Trinity Delta

Futura Medical

Outlook

Eroxon poised for launch in key US market

25 April 2024

Futura Medical's investment case has shifted firmly onto commercial execution. The highly successful initial launches of Eroxon, its novel topical gel for ED (erectile dysfunction), by partner Cooper Consumer Health in the UK and Belgium are now being followed by roll-outs across the major European markets. The much-anticipated launch in the commercially important US market by consumer healthcare giant Haleon is expected before February 2025. Launches in Other Regions are anticipated throughout 2024. Eroxon offers a unique proposition, being a clinically proven, fast-acting, and safe product that can be easily bought over-the-counter. The market for ED treatments is significant and Eroxon appears ideally placed to carve a sizeable niche for itself. Our updated Futura valuation is £371m, equivalent to 123p per share.

Year-end: December 31	2022	2023	2024E	2025E
Revenues (£m)	0.0	3.1	9.2	15.1
Adj. EBITDA (£m)	(6.2)	(4.1)	(1.1)	4.0
Adj. PBT (£m)	(6.2)	(4.2)	(1.2)	3.6
Net Income (£m)	(5.8)	(6.5)	(3.1)	2.5
EPS (p)	(2.0)	(2.2)	(1.0)	0.8
Cash (£m)	4.0	7.7	2.4	4.3

Source: Trinity Delta Note: Adjusted numbers exclude share-based payments and exceptionals

- **All eyes on the key US launch** Partner Haleon is working towards US launch and whilst visibility on precise launch timings is limited, and is likely to remain so, this is expected to occur before February 2025, but could potentially come earlier. Haleon has committed significant financial resources and we believe is working on numerous pre-launch activities including market research, messaging and building a robust supply chain to ensure a successful roll-out, all of which take time.
- **Other launches in progress** Successful pilot launches in the UK and Belgium provide a blueprint and important learnings for ongoing and planned additional launches in Europe and Other Regions. Full launches in 16 countries are expected to have occurred by end June 2024, with further launches planned for H224. As an OTC product that can effectively be purchased anonymously and from a variety of sources, until launches are more established, reliable data on uptake and repeat use is not readily available.
- **Profitability in sight, initially driven by US launch** Futura has a clear growth strategy and one of the key near-term priorities is to deliver revenue growth plus profitability within the next 12 months. The former will likely be driven by sales expansion in existing markets where Eroxon is already launched, plus new geographic launches, notably the US. If a US launch milestone is triggered, as we expect, this should propel Futura to profitability.
- **Valuation updated to £371m (123p/share)** Our NPV-based valuation is driven by our Eroxon peak sales forecasts across key markets. We have updated following FY23 financial results, which leads to an updated valuation of £371m (from £363m) or 123p/share. The US, where we forecast launch in early-2025, is the main component of our valuation, worth more than Europe and Other Regions combined.

Price	35.80p
Market Cap	£107.9m
Enterprise Value	£100.2m
Shares in issue	301.45m
12 month range	23.3-67.0p
Free float	61.3%
Primary exchange	AIM
Other exchanges	N/A
Sector	Healthcare
Company Code	FUM
Corporate client	Yes

Company description

Futura Medical is the developer of innovative sexual health products; its core strength lies in its research, development, and commercialisation of topically delivered gel formulations. Lead product Eroxon (MED3000) is approved as an OTC product for ED (erectile dysfunction) in Europe and the US.

Analysts

Lala Gregorek
lgregorek@trinitydelta.org
+44 (0) 20 3637 5043

Philippa Gardner
pgardner@trinitydelta.org
+44 (0) 20 3637 5042

Investment case

Eroxon is now a commercial reality and success could be transformational

Futura Medical has developed a proprietary transdermal delivery platform known as DermaSys. The key product is Eroxon, a topical gel for erectile dysfunction (ED). It is the first clinically proven, fast-acting topical ED treatment that is available over-the-counter (OTC), ie without a prescription. Eroxon received CE Mark approval in Europe in April 2021, UKCA mark approval in the UK in April 2022, and FDA marketing authorisation in June 2023. The commercial partner in Europe, the UK and Switzerland is Cooper Consumer Health. In the US, a commercial partnership with Haleon was executed in July 2023 and launch is anticipated before February 2025. Eroxon was launched in the UK and Belgium in April 2023, and is being rolled-out across mainland Europe (including France, Italy and Spain). Labatec Pharma has launched in Saudi Arabia and the UAE. Further launches are expected through 2024.

Valuation

NPV valuation of £371m, or 123p per share; US is the biggest component of our valuation

We value Futura Medical using a sum-of-the-parts NPV (net-present value) model, which includes various assumptions for Eroxon in the main geographies (US, Europe, and Other Regions). These are summed and netted against core costs and cash. The main drivers of our valuation are the peak sales for Eroxon in each geography; we forecast US peak Eroxon sales of c $350m, and $100-130m in each of Europe and Other Regions. Our model generates a current valuation of £371m, equivalent to 123p per share, with the US opportunity alone worth more than Europe and Other Regions combined.

Financials

Profitability in sight driven by US launch of Eroxon by partner Haleon

Futura generated first revenues of £3.1m in FY23 from Eroxon product supply. We expect future revenue growth will be driven by increasing uptake in regions/countries where Eroxon is already launched, and from new geographic launches, including the US (where Futura will earn royalties). US launch is expected before February 2025 and we include a milestone in FY25e, leading to profitability in FY25e; if US launch occurs by YE24 and triggers the expected milestone, then Futura could be profitable in FY24e. Cash at end-December 2023 was £7.7m and is expected to extend beyond the anticipated US Eroxon launch.

Sensitivities

Gauging Eroxon's market traction to assess commercial potential is almost impossible

The main sensitivities for innovative healthcare companies relate to development and regulatory aspects, execution of commercialisation plans, and the financial resources required to accomplish these. With Eroxon's key regulatory approvals secured, and no near-term cash needs, the focus is on commercial execution, which is largely in the hands of experienced partners. The commercial partners provide confidence in the likelihood of successful launches; for instance, the UK launch exceeded Cooper's (and Ceuta's) expectations. However, it is almost impossible to accurately track Eroxon's launch trajectories and hence forecasting near-term revenues is particularly challenging. Therefore, investors have to rely on management commentary to reassure on the post-launch dynamics.

Futura Medical: poised for profitability

Futura Medical has delivered all the critical elements to position Eroxon (MED3000), a topical gel treatment for erectile dysfunction (ED), for successful launches and uptake in the key EU and US markets. The first EU launches in Belgium and UK by partner Cooper in Spring 2023 have demonstrated that the product's profile clearly resonates well with consumers. These experiences have helped fine-tune the positioning for roll-outs across other major EU markets. Launches by partners across other geographies will similarly tailor promotional activities to local market needs. Exciting as these are, the biggest commercial opportunity lies in the US, where Haleon, the renowned consumer health specialist, is completing its pre-marketing planning. We forecast launch in early-2025, although this could potentially come sooner. Commercial success in the US or EU could be transformational and would put Futura on the path towards sustainable and growing profitability. Our valuation is £371m (123p/share).

Successful execution on all commercial goals and with the best hoped for outcomes

Futura Medical is transitioning towards becoming a self-sustaining profitable business. There is a clear growth strategy in place to build a successful Eroxon brand and sexual health franchise in the near-, mid-, and long-term. Having successfully delivered on all its strategic priorities for the commercialisation of Eroxon (achieving outcomes that bettered our expectations in the initial European markets), the focus is now on rolling this out across other major European countries, into the commercially highly attractive US market, and other sizeable international markets (Other Regions).

