

4 November 2025

Corp

Ticker RUA:AIM

Healthcare Equipment & Services

Shares in issue (m) 62.1

Next results FY Mar

Price 12.0p

Target price 50.0p

Upside 317%

Enterprise value £4.2m

Net cash/(debt) £3.3m

Other EV adjustments -£0.1m

Market cap £7.4m

What's changed? From To

Adjusted EPS -1.8 n/c

Target price 50.0 n/c

Share price performance



%	1M	3M	12M
Actual	4.3	6.7	4.3

Company description

Engages in the commercialisation of biomedical polymer technology, components, and medical devices

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RUA Life Sciences*

Strong revenue performance

RUA Life Sciences has provided a strong trading update for the 18-month period to September 2025, following the recent change to its year end. The company expects revenues for the period of £6.6m, c6% ahead of our estimate for the 18-months of c£6.2m, while for the 12-month period to September 2025, revenues were £5.1m versus our estimated £4.7m. For the 12-months to March 2025, the company expects an adjusted EBITDA of £0.5m (Cav estimate: £0.3m) and expects the full 18-month period to remain profitable. September 2025 closing cash is expected to be £3.2m versus £3.8m as of the close of September 2024, reflecting tight cost control. We believe this update shows the company making strong progress towards delivering sustainable revenue growth and profitability.

- **Revenue:** RUA revenues are expected to be c£0.4m ahead of our forecasts. Revenues for the 18-months to September 2025 are expected to be £6.6m, c6% ahead of our estimated £6.2m, while for the 12-months to September 2025, revenues are expected to be £5.1m versus our £4.7m forecast (c9% ahead). The company notes substantial efforts have been made to diversify its contract manufacturing customer base, such that over the 6-months to September 2025, the largest customer represented 54% of revenues versus c95% historically.
- **Drivers:** Revenue growth was delivered across the business. Biomaterials revenues were £0.9m for the 18-month period (£0.5m for 12-months to March 2024) and Contract Manufacturing revenues were £3.5m versus £1.7m for the 12-months to March 2024. Revenues from Abiss, acquired in September 2024 were £2.2m in the 12-months to September 2025.
- **Profitability:** For the 12-months to March 2025, RUA expects to report adjusted EBITDA of £0.5m, including the £0.9m gain on the Abiss acquisition. Excluding this, the company would report a loss of c£0.4m compared to a £1.6m loss for the equivalent 12-months to March 2024. We believe this result demonstrates substantial progress towards delivering sustainable profitability. The company expects to remain profitable for the full 18-month period to September 2025.
- **Cash:** RUA previously reported cash of £3.8m at the close of September 2024. With reduced utilisation, cash at the end of March 2025 was £3.5m, with the company expecting to report closing cash for September 2025 of £3.2m, with much of this reduction in cash balance relating to increased working capital to support the growth of the business.
- **Investment thesis:** We believe this trading update demonstrates the strong progress RUA is delivering against its strategy that looks to generate near-term profitability by focusing on the company's revenue generating divisions. We believe the progress indicates RUA is now a significantly de-risked, revenue-generating business with numerous growth opportunities, pointing to a valuation above the current market value. We believe the largely developed but strategically de-emphasised graft and valve products offer 'free' upside opportunities above the value of the core business.

Key estimates		2022A	2023A	2024A	2025E	2026E
Year end:		Sep	Sep	Sep	Sep	Sep
Revenue	£m	2.0	1.9	2.9	4.7	5.2
Adj EBITDA	£m	-1.7	-2.0	0.4	-0.8	0.1
Adj EBIT	£m	-2.1	-2.4	0.0	-1.2	-0.1
Adj PBT	£m	-2.1	-2.5	-0.0	-1.2	-0.2
Adj EPS	p	-8.5	-8.4	0.40	-1.8	-0.40
DPS	p	0.00	0.00	0.00	0.00	0.00

