

30 November 2020

## **Rutherford Health PLC**

### **Interim Accounts for the six months ended 31 August 2020**

Rutherford Health plc (the "Company", or the "Group"), the holding company of a group committed to providing innovative cancer care of the highest quality, is pleased to announce today its interim results for the six months ended 31 August 2020.

#### Key highlights

- Revenues up 43% to £3.575m compared to the first half of FY20 (£2.497m).
- A driver of revenue growth was from Proton Beam Therapy.
- Contracts signed with Equitix to lease up to 5 Diagnostic Centres with the first centre confirmed in Taunton Somerset and expected to be ready at the end of 2021.
- NHS Taunton contract in place to deliver diagnostic services.
- NHS contracts in place in Thames Valley and South Wales for diagnostic support.
- Revenues in the second half of the year will be further boosted by the new mobile Diagnostic facilities that have commenced in August 2020 in Taunton and the expanding services of Mammography and Ultrasound availability across the Rutherford Cancer Centres.
- Collaboration agreement signed with Panthera Bio Partners to deliver clinical trials of emerging cancer treatments across all Rutherford Cancer Centres.

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

The directors of Rutherford health plc accept responsibility for this announcement.

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## Chief Executive Officer's Statement

I am pleased to present the interim results for Rutherford Health PLC for the six months ended 31 August 2020.

Despite the devastating impact of Covid 19 on cancer patients and healthcare in general which has impacted our patient numbers with the exception of radiotherapy, we have continued to see growth in overall patient numbers and revenues. Patient numbers for the six months to 31 August 2020 were 229 for cancer treatment and 2370 for diagnostics which compares to 103 and Nil respectively for the six months ended 31 August 2019. Revenues grew 43% compared to the first six months of the previous financial year. Within that, Proton Beam Therapy revenues increased from £1.0 million to £1.4 million.

The Rutherford Cancer Centre North West is now open for Diagnostics, and Systemic Anti-Cancer therapy ("SACT"), with Radiotherapy due to commence from November 2020. Proton Beam Therapy remains on track to be available at that centre from 2021.

We have invested further in Diagnostic capability inside the Rutherford North East and Rutherford North West Cancer Centres to provide Mammography and Ultrasound. This has created a complete pathway for Breast cancer patients in these regions and will lead to an enhancement in the services offered and the throughput of the Centres.

### **Covid-19**

The business has proven very resilient to the current pandemic. At the start of lockdown, we established an operations room in our HQ in Hereford which was staffed by the CEO, FD, the General Manager of Rutherford Health and Head of Professional Standards. This team was responsible for the coordination of our response to the pandemic. The benefit was immediate, with 98.5% of staff available for work (with 1.5% shielding), zero staff on furlough, 45% of staff working from home without a failure in the IT capability, and all centres remaining fully operational for patients to receive treatment as required.

We have introduced Healthcare Patient Co-ordinators at each centre to check all visitors are free from infection, and to brief them on the measures that are in place to ensure that each Rutherford Cancer Centre maintains a Covid free environment. In addition, we have introduced monthly Covid testing for all staff to ensure that we maintain our Covid free status.

With the current cancer care backlog faced by the NHS, we remain fully available to help in any way we can to ensure that cancer treatments are not adversely affected by the pandemic. Two of the Rutherford Cancer Centres have recently signed NHS contracts in England and Wales for diagnostic services and a number of NHS contracts are being negotiated at present.

### **Rutherford Diagnostics**

On 23 June 2020, the Company announced a development framework agreement with Equitix Limited to fund the development of five new diagnostic centres in the UK. The first confirmed site is in Taunton and a contract was signed with Somerset NHS Foundation Trust on 3 July 2020.

Planning permission has now been granted for the development of that diagnostic centre with services due to commence in September 2021, and in the interim the company is providing the Trust with a mobile solution, which will lead to an increase in revenue in the short term.

Negotiations are already ongoing with several NHS Trusts in England, for the development of additional Rutherford Diagnostic Centres.

