidate in the second half of 2024 and subsequently file an IND and initiate a Phase 1 trial of AVA6103 in the first half of 2026.
- **Advance AVA7100 into and through clinical development.** We believe AVA7100, utilizing our Affimer® proteins, will have the potential to impart tumor-antigen-specific targeting of pre|CISION® drug conjugates with improved pharmacokinetics that will optimize targeting of tumor types that have lower expression of FAP. We expect to nominate a FAP-targeted Affimer® pre|CISION® product candidate in our AVA7100 program in the second half of 2025 and to advance this program into IND-enabling studies.
- **Establish product-based partnerships on pre|CISION®** product **candidates.** We believe that the broad applicability of our pre|CISION® technology can drive the creation of a number of product candidates. We may seek to accelerate the development of some of these product candidates with corporate partners with clinical expertise in certain therapeutic areas or geographies.
- **Explore additional technology-based collaborations surrounding our pre|CISION® and Affimer® platforms.** We believe that the broad potential of these technology platforms may serve as the basis for future partnerships outside of our core area of focus. For example, we have previously licensed our pre|CISION® technology to POINT Biopharma Inc., or POINT, for the development of radiopharmaceutical product candidates; and we have partnerships with both Pharmaceutical Co. Ltd., or Daewoong, and LG Chem Life Sciences, or LG Chem, focused on generation of therapeutics based on our Affimer® technology.

Strategic Report

(Section Cover)

Chairman's statement

The Group has undergone significant transformation in the past year, driven by Dr. Christina Coughlin following her appointment as CEO, positioning Avacta as a dedicated therapeutics company with its unique pre|CISION® technology platform.

This novel platform demonstrates significant potential in addressing one of the primary challenges of effective treatment of diseases, specifically the balance between efficacy and safety.

There has never been any doubt in my mind about the potential of, and the opportunities for, Avacta's pre|CISION® platform. Avacta is pioneering a novel, differentiated class of pre|CISION®-based medicines to revolutionize drug delivery, which have the potential to demonstrate multiple advantages over conventional therapeutics.

Despite the challenging environment, we have achieved a number of significant markers of strategic and operational progress this, including the repositioning of the business into a pure-play therapeutics business with a unique technology platform; the divestment of the non-core diagnostics business; and the build-out of a leading management team, particularly the appointments of Michelle Morrow as Chief Scientific Officer and Brian Hahn as Chief Financial Officer.

FAP-Dox (AVA6000), the lead asset in the pre|CISION® platform, continues to make good clinical progress. Avacta is continuing to develop an exciting and innovative pipeline of differentiated assets as the business builds its IP portfolio and builds a profile in the sector with corporates and investors.

Now that Avacta is positioned as a clinical stage biopharmaceutical company, the more immediate challenges are less about clinical and operational execution—since Chris and her team continue to demonstrate their expertise and capabilities here—and are more about ensuring Avacta can establish a sustainable, long-term financing strategy to realize the pipeline's potential.

Avacta has a clear value proposition, world-class scientific capabilities, supported by robust data and an innovative platform and there are good opportunities to attract long-term investors. The Avacta management team continues to build knowledge and trust with a broad range of specialist and other investors in the US and closer to home.

At this stage in the Company's development, with substantially all resources dedicated to research and development and generating key data that will be key to the Company's long-term value, the Board's primary focus in relation to cash management is on funding critical pipeline progression.

The macroeconomic backdrop to the global biotechnology sector remains volatile, driven by both economic and political uncertainties resulting in a more subdued market backdrop and competitive funding environment.

The Board understands that the Heights Capital Bond ("HCB") liability remains a source of frustration for shareholders and is a significant factor in shaping shareholder sentiment. We continue to explore a number of possible alternatives.

The Board is committed to both the near term as well as the long-term financing requirements and is resolutely focused on executing its strategic goals and furthering the pre|CISION® platform, which it believes will be the springboard to deliver a longer-term solution to the Company's needs including its capital structure and driving shareholder value.

Throughout the year, we have been actively engaging with interested industry parties who align with our strategic vision and have the potential to bring complementary expertise and resources to the table. These discussions have focused on identifying collaborative opportunities to accelerate the development and commercialization of our pre|CISION® platform assets.

Establishing the right partnerships is critical for expanding our reach and ensuring the long-term success of our pipeline as well as potentially reducing the Group's internal financing requirement. Alongside finding a solution to the HCB, progressing these discussions remains a top priority for the Board.

Avacta is updating its Board to reflect the evolution in its strategy and its needs. We have recently brought on two new Non-Executive Directors, David Bryant and Richard Hughes. David brings extensive commercial industry knowledge and networks and Richard a track record in UK capital markets. Their respective experience and perspective will strengthen the Board's oversight and governance. As previously announced, Dr. Trevor Nicholls has retired from the Board as a Non-Executive Director.

All organizations are dependent upon their people, and we are very fortunate to have some of the leading international scientists in biotech, who are providing the intellectual backbone to the Company. They are developing the IP which makes our business so exciting and on behalf of the Board, I would like to thank them for their commitment and hard work.

With the strategy and operational focus solely now on the pre|CISION® platform and the strong development of the pipeline, along with the strength of the management team, we are now a much better proposition for both investors and potential international industry partners.

The future continues to be exciting for Avacta and the Board is resolutely focused on driving this exciting program of assets forward and delivering long-term shareholder value.

Shaun Chilton

Shaun Chilton,
Chairman
05 June 2025

Chief Executive Office's statement

Overview

Avacta's proprietary pre|CISION® platform enables the repurposing of a range of oncology drugs to significantly reduce toxicity and side effects for patients by concentrating the payload in the tumor, offering the potential to improve efficacy and patient tolerability.

Many anticancer drugs have demonstrated positive activity in the clinic but failed in clinical testing due to either severe toxicity that limits dosing or inferior drug half-life. Our pre|CISION® technology can address both these limitations.

Over the last year or so, we have rapidly developed a range of early-stage technologies using pre|CISION®. Avacta has multiple programs running designed to improve the therapeutic index (quantitative measurement of the relative safety and efficacy of a drug) and the exposure (the released drug kinetics or half-life).

These advances have led to new and increasingly valuable intellectual property being developed around our foundational pre|CISION® technology. Advances in chemistry are opening multiple opportunities for the development of pre|CISION® enabled drugs.

We see very significant market prospects as some 90% of solid tumors are potentially treatable by our pre|CISION® platform as demonstrated by multiple indications across all solid tumors. The versatility of the platform is one of its key advantages and USPs.

pre|CISION® is a highly innovative and unique platform that is set to deliver clinical results across our two lead programs in late 2025 and 2026.

pre|CISION®—our proprietary technology

The challenge in oncology is that the most effective therapies cause the most toxicity in normal tissues. The ability to deliver the active drug directly to the tumor is the promise of our proprietary pre|CISION® platform.

The key aspect of pre|CISION® peptide drug conjugates (PDC) technology is that the conjugated drug (the combination of the oncology drug and our peptide) is inert. It is incapable of entering cells and killing until the peptide is specifically released when it comes into contact with common tumor-associated protein, known as fibroblast activation protein or FAP, in the tumor.

When a pre|CISION® PDC encounters FAP in the tumor, the peptide is cleaved and active payload is released. The release of the payload from the pre|CISION® product in the tumor results in higher concentration of the drug at the tumor and lower blood and healthy tissue levels than would be achievable with standard systemic administration. Importantly, the increased toxicities (payload) at the tumor are directly associated with the pre|CISION medicines.

Two factors that dictate the antitumor potential of pre|CISION medicines are (1) the expression of FAP in the tumor to cleave the peptide (the amount of the FAP protein that exists in the tumor) and (2) the inherent susceptibility of the associated tumors to the chemotherapy (chemicals in the drug) that is released.

We believe that pre|CISION is capable of delivering higher drug levels within tumors which will lead to improved antitumor activity while reducing systemic toxicities. This will dramatically impact the therapeutic index and efficacy of a given anticancer drug.

Programs

We are generating a portfolio of product candidates that combine our pre|CISION® peptide with various anticancer drugs to enable the treatment of a broad spectrum of solid tumors. This will require both a near term and long-term financing strategy to achieve the company goals.

FAP-Dox (AVA6000), our lead product candidate, is a peptide drug conjugate form of doxorubicin, an approved cancer drug with known severe toxicities.

Doxorubicin was selected as the first candidate for three reasons:

- it is an approved drug with known activity in a set of solid tumors;
- the chemistry and half-life of the drug was highly amenable to peptide conjugation; and
- there is one distinct serious toxicity (cardiac failure) that would represent proof of concept, if pre|CISION® enabling could eliminate this toxic effect.

AVA6000 has been well-tolerated in the Phase 1a dose escalation trial in patients, with solid tumors and promising antitumor activity has been observed. FAP-Dox dosing in Phase 1 has escalated to doses nearly four-fold higher than those safely achieved with conventional doxorubicin in routine clinical use.

Despite these high doses delivered and high lifetime exposure to released doxorubicin, there has been no serious cardiac toxicity observed in the trial.

Importantly, tumor biopsy data from this trial demonstrated that intratumoral levels of doxorubicin were a median 100-fold higher than plasma levels in most of the patients tested, validating the ability of pre|CISION® to limit systemic exposure to the active cytotoxic (tissue damaging) drug.

The Phase 1b portion of the trial is underway, with the expansion cohorts currently enrolling at the recommended dose for expansion (RDE) determined in the Phase 1a dose escalation part of the trial.

Exatecan (EXd) (AVA6103) is our second product candidate that uses the pre|CISION peptide drug conjugate technology to deliver exatecan, a potent topoisomerase I inhibitor directly to tumors, while limiting the exposure of the released exatecan in normal tissues.

Exatecan has demonstrated clinical activity in cancers such as breast, gastric, lung and pancreatic cancers. However, dose-limiting toxicities and a short half-life in patients led to discontinuation of its development.

We believe that exatecan represents a good candidate for our pre|CISION® technology for three reasons:

- exatecan demonstrated single agent activity in a set of Phase 2 trials;
- a closely related payload, deruxtecan has demonstrated significant activity in two antibody drug conjugate programs including potent bystander effects; and
- the pharmacokinetic and systemic toxicities of exatecan can be potentially solved by pre|CISION® technology.

We believe that AVA6103 will enable patients to obtain the therapeutic benefit associated with delivering exatecan directly to tumors in a sustained release mechanism, while limiting systemic exposure associated with poor tolerability.

Our research pipeline has now extended to our new biologic drug conjugate platform, where the pre|CISION® peptide is used as the linker element to attach the payload to a biologic agent such as an antibody or an Affimer (another form of protein).

The advantage of this technology is the tumor-specificity of the release mechanism. It also enables half-life extension (e.g. optimizing the exposure) and further targeting with the biologic aspect of the drug. We anticipate moving a candidate forward in late 2025 from this research program

Our strategic collaboration with Tempus, a technology company leading the adoption of artificial intelligence to advance precision medicine and patient care, has delivered results in terms of a better understanding of the addressable patient population for the full suite of pre|CISION® medicines.

It has also a deeper understanding of the indications for the FAP-EXd program where we would anticipate the optimal efficacy, based on the wider use of the topoisomerase I inhibitor mechanism (direct to tumor drugs) of action in oncology.

Outlook

2025 and into 2026 are set to be a transformative time for Avacta with multiple catalysts.

For FAP-Dox (AVA6000), we anticipate releasing the initial data in salivary gland cancer in late 2025 and in triple negative breast cancer in H1 2026 from these cohorts. Phase 2 trials in these indications are also planned for H1 2026.

The second asset, FAP-EXd (AVA6103) will advance into clinical testing with the IND filing in late 2025 and initiation of the Phase 1 trial in early 2026, with initial data available in late 2026.

A number of commercial opportunities for Avacta continue to be actively explored by our team. We continue to seek a partner for our lead asset FAP-Dox that is poised to enter Phase 2 in 1H 2026.

Christina Coughlin

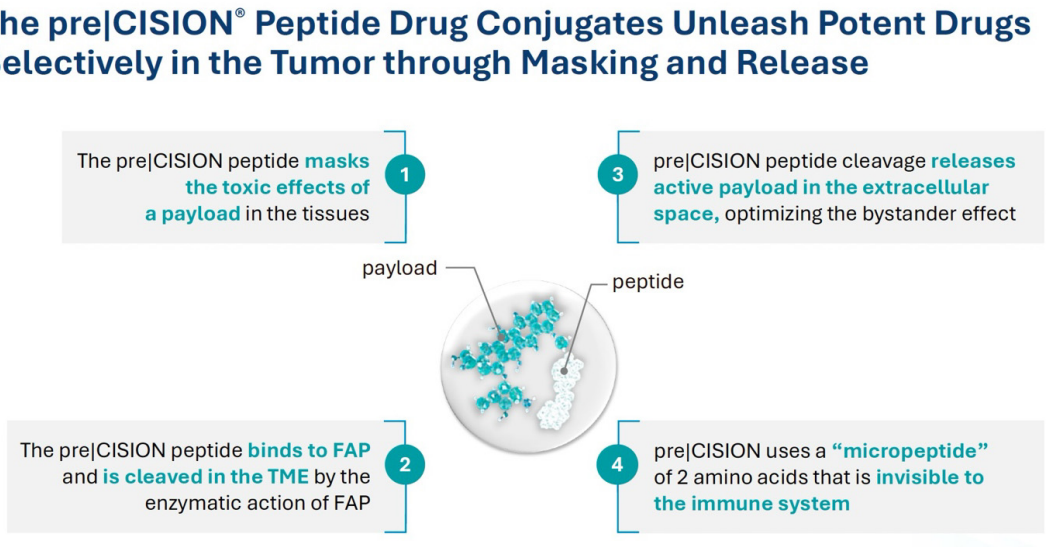
Christina Coughlin,
Chief Executive Officer
05 June 2025

Operational Review

Business overview

Avacta is a clinical stage biopharmaceutical company developing precision oncology therapies designed to be specifically activated by protease cleavage in solid tumours. Our proprietary pre|CISION® platform enables the creation of peptide drug conjugates, or PDCs, that are dependent on the activity of a common tumour-associated protein known as fibroblast activation protein, or FAP, for activation. Activation of pre|CISION® product candidates in the tumour results in higher local concentrations of anticancer, cytotoxic, or targeted drugs (commonly known as payloads or warheads) and lower systemic levels than those safely achievable with standard systemic administration. We believe that these higher intratumoral drug levels will lead to improved antitumor activity while reducing systemic toxicities. Our lead product candidate AVA6000 is a PDC form of doxorubicin which is an approved cancer drug with known severe toxicities. AVA6000 has been well-tolerated in an ongoing Phase 1 trial in patients with solid tumours and promising antitumor activity has been observed during the dose-escalation portion of this trial. Addition of the pre|CISION® peptide to doxorubicin in AVA6000 has allowed doses that are over three-fold higher than those safely achieved with conventional doxorubicin in routine clinical use. The Phase 1 trial of AVA6000 has moved to expansion cohorts following the completion of enrolment in the Phase 1a dose escalation. The trial is continuing to enrol in the expansion cohorts for patients with triple negative breast cancer, or TNBC, high grade soft tissue sarcoma and salivary gland cancer.

Our pre|CISION® product candidates are created by conjugating a drug or payload with the pre|CISION® "micropeptide," a sequence of two amino acids and a cap that is specifically designed to bind to the active site and be cleaved by the action of the protease FAP within tumours. When a pre|CISION® PDC encounters FAP in the tumour, it binds to the active site, the peptide is cleaved, and active warhead is released. Two factors that dictate the antitumor potential of pre|CISION® PDCs are the expression of FAP and the inherent susceptibility of the associated tumours to the drug that is released. We are generating a differentiated portfolio of product candidates that combine the pre|CISION® peptide with various anticancer drugs to enable the treatment of a broad spectrum of FAP-positive solid tumours.



FAP is highly expressed in many types of solid tumors. Unlike many tumor-specific antigens, FAP is not typically expressed by cancer cells themselves but rather by cancer-associated fibroblasts, or CAFs, which can make up a significant fraction of solid tumors. Although techniques to assess FAP expression, such as immunohistochemistry of tumor samples or PET scanning with PET-active FAP inhibitors, have been developed, our initial clinical development is focused on cancer types in which FAP is expressed so broadly that we believe assessment of FAP expression will not be necessary

Therapeutics Division

Avacta Therapeutics Division aims to leverage its two proprietary technology platforms, pre|CISION™ and Affimer®, to develop innovative oncology therapies that make a significant difference to cancer patients' treatment experience and outcomes.

Our pre|CISION® platform

Our pre|CISION® platform is a proprietary system designed to deliver an anticancer drug, commonly referred to as a payload or warhead, to tumors while limiting systemic exposure to the payload. Linking the active drug or payload to the pre|CISION® peptide has two advantages:

1. The drug is rendered inert by the conjugation to the peptide thereby reducing systemic toxicities; and
2. The restricted release of the payload in tumors results in high concentrations of the active payload in tumours with lower concentration in peripheral blood.

By applying pre|CISION®, we aim to reduce systemic exposure while enhancing exposure at the tumour site. This would address dose-limiting toxicities that both cause significant morbidity and may limit the ability to deliver more effective therapy. With this mechanism, the payloads and cytotoxic activity are only activated upon cleavage by FAP within the tumor environment. Further given that the pre|CISION® "micropeptide" is comprised of only two amino acids and a capping group, one distinct advantage of the peptide design is that it is too small to be visible to the immune system and therefore cannot generate anti-drug immune responses.

AVA6000, a doxorubicin pre|CISION® product candidate

AVA6000 is a PDC pre|CISION® product candidate designed to deliver doxorubicin to FAP-expressing solid tumours. In a Phase 1 trial in patients with solid tumours, tumour concentrations of doxorubicin delivered this way were approximately 100-fold higher than plasma concentrations, consistent with tumour-specific release of doxorubicin from AVA6000. Patients dosed with AVA6000 had reduced rates of toxicities compared to those reported with standard doses of doxorubicin. Preliminary signs of clinical activity have been observed, including partial responses that showed over 50 percent reduction in tumour load. The relatively low rate of toxicities observed in the every-three-week dosing regimen has enabled a modification of the dosing regimen so that one ongoing arm of the trial now features biweekly dosing. Expansion arms in indications such as breast cancer, soft tissue sarcoma, and salivary gland cancer were opened to screening in December 2024 and will begin dosing patients early in 2025. The FDA has granted orphan drug designation to AVA6000 for the treatment of patients with soft tissue sarcoma.

Doxorubicin background

Doxorubicin, an anthracycline-based chemotherapeutic drug, has been a mainstay of cancer treatment for the past 50 years. It is still widely used to treat various types of cancers including breast cancer, sarcomas, hematologic malignancies and carcinomas. Doxorubicin, a highly cytotoxic drug, has a multifaceted mechanism of action. It intercalates into DNA; inhibits activity of an enzyme called topoisomerase II; causes DNA strand breaks; disrupts mitochondrial function; and, finally, increases the production of oxidative damage through the creation of chemicals called free radicals that arise in response to treatment and can be highly toxic.

Doxorubicin is associated with an extensive list of side effects including cardiomyopathy, secondary malignancies, severe myelosuppression, extravasation and tissue necrosis and alopecia. While cardiotoxicity is associated with nearly all chemotherapeutic agents, the cardiotoxic effect of anthracyclines is particularly concerning. Cardiac toxicity manifests as both acute reversible effects that occur within days and delayed irreversible cardiomyopathy that can occur months after doxorubicin treatment.

Approximately 11 percent of patients experience acute cardiac toxicity. Cardiac event rates increase with cumulative doses with a rate of 7 percent at 150 mg/kg, 18 percent at 350 mg/kg and 65 percent at 550 mg/kg. Paediatric populations receiving anthracycline chemotherapy remain at elevated risk of developing heart failure decades after receiving a cancer cure. When congestive heart failure develops after doxorubicin administration, the one-year mortality rate is approximately 50 percent.

A number of methods have been used to try to mitigate the cardiotoxicity of doxorubicin, but these measures have had limited impact.

- Prolonged infusion duration. Administering doxorubicin over 24, 48 or 96 hours can help reduce peak levels and decrease cardiac toxicity.
- Liposomal formulations. Using liposomal formulations encapsulates the drug in a lipid membrane, which alters its tissue distribution and helps to reduce its effects on normal tissues.

- Cardioprotective agents. Combining doxorubicin with cardioprotective agents like dexrazoxane can help reduce its cardiotoxic effects.
- Dose adjustment and monitoring. Adjusting doses and closely monitoring cardiac function during treatment can help manage and reduce toxicity.

In general, these modifications are used in specific situations. For example, liposomal doxorubicin is recommended in elderly patients and in patients with risk factors for cardiac disease. Although altered dosing of conventional doxorubicin can decrease the risk of cardiac toxicity in some patients, it increases hospitalization costs as well as the risks of other toxicities such as mucositis. The cardioprotective agent dexrazoxane is not widely used due to the lack of rigorous clinical evidence of safety and its effects on antitumor activity of doxorubicin in cases where it might be most beneficial, despite its approval in 1995 prescribed receive conventional dosed doxorubicin. Mitigating the cardiac toxicity with this agent remains a substantial unmet need in multiple diseases including breast cancer, soft tissue sarcoma and head and neck cancer (salivary gland cancers).

Post-period end the Company announced that patients are now being dosed in a two-weekly dose escalation study with the aim of defining the recommended Phase 2 dose (RP2D), allowing dose expansions to begin in H2 2024 followed by the Phase 2 efficacy study, subject to FDA approval, in a selected orphan indication.

Our solution, AVA6000

AVA6000 is a pre|CISION® product candidate designed to deliver doxorubicin directly in tumours, thereby reducing systemic exposure with the aim of reducing toxicities, such as cardiotoxicity, while potentially increasing antitumor activity. AVA6000 does not enter cells and thus is not cytotoxic on its own. It is designed to be specifically cleaved by membrane-bound FAP expressed on the cell surface of CAFs in tumours, where upon unmodified doxorubicin is released into the TME. Once released, doxorubicin can penetrate cells, leading to their destruction.

AVA6103, an exatecan pre|CISION® product candidate

AVA6103 is a pre|CISION® product candidate that delivers exatecan, a chemotherapy drug with clinical antitumor activity in cancers such as breast, gastric, small cell lung and pancreatic cancers. AVA6103 was designed to improve the safety and efficacy of exatecan by enhancing its exposure in tumours through blocking its ability to enter cells before FAP activation and by altering its pharmacokinetics to increase its tumour residence time. In early 2025, we will select the clinical candidate and advance AVA6103 into IND-enabling studies, with an IND planned to be filed with the FDA Q4 2025 / Q1 2026.

Exatecan background

Exatecan is an inhibitor of topoisomerase I, a protein involved in DNA replication and the target of irinotecan, which is similar to exatecan, is a derivative of camptothecin. Irinotecan, however, is not an ideal drug due to high variability in its metabolism and weak activity. Deruxtecan, another derivative of irinotecan, has been used to generate ADC drugs. For example, both Enhertu® and Trodelvy® are ADCs that incorporate deruxtecan. They function by targeting HER2-expressing tumors where deruxtecan leads to killing of HER2-expressing cells, as well as nearby cells, through a bystander effect. Exatecan is a more potent cytotoxin than irinotecan, however, its development did not progress beyond Phase 3 clinical trials due to dose limiting toxicities and lack of therapeutic benefit in combination with gemcitabine

Our solution, AVA6103

AVA6103 was designed to overcome the dose-limiting toxicities of exatecan by using pre|CISION® technology to deliver it directly to tumors. In addition to limiting systemic exposure to exatecan, AVA6103 was engineered to improve the half-life of exatecan, which in the unconjugated state is less than 10 hours, to increase its cytotoxic activity using the addition of a capping group. In addition, the rate of cleavage of the pre|CISION® peptide from the active exatecan moiety is modulated by a self-immolative linker group.

We demonstrated in preclinical studies that AVA6103 did not have *in vitro* cytotoxic activity against Mia PaCa-2 pancreatic tumor cells that do not express FAP. Cytotoxicity of Mia PaCa-2 cells through a bystander effect was activated upon addition of FAP expressing CAFs. The dependence of this cytotoxicity on the protease activity of FAP was confirmed by the addition of a small molecule inhibitor of FAP to block the cell killing activity of AVA6103 even in the presence of CAFs.

A key limitation of exatecan is its short half-life of less than 10 hours. Topoisomerase I inhibitors, such as exatecan, function by trapping topoisomerase onto DNA. During DNA replication, these topoisomerase/DNA complexes cause lethal DNA strand breaks. However, topoisomerase inhibition by these drugs is readily reversible, so, in order to exert its effect, the drug must be present when the cell is in the DNA synthesis phase of cell division. Previous Phase 2 clinical trials of exatecan found that antitumor effects were enhanced when repeat doses of exatecan were administered with intravenous infusions each day for five days. However, over 45 percent of patients experienced dose-limiting hematologic toxicity when subject to this dosing regimen.

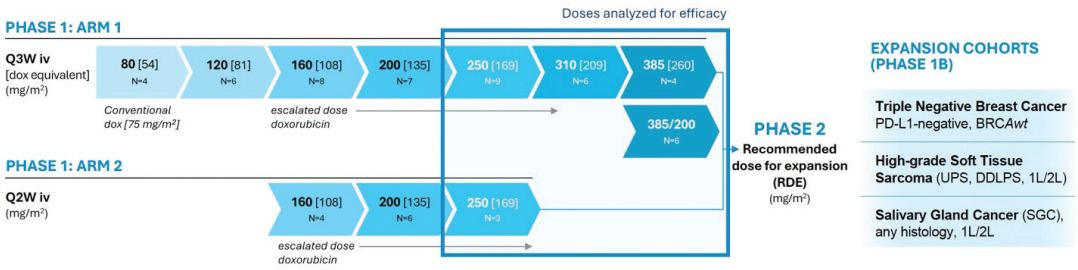
We believe that AVA6103 addresses both the need for a long half-life and the need for reduced systemic toxicity. The inclusion of an albumin-binding domain in AVA6103 was found to increase its half-life by several hours in preclinical models. Furthermore, the pre|CISION® peptide conjugate blocked the cytotoxic activity of exatecan, only releasing it in the presence of FAP-expressing cells in tumors. In a repeat dosing study in non-tumor bearing mice, the MTD of AVA6103 dosed daily was 15 mg/kg which was 75-fold higher than observed with exatecan. The MTD was not reached with biweekly doses of 50 mg/kg of AVA6103, whereas 3 mg/kg was determined to be the MTD for exatecan with this dosing schedule.

We intend to evaluate AVA6103 as a potential therapy for a number of solid tumors for which there is clinical data supporting the antitumor activity of topoisomerase I inhibitors. These tumors include TNBC, gastric cancer, small cell lung cancer and pancreatic cancer. We anticipate initiating a Phase 1 monotherapy trial in patients with FAP-positive tumors in the first half of 2026.

AVA6000 Clinical Trial Update

We are conducting a Phase 1 trial of AVA6000 in the United Kingdom and the United States to evaluate the safety, tolerability, pharmacokinetics and early efficacy in patients with cancers known in the literature to be high in FAP. These cancers include sarcomas, liposarcomas and colorectal, salivary gland, pancreatic and biliary tract cancers. The Phase 1a segment of this trial has two dose escalation arms: one in which AVA6000 is administered as monotherapy every three weeks, which is similar to the approved dosing regimen for doxorubicin, and a second arm in which AVA6000 is administered biweekly. Such an increase would, we believe, potentially expand the therapeutic benefit of being treated with a doxorubicin-linked product candidate without increasing the risk of exposure. In tandem, this opens possible future combination therapy that would not be amenable to the every-three-week schedule. The Phase 1b segment of this trial comprises of one to three indication-specific expansion cohorts. We are carrying out this part of the trial to obtain further safety and efficacy data of AVA6000 at a dose recommended based on observed safety and tolerability. Both arms in the Phase 1a segment of the trial have completed enrolment and no maximum tolerated dose, or MTD, has been determined for either arm.

AVA6000 Phase 1 Trial Design and Patient Population



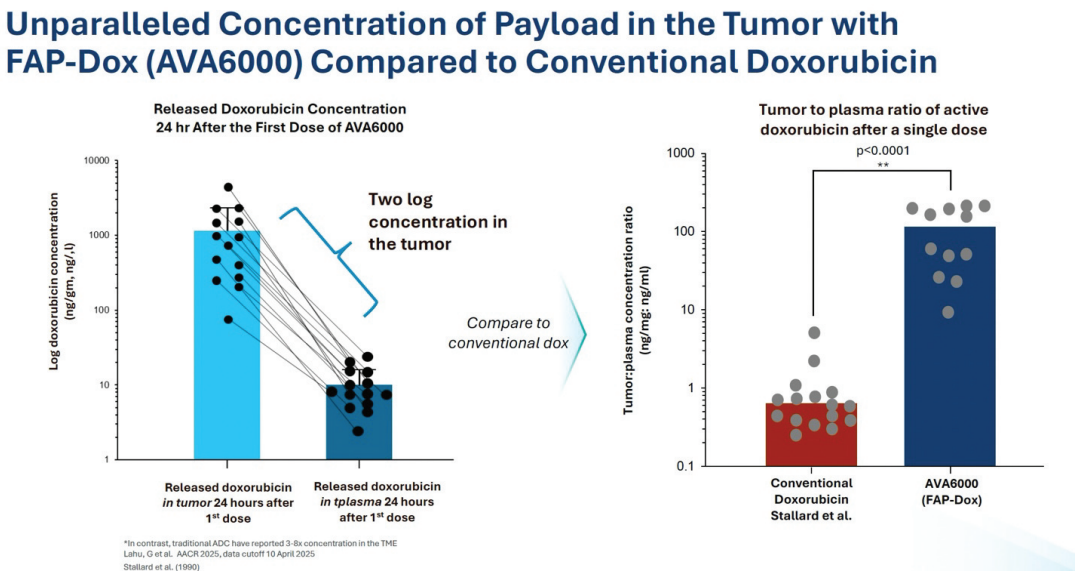
PHASE 1: PATIENT POPULATION AND METHODS

- The Phase 1 dose escalation enrolled patients with a diagnosis of known FAP-positive cancers, including sarcoma, pancreatic cancer, colorectal cancer, head and neck cancers. Specific indications were selected for expansion
- The trial includes a mix of FAP-high (universal high expression) and FAP-mid cancer indications (heterogenous expression across patients)
- Prior therapy with any anthracycline was limited to total cumulative dose of less than 350 mg/m^2. The lifetime cumulative maximum exposure was limited to 550 mg/m^2 in the AVA6000 trial based on favorable safety data
- Trial analyzed for safety (primary endpoint) and efficacy (secondary endpoint by FAP^{high} and FAP^{mid} cancer types)

Clinical proof of mechanism for pre|CISION®

Key to the success of AVA6000 and other product candidates based on pre|CISION® is the ability to selectively target delivery of the warhead to tumors. There is extensive evidence that cytotoxic compounds which we are delivering using pre|CISION®, such as doxorubicin in the case of AVA6000, have potent antitumor activity. However, the selected warheads have a narrow therapeutic window due to toxicities associated with systemic exposure. Through pre|CISION®, we aim to increase this therapeutic window by dosing patients with peptide conjugated warheads that are inactive until they reach tumors where they are activated through enzymatic cleavage by FAP.

Based on interim data collected during our ongoing Phase 1 trial, we found that the intratumoral levels of free doxorubicin were approximately a median of 100-fold higher than plasma levels in subjects treated with AVA6000. Among the 11 subjects for whom post-treatment tumor biopsies were available, there was no significant difference between subjects with tumors referred to in the literature as having high levels of FAP expression and those with intermediate levels of FAP. We believe that this is an important finding which suggests that our pre|CISION® technology may be applicable across a wide range of tumors with varying degrees of FAP expression.



Clinical development plan

The Phase 1 trial of AVA6000 has moved to expansion cohorts following the completion of enrollment in the Phase 1a dose escalation. Based on all of the available data, despite not identifying an MTD, the dose of 310 mg/ m2 administered every three weeks was chosen for further study based on safety, tolerability, preliminary efficacy and pharmacokinetics. The trial is continuing to enroll in the expansion cohorts for patients with TNBC, high grade soft tissue sarcoma and salivary gland cancer.

Breast cancer disease background

According to World Health Organization, breast cancer is the second most common cancer in the world and the most prevalent cancer in women, with an estimated 2.3 million new cases diagnosed annually. In 2024, it is estimated that there will be over 310,000 new cases of breast cancer and 42,250 deaths in the United States. The expression of targets for two classes of therapeutics is used to stratify breast cancers into subtypes. Tumors that express high levels of human epidermal growth factor receptor 2, or HER2, are considered to be HER2+ and make up approximately 21 percent of all cases of breast cancer. Tumors that lack or express low levels of HER2 but express at least one of two other hormone receptors, the estrogen receptor or the progesterone receptor, are considered to be hormone positive, or HR+, a profile that is representative of about 74 percent of cases of breast cancer. Tumors that lack or express low levels of HER2 and the estrogen and progesterone hormone receptors are classified as triple negative breast cancers, or TNBC.

The lack of HER2 and the estrogen and progesterone hormone receptors eliminates the potential to use HER2 or estrogen-targeted therapies to treat TNBC, depriving patients of many of the benefits achieved in the treatment of other breast cancers over the past several decades. Standard therapy for TNBC includes cytotoxic chemotherapy, surgery and radiation. The five-year survival rate for TNBC patients is approximately 77 percent. The survival rates drop off sharply in patients with metastatic disease with an average five-year survival rate of 12 percent.

Soft tissue sarcoma background

Soft tissue sarcomas can develop from soft tissues like fat, muscle, nerves, fibrous tissues, blood vessels, or deep skin tissues. They can be found in any part of the body, including in the arms, legs, or abdomen with 60 percent of tumors found in the lower limbs.

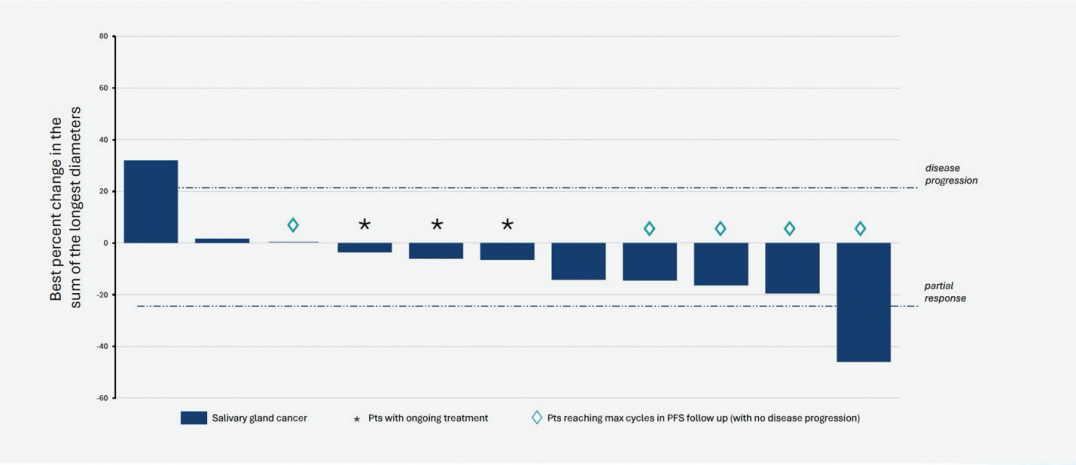
The National Cancer Institute estimates that there will be approximately 13,590 new cases of soft tissue sarcoma and 5,200 deaths in the United States in 2024. Five-year survival for all stages of soft tissue sarcoma is 65.9 percent, but this falls to 16.7 percent for patients with late-stage metastatic disease.

