

# Deltex Medical Group plc

## Post AGM overview presentation

18 May 2022

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# Deltex & the need to measure haemodynamics

## Haemodynamic monitoring

- Visualisation & measurement of circulating blood volume, which is a function of blood flow, blood pressure and resistance

## Criticality of blood flow

**If circulating blood flow is not optimised during surgery, or in intensive care then:**

- inadequate blood and oxygen supply to vital organs (e.g. gut, kidneys, liver) can occur
- increases the risk of organ under-perfusion & harm
- increased risk of over-perfusion and patient injury

## Scientific evidence

**The use of Deltex Medical's TrueVue Doppler haemodynamic monitoring technology has been proven in 24 randomised controlled trials (RCTs) to:**

- reduce avoidable complications, including major ones such as Acute Kidney Injuries (AKIs) & Surgical Site Infections (SSIs)
- improve outcomes for both high risk and low-to-moderate risk patients
- give rise to shorter patient length of stay
- lower costs to healthcare systems
- improve patient safety

## Deltex Medical TrueVue System

**The only haemodynamic monitoring technology that can independently measure both blood flow & blood pressure across each and every heart beat**

**TrueVue Platform:**

- Doppler
- Impedance
- PressureWave

- core technology within Deltex Medical's portfolio
- high precision, beat-to-beat real-time information on the patient's circulating blood volume
- global 'gold standard' for precision haemodynamic monitoring
- high margin, single-use disposable ultrasound probe



***Increasing pressure from health systems, regulators, patient safety advocates & payers to reduce risks to patients, with a particular focus on 'avoidable complications'***

# Deltex Medical - key growth drivers for the Group

## **New products:**

2022 next gen. monitor launch will expand the reach of DEMG's technology throughout the in-hospital patient journey...

.... plus generate immediate capital replacement revenues

## **Release of the next generation TrueVue monitor later this year includes:**

- single-use high margin disposables generating strong positive cash flows
- the addition of an innovative, new non-invasive device for the rapid triage of severe disease – e.g. sepsis
  - will result in much broader applications both inside and outside the hospital
  - opens up new potential revenue streams for the Group

# Deltex Medical - key growth drivers for the Group

## **Accessible market:**

As Covid transitions to endemic...

hospital access is improving and surgical activity is increasing to clear backlogs

.... revenues should increase back towards pre-Covid levels

- TrueVue Doppler has been proven to reduce post-operative complications and is supported by 24 Randomised Clinical Trials (RCTs)
- Deltex Medical's new, non-invasive technology will be able to rapidly assess the severity of disease for the in-hospital awake patient - including the rapid triage of a Covid patient presenting at the hospital
- improved access to hospitals for sales teams and clinical educators is key to driving growth

# COVID-19's impact on Deltex Medical's business

## Direct sales: UK & US

Similar to 2020, Covid was v. unhelpful in 2021 for US & UK

Key issue is restrictions on access to hospitals for sales teams

Signs that restrictions easing - but not fully back to pre-Covid access levels

## International

International division – 2021 revenues grew by 40%

Many territories did not have strict restrictions on access into the hospitals (cf. UK & US)

Helps to demonstrate growth potential when restrictions are lifted

## Normalisation trend

As access to hospitals improves for our UK & US direct sales forces, we expect our business to begin to normalise

Returning to the activity levels that were achieved pre-Covid is a key target for the Group