### **Rutherford Direct**

Our new product, Rutherford Direct, is a membership scheme underwritten by insurers and offers a comprehensive cancer-only plan. I am delighted that the uptake in the scheme has been so immediate with several corporate members already signed up and many more considering the plan

when their current cover comes up for renewal. I firmly believe that Rutherford Direct will create 'triple value'; recurring revenues, brand loyalty and client satisfaction. Further details on Rutherford Direct can be found on our website at [www.rutherforddirect.com](http://www.rutherforddirect.com).

### **Panthera Bio Partners**

On 24 June 2020 the Company announced that it had signed a collaboration agreement with Panthera Bio Partners.

The agreement is to establish a bespoke clinical trials service, that will allow patients to participate in major studies of emerging cancer treatments at the Rutherford Cancer Centres.

Cancer trials make up a significant proportion of global trials and bringing research and cancer care together will provide the pharmaceutical industry much needed access to suitable patients.

### **Board Changes**

The Company would like to express its gratitude to Tim Irish, Diana Dyer Bartlett, and Andrew Bennett who left the Board on 21 August 2020. We wish them well in their future endeavors. As a result of these changes to the board Michael Von Bertele (senior independent non-executive director) has been appointed chairman of the audit committee in the place of Diana Dyer Bartlett. The Company intends to appoint a further independent non-executive director with a financial background to join the audit committee.

### **Outlook**

Despite Covid 19 and the significant backlog in cancer biopsies, diagnostics and surgery, the Company continues to have a strong pipeline of patients and expects to continue to grow revenue over the coming months. The focus is now on developing the pipeline of patients further while managing our costs to achieve a sustainable, long-term business.

Despite the growth in revenue through the first six months of the financial year, the Company expects to make losses in the current financial year. Cashflow forecasts have been prepared to support the Going Concern assumption, and these include short term revenue growth and additional equity or debt investment which may not materialise. The Directors remain confident that further investment will be received when required. We envisage this to be in the early new year.

We would like to thank all our shareholders for their continued support. It is an exciting time for Rutherford Health plc, and we look forward to delivering on the Group's potential.

Mike Moran MBE

Chief Executive Officer

## GROUP FINANCIAL REVIEW

The first half of FY 2020/2021 has seen a continuation of revenue growth. The Rutherford Cancer Centre North West opened in July 2020 for SACT and Diagnostic services, with Radiotherapy to commence in November. Proton Beam Therapy is expected to be available during 2021.

A summary of key financial results is set out in the table below:

	Unaudited 2021 1HY £'000	Unaudited 2020 1HY £'000	Audited 2020 £'000
<b>Revenue</b>	<b>3,575</b>	2,497	5,606
Operating expenses	<b>(15,231)</b>	(12,196)	(25,459)
<b>EBITDA</b>	<b>(11,656)</b>	(9,699)	(19,853)
Depreciation and Amortisation	<b>(3,564)</b>	(2,735)	(5,808)
<b>Operating loss</b>	<b>(15,220)</b>	(12,434)	(25,661)
Finance expense	<b>(510)</b>	(2,480)	(3,615)
<b>Loss before tax</b>	<b>(15,730)</b>	(14,914)	(29,276)
Tax Credit	<b>77</b>	31	4,842
<b>Loss for the period</b>	<b>(15,653)</b>	(14,883)	(24,434)
Fair value gain on investment	-	-	3,704
<b>Total Comprehensive Loss</b>	<b>(15,653)</b>	(14,883)	(20,730)

### **Revenue**

Revenue has grown by 43%, compared to the first half of FY 2020. Total revenue for the first half year ended 31 August 2020 was £3.575m (2020 1HY: £2.497m). A key driver of the revenue growth was from Proton Beam Therapy.

### **Operating Results**

Operating expenses increased by £3.035m (25%) compared with the first six months of FY20. The main areas of expenditure increases were additional employee costs and premises expenses following the preparations for and the opening of the fourth cancer centre in the North West.

Depreciation increased by £0.829m to £3.564m compared to the first six months of FY20. This was driven by the North West centre entering service.

The operating loss during the six months was £15.220m (2020 1HY: £12.434m). The finance expense has reduced significantly following the re-financing in October 2019.

