

RENALYTIX AI

RENX Pricing announcement

October 11, 2018

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Renalytix AI plc

("RenalytixAI" or the "Company")

Successful Fundraising and Proposed AIM admission

Renalytix AI plc announces that it has conditionally raised gross funds of a minimum of £21 million in connection with its previously announced equity fundraising (the "**Fundraising**"). RenalytixAI expects to issue a minimum of approximately 17.36 million new ordinary shares of nominal value £0.0025 each (following a proposed subdivision of its current £0.01 ordinary shares) ("**RENX Shares**") in connection with the Fundraising at a price of £1.21 per share (the "**Issue Price**").

The Fundraising comprises a placing with institutional and other investors being arranged via N+1 Singer as broker to RenalytixAI (the "**Placing**"), a subscription targeted at qualifying investors outside the UK (the "**Subscription**") and a restricted offer to be made to certain qualifying EKF Diagnostics Holdings plc ("**EKF**") shareholders in the UK (the "**Restricted Offer**"). RenalytixAI is seeking to admit all of its issued share capital to trading on AIM, the market of that name operated by London Stock Exchange plc ("**AIM**") in due course, which will include all of the new RENX Shares being issued in connection with the Fundraising ("**Admission**").

As will be announced separately today, RenalytixAI will shortly launch the Restricted Offer with up to a maximum of £3.5 million in gross proceeds available. In connection with the spin-out of RenalytixAI, prior to Admission EKF will transfer a licence relating to certain biomarkers to RenalytixAI in exchange for 15,427,704 RENX Shares (the "**Consideration Shares**").

As previously announced, EKF has called a general meeting to be held on 19 October 2018 at which it will seek shareholder approval for a distribution in specie of its holding of 20,964,524 RENX Shares (following the issue of the Consideration Shares) (the "**Distribution Shares**") to the Company's shareholders on the register at a date to be determined (the "**Distribution**"), subject to their shareholding in EKF exceeding a *de minimis* threshold. This will take place before Admission, at which point the relevant EKF shareholders will receive beneficial and legal title to the Distribution Shares, but with an 'omnibus' share certificate in respect of those Distribution Shares to be held in escrow for a period of 180 days from the date of the Distribution. The 180-day delay in the delivery of individual share certificates or crediting of CREST accounts in respect of the Distribution Shares to the relevant EKF shareholders is intended to contribute to the creation of an orderly market in the RENX Shares at and for a period after Admission where obtaining lock-ups from EKF's shareholders in respect of the Distribution Shares would not have been possible. Based on the assumptions above, the relevant EKF shareholders will be entitled, under the terms of the Distribution, to beneficial interests in RenalytixAI following Admission amounting to approximately 39.7% of the enlarged share capital of RenalytixAI following the Fundraising. This percentage may be reduced if additional funds are raised in the Fundraising above the minimum stated above.

Notwithstanding its intention to distribute its pre-Admission shareholding in RenalytixAI to relevant EKF shareholders, EKF intends to participate in the Fundraising alongside other investors at the Issue Price. The Board of EKF believes that there is substantial additional shareholder value to be created in the RenalytixAI business assuming successful execution of its plans. Any such participation by EKF will be confirmed prior to Admission and would be subject to a lock-up agreement; it is currently expected that EKF will, as a result of its participation in the Fundraising, have a notifiable holding in RenalytixAI at Admission.

Key highlights of the Fundraising and spin-out

- Issue Price of £1.21 per RENX Share
- Placing and Subscription of not less than approximately 17.36 million new RENX Shares to raise gross proceeds of at least £21 million
- Restricted Offer to Qualifying EKF Shareholders (defined below) of up to £3.5 million or approximately 2.9 million new RENX Shares
- Admission of the enlarged share capital of RenalytixAI to trading on AIM under the symbol "RENX"
- RenalytixAI market capitalisation of not less than £63.9 million on Admission, before any take-up of the Restricted Offer and assuming no other additional funds are raised above those described in this announcement
- Admission of RenalytixAI expected from 8 a.m. on 31 October 2018

About RenalytixAI

RenalytixAI is a developer of artificial intelligence ("**AI**") enabled clinical decision support solutions for kidney disease, one of the most common and costly chronic medical conditions globally. RenalytixAI's solutions are being designed to make significant improvements in kidney disease risk assessment, clinical care, patient stratification for drug clinical trials, and drug target discovery.

