

A full-page background image with a blue tint. It depicts a male scientist with a beard, wearing a white lab coat, focused on working with a robotic arm or a complex piece of scientific equipment. The scene is set in a laboratory with various instruments and equipment visible in the background. The image is overlaid with large, semi-transparent geometric shapes, including a large circle and several triangles, creating a modern, high-tech aesthetic.

RUA | LIFE SCIENCES

ANNUAL REPORT

FOR THE YEAR TO 31 MARCH 2024

OUR GROUP'S MISSION

Enhancing patients' lives through the development of pioneering innovative cardiovascular medical devices using Elast-Eon™, the world leading long-term implantable biostable polyurethane, through licensing, contract manufacturing and developing next generation medical devices.



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BOARD OF DIRECTORS AND ADVISORS

OUR GROUP'S VISION

To position Elast-Eon to de-risk the future of all animal-based cardiovascular medical devices.

DIRECTORS

G Berg - Non-Executive Chairman
W Brown - Chief Executive
L Smith - Chief Financial Officer
J McKenna - Director of Clinical Marketing
I Ardill - Non-Executive Director
J Ely - Non-Executive Director

COMPANY SECRETARY

L Smith

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Financial statements will be circulated to Shareholders and copies of the announcement will be made available from the Company's registered office. Dealings permitted on Alternative Investment Market (AIM) of the London Stock Exchange.

STRATEGIC REPORT



CHAIRMAN'S STATEMENT



“The past year has seen a switch for RUA from being a business with future funding requirements to finance R&D projects to a fully funded business with a focus on cash generation and return to profitability. The balance sheet was strong at the year end with some £4 million in cash and prospects for growth remain exciting.”

GEOFF BERG
Non-Executive Chairman

I am pleased to present my first Chairman's Statement since being appointed Non-Executive Chairman in June. The financial results for the year to 31 March 2024 are presented below together with the strategic and organisational progress achieved by the Company.

TRADING FOR YEAR

The headline trading results are very encouraging with the loss for the year reducing by 28.1% to £1,440k from £2,003k. Revenues at £2,191k were marginally higher than last year (£2,179k) demonstrating a strong recovery during the second half of the year. At the interim stage, trading was below the corresponding period of the prior year but the second half benefited from a 75% increase in revenues and a 55% reduction in pretax losses.

Cash burn during the year (before new funds raised) was £1,499k, similar to the £1,491k seen during 2023. The cash consumption of the business reduced from £976k in the first half to £526k demonstrating the focus of management on driving towards cash neutrality in a shorter time frame.

Cash balances at the year end of £3,931k (2023:£1,484k) resulted from the successful equity issue during December 2023.

STRATEGY REVIEW

On 20 November 2023, prior to the equity issue, the Company updated shareholders on the new strategy of the Company. The Strategy Update highlighted that the key objective of RUA was to reduce the timeframe and the funding necessary for the business to become cash generative.

One of the priorities of the business is to expand the Contract Manufacturing business through conversion of customer enquiries and projects into long term manufacturing contracts. Good progress is being made in this objective as described within the Business Review below.

Within the Heart Valve business, the new heart valve leaflet material - AurTex, has demonstrated the ideal mechanical properties to compete as a replacement for the animal tissue used to manufacture the current generation of heart valves. The business model is not to seek to develop a new heart valve to compete with the large heart valve companies but to become a supplier of material and technology to those

RUA LIFE SCIENCES WILL SEEK TO MAXIMISE SHAREHOLDER VALUE BY:

- growing each business to achieve attractive levels of profitability
- disposing of business areas if the valuations are attractive.

same businesses. This strategy allows the commercialisation of our new leaflet material earlier than planned with potential future revenues generated from licence fees and material supply contracts rather than the sale of devices after incurring large R&D and regulatory costs. The AurTex leaflet material is currently undergoing initial testing by a potential partner.

The Company no longer plans to take the Vascular Graft products through regulatory approval in house, and third party finance or license agreements being pursued to commercialise the IP created to date.

MANAGEMENT AND BOARD STRUCTURE

Subsequent to the Strategy Update and the successful equity issue, the Company announced the departure of the Group Managing Director. This change enabled the Board to consider the most appropriate structure going forward. It was clear that a smaller, more agile and fully aligned Executive team was allowing the key objectives to be pursued and as such rather than recruit, the role of Executive Chairman was split with Bill Brown taking on the new role of Chief Executive and myself taking on the more traditional role of Non-Executive Chairman.

Lachlan Smith continues as Chief Financial Officer but has assumed a wider role covering a number of operational matters out with the finance department. John McKenna, Director of Clinical Marketing has notified the Company that he will retire from executive duties at the time of the AGM in August. John has a wealth of experience in medical devices and a substantial network of key contacts. In order not to lose this expertise, John has agreed to remain as a non-executive.

CONCLUSION

The past year has seen a switch for RUA from being a business with future funding requirements to finance R&D projects to a fully funded business with a focus on cash generation and return to profitability. The balance sheet was strong at the year end with some £4 million in cash and prospects for growth remain exciting.

GEOFF BERG
Non-Executive Chairman

23 July 2024

BUSINESS REVIEW

“The change in strategy announced in November 2023 has brought a focus to the business with a greater emphasis on short term commercial activities rather than longer term ambitions to grow a larger infrastructure. A laser focus on commercial activities has unified the executive team and allowed a number of roles within the business to be eliminated with total annual payroll savings of over £600k.”

WILLIAM BROWN
Chief Executive

GROUP PERFORMANCE

Group trading has been encouraging during the year with the reduction in reported losses and the strong performance in the second half of the year. A detailed analysis of trading and finances is provided below in the Financial Review.

The change in strategy announced in November 23 has brought a focus to the business with a greater emphasis on short term commercial activities rather than longer term ambitions to grow a larger infrastructure. A laser focus on commercial activities has unified the executive team and allowed a number of roles within the business to be eliminated with total annual payroll savings of over £600,000.

A review of each business is set out below, together with the outlook and plans for future growth and development.

RUA BIOMATERIALS

The Group's platform technology is based upon Elast-Eon, and RUA Biomaterials owns all the Elast-Eon IP, and licenses use of Elast-Eon to medical device companies. Elast-Eon has been proven to have all of the characteristics necessary for a long-term implantable biomaterial, and has been the enabling technology behind over 8 million life-sustaining devices over the last 15 years. Elast-Eon polymer licence and royalty income fell during the period from £554,000 in 2023 to £496,000. All of the revenues in Biomaterials are billed in US\$ and the

strengthening of Sterling had an adverse impact of around £35,000. In addition, polymer shipments from our partner Biomerics to one particular customer were lower due to the timing of the shipments. Indications from licensees are positive regarding the prospects for steady growth with new purchasers of polymer appearing in recent months and an enquiry from one customer regarding a long term license for exclusivity in a currently un-licensed field of use. RUA Biomaterials maintains a high operating profit margin (85%) (2023: 89%), with its only real outlay being IP costs. The Group continues to use the Elast-Eon polymer within its vascular and heart valve product pipelines.

RUA CONTRACT MANUFACTURE

Revenue for our contract manufacturing division increased by 3% in the period to £1,679,000 (2023: £1,625,000) and generated an operating profit of £931,000 (2023: £794,000). Our Contract manufacturing division enjoys long term manufacturing contracts with its major customer. This partnership, which has been in place since 2012, was extended during the year for a further three years.

At the interim stage, this business unit was adversely impacted by a technical problem resulting in delays in shipping products to the major customer. The problems were quickly identified in conjunction with our customer, and record shipments over the second half of the year allowed the annual forecast to be achieved. Despite this technical issue, RUA remains a

trusted supplier to the customer and ranks amongst its best suppliers with a number of new business opportunities being explored. Despite the hiatus in production and deliveries good operating profit margins of 55% were enjoyed (2023: 49%). A recent customer satisfaction survey scored 100%, which reflects the organisation's commitment to quality and service.

Our stated ambition for Contract Manufacture is to double the scale of the business over the medium term. Business development activities are focused on long term high value strategic opportunities, and significant headway has been made with plans to increase Original Equipment Manufacturer (OEM) customer demand to meet our objectives. We are confident of achieving our ambitions either through the c£2m in annualised revenue from current enquiries or from a corporate opportunity presented through our strong client relationships.

RUA VASCULAR

Following a successful pre-submission process with the FDA, which allows the Group's vascular graft to go through the less onerous 510k market clearance route. The graft is now fully prepared to undergo the regulatory testing regime agreed upon once funding is in place. Regulatory approval is anticipated to be achievable within 30 to 36 months of starting recruitment for the remaining clinical studies. The budget required would be approximately £6 million.

The Board believes that the Vascular project has very attractive risk-adjusted returns on the additional investment required but will not seek to fund these trials in house. The investment in RUA Vascular will be exploited by seeking third party funding for the project whilst retaining an interest which could involve an equity interest, a contract development and manufacture agreement or a form of licensing of technology developed.

By not pursuing the Vascular regulatory pathway in house has dramatically reduced the cash drag on the business.

RUA STRUCTURAL HEART

The heart valve industry's reliance on animal tissue remains a significant risk to the industry and the continuity of the supply of valves to patients. An outbreak of BSE or similar in Australia or New Zealand would be almost catastrophic. RUA developed a novel composite material, now referred to as AurTex, from which a preliminary valve design was created and tested. The results of this initial testing were so positive that we identified the opportunity to license and supply AurTex to the heart valve industry rather than seek to compete with it in valve design and delivery systems.

Building upon the biological properties of Elast-Eon in long term implants and coupled with RUA's textile expertise and novel process of creating a unified composite material, AurTex has continued to demonstrate very encouraging data.

Ongoing in-house trials continue to provide further encouraging data, demonstrating that AurTex has the opportunity to replace current leaflet material.

A heart valve leaflet needs to be durable and AurTex has undergone both flex fatigue and accelerated wear testing as a valve. In both cases, our expectations were exceeded. In hydrodynamic testing, the AurTex leaflet valve has performed in line with current technology. The novel material itself also has additional beneficial properties. At only 150 microns thick, it is much thinner than animal tissue material, therefore potentially delivering benefits to transcatheter valve delivery and performance.

BUSINESS REVIEW CONTINUED

AurTex material is currently undergoing testing with a potential partner and the full data pack of internal testing results will shortly be available to the wider industry.

The target for the heart valve business is now to pursue material supply and license agreements with other heart valve businesses, thus bringing time to commercialisation closer and future development budget requirements reduced dramatically. This strategy of seeking to “own” the leaflet material of choice may allow faster commercialisation with revenues generated during the customer development phase.

OUTLOOK

Expectations for the coming year are to engage with licencees to grow Biomaterials licensing revenues and enter into development contracts with customers in Contract Manufacture to lead to a doubling of its annual revenues in the medium term. I am very encouraged by the pace of change within the business and the focus of the team in engaging with current and prospective customers and licensees. Substantial opportunities are being pursued within Contract Manufacture and, with a following wind, could provide visibility to the ambitious growth plans. These opportunities alone would transform the Group without the potential for added value from the partnering to fund the regulatory pathway for Vascular and licensing of AurTex for heart valve leaflets.

WILLIAM BROWN
Chief Executive

23 July 2024





FINANCIAL REVIEW



“RUA has a portfolio of four businesses, all of which are designed to add value to the Group. The established businesses of Biomaterials and Contract Manufacture have strong contractual revenue streams generating attractive net margins yet have the potential to grow profitability and add significant value. A revised strategy for Vascular has significantly reduced future Group cash burn. Contract manufacturing and polymer licensing business units have performed in line with expectations.”

LACHLAN SMITH
Group Chief Financial Officer

REVENUE

£2,191,000

Reported Group revenues for the year ended 31 March 2024 rose slightly to £2,191,000 from £2,179,000 in the previous year. This modest increase reflects stable performance across our business segments coupled with H2 recovery.

£1,679,000

Notably, our Contract Manufacturing business experienced a small positive growth trend, with revenues rising 3% to £1,695,000, up from 1,625,000 in 2023. This growth underlines the effectiveness of our strategic initiatives and our ability to meet customer demand.

£496,000

Revenues for our Biomaterials division were impacted by a strengthened sterling against the dollar coupled with a slight reduction in royalty income for the year, however royalty income remained substantial at £496,000 compared to £554,000 in the prior year.

RESEARCH AND DEVELOPMENT COSTS

As announced in November 2023, the group is beginning the process of scaling back its overall investment in Research and Development to focus on delivering profitability. The effects of this shift in focus saw a reduction in R&D spend of £200,000 for the year compared to the prior year. During the year, the Group expensed through the income statement £873,000 (2023: £1,072,000) of research costs relating to the Vascular Graft and Heart Valve programmes.

GENERAL AND ADMINISTRATIVE EXPENSES

Cost control continues to be a priority objective. This is supported by a rigorous budgeting process coupled with the implementation of enhanced controls. These measures have provided the group with clearer sight of and ultimately better control of business running costs resulting in a reduction in administrative expenses for the year to £3,792,000 (2023: £4,169,000); these figures include amortisation & depreciation charges of £364,000 (2023: £358,000), the research and development costs noted above and the share-based payment charges noted below.

SHARE-BASED PAYMENT CHARGES

The business operates share option plans for key personnel, incurring an annual charge for share-based payment expenses. During the year, there was a non-cash credit of £35,000 (compared to a charge of £102,000 in 2023). The non-cash credit is attributed to a writeback related to the withdrawal of share option awards from two executives who left the Group.

NET FINANCE COSTS

In the past two years, the business has opted for non-dilutive financing solutions to preserve cash. Finance expenses for the year rose to £83,000 compared to £16,000 in 2023. This figure includes unrealised foreign exchange losses amounting to £28,000 (2023: £12,000 gain).

LOSSES BEFORE TAXATION

The business continues to incur losses with losses before taxation from business operations for the year amounting to £2,020,000 (2023: £2,322,000).

LOSS PER SHARE

Basic and diluted loss per share for the year was 4.29 pence (2023: 9.03 pence).

TAXATION

The Group claims research and development tax credits each year and, since it is currently loss making, elects to surrender these tax credits for a cash rebate. The amount is included within the taxation line of the consolidated income statement in respect of amounts receivable for the surrender of research and development expenditure amounting to £580,000 (2023: £319,000). The Group has not recognised any tax assets in respect of trading losses arising in the current financial year or accumulated losses in previous financial years.

FINANCIAL REVIEW CONTINUED



DIVIDENDS

No dividends have been proposed for the year ended 31 March 2024 (2023: £nil).

CASHFLOW

In December 2023, the business successfully raised £4 million via an equity placing. By year-end, the business held cash and short-term deposit balances totalling £3,931,000 (2023: £1,484,000).

Cash preservation remains a strategic objective. Throughout the year, operating cash outflows from operations amounted to £1,328,000 (2023: £1,146,000), reflecting the financial activities and commitments involved in sustaining business operations and growth initiatives.

The business invested £55,000 in capital expenditure during the year, down significantly from the £449,000 spent in 2023. This reduction in capital expenditure indicates a strategic adjustment in spending priorities, aligning with the focus on cash preservation and efficiency.

FINANCIAL POSITION

Following our successful fundraise, our financial position has significantly strengthened, providing a robust platform to capitalise on new opportunities and initiate discussions with partners aimed at enhancing shareholder value. Our net assets as at 31 March 2024 were £7,182,000 (2023: £4,683,000) of which cash and cash equivalents amounted to £3,931,000 (2023: £1,484,000).

Intangible assets (not including Goodwill) reduced to £419,000 (2023: £470,000) due to the amortisation charge of £51,000.

KEY PERFORMANCE INDICATORS

At this stage of the Group's development, the nonfinancial key performance indicators focus around two areas:

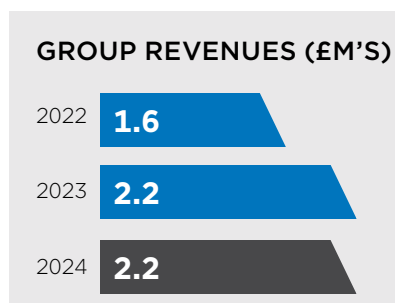
- the progression of our Elast-Eon sealed Vascular grafts into clinical trials; and
- the development of our Polymeric Heart Valve and composite leaflet material.

The financial key performance indicators focus on five areas:

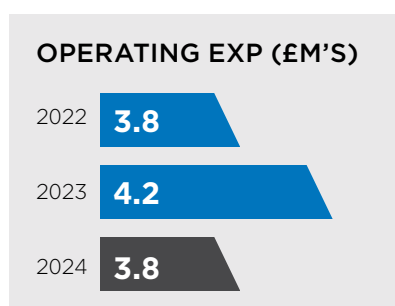
- Group revenues
- Control of operating expenses
- Research and development expenditure
- Pre-tax results
- Cash and short-term deposit balances

These are further discussed within the Business Review on pages 6 to 8:

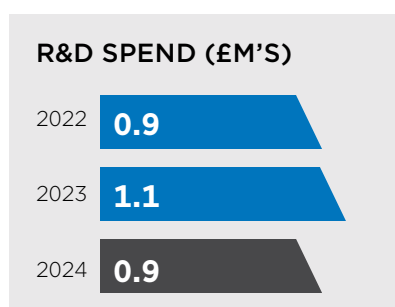
MEASURING OUR PERFORMANCE



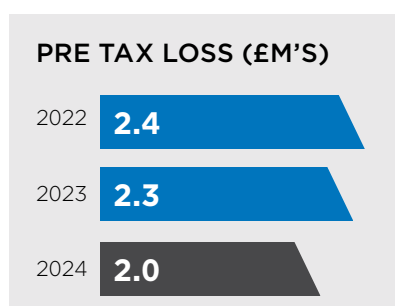
The Group measures revenue as a key financial metric to assess the progress of its commercial activities.



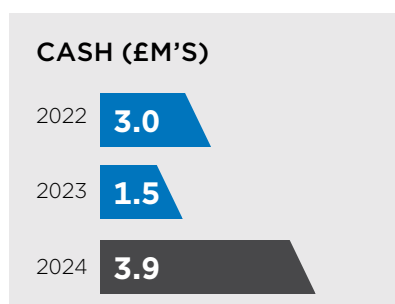
The Group considers control of operating expenses as a key performance indicator to monitor and optimize cost management, ensuring efficient allocation of resources.



Research and Development expenditure is a critical KPI for the company to evaluate its investment in innovation and technological advancements, driving future growth and competitiveness.



The Group's pre tax loss measures the overall financial performance of its commercial and operating activities during the period.



Since the ongoing Vascular and Structural Heart commercialisation activities still require further investment and the business is not yet generating positive cash flows, the remaining cash balance is considered a key metric.

LACHLAN SMITH
Group Chief Financial Officer

23 July 2024

STRATEGY

The mission of the Group is to enhance patients' lives through the development of pioneering innovative cardiovascular medical devices using Elast-Eon™, the world leading long-term implantable biostable polyurethane. This is being undertaken through:

International growth via
**licensing
Elast-Eon to third
parties** through RUA
Biomaterials

Partnering with third parties
to exploit the development
work completed for a range
of **Elast-Eon sealed
vascular grafts** through
RUA Vascular

Licensing and
supply of our novel
heart valve leaflet
material **AurTex**
through RUA
Structural Heart

International growth through
RUA Contract Manufacture;
becoming a centre of excellence
for designing, developing and
manufacturing **Elast-Eon based
medical devices**, whilst
continuing to serve and expand
its current OEM customer base

RUA Life Sciences will seek to maximise shareholder value by growing each business to achieve attractive levels of profitability or disposing of business areas if the valuations are attractive.

