

**CORPORATE**

 Current price **125p**

 Sector **Healthcare Equipment & Services**

 Code **FAB.L**

 Listing **AIM**
**Share Performance**


Source: Fidessa, Allenby Capital

**Share Data**

 Market cap (£m) **31.7**

 Shares in issue (m) **25.4**

 52 weeks (p) **High** **Low**  
**197.5** **60.5**

 Financial year end **March**

Source: Company Data, Allenby Capital

**Key Shareholders**

 Crescent Capital **11.15%**

 Amati Global Investors Ltd **9.20%**

 Viridian Growth Fund LP **8.61%**

 Octopus Investments **6.00%**

 Unicorn Asset Management **5.49%**

 Jim Johnson **5.11%**

Source: Company Data, Allenby Capital

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## Fusion Antibodies plc (FAB.L)

### Core services drive 9% H121 revenue growth

FAB is a specialised Contract Research Organisation operating in monoclonal antibody engineering and production and supply. The company generated a 9% increase in H121 revenue driven by core antibody engineering expertise and demand for supply services. FAB's trusted reputation, the continuing significance of antibodies for therapies and diagnostics, and operational continuity adjustments, together created encouraging resilience to the pandemic's impact. The pace of progress in developing its differentiated Mammalian antibody library, OptiMAL™, translates into a commercial launch target in FY22.

- Solid H121 performance.** A 9% increase in H121 revenue, to £1.9m from £1.8m, was driven by its core antibody engineering services, with marketing efforts paying-off in supply services. Revenue growth, plus gross margin accretion, helped H121 EBITDA loss to narrow to £0.2m, vs £0.3m in H120, even as the Company stepped-up planned R&D investment, notably in OptiMAL™ development, (H121 operating expenses of £1.5m vs £1.4m H120). New hires of a R&D Director and scientists are set to strengthen the existing capability. Following the April £3m funding, end of September cash stood at £3.2m, allowing for additions to consumables inventory to prepare for Brexit, as well as £0.2m of capex.
- OptiMAL™ development.** FAB is making excellent progress towards achieving proof-of-concept for OptiMAL™, boosted by £188k of grant funding from Invest Northern Ireland, by developing Covid-19 and oncology targets, and is seeking a partner to work on a fourth and more 'challenging' target. Covid-19 antibodies are being screened prior to evaluation against the live virus by Queen's University, Belfast. Timeline completion remains on track for FY21, with commercial launch of OptiMAL™ planned in FY22, likely via out-licensing. The key technical differentiator of the platform should be its antibody diversity compared to standard methods, designed to accelerate discovery.
- Forecasts unchanged.** While H120 trading was remarkably resilient despite the pandemic, we make no changes to FY21/22 estimates in light of the potential for sustained uncertainty owing to Covid-19 and Brexit, perhaps mitigated by FAB's location in Northern Ireland and its supply chain planning. FAB is supported by a strong cash position to achieve its development and commercial goals on our forecasts.
- Conclusions.** FAB is on track to launch its differentiated antibody discovery platform which can enable it to target global markets worth \$2bn once established. While the macro backdrop clearly remains volatile, we are reassured by the sustained and resilient underlying trading. FAB appears well-positioned to validate and commercialise its innovative technology and to continue to capitalise on its core expertise.

Year End	March 31				
(£'000)	2019A	2020	2021E	2022E	2023E
REVENUE	2,182	3,895	3,999	4,599	5,059
REVENUE GROWTH	-19%	79%	3%	15%	10%
ADJ. EBITDA	-1,077	-437	-1,108	-502	-520
EBIT	-1,508	-1,059	-1,858	-1,303	-1,121
LOSS PER SHARE	-5.7	-3.2	-5.8	-4.4	-3.7
NET CASH	1,984	1,537	2,713	1,738	1,351

Allenby Capital acts as Nomad &amp; Broker to Fusion Antibodies plc (FAB.L)

Please refer to the last page of this communication for all required disclosures and risk warnings.

## SUMMARY FINANCIALS

<b>EXHIBIT 1: FINANCIAL STATEMENTS</b>						
<b>Year-end: March 31</b>	<b>£'000</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
<b>INCOME STATEMENT</b>						
Revenues		2,182	3,895	3,999	4,599	5,059
Cost of goods sold		-1,378	-2,123	-2,168	-2,276	-2,428
Gross Profit		804	1,772	1,832	2,322	2,631
Other income		86	56	60	60	60
R&D Expense		0	0	-1,100	-500	-500
G&A Expenses		-2,399	-2,887	-1,650	-1,905	-1,980
Sales & Marketing		0	0	-1,000	-1,280	-1,331
Share based payments		-98	-83	-98	-100	-100
Adjusted EBITDA		-1,077	-437	-1,108	-502	-520
Operating Profit		-1,508	-1,059	-1,858	-1,303	-1,121
Interest income		9	-14	3	6	3
Profit Before Taxes		-1,500	-1,073	-1,855	-1,297	-1,117
Current tax income		235	376	470	180	180
Net Income		-1,264	-697	-1,385	-1,117	-937
EPS (p)		-5.7	-3.2	-5.8	-4.4	-3.7
Average no. of shares		22	22	24	25	25
Gross margin		37%	45%	46%	51%	52%
<b>BALANCE SHEET</b>						
Current assets		3,306	2,802	4,444	3,880	3,522
Cash and cash equivalents		1,984	1,537	2,713	1,738	1,351
Accounts receivable		1,079	925	1,315	1,512	1,455
Inventories		243	340	416	530	466
Non-current assets		2,937	3,238	3,317	2,717	2,317
Property, plant & equipment		1,588	1,470	1,370	770	370
Intangible assets		6	4	3	3	3
Other non-current assets		1,342	1,764	1,944	1,944	1,944
Current liabilities		-796	-989	-1,198	-1,050	-1,129
Short-term debt		0	0	0	0	0
Accounts payable & accruals		-462	-415	-624	-626	-705
Accruals/deferred revenues		-242	-318	-318	-318	-318
Tax payables		-25	-95	-95	-95	-95
Hire Purchase contracts		-67	-161	-161	-11	-11
Non-current liabilities		-93	-239	-239	-239	-239
Long-term debt		0	0	0	0	0
Other non-current liabilities		-93	-239	-239	-239	-239
Equity		5,354	4,812	6,325	5,308	4,470
Share capital		884	884	3,684	3,684	3,684
Other		4,470	3,928	2,641	1,624	787
<b>CASH FLOW STATEMENTS</b>						
Operating cash flow		-1,098	-160	-974	-626	-187
Investing cash flow		-1,381	-103	-650	-200	-200
Financing cash flow		-28	-184	2,800	-150	0
Net increase in cash		-2,507	-447	1,176	-976	-387
Cash at start of year		4,491	1,984	1,537	2,713	1,738
Cash at end of year		1,984	1,537	2,713	1,738	1,351
Net cash at end of year		1,984	1,537	2,713	1,738	1,351

Source: Company data, Equity Development

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