Avacta Group plc
("Avacta", the "Group" or the "Company")

Preliminary Results for the Year Ended December 31, 2024

LONDON and PHILADELPHIA – June 6, 2025 – Avacta Therapeutics (AIM: AVCT), a life sciences company developing next generation peptide drug conjugates (PDC) targeting powerful anti-tumor payloads directly to the tumor, has published its unaudited preliminary results for the 12 months ended December 31, 2024 ("FY24").

Highlights

- 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.

Christina Coughlin, MD, PhD, CEO of Avacta, said,

"Over the past year, we have transformed the business into a dedicated therapeutics company focused on our unique pre|CISION® platform. We are pioneering a novel, differentiated class of medicines, which has the potential to revolutionize drug delivery.

"This unique platform has the potential to treat up to 90% of solid tumors by repurposing a range of effective oncology drugs to significantly reduce toxicity and side effects. This represents a potential breakthrough for patients and a major opportunity for Avacta.

"With our first program in the clinic, we expect to release the initial data in salivary gland cancer for FAP-Dox (AVA6000) towards the end of 2025 and in triple negative breast cancer in H1 2026 with potential for Phase 2 trials in H1 2026.

"FAP-EXd (AVA6103) has advanced into IND-enabling work this year and we plan to initiate the Phase 1 trial in early 2026. In parallel, we are actively pursuing a number of commercial opportunities.

"Overall, 2025 and 2026 are set to be a transformative for Avacta, driven by a number of catalysts to drive shareholder value."

-Ends-

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About Avacta - www.avacta.com
Avacta Therapeutics is a clinical-stage life sciences company expanding the reach of highly potent cancer therapies with the pre|CISION® platform. pre|CISION® is a proprietary warhead delivery system based on a tumor-specific protease (fibroblast activation protein or FAP) that is designed to concentrate highly potent warheads in the tumor microenvironment while sparing normal tissues. Our innovative pipeline consists of pre|CISION® peptide drug conjugates (PDC) or Affimer® drug conjugates (AffDC) that leverage the tumor-specific release mechanism, providing unique benefits over traditional antibody drug conjugates.

About the pre|CISION® Platform
The pre|CISION® platform comprises an anticancer payload conjugated to a proprietary peptide that is a highly specific substrate for fibroblast activation protein (FAP) which is upregulated in

most solid tumors compared with healthy tissues. The pre|CISION® platform harnesses this tumor specific protease to cleave pre|CISION® peptide drug conjugates and pre|CISION® antibody/Affimer® drug conjugates in the tumor microenvironment, thus releasing active payload in the tumor and reducing systemic exposure and toxicity, allowing dosing to be optimized to deliver the best outcomes for patients.

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, 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 and world-class scientific capabilities and is 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 Company's 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,
Chairman

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 execution of both a near term and long-term financing strategy to achieve the Company's 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 2026, with initial data available in late 2026.

Our team continues to explore a number of commercial opportunities. We continue to seek a partner for our lead asset FAP-Dox that is poised to enter Phase 2 in 1H 2026.

Christina Coughlin,
Chief Executive Officer

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. However, exceptional items relating primarily to the wind down of the Group's internal diagnostics division of £1.96 million are included in the total administrative expenses for the year (2023: £ nil).

Amortisation and impairment expense

Amortisation charges of £0.89 million (2023: £1.03 million) have been recognised in the period, which includes amounts due on discontinued operations. 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 £6.67 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 share premium for 2023 with a further £0.18 million of share premium recognised in instances where the bondholder exercised their option, due errors in derivative valuation at the exercise date.

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: £14.09million). 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 £26.09 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 £0.91 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: £11.55 million), after investing and financing activities, including the £31.1 million gross proceeds from a successful share placing during the year. Current cash runway takes 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.

Consolidated Statement of Profit or Loss for the Year Ended 31 December 2024

	Notes	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		**(1,489)**	(1,279)
Amortisation expense		**(16)**	(13)
Share of loss of associate		**(747)**	(847)
Acquisition-related expenses		**-**	(282)
Share-based payment expense		**(4,107)**	(2,547)
Operating loss		**(32,558)**	(23,132)
Convertible bond – interest expense	6	**(9,854)**	(14,478)
Convertible bond – revaluation of derivative	6	**13,719**	6,327
Loss on earnout receivable		**(717)**	
Finance income		**663**	549
Other finance costs		**(237)**	(391)
Loss before tax		**(28,983)**	(31,125)
Taxation		**(444)**	1,975
Loss from continuing operations		**(29,427)**	(29,150)
Discontinued operation			
Loss from discontinued operation, net of tax		**(23,414)**	(4,106)
Loss for the year		**(52,841)**	(33,256)
Loss per share:			
Basic and diluted	5	**(15.34p)**	(12.20p)
Loss per share – continuing operations:	5		
Basic and diluted		**(8.54p)**	(10.69p)

Consolidated Statement of Other Comprehensive Income for the Year Ended 31 December 2024

	Notes	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		**(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	8	**(29,433)**	(29,500)
Discontinued operations	8	**(23,850)**	(3,755)
		(53,283)	(33,255)

Consolidated Statement of Financial Position as at 31 December 2024

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

Approved by the Board and authorised for issue on June 5, 2025.

