

Ready for Nasdaq?

Cure Pharmaceuticals wants to uplist its stock to finance the growth of its under-the-tongue drug delivery system.

BY HELEN FLOERSH Staff Reporter

Cure Pharmaceutical Corp. is hitting a growth spurt – and wants capital to keep it going.

After spending years perfecting drug delivery platforms that the biotechnology firm believes could revolutionize the way patients take medications, Chief Executive **Rob Davidson** has spent the past 18 months scaling up partnerships with pharmaceutical companies and research institutions.

“We spent the first six years developing our intellectual property portfolio,” Davidson said. “Now we’re working on affordable, scalable processes.”

At its headquarters and manufacturing facilities in Oxnard, the company has built an edible film – similar to a Listerine strip – that is applied on or under the tongue or between the gums and the cheek to deliver medications to the body through blood vessels in the mouth. In addition to having its product used in drug development through its subsidiary Oak Therapeutics, which makes treatments for health conditions that are common in children in developing countries, Cure has four partnerships in place with research labs and biotech companies to work on cannabinoid-related applications for the film.

The next item on Davidson’s to-do list is to raise money to keep the growth moving ahead. To that end, he’s looking to uplist Cure’s stock to the Nasdaq from the over-the-counter market, where it has traded since late 2016 under the symbol CURR. The company secured in March \$1 million in bridge financing from undisclosed investors to fund the effort, and it plans to start filing its application to be listed on the exchange by the third quarter.

“Our focal point has always been to uplist, and we’re working on positioning for that,” Davidson said. “We have some key partnerships that will help us do that a bit more swiftly.”

Next steps

Uplisting to the Nasdaq is a natural move for a company like Cure at its current stage, explained **David Enzer**, managing director at **Roth Capital Partners** in Los Angeles. But to raise the capital needed to get to the next level, Cure will need to attract the attention of large institutional investors.



Lab: Manufacturing Vice President Steven Ruhl, left, speaks with Chief Executive Rob Davidson at Cure Pharmaceuticals in Oxnard.

“On the (over-the-counter market), you aren’t as interesting to investors as you would be once you’re on an exchange,” Enzer said. Furthermore, some large funds require that the securities they invest in be listed on the Nasdaq or the New York Stock Exchange.

“(Cure) is putting itself in a position to be more widely recognized,” Enzer added. “It’s a natural move – you have to do it.”

As a biotechnology company, Cure does not necessarily have the burden of showing a significant history of revenue generation to get attention from institutional investors, he added. The company’s valuation and the potential of its partnerships will be more important.

Cure just started generating revenue this past year, when it brought in around \$180,000 through a distribution partnership with Dublin-based pharmaceutical company **Meroven Ltd.**, according to Cure and Securities and Exchange Commission filings. Still, the partner-

ships it has in the pipeline – which include an one for the distribution of an erectile dysfunction product in China as well as another that has not been announced – have inspired interest from investors so far, Davidson said. He has met with investment bankers and institutions to discuss the company’s plans for uplisting.

“We’re already socializing, so to speak,” he said. “The feedback has been very good.”

In order to qualify to be listed on the Nasdaq, a company must have 1.25 million publicly traded shares held by at least 550 shareholders and priced at a minimum of \$4. It also has to meet all of the requirements under one of four standards involving revenue generation, cash flow and assets.

Currently, Cure has 24.9 million shares outstanding, which were trading at \$1.05 a share at press time. To get its stock above the threshold, it may need to do a reverse stock split when it comes time to file with the Nasdaq, Enzer said.

“If they’re in the middle of a growth spurt, (the stock) typically trades well,” he said.

With the new capital that comes from uplisting, Davidson plans to continue to develop Cure’s intellectual property and build out its manufacturing facilities. He believes his company’s product will only become more important as the geriatric population grows, which will further the need for drug delivery methods that do not involve pills and capsules.

“We can be the company that helps people take medications and have a better experience doing that, so you’ll have better compliance overall,” Davidson said.

Dots for mice

Cure is not the first company to design thin films for drug delivery; the technology has been used to a minor degree in the pharmaceutical industry since the late 1970s, when it was invented as an alternative to pills and capsules. But the platform has been slow to take off due to challenges posed by the technology, such as the difficulty of putting multiple drugs on a single film; the medications tend to degrade each other as the strips dissolve.

Cure has found a way to circumvent that issue, Davidson said. The company developed a specific kind of encapsulation technology that allows each medication to break down separately without the risk of cross-contamination.

“We were able to figure out how to encapsulate (multiple active pharmaceutical ingredients) separately, so you can take it without

degradation,” he explained.

Though Cure is keen for its film to be used with “mainstream” pharmaceuticals, it also sees significant opportunity in the development of cannabinoid-based drugs. The physical constitution of cannabinoids makes them ideal for use with the platform, Davidson said.

“We believe in the endocannabinoid system – potentially the new frontier of medicine,” he said. “But the low bioavailability ... means you have to deliver a lot of (medication) to see its effect.”

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DAVID ENZER,
Roth Capital Partners

As it does with other types of drugs, the film solves the problem by allowing the molecules to bypass the digestive system and go straight to the bloodstream, so the amount of active medication more closely reflects the dose. Cure announced in early May that it had received \$500,000 from an unnamed pharmaceutical industry partner to build out a line of cannabinoid drug delivery systems. It also is working with **Therapix Biosciences Ltd.**, based in Israel, to pair its technology with the firm’s treatments for Tourette’s syndrome and impairments from traumatic brain injury.

Davidson sees academic researchers as potential customers as well. The company’s “Curedots,” which are punch hole-sized versions of its film, were designed for use in animal research. The firm recently partnered with the USC School of Pharmacy for a project in which drugs were delivered through the dots rather than through oral gavage, a technique that involves substances being forced through a tube stuck down the animal’s throat. The experiment was a success, Davidson said; the researchers believed the gentler technique led to less bias in the results.

“We think we’ll be able to really maximize the research (on pharmaceuticals), not just the end product,” Davidson said.



Proof of Concept: Packages of a sleep aid utilizing Cure’s film delivery technology.