

ANGLE plc

Adapting to align with the biggest future opportunities

Update

23 January 2025

ANGLE has proactively refocused the Parsortix commercial strategy to prioritise large pharma deals within the Pharma Services business. This follows growing momentum in 2024, with three large pharma deals signed that are progressing well. This business has the potential to drive significant mid- and longer-term revenues through later-stage development as part of existing deals (depth), cross-selling (breadth), and new deals (halo). The shift avoids regulatory and research funding headwinds which will likely constrain near-term revenues in the Products business. Internal resources are being appropriately deployed to Pharma Services, and streamlined in Products, whilst the building blocks remain in place to expand the Products business as conditions improve. Our DCF-based valuation is £155m, or 48p/share.

Year-end: December 31	2022	2023	2024E	2025E
Revenues (£m)	1.0	2.2	2.9	4.3
EBITDA (£m)	(21.4)	(19.5)	(13.2)	(11.4)
Adj. PBT (£m)	(18.0)	(18.9)	(13.5)	(11.6)
Net income (£m)	(21.7)	(20.1)	(14.3)	(12.5)
EPS (p)	(8.8)	(7.7)	(4.9)	(3.9)
Cash (£m)	31.9	16.2	10.4	1.6

Source: Trinity Delta Note: Adjusted numbers exclude share-based payments and exceptionals.

- Pharma Services refocused on large pharma** ANGLE is prioritising resources on large pharma within Pharma Services to capitalise on increasing momentum in this segment. Large pharma are well-financed, unlike many smaller biopharma, and are increasingly seeking personalised cancer care solutions to optimise development and maximise the commercial potential of pipeline oncology assets. Although securing a first contract with large pharma can be protracted, once a deal is in place, there can be multiple other selling opportunities given the broad and deep pipelines.
- First deals secured and multiple discussions underway** Three large pharma deals were executed in 2024, two with AstraZeneca and one with Eisai. These could develop into sizeable revenues as programmes advance into larger later-stage trials, and potentially onto the market. Trials are fully-funded by the large pharma company, and ANGLE is working towards much larger Phase III contracts with its customers (note that that we do not expect these to occur before end 2025 hence are not included in our FY25e revenue forecasts). According to management, securing even one of these could move the company into cashflow positive trading. Existing relationships could also broaden to include additional programmes, as already seen with AstraZeneca. These first deals could facilitate others, and discussions with multiple potential new customers are underway.
- DCF valuation of £155m, or 48p/share** Our DCF valuation of £155m (48p/share) reflects a slowdown in near-term Product revenues, whilst maintaining the overall longer-term Parsortix commercial opportunity. Management expects cash will last into 2026, with the potential for positive cashflow trading once large Phase III trials are commenced.

Price	13.0p
Market Cap	£41.9m
Enterprise Value	£31.5m
Shares in issue	322.6m
12 month range	7.11-25.13p
Free float	70.9%
Primary exchange	AIM
Other exchanges	OTC QX
Sector	Healthcare
Company Code	AGL

Corporate client	Yes
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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. Parsortix has received FDA clearance for its clinical use to guide precision cancer care.

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ANGLE: near-term focus on Pharma Services

ANGLE's Parsortix system is a unique platform that differs from other liquid biopsy approaches by capturing and harvesting CTCs (circulating tumour cells) for subsequent downstream analyses. Such CTC-driven diagnostics could provide invaluable clinical insights that current systems cannot deliver. There are multiple commercial opportunities for Parsortix, and ANGLE has all the elements in place to deliver sustainable long-term growth from both Products and Services. In the near-term, resources are being appropriately focused on maximising the Pharma Services opportunity to capitalise on the recent momentum in this business, with a focus on large pharma deals, supported by developing market-relevant 'content' (assay menus) for current and potential customers. These activities will support revenue growth and should help drive wider industry recognition and partnering opportunities. Our DCF-based valuation is £155m (\$194m), or 48p/share.

Aiming for widespread use of Parsortix via multiple commercial routes, with a near-term focus on Pharma Services

Following the implementation of various initiatives to deliver on the strategic objectives and multiple opportunities for Parsortix commercialisation (Exhibit 1), ANGLE is proactively adapting to focus internal resources on large pharma deals with Pharma Services (Parsortix system use in cancer drug trials). This tighter focus has been driven by momentum in Pharma Services in 2024, the significant opportunities within large pharma to execute multiple agreements, and industry-wide headwinds that are impacting the Products business (instruments and single-use consumables). Internal spend on the Products business is being streamlined, and the focus is on progressing existing Pharma Services contracts, and signing new deals with both existing and new partners.