Primary treatments are surgery with the goal of complete resection of the tumor while sparing the limb, cytotoxic chemotherapy, radiation therapy or combinations of these treatments. Of the patients who are treated with complete resection and radiation therapy, between 10 percent and 15 percent will experience tumor recurrence. Anthracycline-based cytotoxic chemotherapies, such as doxorubicin, have been the main type of chemotherapy used for nearly 40 years. The median overall survival for patients with metastatic soft tissue sarcoma treated with doxorubicin is 12 to 16 months.

Salivary gland cancer background

Salivary gland cancer is a rare cancer with approximately 2,000 to 2,500 cases in the United States each year. Surgery is the primary treatment for salivary gland cancer with complete resection as the goal. Adjuvant radiation therapy is often used for patients with advanced or high-grade cancers. The five-year survival rate is approximately 90 percent, but this drops to 43 percent for patients with metastatic disease.

AVA6000: Preliminary Data Demonstrate Durable Tumor Shrinkage in Patients with Salivary Gland Cancers



Drug Development Collaborations

Our platform technology serves as the foundation for collaborations

Our pre|CISION® and Affimer® technologies are also being used to create drug products that extend to areas beyond our key focus in delivering cytotoxins to tumors. We have established several partnerships to accelerate development of approaches to use our technologies to deliver differentiated payloads. Our partnerships include the following:

- AffyXell Therapeutics Co., Ltd., a joint venture we established with Daewong to develop mesenchymal stem cell therapies that combine Daewong's expertise in stem cell technology with our Affimer®

technology. AffyXell's product candidates are designed to secrete immuno-modulatory Affimer® molecules that increase the therapeutic benefits of mesenchymal stem cell therapies.

- A strategic partnership with LG Chem to develop a number of Affimer®-based therapeutics; and
- A licensing agreement with POINT to provide access to pre|CISION® technology to develop radiopharmaceuticals that require cleavage by FAP to enable binding to their receptors. POINT's acquisition by Eli Lilly has not affected the licensing arrangements.

Diagnostics Division

Our diagnostics division, known as Avacta Diagnostics, or the Diagnostics Division, includes three components: Launch Diagnostics ,Coris BioConcept and ALS-Dx.

The Group's strategy is to focus its cash resources on growing the Therapeutics Division which the Board believes is now the main value driver of the Group. Whilst the Diagnostics Division is expected to be cash generative in the near future, it is strategically important for the Group to simplify its structure in order to attract specialist healthcare investors with the ability to support the growing pre-clinical and clinical pipeline of pre|CISION™ and Affimer® therapeutics and it will do so in a manner which maximises value for its shareholders.

The Groups internal diagnostics development group (ALS-Dx) ceased operations during the year, reducing significant workforce and facility expenses.

In March 2025 Avacta announced the sale of Launch Diagnostics Holdings Limited ("Launch Diagnostics") and its subsidiaries, its UK-based and largest diagnostics unit, for £12.9 million (net £10.6 million) in cash to Duomed Belgium NV, a subsidiary of Palex Healthcare Group S.L.U

- *Launch Diagnostics*: Launch Diagnostics, based in Kent, England, is a leading independent in vitro diagnostic, or IVD, distributor in the United Kingdom, with over 30 years' experience in the industry. Launch Diagnostics provides immunodiagnostic and molecular test products, technical support and maintenance to healthcare providers. Launch Diagnostics serves private and public sector customers throughout the United Kingdom, France, Belgium, Luxembourg and Republic of Ireland, with approximately 95% repeat business. We acquired Launch Diagnostics in October 2022.
- Coris BioConcept: Coris Bioconcept, or Coris, based in Gembloux, Belgium and established in 1996, develops, manufactures and markets rapid diagnostic test kits, mainly lateral flow tests, for use by healthcare professionals. Coris is ISO 13485 certified and markets its products through distributors in Europe, Asia, South America, Africa and Oceania. We acquired Coris in May 2023 and is currently being held for sale while we complete the ongoing divestment process.

Financial Review

Reported Group revenues for the year ended 31 December 2024 was £24.42 million (restated 2023: £24.04 million), This includes contributions from both continuing and discontinued operations.

Revenues for the continuing operations of the Therapeutics Division were £0.11 million (restated 2023: £2.85 million). The reduction from the prior year was lower activity resulting in no milestones received from AffyXell.

Revenues for the discontinuing operations of the Diagnostics Division were £24.31 million (2023: £21.19 million). This 14.7% increase is driven by higher sales volumes and improved market penetration.

Overall, the loss from continuing operations for the year were £28.98 million (2023: £31.13 million)

Research costs

During the year, the Group expensed through the income statement £14.27 million (2023: £13.11 million) research costs from continuing operations relating to the ongoing expansion of the preCISION™ and Affimer® therapeutic programmes with AVA6103 and increased clinical and CMC expenses related to AVA6000, which are expensed given their early stage in the development pathway.

Selling, general and administrative expenses

Administrative expenses have increased during the year to £12.05 million (2023: £7.89 million). The increases are primarily related to personnel related expenses due to executive management changes and increased legal and professional expenses related to the strategic shift toward becoming a pure-play biotech company.

Amortisation and impairment expense

Amortisation charges of £0.89 million (2023: £1.03 million) have been recognised in the period. Launch Diagnostics Holdings Ltd and its subsidiary entities and Coris Holdings SRL and its subsidiary entity were all held for sale at 31 December 2024. The fair value less costs to sell were compared with the net asset value of the entities based on the latest information available during the divestment process. This resulted in total impairment charges of £22.41 million, Launch Diagnostics, £15.64 million, and Coris Holding £6.77 million.

Share of loss of associate

The share of loss of associate of £0.75 million (2023: £0.85 million) arises from the Group's equity-accounted investment in AffyXell Therapeutics Co., Ltd. The share of losses reflects the Group's 21% ownership share of the losses accumulated in the year. The Group investment decreased from 25% to 21% at 31 December 2024 as a result of a dilution in shares.

Share-based payment expense

The non-cash charge for the year from continuing operations increased to £4.11 million (2023: £2.55 million), this increase was due to modifications to certain executive options awards and new options issued to the hiring of new executives.

The non-cash charge for the year from discontinued operations increased to £0.87 million (2023: £0.36 million), this increase was due to both additional option awards and modification to existing agreements.

Convertible bond

In October 2022, the Group issued senior unsecured convertible bonds ('the Bonds') of £55.00 million to a fund advised by Heights Capital Ireland LLC, a global equity and equity-linked focussed investor. The Bonds were issued at 95% par value with total net proceeds of £52.25 million, (net of transaction costs of £3.5 million) and accrue interest at an annual rate of 6.5% payable quarterly in arrears.

The Bonds contain various conversion and redemption features. The Bonds have a maturity of five years, and are repayable in 20 quarterly amortisation repayments, of principal and interest over the five-year term, in either cash or in new ordinary shares at the Group's option. If in shares, the repayment is at the lower of the conversion price (88.72p) or a 10% discount to the volume weighted average price ('VWAP') in the five- or ten-day trading period prior to election date. The conversion price reset downwards from the original 118.75p at the Reset Date on 20 April 2024. There is a Reset Clawback Period in place until 20 January 2025 during which, if the VWAP of the Company's Ordinary Shares on each of at least 20 dealing days in any period of 30 consecutive dealing days is greater than 130% of the pre-reset conversion price, then the conversion price will be restored, thereby reversing the effect of the reset made on 20 April 2024. Additionally, the bondholder has the option to partially convert the convertible bonds at their discretion which has occurred twice to date, on 10 February 2023 and 20 September 2023 where £2.85 million and £0.85 million of principal was settled respectively

The bond agreement contains embedded derivatives in conjunction with an ordinary host debt liability. The derivative element is measured at fair value using a Monte-Carlo option pricing model, which estimates the fair value based on the probability-weighted present value of expected future investment returns, considering each of the possible outcomes available to the bondholders. The fair value of the derivative liability has reduced during the year to £1.28 million (2023: £15.00 million) as a result of fluctuations in the share price during the period and a reduction in the principal amount remaining from £40.80 million to £30.60 million. This has resulted in a gain on revaluation of derivative of £13.72 million (2023, restated: gain of £6.33 million).

The host debt liability is measured at amortised cost, being adjusted to reflect revisions in estimated cashflows arising from early conversion events, resulting in an implied interest charge of £9.85 million (2023: £14.48 million) and a liability at year-end of £20.50 million (2023, restated: £24.33 million).

An error arose from changes in the measurement of the convertible bond derivative valuation at inception and subsequent reporting date. The convertible debt liability for 2023 has been reduced by £3.33 million (restated: £15.0 million) due to a valuation error resulting in a change to the carrying amount at inception, and subsequent amortization. There is also an increased impact on a share premium for 2023 by £0.19 million (restated: £83.41 million) due to share premium recognized on conversion changes.

Net finance costs

Finance income increased to £0.66 million (2023: £0.55 million) due to a higher average cash balance during the year following the fundraise in 2023.

Other finance costs of £0.24 million (2023: £0.39 million) relate primarily to IFRS 16 interest charges.

Losses before taxation

Losses before taxation from continuing operations for the year were £28.98 million (2023: £31.13 million).

Taxation

The taxation credit has decreased to (£0.44) million (2023, restated: £1.96 million). The decrease is a result of reversal of temporary differences related to discontinued operations of (£2.27) million (2023, restated: £nil). This has resulted in a current tax asset of £2.45 million (2023, restated: £2.24 million)

Loss for the period

The reported loss for the period from continuing operations was £29.43 million (2023, restated: £29.15 million). The loss per ordinary share from continuing operations reduced to 8.54p (2023, restated: 10.69p) based on a weighted average number of shares in issue during the period of 344,577,451 (2023: 272,683,485).

The reported loss for the period from discontinued operations was £23.41 million (2023, restated: £4.11 million). Operating loss from discontinued operations decreased to £2.17 million (2023, restated: £4.43 million) however impairment charges from discontinued operations increased to £23.39 million (2023, restated: £0.51 million) due to the group being held for sale

Cash flow

The Group reported cash and cash equivalent balances of £12.87 million at 31 December 2024 (2023: £11.55 million).

Operating cash outflows from continuing operations amounted to £24.94 million (2023: £14.09 million). The increase reflects higher operating losses due to elevated R&D expenditure and one-off costs associated with organisational realignment. Research and development tax credit cash rebates were received in relation to the years ending 31 December 2024 and 2023, resulting in a cash inflow of £1.17 million from income tax received (2023: £4.26 million).

Net cash outflows from investing activities amounted to £1.43 million (2023: £9.00 million). Activity in the current year was significantly lower, with minimal capital expenditure and no acquisitions or disposals completed during the period. The prior year included an outflow of £6.93 million net of cash principally from the acquisition of Coris.

There was a net cash inflow from continuing financing activities of £26.1 million (2023: £0.44 million), arising primarily from the proceeds of issue of share capital of £31.1 million (2023: £0 million) as well as the repayment of a convertible bond of £3.13 million. In the prior period, the net cash outflow arose from the principal payment of lease liabilities of £0.84 million.

Financial position

At 31 December 2024, the Group reported net assets of £9.28 million (2023: £16.90 million), reflecting the impact of the strategic disposal of its diagnostics business, ongoing investment in the therapeutic division, and non-cash fair value movements in the Group's convertible bond derivative.

Total assets decreased to £48.27 million (2023: £73.19 million), primarily due to the reclassification of £22.92 million of assets to 'assets held for sale', following the ongoing divestment process of the diagnostics division and wind down of ALS-Dx. This strategic move is expected to simplify the Group's operations and provide greater focus and capital allocation towards the therapeutic platform.

Non-current assets declined to £8.07 million (2023: £45.16 million), primarily due to a reduction in intangible assets following the reclassification of discontinued assets and impairment recognised in the year. Property, plant and equipment and right-of-use assets also decreased significantly, consistent with the Group's strategic shift towards a pure-play biotech company. Investment in associate reduced to £3.45 million (2023: £4.08 million) due to recognised losses for the period.

Current assets increased to £40.20 million (2023: £28.04 million), largely due to the classification of assets held for sale and a modest increase in income tax receivables. Cash and cash equivalents were £12.9 million (2023: £11.6 million), after investing and financing activities, including the £31.1 million gross proceeds from a successful share placing during the year. Current cash runway take us into the first quarter of 2026.

Total liabilities decreased to £39.0 million (2023: £56.3 million), mainly reflecting:

- A reduction in the fair value of the convertible bond derivative, which decreased to £1.28 million (2023: restated, £15.00 million), following changes in assumptions.
- The partial unwinding of lease liabilities, consistent with the decline in right-of-use assets;
- The reclassification of £8.69 million of liabilities to 'liabilities directly associated with the assets held for sale'.

Share capital and share premium increased by a combined £40.7 million following the equity placing and debt service. The accumulated deficit widened to £138.8 million (2023: £90.8 million), reflecting continued operating losses and non-cash finance charges.

Dividends

No dividends have been proposed for the year ended 31 December 2024 (2023: £nil).

Key performance indicators

At this stage of the Group's development, the non-financial key performance indicators focus on:

- The progression of the preCISION™ and Affimer® technologies into clinical stage assets within the Therapeutics Division.

These are discussed in more detail within the Operational Review on pages 14 to 24.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group are set out on pages 24 to 28.

Cautionary statement

The Strategic Report, containing the Operational and Financial reviews of the Group, contains forward-looking statements that are subject to risk factors associated with, amongst other things, economic and business circumstances occurring from time to time within the markets in which the Group operates. The expectations expressed within these statements are believed to be reasonable but could be affected by a wide variety of variables outside of the Group's control. These variables could cause the results to differ materially from current expectations. The forward-looking statements reflect the knowledge and information available at the time of preparation.

Section 172(1) statement

Section 172(1) of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing so, s172(1) requires the Directors to have regard, amongst other matters, to the:

- likely consequences of any decision in the long term;
- interests of the Group's employees;
- need to foster the Group's business relationships with suppliers, customers and others;
- impact of the Group's operations on the community and the environment;
- desirability of the Group in maintaining a reputation for high standards of business conduct; and
- need to act fairly between members of the Group.

In discharging its Section 172(1) duties, the Board has regard to the factors set out above and ensures that decision-making processes are made on a consistent basis and meet the above factors.

Key decisions taken by the Board during the year include:

- the strategic development and progress of the Group's lead clinical asset, AVA6000 through Phase 1 clinical trials;
- the appointment of Chirstina Coughlin as Chief Executive Officer
- the appointment of Shaun Chilton as a Non-executive Chairman of the Board
- the appointment of Darlene Deptula-Hicks as a Non-executive member of the board
- the divestment strategy of the diagnostics divisions

The Board looks to promote the long-term success of the Group whilst considering the interests of all stakeholders. The Board reviews matters relating to financial and operational performance; business strategy; key risks; stakeholder-related matters; legal and regulatory compliance matters over the course of the financial year and through future financial periods. The Board members have had refresher training with their Nominated Advisor ('NOMAD') on Director responsibilities in the application of AIM rules.

The Directors work across all the Group's facilities and provide regular updates to employees, most of whom are either shareholders or holders of share options, on the progress of the Group. The updates provide details of the business objectives, strategy and business model, together with sharing of technical progress across the various teams within the Group. The Directors actively seek regular feedback from employees to ensure their interests are reflected.

Engaging with the Group's stakeholders is key to the way the Group is operated and is an important consideration for the Directors when making relevant decisions. Details of how the Directors engage with stakeholders is set out in the Corporate Governance report on pages 37 to 45 including the Group's responsibilities to health, safety and environmental issues in relation to its employees, suppliers, customers and the communities in which the Group operates.

The Directors believe strongly in maintaining the highest levels of business conduct, accountability and good corporate governance to all the Group's stakeholders. In maintaining this approach, the Group has adopted the Quoted Companies Alliance Corporate Governance Code, with further details on how it complies with the Code set out on page 37.

Principal Risks and Uncertainties

The Board is responsible for risk management and reviewing the internal control systems. The internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group highlights potential financial and non-financial risks that may impact on the business as part of the risk management procedures in the form of a Risks and Uncertainties Register. The Board reviews these reports and monitors the position at Audit Committee and Board meetings. There are ongoing

processes for identifying, evaluating and mitigating the significant risks faced by the Group, which are reviewed on a periodic basis. The review process involves a review of each area of the business to identify material risks and the controls in place to manage these risks. The process is undertaken by the Chief Financial Officer and senior managers with responsibility for specific controls. commercial, operational, development and quality teams, in addition to project teams, meet on a periodic basis to review progress of all key projects and identify key issues for discussion with Senior Management. Where any significant weakness or failing is identified, implementation of appropriate remedial action is completed following approval by the Board.

The principal risks and uncertainties that could have a significant impact on the Group are set out below:

Risk	Potential impact/mitigation
Reliance on third parties supporting clinical and pre-clinical programmes—Therapeutics	**Change** ↔ Avacta relies heavily upon other parties (including clinical research organisations) for many important stages of its therapeutic development programmes, including execution of some pre-clinical studies and later-stage development for its compounds and drug candidates, and management of its clinical trials, including medical monitoring and data management. Underperformance by any of these other parties could adversely impact the Group's ability to operate effectively. With the Group now progressing Phase 1b expansion trials on its first clinical programme (AVA6000) relationships are established with clinical stage third parties (including the appointment of a specialist clinical CRO to support the AVA6000 trial) which has enabled the reduction of 3rd party consultants and brought a more coordinated approach. With the addition of AVA6301 currently progressing with IND enabling activities the increase in reliance on additional outside parties requires increased monitoring to ensure completion. The regulatory approval processes of the MHRA and FDA and other comparable regulatory authorities can be lengthy and time consuming. The Group consults, where appropriate, with regulatory advisers and regulatory-approved bodies to ensure that all regulatory requirements are met with timely approvals. With the Administration changes in the US, the Group must monitor the current state of the Food and Drug Administration (FDA) for any issues that may delay potential review of filings. The Group uses experienced and reputable clinical research organisations and requires its clinical and manufacturing partners to comply with Good Clinical Practice and Good Manufacturing Practice.
Divestment of Diagnostics	**Change** ↑ The Group has recently completed the divestment of Launch diagnostics but is currently in the process of divesting Coris, although a smaller revenue it still presents value to the Group. The remaining sale is expected to be complete in the first half of 2025, subject to regulatory, legal, and contractual approvals. The divestiture aligns with the strategic objective to move the Group to a pure play biotech company. There are transaction risks to completion due to failure to meet regulatory conditions, due diligence findings, or buyer withdraw. Risks relating to valuation, employee retention, customer and supplier relationships and operational disruptions. The divestment of the business segment introduces a temporary period of heightened uncertainty. Risks are being actively managed through contractual protections, detailed planning, stakeholder engagement, and contingency measures. The overall risk profile will be updated as the transaction progresses toward completion.

Risk	Potential impact/mitigation
Manufacturing and supply risk—Diagnostics	**Change** ↑ The Group through Coris (in terms of production in Belgium) and Launch (through product suppliers) needs to ensure high quality manufacture (meeting ISO13485 standards) and supply of an expanding range of products from global suppliers.
Commercial risk—Diagnostics	**Change** ↔ The regulatory changes in relation to the IVDR/CE marking process has led to delays in obtaining approvals from Notified Bodies (such as BSI), the Coris products which are on the market need to go through this IVDR process to ensure they remain competitive and approved in the markets they are sold in. Developing new products will still have delays attached until the Notified Bodies are able to progress approvals more quickly. The risk of "IVDR approved products" fast-tracked from Chinese approvals is a risk that needs to be managed and monitored.
Research and development	**Change** ↔ The Group's research and development activities continue to focus around the pre|CISION™ and Affimer® technologies in the Therapeutics Division and the product development incorporating Affimer® technology within the Diagnostic Division. There is a risk, consistent with similar biotechnology companies developing new and innovative technology platforms, that the scientific results required for specific internal development programmes, product development projects, customer-related evaluations or third-party collaborations. This risk is in specific applications of the pre|CISION™ or Affimer® technologies rather than in the individual technology platform as a whole. Positive progress has been made with the pre|CISION™ platform through the AVA6000 phase I clinical trials to date and the Therapeutics team continue to progress the Affimer platform although this is still some way off entering clinical trials. With the Group's first asset (AVA6000) progressing through clinical trials there is a risk that the trials might not be successful and that the Group is unable to develop marketable products. There is a risk that the clinical trials could lead to unanticipated results, which require further development leading to time delays. The Group has built an experienced and reputable team of clinical advisers who are monitoring the outputs of the clinical trials to ensure appropriate decisions based on data outcomes are taken at the right time. Diagnostics development risk has changed given the Coris acquisition and the focus around developing and improving IVD solutions, primarily in the rapid point of care area around existing and new products.
Funding	**Change** ↑ The development of the Group's pre|CISION™ and Affimer® technologies in the Therapeutic division is resource and cash intensive. As of 31 December 2024, the Group had cash and short-term deposits of £12.9 million. Subsequent to the year end in March 2025, the Group completed its sale of Launch Diagnostics for £12.9 million (net £10.6 million) in proceeds, extending the cash runway beyond Q1'2026, to support the Group's plans As with all fundraising activities in the biotech sector, there are external market, economic and political factors, such as the risk of global trade disputes leading to increased tariffs that could lead to a global recession, which may impact the timing and amount of future funding available through capital markets.

Risk	Potential impact/mitigation
Intellectual property	**Change ↔** The success of the Group's pre|CISION™ and Affimer® technology platforms depend on its ability to obtain and maintain patent protection for its proprietary technology. Failure to protect the pre|CISION™ and Affimer® technology platforms, or to obtain patent protection with a scope that is sufficiently wide, could significantly impact the Group's ability to commercialise the technology. Should the patents be challenged, there could be a considerable cost in defending the patent rights, with an uncertain outcome. The Board regularly reviews the patent portfolio and its protection. Specialist patent attorneys are engaged to apply for and defend intellectual property rights in appropriate territories.
Key staff	**Change ↑** The Group has in place experienced and motivated Senior Leadership Teams across the Therapeutics and Diagnostics Divisions, together with a significant number of highly skilled senior scientists and technical specialists. Loss of key staff could lead to a delay in the Group's plans and operations. During the year the Group experienced a significant leadership transition, with changes to several senior management positions, including the CEO, CFO and other key executives. These changes reflect a strategic shift in direction but introduce short to medium term operational and cultural risks. The Group aims to provide remuneration packages, including share incentive plans, and working conditions that will attract and retain staff of the required level, informally benchmarking the level of benefits provided to its staff against comparator companies. The scale of leadership turnover represents a significant change event. Risks are being mitigated through structured transition planning, and communication strategies. The organization recognizes that maintaining stability and trust during this period is critical to sustaining performance and morale
Cybersecurity	**No Change →** Unexpected events such as failures of IT systems or the increasing threat of targeted cyber attacks could disrupt the Group's operations from any of its sites or lead to a loss of data. The Group continues to place reliance on third-party cloud-hosted applications, which provide cost-effective services with significant redundancies and disaster prevention and recovery strategies. The Group has in place disaster recovery plans which are periodically tested, and third-party specialists are used to assess any potential vulnerabilities in the Group's systems. The Group ensures that all software and systems are kept up to date with current software versions and firmware updates. Its cyber security plans and security access levels are reviewed on a regular basis, including the two acquisitions within the Diagnostics Division, to ensure comparable levels of security are in place. It also provides training to staff on dealing with potential cyber-attacks and security risks.
Loss of facilities	**Change ↔** Should the Group's facilities become inaccessible through damage caused by fire, flooding or theft, the ability to carry on development programmes and meet customer deadlines may be affected depending on the severity of the incident.

Risk	Potential impact/mitigation
	The Group has purpose-built facilities in the UK and Europe with specialist equipment and working environments that potentially may not be easily repaired or replaced. The Group has established business continuity plans in place for each location which are regularly reviewed and tested. Resilience exists between sites so that certain operations could be quickly transferred from one facility to another where appropriate. Health and safety procedures and policies exist for each site with routine checks on facilities, equipment and infrastructure. The Group also maintains adequate insurance to cover any business damage or interruption.

Governance

(Section Cover)

Board of Directors

Shaun Chilton Non-executive Chairman

Shaun was appointed as a Non-executive Director in June 2023. Shaun was the Chief Executive Officer of the formerly London-listed Clinigen Group plc, a global pharmaceutical and pharmaceutical services platform business, which he led through a significant growth journey. During his tenure, the company expanded through both an organic and a buy-and-build strategy which included successfully completing several transformational acquisitions. The company was eventually sold to Triton Partners for a total consideration of c.£1.3 billion in April 2022.

Shaun was also Non-executive Chairman of C7Health, a disruptive, venture capital-backed medical technology and services business which executed an acquisitive growth journey before successfully being acquired by a strategic buyer in 2022.

Shaun has held a number of senior and executive commercial positions over more than 30 years in companies in pharmaceutical and pharmaceutical services industries. These include at Pfizer, Sanofi, Wolters Kluwer Health and KnowledgePoint360 Group (now part of UDG Healthcare).

Dr Christina Coughlin Executive Director—Chief Executive Officer

Christina was appointed to the role as Chief Executive Officer in April 2024, having served as a Non-executive Director since March 2022. Christina was previously the Chief Executive Officer of CytoImmune Therapeutics LLC, a clinical stage biotechnology company focused on development and commercialisation of novel cancer immunotherapy products designed to use the patient's own immune system to eliminate cancer cells. Christina has a broad background in biotechnology and global pharmaceuticals, with a comprehensive drug development background from pre-IND to filing experience and has a track record of building drug development teams in global companies.

Christina previously served as Chief Medical Officer to Rubius Therapeutics. Inc, where she led the clinical development, translational medicine and regulatory efforts in the allogeneic red cell therapy platform. Prior to Rubius, Christina was with Tmunity Therapeutics, Inc., where she served as Chief Medical Officer and was responsible for the development of autologous CAR-T and TCR-T cellular therapies.

Christina has held other leadership roles in the pharmaceutical and biotechnology fields in her career including Chief Medical Officer at Immunocore, where she led the development of Kimmtrak™, recently approved for the treatment of metastatic uveal melanoma. Christina was also an Oncology Asset Team Leader at Pfizer and Clinical Program Team Lead at Novartis. She received her MD and PhD from the University of Pennsylvania and completed fellowships in Haematology and Oncology at the Children's Hospital of Philadelphia and in the Translational Research Group under the direction of Carl June, MD at the University of Pennsylvania.

Dr Trevor Nicholls Non-Executive Director (resigned 30 April 2025)

Trevor brings considerable experience in the commercialisation of innovative life science technologies from his previous roles as Non-executive Chairman of Oxford Nanopores Technologies, Chief Commercial Officer at Affymetrix, founder and Chief Executive Officer of UK biotech company Oxagen Ltd and Commercial Director of the Life Sciences business at Amersham International (now part of Danaher Corporation).

Prior to his retirement at the end of 2020, he was Chief Executive Officer of the Centre for Agriculture and Bioscience International, a not-for-profit intergovernmental organisation whose mission is to improve lives worldwide by providing information and applying scientific expertise to solve problems in agriculture and the environment.

Trevor is also Non-executive Chairman of Iota Sciences Limited, a spin-out company from the University of Oxford which is commercialising innovative microfluidic technology for cell biology and gene therapy, a Non-executive Director of Conidia Bioscience Limited, which develops and sells patented lateral flow tests for the detection of microbial contamination of aviation and diesel fuels, and a Non-executive Director of Wobble Genomics Ltd, a spin-out of the Roslin Institute, specialising in DNA analytics and diagnostics. Previously, Trevor has been Non-executive Chairman of Activiomics Limited, a biomarker discovery specialist, as well as a Non-executive Director of hVivo plc, a clinical research organisation.

Paul Fry Non-executive Director

Paul was appointed as a Non-executive Director in February 2020. Paul has extensive financial experience across several industries including biotech, pharmaceutical and telecommunications. Paul is currently Chief Financial Officer of Oxford Instruments plc. Prior to this, Paul was the Chief Financial Officer of Argenta, a global CRO and CDMO specialising in animal health. Prior to this, he was Chief Financial Officer of Vectura Group Ltd, an industry-leading inhaled drug delivery specialist which up until 2021 was listed on the FTSE Main Market.

Paul was also Chief Financial of Immunocore Limited, a leading biotech company focused on the development of a new class of immunotherapeutic drugs based on proprietary T-cell receptor technology. Paul has also served as Director of Global Finance Operations at Vodafone plc and spent more than 25 years at GlaxoSmithKline ('GSK'), where he held several senior roles including Head of Global Finance Services and Chief Financial Officer for GSK's Italian pharmaceutical business.

Paul holds a degree from Oxford University and is a member of the Chartered Institute of Management Accounts.

Paul is Chair of the Audit Committee and a member of the Remuneration Committee.

Dr Mark Goldberg Non-executive Director

Mark was appointed as a Non-executive Director in August 2021 and is a medical oncologist, haematologist and a biotechnology executive. Mark currently serves on the boards of GlycoMimetics, Blueprint Medicines, and Walden Biosciences.

Mark was part of the executive management team of Synageva Biopharma from 2011 until 2014. Prior to that, he served in various management capacities of increasing responsibility at Genzyme Corporation from 1996 until 2011, including as Senior Vice President of Clinical Development. Prior to joining Genzyme, he was a full-time staff physician at Dana-Farber Cancer Institute and Brigham and Women's Hospital, where he still holds an appointment. He is currently a Lecturer in Medicine (part-time) at Harvard Medical School.

Mark is also a long-time American Cancer Society (ACS) and ACS Cancer Action Network volunteer. He was a member of the American Cancer Society New England Division Board from 2010 to 2017 and has been a member of the national Board of Directors of the American Cancer Society since 2019, currently servicing as Scientific Officer of the board.

Mark received his AB from Harvard College (*magna cum laude*) and his MD (*cum laude*) from Harvard Medical School (Harvard MIT Program in Health Sciences and Technology).

Mark is Chair of the Renumeration Committee effective May 2025

Darlene Deptula-Hicks Non-executive Director

Darlene was appointed as a Non-executive Director in July 2024 and has extensive financial experience in the biotech industry. Darlene currently sits on the Board of Directors of Abcuro and Aerami Therapeutics, providing strategic financial and business direction

Darlene is currently interim CFO at Normunity, and prior to that served as CFO of F-star Therapeutics (NASDAQ:FSTX), which she took public in 2020 and successfully sold in 2023. Previously, she held the role of CFO at Northern Biologics and T2 Biosystems (NASDAQ:TTOO). She also served as SVP and CFO of Pieris Pharmaceuticals (NASDAQ:PIRS) which she also took public.

Darlene received her M.B.A. from Rivier University and B.S. in Accounting from Southern New Hampshire University.

Darlene is a member of the Audit Committee

David Bryant Non-executive Director

David was appointed Non-Executive director in May 2025 and is a highly experienced international pharmaceutical executive with over 35 years in the industry. He has a strong track record in commercial leadership roles at GSK and Pfizer and was one of the original management team at Clinigen Group, from its 2012 IPO on the AIM market to its sale for $1.6bn in 2022. David is currently an Advisor to Healthcare Royalty (HCRx), a US-based healthcare focused private investment business.

Richard Hughes Non-Executive director

Richard was appointed Non-Executive director in May 2025 and had a long and successful career in the UK capital markets with over 30 years' corporate finance experience, including IPOs, equity capital raising and M&A for both public and private companies. He was previously a founder shareholder and a director of boohoo.com and a majority shareholder of Crawford Healthcare, a UK-based advanced wound care and dermatology company, which was acquired by Acelity in June 2018. He is a shareholder and director of numerous private companies operating across a range of sectors. Richard founded Zeus Capital, an independent financial services group, in 2003 and is a director of Zeus Group.

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2024.

Principal activity

The principal activities of the Group are the ongoing research and development activities of the therapeutics business with a unique technology platform

Avacta Therapeutics is a clinical stage oncology biotech division harnessing proprietary therapeutic platforms to develop novel, highly targeted cancer drugs.

Divestment of Launch Diagnostics, the major part of the business was divested in early 2025. Coris Biosciences to be divested in the near term.

Avacta has two proprietary platforms, pre|CISION™ and Affimer®.

The pre|CISION™ platform is a highly specific substrate for fibroblast activation protein (FAP) which is upregulated in most solid tumours compared with healthy tissues. The pre|CISION™ platform harnesses this tumour specific protease to activate pre|CISION™ peptide drug conjugates and pre|CISION™ antibody/Affimer® drug conjugates in the tumour microenvironment, reducing systemic exposure and toxicity, allowing dosing to be optimised to deliver the best outcomes for patients.

The lead pre|CISION™ programme AVA6000, a peptide drug conjugate form of doxorubicin, is in Phase 1b expansion studies. It has shown a dramatic improvement in safety and tolerability in clinical trials to date compared with standard doxorubicin and preliminary signs of clinical activity in multiple patients.

Business review and future developments

A review of the Group's operations and future developments is covered in the Strategic Report on pages 8 to 25. This report includes sections on strategy and markets and considers key risks and key performance indicators.

Financial results

Details of the Group's financial results, including events after the end of the reporting period, are set out in the Consolidated Statement of Profit or Loss and other components on pages 69 to 126.

The Directors have reviewed the results for the years ended 31 December 2024 and 31 December 2023, including the Annual Report & Accounts, preliminary results statement and the report from the external auditor. In reviewing the statements and determining whether they were fair, balanced and understandable, the Directors considered the work and recommendations of management as well as the report from the external auditor.

Dividends

The Directors do not recommend the payment of a dividend (2023: £nil).

Going concern

The Financial Statements have been prepared on a going concern basis. The Company's going concern assessment has been performed as part of the Group's going concern assessment.

During the year ended 31 December 2024, the Group reported a loss from continuing operations of £29.4 million and incurred net cash used in operating activities of £23.6 million.

As at 31 December 2024, the Group's accumulated losses were £138.8 million, and cash and cash equivalents were £12.9 million. The Group has external borrowings in the form of a convertible bond, with a principal amount outstanding of £30.6 million as at 31 December 2024.

As disclosed in Note 18, the gross proceeds of £31.2 million were received, net of costs of £1.7 million, through a placing of ordinary shares. As disclosed in Note 29 of the financial statements for the year ended 31 December 2024, net proceeds of £10.6 million were received in March 2025 from the sale of Launch Diagnostics Holdings Limited and its subsidiaries ("Launch Diagnostics"). The Directors continue to progress with the sale of Coris BioConcept, the remaining diagnostics division held for sale as at 31 December 2024.

