Arecor Therapeutics

New licence adds AT351 to partnered pipeline

6 January 2025

- Arecor has signed an exclusive licensing agreement for the further development and commercialisation of AT351, a ready-to-dilute (RTD) liquid formulation of an undisclosed specialty hospital product, following the successful conclusion of a formulation study collaboration under a technology partnership. The unnamed licensee is a wholly owned pharmaceuticals-focused subsidiary of one of the world's largest independent chemicals marketing companies, with a specific interest in developing and commercialising speciality drugs.
- AT351 is an RTD formulation of a specialty hospital product widely used in critical care, which was created using Arecor's proprietary Arestat formulation technology. It is highly differentiated over the originator product and has the potential to become the first available RTD liquid formulation, which could offer significant advantages to patients, physicians, and payors. These include simpler point-of-use care rather than the requirement for long and resource intensive storage and preparation.
- While specific deal terms are undisclosed, Arecor will receive an upfront payment and is eligible for future potential development, regulatory and commercial milestones, as well as royalties on global sales. In exchange, Arecor's partner now holds an exclusive worldwide licence to AT351 and associated IP, and has responsibility for development, regulatory submissions, and commercialisation. Approval will be sought under the US FDA 505(b)(2) pathway, with filings expected by end-2027.
- Following execution of this deal, AT351 joins other licenced programmes in Arecor's development pipeline, which also includes SAR447537 (Sanofi) currently in Phase II development for AATD. The first marketed product to incorporate the Arestat technology under licence, AT220, was launched in late-2023; while unconfirmed we believe that AT220 is Fresenius's Tyenne (tocilizumab). Additionally, Arecor has ongoing technology partnerships with Eli Lilly and Medtronic.

Price	74.00p
Market Cap	£27.94m
Primary exchange	AIM
Sector	Healthcare
Company Code	AREC
Corporate client	Yes

Company description:

Arecor Therapeutics is a clinical stage drug developer, with a well-balanced portfolio of in-house and partnered assets, and an internal focus on diabetes. Its proprietary Arestat formulation platform results in enhanced products with lower development risks and less onerous regulatory approvals.

Trinity Delta view: Arecor's key value driver with the biggest upside potential remains its diabetes and obesity franchise, hence the focus is on advancing key assets particularly AT278, a unique ultra-rapid and ultra-concentrated insulin that could enable next-generation insulin pump delivery systems. Nevertheless, technology partnerships and formulation collaborations offer additional, albeit more modest, upside opportunities. Successful progression into a licencing agreement not only unlocks potential value from the technology platform but provides further evidence of the applicability of Arecor's formulation expertise in overcoming technical challenges to create highly differentiated drugs. Our current Arecor valuation is £155m, equivalent to 410p per share.

Analysts

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