Exhibit 1: Parsortix enables both Products and Services business lines



Our Mission:
Enable personalised cancer care with a simple blood test to guide treatment, improving patient outcomes and reducing healthcare expenditure

- Our Solution:**
The Parsortix system
- **First FDA cleared product** for harvesting circulating tumour cells (CTCs) for subsequent analysis
 - ANGLE believes it provides the **best sample** of tumour material from a patient's cancer using a liquid biopsy
 - Enables **minimally invasive, effective, affordable, repeat** testing of intact cells

Source: ANGLE

Large Pharma strategy aligns ANGLE's innovative Parsortix technology with industry needs

The new large pharma strategy makes strategic sense as it aligns ANGLE's innovative technology with large pharma, who have a major unmet need to deliver personalised cancer care, and the financial resources to fund all aspects of Parsortix assay development, clinical trials and market launch, and can be the end customer for the test. Such an approach will reduce ANGLE's need for external funding. This strategy is possible because of ANGLE's unique proprietary technology as the only FDA cleared product that provides a CTC harvesting solution for real time analysis of cancer patient status at the time of drug prescription.

Large pharma the focus in Pharma Services

Resources are being prioritised on Pharma Services, with a focus on large pharma

ANGLE is prioritising resources on Pharma Services, particularly targeting large pharma, to exploit growing momentum in this business. Large pharma remain well-financed and with a growing need for personalised cancer care solutions. Cancer drugs are increasingly targeting specific proteins on the cancer, and the expression of these changes over time; the Parsortix system fulfils a critical need to assess whether the drug target is present, or not. This will support future broad uptake of development stage oncology drugs through careful patient selection, which can lead to improved response rates and better reimbursement, thereby maximising the commercial opportunity. Hence, these aims can be enabled with Parsortix, through the incorporation of longitudinal monitoring during clinical trials, leading to the eventual development of companion diagnostics.

Three deals with large pharma executed in 2024

This strategy has proved successful, so far delivering three Pharma Services contracts in 2024 with a combined initial value of c £900k with two global pharma companies, Eisai and AstraZeneca. A fourth Pharma Services deal was also signed in 2024 with Recursion Pharmaceuticals, a clinical stage TechBio company utilising machine-learning to industrialise drug discovery, starting with a modest, fully funded pilot study. An overview of existing disclosed Pharma Services customers is shown in Exhibit 2.

Exhibit 2: Current Pharma Services customers

Large Pharma customers



Biopharma customers



Source: ANGLE

The three large pharma services deals executed in 2024 are:

- **Eisai (January 2024):** a pilot study in which ANGLE's Portrait HER2 assay will be used to quantitatively analyse the HER2 (human epidermal growth factor receptor 2) status of CTCs (circulating tumour cells) for breast cancer patients in the Phase II study of Eisai's HER2 targeting antibody-drug conjugate BB-1701. The pilot phase is worth \$250k.
- **AstraZeneca (April 2024):** initially worth £150k (over six months), to develop a methodology to detect CTC micronuclei, a measure of DNA damage response, using ANGLE's existing Parsortix-based DDR assay.
- **AstraZeneca (May 2024):** worth an initial £550k (into Q125) for development of a Parsortix-based Androgen Receptor (AR) detection

Multiple discussions with new potential partners are ongoing

assay for use in multiple prostate cancer clinical studies. This agreement includes higher financial terms given the assay development involved.

ANGLE is actively seeking new Pharma Services partnerships with large pharma, and securing these will be key to future growth. Multiple potential discussions are underway and while there is uncertainty about when and how many discussions will transition into signed contracts, management has stated that the current pipeline of opportunities has more than doubled since last year, and that it is seeking to execute at least 20 large pharma Services contracts.

New deals and/or expansion of existing ones will drive mid-term revenues...

