

## Arecor Therapeutics

FY23 results evidence broader revenue base

16 May 2024

- Arecor FY23 revenues of £4.6m (+90% on FY22: £2.4m), as disclosed in the Trading Update ([February 2024 Lighthouse](#)), included first recurring royalties on AT220 and the EU launch associated milestone. The bulk of revenues came from Tetrus Pharma sales of £2.9m, largely from Ogluo (FY22: £1.1m for five months post the August acquisition), in addition to £0.9m (FY22: £1.4m) of revenue recognised under ongoing formulation development projects, and £0.7m from license milestones. Total income of £5.7m (FY22: £3.7m) includes the Innovate UK grant and RDEC income.
- Lower R&D spend of £6.0m in FY23 (FY22: £8.6m) reflected the timing of AT247 and AT278 clinical studies, while SG&A costs rose to £8.9m (FY22: £5.6m) as they included a full year of Tetrus expenses vs five months in FY22. Net loss for the year was £8.6m (FY22: loss of £9.3m). Cash at end-December 2023 was £6.8m (end-June: £8.2m; end-December 2022: £12.8m). Cash needs will be determined by future development plans for the diabetes franchise, which will depend on upcoming data.
- Several key events were achieved in 2023 with partnered/licenced assets, most notably the launch of AT220 in Europe in late-2023, the first commercial product incorporating the Arestat technology. AT220 is believed to be Fresenius Kabi's tocilizumab (Tyenne); we note that US approval of Tyenne (both IV and subcutaneous) was received on [5 March 2024](#), with launch on 15 April. FY23 milestones were also received from Hikma (AT307) and Inhibrx (INBRX-101). Acquisition of the latter, by Sanofi for >\$1.7bn ([January 2024 Lighthouse](#)), provides external validation of the value-add of Arecor's formulation expertise.
- Arecor's formulation expertise underpins the six new technology partnerships executed in FY23 and post-period, including with Medtronic for a thermostable insulin ([May 2024 Lighthouse](#)). In addition, Arecor established a co-development research collaboration with TRx Biosciences to develop an oral GLP-1 ([March 2024 Lighthouse](#)). Collaborations are a key aspect of Arecor's strategy, often generating revenues from day one via research fees, with upside potential should they convert to licences.

**Trinity Delta view:** Arecor's revenue base is becoming increasingly diverse with growing contributions from Tetrus Pharma product sales and nascent recurring royalties from the first approved Arestat-enabled product, on top of licence milestones and revenues under formulation development contracts. Continued deal execution has the potential to drive meaningful future royalties from multiple partners, building on the continued momentum from existing assets and partners. Topline data in H124 from the AT278 Phase I trial in Type II diabetes patients is an important catalyst, informing next steps for development and partnering/collaboration strategy. This disruptor insulin, which has the potential to address key unmet needs in diabetes, is one asset in the in-house portfolio of Diabetes and Specialty Hospital products, which together have significant upside potential. Our valuation is £179m, equivalent to 583p per share.

Price	136.5p
Market Cap	£41.8m
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.

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