

Arecor Therapeutics

Key clinical diabetes events on track for H222

8 September 2022

- Arecor's H122 interim financial results confirm that important clinical events for the key diabetes franchise remain on track for H222. These include top-line data from the US Phase I pump study with AT247, its proprietary ultra-rapid insulin. This is a three-way crossover trial including AT247, NovoLog and Fiasp delivered by continuous subcutaneous infusion. These data will help inform next steps for AT247, notably on its potential for use in a fully closed loop artificial pancreas. Initiation of a further trial of ultra-concentrated ultra-rapid insulin AT278 is also expected in H222, following highly positive Phase I data ([May 2022 Update](#)) which showed superiority over current fast-acting insulins.
- From a financial perspective, Arecor reported H122 revenue of £0.7m (H121: £0.5m) and grant income of £0.4m (H121: £0.1m). R&D spend increased to £4.8m (H121: £1.9m) reflecting greater investment in the proprietary pipeline whilst SG&A was maintained at £1.6m (H121: £1.5m). Cash at end-June 2022 was £13.7m (FY22: £18.3m; H121: £22.1m), which has been augmented by the £6m placing in August.
- The major post period event was the [Tetris Pharma](#) acquisition supported by this £6m placing ([August 2022 Lighthouse](#)). Tetris Pharma is a commercial specialty pharma company that sells and distributes injectable specialty products across the UK and EU. The key asset is Ogluo, the first ready-to-use glucagon in an auto-injector pen for severe hypoglycaemia in diabetics, licensed from Xeris for EU/UK. This complements both Arecor's Specialty Hospital Products and the diabetes franchise. This deal provides a sales infrastructure that can be used for selected future products from the Specialty Hospital franchise, whilst marketing of Ogluo will also deliver valuable insights for Arecor's own diabetes assets. The integration is said to be going well, with product sales on track for 2022.
- The strength of the Arestat formulation platform continues to underpin significant future potential. In June, a collaboration with a top five global pharma was executed, with more partnerships anticipated given the strong pipeline of opportunities. We note that the first approval/launch of a partnered product using the Arestat technology, AT220, an undisclosed biosimilar addressing a blockbuster market, is still expected in 2023.

Price	275p
Market Cap	£83.8m
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.

Trinity Delta view: Arecor's broad operational progress includes the imminent top-line data for AT247 and preparations for initiation of the next AT278 trial in H222, whilst also securing another formulation deal and an acquisition. We believe the in-house diabetes assets have highly promising, differentiated profiles that could be particularly suited to emerging pump applications and high insulin users, and as such are key value drivers. The highly complementary Tetris Pharma purchase offers a low-cost, low-risk way to secure longer-term value for Arecor's development efforts in Speciality Hospital Products and will allow selected future niche products to be marketed directly across Europe, providing an optimal set-up to crystallise value. Our valuation and forecasts remain under review.

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