Eroxon's unique features should lead to strong uptake in the significant ED market

Eroxon is a topical gel for ED (erectile dysfunction). It has demonstrated clinically relevant and consistent benefits across a broad spectrum of ED sufferers. In contrast to mainstay prescription ED treatments, Eroxon has a rapid onset of action, few side effects, no drug interactions, and most notably is available over-the-counter (OTC), ie without a prescription. Given these unique features, Eroxon should be an attractive treatment option for a wide range of ED patients.

The commercial opportunities are large and Eroxon is well positioned to address them

The advent of effective products such as Viagra and Cialis brought ED into the mainstream, yet sizeable commercial opportunities remain. Millions of men globally, c 20% of the ED population, successfully use an oral phosphodiesterase type 5 inhibitor (PDE5i). The remaining 80% are either diagnosed but not treating – often due to side-effects, contraindications, or difficulty (and cost) of seeking treatment – or undiagnosed. Eroxon could address this substantial segment.

Respected consumer health specialists are chosen partners for commercialisation

Commercialisation has been entrusted to consumer health specialists, with the notable partners being Cooper Consumer Health for Europe and Haleon (formerly part of GSK) for the US. Cooper has proven the positioning and market receptivity in the Belgian and UK test markets, with roll-out across the European markets through the rest of 2024. In the US, Haleon is completing its positioning, pricing, and advertising strategy and, assuming the supply chain progress continues, has confirmed launch will happen before Q125 (although earlier is entirely feasible).

Clear growth strategy with a focus on sexual health

Futura's strategy is focused on three areas: (1) **Address** growing needs in the OTC sexual health market; (2) **Broaden** the product range; and (3) **Commit** to strong shareholder returns, profitability and financial discipline. In the near-term, these could include exploring range extensions for Eroxon (which is of interest to partners), whilst remaining mindful of costs.

Eroxon: focused on successful commercialisation

Transitioning from development phase to a commercial business

Futura Medical has undergone a subtle, yet highly important, transformation of late, with the focus of both management and investors firmly on the execution of its commercial strategy. Its key asset is Eroxon, a proprietary gel for erectile dysfunction (ED) that is the first clinically proven, fast-acting topical ED treatment to be available over-the-counter (OTC), ie without a prescription.

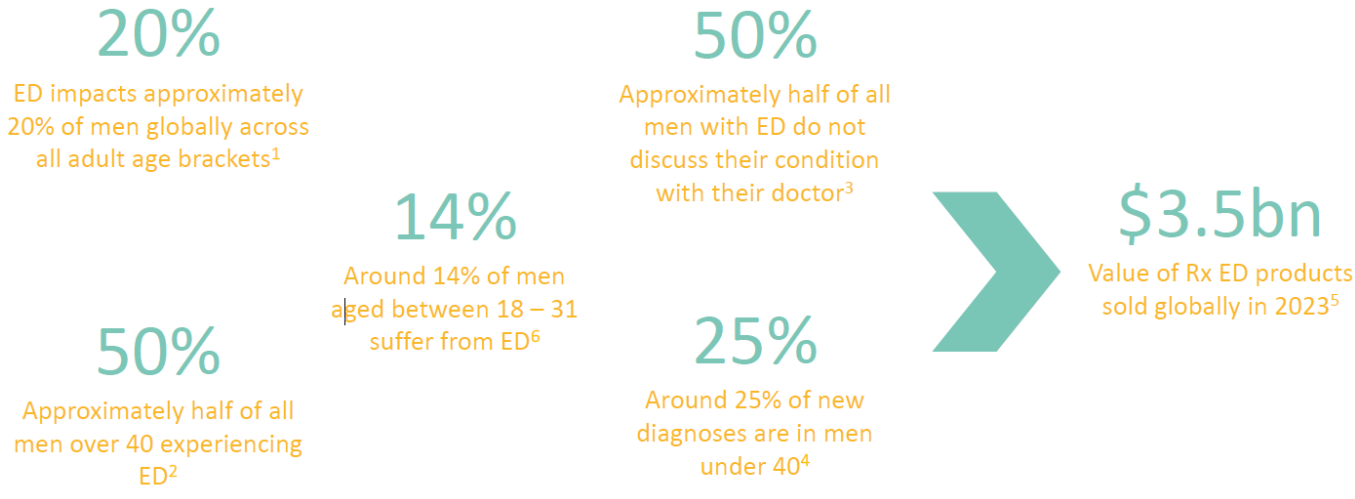
Eroxon has a solid clinical package to supports its product claims

A convincing clinical package, including two Phase III clinical trials, has shown Eroxon works consistently and is very safe and well tolerated. Benefit is seen across all three classifications of ED (mild, moderate, and severe). It works in psychogenic impotence (caused by issues such as anxiety and depression), organic impotence (caused by physical issues such as hardening of the arteries), and mixed ED. It also works across a broad age range (the trials included men spanning 18 to 70 year olds). The comprehensive clinical package supported Eroxon receiving its CE Mark in Europe in April 2021, UKCA mark in the UK in April 2022, and FDA marketing authorisation in June 2023.

ED remains a sizeable issue despite effective treatments, with the prevalence increasing among young men

The commercial opportunity is sizeable, with ED being the most common sexual health issue reported globally. A fifth of all men experience it and yet half of these will not discuss this with their physician (Exhibit 1), despite the ready availability of proven products such as the PDE5 inhibitors. Although historically thought of as a part of normal ageing, there is mounting evidence that ED is becoming more prevalent among the younger demographic than shown by prior studies. A recent US study found c 14% of young men (18 to 31 years old) experienced ED; similarly, a quarter of all new diagnoses are in men under the age of 40.

Exhibit 1: An overview of the ED market



1: EMA, Withdrawal assessment report for Viagra, 2008; 2: Feldman HA et al. J Urol 1994; 151: 54 – 61; 3: Jannini et al – Health-related characteristics & unmet needs of men with erectile dysfunction: a survey in 5 European countries, J Sex Med, 2014 Jan; 4: Pozzi, J of Sexual Medicine, Volume 20, 2022; 5: MSP 2023: Data for 75 countries, IQVIA IMS Health; 6: Calzo JP et al - ED in a Sample of Sexually Active Young Adult Men from a US Cohort: J Urol. 2021 February; 205(2): 539–544.

Source: Futura Medical

Easy consumer access, without embarrassing consultations, is a big factor in our view

The advent of the PDE5is, particularly Viagra and Cialis, transformed the market, yet despite high efficacy (75% to 80% of men saw a benefit) they have limitations. These range from time to onset, through to interactions and side-effects. However, a major factor is consumer access, in our view. Even in the UK, where both Viagra and Cialis are available OTC in pharmacies, a purchase can remain embarrassing. It is into this receptive environment that Eroxon is being launched.

Cooper first launches in Europe surpass expectations

Cooper Consumer Health, a specialist in consumer health, is the partner selected for Europe

The commercial partner in Europe, the UK and Switzerland is Cooper Consumer Health, the largest independent self-care (OTC) specialist in Europe, with projected sales of over €1.1bn. Cooper is currently a private company with ambitious growth plans; it is backed by CVC Capital Partners Fund VIII. Its leading position in France, the Netherlands, Belgium, Italy, Spain and Portugal has been bolstered through the recent acquisition of almost all of Viatris's OTC business for c $2.17bn. This transaction is expected to close in Q224. A notable feature is that Viagra OTC (Viatris is the result of a merger of Mylan and selected Pfizer business units) was not part of the purchase and remains with Viatris.

Eroxon successfully launched in first European markets, with more expected throughout 2024

Futura Medical signed a five-year deal with Cooper in May 2022 (extended to 2029 in January 2024) with the first launches, in the UK and Belgium, in March 2023. These countries were selected due to their differing distribution channels: in the UK national pharmacy chains dominate (particularly Boots), whereas in Belgium independents and small pharmacy chains are the norm. Additionally, in the UK some of the PDE5 (phosphodiesterase-5) inhibitors, notably Viagra Connect and more recently Cialis Together, have been available OTC for some time, which has resulted in differing purchasing experiences. In contrast, like most of mainland Europe, the PDE5is remain prescription-only (Rx) products in Belgium and so an additional educational aspect was required within promotional material.

