

## Futura Medical

### Menarini to commercialise MED3000 in South Korea

23 March 2022

- Futura Medical has entered into a licensing agreement with Menarini Korea, a wholly owned subsidiary of Menarini Group, to commercialise MED3000 in South Korea. The deal has three main elements: Futura Medical receives an initial upfront payment (which we assume to be modest as management has previously stated its desire to maximise long-term value); Menarini Korea pays an agreed price for the manufacture and supply of MED3000 (which is where we expect the key value to be for Futura Medical); and Menarini Korea is responsible for local development, including any clinical bridging studies, regulatory work, and commercialisation costs (effectively capping Futura Medical's responsibility to providing reasonable technical support).
- Menarini Korea has provided some key local erectile dysfunction (ED) market data to give an indication of the market opportunity. Whilst the US is the largest market by value South Korea ranks ninth; and Brazil is the largest by volume (US is second) with South Korea ranking sixth. For context, the UK is also ranked ninth by value and 14<sup>th</sup> by volume. Some 2.3m men suffer from a degree of ED in South Korea.
- The Menarini deal is the fourth MED3000 commercialisation deal so far. The first agreement, with Atlantis covering China and Far East, was secured in March 2021. This was followed by partnerships with m8 Pharmaceuticals (moksha8) for Brazil and Mexico in August 2021, and with Labatec for the Gulf and Middle East in September 2021.
- More deals covering the remaining top 15 markets are being pursued, with the emphasis on prioritising longer-term value creation and brand building rather than near-term payments. Updates on progress are expected during 2022. These deals could form a template for the commercially valuable US and European markets. Even limited success in these larger markets could transform the company.

Price	24.75p
Market Cap	£82.7m
Primary exchange	AIM
Sector	Healthcare
Company Code	FUM
Corporate client	Yes

#### Company description:

Futura Medical is an R&D driven small pharma company, with a novel DermaSys transdermal delivery platform. The lead programme, a topically applied gel (MED3000), has been approved as an OTC product for ED (erectile dysfunction) in Europe, with final trials underway in the US.

**Trinity Delta view:** Futura Medical's various commercialisation deals will allow for broad geographic availability of MED3000 once launched. Europe partnership(s) are anticipated in the near-term; however, in the key US market, deal timing is likely to be after FDA approval. The FDA will review MED3000 as a De Novo classification with a small confirmatory clinical trial being the only outstanding requirement. This c 100 patient study, known as FM71, began patient enrolment in September 2021 and is expected to complete in Q222. FM71 has a similar mix of mild, moderate, and severe ED patients to the earlier FM57 study but is performed over a 24-week period, compared to a three-month duration for FM57. The aim is to reassure the FDA that efficacy does not diminish over a longer period. A positive trial outcome and subsequent approval would open the door to commercial discussions for the important US market. Our view remains that, whilst not without risks, Futura Medical's share price does not reflect likely prospects. Our valuation is £264m, equivalent to 92p per share.

#### Analysts

Lala Gregorek

[lgregorek@trinitydelta.org](mailto:lgregorek@trinitydelta.org)

+44 (0) 20 3637 5043

Franc Gregori

[fgregori@trinitydelta.org](mailto:fgregori@trinitydelta.org)

+44 (0) 20 3637 5041

**Philippa Gardner**

[pgardner@trinitydelta.org](mailto:pgardner@trinitydelta.org)  
+44 (0) 20 3637 5042

**Lala Gregorek**

[lgregorek@trinitydelta.org](mailto:lgregorek@trinitydelta.org)  
+44 (0) 20 3637 5043

**Franc Gregori**

[fgregori@trinitydelta.org](mailto:fgregori@trinitydelta.org)  
+44 (0) 20 3637 5041

### Disclaimer

Trinity Delta Research Limited ("TDRL"; firm reference number: 725161), which trades as Trinity Delta, is an appointed representative of Equity Development Limited ("ED"). The contents of this report, which has been prepared by and is the sole responsibility of TDRL, have been reviewed, but not independently verified, by ED which is authorised and regulated by the FCA, and whose reference number is 185325.

ED is acting for TDRL and not for any other person and will not be responsible for providing the protections provided to clients of TDRL nor for advising any other person in connection with the contents of this report and, except to the extent required by applicable law, including the rules of the FCA, owes no duty of care to any other such person. No reliance may be placed on ED for advice or recommendations with respect to the contents of this report and, to the extent it may do so under applicable law, ED makes no representation or warranty to the persons reading this report with regards to the information contained in it.

In the preparation of this report TDRL has used publicly available sources and taken reasonable efforts to ensure that the facts stated herein are clear, fair and not misleading, but make no guarantee or warranty as to the accuracy or completeness of the information or opinions contained herein, nor to provide updates should fresh information become available or opinions change.

Any person who is not a relevant person under section of Section 21(2) of the Financial Services & Markets Act 2000 of the United Kingdom should not act or rely on this document or any of its contents. Research on its client companies produced by TDRL is normally commissioned and paid for by those companies themselves ('issuer financed research') and as such is not deemed to be independent, as defined by the FCA, but is 'objective' in that the authors are stating their own opinions. The report should be considered a marketing communication for purposes of the FCA rules. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and it is not subject to any prohibition on dealing ahead of the dissemination of investment research. TDRL does not hold any positions in any of the companies mentioned in the report, although directors, employees or consultants of TDRL may hold positions in the companies mentioned. TDRL does impose restrictions on personal dealings. TDRL might also provide services to companies mentioned or solicit business from them.

This report is being provided to relevant persons to provide background information about the subject matter of the note. This document does not constitute, nor form part of, and should not be construed as, any offer for sale or purchase of (or solicitation of, or invitation to make any offer to buy or sell) any Securities (which may rise and fall in value). Nor shall it, or any part of it, form the basis of, or be relied on in connection with, any contract or commitment whatsoever. The information that we provide is not intended to be, and should not in any manner whatsoever be, construed as personalised advice. Self-certification by investors can be completed free of charge at [www.fisma.org](http://www.fisma.org). TDRL, its affiliates, officers, directors and employees, and ED will not be liable for any loss or damage arising from any use of this document, to the maximum extent that the law permits.

Copyright 2022 Trinity Delta Research Limited. All rights reserved.

More information is available on our website: [www.trinitydelta.org](http://www.trinitydelta.org)