

1 December 2023

Well supported fundraising

RUA have announced, subject to shareholder approval at a General Meeting, the intention to raise equity via the combination of an institutional placing of shares, a subscription by certain directors and a retail offer. While the minimum gross proceeds are expected to be at least £4.1m, the full amount raised will be fluid until after the retail offer and shareholder approval. The final proceeds raised should be known after the outcome of the Retail Offer is announced on 8 December, and shareholder vote then comes at the General Meeting on 18 December when we will update our financials and model.

Stock offering suggests appetite

RUA's announcement of a three-phase equity offering comes on the heels of its recent trading update noting a post-half year catch-up in revenues from its revenue-generating businesses. With the trading update in the market (and the fundraising circular), RUA have probably been meeting institutional investors to gauge their interest and the announcement of a placing, directors' subscription and retail offer **confirms that there is appetite**. Final numbers will only be known after shareholder approval at the General Meeting on or about 18 December, so we shall update our financial model for the final amount raised after RUA's interim results which are currently also scheduled for 18 December.

Fundraising helps potential partner deals

As well as having revenue-generating divisions, RUA's Structural Heart and Vascular divisions have products in late-stage development and its recent strategy update noted that these will be developed with partners. While partnering **greatly reduces RUA's cash burn** in FY 2024 and beyond, the fundraising also eliminates a potential weakness in the size of the upfront payments, royalties and milestones for those deals. This is because *before* a successful fundraising, potential partners could attempt to offer less, and defer more. *After* a successful fundraising, RUA should be able to demand **better terms** from its potential partners.

Retail Offer ongoing

A difficult funding environment for life science companies has necessitated a large discount to the prior share price with retail investors now having the opportunity to participate. The cash being raised at 11p / share is important in strengthening RUA's balance sheet, its bargaining position with potential partners and to accelerate RUA's pathway to profitability outlined in its recent trading and strategy updates.

Valuation changes to come

For now, our valuation is unchanged at £120.3m or 542p per share, but we will update our financials and valuation after the completion of the fundraising and RUA's interim results on the same day.

Summary Financials					
£'000s, y/e 31 March	2019A	2020A	2021A	2022A	2023A
Revenues	463	489	1528	1625	2179
Reported EBIT	-638	-941	-1551	-2352	-2306
Basic EPS (GBP)	-4.72	-5.55	-8.20	-9.32	-9.03
Net Assets	3000	2275	8506	6584	4683
Net Cash	2412	1976	5924	2963	1484

Source: Company historic data, ED estimates pre-issue

Company Data (pre-issue)

EPIC	RUA
Price (last close)	20.8p
52 weeks Hi/Lo	67p / 11p
Mkt Cap	£6.4m
ED Fair Value, per share	£120.3m / 542p
End Nov. 2023 cash	£1.00m
Avg. daily volume	153,623

Share Price, p



Source: ADVFN

Description

RUA Life Sciences PLC ('RUA') is focused on the commercialization of its own world leading biostable co-polymer technology, Elast-Eon™. Elast-Eon is a basis for medical devices with improved clinical outcomes and durability. RUA has four divisions: RUA Biomaterials that receives the licensing and royalty fees from products based on Elast-Eon, RUA Vascular that is commercialising vascular grafts, RUA Structural Heart, which is developing aortic heart valves and leaflet technology, and RUA Contract Manufacture, a textile implantable specialist offering an end to end service for third parties within the life sciences industry.

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Consolidated Income Statement & Forecasts

£'000s, y/e 31 March	2019A	2020A	2021A	2022A	2023A
IFRS Income Statement					
Total revenue	463	480	1528	1625	2179
Total administration expense	-822	-1123	-2690	-3776	-4169
Other income (expense)	7	14	279	66	72
Depreciation & amortisation	-218	-193	-272	-313	-358
Reported EBIT	-638	-941	-1551	-2352	-2306
Reported profit before tax	-609	-941	-1551	-2360	-2322
Taxation		81	143	293	319
Basic EPS (p)	-4.72	-5.55	-8.20	-9.32	-9.03
Diluted EPS (p)	-4.72	-5.55	-8.20	-9.32	-9.03
Share count at end of period (basic) m	14.7	17.6	22.2	22.2	22.2

Source: Company historic data, ED estimates pre-issue

NB From 2020 onwards, pro forma numbers of the combined AorTech and RUA Medical business are shown

Consolidated Balance Sheet & Forecasts

£'000s, at y/e 31 March	2019A	2020A	2021A	2022A	2023A
Assets					
Non-current assets					
Tangible assets	1	5	1952	2597	2739
Goodwill			301	301	301
Intangible assets	448	255	574	521	470
Total non-current assets	449	260	2827	3419	3510
Current assets					
Trade and other receivables	238	258	949	1120	588
Cash and equivalents	2412	1976	6294	2963	1484
Total current assets	2650	2234	7328	4207	2153
Total assets	3099	2494	10155	7626	5663
Equity and liabilities					
Equity					
Ordinary shares	12574	12574	12949	1109	1109
Share Premium	4550	4550	11729	11729	11729
Retained earnings	-12208	-13024	-14475	-16542	-18545
Foreign exchange reserve					
Other reserve	-1916	-1825	-1697	-1552	-1450
Equity attributable to the company	3000	2275	8506	6584	4683
Total equity	3000	2275	8506	6584	4683
Current liabilities					
Trade and other payables	99	219	1016	410	255
Total current liabilities	99	219	1099	511	414
Total non-current liabilities			550	531	566
Total equity and liabilities	3099	2494	10155	7626	5663

Source: Company historic, ED estimates pre-issue. From 2020 onwards, pro forma numbers of the combined businesses are shown.

Consolidated Cash Flow Statements & Forecasts					
£'000s, y/e 31 March	2019A	2020A	2021A	2022A	2023A
Profit before taxation	-609	-897	-1594	-2360	-2322
Adjustment for:					
Depreciation & amortisation	218	194	272	312	358
Movements in working capital	-73	100	820	-400	483
Net cash generated by operating activities	-429	-438	-1414	-2353	-1146
Investing activities					
Capital expenditure on tangibles	-1	-5	-620	-904	-449
Capital expenditure on intangibles					
Acquisition of subsidiary	-139		-341		
Net cash used in investing activities	-133	2	-952	-912	-477
Financing activities					
Net proceeds from issue of shares	2552		6462		
Net cash from financing activities	2552		6684	66	132
Net cash from discontinued operations					
Cash & equivalents at beginning of year	422	2412	1976	6294	2963
Cash & equivalents at end of year	2412	1976	6284	2963	1484

Source: Company historic data, ED estimates pre-issue. From 2020 onwards, pro forma numbers of the combined business are shown.



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