Key valuation metrics		2022A	2023A	2024A	2025E	2026E
EV/sales	x	2.1	2.3	1.5	0.9	0.8
EV/EBIT (adj)	x	-2.1	-1.8	103.5	-3.7	-35.6
P/E (adj)	x	-1.4	-1.4	29.8	-6.7	-29.9
Dividend yield	%	0.0%	0.0%	0.0%	0.0%	0.0%
Free cash yield	%	-31.1%	-26.4%	-9.6%	-11.7%	4.8%

Strong revenue performance

Income statement		2023A	2024A	2025E	2026E
Year end:		Sep	Sep	Sep	Sep
Sales	£m	1.9	2.9	4.7	5.2
Gross profit	£m	1.5	2.4	3.3	4.1
EBITDA (adjusted)	£m	-2.0	0.4	-0.8	0.1
EBIT (adjusted)	£m	-2.4	0.0	-1.2	-0.1
Associates/other	£m	0.0	0.0	0.0	0.0
Net interest	£m	-0.0	-0.1	-0.1	-0.1
PBT (adjusted)	£m	-2.5	-0.0	-1.2	-0.2
Total adjustments	£m	-0.1	0.0	-0.1	-0.1
PBT (reported)	£m	-2.6	0.0	-1.3	-0.3
Tax charge	£m	0.7	0.2	0.2	0.1
Minorities/Disc ops	£m	0.0	0.0	0.0	0.0
Earnings (reported)	£m	-1.9	0.2	-1.1	-0.2
Earnings (adjusted)	£m	-1.9	0.2	-1.1	-0.2
EPS (basic)	p	-8.4	0.40	-1.8	-0.40
EPS (adjusted, fully diluted)	p	-8.4	0.40	-1.8	-0.40
DPS	p	0.00	0.00	0.00	0.00

Cash flow		2023A	2024A	2025E	2026E
Year end:		Sep	Sep	Sep	Sep
EBITDA (adjusted)	£m	-2.0	0.4	-0.8	0.1
Net change in working capital	£m	-0.1	-0.6	-0.1	0.3
Other operating items	£m	0.5	-0.5	0.2	0.1
Cash flow from op. activities	£m	-1.6	-0.7	-0.7	0.5
Cash interest	£m	-0.0	-0.0	-0.1	-0.1
Cash tax	£m	0.0	0.0	0.0	0.0
Capex	£m	-0.4	-0.0	-0.2	-0.1
Other items	£m	0.0	0.0	0.1	0.1
Free cash flow	£m	-2.0	-0.7	-0.9	0.4
Acquisitions / disposals	£m	0.0	0.2	0.0	0.0
Dividends	£m	0.0	0.0	0.0	0.0
Shares issued	£m	0.0	4.0	0.0	0.0
Other	£m	-0.0	-0.1	-0.1	-0.1
Net change in cash flow	£m	-2.0	3.3	-0.9	0.3
Opening net cash (debt)	£m	2.5	0.5	3.8	2.9
Closing net cash (debt)	£m	0.5	3.8	2.9	3.2

Balance sheet		2023A	2024A	2025E	2026E
Year end:		Sep	Sep	Sep	Sep
Tangible fixed assets	£m	2.6	3.0	2.8	2.6
Goodwill & other intangibles	£m	0.7	0.9	0.9	0.9
Other non current assets	£m	0.0	0.0	0.0	0.0
Net working capital	£m	0.5	1.7	2.1	1.8
Other assets	£m	0.0	0.0	0.0	0.0
Other liabilities	£m	-0.2	-0.2	-0.2	-0.2
Gross cash & cash equivs	£m	0.5	3.8	2.9	3.2
Capital employed	£m	4.2	9.2	8.5	8.3
Gross debt	£m	0.4	1.2	1.2	1.2
Net pension liability	£m	0.0	0.0	0.0	0.0
Shareholders equity	£m	3.7	8.0	7.2	7.1
Minorities	£m	0.0	0.0	0.0	0.0
Capital employed	£m	4.2	9.2	8.5	8.3

