

## Futura Medical

Profitability in sight as partner preps for US launch

10 April 2024

- Preliminary FY23 financial results confirm revenues of £3.1m (FY22: nil), as already disclosed in the Trading Update ([February 2024 Lighthouse](#)). Details on expenses highlight that costs remain tightly controlled, with underlying OpEx (excluding share-based payments) slightly lower at £6.0m (FY22: £6.2m), albeit there has been a shift from R&D to G&A as the focus has moved to Eroxon commercialisation. Non-cash share-based payments increased to £2.7m (FY22: £0.7m). Cash at end-December 2023 of £7.7m (FY22: £4m) is expected to extend beyond the anticipated US Eroxon launch.
- There is much focus on the timing of Eroxon's potential US launch, and partner Haleon recently disclosed (with FY23 results in February during analyst [Q&A](#)) that US launch was expected "within the next 12 months". As this is a new brand and product, launching into a new category, launch preparations are likely to be lengthy as these will need to be optimised to target the broad and multiple channels in US consumer health, and to develop messaging that will resonate with target audiences. This will be key to ensure a successful initial launch, and for longer-term momentum.
- In Europe, Eroxon has already successfully taken a >20% share of approved ED (erectile dysfunction) treatments since launches by partner Cooper Consumer Health in the UK and Belgium in March 2023. Full launches in ten countries, including France, Italy, and Spain (where Eroxon has been available through on-line channels), have already occurred or are expected during H124, with further launches planned for H224. Eroxon was recently made available on prescription in England and Wales, which should help to raise awareness amongst healthcare professionals.
- Going forwards, Futura's strategy is focused on three core pillars: (1) Address growing needs within the OTC sexual health market; (2) Broaden the product range; and (3) Commit to strong shareholder returns, profitability and financial discipline. For 2024 the priorities will be to achieve further Eroxon approvals and launches whilst strengthening the supply chain, explore range extensions and new products, and deliver revenue growth plus profitability within the next 12 months. We expect Futura to remain focused on costs and do not expect any near-term fundraises to support these aims.

Price	42.80p
Market Cap	£129.02m
Primary exchange	AIM
Sector	Healthcare
Company Code	FUM
Corporate client	Yes

### Company description:

Futura Medical is the developer of innovative sexual health products; its core strength is 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.

**Trinity Delta view:** Following the recent Trading Update, there are few surprises within Futura's FY23 financial results, with costs remaining tightly controlled. Focus on the potential US launch by partner Haleon is understandable, given the US commercial opportunity is likely the most significant. Hence, comments that preparations towards the US launch are progressing well, together with Haleon confirming launch is expected within 12 months, are reassuring. Whilst there continue to be limited insights into re-ordering patterns, we believe partner Cooper could provide more details in due course as EU launches become more established. We continue to believe Futura is uniquely placed within UK healthcare, with no near-term cash needs, and a clear pathway to profitability and sustainable cash generation. Our current valuation is £363m, or 121p/share.

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