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Pair of pricings, IPO filing keep public markets busy for biopharma

By Marie Powers, News Editor

Kiniksa Pharmaceuticals Inc. and Scholar Rock Holding Corp. completed their journeys to the public markets, as Aptinyx Inc. – fresh off completion of its option deal with Allergan plc for a candidate to treat major depressive disorder – sought to follow in their footsteps.

Led by CEO Sanj Patel, who previously helmed Synageva Biopharma Corp., Kiniksa continued to go big, raising $153 million by offering 8.48 million shares at $18, in the middle of its proposed range of $17 to $19. The company upsized the offering, adding 21 percent more shares than the 7 million originally planned, or $26 million in additional proceeds, and underwriters still have a 30-day option to add shares to cover overallotments. The company's most recent filing indicated that insiders were interested in purchasing $50 million of shares in the IPO.

In 2015, Synageva went to Alexion Pharmaceuticals Inc. in one of that year's biggest buyouts: $8.4 billion in cash and stock, notable for its 140 percent premium. (See *BioWorld Today*, May 7, 2015.)

A year later, the Synageva leadership team regrouped at Kiniksa. In addition to Patel, Stephen Mahoney reprised his role as chief operating officer, Chris Heberlig as chief financial officer and Thomas Beetham as chief legal officer. During the 2017 J.P. Morgan Healthcare Conference, Patel revealed that the company had quietly completed an $80 million series A, placing it among the top five A rounds of 2016. (See *BioWorld Today*, Jan. 13, 2017.)

Operating from Lexington, Mass., but filing as a Bermuda-registered company, Kiniksa is advancing candidates to treat autoinflammatory and autoimmune conditions and has three clinical-stage assets. Lead candidate rilonacept is approved as Arcalyst to treat cryopyrin-associated periodic syndromes, or CAPS, and marketed by Regeneron Pharmaceuticals Inc., which licensed the interleukin (IL)-1a/1b inhibitor to Kiniksa to treat the orphan disease recurrent pericarditis – an indication where it could become the first approved therapy. Rilonacept is in an open-label phase II proof-of-concept trial expected to report preliminary data this year, and Kiniksa aims to move it directly into phase III, although the company indicated in its filing that discussions with the FDA on the trial design were still to come.

A second asset, mavrilimumab, is a monoclonal antibody in-licensed last year from Astrazeneca plc unit Medimmune that antagonizes the signaling of granulocyte macrophage-colony stimulating factor, or GM-CSF. Kiniksa's initial development is focused on giant cell arteritis (GCA), an inflammatory disease of blood vessels that can potentially lead to blindness.

Medimmune initially advanced mavrilimumab to treat rheumatoid arthritis (RA), but in 2010 the company's IND was placed on hold by the FDA, prior to the launch of human studies, due to effects observed in nonclinical studies suggesting a theoretical association with pulmonary alveolar proteinosis (PAP), possibly in the setting of GM-CSF inhibition. Although the FDA later acknowledged that studies in refractory RA could be appropriate based on Medimmune's development program in Europe, in which it dosed more than 550 individuals with RA with no evidence of PAP, Medimmune subsequently withdrew the mavrilimumab IND in the indication. Kiniksa plans to advance the asset under a new IND in the U.S. and a new clinical trial application in Europe, with a phase II trial expected to begin this year.

KPL-716, obtained under an asset purchase agreement with Biogen Inc., is a monoclonal antibody that simultaneously inhibits the signaling of IL-31 and oncostatin M (OSM) by targeting their common receptor subunit, OSM receptor beta, or OSMRb. Kiniksa is assessing KPL-716 in a phase Ia/Ib trial in healthy volunteers and in individuals with atopic dermatitis as proof of concept for pruritic conditions. Preliminary data from the single ascending-dose cohorts in the first portion of the trial are due in the second half. Provided those data and findings from the subsequent repeat-dose portion of the study are favorable, the company plans to pursue initial development in prurigo nodularis and atopic dermatitis.

Kiniksa also has the preclinical candidates KPL-045, which inhibits CD30/CD30L interaction, and KPL-404, which inhibits CD40/CD40L interaction. Preparation is underway for IND-enabling studies of both antibodies.

Funding from the IPO is expected to propel the company into the second quarter of 2020, according to its S-1, allowing it to complete the phase II trial and move into the phase III of rilonacept in pericarditis, to initiate the phase II trial of mavrilimumab in GCA, to advance KPL-716 through phase Ia/Ib and into development in prurigo nodularis and atopic dermatitis and to continue preclinical development of the other assets.

In its filing, Kiniksa reported cash and equivalents of approximately $221.1 million and a deficit of $105.1 million as of March 31.