Growth analysis		2023A	2024A	2025E	2026E
Year end:		Sep	Sep	Sep	Sep
Sales growth	%	-7.5%	56.3%	59.5%	11.8%
EBITDA growth	%	-19.0%	119.5%	-305.2%	116.0%
EBIT growth	%	-17.5%	101.7%	n/m	89.7%
PBT growth	%	-18.9%	98.4%	n/m	84.0%
EPS growth	%	1.3%	104.8%	-544.9%	77.6%
DPS growth	%	n/m	n/m	n/m	n/m

Profitability analysis		2023A	2024A	2025E	2026E
Year end:		Sep	Sep	Sep	Sep
Gross margin	%	82.0%	83.2%	71.8%	78.4%
EBITDA margin	%	-109.4%	13.6%	-17.5%	2.5%
EBIT margin	%	-129.1%	1.4%	-24.9%	-2.3%
PBT margin	%	-131.3%	-1.4%	-26.7%	-3.8%
Net margin	%	-100.1%	7.1%	-23.8%	-4.8%

Valuation analysis		2023A	2024A	2025E	2026E
Year end:		Sep	Sep	Sep	Sep
EV/EBITDA (adjusted)	x	-2.1	10.7	-5.2	32.5
EV/EBIT (adjusted)	x	-1.8	103.5	-3.7	-35.6
P/E (adjusted)	x	-1.4	29.8	-6.7	-29.9

Cash flow analysis		2023A	2024A	2025E	2026E
Year end:		Sep	Sep	Sep	Sep
Cash conv'n (op cash / adj EBITDA)	%	n/m	n/m	n/m	349.0%
Cash conv'n (FCF / adj EBITDA)	%	96.1%	-179.9%	106.6%	272.5%
U/lying FCF	£m	-1.9	-1.0	-1.0	0.2
Cash quality (u/l FCF / adj earn)	%	103.6%	-497.6%	94.3%	-82.7%
Investment rate (capex / depn)	x	1.2	0.2	0.6	0.5
Interest cash cover	x	n/a	n/a	n/a	5.7
Dividend cash cover	x	n/a	n/a	n/a	n/m

Working capital analysis		2023A	2024A	2025E	2026E
Year end:		Sep	Sep	Sep	Sep
Net working capital / sales	%	28.9%	56.7%	44.9%	34.9%
Net working capital / sales	days	105	207	164	127
Inventory (days)	days	27	139	83	70
Receivables (days)	days	147	127	103	78
Payables (days)	days	69	59	22	21

Leverage analysis		2023A	2024A	2025E	2026E
Year end:		Sep	Sep	Sep	Sep
Net bank debt / equity	%	net cash	net cash	net cash	net cash
Net bank debt / EBITDA	x	n/a	net cash	n/a	net cash
Liabilities / capital employed	%	10.6%	12.8%	14.4%	14.7%

Capital efficiency & intrinsic value		2023A	2024A	2025E	2026E
Year end:		Sep	Sep	Sep	Sep
Adjusted return on equity	%	-50.1%	2.6%	-15.3%	-3.5%
RoCE (EBIT basis, pre-tax)	%	-57.7%	0.4%	-13.7%	-1.4%
RoCE (u/lying FCF basis)	%	-46.4%	-11.2%	-12.4%	2.5%
NAV per share	p	16.8	12.9	11.7	11.4
NTA per share	p	13.5	11.5	10.3	10.0

Trading update

As previously announced, RUA Life Sciences is changing its year end to September from the previous March year end, with the current trading update reporting on the 18-month period to September 2025.

We have previously reset our forecasts to the September year end and published the following table with our Interim Results note in June 2025, providing forecasts for the subsequent reporting periods. We re-publish this table for investors to compare to the financial results provided with the current trading update.

