

Corporate

Current price **12.0p**

Sector **Healthcare Equipment and Services**

Code **FAB.L**

Listing **AIM**

Share Performance



% Change	1m	3m	12m
FAB.L	-13.8	-10.7	+197.6

Source: Thomson Reuters, Allenby Capital

Share Data

Market Cap (£m) **13.6**

Shares in issue (m) **113.7**

52 weeks (p) High Low
18.8 4.2

Financial year end **31 March**

Source: Company Data, Allenby Capital

Key Shareholders

Canaccord Genuity Wealth 6.6%

Unicorn Asset Man. 5.6%

Rathbone Investment Man. 5.4%

Maven Capital Partners 3.9%

C Walsh 2.8%

Source: Company Data, Allenby Capital

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Fusion Antibodies plc (FAB.L)

Solid progress ahead of OptiMAL commercial launch

Fusion Antibodies' (FAB.L) interim results highlight impressive progress, given its limited resources and the difficult trading environment in the reporting period (April-September). The receipt of two grant awards has allowed Fusion to offset some overhead costs, increase R&D spend and lease some capital items ahead of the planned commercial launch of OptiMAL next month. The results themselves were in line with the trading statement last month and our FY26 forecasts are broadly unchanged. We continue to see a significant recovery with revenue in H2 (to £1.4m, +86%) with trading helped by the improving environment in biotech. With improvements in gross margin and tight cost control/working capital management, our model indicates Fusion has a cash runway into FY27. We tentatively indicate revenues for FY27 to be c. £3m without assuming any material contribution from OptiMAL.

- Improving outlook:** Fusion's results provided a reassuring update as the company enters a critical period in which we expect to see an increase in orders as well as the planned commercial launch of OptiMAL next month. Management confirmed it has seen some early evidence of an upturn in trading that has been likely helped by the markedly improved environment for biotech financing since September.
- Interim results:** Revenues for the six months to 30 September year were £838k, as indicated in the trading statement. This was lower than in the comparable period in FY25 (£1.2m) but ahead of the £758k recorded in H2 FY25. We consider this a solid performance given the economic uncertainty that was prevailing in the reporting period. On the back of improving sentiment in biotech, we anticipate a strong upturn in the H2 period (£1.4m, +86%) for a FY26 revenue out-turn of £2.25m. We suggest revenues for FY27 are likely to be in region of £3m without any material contribution from OptiMAL.
- Cash runway to FY27:** Cash at the end of September was £252k, which our model suggests will fall to £120k at the end of March next year. Operational cash outflow in H1 was £567k, which we expect to reduce in H2 as revenue grows and gross margin improves. Fusion has indicated that cash as of 21 November was greater than at the period end.
- Gross margin recovery:** We are looking for further gains in gross margin as the economic environment supports more realistic/commercial pricing. Margin improvement should also arise from Fusion being able to favour higher-value projects.
- Valuation:** Fusion's market cap/EV currently stands at about £14m, which we argue does not reflect either the prospects from its existing business or the potential value of OptiMAL. Our thesis is that the shares could offer a geared return if the launch of OptiMAL is seen as a success.

Year End: March

(£'000)	2023	2024	2025	2026E
REVENUE	2,901	1,136	1,965	2,250
ADJ. EBITDA	-2,486	-2,059	-1,659	-678
ADJ. PBT	-2,859	-2,290	-1,779	-921
ADJ. EPS (p)	-10.0	-4.0	-1.8	-0.8
CASH	195	1,199	359	120
EV/EBITDA (x)*	NEG	NEG	NEG	NEG

Source: Company; Allenby Capital. Allenby Capital acts as Nomad & Joint Broker to Fusion Antibodies.

Impressive progress**Financial update**

Fusion Antibodies' FY26 interim highlighted in our view impressive progress given its currently limited financial resources and the difficult trading environment in the reporting period (April to September).

The results themselves were in line with the figures disclosed in the trading statement last month and thus our forecasts remain broadly unchanged. The company's forward-looking comments and informal management commentary should be of more interest to investors, as Fusion is entering a period that may see a more sustained upturn in revenues with potentially an initial contribution from OptiMAL.

Fusion is now approaching the long-awaited commercial launch of OptiMAL, which will officially take place at the Antibody Engineering and Therapeutics conference in San Diego next month. However, Fusion has previewed OptiMAL at earlier industry events this year and notes that potential clients seem to have been impressed with the system's capabilities as with the quality of its initial leads, notably the achievement of hits with single-digit nanomolar activity. The company believes it has "backlog of interest" that could in theory represent a £1m volume of business, although we would caution that it is very early and would not be expected necessarily to translate into an order book (it is not included in management or our forecasts).

Fusion also believes it may benefit from a macro factor that its potential clients have strategic interest in maintaining a diversity of drug discovery partners globally. Recently, there has been much discussion in the biopharma industry about the sudden and rapid rise of China as a source of early clinical development leads.

Fusion's interim results showed revenue of £838k, some 30% lower than the comparable FY25 H1 figure (£1.2m), but an improvement over the £758k recorded in FY25 H2. Given the H1 period was characterised by very depressed biotech markets and macro-economic uncertainty and disruption in the US economy (the DOGE public sector lay-offs and imposition of tariffs on trading partners etc), we consider this to be creditable performance.