OUR PEOPLE

OUR GROUP'S CORE VALUES

Innovation, Agility, Integrity, Quality and Collaboration

Having a Human Resources department to monitor and produce statistics for the annual report and accounts is a luxury that RUA does not have. Our philosophy however is to recruit the best candidate possible for every open role irrespective of their age, sex, race, religious belief or sexual preference. Once employed treat our people properly, pay them fairly and provide an environment for them to develop their skills and in exchange we expect a positive contribution to the business.

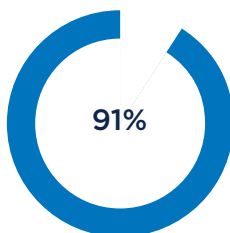
Engaging our people

Our annual employee survey is a platform for team members to voice insights on what's functioning well and where enhancements can be considered. The recent findings reflect an encouraging but lower than last year employee satisfaction score of 84%, consistent with last year's results (2023: 88%). The survey was undertaken in the midst of the equity fund-raise and, despite the uncertainty, underscores the robust engagement and deep-rooted belief our workforce has in the company's vision and values.

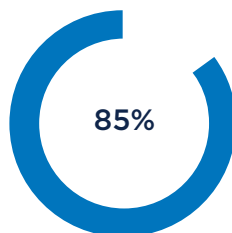
OUR PEOPLE CONTINUED

SURVEY HIGHLIGHTS

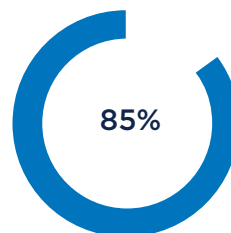
ROLE CLARITY



ENGAGEMENT



MOTIVATION



Our Voice of the Employee (VOTE) committee, fosters employee engagement through social events, providing a platform for active participation in shaping a culture of continuous performance improvement. It strives to implement modern, efficient business practices and flexible work approaches. Through these efforts, VOTE contributes to building a dynamic and responsive organizational environment that empowers employees to thrive and succeed.

OUR CULTURE

We believe in fostering an environment where people feel valued are happy to express their opinions and work collaboratively with colleagues. The Group invests in training and providing opportunities to develop and always seek to promote internally.

WELLBEING

Ensuring the wellbeing of our employees is important to RUA, especially given the challenges posed by Covid and, more recently, the cost of living issues. We believe that happy and healthy employees perform better, which is why we have introduced a variety of tools and resources to support our workforce.

- Mental health first aiders
- Real living wage employer
- Wellbeing sessions

As well as the above programmes we have Canada Life's We Care support service. Providing access to a number of external services from access to GP's to coping with stress and life event counselling and financial and legal advice.

HEALTH AND SAFETY

The Group is committed to ensuring that the highest reasonably practicable standards of health and safety are achieved in all Group operations. The Board considers Health and Safety as an agenda item at every meeting. It is our aim to promote and maintain a high standard of health and safety by:

- Meeting the Health and Safety at Work Act 1974 and Management for Health and Safety at Work Regulations 1999.
- Providing and maintaining a safe place of work, safe systems of work, safe equipment and a healthy and safe working environment.
- Understanding and ensuring compliance with health and safety; and industry, regulatory and other requirements that apply to our activities.
- Ensuring we are taking the appropriate protective and preventative measures.
- Being fully committed to the prevention of injury and ill-health to employees, sub-contractors, the public or visitors, whilst striving to improve health and safety performance.
- Identifying hazards, undertaking risk assessments and reducing risks to as low as possible.
- Developing and maintaining systems and procedures to ensure that all equipment and premises are safe and do not adversely affect health.
- Consulting employees and promoting the awareness of health and safety standards, and encouraging health and safety best practice throughout our organisation.

- Raising awareness, encouraging participation and training employees in health and safety matters to ensure employees and others are assured of a safe and healthy working environment.
- Ensuring all persons working on or behalf of the group comply with Health and Safety policies and actively contribute towards improving safety in every aspect of their work.

WORKING ENVIRONMENT

The Group's Industry 4.0 digital transformation is progressing steadily, with the integration of cutting-edge digital technologies to enhance its operational efficiency. The implementation of advanced financial control systems streamlines accounting processes, ensuring precise and real-time financial reporting. In HR, digitalization supports efficient recruitment, training, and performance management, improving overall employee experience and retention.

Quality systems benefit from digital enhancements that enable real-time monitoring, analytics, and predictive maintenance, ensuring high standards and consistency across products and services. Through these digital advancements, the Group bolsters its competitive edge while empowering its workforce and maintaining excellence in its operations.

ATTRACTING, RECRUITING AND KEEPING TALENT

The Group seeks to create a supportive work environment to attract and retain its employees. We offer competitive salary and benefits packages and opportunities for professional development and career growth. The Group encourages open communication and fosters a culture of mutual respect and inclusivity, which helps employees feel valued and appreciated. The Group builds strong relationships with its workforce by providing a healthy work-life balance and recognising employees' contributions.

Employee attrition rate is 14% (2023: 16%) and we have a number of employee incentivisation plans in place to increase retention, including private health care and Electric Vehicle salary sacrifice schemes.

EQUALITY AND DIVERSITY

We actively address gender bias and inequality by fostering an inclusive workplace. Overall we have a good level of gender diversity across the Group with our workforce reflecting a 31%:69% (2023: 32%:68%) female-to-male split. Our 2024 report (Excl. Directors) reveals a 7.7% (2023 8.0%) mean gender pay gap inline with the UK average of 7.7%. The Group does not have formal diversity quotas but recognises that a diverse employee profile is fundamental to the business.

ENVIRONMENTAL

RUA does not have a specific environmental strategy but seeks to avoid waste and protect the environment to the best of our abilities. This has included contracting with 100% renewable electricity suppliers, recycling all recyclable waste created in the business and providing electric car charging points for employees.

WILLIAM BROWN
Chief Executive

23 July 2024

DIRECTORS

The Company is managed by the Board of Directors which, at 31 March 2024, comprised of three Executive (William Brown, Lachlan Smith and John McKenna) and three Non-Executive Directors.

The Non-Executive Directors (Ian Ardill, John Ely and Geoff Berg) are considered independent.



William (Bill) Brown
(CEO)

Bill was appointed to the Board on 21 October 2011 and became Chairman on 3 July 2012, and split the role of Executive Chairman in June 2024. Bill is a Chartered Accountant with over 35 years' experience in advising and investing in high growth smaller companies. He has floated several companies and has significant experience in fund raisings, corporate deals and restructurings. He launched the first dedicated fund for AIM and was instrumental in the growth and internationalisation of AIM as a member and Chairman of the AIM Advisory Committee. He joined the Board in late 2011 and, having conducted a strategic review, developed a strategy to monetise the core technology. Bill provides leadership and direction to the Board, facilitates the operations and deliberations of the Board and acts as principal liaison between the Board and the Executive and assumes responsibility for the strategic direction of the company.

Bill provides leadership and direction to the Board, facilitates the operations and deliberations of the Board and acts as principal liaison between the Board and the Executive and assumes responsibility for the strategic direction of the company.

Key Areas of Expertise

Strategy, corporate governance, corporate finance, financial management, investor relations, international business risk management.



Lachlan Smith
(Group Chief Financial Officer)

Lachlan is a Fellow of the ACCA with over 20 years' experience in accounting and finance across multiple sectors, with the last 14 years spent in leadership roles. Prior to joining RUA Life Sciences, Lachlan served as Finance Director at high growth technology companies Silver Cloud Smarter Technology and Equator where he played a key role in developing strong financial systems and internal controls. While at Silver Cloud, Lachlan played a crucial role in helping the business navigate the impact of COVID-19 and preparing the company to emerge in a strong position including assisting the business transition towards new growth opportunities. Furthermore Lachlan played a key role during multiple rounds of fundraising during the pandemic. Lachlan joined the Board of RUA Life Sciences on 31 March 2022.

Key Areas of Expertise

Financial management, accounting, strategy development and strategic leadership, digital transformation, corporate finance, corporate governance.



John McKenna
(Director of Clinical Marketing)

John is a leading marketing expert in the field of cardiovascular devices. With over 30 years' experience in cardiothoracic surgery, he has helped develop and launched a number of successful devices, including heart valves, large vessel grafts and stents. John has worked for a number of leading medical companies, including Pfizer, Vascutek (Terumo) and CryoLife, and has contacts with both leading heart surgeons and senior executives at the major device companies. John re-joined the Board in late 2016, and has helped develop the product strategy based on his analysis of competing products and current market need from the industry. He has established European-wide distribution networks for medical devices and OEM supply agreements, particularly in heart valve related products.

Key Areas of Expertise

Medical device market, sales management, market development, international sales, product launch.



Geoff Berg
(Non Executive Chairman)

Geoff was formerly a consultant heart surgeon at the Golden Jubilee Hospital in Glasgow where he specialised in surgical treatment of valvular heart disease and was recognised as one of the leading surgeons in mitral valve repair and replacement. He has authored a number of scientific papers on the treatment of heart disease and conducted studies into the long-term performance of replacement heart valves. He has been involved in the early-stage development of a number of cardiovascular devices, including a stentless animal tissue heart valve, and the launch of the only biological valved conduit. He is a recognised authority on stentless aortic valve surgery and has co-authored papers on stentless versus stented aortic valve insertions.

Key Areas of Expertise

Surgical practices, heart valve development, regulatory affairs, clinical research.



Ian Ardill
(Non-Executive Director)

Ian has over 25 years' experience in senior financial positions, with the majority of that time being spent in medical devices and pharmaceuticals. He is currently CFO of Rhythm AI Ltd. Previously, he was Managing Director of Causeway Finance Associates Limited, a Life Sciences consultancy, which he founded in 2017 after his role as Chief Financial Officer of Diurnal Group plc, which he joined in April 2015 ahead of the company's successful IPO on AIM in December 2015. Prior to that, Ian was Chief Financial Officer of two other listed companies. With Lombard Medical Technologies plc, from 2012 to 2015, he led the company financially through the late stages of FDA pre-market approval and the commencement of US commercial operations. On the financing front, he managed a £22 million fundraising on AIM and the company's IPO on NASDAQ raising \$55 million. With Biocompatibles International plc, from 2003 to 2011, he played a leading role in transforming the company from a loss-making to a profitable enterprise with sales of £33 million. He also managed the company's sale to BTG Plc in 2011 for £177 million and two returns of capital to shareholders totalling £23 million. Ian is a graduate of Warwick University and qualified as a Chartered Accountant with Grant Thornton.

Key Areas of Expertise

Life Sciences (particularly medical devices), public companies, finance and accounting, corporate finance, corporate governance, investor relations.



John Ely
(Non-Executive Director)

John is a recognised expert in cardiovascular devices and spent 7 years at the FDA, where he was responsible for a team that approved cardiovascular medical devices, including heart valves. In industry, he has successfully managed the process of obtaining pre-market approvals for 6 heart valves, including both tissue and mechanical valves. He has also led research and development, regulatory and quality assurance teams at Baxter International Inc., Edwards Lifesciences Corporation and On-X Life Technologies, Inc. John has authored over 25 scientific papers and is the named inventor on 3 US patents. He was previously engaged as an expert witness in the area of heart valve design and development process, giving him an intimate knowledge of the Group's heart valve project.

Key Areas of Expertise

Medical device market, market development, product development, regulatory affairs, strategic planning.

SECTION 172(1) STATEMENT

For the year ended 31 March 2024

Actively engaging and developing strong relationships with stakeholders is important to RUA. Our Directors understand that engagement and carefully considering feedback directly contributes to our long-term success, generating value for our shareholders, employees, partners, and suppliers.

The Directors are aware of their duty under Section 172(1) of the Companies Act 2006, to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) Likely consequences of any decisions in the long term.
- b) Interests of the company's employees.
- c) Need to foster the company's business relationships with suppliers, customers and others.
- d) Impact of the company's operations on the community and environment.
- e) Desirability of the company maintaining a reputation for high standards of business conduct, behaving ethically and transparently.
- f) Need to act fairly between members of the company.

In discharging its Section 172 duties, the Board has considered the factors set out above and the views of key stakeholders as described below. The Board identifies the Group's key stakeholders as shareholders, employees, customers, suppliers and community participants, and it is committed to effective engagement with these stakeholders.

SHAREHOLDERS

The Company communicates with shareholders through its AGM and also through the annual cycle of investor meetings and webinar presentations held alongside the publication of the Group's financial results for the half-year and full-year. The Company aims to ensure that the Chairs of the Audit and Remuneration Committees are available at the Annual General Meeting to answer questions

The Executive Directors meet regularly with larger shareholders, both institutional and private, to explain and discuss the Group's strategy and objectives and to understand the interests of shareholders in the Group. The Board recognises its responsibility to act fairly between all shareholders of the Company.

All regulatory announcements along with annual reports and notices of general meetings are available on the corporate website www.rualifesciences.com. Further information is disclosed in the Corporate Governance Statement.

NON-FINANCIAL INFORMATION STATEMENT

The information below is provided to help our stakeholders understand our position in relation to key non-financial matters including, where appropriate, the relevant policies and processes we operate.

DECISION MAKING

The Group's outlook is set out in the Chairman's Statement and Business Review on pages 5 and 8. Associated risks are highlighted within the principal risk and uncertainties report on pages 22 to 24 and throughout the Strategic Report.

EMPLOYEES

The Group employed an average of 40 staff during the year. The executive directors interact daily with employees. Management has implemented employee policies and procedures which are appropriate for the size of the Group. The Directors actively seek regular feedback from employees via the annual staff survey to ensure their interests are reflected.

CUSTOMERS AND SUPPLIERS

As a growing business, successful and effective engagement with customers and suppliers is paramount to meeting our strategic objectives. Senior management engages in regular meetings with key stakeholders through a variety of channels, including bi-monthly team calls and customer experience surveys to promote the building of long-term relationships.

COMMUNITY AND ENVIRONMENT

As a relatively small organisation the Group's impact on the community and the environment is modest but the Board endeavours to ensure that the business acts ethically and in an environmentally conscious manner.

Pages 15 to 17 further detail the extent of the work undertaken in relation to social, people and environment.

BUSINESS CONDUCT

It is our policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate. We will uphold all laws relevant to countering bribery and corruption; we remain bound by the laws of the UK, including the Bribery Act 2010, in respect of our conduct both at home and abroad.

HUMAN RIGHTS

We are committed to ensuring that we comply with our legal obligations as well as communicating these to individuals who work for or on behalf of us. We comply with all relevant legislation in relation to labour in the workplace. We implement our obligations under the law through our policies, which are available to all employees within our 'Employee Handbook', which is also regularly checked for legal compliance. We also comply by giving all of our employees' a Statement of Particulars of Employment.

Modern slavery is a crime and a violation of fundamental human rights. We have a zero-tolerance approach to modern slavery and we are committed to acting ethically and with integrity in all our business dealings and relationships and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or in any of our supply chains.

We are also committed to ensuring there is transparency in our own business and in our approach to tackling modern slavery throughout our supply chains. We expect the same high standards from all of our contractors, suppliers and other business partners, and as part of our contracting processes.

PRINCIPAL RISKS AND UNCERTAINTIES

PRINCIPAL RISKS AND UNCERTAINTIES

While risk can never be fully eliminated, RUA Life Sciences' approach to risk management aims to mitigate risk to an acceptable level to execute the Groups' strategy and create value for all stakeholders.

The Board has carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. This included an assessment of the likelihood and impact of each risk identified, and the mitigating actions being, or to be, taken. Risk levels are modified to reflect the current view of the relative significance of each risk.

Roles and Responsibilities

The Board:

- Has overall responsibility for corporate strategy, governance, performance, internal controls and Risk Management Framework.
- Sets the Group's risk appetite and ensures appropriate risk management and internal control systems are in place to enable a robust assessment of the principal risks.
- Ensures effective processes exist to manage the principal risks and takes a balanced view of those risks against RUA Life Sciences' strategy and risk appetite.
- Sets the "tone from the top" and the culture for managing risk.
- Sets strategic priorities in light of the Group's risk profile.
- Challenges the content of the risk register.

The Audit committee:

- Conducts an annual review and reports to the Board on the effectiveness of the Group's risk management and internal control systems
- Ensures compliance with financial and reporting legislation, rules and regulations and ensures the Annual Report is fair, balanced and understandable.
- Monitoring and oversight of External Audit.

The Executive Team:

- Manages the business and delivery of the Group's strategy.
- Is the central risk team to establish and facilitate the risk management process across the Group to provide risk information for management oversight and decision making.
- Manages the principal risks appropriately to operate within the Group's risk appetite.
- Assigns senior business representatives (Risk Champions) for each category and function to take a lead role in the identification of risk and updating the risk register for senior management oversight.

The principal risks and uncertainties identified are detailed in this section. Additional risks and uncertainties to the Group, including those that are not currently known or that the Group currently deems immaterial, may individually or cumulatively also have a material effect on the Group's business, results of operations and / or financial condition.

CONFLICT IN UKRAINE

We do not have any customers or suppliers in Ukraine or Russia, and are therefore not currently experiencing any material disruption to our operations but continue to closely monitor the evolving situation and will develop appropriate response plans if required.

POLITICAL AND ECONOMIC INSTABILITY

We face risks in relation to political and economic instability associated with the UK having left the European Union, including potential changes to the legal framework applicable to our business (arising from the removal of retained EU law under the new Brexit Freedoms Bill). Currently, the majority of sales are to US based customers and little impact has been seen to date, however additional customs checks are resulting in delays on delivery of capital equipment and this risk is mitigated by seeking to place purchase orders in a timely basis.