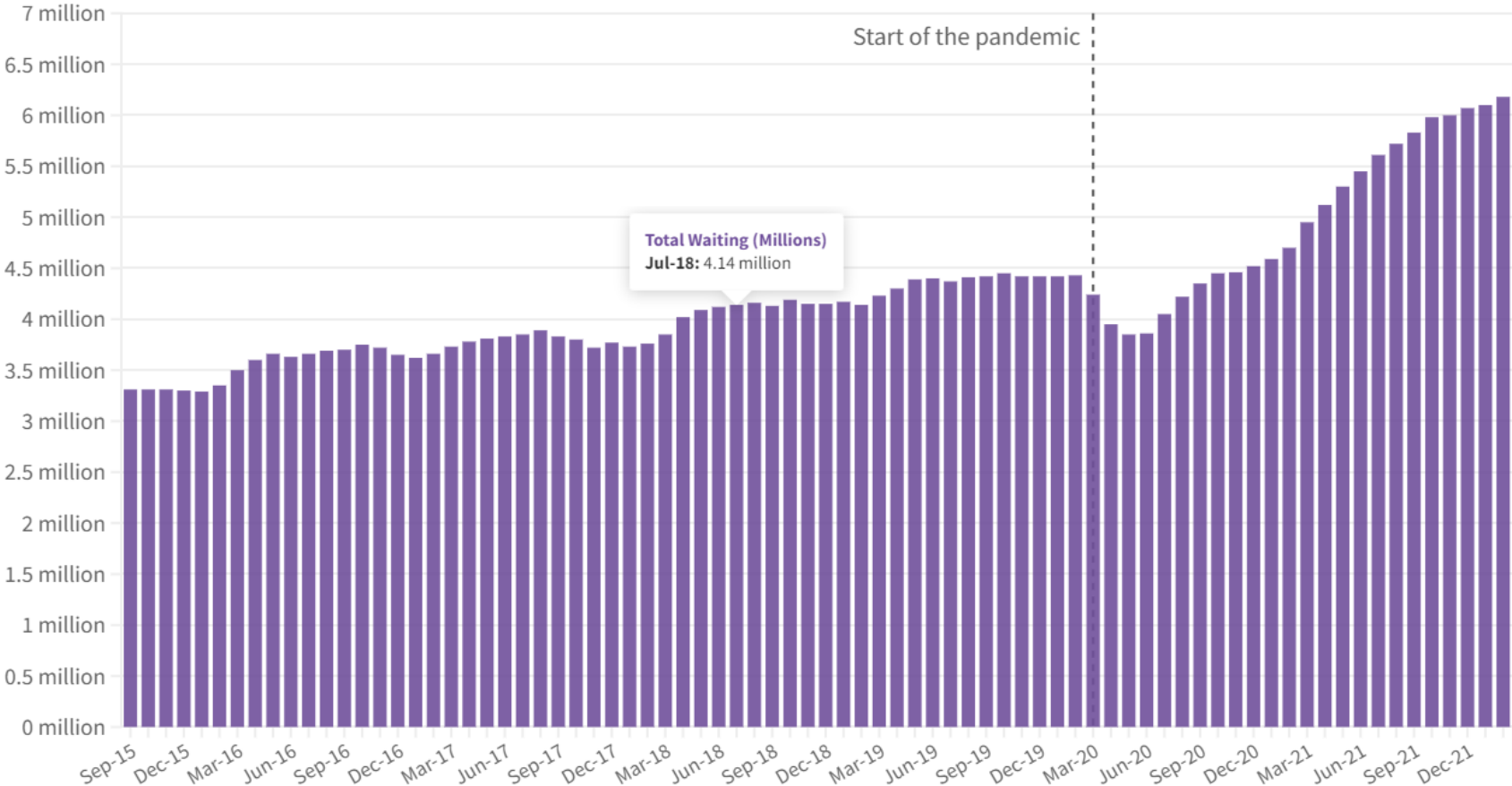


***The effect of Covid is not over yet - but we are looking forward to seeing the business grow robustly as the pandemic abates***

# COVID-19 - impact on elective care in NHS

**Number of people on NHS waiting lists for consultant-led elective care**

September 2015 to February 2022



Source: [BMA analysis of NHS England Consultant-led Referral to Treatment Waiting Times statistics](#)

