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# Shield Therapeutics

US commercial update

## Delivering what the doctor ordered

Pharma and biotech

**Shield Therapeutics' US commercialisation efforts continue to gather steam, with prescription volumes gearing up in Q323 (27,750 prescriptions, a 76% sequential growth over Q2 and higher than the combined H123 figure of 26,284) and net selling price making a strong recovery after dipping in H123 (+24% to $148/prescription). US revenues grew to $4.1m, higher than the combined H1 figure of $3.7m. First-time prescribers grew 27% q-o-q and new prescriptions were up by 87%. More encouragingly, the clinical utility of Accrufer continues to be considered favourably by prescribers, reflected in the 77% repeat writers from Q223. Management has guided for FY23 total prescriptions to be between 100k and 130k, requiring a sequential growth of 65.6% at the lower end, which we see as undemanding given the Q3 run rate and growing momentum (as the expanded salesforce gets more entrenched). We maintain our full-year estimates and continue to value the company at £390.4m.**

| Year end | Revenue ($m) | PBT* ($m) | EPS* (c) | DPS (c) | P/E (x) | Yield (%) |
|---|---|---|---|---|---|---|
| 12/22 | 5.5 | (31.2) | (13.6) | 0.0 | N/A | N/A |
| 12/23e | 22.9 | (29.7) | (4.0) | 0.0 | N/A | N/A |
| 12/24e | 74.8 | (15.2) | (2.0) | 0.0 | N/A | N/A |

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

The sequential prescription growth in Q3 (+76% q-o-q, broadly in line with management guidance of c 80%) was the highest in the last four quarters (despite the growth base) and has seen a notable jump in the past two periods, benefiting from a full-strength sales team (training and recruitment plan completed by May 2023). We had previously alluded to the opportunity for Shield to leverage Viatris's established relationships with payors and providers and therefore view the recent wins of two Medicaid programmes (Medi-Cal and Medicaid NYR, expanding Accrufer's access across California and New York, respectively) as reflective of that, with further synergies available to be unlocked. As a reminder, Accrufer's access has now expanded to include 123m covered lines, from 100m previously. We also note that the company's efforts to improve the realisable price for its drug (refer to our update note for more details) seem to be delivering early benefits, with the net selling price improving +24% over H123 to $148/prescription (gross-to-net discount of 70%, from 75% previously).

We expect the Q323 momentum to accelerate further in the last quarter of the year as the 100-strong Shield-Viatris salesforce continues to establish and expand its footprint across the market, supported by increased payor coverage and improved pricing dynamics. The FY23 prescription target of 100–130k will require a sequential growth (over Q323) of between 66% and 174%, which we believe is achievable (more so at the lower-to-mid end of the range), although intensive efforts will be required to realise the higher end of the target. We also maintain that the recent $20m term loan through SWK Holdings and equity proceeds ($7.5m gross through an equity issue and retail offer) provide sufficient headroom to the company to fund its operations and growth strategy to profitability in 2025, provided the long-term targets are achieved. We keep our estimates and valuation for the company unchanged for now.

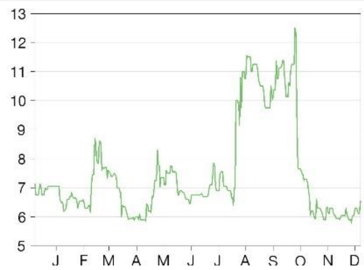
**8 December 2023**

| | |
|---|---|
| **Price** | **6.55p** |
| **Market cap** | **£51m** |

£0.79/US$; £0.86/€

| | |
|---|---|
| Proforma net cash ($m) at 30 June 2023 (including $6.1m fund-raise in September) | 14.0 |
| Shares in issue | 782.1m |
| Free float | 55% |
| Code | STX |
| Primary exchange | AIM |
| Secondary exchange | N/A |

### Share price performance




### Business description

Shield Therapeutics is a commercial-stage pharmaceutical company. Its proprietary product, Feraccru/Accrufer, is approved by the EMA and FDA for iron deficiency. Outside the US, Feraccru is marketed internationally through Shield and its commercial partners. Having first followed a self-commercialisation strategy in the US, Shield announced a co-commercialisation deal with Nasdaq-listed Viatris in December 2022.

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