Deltex medical group plc

2023 Annual Report & Accounts

Deltex Medical

A UK-headquartered international medical device company which develops, manufactures and distributes a clinically-proven haemodynamic monitoring technology that has been shown to:

- improve outcomes for patients; and
- reduce patient length-of-stay,

thereby increasing throughput and capacity for hospitals whilst lowering healthcare costs.

Real-time oesophageal Doppler haemodynamic monitoring:
improves patient outcomes; increases hospital throughput

Deltex Medical at a glance

Our technology

Deltex Medical's TrueVue System uses proprietary haemodynamic monitoring technology to assist clinicians to improve outcomes for patients as well as increase throughput and capacity for hospitals.

Deltex Medical has invested over the long term to build a unique body of peer-reviewed, published evidence from a substantial number of trials carried out around the world. These studies demonstrate statistically significant improvements in clinical outcomes providing benefits both to patients and to the hospital systems by increasing patient throughput and expanding hospital capacity.

The Group's flagship, world-leading, ultrasound-based oesophageal Doppler monitoring ("ODM") is supported by 24 randomised control trials conducted on anaesthetised patients. As a result, the primary application for ODM is focussed on guiding therapy for patients undergoing elective surgery, although sedated patients in intensive care are still an important part of our business. The Group's new, next generation monitor makes the use of the ODM technology more intuitive and provides augmented data on the status of each patient.

Deltex Medical's engineers and scientists carried out successful research in conjunction with the UK's National Physical Laboratory ("NPL"), which has enabled the Group's 'gold standard' ODM technology to be extended and developed so that it can be used completely non-invasively. This will significantly expand the application of Deltex Medical's technology to non-sedated patients. This new technological enhancement, which will be released on the new next generation monitor, will substantially increase the addressable market for the Group's haemodynamic monitoring technologies and is complementary to the long-established ODM evidence base.

Deltex Medical's new non-invasive technology has potential applications for use in a number of healthcare settings, including:

- Accident & Emergency for the rapid triage of patients, including the detection and diagnosis of sepsis;
- in general wards to help facilitate a real-time, data-driven treatment regime for patients whose condition might deteriorate rapidly; and
- in critical care units to allow regular monitoring of patients post-surgery who are no longer sedated or intubated.

One of the key opportunities for the Group is positioning this new, non-invasive technology for use throughout the hospital. Deltex Medical's haemodynamic monitoring technologies provide clinicians with beat-to-beat real-time information on a patient's circulating blood volume and heart function. This information is critical to enable clinicians to optimise both fluid and drug delivery to patients.

Deltex Medical's business model is to drive the recurring revenues associated with the sale of single-use disposable ODM probes which are used in the TrueVue System and to complement these revenues with a new incremental revenue stream to be derived from the Group's new non-invasive technology.

Both the existing single-use ODM probe and the new, non-invasive device will connect to the same, new TrueVue monitor which was released onto the market in November 2023. Monitors are sold or, due to hospitals' often protracted procurement times for capital items, may be loaned in order to encourage faster adoption of the Group's technology.

Our customers

The principal users of Deltex Medical's products are currently anaesthetists working in a hospital's operating theatre and intensivists working in ICUs. This customer profile will change as the Group's new non-invasive technology is adopted by the market. In the UK the Group sells directly to the NHS. In the USA the Group sells directly to a range of hospital systems. The Group also sells through distributors in more than 40 countries in the European Union, Asia and the Americas.

Our objective

To see the adoption of Deltex Medical's new TrueVue monitor, comprising both minimally invasive and non-invasive technologies, as the standard of care in haemodynamic monitoring for all patients from new-born to adult, awake or anaesthetised, across all hospital settings globally.

For more information see: www.deltexmedical.com

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HIGHLIGHTS

Financial

- Successfully completed the restructuring of the business and achieved annualised cost savings of approximately £1.0 million
- Revenues of £1.8 million (2022: £2.5 million), primarily reflecting the impact from unexpected delays in releasing the new TrueVue monitor and difficult market conditions
- Adjusted EBITDA of £(0.9) million (2022: £(0.6) million)
- £1.89 million fundraise completed in August 2023 with net proceeds successfully used to strengthen the balance sheet and implement the Group's restructuring plan
- Achieved a 31% reduction in overheads (excluding exceptional costs) to £2.0 million (2022: £2.9 million). The annualised reduction in overheads is expected to be c. £1 million
- Gross cash expenditure on research and product development by the Group (excluding the effect of grants or capitalisation of product development) amounted to £0.6 million (2022: £0.8 million). The net amount, having taken into account grants, was £0.4 million (2022: £0.7 million).
- Cash in hand at 31 December 2023 of £0.7 million (2022: £0.5 million)

Business / commercial activities

- Launch of the new TrueVue monitor in the UK and the EU with encouraging interest levels from existing legacy monitor users and orders now increasing, suggesting a large potential replacement market
- Markets in the Middle East, Asia and South America also being targeted for the new TrueVue monitor where Europe's CE mark is recognised, with preparatory work also underway for local regulatory approvals
- Work started on the FDA 510(k) premarket regulatory filing for the new TrueVue monitor which, when approved, will enable sales into the USA which are expected to start in 2025
- Good progress in securing production efficiencies associated with the manufacture of the new TrueVue monitor
- Ongoing successful development work on a new non-invasive Doppler-based haemodynamic monitoring device incorporating Deltex Medical's core oesophageal doppler monitoring ("ODM") technology with a substantial addressable market
- Implementation of new lower cost and more efficient digital marketing strategies in line with the Group's new "zero-based budgeting" approach
- Have met the operational and internal financial targets agreed by the Board for the first quarter and the outlook is positive

Commenting on the results, Nigel Keen, Chairman of Deltex Medical, said:

"2023 was a difficult year for the Group; however, we have successfully refinanced the business and reduced our cost base substantially and I am pleased to be able to report that 2024 has started well."

"We also launched the new TrueVue monitor and see a significant upgrade and replacement market."

"Good progress is being made on a new, easy-to-use non-invasive device which sits on the same platform as Deltex Medical's core ODM technology."

CHAIRMAN'S STATEMENT

Introduction

We are pleased to report that we successfully completed the restructuring of the Group's business as well as achieving annualised cost savings of approximately £1.0 million. We have since met the operational and internal financial targets agreed by the Board for the first quarter of the year and the outlook is positive.

Notwithstanding 2023 initially being a difficult year for Deltex Medical, 2023 saw a number of key milestones achieved by the Group, including the successful turnaround of the business.

Deltex Medical faced three principal challenges which together contributed to the Group needing to carry out a fundraise, details of which were announced by Deltex Medical on 14 July 2023 (the "Fundraise"). These challenges comprised:

- a continuing slow pick-up in activity levels post the end of the Covid-19 pandemic;
- extended lead times for certain specific components needed to complete the new TrueVue monitor development, largely related to post Covid-19 supply chain issues. This resulted in the slippage of the launch date for the new TrueVue monitor; and
- delays in orders and the award of a national tender for haemodynamic monitoring with one of the Group's Latin American distributors which had been expected to have strong short-term prospects for cash generation.

The Fundraise has enabled the Group to turnaround its business with the result that:

- the cost base of the Group has been significantly reduced, bringing down the cashflow breakeven point substantially;
- lower cost and more efficient digital marketing techniques have been adopted which are expected to help drive incremental revenues albeit with smaller salesforces in the UK and USA; and
- the new TrueVue monitor was completed and launched in the UK and Europe, as well as global markets that recognise the EU's 'CE mark', in November 2023.

Since its launch, a number of existing users of the Group's oesophageal Doppler monitoring technology have shown strong levels of interest in the new TrueVue monitor with orders now increasing. In parallel, good progress has been made by the Group in relation to streamlining the manufacturing processes associated with the new monitor.

Financial results

Group revenues for the year ended 31 December 2023 decreased by 28% to £1.8 million (2022: £2.5 million) primarily reflecting difficult market conditions and the delayed launch to the new TrueVue monitor. These issues collectively adversely affected the sales of the Group's single-use disposable ODM probes which declined to £1.4 million (2022: £1.8 million).

As a proportion of total Group revenues, direct sales into the USA and UK remained broadly unchanged at 50% (2022: 51%).

Deltex Medical's European customers have been aware of the expected launch of the new TrueVue monitor and during the year became increasingly reluctant to purchase the previous generation monitor. As a result, monitor revenues reduced by 52% to £258,000 (2022: £537,000).

The reduction in activity levels also adversely affected overhead recovery in the Chichester production facility, resulting in the Group's gross margin reducing to 63% (2022: 74%).

Overheads, excluding exceptional costs, decreased by 31% to £2.0 million (2022: £2.9 million). The exceptionals of £366,000 largely related to restructuring costs, namely reducing the Group's headcount, including payments in lieu of notice, redundancy costs and associated legal fees. In addition, £141,000 was associated with writing off research and development projects not taken forward.

Adjusted EBITDA (comprising earnings before interest, tax, depreciation and amortisation, share-based payments and non-executive directors' fees) was a loss of £(860,000) (2022: £(607,000)). Adjusted EBITDA is reconciled to operating loss in note 3.2 of the financial statements.

Gross cash expenditure on research and product development by the Group (excluding the effect of grants or capitalisation of product development) amounted to £0.6 million (2022: £0.8 million). The net amount, having taken into account grants, was £0.4 million (2022: £0.7 million). This year-on-year reduction reflects that the majority of the costs for the development work on the new TrueVue monitor were incurred before 2023.

Operating loss for the year was £(1.1) million (2022: £(0.9) million). Loss for the year was £(1.3) million (2022: £(1.1) million).

Cash at hand at 31 December 2023 was £0.7 million (2022: £0.5 million).

Business activities

Deltex Medical sells directly, via its own sales teams, into UK and US hospitals, and via a network of distributors into approximately 40 other international territories.

The Group's direct sales teams continue to experience constraints in being able to access clinicians in UK and US hospitals' operating theatres ("ORs") and intensive care units ("ICUs"). These constraints were imposed by UK and US hospitals during the Covid-19 pandemic, and many of these constraints remain in place notwithstanding the end of the pandemic.

Despite 2023 being a challenging year for the Group, progress was made on a number of fronts including:

- the launch of the new monitor;
- development work on the new, novel non-invasive device;
- a substantial reduction in costs – leading to a significantly lower breakeven point; and
- improved marketing following adoption of new digital techniques.

These items are more fully described in the accompanying Business Review.

The Board remains focussed on the importance of cash generation. Accordingly, Deltex Medical's business development activities are increasingly focused on ensuring significant incremental increases in revenues from a small number of existing and targeted prospective customers.

Employees

On behalf of the Board, I would like to thank all of the Group's employees for their hard work during what was a challenging and at times stressful year.

I would also like to thank Julian Cazalet, Mark Wippell and Tim Irish who retired as non-executive directors of the Group on 1 December 2023. Together they have been a source of invaluable wise counsel and sound advice over a number of years.

We were separately delighted to welcome Ben Carswell to the Board on 1 December as a non-executive director.

Current trading and prospects

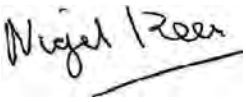
The launch of the new, next generation TrueVue monitor is a key milestone for the Group, with the first sale of the new TrueVue monitor having taken place at the end of November 2023.

We are seeing encouraging levels of interest in this product from the UK and our international distributors. Work has already started on the FDA 510(k) premarket regulatory submission to the US Food and Drug Administration (the "FDA") which, once regulatory approval has been received, will enable us to sell the new monitor into the US market.

We are continuing to drive forwards the development of our new non-invasive device. We believe the new device will be used in clinical areas not served well by our existing products and will therefore allow us to sell into significantly larger markets.

We continue to focus on optimising the commercial opportunities associated with a small number of significant tenders, including in Latin America, where we believe that Deltex Medical's ODM technology has strong opportunities to take market share.

After a tough 2023, I am pleased to be able to report that 2024 has started well and we are much encouraged for the future.



Nigel Keen
Chairman
27 March 2024

BUSINESS REVIEW

Overview

Deltex Medical is a world leader in high accuracy oesophageal Doppler monitoring, via its TrueVue platform, which allows real-time monitoring by clinicians of a patient's haemodynamic status.

More than twenty peer-reviewed, randomised controlled trials have demonstrated that an ODM-driven haemodynamic protocol can result in statistically significant reductions in post-operative complications such as acute kidney injuries, resulting in lower costs for hospitals due to shorter patient length-of-stay. The use of the ODM technology is good for patients. It also increases throughput and capacity for hospitals, which should help reduce the backlog in elective surgery, which is a particular issue in the United Kingdom.

Deltex Medical's technology was originally developed in a London ICU to assist with the treatment of acutely unwell critical care patients. Over time demand for the Group's high fidelity ODM-based haemodynamic monitoring technology has migrated from the ICU to the OR, particularly for complex elective surgical procedures; however, there are now signs of increasing interest from ICUs in the ODM technology.

Before the Covid-19 pandemic, approximately 80% of the Group's revenues were associated with elective surgical procedures in ORs. The near-complete cessation of elective surgery during the pandemic was highly disruptive to Deltex Medical's commercial activities, particularly in the UK and the USA, where the Group sells its technology to hospitals directly.

Although, post-pandemic, elective surgery has restarted around the world, medical device sales teams, including Deltex Medical's, are still experiencing more restricted levels of access to ORs and ICUs than they enjoyed pre-pandemic.

Launch of the new TrueVue monitor

After a number of years in development, the Group released its new TrueVue monitor onto the market in November 2023. The development of the new device had taken longer than expected as a result of disrupted supply chains during, and for some time after, the Covid-19 pandemic.

The new monitor has been designed to act as a platform for a range of complementary technologies, including a new, novel non-invasive device that the Group is also developing.

Orders for the new TrueVue monitor are increasing which is encouraging. There is a substantial domestic and international replacement and upgrade market, which it is anticipated will drive orders in the short to medium term. In addition, the Group expects to see probe orders increasing based on new monitor equipment sales.

The new TrueVue monitor has been designed with production engineering input in order to reduce the prime costs of the equipment as well as enhance its overall reliability. Good progress has been made with reducing the labour hours required for each of the sub-assemblies as the Group streamlines its manufacturing processes. Overall, the gross margin on the new TrueVue monitor is expected to be higher than the previous unit, although price points vary significantly between direct sales into the UK (as well as, post launch, the USA) and overseas sales to distributors.

Work has started on assembling the necessary documents required for the 510(k) premarket regulatory submission to the US FDA. It is planned that the FDA filing process should be completed in 2025 and sales of the new monitor into the US market should follow shortly thereafter.

Non-invasive device
Deltex Medical's current ODM device is principally used on sedated patients: typically those admitted to ICUs or being operated on within ORs. The resultant haemodynamic data derived from the ODM technology is extremely accurate and has been shown in some 24 published randomised controlled trials to be associated with significantly improved patient outcomes and reduced costs to hospitals as

a result of shorter hospital stays. However, limiting the use of this technology just to patients in ICUs and ORs self-evidently reduces the size of the addressable market and constrains the Group's revenues.

The new non-invasive Doppler-based haemodynamic monitoring device that the Group is developing is designed to use the same underlying oesophageal Doppler haemodynamic monitoring technology which is supported by a large body of published literature. However, a different, novel design will enable the technology to be used non-invasively and thus on a much larger patient population.

Although this new non-invasive device is still in the development phase, the Group is working on the basis that it should ultimately end up representing a form of digital haemodynamic stethoscope. This will give healthcare workers, from doctors to nurses across a range of departments, immediate access to high quality, real time haemodynamic data for patients. In turn, these data are anticipated to give rise to improved and more rapid treatment of patients throughout a hospital or other clinical care-giving facility such as the emergency services or a primary care doctor's office.

Deltex Medical believes that this new, non-invasive device, with a substantially larger addressable market, represents a significant opportunity for the Group to drive substantial profitable growth.

In parallel with working on the technical development aspects of this new, novel non-invasive technology, Deltex Medical is carrying out structured 'voice of the customer' discussions with prospective hospital-based users to determine how best to launch, and charge for, this new non-invasive ODM technology. Discussions with a number of the Group's international distributors suggest that there could be significant overseas market demand when this new device is launched.

Three principal divisions: UK, USA and International

Deltex Medical's commercial activities are structured across three divisions: the UK; the USA and International.

The Group has faced difficulties in driving its commercial activities back to those levels seen pre the Covid-19 pandemic in its two direct sales territories of the UK and the USA. Many hospitals have imposed significant restrictions on salespersons or clinical educators accessing ORs or ICUs. Once any hospital stops using Deltex Medical's ODM technology, it can take time and significant resources to re-instigate the use of the technology as the clinical staff change rapidly and new staff need to be trained on the use of ODM.

Deltex Medical has also been restricting expenditure on sales and marketing activities in the UK and USA in advance of the launch of the new monitor.

One way in which the Group has been seeking to mitigate the impact of its reduced sales and marketing spend, as well as the impact of greater restrictions on sales teams meeting hospital-based decision-makers in person, is by increasing the use of digital marketing materials. The Group is adopting a number of digital marketing techniques as well as training via the launch of its online Deltex Medical Academy.

The Group monitors closely per user probe revenues. Internal analyses demonstrate that only small increases in per (hospital) account probe purchases, or the successful adoption of the ODM technology by a small number of new, high-volume users, should drive the Group to positive cashflow.

There remains a substantial, and increasing, backlog in elective surgery as a result of the Covid-19 pandemic. In the UK the adverse effects of this backlog on patients have been exacerbated by a number of strikes by NHS healthcare workers. This backlog represents both an opportunity and a challenge for the Group. For example, there are powerful arguments, supported by the published evidence base, that the use of Deltex Medical's TrueVue technology increases patient throughput in a hospital and improves patient outcomes, thereby helping to reduce the size (and associated cost) of the backlog. Conversely, there is some anecdotal evidence that certain NHS hospitals, under pressure to reduce the backlog, are reluctant to promote the adoption of new and/or different technologies.
Following the launch of the new TrueVue monitor, Deltex Medical has now notified all UK hospitals

that the previous legacy version (CardioQ-ODM+) is now obsolete. The Group has a regulatory requirement to provide service support to maintain these devices for ten years. Many NHS hospitals with the previous monitor are expected to apply for funding from capital replacement programmes to purchase the new monitor.