Pharma Services is likely to be an important growth driver in both the mid- and over the longer-term. Progress with existing partners, and securing new agreements will be key for future revenue growth, driven by: (1) upside from progression to later-stage and larger clinical trials with existing partners; (2) broader future relationships with these partners for additional oncology pipeline assets; and (3) external validation of Parsortix via existing partners, which could facilitate deal execution with new partners.

...and each contract could have longer-term significant revenue upside

As with all Pharma Services agreements, successful execution and development could mean adoption in future late-stage clinical trials to monitor patients at multiple timepoints. This could bring significant future revenue potential, as shown in Exhibit 3, especially if this leads to the development of a companion diagnostic. Whilst this could take several years, the development path will be fully funded by the drug developers running the clinical trials.

Exhibit 3: Pharma Services potential future revenue opportunities

- Assay development and pilot studies c. £200,000

Pharma companion diagnostic pathway - indicative only		Revenue Potential
Year 1	Phase 1	£0.2m to £0.7m
Years 2-3	Phase 2	£1.2m to £3.6m
Years 4-5	Phase 3	£15m to £45m
Year 6 onwards	Companion Diagnostic	£20m to £100m per annum

1. Potential for each project if fully progressed with all phases funded by pharma in pursuit of \$multi-billion market per annum
2. Dependent on success of clinical trials and need for CDx to support regulatory clearance
3. Low development risk for ANGLE with exceptional potential

Source: ANGLE

Content development supports Pharma Services

'Content' development is via various routes and can then provide Parsortix applications for Pharma Services customers

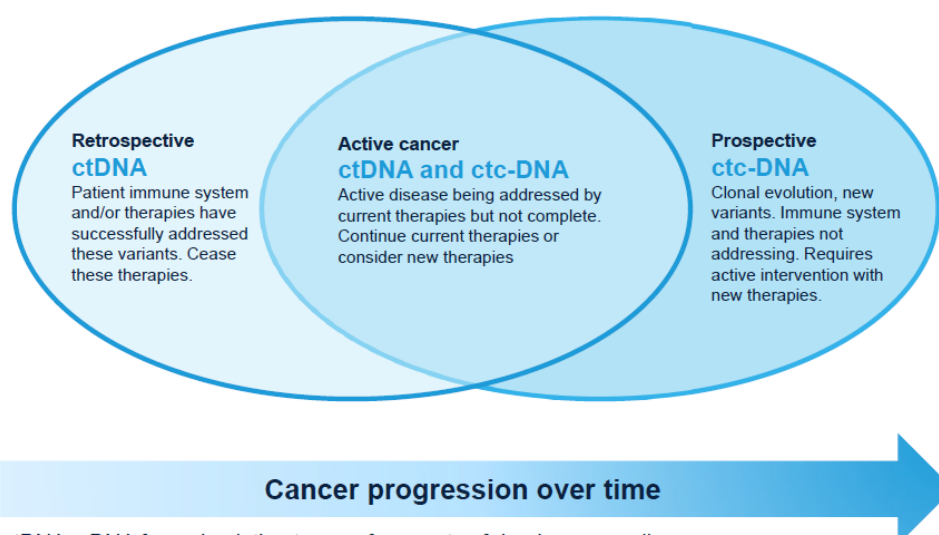
Securing new Pharma Services contracts is contingent on the development of assays and solutions that provide clinically relevant insights that can guide therapy decisions, and ANGLE is developing a number of imaging ('Portrait') and molecular assays. The various applications of Parsortix-based CTC assays ('content') provided by ANGLE as a service to other companies are generated through a variety of routes: (1) in-house; (2) through strategic partnerships (such as that with BioView for the development of a quantitative CTC HER2 assay kit for breast cancer, with [data](#) recently presented at the [AACR liquid biopsy conference](#)); and (3) via Pharma Services contracts (eg the bespoke DDR assays developed for Artios Pharma which then led to an initial deal with AstraZeneca). Launched assays include:

- **Portrait Flex:** an assay used to enumerate and characterise CTCs captured by Parsortix via immunofluorescence (IF), and can include a customer's therapeutic biomarker of interest;
- **Portrait DNA Damage Response (DDR):** these assays have been developed to identify two DNA damage markers (γH2AX and pKAP1) as indicators of DNA damage, and hence effectiveness and patient response to DDR/PARP inhibitors in the treatment of cancer; and
- **Portrait PD-L1:** to determine the PD-L1 status of a tumour, which can help in patient selection for immunotherapy; [data](#) from a study in lung cancer patients were presented at the [AACR liquid biopsy conference](#) which identified CTCs in 91% of patients, with PD-L1 positive CTCs in 72% of patients with a positive tissue biopsy, and 27% of patients with a negative biopsy.