RenalytixAI's technology platform will draw from distinct sources of patient data, including systems containing extensive electronic health records, predictive blood-based biomarkers and other genomic information for analysis by high-performance, learning computer algorithms (machine learning).

RenalytixAI intends to build a deep, unique pool of kidney disease-related data for different AI-enabled applications designed to improve predictive capability and clinical utility over time.

In May 2018, RenalytixAI secured a cornerstone collaboration with the Icahn School of Medicine at Mount Sinai ("**Mount Sinai**"), the medical school of the Mount Sinai Health System, for product development and intended commercialisation by RenalytixAI beginning in 2019. As part of the collaboration, Mount Sinai became a shareholder in RenalytixAI and will make a further equity investment in the Fundraising.

In 2019, RenalytixAI expects to launch *KidneyIntelX*TM, an AI-enabled, clinical-laboratory based solution intended to support physician decision making by improving identification, prediction, and risk stratification of patients with progressive kidney disease. *KidneyIntelX*TM is being designed to combine disparate data sources, including blood-based biomarkers, genetic factors and EHR data, for processing by machine learning algorithms.

RenalytixAI considers there to be a significant opportunity to deliver the first quality-assured, regulated, AI-driven product for the chronic kidney disease ("**CKD**") market.

About Kidney Disease

The International Society of Nephrology estimates that over 850 million people worldwide have some form of kidney disease, approximately twice that of diabetes (422 million) and 20 times more than cancer. By this estimate, kidney disease affects 10.4% of men and 11.8% of women worldwide.

In the US, CKD affects over 40 million adults and kills more people than breast or prostate cancer. The co-occurrence of diabetes and cardiovascular disease multiplies a patient's risk of death. Commonly referred to as a "silent disease" it is often asymptomatic until approximately 70% to 80% of kidney function has been lost. As a result, CKD is associated with significant morbidity, mortality and healthcare costs.

It is estimated that a third of adults in the US are at risk of kidney disease. This risk is greatest for those suffering from diabetes, high blood pressure, heart disease and obesity. Studies have also shown that ethnicity is a determining factor, with African Americans and Hispanic populations deemed most at risk. Americans of African ancestry are three times more likely to be afflicted by kidney disease than Caucasians, whilst those with Hispanic ancestry are almost 1.3 times more likely to be diagnosed with kidney failure compared to non-Hispanics.

Use of net Proceeds by RenalytixAI

RenalytixAI believes that raising money in a public market context provides a signal of quality to prospective partners and customers, raises the profile of the business and its products and provides a supportive platform on which to grow the business further through in-licensing of additional technologies or selective acquisition as appropriate.

The directors and proposed directors of RenalytixAI also believe that the Fundraising and Admission will also provide an opportunity to align the interests of key stakeholders in the business.

The net proceeds of the Fundraising will be used by RenalytixAI as follows:

- to pay amounts due under the collaboration agreement with Mount Sinai;
- to continue the development of the AI technology with its software partner and to pursue other scientific development and partnerships;
- to undertake clinical utility and large-scale clinical validation studies for *KidneyIntelX*TM, which are expected to begin in 2019;
- to repay certain loans made by EKF to RenalytixAI and to its US subsidiary (which will be acquired from EKF);
- if RenalytixAI exercises its option over *FractalDx* (a future planned product), to pay the licence amount due to Mount Sinai and fund certain patent work;
- for general corporate overheads, including marketing and business development, other planned capital expenditure and for general working capital purposes; and
- to pay Admission and Fundraising-related fees and expenses.

The Restricted Offer

The Restricted Offer is only available to certain qualifying EKF shareholders, being persons recorded in the register of members of EKF at 8 p.m. on 10 October 2018 whose registered address is in the UK ("**Qualifying EKF Shareholders**"). The latest time for acceptance and payment under the Restricted Offer is 11 a.m. on 26 October 2018. Full terms of the Restricted Offer and a Q&A relating to it can be found in the Print Proof Admission Document being made available to Qualifying EKF Shareholders only.

Further announcements will be made as appropriate.

The person who arranged for the release of this announcement on behalf of the Company was James McCullough, CEO of Renalytix AI plc.

Download the full announcement [here](#)

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