As these US trade and domestic policies seem to have moderated in recent months and the market has also improved, we have modelled a significant recovery with revenue in H2 (to £1.4m, +86%). With gains in gross margin and tight cost control/working capital management, our model indicates Fusion will have a cash runway into FY27 and beyond. While we are not publishing formal forecasts for FY27 yet, we tentatively suggest the revenue potential to be c. £3m, without assuming a material contribution from OptiMAL.

We note that the recent grant awards have allowed Fusion to offset some overhead cost and increase its R&D spend as well as lease some high-end capital items. Furthermore, we understand one of the two recent grants provides Fusion some flexibility to defer projects for a period that may enable it to make best use of its limited internal resources (personnel etc) on commercial programmes as these come in.

Fusion is due to provide an online presentation to investors on the "Investor Meet Company" platform on 25 November (11.00am).

Cash runway into FY27

The company's cash position at end September was £252k and we expect net cash outflow to reduce in H2. Indeed, Fusion has disclosed that the cash position as of 21 November 2025 was better than at the period end. Our model indicates Fusion has a cash runway into FY27. We have also updated our model to reflect the published figures. This gives rise to a small, but non-material, improvement in the FY26 EBITDA and cash position relative to our prior published figures. The new forecasts for FY26 are summarised in the table below.

Exhibit 1: Financial summary

Year End: March

(£'000)	FY25 H1A	FY25 H2A	FY25A	FY26 H1	FY26 H2E
REVENUE	1,207	758	1,965	838	1,412
ADJ. EBITDA	-734	-925	-1,659	-419	-378
ADJ. PBT	-792	-987	-1,779	-538	-383

Source: Company; Allenby Capital

Short-term cash and revenue generation crucial

The key sensitivities to the investment case remain Fusion's ability to secure new contracts and manage its costs in the short-term as revenue recovers and in the longer-term secure business for OptiMAL. The company has funding into FY27, by which point it should be trading at or close to breakeven. However, it is also possible that its current balance sheet limits its ability to win larger commercial contracts, including for OptiMAL and/or price these tenders optimally.

Special situation geared to recovery**Valuation**

Fusion's shares have broadly held onto the gains made earlier in the year and currently, the company's market capitalisation is c. £14m. Nevertheless, we consider this to ascribe almost no value to its industry-leading technologies, principally OptiMAL, and our investment thesis is that it can offer a geared return as investors start to recognise this.

Exhibit 2: Summary income statement

Year to March (£'000)	2023	2024	2025	2026E
Revenues	2,901	1,136	1,965	2,250
Cost of goods sold	-2,327	-1,181	-1,535	-1,438
Gross Profit	574	-45	430	812
Other income	11	5	0	520
R&D Expense	-807	-254	-191	-500
G&A Expenses	-2,601	-1,907	-1,914	-1,700
Underlying operating profit	-2,823	-2,201	-1,675	-868
EBITDA	-2,486	-2,059	-1,659	-678
Adjusted EBITDA	-2,486	-2,059	-1,659	-678
Operating Profit	-2,858	-2,288	-1,779	-918
Interest income	-1	-2	0	-3
Profit Before Taxes	-2,859	-2,290	-1,779	-921
Current tax income	263	63	64	72
Net Income	-2,596	-2,227	-1,714	-849
EPS (p)	-10.0	-4.0	-1.8	-0.8

Source: Company; Allenby Capital

Exhibit 3: Summary balance sheet

Year end March (£000s)	2023	2024	2025	2026E
Current assets	1,687	2,262	1,260	1,343
Cash and cash equivalents	195	1,199	359	123
Accounts receivable	690	557	632	740
Inventories	539	460	269	331
Other current assets	263	46	0	150
Non-current assets	375	158	47	350
Property, plant & equipment	375	158	47	350
Intangible assets	0	0	0	-664
Current liabilities	-879	-564	-603	-105
Short-term debt	-35	0	0	-559
Accounts payable & accruals	-480	-564	-603	0
Accruals/deferred revenues	-177	0	0	0
Tax payables	-136	0	0	0
Non-current liabilities	-60	-43	-31	-20
Long-term debt	-40	-23	0	0
Other non-current liabilities	-20	-20	-31	-20

Source: Company; Allenby Capital

Exhibit 4: Summary cash flow

Year end March (£000s)	2023	2024	2024	2026E
Operating cash flow	-803	-1,579	-1,522	-769
Net income	-2,596	-2,236	-1,713	-849
Non-cash adjustments	408	312	150	287
Change in working capital	1,385	345	41	-211
Interest paid/(received)	0	0	0	3
Taxes paid/(received)	0	0	0	0
Investing cash flow	-111	1	-4	-10
CAPEX on tangible assets	-114	-2	-9	-10
Financing cash flow	3	2,770	529	543
Proceeds from equity	0	2,808	555	568
Increase in borrowings	69	0	0	0
Dividends	-62	-33	-23	-23
Other financing cash flow	-4	-5	-3	-2
Net increase in cash	-1,993	721	-950	-236
Cash at start of year	2,049	195	1,199	359
Cash at end of year	195	1,199	359	123

Source: Company; Allenby Capital

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