RNS Number : 0485L
Fusion Antibodies PLC
28 April 2020

Prior to publication, the information contained within this announcement was deemed by the Company to constitute inside information for the purposes of Article 7 under the Market Abuse Regulation (EU) No. 596/2014 ("MAR"). With the publication of this announcement, this information is now considered to be in the public domain.

28 April 2020

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

Placing to raise £3.0 million, year end trading update and notice of General Meeting

Fusion Antibodies plc (AIM: FAB), specialists in pre-clinical antibody discovery, engineering and supply for both therapeutic drug and diagnostic applications, announces the placing of 3,333,333 new ordinary shares of 4p each in the Company ("**Placing Shares**") at a price of 90p per share ("**Placing Price**") to raise £3.0 million, before expenses (the "**Placing**"), to be undertaken in two tranches. In addition, a further £492,511.50 has been raised for selling shareholders (the "**Selling Shareholders**") through the sale of 547,235 existing ordinary shares (the "**Share Sale**").

Highlights

- Placing substantially oversubscribed following demand from existing and new investors
- To satisfy excess demand, a further 547,235 existing ordinary shares that were subject to lock-in and orderly market agreements which expired in December 2019 sold on behalf of Selling Shareholders to new and existing investors at the Placing Price
- Funds will be used to expand the existing proof-of-concept work on the Mammalian Antibody Library to include COVID-19, the existing oncology targets and for general working capital purposes
- The Placing Shares will represent approximately 13 per cent. of the issued share capital of the Company, as enlarged by the issue of the Placing Shares

- Of the funds raised pursuant to the Placing, £1.0 million is conditional on, *inter alia*, the approval of Shareholders at a general meeting of the Company to be held on 15 May 2020 of resolutions to provide authority to the Directors to issue and allot further new ordinary shares otherwise than on a pre-emptive basis, further details of which are set out below
- Placing Shares are being subscribed for at a price of 90p per share, representing a 27 per cent. discount to the Company's closing mid-market share price on 27 April 2020.

Paul Kerr, CEO of Fusion Antibodies plc commented: *"We are delighted to be able to announce this oversubscribed placing which will help us in our critical work. In these currently extremely challenging times, we now have the resources to undertake the additional proof-of-concept work on the Mammalian Antibody Library Discovery Platform in respect of COVID-19, as well as for our existing oncology targets, whilst continuing to support our clients in their vital role. We remain confident that our products and services can help to accelerate finding a solution to this global health crisis."*

Enquiries:

Fusion Antibodies plc www.fusionantibodies.com

Dr Paul Kerr, Chief Executive Officer *Via Walbrook PR*

James Fair, Chief Financial Officer

Allenby Capital Limited Tel: +44 (0)20 3328 5656

James Reeve / Asha Chotai

Walbrook PR Tel: +44 (0)20 7933 8780
or fusion@walbrookpr.com

Anna Dunphy Mob: +44 (0)7876 741 001

Paul McManus Mob: +44 (0)7980 541 893

Background to and reasons for the Placing

Background
As previously announced, a number of the Company's clients are amongst the leading developers of therapeutic drugs and diagnostics and are working on solutions related to COVID-19. The Company has received a number of

enquiries from its clients for services and is well placed to assist in this vital area of development.

Further, the Company has an ongoing programme to develop a Mammalian Antibody Library Discovery Platform (the "**Library**") which, once live, is expected to reduce the length of time needed for antibody drug development compared with conventional practices. The Company's development programme on the Library is about to enter the proof-of-concept stage.

In late 2019, the first cases of a new coronavirus infectious disease, COVID-19, caused by the virus SARS-Cov-2 were detected in China and, since then, the virus has spread into a global health emergency. This presents an opportunity for the Company to test and benchmark the Library in a real-world setting against an unmet medical need. Effective vaccines, treatments, both prophylactic and therapeutic, and diagnostic tests are required to produce a long-term solution for this disease. The Company will aim to use its antibody expertise and, in particular, the Library to contribute towards finding a solution. The proof-of-concept programme will involve validation against several therapeutic indications encompassing COVID-19, together with other well understood oncology targets. In addition to validating the Library in readiness for commercialisation there is the potential to develop successfully produced antibodies further for therapeutic use in conjunction with commercial partners.

