

21 December, 2020

Deltex Medical Group plc

Update on commercial activities and balance sheet rationalisation

Subscription to raise £293,000

Issue of equity to satisfy outstanding equity-settled non-executive directors' fees

Retirement of a director

Deltex Medical Group plc (the "Group" or "Deltex Medical") (AIM: DEMG), the global leader in oesophageal Doppler monitoring, today announces:

- (i) an update on its commercial activities and balance sheet rationalisation;
- (ii) subscription for 22,538,462 new Deltex Medical ordinary shares (the "Subscription Shares") at a price of 1.3 pence per ordinary share (the "Issue Price") (together the "Subscription");
- (iii) the issue of equity to satisfy deferred non-executive directors' fees; and
- (iv) the retirement of a director.

Update on commercial activities

2020 has been a challenging year for Deltex Medical due to the impact on the Group's business from COVID-19 ("CV-19"). In recent years, approximately 80% of Deltex Medical's revenues have been derived from elective surgical procedures, which have been significantly reduced across the globe since March of this year as a result of CV-19. Despite these challenges, in 2020 the Group has made good progress in a number of key areas, including:

- successful product development in relation to its new 'TrueVue' monitor platform as well as on a number of other new products which are complementary to its core TrueVue Doppler technology;
- growth in revenues from UK intensive care units ("ICUs") treating ventilated CV-19 patients;
- improvements to business systems, including upgraded marketing as well as digitally-based clinical training packages, and financial & management systems;
- resumption in orders, in the second half of 2020, from its distributor in France; and
- careful stewardship of the Group's cash resources, including securing a number of technology-related cash grants from Innovate UK, and avoiding the need to access any UK government-backed CV-19-related debt finance schemes.

Cash at hand at 1 December, 2020 was £0.6 million. (30 June, 2020: £0.6 million.)

Rationalisation and simplification of the Group's balance sheet

Since the launch of its new strategy in 2018, Deltex Medical has been simplifying and focussing its core business activities. During this period, the Group has also addressed a number of long-standing legacy issues relating to its balance sheet. This rationalisation process is ongoing and the Board is considering ways of simplifying its year-end balance sheet.

Outstanding deferred equity-related payments to Deltex Medical employees

There are currently a number of long-standing legacy payment arrangements (“Arrangements”) still in existence for Deltex Medical employees which relate to bonus awards from 2012 to 2017. These Arrangements were structured in a number of different ways; however, each of them involved the award of options, or other deferred rights, over Deltex Medical ordinary shares (“Shares”).

The Board has now concluded that, as part of simplifying the Group’s balance sheet, these Arrangements are no longer appropriate, and the associated liability which has been accrued in the balance sheet should be discharged.

Subscription to finance the discharge of the Arrangements’ liabilities

The Board has concluded that it is now appropriate to settle the Arrangements’ liabilities in cash and to do this without adversely affecting the Group’s operating cashflow. Accordingly, and mindful of current investor appetite for Shares, Deltex Medical has raised a total of £293,000 (before expenses) by way of a subscription for 22,538,462 Subscription Shares at a price of 1.3 pence per Share. This represents a premium of 13% to the closing mid-market price on 18 December, 2020 of 1.15 pence.

Included among the existing Shareholders who are participating in the Subscription are a number of Deltex Medical directors including: (i) Nigel Keen, Chairman; (ii) Andy Mears, Chief Executive; (iii) Julian Cazalet; and (iv) Mark Wippell, who together have subscribed 7,307,692 Subscription Shares in aggregate.

Outstanding equity-settled non-executive directors’ fees

Since 1 April 2016 the non-executive Chairman and the non-executive directors of Deltex Medical (“NEDs”), with the exception of Chris Jones, elected to defer their directors’ emoluments by way of an equity-settled structure in order to help the Group maximise its cash resources to focus on new product development and the expansion of its international market-share. Since 1 July 2018, Chris Jones has also elected to defer his director’s emoluments in a similar manner. These arrangements have been set out each year in Deltex Medical’s Annual Report and Accounts, and full provision has been made for the cost of these fees which until now have not been settled.

The annual fee for each of the NEDs, which are currently equity-settled, is £24,000; and £33,000 for the Chairman. These fees have not changed since 2009. At 31 December, 2019 the total accrued liability on the balance sheet relating to these deferred equity-settled fees, which has built up since April 2016, was £448,249.

The Board has now decided to discharge this liability by the issue of 29,883,257 new Shares (the “Settlement Shares”) to the NEDs and the Chairman calculated on the basis of a price per Share of 1.5 pence, representing a premium of 30% to the closing mid-market price on 18 December, 2020.

Following the issue of the Settlement Shares to settle these outstanding equity-settled fees, each of the NEDs and the Chairman will pay, as appropriate, national insurance contributions and income tax on the monetary value received. Details of the Settlement Shares to be issued to each of the Deltex Medical directors and their participation in the Subscription are set out in the table below.

In the future, Deltex Medical intends to satisfy the Chairman’s and the NEDs’ emoluments by the issue of Shares at the prevailing mid-market price on a semi-annual basis.

