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Point’s path leads to a Spac

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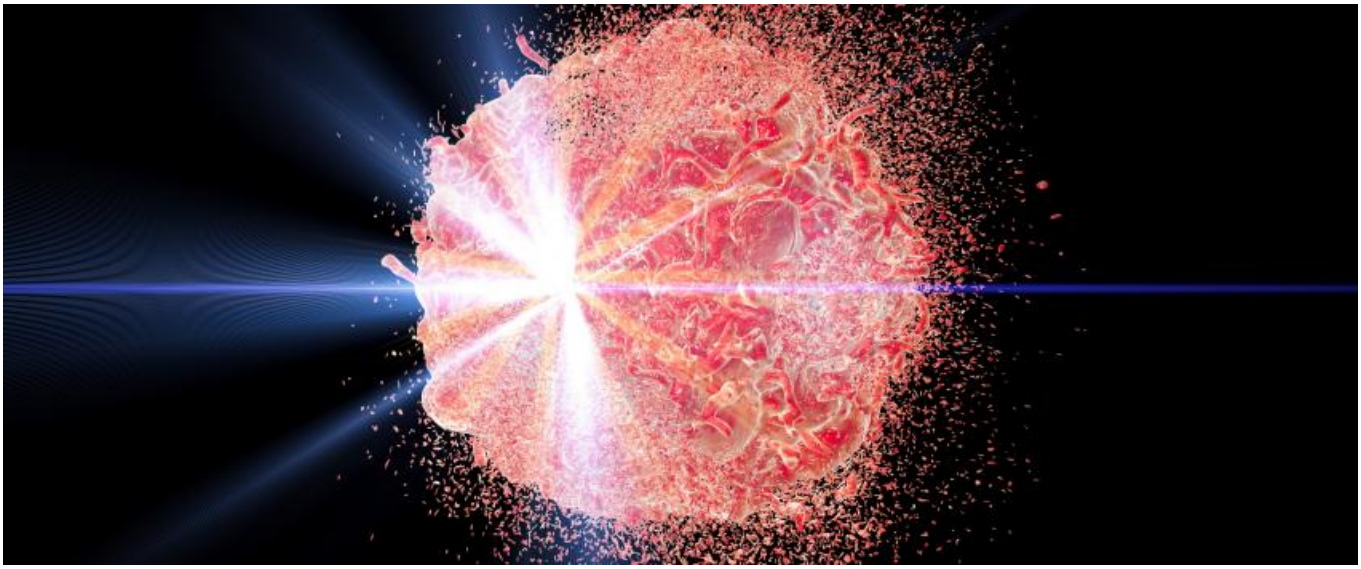


The radiopharmaceutical researcher was negotiating a series B funding round when it got an offer from a Spac that it could not refuse.

Point Biopharma, a developer of radiopharmaceuticals, always intended to move towards the public markets later this year. Thanks to the boom in special-purpose acquisition companies – or Spacs – the Canadian company looks set to reach that goal several months sooner than planned.

Negotiations to raise a “substantial” series B venture round were under way, its chief executive, Joe McCann, tells *Evaluate Vantage*, when one of the funds conducting due diligence, RA Capital, put forward another suggestion. A Spac that RA had sponsored was looking for a private company to take over its public listing, and would Point be interested?

“We weren’t looking to go the Spac route to be honest, but we ran all the numbers and it made so much sense for us,” Mr McCann says. “It gave us access to a lot of capital in one fell swoop, and would release management from the whole issue of fund raising, to focus on what we really need to be doing.”

RA Capital’s strong reputation in life sciences was another draw, he says, as was the lack of warrants attached to the Spac shares. Therapeutics Acquisition Corp, the official name of RA’s Spac, was the first such vehicle to float without warrants; these are typically offered to make a Spac IPO more appealing to investors, but huge demand for healthcare opportunities has allowed several warrantless Spacs to be formed (*The reckoning begins for biotech-focused Spacs, February 18, 2021*).

Point’s potential series B would have been a crossover round – a private round typically struck just before an IPO – and its internal systems were already being shifted towards those of a public company. “That also made the Spac route an easy decision as it wasn’t going to turn us upside down as a management team,” Mr McCann says.

The deal will net Point around $300m: $136m from the proceeds of Therapeutics Acquisition’s IPO and a further $165m from a Pipe financing supported by the Spac's existing investors.