Figure 1: P&L forecast

(£000s)	FY Mar/24A	FY Mar/25E	HY Sep/25E	FY Sep/25E	FY Sep/26E	18mth Sep/25E
Revenues	2,191	4,082	2,100	4,658	5,208	6,182
<i>growth</i>	<i>0.6%</i>	<i>86.3%</i>	<i>37.8%</i>	<i>59.5%</i>	<i>11.8%</i>	
COGS	(415)	(1,119)	(450)	(1,314)	(1,128)	(1,569)
<i>% of revs</i>	<i>18.9%</i>	<i>27.4%</i>	<i>21.4%</i>	<i>28.2%</i>	<i>21.6%</i>	<i>25.4%</i>
Gross profit	1,776	2,963	1,650	3,344	4,081	4,613
<i>gross margin</i>	<i>81.1%</i>	<i>72.6%</i>	<i>78.6%</i>	<i>71.8%</i>	<i>78.4%</i>	<i>74.6%</i>
Operating expense	(3,463)	(3,750)	(1,900)	(4,183)	(4,000)	(5,650)
Other income	79	1,112	0	22	50	1,112
Other expense	0	0	0	0	0	0
EBITDA, adjusted	(1,608)	325	(250)	(817)	131	75
Depreciation & Amortisation	(364)	(350)	(170)	(342)	(250)	(520)
Share based payments	35	(100)	(50)	(101)	(100)	(150)
Operating profit	(1,937)	(125)	(470)	(1,260)	(219)	(595)
Finance, net	(83)	(80)	(40)	(86)	(80)	(120)
Pre-tax profit	(2,020)	(205)	(510)	(1,346)	(299)	(715)
Tax	580	200	40	235	50	240
Net income	(1,440)	(5)	(470)	(1,111)	(249)	(475)

Source: Company data, Cavendish estimates

The table below provides a comparison the financial expectations provided by RUA in the current trading update versus our estimates, published in the table above. As shown, RUA has delivered a strong revenue beat with improved profitability, while cash at the end of September 2025 is also expected to be ahead of our forecast.

Figure 2: Trading update versus estimates (£m)

Metric	Time period	RUA trading update	Cavendish estimate	<i>difference</i>
Revenue	18-months to September 2025	6.6	6.2	<i>6%</i>
Revenue	12-months to September 2025	5.1	4.7	<i>9%</i>
Adjusted EBITDA	12-months to March 2025	0.5	0.3	<i>67%</i>
Cash	At close March 2025	3.5	3.7	<i>-5%</i>
Cash	At close September 2025	3.2	2.9	<i>10%</i>

Source: Company data, Cavendish estimates

Financials

While noting the expected beat to our forecasts, we are leaving our forecasts unchanged at this time.

Figure 3: RUA Life Sciences profit & loss statement

Year-end Sept (£000)	2022A	2023A	2024A	2025E	2026E
Revenues	2,021	1,869	2,921	4,658	5,208
<i>growth</i>	<i>25.9%</i>	<i>-7.5%</i>	<i>56.3%</i>	<i>59.5%</i>	<i>11.8%</i>
COGS	(316)	(337)	(492)	(1,314)	(1,128)
<i>% of revs</i>	<i>15.6%</i>	<i>18.0%</i>	<i>16.8%</i>	<i>28.2%</i>	<i>21.6%</i>
Gross profit	1,705	1,532	2,429	3,344	4,081
<i>gross margin</i>	<i>84.4%</i>	<i>82.0%</i>	<i>83.2%</i>	<i>71.8%</i>	<i>78.4%</i>
Operating expenses	(3,546)	(3,594)	(3,156)	(4,183)	(4,000)
<i>% of revs</i>	<i>175.5%</i>	<i>192.3%</i>	<i>108.0%</i>	<i>89.8%</i>	<i>76.8%</i>
Other income	127	18	1,125	22	50
Other expense	(3)	0	0	0	0
EBITDA, adj	(1,717)	(2,044)	398	(817)	131
Depr & Amort	(342)	(369)	(357)	(342)	(250)
Share based payments	(123)	(117)	47	(101)	(100)
Operating profit	(2,182)	(2,530)	88	(1,260)	(219)
Finance, net	(10)	(41)	(81)	(86)	(80)
Pre-tax profit	(2,192)	(2,571)	7	(1,346)	(299)
Tax	293	701	199	235	50
<i>tax rate</i>	<i>13.4%</i>	<i>27.3%</i>	<i>-2842.9%</i>	<i>17.5%</i>	<i>16.7%</i>
Net income	(1,899)	(1,870)	206	(1,111)	(249)
No. shares, period end	22,185	22,185	62,060	62,060	62,060
No. shares, average	22,185	22,185	51,213	62,060	62,060
EPS (GBp)	(8.6)	(8.4)	0.4	(1.8)	(0.4)