As it will take some time to complete the submissions required to receive FDA approval for the new TrueVue monitor, the Group's US operation has been tasked with supporting as many existing customers as possible in order to drive up probe sales, whilst cultivating these existing relationships in advance of the launch of the new TrueVue monitor into the US market, which is expected to be next year.

The International division, with its team of some 40 overseas distributors, continues to represent an important route to market for the Group's products. International sales represent approximately half of the Group's revenues.

In the first quarter of 2024, the new TrueVue monitor has been demonstrated at three large international medical exhibitions. Deltex Medical attended Arab Health in January 2024, which is now one of the largest medical device exhibitions worldwide, where it also met with a number of its distributors. Deltex Medical also attended the Korea International Medical & Hospital Equipment Show (KIMES) in Seoul, as historically the legacy monitor sold well in South Korea.

Earlier this month, the Group exhibited at the World Congress of Anaesthesia (WCA) in Singapore which is held every four years. The advantages of using Deltex Medical's technology were presented at the WCA by a clinician who presented data that demonstrated that the ODM technology should be used on young fit patients; and not just sick elderly patients.

Although the Latin American contract that the Group was awarded last year has not developed as rapidly as was first expected, there are encouraging signs that over the next couple of years this contract will be an important source of revenues to Deltex Medical. In this respect, it is encouraging that some hospitals in that market have already started to purchase probes that are linked to this contract.

Product development and innovation

During 2023, the research and development team were focussed on completing the development of the new TrueVue monitor. This included the completion of complex and onerous regulatory testing, including electromagnetic compatibility (EMC) testing.

Notwithstanding that the successful development of the new monitor was the Group's priority, research work also continued on the development of the new, novel non-invasive haemodynamic monitoring technology, including the integration of the recommendations of the National Physical Laboratory arising from Deltex Medical's collaborative research work with them.

In addition to the development work on the new non-invasive device, work continues in relation to supporting the launch of the new TrueVue monitor.

Regulatory

Deltex Medical designs and manufactures Class II medical devices which it sells around the world. As a result, its business activities can be significantly affected by changes to regulations. The post-Brexit regulatory regime in the UK, as well as for UK companies selling into Europe, is still evolving and the Group keeps actual or prospective changes in applicable regulations under close scrutiny.

In Europe the transition from the Medical Device Directive to the European Medical Device Regulation ("MDR") has been deferred until 2028. Although this reduces some regulatory-associated complexity in the short term, there is still considerable uncertainty as to what steps will be required, and by when, for a Class II medical device manufacturer to comply with MDR in the future.

Investment in the Group's regulatory activities remains an important part of the business and is critical for its future success.

Conclusion

Completion of the new TrueVue monitor has greatly enhanced Deltex Medical's technological offering to the market as well as opening up the possibility to use this instrument as a platform for further product line extensions. We are particularly interested in the commercial potential, and significantly larger addressable market, associated with the easier-to-use non-invasive haemodynamic monitoring technology which we are developing.

Initial market feedback and demand for the new monitor has been encouraging, both from existing and prospective customers. We see its launch as a critical building block in driving up probe revenues across all three of the Group's divisions.

Our key challenge is to commercialise the Group's new technologies successfully from our significantly lower cost base by maximising the use of digital marketing. As we start to generate cash, we will be able to initiate further sales initiatives to drive up revenues.

We are pleased with the progress that we have made to date in 2024.

Andy Mears
Chief Executive
27 March 2024

Directors

<u>NON-EXECUTIVE DIRECTORS</u>

Nigel Keen, *Chairman*, MA FIET

Nigel has been involved with Deltex Medical since 1988 and has been Chairman since 1996. He is also Chairman of the following companies: Health Innovation Network Oxford and Thames Valley, established by the National Health Service in England to align the interests of patients in its region with academia, industry and the healthcare system; and MedAccess Trust, a charity established to support MedAccess Guarantee Limited, a UK-based social finance company with the pioneering mission to make global healthcare markets work for everyone.

His career has encompassed venture capital, industry and banking. He has a degree in engineering from Cambridge University, is a Fellow of the Institute of Engineering and Technology and has been involved in the formation and development of high technology businesses for more than thirty years. Nigel is Chairman of the Remuneration Committee.

Christopher Jones*, Non-Executive Director*

Chris joined the Board in June 2015 and brings over 30 years of experience in Fortune 500 and venture capital funded healthcare companies in both the UK and the USA.

He is currently the Senior Independent non-executive director (SID) of Deltex Medical.

He is Executive Chairman of: Verinnogen Ltd, and non-executive Director of MediSieve Ltd, Causeway Therapeutics Ltd, Carbometrics Ltd, Rockridge Medical Ltd and Health Enterprise East Ltd. Chris is a US national who came to the UK in 2008 to become CEO of GlySure. Prior to joining GlySure he was CEO of Tensys Medical developing and commercialising a novel continuous, non-invasive blood pressure monitor resulting in the sale of the company in 2008. Chris also spent nine years with Nellcor Inc, a division of Tyco Healthcare, most recently as VP of Marketing responsible for the $700M WW pulse oximetry and critical care businesses. He has a Bachelor of Science Degree in Molecular Biophysics and Biochemistry from Yale University.

Ben Carswell*, Non-Executive Director,* MBA, FCA

Ben joined the Board on 1 December 2023 and is Chairman of the audit committee.

Ben is a seasoned business leader with experience in commercialising Software-as-a-Service (SaaS) platforms for start-ups and established businesses.

Ben is currently a non-board director at Kraken Technologies, which forms part of Octopus Energy Group. Ben was previously Chief Commercial Officer at DPR Limited and has held senior positions at Fiserv and MoPowered.

EXECUTIVE DIRECTORS

Andy Mears, *Chief Executive*

Andy joined Deltex Medical in 1989 as an Electronics Engineer. During his career with Deltex Medical he has held a number of roles, including: Product Manager, Production Manager and Operations Director. Andy was appointed Group Sales Director in 2010, Managing Director in 2015 and Chief Executive in 2018.

Andy regularly advises Departments within the UK government on their strategies to encourage UK healthcare companies to trade internationally. Within these roles he has been an active member of the All-Party Parliamentary Group (APPG) for Trade & Investment as well as more recently a member of the UK Life Science Export Trade Advisory Group (ETAG) helping to define post-BREXIT trade agreements.

Natalie Wettler, *Group Finance Director*, FCA

Natalie commenced her Deltex Medical career in 2011 and has held a number of senior roles in the Group's finance department between 2011 and 2016. Natalie re-joined the Group in January 2020 as Group Financial Controller and was appointed Group Finance Director in May 2021.

She has a Bachelor of Science Degree in Cognitive Science from the University of Sheffield and qualified as a Chartered Accountant with Grant Thornton in the UK, and continued her Grant Thornton career in New Zealand. Natalie's experience in the medical sector also includes Head of Finance for Peak Primary Limited in New Zealand in the Primary Healthcare sector.

Directors' Responsibility Statement

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year.

The Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company, and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether international accounting standards have been followed for the Group financial statements; and, as regards United Kingdom Accounting Standards, comprising FRS 101, whether the relevant accounting standards have been followed for the Parent Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company; and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In addition, the Directors are responsible for ensuring that they meet their responsibilities under the AIM Rules for Companies.

The Directors are also responsible for the maintenance and integrity of the Group's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Company Secretary and Advisers

Company Secretary and Registered Office
Natalie Wettler FCA
Terminus Road
Chichester
West Sussex PO19 8TX

Nominated adviser
and broker
Allenby Capital Limited
5th Floor
5 St Helen's Place
London EC3A 6AB

Independent auditor
Cooper Parry Group Limited
Sky View, Argosy Road
East Midlands Airport
Castle Donnington
DE74 2SA

Principal bankers
NatWest Bank Limited
5 East Street
Chichester
West Sussex PO19 1HH

Registrars
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Corporate Governance Statement

Chairman's introduction

Deltex Medical's purpose is to provide returns to shareholders by enabling improvements in outcomes for patients around the world by creating, validating and delivering innovative healthcare solutions associated with haemodynamic monitoring.

The Group aims to achieve this by:

- supporting evidence-based medicine to create sustainable health benefits in the communities which it serves;
- investing in products, services and its employees;
- partnering with clinicians to help them adopt the technologies associated with Deltex Medical's TrueVue System;
- communicating openly and honestly with its customers as well as internally among colleagues;
- providing excellent levels of support, education and specialist training, taking into account any constraints imposed directly or indirectly as a result of post-Covid hospital access restrictions;
- continuing to be thought-leaders to drive innovation; and
- establishing appropriate committees of the Board and related governance structures, including those required under section 172 of the Companies Act 2006, to help monitor and guide the aims summarised above.

The Board of Deltex Medical has chosen to adopt the QCA Corporate Governance Code (the "QCA Code") that was published by the Quoted Companies Alliance in April 2018. The Code is structured around a number of broad principles which the Board seeks to apply and which are summarised below.

Further information in relation to how the Board applies the QCA Code is set out in the Corporate Governance section of the Group's website.
https://www.deltexmedical.com/investor-relations/aim-rule-26/corporate-governance/

1) **Establish a strategy and business model which promote long-term value for shareholders**

   Deltex Medical's strategy and business model are described within this document and, in particular, within the Chairman's Statement and the Business Review. These sections also describe the strategy the Group has adopted to navigate the specific challenges facing Deltex Medical in terms of obtaining access to hospitals by its sales teams following restrictions put in place during and since the Covid pandemic.

   The Board keeps the Group's strategy and business model under close and continuing review, most notably at its regular Board meetings.

2) **Seek to understand and meet shareholder needs and expectations**

   The Board's primary contact with both institutional and private shareholders is through the Chairman, the Chief Executive ("CEO") and the Group Finance Director ("FD"). The CEO and FD typically meet with the Group's institutional and large private shareholders, if they wish to meet, twice a year, typically around the publication date of the annual accounts and the interim results.

   Shareholders are otherwise kept up to date via announcements made through a regulatory information service on matters of a material substance and/or regulatory nature.

3) **Take into account wider stakeholder and social responsibilities, and their implications for long-term success**

The Board believes that engaging with its stakeholders strengthens the Group's relationships and helps it to make better business decisions which, in turn, helps it to deliver on its commitments and responsibilities.

The Board is regularly updated, principally by the CEO and the FD, on wider stakeholder engagement and feedback in order to help it stay abreast of relevant insights into the issues, including social responsibilities, that matter most to the Group's stakeholders. This information is discussed at the monthly Board meetings and, as appropriate, is incorporated into the Group's strategy and execution plans.

4) **Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The Board is responsible for the systems of risk management and internal control, and for reviewing their effectiveness.

The internal controls are designed to manage rather than eliminate risk and provide reasonable, but not absolute, assurance against material misstatement or loss. Through the activities of the Audit Committee, the effectiveness of these internal controls is formally reviewed annually, although specific internal controls or risk management issues may be discussed with the Audit Committee on an *ad hoc* basis throughout the year.

A summary of the Board's assessment of the principal risks and uncertainties facing the Group are set out on pages 21 to 23 of this document.

5) **Maintain the Board as a well-functioning, balanced team led by the Chairman**

The Group is led by the Board of Directors which comprises the non-executive Chairman, two executive Directors and two non-executive Directors.

In December 2023 three longstanding non-executive Directors stepped down; and a new non-executive Director was appointed. This change in the composition of the Board has helped to refresh it and keep it well-functioning.

The biographical details of the Directors are set out on pages 9 to 10. These details show that the Board comprises individuals with different backgrounds and extensive commercial experience which, taken in the round, helps to demonstrate the independence and appropriateness of the non-executive Directors. In this respect, for the purpose of the QCA Code, Chris Jones is considered to be the senior independent non-executive Director and Ben Carswell is considered to be an independent non-executive Director.

Nigel Keen, the non-executive Chairman, is responsible for the running of the Board and Andy Mears, the Chief Executive, has executive responsibility for managing the Group's business activities and implementing the Group's strategy, which is discussed and agreed by the Board.

To allow the Board to discharge its duties effectively, all Directors are provided with relevant information on a timely basis. In this regard, management reports and appropriate supporting documentation are provided to all Directors in advance of all Board and Committee meetings.

6) **Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities**

The Board comprises individuals with wide ranging commercial and business management experience in the healthcare sector as well as appropriate financial and public market skills. Each non-executive Director brings experience of other relevant businesses which helps the Board, as a whole, benchmark and appraise the Group's progress and strategy. The Board is not dominated by one individual and all Directors have the ability to challenge proposals put forward to any meetings.

The Company retains the services of independent advisors including financial and legal advisers that are available to the Board and who provide support and guidance to the Board.

7) **Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**

The Chairman periodically discusses the input of each Director with the individual concerned to ensure that their contribution to the Board is, and remains, both effective and relevant; and that they remain committed to the success of the Group.

Separate Audit and Remuneration committees have been established.

At least twice a year the Chairman informally discusses Board and committee performance with the other Directors to explore how further improvements to the performance of the Board could be made.

The Board considers that the corporate governance policies that it currently has in place for Board performance reviews are commensurate with the size and the current development stage of the Group.

8) **Promote a corporate culture that is based on ethical values and behaviours**

As a provider of regulated medical devices to patients across the world, ethical behaviour by Deltex Medical's Directors and employees is critically important to the Group's success.

The Group's products are designed and manufactured by highly-trained employees based in Chichester (UK) who comply with Deltex Medical's long-established and extensively audited Quality System.

The Group's sales teams and clinical educators promote Deltex Medical's products, and their benefits, to clinicians and healthcare systems in an open way; and by reference to the substantial body of published academic studies which support the use of the TrueVue technology. Further, the Group provides extensive training to customers to allow them to gain the maximum advantage from its products and their use in the clinical setting.

9) **Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board**

The Board has established a regular programme of Board Meetings at which the executive Directors report on the progress of the business, and their assessment of the actual or prospective risks and opportunities for the Group.

There are a minimum of ten Board meetings scheduled per year. The non-executive Directors spend approximately a day a month working on Deltex Medical-related matters, including reviewing the Board papers. The Chairman maintains contact both with the Board, the executive Directors and employees between Board Meetings, and typically spends approximately three days a month working on Group-related matters.

In 2023 all the non-executive Directors attended the scheduled Board meetings in the year except that: (i) Tim Irish was unable to attend the May and November Board meetings; and (ii) Mark Wippell was unable to attend the September meeting. Board decisions are made in the light of up-to-date, relevant information and discussions.

The Group's Quality System, which is regularly audited by outside regulatory bodies, also helps support and enhance the governance regime of the Group.

10) **Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

Deltex Medical maintains an ongoing and continuous dialogue with shareholders and other stakeholders to discuss, among other things, the opportunities for, and challenges facing, the Group.

Although the shareholder and stakeholder dialogue is primarily built around the Group's annual and interim results, as referred to in paragraphs 2) and 3) above, shareholders are informed of significant developments relating to the business through periodic stock exchange RNS announcements and/or news updates uploaded to the Group's website.

It is the Board's role to ensure that Deltex Medical Group plc is managed for the long-term benefit of all Deltex Medical's stakeholders with effective, efficient and timely decision making. Corporate governance is an important element of that task, which reduces risk and adds value to Deltex Medical. As Chairman, I am committed that the Group should uphold the highest standards of governance commensurate to its size and the complexity of its business.

Nigel Keen
Chairman
27 March 2024

Strategic Report

The Directors have set out below their Strategic Report for the year ended 31 December 2023.

The Strategic Report should be read in conjunction with the rest of this document and in particular the following sections:

1. Chairman's Statement (page 2)
2. Business Review (page 5)
3. Corporate Governance (page 13)
4. Principal Risks of the Group (page 21)
5. Directors' Report (page 24)

Key performance indicators

The key performance indicators that are used to monitor the performance of the Group are set out in the table below and are discussed in more detail in the Chairman's Statement and the Business Review.

Group KPIs for the year ending 31 December:	**2023**	**2022**
Adjusted EBITDA (£000)	(860)	(607)
Operating loss (£000)	(1,052)	(947)
Gross profit margin	63%	74%
Cash and cash equivalents (£000)	705	471
Probe revenues (£000)	1,425	1,800
Monitor revenues (£000)	258	537

Going concern

The Group meets its day-to-day working capital requirements through a combination of operational cash flows, an invoice discounting facility and, if required, the raising of additional finance.

On 14 July 2023, the Group published a circular to shareholders (the "Circular") providing details on a placing and subscription of new ordinary shares to raise £1.67 million (before expenses); a retail offer to raise up to £0.5 million; and a capital reorganisation to change the nominal value of the Group's existing ordinary shares (together the "Fundraise").

On 24 July 2023, the Group announced that the retail offer had raised gross proceeds of £221,258.54; and that accordingly the Fundraise had raised a total of £1.89 million (before expenses).

In addition, the Circular provided details on £1.0 million of short-term loans to the Group from Imperialise Limited, a company controlled by Nigel Keen, Chairman of Deltex Medical. In order to improve the Group's working capital position, Imperialise Limited agreed to restructure these short-term loans so that: (i) £0.25 million will be repayable by 30 June 2025; (ii) £0.4 million by 31 December 2025; and (iii) the balance of £0.35 million was repaid by the issue of 175 million new ordinary shares in the Group as part of the Fundraise.

The Circular explained that the net proceeds of the Fundraise were expected to be used for, among other things, near-term working capital and to fund non-recurring restructuring costs which were expected to give rise to approximately £1.0 million of annualised cost savings. On 18 September 2023, the Group announced in its interim results that this restructuring plan had been implemented and some £1.0 million had been removed from the cost base.

Further information on the Fundraise is set out in the Circular, an electronic copy of which can be obtained from Deltex Medical's website: https://www.deltexmedical.com/wp-content/uploads/2023/07/266481-Placing-and-subscription-WEB.pdf

Further information on the standby loan facility and the convertible loan notes are set out in Note 17.

The Directors have reviewed detailed budgets and forecasts until 30 June 2025, which take into account, among other things, the launch of the new TrueVue Monitor and the effect of a significantly lower cost base. This review indicates that the Group is expected to continue trading as a going concern based on projected net cash flows derived from the sales of Deltex Medical probes and monitors.

