

Corporate

Current price* **5.99p**

Sector **Healthcare Equipment and Services**

Code **FAB.L**

Listing **AIM**

Share Performance



% Change	1m	3m	12m
FAB.L	-44.3	--44.3	-54.8

Source: Thomson Reuters, Allenby Capital. * as at 11.00.

Share Data

Market Cap (£m) **7.5**

Shares in issue (m) **125.0**

52 weeks (p)	High	Low
	19.3	6.0

Financial year end **31 March**

Source: Company Data, Allenby Capital

Key Shareholders

Canaccord Genuity Wealth	6.6%
Unicord Asset Management	5.6%
Rathbone Investment Man	5.5%
Invest Northern Ireland	2.8%
C Walsh	2.8%

Source: Company Data, Allenby Capital

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Fusion Antibodies plc (FAB.L)

Poor trading necessitates cut in FY27 forecasts

Fusion Antibodies' (FAB.L) AGM statement and trading/research update confirms the very challenging trading picture in H1 FY2027 that was becoming evident at the time of the FY26 results last month. Unaudited revenue for H1 27 (April-September) is £457k (versus £838k) and the gross margin has fallen to 10% (30%). Trading in Q2 was, we understand, relatively better than in Q1 and, although still highly uncertain, points to a more normal H2. However, out of prudence we are reducing our FY27 revenue forecast to £1.3m (vs £2.1m). Cash at end September was £135k, which, with strong cost control, should give a runway into Q4. Management is aware of this and is exploring options to extend this cash reach including by monetising its DR5 asset. Fusion remains, in our view, in a strong position to exploit the industry's move to AI-based drug discovery but is frustratingly held back by a weak balance sheet and the ability to scale up. The recent share price fall thus presents a situation highly geared to a trading recovery and a recapitalisation.

- **Revenue:** Unaudited H1 FY 27 revenue was £457k (-45%). This fall seems to reflect the heightened geopolitical uncertainty particularly in Q1, and we understand there is some evidence of a stabilisation in Q2 that points to a better outcome in H2. However, out of prudence, we have reduced our FY27 revenue expectations to £1.3m (vs £2.1m). The fall in revenue has a geared impact on gross margin, which fell to 10% in H1 (from 30%). We have made commensurate changes in our model.
- **Cash runway to Q4:** Cash at end September was £135k, exclusive of anticipated grants in excess of £100k. Fusion has implemented some severe cost controls but our model suggests this still only gives a runway into Q4, although we understand internal projections are better. Nevertheless, management is fully aware of the cash issue and is exploring options to extend the cash reach, including by monetising its DR5 asset.
- **DR5 progress:** Fusion was able to report some significant progress in its grant-funded DR5 anti-cancer programme, with activity of its antibodies comparable to the reference positive control (conatumumab, Amgen). DR5 is a highly attractive target in the industry that has for various reasons proven challenging with other approaches.
- **FY27 forecast changes:** We have reduced our forecasts to reflect the current situation, based on Fusion's public statements. We note our model suggests Fusion will need to raise additional capital at or before the current year end.
- **Valuation:** The share price fall gives Fusion an EV of less than £7.5m, which ascribes very little value to its industry-leading technologies. Although short of capital, Fusion is in theory well positioned to capitalise on the industry's move to AI-based drug discovery. Our investment thesis remains that the shares could offer a geared return as this becomes evident, with OptiMAL® in a position to generate material revenues.

Year End: March					
(£'000)	2024	2025	2026	2027E Old	2027E New
Revenue	1,136	1,965	2,110	2,100	1,300
Adj. EBITDA	-2,058	-1,523	-929	-1,287	-1,640
Adj. PBT	-2,289	-1,777	-1,055	-1,286	-1,739
Adj. EPS (p)	-4.0	-1.6	-0.9	-0.9	-1.3
Cash	1,199	359	1,036	-15	-264
EV/EBITDA (x)*	NEG	NEG	NEG	NEG	NEG

Source: Company; Allenby Capital. Allenby Capital acts as Nomad & Joint Broker to Fusion Antibodies. Note 2025 figures have been restated.

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

Exhibit 1: Summary income statement

Year-end: March 31 (£000s)	2024	2025	2026	2027E
Revenue	1,136	1,965	2,110	1,300
Cost of goods sold	-1,181	-1,535	-879	-1,040
Gross Profit	-45	430	1,231	260
Other income	5	151	872	200
R&D Expense	-254	-191	-861	-150
G&A Expenses	-1,907	-1,913	-2,248	-2,000
Underlying operating profit	-2,201	-1,523	-1,006	-1,690
EBITDA	-2,058	-1,523	-929	-1,640
Adjusted EBITDA	-2,058	-1,523	-929	-1,640
Operating Profit	-2,287	-1,628	-1,056	-1,740
Interest income	-2	2	1	-1
Profit Before Taxes	-2,289	-1,626	-1,055	-1,739
Current tax income	63	64	72	100
Net Income	-2,226	-1,561	-983	-1,638
EPS (p)	-4.0	-1.6	-0.9	-1.3

Source: Company; Allenby Capital

Exhibit 2: Summary balance sheet

Year-end: March 31 (£000s)	2024	2025	2026	2027E
Current assets	2,262	1,260	2,065	463
Cash and cash equivalents	1,199	359	881	-264
Accounts receivable	557	632	822	427
Inventories	460	269	362	199
Other current assets	46	0	0	100
Non-current assets	158	63	355	275
Property, plant & equipment	158	63	355	255
Current liabilities	-584	-623	-842	-593
Short-term debt	-20	-20	-100	-100
Accounts payable & accruals	-564	-603	-742	-493
Accruals/deferred revenues	0	0	0	0
Tax payables	0	0	0	0
Non-current liabilities	-43	-31	-20	-20
Long-term debt	-23	0	0	0
Other non-current liabilities	-20	-31	-20	-20
Equity	1,793	669	1,622	-287

Source: Company; Allenby Capital

Exhibit 3: Summary cashflow

Year-end: March 31 (£000s)	2024	2025	2026	2027E
Operating cash flow	-1,579	-1,621	-1,222	-1,124
Net income	-2,236	-1,626	-1,149	-1,638
Non-cash adjustments	312	138	225	199
Change in working capital	345	-133	-298	314
Interest paid/(received)	0	0	0	1
Taxes paid/(received)	0	0	0	0
Investing cash flow	1	-5	-58	-19
CAPEX on tangible assets	-2	-10	-60	-20
Financing cash flow	2,770	529	1,802	-2
Proceeds from equity	2,808	555	1,921	0
Increase in borrowings	0	0	0	0
Dividends	-33	-23	-121	0
Other financing cash flow	-5	-3	2	-2
Net increase in cash	721	-840	522	-1,145
Cash at start of year	195	1,199	359	881
Cash at end of year	1,199	359	881	-264

Source: Company; Allenby Capital

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