Deltex Medical Group plc

Half year results to 30 June 2023

September 2023

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Chief Executive Officer

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H1 2023 – key commercial dynamics

Release of new TrueVue monitor

- Good progress made on new TrueVue monitor during H1 2023 with the device being launched on 10 July into the UK in EU
- Evaluations have now commenced in UK hospitals. This process is expected to last six weeks
- Revenues from TrueVue monitor expected to commence in November 2023 from UK and EU customers

Restricted access in UK/US: "new normal"

- Modified our commercial plans, assuming that 'restricted access' to hospitals for DEMG's sale teams is the "new normal"
- Commercial activities have been focused on selling the new TrueVue monitor to existing customers to generate capital pipeline and revenues
- Mitigating effect using targeted digital/remote initiatives: e.g. online training academy that was launched in 2022 now in regular use

Latin American Tender

- Continuing to work on potentially significant Latin America tender order
- Tender was due to start in May 2023, but delayed due to government not releasing funding
- Funding released at end of August and hospitals now starting to select equipment from national tender

Non-invasive Suprasternal device

- Progress on developing the new non-invasive device was hampered by the Company's financial position, but is now moving forward
- The prototype probe is due to be completed in Q4 2023 and can be used with the new TrueVue monitor
- Subject to gaining regulatory approvals, a clinical evaluation in a leading UK hospital has been approved to commence this year

Summary P&L information to 30 June 2023

£000 (unaudited)	**H1 2023**		**H1 2022**	
Probe revenues	815	*77%*	912	*79%*
Other revenues	244	*23%*	246	*21%*
Total revenues	**1,059**	***100%***	**1,158**	***100%***
Gross profit	**728**	*69%*	**852**	*74%*
Administrative costs	(642)		(779)	
Sales & distribution costs	(427)		(554)	
R&D and Q&R costs	(116)		(120)	
Total costs	**(1,185)**		**(1,453)**	
Adjusted EBITDA*	**(361)**		**(418)**	
Loss for the period	**(537)**		**(662)**	

Revenues reduced by 9% to £1.1M - offset by cost reductions of 18% to £1.2m

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

Summary balance sheet information at 30 June 2023

£000	30 June 2023	30 June 2022
Property, plant & equipment	237	274
Intangible assets	3,986	3,419
Financial assets at amortised cost	159	171
Non-current assets	**4,382**	**3,864**
Inventories	824	835
Trade receivables	440	540
Other current assets	191	206
Cash	107	611
Current assets	**1,562**	**2,192**
Total assets	**5,944**	**6,056**

	30 June 2023	30 June 2022
Borrowings	(1,147)	(700)
Trade & other payables	(1,744)	(1,419)
Current liabilities	**(2,891)**	**(2,119)**
Borrowings	(998)	(1,048)
Trade & other payables	(148)	(203)
Provisions	(67)	(60)
Non-current liabilities	**(1,213)**	**(1,311)**
Total liabilities	**(4,104)**	**(3,430)**
Net assets	**1,840**	**2,626**

H1 2023 trading performance and fundraise summary

- Having made a solid start to the year, trading performance in Q2 2023 was weaker than expected due to unexpected delays to both the launch of the new monitor and in the award of a national tender in Latin America
- Notwithstanding all loan facilities being fully drawn, cashflows were under severe pressure with the Company's cash position at £0.1 million as at 30 June 2023 creating an immediate need for additional capital
- Subsequently a fundraise was completed in August 2023, raising new cash for the business of £1.89 million and £350,000 debt converted to equity to strengthen the Company's balance sheet
- Use of funds raised include:
  - headcount reduction equating to cost-savings of c.£1.0 million p.a.
  - focusing on generating revenues from existing single use probes to seek positive "real" EBITDA
  - fund the market launch of the next generation TrueVue monitor
  - fund further development of the non-invasive Suprasternal device
- Restructuring of £1.0 million short-term debt due to Imperialise Limited (controlled by Nigel Keen):
  - £0.35 million converted into equity
  - Repayment of £0.25 million postponed to 30 June 2025
  - Remaining £0.4 million postponed to 31 December 2025

Next generation monitor - TrueVue

- Combines independent measurements of blood flow and blood pressure across each heartbeat in real time
- Immediate assessment of haemodynamic instability during surgery and in ICU patients: sepsis, heart failure etc
- Portable multi-technology device
- New monitors currently in-build at Chichester HQ.
- Evaluations have commenced in UK hospitals to ensure there are no teething issues prior to making first sales into UK and EU
- Will be the platform for the non-invasive device which has significantly broader applications: awake patients - A&E, wards, paramedics

New monitor is expected to help increase activity levels in all territories, with orders in the short term from international distributors within EU.

Developing the new, non-invasive Doppler-based haemodynamic monitoring device is a key part of the Group's future growth and long-term strategy

Next generation monitor – expected regulatory pathway

Expected release roadmap – existing distribution

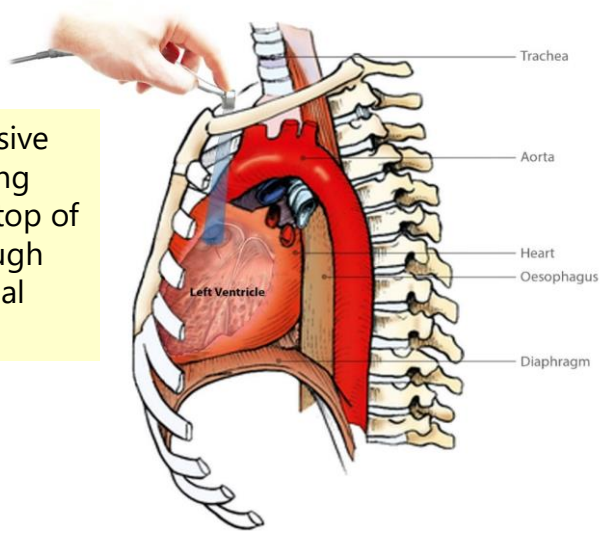
- UK, EU and CE MDD/MDR regulatory approvals
  Released – 10 July 2023
- USA – FDA approval: 6-9 months from submission
  Expected Target – H1 2024
- Latin America: 3-6 months (country dependent)
  Expected Targets – H1/H2 2024
- South Korea – KFDA approval: 6-9 months from submission
  Expected Target – H2 2024

Manufacturing in progress on new next generation monitors

Currently in development - non-invasive Suprasternal device

ODM probe inserted down the oesophagus of a sedated patient (e.g. elective surgery) to generate 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)



- High margin product, built on substantial published evidence, including 24 RCTs
- Utilises Deltex's proprietary algorithm which has been clinically proven over many years
- Existing user base in over 40 countries worldwide
- Focused on elective surgery and ventilated ICU patients

- Is an on-going R&D activity
- Quick and easy to use – provides immediate snapshot of awake patient's haemodynamics
- Developed in collaboration with the UK's National Physical Laboratory
- Introduces awake patient applications (Covid, sepsis, A&E, ward)
- Complementary technology, generating an additional revenue stream

Conclusion and prospects

The Group has refinanced and restructured the Company based on:

- implementing cost savings of c.£1.0m p.a.
- focusing on generating positive monthly EBITDA at high gross margins by the end of the year
- launching the new, next generation TrueVue monitor into UK and EU, which will increase activity levels and revenues, particularly from distributors
- continuing to grow International revenues, especially if successful in winning new business from the national tender in Latin America
- further development of the non-invasive Suprasternal device, and subject to regulatory approval, starting a clinical trial in leading UK hospital

With a significantly lower cost base and a new monitor launched, the intention is that we start to generate cash from the current level of revenues

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