The Directors consider that they have reasonable grounds to believe that the Group will have adequate resources to continue in operational existence for the foreseeable future and it is therefore appropriate to prepare the financial statements on the going concern basis.

Section 172 statement

The Directors of the Company must act in accordance with a set of general duties which are described in section 172 of the UK Companies Act 2006 and which can be summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so, have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between shareholders of the company.

Within Deltex Medical, the Directors fulfil their duties, as summarised above, through a corporate governance structure that delegates day-to-day decision making to the executive Directors and the management of the Company; and which is described in summary on Pages 13 to 16 within this document. In addition, the following paragraphs summarise how the Directors fulfil other aspects of their duties under section 172:

Risk management

The Group sells highly regulated medical devices. Its customers are principally located in hospital intensive care units and operating theatres / rooms. Given the nature of the Group's business, it is important that Deltex Medical identifies, evaluates, manages and mitigates the risks that it identifies affect, or could affect, its business. For further information on the identification of these risks, see the section entitled 'Principal Risks of the Group' on page 21.

Our employees

Deltex Medical has a long-standing commitment to being a responsible business.

The Group's behaviour is aligned with the expectations of its employees, customers, shareholders, communities and society as a whole.

For Deltex Medical to succeed the Group needs to, among other things, help ensure that its employees are performing to the best of their abilities. As part of this, the Group carries out appropriate training and continuous professional development.

Considerable planning work was undertaken during the headcount reduction process in the second half of 2023 to ensure that this process was, and was seen to be, carried out in a fair, equitable and professional manner.

Business relationships

The Group's strategy targets organic growth via direct sales in the UK and the USA, and internationally via a network of overseas distributors.

Deltex Medical sells a sophisticated medical device - comprising a monitor (i.e. equipment / hardware) and probes (i.e. consumables) - to existing and new customers as well as to distributors.

In order to successfully generate revenues, the Group needs to develop and maintain strong customer and distributor relationships. This has been made substantially more challenging in recent years as a result of the pandemic and its after effects, especially as there has been a significant reduction in the number of "face-to-face" meetings in hospitals in the UK and USA.

Deltex Medical has tried to compensate, to the extent possible, for the restrictions / constraints imposed on interactions or meetings with actual or prospective hospital-based customers, by the use of online video meetings and creating an online training and education academy which is free to access for customers.

The Group also needs to develop and maintain close relationships with suppliers, many of which have worked with Deltex Medical for a number of years.

Anti-bribery and corruption legislation, including the UK Bribery Act and the US Foreign Corrupt Practices Act, also apply to Deltex Medical's business. There is a strong global focus on compliance with this legislation in both established and developing markets. For more information on the Group's approach to compliance with anti-bribery legislation see the corporate governance section on the website: https://www.deltexmedical.com/investor-relations/aim-rule-26/corporate-governance/

Community and environment

The Group's approach is to use its position, as far as it can and on a proportionate and responsible basis, as an employer and medical device vendor to create positive change for the people and communities with which it interacts.

The regulations which govern its products increasingly give rise to environmental considerations. As part of all new product development work, the Group considers carefully environmental aspects such as the product's carbon footprint as well as ways of reducing the number of non-recyclable plastic components and packaging used in the production process.

The Group is also mindful that as a supplier to the NHS it should be carbon net zero by 2050, and has started to think through the steps that it needs to take to meet this target.

Deltex Medical is also aware that many of its customers require detailed responses to information requests relating to the Group's approach to the protection of the environment.

Shareholders

The Board is committed to engaging openly with the Group's shareholders. The Board also recognises the importance of a continuing dialogue with shareholders, whether with large institutional investors, private shareholders or employee shareholders.

For more information on Deltex Medical’s approach to interacting with shareholders please see the Corporate Governance Statement on page 13.

The Strategic Report comprising pages 17 to 20 has been approved by the Directors and signed

By order of the Board

Natalie Wettler
Company Secretary
27 March 2024

Principal Risks of the Group

The Directors have summarised below what they believe to be the principal risks and uncertainties currently facing the Group.

This summary of the principal risks and uncertainties facing the Group should be read in conjunction with the rest of this document including, in particular, the Chairman's Statement and the Business Review.

Note that this summary represents the Board's best assessment and judgement of risks and uncertainties as at the date of this document and, given the nature of business risk and associated uncertainties, there can be no assurances that new or unforeseen specific risks or uncertainties will not arise in the future that are not summarised or referred to below.

Personnel

The successful selling of the Group's technology depends on a number of factors, including: (i) the skill, motivation and experience of its sales personnel in educating (and re-educating) clinicians about the benefits associated with the effective use of Deltex Medical's products; (ii) the manufacturing of its products to detailed specifications, including appropriate engineering tolerances and sterility; (iii) the experience and innovation of its research and development team developing the next generation of its novel products; and (iv) the skill and thoroughness of its quality assurance team in ensuring that all products leaving its manufacturing facilities in Chichester conform to the highest standards and prevailing regulatory requirements. Together these factors, including the ability to recruit and retain appropriately skilled and motivated individuals in each role, including in a high inflation environment with a structural shortage of personnel in the South of England, represent risk to the Group.

Regulatory environment

The Group operates in a number of highly regulated territories and sectors which inherently represents and/or creates risk.

It has a robust Quality Management System which is maintained on the Entropy document control system hosted by the British Standards Institute ("BSI"). This quality system is reviewed regularly by the appropriate European Union regulatory body, BSI and the American Food and Drug Administration.

In Europe, Deltex Medical is working on the transition from the Medical Device Directive to the Medical Device Regulation ("MDR"). The European MDR is a new set of regulations that governs the production and distribution of medical devices in Europe. Compliance with these regulations is mandatory for medical device companies that want to sell their products on the European market. The implementation date of MDR has now been deferred until December 2028 for Class IIb medical devices. The impact of the transition from the existing MDD regime to MDR is currently unknown. There is a level of risk inherent in the uncertainty and costs associated with the transition to MDR.

The Group operates across the world and is subject to extensive legislation and regulation, including with respect to anti-bribery and anti-corruption laws. Deltex Medical's international operations are governed by the UK Bribery Act and the US Foreign Corrupt Practices Act which prohibit, directly or via representatives, the making or offering of improper payments to government officials and other persons; or accepting payments for the purpose of obtaining or maintaining business. The Group's international operations in developing markets via distributors increase its exposure to these risks.

Hospitals and the clinical environment

The Group operates in an environment where, by their very nature, surgical procedures are being undertaken on sick, and sometimes extremely sick, patients. Hospitals are, from time to time, the subject of litigation by disaffected patients or their relatives; and there is a risk that the Group could be co-joined in such litigation. However, the Group notes that its haemodynamic monitoring technology is designed to minimise certain specific risks for patients and to aid their speedy recovery. It is also the case that, to date, no such litigation has been commenced against the Group or its products.

A number of hospitals have put in place restrictions, particularly post Covid, which effectively stop or severely curtail the ability for suppliers' / vendors' salespersons or clinical educators from meeting with relevant decision-makers within a hospital.

The Group has historic sales data which suggest that Deltex Medical's sales are greatly enhanced by regular face-to-face meetings with users (or prospective users) and, conversely, a lack of such face-to-face meetings tends to result in, over time, a decline in sales.

Accordingly, how receptive or open hospitals are to the setting up of face-to-face meetings by Deltex Medical's sales teams is an important determinant of direct sales in the short to medium term; and as such this openness, or lack thereof, represents a significant commercial risk to Deltex Medical. This issue is also pertinent as regards the successful launch, and sales, of the new monitor.

There is a substantial backlog, particularly in the UK, of elective surgical procedures that had to be cancelled during the pandemic. The recent strikes by healthcare workers in the NHS has made the resolution of the UK backlog more challenging. Although this backlog represents a potential opportunity for increased sales by the Group and its distributors, there is an element of risk and uncertainty associated with how hospitals and/or health systems will seek to reduce this backlog.

Research and Development ("R&D")

The Group is currently carrying out a substantial and complex product development programme. Such R&D programmes are challenging and are not without risk. Further, as the regulatory environment for medical devices becomes more onerous around the world, the successful completion of development programmes becomes more difficult.

Although the Group seeks to mitigate these R&D-associated risks based in large part by drawing upon its years of experience of carrying out product development in and around oesophageal Doppler monitoring as well as the judicious use of consultants, it is not possible to mitigate all the risks associated with carrying out research and development. Moreover, the costs of product development in the medical device sector continue to rise due to ever more onerous regulatory regimes; and the Group does not have unlimited, or substantial, financial resources which it can apply to its R&D activities.

Further information on the Group's R&D work is set out in the Business Review.

Competition

A number of competitors sell products to the same group of clinicians that Deltex Medical is targeting. Most of these competitors' products have the same objective as the Group's, namely to measure a patient's haemodynamic status.

Some of these competitors are significantly larger and have substantially greater financial and marketing resources than the Group. This represents a key risk factor for Deltex Medical.

Substantially all of these competitors use different technologies to the oesophageal Doppler-based technology used by the Group. The Board believes that none of these competitors have a clinical evidence base which is equivalent to that supporting the use of the Group's technology; however, there is a risk that the end-customer will not take into account this evidence base when evaluating Deltex Medical's Doppler-based technology.

There is also a risk that as the technology around "wearables" improves and develops, a competitor(s) could develop small "wearable" devices which it subsequently markets with claims of generating similar high fidelity haemodynamic monitoring data; and which it claims are broadly equivalent, at least in part, to the Group's oesophageal Doppler TrueVue technology. The Board believes that for a number of technical reasons there will not be true comparability between Deltex Medical's TrueVue technology and any such "wearable" device; however, there are marketing and ease-of-use related risks associated with such potential market developments and competitor activities.

Financial – ongoing funding requirements

The Group has recently implemented: a significant cost reduction, largely relating to reducing its headcount; the launch of a new product; and is also carrying out complex ongoing product development, most notably in relation to the new non-invasive product. Since the pandemic the Group has been loss making at the adjusted EBITDA level.

Financial – currency fluctuations

The Group is exposed to currency fluctuations. Its principal cost base is in pounds sterling. However, it receives a significant proportion of its revenue in US dollars and Euros. As a result, movements in the exchange rates between sterling and other currencies have a direct impact on Group revenue, profits and cash, and as such represents a form of risk.

Financial – credit risk

The Group sells to a network of distributors around the world. The majority of these distributors are heavily focussed on the elective surgery sector. Deltex Medical faces risk in respect of its financial exposure to these distributors.

Other risks and uncertainties

There are a number of other risks and uncertainties which affect, or could affect, the Group including:

- the effects of inflation on all of the Group's input costs, especially in respect of employee salaries, raw materials, purchased components and energy costs;
- changes in government policies and spending plans, particularly in respect of healthcare systems;
- lower than anticipated orders for the Group's products and a concomitant negative effect on the Group's cashflows;
- the availability to the Group of resources, including financial resources, to pursue its strategy and other opportunities that it comes across; and
- the consequences of the war in Ukraine and associated geopolitical stresses, including in the Middle East, which could adversely affect the global economy and make it harder for Deltex Medical to export successfully.

Directors' Report

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2023.

Future developments

The Group's business activities, together with the factors likely to affect its future developments, performance and position are set out in the Chairman's Statement on page 2 , the Business Review on page 5 and the Principal Risks of the Group on page 21.

Subsequent events

There are no subsequent events to disclose since the balance sheet date.

Financial risk management

The financial risk management objectives and policies of the Group, including exposure to currency risk, interest rate risk and liquidity risk are referred to in the Principal Risks on page 21 and are set out in note 23 to the financial statements on pages72 to 75.

Dividends

The Directors do not propose the payment of a dividend for 2023 (2022: £nil).

Directors

The Directors of the Group who served during 2023 are shown below. Biographical details of the current Directors are given on pages 9 and 10.

Nigel Keen	Non-executive Chairman
Andy Mears	Chief Executive
Natalie Wettler	Group Finance Director
Chris Jones	Non-executive Director (Senior independent Director)
Ben Carswell	Non-executive Director (joined the Board on 1 December 2023)
Julian Cazalet	Non-executive Director (stepped down on 1 December 2023)
Tim Irish	Non-executive Director (stepped down on 1 December 2023)
Mark Wippell	Non-executive Director (stepped down on 1 December 2023)

In the case of each Director in office at the date that the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and Parent Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and Parent Company's auditor is aware of that information.

Directors' indemnities

As permitted by the Companies Act 2006, the Company has indemnified the Directors in respect of proceedings brought by third parties and qualifying third party indemnity insurance was in place throughout the year and up to the date of approval of the financial statements.

Research and development activities

Deltex Medical Limited, a subsidiary, undertakes research and development work in support of the Group's principal manufacturing activities. Further information on the Group's research and development activities can be found earlier in this document, including in the Business Review.

Employee engagement

Approximately once a quarter a Board meeting takes place at the Group's Chichester headquarters. Time is scheduled during this meeting to allow the non-executive Directors to have an opportunity to examine progress on the various product development programmes as well as to talk informally with employees across the facility. In addition, from time to time, the Board asks an employee to give a presentation at the beginning of a Board meeting to help educate and inform the Directors on a particular topic. Together these actions help promote the engagement of the Group's employees with the Directors (and vice versa).

Independent auditor

On 4 December 2023, Deltex Medical announced that it had approved the appointment of Cooper Parry Group Limited ("Cooper Parry") as the Group's new external auditor and that CLA Evelyn Partners had resigned as auditor. A resolution concerning the appointment of Cooper Parry will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The notice convening the Annual General Meeting, which will take place on 8 May 2024 at 11.00 a.m. at the London offices of DAC Beachcroft at 25 Walbrook, London EC4N 8AF, can be found at the back of this Report.

By order of the Board.

NWettler

Natalie Wettler
Company Secretary

27 March 2024

Directors' Remuneration Report

Introduction from Nigel Keen, Chairman of the Remuneration Committee

I am pleased to present this report on behalf of the Remuneration Committee.

Deltex Medical has appointed all the non-executive Directors to the Remuneration Committee and the Committee meets regularly during the year to discuss matters concerning the executive Directors of the Group and more broadly on other topics concerning the Group's employees and their remuneration.

The Board considers that this supervision by the Remuneration Committee is an important component of good corporate governance for the Group as a whole.

During the year the Committee has been involved in reviewing the remuneration of all the Group's employees and in particular for the executive Directors and senior managers.

The Committee believes that the remuneration policy continues to both support and motivate Deltex Medical's senior team to achieve the Group's strategic objectives and long-term growth for shareholders.

In July 2023 the Group completed a fundraising at a deeply discounted share price. The effect of this is substantially to reduce the value of the existing share options held by the Group's executive team. In addition, both of the two existing share option schemes in the Company have reached a point where under their rules no further options can be granted. Accordingly, the Remuneration Committee has decided to put in place two new share incentive plans. The first will be a plan under which up to 15% of the Company's share capital from time to time can be made available to award share options to the Group's employees over a ten-year period. The shares will be issued with an option price at or above the market price at the time of issue. The options will vest in not less than three years and will be exercisable up to ten years from the date of issue. For the executive directors, the option grants will be subject to performance conditions which will be agreed at the time of issue and which will require the achievement of stretching targets.

In addition to this new plan, the Company intends to make a one-off issue of a number of performance options to each of the two executive directors. These options will be issued at 0.2p per share, the price at which the new shares were issued at the fundraising in 2023. The options will be exercisable between three and ten years after issue subject to the achievement of performance conditions geared to achieving the successful turn round leading to sustainable profitability for the business. For each recipient the number of performance options granted would equate to up to 5% of the issued share capital of the Company at the time of grant. Taking both schemes together, the proportion of the Company's share capital from time to time that can be made available to award share options to the Group's employees over a ten-year period will be limited to a maximum of 20%.

I would be pleased to respond to any queries should any shareholder require more information about the Group's remuneration policies.

Yours sincerely

Nigel Keen

Nigel Keen
Chairman of the Remuneration Committee
27 March 2024

The Remuneration Committee

The Remuneration Committee (the “Committee”) is responsible for recommending to the Board the remuneration packages for the executive Directors and has supervision of the bonus and share incentive strategy for the Group’s executive management. It also has input on other remuneration matters concerning the Group’s employees.

The Chairman and the executive Directors are responsible for determining the remuneration of the non-executive Directors, and the Remuneration Committee, excluding Mr. Keen, is responsible for determining the remuneration of the Chairman.

The role of the Committee includes:

- considering and determining the remuneration policy for the executive Directors;
- within this agreed policy, considering and determining the total remuneration packages of each of the executive Directors of the Group;
- approving the design and performance targets for all performance-related plans for employees as well as the overall total annual payments made under such plans;
- reviewing and noting remuneration trends across the Group; and
- determining the policy for pension arrangements, service agreements and termination payments to executive Directors.

The members of the Committee are appointed by the Board and during the year comprised all the independent non-executive Directors.

Nigel Keen is the Chairman of the Committee. The Board considers that Nigel, with his experience of working at senior levels in global healthcare and technology companies, has the most appropriate blend of skills and experience to be chairman of the Committee.

All members served throughout the year, save for Messrs Cazalet, Irish and Wippell who stepped down from the Board and all Board committees on 1 December 2023; and for Ben Carswell who was appointed to the Board and the Committee on 1 December 2023.

This report sets out the Directors’ remuneration policy for 2023 and beyond. As a company listed on AIM, the Company is not required to comply with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 (the “Regulations”), nor is it required to comply with the principles relating to Directors’ remuneration in the UK Corporate Governance Code 2016 (the “Code”). This report has not been audited. It should be read in conjunction with details of the Directors’ remuneration in notes 5.4 and 5.5 which form part of the audited financial statements.

The remuneration policy is designed to promote the delivery of the Group’s strategy and seeks to align the interests of the Directors and Deltex Medical’s shareholders. The Committee reviews the link between incentive structure and strategy regularly to ensure that remuneration packages are appropriate to attract, motivate and retain the high calibre employees who are needed to execute the Group’s strategy.

The Group seeks to reward employees fairly and responsibly based on Group performance and their individual contribution. The Group has a strategy aimed at delivering profitable growth. It is important for the motivation and retention of its employees that their remuneration takes into account the Group’s plans for sustainable, profitable growth and the increasing complexity of the business.

