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Shionogi, Egalet sign deal for opioid products

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Singapore: US-based Egalet has entered into a definitive collaboration and license agreement with Japan-based Shionogi for the development and potential commercialization of multiple oral abuse-deterrent hydrocodone opioid product candidates using Egalet's proprietary technology. Stifel is acting as the exclusive financial advisor to Egalet in this transaction.

Egalet will receive a $10 million upfront payment from Shionogi and the latter has agreed to purchase up to approximately $15 million in common stock in a private placement to close concurrently with Egalet's recently filed initial public offering. Egalet is eligible to receive milestone payments upon development and approval of products under the agreement, which may exceed $300 million if multiple products are approved.

Shionogi will fund all costs associated with the development of these products. Shionogi will also have exclusive global rights to commercialize the resulting products. If any products developed under the collaboration are approved for marketing, Egalet is eligible to receive tiered royalties, ranging from the mid-single digits to the low double digits based on the net sales of such products, as well as sales-based milestone payments that could exceed $100 million based on the attainment of specified sales thresholds.

Mr Bob Radie, president and chief executive officer, Egalet, said that, "With their commitment to pain therapeutics and their strong sales and marketing capabilities, we are pleased to be collaborating with Shionogi for the development and potential commercialization of abuse-deterrent hydrocodone products using our proprietary technology."

"We believe this collaboration provides validation for our proprietary abuse-deterrent drug delivery platform and positions us to capitalize on our technology, both through the products to be developed under the collaboration and by enabling us to develop additional opioid candidates utilizing our platform technology."

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