The Group continues to advance its clinical trials and generate successful data and expects to report further findings in late 2025 and early 2026. Following the data, the Group will evaluate partnering and out-licensing opportunities.

The Group faces significant risks associated with successful execution of its strategy. These risks include, but are not limited to technology and product development, introduction and market acceptance of new products and services, changes in the marketplace, liquidity, competition from existing and new competitors which may enter the marketplace and retention of key personnel. As a clinical stage oncology business, the Directors anticipate operating losses to continue for the foreseeable future due to, among other things, costs related to research funding, growth plans and further development of our technology.

The Directors have considered detailed cash flow forecasts that extended to 31 December 2026, which is at least twelve months from the date of approval of these financial statements ("the going concern period"). The forecasts indicate that we currently have enough cash to fund our planned operations into the first quarter of 2026. The forecasts consider current and future economic conditions that are expected to prevail over the period. These forecasts include assumptions regarding the timing and quantum of investment in the therapeutic development programs together with various scenarios which reflect growth plans, opportunities, risks and mitigating actions. The Board is focused on both the short-term and long-term financing strategy to achieve the company goals including obtaining additional funding through the capital markets.

The forecast therefore shows the Group and the Parent Company are dependent on raising funds to advance their key projects and investments to remain cash positive during the going concern period. There are currently no agreements in place and there is no certainty that funds will be raised within the appropriate timeframe. This indicates that a material uncertainty exists that may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern, and therefore they may be unable to realise their assets and discharge their liabilities in the normal course of business.

However, the directors have a reasonable expectation that the required funding will be forthcoming. As a result, the directors believe that the Group and the Company will continue as a going concern for a period of at least 12 months from the date of approval of these financial statements and have therefore prepared the financial statements on a going concern basis.

Directors

The Directors who were in office during the year and up to the date of signing the Report and Accounts, unless otherwise stated were:

Shaun Chilton	
Dr Trevor Nicholls	Resigned 30 April 2025
Paul Fry	
Dr Mark Goldberg	
Tony Gardiner	Resigned 26 June 2024
Dr Alastair Smith	Resigned 30 April 2024
Dr Eliot Forster	Resigned 20 June 2024
Darlene Deptula-Hicks	Appointed 08 July 2024
Dr Christina Coughlin	
David Bryant	Appointed 28 May 2025
Richard Hughes	Appointed 28 May 2025

Under the Articles of Association of the Company, one third of the Directors are required to retire at the forthcoming 2025 AGM, notice of which accompanies this Report and Accounts. The Directors retiring by rotation at the forthcoming 2025 AGM are Chris Coughlin, Mark Goldberg. Darlene Deptula-Hicks, David Bryant and Richard Hughes who were all appointed after the 2024 AGM, held on 26 June 2024, had not

been appointed when the 2024 AGM resolutions were sent with the 2024 AGM Notice to shareholders. All five Directors, being eligible, offer themselves for re-election. In relation to the re-elections of each of the Directors, the Board is satisfied that the three Directors continue to be effective and to demonstrate commitment to the Company. Details of the Directors offering themselves for re-election at the 2025 AGM can be found on pages 34 and 35.

The Directors benefited from qualifying third-party indemnity provisions in place during the financial year and at the date of this report.

Substantial shareholders

The Company is informed that, at 5 June 2025, there were two individual registered shareholdings, Lombard Odier Investment Managers (holding 3.1%), and Conifer Management LLC (holding 3.1%) with more than 3% of the Company's issued share capital.

Directors' shareholdings

The beneficial interests of the Directors in the share capital of the Company at 31 December 2024 and at 5 June 2025 were as follows:

	31 December 2024 number of shares	4 June 2025 number of shares
Non-executive Directors		
Trevor Nicholls (resigned 30 April 2025)	107,455	107,455
Paul Fry	—	—
Mark Goldberg	—	—
Shaun Chilton	40,000	40,000
Darlene Deptula-Hicks (Appointed 08 July 2024)	—	—
Executive Directors		
Christina Coughlin	50,000	50,000
Alastair Smith (resigned 30 April 2024)	451,100	1,565,100
Tony Gardiner (resigned 24 June 2024)	8,196	8,196
David Bryant (appointed 29 May 2025)	—	—
Richard Hughes (appointed 29 May 2025)	—	—

In addition, Alastair Smith has a joint interest in 1,640,000 shares and Tony Gardiner has a joint interest in 150,000 shares in the share capital of the Company. Such shares are jointly held by themselves individually and Avacta Group Trustee Limited in its capacity as trustee of The Avacta Employees' Share Trust. The precise nature of the joint interest is described within Joint Share Ownership Agreements between Alastair Smith (dated 9 January 2012 and 15 February 2016) or Tony Gardiner (dated 15 February 2016) and Avacta Group Trustee Limited and Avacta Group plc in both cases.

None of the Directors have any interest in the share capital of any subsidiary company. Further details of options held by the Directors are set out in the Remuneration Committee Report on page 50.

The middle market price of the Company's ordinary shares on 31 December 2024 was 50.0p and the range during the period was 40p to 117p with an average price of 62p.

Information on Directors' remuneration and share option rights is given in the Remuneration Committee Report on pages 50 to 55.

Post balance-sheet events

On 21 January 2025, 6,663,568 new ordinary shares of 10p each were issued in settlement of the quarterly principal of £2.55 million and interest repayment of £0.50 million in respect of the unsecured convertible bond.

On 22 January 2025 Brian Hahn was appointed as Chief Financial Officer.

The Group completed its divestment of the Launch Diagnostics Holdings Limited and its subsidiaries on 24 March 2025. Further details of these divestments are presented in note 29

On 22 April 2025, 9,384,366 new ordinary shares of 10p each were issued in settlement of the quarterly principal of £2.55 million and interest repayment of £0.50 million in respect of the unsecured convertible bond.

On 29 May 2025, David Bryant and Richard Hughes appointed as Non-executive Directors

Research and development

During the year, the Group expensed through the income statement £14.27 million (2023: £13.11 million) in relation to research costs which relate to the costs associated with the pre-clinical Affimer® and pre|CISION™ therapeutic programmes and the early-stage costs of the diagnostic programmes.

Derivatives and financial instruments

The Group's policy and exposure to derivatives and financial instruments, along with the Group's management of capital, liquidity credit, interest rate and foreign currency risk, is set out at Note 20.

Employment and environment

The Group's policies on health and safety, the environment, and employee-related matters are disclosed in the Corporate Governance Report under the corporate social responsibility section on pages 37 to 45.

Political and charitable donations

There were no charitable or political donations in the year ended 31 December 2024 (2023: £nil).

Supplier payment policy and practice

The Group does not operate a standard code in respect of payments to suppliers. The Group agrees terms of payment with suppliers at the start of business and then makes payments in accordance with contractual and other legal obligations.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all the steps that he or she ought to have taken to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Re-appointment of auditor

A resolution for the re-appointment as auditor of BDO LLP will be put to the forthcoming Annual General Meeting.

Annual General Meeting

The Annual General Meeting of the Company will be held at Peel Hunt LLP, 7th Floor, 100 Liverpool Street, London EC2M 2AT, United Kingdom on Wednesday, 2 July 2025 at 09.00 a.m. Full details of the business to be transacted at the Annual General Meeting can be found in the Notice of Annual General Meeting on pages 128 to 134 of this report.

This Director's Report and the Strategic Report on pages 8 to 36, were approved by the Board on 05 June 2025 and signed on its behalf.

By order of the Board

Christina Coughlin

Christina Coughlin
Chief Executive Officer
05 June 2025

Brian Hahn

Brian Hahn
Chief Financial Officer & Company Secretary
05 June 2025

Avacta Group plc (Registered number—4748597)

Corporate Governance Report

Chairman's statement on corporate governance

All members of the Board believe strongly in the value and importance of good corporate governance and in our accountability to all the Company's stakeholders, including shareholders, staff, customers and suppliers. In the statement below, we explain our approach to governance, and how the Board and its committees operate.

The corporate governance framework which the Company operates, including Board leadership and effectiveness, Board remuneration, and internal control, is based upon practices which the Board believes are proportional to the size, risks, complexity and operations of the business and is reflective of the Group's values. The Board adopts the Quoted Companies Alliance's ('QCA') Corporate Governance Code for small and mid-size quoted companies.

The QCA Code is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures.

Delivering growth	
1—Establishing a strategy and business model which promote long-term value for shareholders	See Business Overview on page 14.
2—Seek to understand and meet shareholder needs and expectations	See this section and the 'Corporate Governance' section of our website www.avacta.com
3—Consider wider stakeholder and social responsibilities and their implications for long-term success	See this section and the 'Corporate Governance' section of our website.
4—Embed effective risk management, considering both opportunities and threats, throughout the organisation	See this section and the 'Principal Risks and Uncertainties' on pages 24 to 28.
Maintain a dynamic management framework	
5—Maintain the Board as a well-functioning, balanced team led by the Chairman	See this section and the 'Corporate Governance' section of our website.
6—Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	See this section and the 'Board of Directors' section on pages 30 to 32.
7—Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	See this section.
8—Promote a corporate culture that is based on ethical values and behaviours	See this section and the 'Corporate Governance' section of our website.
9—Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	See this section and the 'Corporate Governance' section of our website.
Build trust	
10—Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	See this section and the 'Corporate Governance' section of our website.

The Board considers that it does not depart from any of the principles of the QCA Code.

Establishing a strategy and business model which promotes long-term value for shareholders

Our Mission

Our Mission is to improve patients' lives and grow shareholder value by developing novel cancer therapies to create a portfolio of product candidates using our proprietary Affimer® and pre|CISION™ platforms.

Investment opportunity

- Avacta Group is strategically transitioning into a pure-play oncology therapeutics company by the ongoing divestment of its diagnostics division. This move allows the company to concentrate resources on its proprietary pre|CISION® platform, aiming to revolutionize cancer treatment through targeted peptide drug conjugates (PDCs)
- In March 2025, Avacta sold its UK-based diagnostics unit, Launch Diagnostics Holdings Limited, for £12.9 million (net £10.6 million) in cash to Duomed Belgium NV. This sale is a significant step toward Avacta's goal of becoming a dedicated biotechnology company. Coris BioConcept currently being held for sale pending divestment process. ALS-Dx unit closed during the year reducing operating costs going forward.

Technology platforms

- Avacta has two proprietary platform technologies—the Affimer® and pre|CISION™ platforms—which are being used to deliver a robust portfolio of products that address multi-billion-dollar markets.
    - The pre|CISION™ platform is a highly specific substrate for fibroblast activation protein (FAP) which is highly upregulated in most solid tumours compared with healthy tissues. The pre|CISION platform harnesses this tumour-specific protease to activate pre|CISION peptide drug conjugates and pre|CISION antibody drug conjugates in the tumour microenvironment, reducing systemic exposure and toxicity, allowing dosing to be optimised to deliver the best outcomes for patients.
    - Affimer® molecules are engineered alternatives to antibodies that have significant competitive advantages including size, stability, versatility, rapid development and ease of production.

Therapeutics Division

- Avacta Therapeutics' strategy is to develop and ultimately commercialize a broad portfolio of product candidates based on the ability of our pre|CISION® technology to deliver potent warheads to tumors. In principle, if applied to all patients whose tumors overexpress FAP, our approach could lead to treatments for hundreds of thousands of patients. Our strategy to achieve this goal is as follows:
- Continue to develop AVA6000 for the treatment of breast cancer, head and neck cancers and other tumors sensitive to doxorubicin. Interim data from our ongoing Phase 1 trial indicates that AVA6000 delivers high concentrations of released doxorubicin directly to tumors in human subjects resulting in fewer toxicities than reported in the literature for conventional doxorubicin administration. We have observed clinically meaningful antitumor activity in the Phase 1a portion of this trial. To confirm this activity, we opened the indication-specific dose expansion cohorts to screening in December 2024 and will begin dosing patients early in 2025.
- Advance AVA6103 into and through clinical development. We have demonstrated the ability of our pre|CISION® technology to be applied to other warheads through the creation of AVA6103, an exatecan derivative. We intend to select a product candidate in the second half of 2024 and subsequently file an IND and initiate a Phase 1 trial of AVA6103 in the first half of 2026.
- Advance AVA7100 into and through clinical development. We believe AVA7100, utilizing our Affimer® proteins, will have the potential to impart tumor-antigen-specific targeting of pre|CISION® drug conjugates with improved pharmacokinetics that will optimize targeting of tumor types that have lower expression of FAP. We expect to nominate a FAP-targeted Affimer® pre|CISION® product candidate in our AVA7100 program in the second half of 2025 and to advance this program into IND-enabling studies.
- Establish product-based partnerships on pre|CISION® product candidates. We believe that the broad applicability of our pre|CISION® technology can drive the creation of a number of product candidates. We may seek to accelerate the development of some of these product candidates with corporate partners with clinical expertise in certain therapeutic areas or geographies.

- Explore additional technology-based collaborations surrounding our pre|CISION® and Affimer® platforms. We believe that the broad potential of these technology platforms may serve as the basis for future partnerships outside of our core area of focus. For example, we have previously licensed our pre|CISION® technology to POINT Biopharma Inc., or POINT, for the development of radiopharmaceutical product candidates; and we have partnerships with both Pharmaceutical Co. Ltd., or Daewoong, and LG Chem Life Sciences, or LG Chem, focused on generation of therapeutics based on our Affimer® technology.

Diagnostics Division

- The Group's strategy is to focus its cash resources on growing the Therapeutics Division which the Board believes is now the main value driver of the Group. Whilst the Diagnostics Division is expected to be cash generative in the near future, it is strategically important for the Group to simplify its structure in order to attract specialist healthcare investors with the ability to support the growing pre-clinical and clinical pipeline of pre|CISION™ and Affimer® therapeutics and it will do so in a manner which maximises value for its shareholders..
- The Groups internal diagnostics development group (ALS-Dx) ceased operations during the year, reducing significant workforce and facility expenses. Launch Diagnostics divestment completed March 2025, Coris divestment currently ongoing.

The Board believes it has a balanced business and capital allocation model, and a high-value oncology pipeline which seeks to create long-term shareholder value alongside patient benefit. While the Board has prepared the financial statements on a going concern basis, it acknowledges that a material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern.

Board structure, skills and compliance

The Board has a collective responsibility and legal obligation to promote the interests of the Company and to define the corporate governance arrangements. At 31 December 2024, the Board comprised five Non-executive Directors and one Executive Directors. The profiles of the Directors are set out on pages 39 to 41.

The division of responsibilities between the Chairman and the Chief Executive Officer is clearly defined. The Chairman's primary responsibility is ensuring the effectiveness of the Board and setting its agenda. The Chairman is not involved in the day-to-day business of the Group. The Chief Executive has direct charge of the Group on a day-to-day basis and is accountable to the Board for the financial and operational performance of the Group.

The Chairman, Shaun Chilton, was appointed as a Non-Executive director in June 2023 and appointed as Chairman in June 2024. Prior to his appointment to the Board, he was not involved with any part of the Avacta Group and has been considered independent since his appointment. Shaun has held a number of senior and executive commercial positions over more than 30 years in companies in pharmaceutical and pharmaceutical services industries. Shaun's time commitment is one to two days per month.

The Chief Executive Officer, Dr Christina Coughlin was appointed as a Non-executive Director in March 2022. Prior to her appointment to the Board, she was not involved with any part of the Avacta Group and was considered independent up to July 2023. In late July 2023 Christina undertook an additional consulting role to assist the Therapeutics Division with the clinical trials of its lead asset, AVA6000. This consulting role continued through to the end of January 2024, at which point Christina joined Avacta full time to become an Executive Director and Head of Research and Development. In late April 2024 Chirstina was named Chief Executive Officer. Christina has an extensive background in the pharmaceutical and biotechnology fields, with a broad background of drug development from pre-IND to filing experience in global companies. Christina's time commitment from February 2024 is full time.

Paul Fry was appointed as a Non-executive Director in February 2020. Prior to his appointment to the Board, he was not involved with any part of the Avacta Group and has been considered independent since his appointment. Paul has an extensive financial background within the life sciences sector and has been Chairman of the Audit Committee since his appointment to the Board. Paul's time commitment is one to two days per month.

Dr Mark Goldberg was appointed as a Non-executive Director in August 2021. Prior to his appointment to the Board, he was not involved with any part of the Avacta Group and has been considered independent since his appointment. Mark has an extensive background as an Executive and Non-executive Director within the US biotechnology sector and is also a medical oncologist. Mark's time commitment is one to two days per month.

Darlene Deptule-Hicks was appointed as a Non-Executive Director in July 2024. Prior to her appointment to the Board, she was not involved with any part of the Avacta Group and has been considered independent since her appointment. Darlene has an extensive financial background within the life sciences sector and has been a member of the Audit Committee since her appointment to the Board. Darlene's time commitment is one to two days per month.

The Board met regularly throughout the year, either in person or by video conferencing methods, with ad hoc meetings also being held. The role of the Board is to provide leadership of the Company and to set strategic aims but within a framework of prudent and effective controls which enable risk to be managed to acceptable levels. The Board has agreed the Schedule of Matters reserved for its decision, which includes ensuring that the necessary financial and human resources are in place to meet its obligations to its shareholders and others. It also approves acquisitions and disposals of businesses, major capital expenditure, annual financial budgets and recommends interim and final dividends. It receives recommendations from the Audit Committee in relation to the appointment of an auditor, their remuneration and the policy relating to non-audit services. The Board agrees the framework for Executive Directors' remuneration with the Remuneration Committee and determines fees paid to Non-executive Directors. Given the relative size of the Company, there is currently no separate Nomination Committee and the Board, with advice from the Remuneration Committee, takes responsibility for any recruitment of Executive and Non-executive Directors, together with succession planning. Board papers are circulated before Board meetings in sufficient time to allow meaningful review and preparation by all Board members.

Conflicts of interest

Each Director has a duty to avoid situations in which he or she has or can have a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Group. The Board requires each Director to declare to the Board the nature and extent of any direct or indirect interest in a proposed transaction or arrangement with the Group and the Company Secretary maintains a register of Directors' other interests. The Board has power to authorise any potentially conflicting interests that are disclosed by a Director.

Board evaluation and performance

The performance of the Board is evaluated on an ongoing basis informally with reference to all aspects of its operation including, but not limited to: the appropriateness of its skill level; the way its meetings are conducted and administered (including the content of those meetings); the effectiveness of the various Committees; whether corporate governance issues are handled in a satisfactory manner; and whether there is a clear strategy and objectives.

A new Director, on appointment, is briefed on the activities of the Company. Professional induction training is also given as appropriate. The Chairman briefs Non-executive Directors on issues arising at Board meetings if required and Non-executive Directors have access to the Chairman at any time. Ongoing training is provided as needed. Directors are continually updated on the Group's business by means of Board presentations on risk and compliance matters as well as issues covering pensions, social, ethical, environmental and health and safety.

In the furtherance of their duties or in relation to acts carried out by the Board or the Company, each Director has been informed that they are entitled to seek independent professional advice at the expense of the Company. The Company maintains appropriate cover under a Directors and Officers insurance policy in the event of legal action being taken against any Director.

Each Director is appraised through the normal appraisal process. The Chief Executive is appraised by the Chairman, the executive Board members by the Chief Executive and the non-executive Board members by the Chairman. Each Director has access to the services of the Company Secretary if required.

The Non-executive Directors are considered by the Board to be independent of management and are free to exercise independence of judgement. The Non-executive Directors have never been employees of the Company nor do they participate in any of the Company's pension schemes or bonus arrangements. They receive no remuneration from the Company other than the Directors' fees. Dr Eliot Forster, shortly after his appointment to the Board in 2018, received an award of share options, which were equivalent to one year's fee for his services as Chairman. The share options which are now fully vested do not carry any performance obligations (further details are provided within the Remuneration Report). The Board and Company's advisers do not consider the share options, given their relatively low value in relation to Dr Forster's fee for his services and his income from other roles outside of the Avacta Group, to impact his independence.

Directors are subject to re-election at the Annual General Meeting following their appointment. In addition, at each Annual General Meeting one third (or whole number more than one third) of the Directors will retire by rotation.

As the Group evolves and develops, the composition of the Board will change to reflect the priorities of the Group. There are currently no ethnic minority Board members; however, the Group is satisfied that as further Directors are added to the Board that there will be no limitation of opportunities due to diversity.

The table below shows the number of Board meetings and Committee meetings held during the period and the attendance of each Director.

	Board meetings		Committee meetings			
			Audit		Remuneration	
	Position	Attended	Position	Attended	Position	Attended
Shaun Chilton[1]	Non-executive Chairman	10/10	Member	5/5	Member	2/2
Trevor Nicholls[2]	Non-executive	10/10	—	5/5	Chairman	2/2
Paul Fry	Non-executive	10/10	Chairman	5/5	Member	2/2
Mark Goldberg	Non-executive	10/10	—	—	—	—
Tony Gardiner[3]	Executive CFO	5/5	—	3/3	—	1/1
Dr Alastair Smith[4]	Executive CEO	4/4	—	3/3	—	1/1
Dr Eliot Forster[5]	Non-executive Chairman	5/5	—	3/3	—	1/1
Christina Coughlin	Non-executive	10/10	—	—	—	—
Darlene Deptula-Hicks[6]	Non-executive	5/5	Member	—	—	—
Chirstina Coughlin	Executive CEO	10/10	—	5/5	—	2/2
David Bryant[7]	Non-executive	0/0	—	0/0	—	—
Richard Hughes[7]	Non-executive	0/0	—	0/0	—	—

(1) Shaun Chilton was appointed Non-Executive Chairman on 24 June 2024

(2) Trevor Nicholls resigned on 30 April 2025

(3) Tony Gardiner resigned on 24 June 2024

(4) Dr. Alastair Smoith resigned on 30 April 2024

(5) Dr Eliot Forster resigned on 24 June 2024

(6) Darlene Deptula-Hicks was appointed as a Non-executive Director on 08 July 2024

(7) David Bryant and Richard Hughes were appointed as Non-executive Directors on 29 May 2025

Audit Committee

The Audit Committee ('the Committee') is established by and is responsible to the Board.

Paul Fry is the Chair of the Committee and is considered to be an independent Non-executive Director. Paul is a member of the Chartered Institute of Management Accountants and brings significant breadth of recent and relevant financial experience to his role, including roles as Chief Financial Officer of Argenta and as Chief Financial Officer of Vectura Group Ltd, which was listed on the Main Market of the London Stock Exchange until it was acquired by Philip Morris International Inc. and subsequently de-listed in October 2021. Paul has recently been appointed as Chief Financial Officer at Oxford Instruments Plc. The current members of the Committee—Shaun Chilton and Darlene Deptula-Hicks, both of whom are Non-executive Directors—have gained wide experience in regulatory, commercial and risk issues.

The terms of reference of the Audit Committee include the following responsibilities:

- To monitor and be satisfied with the truth and fairness of the Company's financial statements before submission to the Board for approval, ensuring their compliance with the appropriate accounting standards, the law and the Listing Rules of the Financial Services Authority
- To monitor and review the effectiveness of the Company's system of internal control
- To make recommendations to the Board in relation to the appointment of the external auditor and their remuneration, following appointment by the shareholders in the Annual General Meeting, and to review and be satisfied with the auditor's independence, objectivity and effectiveness on an ongoing basis
- To implement the policy relating to any non-audit services performed by the external auditor

Risk management

The Board is responsible for risk management and reviewing the internal controls systems. The internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute assurance against material misstatement or loss. Given the relative size of the Group, there is not currently a separate internal audit function.

The Group highlights potential financial and non-financial risks which may impact on the business as part of the risk management procedures in the form of a Risk Register. The Board receives these reports periodically and monitors the position at Board meetings. There are ongoing processes for identifying, evaluating and mitigating the significant risks faced by the Group, which are reviewed on a periodic basis. The review process involves a review of each area of the business to identify material risks and the controls in place to manage these risks including clinical manufacturing, non-clinical and clinical operations. The process is undertaken by the Chief Financial Officer and senior managers with responsibility for specific controls. Where any significant weakness or failing is identified, implementation of appropriate remedial action is completed following approval by the Board.

The Group maintains appropriate insurance cover in respect of actions taken against the Directors because of their roles, as well as against material loss or claims against the Group. The insured values and type of cover are comprehensively reviewed on a periodic basis.

Remuneration Committee

The Remuneration Committee is chaired by Mark Goldberg (effective May 2025) and the other current members of the Committee are Shaun Chilton and Paul Fry, all of whom are Non-executive Directors. The Committee meets at least once a year with the Chief Executive and Chief Financial Officer in attendance as appropriate.

The terms of reference of the Remuneration Committee include the following responsibilities:

- To determine the framework and policy, together with the individual packages of the remuneration of the Executive Directors and certain other senior executives of the Group
- To determine targets for performance-related pay schemes
- To review employee benefit structures
- To produce an annual report of the Committee's remuneration policy

Shareholder communications and engagement

Responsibility for investor relations sits with the Chief Executive Officer, supported by the Chief Financial Officer and Group Communications Director together with input from other members of the Senior Management Team as required.

The Company is committed to communicating openly with its shareholders to ensure that its strategy and performance are clearly understood. We communicate with shareholders through the *Annual Report & Accounts*, full-year and half-year announcements, trading updates and the Annual General Meeting, and we encourage shareholders' participation using technology platforms such as the Investor Meet Company platform.

A range of corporate information (including the *Annual Report & Accounts*) is also available to shareholders, investors and the public on our website, www.avacta.com. The Company uses intermediaries such as Investor Meet Company and ICR Healthcare to ensure that key updates provided via RNS releases are relayed to as many shareholders as possible. The Directors encourage the participation of all shareholders, including private investors, at the Annual General Meeting, with over 100 shareholders attending the 2024 AGM in person.

The Chief Executive Officer and Chief Financial Officer meet regularly with institutional shareholders to foster a mutual understanding of objectives and communicate back to the Board. The Chairman and Non-executive Directors are also available to discuss governance and other matters directly with major shareholders.

The Company also holds science days, where investors and significant shareholders are provided with an update on the Group's scientific activities by members of the Board and Senior Management Team.

Share dealing code

The Company has adopted a code on dealings in relation to the securities of the Group. The Company requires the Directors and other relevant employees of the Group to comply with the Share Dealing Code and takes proper and reasonable steps to secure their compliance.

Corporate social responsibility

The Board recognises the importance of corporate social responsibility and seeks to take account of all of the interests of the Group stakeholders, including shareholders, partners, employees, customers and suppliers. The Board wants to establish and maintain an environment in which employees, suppliers and partners act in an ethical and socially responsible way in operating the business and the impact of its activities relating to health, safety and environmental issues.

Employee welfare and engagement

It is the Group's policy to involve employees in its progress, development and performance. The Executive Directors regularly engage with employees, many of whom are shareholders or holders of share options, to seek their views and provide briefings and presentations on key developments and strategy. The updates also follow key events within the financial reporting calendar and aim to give staff the same level of insight provided to institutional shareholders and analysts, providing details of the business objectives, strategy and business model, together with sharing of technical progress across the various teams within the Group. Senior Management work across all the Group's facilities and actively seek regular feedback from staff to ensure that the strategy and aims of the Group are readily understood.

Training, career development and promotion of disabled persons

Applications for employment by disabled persons are fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who is fortunate enough not to suffer from a disability. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues.

Equal opportunities and diversity

The Group is a committed equal opportunities employer, and its employees and job applicants will receive equal treatment regardless of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation.

The Group does not have formal diversity quotas but recognises that a diverse employee profile is fundamental to the business. The gender profile across all employees as at 31 December 2024 was 52% female and 48% male.

Health and safety

The Group has well-defined health and safety policies and procedures, complying with current legislation and safeguarding staff, contractors and visitors. Christina Coughlin is the Executive Director responsible for health and safety, chairing Group meetings and reporting on health and safety matters to the Board. The Group's policies and procedures form a part of staff induction and training programmes. Regular internal safety audits are carried out and no significant issues have been identified by these audits.

Ethics and compliance

The Group's Diagnostics and Therapeutics Divisions operate around product development, drug development and clinical trials where there are highly regulated ethical frameworks in place.

Political and charitable donations

The Group does not make political or charitable donations, although charitable fundraising by employees is encouraged.

Modern slavery and human trafficking statement

The Group ensures that all employees are eligible to work in their country of employment. The majority of our workforce are employed directly; however, where agency workers are utilised, it is ensured that these same checks are performed by the supplier.

The Group has a Whistleblowing Policy, where anyone who raise concerns through a defined process, are protected. In addition, there are robust policies in place that ensure equality amongst colleagues, as well as deploying a zero-tolerance approach to harassment and bullying in all areas of the business.

Environment and greenhouse gas emissions

Due to the nature of the Group's divisions, it has a low environmental impact and seeks to minimise the impact of its operations and comply with relevant regulations and legislation.

The Group continues to develop processes to measure and report on the Group's GHG emissions and provides the below voluntary disclosures on Scope 1 & Scope 2 greenhouse gas ('GHG') emissions to aid a better understanding of its' environmental impact and the measures being taken to minimise this. In the table below:

- Scope 1 emissions cover direct emissions of GHG from fuel combustion
- Scope 2 emissions cover emissions from purchased electricity
- Scope 3 emissions cover all other indirect emissions that occur in a company's value chain. They are not included in the reporting below, but the Group will continue to develop its processes to allow measurement and reporting on these emissions in future periods.

	2024 GHG Emissions ($CO2_e$ metric tons)	2023 GHG Emissions ($CO2_e$ metric tons)
Scope 1	213	210
Scope 2	110	109
Total	**323**	**319**

The increase in Scope 1 $CO2_e$ metric tons in 2024 is largely attributable to the inclusion of a full year of emissions data relating to Coris, compared with a shorter seven-month period post-acquisition in 2023. These emissions are predominantly driven by car fleets of sales representatives and field service engineers. Launch Diagnostics is in the process of phasing out diesel vehicles in favour of hybrid or fully electric vehicles to reduce its Scope 1 emissions.

The increase in Scope 2 $CO2_e$ metric tons in 2024 is again attributable to the inclusion of a full year of emissions data for Coris.

In addition, the 2024 emissions data also includes reporting for Coris Bioconcept SRL since its acquisition date. Coris installed solar panels at their premises in Gembloux, Belgium to help minimise non-renewable energy usage.

This report was approved by the Board of Directors and authorised for issue on 05 June 2025 and was signed on its behalf by:

Shaun Chilton

Shaun Chilton
Chairman
05 June 2025

Audit Committee Report

Introduction

The Audit Committee is a sub-committee of the Board and is responsible for reviewing all aspects of the financial reporting and internal controls of the company. The Committee represents the interests of our shareholders in relation to the integrity of information and the effectiveness of the audit processes in place.

The key function of the Committee is to address the following specific responsibilities, while adapting its activities as appropriate to address changing priorities within the business.

- Financial reporting: reviewing the published half-year and annual Financial Statements and reports, and any other formal announcement relating to the Group's financial performance, and advising the board on whether such information represents a fair, balanced and understandable assessment of the Company's position and prospects; monitoring compliance with relevant statutory reporting and listing requirements; reviewing and considering any changes in accounting standards; and considering the suitability of, and any changes to, accounting policies used by the Group, including the use of estimates and judgements
- Internal control and risk management: reviewing the adequacy of the Group's internal controls; assisting the board in conducting a robust assessment of the Company's emerging and principal risks; and monitoring the scope and effectiveness of the activities in the context of the Group's overall risk management framework.
- Reviewing and monitoring the effectiveness of the external audit process and the independence of the external auditor: conducting the tender process to appoint an external auditor and making recommendations to the board on the appointment, reappointment and removal of the external auditor; planning with the external auditor the half-year review and full-year audit programme, including agreement as to the nature and scope of the external audit as well as the terms of remuneration in the context of the overall audit plan; monitoring the ongoing effectiveness of the external auditor; monitoring the objectiveness and independence of the external auditor; and approving and monitoring any non-audit services undertaken by the external auditor, together with the level of non-audit fees.

The Committee is authorised by the Board to seek and obtain any information it requires from any officer or employee of the Company and to obtain external legal or other independent professional advice as is deemed necessary by it.

Meetings of the Committee are held as required during the year. The regular meetings coincide with the review of the scope of the external audit and observations arising from their work in relation to internal control and to review the financial statements. The external auditor is invited to these meetings and meets with the Audit Committee at least once a year. At its meeting, the Committee carries out a full review of the year-end financial statements and of the audit, using as a basis the Report to the Audit Committee prepared by the external auditor and considering any significant accounting policies, any changes to them and significant estimates or judgements. Questions are asked of management of any significant or unusual transactions where the accounting treatment could be open to different interpretations.

Due to its size and structure, the Group does not have an internal audit function. This is a matter which the Committee reviews annually.

External auditor

The external auditor is required to give the Committee information about policies and processes for maintaining their independence and compliance regarding the rotation of audit partners and staff. The Committee considers all relationships between the external auditor and the Company to ensure that they do not compromise the auditor's judgement or independence, particularly with the provision of non-audit services.

BDO LLP were appointed auditor to the Group following a tender process in 2021. The Audit Committee considers that the Company's relationship with the Group's auditor is working well, and the Committee remains satisfied with the effectiveness of the auditor. Shirley Rogan has been newly appointed as the role of engagement partner. There are no contractual obligations restricting the Company's choice of external auditor.

Significant issues relating to the financial statements

The specific issues considered by the Audit Committee in the period under review, in relation to the financial statements, are shown below.

Use of judgements and estimates

In preparing the consolidated financial statements, the Group has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

During the year the Committee reviewed the key judgements and estimates made by the Group that have material effects on the amounts recognised in the financial statements. These are summarised below.

Judgements:

During the year, the Committee considered the following key judgements made in preparation of the financial statements:

Going concern

The Financial Statements have been prepared on a going concern basis. The Company's going concern assessment has been performed as part of the Group's going concern assessment.

During the year ended 31 December 2024, the Group reported a loss from continuing operations of £29.4 million and incurred net cash used in operating activities of £23.6 million.

As at 31 December 2024, the Group's accumulated losses were £138.8 million, and cash and cash equivalents were £12.9 million. The Group has external borrowings in the form of a convertible bond, with a principal amount outstanding of £30.6 million as at 31 December 2024.

As disclosed in Note 18, the gross proceeds of £31.2 million were received, net of costs of £1.7 million, through a placing of ordinary shares. As disclosed in Note 29 of the financial statements for the year ended 31 December 2024, net proceeds of £10.6 million were received in March 2025 from the sale of Launch Diagnostics Holdings Limited and its subsidiaries ("Launch Diagnostics"). The Directors continue to progress with the sale of Coris BioConcept, the remaining diagnostics division held for sale as at 31 December 2024.

The Group continues to advance its clinical trials and generate successful data and expects to report further findings in late 2025 and early 2026. Following the data, the Group will evaluate partnering and out-licensing opportunities.