The Committee considers carefully the motivational effects of the incentive structure in order to ensure that it is effective and does not have any unintentionally negative impact on matters such as governance, environmental or social issues. More generally, the Committee seeks to ensure that the overall remuneration policy does not encourage inappropriate risk taking.

During the year the Committee considered whether the current policy remained appropriate for 2023. It aims to have a remuneration policy which is appropriately balanced between competitive pay, incentives to develop and the growth of the Group in line with its strategy; and that it effectively rewards for success and does not reward where targets are not met. Salaries were last reviewed across the Group on 1 July 2023 and the Circular associated with the Fundraise included information on changes to the executive Directors' remuneration. As part of the changes agreed at the time of the Fundraise, the CEO agreed to a 40% reduction in salary until January 2025. Similarly, the FD agreed to a 20% reduction in salary until January 2025. Furthermore, cash expenditure needs to be tightly controlled while the Group is achieving its turn round to profitability which restricts the opportunity for the normal cash bonus arrangements.

As described in the introduction, two new share option plans are being introduced. The first is a medium-term plan which will allow options to be awarded from time to time to the Group's employees, including executive Directors.

Awards under this plan for each executive Director will normally be made at a maximum of 100% of salary. Vesting of the awards after three years will be determined by stretching performance conditions decided at the time of issue geared to the successful completion of the Group's business plan. Taking into account the award of the performance options referred to below, the initial awards for the executive Directors will be restricted to 50% of salary.

In addition to this new plan the Company intends to make a one-off issue of a number of performance options to each of the two executive Directors. For each recipient the number of performance options granted would equate to up to 5% of the issued share capital of the Company at the time of grant. The options will be exercisable between three and ten years after issue subject to the achievement of performance conditions geared to achieving the successful turn round leading to sustainable profitability for the business.

The Group is very small yet it operates in a complex, highly regulated international medical device market. It is intended that the issue of these performance options takes account of this and recognises the agreed reduction in salary by the two executive Directors as well as the absence of a cash bonus plan in the near term.

Apart from the performance options described herein, there are no material differences in the structure of remuneration arrangements for the executive Directors and senior management, aside from quantum and participation levels in incentive schemes, which reflect the fact that a greater emphasis is placed on performance- related pay for executive Directors and the most senior individuals in the management team. Outside the senior management team, the Group aims to provide remuneration structures for employees which reflect market norms.

Executive Directors' service contracts and policy on cessation

Details of the service contracts of the executive Directors, which are available for inspection at the Group's registered office, are as follows:

Executive director	**Contract date**	**Unexpired term of contract**
Andy Mears	6 November 2018	Rolling contract; 6 months' notice
Natalie Wettler	28 May 2021	Rolling contract; 6 months' notice

Non-executive Directors

For the appointment of a new Chairman or non-executive Director, the fee arrangement would be in accordance with the approved remuneration policy in place at the time.

Non-executive Directors do not have service contracts but are appointed under letters of appointment. Their appointment can be terminated without notice and with no compensation payable on termination, other than accrued fees and expenses.

Chairman

Under an arrangement between the Group and Imperialise Limited, Nigel Keen is retained to act as

Chairman of the Group. His current term of appointment commenced on 19 April 2009. This arrangement can be terminated by either party at any time by the giving of six months' written notice.

Directors' remuneration

The remuneration paid to the Directors during the year under review and the previous year is summarised in the tables below:

EXECUTIVE DIRECTORS

Executive Director	**Year**	**Cash settled salary**	**Benefits***	**Pension**	**Annual bonus**	**Total**
		£	**£**	**£**	**£**	**£**
Andy Mears	2023	175,000	7,500	8,000	-	190,500
	2022	200,000	7,500	8,000	-	215,500
Natalie Wettler	2023	116,667	7,500	4,750	-	128,917
	2022	125,000	7,500	5,000	-	137,500
Total	**2023**	**291,667**	**15,000**	**12,750**		**319,417**
	2022	325,000	15,000	13,000	-	353,000

* 'Benefits' comprise the provision of a car allowance paid in cash

Andy Mears has an interest in share options over Deltex Medical ordinary shares as per the table below. These options cannot be exercised without first fulfilling certain EPS-based performance criteria.

Andy Mears share options	**Exercise from date**	**Exercise to date**	**Exercise price (£)**	**Number**
2003 Enterprise Management Incentive Scheme	6 August 2021	5 August 2028	0.01	5,000,000
	27 April 2024	26 April 2031	0.018	5,000,000
	16 February 2025	15 February 2032	0.0135	15,000,000
Total				**25,000,000**

Natalie Wettler has an interest in share options over Deltex Medical ordinary shares as per the table below. Certain of these options cannot be exercised without first fulfilling certain EPS-based performance criteria.

Natalie Wettler share options	**Exercise from date**	**Exercise to date**	**Exercise price (£)**	**Number**
2003 Enterprise Management Incentive Scheme	1 December 2023	30 November 2030	0.01	225,000
	27 April 2024	26 April 2031	0.01	2,500,000
	16 February 2025	15 February 2032	0.0135	8,500,000
Total				**11,225,000**

NON-EXECUTIVE DIRECTORS

Non-executive Directors	Year	Cash settled Directors' fees	Equity settled Directors' fees	Benefits	Pension	Annual bonus	Long term incentive awards	Total
		£	£	£	£	£	£	£
Nigel Keen	**2023**	**-**	**33,333**	**-**	**-**	**-**	**-**	**33,333**
	2022	-	33,333	-	-	-	-	33,333
Julian Cazalet	**2023**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
*	2022	-	-	-	-	-	-	-
Chris Jones	**2023**	**-**	**24,000**	**-**	**-**	**-**	**-**	**24,000**
**	2022	-	-	-	-	-	-	-
Mark Wippell	**2023**	**-**	**22,000**	**-**	**-**	**-**	**-**	**22,000**
***	2022	-	-	-	-	-	-	-
Tim Irish	**2023**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
****	2022	18,000	-	-	-	-	-	18,000
Ben Carswell	**2023**	**1,500**	**-**	**-**	**-**	**-**	**-**	**1,500**
*****	2022	-	-	-	-	-	-	-
Total	**2023**	**1,500**	**79,333**	-	-	-	-	**80,833**
	2022	18,000	33,333	-	-	-	-	51,333

Notes to the above table

*	Julian Cazalet stepped down from the Board on 1 December 2023. As part of the Fundraise, he waived his fees in respect of 2022 and elected to waive his fees for the 11 months ended 1 December 2023
**	Chris Jones waived his 2022 fees as part of the Fundraise
***	Mark Wippell stepped down from the Board on 1 December 2023. As part of the Fundraise he waived his fees in respect of 2022 and his 2023 fees were settled by the issue of new ordinary shares in the Group in January 2024
****	Tim Irish was appointed to the Board on 20 January 2021 and stepped down on 1 December 2023. His 2022 fees were settled in cash in January 2024. He also elected to waive his fees for the 11 months ended 1 December 2023
*****	Ben Carswell was appointed to the Board on 1 December 2023. His fees for 2023 were settled in cash in January 2024

The Circular relating to the Fundraise set out further information on the emoluments of the non-executive Directors, including the waiving of certain fees by the non-executive Directors.

As at 30 June 2023 the total accrued liability on the balance sheet relating to deferred equity settled fees to the non-executive Directors was £170,000. Deltex Medical had previously announced on 21 December 2020 that it intended to satisfy the Chairman's and the non-executive Directors' (save for Tim Irish's) emoluments through the issue of ordinary shares at the prevailing mid-market price on a semi annual basis.

The most recent tranche of ordinary shares issued in relation to this accrued liability was announced on 11 April 2023 in respect of fees for the year ended 31 December 2021. As part of the Proposals set out in the Circular, the non-executive directors (save for Tim Irish) agreed to waive their fees for the year ended 31 December 2022. However, 18,966,477 new ordinary shares were issued to Imperialise Limited (a company controlled by Nigel Keen, Chairman of Deltex Medical) in lieu of the Chairman's fees plus employer national insurance contributions for the year ended 31 December 2022.

In 2024 the quantum of the non-executive Directors' emoluments will remain unchanged. The Chairman will receive £33,333 which he intends to be equity settled. The quantum of the non-executive Directors' fees is different, depending on whether they are cash or equity settled. Currently the non-executive directors can select on a pro rata basis between £24,000 in respect of equity settled fees for the year; and £18,000 for cash settled fees for the year. At the current time, the intention is that the non-executive Directors will receive fees that are 50% equity settled and 50% cash settled. The share issuance associated with the equity settled fees is expected to occur on an annual basis when permitted.

Dilution limits

Under the new share option plan, up to 15% of the Company's share capital from time to time over a ten year period can be made available to award share options to the Group's employees.

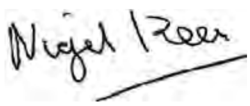
Directors' shareholdings

Directors' shareholdings as at 31 December 2023 are shown in the table below.

DEMG Directors' shareholdings	Legally owned	Unexercised options	Unvested options subject to performance under the EMI scheme
Andy Mears	11,658,731	-	25,000,000
Natalie Wettler	1,010,400	-	11,225,000
Nigel Keen	332,267,649	-	-
Ben Carswell	-	-	-
Chris Jones	64,479,109	-	-

Approval

This report was adopted by the Committee on 27 March 2024 and has been approved subsequently by the Board.



Nigel Keen
Chairman of the Remuneration Committee
27 March 2024

Report of the Audit Committee

Introduction from Ben Carswell MBA FCA, Chairman of the Audit Committee

I am pleased to present this report on behalf of the Audit Committee. I have been Chair of the Audit Committee since 1 December 2023 when I joined the Board and consider that I have recent and relevant financial experience.

Ben Carswell MBA FCA
Audit Committee Chairman
27 March 2024

Key responsibilities

The primary responsibility of the Audit Committee is to assist the Board fulfil its oversight responsibilities in respect of the Group's financial reporting, accounting systems, risk management and associated public disclosure. Accordingly, the Audit Committee is required to:

- monitor the integrity of both the Group's interim and annual report and accounts;
- review any significant financial reporting matters that may arise, and agree on the reasonableness of the judgements that they may contain;
- advise on the clarity of disclosure of information provided in the report with the objective of ensuring that the annual report and accounts, as a whole, is fair and balanced;
- ensure that both the Group's interim and annual report and accounts have been prepared in accordance with applicable accounting standards and that any significant estimates made are considered to be reasonable;
- review the adequacy and effectiveness of the Group's systems of internal control and risk management; and
- oversee the relationship with the Group's independent auditor, reviewing the effectiveness of the external audit and advising the Board on their appointment and remuneration.

Audit Committee governance

The Audit Committee comprises all the non-executive Directors and was chaired during the year under review, up to 1 December 2023, by Julian Cazalet who is a Chartered Accountant with recent and relevant financial experience; and thereafter until the year end by Ben Carswell who is also a Chartered Accountant with recent and relevant financial experience.

The other non-executive Directors who served during the year under review are all considered to have the ability and experience necessary to understand both interim and annual reports and accounts.

The Audit Committee usually meets twice a year along with the executive Directors, by invitation. A private meeting is also held with the Group's independent auditor without the executive Directors in attendance.

Activities of the Audit Committee during the year

Internal controls and risk management

The Board has collective responsibility for the effectiveness of the Group's system of internal control. The Audit Committee has assisted the Board with its review of the effectiveness of these internal controls and risk management during the year, principally through discussion with the executive Directors and other senior managers within the Group. In addition, the Audit Committee receives reports from its external auditor which contain, among other things, control findings that are relevant to its work.

Information relating to the Principal Risks of the Group can be found on pages 21 to 23.

Financial reporting matters and judgements

The Audit Committee has received updates on the key judgemental financial reporting areas in the annual report and accounts from the Group Finance Director and considered the findings from the external auditor on these matters.

The principal significant reporting matters that were considered by the Audit Committee during the year comprised, in summary, the carrying value of investments in subsidiaries and group balances in the Parent Company's individual financial statements as well as detailed analyses prepared to examine and consider the disclosure required in respect of going concern.

The Audit Committee reviewed the key assumptions used in the underlying cashflow forecasts which were used as the basis for the value-in-use calculation required by the relevant accounting standards. The key assumptions reviewed in the cash flow forecasts were the sales growth rates, gross margins and likely progression of the Group's overheads. In the context of the value-in-use calculation, the Committee satisfied itself that the discount rate adopted was appropriate to use.

External audit

Prior to the commencement of the audit, the Audit Committee received an audit planning document from the auditor which set out the auditor's perceived audit risks and the scope of the work to be performed. The Audit Committee was satisfied that the risks identified were aligned with its own assessment and that the proposed approach was appropriate for a high quality audit to be performed.

Following the completion of the audit, the Audit Committee received from the auditor a post-audit management letter which set out the key findings from the audit. The auditor also confirmed their independence and how they comply with their professional and regulatory requirements.

The Audit Committee has confirmed that it is satisfied with the independence, objectivity and the effectiveness of Cooper Parry Group Limited and has recommended to the Board that they are reappointed.

A resolution to this effect will be proposed at the forthcoming Annual General Meeting.

Independent auditor's report to the members of Deltex Medical Group plc

Opinion

We have audited the financial statements of Deltex Medical Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our approach to the audit

We adopted a risk-based audit approach. We gained a detailed understanding of the group's business, the environment it operates in and the risks it faces.

The key elements of our audit approach were as follows:

In order to assess the risks identified, the engagement team performed an evaluation of identified components and to determine the planned audit responses based on a measure of materiality, calculated by considering the significance of components as a percentage of the group's total revenue and profit before taxation and the group's total assets.

From this, we determined the significance of each component to the group as a whole and devised our planned audit response. In order to address the audit risks described in the Key audit matters section which were identified during our planning process, we performed a full-scope audit of the financial statements of the parent company, Deltex Medical Group plc, and of the group's UK and US trading subsidiaries, providing 100% coverage of revenues and profit before tax for these components.

The operations that were subject to full-scope audit procedures made up 99% of consolidated revenues and 90% of consolidated profit after tax. We applied analytical procedures to the Balance Sheets and Income Statements of the entities comprising the remaining operations of the group, focusing on applicable risks identified as above, and their significance to the group's balances.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk Description	**Our response to the risk**
Revenue recognition: As detailed in note 2 to the financial statements, Significant Accounting Policies, the Group's revenue is generated from two main streams, as follows: • the sale of equipment; • maintenance contracts. Given the material nature of revenue and the variety of methods it is generated through, the appropriateness of revenue recognition and management's application of the Group's revenue recognition accounting policies represents a key risk area of significant judgement in the financial statements.	We have assessed accounting policies for consistency and appropriateness with the financial reporting framework and in particular that revenue was recognised when performance obligations were fulfilled. In addition, we reviewed for the consistency of application as well as the basis of any recognition estimates. We have obtained an understanding of processes through which the business initiates, records, processes and reports revenue transactions. We performed walkthroughs of the processes as set out by management, to ensure controls appropriate to the size and nature of operations are designed and implemented correctly throughout the transaction cycle. We tested equipment sales to gain assurance over the completeness, existence and accuracy of reported revenue. We tested ongoing maintenance contracts to gain assurance over the completeness, existence and accuracy of reported revenue. We performed cut-off procedures to test transactions around the year end and verified a sample of revenue to originating documentation to provide evidence that transactions were recorded in the correct year.
Capitalisation of development costs: The group capitalises a significant amount of development costs, which is held on the Balance Sheet as an intangible asset and amortised over its estimated useful life. The carrying value of these intangible assets is £3,899,000 and new costs capitalised in the year total £361,000. Given the amounts involved are significant, there is a risk that costs are being capitalised incorrectly or that those costs are not recoverable through future cashflows, causing a risk of impairment.	We reviewed a sample of additions during the year and assessed for evidence that capitalisation criteria have been met appropriately. Our procedures did not identify any material misstatements in the revenue recognised during the year. We reviewed future forecast cashflows in respect of these intangible assets, and assessed the appropriateness of the assumptions concerning growth rates and inputs to the discount rates against latest market expectations. We performed sensitivity analysis to determine whether an impairment would be required if revenue did not increase at the forecast rate.
Impairment of investments in subsidiaries (parent company only) The parent company holds investments in its subsidiaries which have been significantly impaired in previous years. Both the cost, and the remaining carrying value are material to the parent company and therefore there is a risk that there is further impairment, or that the previous impairment does not remain valid in light of current trading and future forecast results.	We reviewed future forecast cashflows in respect of each of the subsidiaries, and assessed the appropriateness of the assumptions concerning growth rates and inputs to the discount rates against latest market expectations. We performed sensitivity analysis to determine whether an impairment would be required if revenue did not increase at the forecast rate.

	We reviewed management's calculation of impairment reversal in the year and tested the arithmetical accuracy of both the impairment models and the resulting reversal calculation.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in determining the nature, timing and extent of our audit procedures, in evaluating the effect of any identified misstatements, and in forming our audit opinion.

The materiality for the group financial statements as a whole was set at £35,520. This has been determined with reference to the benchmark of the group's revenue which we consider to be an appropriate measure for a group of companies such as these. Materiality represents 2% of group revenue. Performance materiality has been set at 80% of group materiality.

The materiality for the parent company financial statements as a whole was set at £28,400 and performance materiality represents 80% of materiality. This has been determined with reference to the parent company's net assets, which we consider to be an appropriate measure for a holding company with investments in trading subsidiaries, but has been restricted to 80% of our group materiality.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis ofaccounting included:

- Reviewing management's cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements;
- Challenging management on key assumptions included in their forecast scenarios;
- Considering the potential impact of various scenarios on the forecasts;
- Considering the group's ability to repay borrowings as they fall due and to operate within current agreed facilities;
- Reviewing results post year end to the date of approval of these financial statements and assessing them against original budgets; and
- Reviewing management's disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information included in the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns;or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Our assessment focused on key laws and regulations the company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, UK adopted international accounting standards, United Kingdom Generally Accepted Accounting Practice (UK GAAP) and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework;
- obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions and sample testing of controls;
- obtaining an understanding of the entity's risk assessment process, including the risk of fraud;
- designing our audit procedures to respond to our risk assessment; and
- performing audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias specially in relation to the carrying value of goodwill and intangible assets..