Listing on Nasdaq as KNSA, the company had a respectable debut Thursday. Shares reached $24.64 before settling back to close at $19.47 for a gain of $1.47, or about 8 percent.

Goldman Sachs and Co. LLC and J.P. Morgan are lead managers on the IPO.

Investors show faith in growth factor activation

Scholar Rock hit the more modest target for its IPO, raising $75 million by offering 5.36 million shares at $14, in the middle of its proposed range of $13 to $15. Listing on Nasdaq as SRRK, the Cambridge, Mass.-based company hit $16 on its initial trading day before closing at $15.50 for a gain of $1.50, or 10.7 percent.

Founded in 2012, Scholar Rock came to market following private raises of approximately $100 million, including a $36 million series B raised in 2016, from investors that included Arch Venture Partners, Cormorant Asset Management, Ecor1 Capital, Fidelity Management and Research Co., Invus, The Kraft Group, Polaris Partners, Redmile Group and Timothy A. Springer. (See *BioWorld Today*, Jan. 5, 2016.)

The company is pursuing drugs that target supracellular activation of growth factors, seeking to avoid the historical challenges associated with inhibiting growth factors for therapeutic effect. Lead candidate SRK-015, an orphan drug-designated antibody that inhibits the activation of myostatin, is preparing to move into phase I development in spinal muscular atrophy (SMA). Because several growth factors are closely related to myostatin – a member of the transforming growth factor-beta, or TGF-beta, superfamily of growth factors – Scholar Rock is seeking to avoid cross-talk by targeting myostatin activation rather than mature myostatin. The company's second, as-yet-unnamed program is focused on inhibiting the activation of or TGF-beta 1.

Scholar Rock has a third antibody program that targets the signaling of bone morphogenetic protein 6, or BMP6, another member of the TGF-beta superfamily that is involved in a diverse set of biological processes in various parts of the body. In the liver, for instance, BMP6 signaling helps to control the body's ability to regulate iron levels, Thus, Scholar Rock is pursuing the thesis that targeting BMP6 signaling in a liver-selective fashion may allow it to address both iron-restricted anemias and iron overload conditions.

IPO proceeds are expected to fund development activities for SRK-015 through phase II proof of concept and to continue funding preclinical activities for TGF-beta 1 and BMP6 and, potentially, other candidates. In its filing, Scholar Rock reported cash and equivalents of $47.8 million and a deficit of $61.9 million as of March 31.

Jefferies LLC, Cowen & Co. and BMO Capital Markets are lead managers on the offering.

Aptinyx takes second turn in spotlight

Aptinyx, whose pipeline is focused on neurological disorders, joined the IPO queue with its SEC filing. The Evanston, Ill.-based company is seeking to raise up to $80 million, including overallotments, and a listing on Nasdaq under the ticker APTX.

A day earlier, Aptinyx was in the spotlight after Allergan plc exercised an option to acquire AGN-241751, an oral small-molecule N-methyl-D-aspartate (NMDA), receptor modulator that was discovered by Aptinyx Inc. and advanced under an ongoing research collaboration between the companies. (See *BioWorld*, May 23, 2018.)

Allergan gained option rights to certain small molecules from the Aptinyx discovery platform under a research collaboration initiated in conjunction with its 2015 acquisition of Naurex Inc., which simultaneously spun out Aptinyx and its platform. As part of that transaction, Allergan also acquired rapastinel, an intravenously administered NMDA receptor modulating tetrapeptide that subsequently received breakthrough therapy designation from the FDA and has advanced to phase III development in major depressive disorder (MDD). (See *BioWorld Today*, Sept. 16, 2015.)

Outside the Allergan alliance, Aptinyx has advanced NYX-2925 into phase II development to treat painful diabetic peripheral neuropathy – an indication with FDA fast track status – and fibromyalgia and NYX-783 into phase I in post-traumatic stress disorder (PTSD), also with fast track designation. The NYX-2925 studies are expected to report top-line data in the first half of next year.

Earlier this month, Aptinyx submitted an IND application for a third candidate, NYX-458, to treat Parkinson's disease (PD) dementia following evaluation in IND-enabling studies. The company plans to initiate a single and multiple ascending-dose phase I study in the second half of the year to evaluate safety, tolerability and pharmacokinetics.

Proceeds from the proposed IPO would enable Aptinyx to complete the phase II program of NYX-2925 in both indications, advance NYX-783 into phase II in PTSD and move NYX-458 through phase I and into phase II in PD-associated dementia.

In its filing, Aptinyx reported cash of $82.4 million and a deficit of $50.9 million as of March 31.

J.P. Morgan, Cowen and Co., Leerink Partners LLC and BMO Capital Markets are joint bookrunners on the deal, which was not priced. ♦