Eroxon's properties differentiate it strongly within the ED market

Cooper's marketing strategy centres on Eroxon's key properties (summarised in Exhibit 2) and, importantly, its differentiators and advantages over the existing PDE5is (Exhibit 3). Data from two Phase III clinical trials (summarised later in this report) provide consistent evidence of Eroxon's benefits, with two-thirds of men experiencing a clinically relevant improvement. These support attractive market positioning with the unique selling points of: (1) rapid time to onset; (2) few side effects; (3) no drug interactions; and (4) no prescription required.

Exhibit 2: User benefits of Eroxon

Benefit	Key enabling feature
Well tolerated	No systemic side-effect potential, especially compared to PDE5 inhibitors
Works rapidly	Potential to have one of the fastest speeds of onset (5-10 minutes) for any ED treatment
Enables spontaneity	Removes the need for planning of sex associated with some oral PDE5 inhibitor medications
Restores intimacy	Direct mode of application (by the male or his sexual partner) can form part of foreplay, which combined with speed of onset can help restore intimacy

Source: Trinity Delta, Futura Medica

Exhibit 3: Eroxon offers a differentiated approach vs PDE5is for the treatment of ED

	PDE5i class	Eroxon
Administration	Oral	Topical gel
Onset of action	30-60 minutes	Within 10 minutes
Most common side effects	Headache (>10%), flushing, dizziness	No significant side effects
Drug interactions	Nitrates or alpha blockers	None
Availability	Prescription required*	OTC (no prescription)

Source: Trinity Delta. Note: * In some countries, including the UK, Netherlands and Poland, some PDE5is are available without prescription

Pack size has been selected for users to reach optimal benefits

The pack size in Europe, with four tubes per pack, has been specifically selected to encourage successive use of Eroxon, given that clinical data suggest it can take a

few attempts before achieving the optimum effect, akin to the experience with oral PDE5is. This is also consistent with real-world experience, where clinicians have commented on initial feedback that subsequent use can lead to improved erectile function as performance anxiety diminishes and confidence improves.

"Three pillars of success" underpin the launch strategy

Eroxon is the first topically applied gel that is clinically proven for ED. Hence the marketing messages have to establish its scientific credentials; gain supportive clinician endorsement; position it as a validated alternative to, as well as differentiate it from, the PDE5 inhibitor class; and convey its unique OTC availability. Cooper's initial launch aims, internally known as the "three pillars of success", for Eroxon addressed three key areas:

- **HCP (healthcare professional) credibility:** Cooper wanted to build the credibility of the Eroxon brand with HCPs through attending medical conferences, engaging leading urologist KOLs, hosting specialist events and via online education programmes for specialists, GPs and pharmacists;
- **Focused access:** The aim was to create easy access and visibility in stores, and to drive awareness and purchase (Boots was given an initial exclusivity period in exchange for specific promotional activities); and
- **Consumer demand:** Creating consumer awareness and sales conversion through TV and online video advertising and assets (for example search ads on Google, an Eroxon website etc), and via other "touchpoints" on the consumer journey.

Addressing the subtleties between different markets

The messaging was slightly different between the two initial markets. In the UK, where some PDE5is are already available OTC, the aware non-treaters represent about 50% of all who experience ED, whereas in Belgium, where ED treatment is only via prescription, the aware non-treaters represent a much higher 84% of ED cases. This underscores the importance of easy access to treatment as a driver of initial trial and adoption. However, the issues with PDE5is are consistent in both markets, where 12 month drop-outs are around 50% of aware PDE5is treaters, suggesting this target audience is common across geographies.

Eroxon could be suitable for most men experiencing ED

Given Eroxon's clinical profile, the promotional messages were chosen to address a broad range of men, and their partners, including:

- Those that for whatever reason do not seek treatment for their ED;
- Patients where PDE5i use is contraindicated or limited due to other health conditions and/or medications;
- ED patients that have discontinued PDE5i use owing to side effects; and
- Unsatisfied PDE5i users, particularly where this is connected to the lack of spontaneity.

Applying the lessons learned from the UK and Belgium across the rest of Europe

Following the successful launches in the UK and Belgium, full launches in other major European markets are ongoing/planned. These include France, Italy and Spain, with 16 full country launches before end-June 2024 and more planned for H224. Whilst there is limited visibility on launch strategies, it is clear the Belgian experience will drive the messaging in markets with similar characteristics such as France, Germany, and Italy, whereas the Netherlands and Poland will employ the subtleties learned from the UK positioning. In addition, we expect launch

strategies will incorporate learnings from the pilot UK and Belgium launches, including education and better management of user expectations.

Ceuta Healthcare was the OTC specialist selected for the UK

Cooper does not have a direct presence in the UK so Ceuta Healthcare, an outsourced marketing business focused on building effective health and personal care brands, was appointed to handle the UK marketing. This has provided more granularity on the UK launch, with examples of the educational material for HCPs, the shelf promotional messages, examples of the national TV adverts, and key performance metrics available on its website.

Boots was at the core of the UK launch, through retail and online

The UK launch was initially exclusively via Boots (both in store and online), with Eroxon also available via Amazon to provide additional ease of purchase channels. Mirroring the Cooper success pillars, Boots was selected as it is one of the most trusted brands in the UK, helping to provide clinical credibility. In addition, Boots stores are generally readily and easily accessible to most UK people. Within Boots stores Eroxon was, and remains, deliberately sited in dual locations, both within sexual health products and behind the counter alongside PDE5is; the latter provides product credibility and the option for consumers to seek the advice of a pharmacist (who have been educated in the benefits). The UK has now been expanded beyond Boots to include other pharmacies, with Eroxon available in more than 5,000 UK stores. Eroxon is also now available on prescription in England and Wales, which should help to raise awareness amongst healthcare professionals.

Impressive TV coverage, with both adverts and PR

In order to drive awareness and create sustained demand, the launch in April 2023 coincided with a coordinated PR campaign, that resulted in positive headlines in national newspapers and TV coverage across news and lifestyle programmes. The TV adverts were shown across the country in a targeted campaign that achieved 450% to 500% uplift in enquiries and sales.

Share gains appear to be incremental to PDE5is

The result was a market share of over 20% being achieved within three months and awareness ratings comparable to the leading PDE5is despite materially small spends. Eroxon was also awarded “New Product of the Year, Healthcare” at the Boots Supplier Awards. Interestingly, the share gains appear to not have been at the expense of the PDE5is but were due to incremental sales mainly to consumers who were first-time users, lapsed PDE5i users, or were contraindicated PDE5is. According to Ceuta, the Eroxon launch exceeded all targets, including both Cooper/Ceuta’s and Boots’ expectations.

Repeat data are not easy to track, but Cooper’s commitment suggests continued enthusiasm

To date, the initial EU launch successes have been qualified through comments from Futura and partners, and demonstrated through Cooper already extending the licence agreement. There is currently limited quantitative data (it is not possible to infer in-market sales from reported revenues). Going forwards, whilst repeat use data are important to understand the potential longer-term market dynamics, as this is not a prescription product, this is hard to track. As an OTC product, consumers are able to purchase Eroxon from a variety of sources and are effectively anonymous. The only real data that could identify repeat purchases would be via loyalty card schemes; however, not all consumers (and particularly men) will be part of these schemes and there is also no guarantee that a repeat user will purchase Eroxon via the same source each time. Once the launch is more established, it may be possible to get a better idea of repeat use through large consumer surveys, but it is too early to conduct these, in our view.