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Cooper Parry Group Limited

Melanie Hopwell (Senior Statutory Auditor)
For and on behalf of Cooper Parry Group Limited
Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Caste Donington
Derby
DE74 2SA
Date: 27 March 2024

Consolidated statement of comprehensive income
For the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Revenue	**3**	**1,776**	2,482
Cost of sales	**4**	**(651)**	(643)
Gross profit		**1,125**	1,839
Administrative expenses		**(1,081)**	(1,560)
Sales and distribution expenses		**(685)**	(1,027)
Research and Development, Quality and Regulatory		**(217)**	(231)
Impairment loss on trade receivables	**15**	**-**	(39)
Exceptional costs	**9**	**(366)**	-
Total costs	**4**	**(2,349)**	(2,857)
Other gain	**7, 17**	**172**	71
Operating loss		**(1,052)**	(947)
Finance costs	**6**	**(230)**	(199)
Loss before taxation		**(1,282)**	(1,146)
Tax credit on loss	**7**	**-**	1
Loss for the year		**(1,282)**	(1,145)
Other comprehensive expense			
Items that may be reclassified to profit or loss:			
Net translation differences on overseas subsidiaries		**5**	35
Other comprehensive expense for the year, net of tax		**5**	35
Total comprehensive loss for the year		**(1,277)**	(1,110)
Total comprehensive loss for the year attributable to:			
Owners of the Parent		**(1,252)**	(1,114)
Non-controlling interests		**(25)**	4
		(1,277)	(1,110)
Loss per share – basic and diluted	**10**	**(0.11p)**	(0.17p)

The notes on pages 44 to 76 form an integral part of these consolidated financial statements.

Consolidated balance sheet
As at 31 December 2023
Company Number 03902895

	Note	2023 £'000	2022 (restated)* £'000
Assets			
Non-current assets			
Property, plant and equipment	11	198	269
Intangible assets	12	3,965	3,769
Total non-current assets		4,163	4,038
Current assets			
Inventories	14	716	821
Trade receivables	15	177	456
Financial assets at amortised cost	15	-	15
Other current assets	15	87	140
Current income tax recoverable		84	72
Cash and cash equivalents	16	705	471
Total current assets		1,769	1,975
Total assets		5,932	6,013
Liabilities			
Current liabilities			
Borrowings	17	(79)	(935)
Trade and other payables	17	(855)	(1,540)
Total current liabilities		(934)	(2,475)
Non-current liabilities			
Borrowings	17	(1,665)	(1,069)
Trade and other payables	17	(119)	(177)
Provisions	19	(71)	(64)
Total non-current liabilities		(1,855)	(1,310)
Total liabilities		(2,789)	(3,785)
Net assets		3,143	2,228
Equity			
Share capital	20	7,204	6,990
Share premium	20	35,650	33,672
Capital redemption reserve	25	17,476	17,476
Other reserve	25	473	527
Translation reserve	25	173	168
Convertible loan note reserve	25	82	82
Accumulated losses	25	(57,769)	(56,566)
Equity attributable to owners of the Parent		3,289	2,349
Non-controlling interests		(146)	(121)
Total equity		3,143	2,228

*See note 15.2 for details of the prior year restatement relating to an offset of a debtor and creditor balance

The notes on pages 44 to 76 form an integral part of these consolidated financial statements. The financial statements on pages 39 to 43 were approved by the Board of Directors and authorised for issue on 27 March 2024 and were signed on its behalf by:

Nigel Keen

Nigel Keen
Chairman

NWettler

Natalie Wettler
Group Finance Director

Consolidated statement of changes in equity for the year ended 31 December 2023

	Share capital	Share premium	Capital redemption reserve	Other reserve	Convertible loan note reserve	Translation reserve	Accumulated losses	Total	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2023	**6,990**	**33,672**	**17,476**	**527**	**82**	**168**	**(56,566)**	**2,349**	**(121)**	**2,228**
Comprehensive loss										
Loss for the period	-	-	-	-	-	-	(1,257)	(1,257)	(25)	(1,282)
Other comprehensive income for the period	-	-	-	-	-	5	-	5	-	5
Total comprehensive loss for year	-	-	-	-	-	5	(1,257)	(1,252)	(25)	(1,277)
Transactions with owners of the Group										
Shares issued during the year	214	2,171	-	-	-	-	-	2,385	-	2,385
Issue expenses	-	(193)	-	-	-	-	-	(193)	-	(193)
Transfers	-	-	-	(54)	-	-	54	-	-	-
Balance at 31 December 2023	**7,204**	**35,650**	**17,476**	**473**	**82**	**173**	**(57,769)**	**3,289**	**(146)**	**3,143**

The notes on pages 44 to 76 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2022

	Share capital	Share premium	Capital redemption reserve	Other reserve	Convertible loan note reserve	Translation reserve	Accumulated losses	Total	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2022	**5,849**	**33,502**	**17,476**	**573**	**82**	**133**	**(55,588)**	**2,027**	**(125)**	**1,902**
Comprehensive loss										
Loss for the period	-	-	-	-	-	-	**(1,149)**	**(1,149)**	**4**	**(1,145)**
Other comprehensive income for the period	-	-	-	-	-	**35**	-	**35**		**35**
Total comprehensive loss for year	-	-	-	-	-	**35**	**(1,149)**	**(1,114)**	**4**	**(1,110)**
Transactions with owners of the Group										
Shares issued during the year	**1,141**	**285**	-	-	-	-	-	**1,426**	-	**1,426**
Issue expenses		**(115)**						**(115)**		**(115)**
Equity-settled share-based payment	-	-	-	**125**	-	-	-	**125**	-	**125**
Transfers	-	-	-	**(171)**	-	-	**171**	-	-	-
Balance at 31 December 2022	**6,990**	**33,672**	**17,476**	**527**	**82**	**168**	**(56,566)**	**2,349**	**(121)**	**2,228**

The notes on pages 44 to 76 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2023

	2023 £'000	2022 £'000
Cash flows from operating activities		
Loss before taxation	**(1,282)**	(1,146)
Adjustments for:		
Finance costs	**230**	199
Depreciation of property, plant and equipment	**110**	88
Amortisation of intangible assets	**23**	40
Loss on disposal of property, plant and equipment	**11**	-
Write off of research and development projects not taken forward	**141**	-
Modification gain on convertible loan note	**(89)**	-
Non-Executive Director fees	**91**	-
Share-based payment expense	**-**	125
Other gain	**(83)**	(71)
Effect of exchange rate fluctuations	**5**	35
	(843)	(730)
Decrease/(Increase) in inventories	**105**	(48)
Decrease/(Increase) in trade and other receivables	**332**	(57)
(Decrease)Increase in trade and other payables	**(691)**	306
Decrease in staff advances	**15**	-
Increase in provisions	**7**	7
Net cash used in operations	**(1,075)**	(522)
Interest paid	**(191)**	(153)
RDEC taxes received	**71**	69
Net cash used in operating activities	**(1,195)**	(606)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(9)**	(70)
Capitalised development expenditure (net of grants)	**(361)**	(674)
Net cash used in investing activities	**(370)**	(744)
Cash flows from / (used in) financing activities		
Issue of ordinary share capital	**1,887**	1,340
Expenses in connection with share issue	**(193)**	(115)
Net movement in invoice discount facility	**(106)**	(17)
Standby loan facility repayment	**-**	(500)
Standby loan facility drawdown	**250**	750
Principal lease payments	**(52)**	(45)
Net cash generated from financing activities	**1,786**	1,413
Net increase/(decrease) in cash and cash equivalents	**221**	63
Cash and cash equivalents at beginning of the period	**471**	413
Exchange loss on cash and cash equivalents	**13**	(5)
Cash and cash equivalents at end of the period	**705**	471

The notes on pages 44 to 76 form an integral part of these consolidated financial statements.

1. Principal accounting policies

Presented below are those accounting policies that relate to the financial statements as a whole and include details of new accounting standards that are or will be effective for 2023 or later years. To facilitate the understanding of each note to the financial statements, those accounting policies that are relevant to a particular category are presented within the relevant notes. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1. General information

These financial statements are the consolidated financial statements of Deltex Medical Group plc, a public company limited by shares registered in England and Wales, and its subsidiaries ('the Group'). Deltex Medical Group plc is quoted on the Alternative Investment Market of the London Stock Exchange. The address of the registered office is Deltex Medical Group plc, Terminus Road, Chichester, PO19 8TX, registered number 03902895. The Group is principally involved with the manufacture and sale of advanced haemodynamic monitoring technologies.

1.2. Basis of reporting

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards. The consolidated financial statements have been prepared under the historical cost convention and on a going concern basis as discussed in more detail under the 'Going Concern' section of this note.

These financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 31 December 2023.

New standards adopted for the year ended 31 December 2023

The following amendments to standards were applicable during the year but did not have a material impact on the Group:

- Amendments to IAS 1 Presentation of Financial Statements
- Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 Income Taxes— International Tax Reform—Pillar Two Model Rules
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the Group.

Management anticipate that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

1.3. Basis of consolidation

The consolidated financial statements include the financial statements of the Parent Company and all of its subsidiaries. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Consistent accounting policies have been adopted across the Group. Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The Group applies the acquisition method to account for business combinations.

The consideration transferred for the acquisition of a subsidiary is the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Costs related to acquisition, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

1.4. Foreign currency translation
The functional and presentational currency for the Parent Company is UK pounds sterling. Group companies use their local currency as their functional currency. Transactions denominated in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions.

At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date, with any gains or losses being included in the net profit or loss of the period.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are dealt with through the Group's reserves, until such a time as the subsidiary is sold whereupon the cumulative exchange differences relating to the net investment in that foreign subsidiary are recognised as part of the profit or loss on disposal in the Consolidated Statement of Comprehensive Income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The Group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRS as sterling denominated assets and liabilities.

The following are the principal foreign exchange rates that have been used in the preparation of the financial statements:

	2023		2022	
	Average Rate	**Closing rate**	**Average rate**	**Closing rate**
Sterling/US Dollar	**1.24**	**1.27**	1.24	1.21
Sterling/Euro	**1.15**	**1.15**	1.17	1.13
Sterling/Canadian Dollar	**1.68**	**1.69**	1.61	1.64

1.5 Impairment of property, plant and equipment and intangible assets
At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of any impairment loss. The recoverable amount is the higher of the asset's value in use and its fair value less costs to sell. Value in use is calculated using cash flow projections for the asset (or Group of assets where cash flows are not identifiable for specific assets) discounted at the Group's cost of capital. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. Non-financial assets other than goodwill which have suffered an impairment are reviewed for possible reversal of impairment at each reporting date.

1.6 Use of key judgements and key sources of estimation uncertainty

In preparing these consolidated financial statements, management has had to make judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. However, actual results may differ from these results.

Key Judgements

Research and development

Costs for research and development activities are only capitalised as intangible assets if the qualification criteria are met. These criteria are met only when the technical as well as commercial feasibility can be demonstrated and cost can be measured reliably. The amounts capitalised represent the Group's judgement of which costs have met these criteria.

There is a risk that the intangible asset will not generate the required future economic benefits and therefore could result in potential impairments. Management must exercise judgement on whether there are any indicators of impairment to the capitalised costs. Where necessary, the Directors will perform impairment reviews which involve estimation uncertainty around the future economic benefits.

Key Sources of Estimation Uncertainty

Information about estimation uncertainties at 31 December 2023 that could have a risk of adjustment to the carrying amount of assets in the next financial year is considered in the following notes:

Research and development

As noted above, where necessary, the Directors will perform impairment reviews which involve estimation uncertainty around the future economic benefits of capitalised development costs.

Trade receivables

Notes 15 and 23 provide information on the measurement of expected credit losses in respect of trade receivables, staff advances and other receivables.

1.7 Going concern

The Group meets its day-to-day working capital requirements through a combination of operational cash flows, an invoice discounting facility and, if required, the raising of additional finance.

The Directors have reviewed detailed budgets and forecasts until 30 June 2025 that were prepared by the Group. This review indicates that the Group is expected to continue trading as a going concern based on projected net cash flows derived from revenue generated by the Group. As a result of the Group's restructuring which took place in 2023, the Group's cost base has been reduced to a level appropriate for the current revenues of the Group.

The Directors consider that they have reasonable grounds to believe that the Group will have adequate resources to continue in operational existence for the foreseeable future and it is therefore appropriate to prepare the financial statements on the going concern basis.

2. Revenue recognition

2.1 Accounting policy

Revenue arises predominantly from the sale of advanced haemodynamic monitoring equipment which comprise monitors and consumable items such as single use probes and other ancillary items such as cables, roll stands etc. Revenue is also earned from after sales maintenance contracts.

In determining whether to recognise revenue, the Group applies the following 5-step process:

1. identifying the contract with the customer;
2. identifying the performance obligations set out in the contract;
3. determining the overall transaction price;
4. allocating the transaction price to the performance obligations; and
5. recognising revenue either when or as performance obligation(s) are satisfied.

The Group recognises contract liabilities for consideration received in advance of unsatisfied performance obligations and reports these amounts as other liabilities in the Consolidated Balance Sheet. Typically, these amounts relate to consideration received in advance for after-sales maintenance contracts or, occasionally, consideration received from new customers in settlement of pro-forma sales invoices.

Monitor and consumable revenues
Revenue on monitors and consumables is recognised when the Group transfers the control of the assets to the customer. For customers in both the UK and the USA, this is when the goods are accepted for delivery at the customer's specified delivery address. For our network of independent distributors which form our 'International' business stream, the transfer of control occurs on despatch of the goods in accordance with the Group's distributor agreements.

Preventative planned maintenance (PPM) agreements
The Group enters into PPM agreements with customers for the provision of an annual service for their monitors. These agreements can range in length from 1 to 10 years and provide for an annual service for each monitor specified by the serial number on the PPM agreement. Revenue is recognised when the service has been completed and the monitor is ready for use by the customer. As noted above, consideration received from customers in advance of completing the service of their monitors is recognised as other liabilities in the Consolidated Balance Sheet.

3. Segmental analysis

3.1 Accounting policy

Assessment of performance and the allocation of resources are made on the basis of results derived from the sale of probes, monitors and other products analysed by territory, of which revenues and gross margins are regularly reported to the Group's Chief Executive Officer, who has been identified as the Chief Operating Decision Maker (CODM). The CODM also monitors a profit measure described internally as 'adjusted earnings before interest, tax, depreciation and amortisation, share-based payments and non-executive directors' fees' (Adjusted EBITDA). However, this measure is reported at a Group level rather than an operating segment which is based on the nature of the goods provided rather than the geographical market in which they are sold.

3.2 Note

The operating segment results for 2023 are:

	Probes[1]	Monitors	Other	Unallocated	Total
	£'000	£'000	£'000	£'000	£'000
Revenues	**1,425**	**258**	**93**	**-**	**1,776**
Adjusted gross profit[2]	**928**	**165**	**36**	**(101)**	**1,028**
Sales and marketing costs	-	-	-	(782)	**(782)**
Administration costs	-	-	-	(905)	**(905)**
R&D costs	-	-	-	(14)	**(14)**
Quality and regulation costs	-	-	-	(187)	**(187)**
Adjusted EBITDA	**-**	**-**	**-**	**-**	**(860)**

1. Managed care service revenue is categorised as probe revenue
2. Gross profit excluding the depreciation charge relating to machines loaned to customers and production equipment (£4,000) and including exceptional items (£101,000)

The operating segment results for 2022 were:

	Probes[1]	Monitors	Other	Unallocated	Total
	£'000	£'000	£'000	£'000	£'000
Revenues	**1,800**	**537**	**145**	**-**	**2,482**
Adjusted gross profit[2]	**1,323**	**416**	**107**	**-**	**1,843**
Sales and marketing costs	-	-	-	(1,027)	**(1,027)**
Administration costs	-	-	-	(1,192)	**(1,192)**
R&D costs	-	-	-	(36)	**(36)**
Quality and regulation costs	-	-	-	(195)	**(195)**
Adjusted EBITDA	**-**	**-**	**-**	**-**	**(607)**

1. Managed care service revenue is categorised as probe revenue
2. Gross profit excluding the depreciation charge relating to machines loaned to customers and production equipment (£4,000)

The reconciliation of the profit measure used by the Group's CODM to the result reported in the Group's consolidated SOCI is set out below:

	2023 £'000	2022 £'000
Adjusted EBITDA	**(860)**	(607)
Non-cash items:		
Depreciation of property, plant and equipment	**(110)**	(88)
Amortisation of development costs	**(23)**	(40)
Impairment loss on trade receivables	**-**	(39)
Non-executive directors' fees and employer's NIC	**(91)**	(136)
Gain on convertible loan note	**89**	-
Write off of research and development projects not taken forward	**(141)**	-
Share-based payment expenses	**-**	(125)
Change in accumulated absence cost liability	**1**	17
Cash item:		
Other tax income	**83**	71
	(192)	(340)
Operating loss	**(1,052)**	(947)
Finance costs	**(230)**	(199)
Loss before tax	**(1,282)**	(1,146)
Tax credit on loss	**-**	1
Loss for the year	**(1,282)**	(1,145)

The following table provides an analysis of the Group's sales by revenue stream and markets. This information is regularly provided to the Group's CODM:

	For the year ended 31 December 2023						
	Direct market			**Indirect markets**			
	Probes	**Monitors**	**Other**	**Probes**	**Monitors**	**Other**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
UK	**394**	**113**	**42**	**-**	**-**	**-**	**549**
USA	**287**	**20**	**40**	**-**	**-**	**-**	**347**
France	**-**	**-**	**-**	**283**	**-**	**2**	**285**
Portugal	**-**	**-**	**-**	**185**	**-**	**-**	**185**
Latin America	**-**	**-**	**-**	**91**	**16**	**-**	**107**
Scandinavia	**-**	**-**	**-**	**64**	**4**	**1**	**69**
Hong Kong	**-**	**-**	**-**	**6**	**62**	**-**	**68**
South Korea	**-**	**-**	**-**	**47**	**5**	**4**	**56**
Other countries	**10**	**6**	**3**	**56**	**32**	**3**	**110**
	691	**139**	**85**	**732**	**119**	**10**	**1,776**

	For the year ended 31 December 2022						
	Direct markets			Indirect markets			
	Probes	Monitors	Other	Probes	Monitors	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
UK	461	106	75	-	-	-	642
USA	463	122	51	-	-	-	636
France	-	-	-	464	15	8	487
Latin America	-	-	-	90	212	2	304
South Korea	-	-	-	132	-	-	132
Hong Kong	-	-	-	13	32	3	48
Austria	-	-	-	44	-	2	46
Cayman Islands	-	-	-	24	18	1	43
Other countries	19	30	-	90	2	3	144
	943	258	126	857	279	19	2,482

The Group's revenue disaggregated between the sale of goods and the provision of services is set out below. All revenues from the sale of goods are recognised at a point in time; maintenance income is recognised at the point the service is carried out.

