Arecor Therapeutics plc
("Arecor", the "Company" or the "Group")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

- ***AT278 insulin candidate demonstrates superiority to current best insulins in a Phase I clinical trial in Type 2 diabetics with high BMI***
- ***Expansion of diabetes and obesity pipeline, with oral GLP-1 receptor agonist development initiated and partnership inked with Medtronic on implantable insulin pumps***
- ***AT220 generating growing royalties under a worldwide licensing agreement***
- ***Growing technology partnerships portfolio offering significant future upside potential from licensing***
- ***Dr. Helen Parris appointed Senior Vice President, Commercial and General Manager, Tetris Pharma***
- ***Successful placing, subscription and retail offer raises £6.4 million, including support from two international life science healthcare investors, providing sound financial platform for further investment in Group R&D and in Tetris Pharma to drive Ogluo® product sales***

Cambridge, UK, 26 September 2024: Arecor Therapeutics plc (AIM: AREC), the biopharmaceutical group advancing today's therapies to enable healthier lives, today announces its interim results for the six months ended 30 June 2024.

Sarah Howell, Chief Executive Officer of Arecor, said: *"During the period we have significantly advanced and expanded our diabetes and obesity portfolio, reporting very positive Phase I clinical results for AT278 demonstrating its clear superiority and potential to improve outcomes and lower the burden for people living with diabetes, and expanding our technology platform in the development of the oral delivery of peptides, initially GLP-1, a potential high value, high growth proposition. With multiple opportunities for value creation, we continue to build momentum across the business. With a strengthened financial position following our fundraise we are confident in our ability to deliver against our strategy and excited about what can be achieved through 2024 and beyond."*

Operational highlights (including post period events)

- Significant progress in development of AT278 insulin candidate, demonstrating superiority to current best insulins in a Phase I clinical trial in Type 2 diabetics with high BMI
- Expansion of diabetes and obesity pipeline, with oral GLP-1 receptor agonist development initiated
- Entered a strategic research collaboration with Medtronic to develop a novel formulation of insulin for implantable intraperitoneal insulin pump delivery, fully funded by Medtronic
- Arestat™-enabled product, AT220, generating growing royalties under a worldwide licensing agreement
- Growing technology partnerships portfolio offering significant future upside potential from licensing, including expansion of ongoing collaboration with pharmaceuticals division of one of the world's largest chemicals marketing and pharmaceuticals companies, in addition to Medtronic partnership
- Pipeline of future technology partnerships and licensing opportunities
- Dr. Helen Parris joins Group as Senior Vice President, Commercial and General Manager of Tetris Pharma Ltd

Financial highlights

- Revenue of £2.0 million (first half 2023 unaudited: £1.67 million)
- Total income of £2.03 million (first half 2023 unaudited: £2.33 million)
- Investment in R&D of £2.09 million (first half 2023 unaudited: £2.86 million)
- Loss after tax for the period of £4.64 million (first half 2023 unaudited: £4.53 million)
- Cash, cash equivalents and short-term investments of £2.53 million at 30 June 2024 (at 30 June 2023 unaudited: £6.61 million)

- Post period fundraise of £6.4 million (before expenses), including support from two international life science healthcare investors, to be employed towards delivering significant value inflection points including investment in R&D to drive high-value partnerships and working capital inventory investment for Ogluo®, and balance sheet strength

Outlook (H2 2024 and beyond)

- Continued strategic discussions around AT278 including evaluation of a co-development opportunity
- Non-clinical pharmacokinetic proof of concept study in oral GLP-1 receptor agonist collaboration anticipated in 1H 2025 following initial positive results from the current formulation development phase
- Pipeline of future technology partnerships and potential near term licensing opportunities
- Focus on accelerating growth of Tetris Pharma initially in the UK and Germany though timing of sales potentially impacted by recent supply chain issues
- The Board continues to target achieving consensus analyst revenue market expectations for 2024 though this remains subject to inherent uncertainty, such as the quantum of royalties on sales of AT220, the magnitude and timing of licensing transactions which are under active negotiation and the pace of the growth of Ogluo® product sales through the remainder of the year

Analyst conference call today

Dr Sarah Howell, Chief Executive Officer, will host a meeting and webcast for analysts and investors at 9.30am UK time today. Join the webcast here. A copy of the interim results presentation will be released later this morning on the Company website at www.arecor.com. Please contact ICR Consilium for details on arecor@consilium-comms.com / +44 203709 5700.