Source: Company data, Cavendish estimates

Figure 4: RUA Life Sciences balance sheet

Year-end Sept (£000)	2022A	2023A	2024A	2025E	2026E
Goodwill	301	301	301	301	301
Intangible assets	495	445	569	574	574
PP&E	2,543	2,621	3,028	2,796	2,646
Total non-current asset	3,339	3,367	3,898	3,671	3,521
Inventory	68	139	1,112	1,061	1,001
Trade receivables	681	755	1,017	1,310	1,114
Cash and equivalents	2,509	493	3,779	2,891	3,168
Total current asset	3,258	1,387	5,908	5,262	5,283
Total assets	6,597	4,754	9,806	8,933	8,804
Trade payables	397	354	474	280	300
Borrowings	86	29	247	231	231
Lease liabilities	4	97	163	186	186
Other	49	40	29	29	29
Total current liabilities	536	520	913	726	746
Borrowings	364	150	70	132	132
Lease liabilities	0	169	696	672	672
Deferred tax	71	80	69	74	74
Other non-current liabilities	140	101	72	87	87
Total non-current liabilities	575	500	907	965	965
Total liabilities	1,111	1,020	1,820	1,691	1,711
Issued capital	1,109	1,112	3,103	3,103	3,103
Share premium	11,729	11,729	13,709	13,709	13,709
Capital redemption reserve	11,840	11,840	11,840	11,840	11,840
Other reserve	(1,507)	(1,389)	(1,438)	(1,335)	(1,235)
Accumulated profit	(17,685)	(19,558)	(19,351)	(20,198)	(20,447)
Total equity	5,486	3,734	7,863	7,119	6,970
Non-controlling interest	0	0	123	123	123
Total equity & liabilities	6,597	4,754	9,806	8,933	8,804

Source: Company data, Cavendish estimates

Figure 5: RUA Life Sciences cash flow statement

Year-end Sept (£000)	2022A	2023A	2024A	2025E	2026E
Net income	(1,899)	(1,870)	206	(1,111)	(249)
Amortisation	(66)	50	62	64	50
Depreciation	407	319	295	278	200
Share based payments	123	117	(47)	101	100
Interest income	10	43	81	86	80
Tax income	(293)	(696)	(199)	(240)	(50)
Change in inventory	110	(71)	(7)	51	60
Change in receivables	(177)	102	(357)	(580)	196
Change in payables	(20)	(90)	(209)	400	20
Tax received	87	528	569	245	50
Other	0	0	(1,062)	0	0
Net cash from operations	(1,718)	(1,568)	(668)	(705)	456
CAPEX PP&E	(601)	(397)	(48)	(65)	(50)
CAPEX intangibles	0	0	0	(100)	(50)
Acquisition	0	0	208	0	0
Interest received	(10)	(28)	(5)	(124)	(80)
Cash flow from investing	(611)	(425)	155	(289)	(180)
Share issue, net	0	0	3,974	0	0
Change in borrowings	75	(8)	(119)	63	0
Cash flow from financing	75	(8)	3,855	63	0
Change in cash	(2,254)	(2,001)	3,342	(931)	276
fx	0	(15)	(56)	43	0
Opening cash	4,763	2,509	493	3,779	2,891
Closing cash	2,509	493	3,779	2,891	3,168

Source: Company data, Cavendish estimates

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Buy	1	0.8%	25	16.9%
Hold	0	0.0%	1	0.7%
Sell	0	0.0%	0	0.0%
Under Review	0	0.0%	0	0.0%
Corp	114	95.8%	122	82.4%

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Recommendation history

Company	Disclosures	Date	Rec	Price	Target price
RUA Life Sciences	2,6,8,9,10	1 December 23	Corp	11.8p	25.0p

Source: Cavendish

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