Haleon is preparing for Eroxon's US launch

Haleon is the ideal partner to maximise Eroxon in the US

In July 2023, Futura Medical licenced US marketing rights for Eroxon to Haleon, a world-leading consumer health company which was formed through the combination of the consumer health businesses of GSK, Novartis and Pfizer over the last decade, and was spun out of GSK in July 2022. Haleon is focused on developing leading brands (eg Voltaren, Advil, Nexium, Flonase, Sensodyne) that are built on science and innovation. Revenues in 2023 were £11.3bn, with £4.2bn (37%) from North America; Haleon holds a leadership position in the US OTC market. Haleon's breadth, depth, and its particular focus and expertise in consumer health, notably developing leading OTC brands, means it is particularly suited for "scientific" products such as Eroxon. We continue to believe Haleon is the ideal partner to maximise Eroxon's potential in the key US market.

Futura will receive royalties on US sales plus potential commercial milestones

The deal grants Haleon exclusive commercial rights to Eroxon in the US, with Haleon responsible for all investment and marketing activities related to the US launch, and for all ongoing regulatory, marketing, commercialisation, and development activities thereafter. Futura will provide ongoing technical support. In exchange, Futura has received a $4m upfront payment, and will receive undisclosed royalties on Eroxon's US sales, and milestones of between $5m and $45m linked to commercial sales thresholds over the coming "several years".

OTC Health products are part of a vibrant segment in the US

The US has a well-established consumer health market, helped by the reassurance of a trusted regulatory framework that ensures the safety, quality, and efficacy of OTC products. This high consumer confidence is bolstered by ready product availability, both through a large and diverse network of retail premises and an increasing variety of online platforms. The relatively high standards of living, coupled with a still rising interest in health, well-being, and "lifestyle" factors, has resulted in knowledgeable and aware consumers that are receptive to novel and relevant products. It is against this backdrop that Eroxon appears to be well-positioned, with a clinically proven product, clearly articulated benefits, easy accessibility, and being markedly differentiated from its PDE5i competitors.

PDE5is are prescription-only and, despite manufacturer efforts, this is a real barrier to uptake

The PDE5i products transformed the ED market, making household names of brands such as Viagra and Cialis which became commercial blockbusters for their makers, and bringing ED out of the social shadows and into mainstream parlance. Unlike certain countries, notably the UK, Netherlands, and Poland, the PDE5i class remains prescription-only in the US. The demand, coupled with an understandable reluctance by many men to visit their physician, has led to an increase in websites claiming they can supply PDE5is with minimal fuss and embarrassment. However, Pfizer's Global Security team found that of the c 24m online searches for Viagra per annum, some 80% of the products available were counterfeit and contained between 30% and 50% of the stated dose.

FDA appears to be reluctant to approve Rx to OTC switches

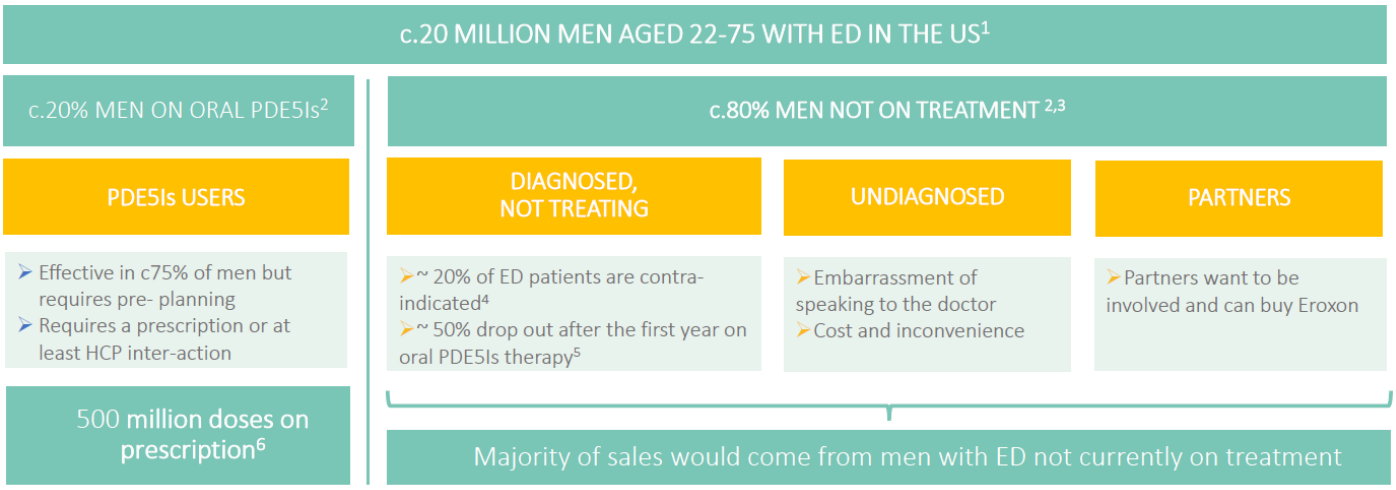
Manufacturers have sought to address the access barrier the prescription-only classification poses by exploring a switch to OTC status. Notably, Sanofi has been working with Eli Lilly since 2014 to switch Cialis (tadalafil) to OTC availability; however, in May 2022, the FDA halted a prescription-to-OTC study citing concerns with the protocol design. Sanofi continues to work with the FDA to lift the clinical hold. At this stage, it remains unclear if a PDE5i will ever become available OTC in the US, providing Futura and Haleon with a unique opportunity given Eroxon's OTC status. Even if a PDE5i were to become available OTC, we

believe that the market opportunity for Eroxon will remain intact, given not only the PDE5i limitations, but also the European experience which has shown Eroxon sales to be largely incremental to, rather than cannibalising, PDE5is.

Alternative OTC products have a sizeable following but lack clinical credibility

The thriving OTC segment is currently served by a wide, and bewildering, array of products that harness ingredients ranging from traditional (eg Chinese and Ayurvedic) or herbal medicine, such as ginseng and ginkgo biloba, through vitamins and minerals to supplements, such as L-arginine (which is involved in nitric oxide pathways, hence providing a degree of pseudo-scientific credibility). Such products often have a long history of community use, for example horny goat weed preparations have been used for ED for centuries, however all lack proper evaluation in controlled clinical studies. Similarly, market data is scarce, unreliable, and estimates vary widely; even so, for context, a report by ResearchandMarkets estimates the sexual health supplement market was worth $3.52bn in 2023 and is set to rise to $7.02bn by 2030.

Exhibit 4: Key features of the ED market in the US



1: Ipsos estimate and JSB Partners estimate; 2: Based on JSB Partner estimates; PDE5 inhibitors such as Viagra, Cialis and Levitra; 3: Frederick L., "Under treatment of erectile dysfunction: claims analysis of 6.2 million patients", J Sex Med, 2014, Oct, (10):2546-53; 4: Cello Healthcare Consulting research in US, France and Germany HCPs commissioned by Futura; 5: Corona G., "First-generation phosphodiesterase type 5 inhibitors dropout (...)", Andrology, 2016; 6: IQVIA IMS data 2023

Source: Futura Medical

Getting all elements of the launch preparations right is key

As described above, the US has a well-established consumer health market. Addressing this market appropriately is key and is not trivial to accomplish given the size and dynamics. Hence, the launch preparations for a new brand into what is effectively a new category are complex and lengthy. An overview of the some of the key processes involved in launch preparation are shown in Exhibit 5. Getting the timing right is also important as retailers may only refresh product ranges annually. Given there is only one chance to make an initial major impact, and that this could dictate the future success of the product, getting all elements in place to target the broad and multiple channels in US consumer health, and to develop messaging that will resonate with target audiences, is critical.

Haleon appears to be creating a powerful promotional platform ahead of launch...