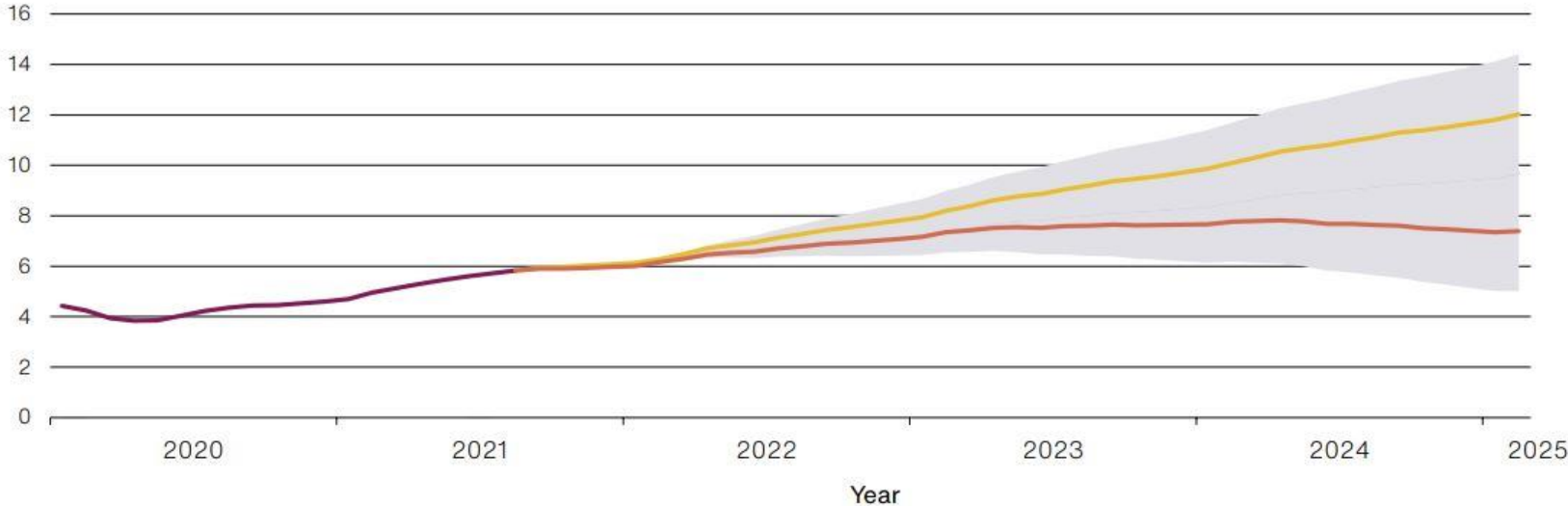


# COVID-19 - impact on elective care in NHS

**Figure 25:** Actual and projected elective care waiting list to March 2025, monthly

Under two plausible scenarios, the elective care waiting list will be longer in 2025 than it is today

Elective care waiting list, millions of patient pathways



- Actual waiting list to September 2021
- 50% of 'missing' referrals return, NHS treats elective care at Long Term Plan (LTP) level (3.2% growth per year)
- 50% of 'missing' referrals return, NHS treats elective care up to 10% above LTP level in 2024-25
- 25%-75% of 'missing' elective referrals return

Source: National Audit Office projection based on published referral-to-treatment statistics and assumptions as listed in Appendix One



# Next generation monitor - TrueVue

## Next generation TrueVue monitor is unique:

- Combines independent measurements of blood flow and blood pressure across each heartbeat in real time
- Has significantly broader applications: awake patients - A&E, wards, paramedics
- Immediate assessment of haemodynamic instability: e.g. ICU patients with Covid, sepsis, heart failure



## State-of-the-art, market-leading, monitor :

- Portable multi-technology device
- Monitors currently in-build at Chichester HQ for final external regulatory testing