For more information, please contact:

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Notes to Editors

About Arecor

Arecor Therapeutics plc is a globally focused biopharmaceutical company transforming patient care by bringing innovative medicines to market through the enhancement of existing therapeutic products. By applying our innovative proprietary technology platform, Arestat™, we are developing an internal portfolio of proprietary products in diabetes and other indications, as well as working with leading pharmaceutical and biotechnology companies to deliver therapeutic products. The Arestat™ platform is supported by an extensive patent portfolio.

For further details please see our website, www.arecor.com

Corporate overview

We continued to build strong momentum across the business during the first half of 2024, supporting the growth of Arecor's diverse portfolio of both proprietary in-house products and partnered programmes.

We further delivered on our diabetes strategy, generating additional clinical data that strengthen the potential of our ultra-concentrated, ultra-rapid acting insulin candidate, AT278, and established a development path forward that provides the best opportunity to maximise value for shareholders. Within our broader product portfolio, our oral glucagon-like peptide-1 (GLP-1) receptor agonist programme presents opportunities within high value global markets and offers the potential to further expand our technology platform to the oral delivery of peptides, which is a key target for global pharmaceutical companies.

Strong progress across Arecor's partnered portfolio highlights the value of our Arestat™ technology in driving revenue growth in 2024 and beyond. These partnerships are revenue-generating from inception and offer significant upside potential from licensing, as illustrated by AT220, the first launched product incorporating Arestat™ technology, which is providing Arecor with a growing revenue stream from sales royalties, under a worldwide license. Sanofi continues to progress the registrational enabling study for SAR447537, formerly INBRX-101 (AT292), which incorporates an Arestat™ novel formulation under license from Arecor.

Tetris Pharma, the Group's specialty pharmaceutical business, continues to focus on its key diabetes product, Ogluo® (glucagon prefilled autoinjector pen) and, with increased inventory enabled by the Group's fundraise in July 2024, the team is focused on accelerating commercial growth, initially in the UK and Germany. There has been a recent, third-party supply chain issue with respect to Ogluo® packaging, which is anticipated to lead to a near-term delay in our enhanced ability to increase Ogluo® stock in the market. This is being actively managed and is expected to be short term in nature.

The Group has been actively engaged in a search for a new Chief Financial Officer (CFO) and had identified and progressed a preferred candidate. Due to circumstances beyond Arecor's control that candidate is no longer available. The process remains underway and the Group intends to appoint an interim CFO as soon as possible.

Arecor has multiple opportunities for revenue growth and value creation for shareholders and the £6.4 million gross raised in July 2024, including support from two international life science healthcare investors, provides a sound financial platform allowing Arecor to deliver significant valuation inflexion points. The Group will continue to invest in Arecor research and development, focused on areas in which our Arestat™ technology can deliver transformational opportunities, including the development of enhanced injectables through our portfolio of technology partnerships with leading pharmaceutical and biotech companies, and innovation in the field of oral delivery of peptides. We also continue to explore options, including strategic co-development and non-dilutive funding, to progress a three-day insulin pump study for AT278, which we believe is a major value accretion point, increasing both the potential and value of future dealmaking.

Operational review (including post period events)

Proprietary product portfolio

During the period we made significant clinical progress within our diabetes portfolio, announcing in May 2024 that the Group's ultra-concentrated, ultra-rapid acting, insulin candidate, AT278, had met all primary and secondary endpoints, and had also demonstrated superiority to NovoRapid® and Humulin® R U-500, in a Phase I clinical trial in Type 2 diabetics with a high body mass index (BMI).

Together with its superior profile in the earlier Phase I clinical study in Type 1 diabetic patients, AT278 has demonstrated its ability to maintain a fast and superior onset of action and glucose lowering profile irrespective of diabetes type and BMI. Not only does it have the potential to significantly improve post-

prandial glucose control whilst lowering the burden for anybody with diabetes who has a high daily insulin need, AT278 is set to be a powerful catalyst in the development of next generation, truly miniaturised, longer-wear insulin pumps, a key focus for patients, physicians and the industry.

Earlier this month, the results from the latest study were presented at the 60th Annual Meeting of the European Association for the Study of Diabetes (EASD) in Madrid. The abstract, which was selected as a late-breaking presentation, was well received at the international congress, with recognition of AT278's unique characteristics in the competitive field of insulin analogues and the opportunity it presents to improve the future management of diabetes.

As previously communicated, we believe the optimal value inflexion point for AT278 and potential value for shareholders is likely to be best achieved through conducting an insulin pump study, to provide sufficient data for potential licensing partners. Arecor continues to explore funding options, including but not limited to co-development partnerships, to conduct the clinical pump study.