Risk change



Risk*	Potential Impact	Mitigation
Customer Concentration 	- Income shortfall - Reduced profitability - Failure to maintain competitive advantage	- Second long-term manufacturing contract secured, and opportunity pipeline in place which has the potential to double existing revenues over 2-3 years - Business continuity plans for manufacturing and production facilities, inventory management and our key supply chain to maintain capability to respond rapidly and appropriately to any event - Processes to monitor, manage and provide assurance to raw material supply-based risk
Failure to deliver effective Business Strategy & Transformation 	- Revenue underperformance - Loss of competitive advantage - Impact on market capitalisation	- Development and launch of new products to secure new customers and drive future growth - Detailed planning has been undertaken with external regulatory consultants, staff and Board to identify key actions, resource requirements, links between company-wide activities
Innovation & IP 	- Revenue underperformance - Loss of competitive advantage - Impact on market capitalisation - Reputation loss	- Strong pipeline of new products to provide growth and differentiation - Strong business planning - Effective alignment of corporate and operational strategy - Appropriate IP protection, confidentiality and licensing agreements in place to secure our portfolio
People & HR 	- Loss of key staff - Loss of technical skills - Disruption to business performance	- Remuneration and benefits, including long-term incentives, are reviewed and designed to be competitive and attract, motivate and incentivise key personnel - Investment in training and development to attract talented people - Positive staff satisfaction survey 2024 – 84% (2023: 88%)
Quality 	- Inability to manufacture and supply products to customers - Disruption to business operations - Loss of Value	Manage and maintain a robust Quality Management System certified to ISO 13485:2016 standard
Finance & Internal Controls 	- Financial Loss - Liquidity loss - Disruption to business operations	- Maintenance of an infrastructure of systems, policies and reports to ensure discipline and oversight on liquidity matters, including specific treasury and debt-related issues and control of expenditure to maximise cash runway - The funding strategy is approved annually by the Board and includes maintaining appropriate levels of working capital
IT, Data & Digital Transformation 	- Loss of data - Loss of competitive advantage - Disruption to business operations	- Multiple transformation programmes underway to simplify our business and enhance our data security - The Group has in place disaster recovery plans which are periodically tested - The Group ensures that all software and systems are regularly updated to latest software versions and firmware updates - The Group ensures its cyber security plans and security access levels are reviewed on a regular basis
Brand, reputation & trust 	- Revenue underperformance - Loss of competitive advantage - Impact on market capitalisation	- Implement strategies to protect the brand's image, such as regular monitoring of social media and public sentiment, and addressing any negative feedback or misinformation quickly - Annual customer surveys and feedback - Disaster recovery and crisis management planning - The nature of our products requires a robust quality management system which is third party audited to the ISO:13485 standard - The Group has a whistleblowing policy to allow and encourage all employees to bring matters which cause them concern to the attention of certain persons within the Company and, ultimately, to the attention of the Chair of the Board
Operations (Manufacturing, Medical Textiles, Supply Chain) 	- Inability to manufacture and supply customer products - Disruption to business operations	- Implementation of dual sourcing strategy - Increased inventory critical raw materials - Supply agreements are in place with all significant third party suppliers

* including change in the identified risk over the last reporting period

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

FOREIGN EXCHANGE RISK

The Group is exposed to translation and transaction foreign exchange risk. The majority of RUA Biomaterials sales are to customers in the United States and these sales are priced and invoiced in US\$. The majority of RUA Contract Manufacture sales are also to the United States but the invoices are raised in GBP. The Group policy is to try to match currency income with currency expenditure as far as possible, in order to minimise currency exposures.

DOLLAR CASH BALANCE AT THE YEAR END

The extent to which the Group has residual financial assets in foreign currencies (US\$) at the financial year end is set out below. Foreign exchange differences on retranslation of these assets and liabilities are taken to profit or loss of the Group.

2024 Asset	US\$ Balance	GB£ Value
US Dollar Bank Account	\$358,664	£283,940
2023 Asset	US\$ Balance	GB£ Value
US Dollar Bank Account	\$669,221	£542,296

INTEREST RATE RISK

The Group finances its operations through retained cash reserves, and seeks to strike a balance between liquidity and maximising the return on funds. Cash holdings are regularly reviewed by the Board.

The interest rate exposure of the financial assets and liabilities of the Group as at 31 March 2024 is shown in the table below. Interest rate risks are not hedged. If the interest rates to which the Group is exposed had increased by 1%, the reported loss after taxation would not have been materially different to that reported.

	Interest rate		
	Floating GB£000	Zero GB£000	Total GB£000
Financial assets			
Cash and cash equivalents	3,931	-	3,931
Trade and other receivables	-	760	760
	3,931	760	4,691
Financial liabilities			
Liabilities at amortised cost	-	966	966
	-	966	966

LACHLAN SMITH
Group Chief Financial Officer

23 July 2024

GOVERNANCE



CORPORATE GOVERNANCE STATEMENT

As Chairman of the Board it is my responsibility to ensure that the Group has both effective corporate governance and Board leadership. In accordance with the requirement for all AIM quoted companies to adopt a corporate governance code, RUA Life Sciences has adopted the Quoted Companies Alliance Corporate Governance Code (2018) (the “QCA Code”) for this year and intends to comply with the revised (2023) QCA Code in the future. This report follows the structure of these guidelines and explains how we have applied the guidance. The Board considers that the Group complies with the QCA Code in most respects and where we deviate from the expectations set by the QCA I have clearly explained within this report.

The Board believes that corporate governance is not a destination in itself but a journey. As the Group develops and grows, the systems and processes will evolve and change but our commitment to being transparent and open with all of our stakeholders will not change. The QCA code provides a framework to allow the Board to better communicate to our shareholders.

QCA PRINCIPLES

Deliver Growth

1. Establish a strategy and business model which promote long-term value for shareholders

The strategic objective is to drive value for shareholders over the short to medium term by developing each of the business units to achieve and then grow profitability and cash generation. A decision was taken in consultation with shareholders to focus the Company's efforts on the nearer term opportunities to seek cash generation and profitability. As a result, external funding is now sought for the longer term, cash consumptive parts of the business. The cost of capital was the principal driver of this strategy review to ensure the business was aligned with shareholder wishes.

2. Seek to understand and meet shareholder needs and expectations

As mentioned above, RUA engaged with shareholders to ensure that capital was deployed in an efficient manner and the strategy revised to align interests.

Relationships with our shareholders are important to us and in addition to specific engagement, we seek to provide effective communications through our Interim and Annual Reports along with Regulatory News Service announcements. We also use the Group's website, www.RUALifesciences.com, for information on products and technology.

RUA encourages two-way communication with both its institutional and private investors and responds promptly to all queries received both by telephone and by email. The Chief Executive and Chief Financial Officer talk to and meet with the Group's major shareholders and ensure their views are communicated fully to the Board. This process is further enabled by our Nomad / Broker, Cavendish, which organises presentations to existing and potential investors and updates the Board on feedback and any changes to shareholders views and expectations. The Nomad / Broker is regularly briefed on developments to enable research notes to reflect the current status of the Group. Members of the Board make themselves available to shareholders to answer any questions particularly relevant to their particular area of expertise.

The Annual General Meeting (“AGM”) is an important opportunity to meet with the Company's private shareholders. All the Directors attend the AGM and are available to meet shareholders individually or as a group, listen to their views and answer questions. For each resolution the number of proxy votes received for, against or withheld is disclosed to all attendees. The results for the AGM are subsequently published on the Group's corporate website. At the 2023 AGM, all resolutions were passed with more than 95% majority with the exception of the Remuneration report that was passed with a 71% majority. The Company engaged with the shareholder that had voted against to understand reasoning.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

With the acquisition of RUA Medical in 2020, the business of RUA Life Sciences has grown substantially and now has employees, premises, and regulated processes. The Board recognises that its long-term success depends upon the efforts of its employees and maintaining strong relationships with its customers, suppliers and regulators. To monitor all these relationships, a

balanced score card system is in operation and monitored by the Board.

The key stakeholder however is the patient whose life is dependent on a RUA Life Sciences device. Only by serving the patient first, and by demanding quality in all areas of the business, will RUA Life Sciences be a long-term success.

The business is small and doesn't consider its impact on the environment material

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

On pages 22 to 24 of this Annual Report and Accounts, the key risks to the business are identified and how these are mitigated, in addition to the change in the identified risk over the last reporting period.

The Board is responsible for reviewing and evaluating risk and the Executive Directors meet at least monthly to review ongoing trading issues, discuss performance and any new risks associated with ongoing product development. An ISO accredited Quality Management system (ISO 13485) is in place for the entire Group which is subject to external audit and during the period the Group successfully extended its areas of registration.

The Board has formalised the review and reporting of the main internal controls within the business. During the year, the Directors continued to review and address identified risks within the key risk factors facing the Group. These areas included regulatory, research and development, commercial, human resources, and information technology. The Board will continue to review the system of internal controls within the Group.

The Board of Directors is responsible for the Group's system of financial controls. However, it should be recognised that such a system can provide only reasonable and not absolute assurance against material misstatement or loss.

The principal elements of the system include:

- A clearly defined structure which delegates authority, responsibility and accountability.
- A comprehensive system for reporting financial results. Actual results are measured monthly against budget which together with a commentary on variances and other unusual items allows the Board to monitor the Group's performance on a regular basis.
- A comprehensive annual planning and budgeting programme.
- A revision of annual forecasts on a periodic basis.

There is no independent internal audit function. The Directors believe that such a function would not be cost effective given the current size of the Group, but they will continue to monitor the situation as the Group goes forward. The Board has reviewed the effectiveness of the system of internal controls as outlined above and considers the Group has an established system which the Directors believe to be appropriate to the business. As part of the evolution of systems and controls, a digital transformation programme is being undertaken which has systemised the control of expenditure through purchase order systems and reconciliations.

Maintain a Dynamic Management Framework

5. Maintain the Board as a well-functioning, balanced team led by the Chair.

The Company is controlled by the Board. The Board is lead by myself as non-Executive Chairman and William Brown has executive responsibility for running the business and implementing strategy. In this regard, a close working relationship is nurtured between the CEO and CFO.

All Directors receive regular and timely information regarding the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of Board meetings. All Directors have direct access to the advice and services of the Company Secretary and are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

CORPORATE GOVERNANCE

STATEMENT CONTINUED

The Board comprises three Executive Directors and three Non-Executive Directors. The Board considers that all Non-Executive Directors bring an independent judgement to bear. The Non-Executive Directors are much more active than is normally expected and participate closely in technical activities.

The Board has a formal schedule of matters reserved to it and is supported by the Audit, Remuneration and Nominations Committees. The Schedule of Matters Reserved and Committee Terms of Reference are available on the Group's website.

The following table sets out the member attendance at Board and Committee meetings during the year ended 31 March 2024:

Director	Number of Meetings Attended			
	Board	Audit	Remuneration	Nominations
William Brown	7/7	-	-	-
John McKenna	7/7	-	-	-
Geoff Berg	7/7	4/4	4/4	-
John Ely	7/7	4/4	4/4	-
Ian Ardill	7/7	4/4	4/4	-
Caroline Stretton	6/6	-	-	-
Lachlan Smith	7/7	-	-	-
Iain Anthony	3/4	-	-	-

6. Ensure that between them the Directors have the necessary up-to-date experience, skills, and capabilities

The Board recognises that it is healthy for membership of the Board to be periodically reviewed and over the past year has been reduced in size by two, resulting in a 50:50 split between executive and non-executive, with the non-executive to shortly go into the majority. The biographies of all members of the Board are summarised in the Strategic Report. The Nominations Committee is chaired by the Company's Chairman. Meetings are arranged as necessary. The Committee is responsible for nominating candidates (both Executive and Non-Executive) for the approval of the Board to fill vacancies or appoint additional persons to the Board. RUA Life Sciences believes that a well-managed business must continuously look to improve the quality and skill sets of the team. All Directors receive induction on joining the Board covering the Group's operations, goals and strategy, and their responsibilities as directors of the Company. The Company maintains a membership of the QCA allowing Board Members to keep up to date on relevant developments. The Company supports the

Directors in developing their knowledge and capabilities.

The Board has established a procedure for Directors in the furtherance of their duties to take independent professional advice, if necessary, at the Company's expense. This process has enabled non-executive directors to independently engage legal advisers to assist with an employment related matter.

All Directors are subject to election by shareholders at the first opportunity after their appointment. In accordance with the Company's Articles of Association, all Directors are required to retire by rotation and shall be eligible for re-election. The terms and conditions of appointment of the Non-Executive Directors are available for inspection upon request.

The terms of reference of the Nominations Committee have been placed on the Company's website. The Company Secretary supports the Chairman in addressing the training and development needs of the Directors.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

During the year, the structure of the Board was reviewed and considered. As part of this process, the Board took the opportunity to appoint William Brown as Chief Executive and I took on the role of Non-Executive Chair, thus normalising the governance structure. The revised board of 6 is more agile and better set to address the needs of the business. The Board undertook an evaluation process to consider Board performance which was conducted by a self-assessment during FY22 by the Chairman assisted by the Company Secretary. This process resulted in the recruitment and appointment to the Board of a Chief Financial Officer. The Board recognised the need to enhance its skills and experience and improved the position through the appointment of Lachlan Smith in March 2022.

8. Promote a corporate culture that is based on ethical values and behaviours

RUA Life Sciences operates in the medical device field where human life is dependent upon its products. As such, sound ethical values and behaviours are not only an asset to the Group, but a requirement under the regulatory standards under which its products are required to be designed, tested and manufactured. The platform on which corporate culture is based is “The patient is the most important stakeholder”.

RUA Life Sciences is still a small Group, so the actions of its Executives are highly visible and reflect directly upon the Group. The Group operates through a number of partnerships, and it seeks to work with other businesses that portray similar business ethics and values and have the capabilities of operating under strict regulatory environments. The S172 report on pages 20 to 21 further details some of the work undertaken in relation to culture, ethics and stakeholder engagement.

9. Maintain governance structures and processes that are fit for purpose and support good decision making by the Board

Geoff Berg, as Non-Executive Chairman, is responsible for leading an effective board, fostering a good corporate governance culture and ensuring appropriate strategic focus and direction in addition, he provides advice on surgical matters regarding the design and ultimate implantation of the Company’s devices; and chairs the Remuneration Committee.

William Brown, as Chief Executive, has overall responsibility for developing strategy with the Board and day-to-day management of the Group’s business as well as responsibility for implementation of business strategy. Biographies of each Director are provided within the Strategy Review together with their areas of expertise.

The Non-Executive Directors are all willing to engage with shareholders should they have a concern that is not resolved through the normal channels.

The Board delegates authority to three committees to assist in meeting its business objectives while ensuring a sound system of internal control and risk management. The committees meet independently of Board meetings.

CORPORATE GOVERNANCE

STATEMENT CONTINUED

AUDIT COMMITTEE

The report of the Audit Committee is set out on pages 32 to 34.

The objective of the Committee is to provide oversight and governance to the Group's financial reports, its internal controls and processes in place, its risk management systems and the appointment of and relationship with the external auditor.

The Audit Committee is chaired by Ian Ardill and consists of the three Non-Executive Directors. The Executive Directors attend by invitation. It meets a minimum of two times per year and at least once a year with the external auditors present.

Its role is to monitor the integrity of the Group financial statements, including the Annual and Interim Reports, review the significant accounting policies and financial reporting judgements contained therein and provide updates and recommendations to the Board. It is also responsible for reviewing and evaluating the adequacy of internal control and risk management processes.

The terms of reference for the Audit Committee can be found at www.RUALifesciences.com.

REMUNERATION COMMITTEE

The report of the Remuneration Committee is set out on pages 36 to 38. The aim of the Remuneration Committee is to ensure that shareholder and management interests are aligned. The Remuneration Committee consists of the three Non-Executive Directors. It is chaired by Geoff Berg and meets as required during the year. The Committee determines the remuneration and benefits of the Executive Directors.

The remuneration of Non-Executive Directors is determined by the Board within the limits set by the Company's Articles of Association.

The Chief Executive is invited to attend meetings of the Committee but is not involved in any decisions relating to his own remuneration.

The Committee keeps itself informed of all relevant developments and best practice in the field of remuneration and seeks advice from external advisers when it considers it appropriate.

A more detailed terms of reference for the Remuneration Committee can be found at www.RUALifesciences.com.

NOMINATIONS COMMITTEE

The primary purpose of the Committee is to lead the process for Board appointments and to make recommendations for maintaining an appropriate balance of skills on the Board.

The Nominations Committee is chaired by the Chairman and consists of the three Non-Executive Directors. The Committee meets as necessary to fulfil its responsibilities and meet its objective.

Its role is to review the structure, size and composition of the Board, consider succession planning, review performance of the Directors and the Board as a whole and identify candidates for new Board positions.

The terms of reference for the Nominations Committee can be found at www.RUALifesciences.com.

Membership of the Committees is as follows:

Director	Audit Committee	Remuneration Committee	Nominations Committee
William Brown	n/a	n/a	Member
Ian Ardill	Chair	Member	Member
Geoff Berg	Member	Chair	Chair
John Ely	Member	Member	Member

The schedule of matters reserved for the Boards decision continue to include:

1. Setting strategy
2. Capital structure
3. Financial reporting and controls
4. Borrowing powers
5. Acquisitions and disposals
6. Shareholder resolutions and circulars
7. Board composition
8. Remuneration policies
9. Corporate governance
10. Capital markets compliance

BUILD TRUST

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board believes that corporate governance is more than just a set of guidelines; rather it is a framework which underpins the core values for running the business in which we all believe. The Board has formal responsibilities and agendas and three sub-committees; in addition, strong informal relations are maintained between Executive and Non-Executive Directors. Non-Executive Directors meet with other business partners and give advice and assistance between meetings. Board dinners are held from time to time to provide opportunities for broader discussions.

The Chief Executive regularly meets with investors after results announcements have been made and at other shareholder participant events. The Company also meets regularly with the Group's Nomad / broker and discusses any shareholder feedback – the Board is briefed accordingly.

All Directors attend the Annual General Meeting and engage both formally and informally with shareholders during and after the meeting. The results of voting at the AGM are communicated to shareholders via RNS and on the Group's website.

The Chairman makes presentations to institutional shareholders and analysts each year immediately following the release of interim and full year results.

GEOFF BERG
Non Executive Chairman

23 July 2024

AUDIT COMMITTEE REPORT

The Audit Committee has an important role to play in effective reporting to our stakeholders and ensuring high standards of quality and effectiveness in the audit process. The Committee provides a separate report on its activities focusing on matters relevant to RUA Life Sciences plc and the work of the Committee during the year.

MEMBERSHIP

The Audit Committee comprises the Non-Executive Directors and is chaired by Ian Ardill.

MAIN ACTIVITIES

The Committee supports the Board in carrying out its responsibilities in relation to financial reporting, risk management and assessing internal controls. The Committee also oversees the relationship with the Auditor including the effectiveness of the audit and the provision of non-audit services by the Auditor.

MEETINGS

- The Committee meets at least twice and met formally on three occasions during the 2023/24 financial year to consider:
 - the previous Auditor's plan for the audit of the 2022/23 report and accounts including: the audit risks, the approach to materiality, the IT audit strategy and the Auditor's independence and non-audit fees;
 - the previous Auditor's 2022/23 audit findings including: its audit procedures and observations on the risks identified in the audit plan, its findings on and recommendations on the Group's IT systems and internal controls, impairment testing, going concern considerations, audit and non-audit fees, Auditor independence and updates on auditing and reporting developments;
 - the review of judgements exercised and sensitivities applied in: the calculation of the fair value of share-based payments; impairment reviews; going concern cash flow forecasts and: the non-capitalisation of development costs;
 - the final 2022/23 report and accounts and to recommend its approval to the Board; and

- the 2023/24 interim report including the consideration of going concern and to recommend its approval to the Board.
- The Committee met several times, less formally, to perform an audit tender process:
 - the Committee, with input from the Group CFO and the Executive Chairman: prepared a tender document and a shortlist of potential audit firms, received proposals and presentations from three firms, took references on each of the three firms, prepared and considered an audit tender summary document and appointed RSM as the Group's new Auditor;
 - Grant Thornton resigned as Auditor and confirmed to the Company that there were no matters connected with its ceasing to hold office that needed to be brought to the attention of the members or creditors of the Company for the purposes of section 519 of the Companies Act 2006.

The Auditor, Company Secretary and certain Executive Directors also attended the meetings at the invitation of the Committee chairman. The Committee met with the Auditor on two occasions without the Executive Directors present.

A further meeting was held after the year end, in May, in which the new Auditor presented its plan for the 2023/24 audit. This will be reported on in next year's Audit Committee Report.