	2023	2022
	£'000	£'000
Sale of goods	**1,732**	2,430
Maintenance income	**44**	52
	1,776	2,482

The following table provides information about trade receivables and contract liabilities from contracts with customers. There were no contract assets at either 31 December 2023 or 31 December 2022.

	31 December 2023	31 December 2022
	£'000	£'000
Trade receivables which are in 'Trade and other receivables'	**177**	456
Contract liabilities (Note 17.3)	**(44)**	(39)

The following aggregated amounts of transaction prices relate to the performance obligations from existing contracts that are unsatisfied or partially unsatisfied as at 31 December 2023:

	2024	2025	2026	2027	**Total**
	£'000	£'000	£'000	£'000	**£'000**
Revenue expected to be recognised	31	4	2	7	**44**

Revenue recognised in 2023 which was included in contract liabilities at 31 December 2022 amounted to £24,000. Revenue recognised in 2022 included in contract liabilities at 31 December 2021 amounted to £30,000.

4. Expenses

4.1 Expenses by nature

The following table provides information on the nature of expenses recognised within the Statement of Comprehensive Income:

	2023 £'000	2022 £'000
Raw materials and consumables used	**357**	506
Employee benefit costs	**1,716**	2,119
Non-executive directors' fees	**91**	136
Depreciation of property, plant and equipment	**110**	88
Amortisation of development costs	**23**	40
Write off of research and development projects not taken forward	**141**	-
Short-term leases	**17**	19
Net foreign exchange loss/(gain)	**18**	(30)
Gain on convertible loan note	**(89)**	-
Other tax income	**(83)**	(71)
Other	**527**	622
	2,828	3,429

4.2 Auditor's remuneration

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Group's auditors at the cost detailed below.

Cooper Parry Group Limited

	2023 £'000	2022 £'000
Fees payable to the Group's auditor for the audit of Parent Company and consolidated financial statements	**10**	10
Fees payable to the Group's auditor for other services:		
The audit of the Group's subsidiaries	**50**	47
	60	57

5. Employees

5.1 Accounting policy

Short-term obligations

Liabilities for wages and salaries, including annual leave, that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employee services up to the end of the financial reporting period. They are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are categorised as current liabilities within trade and other payables in the Consolidated Balance Sheet.

Post-employment obligations
The Group operates two defined contribution schemes for its employees. One scheme is for UK based employees and the other is for US based employees.

For defined contribution schemes, the Group pays contributions to privately administered pension schemes on a mandatory, contractual or discretionary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

5.2 Employee benefit expense

	2023 £'000	2022 £'000
Wages and salaries	**1,867**	2,049
Social security costs	**213**	247
Pension costs – defined contribution plans	**55**	60
	2,135	2,356
Less amounts capitalised as research and development expenses	**(403)**	(357)
	1,732	1,999
Accumulated absence liability movement	**(1)**	(17)
Accrued bonuses for the year	**(15)**	12
Share-based payment expense	**-**	125
	1,716	2,119

The pensions cost expense of £55,000 (2022: £60,000) represents the aggregate amount paid and payable into defined contribution pension schemes on behalf of employees.

5.3 Average monthly number of people employed

	2023 Number	2022 Number
Number of employees	**37**	44
Average monthly number of people (including executive directors) employed:		
Sales and marketing	**9**	11
Production	**12**	15
Office and management	**9**	10
Quality and regulatory	**2**	2
Research and development	**5**	6
Total monthly average headcount	**37**	44

5.4 Directors' emoluments

	2023 £'000	2022 £'000
Aggregate emoluments	**354**	430
Sums paid to third parties for directors' services	**33**	33
Contributions to the Group's defined contribution scheme	**13**	13
	400	476

Sums paid to third parties for the services of a director comprise:

Third party payee	**Director**	**2023 £'000**	2022 £'000
Imperialise Limited	Nigel Keen	**33**	33

5.5 Highest paid director

	2023 £'000	2022 £'000
Aggregate emoluments	**182**	207
Contributions to director's personal pension scheme	**8**	8
	190	215

6. Finance costs

	2023 £'000	2022 £'000
Invoice discount facility	**7**	3
Convertible loan note	**123**	128
Standby loan facility	**65**	28
Lease liability finance expense	**24**	29
Other interest	**11**	11
	230	199

7. Tax credit on loss

7.1 Accounting policy

The tax credit represents the sum of current tax and deferred tax. Tax is recognised in profit or loss in the Consolidated Statement of Comprehensive Income (SOCI) except to the extent that it relates to items recognised in equity, in which case it is recognised in other comprehensive income in the Consolidated SOCI. The current tax is based on taxable results for the year calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

7.2 Note

Current tax	2023 £'000	2022 £'000
Research and development tax credit	**(1)**	(1)
Adjustment in respect of prior years	**1**	-
Total current tax	**-**	(1)
Total deferred tax	**-**	-
Total tax credit on loss	**-**	(1)

In 2023, the other gain includes an amount of £83,000 (2022 £71,000) comprising tax income arising from the Research and Development Expenditure Credit scheme which is accounted for as a government grant.

The taxable credit on the loss for the year is lower (2022: lower) than the effective rate of corporation tax in the UK of 25% (2022: 19%) applied to the Group's loss on ordinary activities before tax. The differences are explained below:

	2023 £'000	2022 £'000
Loss before tax	**(1,282)**	(1,146)
Loss multiplied by the standard rate in the UK of 25% (2022: 19%)	**(321)**	(218)
Effects of:		
Non-taxable income	**(21)**	(153)
Losses carried forward for which no deferred tax asset has been recognised	**341**	326
Tax rate of difference on receivable research and development tax credit	**1**	16
Difference on tax rate on payable research and development tax credit	**-**	4
Non-deductible expenses	**-**	24
Total tax credit on loss	**-**	(1)

8. Deferred tax

8.1 Accounting policy

Deferred tax is provided using the balance sheet date liability method on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets or liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is not probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current liabilities and when the deferred income taxes relate to the same fiscal authority.

8.2 Note

At 31 December 2023, the Group had accumulated trading losses carried forward which are available to offset against future profits of £41,208,000 (2022: £39,050,000) resulting in an unrecognised potential deferred tax asset of £9,779,000 (2022: £9,327,000).

Loss relief is available indefinitely in the UK and for 20 years in the USA. Trading losses in the USA do not begin to expire until 2028. The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same jurisdiction, is set out below:

Deferred tax liabilities	**2023 £'000**	2022 £'000
Development costs	**1,222**	1,125
Accelerated capital allowances	**49**	65
	1,271	1,190

	2023 £'000	2022 £'000
At 1 January	**1,190**	1,003
Charged to profit or loss in the Consolidated SOCI	**81**	187
At 31 December	**1,271**	1,190

Deferred tax asset on losses	**2023 £'000**	2022 £'000
At 1 January	**(1,190)**	(1,003)
Credited to profit or loss in the Consolidated SOCI	**(81)**	(187)
At 31 December	**(1,271)**	(1,190)

The UK corporation tax rates were increased from 19% to 25% effective 1 April 2023. Deferred taxes at the balance sheet date have been measured using this enacted rate.

9. Exceptional items

9.1 Accounting policy

As permitted by IAS1, 'Presentation of Financial Statements', certain items are presented separately in the Consolidated SOCI as exceptional items where, in the judgement of the directors, they need to be presented separately by virtue of their nature, size or incidence to obtain a clear and consistent presentation of theGroup's underlying business performance.

9.2 Note

Exceptional items comprised:

	2023 £'000	2022 £'000
Payments in lieu of notice	**107**	-
Redundancy costs	**98**	-
Legal and professional costs relating to redundancies	**19**	-
Write off of research and development projects not taken forward	**142**	-
	366	-

10 Basic and diluted loss per share

The loss per share calculation is based on the loss of £1,257,000 and the weighted average number of shares in issue of 1,181,214,755. For 2022, the loss per share calculation is based on the loss of £1,149,000 and the weighted average number of shares in issue of 685,490,974. While the Group is loss-making, the diluted loss per share and the loss per share are the same.

11 Property, plant and equipment

11.1 Accounting policy

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment. The cost of purchased assets includes the original purchase price together with any incidental expenses of acquisition.

Depreciation is calculated to write down property, plant and equipment to their estimated realisable values, by equal annual instalments over their expected useful economic lives at the following periods:

- Leasehold property and improvements: five years or to the end of the lease term, if shorter
- Right of use asset: over the period of the lease term
- Plant and equipment: three to five years
- Machines loaned to customers: five years
- Fixtures and fittings: three to five years

Estimated residual values and useful lives are reviewed annually and adjusted where necessary.

Machines loaned to customers
In order to support key accounts and increase probe usage, monitors may be placed on long-term loan with customers. Where these monitors are expected to be placed for a period longer than six months, the monitors are transferred at book value to property, plant and equipment and depreciated over five years. Where monitors are placed on a short-term loan of less than six months and it is expected that the monitors will be sold thereafter, the monitors are included within inventories.

The Group monitors probe usage by customers that have loan monitors and where, for various reasons, probe volumes do not support the loaned monitor state, the under-utilised monitors are removed and held ready to meet future demand for monitors by other customers.

11.2 Note

	Leasehold property and improvements	Right of use asset	Plant and equipment	Fixtures and fittings	Machines loaned to customers	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 January 2022	180	427	502	2	1,549	2,660
Exchange difference	-	-	5	-	164	169
Additions	-	-	70	-	-	70
Transferred from inventory	-	-	-	-	23	23
Disposals	-	-	-	-	(501)	(501)
At 31 December 2022	180	427	577	2	1,235	2,421
Exchange difference	-	-	(2)	-	(69)	(71)
Additions	-	-	9	-	-	9
Transferred from inventory	-	-	-	-	39	39
Disposals	-	-	(19)	-	(260)	(279)
At 31 December 2023	**180**	**427**	**565**	**2**	**945**	**2,119**
Accumulated depreciation						
At 1 January 2022	180	203	483	2	1,528	2,396
Exchange difference	-	-	5	-	164	169
Depreciation charge	-	49	18	-	21	88
Disposals	-	-	-	-	(501)	(501)
At 31 December 2022	180	252	506	2	1,212	2,152
Exchange difference	-	-	(2)	-	(71)	(73)
Depreciation charge	-	49	22	-	39	110
Disposals	-	-	(19)	-	(249)	(268)
At 31 December 2023	**180**	**301**	**507**	**2**	**931**	**1,921**
Net book value						
At 1 January 2022	-	224	19	-	21	264
At 31 December 2022	-	175	71	-	23	269
At 31 December 2023	**-**	**126**	**58**	**-**	**14**	**198**

Depreciation has been included in the following expenses in profit or loss in the Consolidated SOCI:

	2023 £'000	2022 £'000
Cost of sales	**59**	36
Administration expenses	**51**	52
	110	88

12 Intangible assets

12.1 Accounting policy

Expenditure on research and development is charged to profit or loss in the Consolidated SOCI in the year in which it is incurred. The exception to this being expenditure incurred in respect of the development of new products where the outcome of those projects is assessed as being reasonably certain for viability and technical feasibility and the costs incurred can be reliably measured. Such expenditure is capitalised and amortised over the estimated period of sale for each product, commencing in the year that sales of the product are first made. The Useful Economic Life (UEL) is assessed annually by the directors to reflect the pattern of benefits expected to flow from the intangible asset. As such, the amortisation period relates to a specific period to reflect the benefits, being between 6 and 20 years. The carrying amounts of intangible assets have been reviewed at the balance sheet date and other than amounts written off, the directors consider that there is no indication that the remaining assets have suffered an impairment loss.

Government grants are received for innovative research and development projects. The grants are recognised when there is reasonable assurance that the conditions of the grant will be complied with and that the grants will be received. Government grants are offset against the development costs to which they relate to. During the year to 31 December 2023, £267,000 (2022: £113,000) was recognised from government grants.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. Goodwill represents the goodwill that arose in 2013 on the acquisition of the trade and assets of Deltex Medical Canada Limited. The directors have tested goodwill for impairment based on the profitability and value in use and consider the balance to be recoverable.

12.2 Note

	Development costs £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2022	4,334	66	4,400
Additions	674	-	674
At 31 December 2022	5,008	66	5,074
Additions	361	-	361
Amounts written off	(384)	-	(384)
At 31 December 2023	**4,985**	**66**	**5,051**
Accumulated amortisation			
At 1 January 2022	1,265	-	1,265
Amortisation expense	40	-	40
At 31 December 2022	1,305	-	1,305
Amortisation expense	23	-	23
Amounts written off	(242)	-	(242)
At 31 December 2023	**1,086**	**-**	**1,086**
Net book value			
At 1 January 2022	3,069	66	3,135
At 31 December 2022	3,703	66	3,769
At 31 December 2023	**3,899**	**66**	**3,965**

Amortisation expense of £23,000 (2022: £40,000) has been categorised as research and development expenditure in profit or loss in the Consolidated SOCI.

Included within development costs are costs amounting to £3,027,000 (2022: £2,813,000) relating to the Group’s new monitor development project which became available for sale at the end of November 2023 and has been amortised from that date, with a charge of £13,000 recognised in the year (2022: £nil).

Other individually material projects, all of which have not been amortised as the projects are still in progress, are:

Project description	**2023 £’000**	2022 £’000
Suprasternal Doppler Probe	**591**	468
TrueVue Velocity Pressure Loops	**218**	216

The directors have carried out impairment reviews on the development projects which are still in progress as required by IAS 36 in respect of recoverable amounts and no impairment has been noted.

13 Subsidiary undertakings

Details of the Group’s subsidiary undertakings are set out below. In all cases, the direct holding is 100% of the ordinary shares unless otherwise stated:

Name	Country of incorporation and place of business	Nature of trading activities	Proportion of ordinary shares directly held by the parent %	Proportion of shares held by non-controlling interests %
Deltex Medical Limited	UK	Manufacture and marketing of medical devices	100	-
Deltex Medical, SC, Inc	USA	Marketing and sales of medical devices in the USA	100	-
Deltex Medical Espana SL	Spain	Marketing and sales of medical devices in Spain	100	-
Deltex Medical Canada Limited	Canada	Marketing and sales of medical devices in Canada	51	49
Deltex Medical Holdings Inc	USA	Dormant	100	-
Deltex Inc	USA	Dormant	100	-
Deltex Medical Inc	USA	Dormant	100	-

The registered addresses of the Group’s subsidiary undertakings are:

Subsidiary undertaking	Registered Address
Deltex Medical Limited	Terminus Road, Chichester, United Kingdom PO19 8TX
Deltex Medical, SC, Inc	330 East Coffee St., Greenville, South Carolina, USA
Deltex Medical Holdings Inc	330 East Coffee St., Greenville, South Carolina, USA
Deltex Inc	330 East Coffee St., Greenville, South Carolina, USA
Deltex Medical Inc	330 East Coffee St., Greenville, South Carolina, USA
Deltex Medical Espana SL	C/ del Mirador, 3A, 17250 Playa De Aro, Girona, Spain
Deltex Medical Canada Limited	Baine Johnston Centre, 10 Fort William Place, St John’s NL A1C 5W4, Canada

Deltex Medical Canada Limited reported revenue of £11,000 (2022: £15,000), a (loss)/profit of (£55,000) (2022: £8,000) and net liabilities of £341,000 (2022: £295,000).

14 Inventories

14.1 Accounting policy

Inventories, including work in progress and finished goods, are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Labour and overheads are allocated on the basis of normal operating capacity using standard rates. The standard labour and overhead rate are reviewed at each year end. Cost is calculated using the first in, first out basis.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Provision is made for obsolete, slow-moving or defective items where appropriate.

14.2 Note

	2023 £'000	2022 £'000
Raw materials and consumables	**266**	246
Work in progress	**54**	64
Finished goods	**396**	511
	716	821

There is no specific provision for slow-moving inventory in 2023 (2022: £23,000, categorised as finished goods).

15 Trade and other receivables

15.1 Accounting policy

Trade receivables, which are financial assets at amortised cost, are non-interest bearing and generally have a 30-day term for sales made in the UK and the USA, and a 60-day term for sales made to other overseas customers. Due to their short maturities, the carrying amount of trade and other receivables is a reasonable approximation of their fair value.

The carrying amount of trade receivables includes receivables which are subject to a secured invoice discounting arrangement. Under this arrangement, the Group has transferred the relevant receivables to the invoice discounting organisation in exchange for cash and is prohibited from selling or pledging the receivables. However, the Group has retained late payment and credit risk. In the light of this, the Group continues to recognise the transferred assets in their entirety in its balance sheet.

The Group classifies its other financial assets at amortised cost. Based on prior experience and an assessment of the current economic environment, the Group do not consider an impairment provision is required against the financial assets at amortised cost and consider that the carrying amount of these is a reasonable approximation of their fair value.

As required by IFRS 9, the Group applies the simplified approach to measuring impairment losses which uses lifetime expected loss allowance for all trade receivables and contract assets.

15.2 Note

Trade receivables

	2023 £'000	2022 £'000
Trade receivables	**177**	495
Less loss allowance	**-**	(39)
	177	456

As at 31 December 2023, trade receivables of £17,000 (2022: £36,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2023 £'000	2022 £'000
Up to 3 months past due	**11**	32
3 to 6 months past due	**2**	-
Over 6 months past due	**4**	4
	17	36

Financial assets at amortised cost

	2023		2022	
	Current £'000	**Non-current £'000**	Current £'000	Non-current (restated) £'000
Staff advances	**-**	**-**	15	-

Other receivables generally arise from transactions outside the normal operating activities of the Group.

