

# Creo Medical

c £30m raised in 48 hours to back growth plans

Fund-raising update

In a bid to strengthen its balance sheet and support development programmes, Creo has announced a £28.5m (£26.8m net proceeds) fund-raise through institutional investors by placing 142.5m new ordinary shares at 20p/share (a 28% discount to the 15 February closing price). The fund-raising, subject to shareholder approval (AGM expected on 8 March), was oversubscribed against the minimum target of £25m, indicating strong shareholder support. In addition, Creo has announced an open offer to shareholders to raise another £5.2m in funds via the conditional issue of c 26m ordinary shares. Creo plans to use these funds to support its commercialisation plans, ongoing R&D efforts, licensing and partnering opportunities as well as working capital requirements. Notably, we estimate these funds to be sufficient to take Creo to net profitability (H126 as per our projections). We will incorporate the fund-raise into our estimates following shareholder approval and completion of the process.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
12/20	9.4	(23.0)	(12.8)	0.0	N/A	N/A
12/21	25.2	(29.7)	(14.6)	0.0	N/A	N/A
12/22e	27.1	(26.4)	(12.4)	0.0	N/A	N/A
12/23e	31.0	(21.8)	(10.2)	0.0	N/A	N/A

Note: \*PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

On 16 February 2023, Creo announced a private placement to certain institutional and retail investors to raise a minimum of £25m in net proceeds through an accelerated book building process. The issue was oversubscribed, with the company raising £28.5m in gross proceeds (£26.8m net) via an issue of 142.5m new shares at 20p/share. Of this, £2.1m has been subscribed by Creo senior management and directors. The additional open offer of up to £5.2m is available to all existing eligible shareholders (one share for every seven shares held on the record date, 15 February 2023), implying the issue of up to 26,048,909 new shares at the issue price of 20p/share. Post shareholder approval, Creo will submit an application to the AIM for the admission of the new shares (with trading expected to commence on 9 March). We note that the fund-raise will dilute existing shareholders by approximately 48%, although the combined gross proceeds of £33.7m should capitalise Creo to profitability (H126 per our estimates), an encouraging sign particularly given the current tight capital market situation.

Creo plans to use the proceeds to accelerate its commercialisation efforts across the United States, EMEA and Asia-Pacific markets and to develop further licensing and partnership opportunities for its core Kamaptive technology. In addition, the company intends to strengthen its R&D pipeline and anticipates meeting all medium-term obligations through these proceeds.

[FY22 was marked by several developments](#) for Creo, including increased adoption of its Speedboat Inject device, new robotic deals with Intuitive and CMR Surgical, and multiple heads of terms agreements signed. For 2023, we expect commercialisation of the core technology portfolio to remain a key strategic priority across global markets.

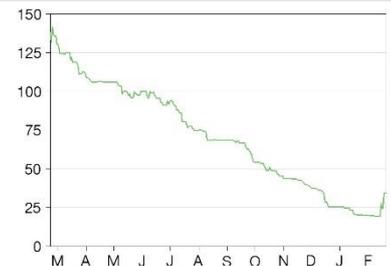
Healthcare equipment and services

21 February 2023

**Price** 24.5p  
**Market cap** £45m

Estimated net cash (£m) at 31 December 2022 (excluding the February 2023 fund-raise)	6.3
Shares in issue (excluding shares to be issued as part of the February 2023 fund-raise)	182.34m
Free float	75.9%
Code	CREO
Primary exchange	AIM
Secondary exchange	N/A

## Share price performance



## Business description

Creo Medical is a UK-based healthcare company focusing on the development and commercialisation of minimally invasive electrosurgical devices. It has six products in the flagship CROMA platform, all of which have been CE marked and five of which have been cleared by the FDA. In 2020 Creo acquired Albyn Medical, which provides it with profitable products and a direct salesforce in Europe.

## Analysts

Jyoti Prakash, CFA	+44 (0)20 3077 5700
Nidhi Singh	+44 (0)20 3077 5700

[healthcare@edisongroup.com](mailto:healthcare@edisongroup.com)

[Edison profile page](#)

**Creo Medical is a research client of Edison Investment Research Limited**

---

## General disclaimer and copyright

This report has been commissioned by Creo Medical and prepared and issued by Edison, in consideration of a fee payable by Creo Medical. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

**Accuracy of content:** All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

**Exclusion of Liability:** To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note.

**No personalised advice:** The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

**Investment in securities mentioned:** Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright: Copyright 2023 Edison Investment Research Limited (Edison).

---

## Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

---

## New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

---

## United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

---

## United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

Frankfurt +49 (0)69 78 8076 960  
Schumannstrasse 34b  
60325 Frankfurt  
Germany

London +44 (0)20 3077 5700  
280 High Holborn  
London, WC1V 7EE  
United Kingdom

New York +1 646 653 7026  
1185 Avenue of the Americas  
3rd Floor, New York, NY 10036  
United States of America

Sydney +61 (0)2 8249 8342  
Level 4, Office 1205  
95 Pitt Street, Sydney  
NSW 2000, Australia