Commercial Benefits
The key objective for the Company is to achieve a significant impact upon the commercial launch of the Library platform to a global audience. The Directors believe that the enhanced reputation of the Library from the rapid development of antibodies that address the COVID-19 disease and other targets for therapeutic use will enable the Company to maximise future returns from its commercial application. Additionally, there is the possibility that antibodies generated during the validation of the Library could be developed further in collaboration with a commercial partner.

Reasons for the Placing
The race to find solutions to the current global health emergency has begun and so the Directors believe that Company must act swiftly to take this opportunity to demonstrate the capabilities of its new technology. Given the current economic uncertainty, the Directors consider that it is in the best interests of the Company to undertake the Placing at the current time, in order to provide the Company with the resources to undertake the additional proof-of-concept work on the Library in respect of COVID-19, as well as for the existing oncology targets, whilst continuing to support its clients in their critical work.

Use of proceeds

Whilst work on the Library project has already commenced, in order to widen it to have an emphasis on COVID-19, the Company will manage an extensive

R&D program involving producing SARS-Cov-2 viral antigens, the synthesis and analysis of rational libraries of antibodies and development using the Company's antibody engineering platforms. In order to facilitate this work, the Company will be required to recruit additional research scientists and make corresponding alterations to workspace and laboratory accommodation. New specialised equipment will be purchased and third-party testing and validation will be employed to fully develop the capabilities of the Library. The Company will use the net proceeds of the Placing to undertake these actions, as well as for general working capital purposes for the existing contract services business.

Current trading and prospects

Year-end trading update

Notwithstanding the current COVID-19 pandemic and resulting Government restrictions, trading remained strong throughout the year to 31 March 2020 ("**FY 2020**"). The Company commenced the commercialisation of its new RAMP™ service this year and this has contributed materially to the revenues in FY 2020. Subject to audit, the Company expects to report numbers for FY 2020 in line with current market expectations, with revenue of not less than £3.8 million. The Company ended FY 2020 with an unaudited cash balance of £1.5 million.

As announced on 30 March 2020, the Company remains open and fully operational and is conducting vital business, as usual, for its customers. Like many other companies, the Company has experienced short periods when a member of staff has had to self-isolate as a result of COVID-19 symptoms or from being in direct contact with a symptomatic person. If well, staff are endeavouring to continue to work from home during periods of isolation, and all affected staff have returned to work after the quarantine period. As the Company's laboratories and offices are all contained within one building, hygiene practices were already strong. To provide a safer environment with better social distancing for the Company's laboratory-based scientists, all other staff who can work from home have been doing so for several weeks.

As noted above, Fusion's clients include developers of therapeutic drugs and diagnostics, a number of whom are working on solutions relating to COVID-19 and/or Acute Respiratory Distress Syndrome. The Company is well positioned to continue to provide outsourced services to these clients and is pleased to note that one of the projects in which the Company has an interest in future royalties has been developed for this therapeutic area.

Outlook

Whilst the current economic uncertainty resulting from the COVID-19 pandemic and resultant restrictions mean that it is not possible to predict with accuracy what the impact will be on Fusion for the forthcoming financial period, the Board believes, for the reasons set out above, that the Company is well positioned to continue to trade with limited impact on its service

provision. Further, it provides an opportunity for the Company to try to contribute to a solution to the COVID-19 pandemic by supporting its clients and completing a proof-of-concept on the Library using antibodies that may be able to address the COVID-19 disease.

Details of the Placing

The Company has conditionally raised £3.0 million (before expenses) by way of the Placing of 3,333,333 ordinary shares of 4p each ("**Ordinary Shares**") at a price of 90 pence per Ordinary Share in two tranches as to: i) 2,209,119 Placing Shares (the "**First Placing Shares**"); and ii) 1,124,214 Placing Shares (the "**Second Placing Shares**").

