Arecor Therapeutics

Pipeline and partnership progress plus upcoming catalysts

20 July 2023

- Arecor's H123 business update outlines strong progress across both the in-house and partnered pipelines, and with the roll-out of Ogluo in key European territories. Unaudited cash at end-June 2023 was £8.2m; interim results will report mid-September. H223 is expected to deliver additional AT278 Phase I data, plus potential catalysts in the licenced product portfolio, including an approval decision for the first Arestat-enabled product, AT220, and additional technology partnerships.
- Since IPO, Arecor has secured ten revenue-generating collaborations with major pharma/biotech companies. Two new deals were signed in H123: an additional formulation agreement with an existing top five pharma partner and one with a leading biopharma supporting biosimilar development following an earlier technology partnership. Further deals are expected during H223 and beyond. These agreements provide near-term revenue via research fees, with upside potential from licencing (clinical/commercial milestones and royalties or equivalent).
- Arecor's licenced portfolio also has future milestone and recurring royalty potential. AT220, an undisclosed biosimilar for a multi-billion market, should become the first commercial product incorporating the Arestat technology, with an FDA approval decision pending in H223. The next most advanced asset, Inhibrx's INHBRX-101 is in registration-enabling trials for emphysema due to alpha-1 antitrypsin deficiency (AATD), while a milestone was received on transfer of RTU injectable AT307 to Hikma for further development (January 2023 Update).
- Clinical progress in the proprietary diabetes portfolio means that the second Phase I study of AT278, ultra-rapid ultra-concentrated insulin, in Type II diabetes patients should complete in Q423. AT278 was designed to address Type II and refractory Type I diabetics that require higher daily dosing and could also facilitate development of next generation miniaturised insulin delivery devices. Data from the second Phase I trial of AT247, ultra-rapid pump-optimised insulin, were presented in June at the ADA (American Diabetes Association) 2023 meeting and showed faster insulin absorption vs current gold standard rapid acting insulins and thus an ideal profile for fully closed loop "artificial pancreas" pumps.

Trinity Delta view: Arecor continues to advance across its multi-faceted business as it builds a self-sustaining biopharma company. Demonstrable clinical progress with its Diabetes and Specialty Hospital pipeline and growing revenue potential from existing (and future) partnerships as well as from its commercial arm, Tetris Pharma, all contribute momentum. Data, regulatory decisions, and business development activity are expected in H223; the latter demonstrating the applicability of the proprietary Arestat platforms in developing novel and differentiated formulations of existing drugs with enhanced properties. We value Arecor, using conservative assumptions, at £176m, or 575p per share.

Price	205p
Market Cap	£68.76m
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.

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