Wing to wing

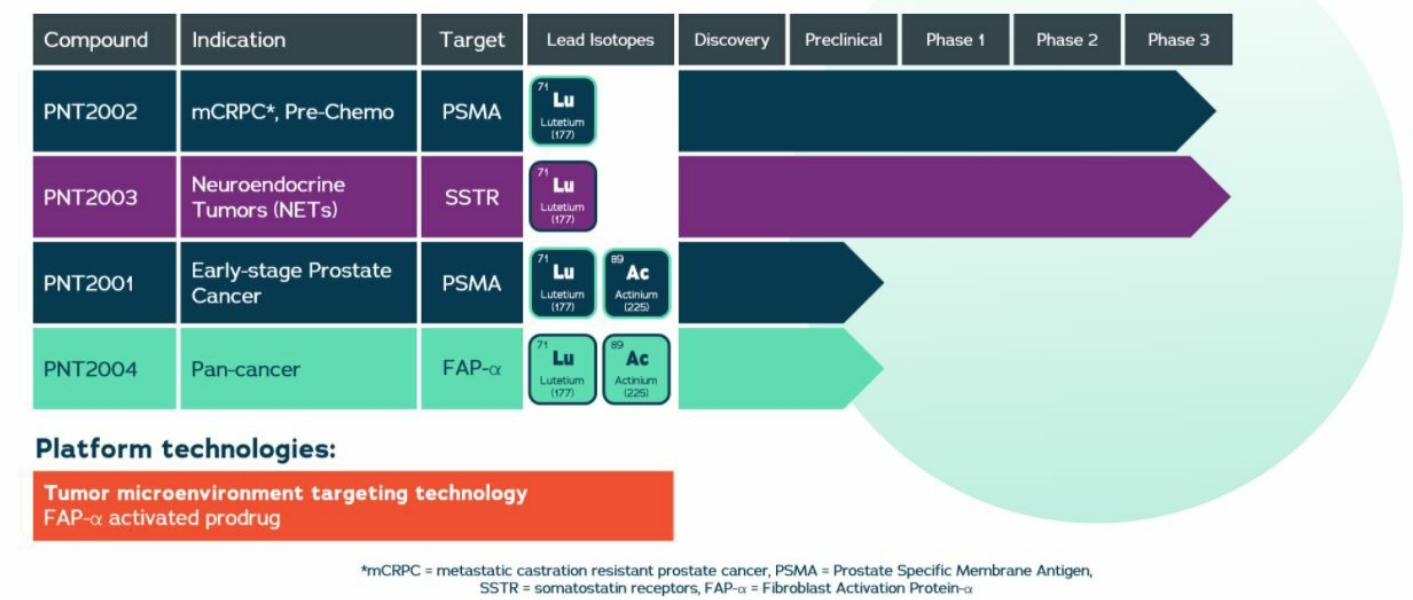
Point needed a large cash injection because of heavy commitments beyond clinical development. An 80,000 square foot manufacturing facility in Indianapolis is close to completion, capable of producing several different radioisotopes and radioligands; even Novartis, which has made notable strides into this area, does not have the internal capacity that this plant will provide, Mr McCann claims.

Insufficient investment in supply chains and manufacturing has held back the radiopharmaceuticals field, he says. “We will have a wing-to-wing operation – covering the entire supply chain from input isotope through to finished product.”

Research into new medical isotopes is a huge focus for the company. “We are trying to look into the future and get ahead of where the innovation is coming from. We see that as a real driver of differentiation for Point in the future,” he says.

First, however, the company has to confirm that its existing pipeline has potential. Two lead projects, PNT2002 and PNT2003, use the well-known isotope lutetium-177, and target prostate cancer and neuro-endocrine tumours (NETs) respectively.

Point Biopharma's pipeline



Source: company website.

Of course Novartis is already here with very similar efforts, with the phase III project 177Lu-PSMA-617, acquired with Endocyte for $2.1bn in 2018, and with Lutathera. The latter product, which came with the 2017 takeover of Advanced Accelerator Acquisitions, struck for $3.9bn, is already approved in a subtype of NETs and sells around $500m a year.

For comparison, Point is expected to arrive on the stock market with an enterprise value of $639m.

Shaping up

In prostate cancer a phase III trial called Splash recently got under way with PNT2002, recruiting patients with castrate-resistant metastatic disease, and who have failed first-line therapies like Xtandi and Zytiga. This is a slightly earlier setting than Novartis is studying with ‘PSMA-617 in the pivotal Vision study, in which subjects must also have failed chemo.

Results from Vision are due in the coming months, while Splash will read out mid-2023; the settings might be slightly different, but success or otherwise for the big pharma will be used to handicap Point’s chances here.

In NETs, which can originate in a variety of different tissues, Point is targeting the subtypes in which Lutathera has not won approval. This includes rare tumours of the lung and ovaries, among others; a pivotal trial is fully enrolled, and will report towards the end of this year.

Point believes that its assets will prove to be at least as effective as Novartis's. And, with the Spac deal to complete mid-year, these crucial data will be unveiled in the full glare of public market scrutiny.