# First Production Run - May 2022

**Front**



**Rear**

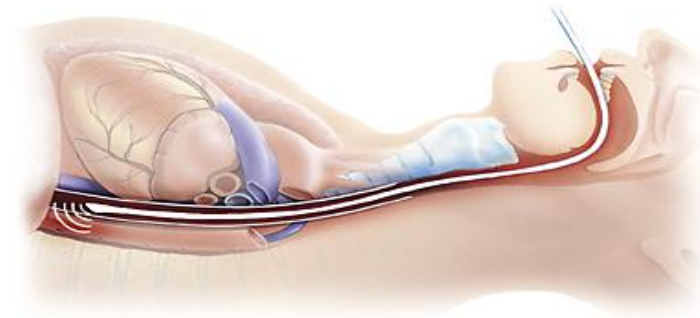


# First Production Run - May 2022

## Mass Production.....

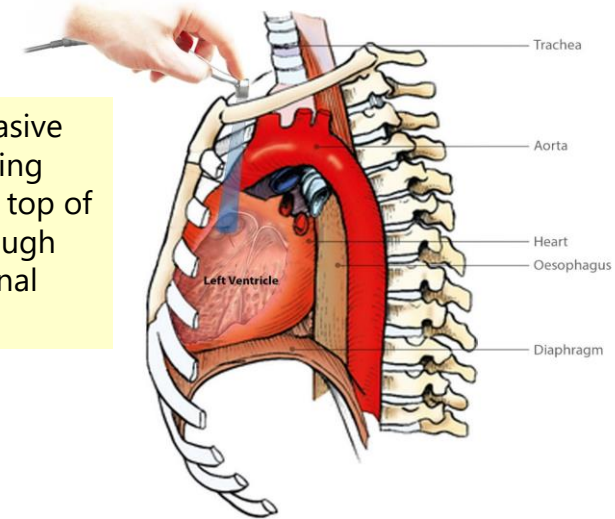


# Next generation TrueVue – ODM vs non-invasive



ODM probe inserted down the oesophagus of a sedated patient (e.g., elective surgery) to generate extremely high-quality data, which is used to provide rapid, optimised treatment

New non-invasive device detecting blood flow at top of rib cage (through the suprasternal notch)



- Established 'Gold Standard' device for use on sedated patients
- Utilises Deltex's proprietary algorithm which has been clinically proven over many years
- High margin product - built on the substantial published evidence, including 24 RCTs
- Existing user base in over 40 countries worldwide
- Focused on elective surgery and ventilated ICU patients
- Quick and easy to use – provides immediate snapshot of awake patient's haemodynamics
- Developed in collaboration with the UK's National Physical Laboratory
- Similar high margins to the ODM and can utilise the same evidence base
- Introduces awake patient applications (Covid, sepsis, A&E, ward)
- Complementary technology, generating an additional revenue stream

# Market size and drivers for growth

**As hospitals return to elective surgery post Covid, Deltex expects to grow its high margin revenues**

**NICE: c.800,000 elective surgical patients in the UK would benefit from ODM haemodynamic monitoring**

- our non-invasive Doppler device suitable for all of the c.8 million in-hospital procedures carried out annually in the NHS\*

**ODM is recommended and reimbursed internationally including in the USA, France and Spain**

**c. 3,000 ODM devices in hospitals in over 40 countries present an immediate opportunity to access hospitals' capital replacement budgets**

\* Frequency of surgical treatment and related hospital procedures in the UK: a national ecological study using hospital episode statistics - <https://academic.oup.com/bja/article/119/2/249/4049141>

# Sector-based consolidation

Increasing interest from major healthcare companies resulting in sector-based consolidation and elevated marketing-spend in haemodynamic monitoring, should raise clinical awareness of the advantages of haemodynamic monitoring and increase adoption

Company	Year	Acquiror	Price
LiDCO	2021	Masimo	£32m
Cheetah Medical	2019	Baxter Healthcare	\$230m
Pulsion	2014	Getinge	€139m
BMEYE	2012	Edwards Lifesciences	€32m

# Key territories

**COVID-19:  
becoming  
endemic**

**Patients  
presenting with  
Covid as a  
co-morbidity**

**Key challenge:  
addressing the  
elective surgery  
backlog**

## **USA**

- key target market - highest ASPs
- hospitals adopting haemodynamic protocols quicker than in Europe
- greater focus on costs including length-of-stay and complications by the 'payers' and the regulators