The Group continues to recognise a potential deferred tax asset. We have sufficient visibility of future business performance and it is considered appropriate to recognise the asset that accumulated to the end of the prior financial year. We expect to be able to fully utilise this asset against future profits in the medium term. The position will be reviewed further at the year end.

## Financial Position

The Group balance sheet at 31 August 2020 can be summarised as set out in the table below:

	Unaudited	Unaudited	Audited
	2021 1HY	2020 1HY	2020
	£'000	£'000	£'000
Property, plant and equipment	154,747	140,857	150,317
Intangible assets	180	420	300
Investments	3,704	-	3,704
Deferred tax asset	10,342	6,041	10,342
Current assets less current liabilities	1,347	(8,344)	13,436
Non-current liabilities	(8,737)	(705)	(10,586)
Net assets	161,583	138,269	167,513

## Capital Expenditure

The Group continues to invest in growing its network of Rutherford Cancer Centres. A further £7.820m (2020 1HY:£6.940m) was invested in property, plant and equipment in the first half year, taking the closing net book value at 31 August 2020 to £154.747m (2020 1HY:£140.857m). All four centres are now open. The North West will begin offering Radiotherapy in November, and further capital expenditure for Proton Beam Therapy is expected to be incurred within the next twelve months.

## Investments

The Group is committed to completing the divestment of its 9.7% interest in the Gulf International Cancer Centre in Abu Dhabi (Proton Partners International Healthcare Investments LLC). This is expected to complete by the end of the current financial year.

## Treasury Management

At 31 August 2020, the Group had total shareholders funds of £161.583m (2020 1HY: £138.269m). During the period £9.678m of equity was raised under the terms of the investment commitment signed with Woodford Investment Management at the time of the admission to trading on NEX (now the AQSE Growth Exchange in February 2019). The £9.639m equity issue in March 2020 was the final tranche of the funds due.

Finance costs have reduced to £0.510m in the first six months ended 31 August 2020 (2020 1HY: £2.480m), reflecting the more favorable terms from Triple Point Leasing Limited compared to previous debt facilities. As at 31 August 2020 £9.000m was outstanding on the loan, with a further £10.000m drawdown as anticipated in October 2020.

At 31 August 2020 the Group's cash balance stood at £3.977m (29 February 2020 £19.157m), and is currently £4.440m.

The Group is in the early stages of its revenue life cycle, is currently loss-making and expects to continue making losses in the current financial year until all of its centres are fully operational. Detailed cash flow forecasts have been prepared to support the going concern presumption and include short term revenue growth targets that may not materialise.

The Group is funded through a combination of equity funding and a debt finance facility of £20m to support the cashflow requirements during the growth phase of the business. The Directors remain confident that further investment will be received when required. We envisage this to be in the early new year.

Further information is set out in note 3 to the financial statements.

Mike Moran MBE

Chief Executive Officer

## Unaudited Consolidated Statement of Total Comprehensive Income

### Unaudited Consolidated Statement of Total Comprehensive Income

Six Months ended 31 August 2020

	Unaudited 6 months to 31 August 2020	Unaudited 6 months to 31 August 2019	Audited 12 months to 29 February 2020
	£'000	£'000	£'000
Revenue	3,575	2,497	5,606
Cost of sales	(3,389)	(2,424)	(5,190)
<b>Gross profit</b>	<b>186</b>	<b>73</b>	<b>416</b>
Administrative expenses	(15,406)	(12,507)	(26,077)
<b>Operating loss</b>	<b>(15,220)</b>	<b>(12,434)</b>	<b>(25,661)</b>
Finance expense	(510)	(2,480)	(3,615)
<b>Loss before taxation</b>	<b>(15,730)</b>	<b>(14,914)</b>	<b>(29,276)</b>
Income tax credit	4 77	31	4,842
<b>Loss for the financial year</b>	<b>(15,653)</b>	<b>(14,883)</b>	<b>(24,434)</b>
Fair value gain on investment	—	—	3,704
<b>Total comprehensive loss</b>	<b>(15,653)</b>	<b>(14,883)</b>	<b>(20,730)</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share (pence)	6 (7.9)	(9.3)	(12.1)

