

Arecor Therapeutics

H121 results underline quality of management execution

23 September 2021

- Arecor's H121 results reiterate the stellar progress achieved, both developmentally and operationally, during the six months to June 2021 and post-period. The H121 highlight was the successful AIM IPO in June, raising £20.0m (gross). The £22.1m cash balance at end-June 2021, together with expected licensing opportunities and milestones, provides an ample runway to achieve multiple value inflection points.
- More recent data from the [Phase I](#) trial of AT278 ([September 2021 Lighthouse](#)), the unique ultra-concentrated ultra-rapid insulin, showed all primary and secondary endpoints were met. Impressively, it demonstrated a superior pharmacokinetic (PK) and pharmacodynamic (PD) profile to a lower concentration but equivalent dose of NovoRapid (NovoNordisk's gold standard rapid acting insulin). The significance of these results is striking, offering new treatment options for high insulin requiring Type II diabetics, and disruptive potential in the pump market.
- The AT278 results follow similarly positive outcomes seen with AT247, the second-generation ultra-rapid insulin analogue, in the Phase I data published in February 2021. Together, this clinical data provides supporting evidence that Arecor's formulation expertise can modulate the absorption profile of insulins selectively and consistently.
- In addition to its emerging proprietary Diabetes franchise, Arecor is employing its formulation skills to develop a portfolio of Specialty Hospital Products, both as partnered and in-house programmes. These appear to be progressing well, suggesting our expectation of first launches by partners as soon as 2023/4 is realistic and achievable.
- The number of partnerships continues to expand with three formulation collaborations (with Eli Lilly, PAR Pharmaceuticals, and Intas Pharmaceuticals) signed to date in 2021. These provide near-term tech partnership revenues and, if successful, offer future licensing potential.

Price	440p
Market Cap	£121.8m
Primary exchange	AIM
Sector	Healthcare
Company Code	AREC
Corporate client	Yes

Company description:

Arecor Therapeutics is a revenue-generating clinical stage drug developer, with a well-balanced portfolio of in-house and partnered programmes. Its proprietary Arestat formulation platforms result in enhanced products with lower development risks and less onerous regulatory approvals.

Trinity Delta view: Arecor Therapeutics is exploiting its undoubted formulation expertise to create a portfolio of proprietary and partnered clinical assets. There are currently four partnered products (two that emerged from technology partnerships, two from out-licencing internally developed formulations) that will generate development and commercial milestones, plus royalties or equivalent on sales. These provide an attractive blend of medium- and longer-term revenue streams. However, the clinical results with AT278 and AT247 demonstrate how a valuable, yet still low-risk, diabetes franchise is being fashioned. We expect these to be progressed through to key value-generation points, typically Phase II proof-of-concept, before out-licencing. We recently initiated coverage ([September 2021 Initiation](#)) with a comprehensive note that details the various attractive and inter-linked themes that underpin our investment thesis.

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