The Group faces significant risks associated with successful execution of its strategy. These risks include, but are not limited to technology and product development, introduction and market acceptance of new products and services, changes in the marketplace, liquidity, competition from existing and new competitors which may enter the marketplace and retention of key personnel. As a clinical stage oncology business, the Directors anticipate operating losses to continue for the foreseeable future due to, among other things, costs related to research funding, growth plans and further development of our technology.

The Directors have considered detailed cash flow forecasts that extended to 31 December 2026, which is at least twelve months from the date of approval of these financial statements ("the going concern period"). The forecasts indicate that we currently have enough cash to fund our planned operations into the first quarter of 2026. The forecasts consider current and future economic conditions that are expected to prevail over the period. These forecasts include assumptions regarding the timing and quantum of

investment in the therapeutic development programs together with various scenarios which reflect growth plans, opportunities, risks and mitigating actions. The Board is focused on both the short-term and long-term financing strategy to achieve the company goals including obtaining additional funding through the capital markets.

The forecast therefore shows the Group and the Parent Company are dependent on raising funds to advance their key projects and investments to remain cash positive during the going concern period. There are currently no agreements in place and there is no certainty that funds will be raised within the appropriate timeframe. This indicates that a material uncertainty exists that may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern, and therefore they may be unable to realise their assets and discharge their liabilities in the normal course of business.

However, the directors have a reasonable expectation that the required funding will be forthcoming. As a result, the directors believe that the Group and the Company will continue as a going concern for a period of at least 12 months from the date of approval of these financial statements and have therefore prepared the financial statements on a going concern basis.

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Revenue recognition—Judgements arise from the application of IFRS 15 to the Group's revenue streams, as disclosed in Note 1C, as to the timing and nature of revenue recognised in relation to the achievement of milestones. The Committee has reviewed revenue judgements concerning milestones achievement and was satisfied there were recognised correctly in line with the relevant accounting standards and the Group's policies.

Assets Held for Sale—Judgements arise as from when management deem the discontinuing activities as held for sale. Management determines the held for sale date is when it becomes clear and highly probable that the sale of the disposal group is to take place disclosed in note 1N.

Estimates:

The Committee also considered the assumptions and estimation uncertainties as at 31 December 2024 that have a significant risk of resulting in a material adjustment to the carrying amounts and liabilities in the next financial year are:

Valuation of share options—*We measure incentive shares granted to employees and non-employees based on their fair value on the date of the grant, using Black Scholes valuation models, or a Mone Carlo simulation model where options have market-based vesting conditions. This fair value at grant date is recognized as an expense over the vesting period of the option. The key assumptions made in determining the fair value of options is disclosed in Note 6*

Modification of Share-Based Payment valuations—During the year the Group modified the vesting conditions of certain equity-settled share-based payment schemes in connection with the departure of certain members of the executive team. These were performance-based options that were modified to waive performance requirements and to fully vest all outstanding awards. Fair values were determined immediately before and immediately after the modification date to estimate the incremental change in value. See note 6

Impairment—Impairment tests have been performed on the carrying amounts of the Group's cash-generating units. Key assumptions such as the amount and timing of future cash flow growth, and the achievement of future development milestones, underlie the recoverable amounts used in these impairment tests. Further information on the key assumptions underlying these tests is disclosed in Note 11. After reviewing these assumptions and the outcomes of the analysis, the Committee agreed with management that the impairment charges are accurate

Convertible bond—Determining the fair value of the embedded derivative within the convertible bond, both at conversion dates and at the reporting date. See Note 24. There is a high degree of complexity in modelling such instruments, and the company has employed a specialist third party consultancy to support management in determining this estimate. The Committee review the key assumptions and sensitivities of the models used for the current year, as well as reviewing prior year values to ensure consistency of approach.

Other Matters

During the year the company saw the retirement of Tony Gardner as Chief Financial Officer, and the appointment of Brian Hahn as its new CFO. During the transition period between CFOs the Committee has sought to support the finance team, and to ensure key financial matters continue to be managed to an appropriate standard, despite a period of significant change in the business

I would personally like to thank Tony for all his commitment and support for the company over the years, and to welcome Brian to Avacta.

Internal Review and Financial Processes

The audit this year has highlighted weaknesses in some of the Group's accounting processes and resources. There have been a significant number of complex transactions in the period, and the finance team has also undergone significant change. The Committee has reviewed these weaknesses and together with management is developing a plan for improvement to be implemented during 2025.

Paul Fry

Paul Fry
Chairman of the Audit Committee
05 June 2025

Remuneration Committee Report

Introduction

This report sets out the remuneration policy operated by the Company in respect of Executive and Non-executive Directors as of the date of this report.

The Company is listed on AIM and therefore is not required to prepare a remuneration report complying with the disclosure requirements under section 420 of the Companies Act (2006) or the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 or to comply with the Financial Conduct Authority Listing Rules.

The Company aims to adhere to a high level of compliance with corporate governance guidelines and therefore the Company has prepared this unaudited report voluntarily so that shareholders can clearly understand remuneration paid to the Directors.

At the Company's Annual General Meeting, a resolution to approve the Remuneration Report will be proposed, with details provided within the Notice of Meeting. The vote will be advisory.

Remuneration Committee

The Remuneration Committee consists of Mark Goldberg (Chairman), Shaun Chilton and Paul Fry. All members of the Committee are Non-executive Directors of the Company and are considered by the Board to be independent. Non-executive Directors have no personal financial interest in the Company, except the holding of shares, no potential conflict of interest arising from cross directorships and no day-to-day involvement in the running of the Company.

The Remuneration Committee has responsibility for the following:

- Determining the framework and policy, and the individual packages of the remuneration of the Executive Directors and certain other senior executives, including pension rights and any compensation payments
- Determining targets for performance-related pay and share incentive schemes
- Reviewing employee benefit structures
- Appointing and using remuneration consultants
- Producing an annual report of the Committee's remuneration policy

Remuneration policy of Executive Directors

Avacta's remuneration policy for Executive Directors is designed to attract, retain and motivate executives of the highest calibre to ensure that the Group is managed successfully for the benefit of shareholders. The policy is to pay base salary at median quartile levels with attractive short-term and longer-term performance incentives. Share ownership is encouraged and all the Executive Directors are directly interested in the share capital of the Company or hold share options over the share capital.

In setting remuneration levels, the Committee takes into consideration remuneration within the Group and the remuneration practices in other companies of a similar size in the markets and locations in which Avacta operates. Avacta is a dynamic, growing company operating in a specialised field and has grown significantly in size, scope and value over the last few years. Positions are benchmarked from time-to-time against comparable roles in biotech and AIM companies, with the next formal review to take place in January 2026 with the support of an external adviser, Mercer. Mercer does not provide any other services to the Group and is a signatory to the UK Remuneration Consultants Group Code of Conduct.

Executive Directors—Short-term incentives

Basic salary

Basic salary is determined by several factors including market rates, together with the individual Director's experience, responsibilities and performance. Individual salaries of Directors were reviewed by the Remuneration Committee in January 2024.

In February 2024, Christina Coughlin was appointed to the Executive Director position of Head of Research and Development, having carried out a consulting role with the Group's Therapeutics Division from August 2023 in addition to her Non-executive Director role. Christina's Non-executive Director role ceased on 31 January 2024 upon commencing the full-time Executive Director role, with her basic salary being set at £375,000 per annum, reflecting the level of experience that Christina brings to the role and comparable salaries across US and European biotech companies. In addition to the basic salary, a one-off fee of $100,000 was paid to Christina on commencement of the role. On April 30, 2024, Christina Coughlin was appointed Chief Executive Officer of Avacta Group, with her basic salary being set at $515,000 per annum reflecting the level of experience that Christina brings to the role and comparable salaries across US and European biotech companies. In addition to the basic salary, a one-off fee of $225,000 was paid to Christina on commencement of the role.

On April 30, Alastair Smith stepped down as Chief Executive Officer and resigned as a director. As part of the settlement agreement, he received total payments of £673,700.

In June Tony Gardiner stepped down as Chief Financial and resigned as a director. As part of the settlement agreement, he received total payments of £392,529.

Performance-related bonus

The Company operates an annual performance-related bonus scheme for Executive Directors. Payments under the bonus scheme are at the discretion of the Board (as recommended by the Remuneration Committee) and are based around significant value creation milestones, covering financial, commercial, technical and operational parameters, which are set at the start of the financial year. The maximum bonus that can be earned by an Executive Director for the 2024 financial year was 100% of basic salary. The Committee determines on an annual basis the composition of the award, which can be split between cash, deferred share awards and share options.

Benefits in kind

The Company provides private medical and critical illness insurance for the Executive Directors.

Pensions

The Company makes payments into defined contribution Personal Pension Plans on behalf of the Executive Directors. These payments are at a rate up to 6% of basic salary consistent with terms offered to other staff across the Group. Executive Directors can elect to take these pension contributions as additional salary payments if they so choose.

Executive Directors—Long-term incentives

Share interests

The Committee considers that the long-term motivation of the Executive Directors is secured by their interests in the share capital of the Company, operating an EMI-approved share option scheme, an unapproved Executive Share Option Scheme, a Joint Share Ownership Plan ('JSOP') and a Long-Term Incentive Plan ('LTIP').

The individual interests and joint interests (where applicable) of the Directors in the share capital of the Company are set out on page 35 and their interests in options held over shares in the Company are set out on page 54.

Executive Directors are expected to build a direct stake in the Company's shares over time, either through the purchase of shares in the market from time to time and/or through the future exercise of share options.

The Committee has an established framework of LTIP awards for Executive Directors and certain senior executives with most recent awards being granted in December 2024.

The September 2023 LTIP award was granted with vesting conditions based on the share price performance of the Group relative to the FTSE AIM All Share Index over a three-year period to 31 December 2025, subject to the Board having discretion to review the exercise conditions in exceptional circumstances.

Christina Coughlin, with her appointment as Chief Executive Officer was awarded 3,600,000 options with a strike price of 72p

In connection with the settlement agreement for departure of certain executive management personnel, the performance obligations were waived and an aggregate of 2,500,000 options became fully vested.

The Company can grant share options under its share option schemes subject to a cap, agreed with shareholders, to be up to 15% of total issued share capital in any ten-year period.

Executive Directors' service agreements

The Board's policy on setting notice periods for Directors is that these should not exceed one year. All Executive Directors have service agreements terminable on six months' notice.

The details of the service contracts of the Executive Directors at 31 December 2024 are shown below.

	Date of service contract	Initial term of contract	Notice period following initial term
Christina Coughlin	30 April 2024	Nil	6 months

Non-executive Directors

The Board determines the fees paid to Non-executive Directors, the aggregate limit for which is laid down in the Articles of Association. The fees, which are reviewed annually, are set in line with prevailing market conditions and at a level which will attract individuals with the necessary experience and ability to make a significant contribution to the Group's affairs. Non-executive Directors are not involved in any discussion or decision about their own remuneration. The same applies to the Chairman of the Board, whose remuneration is determined by the Board on the recommendation of the Committee.

The Non-executive Directors do not participate in any of the Company's pension schemes or bonus arrangements.

The details of the service contracts of the Non-executive Directors at 31 December 2024 are shown below.

	Date of service contract	Initial term of contract	Notice period following initial term
Shaun Chilton	19 June 2023	Nil	1 month
Trevor Nicholls	2 August 2013	Nil	1 month
Paul Fry	9 January 2020	Nil	1 month
Mark Goldberg	17 August 2021	Nil	1 month
Christina Coughlin	18 March 2022	Nil	1 month
Darlene Deptula-Hicks	8 July 2024	Nil	1 month

The Non-executive Directors are encouraged to maintain a shareholding within the Company and their current holdings are set out on page 35. None of the Non-executive Directors hold any interest in share options or the joint share ownership plan of the Company.

External appointments

The Committee recognises that its Directors may be invited to become Executive or Non-executive Directors of other companies or to become involved in charitable or public service organisations. As the Committee believes that this can broaden the knowledge and experience of the Company's Directors to the benefit of the Group, it is the Company's policy to approve such appointments provided there is no conflict of interest, and the commitment required is not excessive. The Director concerned can retain the fees relating to any such appointment.

Directors' remuneration

The remuneration of each of the Directors of the Company for the year ended 31 December 2024 is set out below. These values are included within the audited accounts.

	2024 Basic salary and fees	2024 Bonus	2024 Benefits in kind	2024 Total	2024 Pension[3] contributions	2023 Total	2023 Pension contributions
	£000	£000	£000	£000	£000	£000	£000
Non-executive Directors							
Eliot Forster[6]	67	—	—	**67**	**—**	118	—
Trevor Nicholls	51	—	—	**51**	**—**	47	—
Paul Fry	48	—	—	**48**	**—**	47	—
Mark Goldberg	53	—	—	**53**	**—**	53	—
Shaun Chilton	78	—	—	**78**	**—**	26	—
Darlene Deptula-Hicks[2]	96	—	—	**96**	**—**	—	—
Executive Directors							
Christina Coughlin[1]	286	265	—	**551**	**—**	53	—
Alastair Smith[4]	117	—	—	**117**	**7**	583	20
Tony Gardiner[5]	120	—	—	**120**	**7**	394	15
	916	265	—	**1,181**	**14**	1,321	35

The above emoluments include all payments paid to the Directors whilst Directors of the Group.

(1) Christina Coughlin in addition to her fees above, also received a one-time sign on bonus of £175,781upon appointment as Chief Executive Officer.

(2) Darlene Deptula-Hicks was appointed as a director on 08 July 2024.

(3) Pension contributions consist of employer-defined contribution benefits, excluding salary sacrifice contributions made by the employees, plus cash payments in lieu of pension.

(4) Alastair Smith in addition to the fees above, received an aggregate amount of £673,700 under the terms of his settlement agreement and an aggregate gain of £677,102 on the exercise of share options.

(5) Tony Gardiner in addition to the fees above, received an aggregate of £382,400 under the terms of his settlement agreement and an aggregate gain of £262,088 on the exercise of share options.

(6) Eliot Forester in addition to the fees above, received an aggregate gain of £114,825 on the exercise of share options.

The number of Directors accruing benefits under money purchase pension schemes was two (2023: two).

The share-based payments charge to the Consolidated Income Statement in respect of Directors' share options was £2,948,211 (2023: £642,000). Which include modification charges for Alastair Smith and Tony Gardiner of £593,100 (2023: £Nil)

Details of Directors' joint interests in the Joint Share Ownership Plan ('JSOP')

	At 1 January 2024	Granted	Waived	Exercised	At 31 December 2024	Date of agreement
Alastair Smith	1,144,149	—	—	—	1,144,149	9 January 2012
Alastair Smith	495,851	—	—	—	495,851	15 February 2016
	1,640,000	—	—	—	1,640,000	
Tony Gardiner	150,000	—	—	—	150,000	15 February 2016

Alastair Smith and Tony Gardiner hold an interest in the shares of the Company, which are jointly held by themselves individually and Avacta Group Trustee Limited in its capacity as trustee of The Avacta Employees' Share Trust. The precise nature of the Joint Share Ownership Agreements between the individual, Avacta Group Trustee Limited and Avacta Group plc are described within Note 6.

Details of Directors' interests in share options in the Executive Share Option Schemes

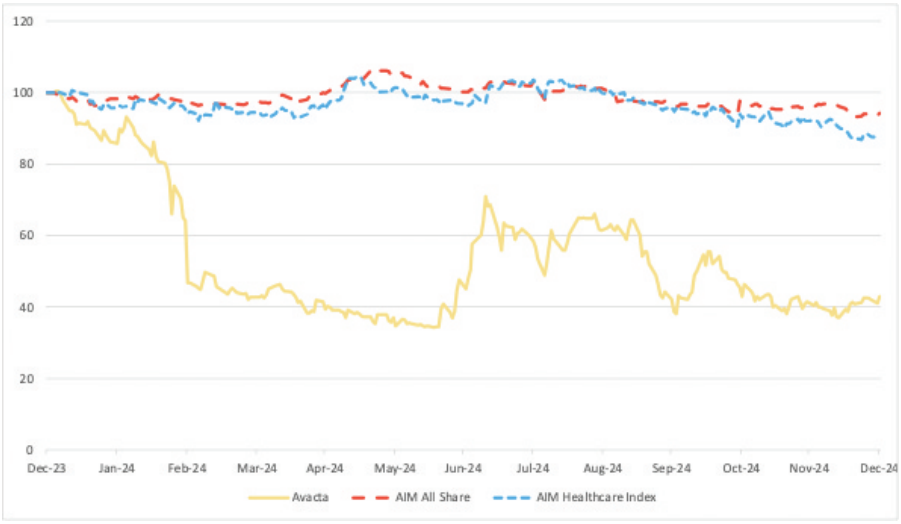
	At 1 January 2024	Granted	Waived/ Lapsed	Exercised	At 31 December 2024	Exercise price pence	Date from which exercisable	Date of grant	Expiry date
Eliot Forster	340,000	—	—	340,000	—	25.0p	11 June 2021	7 January 2019	7 January 2029
	340,000	**—**	**—**	**340,000**	**—**				
Christina Coughlin	—	3,600,000	—	—	3,600,000	72.0p	Note 2	30 August 2024	30 August 2034
	—	**3,600,000**	**—**	**—**	**3,600,000**				
Alastair Smith	128,764	—	128,764	—	—	118.5p	15 February 2020	15 February 2016	15 February 2026
Alastair Smith	74,325	—	—	—	74,325	74.0p	16 December 2016	16 December 2016	16 December 2026
Alastair Smith	96,900	—	—	—	96,900	25.0p	7 January 2019	7 January 2019	7 January 2029
Alastair Smith	224,663	—	—	—	224,663	25.0p	31 December 2023	7 January 2019	7 January 2029
Alastair Smith	466,774	—	—	—	466,774	17.25p	31 December 2023	14 May 2020	14 May 2030
Alastair Smith	4,000,000	—	—	1,216,000	2,784,000	10.0p	31 December 2022	14 May 2020	14 May 2030
Alastair Smith	1,250,000	—	—	—	1,250,000	10.0p	Note 1	28 September 2023	28 September 2033
	6,241,426	**—**	**128,764**	**1,216,000**	**4,896,662**				
Tony Gardiner	210,968	—	—	—	210,968	118.5p	15 February 2020	15 February 2016	15 February 2026
Tony Gardiner	22,973	—	—	—	22,973	74.0p	16 December 2016	16 December 2016	16 December 2026
Tony Gardiner	56,960	—	—	—	56,960	25.0p	7 January 2019	7 January 2019	7 January 2029
Tony Gardiner	117,375	—	—	—	117,375	25.0p	31 December 2023	7 January 2019	7 January 2029
Tony Gardiner	170,108	—	—	—	170,108	17.25p	31 December 2023	14 May 2020	14 May 2030
Tony Gardiner	1,000,000	—	—	500,000	500,000	10.0p	31 December 2022	14 May 2020	14 May 2030
Tony Gardiner	1,250,000	—	—	—	1,250,000	10.0p	Note 1	28 September 2023	28 September 2033
	2,828,384	**—**	**—**	**500,000**	**2,328,384**				

Note 1—The option originally provided that they can, if they have not lapsed, be exercised on or after 31 December 2025, assuming the Company's share price performance target against the FTSE AIM All Share Index over the period to 31 December 2025 has been achieved. As part of the Settlement agreement the Board waived the performance obligation and became fully vested with an expiration of twelve months from separation date.

Note 2—The option shall become exercisable over a maximum of 3,600,000 shares as follows: 1,200,000 shares will vest on 1 May 2025, 1,200,000 shares will vest on 1 May 2026, 1,200,000 shares will vest on 1 May 2027.

Performance graph

The following graph shows the Company's performance, measured by total shareholder return, compared with the performance of the FTSE AIM (rebased[1]) and the FTSE All-Share Healthcare Index (rebased[1]) for the period ended 31 December 2024.



[1] *The share prices above have been rebased to a common starting point of 1.0, with performance over time then measured relative to this starting point, to allow a better comparison of performance over time.*

The Remuneration Committee has selected the above comparators because they are most relevant for the Company's size and sector.

This report was approved by the Board of Directors and authorised for issue on 05 June 2025 and was signed on its behalf by:

Mark Goldberg

Dr Mark Goldberg
Chairman of the Remuneration Committee
05 June 2025

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange, they are required to prepare the Group financial statements in accordance with UK adopted international accounting standards and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable, and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK adopted international accounting standards;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Avacta Group plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2024 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Avacta Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2024 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Other Comprehensive income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated statement of Cashflows, the Company Balance Sheet, the Company Statement of Changes in Equity and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw your attention to Note 1a in the financial statements, which explains that the Group and Parent Company are dependent on raising additional funds to advance their key projects and investments. There are currently no agreements in place and there is no certainty that funds will be raised within the appropriate timeframe. As stated in Note 1a, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group and the Parent company's ability to continue as a going concern.

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate. Our opinion is not modified in respect of this matter. Our opinion is not modified in respect of this matter.

Given the material uncertainty noted above and our risk assessment, we considered going concern to be a Key Audit Matter. Our evaluation of the Director's assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting and in response to the Key Audit Matter included the following:

- Obtaining, challenging and assessing the Group base case cash flow forecasts and underlying assumptions, which were approved by the Board, and reviewing the Group's actual results for the year ended 31 December 2024 to the planned budget through 31 December 2026 to assess whether an appropriate level of costs was incorporated into the cashflow forecast.
- Obtaining, reviewing and challenging the Directors' stress testing analysis and considering whether such scenarios, including significant increase in expenditure, were reasonably possible given the level of financing obtained in the year.
- Testing the mathematical accuracy of the going concern model prepared by the Directors and the underlying calculations used within it, including the level of cash held by the Group as at 31 December 2024 and 31 May 2025;
- Obtaining and challenging the Directors' financial forecasts and the underlying key assumptions, including their mitigating factors, with reference to historic performance and understanding obtained during our audit, to draw our own conclusion as to whether the forecast cash used in operations over the period assessed by the Directors would extinguish the existing cash resources;
- Reviewing and assessing the use of post year end cash in the going concern model. We agreed the net cash proceeds from the sale of Launch Diagnostics Holdings Limited to bank statements;
- Review of the post year-end cash position to assess any potential unexpected deterioration in balances held;
- Making inquiries of the Directors as to their knowledge of events or conditions beyond the period of their assessment that may cast significant doubt on the entity's ability to continue as a going concern; and
- Reviewing and considering the adequacy of the disclosure within the financial statements relating to the Directors' assessment of going concern basis of preparation, in order to conclude on whether the disclosure reflects our understanding of the business obtained during the audit.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Key audit matters

		2024	2023
	Risk of revenue cut-off in relation to the discontinued Diagnostics operating segment	X	X
	Valuation of convertible loan note and the embedded Derivative	X	X
	Modification of the shared based payments—Valuation	X	
	Going concern	X	
	Impairment Review		X
	Acquisition accounting		X
	The impairment review is no longer considered a Key Audit Matter in 2024, following the Group's decision to undertake a strategic review of the Diagnostics segment, which has been classified as held for sale as at 31 December 2024 and measured at fair value less costs to sell.		
	The acquisition accounting is no longer a Key Audit Matter in 2024, as the acquisition accounting was completed in the 2023 period.		
Materiality	*Group financial statements as a whole*		
	£2.25m (2023: £2.15m) based on 5% (2023: 5%) of loss before tax excluding the gain/loss on the convertible loan note embedded derivative.		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control. On the basis of this, we identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Components in scope

There are 16 entities within the Group, including the Parent company. The nature of these entities is as follows:

- 7 entities are trading entities, as detailed in the table below
- 1 entity is a financing entity
- 4 entities are dormant entities, including Affirmer Limited, Avacta analytical Limited, Avacta Animal Health Limited and Avacta Group Trustee Limited, and have no financial impact on the financial statements
- 5 entities are non-trading or intermediate holding companies including Avacta Limited, Avacta Life Science inc., Launch Diagnostics Holdings Limited, Coris Holdings SRL and CrossCo Limited, and have no financial impact on the financial statements

Based on the nature of the entities within the Group, we identified 6 components of the group.

The remaining ten entities were deemed to have no financial impact on the consolidated financial statements and therefore were not considered components.

For the six components, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included:

- procedures on the entire financial information of the component, including performing substantive procedures and
- procedures on one or more classes of transactions, account balances or disclosure

Procedures performed at the component level

We performed procedures to respond to group risks of material misstatement at the component level that included the following.

Component	Component Name	Group audit Scope
1	Avacta Group plc (company only)—*The parent company and trading entity*	Statutory audit and procedures on the entire financial information of the component.
2	Avacta Life sciences Limited—*Main Trading entity for the therapeutics operating segment*	Statutory audit and procedures on the entire financial information of the component.
2	Avacta finance (Jersey) Limited—*Financing entity, which hold convertible loan notes*	Procedures on the entire financial information of the component.
4	Launch Diagnostics Limited—*Trading entity—diagnostics operating segment*	Statutory audit and procedures on the entire financial information of the component.
5	Launch Diagnostics France SAS—*Trading entity—diagnostics operating segment*	Procedures on one or more classes of transactions and risk assessment procedures.
6	Coris Bioconcept SRL—*Trading entity—diagnostics operating segment*	Procedures on one or more classes of transactions and risk assessment procedures.

Component	Component Name	Group audit Scope
7	Launch Diagnostics Deutchland GMBH—*Trading entity—diagnostics operating segment*	Risk assessment procedures.

Audit procedures over the Group consolidation were performed by the Group audit team.

As part of the audit strategy, senior members of the engagement team held meetings with group management or component management via video conference.

Changes from the prior year

There have been no significant changes on the Group audit scope from the prior year.

Working with other auditors

As Group auditor, we determined the components at which audit work was performed, together with the resources needed to perform this work. These resources included component auditors, who formed part of the group engagement team as reported above. As Group auditor we are solely responsible for expressing an opinion on the financial statements.

In working with these component auditors, we held discussions with component audit teams on the significant areas and issued instructions on one or more classes of transactions and risk assessment procedures.

We directed, supervised and obtained the component auditors' work. This included holding meetings and calls for the specific audit procedures and evaluating the appropriateness of the audit procedures performed and the results thereof.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter set out in the material uncertainty related to going concern section of our report, we determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter		How the scope of our audit addressed the key audit matter
Risk of revenue cut-off in relation to the discontinued Diagnostics operating segment	*ISA (UK) 240 notes that there is a presumed significant risk resulting from the intentional misstatement of revenue*	Our audit approach included gaining an understanding of the process and controls relating to revenue recognition by performing a walkthrough of the process, assessing the design and implementation of controls, and performing substantive procedures in response to the assessed risk, as detailed below:
The Group's accounting policies for revenue recognition for the diagnostics operating segment are disclosed in Note 1C and relevant disclosures made in	*Management has the ability to manipulate accounting records and override controls that otherwise appear to be operating effectively. We are required to consider this as a significant risk of material misstatement due to fraud*	• Agreed a sample of revenues recorded to supporting documents such as invoices, contracts, and proof of delivery / performance to determine whether revenues
	Having regard to the potential for fraud in relation to revenue recognition, we identified the deliberate manipulation of	

Key audit matter		How the scope of our audit addressed the key audit matter
	revenue cut-off (pre-year end) to accelerate the timing of revenues as a significant risk of material misstatement. *We have associated this risk to the Diagnostics operating segment, which has been designated as a discontinued operation in 2024 (2024: £24.4m, 2023: £24.0m).* *As a result of this risk of material misstatement, the revenue cut-off in the Diagnostic's operating segment is considered to be a Key Audit Matter.*	had been recognised in the correct period. • Selected a sample of journals with a specific focus on unusual combinations relating to revenue and cash and agreed to supporting documentation. • Tested a sample of post year-end journals posted to discontinued operations to understand their purpose and agreed to supporting documentation • Assessed for each item in our sample, whether the revenue recognition policy applied was appropriate under IFRS 15 and consistent with the nature of the contract entered into with the customer. **Key observations:** *Based on the procedures performed, we did not identify any matters to suggest that the revenue recognised in the discontinued operations of the Diagnostic's operating segment was inappropriate.*
Valuation of convertible loan note embedded Derivative The Group's accounting policies for convertible loan notes and embedded derivatives are disclosed in Note 1J and relevant disclosures made in Note 24.	*In October 2022, the Group's newly incorporated financing vehicle, Avacta Finance Jersey Limited, issued a £52.5m Convertible Loan note to finance the acquisition of Launch and ongoing activities of the Therapeutics division.* *This is a technically complex transaction where the bond is required to be accounted for in part as a derivative, relying on modelling techniques based on a combination of observable and unobservable inputs, calculated using an appropriate valuation model.* *Given the complexity of the Convertible Loan Note, there is a risk of inappropriate measurement of the embedded derivative at the period end (2024: £1.3m, 2023: £15.0m).*	Our audit approach included gaining an understanding of the process and controls relating to the Convertible Loan note transaction by performing a walkthrough, assessing the design and implementation of controls, and performing substantive procedures in response to the assessed risk, as detailed below: • Used our internal quantitative valuation experts with skill in the valuation of convertible loan notes to assist in (i) assessing the appropriateness of valuation models and approach applied; (ii) verifying the observable inputs to their respective sources and sensitivity testing of unobservable

Key audit matter		How the scope of our audit addressed the key audit matter
	We therefore treated the valuation of the convertible loan embedded derivative as a key audit matter.	inputs, and comparing the resulting value to management's calculation for reasonableness. • Obtained the disclosure on the Convertible Loan note and the critical accounting estimates and judgements and considered the appropriateness of the disclosures. **Key observations:** *Based on the procedures performed, we did not identify any matters to suggest that the valuation of convertible loan note embedded derivative was inappropriate.*
Modification of the shared based payments—Valuation The Group's accounting policies for share based payments are disclosed in Note 1D(ii) and relevant disclosures made in Note 6.	*The company issues share options to employees, and key personnel. Having gained an understanding of the terms of the company's various share option arrangements, we identified a modification relating to previous executive board members.* *The company must determine the incremental fair value granted in relation to the modification, which requires complex valuation techniques. As the original option arrangements included market-based performance conditions, Monte Carlo simulations were used, which are at higher risk of being materially misstated.* *Given the complexity of the models used to determine the incremental fair value and the use of valuation specialists, we considered this to be a Key Audit Matter.*	Our audit approach included gaining an understanding of the process and controls relating to share based payments by performing a walkthrough, assessing the design and implementation of the controls, and performing substantive procedures in response to the assessed risk as detailed below: • Our valuation specialists have been engaged to assess the reasonableness of managements determination of the fair value of the options at the grant date. This included independent recalculation of the valuations, corroborating valuation inputs to underlying option agreements, and other external sources, such as GILT yields, and share price. • Tested the calculation and mathematical accuracy of the incremental fair value resulting from the modification, in accordance with IFRS 2 requirements • Agreed option modification terms to appropriate supporting evidence and agreements.

Key audit matter	How the scope of our audit addressed the key audit matter
	Key observations: *Based on the procedures performed, we did not identify any matters to suggest that the valuation of the share-based payment modification was inappropriate.*

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2024	2023	2024	2023
	£m	£m	£m	£m
Materiality	£2.25m	£2.15m	£1.13m	£1.07m
Basis for determining materiality	5% of Loss before tax excluding gain or loss on convertible loan note embedded derivative and the impairment of the discontinued operations	5% of Loss before tax excluding gain or loss on convertible loan note embedded derivative and the impairment of the discontinued operations	50% of Group Materiality	50% of Group Materiality
Rationale for the benchmark applied	We considered adjusted loss before tax to be the most appropriate performance measure for the users of the financial statements on the stage in the Group's life cycle.		We allocated a share of Group materiality based on the size and our assessment of the risk of material misstatement of the Parent company component.	
Performance materiality	£1.37m	£1.36m	£0.68m	£0.68m
Basis for determining performance materiality	Set based on 60% of materiality.	Set based on 63.3% of materiality.	Set based on 60% of materiality.	Set based on 63.3% of materiality.
Rationale for the percentage applied for performance materiality	Based on the expected total value of known and likely misstatements, aggregation effect of planned nature of testing, the number of accounts where amounts are subject to estimation and are not able to be determined with precision, and the overall size and complexity of the entity including diversity of operations		Based on the expected total value of known and likely misstatements and the number of accounts where amounts are subject to estimation and are not able to be determined with precision.	

Component performance materiality

For the purposes of our Group audit opinion, we set performance materiality for each component of the Group, apart from the Parent Company whose materiality and performance materiality are set out above, based on a percentage of between 20% and 55% (2023: 25% and 70%) of Group performance materiality dependent on a number of factors including their relative size and our assessment of the risk of material misstatement of those components. Component performance materiality ranged from £0.27m to £752k (2023: £0.35m to £1.20m).

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £0.02m (2023: £0.02m). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document entitled '*annual report and accounts'* other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the legal and regulatory frameworks that are applicable to Avacta Group plc and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations;
- We considered the significant laws and regulations to be the applicable accounting framework (UK adopted International Accounting Standards and the Companies Act 2006), UK tax legislation, AIM Listing Rules and local labour regulations.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance, regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be the processing of non-routine journal entries, revenue recognition, manipulation of key accounting estimates.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Testing a sample of journals post year end and agreeing to supporting documentation
- Testing a residual population of journals and agreeing to supporting documentation
- Performing audit procedures in relation to the occurrence of revenue, the timing and accuracy of revenue recognition, and the valuation of revenues for which consideration was received in the form of shares in a joint venture; and
- Assessing significant estimates made by management for bias such as the valuation of the convertible bond and share option accounting, as set out within the key audit matters section of this report.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including component auditors who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Shirley Rogan (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Reading, *UK*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023 (restated)*
		£000	£000
Continuing operations			
Revenue	3	**113**	2,851
Cost of sales		**—**	(15)
Gross profit		**113**	2,836
Research costs		**(14,266)**	(13,108)
Selling, general and administrative expenses		**(12,046)**	(7,892)
Depreciation expense	12,22	**(1,489)**	(1,279)
Amortisation expense	11	**(16)**	(13)
Share of loss of associate	25	**(747)**	(847)
Acquisition-related expenses	28	**—**	(282)
Share-based payment expense	6	**(4,107)**	(2,547)
Operating loss	7	**(32,558)**	(23,132)
Convertible bond–interest expense	24	**(9,854)**	(14,478)
Convertible bond–revaluation of derivative	24	**13,719**	6,327
Loss on earnout receivable	14	**(717)**	
Finance income	8	**663**	549
Other finance costs	8	**(237)**	(391)
Loss before tax		**(28,983)**	(31,125)
Taxation	9	**(444)**	1,975
Loss from continuing operations		**(29,427)**	(29,150)
Discontinued operation			
Loss from discontinued operation, net of tax	29	**(23,414)**	(4,106)
Loss for the year		**(52,841)**	(33,256)
Loss per share:			
Basic and diluted	10	**(15.34p)**	(12.20p)
Loss per share–continuing operations:			
Basic and diluted	10	**(8.54p)**	(10.69p)

The notes on pages 74 to 116 form an integral part of these financial statements.