The Group's proprietary product portfolio provides significant opportunities to further expand its proprietary pipeline of different therapeutic injectables for partnering and is a continued focus of research and development.

In March 2024, Arecor established a research collaboration with TRx Biosciences, a drug development company applying novel lipid technology to the oral delivery of challenging molecules, for the formulation development of an oral GLP-1 receptor agonist product. The collaboration is progressing at pace, with initial positive results from the current formulation development phase, and we anticipate commencing non-clinical pharmacokinetic (PK) studies in 1H 2025.

With current treatment options mostly limited to injectable therapies, many patients in need are unable to benefit from these highly effective treatments, providing a significant market opportunity within the GLP-1 market, which is forecast to exceed $100 billion by 2030. The collaboration with TRx Biosciences provides scope for expansion to develop further oral peptide products and combination approaches which may be key in the treatment of obesity-related health conditions, as well as for other peptide products targeting multiple therapeutic areas. If technically successful, Arecor anticipates its oral GLP-1 receptor agonist product to be highly commercially attractive to partners but, potentially of more significance, this would allow expansion more broadly into oral delivery of peptides.

Partnership products

A robust portfolio of revenue-generating partnered programmes underscores the strength of Arecor's Arestat™ technology and its value to our partners in the development of enhanced formulations of their proprietary products which would otherwise be unachievable.

Commercialisation by Arecor's partner of the first product incorporating Arestat™ technology, AT220, commenced in November 2023 and the reach of that product continues to grow within multiple major global markets. This is providing Arecor with a revenue stream from royalties on AT220 sales under a worldwide license, which is growing in line with the Group's expectations.

In May 2024, Sanofi announced the completion of its acquisition of Inhibrx's assets and liabilities associated with SAR447537, formerly INBRX-101 (AT292), an Arestat™ formulated optimised recombinant human AAT-Fc fusion protein, for treatment of patients with emphysema due to alpha-1 antitrypsin deficiency, which is under license to Sanofi. A registration-enabling clinical trial of SAR447537 commenced in 2023. Sanofi's acquisition of Inhibrx further endorses our Arestat™ platform and highlights the value of this novel therapy for patients and its future commercial potential.

In May 2024 Arecor added to its portfolio of technology partnerships with leading pharmaceutical and medtech companies by establishing a research collaboration with Medtronic, the global leader in healthcare technology. Through the partnership, Medtronic is funding Arecor's development of an Arestat™ enabled

novel, high concentration, thermostable insulin, for use by Medtronic's Diabetes business in intraperitoneal therapy via an implantable insulin pump system. This new insulin has the potential to bring significant advancements in the current insulin treatment options for an extremely vulnerable patient group who have limited options for controlling their diabetes with traditional therapy.

An ongoing collaboration, which Arecor established in 2023, with the pharmaceutical division of one of the world's largest chemicals marketing and pharmaceuticals companies to develop a differentiated, RTU liquid formulation of the company's product, AT351, was expanded in January 2024.

The Group anticipates further expansion of its technology partnerships portfolio, alongside the conversion of new licenses from existing partnerships, to continue driving revenue growth in 2024 and beyond.

Tetris Pharma

Tetris Pharma, the Group's specialty pharmaceutical business, continues to focus on its key diabetes product, Ogluo® (glucagon prefilled autoinjector pen). Dr. Helen Parris, who was appointed Senior Vice President, Commercial and General Manager of Tetris Pharma in January 2024, is focused on ensuring sufficient stock of Ogluo® to meet demand and implementing targeted awareness campaigns to drive further demand and revenue growth.

While first half of 2024 sales were significantly tempered by the availability of Ogluo® stock, the Group's fundraise in July 2024 has enabled increased investment in this business to continue commercial expansion. Through the remainder of 2024 and in 2025, Tetris Pharma is focused on implementing targeted awareness campaigns in two key territories, the UK and Germany, where the RTU glucagon market is estimated to be worth approximately £18 million and £9.5 million respectively.

In recent weeks, Tetris Pharma has been informed of an issue related to the sealed foil pouches that protect the product from light and moisture, in the latest consignments of Ogluo® intended for Tetris Pharma. This is not related to the quality of the autoinjector pen itself, however, it is likely that there will be a short-term impact on supply in Germany and, potentially, in the UK. The issue was identified at the packaging stage and does not impact any product released to the market. Tetris is working closely with its manufacturing partner to resolve the issue and to prevent any recurrence. While there is expected to be some impact on Ogluo® product sales, any impact on cash will be minimised by adjusting the timing of future inventory investment accordingly, and cash will be proactively managed.

