

9 July, 2020

Deltex Medical Group plc
(“Deltex Medical” or the “Group”)

Pre-close Trading Update

Deltex Medical Group plc (AIM: DEMG), the global leader in Oesophageal Doppler Monitoring (“ODM”), today announces an update on trading for the half-year ended 30 June, 2020.

The Group’s trading has been affected in a number of different ways by COVID-19 (“CV-19”) in the first half:

- in January and February, Deltex Medical started to see a decline in probe sales from elective surgical procedures across its global client-base as hospitals prepared for the influx of CV-19 patients;
- this was followed by a two month period of strong growth in sales to intensive care units (“ICUs”), predominately in the UK, where Deltex Medical’s technology was used to assist clinicians working in NHS hospitals managing CV-19 patients, particularly to help reduce the risk of acute kidney injuries (“AKIs”);
- once the number of CV-19 cases started to decline in NHS hospitals, then the strong sales of Deltex Medical probes into NHS ICU departments also started to reduce and the well publicised delays in the restart of elective surgery have hampered progress in the first half; and
- more recently, the Group has started to see a resumption in sales in the US and to its international network of distributors linked to the re-start of elective procedures in overseas hospitals.

Total revenues for the half-year ended 30 June 2020 were £1.2 million (2019: £2.0 million).

In order to conserve its cash resources, the Group started to furlough employees from May and has reduced substantially its cash outflows.

Cash at hand on 30 June, 2020 was £0.6 million (30 June, 2019: £0.6 million; 31 December, 2019: £0.9 million).

The Group has been awarded an Innovation Continuity Grant by Innovate UK worth approximately £0.2 million to help the funding of its new product development programme which last year was awarded an Innovate UK Smart award. The cash associated with this grant is expected to be received by the Group in the second half of 2020.

Based on market feedback from the UK and the USA as well as via discussions with its international distributors, the Group believes that the pent up demand for elective procedures should result in a rebound in activity levels in the second half.

Nigel Keen, Deltex Medical’s Chairman, commented:

“COVID-19 created opportunities and challenges for Deltex Medical in the first half. We were pleased to see the benefits that the Group’s technology brought to intubated CV-19 patients in ICUs at high risk of acute kidney injuries and we have renewed a number of important relationships with Intensivists in the UK.”

“The Board is monitoring closely how quickly elective surgery resumes – and in which territories – as this will be key to revenue growth and cash generation.”

“We are delighted to win additional grant funding from Innovate UK worth c. £0.2 million which helps underscore the potential of Deltex Medical’s technology as well as assists the Group with its cash resources.”

“Given the potential activity levels associated with pent-up demand associated with elective surgery, it is at the moment too early to predict what the outcome will be for the full year and a further update will be provided at the time of the Group’s interim results.”

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Notes for Editors

Deltex Medical manufactures and markets haemodynamic monitoring technologies which are primarily used in critical care and general surgical procedures. Deltex Medical's proprietary oesophageal Doppler monitoring ("ODM") (TrueVue Doppler) measures blood flow velocity in the central circulation in real time. Minimally invasive, easy to set-up and quick to focus, the technology generates a low-frequency ultrasound signal which is highly sensitive to changes in blood flow and measures such changes in 'real time'. Deltex Medical is the only company in the enhanced haemodynamic space to have built a robust and credible evidence base demonstrating both the clinical and economic benefits of its core technology: TrueVue Doppler. This technology has been proven in a wide range of clinical trials to reduce complications suffered by patients after surgery and consequently can save hospitals money.

Deltex Medical's TrueVue System on the CardioQ-ODM+ monitor platform now provides clinicians with two further advanced haemodynamic monitoring technologies. TrueVue Impedance is an entirely non-invasive monitoring technology which transmits low magnitude, high frequency electrical signals through the thorax and measures the changes to this signal when the heart pumps blood. TrueVue PressureWave uses the peripheral blood pressure signal analysis to give doctors information on changes in the circulation and is particularly suited to monitoring lower risk or haemodynamically stable patients.

Group goal

Haemodynamic management is now becoming widely accepted as a vital part of the anaesthesia protocols for surgical patients, as well as treating ventilated intensive care patients, including ventilated COVID-19 patients. Consequently, the Group's focus is on maximising value from the opportunities presented, as enhanced haemodynamic management is adopted into routine clinical practice around the world. The Group aims to provide clinicians with a single platform - a 'haemodynamic workstation' - which offers them a range of technologies from simple to sophisticated to be deployed according to the patient's clinical condition as well as the skill and expertise of the user. Doing this will enable the Group to partner with healthcare providers to support modern haemodynamic management across the whole hospital.

The Group is currently in the implementation phase of achieving this goal in a number of territories worldwide, operating directly in the UK and the USA, and via agreements with approximately 40 distributors overseas.