FINANCIAL REPORTING

The Committee has recently concluded that the Annual Report and Financial Statements for the year ended 31st March 2024, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's business model, strategy and performance. The Committee reviewed the process for preparing the Annual Report. This process included the following key elements:

- the monitoring of the integrity of the financial statements and other information provided to shareholders to ensure they represented a clear and accurate assessment of the Group's financial performance and position;

- the review of matters of accounting judgement and the underlying rationale in each case including specifically: impairment reviews of assets acquired in the April 2020 business combination and of investments in subsidiaries, capitalisation of product development expenditure, and the calculation of share-based payment charges. Where appropriate the Committee reviewed papers prepared by management and agreed with the accounting treatment;
- the review of significant accounting policies;
- the review of a paper outlining the business plan and cash forecast as the basis of the going concern assessment;

The Committee reviewed the full-year announcement (and the half-year results announcement at the relevant time), Annual Report and financial statements and the consideration of reports from the Auditor identifying the accounting or judgemental issues requiring its attention. The Committee also reviewed the Strategic Report and concluded that it presented a fair, balanced and understandable addition to the Annual Report.

AUDIT

As noted above, RSM was appointed as the new Auditor after the Committee ran a formal audit tender process and received proposals and presentations from three audit firms. Grant Thornton resigned as Auditor prior to the end of the 2023/24 financial year.

In the year ended 31 March 2024 there were no fees for non-audit services (2023: £nil). The Committee was satisfied with the quality of the audit, the degree of challenge and review of the report and accounts.

RISK MANAGEMENT AND INTERNAL CONTROL

During the 2021/22 financial year, the Directors commissioned an updated risk review exercise and the Committee considered and approved Management's risk framework proposal as the basis for a detailed review of the risks facing the Group and the available mitigating actions. The full risk review and register was presented to the Board during the 2022/23 financial year. Risks were identified, categorised, graded, allocated ownership and mitigating actions recorded. These categories included: Branding, Reputation, Trust, Marketing, Sales and Distribution; Business Strategy & Transformation; Corporate; Finance & Internal Controls; Health & Safety; Infrastructure & Facilities; Innovation & IP; IT, Data Management & Digital Transformation; Operations; People & HR, and; Quality, Regulatory & Clinical. The risk review process is a key part of the Group's day-to-day operations and updates on the tracked risks and mitigating actions are reported at Board meetings, with particular focus given to a particular key risk.

During the 2023/24 financial year, Management presented to the Committee a review of the Group's risk management framework, covering new risks and additional mitigating actions. The Committee plans to perform a further review of risks during the 2024/25 financial year.

The Board of Directors is responsible for the Group's system of financial controls and both the Committee and the Board will continue to review the system of internal controls within the Group. However, it should be recognised that such a system can provide only reasonable and not absolute assurance against material misstatement or loss.

AUDIT COMMITTEE REPORT CONTINUED

The principal elements of the system include:

- A clearly defined structure which delegates authority, responsibility and accountability;
- A comprehensive system for reporting financial results. Actual results are measured monthly against budget which together with a commentary on variances and other unusual items allows the Board to monitor the Group's performance on a regular basis;
- A comprehensive annual planning and budgeting programme, and;
- A revision of annual forecasts on a periodic basis.

There is no independent internal audit function. The Directors believe that such a function would not be cost effective given the current size of the Group but they will continue to monitor the situation as the Group goes forward. The Board has reviewed the effectiveness of the system of internal controls as outlined above and considers the Group has an established system which the Directors believe to be appropriate to the business.

OVERVIEW

The Committee considers that it has acted in accordance with its responsibilities. The Chairman of the Audit Committee will be available at the Annual General Meeting to answer any questions about the work of the Committee.

IAN ARDILL

Chairman of Audit Committee

23 July 2024



DIRECTORS’ REMUNERATION REPORT

This report covers the financial year ended 31 March 2024.

The Company is not required by either the AIM Listing Rules or the Companies Act 2006 to produce a separate director’s remuneration policy and report although AIM companies are required to report and disclose certain information on directors pay under AIM Rule 19 and pursuant to s412 of the Companies Act 2006. The Company is a member of the QCA and has provided the information below as recommended by the QCA as part of its commitment to transparency and good corporate governance.

RESPONSIBILITIES

The Remuneration Committee is Chaired by Geoff Berg and comprises the Non-Executive Directors. The Committee is responsible for setting the remuneration packages for Executive Directors as well as approving, where appropriate, the remuneration of senior staff. The Committee sets incentive schemes for the Executive Directors and general staff in order to align their interests with those of the shareholders and to encourage the strategic development of the business.

EXECUTIVE REMUNERATION POLICY

The Company’s aim is to attract, retain and incentivise the Executive Directors, senior management and staff in a manner in line with good market practice and good corporate governance. The Committee endeavours to offer competitive remuneration packages to meet these objectives taking into account a number of factors including the salaries, benefits and incentives available at comparable companies or on advice of specialist advice from executive search consultants for new recruits.

The Remuneration Committee engaged with shareholders that did not vote for the Remuneration Report at last years AGM to understand their position.

The remuneration packages for the Executive Directors were entered into on 11 June 2018; or the date of their appointment if later. Remuneration packages are reviewed each year to ensure that they are in line with the Group’s business objectives. No Director participates in decisions about their own remuneration package.

The main components in determining pay are as follows:

BASIC SALARY/FEES AND BENEFITS

The basic annual salary is subject to an annual review, which takes into account the performance of the Group and the individual as well as market factors. Benefits comprise the provision of a death in service insurance scheme, private medical insurance and pension contribution. For the year to 31 March 2024, there were no revisions to roles and the Executive Directors received a salary increase in line with the general award to all staff. It should be noted that for the year to March 2025, all directors received an annual award of around 50% of the general staff award with the exception of Lachlan Smith who has taken on additional responsibilities. Total salaries and fees for 2025 should see a 25% reduction year on year. The annual basic salaries of the Executive Directors as at 31 March 2024 are as follows:

		2024	2023
William Brown	Full Time	£259,389	£242,420
John McKenna	Part Time (86 days minimum)	£78,945	£73,780
Lachlan Smith	Full Time	£141,584	£126,480

ANNUAL PERFORMANCE-RELATED BONUS

There were no bonus payments to directors in 2024.

PENSIONS

Executive Directors receive pension contributions of 10% of salary to a stakeholder or money purchase scheme.

SHARE OPTIONS SCHEME

No share options were granted during the year, no share options were exercised and 255,000 lapsed during the year.

DIRECTORS INTEREST IN SHARE OPTIONS

Director	Date of grant	Number	Exercise price	Expiry date
William Brown	8 June 2019	1,121,072	30.00p	8 June 2028
John McKenna	8 June 2019	469,531	30.00p	8 June 2028
John Ely	2 December 2019	120,000	92.50p	2 December 2029
Geoff Berg	2 December 2019	120,000	92.50p	2 December 2029
Lachlan Smith	13 December 2022	120,000	44.50p	12 December 2032

DIRECTORS' EMOLUMENTS

The emoluments of the Directors of the parent Company for the year in accordance with the basis of preparation were as follows:

	Salary & fees £	Pension contributions £	Private medical care £	2024 Total £	2023 Total £
Parent Executive					
W Brown	259,389	25,939	725	286,053	266,984
C Stretton (resigned January 2024)	183,264	14,097	396	197,757	173,993
J McKenna	78,945	-	1,404	80,349	73,780
L Smith	141,584	14,158	291	156,033	139,001
I Anthony (resigned September 2023)	90,222	9,022	223	99,467	141,988
Non-Executive					
G Berg	40,600	-	-	40,600	37,944
J Ely	41,354	-	-	41,354	42,834
I Ardill	40,600	-	-	40,600	37,944
	875,958	63,216	3,039	942,213	914,468

DIRECTORS' SERVICE CONTRACTS

The details of the service contracts in relation to the Executive Directors and letters of appointment in relation to the Non-Executive Directors are:

Director	Position	Unexpired Term	Notice Period
William Brown	Chief Executive	None	12 months
Lachlan Smith	Group Chief Financial Officer	None	6 months
John McKenna	Director of Marketing	None	12 months
Ian Ardill	Non-Executive Director	2 Years 6 months (Second three year term)	3 months
Geoff Berg	Non-Executive Chairman	2 Years 11 months (third three year term)	3 months
John Ely	Non-Executive Director	2 Years 11 months (third three year term)	3 months

DIRECTORS' REMUNERATION REPORT CONTINUED

DIRECTORS' INTERESTS IN SHARES

The Directors' interests in the Ordinary Shares of the Company at the end of the period were:

	31 March 2024	31 March 2023
W Brown	841,876	569,149
L Smith	110,250	19,341
J McKenna	109,694	35,452
I Ardill	272,727	-
G Berg	25,018	25,018
J Ely	4,167	4,167

On behalf of the Board

GEOFF BERG
Chairman of the Remuneration Committee

23 July 2024

CONSOLIDATED FINANCIAL STATEMENTS



REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the year ended 31 March 2024.

PRINCIPAL ACTIVITIES

RUA Life Sciences plc is the ultimate parent company of the Group, whose principal activities comprise exploiting the value of its IP & know-how, medical device contract manufacturing and development of cardiovascular devices.

GOING CONCERN

These financial statements have been prepared on the going concern basis, notwithstanding a loss before tax of £2.0 million and operating cash outflows of £1.3 million for the year ended 31 March 2024. The Directors consider this to be appropriate for the following reasons.

RUA Life Sciences has two cash-generative units (RUA Biomaterials and RUA Contract Manufacture). These cash-generating units provide a healthy Gross Margin (90% & 76%), and contributions to Group operating loss were (£421,000 & £931,000). The Group has two cash-consuming units (RUA Vascular and RUA Structural Heart), and both these units require further investment before commercialisation and cash generation can be achieved. RUA Life Sciences is seeking off-balance sheet financing for RUA Vascular while costs relating to RUA Structural Heart will predominantly be to enhance the profile of the asset and help bring it to commercialisation.

The Board has considered the current cash position, reviewed budgets and profit and cash flow forecasts to October 2025 along with sensitivity analyses and made appropriate enquiries. The Board has formed a judgement at the time of approving the financial statements that the Group will have access to adequate resources to continue in operational existence for the period of the going concern assessment. For this reason, the Board considers that the adoption of the going concern basis in preparing the consolidated financial statements is appropriate.

Whilst there are inherent uncertainties regarding the cash flows associated with the development of the vascular graft range, together with the timing and commercialisation of our heart valve composite leaflet material, the Directors are satisfied that there is sufficient discretion and control as to the timing and quantum of cash outflows to ensure that the Company and Group are able to meet their liabilities as they fall due for at least twelve months from the date of approval of the financial statements.

The Directors continue to explore additional third-party sources of income and finance available to the Group to continue the development of the vascular graft range beyond 2024.

Based on these indications, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and, therefore, have prepared the financial statements on the going concern basis.

RESEARCH AND DEVELOPMENT ACTIVITIES

Investing in research and development programmes delivers product innovation and manufacturing improvements within RUA Life Sciences plc. Expenditure on research and development in the period amounted to £0.9 million (2023: £1.1 million), of which £0.9 million was expensed to the consolidated income statement as it does not meet the requirements for capitalisation under IAS38.

POST STATEMENT OF FINANCIAL POSITION EVENTS

Post balance sheet events and the future developments of the Group are detailed in the Chairman's Statement on pages 4 and 5.

DIRECTORS AND THEIR INTERESTS

At 31 March 2024 the Executive Directors were W Brown, J McKenna and L Smith. The Non-Executive Directors were G Berg, J Ely and I Ardill.

At each Annual General Meeting any Director who has been appointed by the Board since the last annual general meeting, or any Director for whom it is their third annual general meeting since being elected or re-elected, should be proposed for election or re-election. As such Ian Ardill is due for re-election.

The interests of the Directors at 31 March 2024 and 31 March 2023 in the ordinary share capital of the Company (all beneficially held) were as follows:

	31 March 2024 Number of shares	31 March 2023 Number of shares
W Brown	841,876	569,149
L Smith	110,250	19,341
J McKenna	109,694	35,452
I Ardill	272,727	–
G Berg	25,018	25,018
J Ely	4,167	4,167

SUBSTANTIAL SHAREHOLDERS

With the exception of the following shareholdings, the Directors have not been advised of any individual interest or group of interests held by persons acting together which at 1 April 2024 exceeded 3% of the Company's issued share capital:

Director	Number of shares	%
Dowgate Capital	8,017,678	12.92
Hargreaves Lansdown, stockbrokers (EO)	5,597,098	9.02
Interactive Investor (EO)	4,562,843	7.35
Rathbones	4,053,704	6.53
Mr Clive Titcomb	4,027,272	6.49
AJ Bell, stockbrokers (EO)	3,009,493	4.85
Mr Mark Anthony James Bradshaw	2,555,454	4.12
Charles Stanley	2,030,365	3.27
Jarvis Investment Management (EO)	1,951,688	3.14
Mr David Richmond	1,533,334	2.47

INFORMATION CONTAINED WITHIN THE STRATEGIC REPORT

The Directors have taken the option to include disclosures in relation to financial risk and dividends within the Strategic Report on pages 22 to 24 as these are deemed to have strategic importance to the Group.

DIRECTORS' LIABILITY INSURANCE

The Group maintains Directors and Officers liability insurance which gives appropriate cover against legal action that may be brought against them.

INDEPENDENT AUDITOR

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of RSM UK Audit LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors who hold office at the date of approval of this report confirm that so far as they are each aware, there is no relevant audit information of which the Group and Company's auditor is unaware, and each Director has taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditor is aware of that information.

WILLIAM BROWN Chief Executive

RUA Life Sciences plc
Company number SC170071

23 July 2024

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Strategic Report and Directors' Report, the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. The directors have elected under company law and are required by the AIM Rules of the London Stock Exchange to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards and have elected under company law to prepare the Company financial statements in accordance with UK-adopted International Accounting Standards and applicable law.

The Group and Company financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and UK-adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

BY ORDER OF THE BOARD:

WILLIAM BROWN
Chief Executive

23 July 2024

INDEPENDENT AUDITOR'S REPORT

to the members of Rua Life Sciences plc

OPINION

We have audited the financial statements of RUA Life Sciences plc (the 'parent company') and its subsidiary (the 'group') for the year ended 31 March 2024 which comprise the consolidated statement of profit and loss, consolidated and company statements of financial position, consolidated and company statement of changes in equity, consolidated cashflow statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2024 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

SUMMARY OF OUR AUDIT APPROACH

Key audit matters	Group and Parent Company • None
Materiality	Group • Overall materiality: £202,000 (2023: £116,000) • Performance materiality: £121,000 (2023: £85,000) Parent Company • Overall materiality: £202,000 (2023: £87,000) • Performance materiality: £121,000 (2023: £65,000)
Scope	Our audit procedures covered 100% of revenue, 92.9% of total assets and 98.7% of results before tax.

INDEPENDENT AUDITOR'S REPORT CONTINUED

to the members of Rua Life Sciences plc

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group and parent company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

OUR APPLICATION OF MATERIALITY

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£202,000 (2023: £116,000)	£202,000 (2023: £87,000)
Basis for determining overall materiality	10% of results before tax	10% of results before tax
Rationale for benchmark applied		
Performance materiality	£121,000 (2023: £85,000)	£121,000 (2023: £65,000)
Basis for determining performance materiality	60% of overall materiality	60% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £10,100 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £10,100 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The group consists of 4 components, all of which are based in the UK.

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Profit before tax
Full scope audit	2	100%	92.9%	98.7%
Analytical procedures	2	0%	7.1%	1.3%
Total	4	100%	100%	100%

There were no audit procedures undertaken by component auditors.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the integrity and accuracy of the cashflow forecasts prepared by management;
- assessing the appropriateness of assumptions and explanations provided by management to supporting information, where available;
- evaluating the group's cash position and forecast cash flows to assess its ability to operate within available funding in the going concern period; and
- evaluating the accuracy and consistency of disclosures made in the financial statements in respect of principal risks and going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT CONTINUED

to the members of Rua Life Sciences plc

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 42, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

THE EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team included:
UK-adopted IAS; Companies Act 2006; and AIM listing rules	Review of the financial statement disclosures and testing to supporting documentation; and Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	Inspection of advice received from external tax advisors and review of the corporation tax computation; and Consideration of disclosures in the financial statements.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
Revenue recognition	Performing data analytics on sales in the year and testing exceptions outside the normal expected sales cycle; Evaluate royalty agreements in place and assess whether income has been recognised in line with supporting documentation and in compliance with IFRS 15. Substantively testing the cut off and completeness of revenue transactions; Considering the appropriateness of revenue recognition policies and assessing their compliance with IFRS 15.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alan Aitchison (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor, Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Year ended 31 March 2024 GB£000	Year ended 31 March 2023 GB£000
Revenue	3	2,191	2,179
Cost of sales		(415)	(388)
Gross profit		1,776	1,791
Other income		79	72
Administrative expenses	6	(3,792)	(4,169)
Operating loss		(1,937)	(2,306)
Net finance expense		(83)	(16)
Loss before taxation	8	(2,020)	(2,322)
Taxation	9	580	319
Loss from continuing operations attributable to owners of the parent company		(1,440)	(2,003)
Loss attributable to owners of the parent company		(1,440)	(2,003)
Loss per share			
Basic & Diluted (GB Pence per share)	10	(4.29)	(9.03)

There was no other comprehensive income for 2024 (2023: £Nil).

The notes on pages 52 to 77 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Year ended 31 March 2024 GB£000	Year ended 31 March 2023 GB£000
Assets			
Non current assets			
Goodwill	11	301	301
Other intangible assets	12	419	470
Property, plant and equipment	13	2,456	2,739
Total non current assets		3,176	3,510
Current assets			
Inventories	15	112	81
Trade and other receivables	16	950	588
Cash and cash equivalents	17	3,931	1,484
Total current assets		4,993	2,153
Total assets		8,169	5,663
Equity & liabilities			
Equity			
Issued capital	18	3,103	1,109
Share premium	18	13,709	11,729
Other reserve		(1,485)	(1,450)
Capital redemption reserve		11,840	11,840
Profit and loss account		(19,985)	(18,545)
Total equity attributable to equity holders of the parent		7,182	4,683
Liabilities			
Non-current liabilities			
Borrowings	19	132	165
Lease liabilities	19/20	140	200
Deferred tax	21	74	85
Other liabilities		87	116
Total non-current liabilities		433	566
Current liabilities			
Borrowings	19	31	29
Lease liabilities	19/20	86	81
Trade and other payables	22	408	255
Other liabilities		29	49
Total current liabilities		554	414
Total liabilities		987	980
Total equity and liabilities		8,169	5,663

The consolidated financial statements were approved by the Board on 23 July 2024 and were signed on its behalf by

WILLIAM BROWN
Chief Executive Officer

LACHLAN SMITH
Group Chief Financial Officer

Company number SC170071

The notes on pages 52 to 77 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	Notes	Year ended 31 March 2024 GB£000	Year ended 31 March 2023 GB£000
Cash flows from operating activities			
Group loss after tax		(1,440)	(2,003)
Adjustments for:			
Amortisation of intangible assets	12	51	51
Depreciation of property, plant and equipment	13	313	307
Share-based payments	6	(35)	102
Net finance costs		83	16
Tax credit in year	9	(580)	(319)
(Increase)/decrease in trade and other receivables	16	(362)	327
(Increase)/decrease in inventories	15	(31)	43
Taxation received	9	569	533
(Increase)/decrease in trade and other payables	21	104	(203)
Net cash flow from operating activities		(1,328)	(1,146)
Cash flows from investing activities			
Purchase of property plant and equipment	13	(55)	(449)
Proceeds from disposal of tangible assets	13	25	-
Interest paid		(55)	(28)
Net cash flow from investing activities		(85)	(477)
Cash flows from financing activities			
Proceeds from borrowing	23	7	229
Repayment of borrowings and leasing liabilities	23	(93)	(97)
Proceeds from share issue	18	3,974	-
Net cash flow from financing activities		3,888	132
Net increase / (decrease) in cash and cash equivalents		2,475	(1,491)
Cash and cash equivalents at beginning of year		1,484	2,963
Effect of foreign exchange rate changes		(28)	12
Cash and cash equivalents at end of year		3,931	1,484

The notes on pages 52 to 77 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital GB£000	Share premium GB£000	Other reserve GB£000	Capital redemption reserve GB£000	Profit and loss account GB£000	Total equity GB£000
Balance at 31 March 2022	1,109	11,729	(1,552)	11,840	(16,542)	6,584
Share-based payments	-	-	102	-	-	102
Transactions with owners			102		-	102
Total comprehensive loss for the year	-	-	-	-	(2,003)	(2,003)
Balance at 31 March 2023	1,109	11,729	(1,450)	11,840	(18,545)	4,683
Shares Issued (Net of Expenses)	1,994	1,980	-	-	-	3,974
Transfer of shares	-	-	-	-	-	-
Share-based payments	-	-	(35)	-	-	(36)
Transactions with owners	1,994	1,980	(35)	-	-	3,938
Total comprehensive loss for the year	-	-	-	-	(1,440)	(1,440)
Balance at 31 March 2024	3,103	13,709	(1,485)	11,840	(19,985)	7,182

The notes on pages 52 to 77 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

General information

RUA Life Sciences plc is a public company, limited by shares registered and domiciled in the UK and its registered office is c/o Davidson Chalmers Stewart LLP, 163 Bath Street, Glasgow, G2 4SQ.

