

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse (amendment) (EU Exit) Regulations 2019/310 ("MAR"). With the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

9 November 2023

Fusion Antibodies plc
("Fusion" or the "Company")

Half year trading update

Fusion Antibodies plc (AIM: FAB), specialists in pre-clinical antibody discovery, engineering and supply for both therapeutic drug and diagnostic applications, provides an update on the Company's research and development ("R&D") programme and trading in the six months ended 30 September 2023 ("H1 FY2024").

As announced on 29 September 2023, at the time of publication of its annual report for the year ended 31 March 2023 ("FY2023"), the Company has been experiencing a commercially challenging period, primarily due to weak market conditions for investment in new drug discovery and development programmes and the subsequent delays to a number of anticipated contracts, both large and small. The Company had anticipated an easing of these constraints during H1 FY2024, however, this has not materialised as quickly as expected. Consequently, trading conditions remain very challenging and revenue for H1 FY2024 is expected to be behind current market expectations, at not less than £541k. Towards the end of the period, several projects were subject to certain technical challenges which required additional work to be undertaken, thereby pushing some of the expected H1 recognised revenue into H2. The remainder of the shortfall was due to a delayed project initiation.

Nevertheless, the Company has achieved a marked growth in the sales pipeline with overall values now standing at approximately four times that of six months ago. Part of the pipeline growth is attributable to enhanced penetration of adjacent markets (including Veterinary Medicine, Diagnostics and Research Antibodies) in line with our previously stated strategy. These factors bode well for the Company's future provided opportunities can be progressed and converted into work in progress.

In the meantime, the Company has continued to progress the development of its platform services with AI/ML-Ab™ (pronounced "AIM-Lab") being launched and the first contract for this service now completed. The Company is continuing to develop the AI/ML-Ab™ offering to create a unique route to designing novel antibodies which have the potential to impact the field to a similar extent as phage display. It is particularly noteworthy that artificial intelligence/machine learning ("AI/ML") approaches have the potential to reduce overall timelines and costs making it a strong match for client needs. The Board anticipates that the Company will achieve continuing significant growth in AI/ML-Ab™ revenues over the coming years. In addition, the Company is in advanced discussions with a leading research group to enter into a collaboration agreement which would provide validation of the Company's OptiMAL® platform. While positive, there can be no guarantee that any such collaboration agreement will be finalized or the terms of such agreement.

Outlook

Despite the slower than anticipated recovery in revenue recognition, prospects for growth remain positive and the new novel technologies available to the Company will play an important role in differentiating the business and creating fresh value for our shareholders. At the time of the fundraise earlier this year, announced on 19 May 2023 (the "Fundraise"), the Company announced that it anticipated that the net proceeds of the Fundraise would provide the Company with a cash runway for 18 months, which would be until November 2024. This cash runway was predicated on the Company achieving FY2024 results in line with current market expectations. The Company still anticipates that revenues for FY2024 will be significantly weighted towards the second half of the financial

year. The moderately lower-than-expected performance in H1 FY2024 has been offset by stringent cost controls and, combined with the developing pipeline for H2 FY2024, the Board's estimation of the Group's cash runway has been maintained. It remains a key strategic focus for the Company to achieve cash neutrality in this timeframe and, whilst there can be no guarantee that this will be possible, it will be kept under close review by the Board.

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About Fusion Antibodies plc

Fusion is a Belfast based contract research organisation ("CRO") providing a range of antibody engineering services for the discovery and development of antibodies for both therapeutic drug and diagnostic applications.

The Company's ordinary shares were admitted to trading on AIM on 18 December 2017. Fusion provides a broad range of services in antibody design, generation, development, production, characterisation and optimisation. These services include antigen expression, antibody production, purification and sequencing, antibody humanisation using Fusion's proprietary CDRx™ platform and the production of antibody generating stable cell lines to provide material for use in clinical trials. Since 2012, the Company has successfully sequenced and expressed over 250 antibodies and successfully completed over 200 humanisation projects and has an international, blue-chip client base, which has included eight of the top 10 global pharmaceutical companies by revenue.

The Company was established in 2001 as a spin out from Queen's University Belfast. The Company's mission is to enable pharmaceutical and diagnostic companies to develop innovative products in a timely and cost-effective manner for the benefit of the global healthcare industry.

Fusion Antibodies growth strategy is based on combining the latest technological advances with cutting edge science to deliver new platforms that will enable Pharma and Biotech companies get to the clinic faster, with the optimal drug candidate and ultimately speed up the drug development process.

The global monoclonal antibody therapeutics market was valued at \$186 billion in 2021 and is forecast to surpass \$445 billion in 2028, an increase at a CAGR of 13.2 per cent. for the period 2022 to 2028. Approximately 150 monoclonal antibody therapies are approved and marketed globally as of June 2022 with the top four antibody drugs each having sales of more than \$3 bn in 2021.

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