

ANGLE

Moving in the right direction to capture growth

10 November 2023

- ANGLE has issued a trading and business update, and separately announced the launch of its [Portrait PD-L1](#) test. The trading update confirms that FY23 revenue recognition is expected to be c £2.2m (up 120%), below current market consensus of c £3.0m, as recognition of some of the c £3.3m in sales secured in 2023 will fall into FY24. FY24 revenue recognition is anticipated to treble vs FY23, driven by growth in sales from the newly established distributor network and planned launches of new Parsortix-based products and services.
- Revenues from the Products business are growing in line with management expectations, supported by distributor sales. The Pharma Services business is gaining commercial traction, with progress in securing retained relationships with large pharma customers, but the slowdown in biopharma spending has extended sales cycles overall. Planned launches include the Portrait PD-L1 test (services), the Portrait+ antibody staining kit (products), and Parsortix BiDetect DNA solutions combining ctDNA and CTC-DNA analysis (products and services).
- Improved gross margin in H2 vs H1 reflects the product-service mix, which coupled with ongoing tight cost control and implementation of various cost saving initiatives, means year-end cash will be c £15m (in line with market consensus) representing a cash runway that now extends into Q2 2025.
- A decision has been taken to streamline the Services business in response to the ongoing investment required in molecular capabilities across multiple platforms and the current adverse market conditions. ANGLE is closing its US clinical laboratory and will focus on servicing customers across multiple geographies from a single UK-based centre of excellence. This is expected to incur c £0.7m of non-recurring cash costs and c £0.5m of non-cash impairments, translating into an operating loss for FY23 of c £21m (in line with consensus). However, removal of cost duplication will contribute to cost savings of c £3m per year in 2024.

Price	10.85p
Market Cap	£28.27m
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: Commercialisation of the Parsortix system is still at an early stage, although momentum is building, and management are continuing to focus on developing the potentially sizeable revenue streams through both ANGLE's Product and Service offerings. The reality of current market conditions has driven difficult decisions to streamline infrastructure while still enabling investment into developing protocols on third-party molecular systems, and into products and services relevant to customers. We continue to believe that realising the significant commercial potential of Parsortix requires several elements to drive adoption, including developing "content" (menus of assays using CTCs harvested by Parsortix) to support both the products and services businesses, and generating clinical data with Parsortix to demonstrate utility in patient management. Following the trading and business update, we suspend our valuation and forecasts, and intend to update these as soon as practicable.

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