Molecular assay for the dual analysis of CTCs and ctDNA could launch within the next six months

ANGLE is seeking to expand its offerings by developing sample-to-answer solutions that use established, commercially available third-party molecular platforms to analyse CTCs harvested by the Parsortix system. Within the next six months, ANGLE expects to launch a molecular assay for the dual analysis of CTCs with ctDNA (circulating tumour DNA). This is based on data from a pilot study presented at [EACR 2024](#) which demonstrated that such an approach could identify clinically relevant DNA variants in CTCs that were not present in ctDNA (Exhibit 4). More recent [independent data](#) were published in lung cancer patients receiving AstraZeneca's Tagrisso suggesting that dual analysis could enable early identification, prior to disease progression, of non-responders and those becoming resistant to treatment.

Exhibit 4: Dual analysis can provide information to guide targeted treatment



ctDNA = DNA from circulating tumour fragments of dead cancer cells
ctc-DNA = DNA from living CTCs, cancer cells actively involved in cancer progression

Source: ANGLE

NGS agreement could provide comprehensive molecular solution for many cancers

ANGLE has signed an agreement with NuProbe for an option to an exclusive global licence (outside of China) to use NuProbe's proprietary pan-cancer next generation sequencing (NGS) panel, which was used in the pilot study and found to be the highest performing assay for this analysis. The NuProbe NGS panel has been validated on Illumina sequencers, and ANGLE is engaging with Illumina to

UK lab plays a key role in delivering on Pharma Service contracts

explore the possibilities of such a combined approach. This could give Pharma Services customers a sample-to-answer solution that provides comprehensive molecular insights across many cancers to help guide targeted therapy.

Large sample base from clinical studies available for future molecular analysis and assay development

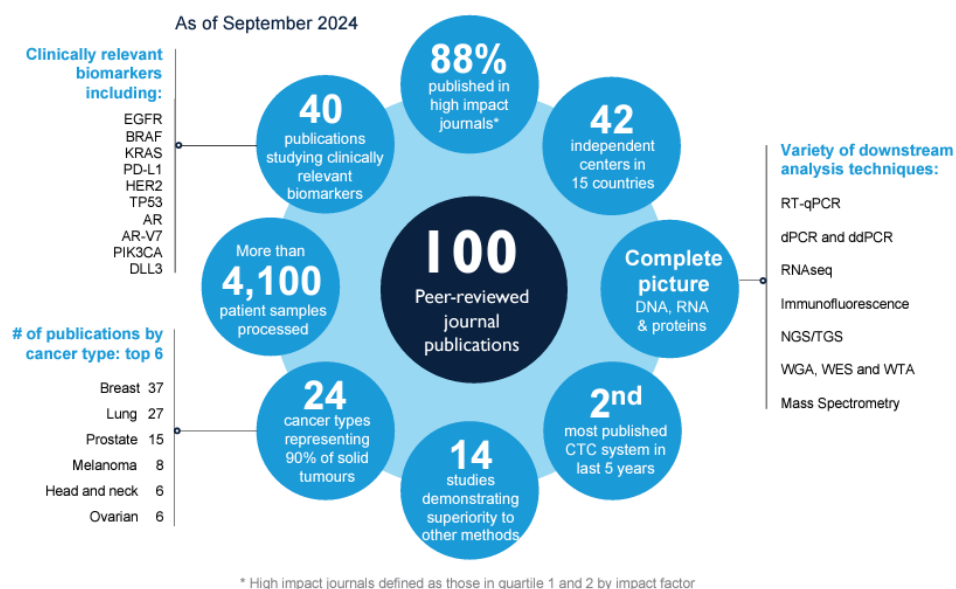
The assays developed by ANGLE are available as a service to pharma and biotech customers, and are delivered through ANGLE's GCLP-compliant laboratory, making this lab central to delivery on Pharma Services contracts. While current contracts are focused on drug discovery and development, ANGLE can scale its capacity to meet anticipated demand and to bolster its capabilities to offer a broader menu of validated assays and to enable efficient processing of patient samples longer-term. According to management, this laboratory has current capacity to process over 40,000 samples per annum with pricing over \$3,000 per sample depending on the level of complexity and the degree of evaluation desired.

