



MIDAS



Joanne Hart

OUR SHARES GURU WITH THE GOLDEN TOUCH

DIABETES is one of the fastest-growing health conditions in the world, affecting more than 700 million globally, almost 10 per cent of the population. Many sufferers need to inject themselves several times a day or wear a device that pumps insulin into their body on a regular basis.

The first is unpleasant; the second, often ineffective. **Arecor**, a Cambridge-based drugs company, has pioneered a way to make insulin work faster and more efficiently.

The firm is testing two products, both of which would have a dramatic effect on diabetes sufferers, limiting the need to self-inject and reducing the glucose peaks and troughs commonly associated with this condition. Arecor listed on the stock market in June 2021 at £2.26 and the shares shot up to more than £4 as the company released positive updates on its diabetes treatments. But the price has since drifted back to £2.43, hindered by market antipathy to small healthcare firms in recent months.

The stock should regain momentum this year. Arecor is expecting good news on its diabetic treatments and has several other initiatives in the pipeline, which should deliver

encouraging results too. Arecor is different from most junior healthcare companies because it does not try to create new drugs. Instead, the firm focuses on existing products and works out how to make them better.

In hospital, for instance, many treatments are in powder form so they have to be mixed with saline solution before being administered to patients. This takes time and can lead to dosing errors but Arecor has developed a way to keep products stable in liquid format so they are ready to use as soon as they reach the ward.

Several types of medication are administered via intravenous drip over many hours. Arecor has worked out how to increase the concentration of these medicines

so they can be delivered via injection, meaning patients could administer treatments themselves in the comfort of their own homes.

Small healthcare firms can struggle to achieve commercial success so chief executive Sarah Howell is pursuing a variety of routes to bring Arecor's products to market.

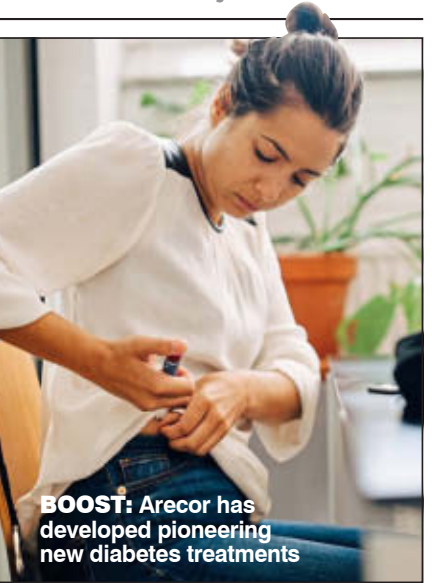
The company was founded in 2007 as a spin-out from a Unilever-backed biotech firm. Its technology has become recognised by pharmaceutical groups worldwide, so much so that several have approached Arecor for help in making their products easier to use.

A number of partnerships have been signed and more are likely to follow. These generate

revenues from the start and one is expected to produce a commercially available treatment later this year, triggering potentially generous royalty payments for Arecor.

UK drugs group Hikma is a partner too. The FTSE 250 listed firm agreed in 2020 to fund the development of two products and has just licensed one of them, taking the drug in-house and paying Arecor licence fees as it moves through the development process. The other product was returned to Arecor earlier this year but brokers are optimistic that Howell will find another partner in the coming months.

Howell and her team also scour the market for drugs which could benefit from improvement using Arecor's technology, insulin being



BOOST: Arecor has developed pioneering new diabetes treatments

Get a dose of profits from diabetes jabs

a case in point.

The company has already seen encouraging results from trials and there are high hopes that both diabetes treatments could be on the market within a few years.

MIDAS VERDICT: Arecor is focused on some of the hardest-to-treat healthcare challenges in the world. Supporters believe the shares could more than double from the current price of £2.43 and Unilever retains a near 10 per cent stake in the business. Early-stage drug firms are never risk free but this seems more secure than most. Buy.

Traded on: AIM
Contact: arecor.com or 01223 426060

Ticker: AREC