Haleon has committed significant financial resources to launching Eroxon as part of the deal with Futura. Extensive market research has been undertaken, and preparation of pre-marketing activities ahead of expected launch is ongoing. We believe the messaging has been successfully tested with the appropriate focus groups, which is mindful of some the learnings from pilot launches in EU around managing user expectations, and the promotional materials are being assembled.

... leveraging its expertise in multi-channel promotion

The advertising channels are expected to be wide ranging, with a targeted presence in print (especially lifestyle magazines), TV (both regional and national), and point-of-sale for the physical outlets (mirroring the successes seen with Boots in the UK). There are many online platforms addressing men's health and sexual health in the US and they have evolved into powerful promotional tools. These will likely be addressed through a combination of advertorials, reviews and recommendations, and promotional offers. This is where Haleon's expertise in optimally targeting the broad and multiple channels is expected to pay dividends.

Once US supply chain established and tech transfer complete, responsibility for US manufacture will fall to Haleon

Establishing the supply chain in order to ensure sufficient stock to satisfy the majority of distributors and demand is also critical. Unlike other partnerships, Haleon will be responsible for the manufacture and supply of Eroxon, with technical assistance to achieve this currently being provided by Futura. The supply chain has been expanded by Futura, and two third party contract manufacturers (CMO) are in place; one in Europe and one in the US. Once the technology transfer is complete, Haleon will be able to liaise directly with the US CMO for product, rather than going via Futura, making the process more efficient. This will also reduce working capital requirements and the need to increase operating expenses at Futura.

Exhibit 5: Overview of key pre-launch activities

Source: Adapted from Futura Medical

We do not anticipate any meaningful US-related product revenues until 2025

There has been limited visibility on the much-anticipated US launch of Eroxon since the deal with Haleon was signed. Haleon recently disclosed (with FY23 results in February during analyst Q&A) that US launch was anticipated "within the next 12 months", ie by Q125. This is in-line with our assumption of a US launch in 2025. An earlier launch may be possible, however we do not expect to get much advance notice of the precise launch timing, as we assume that Haleon will remain tight-lipped given the commercial sensitivities.

Other Regions launch preparations also underway

Rest of world launches have started and more are underway

Outside of the US and Europe, Eroxon has now received approval in Australia, Mexico, and six Middle Eastern countries, including the UAE and Saudi Arabia. Labatec Pharma is the partner for the Middle East and the first launch was in the UAE in October 2023.

Partners are already in place in various regions and geographies

In an analogous manner to the US and Europe, Futura Medical is building a growing network of partners, which are summarised below:

- **South Korea** executed in March 2022, is with Menarini Korea, a wholly owned subsidiary of Menarini Group. Menarini Korea is responsible for local development, including any clinical bridging studies, regulatory work, and commercialisation costs, which effectively caps Futura's responsibility to providing reasonable technical support. The South Korea ED market ranks ninth by value (US is largest) and sixth by volume (Brazil is the largest, with the US second).
- **Brazil, Mexico and Central & South America** with M8 Pharmaceuticals (which was acquired by Acino in December 2023). The deal was secured in August 2021, initially for Brazil and Mexico, and expanded to include a further 14 countries throughout Central & South America in November 2023. The agreement is for an initial 15 years. M8 has responsibility for all local development, regulatory and approval costs, as well as marketing, promotion, and regulatory compliance. Approval in Mexico as an OTC product was received in October 2023, with launch on track for 2024.
- **Gulf and Middle East** with Labatec Pharma, a Swiss based specialty pharma business, was signed in September 2021 and covers the Gulf countries (Saudi Arabia, United Arab Emirates, Kuwait, Qatar, Oman, and Bahrain) as well as Jordan, Lebanon and Iraq. Labatec will be responsible for all development and approval costs, which are expected to be minor, and for all marketing, distribution, and compliance costs.

China could be a significant opportunity that has yet to be addressed

Following termination of the Joint Collaboration with Co-high (part of the Atlantis group) in China and South-East Asia, Futura has been approached by a number of potential partners for these regions. Whilst the near-term priority is executing on launches where partners are already in place/approvals have been granted, the opportunity in China with a new partner is being evaluated. The key criteria include both consumer marketing credentials and market reach, and importantly, their ability to successfully navigate what is expected to be a nuanced and demanding regulatory process. Existing Eroxon data used for the US and EU regulatory filings should be sufficient to secure approvals in many other countries, however approvals in China (and Japan, although this is not a priority given the size of the market and complexities around the potential regulatory and clinical requirements) may require additional trials to be completed, which will likely be driven by any future partners.

ED is a growing problem across all age groups

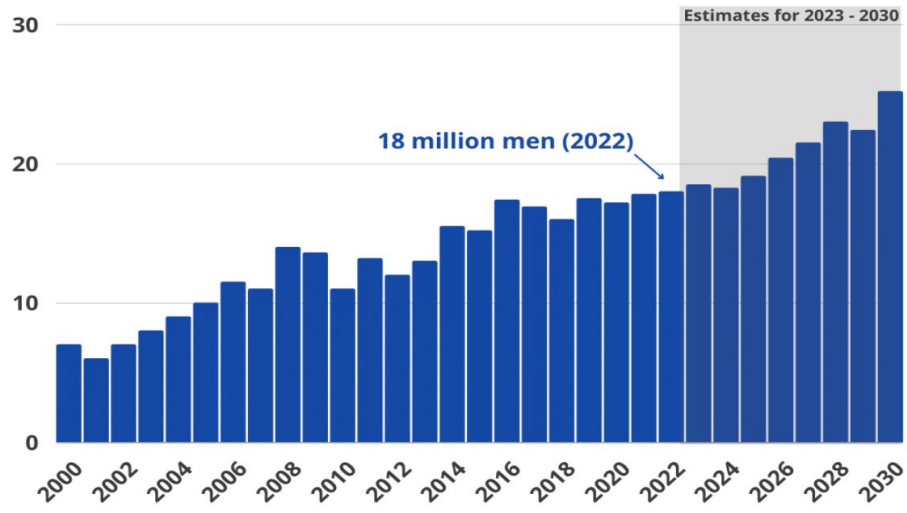
The importance of ED should not be underestimated

Erectile dysfunction, previously known as impotence, is a common condition that can affect men of all ages, with around half of all men experiencing episodes of ED in their lifetime. Prevalence can vary owing to factors including health status (eg cardiovascular disease, high cholesterol, high blood pressure, and diabetes) and lifestyle (eg smoking, obesity, sedentary occupations). The strong association of ED with chronic disease meant that, historically, ED was seen as an ageing issue, generally becoming more prevalent with age, and its importance to quality of life, mental health, and related physical conditions was not appreciated. The arrival of clinically relevant treatments, namely the PDE5is, saw improvements in key health parameters that went beyond original expectations.

ED is more common in younger men than previously expected

Increased discussion among both clinicians and the wider society has seen a greater understanding and awareness of ED, with a corresponding reduction in the perceived stigma and a rise of reported prevalence. Recent studies (based on 2015/16 data) across all men aged over 18, place the prevalence in the UK at 42.6%, similar to other countries such as Italy at 48.6%, France 44.9%, Spain 43.5%, Germany 44.9%, and the US at 42.0%. Whilst there is a 1.6-fold higher prevalence among men older than 40 vs those younger than 40, a key finding is that ED is more common in younger males than expected, with studies showing that 26% of men with newly diagnosed ED were under the age of 40.

Exhibit 6: Evolution of the US Erectile Dysfunction market



Source: Bedbible Research Centre, August 2023

Rise in ED prevalence is more than ageing demographics, with other factors also involved

These shifts mean the prevalence of ED is increasing and not simply due to demographic shifts. In the US 18m men had ED in 2022, and that is expected to rise to c 24m by 2030 (Exhibit 6). Similar increases have seen global prevalence rise from 152m men in 1995 to 322m expected by 2025. As mentioned earlier, medical conditions (particularly those that impair blood circulation) and lifestyle factors (including alcohol and drug consumption) have a role in driving the increases, but these alone do not explain the rise in the younger segment. These findings have led clinicians to assess younger ED patients for cardiovascular and metabolic conditions, however the still low degree of physical disease found suggests psychological factors may be a greater factor. Stress, anxiety, depression,

and other mental health concerns can play a pivotal role in sexual arousal. These are factors that are ideal for treatment with safe and effective products.