Intellectual property portfolio

Arecor's broad and robust global patent portfolio has >90 granted patents across key territories protecting both the Arestat™ technology platform as well as the enhanced versions of therapeutic medicines that we develop leveraging Arestat™. That portfolio was bolstered in January 2024 by a patent from the European Patent Office protecting novel formulations of the Group's proprietary insulin products, AT278 and AT247, alongside patents of similar scope that were granted in Australia, India and Mexico.

Finance

The consolidated financial results for the period ended 30 June 2024 reflect the performance of Arecor Therapeutics plc and its trading subsidiaries; Arecor Limited and Tetris Pharma Ltd.

Total income for the six months to 30 June 2024 of £2.03 million (Restated H1 2023: £2.33 million).

Other operating income for the period was £39,000 (Restated H1 2023: £656,000). This decrease was due to the completion of a UK Government research grant in the prior year and therefore not repeating in the current period.

Investment in R&D of £2.09 million (H1 2023: £2.86 million) reflecting a reduced R&D spend on clinical development in our proprietary diabetes portfolio. Future R&D expenditure will increasingly focus on areas

in which the Group's Arestat™ technology can deliver transformational opportunities, including within diabetes and the field of oral delivery of peptides.

Sales, General and Administrative costs were £4.78 million (H1 2023: £4.38 million).

The total loss after tax for the six-month period was £4.64 million (H1 2023: £4.53 million).

The Group ended H1 2024 with cash, cash equivalents and short-term investments of £2.53 million (H1 2023: £6.61 million).

Post the period end, the Company raised £6.4 million (before expenses) from new and existing shareholders. These funds will be made available to the subsidiaries within the group to enable continuation of R&D activities and growth of sales.

The Company continues to examine cost mitigation and manage cash as efficiently as possible. A targeted reduction in headcount will deliver annualised savings.

Summary and outlook

The Company remains confident in its strategy and opportunities for significant valuation creation. Following the positive AT278 clinical readout, we are continuing positive co-development discussions with potential partners to maintain progress in our diabetes portfolio. With a strengthened cash position, and multiple opportunities for valuation creation across the Group, including the potentially transformational impact from enhanced delivery of oral peptides, we look forward to building momentum through the rest of the year and beyond.

Reflecting the Company's near-term pipeline of technology partnership licensing opportunities and anticipated growth in both AT220 royalties and sales of Ogluo®, we anticipate revenue growth over the full year. The Board continues to target achieving consensus analyst revenue market expectations for 2024 though this remains subject to inherent uncertainty, such as the quantum of royalties on sales of AT220, the magnitude and timing of licensing transactions which are under active negotiation, and the pace of the growth of Ogluo® product sales through the remainder of the year.

Sarah Howell
Chief Executive Officer

Arecor Therapeutics plc
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

Consolidated Statement of Comprehensive Income

	Notes	**Period ended 30 June 2024**	Period ended 30 June 2023 (Re-stated)	Year ended 31 December 2023
		Unaudited	Unaudited	Audited
		£000	£000	£000
Revenue	***4***	**1,995**	1,669	4,573
Other operating income		**39**	656	1,142
Total Income		**2,034**	2,325	5,715
Research and Development		**(2,087)**	(2,858)	(5,977)
Sales, General and Administrative	***5***	**(4,781)**	(4,375)	(8,913)
Operating loss		**(4,834)**	(4,908)	(9,175)
Other income		**-**	-	5
Finance income		**55**	164	284
Finance expense	***7***	**(12)**	(10)	(15)
Loss before tax		**(4,791)**	(4,754)	(8,901)
Taxation	**8**	**151**	226	347
Loss for the period		**(4,640)**	(4,528)	(8,554)
Basic and diluted loss per share (£)	***9***	**(0.15)**	(0.15)	(0.28)

There were no other items of comprehensive income during the periods under review.