The issue and allotment of the First Placing Shares has been conducted utilising the Company's existing share authorities and is conditional, *inter alia*, on admission of the First Placing Shares to trading on AIM ("**First Admission**") becoming effective.

The issue and allotment of the Second Placing Shares is conditional, *inter alia*, upon the passing of certain resolutions (the "**Resolutions**") at a general meeting of the Company (the "**General Meeting**") to provide sufficient authority to enable allotment of the Second Placing Shares and disapply pre-emption rights which would otherwise apply to the allotment of the Second Placing Shares and admission of the Second Placing Shares to trading on AIM ("**Second Admission**") becoming effective.

Allenby Capital Limited acted as the Company's sole broker to the Placing. The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing ordinary shares of 4p each of the Company.

The First Placing is not conditional on the Second Placing. Should the Resolutions not be passed at the General Meeting, the Second Placing will not proceed. The Share Sale is conditional on the First Placing.

Share Sale and holdings in Company

In addition to the Placing, a further 547,235 existing Ordinary Shares in the Company have been placed with new and existing investors on behalf of certain Shareholders of the Company whose shares were subject to orderly market agreements which expired in December 2019. The shares were sold at the Placing Price, raising a total of £492,511.50 for the Selling Shareholders (before expenses).

Under the Share Sale and subject to settlement, Crescent Capital II LP has sold 428,910 Ordinary Shares at the Placing Price, and Crescent Capital III LP has sold 118,325 Ordinary Shares at the Placing Price. Colin Walsh, Non-Executive Director of Fusion, is Chief Executive and founder of Crescent Capital NI Limited, which is the fund manager for Crescent Capital II LP and Crescent Capital III LP. Following the sale of the shares, Crescent Capital II LLP

holds 2,223,415 Ordinary Shares, and Crescent Capital III LLP holds 613,382 Ordinary Shares, representing 10.06% and 2.78% of the Company's existing share capital, respectively.

Director Dealings

Certain directors of the Company are purchasing Existing Ordinary Shares in the Share Sale as set out below:

Name	*Existing Ordinary Shares being purchased*	*Ordinary shares on First Admission*	*Percentage held of enlarged share capital on First Admission*
Alan Mawson, NED	15,012*	144,000	0.59
Sonya Ferguson, NED	6,667**	66,757	0.27

*These Ordinary Shares were acquired by Dr Mawson's pension fund
** These Ordinary Shares were acquired by Sonya Ferguson's pension fund

The FCA notifications, made in accordance with the requirements of the EU Market Abuse Regulation, are appended below.

Notice of General Meeting

The notice convening the General Meeting, to be held at 10:00 a.m. on 15 May 2020 at the Company's offices, Springbank Road, Springbank Industrial Estate, Belfast, BT17 0QL will today be posted to Shareholders. The General Meeting will include the Resolutions which if approved, will provide further share allotment authority to the Directors and disapply statutory pre-emption rights in relation to the allotment of the Second Placing Shares and will enable the Company to complete the Second Placing.

The Board of the Company considers the Placing to be in the best interests of the Company and its Shareholders as a whole and therefore the Directors unanimously recommend that Shareholders vote in favour of the Resolutions, as they intend to do so in respect of their own shareholdings of, in aggregate, 1,509,098 Ordinary Shares, representing approximately 6.83% of the Company's existing share capital.

Important notice re COVID-19
The Company is closely monitoring the impact of the COVID-19 outbreak in the United Kingdom. As a result of the Government restrictions placed on public gatherings and the general uncertainty about any additional and/or alternative measures that may be put in place, in line with the Company's article articles of association, the Board will be restricting Shareholders from attending the General Meeting in the interest of security.

As Shareholders or their proxies will not be allowed to attend the General Meeting in person, the Board strongly encourages Shareholders to appoint the Chair of the General Meeting as their proxy and provide voting instructions in advance, either electronically or by using the form of proxy which Shareholders will receive.