Data package supports attractive market positioning

Robust and consistent clinical data support broad uptake

The various regulatory clearances have been based on a solid data package, which we include here for completeness. A number of studies have been undertaken, including two Phase III clinical trials (FM71 and FM57), in which Eroxon has been shown to work consistently and has been very safe and well tolerated. Eroxon has demonstrated benefits across all three classifications of ED (mild, moderate and severe) and across various types of ED. It works in psychogenic impotence (caused by issues such as anxiety and depression), organic impotence (caused by physical issues such as hardening of the arteries) and mixed ED, as well as working across a broad age range (trials included 18-70 year olds).

FM71 trial was requested by FDA to provide longer-term Eroxon efficacy data

FM71 was a clinical study which was specifically requested by the US FDA to support marketing clearance as an OTC treatment for ED. The trial was conducted over 24 weeks in order to satisfy specific FDA questions that the efficacy of Eroxon may diminish over a longer period compared to the 12 weeks examined in the previous FM57 trial. Endpoints were agreed with the FDA and were the same as prior studies, albeit over 24 weeks, and also included speed of onset. The trial involved 96 patients, which included a mix of mild, moderate, and severe ED patients (including African Americans). A representative half (n=47) used Eroxon topically, with the remainder using the lowest dose (5mg) of tadalafil (Cialis) orally in a randomised, open-label, at home study.

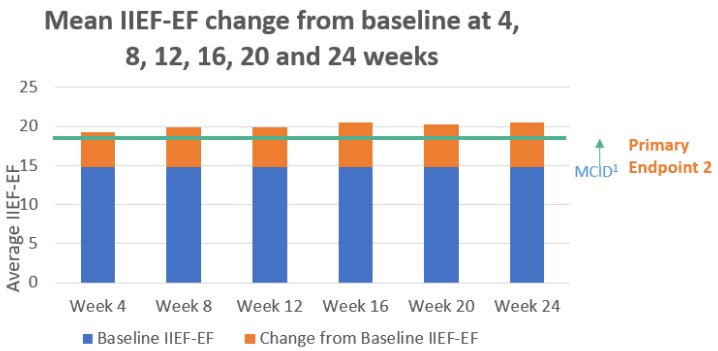
FM71 was highly positive, resulting in a unique "10 minute" label claim

FM71 data were highly positive and met all FDA agreed primary and secondary endpoints. The results of FM71 were consistent with those seen in the previous 12-week FM57 Phase III study, with the improvements in erectile function sustained throughout the longer 24-week period explicitly requested by the FDA. Data from both studies are consistent and suggest that around two-thirds of men experience a clinically relevant benefit. In addition, Eroxon was shown to have a rapid onset of action, within 10-minutes, which has resulted in the inclusion of this key claim on the label in the US, an important commercial differentiator. Eroxon was clinically effective at all timepoints and met both of the co-primary endpoints (Exhibit 7). These were based on the gold standard and internationally recognised IIEF score (international index of erectile function):

- The first showed a highly statistically significant improvement in erectile function ($p<0.001$) against baseline at 24 weeks across 'pooled' severities of ED (mild, moderate and severe);
- The second showed that on average, patients experienced a 5.73 unit change in IIEF-EF score versus baseline at 24 weeks, comfortably exceeding the four unit difference agreed with the FDA and defined as the Minimal Clinical Important Difference (MCID), an outcome measure that is noticeable to a patient.

Exhibit 7: FM71 primary endpoints achieved

Week	Mean IIEF change from baseline [1]
Week 4	4.59
Week 8	5.20
Week 12	5.12
Week 16	5.83
Week 20	5.57
Week 24 – Primary Endpoint 1	5.73 (P<0.001)



1. MCID is the minimal clinically important difference (4 IIEF-EF Units), Rosen et al 2011

Source: Futura Medical

Results were consistent across endpoints and subgroups

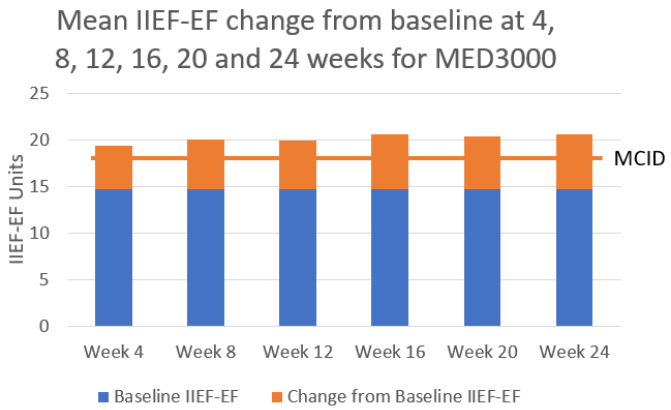
As shown in Exhibit 7, there was no decline in efficacy after week 12, with the effects continuing to improve. In addition, the MCID was exceeded consistently at all timepoints from week four. This is consistent with the clinical experience that around three to four attempts with Eroxon are required to reach the optimum effect. Additional results from FM71 include: over the 24 weeks the MCID was also exceeded for each of the mild, moderate and severe ED subgroups; and, using the SEAR (Self Esteem and Relationship) questionnaire, at week 24, 85.4% of Eroxon users felt sex could be spontaneous.

Eroxon was well tolerated

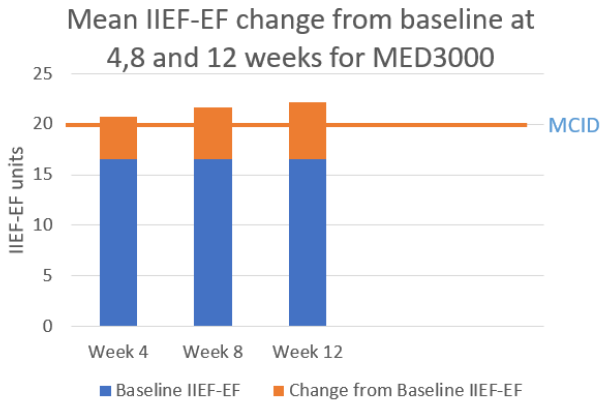
No serious adverse events were recorded in any patients on Eroxon; 19.1% of subjects on tadalafil experienced headache vs 4.3% on Eroxon; there were no instances of back pain or 'non-cardiac' chest pain on Eroxon vs 4.3% for each on tadalafil, whereas 4.3% on Eroxon noted nausea.

Exhibit 8: FM71 efficacy data were consistent with FM57

FM71



FM57



Source: Futura Medical

Efficacy data consistent across both Phase III trials

The original FM57 study was conducted in Eastern Europe and was for approval in Europe. It included 250 subjects and was conducted over 12 weeks. As can be seen in Exhibit 8, efficacy data in terms of the IIEF-EF change from baseline were remarkably consistent across FM71 and FM57. In addition, data from both studies

suggest that around two-thirds of men experienced a clinically relevant improvement at 12-weeks (MCID of four units), shown in Exhibit 9.

Exhibit 9: Around 63% of users achieve MCID at 12 weeks

	FM57	FM71
Overall	**63%**	**63%**
Mild	55%	61%
Moderate	57%	59%
Severe	85%	80%

Source: Futura Medical

Eroxon performed consistently in a real-world setting

As part of its due diligence, Cooper Consumer Health also undertook a consumer marketing home use test (HUT) in the UK, France, and the Netherlands. The size of the HUT has not been disclosed but would typically involve c 200 consumers. In this case men with self-diagnosed ED were supplied with a four-pack sample of Eroxon and the appropriate packaging leaflet. The results were in-line with data from both FM71 and FM57 where over two-thirds of patients saw a clinically meaningful benefit (Exhibit 9). In the HUT the majority of men with ED, other than men suffering from severe ED with significant co-morbidities, saw an improvement in erectile performance.