Arecor Therapeutics plc
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

Consolidated Statement of Financial Position

	Notes	**30 June 2024**	30 June 2023	31 December 2023
		Unaudited	Unaudited	Audited
		£000	£000	£000
Assets				
Non-current assets				
Intangible Assets		**1,743**	1,815	1,812
Goodwill		**1,484**	1,484	1,484
Property, Plant and Equipment		**694**	720	834
Other receivables		**69**	48	77
		3,990	4,067	4,207
Current assets				
Trade and other receivables	***10***	**2,753**	4,671	3,189
Inventory		**446**	1,564	771
Current tax receivable		**632**	1,598	458
Cash and cash equivalents	***11***	**2,529**	6,610	5,093
Short term investments	***11***	**16**	1,619	1,659
		6,376	16,062	11,170
Current liabilities				
Trade and other payables	***12***	**(4,551)**	(6,254)	(4,903)
Lease liabilities		**(111)**	(116)	(118)
Provisions		**(1)**	-	(129)
		(4,663)	(6,370)	(5,150)
Non-current liabilities				
Lease liabilities		**(169)**	(51)	(220)
Provisions		**(19)**		(28)
Deferred tax		**(437)**	(496)	(452)
		(625)	(547)	(700)
Net Assets		**5,078**	13,212	9,527
Equity				
Share capital	***13***	**306**	306	306
Share premium account		**28,976**	28,976	28,976
Share-based payment reserve		**1,638**	1,143	1,518
Other reserves		**11,455**	11,455	11,455
Merger relief reserve		**2,014**	2014	2,014
Foreign exchange reserve		**51**	14	(20)
Retained earnings		**(39,362)**	(30,696)	(34,722)
Shareholder's funds		**5,078**	13,212	9,527

Arecor Therapeutics plc

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

Consolidated Statement of Changes in Equity

	Share capital £000	Share premium £000	Share-based payment reserve £000	Merger relief reserve £000	Other reserves £000	Foreign exchange reserve £000	Retained losses £000	Total equity £000
For the period ended 30 June 2024								
Balance at 1 January 2023	306	28,976	893	2,014	11,455	(8)	(26,181)	17,455
Loss for the period	-	-	-	-	-	-	(4,528)	(4,528)
Total comprehensive loss for the period	-	-	-	-	-	-	(4,528)	(4,528)
Transactions with owners:								
Share-based compensation	-	-	263	-	-	-	-	263
Reserve transfer	-	-	(13)	-	-	-	13	-
Foreign exchange movements	-	-	-	-	-	22	-	22
Total transactions with owners	-	-	250	-	-	22	13	285
Balance at 30 June 2023 (Unaudited)	**306**	**28,976**	**1,143**	**2,014**	**11,455**	**14**	**(30,696)**	**13,212**
For the period ended 31 December 2023								
Balance at 1 July 2023	**306**	**28,976**	**1,143**	**2,014**	**11,455**	**14**	**(30,696)**	**13,212**
Loss for the period							(4,026)	(4,026)
Total comprehensive loss for the period	-	-	-	-	-	-	(4,026)	(4,026)
Transactions with owners								
Share-based compensation	-	-	375	-	-	-	-	375
Foreign exchange movements	-	-	-	-	-	(34)	-	(34)
Total transactions with owners	**-**	**-**	**375**	**-**	**-**	**(34)**	**-**	**341**
Balance at 31 December 2023 (audited)	**306**	**28,976**	**1,518**	**2,014**	**11,455**	**(20)**	**(34,722)**	**9,527**

Arecor Therapeutics plc

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

Consolidated Statement of Changes in Equity (continued)

	Share capital £000	Share premium £000	Share-based payment reserve £000	Merger relief reserve £000	Other reserves £000	Foreign exchange reserve £000	Retained losses £000	Total equity £000
For the period ended 30 June 2024								
Balance at 1 January 2024	**306**	**28,976**	**1,518**	**2,014**	**11,455**	**(20)**	**(34,722)**	**9,527**
Loss for the period	-	-	-	-	-	-	(4,640)	(4,640)
Total comprehensive loss for the period	-	-	-	-	-	-	(4,640)	(4,640)
Transactions with owners:								
Share-based compensation	-	-	120	-	-	-	-	120
Reserve Transfer	-	-	-	-	-	-	-	-
Foreign Exchange movements	-	-	-	-	-	71	-	71
Total transactions with owners	**-**	**-**	**120**	**-**	**-**	**71**	**-**	**191**
Balance at 30 June 2024 (unaudited)	**306**	**28,976**	**1,638**	**2,014**	**11,455**	**51**	**(39,362)**	**5,078**