Growing evidence base of Parsortix applications

ANGLE has also built a large biobank of samples from clinical trials, which have been stored for future molecular analysis (using a variety of downstream techniques) which will facilitate assay development and validation. The trials include the ovarian (EMBER2) and prostate cancer (DOMINO) studies, where recruitment is complete, and the ongoing larger, multi-cancer INFORM study. Data from these samples are an important component of ANGLE's commercial strategy, as it will support the development of new high throughput, low cost, high sensitivity, assay development and the promotion of its laboratory services.

Other areas with significant future growth potential are centred on leveraging the growing evidence base outlining the potential range of applications for the Parsortix system, the clinical utility of CTCs, and the diverse techniques that can be used for their downstream analysis (Exhibit 5).

Exhibit 5: Evidence for potential clinical utility of CTCs and analysis methods



Source: ANGLE

Valuation and Financials

**Our DCF-approach values
ANGLE at £155m, equivalent to
48p per share**

Our ANGLE valuation is based on a three-stage DCF, including revenues for the main Products and Services business lines to reflect the differing markets, revenue potential and growth profiles. These are summed and netted against the central costs of running the business in terms of R&D and S&M spend, and in turn netted against current net cash/debt. Our valuation reflects a slowdown in the Products business, constraining near-term revenues, whilst leaving the longer-term Parsortix commercial opportunities intact. These changes, together with incorporation of the June 2024 £9.3m (gross) fundraise, plus revised financial forecasts post H124 and the Trading Update, lead to a DCF-based valuation of £155m, or 48p per share (Exhibit 6).

Exhibit 6: Three-phase DCF valuation of ANGLE

DCF Phase	£m	\$m	p/share	Notes
PV of Forecast FCF	6.1	7.7	1.9	Based on forecasts to 2032
PV of Trending FCF	50.5	63.2	15.7	Five-year trending period 2033-2037
PV of Terminal	88.3	110.4	27.4	
Enterprise Value	145.0	181.2	44.9	
Net cash/(debt)	10.4	13.0	3.2	At end December 2024
Total	155.4	194.2	48.2	

Source: Trinity Delta Note: PV = present value, 10% discount rate, 2% terminal growth rate, 20% tax rate, and \$1.25/£ FX rate

**FY24 revenues are expected to
be £2.9m**

Management expects FY24 revenues of £2.9m (+31%), and a net loss of £14m, and our forecasts have been updated accordingly. Our FY25e revenue forecast is £4.3m (+49%), which is in-line with management's expectations for higher growth compared to 2024. This will be dependent on securing new Pharma Services contracts and/or progression of existing deals, on which we have limited visibility.

**Management expects cash will
be sufficient into 2026**

End-December 2024 cash was £10.4m (end-December 2023: £16.2m) and R&D tax credits totalling c £2.2m are expected to be received during 2025 (£1.4m from 2023, which has now been received, and £0.8m from 2024 in Q325). Together this gives cash resources of £12.6m, before additional sales gross margin contributions, which management anticipates will be sufficient into 2026.

**Existing contracts have the
potential to progress to larger
Phase III trials**

Our updated FY25e forecasts (Exhibit 7) do not include revenues for progression into much larger Phase III trials as, whilst we have limited visibility on timing, we do not expect these to occur before end 2025. Our longer-term projections (which underpin our valuation) do assume a significant uptick in future mid-to-long term revenues. As previously highlighted, ANGLE has three existing large pharma contracts, each of which have the potential to progress in the medium term to much larger Phase III trial contracts.

**Building blocks are in place to
expand the Products business
as conditions improve**

Our forecasts also factor in a slowing of near-term Product revenues, owing to a US FDA [regulatory change](#) regarding LDTs (laboratory developed tests), leading to a slowdown in LDT development, and a worsening of the research funding environment, which have impacted Product revenues. The installed Parsortix base remains robust, and global distributors are in place (at limited cost to ANGLE). Thus, as conditions improve, ANGLE has the elements in place to expand the Products business as appropriate.

