

## Arecor Therapeutics

### Tetris Pharma to be wound down; Ogluo rights returned

10 January 2025

- Arecor is to cease operations of its Tetris Pharma subsidiary in an orderly manner over the course of 2025. This follows a strategic review exploring the commercial opportunities for the lead product Ogluo in the UK and Europe, notably the fixed selling price (set by legacy glucagon products) and the continued rising supply chain costs. The conclusion is that breakeven would happen later than expected and consequently no longer justifies the investments required. This decision frees up funds (both current and future) and management bandwidth that will now be directed towards advancing the diabetes and obesity pipeline, particularly AT278 and the oral GLP-1 programme, which offer significantly higher potential for value creation.
- [Tetris Pharma](#), acquired by Arecor August 2022, has exclusive European, UK, and Swiss commercial rights to [Xeris Biopharma's](#) ready-to-use (RTU) glucagon auto-injector pen (Gvoke in the US, Ogluo in Europe) for the treatment of severe hypoglycaemia in people with diabetes (typically Type 1 diabetics). As part of the wind down of Tetris Pharma, these rights will be returned to Xeris. The case for Tetris Pharma has not been helped by the untimely loss of a key NHS tender, which was a major component of non-Ogluo revenues, that even though low margin, provided a valuable overhead contribution and useful economies of scale.
- Arecor will fully impair goodwill and intangibles of c £3m in its FY24 accounts. The cash cost of the process is expected to be minor, with modest one-off expenses. The £2.7m [raised](#) last July to invest in Ogluo inventory and marketing and promotional activities has not been deployed fully. Existing Ogluo stock will continue to be sold in the market, subject to demand, through normal channels. As no replacement inventory will be required, net proceeds should be higher than normal. All cash generated, both current and future, will be used to fund progress of the diabetes and obesity programmes.
- The decision allows management to fully focus its attention on seeking co-development opportunities for its leading diabetes products, notably the AT278 ultra-rapid ultra-concentrated insulin, and to prepare its oral GLP-1 programme to start non-clinical pharmacokinetic (PK) studies in H125.

Price	74.00p
Market Cap	£27.9m
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 investment case centres on the prospects for its development stage diabetes and obesity franchise. Attention is, rightly, focussed on AT278, its innovative ultra-rapid ultra-concentrated insulin. AT278 has the potential to become a key enabler in the development and uptake of next-generation insulin pump delivery systems, allowing both greater miniaturisation and longer wear times. We do not view Arecor as a revenue story, hence the impact of Tetris related changes to our valuation is relatively small. We will review our rNPV model as soon as practicable but, for context, Tetris represents less than 5% (£7m, or 18.7p per share) of our current Arecor valuation of £155m, or 410p per share.

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