Arecor Therapeutics plc
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

Consolidated Statement of Cash Flows

	Period ended 30 June 2024	Period ended 30 June 2023 (Re-stated)	Year ended 31 December 2023
	Unaudited	Unaudited	Audited
	£000	£000	£000
Cash flow from operating activities			
Loss before tax	**(4,791)**	(4,754)	(8,901)
Finance income	**(55)**	(164)	(284)
Finance costs	**12**	10	15
Share-based compensation	**120**	263	638
Depreciation	**157**	198	390
Amortisation	**69**	103	106
Foreign exchange movements	**73**	132	135
RDEC receivable	**(39)**	(47)	(116)
	(4,454)	(4,259)	(8,017)
Changes in working capital			
(Increase)/ decrease in inventory	**325**	(433)	360
(Increase)/ decrease in trade and other receivables	**444**	(2,456)	(1,003)
Increase/(decrease) in trade and other payables	**(352)**	2,728	1,377
Decrease/(increase) in provisions	**(126)**	-	157
Tax received	**-**	-	1,285
	291	(161)	2,176
Net cash used in operating activities	**(4,163)**	(4,420)	(5,841)
Cash flow from investing activities			
Purchase of property, plant & equipment	**(15)**	(73)	(151)
Sale of property, plant & equipment	**-**	-	5
Transfer of short term investments	**1,643**	6,422	6,382
Interest received	**55**	164	284
Net cash used in investing activities	**1,683**	6,513	6,520
Cash flow from financing activities			
Repayment of loans by Directors	**10**	-	38
Capital payments on lease liabilities	**(63)**	(114)	(203)
Interest paid on lease liabilities	**(12)**	(10)	(15)
Net cash (used in) / generated by financing activities	**(65)**	(124)	(180)
Net (decrease) / increase in cash and cash equivalents	**(2,545)**	1,969	499
Exchange (losses) / gains on cash and cash equivalents	**(19)**	(124)	(171)
Cash and cash equivalents at beginning of period or financial year	**5,093**	4,765	4,765
Cash and cash equivalents at end of period or financial year	**2,529**	6,610	5,093

Arecor Therapeutics plc

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

Notes to the financial information

COMPANY INFORMATION

Arecor Therapeutics plc ("Arecor" or the "Company") is a public limited company registered in England and Wales at Chesterford Research Park, Little Chesterford, Saffron Walden, CB10 1XL with registered number 13331147.

The principal activity of the Company is to act as a holding company. The Group has two wholly owned trading subsidiaries; Arecor Limited and Tetris Pharma Ltd.

Tetris Pharma Ltd and its wholly owned subsidiary Tetris Pharma B.V were acquired on 4th August 2022.

1. CHANGE IN ACCOUNTING POLICY AS RESTATEMENT OF PRIOR YEAR INTERIM COMPARATIVE

The accounting policy relating to the treatment of Research and Development Expenditure Credits (RDEC) has changed to align with recommended practice. The change in accounting policy has been adopted during the year ended 31 December 2023, with the prior mid-year comparatives also restated.

Previously, both RDEC and the Small and Medium Entity (SME) R&D tax relief scheme were reported in the Income Statement as Taxation. RDEC claims are now reported gross of any tax due as other income. The corresponding corporation tax payable on this income is also reflected within the taxation line. This change has no impact on the statement of financial position, therefore an additional statement of financial position showing the impact of this change, as prescribed in IAS 1 paragraph 40A, is not required.

By enacting this change, a balance of £0.47 million is reported as Other income for the period ended 30 June 2023. The restated prior year other income balance has increased by £0.47 million with a corresponding reduction in the taxation line. As the financial statements for the year ended 31 December 2023 were prepared on the revised basis, no restatement of this comparative is required.

2. BASIS OF PREPARATION

The financial statements for the period ended 30 June 2024 incorporate the results of Arecor Therapeutics plc and its trading subsidiaries. The consolidated interim financial statements for the period to 30 June 2024 are unaudited and were approved by the board of directors on 25 September 2024.

The consolidated interim financial statements have been prepared in accordance with the AIM rules for Companies and should be read in conjunction with the Group's Annual Report for the Year ended 31 December 2023. The financial information has been prepared on the basis of IFRS that the Directors expect to be applicable at 31 December 2024.

The financial information contained in these interim financial statements does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. These interim financial statements do not include all of the information and disclosures required in the annual financial statements. The financial information for the six months ended 30 June 2024 and 30 June 2023 is unaudited.

Financial statements for year ended 31 December 2023 have been filed with the Registrar of Companies for Arecor Therapeutics plc (Company registration number 13331147). The audit report for this period, previously filed, was unmodified.

All intra-Group transactions, balances, income and expenses have been eliminated in full on consolidation.

The financial information is presented in Sterling, which is the functional currency of the Group and has been rounded to the nearest £000.