## **UK**

- TrueVue Doppler was originally developed in a London ICU
- most developed and competitive country for haemodynamic monitoring
- access to hospitals in 2021 severely restricted but improving now

# Key territories

**Parts of our International business are performing strongly as elective surgery starts to increase**

## **International**

- sell into overseas territories via network of c. 40 distributors
- some distributors growing strongly as elective surgery returns
- new capital contracts worth c.\$0.2 million in Americas announced in January 2022 will help drive further probe revenue contracts



# Veterinary Applications - new area of growth



## **USA**

- 6 key US vet. universities evaluating tech
- clinical studies started
- first veterinary monitors sold in the USA

## **UK**

- first monitor sold in UK

## **International**

- first veterinary distributor established in Spain
- first monitors sold to end users
- Spanish "KOL" vet has established on-line training courses



# Change of advisor



## **New NOMAD and Broker**

- Allenby Capital Limited appointed as the Company's nominated adviser and joint broker on 28 April 2022
- Excited to be working with them and having the opportunity to highlight to a new investment community the value of the technology / Group

# Why Deltex?

## **Revenues are beginning to increase as the volume of elective surgical procedures starts to increase**

- as access to hospitals improves for our direct UK and US sales forces, we expect our business to begin to normalise
- we also expect our International business to continue to grow

## **The launch of the new monitor and its new, broad application, non-invasive haemodynamic technology is key for the Group**

- this new, non-invasive device has a substantially larger addressable market (cf. minimally invasive ODM)

## **Our initial focus is to drive activity levels back up to those achieved by the Group prior to the pandemic...**

**... thereafter there is clear scope to grow the business**

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# Summary P&L information to 31/12/21

<b>£000</b>	<b>2021</b>		<b>2020</b>	
Probe revenues	1,911	85%	2,113	88%
Other revenues	348	15%	285	12%
<b>Total revenues</b>	<b>2,259</b>	<b>100%</b>	<b>2,398</b>	<b>100%</b>
<b>Gross margin</b>	<b>1,575</b>	<b>70%</b>	<b>1,641</b>	<b>68%</b>
Administrative costs	(1,585)		(1,472)	
Sales & distribution costs	(957)		(964)	
R&D and Q&R costs	(207)		(246)	
Trade debtor impairment	-		11	
Exceptional costs	-		(232)	
<b>Total overheads</b>	<b>(2,749)</b>		<b>(2,903)</b>	
<b>Adjusted EBITDA*</b>	<b>(504)</b>		<b>(208)</b>	
<b>Loss for the year</b>	<b>(966)</b>		<b>(785)</b>	

21 \* Earnings before interest, tax, depreciation and amortisation, share-based payments, non-executive directors' fees and any exceptional items

# Summary balance sheet information at 31/12/21

£000	31 Dec 2021	31 Dec 2020		31 Dec 2021	31 Dec 2020
Property, plant & equipment	264	305	Borrowings	(702)	(159)
Intangible assets	3,135	2,554	Trade & other payables	(1,478)	(1,416)
Financial assets at amortised cost	157	153	<b>Current liabilities</b>	<b>(2,180)</b>	<b>(1,575)</b>
<b>Non-current assets</b>	<b>3,556</b>	<b>3,012</b>	Borrowings	(1,028)	(993)
Inventories	796	895	Other non-current liabilities	(285)	(325)
Trade & other receivables	455	576	<b>Non-current liabilities</b>	<b>(1,313)</b>	<b>(1,318)</b>
Other current assets	175	198	<b>Total liabilities</b>	<b>(3,493)</b>	<b>(2,893)</b>
Cash*	413	853			
<b>Current assets</b>	<b>1,839</b>	<b>2,522</b>	<b>Net assets</b>	<b>1,902</b>	<b>2,641</b>
<b>Total assets</b>	<b>5,395</b>	<b>5,534</b>			