* The comparative information is restated due to adjustments to revenue and the convertible bond, see Note 30.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023 (restated)*
		£000	£000
Loss for the year	7	**(52,841)**	(33,256)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign operations–foreign currency translation differences			
Continuing operations		**(6)**	(350)
Discontinued operations	29	**(436)**	351
Other comprehensive (loss)/income		**(442)**	1
Total comprehensive loss for the period		**(53,283)**	(33,255)
Total comprehensive loss for the period attributable to the shareholders arises from:			
Continuing operations		**(29,433)**	(29,500)
Discontinued operations	29	**(23,850)**	(3,755)
		(53,283)	(33,255)

The notes on accompanying pages 74 to 116 form an integral part of these financial statements.

* The comparative information is restated due to adjustments to revenue and the convertible bond, see Note 30

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Note	2024	2023 (restated)*	At 1 January 2023 (restated)*
		£000	£000	£000
Assets				
Property, plant and equipment	12	**543**	2,921	2,380
Right-of-use assets	22	**2,242**	7,065	5,418
Intangible assets	11	**1,844**	30,837	26,324
Investment in associate	25	**3,445**	4,079	2,180
Deferred tax asset	17	**—**	253	274
Non-current assets		**8,074**	45,155	36,576
Inventories	13	**—**	2,585	1,681
Trade and other receivables	14	**1,960**	6,585	5,579
Income tax receivable		**2,447**	2,239	6,510
Cash and cash equivalents	15	**12,873**	16,627	41,781
		17,280	28,036	55,551
Assets directly associated with the assets held for sale	29	**22,916**	—	—
Current assets		**40,196**	28,036	55,551
Total assets		**48,270**	73,191	92,127
Liabilities				
Lease liabilities	22	**(1,482)**	(5,735)	(3,753)
Provisions	23	**(208)**	—	—
Financing liabilities	20	**—**	(219)	—
Deferred tax liability	17	**—**	(323)	(562)
Non-current liabilities		**(1,690)**	(6,277)	(4,315)
Trade and other payables	16	**(5,877)**	(9,225)	(8,423)
Lease liabilities	22	**(956)**	(1,295)	(1,361)
Other financing liabilities	20	**—**	(166)	—
Convertible bond–debt	24	**(20,497)**	(24,325)	(29,615)
Convertible bond–derivative	24	**(1,281)**	(15,000)	(24,200)
		(28,611)	(50,011)	(63,599)
Liabilities directly associated with the assets held for sale	29	(8,688)	—	—
Current liabilities		**(37,299)**	(50,011)	(63,599)
Total liabilities		**(38,989)**	(56,288)	(67,914)
Net assets		**9,281**	16,903	24,213
Equity				
Share capital	18	**37,018**	28,501	26,685
Share premium	19	**115,585**	83,408	62,184
Reserves	19	**(4,493)**	(4,163)	(4,434)
Accumulated Deficit	19	**(138,829)**	(90,843)	(60,222)
Total equity		**9,281**	16,903	24,213

* The comparative information is restated due to adjustments to revenue and the convertible bond, see Note 30.

The accompanying notes on pages 74 to 116 form an integral part of these financial statements. The financial statements on pages 72 to 116 were approved by the Board of Directors on 05 June 2025 and signed on its behalf by:

Christina Coughlin

Christina Coughlin—*Chief Executive Officer*

05 June 2025

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Share capital	Share premium	Other reserve	Translation reserve	Reserve for own shares	Retained earnings	Total equity
		£000	£000	£000	£000	£000	£000	£000
Balance at 31 December 2022 (as previously reported)		**26,685**	**62,184**	**(1,729)**	**50**	**(2,755)**	**(63,440)**	**20,995**
Prior period error (see note 30)		—	—	—	—	—	3,218	3,218
Balance at 1 January 2023 (restated*)		**26,685**	**62,184**	**(1,729)**	**50**	**(2,755)**	**(60,222)**	**24,213**
Loss for the year (restated*)		—	—	—	—	—	(33,256)	**(33,256)**
Other comprehensive income for the year		—	—	—	1	—	—	**1**
Total comprehensive loss for the year (restated*)		**—**	**—**	**—**	**1**	**—**	**(33,256)**	**(33,255)**
Transactions with owners of the Company:								
Convertible bond-issue of shares (restated*)	18	1,563	21,078	—	—	—	—	**22,641**
Exercise of share options	18	253	146	—	—	—	—	**399**
Transfer of own shares	19	—	—	—	—	270	(270)	**—**
Equity-settled share-based payment	6	—	—	—	—	—	2,906	**2,906**
		1,816	21,224	—	—	270	2,634	**25,945**
Balance at 31 December 2023 (restated*)		**28,501**	**83,408**	**(1,729)**	**51**	**(2,485)**	**(90,843)**	**16,903**
Loss for the period		—	—	—	—	—	(52,841)	**(52,841)**
Other comprehensive income for the year		—	—	—	(442)	—	—	**(442)**
Total comprehensive loss for the year		**—**	**—**	**—**	**(442)**	**—**	**(52,841)**	**(53,283)**
Transactions with owners of the Company:								
Issue of shares net of transaction costs	18	6,230	23,175	—	—	—	—	**29,405**
Own shares acquired	18	1	9	—	—	(10)	—	—
Convertible bond–issue of shares	18	1,689	8,863	—	—	—	—	**10,552**
Exercise of share options	18	597	130	—	—	—	—	**727**
Transfer of own shares	19	—	—	—	—	122	(122)	**—**
Equity-settled share-based payment	6	—	—	—	—	—	4,977	**4,977**
		8,517	32,177	—	—	112	4,855	**45,661**
Balance at 31 December 2024		**37,018**	**115,585**	**(1,729)**	**(391)**	**(2,373)**	**(138,829)**	**9,281**

Details of the nature of each component of equity are given at Note 18. The notes on pages 74 to 116 form an integral part of these financial statements.

* The comparative information is restated due to adjustments to revenue and the convertible bond, see Note 30.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023
		£000	£000
Operating cash outflow from continuing operations	27	**(26,051)**	**(18,750)**
Interest received		**83**	**549**
Interest elements of lease payments	22	**(138)**	**(151)**
Income tax received		**1,170**	**4,260**
Net cash used in continuing operating activities		**(24,936)**	**(14,092)**
Net cash from/(used in) discontinued operating activities		**1,339**	**(780)**
Net cash used in operating activities		**(23,597)**	**(14,872)**
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(323)**	**(205)**
Acquisition of subsidiary	28	**—**	**(10,129)**
Payment of deferred consideration on past acquisition	28	**—**	**(868)**
Purchase of intangible assets	11	**(16)**	**—**
Net cash used in continuing investing activities		**(339)**	**(11,202)**
Net cash(used in)/from discontinued investing activities		**(1,092)**	**2,201**
Net cash used in investing activities		**(1,431)**	**(9,001)**
Cash flows from financing activities			
Proceeds from issue of share capital		**31,148**	**—**
Transaction costs related to issue of share capital		**(1,744)**	**—**
Proceeds from exercise of share options		**728**	**398**
Principal elements of lease payments	22	**(913)**	**(838)**
Cash repayment of convertible bonds	24	**(2,550)**	**—**
Net cash from/(used in) continuing financing activities		26,669	(440)
Net cash from/(used in) discontinuing financing activities		(574)	(858)
Net cash from/(used in)financing activities		**26,095**	**(1,298)**
Net increase / (decrease) in cash and cash equivalents		**1,067**	**(25,171)**
Cash and cash equivalents at beginning of year		**16,627**	**41,781**
Effects of movements in exchange rates on cash held		**84**	**17**
Cash and cash equivalents at end of year, including held in disposal group		**17,778**	**16,627**
Cash held by disposal group	29	**(4,905)**	(5,078)
Cash and cash equivalents at end of year		**12,873**	**11,549**

The notes on pages 74 to 116 form an integral part of these financial statements.

Avacta Group plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1a Basis of preparation

Avacta Group plc (the 'Company') is a public company incorporated under the laws of England and Wales and domiciled on London, United Kingdom. These consolidated financial statements for the year ended 31 December 2024 comprise the Company and its Subsidiaries (together referred to as the 'Group').

Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with UK adopted international accounting standards. The Company has elected to prepare its parent company financial statements in accordance with applicable UK accounting standards, including Financial Reporting Standard 102—*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland* ('FRS 102'), and with the Companies Act 2006. These parent company financial statements and notes appear after the notes to the consolidated financial statements.

Basis of measurement

The consolidated financial statements and financial information have been prepared on the historical cost basis, except for the following items (refer to individual accounting policies for details):

- Financial instruments—fair value through profit and loss
- Contingent consideration

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the consolidated financial statements and their effect are disclosed in note 1c.

Functional and presentation currency

These consolidated financial statements are presented in British pound sterling (GBP), which is also the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Going concern

The Financial Statements have been prepared on a going concern basis. The Company's going concern assessment has been performed as part of the Group's going concern assessment.

During the year ended 31 December 2024, the Group reported a loss from continuing operations of £29.4 million and incurred net cash used in operating activities of £23.6 million.

As at 31 December 2024, the Group's accumulated losses were £138.8 million, and cash and cash equivalents were £12.9 million. The Group has external borrowings in the form of a convertible bond, with a principal amount outstanding of £30.6 million as at 31 December 2024.

As disclosed in Note 18, the gross proceeds of £31.2 million were received, net of costs of £1.7 million, through a placing of ordinary shares. As disclosed in Note 29 of the financial statements for the year ended 31 December 2024, net proceeds of £10.6 million were received in March 2025 from the sale of Launch Diagnostics Holdings Limited and its subsidiaries ("Launch Diagnostics"). The Directors continue to progress with the sale of Coris BioConcept, the remaining diagnostics division held for sale as at 31 December 2024.

The Group continues to advance its clinical trials and generate successful data and expects to report further findings in late 2025 and early 2026. Following the data, the Group will evaluate partnering and out-licensing opportunities.

The Group faces significant risks associated with successful execution of its strategy. These risks include, but are not limited to technology and product development, introduction and market acceptance of new products and services, changes in the marketplace, liquidity, competition from existing and new

competitors which may enter the marketplace and retention of key personnel. As a clinical stage oncology business, the Directors anticipate operating losses to continue for the foreseeable future due to, among other things, costs related to research funding, growth plans and further development of our technology.

The Directors have considered detailed cash flow forecasts that extended to 31 December 2026, which is at least twelve months from the date of approval of these financial statements ("the going concern period"). The forecasts indicate that we currently have enough cash to fund our planned operations into the first quarter of 2026. The forecasts consider current and future economic conditions that are expected to prevail over the period. These forecasts include assumptions regarding the timing and quantum of investment in the therapeutic development programs together with various scenarios which reflect growth plans, opportunities, risks and mitigating actions. The Board is focused on both the short-term and long-term financing strategy to achieve the company goals including obtaining additional funding through the capital markets.

The forecast therefore shows the Group and the Parent Company are dependent on raising funds to advance their key projects and investments to remain cash positive during the going concern period. There are currently no agreements in place and there is no certainty that funds will be raised within the appropriate timeframe. This indicates that a material uncertainty exists that may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern, and therefore they may be unable to realise their assets and discharge their liabilities in the normal course of business.

However, the directors have a reasonable expectation that the required funding will be forthcoming. As a result, the directors believe that the Group and the Company will continue as a going concern for a period of at least 12 months from the date of approval of these financial statements and have therefore prepared the financial statements on a going concern basis.

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

1b—Accounting policies

Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

A—Basis of consolidation

i. Business Combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value to the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

When payment of consideration for the acquisition of a business includes a deferred element, the cash flows related to such deferred consideration need to be considered by reference to IAS 7, as an investment activity to the extent it constitutes a cash payment to acquire equity interests of another entity or a financing activity to the extent it constitutes the settlement of the group's borrowings. IAS 7 does not specify any bright line conditions, including by reference to the time period of any deferral, to distinguish between those deferred consideration cash flows that constitute investment activities from those that constitute financing activities. The company applies judgement to determine the appropriate classification

by reference to all the facts and circumstances surrounding the transaction including all terms of the agreement, the intentions of the company and vendor in agreeing those terms and the expected period of deferral. In the year ended December 2024, the Company determined cash flows related to deferred consideration to be of an investing nature

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it has power over the investee, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are considered.

iii. Interest in equity-accounted investees

The Group's interests in equity-accounted investees comprises an interest in an associate (AffyXell Therapeutics, see Note 25. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ('OCI') of equity-accounted investees, reduced by distributions received by the investee, until the date on which significant influence ceases. Increases in the investment in AffyXell arise through the settlement of amounts receivable, for achievements of milestones under the collaboration agreement, in additional equity in the entity. The share of loss of associate is presented within operating loss, as we have entered into a collaboration with the associate and consider the business relationship to be operating in nature for the years ended 31 December 2024 and 2023. This will be re-assessed when IFRS 18 '*Presentation and disclosure in financial statements*' is adopted in 2027. See Note 1C for further details.

iv. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Increases in the investment in AffyXell arise through the settlement of amounts receivable, for achievement of milestones under the collaboration agreement, in additional equity in the entity. See Note 1C for further details.

B—Foreign currency

Transactions entered into by Group entities in foreign currencies other than the currency of the primary economic environment in which they operate (their "functional currency") are translated at the exchange rates at the dates of the transactions. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in profit or loss.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within administrative expenses, or in OCI where they relate to the net investment in a foreign operation.

The assets and liabilities of foreign operations are translated into pound sterling at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into pound sterling at the average exchange rates relevant to the reporting period. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the Translation Reserve on consolidation. Exchange differences recognised in profit or loss in Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the Translation Reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the Translation Reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

C—Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/ service	Segment	Revenue recognition policy
Research and development licences	Diagnostics / Therapeutics	Payments received during the year in relation to licence milestones (assignment of patent rights to AffyXell) are considered to be a right-to-use the relevant intellectual property ('IP'), and therefore revenue is recognised at the point in time the performance obligation is satisfied. The payment is assessed as being for a right to use the relevant IP primarily as a result of the Group not undertaking activities that significantly affect the IP to which AffyXell has rights during the respective contracts. Transaction price is determined to be the fair value of shares issued by AffyXell to the Group as consideration. Revenue is recognised at the point in time that the performance obligation is satisfied, being the point in time at which the patent rights are assigned to the customer. The entity has applied IAS 28:28 and eliminates its share of the revenue earned from transactions with its associate, with a corresponding adjustment to its share of the associate' s profit or loss, which is reversed over time as the asset arising from the downstream transaction is realised by the investee.
Diagnostic reagent test sales	Diagnostics	The performance obligation for these sales is the provision of goods to the customer. The timing of this is determined by the terms and conditions of the reagent transportation but are usually either at the point of dispatch or on receipt by the customer. Revenue is recognised at the point in time this performance obligation is satisfied. Transaction prices for these performance obligations do not contain any variable elements. Invoices are usually payable within 30 days.

D—Employee benefits

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Share-based payment arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non- market

performance conditions at the vesting date. For share-based payment awards with market or non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. Fair value measurement is discussed in more detail in Note 1M below.

Where the terms and conditions on which equity instruments were granted are modified, such as through a settlement, the Group accounts for the modification as an acceleration of vesting and immediately recognises the amount that would otherwise have been recognised for services over the remainder of the vesting period

iii. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

iv. Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring

E—Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense on lease liabilities (see Note 1L); and
- interest expense and gains/losses on revaluation of derivative in respect of convertible bond (see Note 1J).

Interest income or expense is recognised under the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the financial asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

F—Taxation

The income tax credit comprises current and deferred tax. It is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised **in** other comprehensive income.

In the United Kingdom, the Company is entitled to a research and development tax relief for small and medium sized enterprises which allows for an enhanced deduction rate of 230% on qualifying research and development expenditure (the tax relief). If the Company incurs tax losses, the Company is entitled to surrender the lesser of unrelieved tax loss sustained and the tax relief.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for when they arise on the initial recognition of goodwill. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If this amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences are considered, based on the business plans for individual subsidiaries in the Group and the expected manner of offsetting existing tax losses against these future taxable profits.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The Group has determined that the global minimum top-up tax is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax where it is incurred. The Group's revenues reported revenues for the year ended 31 December 2024 mean that it is not subject to the global minimum top-up tax.

G—Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the weighted average cost basis.

At each reporting date, the Group assesses whether inventories are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of inventory over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the income statement.

H—Property, plant and equipment

Property, plant and equipment are held at cost less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Laboratory equipment	— 3 to 10 years
Office fixtures and fittings	— 3 to 10 years
Leasehold improvements	— 5 to 15 years
Motor vehicles	— 3 to 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Assets in the course of construction are carried at cost, less any identified impairment. Cost includes professional fees and other directly attributable costs that are necessary to bring the assets to their operating condition. Depreciation commences when the assets are ready for their intended use.

I—Intangible assets and goodwill

i) Research and development

Research and development—Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised on a research and development project only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred.

Research expenditure relating to Therapeutics work is expensed in the period it is incurred, consistent with pharmaceutical industry practice. Given the stage of development of the technology, with the most advanced candidate being in Phase 1 of a clinical trial, there is a significant risk that a commercial product may not materialise, and so there is not sufficient certainty that the relevant expenditure satisfies the commercial or technical feasibility criteria. These criteria would be expected to be satisfied after regulatory approval, typically following completion of Phase 3 trials.

For Diagnostics, an assessment is made of the research and development expenditure on a project-by-project basis to identify which expenditure satisfies the above capitalisation criteria. The key judgement involved is considered to be the assessment of the stage of development of the project, and whether it can be demonstrated that a project has commercial or technical feasibility. A broader judgement is also made around the availability of sufficient financial resources to complete the development projects, which

is fundamentally linked to the going concern assessment discussed earlier in Note 1. For Diagnostics projects, the technical feasibility criteria would generally be expected to be satisfied once a working prototype was in place and appropriate clinical validation had been performed.

Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses. A periodic review of existing capitalised development costs is performed to identify costs relating to projects which are no longer considered to satisfy the capitalisation criteria. For such costs, an impairment charge is recognised in profit or loss.

ii) Impairment of goodwill and non-financial assets

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured through profit or loss.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date. Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets. These groups of assets are referred to as cash-generating units ('CGUs'). Goodwill arising from a business combination is allocated to CGUs that are expected to benefit from the synergies of the combination, with each unit or group of units to which goodwill is allocated representing the lowest level within the Group at which the goodwill is monitored for internal management purposes, and not being larger than an operating segment.

This results in a two-step approach to impairment testing. An impairment test is first performed for individual cash-generating units with indicators of impairment or those containing goodwill. An impairment test is then performed for the group of CGUs to which goodwill can be allocated.

The recoverable amount of an asset, CGU, or group of CGUs is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. The recoverable amount of a group of CGUs is the sum of the individual CGU value in uses.

An impairment loss is recognised if the carrying amount of an asset, CGU, or group of CGUs including goodwill exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, or group of CGUs, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

iii) Other intangible assets

Other intangible assets, including software and patents that are acquired by the Group and have finite useful lives, are measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual / legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques including relief-from-royalty method and multi-period excess earnings method. The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the brand or developed product being owned. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by a customer relationship, by excluding any cashflows related to contributory assets.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

- Development expenditure is amortised on a straight-line basis over the expected useful life of the technology, being 5 to 15 years
- Software: amortised over the useful life of the software, being 3 to 5 years
- Patents: amortised over the same period as the length of the life of the patent, being up to 20 years
- Brand: amortised over the useful life of the asset, being 10 years
- Customer relationships: amortised over the useful life of the asset, being 10 to 15 years

J—Financial instruments

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income ('OCI') or through profit or loss)
- Those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

At initial recognition (except for trade receivables without a significant financing component), the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. A trade receivable without a significant financing component is initially measured at the transaction price.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The measurement categories into which the Group classifies its debt instruments are:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured initially at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/ (losses) in the period in which it arises.

Cash and cash equivalents comprise cash balances and short-term deposits with original maturities of three months or less. Cash and bank overdrafts are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts, there is an intention to settle on a net basis and interest is charged on a net basis.

Refer to Note 14 regarding our accounting policy on expected credit losses.

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as FVPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

The Group's convertible bond is accounted for as a hybrid instrument, with a non-derivative host contract and an embedded derivative. The embedded derivative relates to the ability for the bond to be settled in shares, therefore causing some of the cashflows of the instrument to vary according to the Group's share price. At inception, the host debt contract was measured at the issue price adjusted for a proportion of transaction costs and the inception fair value of the embedded derivative. The host debt contract is subsequently measured at amortised cost The embedded derivative is measured at fair value using a Monte-Carlo option pricing model, which estimates fair value based on the probability-weighted present value of expected future investment returns, considering each of the possible outcomes available to the bondholders. This is a Level 3 fair value measurement, as described in Note 1M. Gains or losses on remeasurement of the fair value of the embedded derivative are recognised through the profit or loss.

The convertible bond contains scheduled quarterly amortisation events, and the ability for the bondholder to elect to settle a portion of the bonds early, with both events settled in shares at the discretion of the Group. Where shares are issued in settlement of the convertible bond, the total reduction in liability (of the host debt and derivative elements) is recognised within share premium. The reduction in the host debt liability is the aggregate principal and interest amounts settled. The reduction in the derivative liability is the value to the bondholder of the shares issued in excess of the aggregate principal and interest amounts. Early conversion events revise the future estimated cashflows under the bond, as such the host debt liability must be remeasured using the original effective interest rate, with recognition of any subsequent gain or loss.

Further details on the convertible bond are discussed in Note 24.

K—Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Group's chief operating decision-maker ('CODM') to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

In accordance with IFRS 8 Operating Segments, the Group determines and presents operating segments based on the information that internally is provided to the Board of Directors. Accordingly, the Board of Directors, which reviews internal monthly management reports, budget and forecast information, is deemed to be the Group's CODM.

The Group has two operating segments, these being the level at which the CODM makes decisions on strategy and capital allocation. The therapeutics segment represents the continuing operations and the diagnostics segment form the discontinued operations segment

L—Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

For the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The Group's incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments
- Lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option

The lease liability is measured at amortised cost using the effective interest method. It is remeasured if the Group changes its assessment of whether it will exercise an extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

M—Fair value measurement

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1: Quoted prices in active markets for identical items (unadjusted)

Level 2: Observable direct or indirect inputs other than Level 1 inputs

Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

The group measures the following financial instruments at fair value, all considered to be Level 3 measurements:

— Contingent consideration receivable (note 14)

— Derivative element of the convertible bond (note 24)

A description of the valuation technique and a reconciliation of the opening and closing values is provided in the respective notes listed above.

N—Discontinued Operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished form the rest of the Group and which represents a separate major line of business and is part of a single co-ordinated plan of disposal.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. These conditions include:

— Management commitment: Management must be committed to a plan to sell the asset

— Available for immediate sale: The asset must be available for immediate sale in its present condition, subject only to usual and customary terms for sales of such assets

— Active programme to locate a buyer: An active programme to locate a buyer and complete within one year from the date of classification

— Probable sale: The sale must be highly probable, generally expected to occur within one year from the date of classification

— Actively marketed: The asset must be actively marketed at a price that is reasonable in relation to its current fair value

— Unlikely to withdraw: Actions required to complete the plan should indicate that it is unlikely the plan will be significantly changed or withdrawn

Discontinued Operation—ALS DX (Abandonment)

During the period, the Group formally ceased operations of its ALS DX division. The closure was the result of a strategic decision to exit this line of business due to strategic reallocation of resources. As the decision represented a complete exit from a major business activity and geographic area, the division is presented as a discontinued operation based on abandonment under IFRS 5.

No further activities are expected to be conducted under ALS DX, and no significant ongoing obligations remain.

Discontinued Operations—Launch and Coris (Held for Sale)

The Group has a formal plan to dispose of its Launch and Coris businesses. As of early 2024, management committed to a sale plan, has initiated efforts to locate a buyer, and expects the sale to be completed within 12 months. The operations meet the criteria for classification as held for sale and are presented as discontinued operations.

The businesses have been reclassified as disposal groups held for sale and measured at the lower of their carrying amount and fair value less costs to sell. Depreciation and amortisation on the associated assets have ceased from the date of reclassification.

When an operation is classified as a discontinued operation, the comparative statement of the profit or loss and OCI is represented as if the operation has been discontinued from the start of the comparative year

O—Share capital and other equity

i. Ordinary shares Incremental costs directly attributable to the issue of ordinary shares are recognised in share premium as a deduction from equity.

ii. Reserve for own shares When shares recognised as equity are purchased in relation to the Group's Share Incentive Plan or Joint Share Ownership plan, the amount of the consideration paid is recognised as a deduction from equity, within reserve for own shares. When shares are transferred into the beneficial ownership of employees, the corresponding amount of consideration originally paid is transferred to the accumulated deficit

Changes in accounting policies

a) New standards and interpretations adopted from 1 January 2024

The following amendments to IFRS accounting standard are mandatorily effective for reporting periods beginning on or after 1 January 2024. They have impacted the Group financial statements as follows:

- *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)* The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current
- *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)* The amendments clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.
- *Non-current Liabilities with Covenants (Amendments to IAS 1)* The amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- *Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)* The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements

The above amendments had no material effect on the consolidated financial statements of the Group.

b) New standards and interpretations not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IFRS that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are relevant to the Group and are effective for the period beginning 1 January 2025:

- *Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)*

The following amendments are relevant to the Group and are effective for the period beginning 1 January 2026:

- *Amendment to IFRS 9 and IFRS 7—Classification and Measurement of Financial Instruments*
- *IFRS 18 replaces IAS 1 (Presentation of Financial Statements) and introduces a new structure for the income statement, enhances disaggregation, and imposes new disclosure requirements.*
- *IFRS 19 provides a reduced disclosure framework for subsidiaries that do not have public accountability and whose parent prepares publicly available consolidated financial statements that comply with IFRS.*

The Group does not expect any accounting standards that are issued but not yet effective, to have a material impact on the financial statements of the Group.

1c—Critical accounting Estimates and Judgements

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgements and estimates made by management that have the most significant effects on the amounts recognised in the consolidated financial statements is given below.

The Directors consider that the key judgements made in preparation of the financial statements are:

Going concern—The judgement of whether or not the accounts should be prepared on a going concern basis has been disclosed above.

Revenue recognition—Judgements arise from the application of IFRS 15, Revenue from Contracts with Customers ('IRFS 15') to the Group's revenue streams, as disclosed in Note 1C, as to the timing and nature of revenue recognised in relation to the achievement of milestones.

The Directors consider that the assumptions and estimation uncertainties at 31 December 2024 that have a significant risk of resulting in a material adjustment to the carrying amounts and liabilities in the next financial year are:

Impairment—The Group is required to test, on an annual basis, whether intangible assets not yet in use and indefinite-life assets have suffered any impairment. The Group is required to test other intangible assets if events or changes in circumstances indicate that their carrying amount may not be recoverable.

The recoverable amount is determined by comparing the amount of the indefinite-lived asset with its recoverable amount. To determine the recoverable amount, management performs a valuation analysis based on the higher of Value in Use ("VIU") and Fair Value Less Cost of Disposal ("FVLCD") in accordance with IAS 36, Impairment of Assets ("IAS 36"). The use of these methods requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Such estimates are based on management's experience of the business, but actual outcomes may vary. More details including carrying values are included in Note 11.

Convertible bond—The fair value of the embedded derivative within the convertible bond, is required to be determined both at conversion dates and at the reporting date. The fair value of the embedded derivative is estimated using a Monte Carlo simulation model, in which possible outcomes and their values are simulated repeatedly and randomly. Estimating fair values of embedded conversion features requires development of significant and subjective estimates that may, and are likely to, change over the duration of the instrument with related changes in internal and external market factors. Key assumptions made in connection with fair value analysis included in Note 24 include estimates of the volatility of the Company's share price, and of its' credit risk.

Valuation of share options—We measure incentive shares granted to employees and non-employees based on their fair value on the date of the grant, using Black Scholes valuation models, or a Mone Carlo simulation model where options have market-based vesting conditions. This fair value at grant date is recognized as an expense over the vesting period of the option. The key assumptions made in determining the fair value of options is disclosed in Note 6.

Modification of share-based payment arrangements—Management applies judgement in determining whether changes to the terms or conditions of an existing share-based payment arrangement constitute a modification under IFRS 2 Share-based Payment. This includes assessing whether the changes increase the fair value of the equity instruments granted, alter vesting conditions, or change the number of instruments. Where a modification results in a change to the fair value of the awards, the fair value is remeasured at the date of modification using an appropriate valuation model (such as the Black-Scholes or Monte Carlo simulation model)

The estimates and judgements relevant to the Company financial statements have been disclosed in Note 33.

2 Segment reporting

Operating segments—continuing operations

In the view of the Board of Directors, the Group has one (2023: one) reportable segment in continuing operations: Therapeutics. Segment reporting has been presented on this basis for continuing operations. The Directors recognise that the operations of the Group are dynamic and therefore this position will be monitored as the Group develops.

The principal activity of Therapeutics is the development of novel cancer therapies harnessing proprietary technology

The previous second reportable segment as the diagnostics division which is currently under a divestment strategy and being held for sale. All reporting for this segment will be presented as discontinuing operations.

Segment revenue represents revenue from external customers arising from sale of goods and services, plus inter-segment revenues. Inter-segment transactions are priced on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group's revenue to destinations outside the UK amounted to 100% (2023: 100%) of total revenue. The revenue analysis below is based on the country of registration of the customer:

	2024	2023
	£'000	£'000
South Korea	**113**	2,851
	113	2,851

During the year, transactions with one external customer in the Therapeutics segment amounted individually to 10% or more of the Group's revenues from continuing operations, being £113,000 (2023: £2,851,000 *(restated due to prior year error, see note 30)*).

Operating segment analysis 2024

	Therapeutics	Central overheads[1]	Total (continuing)	Diagnostics (discontinued)
	£000	£000	£000	£000
Revenue	113	**—**	**113**	24,311
Cost of goods sold	—	**—**	**—**	(13,134)
Gross profit	**113**	**—**	**113**	**11,177**
Research costs	(14,266)	—	**(14,266)**	(280)
Selling, general and administrative expenses	(3,135)	(8,910)	**(12,045)**	(10,336)
Adjusted EBITDA	**(17,288)**	**(8,910)**	**(26,198)**	**561**
Impairment charge	—	—	**—**	(23,388)
Depreciation expense	(1,238)	(251)	**(1,489)**	(991)
Amortisation expense	(11)	(5)	**(16)**	(870)
Share of loss of associate	(747)	—	**(747)**	—
Share-based payment expense	(707)	(3,400)	**(4,107)**	(871)
Segment operating loss	**(19,991)**	**(12,566)**	**(32,557)**	**(25,559)**

(1) Central overheads, which relate to operations of the Group functions, are not allocated to the operating segments.

Operating profit/loss is the lowest measure of profit or loss regularly reviewed by the Board. Other items comprising the Group's loss before tax are not monitored on a segmental basis.

Segment operating loss is equivalent to the Group's operating loss and therefore a reconciliation between segment operating loss and reported loss before tax is set out in the Consolidated Statement of Profit or Loss and Other Comprehensive income.

Adjusted EBITDA, a measure reported to the Board, is defined as earnings before interest, tax, depreciation and amortization, adjusted to additionally remove items of expenditure for which the relative magnitudes year-on year are not directly reflective of year-on-year performance, or are not closely linked to the underlying cashflows from operations. Adjusted EBITDA further excludes impairment charges, acquisition-related expenses, share of operating loss of associate and share-based payment expense from EBITDA.

The information reported to the Board does not include balance sheet information at the segment level.

All material segmental non-current assets of continuing operations are located in the UK.

Operating segment analysis 2023

	Therapeutics (restated)	Central overheads[1]	Total (continuing)	Diagnostics (discontinued)
	£000	£000	£000	£000
Revenue	2,851	**—**	**2,851**	21,192
Cost of goods sold	(15)	**—**	**(15)**	(11,988)
Gross profit	**2,836**	**—**	**2,836**	**9,204**
Research costs	(13,108)	—	**(13,108)**	(1,421)
Selling, general and administrative expenses	(2,489)	(5,403)	**(7,892)**	(8,963)
Adjusted EBITDA	**(12,761)**	**(5,403)**	**(18,164)**	**(1,180)**
Impairment charge	—	—	**—**	(512)
Depreciation expense	(1,271)	(8)	**(1,279)**	(1,359)
Amortisation expense	(10)	(3)	**(13)**	(1,020)
Share of loss of associate	(847)	—	**(847)**	—
Acquisition-related expenses	—	(282)	**(282)**	—
Share-based payment expense	(1,739)	(808)	**(2,547)**	(359)
Segment operating loss	**(16,628)**	**(6,504)**	**(23,132)**	**(4,430)**

(1) Central overheads, which relate to operations of the Group functions, are not allocated to the operating segments.

Operating profit/loss is the lowest measure of profit or loss regularly reviewed by the Board. Other items comprising the Group's loss before tax are not monitored on a segmental basis.

Segment operating loss is equivalent to the Group's operating loss and therefore a reconciliation between segment operating loss and reported loss before tax is set out in the Consolidated Statement of Profit or Loss and Other Comprehensive income.

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The information reported to the Board does not include balance sheet information at the segment level.

All material segmental non-current assets of continuing operations are located in the UK.

3 Revenue

See accounting policy and discussion of main revenue streams in Note 1C. The Group's revenue is all derived from contracts with customers.

a) Disaggregation of revenue

In the following table, revenue is disaggregated by both its nature and the timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 2).

Year ended 31 December 2024

	Therapeutics	Continuing operations	Diagnostics (Discontinued)	Total
	£000	£000	£000	£000
Nature of revenue				
Sale of goods	—	—	22,849	**22,849**
Provision of services	—	—	1,462	**1,462**
Licence-related income	113	113	—	**113**
	113	**113**	**24,311**	**24,424**
Timing of revenue recognition				
Products or services transferred at a point in time	113	113	22,848	**22,961**
Products or services transferred over time	—	—	1,463	**1,463**
	113	**113**	**24,311**	**24,424**

Year ended 31 December 2023

	Therapeutics (restated)	Continuing operations	Diagnostics (discontinued)	Total (restated)
	£000	£000	£000	£000
Nature of revenue				
Sale of goods	—	—	20,019	**20,019**
Provision of services	3	3	1,173	**1,176**
Licence-related income	2,848	2,848	—	**2,848**
	2,851	**2,851**	**21,192**	**24,043**
Timing of revenue recognition			—	
Products or services transferred at a point in time	2,848	2,848	20,019	**22,867**
Products or services transferred over time	3	3	1,173	**1,176**
	2,851	**2,851**	**21,192**	**24,043**

b) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	31 December 2024	31 December 2023
	£'000	£'000
Receivables, which are included in 'Trade and other receivables'	—	3,245
Contract assets	—	22
Contract liabilities	—	(302)

The contract assets primarily relate to the Group's rights to consideration for work completed but not invoiced at the reporting date. The contract assets are transferred to receivables when the rights become unconditional; this usually occurs when the Group issues an invoice to the customer. The contract liabilities primarily relate to advance consideration received from customers.

Of the £302,000 (2023: £273,000) in contract liabilities at the beginning of the period, £277,000 (2023: £262,000) has been recognised as revenue for the year ended 31 December 2024.