3. PRINCIPAL ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with the accounting policies set out in the audited financial statements for the period ended 31 December 2023 and IFRS. There have been no changes to the accounting policies or the application of the accounting standards during the period of review.

a) Going Concern

The Directors have reviewed current cash and short- term investments together with forecast receivables to support forecast operating expenditure and planned investment in R&D. Sensitivities included the impact of reduced receivables and mitigating actions. The review indicated that in potential downside scenarios, cash flow forecasts extended to a period beyond 12 months from the date of approval of the consolidated interim results.

In reaching their decision to prepare these unaudited interim financial statements on a going concern basis, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing these unaudited interim financial statements.

4. REVENUE AND OPERATING SEGMENTS

	Period ended 30 June 2024	Period ended 30 June 2023	Year ended 31 December 2023
	£000	£000	£000
UK	**1,267**	1,190	2,893
The Netherlands	**191**	-	-
Germany	**95**	79	332
Switzerland	**203**	77	488
Italy	**54**	-	274
Rest of Europe	**-**	45	-
USA	**185**	248	556
India	**-**	30	30
Total revenue	**1,995**	1,669	4,573

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. Information reported includes revenue by project, expenditure by type and department, cashflows and EBITDA for the Group.

The Board of Directors has been identified as the chief operating decision makers, who are responsible for allocating resources, assessing the performance of the operating segment and making strategic decisions. Accordingly, the Directors consider there to be a single operating segment.

	Period ended 30 June 2024 £000	Period ended 30 June 2023 £000	Year ended 31 December 2023 £000
Formulation development projects	**383**	342	923
Milestones from licence agreements	**-**	108	683
Royalties	**203**	-	26
Total revenue recognised from contracts with customers	**586**	450	1,632
Sale of pharmaceuticals	**1,409**	1,219	2,941
Total revenue	**1,995**	1,669	4,573

Revenue from formulation development projects has been recognised as the performance obligations set out in agreements are satisfied over time.

Revenue from Milestones defined in license agreements has been recognised when a milestone is achieved.

Sales of pharmaceuticals are product sales which have been recognised as the rights and obligations pertaining to those items are transferred to the buyer.

5. SALES, GENERAL AND ADMINISTRATIVE COSTS

Operating expenditure which is not considered as Research and Development is treated as Sales, General and Administrative costs. This includes Finance, HR, Administrative and sales and marketing and Business Development teams, building facilities, sale of pharmaceutical products and costs relating to the Board of Directors.

6. SHARE BASED COMPENSATION

The Company operates an All-Employee Share Option Plan (AESOP) and grants share options to eligible employees. The options vest over time.

The Company's Long Term Incentive Plan (LTIP) is principally used to grant options to Executive directors and senior management. The LTIP options vest after three years subject to meeting performance criteria as defined in the option agreement. These can be a combination of both operational objectives and share price performance compared to a benchmark. These performance conditions are approved by the Board on each occasion prior to the grant of the options. Ordinary shares acquired on exercise of the LTIP options are subject to a holding period of a minimum of one year from the date of vesting.

The movement in share options in the period was as follows:

	Number of Options
Balance at 1 January 2023	**1,627,803**
AESOP options granted	86,250
LTIP options granted	190,000
AESOP options exercised	(7,471)
Options lapsed	(235,167)
Balance at 30 June 2023	**1,661,415**
AESOP options granted	**-**
LTIP options granted	**-**
AESOP options exercised	(1,332)
Options lapsed	(1,750)
Balance at 31 December 2023	**1,658,333**
AESOP options granted	382,250
LTIP options granted	540,000
AESOP options exercised	-
Options lapsed	(695,333)
Balance at 30 June 2024	**1,885,250**

Shared Based Payment charges to the Statement of Comprehensive Income	**£000**
Period to June 2024	**118**
Period to June 2023	263
Year to December 2023	638

7. FINANCE EXPENSES

In the period ended 30 June 2024, the finance expenses of £12,000 were interest costs on finance leases (period ended 30 June 2023: £10,000).

8. TAXATION

	Period ended 30 June 2024	Period ended 30 June 2023	Year ended 31 December 2023
	£000	£000	£000
R&D Tax credit receivable	**151**	226	458
Total taxation	**151**	226	458

On 1 April 2023 the UK Government's rates of tax relief for loss making SME R&D tax credits decreased from 14.5% to 10%. On the same date, the tax relief for the RDEC scheme increased from 13% to 20%. The Group utilises both schemes and has calculated the balance receivable based on the applicable rates for expenditure incurred before and after the date of transition.