RUA Life Sciences plc is the ultimate parent company of the Group, whose principal activities comprise exploiting the value of its IP & know-how, medical device contract manufacturing and development of cardiovascular devices.

Basis of preparation

The Consolidated financial statements are for the year ended 31 March 2024. They have been prepared in compliance with UK-adopted International Accounting Standards.

The financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities, including financial instruments, which are stated at their fair values.

The preparation of the financial statements in conformity with UK-adopted IAS requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense. The estimates and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented.

Functional and presentation currency

The financial statements are presented in pounds Sterling, which is the functional and presentation currency of the Group. Results in these financial statements have been prepared to the nearest thousand.

Going concern

These financial statements have been prepared on the going concern basis, notwithstanding a loss before tax of £2.0 million and operating cash outflows of £1.3 million for the year ended 31 March 2024. The Directors consider this to be appropriate for the following reasons.

RUA Life Sciences has two cash-generative units (RUA Biomaterials and RUA Contract Manufacture). These cash-generating units provide a healthy Gross Margin (90% & 76%), and contributions to Group operating loss were (£931,000 & £465,000). The Group has two cash-consuming units (RUA Vascular and RUA Structural Heart), and both these units require further investment before commercialisation and cash generation can be achieved. RUA Life Sciences is seeking off-balance sheet financing for RUA Vascular while costs relating to RUA Structural Heart will predominantly be to enhance the profile of the asset and help bring it to commercialisation.

The Board has considered the current cash position, reviewed budgets and profit and cash flow forecasts to October 2025 along with sensitivity analyses and made appropriate enquiries. The Board has formed a judgement at the time of approving the financial statements that the Group will have access to adequate resources to continue in operational existence for the period of the going concern assessment. For this reason, the Board considers that the adoption of the going concern basis in preparing the consolidated financial statements is appropriate.

Whilst there are inherent uncertainties regarding the cash flows associated with the development of the vascular graft range, together with the timing and commercialisation of our heart valve composite leaflet material, the Directors are satisfied that there is sufficient discretion and control as to the timing and quantum of cash outflows to ensure that the Company and Group are able to meet their liabilities as they fall due for at least twelve months from the date of approval of the financial statements.

The Directors continue to explore additional third-party sources of income and finance available to the Group to continue the development of the vascular graft range beyond 2024.

Based on these indications, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and, therefore, have prepared the financial statements on the going concern basis.

Changes in accounting policies

Standards, amendments and interpretations to existing standards that are not yet effective

At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. None of these new standards, amendments and interpretations, based on an initial analysis are expected to have a significant impact on the Group's financial statements based on current agreements in place and activity.

2. PRINCIPAL ACCOUNTING POLICIES

2.1 Basis of consolidation

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value to the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are considered. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated.

Where considered appropriate, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

2.2 Revenue

IFRS 15 "Revenue from Contracts with Customers" establishes a principles-based approach to recognising revenue only when performance obligations are satisfied, and control of the related goods or services is transferred. It addresses items such as the nature, amount, timing and uncertainty of revenue, and cash flows arising from contracts with customers. IFRS 15 applies a five-step approach to the timing of revenue recognition and applies to all contracts with customers except those in the scope of other standards.

- Step 1 – Identify the contract(s) with a customer
- Step 2 – Identify the performance obligations in the contract
- Step 3 – Determine the transaction price
- Step 4 – Allocate the transaction price to the performance obligations in the contract
- Step 5 – Recognise revenue when (or as) the entity satisfies a performance obligation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The Group principally satisfies its performance obligations at a point in time. Ad hoc revenue is recognised relating to performance obligations satisfied over time.

Revenue is recognised either at a point in time when control passes to the customer or over time as the Group satisfies performance obligations by transferring the promised good or services and depending on the nature of the goods or service being provided.

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer, excluding VAT and trade discounts, as follows:

- (a) *Royalty revenues*: Royalty revenues are recognised as earned in accordance with returns and notifications received from customers. In the event that subsequent adjustments to royalties are identified they are recognised in the period in which they are identified.
- (b) *Contract manufacture*: Income from contract manufacture sales are generally recognised at the date of dispatch unless contractual terms with customers state that risk and title pass on delivery of goods, in which case revenue is recognised on delivery. For income derived from custom products that may entail engineering, revenue is recognised as performance obligations are satisfied over time.

2.3 Defined contribution pension plans

Payments to defined contribution pension plans are recognised as an expense when employees have rendered services entitling them to the contributions.

2.4 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using actual costing techniques. The cost of finished goods comprises raw materials, third party manufacturing costs and other direct costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. In arriving at net realisable value, provision is made for any obsolete or damaged inventories.

2.5 Interest

Interest income is the interest earned on cash or cash equivalents held with the Group's bankers and recognised within the period earned, accrued on a time basis by reference to the principal outstanding and at the effective rate applicable.

2.6 Intangible assets

Intangible assets are stated at historic cost or capitalised at fair value at time of acquisition, less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the deemed useful life of an asset and is applied to the cost less any residual value. The asset classes are amortised on a straight-line basis over the following periods:

Patents and Trademarks (IP)	- The shorter of the length of the protection or 20 years
Know how (IP)	- 5 years (upon asset being available to be utilised / exploited)
Customer related	- 5 years
Technology Related	- 10 years

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

2.7 Disposal of assets

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in profit or loss. The gain or loss arising from the sale or revaluation of held for sale assets is included in "other income" or "other expense" in the Consolidated income statement.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result some assets are tested individually for impairment and some are tested at a cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the group at which management monitors goodwill.

Individual assets or cash-generating units that include goodwill or intangible assets with an indefinite useful life, and those intangible assets not yet available for use, are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation.

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

2.9 Property, plant and equipment

Property, plant and equipment is stated at historical cost, less accumulated depreciation. The Group has entered into a number of Plant and Machinery and leaseback arrangements for which the associated right-of-use assets are classified as Plant and Machinery (Leased). Plant and Machinery (Leased) is measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of the Plant and Machinery (Leased) includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the Consolidated Income Statement.

Depreciation is provided at annual rates calculated to write off the cost less residual value of each asset over its expected useful life as follows:

Land & buildings

- Land & buildings - 50 years
- Property improvements - 20% reducing balance

Plant & Machinery

- Plant & Machinery - 10 years
- Plant & Machinery (leased) - 10 years

Office equipment

- Office equipment - 15% reducing balance
- Computer equipment - 3-4 years

Where ownership of assets financed by leasing or hire purchase arrangements is most likely to transfer to the Group at the end of the agreements, the assets are depreciated over their useful life rather than the lease term.

The directors consider the value of land included within land & buildings to be insignificant.

2.10 Financial assets

Financial assets held by the group comprise cash, loans and receivables. Financial assets are assigned to a category by management on initial recognition, depending on the purpose for which they were acquired. The Group has adopted the simplified model for trade receivables allowable under IFRS 9 "Financial Instruments".

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Trade receivables are measured at transaction price with all other Financial assets initially recognised at fair value plus transaction costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial assets are measured at amortised cost when both of the following conditions are met:

- The financial asset is held within the business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount owing.

The Group has a relatively small number of customers and therefore the assessment of impairment of trade receivables is done on a customer-by-customer basis, based on historical impairments and cash collection history, as well as a review of lifetime expected credit losses that are estimated based on historical loss rates for the relevant country where the customer is domiciled, adjusted where evidence is available that different rates are likely to apply in the future. This is based on changes to the expected insolvency rates in the relevant countries.

An assessment for impairment is undertaken at least at each date of the statement of financial position. A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Cash and cash equivalents comprise cash on hand and demand deposits together with other short-term, highly liquid investments that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value.

2.11 Financial liabilities

Financial liabilities fall into the following category: Financial liabilities at amortised cost.

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. All financial liabilities are recorded initially at fair value, net of direct issue costs.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Financial liabilities at amortised cost (trade payables and accruals) are subsequently recorded at amortised cost using the effective interest method, with interest related charges recognised as an expense in finance cost in the income statement. Finance charges are charged to the income statement on an accrual's basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

2.12 Taxation

Current tax is the tax currently payable based on taxable profit for the accounting period.

Deferred taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the statement of financial position date.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity. Tax which relates to items recognised in other comprehensive income is recognised in other comprehensive income.

2.13 R&D Tax Credits

Research and development tax credits are recognised on an accruals basis with reference to the level of certainty regarding acceptance of the claims by HMRC. Where the Group has built up a track record of R&D tax credit receipts, an estimation of the potential R&D tax credit receivable for the current year has been recognised in the Income Statement.

2.14 Equity

Equity comprises the following:

- “Issued capital” represents the nominal value of equity shares.
- “Share premium” represents the excess over nominal value of the fair value of cash consideration received for equity shares, net of expenses of the share issue.
- “Other reserve” represents the difference arising on consolidation between the nominal value of RUA Life Sciences Plc shares issued (£3,206,884) and the nominal value of RUA Biomaterials Ltd (formerly AorTech Europe Ltd) shares acquired (£1,001,884) and the associated share premium account (£201,857) in the company. This acquisition was prior to the transition to IFRS.

Also included in other reserve is the credit entry when recognising Share Based Payment expense.

- “Profit and loss account” represents retained profits and losses.
- “Capital redemption reserve” represents the difference arising between the nominal value of the shares and the proceeds of the fresh issue of shares on the company buy back of its deferred shares during the 2023 financial year.

2.15 Share-based Payments

Share options

The Group operates Share Option Plans for its employees and directors.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. The fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions (e.g. profitability and remaining an employee of the Company over a specified time period).

Share based compensation is recognised as an expense in the Consolidated income statement with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

The grant of any share-based payment is measured at its fair value using the Black Scholes Option Pricing Model (BSOPM). The fair value of the share options is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings over the vesting period, based on the best available estimate of the number of share options expected to vest.

Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

2.16 Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency) which is the UK on the basis of where the cost base of the business is. The Company's functional currency is Sterling and the Group's presentational currency is Sterling.

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the statement of financial position date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in profit or loss in the period in which they arise. Exchange differences on non-monetary items are recognised in other comprehensive income to the extent that they relate to a gain or loss on that non-monetary item taken to other comprehensive income, otherwise such gains and losses are recognised in profit or loss.

2.17 Grant Income

Government grants are recognised at their fair value in the Consolidated income statement within Other Income over the same period as the costs to which the grants relate, and is only recognised when there is reasonable assurance that the performance conditions attaching to the grant are met.

2.18 Leases

Any contract entered into, which contains an identified asset, whose use the Group has the right to direct throughout the period of the lease, and the right to obtain substantially all of the economic benefits from, is accounted for as a lease. At the lease commencement date, the Group recognises a right-of-use leased asset and a lease liability on the statement of financial position. The lease liability is measured at the present value of the total lease payments due, discounted using the interest rate implicit in the lease if readily available, or at the Group's incremental borrowing rate. The right-of-use asset is measured at cost, being the lease liability, plus any initial direct costs incurred by the Group, or lease payments made in advance of the commencement date. Right-of-use assets are depreciated on a straight-line basis to the end of the lease term or the useful life of the asset, whichever is the shorter. The Group assesses the right-of-use asset for impairment when such indicators exist. Lease liabilities are remeasured to reflect any reassessment or modification of the lease – when the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use leased asset, or in the Consolidated Statement of Comprehensive Income if the asset is already reduced to zero.

2.19 Use of accounting estimates and judgements

The preparation of the Group financial statements in conformity with IFRSs requires Management to make estimates, assumptions and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the year. Actual results may vary from the estimates used to produce these financial statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key judgements are as follows:

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Research and development

IAS 38 Intangible Assets requires management to differentiate between research and the development phase of R&D activities and their related costs. In accordance with IAS 38, an intangible asset arising from development shall be recognised if, and only if, an entity can demonstrate certain criteria. The Board continually monitor its activities against the prescribed criteria to determine the point in which the Group would enter the development phase of its activities. The Group is currently in the phases of formulation, design and evaluation of its products and therefore management are confident that the relevant projects are in the research phase. As a result, any expenditure arising from R&D activities are expensed in the Consolidated income statement.

Deferred taxation

The Group has accumulated tax losses of £20,174 million (2023: £18,545 million). IAS 12 requires that a deferred tax asset relating to unused tax losses is carried forward to the extent that future taxable profits will be available. The company is in an investment phase, expecting to have increased expenditure on R&D and business development over the next three years which will increase the tax losses. After the investment period the Board expects the Company to generate healthy profits but it is difficult at this stage to reliably estimate the period over which profits may arise in the future. The Board has therefore determined to not recognise the asset at the reporting date. This approach does not affect the future availability of the tax losses for offset against future profits.

Impairment

In carrying out impairment reviews of intangible assets and goodwill, a number of significant assumptions have to be made when preparing cash flow projections.

Sources of estimation uncertainty:

- a) Impairment: In carrying out impairment reviews, a number of significant assumptions have to be made when preparing cashflow projections to determine the value in use of the asset or cash-generating unit (CGU). These include the success and timing of regulatory approval for the vascular graft range, future rate of market growth, discount rates, the market demand for the products acquired and the future profitability of acquired businesses or products. If actual results differ or changes in expectations arise, impairment charges may be required which would adversely impact the statutory results. Further information, can be found in notes 11 and 12.
- b) Estimates as to the inputs to the share option valuation models underlying the share-based payment charge, as disclosed in Note 7.

2.20 EPS - Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the shareholders, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

2.21 Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

2.22 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of 95 days or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

2.23 Borrowings

Interest-bearing loans and bank overdrafts are initially recorded at the fair value of proceeds received and are subsequently stated at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3. REVENUE

See accounting policy and discussion of main revenue streams in Note 1. The Group's revenue is all derived from contracts with customers.

a) Disaggregation of revenue

Year ended 31 March 2024

Nature of revenue	Biomaterials GB£000	Contract Manufacture GB£000	Vascular GB£000	Total GB£000
Contract Design & Manufacture of Medical Devices	-	1,679	16	1,698
Royalty revenue	496	-	-	496
Total	496	1,679	16	2,191

Timing of revenue recognition	Biomaterials GB£000	Contract Manufacture GB£000	Vascular GB£000	Total GB£000
Products or services transferred at a point in time	496	1,641	16	2,153
Products or services transferred over time	-	38	-	38
Total	496	1,679	16	2,191

Year ended 31 March 2023

Nature of revenue	Biomaterials GB£000	Contract Manufacture GB£000	Vascular GB£000	Total GB£000
Contract Design & Manufacture of Medical Devices	-	1,625	-	1,625
Royalty revenue	554	-	-	554
Total	554	1,625	-	2,179

Timing of revenue recognition	Biomaterials GB£000	Contract Manufacture GB£000	Vascular GB£000	Total GB£000
Products or services transferred at a point in time	554	1,611	-	2,165
Products or services transferred over time	-	14	-	14
Total	554	1,625	-	2,179

b) Contract balances

The following table provides information about receivables and contract assets from contracts with customers:

	2024 GB£000	2023 GB£000
Receivables, which are included in 'Trade and other receivables'	301	175
Contract assets	231	247
Total	532	422

The contract assets primarily relate to the Group's rights to consideration for work completed but not invoiced at the reporting date.

The contract assets are transferred to receivables when the rights become unconditional; this usually occurs when the Group issues an invoice to the customer.

4. SEGMENTAL REPORTING

The RUA Life Sciences Group's principal activities include exploiting the value of its IP and know-how, medical device contract manufacturing, and cardiovascular device development.

The Board of Directors views the Group as having four (2023: four) distinct reportable segments: RUA Biomaterials, RUA Contract Manufacturing, RUA Vascular, and RUA Structural Heart. Segment reporting has been presented on this basis. The directors recognise that the Group's operations are dynamic, and therefore, this position will be monitored as the Group develops.

The following analysis by segment is presented in accordance with IFRS 8 on the basis of those segments whose operating results are regularly reviewed by the Chief Operating Decision Maker (considered to be the executive chairman of the board) to assess performance and make strategic decisions about the allocation of resources. Segmental results are calculated on an IFRS basis.

A brief description of the segments of the business is as follows:

- Biomaterials – Licensor of Elast-Eon polymers to the medical device industry.
- Contract Manufacture – End-to-end contract developer and manufacturer of medical devices and implantable fabric specialist.
- Vascular – Development and commercialisation of the Group's Elast-Eon sealed Vascular Graft products.
- Structural Heart – Development of the Group's tri leaflet polymeric heart valves.

Operating results which cannot be allocated to an individual segment are recorded as central and unallocated.