All of the contract balances relate to assets and liabilities which are held for sale at the reporting date.

4 Exceptional items

Included within Selling, general and administrative expenses the group has identified a number of items which are material due to the significance of their nature and/or amount, and it has disclosed them in this separate note to provide a better understanding of the group's financial performance.

	2024	2023
	£000	£000
Termination payments and settlement agreements	**1,130**	—
Consultancy and legal fees	**668**	—
Professional fees associated with the divestment of the discontinued operations	**161**	—
	1,959	—

Termination payments and settlement agreements

These are the costs associated with the restructuring of the business and resulting reduction in employee numbers throughout 2024.

Consultancy and legal fees

These are outside fees related to legal expenses during reorganization, consulting expenses related to strategic input on divestment plans and legal guidance for possible deal structures.

Professional fees

These are the costs to the Group of the divestment of Launch Diagnostics Holdings Ltd and its subsidiaries and Coris Holding SRL and its subsidiary.

5 Employees

	2024	2023
	£000	£000
Continuing and discontinued operations:		
Staff costs:		
• Wages and salaries	**11,447**	10,375
• Social security costs	**1,486**	1,381
• Contributions to defined contribution plans	**543**	523
• Share-based payment charges	**4,978**	2,906
• Termination payments and settlement agreements[(1)]	**1,130**	—
	19,584	15,185
Average number of employees (including Directors) during the year:		
• Commercial and operational	**128**	126
• Administrative	**23**	28
	151	154

The remuneration of the Directors (including the details of the highest paid Director) is set out within the audited sections of the Remuneration Committee Report on pages 50 to 54.

(1) These are included in exceptional costs in the Statement of Profit and Loss and other Comprehensive Income, see also Note 4.

6 Share-based payments

The Group operates the following schemes:

- An HM Revenue and Customs ('HMRC') approved enterprise management incentive plan ('EMI scheme')
- An unapproved share option plan ('Unapproved scheme')
- An HMRC approved employee share incentive plan ('SIP')
- A Joint Share Ownership Plan ('JSOP')

The Group recognised a total share-based payment charge (for both continuing and discontinued operations) to the income statement of £4,977,000 (2023: £2,905,000) of which £4,107,000 (2023: £2,547,000) related to continuing operations and the balance of £871,000 (2023: £359,000) related to discontinued operations.

EMI, unapproved and collaboration options

Details of the EMI, unapproved and collaboration options currently granted and unexercised, which are all equity settled, are given below.

Grant date	Employees entitled	Number of options	Vesting conditions	Exercise price (p)	Earliest exercise date/ Vested	Expiry date
Options granted as employee (or consultant) benefits						
15 February 2016	1	210,968	Time served	118.5	Vested	14 February 2026
15 February 2016	1	210,968	Time served	118.5	Vested	30 April 2025
16 December 2016	1	74,325	Unconditional	74.0	Vested	30 April 2025
16 December 2016	1	22,973	Unconditional	74.0	Vested	31 October 2025
24 August 2018	1	27,262	Time served	25.0	Vested	30 April 2025
24 August 2018	1	21,678	Time served	25.0	Vested	23 August 2028
7 January 2019	1	96,900	Unconditional	25.0	Vested	30 April 2025
7 January 2019	1	56,960	Unconditional	25.0	Vested	31 October 2025
7 January 2019	1	224,663	Technical, commercial and share price performance	25.0	Vested	30 April 2025
7 January 2019	1	117,375	Technical, commercial and share price performance	25.0	Vested	31 October 2025
7 January 2019	1	111,113	Technical, commercial and share price performance	25.0	Vested	30 June 2025
1 July 2019	1	47,000	Time served	30.0	Vested	30 April 2025
1 July 2019	1	114,666	Time served	30.0	Vested	31 December 2025
25 March 2020	2	141,322	Time served	25.0	Vested	24 March 2030
25 March 2020	2	32,176	Time served	25.0	Vested	30 April 2025
14 May 2020	1	466,774	Technical, commercial and share price performance	17.25	Vested	30 April 2025
14 May 2020	1	170,108	Technical, commercial and share price performance	17.25	Vested	31 October 2025
14 May 2020	1	161,033	Technical, commercial and share price performance	17.25	Vested	30 June 2025
14 May 2020	1	2,784,000	Share price performance	10.0	Vested	30 April 2025
14 May 2020	1	500,000	Share price performance	10.0	Vested	31 October 2025
14 May 2020	1	994,736	Share price performance	10.0	Vested	30 June 2025
14 May 2020	1	1,000,000	Time served and commercial performance	25.0	Note 1	14 May 2030
28 July 2021	1	25,000	Time served	10.0	Vested	31 August 2025

Grant date	Employees entitled	Number of options	Vesting conditions	Exercise price (p)	Earliest exercise date/ Vested	Expiry date
28 July 2021	1	450,000	Time served and commercial performance	10.0	Vested	28 July 2031
8 October 2021	1	50,000	Time served	10.0	Vested	31 December 2025
8 October 2021	1	2,000,000	Time served	10.0	Vested	31 May 2025
6 February 2023	1	100,000	Time served	10.0	Note 2	6 February 2033
20 March 2023	3	2,250,000	Time served and commercial performance	10.0	Note 3	20 March 2033
21 June 2023	1	100,000	Time served	10.0	Note 4	21 June 2033
28 September 2023	1	1,250,000	Share price performance	10.0	Vested	30 April 2025
28 September 2023	1	1,250,000	Share price performance	10.0	Vested	31 October 2025
2 October 2023	1	1,250,000	Commercial performance	10.0	Note 5	2 October 2033
2 October 2023	1	750,000	Time served and commercial performance	10.0	Note 6	2 October 2033
2 October 2023	5	510,000	Time served	10.0	Note 7	2 October 2033
2 October 2023	1	100,000	Time served	10.0	Vested	31 December 2025
2 October 2023	1	100,000	Time served	10.0	Vested	31 October 2025
2 October 2023	3	65,670	Contractual performance	10.0	Vested	2 October 2033
30 August 2024	1	3,600,000	Time-served	72.0	Note 8	30 August 2034
10 December 2024	1	85,000	Contractual performance	10.0	Note 9	10 December 2034
Options granted in relation to collaboration agreements						
31 May 2019	1	1,161,582	Technical/regulatory milestones	29.2	Note 10	31 May 2026

Note 1—This option provides that they can, if they have not lapsed, be exercised as to 250,000 once the first commercial milestone is achieved, as to 250,000 once the second commercial milestone is achieved, as to 250,000 once the third commercial milestone is achieved and as to 250,000 on or after 5 August 2023.

Note 2—This option provides that they can, if they have not lapsed, be exercised in full on or after 31 October 2025.

Note 3—This option provides that they can, if they have not lapsed, with certain revenue, EBITDA and time based milestones achieved, be exercised in full be exercised in full on completion of the sale of Launch Diagnostics.

Note 4—This option provides that they can, if they have not lapsed, be exercised in full on or after 31 March 2026.

Note 5—This option provides that they can, if they have not lapsed, with certain commercial milestones in relation to the Diagnostics Division achieved, be exercised in full on or after 2 October 2026.

Note 6—This option provides that they can, if they have not lapsed, with certain commercial and time-based milestones achieved, be exercised in full on or after 2 October 2026.

Note 7—This option provides that they can, if they have not lapsed, be exercised in full on or after 2 October 2026.

Note 8—This option provides that 1,200,000 share can, if they have not lapsed, be exercised in full on or after 1 May 2025; 1,200,000 share can, if they have not lapsed, be exercised in full on or after 1 May 2026 and; 1,200,000 share can, if they have not lapsed, be exercised in full on or after 1 May 2027.

Note 9—This option provides that they can, if they have not lapsed, be exercised in full on completion of the sale of Launch Diagnostics.

Note 10—This option provides that they can, if they have not lapsed, be exercised as to 580,791 once the second technical/regulatory milestone is achieved and as to 580,791 once the third technical/regulatory milestone is achieved.

These options are share-based payments and are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. If options remain unexercised after a period of ten years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Group before the options vest.

Fair value is measured by use of the Black-Scholes option pricing model, or Monte Carlo model for options with market-based vesting conditions. Expected volatility was determined by calculating the historical volatility of the Group's share price over a period commensurate with the expected life of the option. The expected life used in the model has been adjusted, based on management's best estimate at the date of grant, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair value of the options granted in relation to collaboration agreements has also been measured using the above method, as the fair value of the services received cannot be estimated reliably through other methods.

The inputs into the Black-Scholes models for the options granted and/or modified during the year were as follows:

	2024	2023
Weighted average share price at date of grant	**62.00p**	125.63p
Weighted average exercise price	**46.09p**	10.00p
Weighted average fair value at date of grant	**38.05p**	117.22p
Expected volatility	**74.66%**	18.61%
Expected life	**2.15 years**	5.0 years
Risk-free rate	**4.25%**	4.35%
Expected dividends	**Nil**	Nil

The inputs into the Monte Carlo models for the options granted and/or modified during the year were as follows:

	2024	2023
Average share price at date of grant	50.00p	122.50p
Average exercise price	10.00p	10.00p
Average fair value at date of grant	9.50p	100.38p
Expected volatility	70.53%	88.23%
Expected life	1.42 years	2.25 years
Risk-free rate	4.55%	4.57%
Expected dividends	Nil	Nil

The number and weighted average exercise price of share options are as follows:

	2024		2023	
	Options	Weighted average exercise price (p)	Options	Weighted average exercise price (p)
At start of period	25,491,642	17.45	20,444,462	17.45
Granted during the year	3,685,000	70.57	7,967,004	10.00
Exercised during the year	(5,973,626)	12.18	(2,528,156)	15.76
Forfeited or lapsed during the year	(518,764)	10.00	(391,668)	10.00
Outstanding at end of period	**22,684,252**	**25.02**	**25,491,642**	**15.40**
Exercisable at end of period	**11,677,670**	**16.61**	**12,640,060**	**18.22**

The options outstanding at 31 December 2024 had a range of exercise prices from 10p to 118.5p (2023: 10p to 118.5p), a weighted average exercise price of 16.61p (2023: 15.40p), and a weighted average remaining contractual life of four years and 10 weeks (2023: seven years and 18 weeks).

Joint Share Ownership Plan

The Joint Share Ownership Plan ('JSOP') covers certain employees who have a joint interest in shares with Avacta Group Trustee Limited as trustee of The Avacta Employees' Share Trust. At 31 December 2024, five employees (2023: five) had joint interests in 2,782,306 (2023: 2,782,306) ordinary shares in the Company. The Joint Share Ownership Agreements are dated 15 February 2016, or 21 February 2014, or 9 January 2012 between each employee individually, Avacta Group Trustee Limited and Avacta Group plc. Each employee has purchased 1% of the ordinary shares and the Avacta Group Trustee

Limited owns 99% of the ordinary shares. The agreements operate when a Capital event occurs, being the sale or partial sale of the Company's ordinary shares. If the proceeds per ordinary share are more than the original market price on the date the agreement was entered into then a formula sets out the sharing of the gain between the employee and Avacta Group Trustee Limited.

These joint interests have been treated as employee benefits and the fair value at the date of issue of the shares based on the Group's estimate of the number of shares that will eventually be sold and the price at which they will be sold on a straight-line basis from the date that a sale becomes probable to the date at which they are anticipated to be sold.

Share Incentive Plan

The Group operates an HMRC-approved Share Incentive Plan ('SIP'). The SIP is operated on behalf of the Group by MUFG Corporate Markets Trustees (Nominees) Limited as Trustee for the SIP. Certain employees based on eligibility criteria are issued free shares up to a maximum £3,000 as part of their annual performance review. On 15 February 2024, 9,515 ordinary shares of 10p each were issued in relation to the Free Share award based on the closing middle market price of 100.50p on 14 February 2024.

In addition to the free share awards, the Group also operates a matching and partnership share arrangement whereby for each one share purchased by the employee via salary deduction a matching share was awarded by the Group. The maximum amount that can be subscribed for by employees via salary deduction is £1,800 per annum. As at 31 December 2024, 14 (2023: 19) eligible employees had binding commitments to subscribe for partnership shares during the year ending 31 December 2024.

Free share awards are met through a combination of reallocating ordinary shares which have been forfeited by leavers from within the SIP and through the issue of new ordinary shares when required. Matching share awards to date have generally been met from continued on-market purchases by MUFG Corporate Markets Trustees (Nominees) Limited as Trustee of the SIP.

As at 31 December 2024, the Trustee held 228,123 (2023: 627,299) ordinary shares of 10p on behalf of the SIP.

Modifications

During the year, based on the settlement agreements, the Group modified the terms of certain outstanding equity-settled share-based payment awards granted to key management personnel under the LTIP plan. The modification resulted in the acceleration of vesting for 2,500,000 options. Performance obligations were waived and options fully vested creating a benefit to the holders.

In accordance with **IFRS 2**, the Group has accounted for the modification by:

- Recognizing the **incremental fair value** of the modified awards, measured at the modification date;
- Recognizing the **unrecognized expense** relating to the original award immediately in profit or loss upon full vesting;
- Maintaining classification as equity-settled as the awards continue to be settled in equity instruments.

The modification resulted in an **incremental fair value** of £593,100, which was fully expensed in the current year.

The fair value of the awards prior to and following the modification was estimated using a combination of the **Monte Carlo simulation model** and the **Black-Scholes option pricing model**, as appropriate to the features of the awards:

- The **Monte Carlo simulation** was applied to options with market-based vesting conditions to reflect the probability of achieving specified market performance targets.
- The **Black-Scholes model** was used for options with non-market-based features, including time-based vesting (prior to modification), volatility, and risk-free interest rates

No further expense will be recognized in respect of these awards in future periods.

7 Loss for the period

	Note	2024 £000	2023 £000
Loss for the period is stated after charging/(crediting):			
Lease expense relating to lease of low-value assets	22	**54**	48
Lease expense relating to short-term leases	22	**103**	174
Amortisation	11	**886**	1,033
Depreciation of property, plant and equipment	12	**1,060**	1,129
Depreciation of right-of-use assets	22	**1,423**	1,509
Impairment loss on remeasurement of disposal group	29	**22,413**	—
Net (profit)/loss on disposal of property, plant and equipment		**144**	(2)
Inventories recognised as an expense during the period		**11,844**	10,953
Research and development expenses, excluding employee benefit expense		**12,408**	11,066
Other selling, general and administrative expenses, excluding employee benefit expense		**9,948**	7,121
Employee benefit expense, including share-based payment charges	5	**19,584**	15,185
Auditor's remuneration:			
• Audit services in respect of the Company's financial statements		**570**	249
• Audit services in respect of the Company's subsidiaries' financial statements		**107**	122
• Fees paid to the Company's auditor in respect Audit-related assurance services		**538**	—

8 Net finance income/(costs)

	2024 £000	2023 (restated*) £000
Convertible bond—interest expense	**(9,854)**	(14,478)
Convertible bond—revaluation of derivative	**13,719**	6,327
Finance income	**663**	549
Other finance costs	**(237)**	(391)
	4,291	(7,993)

9 Taxation on loss on ordinary activities

	2024 £000	2023 (restated*) £000
Current tax:		
Current period	**(1,704)**	(1,839)
Changes in estimates related to prior years	**(119)**	(136)
Deferred taxation:		
Origination and reversal of temporary differences	**2,267**	—
Amount of benefit arising from a previously unrecognised tax loss used to reduce deferred tax expense	**—**	**—**
Tax on loss on ordinary activities	**444**	(1,975)

Factors affecting the tax credit for the current period

	2024	2023 (restated*)
	£000	£000
Loss on ordinary activities before taxation	**(28,983)**	(31,125)
Tax credit using the Group's domestic rate*	**(7,246)**	(7,314)
Effect of tax rates in foreign jurisdictions		
Effects of:		
• Expenses not deductible for tax purposes	**2,601**	3,334
• Tax-exempt income	**(3,423)**	(1,487)
• Deferred tax losses not recognised	**9,689**	5,271
• Government tax incentives	**(1,617)**	(1,840)
• Changes in estimates related to prior periods	**(19)**	(135)
• Impact of UK group relief	**459**	196
	444	(1,975)

* The UK domestic tax rate continues to be 25.0% (2023: 23.5%) for the entirety of the year ended 31 December 2024.

10 Loss per ordinary share

The calculation of earnings per ordinary share is based on the profit or loss for the period and the weighted average number of equity voting shares in issue excluding own shares held jointly by the Avacta Employees' Share Trust and certain employees and the shares held within the Avacta Share Incentive Plan ('SIP').

At 31 December 2024, 22,684,252 options (2023: 25,491,642) have been excluded from the diluted weighted-average number of ordinary shares calculation because, due to the loss for the period, their effect would have been anti-dilutive. Further details on share options are set out in Note 6.

At 31 December 2024, no potentially dilutive shares relating to the convertible bond (2023: nil) have been excluded from the diluted weighted-average number of ordinary shares calculation because, due to the loss for the period, their effect would have been anti-dilutive. Further details on the convertible bond are set out in Note 24.

	2024			2023 (restated*)		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Loss after taxes (£000)	**(29,427)**	**(23,414)**	**(52,841)**	(29,151)	(4,106)	(33,256)
Weighted average number of shares (number)			**344,577,451**			272,683,485
Basic and diluted loss per ordinary share (pence)	**(8.54p)**	**(6.79p)**	**(15.34p)**	(10.69p)	(1.51p)	(12.20p)

* The comparative information is restated due to adjustments to revenue and the convertible bond, see Note 30.

In addition to various share issues relating to the exercise of share options, the following share transactions occurred after the end of the reporting period and have not been retrospectively adjusted in the calculation of earnings per share:

On 21 January 2025, 6,663,568 new ordinary shares of 10p each were issued in settlement of the quarterly principal of £2.55 million and interest repayment of £0.50 million in respect of the unsecured convertible bond.

On 24 April 2025, 9,384,366 new ordinary shares of 10p each were issued in settlement of the quarterly principal of £2.55 million and interest repayment of £0.50 million in respect of the unsecured convertible bond.

11 Intangible fixed assets

	Goodwill	Development costs	Brands	Customer relationships	Software	Patents	Total
	£000	£000	£000	£000	£000	£000	£000
Cost							
At 1 January 2023	**14,233**	**10,200**	**1,220**	**10,769**	**231**	**264**	**36,917**
Acquisitions–business combinations	2,824	753	631	1,716	—	60	**5,984**
Acquisitions–purchases	—	—	—	—	52	44	**96**
Disposals	—	—	—	—	—	—	**—**
Effect of movements in exchange rates	(20)	6	(2)	(32)	2	—	**(46)**
At 31 December 2023	**17,037**	**10,959**	**1,849**	**12,453**	**285**	**368**	**42,951**
Acquisitions–purchases	—	—	—	83	59	30	**172**
Disposals	—	—	—	—	(85)	—	**(85)**
Effect of movements in exchange rates	(303)	(37)	(44)	(169)	(9)	(3)	**(565)**
Reclassification to assets held for sale	(15,195)	(723)	(1,805)	(12,367)	(77)	(58)	**(30,225)**
At 31 December 2024	**1,539**	**10,199**	**—**	**—**	**173**	**337**	**12,248**
Amortisation and impairment							
At 1 January 2023	**—**	**10,200**	**24**	**138**	**209**	**22**	**10,593**
Amortisation	—	46	158	787	16	26	**1,033**
Disposals	—	—	—	—	—	—	**—**
Impairment loss	—	—	63	424	—	—	**487**
Effect of movements in exchange rates	—	1	1	(2)	—	1	**1**
At 31 December 2023	**—**	**10,247**	**246**	**1,347**	**225**	**49**	**12,114**
Amortisation	—	86	132	619	24	25	**886**
Disposals	—	—	—	—	(85)	—	**(85)**
Impairment loss	—	—	—	—	—	—	**—**
Effect of movements in exchange rates	—	(30)	(9)	(33)	(6)	(2)	**(80)**
Reclassification to assets held for sale	—	(104)	(369)	(1,933)	(5)	(20)	**(2,431)**
At 31 December 2024	**—**	**10,199**	**—**	**—**	**153**	**52**	**10,404**
Net book value							
At 31 December 2024	**1,539**	**—**	**—**	**—**	**20**	**285**	**1,844**
At 31 December 2023	17,037	712	1,603	11,106	60	319	30,837

Development costs

The specific judgements applied by management when capitalising development costs are discussed in Note 1Ii.

Development costs in the comparative period relate to acquired intangible assets associated with the acquisition of Coris BioConcept, see Note 28. These assets are held for sale at the end of the reporting period.

Goodwill

Goodwill arising on business combinations is allocated to the Group's cash-generating units ('CGUs') based on an assessment of which CGUs, or group of CGUs, will derive benefit from each acquisition. See Note 1I for the definition of a cash-generating unit.

The Therapeutics goodwill relates to the individual Therapeutics CGU. Goodwill arising from the acquisitions of Launch Diagnostics and Coris BioConcept is allocated to the group of Diagnostics CGUs, being the lowest level at which goodwill is monitored for internal management purposes, and the level at which benefit is expected to be derived from the acquisitions.

Goodwill is not amortised, but is tested annually for impairment at this CGU, or group of CGUs, level.

	2024	2023
	£000	£000
Therapeutics	**1,539**	1,539
Diagnostics	**—**	15,498
Goodwill	**1,539**	17,037

Impairment review

Goodwill is not amortised, but is tested annually for impairment at the CGU, or group of CGUs, level. Impairment tests are mandatory for CGUs, or groups of CGUs, containing goodwill acquired in a business combination. Impairment tests for other CGUs are carried out when an indication of impairment is considered to exist, such as operating losses.

Therapeutics

The Therapeutics CGU contains goodwill and so is tested annually for impairment. The recoverable amount of this CGU Is estimated on a fair value less costs of disposal basis. Fair value less costs of disposal are estimated with reference to the Group's market capitalisation at the balance sheet date, and an estimated proportion of the market capitalisation represented by the Therapeutics segment. This proportion of market capitalisation is derived as the residual fair value after attributing fair value to the Diagnostics CGUs according to the recoverable amounts determined from the value-in-use models disclosed below. Costs of disposal of 5% of the total market capitalisation have been estimated.

The key assumptions underlying the estimate of fair value less costs of disposal are set out below.

	2024	2023
Market capitalisation (£'000)	**184,703**	331,584
Proportion attributable to Therapeutics CGU (%)	**91**	88
Estimated fair value less costs of disposal (£'000)	**159,983**	276,993

For the year ended 31 December 2024, using the fair value less costs of disposal assumptions above, the recoverable amount of the Therapeutics CGU exceeded its carrying amount by £154,705,000. A 1% change in the market capitalisation of the Group, or in the proportion of the market capitalisation attributable to the Therapeutics CGU would result in a change in the headroom by £1,755,000.

For the year ended 31 December 2023, using the fair value less costs of disposal assumptions above, the recoverable amount of the Therapeutics CGU exceeded its carrying amount by £271,197,000. A 1% change in the market capitalisation of the Group, or in the proportion of the market capitalisation attributable to the Therapeutics CGU would result in a change in the headroom by £3,146,000.

Diagnostics

As set out in Note 1, a two-step approach to impairment testing is followed for the Diagnostics segment. An impairment test is first performed for individual cash-generating units with indicators of impairment or those containing goodwill. An impairment test is then performed for the group of CGUs to which goodwill can be allocated.

2024

Launch Diagnostics Holdings Ltd and its subsidiary entities and Coris Holdings SRL and it's subsidiary entity were all held for sale at 31 December 2024. The fair value less costs to sell were compared with the net asset value of the entities based on the latest information available during the divestment process. See note 29 for additional information on the disposal group.

Launch Diagnostics Holdings Ltd and its subsidiary entities was determined to have a carrying value of £27,736,000. The fair value less costs to sell was determined to be £12,190,000 and consequently, an impairment at year end was processed for £15,640,000.

Coris Holdings SRL and its subsidiary entities was determined to have a carrying value of £8,668,000. The fair value less costs to sell was determined to be £2,044,000 and consequently, an impairment at year end was processed for £6,773,000.

ALS-Dx, the groups internal diagnostics development unit discontinued operations resulting in a significant reduction in workforce and disposal of facilities and equipment. An impairment at year end was processed for £749,000.

A total impairment charge for the year of £22,413,000 which has been recognised in the Consolidate Statement of Profit or Loss.

2023

Indicators of impairment were identified in the Launch Diagnostics France CGU, the business operation relating to diagnostics distribution activities in France, due to operating losses exceeding expectation for the period. An impairment charge of £512,000 arose due to the carrying amount of the CGU exceeding its recoverable amount (value-in-use) of £2,349,000. The impairment charge is considered to have arisen from the faster than expected reduction in COVID sales. This impairment charge has been recognised pro rata against those non-current assets of the CGU whose value is not supported by their estimated fair value. Impairment charges of £25,000 against right-of-use assets, £63,000 against brand intangible assets and £424,000 against customer relationship intangible assets were recognised.

Key assumptions used in the estimation of the recoverable amount at 31 December 2023 for this CGU include:

- Modelled growth over a ten-year period of 10% p.a, exceeding the usual five-year period, which reflects historical growth rates and management's best estimate of the period expected to be taken for the CGU to reach a steady-state of growth, due to recent expansion of the CGU and the elongated time frame for revenue growth to be realised due to tender cycles.
- Terminal growth rate after the forecast period of 3.10% (2022: 3.50%), approximating the long-term average growth rate
- Gross margin of 35% (2022: 39%), based on historical gross margins achieved
- Overhead growth rates reflecting forecast revenue growth rates or long-term inflation rates depending on the nature of the cost.
- Pre-tax discount rate of 12.5%, derived from a weighted average cost-of-capital of 11% (2022: 12.0%).

An increase in the discount rate by 1%, or a decrease in the revenue growth rate by 1% p.a. over the modelled growth period, would result in an increase in impairment charge by £482,000 and £774,000 respectively.

Indicators of impairment were also identified in the Diagnostics Wetherby CGU, the business operation undertaking research and development work on the Affimer® Diagnostics platform, due to ongoing operating losses. The assets of the CGU of £875,000 were assessed for impairment by estimating the recoverable amount on a fair value less costs of disposal basis, with no impairment losses identified on this basis.

No indicators of impairment were identified in the other individual CGUs comprising the Diagnostics segment. A mandatory annual impairment test was therefore performed for the group of Diagnostics CGUs comprising Launch Diagnostics UK, Launch Diagnostics France, Launch Diagnostics Germany and Coris BioConcept due to the presence of goodwill. The key assumptions used in the estimation of the value-in-use recoverable amount at both assessment dates are as follows.

- Modelled growth over a five-year period, except for the Launch Diagnostics France CGU as discussed above, with compound annual growth rates ranging from 9% to 21%
- Terminal growth rate after the forecast period approximating the long-term average growth rate and ranging from 2.30% to 4.10% depending on the territory of operation

- Gross margins based on historical gross margins achieved, with adjustments to reflect management's best estimate of future achievable margins, ranging from 36% to 64%
- Overhead growth rates reflecting forecast revenue growth rates or long-term inflation rates depending on the nature of the cost.
- Pre-tax discount rates ranging from 12.5% to 19.5% derived from weighted average cost-of-capitals of 12.5% to 14.0%
- Management's best estimate of the increase in future cashflows arising from synergies achievable following the acquisition of Coris BioConcept (see Note 26) have been included within the group of CGU's value-in-use.

At 31 December 2023, following the acquisition of Coris BioConcept during the period, using the above key assumptions a recoverable amount for the group of CGUs of £32,772,000 was determined, exceeding the carrying amount of the group of CGUs by £1,900,000. Reasonably possible changes in key assumptions underlying the recoverable amount would cause the group of CGU's carrying amount to exceed its recoverable amount. An increase in the discount rate applied to each CGU within the group of CGUs by 0.5%, or a reduction in the compound annual growth rate of revenue by 6% would result in the recoverable amount being equal to the carrying amount.

12 Property, plant and equipment

	Assets in the course of construction	Leasehold improvements	Laboratory equipment	Office fixtures and fittings	Motor vehicles	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 January 2023	**—**	**1,394**	**5,712**	**610**	**135**	**7,851**
Acquisitions–purchases	336	120	588	74	6	**1,124**
Acquisitions–business combinations	—	—	258	48	62	**368**
Transfers from right of use assets	—	—	241	—	—	**241**
Disposals	—	(214)	(311)	(131)	(63)	**(719)**
Effect of movements in exchange rates	—	—	—	—	(4)	**(4)**
At 31 December 2023	**336**	**1,300**	**6,488**	**601**	**136**	**8,861**
Acquisitions–purchases	—	527	777	188	—	**1,492**
Transfers between categories	(336)	336	—	—	—	**—**
Transfers from right of use assets	—	—	214	—	12	**226**
Effect of movements in exchange rates	—	(5)	(16)	—	(2)	**(23)**
Disposals	—	(56)	(2,894)	(121)	(95)	**(3,166)**
Reclassification to assets held for sale	—	(960)	(1,808)	(301)	(51)	**(3,120)**
At 31 December 2024	**—**	**1,142**	**2,761**	**367**	**—**	**4,270**
Depreciation						
At 1 January 2023	**—**	**862**	**4,289**	**317**	**3**	**5,471**
Charge for the period	—	197	736	140	56	**1,129**
Disposals	—	(213)	(272)	(112)	(63)	**(660)**
At 31 December 2023	—	**846**	**4,753**	**345**	**(4)**	**5,940**
Charge for the period	—	218	674	138	30	**1,060**
Disposals	—	(16)	(2,508)	(117)	(55)	**(2,696)**
Reclassification to assets held for sale		(18)	(509)	(79)	29	**(577)**
At 31 December 2024	**—**	**1,030**	**2,410**	**287**	**—**	**3,727**
Net book value						
At 31 December 2024	**—**	**112**	**351**	**80**	**—**	**543**
At 31 December 2023	336	454	1,735	256	140	2,921

13 Inventories

	2024 £000	2023 £000
Raw materials and components	—	871
Work in progress	—	399
Finished goods and goods for resale	—	1,315
	—	2,585

No inventory amounts were written off in the year, however £2.48m of inventory was reclassified as assets held for sales see note 29b

14 Trade and other receivables

	2024 £000	2023 £000
Trade receivables	—	3,245
Prepayments	**1,032**	1,701
Other receivables	**286**	509
Contract assets	—	22
Contingent consideration receivable	—	717
Other taxes and social security	**642**	391
	1,960	6,585

The contingent consideration receivable held in the prior year has been released to loss of earnout receivable in the P&L due to the earnout criteria not being met, this related to a prior years discontinued operation Animal Health which was sold in March 2022

Trade and other receivables denominated in currencies other than sterling comprise £nil (2023: nil) of trade receivables denominated in US dollars and £nil (2023: £2,026,000) denominated in euros. The fair values of trade receivables are the same as their book values.

Trade receivables includes £nil due from related parties (2023: £nil), see Note 24.

The ageing analysis of trade receivables past due is as follows:

	2024 £000	2023 £000
Under 30 days overdue	—	891
Between 30 and 60 days overdue	—	628
Between 60 and 90 days overdue	—	69
Over 90 days overdue	—	127
	—	1,715

No material provision against trade receivables has been made current or prior year, the overdue receivables in the prior year related to a number of customers for whom there was no history of default, nor any other indication that settlement was not forthcoming. The other classes within trade and other receivables do not contain impaired assets and are considered to be fully recoverable.

The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected loss rates are based on the Group's historical credit losses and current and forward-looking information on factors affecting the Group's customers. The resulting implied expected credit loss for the current financial period is not material.

15 Cash and cash equivalents

	2024	2023
	£000	£000
Cash and cash equivalents	**12,873**	16,627
	12,873	16,627

16 Trade and other payables

	2024	2023
	£000	£000
Trade payables	**2,796**	3,730
Other taxes and social security	**136**	1,049
Accruals	**2,905**	4,026
Other payables	**39**	118
Contract liabilities	**—**	302
	5,876	9,225

Trade and other payables denominated in currencies other than sterling comprise £1,031,000 (2023: £515,000) of trade payables denominated in US dollars, £301,000 (2023: £799,000) denominated in euros, and £10,000 (2023: £13,000) denominated in Swiss Francs (CHF). The fair values of trade payables are the same as their book value

17 Deferred tax liabilities

						At 31 December 2024		
2024	At 1 January 2024	Recognised in profit or loss	Acquisitions–business combinations	Transfer[2]	Effect of movements in exchange rates	Net	Deferred tax assets	Deferred tax liabilities
	£000	£000	£000	£000	£000	£000	£000	£000
Property, plant and equipment	(152)	—	—	152	—	—	—	—
Right of use assets	(1,662)	255	—	912	**(495)**	—	**(495)**	
Intangible assets	(3,371)	—	—	3,371	—	—	—	
Lease liabilities	1,676	(229)	—	(952)	**495**	**495**	—	
Equity-settled share-based payments	54	—	—	(54)	—	—	—	—
Tax losses carried forward	3,385	(2,293)	—	(1,092)	—	—	—	
Tax assets / (liabilities) before set-off	**(70)**	**(2,267)**	**—**	**2,337**	**—**	**0**	**495**	**(495)**
Set-off of tax[1]							**(495)**	**495**
Net deferred tax asset / (liability)							**—**	**—**

(1) Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to offset the amounts and intends to settle on a net basis.

(2) The net deferred tax liability relates entirely to discontinued operations.

2023 (restated)	At 1 January 2023	Recognised in profit or loss	Acquisitions–business combinations	Transfer[1]	Effect of movements in exchange rates	Net	Deferred tax assets	Deferred tax liabilities
	£000	£000	£000		£000	£000	£000	£000
Property, plant and equipment	(162)	11	—	—	(1)	**(152)**	**—**	**(152)**
Right of use assets		(1,309)	(351)	—	(2)	(1,662)	**—**	**(1,662)**
Intangible assets	(2,957)	239	(662)	—	9	(3,371)	**105**	**(3,476)**
Interest in associate	(744)	744	—	—	—	—		
Lease liabilities	—	1,323	351	—	2	1,676	**1,676**	**—**
Equity-settled share-based payments	274	54	—	(274)	—	**54**	**54**	**—**
Tax losses carried forward	3,873	(1,353)	860	—	5	3,385	**3,385**	**—**
Convertible bond	(572)	572	—	—	—	—	**—**	**—**
Tax assets/ (liabilities) before set-off	**(288)**	**281**[3]	**198**	**(274)**	**13**	**(70)**	**5,220**	**(5,290)**
Set-off of tax[2]							**(4,967)**	**4,967**
Net deferred tax asset/(liability)							**253**	**(323)**

(1) Transfer of tax loss deferred tax asset to income tax receivable on carry back of losses.

(2) Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to offset the amounts and intends to settle on a net basis.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profits will be available against which the Group can use the benefits. The unrecognised tax losses do not have an expiry date.