Exhibit 7: Summary of financials

Year-end: Dec 31	£'000s	2021	2022	2023	2024E	2025E
INCOME STATEMENT						
Revenues		1,013	1,041	2,186	2,873	4,288
Cost of goods sold		(302)	(428)	(658)	(848)	(1,319)
Gross Profit		711	613	1,528	2,025	2,969
Operating expenses		(17,987)	(22,721)	(22,487)	(16,903)	(16,007)
o/w share-based payments		(1,325)	(4,386)	(1,894)	(1,515)	(1,546)
Exceptionals		0	(2,100)	(800)	0	0
Other revenue/expenses		41	1	0	0	0
Operating Profit		(17,235)	(24,207)	(21,759)	(14,877)	(13,039)
EBITDA		(15,748)	(21,369)	(19,451)	(13,216)	(11,358)
Financing costs/income		(128)	(232)	127	(136)	(147)
Profit Before Taxes		(17,363)	(24,439)	(21,632)	(15,013)	(13,186)
Adj. PBT		(16,038)	(17,953)	(18,938)	(13,498)	(11,640)
Current tax income		2,351	2,753	1,500	762	703
Net Income		(15,012)	(21,686)	(20,132)	(14,251)	(12,483)
EPS (p)		(6.7)	(8.8)	(7.7)	(4.9)	(3.9)
Adj. EPS		(6.1)	(6.2)	(6.7)	(4.4)	(3.4)
DPS (p)		0.0	0.0	0.0	0.0	0.0
Average no. of shares (m)		225.1	246.6	260.5	291.6	322.6
<i>Gross margin</i>		<i>70%</i>	<i>59%</i>	<i>70%</i>	<i>70%</i>	<i>69%</i>
BALANCE SHEET						
Current assets		39,366	38,628	21,216	16,395	5,570
Cash and short-term deposits		31,839	31,896	16,218	10,411	1,579
Trade and other receivables		1,269	1,797	1,807	1,968	1,997
Inventories		1,748	2,059	1,679	1,742	1,735
Other current assets		4,510	2,876	1,512	2,274	260
Non-current assets		7,949	11,240	9,967	8,782	7,586
Property, plant & equipment		4,376	8,476	7,226	6,209	5,093
Intangible assets		3,573	2,764	2,741	2,573	2,494
Other non-current assets		0	0	0	0	0
Current liabilities		(4,912)	(5,250)	(3,943)	(2,527)	(2,059)
Short-term debt		0	0	0	0	0
Trade payables		(4,390)	(3,978)	(2,750)	(1,639)	(1,473)
Other current liabilities		(522)	(1,272)	(1,193)	(889)	(586)
Non-current liabilities		(2,073)	(4,555)	(4,301)	(3,618)	(3,003)
Long-term debt		0	0	0	0	0
Other non-current liabilities		(2,073)	(4,555)	(4,301)	(3,618)	(3,003)
Equity		40,330	40,063	22,939	19,032	8,095
CASH FLOW STATEMENTS						
Operating cash flow		(14,010)	(16,050)	(14,458)	(13,475)	(7,732)
Profit before tax		(17,363)	(24,439)	(21,632)	(15,013)	(13,186)
Non-cash adjustments		2,774	5,556	5,342	3,312	3,373
Change in working capital		606	(1,614)	(1,031)	(1,639)	(490)
Interest paid		0	0	0	(136)	(147)
Taxes paid		(27)	4,447	2,863	0	2,718
Investing cash flow		14,774	(1,751)	(203)	(477)	(485)
CAPEX on tangible assets		(1,788)	(1,887)	(660)	(477)	(485)
Acquisitions/disposals		0	0	0	0	0
Other investing cash flows		16,562	136	457	0	0
Financing cash flow		18,991	18,096	(1,125)	8,145	(615)
Proceeds from equity		19,690	19,045	14	8,828	0
Increase in loans		0	0	0	0	0
Other financing cash flow		(699)	(949)	(1,139)	(683)	(615)
Net increase in cash		19,755	295	(15,786)	(5,807)	(8,832)
Cash at start of year		12,080	31,839	31,896	16,218	10,411
Cash at end of year		31,839	31,896	16,218	10,411	1,579
Net cash at end of year		31,839	31,896	16,218	10,411	1,579

Source: ANGLE, Trinity Delta. Note: Adjusted numbers exclude exceptionals.

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