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Antisense Therapeutics

Breaking the mould in DMD treatment

Antisense Therapeutics is an Australian biotechnology company developing antisense oligonucleotide (ASO) therapies for the treatment of rare diseases. Its lead asset, ATL1102, is being investigated as a targeted anti-inflammatory therapy to treat Duchenne muscular dystrophy (DMD). In a positive strategic pivot, trial design was amended to a smaller Phase IIb study (n=42 vs 108) that should provide a nearer-term catalyst, if positive readouts are achieved. As a result of the reduced trial costs, the company's cash runway is anticipated to be extended (net cash at end-June 2022 of A$19.2m) into Q4 CY23. Management envisages a need to raise funds in the mid-single digit (A$m) region, which it anticipates will fund operations to trial readouts in Q124.

ASO's silencing genes to treat disease

To date, the FDA has granted approval to four ASO therapies to treat DMD; however, their clinical uptake has been limited due to a perceived lack of efficacy. Unlike existing therapies, ATL1102's unique mechanism of action (inhibition of CD49d) aims to reduce inflammation in DMD. We believe this offers ATL1102 differentiation to marketed ASO therapies and potential combinational synergies with existing DMD treatments which Antisense is investigating in preclinical studies.

ATL1102 proof-of-concept demonstrated

In an Australian Phase IIa trial in non-ambulant DMD patients, ATL1102 demonstrated significant improvements in muscle strength (pinch and grip), increased muscle area and improved performance of upper limb function (PUL 2.0). PUL 2.0 scores are a critical efficacy endpoint when seeking new drug approval in non-ambulant DMD patients. This sub-population represents up to 56% of DMD patients and, with limited treatment options, a significant market opportunity, in our view.

Pivotal Phase IIb on the horizon

Management anticipates study sites to be initiated in Q422 for the Phase IIb multicentre, randomised, double-blind, placebo-controlled, open-label extension study to assess the efficacy and safety of ATL1102. Patients will be treated with either 25mg or 50mg per week of ATL1102, with advantages over existing corticosteroids that lack efficacy and often associated with unwanted side effects. In addition, Antisense is progressing the development of ATL1102 in limb girdle muscular dystrophy R2 and looking to exploit new IP it has generated using SomaScan, a bio-diagnostic platform, for the diagnosis and prognosis of neurological disorders in long COVID-19 patients.

Consensus estimates

Year end	Revenue (A$m)	PBT (A$m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
06/21	0.6	(8.1)	(1.50)	0.0	N/A	N/A
06/22	1.8	(5.8)	(0.92)	0.0	N/A	N/A
06/23e	1.3	(15.4)	(0.02)	0.0	N/A	N/A

Source: Antisense Therapeutics, Refinitiv

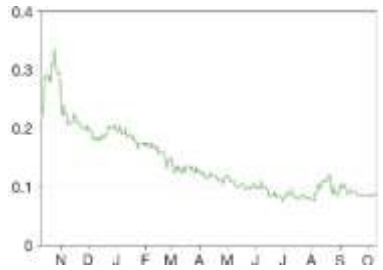
Pharma and biotech

11 October 2022

Price	A$0.092
Market cap	A$61m

A$1:US$0.70

Share price graph



Share details

Code	ANP
Listing	ASX
Shares in issue	668.8m

Business description

Antisense Therapeutics is an Australia-based biopharmaceutical company developing and commercialising Antisense pharmaceuticals for rare diseases. The company's lead clinical asset is ATL1102, an ASO therapy being investigated for the treatment of DMD.

Bull

- Has potential to target disease indications with perceived undruggable targets.
- Recent transactions and product sales for ASO therapies in the market further highlight the potential upside.
- New mechanism of action in DMD treatment may offer market differentiation.

Bear

- Gene silencing technologies may be subject to enhanced regulatory review.
- Potential stigmatisation of ASO therapies to treat DMD.
- Future capital raises may dilute existing shareholders.

Analysts

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