Director / PDMR	Current Shares held	Pre-transaction Shareholding	Settlement Shares	Subscription Shares	Post transaction holding	Post transaction %
Nigel Keen	64,740,491	12.33%	9,483,257	3,461,538	77,685,286	13.46%
Julian Cazalet	9,397,927	1.79%	6,000,000	384,615	15,782,542	2.73%
Sir Duncan Nichol	2,754,136	0.52%	6,000,000	0	8,754,136	1.52%
Mark Wippell	2,481,831	0.47%	6,000,000	384,615	8,866,446	1.54%
Andy Mears	2,781,808	0.53%	0	3,076,923	5,858,731	1.01%
Chris Jones	525,862	0.10%	2,400,000	0	2,925,862	0.51%

Retirement of Sir Duncan Nichol

Sir Duncan Nichol, has informed the Board that he wishes to retire as a director on 31 December, 2020.

Sir Duncan was appointed to the Board in 2004 following nearly 30 years working in a number of senior management roles in the NHS, including as Chief Executive of the NHS from 1989 to 1994. He has been invaluable in helping Deltex Medical successfully navigate the myriad of complex pathways within the NHS.

Admission

Application has been made to the London Stock Exchange for the Subscription Shares and the Settlement shares (together, the “New Ordinary Shares”) to be admitted to trading on AIM. It is expected that admission will take place and dealings in the New Ordinary Shares will commence on AIM on or around 8.00 a.m. on 24 December, 2020.

Total voting rights

Immediately following admission, the Company's issued share capital will be 577,290,545 Shares of 1 pence each, with each carrying the right to one vote. Deltex Medical does not hold any Shares in treasury. The total voting rights figure immediately following admission of the New Ordinary Shares, of 577,290,545, may be used by shareholders (and others with notification obligations) as the denominator for the calculations by which they will determine whether they are required to notify their interest in, or a change to their interest in, Deltex Medical under the DTRs.

Commenting on this announcement, Nigel Keen, Chairman of Deltex Medical, said:

“As part of our new strategy which we put in place in 2018, we have been seeking to simplify and rationalise the Group and its operations. We have made good progress on focussing our commercial activities, despite the ‘headwinds’ relating to COVID-19. As part of this ongoing emphasis on rationalisation and focus, I welcome this opportunity to remove a number of these longstanding liabilities from the Group’s balance sheet.”

“On behalf of the Board, I would like to thank Sir Duncan Nichol for his wise counsel over many years and wish him every happiness in his retirement.”

“Like many companies, we are looking forward to the end of 2020... ..but, equally, we are looking forward to the opportunities that we see arising in 2021 as the pandemic subsides and robust action is taken to catch-up on cancelled elective surgery and the driving-down of waiting-lists.”

An updated Deltex Medical investor presentation is now available on the Group's website.

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Notification and public disclosure of transactions by persons discharging managerial responsibilities and persons closely associated with them.

Details of the person discharging managerial responsibilities / person closely associated	
Name	a) Julian Cazalet, Non-Executive Director b) Chris Jones, Non-Executive Director c) Nigel Keen, Chairman d) Sir Duncan Nichol, Non-Executive Director e) Mark Wippell, Non-Executive Director
Reason for the notification	
Position/status	See 1 a) above
Initial notification /Amendment	Initial notification
Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor	
Name	Deltex Medical Group plc
LEI	213800XN34P6LI8J6M39
Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted	
Description of the financial instrument, type of instrument	Ordinary Shares of 1 p each Identification code (ISIN) for Deltex Medical Group plc ordinary shares: GB0059337583
Identification code	
Nature of the transaction	Settlement of outstanding Non-Executive Director's fees by way of ordinary shares of 1p each in Deltex Medical Group plc
Price(s) and volume(s)	1.5 pence

		a) 6,000,000 b) 2,400,000 c) 9,483,257 d) 6,000,000 e) 6,000,000
Aggregated information		See 4 c) above
- Aggregated volume		
- Price		
Date of the transaction		21 December 2020
Place of the transaction		London Stock Exchange, AIM

Details of the person discharging managerial responsibilities / person closely associated		
Name		a) Nigel Keen, Chairman b) Andy Mears, Chief Executive Officer c) Mark Wippell, Non-Executive Director d) Julian Cazalet, Non-Executive Director
Reason for the notification		
Position/status		See 1 a) above
Initial notification /Amendment		Initial notification
Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor		
Name		Deltex Medical Group plc
LEI		213800XN34P6LI8J6M39
Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted		
Description of the financial instrument, type of instrument		Subscription for Ordinary Shares of 1p each Identification code (ISIN) for Deltex Medical Group plc ordinary shares: GB0059337583
Identification code		
Nature of the transaction		Subscription for Ordinary Shares of 1p each
Price(s) and volume(s)		Subscription for Ordinary Shares of 1p each a) 3,461,538 b) 3,076,923 c) 384,615 d) 384,615
Aggregated information		See 4 c) above
- Aggregated volume		

	- Price	
	Date of the transaction	21 December 2020
	Place of the transaction	London Stock Exchange, AIM

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