The Company encourages its Shareholders to check its website regularly for the latest information on its engagement with Shareholders and arrangements for the General Meeting.

Total voting rights

Application has been made to the London Stock Exchange for the First Placing Shares to be admitted to trading on AIM. It is expected that First Admission will become effective and that dealings in the Placing Shares on AIM will commence on or around 13 May 2020.

On First Admission, the Company will have 24,300,311 ordinary shares of 4p each in issue, each with one voting right. There are no shares held in treasury. Therefore, the Company's total number of ordinary shares and voting rights will be 24,300,311 and this figure may be used by Shareholders from First Admission as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the FCA's Disclosure Guidance and Transparency Rules.

On Second Admission, the Company will have 25,424,525 ordinary shares of 4p each in issue, each with one voting right. There are no shares held in treasury. Therefore, the Company's total number of ordinary shares and voting rights will be 25,424,525 and this figure may be used by Shareholders from Second Admission as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the FCA's Disclosure Guidance and Transparency Rules.

The following notification, made in accordance with the requirements of the EU Market Abuse Regulation, gives further details.

1	**Details of the person discharging managerial responsibilities / person closely associated**	
a)	Name	Alan Mawson
2	**Reason for the notification**	
a)	Position/status	Non-Executive Director
b)	Initial notification /Amendment	Initial notification
3	**Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor**	
a)	Name	Fusion Antibodies plc
b)	LEI	213800KBAYRC9VOQ9V39

4	**Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted**	
a)	Description of the financial instrument, type of instrument Identification code	Ordinary shares of 4p each in Fusion Antibodies plc Identification code (ISIN) for Fusion Antibodies plc ordinary shares: GB00BDQZGK16
b)	Nature of the transaction	Purchase of shares
c)	Price(s) and volume(s)	Price(s): 90p; Volume(s): 15,012
d)	Aggregated information: - Aggregated volume - Price	N/A
e)	Date of the transaction	28 April 2020
f)	Place of the transaction	London Stock Exchange, XLON

1	**Details of the person discharging managerial responsibilities / person closely associated**	
a)	Name	Sonya Ferguson
2	**Reason for the notification**	
a)	Position/status	Non-Executive Director
b)	Initial notification /Amendment	Initial notification
3	**Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor**	
a)	Name	Fusion Antibodies plc
b)	LEI	213800KBAYRC9VOQ9V39
4	**Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted**	
a)	Description of the financial instrument, type of instrument Identification code	Ordinary shares of 4p each in Fusion Antibodies plc Identification code (ISIN) for Fusion Antibodies plc ordinary shares: GB00BDQZGK16
b)	Nature of the transaction	Purchase of shares
c)	Price(s) and volume(s)	Price(s): 90p; Volume(s): 6,667
d)	Aggregated information: - Aggregated volume - Price	N/A

e)	Date of the transaction	28 April 2020
f)	Place of the transaction	London Stock Exchange, XLON

About Fusion Antibodies plc

Fusion is a Belfast based contract research organisation ("CRO") providing a range of antibody engineering services for the 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 generation, development, production, characterisation and optimisation. These services include antigen expression, antibody production, purification and sequencing, antibody humanisation using Fusion's proprietary CDRx ^{TM} 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 100 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 provides a broad range of services in antibody generation, development, production, characterisation and optimisation.

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 Biotechs 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 $135.4 billion in 2018 and is forecast to surpass $212.6 billion in 2022, an increase at a CAGR of 12.0 per cent. for the period 2018 to 2022. In 2017, seven of the world's ten top selling drugs were antibody-based therapeutics with the combined annual sales of these drugs exceeding $63.2 billion.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any

"manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, investors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing and Subscription. Furthermore, it is noted that, notwithstanding the Target Market Assessment, only investors who have met the criteria of professional clients and eligible counterparties have been procured. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

END

MSCMZGZDMNGGGZZ