

Heart valve progress

23 November 2020

RUA have announced an earlier than expected update on the testing of its Elast-Eon-coated tri-leaflet artificial heart valve from its pilot pulsatile flow program. This testing is meant to simulate not just the flow of blood through the valve, but the viscous patterns that occur during the opening and closing of the valve, in the simulation of typical natural conditions. Not only have the minimum ISO Standard performance requirements been easily surpassed, but there were indications of reproducibility and ease of manufacture.

Reproducibility, durability and biocompatibility

RUA Life Sciences have announced a belt and braces update on progress on the development and pilot testing of its replacement heart valve. RUA's hydrodynamic testing – which is important because heart valves not only control the flow of blood, but their durability and function are determined by their performance in the hostile circulatory environment – **easily exceeded the ISO 584 Standard on hydrodynamic performance**. In addition, testing demonstrated that when closed, RUA's heart valve appeared to seal any flow against the valve thus preventing regurgitation that can result in complications.

RUA Life Sciences' Elast-Eon-coated biocompatible heart valve leaflet design has been developed to minimise the interference in blood flow through and around its valve which in turn reduces the viscous stress and eddies that can not only improve outcomes for patients, but maximise the durability of the valve and the leaflets specifically.

Manufacturing has not been forgotten

In focussing on the safety and efficacy of experimental drugs and medical devices, one of the regulatory requirements that investors often forget, is reproducibility. This means that different device batches from the same manufacturer should perform in the same way. In RUA's testing program, multiple valves were chosen at random from a single production run that used regular industrial equipment to **ensure reproducibility and scalability**. Long-standing investors will appreciate the expertise, care and time that is being taken in the development of RUA's replacement heart valve. This contrasts with the rushed developments of other heart valves in the past and makes it a program that **should appeal to potential partners**.

Valuation virtually unchanged

Our valuation has only marginally changed for the US dollar/sterling exchange rate on the risk-adjusted value of the future acquisition of RUA's heart valve, patch and graft products and is a minor change. Our fair value, which has not been changed by the progress recently reported on the heart valve product is **£112.3m or 765p per share**.

Company Data

	RUA
EPIC	
Price (last close)	142.5p
52 weeks Hi/Lo	150p/57p
Market cap	£23.3m
ED Fair Value per share	£112.3m / 765p
Cash at 21 Oct '20	£1.63m
Avg. daily volume	56,980

Share Price, p



Source: ADVFN

Description

RUA Life Sciences PLC ('RUA') is incorporated in the UK and focused on the commercialization of its own world leading biostable co-polymer technology, Elast-Eon.

Summary Financials

£'000s, y/e 31 March	2017A	2018A	2019A	2020A	2021E
Revenues	614	404	463	489	1933
Reported EBIT	-237	-34	-638	-941	-1311
Basic EPS (US c / UK p)	-4.26c	-0.61c	-4.72p	-5.55p	-7.48p
Net Assets	1318	1016	3000	2275	2565
Net Cash	114	422	2413	1976	400

Source: Company historic data, ED estimates

Andy Smith (Analyst)

0207 065 2690
andy.smith@equitydevelopment.co.uk

Hannah Crowe

0207 065 2692
hannah@equitydevelopment.co.uk

Consolidated Income Statement & Forecasts

£'000s, y/e 31 March	2017A	2018A	2019A	2020A	2021E
IFRS Income Statement					
Total revenue	614	404	463	489	1933
Administration expenses	-559	-474	-822	-1123	-2590
Other income (expense)		255	7	14	14
Depreciation & amortisation	-292	-219	-218	-193	-200
Reported EBIT	-237	-34	-638	-941	-1311
Reported profit before tax	-237	-34	-609	-897	-1311
Taxation				81	100
Basic EPS (c before 2019, p after 2019)	-4.26	-0.61	-4.72	-5.55	-7.48
Diluted EPS (c pre 2019, p after 2019)	-4.26	-0.61	-4.72	-5.55	-7.48

Source: Company historic data, ED estimates.
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	2017A	2018A	2019A	2020A	2021E
Assets					
Non-current assets					
Tangible assets			1	5	1481
Goodwill					1352
Intangible assets	914	527	448	255	55
Total non-current assets	914	527	449	260	2888
Current assets					
Trade and other receivables	392	134	238	258	483
Cash and equivalents	114	422	2412	1976	400
Total current assets	506	556	2650	2234	883
Total assets	1420	1083	3099	2494	3771
Equity and liabilities					
Equity					
Ordinary shares	15189	12118	12574	12574	12649
Share Premium	3133	2500	4550	4550	5875
Retained earnings	-2511	-11599	-12208	-13024	-14234
Foreign exchange reserve	8752				
Other reserve	-23245	-2003	-1916	-1825	-1825
Equity attributable to the company	1318	1016	3000	2275	2565
Total equity	1318	1016	3000	2275	2565
Current liabilities					
Trade and other payables	102	67	99	219	818
Total current liabilities	102	67	99	219	818
Total non-current liabilities					
Total equity and liabilities	1420	1083	3099	2494	3771

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

Consolidated Cash Flow Statements & Forecasts					
<i>£'000s, y/e 31 March</i>	<i>2017A</i>	<i>2018A</i>	<i>2019A</i>	<i>2020A</i>	<i>2021E</i>
Profit before taxation	-237	-34	-609	-897	-1311
Adjustment for:					
Depreciation & amortisation	292	219	218	193	200
Movements in working capital	-212	162	-73	100	425
Net cash generated by operating activities	-200	347	-429	-438	-686
Investing activities					
Capital expenditure on tangibles			-1	-5	-290
Capital expenditure on intangibles		-16			
Acquisition of subsidiary			-139		-600
Net cash used in investing activities		-16	-133	2	-890
Financing activities					
Net proceeds from issue of shares			2552		
Net cash from financing activities			2552		
Net cash from discontinued operations					
Cash & equivalents at beginning of year	314	91	422	2412	1976
Cash & equivalents at end of year	91	422	2412	1976	400

Source: Company historic data, ED estimates. From 2020 onwards, pro forma numbers of the combined AorTech and RUA Medical business are shown



Contacts

Andy Edmond

Direct: 020 7065 2691

Tel: 020 7065 2690

andy@equitydevelopment.co.uk

Hannah Crowe

Direct: 0207 065 2692

Tel: 0207 065 2690

hannah@equitydevelopment.co.uk

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Equity Development, 15 Eldon Street, London, EC2M 7LD

Contact: info@equitydevelopment.co.uk | 020 7065 2690