

# OpGen

## Share consolidation to regain Nasdaq compliance

Regulatory update

Pharma and biotech

6 January 2023

**Price** **US\$2.8**  
**Market cap** **US\$8m**

Gross cash (US\$m) at 3 October 2022 (including net funding proceeds) 13.3

Shares in issue 2.9m

Free float 92.5%

Code OPGN

Primary exchange Nasdaq

Secondary exchange N/A

### Share price performance



% 1m 3m 12m

Abs (3.1) (50.1) (86.1)

Rel (local) 1.7 (50.4) (82.9)

52-week high/low US\$21.0 US\$2.4

### Business description

OpGen is primarily a lab diagnostic manufacturer focused on identifying and treating bacterial infections. With the acquisition of Curetis in H120, management has the technology necessary to detect pathogens and predict resistance. Through the dual platform offering of the AMR Gene Panel and Unyvero, the company can provide diagnostic results in hours instead of days under legacy technologies.

### Next events

FY22 results March 2023

### Analysts

Soo Romanoff +44 (0)20 3077 5700

Jyoti Prakash, CFA +44 (0)20 3077 5700

Nidhi Singh +44 (0)20 3077 5700

[healthcare@edisongroup.com](mailto:healthcare@edisongroup.com)

[Edison profile page](#)

**OpGen is a research client of  
 Edison Investment Research  
 Limited**

Following a proposed share consolidation announced in November 2022, OpGen has effected a reverse stock split in the ratio of 1:20. This comes in the wake of a Nasdaq notification received in late August 2022 granting the company a 180-day extension (ending in February 2023) to regain compliance with its listing requirements (minimum threshold price of \$1 per share). Given Nasdaq's liquidity and trading volumes, we see OpGen's ability to maintain the listing as crucial to its effectiveness in raising capital to develop its R&D pipeline and grow its commercial portfolio. While our overall valuation remains unchanged at \$67.5m, the per-share valuation increases to \$23.3/share from \$1.2/share, reflecting the share consolidation (2.9m shares outstanding post consolidation versus 58.0m previously).

Year end	Revenue (\$m)	EBITDA* (\$m)	PBT* (\$m)	EPS* (\$)	P/revenue (x)	P/E (x)	Net debt/ (cash) (\$m)
12/20	4.2	(19.6)	(24.7)	(31.5)	1.9	N/A	6.7
12/21	4.3	(20.4)	(35.7)	(23.4)	1.9	N/A	(14.4)
12/22e	3.2	(19.9)	(25.4)	(10.2)	2.6	N/A	2.8
12/23e	5.3	(16.7)	(21.8)	(7.5)	1.5	N/A	24.0

Note: \*EBITDA, PBT and EPS are normalized, excluding amortization of acquired intangibles, exceptional items and share-based payments. EPS adjusted for the 1:20 share consolidation in January 2023.

## 1:20 share consolidation effected

In November 2022, OpGen scheduled a special shareholders' meeting and received approval for the share consolidation/reverse stock split in the ratio 1:5 to 1:20, which was finalized by the board at 1:20 (every 20 common shares will convert into one share at par value of \$0.01 per share). This reduces the company's outstanding share count to 2.9m from 58.0m previously. Proportional adjustments will be applicable to already issued share warrants, stock options and restricted shares. However, the stakes of ownership will remain unchanged. The post-consolidation split will commence trading on the Nasdaq from 5 January.

## Aims to regain Nasdaq listing compliance

All Nasdaq-listed stocks must maintain a minimum trading price of \$1/share for at least 10 consecutive days to remain in compliance with the listing rules. OpGen's share price dropped below this threshold in early 2022, resulting in the receipt of a 180-day extension in August to regain compliance and triggering the decision to undertake the consolidation. Given OpGen's short cash runway (to Q123), we believe maintaining its listing is crucial to its ability to raise capital and attract investors.

## Valuation: \$67.5m or \$23.3 per share

Our overall valuation for OpGen is unchanged at \$67.5m, but the per-share valuation increases to \$23.3/share (from \$1.2/share previously), reflecting the share consolidation. With a cash runway lasting into Q123, we anticipate the need to raise \$20m in the near term, followed by another \$45m over FY23–26, before reaching the scale to fund operations from internally generated cash flow (FY27).

**Exhibit 1: OpGen's valuation**

Product	Main indication	Status	Probability of successful commercialization	Launch year	Peak sales (\$m)	Patent protection	rNPV (\$m)
Unyvero excluding China	Lower respiratory	Market	100%	2020	134.0	2040	98.1
	UTI (US)	Clinical	80%	2024			
	IJI (US)	Pre-clinical	50%	2025			
Unyvero - China	HPN	Registration	80%	2024	41.2	2040	20.5
Acuitas AMR Panel	AMR	Market	100%	2022	20.2	2040	14.2
Aresdb (book value)	Bioinformatics	Market					4.8
Unyvero A30 book value and others	IJI	Preclinical					9.0
Unallocated R&D costs							(24.7)
G&A costs							(55.3)
Pro forma net cash (at 3 October 2022)							0.8
Total firm value							67.5
Total shares outstanding (m)							2.9
Value per share (\$)							23.3