Sensitivities

Focus has shifted to commercial execution by partners

The three main sensitivities for most innovative healthcare companies relate to development and regulatory aspects, execution of commercialisation plans, and the financial resources required to accomplish these. With key approvals secured in Europe and the US, the focus is on commercial execution, which is now largely in the hands of partners. Nevertheless, a number of sensitivities remain.

All eyes on US launch

The key focus for investors appears to be on the US launch timing. Despite more visibility on this following recent comments from partner Haleon, we believe there will be much discussion and anticipation as the potential launch date approaches. We do not expect precise launch timings to be confirmed, which could be a headwind for the shares into early-2025 if no launch seems apparent, whilst an earlier launch would likely be a sentiment boost. The US launch is also important financially, as it will be a key driver of profitability if this triggers a milestone payment (discussed in the next section).

Forecasting revenues and tracking the launch remain particularly challenging

We believe there remains a sensitivity around revenue expectations. In-market product sales, especially in the early stages of launch, are generally closely tracked as these can give an indicator of likely peak potential. This, however, is almost impossible owing to limited disclosure from partners, coupled with differing and unknown precise deal terms in various regions. Royalty income should correlate fairly directly with in-market sales; however, other components of Futura's future revenues, such as non-recurring and unpredictable milestone income or manufacturing fees, will not. Hence in-market sales will be almost impossible to determine from Futura's net revenues, especially in the near-term. In addition, without the ability to track prescription data, as Eroxon is available OTC, all of these elements together mean that deducing current in-market sales and then forecasting revenues is particularly challenging.

Futura will need to execute additional deals in unpartnered regions to maximise potential

Whilst approvals have been secured in the key markets of Europe and the US, limiting significant development and regulatory risks, there are regions where Eroxon is not yet approved or partnered. In some regions, approval(s) may be possible based on existing data, whereas in other areas, additional trials will likely be needed. In both scenarios, we believe Futura will seek to execute partnership deals. We do not expect Futura to conduct additional trials alone, instead seeking commercial partners with the resources and expertise to complete any necessary studies, and experience to successfully launch Eroxon once approval(s) are eventually granted. We expect Futural will play an active support role, either for regulatory filings or for manufacture and supply, albeit at limited "at risk" cost to Futura. We believe deals will be forthcoming, however, we have limited visibility on the timings and possible deal terms.

EU patent providing Eroxon protection to 2040 granted, with other jurisdictions pending

Patents to protect Eroxon until 2040 have been filed in all major jurisdictions, with the EU patent granted and others pending. These formulation patents should make it challenging for any other similar style of product(s) to receive regulatory approvals, unless they can demonstrate that any differences in formulation (which would be needed to not infringe the patents) are substantially equivalent to Eroxon; this is not a straightforward process.

Valuation

Updated NPV valuation of £371m, or 123p per share

We value Futura Medical using a sum-of-the-parts NPV (net-present value) model, which includes various assumptions for Eroxon in the main geographies (US, Europe, and Other Regions). These are summed and netted against core costs and cash. We have made only minor changes to our valuation, updating for the last reported cash position, rolling forwards in time, and unwinding the risk adjustment in Other Regions as first launches have now occurred. These updates lead to a Futura Medical valuation of £371m, equivalent to 123p per share (Exhibit 10).

The US is the most significant opportunity and the biggest component of our valuation

The main drivers of our valuation are the peak sales for Eroxon in each geography. We continue to view the US market opportunity as the most significant and forecast unchanged US peak Eroxon sales of c $350m. Our peak sales forecasts in Europe and in Other Regions are also unchanged at $100-130m in each geography, which factor in the distinct commercial models in different countries. The US opportunity alone is worth more than Europe and Other Regions combined, according to our valuation.

Exhibit 10: Futura Medical NPV valuation

	Year of Launch	Partner	Peak Sales ($m)	NPV ($m)	NPV (£m)	NPV/ share (p)
Eroxon (US)	2025e	Haleon	356	247.0	205.8	68.3
Eroxon (Europe)	Launched	Cooper	132	150.9	125.7	41.7
Eroxon (Other Regions)	Launched	Various	102	63.4	52.9	17.5
Non-R&D OpEx				(24.9)	(20.8)	(6.9)
Net cash				9.3	7.7	2.6
Total				**445.6**	**371.3**	**123.2**

Source: Trinity Delta Note: Assumptions include a 10% discount rate; a 1.2 $/£ FX rate, and 10% tax rate from 2027 with the benefit of the UK patent box

We employ simple and conservative assumptions given unknown deal terms

For the purposes of modelling and given limited disclosure of precise deal terms we adopt the following simple assumptions:

- **Europe (Cooper):** This deal includes multiple revenue layers, and for simplicity we assume Futura receives payments that are equivalent to a royalty rate of c 20% on in-market sales;
- **US (Haleon):** Futura will receive a royalty on in-market sales from Haleon and is eligible to receive between $5m and $45m in milestone payments linked to commercial and performance-driven sales thresholds over the course of several years; and
- **Other Regions (various):** This includes regions/countries where Futura has secured a number of distribution agreements; we model half of profits accruing to Futura (equivalent to a 12.5% royalty based on a 25% net margin assumption).

The biggest driver of our valuation is the peak sales opportunity for Eroxon

Our forecasts are based on a number of assumptions, although the key variable in our valuation is the peak opportunity for Eroxon, rather than the precise deal terms or launch timelines. As new launches occur and repeat sales become more apparent, leading to more predictable uptake, these could drive revisions to our peak sales forecasts. For context, an extra $100m in peak sales is worth around 15-20p per share to our current valuation.

Financials

First revenues relating to Eroxon of £3.1m

Futura's FY23 revenues were £3.1m (FY22: nil) consisting of £2.7m from Europe/UK and £0.4m from Rest of World. These were largely driven by delivery of Eroxon batches to partners, notably to Cooper for Europe/UK and to support the first launch in the UAE in October. Cost of goods sold (CoGS) were £1.3m (FY22: nil), leading to an overall gross margin of 57%; this improved sequentially from 53% in H1 to 62% in H2.

Costs continue to remain tightly controlled; cash is expected to extend beyond the US launch expected by Q125

Operating expenses continue to remain tightly controlled, with FY23 underlying OpEx (R&D and G&A excluding share-based payments) slightly lower at £6.0m (FY22: £6.2m). There has been a shift from R&D to G&A as the focus has moved to Eroxon commercialisation, with FY23 R&D spend of £2.0m (FY22: £4.1m) and G&A (including share-based payments) of £6.7m (FY22: £2.7m); non-cash share-based payments were £2.7m (FY22: £0.7m). The FY23 operating loss was £7.0m (FY22: £6.9m) and the net loss was £6.5m (FY22: £5.8m). Cash at end-December 2023 was £7.7m (FY22: £4.0m; end-June 2023 £7.8m) and is expected to extend beyond the anticipated US Eroxon launch, which Haleon has said will occur within 12 months (from February 2024) ie around Q125.

