

ANGLE

FY22: a year of two very distinct halves

5 January 2023

- ANGLE's business update outlines the progress made in 2022, including the FDA clearance of Parsortix to harvest cancer cells from patient blood for subsequent analysis in mBC (metastatic breast cancer) and the highly positive ovarian cancer data. Management's strategy remains focused on making Parsortix broadly available to industry and patients. However, market conditions are notably challenging and have prolonged partnering discussions and delayed commercial uptake. Headwinds include broad pricing and cost pressures impacting all industry participants, and funding constraints, especially affecting smaller healthcare companies.
- Despite these challenges, active discussions are ongoing with a number of potential partners and customers for Parsortix. This includes the Pharma Services business, the main near-term revenue driver, where multiple new customers and projects are in the pipeline, plus the expansion of existing customer contracts. In addition, collaboration discussions on the combination of Parsortix samples with external downstream analysis technologies are progressing.
- Other key updates include: (1) closure of the Canadian facility has been completed in an orderly manner, which should lead to £2.6m of cost savings in 2023 and £4m per annum from 2024; (2) decision to focus on third party downstream analysis rather than the in-house HyCEAD Zplex platform; (3) the ovarian cancer assay will be optimised on a third-party molecular analysis platform; (4) prostate cancer studies expected to complete in 2023; (5) ISO accreditation has been received for the US lab and is expected shortly for the UK lab, and US CLIA accreditation will be completed once the first laboratory developed test (LDT) is offered.
- End-December 2022 cash is expected to be £32m, in-line with current consensus and providing funding to mid-2024. FY22 revenues are expected to be just above £1m, with c £0.5m of anticipated revenues delayed into 2023. FY22 operating loss is estimated to be around £22m, also in-line with consensus. Revenues in FY23 are expected to grow but be materially lower than current consensus of around £5m owing to the adverse market conditions described above.

Price	48.0p
Market Cap	130.0m
Primary exchange	AIM
Sector	Healthcare
Company Code	AGL
Corporate client	Yes

Company description:

ANGLE is a specialist diagnostics company. Its proprietary Parsortix technology can capture and harvest very rare cells, including CTCs (circulating tumour cells), from a blood sample. The FDA clearance for its clinical use to guide precision cancer care should open up multiple commercial opportunities.

Trinity Delta view: Despite significant progress during 2022, including the FDA clearance of Parsortix and the highly positive ovarian cancer data, broader market headwinds dictate a more cautious stance into 2023. These challenging conditions have led to increased focus on cost control at ANGLE's potential partners and customers, causing delays in commercial uptake. Consequently, revenues are unlikely to accelerate as rapidly as previously anticipated. Regardless of these external factors, ANGLE remains confident in its commercial strategy to make Parsortix broadly available to industry and patients, which is focused on three key areas: pharma services, corporate partnerships, and a product-led business (either directly or via distributors). We suspend our valuation and forecasts for ANGLE pending a review of our financial model.

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