## Unaudited Consolidated Statement of Financial Position

As at 31 August 2020

	Unaudited 6 months to 31 August 2020	Unaudited 6 months to 31 August 2019	Audited 12 months to 29 February 2020
	£'000	£'000	£'000
<b>Non-current assets</b>			
Intangible assets	180	420	300
Property, plant and equipment	154,747	140,857	150,317
Investments	3,704	—	3,704
Deferred tax asset	4 10,342	6,041	10,342
<b>Non-current assets</b>	<b>168,973</b>	<b>147,318</b>	<b>164,663</b>
<b>Current assets</b>			
Trade and other receivables	7,337	4,937	9,713
Current tax receivable	510	—	510
Cash and cash equivalents	3,977	773	19,157
<b>Current assets</b>	<b>11,824</b>	<b>5,710</b>	<b>29,380</b>
<b>Total assets</b>	<b>180,797</b>	<b>153,028</b>	<b>194,043</b>
<b>EQUITY ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS</b>			
Called up share capital	198	173	192
Share premium account	202,268	157,595	192,596
Fair Value reserve	(459)	(4,163)	(459)
Retained Earnings	(40,424)	(15,336)	(24,816)
<b>Total equity</b>	<b>161,583</b>	<b>138,269</b>	<b>167,513</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	8,737	705	10,586
<b>Current liabilities</b>			
Trade and other payables	10,477	14,054	15,944
<b>Total liabilities</b>	<b>19,214</b>	<b>14,759</b>	<b>26,530</b>
<b>Net equity and liabilities</b>	<b>180,797</b>	<b>153,028</b>	<b>194,043</b>

**Unaudited Consolidated Statement of Changes in Equity**  
**Six months ended 31 August 2020**

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Fair Value reserve £'000	Total £'000
<b>AT 1 MARCH 2020</b>	<b>192</b>	<b>192,596</b>	<b>(24,816)</b>	<b>(459)</b>	<b>167,513</b>
Loss for the period	—	—	(15,653)	—	(15,653)
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD</b>	<b>—</b>	<b>—</b>	<b>(15,653)</b>	<b>—</b>	<b>(15,653)</b>
Proceeds of share issues	6	9,672	—	—	9,678
Share-based payments	—	—	45	—	45
<b>TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS</b>	<b>6</b>	<b>9,672</b>	<b>(15,608)</b>	<b>—</b>	<b>(5,930)</b>
<b>AT 31 AUGUST 2020</b>	<b>198</b>	<b>202,268</b>	<b>(40,424)</b>	<b>(459)</b>	<b>161,583</b>

**Six months ended 31 August 2019**

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Fair Value reserve £'000	Total £'000
<b>AT 1 MARCH 2019</b>	<b>152</b>	<b>157,928</b>	<b>(35,507)</b>	<b>(4,163)</b>	<b>118,410</b>
Loss for the period	—	—	(14,883)	—	(14,883)
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD</b>	<b>—</b>	<b>—</b>	<b>(14,883)</b>	<b>—</b>	<b>(14,883)</b>
Issue of shares	21	34,997	—	—	35,018
Less costs of share issues	—	(330)	—	—	(330)
Capital Reduction	—	(35,000)	35,000	—	—
Share-based payments	—	—	54	—	54
<b>TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS</b>	<b>21</b>	<b>(333)</b>	<b>35,054</b>	<b>—</b>	<b>34,742</b>
<b>AT 31 AUGUST 2019</b>	<b>173</b>	<b>157,595</b>	<b>(15,336)</b>	<b>(4,163)</b>	<b>138,269</b>