Product-related revenue growth driven by in-market sales and new launches

Our FY24e revenue forecast has been slightly increased to £9.2m (from £8.7m) to reflect the >£0.5m of orders which were delivered in January 2024 that had been planned for December. Our FY24e forecast continues to include full recognition of the £3.2m upfront payment from Haleon (a non-cash P&L item as this was received in FY23). Our FY25e revenue forecast is £15.1m, which comprises product related revenues of £11.1m, with growth driven by existing regions and an expansion in revenues from additional launches, including the US. We also include a $5m (c.£4m) milestone from Haleon on US launch. We typically do not include uncertain/unknown milestones in our forecasts. However, given Haleon has confirmed that launch should occur by Q125 (which we believe will be a milestone triggering event as is typical in licensing deals), it seems appropriate to include one. We know from the disclosed Haleon deal terms (July 2023 Lighthouse) that milestones of between $5m to $45m could become due over several years, and we assume a first $5m will be triggered by US launch. We do not include any other milestone income from partners in our forecasts, which could all be upside. A breakdown of our revenue forecast is shown in Exhibit 11.

Exhibit 11: Revenue forecast breakdown

£m	2023	2024e	2025e
Product sales & royalties	3.1	6.0	11.1
Milestones	0.0	3.2	4.0
Total revenues	**3.1**	**9.2**	**15.1**

Source: Trinity Delta

Profitable from 2025, which could come sooner if US launch happens this year

For OpEx, we forecast small R&D declines to £1.9m in FY24e and £1.7m in FY25e. For G&A (excluding share-based payments) we forecast £5.3m in both FY24e and FY25e, for total G&A of £7.6m in FY24e and £6.8m in FY25e (when including non-cash share-based payment charges of £2.3m and £1.5m, respectively). Together, these drive a net loss of £3.1m in FY24e with a swing to a net profit of £2.5m in FY25e. Note that if US launch occurs by YE24 and triggers the expected milestone, then Futura could be profitable in FY24.

Exhibit 12: Summary of financials

Year-end: December 31 £'000s	2021	2022	2023	2024E	2025E
INCOME STATEMENT					
Revenues	**0**	**0**	**3,101**	**9,172**	**15,146**
Cost of goods sold	0	0	(1,327)	(3,284)	(4,531)
Gross Profit	**0**	**0**	**1,774**	**5,887**	**10,615**
R&D expenses	(3,774)	(4,131)	(2,046)	(1,944)	(1,749)
General and administrative expenses	(2,092)	(2,740)	(6,692)	(7,579)	(6,806)
o/w stock options	(182)	(672)	(2,720)	(2,312)	(1,503)
Other revenue/expenses	0	0	0	0	0
Operating Profit	**(5,866)**	**(6,871)**	**(6,964)**	**(3,636)**	**2,060**
EBITDA	**(5,847)**	**(6,847)**	**(6,833)**	**(3,363)**	**2,518**
Adj. EBITDA	**(5,665)**	**(6,175)**	**(4,113)**	**(1,050)**	**4,021**
Interest expense	0	0	72	154	48
Profit Before Taxes	**(5,866)**	**(6,871)**	**(6,892)**	**(3,482)**	**2,108**
Adj. PBT	**(5,684)**	**(6,200)**	**(4,172)**	**(1,169)**	**3,611**
Current tax income	909	1,025	379	409	389
Net Income	**(4,958)**	**(5,846)**	**(6,513)**	**(3,072)**	**2,497**
EPS (p)	**(1.83)**	**(2.03)**	**(2.21)**	**(1.02)**	**0.83**
Adj. EPS (p)	**(1.76)**	**(1.80)**	**(1.29)**	**(0.25)**	**1.33**
DPS (p)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Average no. of shares (m)	271.0	287.5	294.9	301.4	301.4
Gross margin	*N/A*	*N/A*	*57%*	*64%*	*70%*
BALANCE SHEET					
Current assets	**11,360**	**5,315**	**9,332**	**4,795**	**7,353**
Cash and cash equivalents	10,373	4,026	7,714	2,408	4,276
Accounts receivable	79	266	1,240	1,800	2,443
Inventories	0	0	0	180	248
Other current assets	908	1,023	377	407	387
Non-current assets	**443**	**1,158**	**2,485**	**4,169**	**4,493**
Property, plant & equipment	443	1,158	2,485	4,169	4,493
Other non-current assets	0	0	0	0	0
Current liabilities	**(2,078)**	**(1,753)**	**(6,340)**	**(4,247)**	**(3,131)**
Short-term debt	0	0	0	0	0
Accounts payable	(2,078)	(1,753)	(6,340)	(4,247)	(3,131)
Other current liabilities	0	0	0	0	0
Non-current liabilities	**0**	**0**	**0**	**0**	**0**
Long-term debt	0	0	0	0	0
Other non-current liabilities	0	0	0	0	0
Equity	**9,725**	**4,720**	**5,477**	**4,717**	**8,716**
Share capital	66,952	67,122	71,672	71,672	71,672
Other	(57,228)	(62,402)	(66,195)	(66,955)	(62,956)
CASH FLOW STATEMENTS					
Operating cash flow	**(3,873)**	**(5,775)**	**570**	**(3,348)**	**2,650**
Profit before tax	(5,866)	(6,871)	(6,892)	(3,482)	2,108
Non-cash adjustments	202	697	2,828	2,431	1,913
Change in working capital	1,272	(512)	3,612	(2,832)	(1,828)
Interest paid	0	0	0	154	48
Taxes paid	519	910	1,023	379	409
Investing cash flow	**(420)**	**(741)**	**(1,434)**	**(1,958)**	**(783)**
CAPEX on tangible assets	(420)	(741)	(1,506)	(1,958)	(783)
Other investing cash flows	0	0	72	0	0
Financing cash flow	**13,647**	**170**	**4,550**	**0**	**0**
Proceeds from equity	13,647	170	4,550	0	0
Increase in loans	0	0	0	0	0
Other financing cash flow	0	0	0	0	0
Net increase in cash	**9,354**	**(6,346)**	**3,686**	**(5,306)**	**1,867**
Exchange rate effects	0	0	2	0	0
Cash at start of year	1,019	10,373	4,026	7,714	2,408
Cash at end of year	**10,373**	**4,026**	**7,714**	**2,408**	**4,276**
Net cash at end of year	**10,373**	**4,026**	**7,714**	**2,408**	**4,276**

Source: Company, Trinity Delta Note: Adjusted numbers exclude share-based payments and exceptionals.

Company information

Contact details

Futura Medical PLC,
Surrey Technology Centre,
40 Occam Road,
Guildford, Surrey
GU2 7YG

Tel: +44 (0) 1483 685670

Website: www.futuramedical.com

Key personnel

Person	Position	Biography
Jeff Needham	Non-Executive Chairman	Appointed Chairman in July 2023 having joined Futura Medical's board in October 2021. Over 35 years of experience in manufacturing and marketing of consumer healthcare products, with particular expertise in the US market. This includes 36 years at Perrigo and as a board director of the Consumer Healthcare Products Association.
James Barder	CEO	CEO since 2001. Previously Managing Director of Aon Capital Markets and Non-Exec Director of Lorega Ltd. Extensive experience in striking and managing partnerships and licensing agreements.
Angela Hildreth	FD and COO	Joined in 2018, adding further financial, operational, and strategic experience to the executive team. Previously six years as UK Finance Director at Shield Therapeutics Plc.
Ken James	Head of R&D	Joined in 2016. Previously SVP of R&D for GSK Consumer Healthcare, having spent over 40 years in a variety of roles there and bringing over 200 consumer products to market.

Top shareholders

	% holding
Lombard Odier Asset Management (Europe) Ltd	28.50
T Adams	6.89
WT Lamb Investments Ltd	4.51
RA Lamb	3.28
Disclosable shareholdings (>3%)	**43.18**
Other shareholders	56.82
Total shareholders	**100.00**

Source: Futura Medical

Philippa Gardner pgardner@trinitydelta.org +44 (0) 20 3637 5042

Lala Gregorek lgregorek@trinitydelta.org +44 (0) 20 3637 5043

Franc Gregori fgregori@trinitydelta.org +44 (0) 20 3637 5041

Disclaimer

More information is available on our website: www.trinitydelta.org