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Sosei finds second partner for muscarinic neurology assets in Neurocrine

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Less than a year after regaining rights to its muscarinic programs, Sosei is getting better terms in a deal with Neurocrine that provides \$100 million up front to accelerate the Japanese biotech's other preclinical programs.

Sosei Group Corp. (Tokyo:4565) granted Neurocrine Biosciences Inc. (NASDAQ:NBIX) rights to small molecule muscarinic receptor agonists. The most advanced program is HTL-0016878, a selective M4 agonist that next year is expected to start a Phase II trial to treat schizophrenia. The deal also includes a M1 agonist and a dual M1/M4 agonist that are both expected to enter the clinic in 2023.

Sosei will receive \$100 million up front and is eligible for \$1.5 billion in development and regulatory milestones, \$1.1 billion in commercial milestones, plus tiered royalties. Sosei retains rights to the M1 agonist program in Japan, where Neurocrine has options for co-development and profit-sharing.

In January, AbbVie Inc. (NYSE:ABBV) had returned rights to the programs following decisions regarding the pharma's pipeline strategy. That 2016 deal, originally with Allergan plc, brought in \$125 million up front. But the milestones were heavily back-loaded with \$665 million in development milestones and \$2.5 billion in sales milestones.

Longstanding targets in neurology, muscarinic receptor agonists are gaining fresh attention as companies finally find ways to target select receptor subtypes. In June, Cerevel Therapeutics Holdings Inc. (NASDAQ:CERE) more than doubled in value on Phase Ib data for its CVL-231, a positive allosteric modulator (PAM) of M4. In 2019, Karuna Therapeutics Inc. (NASDAQ:KRTX) added \$1.8 billion in market cap on positive Phase II data for KarXT, a combination of M1 and M4 agonist xanomeline and the generic M2 and M3 antagonist trospium chloride. KarXT is currently in two Phase III trials to treat psychosis associated with schizophrenia.

The muscarinic pipeline for neurological conditions involving psychosis or dementia contains at least 11 clinical-stage molecules, of which six are specific for muscarinic receptor subtypes.

According to Sosei's CFO Chris Cargill, the new cash influx will help the biotech accelerate its other preclinical programs, of which he highlighted three as priorities: an H4 antagonist to treat atopic dermatitis; a GPR52 agonist to treat schizophrenia and other psychosis disorders; and an immuno-oncology candidate targeting PTGER4.

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