Segment Analysis 2024	Biomaterials GB£000	Contract Manufacture GB£000	Vascular GB£000	Structural Heart GB£000	Central and unallocated GB£000	Total GB£000
Consolidated group revenues from external customers	496	1,679	16	-	-	2,191
Contributions to group operating loss	421	931	(1,009)	(465)	(1,816)	(1,938)
Depreciation	-	135	116	17	45	313
Amortisation of intangible assets	-	43	-	-	8	51
Segment assets	225	1,527	1,013	149	5,065	7,979
Segment liabilities	5	218	383	22	358	986
Intangible assets – goodwill	-	301	-	-	-	301
Other intangible assets	-	216	139	-	64	419
Additions to non-current assets	-	14	3	-	38	55

Segment analysis to 31 March 2023 is as follows:

Segment Analysis 2023	Biomaterials GB£000	Contract Manufacture GB£000	Vascular GB£000	Structural Heart GB£000	Central and unallocated GB£000	Total GB£000
Consolidated group revenues from external customers	554	1,625	-	-	-	2,179
Contributions to group operating loss	493	794	(1,201)	(488)	(1,904)	(2,306)
Depreciation	-	139	93	16	59	307
Amortisation of intangible assets	-	43	-	-	8	51
Segment assets	305	1,406	1,268	156	2,528	5,663
Segment liabilities	-	165	632	31	152	980
Intangible assets – goodwill	-	301	-	-	-	301
Other intangible assets	-	259	139	-	72	470
Additions to non-current assets	-	-	433	-	16	449

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4. SEGMENTAL REPORTING (CONTINUED)

The Group's revenue for 2024 is segmented as follows:

Analysis of revenue by income stream	Biomaterials GB£000	Contract Manufacture GB£000	Vascular GB£000	Structural Heart GB£000	Central and unallocated GB£000	Total GB£000
Contract Design & Manufacture of Medical Devices	-	1,679	16	-	-	1,695
Royalty revenue	496	-	-	-	-	496
Total	496	1,679	16	-	-	2,191

Analysis of revenue by geographical location	Biomaterials GB£000	Contract Manufacture GB£000	Vascular GB£000	Structural Heart GB£000	Central and unallocated GB£000	Total GB£000
Switzerland	158	-	-	-	-	158
UK	-	-	-	-	-	-
Italy	-	38	-	-	-	38
USA	288	1,641	16	-	-	1,945
Israel	50	-	-	-	-	50
Total	496	1,679	16	-	-	2,191

The Group's revenue for 2023 is segmented as follows:

Analysis of revenue by income stream	Biomaterials GB£000	Contract Manufacture GB£000	Vascular GB£000	Structural Heart GB£000	Central and unallocated GB£000	Total GB£000
Contract Design & Manufacture of Medical Devices	-	1,625	-	-	-	1,625
Royalty revenue	554	-	-	-	-	554
Total	554	1,625	-	-	-	2,179

Analysis of revenue by geographical location	Biomaterials GB£000	Contract Manufacture GB£000	Vascular GB£000	Structural Heart GB£000	Central and unallocated GB£000	Total GB£000
Switzerland	168	-	-	-	-	168
UK	-	(1)	-	-	-	(1)
Italy	-	15	-	-	-	15
USA	338	1,611	-	-	-	1,949
Israel	48	-	-	-	-	48
Total	554	1,625	-	-	-	2,179

All of the Group's non-current assets are held in the United Kingdom.

The Group receives more than 10% of its revenue from a single customer. Revenues from one customer of the Group's royalty revenue represents 13% of the Group's total revenues (2023: 1 customer, 16%). Revenues from one customer of the Group's Contract Manufacture revenue segment represents 71% of the Group's total revenues (2023: 67%).

Whilst the Group is reliant on these revenues, the overall risk is mitigated by the recent signing of a 3 year supply agreement extension with its main customer.

5. EMPLOYEES

The average monthly number of persons (including Directors) employed by the Group during the year was:

	2024 Numbers	2023 Numbers
Directors	7	8
Administration / Management	6	6
Production & Medical Textiles	13	19
Research & Development	8	9
Quality	6	6
	40	48

The aggregate remuneration, including Directors, comprised:

	2024 GB£000	2023 GB£000
Wages and salaries	2,099	2,018
Social security costs	222	221
Pension contributions	121	116
Employee costs	2,442	2,355
Share based payment (credit) / expenses (note 7)	(35)	102
Total employee costs	2,407	2,457
Directors' remuneration comprised: Emoluments for qualifying services	942	914

The key management personnel whose remuneration is included in the table above for the current year comprise five Executive and three Non-Executive Directors.

Please see the Report of the Remuneration Committee on page 37 for full details of Directors' emoluments. The highest paid Director's total emoluments were £286,083 (2023: £266,984). The Company made contributions of £63,216 (2023: £64,958) into Directors pensions in the year ended 31 March 2024. The number of directors who received pension contributions was 4 (2023: 4).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

6. EXPENSE BY NATURE

The administrative expenses charge by nature is as follows:

	2023 Total GB£000	2022 Total GB£000
Advertising, conferences and exhibitions	13	23
IT, telecoms and office costs	118	140
Legal, professional and consultancy fees	510	402
Other expenses	16	67
Patent and IP costs	60	63
Premises and establishment costs	369	379
Research and development costs	873	1,072
Staff costs, recruitment and other HR	1,429	1,527
Travelling, subsistence and entertaining	75	41
Share-based payment (credit)/expense (Note 7)	(35)	102
Depreciation & Amortisation charge (Note 12/13)	364	358
Bad debt credit	-	(5)
Total administrative expenses	3,792	4,169

7. SHARE-BASED PAYMENTS

Director and Employee Share Option Plans

The Group established a Share Option Plan, as an approved EMI plan, in June 2018 for the benefit of senior executives (including Executive directors) and in December 2019 established a Share Option Plan, as an unapproved plan, for the benefit of Non-Executive Directors. Share options are granted under these plans to Directors to encourage them to deliver sustained, long term growth.

Under the plans, participants are granted options which only vest if certain performance standards are met. Participation in the plans is at the discretion of the board and no individual has a contractual right to participate in the plans or to receive any guaranteed benefits.

The number of options that will vest depends on the following performance conditions being satisfied:

- After the expiry of the period 3 years from the date of grant, 20%
- On receipt by the Company of a CE Mark or FDA approval (this change having recently been approved by the Board, in order to address an inconsistency between options granted under the EMI and the unapproved plan, with the EMI scheme previously quoting CE Mark approval only) for any of its products, 30% and
- On the closing middle market quotation of the Company's ordinary shares as derived from AIM Appendix to the Daily Official List of the London Stock Exchange being at least £3.00 for 10 consecutive days on which trading takes place on the AIM Market of the London Stock Exchange, 50%.

A number of EMI options were granted in February 2021 to employees of RUA Medical Devices Limited, with the same vesting terms as those stated above.

A number of EMI options were granted in December 2022 to directors of RUA Life Sciences, with the vesting terms stated below. The fair value of the options granted is reflected as share-based payment in the Consolidated income statement of the group, and credited to other reserves.

7. SHARE-BASED PAYMENTS (CONTINUED)

The amount of options that will vest depends on the following performance conditions being satisfied:

- As to 50% of the Option Shares (the “Total Return Option Shares”), on any day when the Company has achieved a total return for its shareholders (in percentage terms) in the period from the Grant Date at least equal to the median total shareholder return of the constituents of the FTSE AIM Index (in percentage terms) (the “Minimum Return”) over the same period, PROVIDED THAT, where the Minimum Return on that day is less than a compound total shareholder return of 50% per annum over the same period
- As to the other 50% of the Option Shares, upon the Company achieving both of the following strategic objectives, the Company having achieved regulatory approval for at least one medical device; and the Company continuing to commercially exploit one of such approved devices.

All share options lapse on the tenth anniversary of the date of grant unless exercised and if no event occurs to cause it to lapse earlier in accordance with the scheme rules.

The exercise price for each option share granted is as follows:

2019 – £0.300

2020 – £0.925

2021 – £1.550

2023 – £0.445

Summary of number options granted under the plans:

	2024	2023
Options at start of financial year	2,280,603	2,160,603
Granted during the year	–	240,000
Exercised or lapsed during the year	(305,000)	(120,000)
Options at the end of the financial year	1,975,603	2,280,603

The 305,000 Options lapsed in the year relate to Options granted in FY21 and FY23 to staff who have now left the group.

Fair Value of options granted

The assessed fair value at the grant date of the various options granted have been determined using the Black Scholes Option Pricing Model (‘BSOPM’), with the results as follows:

Year of Grant	Fair Value
FY2019	£0.33
FY2020	£0.78
FY2021	£1.40
FY2023	£0.39

The BSOPM takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option.

The options outstanding at 31 March 2024 had a range of exercise prices from 30p to 155p (2023: 30p to 155p), a weighted average exercise price of 40.06p (2023: 49.61p), and a weighted average remaining contractual life of four years and 32 weeks (2023: six years and 36 weeks).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

7. SHARE-BASED PAYMENTS (CONTINUED)

The inputs into the Black-Scholes models for the options granted were as follows:

	2023	2021	2020	2019
Share price at date of grant	£0.470	£1.705	£0.985	£0.400
Exercise price	£0.445	£1.550	£0.925	£0.300
Fair value at date of grant	£0.390	£1.400	£0.780	£0.330
Expected volatility	78.02%	81.82%	75.84%	75.84%
Expected life	10 years	10 years	10 years	10 years
Risk-free rate	3.35%	0.54%	1.10%	1.52%
Expected dividends	Nil	Nil	Nil	Nil

8. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:	2024 GB£000	2023 GB£000
Foreign exchange differences	28	(12)
Depreciation of property, plant and equipment	313	307
Amortisation of intangible assets	51	51
Cost of inventories recognised as an expense	89	79
Employee benefits expense:		
Share based payments	(35)	102
Employee costs (Note 5)	2,442	2,355
Audit and non-audit services:		
Audit of the Accounts of the Group	105	94

The tax assessed for the year differs from the standard rate of corporation tax as applied in the respective trading domains where the Group operates. The differences are explained below:

	2024 GB£000	2023 GB£000
Loss for the year before tax	(2,020)	(2,322)
Loss for year multiplied by the respective standard rate of corporation tax applicable 25% (2023: 19%)	(504)	(441)
Fixed asset differences	15	5
Expenses not deductible for tax purposes	17	33
Income not taxable for tax purposes	(2)	(2)
Adjustment to tax charge in respect of previous periods*	(381)	(329)
R&D claim	(188)	-
Surrender of tax losses for R&D tax credit refund	471	-
Additional deduction for R&D expenditure	(218)	-
Movement in deferred tax not recognised**	210	425
Actual tax credit	(580)	(319)

* This relates to R&D tax relief.

** In the prior year this line was disaggregated, this has been updated in the current year to make it clearer to the reader on the financial statements what the items relate to.

9. INCOME TAX EXPENSE (CONTINUED)

	2024 GB£000	2023 GB£000
Current tax:		
Adjustment in respect of prior periods	(381)	(329)
R&D claim	(188)	-
Deferred tax:		
Origination and reversal of temporary differences	(11)	10
Adjustment in respect of prior periods	-	-
Effect of tax rate change on opening balance	-	-
Tax credit per Consolidated Income Statement	(580)	(319)

Unrelieved tax losses remain available to offset against future taxable profits. These losses have only been recognised to the extent that they offset deferred tax liabilities (excluding deferred tax liabilities relating to business combinations). Further losses have not been recognised as deferred tax assets within the financial statements as there is a lack of certainty regarding the timing and scale of future profits to allow the losses to be utilised. Losses carried forward in the UK total £8,932,000 – the tax effect after taking account of losses offset against unrecognised fixed asset temporary differences as per note 21 is £2,059,000 (2023 - £9,743,000 – tax effect £2,251,000). An unprovided deferred tax asset in respect of share options totals £120,000 (2023: £130,000). The increase to the rate of corporation tax from 19% to 25% was announced in the March 2021 budget and substantively enacted on 24 May 2021, and therefore 25% was the prevailing rate at the statement of financial position date. The effective rate of tax is 19.4%.

10. LOSS PER SHARE

	2024 GB£000	2023 GB£000
Loss for the year attributable to equity shareholders	(1,440)	(2,003)
Basic and diluted loss per share		
From continuing operations attributable to ordinary equity holders of the company (GB pence per share)	(4.29)	(9.03)
Weighted average number of shares		
Issued ordinary shares at start of the year	22,184,798	22,184,798
Issued ordinary shares at end of the year	62,060,272	22,184,798
Weighted average number of shares in issue for the year (used for calculating basic loss per share)	33,546,577	22,184,798

11. GOODWILL

The Goodwill arising on the acquisition of RUA Medical Devices Limited and is attributable to the Contract Manufacture CGU, is as follows:

	2024 GB£000
Gross carrying amount	
Balance at 31 March 2023	301
Impairment	-
Balance at 31 March 2024	301

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

11. GOODWILL (CONTINUED)

Impairment review

An impairment review of the Group's intangible and tangible non-current assets was conducted at 31 March 2024. Impairment tests are mandatory for CGUs containing goodwill acquired in a business combination. Impairment tests for other CGUs are carried out when an indication of impairment is considered to exist.

Goodwill relates to the acquisition of RUA Medical Devices Ltd, which was acquired by the Group in the year ending 31 March 2021.

For the purpose of annual impairment testing, goodwill is allocated to RUA Contract Manufacture which is a single cash generating unit and compared to its recoverable amount and we are satisfied that no impairment is required.

The recoverable amount has been based on value in use, by reference to the budgets and projected cash flows for the CGU over a five-year period. Revenue growth rates average 29% over the five-year forecast, with future cash flows discounted at a rate of 14.35% (2023: 16.2%, referencing the discount rate used for the independent valuation of the intangibles at acquisition). Cash flows beyond the five-year period are extrapolated using a 2.0% growth rate.

Impairment calculations are sensitive to changes in the assumptions around trading performance and discount rate. Reasonable sensitivities have been applied to these assumptions as two separate scenarios, being

1. Scenario 1

- 1.1. 3% Reduction in sales
- 1.2. 3% Increase in cost of raw materials
- 1.3. 5% Increase in the cost of labour
- 1.4. 3% increase in CGU operating costs
- 1.5. An increase in the discount rate of 3.65 percentage points and
- 1.6. increase in working capital requirements by 3 percentage points

2. Scenario 2

- 2.1. 5% Reduction in sales
- 2.2. 5% Increase in cost of raw materials
- 2.3. 7% Increase in the cost of labour
- 2.4. 5% increase in CGU operating costs
- 2.5. An increase in the discount rate of 5.65 percentage points and
- 2.6. increase in working capital requirements by 4 percentage points

In both scenarios there remained significant headroom against the carrying value of the goodwill held.

The Directors have considered the sensitivity of the key assumptions, including the discount rate, and have concluded that any possible changes that may be reasonably contemplated in these key assumptions would not result in the value in use falling below the carrying value of goodwill, intangibles and plant, property and equipment, given the headroom available.

12. OTHER INTANGIBLE ASSETS

	Development costs GB£000	Intellectual property GB£000	Customer Related (CM) GB£000	Technology Based (CM) GB£000	Total GB£000
Gross carrying amount					
At 1 April 2022	337	3,325	247	141	4,050
Additions	-	-	-	-	-
At 31 March 2023	337	3,325	247	141	4,050
Additions	-	-	-	-	-
At 31 March 2024	337	3,325	247	141	4,050
Amortisation and impairment					
At 1 April 2022	337	3,106	58	28	3,529
Charge for the year	-	8	29	14	51
At 31 March 2023	337	3,114	87	42	3,580
Charge for the year	-	8	29	14	51
At 31 March 2024	337	3,122	116	56	3,631
Net book value					
At 31 March 2023	-	211	160	99	470
At 31 March 2024	-	203	131	85	419

(1) Intellectual Property:

Intellectual property includes patents and trademarks which are amortised on a straight line basis over their useful economic lives of 20 years.

The carrying value of patents and trademarks as of 31 March 2024 is £64,000 (2023: £72,000). The amortisation charge for the period is £8,000 (2023: £8,000) and the cumulative amortisation is £3,122,000 (2023: £3,114,000).

Know-how relating to the RUA Vascular CGU is also included under Intellectual Property at cost and will be amortised over 5 years from the commencement of revenue derived from the sale of devices following the exploitation of the know-how.

The carrying value of know how held in intellectual property at 31 March 2024 is £139,000 (2023: £139,000). The Group has yet to commercialise the intangible asset and has not incurred any amortisation.

The know-how allocated to RUA Vascular as a cash-generating unit is subject to annual impairment testing until revenues commence and then amortised over 5 years.

The Directors prepare forecasts that show the business's projected growth and use this know-how, which forms a key part of the Group's future strategy. The forecasts include an assessment of the likely commercialisation of the technology based on current demand and anticipated market penetration and growth strategies.

The Group has conducted a sensitivity analysis on the impairment test of this know-how. The changes required to generate an impairment charge within the Vascular CGU are not considered to be reasonably possible changes, and as such, the assumptions are not considered to give rise to a key source of estimation uncertainty.

The Directors are confident that the value of the Intangible Asset as at the date of approval of the financial statements is significantly in excess of the carrying value as at 31 March 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

12. OTHER INTANGIBLE ASSETS (CONTINUED)

The following intangible assets were recognised on acquisition of RUA Medical Devices Ltd and are allocated to the Contract Manufacture CGU.

(2) Customer Related

The excess earnings approach was used to value this intangible asset on acquisition of RUA Medical Devices Ltd, with the value of the contract being the sum of the present value of projected cash flow in excess of returns on contributory assets over the lives of the relationship.

Customer related intangible assets are amortised over 8.5 years.

(3) Technology based

The Group's technology-based asset was valued on acquisition of RUA Medical Devices Ltd by means of the royalty savings (relief from royalty) method of the income approach. Under the premise, it is assumed that a company, without a similar intangible asset would license the right to use technology, and pay a royalty related to turnover achieved in this industry.

Technology based intangible assets are amortised over 10 years.

13. PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings GB£000	Assets Under Construction GB£000	Plant & Machinery GB£000	Office Equipment GB£000	Motor Vehicles GB£000	Total GB£000
Cost						
At 31 March 2022	1,335	-	1,614	79	25	3,053
Additions for the year	-	142	291	16	-	449
At 31 March 2023	1,335	142	1,905	95	25	3,502
Transfer of Assets	-	(142)	142	-	-	-
Additions for the year	-	-	18	4	33	55
Disposals	-	-	-	-	(25)	(25)
At 31 March 2024	1,335	-	2,065	99	33	3,532
Depreciation						
At 31 March 2022	120	-	287	33	16	456
Charge for the year	60	-	222	17	8	307
At 31 March 2023	180	-	509	50	24	763
Charge for the year	53	-	236	15	9	313
At 31 March 2024	233	-	745	65	33	1,076
Net book value						
At 31 March 2023	1155	142	1,396	45	1	2,739
At 31 March 2024	1,102	-	1,320	34	-	2,456

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Included in the net carrying amount of property plant and equipment are right-of-use assets as follows:

	Plant & Machinery (Leased) GB£000	Motor Vehicles GB£000	Total GB£000
Cost			
At 31 March 2022	162	25	187
Additions	229	-	229
At 31 March 2023	391	25	416
Additions for the year	-	33	33
Disposals	-	(25)	(25)
At 31 March 2024	391	33	424
Depreciation			
At 31 March 2022	23	16	39
Charge for the year	25	8	33
At 31 March 2023	48	24	72
Charge for the year	30	9	39
At 31 March 2024	78	33	111
Net book value			
At 31 March 2023	343	1	344
At 31 March 2024	313	-	313

14. FINANCIAL INSTRUMENTS

Risk management

The Group's financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables. These arise directly from the Group's operations, and it is the Group's policy that no trading in financial instruments shall be undertaken.

