



Life sciences firm Collagen Solutions set to raise £12m

- Sum to reinforce balance sheet and progress products
- Glasgow-based firm expects to be profitable in 2019

By **EMMA NEWLANDS**

Biomaterials business Collagen Solutions has revealed plans to raise up to £12 million and said it expects to reach profitability in 2019.

The Glasgow-based company, which develops and produces medical-grade collagen components for use in regenerative medicine, said the funding will reinforce its balance sheet, boosting confidence, speed up the progress of its core business and help develop new products.

It plans to raise up to about £8m in gross proceeds from current and new investors via a placing and open offer, subject to shareholder approval.

Furthermore, the Aim-quoted firm said it has received a conditional commitment from Norgine Ventures to subscribe up to £4m in secured private bonds with warrants.

Norgine Ventures is backed by European healthcare firm Norgine, and says it provides debt and debt-like funding

to “innovative, fast-growing companies in the fields of healthcare and life sciences, in Europe and the US”.

Collagen Solutions said the net proceeds of the placing and open offer will go towards investment in the develop-

ment and commercialisation of high-value device products, bring forward the launch of collagen-based implant ChondroMimetic, a key focus this year, and boost growth of its existing medical collagen supply business.

Chief executive Jamal Rushdy flagged “very good” support for the funding, and said: “This round strengthens our balance sheet and provides the resources to accelerate our core biomaterials and tissue business.”

He noted the business’ intention to grow revenues five-fold in the next five years and reach profitability in 2019, with primary investment in research and development.

The company said it is look-

ing to fund “a range of exciting new products for use in the rapidly emerging field of regenerative medicine”.

Rushdy highlighted three products in the pipeline, and said the aim is to launch one to two a year over the next five years, with wound care and orthopaedics key areas of focus. There will also be funding on the commercial side.

“We look forward to updating the market about our progress as we embark on this exciting phase of the company’s development,” he added.

Analysts at Hardman & Co said in a note yesterday that the firm’s realigned strategy “was starting to bear fruit”. They also forecast that it will post underlying pre-tax profit of £33,000 for the year ending March 2019.

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