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Given the Company's reported loss for the periods and financial year, share options were not taken into account when determining the weighted average number of ordinary shares in issue during the year as they would be anti-dilutive, and therefore the basic and diluted loss per share are the same.

Basic and diluted loss per share

	Period ended 30 June 2024	Period ended 30 June 2023	Year ended 31 December 2023
Loss for the period (£000)	**(4,640)**	(4,528)	(8,554)
Weighted average number of ordinary shares (number)	**30,626,986**	30,619,091	30,622,622
Loss per share from continuing operations (£ per share)	**(0.15)**	(0.15)	(0.28)

10. TRADE AND OTHER RECEIVABLES

Current Assets

	Period ended 30 June 2024	Period ended 30 June 2023	Year ended 31 December 2023
	£000	£000	£000
Trade receivables	**1,625**	3,688	2,268
Other receivables	**91**	175	102
Amounts receivable from employees	**-**	-	129
Accrued income	**136**	-	87
Grant receivables	**-**	423	280
Prepayments	**902**	385	323
Total Trade and other receivables	**2,753**	4,671	3,189

Non-Current Assets

	Period ended 30 June 2024	Period ended 30 June 2023	Year ended 31 December 2023
	£000	£000	£000
Other receivables	**69**	48	77
Total Trade and other receivables	**69**	48	77

Trade receivables for pharmaceutical products are gross of rebates payable to wholesalers. Rebates are reported in Trade payables and accruals.

11. CASH AND CASH EQUIVALENTS AND SHORT TERM INVESTMENTS

	Period ended 30 June 2024	Period ended 30 June 2023	Year ended 31 December 2023
	£000	£000	£000
Cash and cash equivalents	**2,529**	6,610	5,093
Short term investments	**16**	1,619	1,659
Total cash, cash equivalents and short term investments	**2,545**	8,229	6,752

Short term investments relate to balances held in either fixed term accounts with a six-month maturity or notice accounts with a 95 day notice period.
All significant cash, cash equivalents and short-term investments are deposited in the UK with large international banks.

12. TRADE AND OTHER PAYABLES

Current liabilities

	Period ended 30 June 2024	Period ended 30 June 2023	Year ended 31 December 2023
	£000	£000	£000
Trade payables	**2,268**	2,779	2,246
Other tax and social security	**159**	123	100
Other creditors	**245**	1,172	192
Contract liabilities	**202**	682	232
Accruals	**1,677**	1,498	2,133
Total Trade and other payables	**4,551**	6,254	4,903

The growth in Trade payables and Accruals include rebate amounts due to wholesalers on the sales of pharmaceutical products by Tetris Pharma Ltd.
Other creditors of £1.2 million includes VAT payable and stock provisions which were nil in the prior period ended 30 June 2022.

13. EQUITY

Share Capital

	At 30 June 2024 Number	At 30 June 2023 Number	At 31 December 2023 Number
Allotted, called up and fully paid			
Ordinary shares of £0.01	30,626,986	30,625,654	30,626,986
Total share capital	**30,626,986**	**30,625,654**	**30,626,986**

	At 30 June 2024 £'000	At 30 June 2023 £'000	At 31 December 2023 £'000
Allotted, called up and fully paid			
Ordinary shares of £0.01	306	306	306
Total share capital	**306**	**306**	**306**

14. EVENTS AFTER THE BALANCE SHEET DATE

In accordance with a Sale and Purchase Agreement dated 1st August 2022, the acquisition of Tetris Pharma Ltd included contingent consideration of three earn out payments, which may become payable on the first, second and third anniversary following completion. The second earn out payment was subject to Tetris Pharma Ltd achieving low-double-digit million-pound net sales and a low single-digit million-pound EBITDA profit in the period 13-24 months following completion. Earn out accounts were prepared by an independent accountant and have been provided to the previous shareholders of Tetris Pharma Ltd. The earn out accounts determined that the first earn out target was not achieved and therefore contingent consideration of £1,500,000 for the second earn out period was not payable.

On 8 August 2024, Arecor Therapeutics successfully completed a fundraising round of £6.4 million (before expenses) from new and existing shareholders. These funds will be made available to the subsidiaries within the group to enable continuation of R&D activities and growth of sales.

15. COPIES OF THE INTERIM REPORT

Copies of the consolidated interim financial statements are available to the public free of charge from the Company at Chesterford Research Park, Little Chesterford, Saffron Walden, CB10 1 XL during normal business hours for 14 days from today.

Copies are also available on the Company's website at www.arecor.com.