The Groups Risk Management Framework outlines the Group's objectives, policies and procedures for measuring and managing risk. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

14. FINANCIAL INSTRUMENTS (CONTINUED)

Categories of financial instrument

	2024 GB£000	2023 GB£000
Financial assets at amortised cost – loans and receivables		
Cash and cash equivalents	3,931	1,484
Trade receivables and accrued income	532	422
	4,463	1,906
Financial liabilities		
Liabilities at amortised cost	751	722
	751	722

Maturity profile of financial liabilities

The undiscounted maturity analysis of the carrying amount of the Group's financial liabilities at 31 March 2024 is as follows:

	Less than six months GB£000	Later than six months and not later than one year GB£000	Later than one year and not later than two years GB£000	Later than three years and not later than four years GB£000	Greater than five years GB£000	Total GB£000
Repayments	(436)	(73)	(214)	(78)	–	(801)
Finance Charges	16	14	14	6	–	50
Present Value	(420)	(59)	(200)	(72)	–	(751)

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As a result of the global nature of operations, the Group is exposed to market risk arising from changes in foreign currency exchange rates.

The Group seeks to transact the majority of its business in its reporting currency (£Sterling). However, many customers and suppliers are outside the UK and a proportion of these transact with the Group in US Dollars and Euros. For that reason, the Group operates current bank accounts in US Dollars and Euros as well as in its reporting currency. To the maximum extent possible receipts and payments in a particular currency are made through the bank account in that currency to reduce the amount of funds translated to or from the reporting currency. Cash flow projections are used to plan for those occasions when funds will need to be translated into different currencies so that exchange rate risk is minimised.

14. FINANCIAL INSTRUMENTS (CONTINUED)

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in sterling, was as follows.

	2024 GB£000	2023 GB£000
Trade receivables	15	58
Accrued income	210	247
	225	305

The table below details the Group's sensitivities to changes in sterling against the respective foreign currencies. The sensitivities represent management's assessment of the effect on monetary assets of the reasonably possible changes in foreign exchange rates.

The sensitivity analyses of the Group's exposure to foreign currency risk at the year-end has been determined based upon the assumption that the increase in US Dollar exchange rates is effective throughout the financial year and all other variables remain constant.

However, these potential changes are hypothetical and actual foreign exchange rates may differ significantly depending on developments occurring in global financial markets.

	Sensitivity %	2024 Profit GB£000	Equity GB£000	Sensitivity %	Profit GB£000	2023 Equity GB£000
US Dollar	5.0	11	11	5.0	15	15

If the US Dollar strengthened against Sterling by 5% (2023: 5%), an aggregate foreign exchange loss of £11,000 (2021: £15,000) would be recognised in both profit or loss in the Consolidated SOCI and equity comprising of gains on the trade and other receivables. The opposite movement would occur if the US Dollar weakened.

Cash balances are carried within the Group in bank accounts, which comprise the following currency holdings:

	2024 GB£000	2023 GB£000
Sterling	3,647	941
Euros	-	1
US dollars	284	542
	3,931	1,484

The Group holds the majority of its cash balances in a mixture of Sterling' and US dollars. As the Group reports in Sterling, there is translation risk in respect of US dollar balances. Based on year-end balances held in USD, a 10% adverse movement in the \$ / £ exchange rate would have had a £36,000, adverse impact on net assets and expenses (2023: £49,300).

Interest rate risk

The Group finances most of its operations through equity fundraising, although some capital purchases in its subsidiary have been financed with HP and bank loans, on fixed rate terms. (See note 19). The following cash balances and are held at floating bank interest rates:

	2024 GB£000	2023 GB£000
Cash and cash equivalents	3,931	1,484
	3,931	1,484

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

14. FINANCIAL INSTRUMENTS (CONTINUED)

Sensitivity analysis

A rise or fall of interest rates over the year of 1% would have a minimal adverse impact on the results, given the current low bank interest rates being offered on deposit account.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise this risk, the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk in the case of both the cash and short-term deposits is the value of the outstanding amount.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its future obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet its expected cash requirements.

The Group currently holds cash balances and short-term deposits in Sterling and US dollars. These balances provide funding for the Group's trading activities. There is no material difference between the fair values and the book values of these financial instruments.

15. INVENTORIES

Inventories consist of the following:

	2024 GB£000	2023 GB£000
Raw materials	59	48
Work in progress	53	33
	112	81

The cost of inventories recognised as an expense and included in cost of goods sold amounted to £85k (2023: £79k). Amounts provided against inventory £nil (2023: £nil).

16. TRADE AND OTHER RECEIVABLES

	2024 GB£000	2023 GB£000
Current		
Trade receivables – gross	301	175
Allowance for credit losses	–	–
Trade receivables net	301	175
Accrued income	231	247
Tax credit due	189	–
Prepayments and other receivables	229	166
	950	588

Included in the above is £231,000 (2023: £247,000) of accrued income which relates to royalty revenues not billed until after the period end but which related to royalties earned pre-year end.

In accordance with IFRS 9, trade and other receivables are recognised and carried at their anticipated realisable value, which implies that a provision for a loss allowance on lifetime expected credit losses of the receivables is recognised. A provision for loss allowance for expected credit losses is performed at each reporting date and is based on a multifactor and holistic analysis depending on several assumptions taken. The Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the assessment of credit risk with regard to customer. The Group's trade and other receivables are all current and not overdue.

Payment terms apply to amounts owed by the customers for contract manufacturing sales, typically this is within 30 days. Historically, invoices are normally paid on or around the due date and this is the established operating cycle under IFRS 9, as a result the loss given default is deemed to be a negligible timing difference. The Group has had no historical losses on trade and other receivables during this period. As long as the customer continues to settle invoices on a monthly basis in line with what has been established practice, there are no indications of a significant increase in credit risk, and therefore deemed there to be an insignificant probability of default. Therefore, it is not considered necessary to provide for any loss allowance on credit losses.

Of the trade receivables balance at the end of the year £286,000 (2023: £116,000) was due from the Group's largest customer. There is one (2023: one) other customer who represents more than 5% of the total balance of trade receivables.

17. CASH AND CASH EQUIVALENTS

	2024 GB£000	2023 GB£000
Cash at bank and in hand	3,931	1,484
	3,931	1,484

18. SHARE CAPITAL

	Shares Number	Nominal Value GB£000	Premium net of costs GB£000	Total GB£000
Ordinary shares of 5 pence each				
In issue at 1 April 2023	22,184,798	1,109	11,729	12,838
Issue of shares	39,875,474	1,997	1,980	3,974
In issue at 31 March 2024	62,060,272	3,106	13,709	16,812

Further information on the nature of each reserve can be found in note 2.14.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

19. BORROWINGS

	2024 GB£000	2023 GB£000
Current		
Bank loans	31	29
Lease liabilities	86	81
	117	110
Non-current		
Bank loans	132	165
Lease liabilities	140	200
	272	365

	Bank loans GB£000	Lease liabilities GB£000	Total GB£000
Repayable in less than 6 months	15	42	57
Repayable in 7 to 12 months	16	44	60
Repayable in 1 to 5 years	132	140	272
Repayable after 5 years	-	-	-
Total	163	226	389

£138,000 of bank loans is secured 1. on the property at 2 Drummond Crescent, Irvine, Ayrshire and 2. a bond and floating charge over the Group's assets. Secured bank loans carry a variable rate of interest, which were between 3.1% and 6.1%.

£25,000 of bank loans is an unsecured government support loan. Unsecured bank loans carry an effective rate of interest at 9%.

The lease liabilities are secured by the related underlying assets. Lease borrowings carry a fixed rate of interest, which were between 4.0% and 9.6%.

20. LEASES

Lease liabilities are presented in the statement of financial position as follows:

	2024 GB£000	2023 GB£000
Current	86	81
Non-current	140	200
	226	281

The Group has a lease for six items of machinery. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected in the statement of financial position as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see note 13). The interest charge for the year for right-of-use assets was £24,315 (2023: £16,685).

The Group is prohibited from selling or pledging the underlying leased asset as security. The Group must also insure and maintain the underlying asset in accordance with the lease contract.

21. DEFERRED TAX

Deferred tax arising from temporary differences and unused tax losses are summarised as follows:

	Fixed asset temporary differences GB£000	Total GB£000
Deferred tax liability at 1 April 2023	85	85
Origination and reversal of temporary timing differences	(11)	(11)
Effect of tax rate changes on opening balance	-	-
Deferred tax liability at 31 March 2024	74	74

22. TRADE AND OTHER PAYABLES

	2024 GB£000	2023 GB£000
Current liabilities		
Trade payables	140	43
Other payables	46	8
Accruals and deferred income	222	204
	408	255
Other Liabilities	116	165
Total Trade and Other Payables	524	420

Deferred grant income is included within other liabilities in the Consolidated statement of financial position. £29,000 (2023: £49,000) is included in current liabilities and £87,000 (2023: £116,000) included in Non-current Liabilities.

23. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Borrowings GB£000	Leases GB£000	Total GB£000
Net debt as at 1 April 2022	222	121	343
Financing cashflows	-	229	229
Other charges	-	-	-
Lease payments	-	(86)	(86)
Loan repayments	(36)	-	(36)
Interest payments	8	17	25
Net debt as at 31 March 2023	194	281	475
Financing cashflows	-	7	7
Other charges	-	-	-
Lease payments	-	(104)	(104)
Loan repayments	(42)	-	(42)
Interest payments	11	42	53
Net debt as at 31 March 2024	163	226	389

24. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 March 2024 or at 31 March 2023.

25. RELATED PARTY TRANSACTIONS

Related party transaction disclosures are included within the Report of the Remuneration Committee.

PARENT COMPANY FINANCIAL STATEMENTS



PARENT COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	31 March 2024 GB£000	31 March 2023 GB£000
Asset			
Fixed assets			
Intangible assets	2	64	72
Tangible assets	3	-	147
Investment in subsidiary undertakings	5	2,197	2,235
Trade and other receivables due in greater than 1 year		5,667	-
Total Fixed assets		7,928	2,454
Current assets			
Trade and other receivables	6	2,164	2,253
Cash and cash equivalents		3,775	1,192
Total current assets		5,939	3,445
Total assets		13,867	5,899
Equity and liabilities			
Equity			
Issued capital	8	3,103	1,109
Share premium		13,709	11,729
Other Reserve		519	554
Capital redemption reserve		11,840	11,840
Profit and loss account		(15,822)	(19,557)
Total equity attributable to equity holders of the parent		13,349	5,675
Liabilities			
Current liabilities			
Trade and other payables	7	518	224
Total current liabilities		518	224
Total liabilities		518	224
Total Equity and liabilities		13,867	5,899

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's profit for the year ended 31 March 2024 was £6,914,000 (2023: loss of £1,778,000).

The parent company financial statements were approved by the Board on 23 July 2023 and were signed on its behalf by:

WILLIAM BROWN
Chief Executive Officer

LACHLAN SMITH
Group Chief Financial Officer

Company number SC170071

The notes on pages 81 to 86 form part of these financial statements.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital GB£000	Share premium GB£000	Capital redemption reserve GB£000	Other reserve GB£000	Profit and loss account GB£000	Total shareholders' fund GB£000
At 31 March 2022	1,109	11,729	11,840	452	(17,779)	7,351
Share-based payments	-	-	-	102	-	102
Transactions with owners				102	-	102
Total comprehensive loss for the year	-	-	-	-	(1,778)	(1,778)
At 31 March 2023	1,109	11,729	11,840	554	(19,557)	5,675
Share-based payments	-	-	-	(35)	-	(35)
Shares issued net of expenses	1,994	1,980	-	-	-	3,974
Transactions with owners	1,994	1,980	-	(35)	-	3,939
Total comprehensive loss for the year	-	-	-	-	3,735	3,735
At 31 March 2024	3,103	13,709	11,840	519	(15,822)	13,349

The notes on pages 81 to 86 form part of these financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Statement of compliance

The financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework'. The Company has elected to adopt the standard for the year ended 31 March 2024.

All of the policies applied in preparation of the parent company financial statements are consistent with the applied to the Group financial statements as described on pages 52 to 77. Therefore we have not repeated the policies here, but have included any additional accounting policies which are relevant to the parent company financial statements.

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 101. The financial statements have therefore been prepared in accordance with FRS 101 as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, share-based payments, fair value measurements, comparative reconciliations for tangible and intangible assets, standards not yet effective, related party transactions with other wholly owned members of the Group and key management personnel compensation. Equivalent disclosures are, where required, given in the Group accounts of RUA Life Sciences plc. The Group accounts of RUA Life Sciences plc are available to the public.

The financial statements have been prepared on the historical cost basis in Great British Pounds. For calculation reasons, rounding differences of +/- one unit (£'000, % etc.) may occur in the information presented in these financial statements.

Going concern

RUA Life Sciences company going concern has been assessed within the wider RUA Life Sciences Group going concern position. The group going concern assessment (as disclosed in the Group accounts) is as follows:

These financial statements have been prepared on the going concern basis, notwithstanding a loss before tax of £2.0 million and operating cash outflows of £1.3 million for the year ended 31 March 2024. The Directors consider this to be appropriate for the following reasons.

RUA Life Sciences has two cash-generative units (RUA Biomaterials and RUA Contract Manufacture). These cash-generating units provide a healthy Gross Margin (90% & 76%), and contributions to Group operating loss were (£421,000 & £931,000). The Group has two cash-consuming units (RUA Vascular and RUA Structural Heart), and both these units require further investment before commercialisation and cash generation can be achieved. RUA Life Sciences is seeking off-balance sheet financing for RUA Vascular while costs relating to RUA Structural Heart will predominantly be to enhance the profile of the asset and help bring it to commercialisation.

The Board has considered the current cash position, reviewed budgets and profit and cash flow forecasts to October 2025 along with sensitivity analyses and made appropriate enquiries. The Board has formed a judgement at the time of approving the financial statements that the Group will have access to adequate resources to continue in operational existence for the period of the going concern assessment. For this reason, the Board considers that the adoption of the going concern basis in preparing the consolidated financial statements is appropriate.

Whilst there are inherent uncertainties regarding the cash flows associated with the development of the vascular graft range, together with the timing and commercialisation of our heart valve composite leaflet material, the Directors are satisfied that there is sufficient discretion and control as to the timing and quantum of cash outflows to ensure that the Company and Group are able to meet their liabilities as they fall due for at least twelve months from the date of approval of the financial statements.

The Directors continue to explore additional third-party sources of income and finance available to the Group to continue the development of the vascular graft range beyond 2024.

Based on these indications, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and, therefore, have prepared the financial statements on the going concern basis.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

1. ACCOUNTING POLICIES (CONTINUED)

Use of accounting estimates and judgements

Many of the amounts included in the financial statements involve the use of judgement and / or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and / or the notes to the financial statements and the key areas are summarised below:

Investments

Investments held as fixed assets are stated at cost less provision for impairment. In the opinion of the Directors the value of such investments is not less than that shown at the statement of financial position date.

Intercompany receivables

Amounts owed by subsidiary undertaking represent loans made to the Company's main subsidiaries on an interest-free basis. No repayment terms have been mandated. In accordance with IFRS 9 Financial Instruments, the Company has made an assessment of expected credit losses.

Management considered three scenarios

- Successful commercialisation of development pipeline
- Sale of IP at its current stage
- Failure to commercialise development pipeline and the loans were not recovered in full

Having considered the scenarios on the manner, timing, quantum and probability of recovery of the receivables, a lifetime expected credit loss (ECL) of £3,251,000 (2023: £nil) has been provided. The calculation of the allowance for lifetime expected credit losses requires a significant degree of estimation and judgement, in particular determining the probability-weighted likely outcome for each scenario considered. The Director's assessment of ECL included repayment through future cash flows over time (which are inherently difficult to forecast for the Company at its current stage of development) and also the amount that could be realised through an immediate sale of the subsidiary undertaking. The carrying value of amounts owed by subsidiary undertakings at 31 March 2024 was £7,119,470 (2023: £1,874,062) and is disclosed in note 6 to the financial statements.

Deferred tax

Deferred tax is recognised (on an undiscounted basis) on all temporary differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the statement of financial position date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the statement of financial position date.

Share-based payments

Share options

The Group operates a Share Option Plan for its employees. Options awarded to employees and directors of any subsidiary companies are recorded in the relevant subsidiary accounts as a charge to the profit and loss account and a corresponding entry to 'other reserves'. In the parent company accounts the cost is treated as an additional cost of investment in the parent company accounts. The cost is calculated using the Black Scholes Option Pricing Model 'BSOPM' as outlined below.

The grant of any share-based payment is measured at its fair value using the BSOPM. The fair value of the share options is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings over the vesting period, based on the best available estimate of the number of share options expected to vest.

Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

Debtors

The amounts owed by Group undertakings are in respect of intercompany loans. The Company uses its cash to fund the operations of its subsidiaries until such a time that the subsidiaries are in a position to return the monies to Group. These loans are interest free and have no fixed repayment date, all loans are repayable on demand.

Tangible Fixed Assets

Tangible fixed assets are stated at historical cost, less accumulated depreciation.

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in profit and loss.

Depreciation is provided at annual rates calculated to write off the cost less residual value of each asset over its expected useful life:

Plant and machinery – 10 years

Computer equipment – 3 years

2. INTANGIBLE ASSETS

	Intellectual property GB£000	Development costs GB£000	Total GB£000
Cost			
At 31 March 2023	4,929	330	5,259
Additions for the year	-	-	-
At 31 March 2024	4,929	330	5,259
Amortisation			
At 31 March 2023	4,857	330	5,187
Charge for the year	8	-	72
At 31 March 2024	4,865	330	5,195
Net book value			
At 31 March 2023	72	-	72
At 31 March 2024	64	-	64

In compliance with IAS 36, the Directors have reviewed the intellectual property and development costs for any signs of impairment as of 31 March 2024. Since no indicators of impairment were detected, no impairment test was deemed necessary.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

3. TANGIBLE ASSETS

	Plant & Machinery GB£000	Computer equipment GB£000	Total GB£000
Cost			
At 31 March 2023	171	6	177
Additions for the year	-	-	-
Disposals in the year	(147)	-	(147)
At 31 March 2024	24	6	30
Depreciation			
At 31 March 2023	24	6	30
Charge for the year			
On disposals	-	-	-
At 31 March 2024	24	6	30
Net book value			
At 31 March 2023	147	-	147
At 31 March 2024	-	-	-

4. DIRECTORS AND EMPLOYEES

The average monthly number of persons (including Directors) employed by the Company during the year was:

	2024 Numbers	2023 Numbers
Directors	5	5
Non-executive directors	3	3
Total	8	8

The aggregate remuneration comprised:

	2024 GB£000	2023 GB£000
Wages and salaries	876	846
Social security costs	100	103
Pension contributions	62	65
Share based payments	27	111
Total costs	1,065	1,125

The Directors are the only employees of the parent company. Disclosure of their emoluments is given in the Report of the Remuneration Committee on page 37.

