

OpGen

Broadening its commercial footprint in Q322

The penultimate quarter of FY22 for OpGen was marked by tangible progress in advancing its pipeline, although revenue realization was lower than anticipated at c \$0.4m in Q322 (attributed to a lower-than-expected contribution from ARES). Key milestones achieved during the quarter were the signing of a second commercial contract for the Acuitas AMR Gene Panel, completion of patient enrollment for the UTI test panel in the US, launch of ARES sequencing services in the US and collaborations with FIND and BioVersys. We foresee monetization potential from each of these opportunities but note that Q422 revenues would need to be particularly strong to meet the FY22 guidance of a 25% y-o-y top-line growth. Gross cash balance at the end of the quarter stood at \$10.3m, which has been bolstered with a c \$3m post period net raise. Our valuation remains unchanged at \$84.6m pending disclosure of the full Q322 accounts.

Year end	Revenue (\$m)	PBT* (\$m)	EPS* (\$)	DPS (\$)	P/E (x)	Yield (%)
12/20	4.2	(24.7)	(1.57)	0.0	N/A	N/A
12/21	4.3	(35.7)	(1.17)	0.0	N/A	N/A
12/22e	4.6	(24.0)	(0.50)	0.0	N/A	N/A
12/23e	7.7	(21.4)	(0.44)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

OpGen's focus these past few quarters has been on expanding its commercial presence with the aim of monetizing its antimicrobial resistance (AMR) focused developmental pipeline. Similar to past quarters, Q322 was marked by several promising developments, most notably the signing of the second commercial deal for its Acuitas AMR Gene Panel, following the first signed in Q222. Revenue contribution from these should start flowing in from the next quarter, although we calculate modest pickings during Q422 in the run-up to full capacity. Milestone payments from the R&D collaboration with FIND are anticipated in Q123 at the earliest and we therefore expect the bulk of the Q422 revenue generation responsibility to fall on the Unyvero platform and test portfolio (as per current visibility). With the Q322 revenues missing the street's expectations – down 68% from \$1.2m in Q321 (which benefited from a \$213k contribution from the now complete New York State Department of Health project) and 59% from Q222 (which included one-off payment from Menarini for certain Unyvero inventory) – OpGen would need to deliver a particularly strong Q422 to be able to meet its FY22 revenue guidance of a 25% top-line growth in product and services revenues.

Another key piece of newsflow disclosed by management was an update on the potential Chinese clearance for the Unyvero systems which requires OpGen subsidiary Curetis to resubmit its clinical trial application in China under a new electronic filing system. While the company is evaluating the potential impact of this development on progress and timelines, we see possibility of some delay, although our conservative estimate of a 2024 launch with an 80% probability bakes some of this uncertainty in. We await further clarity from OpGen before reassessing our assumptions. Available gross cash of c \$13.3m should provide an operating cash runway to Q123 based on a quarterly burn rate of c \$5m but we anticipate the need to raise additional funds to reach breakeven.

Q322 trading update

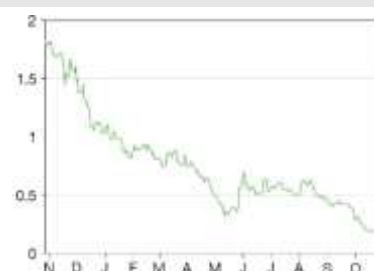
Pharma and biotech

28 October 2022

Price **US\$0.19**
Market cap **US\$11m**

Pro forma net cash incl. gross funding proceeds (\$m) at 3 October 2022	13.3
Shares in issue (post-raise)	56.3m
Free float	92.5%
Code	OPGN
Primary exchange	Nasdaq
Secondary exchange	N/A

Share price performance



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.

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