

18th January 2021

## Fundraising completed

On 30<sup>th</sup> December 2020, RUA reported that shareholders had approved resolutions regarding the placing along with a strongly oversubscribed Open Offer. RUA now start 2021 with the resources and mandate to accelerate the development of its products, where we anticipate reports of progress during the year. We have slightly increased our R&D and CapEx spend for FY 2022 to reflect this investment and the cash utilization. RUA's issued share capital now comprises 22,184,797 shares and the increases in FY 2022 investment in its products, modestly change our valuation by about £2.0m to £113.2m for the Company, equating to 510p per share.

## What to look forward to in 2021

Following the successful testing of RUA's heart valve product, announced in November 2020, we would expect the further refinements of the manufacturing process and hydrodynamic testing to be announced in 2021 which would lead to **visibility on the timing of a design freeze** and the final animal implantations before the first human implants. The large diameter vascular grafts, cardiac and vascular patches in RUA Vascular have already reached the design freeze stage and are collecting data for the US FDA 510(k) regulatory submission. The vascular products, which are less demanding medical devices than heart valves, have a lower regulatory burden and testing requirement, and we expect their **timeline to US approval to be announced in 2021**. In addition, US commercial partners and, in response to recent partnering interest, EU approval plans will become more defined in 2021.

RUA's divisions that recognise revenues – RUA Biomaterials and RUA Medical Devices – will allow investors to gauge the recovery in elective surgical procedures that have resulted the delays associated with the early stages of the pandemic. Our financials have already incorporated a shortfall from the effects of the pandemic on elective surgeries and we will be monitoring the financial reports of other medical device companies to help validate our assumptions for the recovery in RUA's revenues.

## Board Strengthened

RUA have also announced two new Board appointments: Dr Caroline Stretton, Group COO, and Ian Ardill as a Non-Executive Director. They bring to RUA Life Sciences a plethora of medical device development and transactional experience. We were fortunate to meet Caroline last summer between lockdowns, and are confident that these additions to RUA's board will add considerable value.

## Fair value

We have updated the valuation for revised share count, the full £7.0m amount raised in the placing and Open Offer, our estimate of the offering costs, and the modest increased investments in order to accelerate RUA's products' development. **Our valuation now stands at £113.2m for the Company, or 510p per share.**

Summary Financials					
£'000s, y/e 31 March	2018A	2019A	2020A	2021E	2022E
Revenues	404	463	489	1933	2019
Reported EBIT	-34	-638	-941	-1311	-1537
Basic EPS (US c / UK p)	-0.61c	-4.72p	-5.55p	-7.60p	-5.86p
Net Assets	1016	3000	2275	9089	9572
Net Cash	422	2412	1976	6924	4925

Source: Company historic data, ED estimates

### Company Data

EPIC	RUA
Price (last close)	150p
52 weeks Hi/Lo	177p / 57p
Mkt Cap	£33m
ED Fair Value, per share	£113.2m / 510p
Proforma FY21 net cash	£6.92m
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. 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 biostable surgical patches and grafts, and RUA Structural Heart, which is developing an artificial aortic heart valve replacement. In early 2020, the predecessor company (AorTech International) announced the acquisition of RUA Medical to retain the Vascular business collaboration and RUA Medical's integrated medical device design and manufacturing capabilities in the combined company.

### Andy Smith (Analyst)

0207 065 2690  
[andy.smith@equitydevelopment.co.uk](mailto:andy.smith@equitydevelopment.co.uk)

### Hannah Crowe

0207 065 2692  
[hannah@equitydevelopment.co.uk](mailto:hannah@equitydevelopment.co.uk)

**Consolidated Income Statement & Forecasts**

£'000s, y/e 31 March	2018A	2019A	2020A	2021E	2022E
<b>IFRS Income Statement</b>					
Total revenue	404	463	489	1933	2019
Administration expenses	-474	-822	-1123	-2590	-2926
Other income (expense)	255	7	14	14	14
Depreciation & amortisation	-219	-218	-193	-200	-200
<b>Reported EBIT</b>	<b>-34</b>	<b>-638</b>	<b>-941</b>	<b>-1311</b>	<b>-1537</b>
<b>Reported profit before tax</b>	<b>-34</b>	<b>-609</b>	<b>-897</b>	<b>-1787</b>	<b>-1537</b>
Taxation			81	100	238
Basic EPS (c before 2019, p after 2019)	-0.61	-4.72	-5.55	-7.60	-5.86
Dil'd EPS (c before 2019, p after 2019)	-0.61	-4.72	-5.55	-7.60	-5.86
Share count at end of period (basic)	5,557,659	14,686,608	14,686,608	22,184,797	22,184,797

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	2019A	2020A	2021E	2022E
<b>Assets</b>					
<b>Non-current assets</b>					
Tangible assets			5	1481	1481
Goodwill				1352	1352
Intangible assets	527	448	255	55	955
Total non-current assets	527	449	260	2888	3788
<b>Current assets</b>					
Trade and other receivables	134	238	258	483	513
Cash and equivalents	422	2412	1976	6924	4952
Total current assets	556	2650	2234	7407	5438
<b>Total assets</b>	<b>1083</b>	<b>3099</b>	<b>2492</b>	<b>10295</b>	<b>9226</b>
<b>Equity and liabilities</b>					
<b>Equity</b>					
Ordinary shares	12118	12575	12574	19649	19649
Share Premium	2500	4550	4550	5975	5975
Retained earnings	-11599	-12208	-13024	-14710	-14503
Foreign exchange reserve					
Other reserve	-2003	-1916	-1825	-1825	-1825
Equity attributable to the company	1016	3000	2275	9089	9572
Total equity	1016	3000	2275	9089	9572
<b>Current liabilities</b>					
Trade and other payables	67	99	219	818	818
Total current liabilities	67	99	219	818	818
Total non-current liabilities				389	
<b>Total equity and liabilities</b>	<b>1083</b>	<b>3099</b>	<b>2494</b>	<b>10296</b>	<b>10390</b>

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

<b>Consolidated Cash Flow Statements &amp; Forecasts</b>					
<b>£'000s, y/e 31 March</b>	<b>2018A</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>
Profit before taxation	-34	-609	-897	-1787	-1537
Adjustment for:					
Depreciation & amortisation	219	218	193	200	200
Movements in working capital	162	-73	100	425	425
Net cash generated by operating activities	347	-429	-438	-1162	-674
<b>Investing activities</b>					
Capital expenditure on tangibles		-1	-5	-290	-900
Capital expenditure on intangibles	-16				
Acquisition of subsidiary		-139		-600	
Net cash used in investing activities	-16	-133	2	-890	-900
<b>Financing activities</b>					
Net proceeds from issue of shares		2552		7000	
Net cash from financing activities		2552		7000	-425
Net cash from discontinued operations					
Cash & equivalents at beginning of year	91	422	2412	1976	6924
<b>Cash &amp; equivalents at end of year</b>	<b>422</b>	<b>2412</b>	<b>1976</b>	<b>6924</b>	<b>4925</b>

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



## Contacts

### **Andy Edmond**

Direct: 020 7065 2691

Tel: 020 7065 2690

[andy@equitydevelopment.co.uk](mailto:andy@equitydevelopment.co.uk)

### **Hannah Crowe**

Direct: 0207 065 2692

Tel: 0207 065 2690

[hannah@equitydevelopment.co.uk](mailto:hannah@equitydevelopment.co.uk)

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

Contact: [info@equitydevelopment.co.uk](mailto:info@equitydevelopment.co.uk) | 020 7065 2690