5. NON-CURRENT ASSET INVESTMENTS

	2024 GB£000	2023 GB£000
Investment in subsidiary undertakings		
Cost		
Historical cost	2,235	2,244
RMD Share based payment adjustment (see note 9)	(38)	(9)
Net book value at 31 March	2,197	2,235

Interest in subsidiary undertakings

Name of undertaking	Country of registration or incorporation	Registered office	Description of shares held	Proportion of nominal value of shares held %
(i) RUA Biomaterials Limited	Scotland	163 Bath St, Glasgow G2 4SQ	Ordinary £1	100
(ii) RUA Structural Heart Limited	Scotland	163 Bath St, Glasgow G2 4SQ	Ordinary £1	100
(iii) RUA Vascular Limited	Scotland	163 Bath St, Glasgow G2 4SQ	Ordinary £1	100
(iv) RUA Medical Devices Limited	Scotland	163 Bath St, Glasgow G2 4SQ	Ordinary £1	100
(v) Aortech International Limited	Scotland	163 Bath St, Glasgow G2 4SQ	Ordinary £1	100

6. TRADE AND OTHER RECEIVABLES

	2024 GB£000	2023 GB£000
Current		
Trade receivables – gross	15	79
Allowance for credit losses	-	-
Trade receivables	15	79
Other receivables	39	14
Amounts owed by Group undertakings	1,787	1,874
Tax credit due	-	-
Prepayments and accrued income	323	286
	2,164	2,253
Non current		
Amounts owed by Group undertakings	8,918	3,955
Less: Provision*	(3,251)	(3,955)
	5,667	-

Amounts owed by Group undertakings include Gross loans of £7,354k (2023: £1,874k) with no fixed repayment terms. These amounts are non-interest bearing, unsecured, and repayable on demand.

Amounts owed by Group undertakings have been assessed in line with IFRS 9. The calculation includes the probability-weighted result, considering appropriate and reliable information on past events, current circumstances, and expected future economic conditions available at the balance sheet date. This assessment resulted in an impairment on Group undertakings, and a provision for expected credit losses of £3,251k (2023: nil) was recognised.

* A cumulative impairment charge of £3,955k as at 31 March 2024 (31 March 2023: £3,955k) has been made to fully provide against the remaining amount of the inter-company loan account due as at 31 March 2024 to RUA Life Sciences plc by its American subsidiary, AorTech Polymers & Medical Devices, Inc who were in liquidation as of 2014. Given that this receivable is over ten years old and recovery is unlikely, management decided to write off this receivable at the reporting date.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

7. TRADE AND OTHER PAYABLES

	2024 GB£000	2023 GB£000
Trade payables	77	8
Amounts owed to Group undertakings	253	57
Other payables	5	2
Accruals and deferred income	183	157
	518	224

8. SHARE CAPITAL

See Note 18 in the Consolidated financial statements which details the number of shares in issue at each period end and movements in the period. The nominal value of all shares in issue at 31 March 2024 is £3,103,015 (2023: £1,109,240).

9. SHARE-BASED PAYMENTS

[Director and Employee Share Option Plans](#)

See note (7) in group accounts for detail on share-based payments.

10. RELATED PARTY TRANSACTIONS

The Company is exempt under the terms of FRS 101.8 from disclosing transactions with its wholly owned subsidiaries.

Related party transaction disclosures are included within the Report of the Remuneration Committee in the Group accounts.

ANNUAL GENERAL MEETING



LETTER TO SHAREHOLDERS

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you should consult your stockbroker, bank, solicitor, accountant, fund manager or other appropriate independent professional adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000 or an appropriately authorised independent professional adviser if you are in a territory outside the United Kingdom. If you no longer hold shares in RUA Life Sciences plc, please pass this document to the purchaser or transferee or to the agent who dealt with the sale or transfer to be sent on to the new owner of the shares.

RUA LIFE SCIENCES PLC

(Incorporated in Scotland SC170071)

Registered office
C/O Davidson Chalmers
Stewart LLP
163 Bath Street
Glasgow G2 4SQ

23 July 2024

Dear Shareholder

I am writing to give you the details of the 2024 Annual General Meeting to be held at 11.00am on 27 August 2024 at Gales Hotel, Marine Drive, Irvine, Ayrshire KA11 5AE. The formal notice of AGM is set out on pages 92 to 96 and an explanation of the business is set out below.

FORMAT OF THE AGM

The AGM will be a physical meeting. The Board encourages all shareholders who are unable to, or do not wish to, attend the AGM in person to vote by proxy. Please see the Notice of AGM set out on pages 92 to 96 for details of how to appoint a proxy and for further important information regarding the appointment of proxies.

If you wish to attend the AGM in person, it would assist the Company's planning if you could please notify the Company in advance by email to lachlan.smith@rualifesciences.com, including your name as shown on the Company's Register of Members.

We will notify shareholders of any significant changes to the AGM arrangements by publishing details on the Company's website (www.rualifesciences.com) and via a Regulatory Information Service as early as is possible before the date of the meeting.

All the resolutions will be voted on by way of a poll and this will ensure that your vote will be counted, even if you are unable to attend in person.

Your vote is important to the Company and, whether or not you wish to attend the AGM in person, the Directors strongly recommend you complete and return the Form of Proxy, with your voting instructions, in accordance with the instructions on the Form. The deadline for the receipt of a Proxy Form by the Registrars is 11.00am on 22 August 2024.

If you hold your ordinary shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so that it is received no later than 11.00am on 22 August 2024.

If you are an institutional investor, you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 11.00am on 22 August 2024 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

If you would like to ask questions about the business of the AGM, please contact us at lachlan.smith@rualifesciences.com. A summary of the questions received, together with our answers, will be published on our website shortly after the AGM has concluded.

EXPLANATION OF THE BUSINESS OF THE AGM

Resolution 1 – Receipt of the Annual Report and Accounts

The Companies Act 2006 requires the directors of a public company to lay before the company in general meeting copies of the directors' reports, the independent auditors' report and the audited financial statements of the company in respect of each financial year. In line with best practice, the Directors invite shareholders to receive their reports, the audited accounts and the auditors' report for the financial year ended 31 March 2024 (the "2024 Annual Report").

Resolution 2 – Approval of the Report of the Remuneration Committee

The Company invites shareholders to approve the Report of the Remuneration Committee contained in the 2024 Annual Report.

The vote on this Resolution is advisory only and the Directors' entitlement to remuneration is not conditional on it being passed.

Resolution 3 – Re-election of Directors

The Articles of Association of the Company require that any Director: (i) who has been appointed by the Board since the last annual general meeting of the Company; or (ii) for whom it is the third annual general meeting following the annual general meeting at which he or she was last elected or re-elected, should be proposed for election or re-election respectively. Accordingly, the shareholders are invited to re-elect Ian Ardil. Biographical details on the Director are contained in the 2024 Annual Report.

Resolution 4 – Re-appointment and remuneration of the Auditor

The Company is required to appoint or reappoint auditors at each annual general meeting at which its audited accounts and reports are presented to shareholders. Resolution 4 deals with the re-appointment of RSM as auditor for the year ending 31 March 2025. As is market practice, the Resolution authorises the Directors to fix the auditor's fees.

Resolution 5 – Authority to allot shares

The Directors currently have a general authority to allot new shares in the Company and to grant rights to subscribe for, or convert any securities into, shares. This authority is due to expire at this AGM and the Board would like to renew it to provide the Directors with flexibility to allot new shares and grant rights up until the Company's next annual general meeting within the limits prescribed by the Investment Association Share Capital Management Guidelines issued in February 2023.

LETTER TO SHAREHOLDERS CONTINUED

The Investment Association Share Capital Management Guidelines state that the Association's members will regard as routine any proposal at a general meeting to seek a general authority to allot an amount up to two-thirds of the existing share capital, provided that any amount in excess of one-third of the existing share capital is applied to fully pre-emptive offer only.

This Resolution would authorise the Directors to allot (or grant rights over) new shares in the Company: (i) under an open offer or in any situation other than a fully pre-emptive offer up to an aggregate nominal amount of £1,034,338 (representing approximately 33 per cent. of the Company's current issued ordinary share capital); and (ii) under a fully pre-emptive offer up to an aggregate nominal amount of £2,068,676 (representing approximately 66 per cent. of the Company's current issued ordinary share capital).

For the avoidance of doubt, the maximum aggregate nominal amount of shares which may be allotted (or rights that may be granted) under this Resolution is £2,068,676 (representing approximately 66 per cent. of the Company's current issued ordinary share capital).

Resolutions 6 and 7 – Powers to disapply pre-emption rights

These Resolutions would give the Directors powers to allot ordinary shares for cash without first offering those shares to existing shareholders in proportion to their existing holdings.

The Resolutions seek powers which reflect the revised Statement of Principles published by the Pre-Emption Group in November 2022 (and endorsed by the Investment Association) (the “**Statement of Principles**”) which provide that a company may seek power to issue on a non-pre-emptive basis for cash shares in any one year representing: (i) no more than ten per cent. of the company's issued ordinary share capital; and (ii) no more than an additional ten per cent. of the company's issued ordinary share capital provided that such additional power is only used in connection with an acquisition or specified capital investment.

Accordingly, and in line with best practice, the Board is seeking two separate powers to disapply pre-emption rights.

Resolution 6 would permit the Board to allot ordinary shares for cash on a non-pre-emptive basis in connection with a rights issue or similar pre-emptive issue and, otherwise than in connection with any such issue, up to a maximum nominal amount of £310,301 (which represents approximately ten per cent. of the issued share capital of the Company as at 22nd July 2024, being the latest practicable date before the publication of this notice) and up to a further nominal amount equal to 20 per cent. of any such allotment if used only for the purposes of making a follow-on offer which the Directors determine to be of a kind contemplated by the Statement of Principles. This Resolution will permit the Board to allot ordinary shares for cash, up to the specified level, in any circumstances (whether or not in connection with an acquisition or specified capital investment).

Resolution 7 would give the Board an additional power to allot ordinary shares for cash on a non-pre-emptive basis up to a further maximum nominal amount of £310,301 (again representing approximately ten per cent. of the Company's current issued ordinary share capital) where this power is used only for the purposes of financing (or refinancing, if such refinancing occurs within 12 months of the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles prior to the date of this notice, and up to a further nominal amount equal to 20 per cent. of any such allotment if used only for the purposes of making a follow-on offer which the Directors determine to be of a kind contemplated by the Statement of Principles.

The Directors have no present intention of exercising the authority given by these Resolutions. If the Directors were to make a non-pre-emptive issue of equity securities for cash using the powers conferred by Resolutions 6 or 7, the Directors confirm that the Company will comply with the shareholder protections contained in Part 2B of the Statement of Principles regarding how such an issue should be carried out.

RECOMMENDATION

The Directors believe that the proposals to be voted on at the AGM are in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors unanimously recommend shareholders to vote in favour of the Resolutions, as they intend to do in respect of their beneficial holdings of shares (save in respect of those matters in which they are interested).

Yours faithfully

GEOFF BERG
Chairman

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the twenty-sixth Annual General Meeting of RUA Life Sciences plc will be held at Gales Hotel, Marine Drive, Irvine, Ayrshire KA11 5AE on 27 August 2024 at 11.00am for the purpose of considering and, if thought fit, passing the following resolutions of which numbers 1 to 5 will be proposed as Ordinary Resolutions and numbers 6 and 7 as Special Resolutions:

AS ORDINARY BUSINESS

To consider, and if thought fit, pass the following resolutions as Ordinary Resolutions:

- 1 To receive and adopt the financial statements of the Company for the year ended 31 March 2024 together with the Strategic Report and the Reports of the Directors and Auditor thereon.
- 2 To approve the Report of the Remuneration Committee for the year ended 31 March 2024.
- 3 To re-elect as a Director, Ian Ardil, who is retiring by rotation.
- 4 To re-appoint RSM UK Audit LLP as auditor of the Company and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS

To consider, and if thought fit, pass the following resolution as an Ordinary Resolution:

- 5 That, in substitution for all equivalent authorities and other powers granted to the Directors at the Company's annual general meeting held on 22 August 2023 but without prejudice to any allotment of shares or grant of rights to subscribe for or convert any security into shares in the Company made or agreed to be made pursuant to such authorities and other powers, in accordance with section 551 of the Companies Act 2006 (the "Act") the Directors be generally and unconditionally authorised to exercise all powers of the company to allot shares in the Company:
 - 5.1 up to an aggregate nominal amount of £1,034,338 (such amount to be reduced by the aggregate nominal amount of any equity securities that may be allotted pursuant to paragraph 5.2 of this resolution in excess of £1,034,338); and
 - 5.2 comprising equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £2,068,676 (such amount to be reduced by the aggregate nominal amount of any shares allotted or rights granted pursuant to the authority in paragraph 5.1 of this resolution in connection with a fully pre-emptive offer to holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to their respective holdings,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, regulatory or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange or any other matter; provided that, unless previously revoked, varied or extended, this authority will expire at whichever is the earlier of the conclusion of the annual general meeting of the company to be held in 2025 or the date falling 15 months from the date of passing this resolution, save that the Company may before such expiry make an offer or agreement which would or might require the allotment of shares in the Company, or the grant of rights to subscribe for or to convert any security into shares in the Company, after such expiry.

To consider and, if thought fit, pass the following resolutions as Special Resolutions:

6 That, in substitution for all equivalent authorities and other powers granted to the Directors at the Company's annual general meeting held on 22 August 2023 but without prejudice to any allotment of shares made or agreed to be made pursuant to such authorities and other powers, subject to and conditional upon the passing of Resolution 5 set out in this Notice, in accordance with section 571(1) of the Companies Act 2006 (the "**Act**"), the Directors be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 (1) of the Act) for cash pursuant to the authority conferred by Resolution 5 set out in this Notice, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

- 6.1 the allotment of equity securities pursuant to the terms of any share scheme for directors and/or employees of the Company and/or its subsidiaries approved by the Directors or by the shareholders of the Company in general meeting;
- 6.2 the allotment of equity securities in connection with or pursuant to an offer by way of rights issue, open offer or any other pre-emptive offer in favour of ordinary shareholders and in favour of holders of any other class of equity security in accordance with the rights attached to such class where the equity securities respectively attributable to the interest of such persons on a fixed record date are proportionate (as nearly as may be) to the respective numbers of equity securities held by them or are otherwise allotted in accordance with the rights attaching to such equity securities subject to such exclusions or arrangements as the Directors may deem necessary or expedient to deal with to treasury shares, fractional entitlements, record dates, regulatory or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange or any other matter;
- 6.3 the allotment (otherwise than pursuant to paragraphs 6.1 And 6.2 of this resolution) of equity securities having a nominal amount or giving the right to subscribe for or convert into relevant shares having a nominal amount, not exceeding in aggregate £310,301; and
- 6.4 the allotment of equity securities, other than pursuant to paragraphs 6.1 to 6.3 above of this resolution, up to an aggregate nominal amount of 20 per cent. of any allotment of equity securities from time to time under paragraph 6.3 above, such authority to be used only for the purposes of making a follow-on offer which the Directors determine to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

and such power shall expire on the revocation or expiry (unless renewed) of the authority conferred on the Directors by Resolution 5 set out in this Notice but may be previously revoked, varied or extended by special resolution, save that the Company may before such expiry make an offer or agreement which would or might require the allotment of shares in the Company, or the grant of rights to subscribe for or to convert any security into shares in the Company, after such expiry.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

7 That, subject to and conditional upon the passing of Resolution 5 set out in this Notice, without prejudice to any allotment of shares made or agreed to be made pursuant to the authorities and other powers granted to the Directors at the Company's annual general meeting held on 22 August 2023, in accordance with section 571(1) of the Companies Act 2006 (the "Act"), the Directors be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 (1) of the Act) for cash pursuant to the authority conferred by Resolution 5 set out in this Notice, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

- 7.1 the allotment of equity securities up to an aggregate nominal amount of £310,301, such authority to be used only for the purpose of financing (or refinancing, if the power is to be exercised within 12 months after the date of the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice of Meeting; and
- 7.2 the allotment of equity securities, other than pursuant to paragraph 7.1 above of this resolution, up to an aggregate nominal amount of 20 per cent. of any allotment of equity securities from time to time under paragraph 7.1 above of this resolution such authority to be used only for the purposes of making a follow-on offer which the Directors determine should be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

and such power shall expire on the revocation or expiry (unless renewed) of the authority conferred on the Directors by Resolution 5 set out in this Notice but may be previously revoked, varied or extended by special resolution, save that the Company may before such expiry make an offer or agreement which would or might require the allotment of shares in the Company, or the grant of rights to subscribe for or to convert any security into shares in the Company, after such expiry.

By order of the Board

Lachlan Smith
Company Secretary

23 July 2024

IMPORTANT NOTICE REGARDING ATTENDANCE AT THE GENERAL MEETING AND APPOINTMENT OF PROXIES

- 1 Members will only be entitled to attend and vote at the meeting if they are registered on the Company's Register of Members at 6.30pm on 22 August 2024. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting. If the meeting is adjourned, the time by which a person must be entered on the Register of Members of the Company in order to have the right to attend and vote at the adjourned meeting is 6.30pm two business days prior to the date fixed for the adjourned meeting. Changes to the Register of Members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- 2 Any member of the Company who is entitled to attend and vote at the Annual General Meeting may appoint another person or persons (whether a member or not) as their proxy or proxies to attend, speak and vote on their behalf. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
- 3 To be valid, Forms of Proxy must be lodged with the Company's Registrars, Equiniti Limited, Aspect House, Lancing, West Sussex, BN99 6DA not later than 11.00am on 22 August 2024 or not later than 48 hours (excluding any non-business day) before the time appointed for the holding of any adjourned meeting together with any documentation required. In the case of a corporation, the Form of Proxy should be executed under its common seal or signed by a duly authorised officer or attorney of the corporation. Details of how to complete the proxy form are set out in the notes to the proxy form. A vote withheld is not a vote in law which means that the vote will not be counted in the calculation of votes for or against a resolution. If no voting indication is given your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter put before the meeting.
- 4 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available at <https://www.euroclear.com/site/public/EUI>). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Equiniti Limited (CREST Participant ID RA19), no later than 11.00am on 22 August 2024. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning particular limitations of the CREST system and timings.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

- 5 In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's Registrars, Equiniti Limited, Aspect House, Lancing, West Sussex, BN99 6DA. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Equiniti no later than 11.00am on 22 August 2024. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then your proxy appointment will remain valid. To change your proxy instructions simply submit a new proxy appointment. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. If you require a new Form of Proxy please contact to the Company's Registrars, Equiniti Limited on +44 121 415 7047 between 8.30 am and 5.30 pm, Monday to Friday excluding public holidays in England and Wales.
- 6 In order to appoint a proxy using the Proxymity platform, your proxy must be lodged by 11.00am on 22 August 2024 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. For further information regarding Proxymity, please go to www.proxymity.io.
- 7 As at noon on 22 July 2024 the Company's issued share capital comprised 62,060,272 ordinary shares of £0.05 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at noon on 22 July 2024 is 62,060,272. Voting at this meeting will be on a poll rather than a show of hands. Each ordinary shareholder present at the meeting will be entitled to one vote for every ordinary share registered in his or her name and each proxy or corporate representative will be entitled to one vote for each share which he or she represents.
- 8 The following documents will be available at the registered office of the Company during normal business hours from the date of this notice until the date of the Annual General Meeting and at the AGM venue from at least 15 minutes prior to and until the end of the AGM:
 - 8.1 a copy of the service agreement for the Executive Directors,
 - 8.2 a copy of the letters of appointment for the Non-Executive Directors,
 - 8.3 the Memorandum and Articles of Association of the Company.
- 9 Any member attending the meeting has the right to ask questions.

The Company has also made alternative arrangements for questions to be submitted by members by email. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- 10 If you have any general queries about the meeting please contact the Company Secretary at lachlan.smith@rualifesciences.com or by calling on 01294 317073. You may not use any electronic address provided either in this notice of meeting or any related documents (including the Form of Proxy) to communicate for any purposes other than those expressly stated.

RUA Life Sciences plc

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Irvine, Ayrshire

Scotland

UK

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info@rualifesciences.com