Christina **Brian Hahn**

Chief executive Officer **Chief Financial officer**

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2024

	Share capital £000	Share premium £000	Other reserve £000	Translation reserve £000	Reserve for own shares £000	Retained earnings £000	Total equity £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 29)	-	-	-	-	-	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*)	1,563	21,078	-	-	-	-	**22,641**
Exercise of share options	253	146	-	-	-	-	**399**
Transfer of own shares	-	-	-	-	270	(270)	**-**
Equity-settled share-based payment	-	-	-	-	-	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	6,230	23,175	-	-	-	-	**29,405**
Own shares acquired	1	9	-	-	(10)	-	-
Convertible bond – issue of shares	1,689	8,863	-	-	-	-	**10,552**
Exercise of share options	597	130	-	-	-	-	**727**
Transfer of own shares	-	-	-	-	122	(122)	**-**
Equity-settled share-based payment	-	-	-	-	-	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**

* The comparative information is restated due to adjustments to revenue and the convertible bond.

Consolidated Statement of Cash Flows for the Year Ended 31 December 2024

	Note	2024 £000	2023 £000
Operating cash outflow from continuing operations		**(26,051)**	**(18,750)**
Interest received		**83**	**549**
Interest elements of lease payments		**(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		**(323)**	**(166)**
Proceeds from sale of property, plant and equipment		**-**	**(39)**
Acquisition of subsidiary		**-**	**(10,129)**
Payment of deferred consideration on past acquisition		**-**	**(868)**
Acquisition of right-of-use assets		**-**	**-**
Purchase of intangible assets		**(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		**(913)**	**(838)**

Cash repayment of convertible bonds	**(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)/ from 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	**(4,905)**	(5,078)
Cash and cash equivalents at end of year	**12,873**	**11,549**

	2024	2023
	£000	£000
Operating cash outflow from continuing operations	(26,051)	(18,750)
Interest received	83	549
Interest elements of lease payments	(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	(323)	(205)
Acquisition of subsidiary	-	(10,129)
Payment of deferred consideration on past acquisition	-	(868)
Purchase of intangible assets	(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	(913)	(838)
Cash repayment of convertible bonds	(2,550)	-
Net cash from (used in) continuing financing activities	**26,669**	**(440)**

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Cash held by disposal group	(4,905)	(5,078)
Cash and cash equivalents at end of year	**12,873**	**11,549**

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. This preliminary information for the year ended 31 December 2024 comprise the Company and its Subsidiaries (together referred to as the 'Group').

The preliminary information of Avacta Group plc has been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The results shown for the year ended 31 December 2024 and 31 December 2023 are audited. The consolidated financial information contained in this announcement does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts of the Company in respect of the financial year ended 31 December 2024 were approved by the Board of directors on 5th June 2025 and will be delivered to the Registrar of Companies in due course. The report of the auditors on accounts for the year ended 31 December 2024 was unqualified and contained an emphasis of matter paragraph in relation to a material uncertainty over going concern. The report did not contain a statement under 489(2) or 498(3) of the Companies Act 2006.

Statutory accounts for the year ended 31 December 2023 have been delivered to the Registrar of Companies and distributed to shareholders. The auditors' report on those accounts was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 489(2) or 498(3) of the Companies Act 2006.

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 £20.4 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 1H 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.

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 9)*).

Operating segment analysis 2024

	Therapeutics	Central overheads1	**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.

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-onyear 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.

3 Revenue

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.

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	**22,904**
Products or services transferred over time	-	-	1,463	**1,520**
	113	**113**	**24,311**	**24,424**

Year ended 31 December 2023

	Therapeutics (*restated*) £000	Continuing operations £000	Diagnostics (discontinued) £000	Total (*restated*) £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 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.

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 6.

	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)

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.

6 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 9.

[1] Repayments relate to the issue of new ordinary shares in settlement of the liability.

7 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)

8 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)**
Carrying value of disposal group	**14,228**

9 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

10 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 8.

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 were appointed Non-executive Directors.