PRESS RELEASE

ADC Biotechnology Ltd.

OpTIC Technium
Ffordd William Morgan
St Asaph Business Park
St Asaph, Denbighshire LL17 0JD
United Kingdom

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ADC Bio - US$10m cancer drug production expansion:

UK-based ADC Biotechnology (ADC Bio) has announced a $10m (GB£6.5m) plan to build a 1,500 m^2 manufacturing facility for advanced anti-cancer drugs.

The two-stage expansion program marks the transition of ADC Bio into GMP manufacturing of ADCs (**a**ntibody **d**rug **c**onjugates) and will create over 60 new science jobs at completion.

The investment responds to demand by drug developers and a shortage of capacity to make these new drugs in quantities sufficient for large scale clinical trials.

Phase 1 of the project will come on stream in mid-2017, creating a 1,500 m^2 state-of-the-art, dual-stream facility for process development, manufacturing and quality testing of ADC drugs.

From both scale and regulatory perspectives, the new facility will be able to produce clinical trial and low-volume commercial quantities. Production will be in cutting edge cleanroom facilities, accommodating both ADC Bio's proprietary "Lock-Release" technology and conventional, solution-phase production.

The facility will bring process development, manufacture, quality control, quality assurance and stability testing together under one roof at ADC Bio's operational headquarters in St Asaph, North Wales.

A projected second phase is planned to add another 2,500m^2 of manufacturing space for larger scale clinical and commercial manufacturing.

World market to triple:

The fastest-growing segment of oncology therapy, ADC drugs target tumour cells directly, without the side effects common in conventional chemotherapy. ADC Bio estimates that the world market for clinical trial contract manufacturing of these new therapies could triple to over $150m by 2018.

Only a handful of global firms – including ADC Bio - have experience of highly complex ADC process development and manufacturing, whilst ADC Bio is distinct as the market's only contract technical services company specialising in manufacture based on its own patented technology.

The company's unique "Lock-Release" platform technology 'locks' antibodies onto a solid polymer bead support for the entire process. The drug – typically a potent cytotoxin – can

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then be conjugated with the antibody using a specialized chemical linker to form the ADC, which is then 'unlocked' as clean drug product from the support by use of a chemical 'key'.

"Lock-Release" is faster, simpler and less vulnerable to processing errors and batch risks to high value materials than multi-stage, solution-based processing.

Extension of business model:

"*This exciting project marks a key extension of our business model into larger-scale clinical trial and commercial drug manufacturing, in response to our customers' demands*", said ADC Bio's CEO Charlie Johnson.

And he added: "*ADC manufacturing at larger scales is a fast-emerging global market opportunity. Our 'Lock-Release' enabling technology is set to revolutionise ADC manufacturing, by enabling process development for the next generation of ADC drugs and helping to reduce future production costs in one of the fastest-growing sectors of healthcare*".

Over the past two years, the company has trebled its tech service lab space and science staff. Completed in early 2015, a £100,000 development added a second R&D lab, focused on bio-conjugation and payload-linker chemistry, and reflecting rising demand for the company's technical services.

Notes for Editors:

- *The global antibody drug conjugate clinical pipeline includes treatments for breast, ovarian, gastric and lung cancer and melanoma. The industry expects another seven ADCs to be commercially launched by 2019, with sales by 2024 to exceed US $10.3 bn.*
- *Tumour-selective ADCs are the fastest growing oncology therapy, with 43% growth forecast over the next four years. Two ADCs are on the market, nearly 50 are in clinical trials and over 200 in pre-clinical development.*
- *Compared to conventional, solution processing, ADC Bio's "Lock-Release" technology gives higher yields from a less complex production equipment train, a reduced environmental footprint from smaller process and waste volume - shorter development timelines and lower supply chain costs. The benefits apply equally to development and commercial-scale drug manufacture.*
- *ADC Bio's ongoing ADC drug technology, consultancy and R&D services will re-locate from their present labs to the new facility on St Asaph Business Park, North Wales.*

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For further information contact:

Charlie Johnson

ADC Biotechnology Ltd.
Tel: **Tel: +44 (0) 333 240 1563**

charlie.johnson@adcbio.com

Roger Johnstone

Deben Editorial Services
Tel: **+44 (0)161 614 1450**
Mobile: +44 (0)7841 433141

rdj@debened.co.uk

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