Restatement

In the prior year, a non-current other receivable was recognised of £164,000. The amount outstanding related to a trade receivable due from the non-controlling interest in the Group's Canadian subsidiary. Within trade and other payables (see note 17.3) in the prior year, was an amount of £255,000, payable to the non-controlling interest in the Group's Canadian subsidiary. These balances have been offset in the financial statements, with the prior year balances being restated as a net payable of £91,000. The offset balance as at 31 December 2023 is a net payable of £89,000.

Other current assets

	2023 £'000	2022 £'000
Sundry debtors	**2**	35
Prepayments	**85**	105
	87	140

16 Cash and cash equivalents

16.1 Accounting policy

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

16.2 Note

	2023 £'000	2022 £'000
Cash at bank	**705**	471

17 Financial liabilities

17.1 Accounting policy

The Group's financial liabilities include borrowings, trade payables and other payables.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss in the Consolidated SOCI over the period of the borrowing using the effective interest method.

Compound financial instruments issued by the Group comprise convertible loan notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognised initially at the fair value of a similar financial liability that does not have an equity conversion feature.

The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the financial liability component. Any directly attributable transaction costs are allocated to the financial liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the financial liability component is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Where a non-substantial modification of a financial liability occurs, and the financial liability is not derecognised, the Group recalculates the amortised cost of the modified financial liability by discounting the modified contractual cash flows using the original effective interest rate and recognises any gain or loss in other gain or other costs in profit or loss in the Consolidated SOCI.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs in the Consolidated SOCI.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade payables and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within the agreed credit terms of the relevant party concerned. Trade payables and other payables are presented as current liabilities unless payment is not due within 12 months after the end of the reporting period. They are recognised initially at their fair value and subsequently at amortised cost using the effective interest method.

17.2 Note

Borrowings

	2023		2022	
	Current	Non-current	Current	Non-current
	£'000	£'000	£'000	£'000
Invoice discounting facility	79	-	185	-
Standby loan facility	-	650	750	-
Convertible loan note	-	1,015	-	1,069
	79	1,665	935	1,069

Invoice discounting facility
The amount shown represents the cash drawn down under an invoice discounting facility; There was £1,000 undrawn amounts at the end of the year (2022: £6,000). The amount outstanding under this facility is secured by way of a fixed charge over the Group's UK trade receivables and a proportion of the Group's international trade receivables. Amounts drawn down under the facility are repayable from the end of the month of invoice.

This is an ongoing facility and is separated into three accounts being Sterling, US$ and Euro currencies. The facility is subject to one month's notice (2022: one month's notice) on either side and is not subject to an annual review.

Convertible loan note
In February 2023, the maturity date of the convertible loan notes was extended from February 2024 to June 2026. All other terms of the convertible loan notes, which were issued in February 2016, at a conversion price of 4p per share, remain unchanged.

A gain of £89,000 was recognised in profit or loss in the Consolidated SOCI within other gain following the extension of the maturity date.

The convertible loan note recognised in the Consolidated Balance Sheet is calculated as:

	Financial liability	Equity component	Total
	£'000	£'000	£'000
Carrying amount at 1 January 2023	1,069	82	1,151
Modification gain	(89)	-	(89)
Interest expense	123	-	123
Interest paid	(88)	-	(88)
Carrying amount at 31 December 2023	1,015	82	1,097

The directors consider that the coupon payable of 8% on the convertible loan note continues to be at a market rate of interest and, therefore, the carrying amount approximates to its fair value. The effective rate of interest is 13.14% (2022: 13.14%).

Standby loan facility
On 2 August 2023, as part of the fundraising and capital reorganisation, £100,000 of the £750,000 Standby loan facility was converted into 50,000,000 loan conversion shares at a price of 0.2 pence per share. As part of this transaction, the remaining £650,000 Standby loan facility had the maturity extended to £250,000 being repayable by 30 June 2025 and £400,000 being repayable by 31 December 2025. The interest rate remains at 8% per annum.

In April 2023, a bridging loan facility provided by Imperialise Limited, a company controlled by Nigel Keen, was put in place for £250,000 with a minimum term of three months. The interest rate on the facility was 12% per annum, and the facility was unsecured. On 2 August 2023, as part of the fundraising and capital reorganisation, the full bridging loan facility was converted into 125,000,000 loan conversion shares at a price of 0.2 pence per share.

Borrowings in foreign currencies
The carrying amounts of the Group invoice discount facility borrowings are denominated in different currencies and are subject to differing average effective interest rates.

	2023		2022	
	Rate %	**Amount £'000**	Rate %	Amount £'000
Sterling	**7.47**	**40**	4.32	61
Euro	**6.54**	**33**	3.42	91
US Dollar	**8.77**	**6**	6.05	33
		79		185

All other of the Group's borrowings are at variable rates of interest other than the convertible loan note and standby loan facility as disclosed above.

17.3. Trade and other payables

	2023		2022	
	Current	**Non-current**	Current (restated)	Non-current
	£'000	**£'000**	£'000	£'000
Trade payables	**173**	**-**	507	-
Other payables	**89**	**-**	94	-
Social security and other taxes	**94**	**-**	158	-
Lease obligations	**58**	**119**	52	177
Contract liabilities	**44**	**-**	39	-
Employee short-term benefits	**23**	**-**	24	-
Accrued expenses	**374**	**-**	666	-
	855	**119**	1,540	177

During 2023, the Group settled £55,000 of historical bonuses held within accrued expenses at 31 December 2022 as a result of the Group's restructuring and a retirement.

Included within other payables is an offset amount of £89,000 (2022 restated: £91,000) which is payable to the non-controlling interest in the Group's Canadian Subsidiary. This amount is expected to be settled in full over the next 5 –10 years depending on the amount of cash generated from sales made in the Canadian market. However, as the amount is repayable on demand it has been categorised as a current liability.
The directors consider that the carrying amount of trade payables and other payables approximates to their fair value. See note 15.2 for details of the prior year restatement.

18 Leases

18.1 Accounting policy

At the inception of a contract, the Group assesses whether the contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs.

Short-term leases
The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets (being less than £5,000), including short-term office space. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

18.2 Note

Included within Property, plant and equipment is the net book amount of £126,000 (2022: £175,000) relating to the right-of-use asset arising from the lease over the Group's head office and factory in Chichester. Included within administration expenses in profit or loss in the Consolidated SOCI is an amount of £49,000 (2022: £49,000) relating to the depreciation expense of this asset and included within finance costs is an amount of £23,000 (2022: £29,000) relating to the finance charge on the related lease obligation. Included within administration expenses in profit or loss in the Consolidated SOCI is an amount of £17,000 (2022: £19,000) relating to short term leases.

Included within trade and other payables in the Consolidated Balance sheet are current lease obligations amounting to £58,000 (2022: £52,000) and non-current lease obligations amounting to £119,000 (2022: £177,000). The non-current lease obligations are all due in 2 to 5 years. The weighted average incremental borrowing rate applied to the lease was 12% (2022: 12%).

The total cash outflow for leases in the period was £75,000 (2022: £75,000).

The table below shows the maturity analysis of the lease obligation using contractual undiscounted cash flows:

	2023 £'000	2022 £'000
Within 1 year	**75**	75
Within 2 to 4 years	**131**	206
	206	281

19 Provision for liabilities

19.1 Accounting policy

Provisions are recognised when the Group has a present legal or constructive obligation in respect of a past event and it is probable that settlement will be required of an amount that can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The increase in the provision due to passage of time is recognised as an interest expense in profit or loss in the Consolidated SOCI.

19.2 Note

	Dilapidation provision £'000
At 1 January 2022	57
Unwinding of discounting	7
At 1 January 2023	64
Unwinding of discounting	7
At 31 December 2023	**71**

Dilapidation provision
Under the terms of the operating leases over land and buildings, predominantly in the UK, the Group has an obligation to return the property in a specified condition at the end of the lease. As the unexpired lease term is more than one year, the provision has been classified as a non-current liability. It is expected that the provision will be utilised within the next 10 years. The dilapidation provision has been discounted and the unwinding of the discounting is on an annual basis.

20 Share capital and share premium

20.1 Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or the exercise of share options are shown in equity as a deduction, net of tax, from the proceeds.

20.2 Note

At 31 December 2023, the authorised share capital of the Company comprised 656,854,621,000 ordinary shares with a nominal value of 0.01 penny each (2022: 6,568,546,210 with a nominal value of 1 penny each).

On 1 August, at an EGM of the Group, a resolution was passed to sub-divide and redesignate each existing ordinary share (709,057,601 shares) of 1 penny to one new ordinary share of 0.01 pence and one deferred share of 0.99 pence.

The movement in the Company's issued share capital is set out below:

	Number of shares (thousands)	Ordinary shares £'000	Deferred shares £'000	Share premium £'000	Total £'000
At 1 January 2022	584,944	5,849	-	33,502	**39,351**
Share issues:					
17 January 2022 (1p)	2,400	24	-	6	**30**
14 February 2022 (1p)	111,720	1,117	-	279	**1,396**
Share issue expenses:					
14 February 2022	-	-	-	(115)	**(115)**
At 31 December 2022	699,064	6,990	-	33,672	**40,662**
Share issues:					
17 April 2023 (1p)	9,994	100	-	10	**110**
	709,058	7,090	-	33,682	**40,772**
Change in nominal value 709,058,000 shares:					
1 August 2023 Deferred shares (0.99p)	-	-	7,019	-	**7,019**
1 August 2023 Ordinary shares (0.01p)	-	71	-	-	**71**
	709,058	71	7,019	33,682	**40,772**
2 August 2023 (0.01p)	1,137,596	114	-	2,161	**2,275**
Share issue expenses:					
2 August 2023	-	-	-	(193)	**(193)**
At 31 December 2023	**1,846,654**	**185**	**7,019**	**35,650**	**42,854**

Net proceeds from the issue of shares totaled £2,192,000 (2022: £1,311,000), after expenses of £193,000 (2022: £115,000). There were no non-cash proceeds from the issue of shares to clear historical equity settled director fees (2022: £6,000).

21 Share-based payments

21.1 Accounting policy

The Group awards directors, employees and certain of the Group's distributors and advisers equity-settled share-based payments, from time to time, on a discretionary basis. In accordance with IFRS 2 'Share-based payments', equity-settled share-based payments are measured at fair value at the time of grant. Due to the specialist nature of the work performed by contractors, the Group is unable to reliably measure the fair value and therefore the fair value is measured using an option pricing model. Fair value is measured by the use of a Black–Scholes option pricing model.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest. The options are subject to vesting conditions of up to seven years, and their fair value is recognised as an expense with a corresponding increase in 'other reserves' in equity over the vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in profit or loss in the Consolidated SOCI, with a corresponding adjustment to equity. The fair value of the equity-settled share-based payment is recharged by the Company to the subsidiary operating company at fair value. The expense is, therefore, recognised in the subsidiary operating company, with the equity reserve being recognised in the Company.

The expected volatility of the Company's share price is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

21.2 Note

The Group has two current share option schemes:

- Deltex Medical 2003 Enterprise Management Incentive plan ('EMI'); and
- Deltex Medical Group 2011 Executive Share Option Scheme (HMRC Approved Scheme).

Options granted under the Approved Share Option Scheme are valued at the market price on the date of grant. Options are conditional on the employee completing three years' service (the vesting period). The options are exercisable starting three years from the grant date, subject to the Group achieving certain performance conditions; the options have a contractual term of ten years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Options granted under the EMI scheme are either granted at nominal value per option or at market price on the date of grant and are conditional on the employee completing three years' service. Options granted in lieu of cash for bonuses or salary obligations relating to past achievement have no vesting period.

Options that are conditional on the employee completing three years' service have a three-year vesting period. The options have a contractual term of ten years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Details of share options outstanding during the year for the Group's share option schemes are as follows:

	2011 Executive Share Option Scheme		2003 Enterprise Management Incentive Scheme		
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**	**Total**
	No.	**p**	**No.**	**p**	**No.**
Options outstanding at 1 January 2022	12,507,250	6	31,465,141	1	43,972,391
Granted during the year	-	-	23,500,500	1	23,500,000
Lapsed during the year	(11,487,250)	4	(5,206,250)	1	(16,693,500)
Expired during the year	(1,020,000)	24	(232,675)	1	(1,252,675)
Options outstanding at 31 December 2022	-	-	49,526,216	1	49,526,216
Lapsed during the year	-	-	(4,130,860)	1	(4,130,860)
Expired during the year	-	-	(12,023)	1	(12,023)
Options outstanding at 31 December 2023	**-**	**-**	**45,383,333**	**1**	**45,383,333**

Share options exercisable at the end of the year were:

	2011 Executive Share Option Scheme		2003 Enterprise Management Incentive Scheme		
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**	**Total**
	No.	**p**	**No.**	**p**	**No.**
Options exercisable at 1 January 2022	7,507,250	12	10,627,641	1	18,134,891
Options exercisable at 31 December 2022	-	-	5,394,966	1	5,394,966
Options outstanding at 31 December 2023	-	**-**	**9,383,333**	**1**	**9,383,333**

There were no share options exercised during the year ended 31 December 2023 or the year ended 31 December 2022. The mid-market closing price of the Company's shares at the end of the year was 0.145 pence (2022: 1 pence).

Details of the remaining contractual life of share options outstanding for each of the share option schemes is shown in the table below:

	2011 Executive Share Option Scheme		2003 Enterprise Management Incentive Scheme	
	2023 Years	2022 Years	**2023 Years**	2022 Years
Weighted average remaining contractual life of options outstanding at the end of the financial year	-	-	**7.42**	8.33

Fair value of options granted
There were no share options granted under the 2003 EMI scheme during the year ended 31 December 2023. Share options granted during the year ended 31 December 2022 had an estimated weighted average fair value of 1.4 pence and £44,407 in aggregate. The fair value of a share option at grant date is determined using a Black Scholes option pricing model which takes into account the share price at date of grant and the expected price volatility of the underlying share, the exercise price of the option, the expected term of the option and the risk-free interest rate for the term of the option.

The model inputs for the 2003 EMI scheme options granted during the year ended 31 December 2022 were:

	February 2022
Exercise price	1.35p
Expected price volatility of the Company's shares	50%
Expected option life (expressed as weighted average life used in modelling)	3 years
Risk-free interest rate	1.40%
Fair value at measurement date	0.7p

No share options were granted under the 2011 ESOS scheme during the year ended 31 December 2023 or the year ended 31 December 2022.

Contractor options

There were no contractor options granted during the year ended 31 December 2023.

On 6 December 2021, 2,000,000 share options were granted to a contractor under the 2003 EMI scheme with an exercise price of 1.3 pence per share. The share options are exercisable from the grant date and may be exercised in part or in whole at any time during the exercise period. The option has an exercise period of 10 years from grant date.

On 15 July 2020, 4,000,000 share options were granted to two contractors under the 2003 EMI scheme with an exercise price of 1.3 pence per share. These share options fully lapsed during the year ended 31 December 2023.

A further option over 500,000 shares with an exercise price of 1.22 pence per share, exercisable from the date of grant of 9 October 2018 also remain outstanding at 31 December 2023. The option has an exercise period of 10 years from grant date.

These 2,500,000 (2022: 6,500,000) options are the only outstanding options held by contractors.

Notes to the consolidated financial statements for the year ended 31 December 2023

22 Change in liabilities arising from financing activities

This note sets out the reconciliation of liabilities arising from financing activities for each of the financial years presented:

	Standby loan facility	Convertible loan note	Invoice discount facility			Lease liability	**Total**
			Sterling denominated	**Euro denominated**	**US Dollar denominated**		
	£'000	**£'000**	**£000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 January 2022	504	1,028	60	104	38	274	2,008
Cash flows:							
Drawdowns	750	-	709	586	504	-	2,549
Repayments	(500)	-	(708)	(605)	(521)	(46)	(2380)
Cash flow from financing activities	250	-	1	(19)	(17)	(46)	169
Interest paid	(22)	(88)	(1)	(1)	(1)	(29)	(142)
Net cash outflow	228	(88)	-	(20)	(18)	(75)	27
Non cash flows							
Interest charged at the effective rate	28	129	1	1	1	29	189
Foreign exchange movements	-	-	-	6	12	-	18
At 31 December 2022	760	1,069	61	91	33	228	2,242
At 1 January 2023	760	1,069	61	91	33	228	2,242
Cash flows:							
Drawdowns	250	-	717	423	136	-	1,526
Repayments	-	-	(738)	(484)	(167)	(52)	(1,441)
Cash flow from financing activities	250	-	(21)	(61)	(31)	(52)	85
Interest paid	(62)	(88)	(1)	(5)	(1)	(23)	(180)
Net cash outflow	188	(88)	(22)	(66)	(32)	(75)	(95)
Non cash flows							
Interest charged at the effective rate	65	123	1	5	1	24	219
Gain on convertible loan note	-	(89)	-	-	-	-	(89)
Conversion to equity	(350)	-	-	-	-	-	(350)
Foreign exchange movements	-	-	-	3	4	-	7
At 31 December 2023	**663**	**1,015**	**40**	**33**	**6**	**177**	**1,934**

23 Financial risk management

The Group's financial instruments comprise some cash and various items, such as trade receivables and trade payables that arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The Board reviews and agrees policies for managing liquidity risk, currency risk, credit risk, interest rate risk and capital risk. The policies have remained unchanged throughout the year.

Liquidity risk
The Group is managed to ensure that sufficient cash reserves and credit facilities are available to meet liquidity requirements. The Group has available to it an invoice discounting facility and a standby loan facility to supplement working capital needs. From time to time, additional funding is raised to allow the Group to invest in its strategic projects to develop the business in its chosen markets. Management monitors rolling forecasts of the Group's liquidity reserves which comprise undrawn invoice discounting facilities, undrawn standby loan facilities and cash and cash equivalents on the basis of expected cash flows.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their expected maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the expected undiscounted cash flows at 31 December.