Source: Edison Investment Research

**Exhibit 2: Financial summary**

	\$'000s	2019	2020	2021	2022e	2023e
Year end 31 December		GAAP	GAAP	GAAP	GAAP	GAAP
<b>PROFIT &amp; LOSS</b>						
Revenue		3,499	4,214	4,306	3,172	5,283
Cost of Sales		(1,632)	(3,848)	(2,848)	(3,197)	(3,075)
Gross Profit		1,867	366	1,458	(25)	2,208
Sales, General and Administrative Expenses		(8,496)	(12,367)	(13,649)	(13,735)	(12,904)
Research and Development Expense		(5,121)	(9,965)	(10,911)	(8,729)	(8,199)
EBITDA		(10,829)	(19,631)	(20,388)	(19,886)	(16,678)
Operating Profit (before amort. and excepts.)		(11,750)	(21,966)	(23,102)	(22,488)	(18,894)
Intangible Amortisation		0	0	0	0	0
Other		0	0	0	0	0
Exceptionals		(522)	(752)	(171)	(6,976)	0
Operating Profit		(12,272)	(22,718)	(23,273)	(29,464)	(18,894)
Net Interest		(178)	(3,294)	(4,754)	(2,942)	(2,900)
Other		2	(66)	(6,735)	474	0
Profit Before Tax (norm)		(11,928)	(24,742)	(35,742)	(25,375)	(21,794)
Profit Before Tax (reported)		(12,447)	(26,078)	(34,762)	(31,932)	(21,794)
Tax		0	(132)	(44)	0	0
Deferred tax		0	0	0	0	0
Profit After Tax (norm)		(11,928)	(24,875)	(35,786)	(25,375)	(21,794)
Profit After Tax (reported)		(12,447)	(26,211)	(34,806)	(31,932)	(21,794)
Average Number of Shares Outstanding (m)		0.1	0.8	1.8	2.5	2.9
EPS - normalised (\$)		(147.5)	(31.5)	(23.4)	(10.2)	(7.5)
EPS - Reported (\$)		(154.0)	(33.2)	(22.9)	(12.9)	(7.5)
Dividend per share (c)		0.0	0.0	0.0	0.0	0.0
<b>BALANCE SHEET</b>						
Fixed Assets		3,755	32,863	31,924	20,491	18,688
Intangible Assets		1,418	24,606	21,983	13,503	12,548
Tangible Assets		2,133	5,791	5,917	4,738	3,890
Other		203	2,466	4,024	2,250	2,250
Current Assets		6,667	16,888	39,743	12,873	8,122
Stocks		473	1,486	1,239	1,279	1,227
Debtors		568	653	1,172	608	1,013
Cash		2,708	13,360	36,080	9,735	4,632
Other		2,918	1,388	1,250	1,250	1,250
Current Liabilities		4,939	7,372	19,917	14,795	13,689
Creditors		4,565	6,673	5,398	5,396	5,170
Short term borrowings		374	699	14,519	9,399	8,519
Long Term Liabilities		1,190	21,188	10,533	6,087	22,722
Long term borrowings		329	19,379	7,176	3,096	20,116
Other long term liabilities		860	1,809	3,356	2,990	2,606
Net Assets		4,293	21,191	41,217	12,482	(9,601)
<b>CASH FLOW</b>						
Operating Cash Flow		(11,506)	(23,397)	(21,479)	(17,978)	(16,783)
Net Interest		0	0	0	0	0
Tax		0	0	0	0	0
Capex		(32)	(130)	(1,984)	(397)	(413)
Acquisitions/disposals		0	1,267	0	0	0
Equity Financing		13,062	33,793	48,159	4,370	0
Dividends		0	0	0	0	0
Other		0	0	(266)	0	0
Net Cash Flow		1,524	11,533	24,430	(14,005)	(17,196)
Opening net debt/(cash)		(3,514)	(2,005)	6,717	(14,385)	2,760
HP finance leases initiated		0	0	0	0	0
Exchange rate movements		(19)	(2)	(5)	(13)	(4)
Other		(3013)	-20,254	-3,322	-3,127	-4,043
Closing net debt/(cash)		(2,005)	6,717	(14,385)	2,760	24,004

Source: Company reports, Edison Investment Research

## General disclaimer and copyright

This report has been commissioned by OpGen and prepared and issued by Edison, in consideration of a fee payable by OpGen. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

**Accuracy of content:** All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

**Exclusion of Liability:** To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note.

**No personalised advice:** The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

**Investment in securities mentioned:** Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright: Copyright 2023 Edison Investment Research Limited (Edison).

## Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

## New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

## United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

## United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

Frankfurt +49 (0)69 78 8076 960  
Schumannstrasse 34b  
60325 Frankfurt  
Germany

London +44 (0)20 3077 5700  
280 High Holborn  
London, WC1V 7EE  
United Kingdom

New York +1 646 653 7026  
1185 Avenue of the Americas  
3rd Floor, New York, NY 10036  
United States of America

Sydney +61 (0)2 8249 8342  
Level 4, Office 1205  
95 Pitt Street, Sydney  
NSW 2000, Australia