	2024		2023 (restated)	
	Gross amount	Tax effect	Gross amount	Tax effect
	£000	£000	£000	£000
Deductible temporary differences	**7,252**	**1,813**	22,647	5,322
Tax losses	**90,148**	**22,537**	55,149	12,960
Total	**97,400**	**24,350**	77,796	18,282

Deferred tax has been measured using the substantively enacted rate due to prevail in the year of reversal, being 25% (2023: 23.5%)

18 Share capital

	2024	2023
	£000	£000
Allotted, called up and fully paid:		
–369,406,389 (2023: 284,240,834) ordinary shares of 10p each	**36,941**	28,424
–19,327,344 (2023: 19,327,344) deferred shares of 0.4p each	**77**	77
	37,018	28,501

During the period, the following ordinary share issues occurred in respect of the unsecured convertible bond:

- On 22 January 2024, 3,425,373 new ordinary shares of 10p each were issued in settlement of the quarterly principal of £2.55 million and interest repayment of £0.66 million.
- On 15 February 2024 9,515 ordinary shares of 10p each were allotted and issued at £1.005 in relation to a SIP share award.

- On 29 February 2024, 27,390,485 ordinary shares of 10p each were allotted and issued at 50p further to a placing of shares, with a further 130,000 ordinary shares of 10p each being allotted and issued at 50p in relation to a management subscription of shares. On 18 March 2024, a further 23,879,124 conditional placing shares and 10,896,948 REX offer shares of 10p each were allotted and issued at 50p. Placing costs of £1.73 million were incurred and offset against the share premium reserve.
- On 22 April 2024, 7,529,825 new ordinary shares of 10p each were issued in settlement of the quarterly principal of £2.55 million and interest repayment of £0.62 million.
- On 23 October 2024, 5,930,659 new ordinary shares of 10p each were issued in settlement of the quarterly principal of £2.55 million and interest repayment of £0.54 million.

Additionally, during the year a total of 5,973,626 (2023: 2,528,156) ordinary shares of 10p each were allotted and issued following the exercise of vested EMI and unapproved options. Options were exercised at an average price of 12.18p (2023: 15.76p).

Respective rights of ordinary and deferred shares

The rights of the ordinary shareholders are dealt with in the Articles of Association of the Company, which are available from the Company's registered office at Scale Space, White City Imperial College Campus, 58 Wood Lane, London W12 7RZ or from its website, www.avacta.com. The holders of the deferred shares shall not, by virtue or in respect of their holdings of deferred shares, have the right to receive notice of any General Meeting, nor the right to attend, speak or vote at any such General Meeting. Save as required by law, the Company need not issue share certificates to the holders of the deferred shares in respect of their holding thereof. The deferred shares shall not entitle their holders to receive any dividend or other distribution. The deferred shares shall on a return of assets in a winding-up entitle the holders only to the repayment of the amounts so paid up on such deferred shares after repayment of the capital paid up on the ordinary shares plus the payment of £10,000,000 per ordinary share. The Company shall have irrevocable authority at any time to appoint any person to execute on behalf of the holders of the deferred shares a transfer thereof and/or an agreement to transfer the same to such person as the Company determines as custodian thereof, without making any payment to the holders thereof, and/or to cancel the same (in accordance with the provisions of the Companies Acts) without making any payment to or obtaining the sanction of the holders thereof, and pending such transfer and/or cancellation, to retain the certificate for such shares. The Company may, at its option at any time purchase all or any of the deferred shares then in issue, at a price not exceeding 1p for each holding of deferred shares so purchased.

19 Capital and reserves

Share premium

The share premium account of £115,585,000 (2023*(restated)*: £83,408,000) arose from the issue of shares at a premium to their nominal value less certain allowable costs of issue. This reserve is not distributable.

Other reserve

The other reserve of negative £1,729,000 (2023: negative £1,729,000) arose from the application of reverse acquisition accounting principles to the financial statements at the time of the reverse takeover of Avacta Group plc by Avacta Limited. This reserve is not distributable.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. The transactions recognised within other comprehensive income during the year, from which the translation reserve arises, are all items that are or may be reclassified subsequently to profit or loss. This reserve is not distributable.

Reserve for own shares

Avacta Group plc has established an employee share incentive plan (SIP), under which shares are held by a trust for the benefit of eligible employees. The Company wholly owns Avacta Group Trustee Limited, which acts as the trustee of the plan.

Joint control exists when two or more parties have a contractually agreed sharing of control over an arrangement, and decisions about the relevant activities require unanimous consent of the parties sharing control. This assessment involves:

1. Contractual Arrangement: Evaluating whether the agreement stipulates unanimous consent for decisions regarding relevant activities.
2. Relevant Activities: Identifying activities that significantly affect the returns of the arrangement.
3. Decision-Making Process: Determining if all parties, or a group of parties, must unanimously agree on decisions about these activities.

When shares recognised as equity are purchased in relation to the Group's Share Incentive Plan or Joint Share Ownership plan, the amount of the consideration paid is recognised as a deduction from equity, within reserve for own shares. When shares are transferred into the beneficial ownership of employees, the corresponding amount of consideration originally paid is transferred to the accumulated deficit.

The reserve for own shares of negative £2,373,000 (2023: negative £2,485,000) arose following the issue of ordinary shares of 10p each to MUFG Corporate Markets Trustees (Nominees) Limited as Trustee to the Avacta Group plc SIP (see Note 6 in previous periods. In addition, 2,782,306 (2023: 2,782,306) ordinary shares of 10p each are held jointly by certain employees, each individually with Avacta Group Trustee Limited. This reserve is not distributable. Where ordinary shares have been transferred from MUFG Corporate Markets Trustees (Nominees) Limited into the beneficial ownership of employees during the period, these amounts have been transferred to retained earnings, this amounted to £122,000 in the period (2023: £270,000).

Retained earnings

Retained earnings arise from the cumulative profits or losses of the Group. The charge and associated credits in respect of cumulative share-based payment charges (where appropriate) are also included.

20 Financial instruments and risk management

Capital management

The Group's main objective when managing capital is to protect returns to shareholders by ensuring the Group develops such that it trades profitably in the foreseeable future. The Group recognises that because it is an early-stage development Group with limited current revenues, and significant continued investment that does not support debt within its capital structure, its capital structure is largely limited to equity-based capital which the Group uses to finance most of its strategy.

In October 2022, the Group issued senior unsecured convertible bonds ('the Bonds') of £55.00 million to a fund advised by Heights Capital Ireland LLC, a global equity and equity-linked focused investor. The Bonds were issued at 95% par value with total net proceeds of £52.25 million and accrue interest at an annual rate of 6.5% payable quarterly in arrears. The Bonds contain various conversion, and redemption features together with embedded derivatives in conjunction with an ordinary host debt liability, further details of which can be found in Note 24.

The Group also has credit card debt. Credit card debt is used to finance incidental expenditure, is short term and settled in the month following the incurring of the related expenditure. The Group does not have long-term gearing ratio targets.

The Group manages its capital with regard to the risks inherent in the business and the sector within which it operates. It does not impact the dividend policy of the Group as the current strategy is to invest capital in the business.

Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign currency risk).

Interest rate risk

The Group continues to manage the cash position in a manner designed to maximise interest income, while at the same time minimising any risk to these funds. Surplus cash funds are deposited with commercial banks that meet credit criteria approved by the Board, for periods between one and twelve months.

The convertible bond has a fixed interest coupon rate payable of 6.5% per annum. However, due to the embedded derivative component, there is an effective interest rate on the debt liability of 49.99% contributing to the 'Convertible bond—interest expense' charged in the period.

Interest rate and currency profile

At 31 December 2024 and throughout the year, the Group maintained cash at bank in the following currencies: The current book value of interest-bearing assets and liabilities in the continuing operations is as follows:

	2024	2023
	£000	£000
Cash at bank (floating interest rate)–£	**12,842**	13,799
Cash at bank (floating interest rate)–$	**18**	267
Cash at bank (floating interest rate)–€	**19**	2,561
Bank loans–€	**—**	(385)

Cash at bank attracted interest at floating rates, which were between nil% and 4.50% at 31 December 2024 (2023: nil% and 5.00%).

The bank loans in the comparative period were all denominated in euros and attracted interest rates between 1.37% and 4.02% per annum at 31 December 2023.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. This policy includes restricting the maximum value of cash held with any one financial institution. The Group does not require collateral in respect of financial assets. At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Foreign Exchange Risk

Foreign exchange risk also arises when our individual entities enter into transactions denominated in a currency other than our functional currency. Our transactions outside the United Kingdom in Europe and the United States of America drive foreign exchange movements where invoices are raised to customers and received from suppliers in currencies other than British pounds sterling. We retain cash balances in euros and US dollars to reduce the foreign exchange exposure on these transactions.

Liquidity Risk

Liquidity risk arises from our management of working capital. It is the risk that we will encounter difficulty in meeting our financial obligations as they fall due. It is our aim to settle balances as they become due. Our future viability is dependent on our ability to raise cash from financing activities to finance our development plans. Our failure to raise capital as and when needed could have a negative impact on our financial condition and ability to pursue our business strategies.

Fair value of financial instruments

At 31 December 2024, the fair value of the Group's financial assets and liabilities approximates to their carrying amounts as disclosed in the Consolidated Statement of Financial Position, with exception of the convertible bond debt element which has an effective interest rate of 49.99% (2023: 50%) due to the embedded derivative component.

Sensitivity analysis

The Group is not materially exposed to changes in interest or exchange rates at 31 December 2024.

Financial instruments policy

Treasury and financial risk policies are approved by the Board. All instruments utilised by the Group are for financing purposes. Short-term deposits are placed for a period of no longer than twelve months with institutions with a 'superior or strong' ability to repay short-term debt obligations. In order to manage financial exposure between different financial institutions no more than £30 million is placed on short-term deposit with any one financial institution.

Financial assets and liabilities

The Group's financial instruments comprise cash and liquid resources, and various items such as trade receivables and trade payables that arise directly from its operations. An analysis of the financial assets and liabilities recognised on the balance sheet for continuing operations, each of which is at amortised cost unless stated, is set out below. The values below represent the carrying amounts of the financial liabilities.

		2024	2023
		£000	£000
Financial assets			
Trade receivables	14	**—**	3,245
Other receivables	14	**286**	509
Contingent consideration receivable (measured at fair value, Level 3)	14	**—**	717
Cash	15	**12,873**	16,627
		13,159	21,098

All financial assets are receivable or expected to be receivable within one year.

		2024	2023 (restated*)
		£000	£000
Financial liabilities			
Trade payables	16	**2,796**	3,730
Accruals	16	**2,905**	4,026
Other payables	16	**39**	118
Lease liabilities	22	**2,438**	7,030
Financing liabilities(1)		**—**	385
Convertible bond–debt component	24	**20,497**	24,325
Convertible bond–derivative component (measured at fair value, Level 3)	24	**1,281**	15,000
		29,956	54,614

* The comparative information is restated due to adjustments to revenue and the convertible bond, see Note 30.

	2024			2023 (restated *)		
Maturity profile of financial liabilities	**In one year or on demand**	**In more than one year**	**Total**	**In one year or on demand**	**In more than one year**	**Total**
	£000	£000	£000	£000	£000	£000
Lease liabilities	**956**	**1,482**	**2,438**	1,295	5,735	7,030
Convertible bond–debt component	**1,281**	**—**	**1,281**	24,325	—	24,325
Convertible bond–derivative component	**20,497**	**—**	**20,497**	15,000	—	15,000
Financing liabilities(1)	**—**	**—**	**—**	166	219	385
Other financial liabilities	**5,740**	**—**	**5,740**	7,874	—	7,874
	28,474	**1,482**	**29,956**	48,660	5,954	54,614

* The comparative information is restated due to adjustments to revenue and the convertible bond, see Note 30.

(1) Financing liabilities in the comparative period were made up of bank loans, denominated in euros with an aggregate carrying

amount of £208,575. The loans attract interest rates between 1.37% and 4.02% per annum and are all due for repayment prior to 30 June 2027. The loans had security in the form of a pledge over £103,000 of property, plant and equipment and £70,000 of cash and cash equivalents.

The Level 3 fair value disclosure relating to contingent consideration receivable and the convertible bond derivative liability are included within Note 14 and Note 24respectively

The bondholder could exercise in full at any point in time for the remaining life of the liability

21 Pensions

The Group operates defined contribution pension schemed for its employees. The pension cost charge for the year represents contributions payable by the Group to the schemes and other personal pension plans and amounted to £543,000 (2023: £523,000). There were outstanding contributions at 31 December 2024 in the continuing operations of £35,000 (2023: £70,000).

22 Leases

The Group leases a small number of properties for office and laboratory use, as well as laboratory equipment for both internal research and development use and provision to customers. Information about leases for which the Group is a lessee is presented below.

a) Amounts recognised in the balance sheet

Right-of-use assets	Property	Laboratory equipment	Motor vehicles	Total
	£000	£000	£000	£000
As at 1 January 2023	**4,361**	**682**	**375**	**5,418**
Additions	1,312	392	351	**2,055**
Acquisitions through business combinations	1,388	—	17	**1,405**
Lease modifications	(15)	—	(30)	**(45)**
Impairment	(25)	—	—	**(25)**
Depreciation charge	(1,157)	(155)	(197)	**(1,509)**
Transfer to owned assets	—	(241)	—	**(241)**
Effect of movements in exchange rates	7	—	—	**7**
As at 31 December 2023	**5,871**	**678**	**516**	**7,065**
Additions	—	—	360	**360**
Depreciation charge	(1,175)	(63)	(185)	**(1,423)**
Transfers to owned assets	—	(214)	(12)	**(226)**
Effect of movements in exchange rates	(60)	(18)	(4)	**(82)**
Reclassification as assets held for sale	(2,394)	(383)	(675)	**(3,452)**
As at 31 December 2024	**2,242**	**—**	**—**	**2,242**

	2024				2023			
Lease liabilities	Property	Laboratory equipment	Motor vehicles	Total	Property	Laboratory equipment	Motor vehicles	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Current	**956**	**—**	**—**	**956**	1,055	109	131	1,295
Non-current	**1,482**	**—**	**—**	**1,482**	5,014	332	389	5,735
	2,438	**—**	**—**	**2,438**	6,069	441	520	7,030

Reconciliation of change in lease liability	£000
As at 1 January 2023	**5,114**
Acquisitions through business combinations	1,399
Additions	2,011
Remeasurement of lease liability	(66)
Payment of lease liability–principal element	(1,450)
Payment of lease liability–interest element	(287)
Interest expense	304
Effect of movement in exchange rates	5
As at 31 December 2023	**7,030**
Additions	366
Remeasurement of lease liability	(13)
Payment of lease liability–principal element	(1,504)
Payment of lease liability–interest element	(130)
Interest expense	357
Effect of movement in exchange rates	(123)
Reclassification as held for sale	(3,545)
As at 31 December 2024	**2,438**

b) Amounts recognised in profit or loss

	2024 £000	2023 £000
Depreciation charge on right-of-use assets		
Property	**1,175**	1,157
Laboratory equipment	**63**	155
Motor vehicles	**185**	197
Impairment following reclassification as held for sale	**1,742**	—
	3,165	1,509
Interest on lease liabilities	**357**	304
Expenses relating to leases of low-value assets	**54**	48
Expense relating to short-term leases	**103**	174

The total cash outflow for leases in the period was £1,384,000 (2023: £1,754,000).

23 Provisions

	2024 £000	2023 £000
Dilapidations provision	**208**	—
	208	—

In the current financial year, management have recognised a provision for dilapidations in relation to the lease of the Wetherby Diagnostics laboratory. This was put in place due to the Diagnostics laboratory now being a discontinued operation. As a result of the impending termination of the lease agreement, an obligation now exists for the group to carry out additional works to bring the condition of the property back to its former state at the onset of the lease. This is in accordance with the terms of the original lease agreement.

24 Convertible bond

In October 2022, the Group issued senior unsecured convertible bonds ('the Bonds') of £55 million to a fund advised by Heights Capital Ireland LLC, a global equity and equity-linked focused investor. The Bonds were issued at 95% par value with total net proceeds of £52.25 million (£3.5 million placement fees) and accrue interest at an annual rate of 6.5% payable quarterly in arrears. The effective interest rate of the instrument is 50.0%.

The Bonds contain various conversion and redemption features. The Bonds have a maturity of five years, and are repayable in 20 quarterly amortisation repayments, of principal and interest over the five-year term, in either cash or in new ordinary shares at the Group's option. If in shares, the repayment is at the lower of the conversion price (88.72p) or a 10% discount to the volume weighted average price ('VWAP') in the five- or ten-day trading period prior to election date. The conversion price reset downwards from the original 118.75p at the Reset Date on 20 April 2024. There is a Reset Clawback Period in place until 20 January 2025 during which, if the VWAP of the Company's Ordinary Shares on each of at least 20 dealing days in any period of 30 consecutive dealing days is greater than 130% of the pre-reset conversion price, then the conversion price will be restored, thereby reversing the effect of the reset made on 20 April 2024. Additionally, the bondholder has the option to partially convert the convertible bonds at their discretion which has occurred twice to date, on 10 February 2023 and 20 September 2023 where £2.85 million and £0.85 million of principal was settled respectively.

The convertible bond is subject to covenants which limit the group's ability to create security interests and incur further financial indebtedness, other than that in existence at inception of the convertible bond, or assume through the acquisition of subsidiaries.

The bond contains embedded derivatives in conjunction with an ordinary host debt liability. The derivative element is measured at fair value using a Monte-Carlo option pricing model, which estimates the fair value based on the probability-weighted present value of expected future investment returns, considering each of the possible outcomes available to the bondholders. This falls under Level 3 of the fair value hierarchy.

Significant assumptions used in the fair value analysis include the volatility rate. A volatility of 65% (2023: 70%) was used in the determination of the fair value of the derivative element. A reduction of 20% would have resulted in a reduction in the fair value of the derivative liability by £561,000 (2023: £3,428,000). An increase of 20% would have resulted in an increase in the fair value by £2,141,000 (2023: £3,245,000).

The host debt liability is measured at amortised cost, being adjusted to reflect revisions in estimated cashflows arising from share settlements of quarterly amortisation repayments or early conversion events, resulting in an implied interest expense of £9,854,000 (2023: £14,478,000).

In 2022, at inception transaction costs of £3,414,000 were apportioned between the derivative and debt liability components according to the relative inception values. This resulted in £1,503,000 of transaction costs being recognised as an expense at acquisition, with £1,440,000 adjusted for in the carrying amount of the debt liability at acquisition.

	Convertible bond–derivative (restated*)	Convertible bond–debt (restated*)
	£000	£000
At 1 January 2023	**24,200**	**29,615**
Repayments (equity settled)(1)	(2,873)	(19,768)
Interest expense	—	14,478
Revaluation of derivative	(6,327)	—
At 1 January 2024	**15,000**	**24,325**
Repayments (equity settled)(1)	—	(10,552)
Repayments (cash settled)(1)	—	(3,130)
Interest expense	—	9,854
Revaluation of derivative	(13,719)	—
At 31 December 2024	**1,281**	**20,497**

* The comparative information is restated due to adjustments to revenue and the convertible bond, see Note 30.

(1) Repayments relate to the issue of new ordinary shares in settlement of the liability, see Note 18

25 Equity-accounted investees

	(restated*) £'000
As at 1 January 2023	**2,180**
Additions	3,548
Elimination on unrealised profit on downstream sales	(802)
Share of loss of associate	(847)
As at 31 December 2023	**4,079**
Release of unrealised profit on downstream sales	113
Share of loss of associate	(747)
As at 31 December 2024	**3,445**

* The comparative information is restated due to adjustments to revenue and the convertible bond, see Note 30.

AffyXell Therapeutics Co., Ltd is an associate in which the Group has a 21.1% ownership (2023: 25%). The investment in associate is measured using the equity method. The Group has significant influence as a result of material transactions with the entity and the provision of essential technical information as well as Board representation. AffyXell Therapeutics Co., Ltd was established in 2020 to develop Affimer® proteins which will be used for the generation of new cell and gene therapies.

In the comparative period, the investment in associate has increased with the achievement of certain milestones within the collaboration resulting in additional issue of equity to the Group. This milestone achievement corresponds to the transfer of an intellectual property asset to the associate, representing a downstream transaction between the Group and its associate. The Group's share of the associate's gain or loss arising from the transaction is therefore eliminated, and instead recognised over a time period commensurate to that over which the associate recognises the cost of the asset.

	2024 £000	2023 £000
Percentage ownership interest	**21%**	25%
Non-current assets	**9,274**	11,213
Current assets	**7,271**	3,787
Current liabilities	**(660)**	(239)
Net assets (100%)	**15,885**	14,761
Group's share of net assets	**2,383**	3,647
Revenue	**—**	82
Total comprehensive loss for the year (100%)	**(4,485)**	(4,485)
Group's share of total comprehensive loss for the year	**(747)**	(847)

26 Related party transactions

Transactions between the parent company of the Group and its subsidiaries, which are related parties, have been eliminated on consolidation.

Provision of services to related parties in the period relate to research and development services provided to an associate of the Group, AffyXell Therapeutics Co., Ltd, as set out in Note 25 to purchase of consulting medical adviser services between the Group and a Non-executive Director, and to purchase of consulting services from the consultant Chief Business Officer. These transactions were made on terms equivalent to those that prevail in arm's length transactions.

	2024 £000	2023 £000
Provision of services		
Associate−AffyXell Therapeutics Co., Ltd[1]	**113**	2,851
Purchase of services		
Non-executive Director−Dr Christina Coughlin[2]	**135**	132
Consulting fees−Simon Bennett Associates Ltd[3]	**212**	8

There were £16,000 amounts outstanding with related parties at 31 December 2024 (2023: £nil).

(1) Comparative period value represents the achievement of a milestone under the collaboration agreement with the associate, and corresponding to a £3,548,000 increase in the Group's investment in the associate based on the exchange rate applicable on issue of shares.

(2) These amounts include expenses payable totalling £69,000 (2023: £29,000).

(3) Consulting fees payable in relation to the role of Simon Bennett as consultant Chief Business Officer.

Remuneration of key management personnel

The Group considers its key management personnel to comprise only of the Directors of the Group. Key management personnel compensation from the Group is set out below:

	2024	2023
	£000	£000
Short-term employee benefits	**1,810**	1,288
Post-employment benefits	**14**	33
Termination payments	**1,056**	—
Share-based payment	**2,521**	643
	5,401	1,964

Short-term employee benefits include employers' NI of £190,000 (2023: £163,000).

27 Operating cash outflow from operations

	2024	2023 (restated)
	£000	£000
Loss for the period	**(52,841)**	(33,256)
Adjustments for:		
Loss from discontinued operations	**23,414**	4,106
Amortisation expense	**16**	—
Depreciation	**1,428**	1,279
Net loss on disposal of property, plant and equipment	**9**	43
Share of loss of associate	**747**	847
Equity-settled share-based payment transactions	**4,107**	2,547
Loss on fair value of convertible bond	**(13,719)**	(6,327)
Net finance costs	**9,427**	14,081
Movement in contingent consideration	**717**	—
Increase in investment in associate	**(113)**	(2,745)
Taxation	**444**	(1,975)
Operating cash outflow before changes in working capital	**(26,364)**	(21,400)
(Decrease)/increase in trade and other receivables	**(244)**	549
Increase in trade and other payables	**557**	2,101
Operating cash outflow from continuing operations	**(26,051)**	(18,750)

* The comparative information is restated due to adjustments to revenue and the convertible bond, see Note 30

28 Acquisition of subsidiary in the comparative period

Coris BioConcept

On 31 May 2023, the Group acquired 100% of the shares and voting interests in Coris Bioconcept SRL ('Coris'). Coris develops, manufactures and markets rapid diagnostic test kits, mainly lateral flow tests, for use by healthcare professionals. Coris is ISO13485 certified and markets its products through distributors in Europe, Asia, South America, Africa and Oceania.

For the period from acquisition to 31 December 2023, Coris contributed revenue of £3,270,000 and loss of £278,000 to the Group's results. If the acquisition had occurred on 1 January 2023, management estimates that consolidated revenue would have been £25,294,000 and consolidated loss for the year would have been £33,975.000. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2023.

A. Consideration transferred

	£000
Cash[1]	10,116
Deferred consideration	22
Total consideration transferred	**10,138**

(1) Of which, £7,312,000 relates to the agreed initial consideration before net working capital amounts, and £2,804,000 relates to amounts paid in relation to net working capital balances net of financing liabilities.

In addition, the Group has agreed to pay the selling shareholders additional consideration of one times the sales exceeding €5.5 million in the year ending 31 December 2023 and 0.9 times the sales exceeding €6.5 million in the year ending 31 December 2024, capped at a total of €3.5 million. Based on an assessment of forecast future sales, the fair value of this contingent consideration at the acquisition date is £22,000. At 31 December 2023, the contingent consideration estimated was revised to £nil and at 31 December 2024, this continued to be £nil.

The cash outflow of £6,931,000 disclosed in the Consolidated Statement of Cash Flows arising from the acquisition of the subsidiary, net of cash acquired, corresponds to consideration paid of £10,138,000 net of cash acquired of £3,207,000.

B. Acquisition-related costs

The Group incurred acquisition-related costs of £282,000 on legal fees and due diligence costs. These costs were included in 'Acquisition-related expenses.

C. Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	At 31 May 2023 £000
Property, plant and equipment	368
Right-of-use assets	1,405
Intangible assets−brand	631
Intangible assets−customer relationships	1,716
Intangible assets−development projects	753
Intangible assets−other	60
Deferred tax asset	198
Inventories	1,103
Trade and other receivables	1,479
Cash and cash equivalents	3,208
Trade and other payables	(1,585)
Lease liabilities	(1,394)
Financing liabilities	(628)
Total identifiable net assets acquired	**7,314**

Trade receivables comprises gross contractual amounts of £1,033,000 with £nil expected to be uncollectable at the date of acquisition. Amounts receivable from selling shareholders were settled at acquisition at their gross contractual amount.

D. Goodwill

Goodwill arising from the acquisition has been recognised as follows:

		2023 £000
Consideration transferred	**A**	10,138
Fair value of identifiable net assets	**C**	(7,314)
Goodwill		**2,824**

The goodwill is attributable mainly to the skills and technical talent of Coris' workforce and the synergies expected to be achieved from integrating the company into the Group's wider Diagnostics business. None of the goodwill recognised is expected to be deductible for tax purposes.

29 Disposal group and discontinued operations

In 2024, the Group decided to discontinue its diagnostics division. This resulted in the decision to sell its diagnostic subsidiaries and close down the Wetherby Diagnostics laboratory, which formed part of the Avacta Life Sciences Ltd company. All associated costs of the closure of the Diagnostics division have been recategorised and included into discontinued operations on the Statement of Profit or Loss in section A below. All assets relating to the division have been transferred to other group entities.

Management committed to a plan to sell Launch Diagnostics Holdings Ltd and its subsidiary entities and Coris Holdings SRL and its subsidiary entity in 2024 follow a strategic decision to place focus on the development of the Therapeutics division. At the reporting date, an active programme to locate appropriate buyers had been initiated and the division was being actively marketed for sale at a price that was reasonable to its fair value and a sale was expected to qualify for recognition as a completion sale within one year from the date of classification. As a result, this division has been presented as a disposal group held for sale.

On 24 March 2025, the Group sold part of its diagnostics division, Launch Diagnostics Holdings Ltd and its subsidiaries. An up-front payment of £12,900,000 was received. There were associated costs to sell of £710,000.

An impairment loss of £22,413,000 has been recognised in the Consolidated Statement of Profit and Loss and OCI, as the carrying amount of the disposal group at the reporting date exceeded the fair value less costs to sell value.

Launch Diagnostics Holdings Ltd and its subsidiary entities and Coris Holdings SRL and it's subsidiary entity

The disposal group was not previously classified as held for sale or as a discontinued operation. The comparative Consolidated Statement of Profit and Loss and OCI has been re-presented to show the discontinued operation separately from continuing operations.

A. Results of discontinued operation

	2024	2023
	£000	£000
Revenue	**24,311**	21,193
Cost of sales	**(13,134)**	(11,988)
Gross profit	**11,177**	9,205
Research costs	**(280)**	(1,421)
Selling, general and administrative expenses	**(10,336)**	(8,963)
Depreciation expense	**(991)**	(1,359)
Amortisation expense	**(870)**	(1,020)
Share-based payment charge	**(871)**	(359)
Operating loss	**(2,171)**	(3,918)
Finance income	**150**	106
Other finance costs	**(238)**	(177)
Loss before tax	**(2,259)**	(3,989)
Taxation	**1,258**	395
Loss for the period	**(1,001)**	**(3,594)**
Impairment charge	(22,413)	(512)
Loss from discontinued, net of tax	(23,414)	(4,106)
Exchange difference on translation of discontinued operation	(436)	351
Other comprehensive loss from discontinued operation	**(23,850)**	**(3,755)**

B. Effect of the disposal on the financial position of the Group

	2024 £000
Property, plant and equipment	**(1,628)**
Right of use asset	**(1,726)**
Intangible asset	**(8,277)**
Inventories	**(2,482)**
Trade and other receivables	**(3,898)**
Cash and cash equivalents	**(4,905)**
Total Assets directly associated with assets held for sale	**(22,916)**
Current liabilities	**4,418**
Non current liabilities	**4,270**
Total Liabilities directly associated with the liabilities held for sale	**8,688**
Net assets and liabilities	**(14,228)**

C. Details of the impairment charge on diagnostic component

	£000
Consideration received/expected for assets held for sale	**15,200**
Selling costs/expected costs to sell for assets held for sale	**(966)**
Carrying amount of net assets at held for sale date	**(36,740)**
Exchange differences	**93**
Impairment charge of disposal group held for sale	**(22,413)**
Carrying amount of net assets at held for sale date	**36,740**
Impairment charge of disposal group held for sale	**(22,413)**
Exchange Differences	**(99)**
Carrying value of disposal group	**14,228**

30 Restatement of comparative information

During 2024, the Group identified the following errors in the 2023 and 2022 financial statements:

1) An error of £796,000 in the recognition of revenue relating to the AffyXell milestone was identified that related to 2022. This error is the proportion of the milestone which should be eliminated as unrealised income, due to Avacta's shareholding in the associate. This error was corrected prospectively in the 2023 financial statements delivered to the Registrar of Companies. The error has been adjusted in the period it arose leading to a reduction in revenue for the year ended 31 December 2022 and a corresponding increase in revenue for the year ended 31 December 2023. This restatement of revenue relates to the Therapeutics segment in Note 2, and the "licence-related income" and "products or services transferred at a point in time" lines within Note 3.

2) An error arose from changes in the measurement of the convertible bond derivative valuation at inception and subsequent reporting dates. These changes lead to a reduction in the net expense from the convertible bond recognised within net finance costs in the statement of profit or loss by £4,014,000 for the year ending 31 December 2022 and increase in the convertible bond—debt liability by £10,886,000 and a decrease in the convertible bond—derivative liability by £14,900,000. In addition, there is an increase in the net expense from the convertible bond recognised within net finance costs in the statement of profit or loss by £9,105,000 for the year ending 31 December 2023, an increase in the convertible bond—debt liability by £8,227,000 and a decrease in the convertible bond—derivative liability by £3,325,000. There is also an increased impact on share premium by £188,000 arising from the early conversion events. The cashflow statement has also been restated to reflect these changes

A. Consolidated statement of profit or loss and other comprehensive income

	For the year ended 31 December 2023			
	As previously reported	Adjustment 1	Adjustment 2	As restated
	£000	£000	£000	£000
Revenue	**23,247**	**796**	**—**	**24,043**
Convertible bond−interest expense	**(14,730)**	**—**	**252**	**(14,478)**
Convertible bond−revaluation of derivative	**15,684**	**—**	**(9,357)**	**6,327**
Loss for the period	**(24,947)**	**796**	**(9,105)**	**(33,256)**
Total comprehensive loss for the period	**(24,946)**	**796**	**(9,105)**	**(33,255)**
Loss per share:				
Basic and diluted	**(9.15p)**	**0.29p**	**(3.34p)**	**(12.20p)**

B. Consolidated statement of financial position

	At 31 December 2023			
	As previously reported	Adjustment 1	Adjustment 2	As restated
	£000	£000	£000	£000
Liabilities				
Convertible bond−debt	**(16,098)**	**—**	**(8,227)**	**(24,325)**
Convertible bond−derivative	**(18,325)**	**—**	**3,325**	**(15,000)**
Net assets	**21,805**	**—**	**(4,902)**	**16,903**
Equity				
Share premium	**83,220**	**—**	**188**	**83,408**
Retained earnings	**(85,753)**	**—**	**(5,090)**	**(90,843)**
Total equity	**21,805**	**—**	**(4,902)**	**16,903**

	For the year ended 1 January 2023			
	As previously reported	Adjustment 1	Adjustment 2	As restated
	£000	£000	£000	£000
Assets				
Investment in associate	2,976	(796)	—	2,180
Liabilities				
Convertible bond−debt	(18,729)	—	(10,886)	(29,615)
Convertible bond−derivative	(39,100)	—	14,900	(24,200)
Net assets	20,995	(796)	4,014	24,213
Equity				
Retained earnings	(63,440)	(796)	4,014	(60,222)
Total equity	20,995	(796)	4,014	24,213

31 Capital commitments

At 31 December 2024, the Group had £nil of capital commitments (2023: £700,000).

32 Events after the reporting period

On 21 January 2025, 6,663,568 new ordinary shares of 10p each were issued in settlement of the quarterly principal of £2.55 million and interest repayment of £0.50 million in respect of the unsecured convertible bond.

On 22 January 2025 Brian Hahn was appointed as Chief Financial Officer.

The Group completed its divestment of the Launch Diagnostics Holdings Limited and its subsidiaries on 24 March 2025. Further details of these divestments are presented in note 29.

On 22 April 2025, 9,384,366 new ordinary shares of 10p each were issued in settlement of the quarterly principal of £2.55 million and interest repayment of £0.50 million in respect of the unsecured convertible bond.

On 29 May 2025, David Bryant and Richard Hughes appointed as Non-executive Directors

Company Balance Sheet as at 31 December 2024—Registered Number 4748597

	Note	2024 £000	2024 £000	2023 (restated)* £000	2023 (restated)* £000
Fixed assets					
Tangible assets	34	**118**		7	
Intangible assets	34	**13**		2	
Investments	35	**192,537**		184,491	
			192,668		184,500
Current assets					
Debtors**	36	**1,034**		1,496	
Cash at bank and in hand		**12,725**		10,740	
		13,759		12,236	
Creditors: amounts falling due within one year	37	**(54,602)**		(63,663)	
Net current assets			**(40,843)**		(51,427)
Total assets less current liabilities			**151,825**		133,073
Provision for liabilities			**(209)**		—
Net assets			**151,616**		133,073
Capital and reserves					
Called-up share capital	38		**37,018**		28,501
Share premium account	39		**115,585**		83,408
Reserve for own shares	39		**(2,373)**		(2,485)
Retained earnings			**1,386**		23,649
Shareholders' funds			**151,616**		133,073

* The comparative information is restated due to adjustments to the convertible bond, see Note 43.

** Amounts owed by subsidiary undertakings are all due within 1 year.

The loss of the Company for the year ended 31 December 2023 was £27,117,000 (2023 *restated*: loss of £19,441,000).