## Unaudited Consolidated Statement of Cash Flows

### Six months ended 31 August 2020

	Unaudited 6 months to 31 August 2020 £'000	Unaudited 6 months to 31 August 2019 £'000	Audited 12 months to 29 February 2020 £'000
<b>Loss before income tax</b>	<b>(15,730)</b>	<b>(14,914)</b>	<b>(29,276)</b>
Adjustments for:			
– Depreciation and amortisation	3,564	2,735	6,020
– Finance costs	510	2,479	3,615
– Loss on disposal of Fixed Assets	--	--	468
– Non-cash employee benefits expense – share-based payments	45	62	125
<b>Changes in working capital</b>			
– Trade and other receivables	2,376	1,978	(2,798)
– Trade and other payables	(5,467)	(14,121)	(12,231)
<b>Cash flows from operating activities</b>	<b>(14,702)</b>	<b>(21,781)</b>	<b>(34,077)</b>
Income taxes received	77	31	31
Net cash used in operating activities	(14,625)	(21,750)	(34,046)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(7,820)	(6,940)	(19,550)
Disposal of property plant and equipment	--	482	--
Net cash used in investing activities	(7,820)	(6,458)	(19,550)
<b>Cash flows from financing activities</b>			
Net proceeds from issue of shares	9,677	34,688	69,708
Net outflow of loans	(1,850)	(25,224)	(15,349)
Lease payments	(62)	(71)	(72)
Interest paid	(500)	(1,001)	(2,123)
Net cash generated from financial activities	7,265	8,392	52,164
<b>Net decrease in cash and cash equivalents</b>	<b>(15,180)</b>	<b>(19,816)</b>	<b>(1,432)</b>
Cash and cash equivalents at the start of the period	19,157	20,589	20,589
<b>Cash and cash equivalents at the end of the period</b>	<b>3,977</b>	<b>773</b>	<b>19,157</b>

## Notes to the Financial Statements

### 1. General Information

Rutherford Health plc (hereinafter the 'Company', and together with its subsidiaries, the 'Group') is a public limited company incorporated and domiciled in the United Kingdom. The registered office of the Company is 15 Bridge Street, Hereford, HR4 9DF. The registered company number is 09420705.

The Group's principal activity is that of developing cancer centres including Proton Beam Therapy, together with facilitating the provision of clinical treatment.

### 2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are as set out in the Company's financial statements for the financial year ended 29 February 2020.

### 3. Basis of preparation

The interim accounts, which have not been audited, have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, except in the cases specifically mentioned in these notes.

The Group is funded through a combination of equity funding and a debt finance facility of £20m to support the building of its facilities and cashflow requirements during the growth phase of the business. The Group expects to continue to be loss-making in the current financial year and anticipates needing to seek additional funding within the next three to five months. The board regularly reviews its financing options and discussions with potential funders and investors indicate that should the Group require further funding; this would be available. The Consolidated Financial



Statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

The Group has prepared cashflow forecasts that take account of the current capital expenditure plans and an expectation of increases in patient numbers across all its sites. However, the Group is still in the early stages of its revenue life cycle and the future cash flow forecasts prepared by the Group include some significant growth assumptions.

Sensitivity analysis has been prepared on the cash flow projections to evaluate the uncertainty as to the future impact on the Group of the recent COVID-19 outbreak. Thus far, we have seen a slower growth rate in patient numbers due to COVID-19 and the sensitivity analysis assumes: continued slow down in revenue growth across the centres, no reductions in overheads and forecast capital expenditure continues to plan.

The current low rate of treatment of cancer in the UK does not represent a reduction in cancer in the population. However, it is difficult to predict the overall impact of COVID-19 over the coming year at this stage, particularly as the country is experiencing a second wave of the virus. Under a downside scenario whereby there is a significant delay in the Group achieving its planned revenue growth, then further additional funding would be required.

#### 4. Tax

The carrying value of deferred tax will be agreed at year end.

#### 5. Capital Commitments

As at 31 August 20 Capital Commitments stood at £38.0m. (29 February 20: £43.7m).

#### 6. Earnings per share

	Unaudited 6 months to 31 August 2020	Unaudited 6 months to 31 August 2019	Audited 12 months to 29 February 2020
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<b>197,526,427</b>	160,814,162	171,885,768
Total comprehensive loss for the period	<b>£15,653,000</b>	£14,883,000	£20,761,000
Basic and diluted earnings per share (pence)	<b>(7.9)</b>	(9.3)	(12.1)

#### 7. Auditor Review

These Interim statements have not been reviewed by the Company's Auditor.