The notes on pages 118 to 126 form an integral part of these financial statements.

The balance sheet above was approved by the Board of Directors and authorised for issue on 05 June 2025 and signed on its behalf by:

Christina Coughlin

Christina Coughlin—*Chief Executive Officer*
05 June 2025

Company Statement of Changes in Equity for the Year Ended 31 December 2024

	Share capital	Share premium (restated)	Reserve for own shares	Retained earnings (restated)	Total equity
	£000	£000	£000	£000	£000
At 31 December 2022 (as previously reported)	**26,685**	**62,184**	**(2,755)**	**37,555**	**123,669**
Prior period error (see note 43)				2,899	2,899
At 1 January 2023	**26,685**	**62,184**	**(2,755)**	**40,454**	**126,568**
Exercise of share options	253	146	—	—	399
Convertible bond-issue of shares (restated*)	1,563	21,078	—	—	22,641
Loss for the period (restated*)	—	—	—	(19,441)	(19,441)
Share-based payment charges	—	—	—	2,906	2,906
Transfer(1)	—	—	270	(270)	—
At 31 December 2023	**28,501**	**83,408**	**(2,485)**	**23,649**	**133,073**
Issue of shares	6,230	23,175			29,405
Exercise of share options	597	130	—	—	727
Convertible bond- issue of shares	1,689	8,863	—	—	10,552
Own shares acquired	1	9	(10)		—
Total comprehensive loss for the period	—	—	—	(27,118)	(27,118)
Share-based payment charges	—	—	—	4,977	4,977
Transfer(1)	—	—	122	(122)	—
At 31 December 2024	**37,018**	**115,585**	**(2,373)**	**1,386**	**151,616**

The notes on pages 118 to 126 form an integral part of these financial statements.

(1) Where ordinary shares have been transferred from MUFG Corporate Markets Trustees (Nominees) Limited into the beneficial ownership of employees during the period, these amounts have been transferred from 'Reserve for own shares' to 'Retained earnings'.

* The comparative information is restated due to adjustments to revenue and the convertible bond, see Note 43

Notes to the Company Balance Sheet

33 Accounting policies

Basis of preparation

As used in the financial statements and related notes, the term 'Company' refers to Avacta Group plc.

These financial statements have been prepared in accordance with applicable UK accounting standards, including Financial Reporting Standard 102—*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland* ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements.

The individual accounts of the Company have also adopted the following disclosure exemptions:

- The requirement to present a statement of cash flows and related notes
- The reconciliation of number of shares outstanding from the beginning to the end of the period has not been included a second time
- Key Management Personnel compensation has not been included a second time
- Certain disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1
- Certain disclosures required by FRS 102.26 *Share Based Payments*

These financial statements have been prepared on a going concern basis. The rationale for this assessment is given in Note 1a.

Use of judgements and estimates

In preparing the Company financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgements and estimates made by management that have the most significant effects on the amounts recognised in the financial statements is given below.

The Directors consider that the key judgements made in preparation of the financial statements are:

Going concern—The judgement of whether or not the accounts should be prepared on a going concern basis has been disclosed in Note 1a.

Share-based payments—Judgements arise from the choice of inputs to the share option valuation models underlying the share-based payment charge, as disclosed in Note 6

The Directors consider that the assumptions and estimation uncertainties at 31 December 2024 that have a significant risk of resulting in a material adjustment to the carrying amounts and liabilities in the next financial year are:

Convertible bond derivative liability—Determine the fair value of the embedded derivative within the convertible bond, both at conversion dates and at the reporting date. See Note 24 for further information.

Carrying amount of investments in subsidiaries and amounts owed by subsidiary undertakings—Management perform an impairment assessment of investments in subsidiaries by comparing the carrying amount relevant to each subsidiary with the corresponding recoverable amount. In the absence of a determinable fair value, the recoverable amount is considered to be the value in use of the corresponding cash-generating unit forming the basis of the Group impairment testing.

Management measure impairment of amounts owed by subsidiary undertakings by comparing the carrying amount with the present value of estimated cash flows discounted at the asset's original effective interest rate.

Where fair value less costs to sell is measurable, for example where there is an agreement for sale in place, the aggregate carrying amount of investment in subsidiary and intercompany receivable is compared to this recoverable amount. Where the aggregate carrying amount exceeds the fair value less costs to sell, an impairment is first allocated against the investment, with any residual impairment recognised against the amount owed by the subsidiary. Where the fair value less costs to sell exceed the carrying amount, previous impairment losses are reversed to increase the carrying amount to the recoverable amount.

Tangible fixed assets

Tangible fixed assets are held at cost less accumulated depreciation and impairment charges.

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value, which is based on up-to-date prices, of property, plant and equipment over their estimated useful lives as follows:

Fixtures and fittings . . . . 3 to 10 years

Intangible fixed assets

Intangible fixed assets are held at cost less accumulated amortisation and impairment charges. Amortisation is provided for to write off the cost less estimated residual value of intangible assets over the estimated useful lives as follows:

Software . . . . . 3 to 5 years

Investments

Fixed asset investments are stated at cost less accumulated provision for impairment where appropriate. The Directors consider annually whether a provision against the value of investments on an individual basis is required. Such provisions are charged to the profit and loss account in the year.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is provided for any timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes except when they arise on the initial recognition of assets and liabilities that is not a business combination and that affects neither accounting nor taxable profits. A deferred tax asset is recognised only to the extent that it is probable that future taxable income will be available against which an asset can be utilised.

Share-based payments

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with market or non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

In cases where the terms and conditions of a share-based payment are modified, the Group accounts for the modification in accordance with IFRS 2. If the modification increases the fair value of the equity instruments granted (measured immediately before and after the modification), the incremental fair value is recognised as an additional expense over the remaining vesting period. If the modification changes the classification of the award (e.g., from equity-settled to cash-settled), the award is remeasured at the modification date and reclassified accordingly, with subsequent changes recognised in profit or loss in accordance with the revised classification.

Share-based payment awards granted to employees of subsidiary undertakings are treated as capital contributions from the parent company to the respective subsidiary, resulting in an increase in the cost of investment in the subsidiary in the parent company's financial statements.

Convertible bond—derivative liability

The Company is party to the derivative element of the convertible bond only. The derivative is initially measured at fair value, creating a corresponding investment in subsidiary reflecting the element of the convertible bond liability borne at inception on behalf of the Company's subsidiary, Avacta Finance (Jersey) Ltd. Subsequent changes in the fair value of this derivative are recognised through profit or loss. Sensitivity analysis has been disclosed in Note 24.This derivative liability arises from the future settlement of the bond being through the issue of ordinary shares by the Company, in its role as Guarantor to the convertible derivative. The Company receives redeemable preference shares in Avacta Finance (Jersey) Ltd in exchange for the issue of such ordinary shares. These redeemable preference shares are included within the cost of investment, see Note 35.

34 Tangible and intangible fixed assets

	Tangible £000	Intangible £000	Total £000
Cost			
At 31 December 2023	**49**	**108**	**157**
Additions	4	—	**4**
Transfers from / (to) wholly-owned subsidiaries	1,238	15	**1,253**
Disposals	(92)	—	**(92)**
At 31 December 2024	**1,199**	**123**	**1,322**
Depreciation			
At 31 December 2023	**42**	**106**	**148**
Charge for the year	149	4	**153**
Transfers from / (to) wholly-owned subsidiaries	979	—	**979**
Disposals	(89)	—	**(89)**
At 31 December 2024	**1,081**	**110**	**1,191**
Net book value			
At 31 December 2024	**118**	**13**	**131**
At 31 December 2023	7	2	9

35 Investments

	Redeemable preference shares £000	Investments in subsidiaries (restated) £000	Loans to group undertakings (restated) £000	Total (restated) £000
Cost				
At 1 January 2024	**7,465**	**81,598**	**116,242**	**205,305**
Additions *,+	12,603	2,657	18,231	**33,491**
Repayments+	—	—	—	**—**
At 31 December 2024	**20,068**	**84,255**	**134,473**	**238,796**
Provision				
At 1 January 2024	**—**	**20,814**	**—**	**20,814**
Impairment charge for the year	—	25,445	—	25,445
At 31 December 2024	**—**	**46,259**	**—**	**46,259**
Net book value				
At 31 December 2024	**20,068**	**37,996**	**134,473**	**192,537**
At 31 December 2023	7,465	60,784	116,242	184,491

* Additions in the year to investments in subsidiary are capital contributions relating to share-based payments to employees of subsidiary undertakings.

\+ Redeemable preference shares of its subsidiary Avacta Finance (Jersey) Ltd are received by the Company in exchange for the issue of ordinary shares to settle liabilities arising through conversion of the convertible bond. The paid-up value of the preference shares represents the aggregate of the principal and interest being settled. During the period, certain preference shares received were subsequently redeemed against the intercompany loan in place between the Company and Avacta Finance (Jersey) Ltd.

During the current year, an impairment assessment of the investment in subsidiaries was undertaken. This assessment involved comparing the future discounted cashflows of the subsidiary, or net assets for non-trading subsidiaries, to the carrying value of the relevant investment balance. Where the carrying value exceeded this recoverable amount, an impairment was recognised.

The companies in which Avacta Group plc has an interest at 31 December 2024 and form part of the consolidated Group financial statements are as follows:

	Principal activity	Country of Incorporation	Class and percentage of voting shares held	Holding
Subsidiary undertakings				
Affimer Limited	Dormant(4)	England(1)	Ordinary 100%	Indirect
Avacta Limited	Non-trading	England(1)	Ordinary 100%	Direct
Avacta Analytical Limited	Dormant(4)	England(1)	Ordinary 100%	Indirect
Avacta Animal Health Inc.	Dormant(4)	US(1)	Ordinary 100%	Direct
Avacta Finance (Jersey) Limited	Trading(7)	Jersey(3)	Ordinary 100%	Direct
Avacta Group Trustee Limited	Dormant(4)	England(1)	Ordinary 100%	Direct
Avacta Life Sciences Limited	Technology development	England(1)	Ordinary 100%	Direct
Avacta Life Sciences Inc.	Non-trading	US(1)	Ordinary 100%	Indirect
Crossco (1127) Limited	Non-trading(5)	England(1)	Ordinary 100%	Direct
Launch Diagnostics Holdings Limited	Intermediate holding company	England(11)	Ordinary 100%	Direct
Launch Diagnostics Limited	Trading(6)	England(11)	Ordinary 100%	Indirect
Launch Diagnostics France SAS	Trading(6)	France(2)	Ordinary 100%	Indirect
Launch Diagnostics Deutschland GmbH	Trading(6)	Germany(9)	Ordinary 100%	Indirect
Coris Holdings SRL	Intermediate holding company	Belgium(10)	Ordinary 100%	Direct
Coris Bioconcept SRL	Trading(8)	Belgium(10)	Ordinary 100%	Indirect

Avacta Analytical Limited is a subsidiary of Avacta Limited. Avacta Life Sciences Inc and Affimer Limited (formerly Promexus Limited) are subsidiaries of Avacta Life Sciences Limited. Launch Diagnostics Limited, Launch Diagnostics France SAS and Launch Diagnostics Deutschland GmbH are subsidiaries of Launch Diagnostics Holdings Limited. Coris Bioconcept SRL is a subsidiary of Coris Holdings SRL.

(1) Registered address: Scale Space White City Imperial College Campus, 58 Wood Lane, London, England, W12 7RZ

(2) Registered address: 6 avenue Franklin D. Roosevelt, Paris, France

(3) Registered address: 47 Esplanade, St Helier, Jersey, JE1 0BD

(4) Dormant status accounts will be filed for the year ended 31 December 2024.

(5) Crossco (1127) Limited was the intermediate holding company of Avacta Animal Health Limited which was sold in 2022. .

(6) The main trade being the provision of diagnostic reagents and hospital laboratory instrumentation

(7) Avacta Finance (Jersey) Limited being the issuer of the convertible bond during the period.

(8) The main trade being the manufacture and provision of diagnostic reagents.

(9) Registered address: Ottenser Haupstr. 2-6, Eingang Hahnenkamp 1, 22765 Hamburg

(10) Registered address: Rue Guillaume, Fouquet 11, 5032 Gembloux, Belgium

(11) Registered address: Lakeview West Crossways Business Park, Galleon Boulevard, Dartford, Kent, England, DA2 6QE

36 Debtors

	2024 £000	2023 £000
VAT receivable	**130**	6
Prepayments and other debtors	**404**	386
Amounts owed by subsidiary undertakings	**16,091**	15,996
Less: provision against amounts owed by subsidiary undertakings	**(15,591)**	(14,892)
	1,034	1,496

* Amounts owed by subsidiary undertakings are all due within 1 year.

37 Current liabilities

	2024	2023 (restated)
	£000	£000
Trade creditors	**710**	105
Other taxes and social security	**70**	88
Accruals and other creditors	**1,229**	957
Amounts owed to subsidiary undertakings	**51,312**	47,513
Convertible bond−derivative liability	**1,281**	15,000
	54,602	63,663

Further details on the convertible bond, and the sensitivity of the fair value to key assumptions, can be found in Note 24. The Company has recognised a gain on change in fair value of the derivative of £13,767,000 in the year to 31 December 2024 (2023 *restated*: gain on change of £6,327,000).

38 Share capital

	2024	2023
	£000	£000
Allotted, called up and fully paid:		
−369,406,389 (2023: 284,240,834) ordinary shares of 10p each	**36,941**	28,424
−19,327,344 deferred shares of 0.4p each	**77**	77
	37,018	28,501

Share issues

All share transactions in the period are disclosed in Note 18 of the Notes to the Consolidated Financial Statements.

Respective rights of ordinary and deferred shares

The rights of the ordinary shareholders are dealt with in the Articles of Association of the Company, which are available from the Company's registered office at Scale Space White City Imperial College Campus, 58 Wood Lane, London, England, W12 7RZ or from its website, www.avacta.com. The rights of the holders of the deferred shares are set out at Note 18.

39 Reserves

Share premium

The share premium account of £115,585,000 (2023 *restated*: £83,408,000) arose from the issue of shares at a premium to their nominal value less certain allowable costs of issue. This reserve is not distributable.

Reserve for own shares

The reserve for own shares of negative £2,373,000 (2023: negative £2,485,000) arose following the issue of ordinary shares of 10p each to MUFG Corporate Markets Trustees (Nominees) Limited as Trustee to the Avacta Group plc SIP (see Note 6 in previous periods. In addition, 2,782,306 (2023: 2,782,306) ordinary shares of 10p each are held jointly by certain employees, each individually with Avacta Group Trustee Limited. This reserve is not distributable. Where ordinary shares have been transferred from MUFG Corporate Markets Trustees (Nominees) Limited into the beneficial ownership of employees during the period, these amounts have been transferred to retained earnings, this amounted to £122,000 in the period (2023: £270,000).

Basis of analysis and recognition: In accordance with IAS 32—Financial Instruments: Presentation, shares held by employee benefit trusts or jointly held under share-based arrangements where the company retains beneficial interest are treated as treasury shares and presented as a deduction from equity. These shares do not qualify as outstanding for EPS purposes and do not give rise to a financial liability or asset. The reserve is measured at the cost of shares issued to the trust or held jointly, net of transfers to employees upon vesting or exercise, which are reflected through retained earnings.

The joint ownership arrangement has been analysed in accordance with IFRS 2—Share-based Payment and reflects an equity-settled scheme with service conditions. The shares are held in trust until conditions are met, at which point they are transferred to employees, and the corresponding reserve is reversed into equity. The continuing control of the shares by the trust (or the company via the trustee) until vesting justifies the recognition of a contra-equity reserve rather than an immediate expense.

Retained earnings

Retained earnings arise from the cumulative profits or losses of the Group. The charge and associated credits in respect of cumulative share-based payment charges (where appropriate) are also included.

40 Commitments

a) Capital commitments

At 31 December 2024, the Company had £nil capital commitments (2023: £nil).

b) Contingent liabilities

The Company has guaranteed the overdrafts of some of its subsidiaries. The amount outstanding at 31 December 2024 was £nil (2023: £nil).

c) Operating lease commitments

The Company maintains non-cancellable operating lease commitments on two properties.

	2024 £000	2023 £000
Non-cancellable operating lease rentals are payable as follows:		
• Less than one year	**308**	308
• Between one and five years	**90**	150
	398	458

41 Related party transactions

The Company holds the Group's treasury balances and provides funds to the Group's subsidiaries in order to fund their operating activities. Amounts owed from these entities are interest free and repayable on demand. The Company makes management charges to its subsidiaries each year, which are disclosed in the table below. These transactions were made on terms equivalent to those that prevail in arm's length transactions.

The Company received the principal amount in relation to the issue of convertible bonds on behalf of its wholly owned subsidiary Avacta Finance (Jersey) Limited. This intercompany loan is repayable on demand but is expected to be settled over the life of the bond as the Company settles the quarterly amortisation repayments on behalf of Avacta Finance (Jersey) Limited.

	Year ended 31 December 2024 £000	Year ended 31 December 2023 £000
Management charges made to subsidiaries		
Avacta Life Sciences Limited	**987**	1,221
Launch Diagnostics Limited	**49**	242
Launch Diagnostics France SAS	**—**	78
Coris Bioconcept SRL	**—**	127

Intercompany loans during and at the end of the period (before provisions against amounts owed) were as follows:

	2024	2023
	£000	£000
Avacta Limited	**5,865**	5,865
Avacta Life Sciences Inc	**5**	2
Avacta Analytical Limited	**3,833**	3,833
Avacta Life Sciences Limited*	**134,473**	116,242
Crossco (1127) Limited	**5,889**	5,889
Avacta Finance (Jersey) Limited	**(48,983)**	(45,234)
Launch Diagnostics Holdings Ltd	**41**	25
Launch Diagnostics Ltd	**(2,329)**	(2,279)
Launch Diagnostics France SAS	**—**	227
Coris Holdings SRL	**4**	4
Coris Bioconcept SRL	**(13)**	149
Launch Diagnostics GmbH	**466**	1
	99,252	84,724

Remuneration of key management personnel

The disclosures relating to remuneration of key management personnel for the Company are equivalent to those for the Group disclosed in Note 26.

42 Post balance sheet event-

On 21 January 2025, 6,663,568 new ordinary shares of 10p each were issued in settlement of the quarterly principal of £2.55 million and interest repayment of £0.50 million in respect of the unsecured convertible bond.

On 22 January 2025 Brian Hahn was appointed as Chief Financial Officer.

The Group completed its divestment of the Launch Diagnostics Holdings Limited and its subsidiaries on 24 March 2025.

On 22 April 2025, 9,384,366 new ordinary shares of 10p each were issued in settlement of the quarterly principal of £2.55 million and interest repayment of £0.50 million in respect of the unsecured convertible bond.

On 29 May 2025, David Bryant and Richard Hughes appointed as Non-executive Directors

43 Prior year errors

During 2024, the Company identified the following errors in the 2023 financial statements:

An error arose from the incorrect valuation of the derivative that the company is a party to under the terms of the group's convertible bond. These valuation errors were noted at initial recognition and at subsequent reporting dates. As a result:

- The convertible bond derivative liability has been reduced by £3,325,000 reflecting the correction in the valuation of the derivative at the end of the reporting period.
- Share premium was also misstated and has now been increased by £188,000. This increase reflects revisions to the valuation of the derivative at the point the bondholder exercises their share settlement option over a portion of the group's convertible bond.
- Investments has reduced by £9,009,000. This arises because of a decrease in the fair value of the derivative at inception of the convertible bond. As outlined in note 34, the convertible bond gave rise to an investment by the company in the issuing subsidiary Avacta Finance Jersey, equal to the fair value of the derivative at inception. The reduction in the fair value of the derivative at inception has been partially offset by a resulting reduction in the impairment charge recognized in respect of the company's investment in issuing subsidiary Avacta Finance Jersey.

- Retained earnings as at 1 January 2023 has increased by £2,899,000 reflecting a reduction in the company's loss for the year ended 31 December 2022, due to an increased gain on revaluation of the derivative. Retained earnings has reduced by £8,773,000 due to an increase in the company's loss for the year ended 31 December 2022, due to a reduction in the gain on derivative revaluation, and reduction in impairment charge due to changes in the valuation of the derivative.

In addition, an error was identified relating to the presentation of amounts owed by a subsidiary as a Current Asset Debtor. While the balance in question is interest free and repayable on demand, the subsidiary company has insufficient liquid assets or other means by which to repay the balance in the short-term and are considered to be long-term financing in nature. As a result, these amounts should have been presented as Fixed Asset Investments. Consequently, the comparative period has been restated, increasing Investments, and decreasing Debtors by £116,242,000. Further errors have been identified in respect of the company's application of the Companies Act Statutory Balance Sheet Formats. As a result balance sheet line items have been updated to align with the appropriate titles prescribed by legislation.

These errors have been corrected retrospectively by restating each of the affected financial statement line items for the comparative period. The following tables summarise the resulting impacts on the Group's consolidated financial statements.

	At 31 December 2023			
Account	As Previously Reported	Derivative Valuation Adjustment	Fixed asset reclassification Adjustments	As Restated
	£000	£000	£000	£000
Investments	77,258	(9,009)	116,242	184,491
Debtors	117,738	—	(116,242)	1,496
Creditors: amounts due within one year	(66,988)	3,325	—	(63,663)
Net assets	**138,757**	**(5,684)**	**—**	**133,073**
Equity				
Share premium	83,220	188	—	83,408
Retained earnings at 1 January 2023	37,555	2,899	—	40,454
Retained earnings−Total comprehensive loss for the period	(10,668)	(8,773)		(19,441)
Total equity	**138,757**	**(5,684)**	**—**	**133,073**

Shareholder Information Contents

Avacta Group plc
(Incorporated in England and Wales with registered number 04748597)

NOTICE IS GIVEN that the Annual General Meeting of Avacta Group plc (the 'Company') will be held at Peel Hunt LLP, 7th Floor, 100 Liverpool Street, London EC2M 2AT, United Kingdom on Wednesday, 2 July 2025 at 9.00 a.m. for the following purposes:

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. To adopt and receive the audited accounts, the strategic report, the Directors' report and the auditor's report of the Company for the year ended 31 December 2024.

2. To approve the remuneration report contained within the report and accounts for the year ended 31 December 2024.

3. To re-appoint Darlene Deptula-Hicks as a Director of the Company in accordance with article 30.2 of the Company's articles of association (the 'Articles') who offers herself for re-appointment as a Director of the Company.

4. To re-appoint Richard Hughes as a Director of the Company in accordance with article 30.2 of the Articles who offers himself for re-appointment as a Director of the Company.

5. To re-appoint David Bryant as a Director of the Company in accordance with article 30.2 of the Articles who offers himself for re-appointment as a Director of the Company.

6. To re-appoint Mark Goldberg as a Director of the Company in accordance with article 35 of the Articles who offers himself for re-appointment as a Director of the Company.

7. To re-appoint Christina Coughlin as a Director of the Company in accordance with article 35 of the Articles who offers herself for re-appointment as a Director of the Company.

8. To appoint BDO LLP as auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company.

9. To authorise the Audit Committee of the Board of Directors of the Company to determine the auditor's remuneration.

10. To authorise the Directors of the Company generally and unconditionally pursuant to section 551 of the Companies Act 2006 (the 'Act') (in substitution for all existing authorities granted to the Directors of the Company under section 551 of the Act (to the extent that they remain in force and unutilised) other than resolution 10 passed at the annual general meeting of the Company held on 28 June 2023 which shall remain in force) to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares ('Rights'):

    10.1. up to an aggregate nominal amount of £13,056,350 (being approximately one third of the issued ordinary share capital of the Company as at the date of this notice); and

    10.2. up to an aggregate nominal amount of £26,112,700 (such amount to be reduced by the aggregate nominal amount of shares allotted and Rights granted under the authority conferred by virtue of resolution 10.1) in connection with or pursuant to a fully pre-emptive offer (as defined below in resolution 11),

provided that such authorities shall expire on the earlier of the date falling six months from the end of the current financial year of the Company and the conclusion of the next Annual General Meeting of the Company after the passing of this resolution unless varied, revoked or renewed by the Company in general meeting, save that the Company may, before the expiry of the authorities granted by this resolution, make a further offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors of the Company may allot shares and grant Rights in pursuance of such an offer or agreement as if the authorities conferred by this resolution had not expired.

To consider and, if thought fit, pass the following resolutions as special resolutions:

11. To empower the Directors of the Company (subject to the passing of resolution 10 and in substitution for all existing like powers granted to the Directors of the Company (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 pursuant to the authority conferred upon them by resolution 10 or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act 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 this power shall be limited to the allotment of equity securities:

11.1. in connection with or pursuant to an offer of such securities by way of a fully pre-emptive offer (as defined below);

11.2. (otherwise than pursuant to resolution 11.1) up to an aggregate nominal amount of £3,916,905 (being approximately 10% of the issued ordinary share capital of the Company as at the date of this notice); and

11.3. (otherwise than pursuant to resolutions 11.1 or 11.2) up to an aggregate nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares from time to time under resolution 11.2, such authority to be used only for the purposes of making a follow-on offer which the Directors of the Company determine to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

and shall expire on the earlier of the date falling six months from the end of the current financial year of the Company and the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company may, before the expiry of any power contained in this resolution, make a further offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors of the Company 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 resolution 10.2 and this resolution 11: **fully 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 any jurisdiction, the requirements of any recognised regulatory body or any stock exchange in any territory or any other matter whatsoever.

12. In addition to and without prejudice to resolution 11, to empower the Directors of the Company (subject to the passing of resolution 10 and in substitution for all existing like powers (other than resolution 11 above) granted to the Directors of the Company (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 pursuant to the authority conferred upon them by resolution 10 or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act 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 this power shall be limited to the allotment of equity securities:

12.1. up to an aggregate nominal amount of £3,916,905 (being approximately 10% of the issued ordinary share capital of the Company as at the date of this notice); and

12.2. (otherwise than pursuant to resolution 12.1) up to an aggregate nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares from time to time under resolution 12.1, such authority to be used only for the purposes of making a follow-on offer which the Directors of the Company determine to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

and shall expire on the earlier of the date falling six months from the end of the current financial year of the Company and the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company may, before the expiry of any power contained in this resolution,

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

13. To authorise the Directors of the Company generally and unconditionally for the purpose of section 701 of the Act and in accordance with article 22 of Articles, to make market purchases (within the meaning of section 693 of the Act) of ordinary shares of 10p each in the capital of the Company on such terms and in such manner as the Directors of the Company may determine provided that:

    13.1. the maximum number of ordinary shares that may be purchased under this authority is restricted to 39,169,050 (being approximately 10% of the issued ordinary share capital of the Company as at the date of this notice);

    13.2. the maximum price which may be paid for any and each ordinary share purchased under this authority shall not be more than the higher of: (i) an amount equal to 105% of the average of the middle market prices (as derived from the London Stock Exchange Daily Official List) for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased; and (ii) an amount equal to the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange at the time the purchase is carried out (in each case exclusive of expenses); and

    13.3. the minimum price which may be paid for any and each ordinary share purchased under this authority shall be the nominal value of that ordinary share (exclusive of expenses payable by the Company in connection with the purchase),

and shall expire on the earlier of the date falling six months from the end of the current financial year of the Company and the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company may make a contract or contracts to purchase ordinary shares under this authority before its expiry which will or may be executed wholly or partly after the expiry of this authority and may make a purchase of ordinary shares in pursuance of any such contract.

By order of the Board

Brian Hahn
Company Secretary
6 June 2025

Registered Office:
Scale Space, White City, Imperial College Campus, 58 Wood Lane, London W12 7RZ

Notice of Meeting Notes

The following notes explain your general rights as a registered shareholder and your right to attend, speak and vote at this Annual General Meeting (the 'Meeting') or to appoint someone else to do so on your behalf:

1. 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 close of business on 30 June 2025. 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.

2. 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.

3. 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).

4. 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.

5. You can vote/appoint a proxy:

   - by logging on to www.signalshares.com and following the instructions;
   - MUFG Corporate Markets (which is a division of MUFG Pension & Market Services), the Company's registrar, (the 'Registrar') has launched a shareholder app: Vote+. It's 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 Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 9.00 a.m. on 30 June 2025 in order to be considered valid or, if the Meeting is adjourned, by the time which is 48 hours (excluding non-working days) before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity'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 Proxymity 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 Registrar by email at shareholderenquiries@cm.mpms.mufg.com 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.

6. In order for a proxy appointment to be a valid, a proxy form, electronic filing or any CREST Proxy Instructions (as described in note 10 below) must be completed. In each case so as to be received by MUFG Corporate Markets by 9.00 a.m. on 30 June 2025 in accordance with these notes and the notes to the form of proxy.

7. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by MUFG Corporate Markets before the latest time for the receipt of proxies will take precedence. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.

8. The return of a completed proxy form, electronic filing or any CREST Proxy Instructions (as described in note 10 below) will not prevent a shareholder from attending the Meeting and speaking and/or voting in person if they wish to do so.

9. 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). 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.

10. 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 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 9.00 a.m. on 30 June 2025. 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.

11. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & International Limited 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 their 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.

12. Any corporation which is a registered shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a registered shareholder, provided that no more than one corporate representative exercises powers in relation to the same share.

13. As of 4 June 2025 (being the latest practicable date prior to the publication of this document), the Company's ordinary issued share capital consisted of 391,690,542 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 6 June 2025 were 391,690,542.

14. You may not use any electronic address (within the meaning of section 333(4) of the Act) provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

15. Under the Articles, resolutions 1 to 10 set out in this Notice are ordinary business, and resolutions 11 to 13 are special business.

Explanation of Resolutions

Ordinary resolutions

Resolutions 1 to 10 are proposed as ordinary resolutions. Each of these resolutions will be passed if more than 50% of the votes cast (in person or by proxy) are cast in favour of it.

(a) **Resolution 1:** The Directors of the Company ("Directors") are required to present to shareholders at the AGM the audited accounts of the Company, the strategic report, and the reports of the Directors and auditor, for the year ended 31 December 2024.

(b) **Resolution 2:** The Directors' remuneration report is set out in the Company's Annual Report and Accounts for the year ended 31 December 2024. The vote is advisory and the Directors' entitlement to remuneration is not conditional on it.

(c) **Resolutions 3, 4 and 5:** The Company's Articles of Association require any Director appointed since the last AGM to retire and seek re-appointment. Darlene Deptula-Hicks, Richard Hughes and David Bryant were appointed following the last AGM and will seek re-appointment at the AGM.

(d) **Resolutions 6 and 7:** The Company's Articles of Association require one third of the Directors to retire from office each year (or, if their number is not a multiple of three, the number nearest to but not less than one-third, not taking into account those Directors offering themselves for re-appointment pursuant to resolutions 3, 4 and 5). Accordingly, Christina Coughlin and Mark Goldberg are both retiring by rotation and seeking re-appointment at the AGM.

Biographical information for all the Directors standing for re-election is included on page 30 of the Directors' report in the Company's Annual Report and Accounts. Having considered the performance of and contribution made by each of the Directors standing for re-election, the board of Directors (the "Board") remains satisfied that, and the Chair confirms that, the performance of each Director continues to be effective and to demonstrate commitment to the role and as such the Board recommends their re-election.

(e) **Resolution 8:** Resolution 8 relates to the appointment of BDO LLP as the Company's Auditor to hold office until the next general meeting of the Company at which accounts are laid before the Company.

(f) **Resolution 9:** It is normal practice for shareholders to resolve at the AGM that the Audit Committee decides on the level of remuneration of the auditor for the audit work to be carried out by it in the next financial year. The amount of the remuneration paid to the auditor for the next financial year will be disclosed in the next audited annual accounts of the Company.

(g) **Resolution 10:** The Directors may only allot shares or grant rights over shares if authorised to do so by shareholders. The Investment Association ("IA") guidelines on authority to allot shares state that IA members will permit, and treat as routine, resolutions seeking authority to allot shares representing up to two-thirds of a company's issued share capital provided that any amount in excess of one-third of the company's issued share capital is applied to fully pre-emptive offers only (including open offers and rights issues). Accordingly, resolution 10, if passed, would authorise the Directors under section 551 of the Companies Act 2006 (the "Act") to allot new shares or grant rights to subscribe for, or convert any security into, new shares (subject to shareholders' pre-emption rights (unless and to the extent disapplied)): (i) up to a maximum nominal amount of £13,056,350; and (ii) up to a maximum nominal amount of £26,112,700 (less the aggregate nominal amount of shares or rights granted under (i)) in connection with a fully pre-emptive offer, together representing the IA guideline limit of approximately two-thirds of the Company's issued ordinary share capital (excluding shares held in treasury) as at 4 June 2025, being the latest practicable date prior to the publication of this document. Passing this resolution will ensure that the Directors continue to have the flexibility to act in the best interests of shareholders, when opportunities arise, by issuing new shares or granting rights over shares. There are no current plans to issue new shares pursuant to this authority except in connection with employee share schemes.

Special resolutions

Resolutions 11 to 13 are special resolutions. Each of these resolutions will be passed if 75% or more of the votes cast (in person or by proxy) are cast in favour of it.

(h) **Resolutions 11 and 12**: Resolution 11 contains a three-part disapplication of statutory pre-emption rights. Other than in connection with a fully pre-emptive offer, the power contained in resolution 11 would be limited to a maximum nominal amount of £4,700,286 which would equate to 47,002,860 ordinary shares in the capital of the Company, representing approximately 12% of the Company's issued share capital as at 4 June 2025, being the latest practicable date prior to the publication of this document. Of the £4,700,286, £783,381 can only be used for the purposes of making a follow-on offer.

Resolution 12 is a further disapplication of pre-emption rights limited to an additional 10% of issued ordinary share capital, which is without prejudice to and in addition to the disapplication under resolution 11. This additional power would be limited to a maximum nominal amount of £4,700,286, which would equate to 47,002,860 ordinary shares in the capital of the Company, representing approximately 12% of the Company's issued share capital as at 4 June 2025, being the latest practicable date prior to the publication of this document. Of the £4,700,286, £783,381 can only be used for the purposes of making a follow-on offer.

If passed, these authorities will expire at the same time as the authority to allot shares given pursuant to resolution 10.

(i) **Resolution 13**: A company may only purchase its own shares if authorised to do so by shareholders. The IA guidelines state that IA members will permit, and treat as routine, resolutions seeking authority to purchase up to 10% of a company's issued ordinary shares. Accordingly, resolution 13, if passed, would authorise the Company under section 701 of the Act to purchase up 391,690,542 ordinary shares in its share capital, representing the IA guideline limit of 10% of the Company's issued ordinary shares as at 4 June 2025, being the latest practicable date prior to the publication of this document.

In accordance with the IA guidelines, the minimum price payable for the purchase of any ordinary share under this authority shall be the nominal value of that ordinary share, and the maximum price payable for each ordinary share under this authority shall be the higher of: (i) an amount equal to 105% of the average of the middle market prices (as derived from the London Stock Exchange Daily Official List) for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased; and (ii) an amount equal to the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange at the time the purchase is carried out, in each case exclusive of expenses).

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