	2023				2022			
	Less than 1 year £'000	**Between 1 and 2 years £'000**	**Between 2 and 5 years £'000**	**Between 5 and 10 years £'000**	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Between 5 and 10 years £'000
Invoice discounting facility	**79**	**-**	**-**	**-**	185	-	-	-
Convertible loan note	**88**	**88**	**1,166**	**-**	88	1,136	-	-
Lease obligations	**75**	**75**	**56**	**-**	75	75	131	-
Trade and other payables	**546**	**-**	**-**	**248**	1,173	-	-	255
Standby loan facility	**-**	**650**	**-**	**-**	750	-	-	-
	788	**813**	**1,222**	**248**	2,271	1,211	131	255

Currency risk
The Group has overseas subsidiaries in the USA, Spain and Canada and as a result, the Group's sterling balance sheet can be affected by movements in the US Dollar, Euro and Canadian dollar exchange rates. The Group also has transactional currency exposures. Such exposures arise from sales and purchases by operating units in currencies other than the unit's functional currency. In general, all overseas operating units trade and hold assets and liabilities in their functional currency. The Group does not engage in any hedging in respect of currency risks.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in sterling, was as follows:

	2023		2022	
	US Dollars £'000	**Euro £'000**	US Dollars £'000	Euro £'000
Cash at bank	**88**	**117**	6	2
Trade receivables	**29**	**34**	116	168
Trade payables	**(-)**	**(-)**	(62)	(2)
Invoice discount facility	**(6)**	**(33)**	10	(91)

The table below details the Group's sensitivities to changes in sterling against the respective foreign currencies. The sensitivities represent management's assessment of the effect on monetary assets of the reasonably possible changes in foreign exchange rates.

The sensitivities analyses of the Group's exposure to foreign currency risk at the year-end has been determined based upon the assumption that the increase in Euro, US Dollar and Canadian Dollar exchange rates is effective throughout the financial year and all other variables remain constant.

However, these potential changes are hypothetical and actual foreign exchange rates may differ significantly depending on developments occurring in global financial markets.

	2023			2022		
	Sensitivity %	**Profit £'000**	**Equity £'000**	Sensitivity %	Profit £'000	Equity £'000
Euros	**10.0**	**14**	**14**	10.0	9	9
US Dollar	**10.0**	**14**	**14**	10.0	8	8

If the Euro strengthened against Sterling by 10% (2022: 10%), an aggregate foreign exchange gain of £14,000 (2022: £9,000) would be recognised in both profit or loss in the Consolidated SOCI and equity comprising of gains on the trade payables and invoice discount facility, offset by exchange losses on cash at bank balances and trade receivables. The opposite movement would occur if the Euro weakened.

A similar fact pattern applies to the strengthening of the US dollar against sterling.

Credit risk
The Group is exposed to credit related losses in the event of non-performance by counter parties in connection with financial instruments. The Group takes actions to mitigate this exposure by ensuring adequate background on credit risk is known about counterparties prior to contracting with them and through selection of counterparties with suitable credit ratings. The Group monitors its exposure to credit risk on an ongoing basis.

The Group is also exposed to credit related losses and territory specific credit risk in the event of non-performance by counterparties in connection with financial instruments.

The Group uses international distributors in a number of overseas territories. In order to assist the distributors in developing their markets, these distributors may be given extended trade terms. Extended trade terms, by their nature can increase the credit risk to the Group. Such risks are carefully managed through direct relationships with the distributors and knowledge of their markets. The maximum credit risk exposure at the balance sheet date is represented by the carrying value of financial assets and there are no significant concentrations of credit risk.

The Group's financial assets that are subject to the credit loss model are namely trade receivables from the sale of inventory and the provision of preventative planned maintenance contracts and other receivables.

The level of expected credit losses on trade receivables is considered to be immaterial given the nature of the Group's customer base. In the UK, USA and Canada, its customers are predominantly large hospitals. There have not been any bad debts experienced during the year.

Occasionally bad debts have been experienced in our International distributor-led market. However, as this market has been developed over many years, our network of independent distributors has remained relatively stable and consequently the expectation of incurring a credit loss is considered to be immaterial.

There is no credit loss provision of the Group trade receivables balance as at 31 December 2023 (2022: £39,000).

Other receivables relate to a historic trade receivable balance owed by the non-controlling interest in Deltex Medical Canada Limited. Based on expectations of future trading, the expectation of incurring a credit loss is considered to be immaterial.

While cash is subject to the impairment requirements of IFRS 9, no such impairment loss was identified either at 31 December 2023 or 31 December 2022.

For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. As at the date of signing the financial statements, all cash and cash equivalents are held with institutions with an 'A' rating as per Standard & Poors.

The maximum credit risk exposure at the balance sheet date is represented by the carrying value of the financial assets and there are no significant concentrations of credit risk.

Interest Rate Risk
The Group has both interest-bearing assets and interest-bearing liabilities. The Group's policy is to seek the highest possible return on interest-bearing assets without bearing significant credit risk, and to minimise the rate payable on interest-bearing liabilities. The Group places its cash balances on deposit at floating rates of interest. Surplus cash balances are placed on short-term deposit (less than three months). No interest rate swaps are used. Interest rate risk comprises both the interest rate price risk that results from borrowing at fixed rates of interest and also the interest cash flow risk that results from borrowing at variable rates.

The Group has borrowings at both fixed and floating rates as shown below:

	2023 £'000	2022 £'000
Fixed rates:		
Lease obligations	**177**	229
Convertible loan note	**1,015**	1,069
Standby loan facility	**650**	750
	1,842	2,048
Floating rates		
Invoice discounting facility	**79**	185
	1,921	**2,233**

There is no material change to the Group's profit or equity if a hypothetical change of 1% is applied to interest rates in the current year and prior year, with all other variables remaining constant.

Capital risk
The Group's objectives when managing capital (ordinary shares) are to safeguard the Group's ability to continue as a going concern in order to provide future returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Ordinary shares are classified as equity. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board encourages employees to hold shares in the Company. This has been carried out through the Company's various executive share option plans.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position and discusses these at regular Board meetings. There were no changes to the Group's approach to capital management during the year.

The Group is not subject to any externally imposed capital requirements.

24 Related party transactions

24.1 Key management compensation

The Group has defined its key management personnel to be the Board of Directors. The remuneration of the Board of Directors is already disclosed in the Directors' emoluments note (see note 5.4).

24.2 Other transactions

During the year, £40,000 (2022: £40,000) was paid to Imperialise Limited, a company controlled by Nigel Keen, non-executive Chairman of the Group, that was due on its £500,000 nominal amount holding of the Convertible Loan Notes 2024. At 31 December 2023, £10,082 (2022: £10,082) was owing in respect of interest for the quarter ended 31 December 2023 (2022: Quarter ended 31 December 2022).

At 31 December 2023, a further £13,107 (2022: £10,290) was owing in respect of interest for the quarter ended 31 December 2023 to Imperialise Limited, on its standby loan facility, which was set up in September 2021. At 31 December 2023, the balance of the standby loan facility to Imperialise Limited was £650,000 (2022: £750,000).

25 Capital and reserves

Details of the movement in reserves are set out in the Statement of Changes in Equity. A description of each reserve is set out below:

Name of reserve	Nature and purpose
Capital redemption reserve	This reserve represents the nominal value of ordinary shares that were repurchased and subsequently cancelled in December 2001. This reserve is non-distributable and represents paid up share capital.
Other reserve	This reserve represents the reserve that is used to recognise the grant date fair value of options issued to employees but not yet exercised. On exercise, lapse or expiry, the amount relating to the options exercised is transferred to Accumulated Losses.
Translation reserve	Exchange differences arising on the translation of the foreign controlled entity are recognised in other comprehensive income in the Consolidated SOCI and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss in the Consolidated SOCI when the net investment is disposed of.
Convertible loan note reserve	This reserve represents the residual value attributed to the equity conversion component at the time of issue of the Convertible loan notes. On conversion or redemption, the amount relating to the principal amount either converted or redeemed is transferred to Accumulated Losses.

Parent company balance sheet
As at 31 December 2023
Company Number 03902895

	Note	2023 £'000	2022 £'000
Non-current assets			
Intangible assets - Goodwill	**4**	**66**	66
Investments	**5**	**5,771**	5,109
Trade and other receivables	**6**	**2,347**	2,084
Total non-current assets		**8,184**	7,259
Current assets			
Trade and other receivables	**6**	**7**	10
Cash and cash equivalents		**1**	251
Total current assets		**8**	261
Current liabilities			
Trade and other payables	**7**	**(227)**	(1,087)
Net current (liabilities)/assets		**(219)**	(826)
Total assets less current liabilities		**7,965**	6,433
Non-current liabilities			
Trade and other payables	**8**	**(1,665)**	(1,069)
Net assets		**6,300**	5,364
Equity			
Share capital		**7,204**	6,990
Share premium		**35,650**	33,672
Capital redemption reserve		**17,476**	17,476
Other reserve		**473**	527
Convertible loan note reserve		**82**	82
Accumulated losses:			
At 1 January		**(53,383)**	(53,381)
Loss for the year		**(1,256)**	(173)
Transfers		**54**	171
Accumulated losses		**(54,585)**	(53,383)
Total equity		**6,300**	5,364

No income statement is presented by the Company as permitted by Section 408 of the Companies Act 2006. The loss for the year is £1,256,000 (2022: loss of £173,000).

The notes on pages 79 to 85 form an integral part of these financial statements. The financial statements on pages 77 to 78 were approved by the Board of Directors and authorised for issue on 27 March 2024 and were signed on its behalf by:

Nigel Keen
Chairman

Natalie Wettler
Group Finance Director

Parent company statement of changes in equity
for the year ended 31 December 2023

	Share capital	Share premium account	Capital redemption reserve	Other reserve	Convertible loan note reserve	Accumulated losses	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2022	5,849	33,502	17,476	573	82	(53,381)	4,101
Comprehensive expense							
Loss for the year	-	-	-	-	-	(173)	(173)
Total comprehensive expense for the year	-	-	-	-	-	(173)	(173)
Shares issued during the Year	1,141	285	-	-	-	-	1,426
Issue expenses	-	(115)	-	-	-	-	(115)
Equity-settled share-based payment	-	-	-	125	-	-	125
Transfers	-	-	-	(171)	-	171	-
Balance at 31 December 2022	6,990	33,672	17,476	527	82	(53,383)	5,364
Comprehensive expense							
Loss for the year	-	-	-	-	-	**(1,256)**	**(1,256)**
Total comprehensive expense for the year	-	-	-	-	-	**(1,256)**	**(1,256)**
Shares issued during the year	**214**	**2,171**	-	-	-	-	**2,385**
Issue expenses	-	**(193)**	-	-	-	-	**(193)**
Equity-settled share-based payment	-	-	-	-	-	-	-
Transfers	-	-	-	**(54)**	-	**54**	-
Balance at 31 December 2023	**7,204**	**35,650**	**17,476**	**473**	**82**	**(54,585)**	**6,300**

The notes on pages 79 to 85 form an integral part of these financial statements.

1 Principal accounting policies

1.1 Basis of preparation

These financial statements are the financial statements for Deltex Medical Group plc, the parent of the Deltex Medical Group, which operates as a Group holding company. It is a public company, limited by shares and is incorporated in England and Wales. It is quoted on the London Stock Exchange's Alternative Investment Market. The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

They have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. The preparation of financial statements in accordance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

No income statement is presented by the Company as permitted by Section 408 of the Companies Act 2006.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The requirements of IFRS 7 'Financial Instruments: Disclosures';
- The requirements of paragraphs 91-99 of IFRS 13, 'Fair Value Measurement';
- The requirement in paragraph 38 of IAS 1, 'Presentation of Financial Statements' to present comparative information in respect of:
    - paragraph 79(a)(iv) of IAS 1;
    - paragraph 73(e) of IAS 16, 'Property, Plant and Equipment'; and
    - Paragraph 118(e) of IAS 38, 'Intangible Assets';
- The requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1;
- The requirements of IAS 7, 'Statement of Cash Flows';
- The requirements of paragraphs 30 and 31 of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors';
- The requirements of paragraph 17 of IAS 24, 'Related Party Disclosures'; and
- The requirements in IAS 24 to disclose related party transactions entered into between two or more members of a Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

1.2 Key judgements and key sources of estimation uncertainty

The Company has funded the trading activities of its principal subsidiaries by way of intra-group loans. The amounts advanced did not have any specific terms relating to their repayment, were unsecured and were interest free.

In light of the above, management have had to determine whether such loan balances should be accounted for as loans and receivables in accordance with IFRS 9, 'Financial Instruments', or whether, in fact, it represents an interest in a subsidiary which is outside the scope of IFRS 9 and accounted for in accordance with IAS 27, 'Separate Financial Statements'.

Management have concluded that, whilst in substance, the loans represent an interest in a subsidiary as the funding provided is considered to provide the subsidiary with a long term source of capital, in legal form, the loans are financial liabilities of the subsidiaries concerned. Therefore, the loans are accounted for in accordance with IFRS 9 and are carried at their amortised cost less any credit loss allowances, if any.

The carrying amount of the loans are assessed for credit impairment and if considered to be credit impaired a credit loss provision is recognised. In determining whether a credit loss provision is required, management must determine whether there has been a significant change in the credit risk of the respective subsidiary. If there has, then management are required to recognise a lifetime credit loss. The key estimate is the determination of the probability of default and the loss given default under a range of scenarios, and the likelihood of each scenario and the relevant credit loss occurring.

1.3 Significant accounting policies

Investments
Investments which comprise investments in share capital are stated at cost less any provisions for impairment in value. At each balance sheet date, the Company reviews the carrying amount of the investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of any impairment loss. The recoverable amount is the higher of the investment's value in use and its fair value less costs to sell. Value in use is calculated using cash flow projections for the investments discounted at the Company's cost of capital.

If the recoverable amount of the investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount. An impairment loss is recognised in profit and loss in the Statement of Comprehensive Income (SOCI), unless the relevant investment is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Deferred taxation
Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the exception of when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Foreign currency translation
Foreign currency monetary assets and liabilities are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in overseas currencies are translated at the rate of exchange ruling

on the date of the transaction or at a contracted rate if applicable. Any gains or losses arising during the year have been dealt with in profit or loss in the SOCI.

1.4 Share-based payments

The Company awards directors, employees and certain of the Group's distributors and advisors equity-settled share-based payments, from time to time, on a discretionary basis. In accordance with IFRS 2 'Share-based payments', equity-settled share-based payments are measured at fair value at the time of grant. Fair value is measured by use of a Black-Scholes option pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of shares that will eventually vest. The options are subject to vesting conditions of up to seven years, and their fair value is recognised as an expense with a corresponding increase in 'other reserves' equity over the vesting period. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest.

It recognises the impact of the revision to original estimates, if any, in profit or loss in the SOCI with a corresponding adjustment to reserves. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The fair value of the equity-settled share-based payment is recharged by the Company to the subsidiary operating company at fair value. The expense is therefore recognised in the subsidiary operating company, with the equity reserve being recognised in the Group company.

Related party transactions
The Company is the ultimate parent undertaking of the Deltex Medical Group plc and is therefore included in the consolidated financial statements of that Group, which are on pages 39 to 43 of the Annual Report & Accounts 2023.

Cash and cash equivalents
Cash and cash equivalents includes cash in hand and deposits held with banks.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Terms of loans to subsidiaries
The Company uses its cash to fund the operations of its subsidiaries until such a time that the subsidiaries are in a position to return the monies to Group. These loans are interest free and have no fixed repayment date, apart from a £3,000,000 10% fixed interest-bearing loan which is repayable on demand. Interest income is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the financial asset when the asset is not judged to be credit impaired. If subsequent to initial recognition a financial asset becomes credit impaired, interest income is calculated by applying the effective interest rate to the financial asset's amortised cost. If the financial asset is no longer credit impaired, then the interest calculation reverts to the gross basis.

Compound financial instruments
Compound financial instruments issued by the Company comprise convertible notes that can be converted to share capital at the option of the holder, or subject to certain conditions at the option of the Company and the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option.

The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2 Auditor's remuneration

The statutory audit fee in respect of the Parent Company's financial statements payable to Cooper Parry Group Limited was £10,000 (2022: CLA Evelyn Partners Limited £10,000).

There were no fees paid to the Company's auditor, Cooper Parry Group Limited, for services other than the statutory audit.

3 Directors' emoluments

	2023 £'000	2022 £'000
Aggregate emoluments	**48**	90
Short term benefits paid to third parties	**33**	33
	81	123

There are no (2022: nil) benefits accruing to directors under personal pension plans.

Included in the above figure are amounts payable to the employing company, Imperialise Limited, of £33,333 (2022: £33,333), for the services of a director.

Remuneration, including Executive directors, is provided in the Directors' remuneration report on pages 26 to 31.

All Executive directors in office at the year-end receive their emoluments from Deltex Medical Limited, a subsidiary undertaking of the Group. Except for financing activities, their services to the Company are incidental to their services to the Group as a whole. The average number of non-executive directors by function, categorised as administrative for both years, was 5 (2022: 5). None of the directors had contracts for service so the monthly average number of employees was nil (2022: nil).

4 Intangible fixed assets – Goodwill

This amount represents the goodwill that arose in 2013 on the acquisition of the trade and assets of Deltex Medical Canada Limited. The directors have tested goodwill for impairment based on the profitability and value in use, and consider the balance to be recoverable. Deltex Medical Canada Limited reported a loss of £55,000 (2022: profit of £8,000).

5 Investments

The directors consider that the carrying value of the investments is supported by their future cash flows. Details of the Company's subsidiary undertakings are set out on page 59 of this Annual Report & Accounts.

	Investments in subsidiary undertakings £'000
Cost	
At 1 January 2023	45,601
At 31 December 2023	**45,601**
Accumulated impairment	
At 1 January 2023	40,492
Impairment (reversal)/charge	(662)
At 31 December 2023	**39,830**
Net book amount	
At 31 December 2022	5,109
At 31 December 2023	**5,771**

The carrying value of investments in subsidiaries were compared to their recoverable amounts based on valuation in use calculations derived from management approved budgets and forecasts covering the five-year period ending 31 December 2028 (2022: five-year period ending 31 December 2027). A terminal value was calculated using the forecast cash flows for the year ended 31 December 2028 using a long-term growth rate of 2.25% (2022: 2.25%). Forecast cash flows were discounted using a pre-tax discount rate of 15.4% and post-tax rate of 11.6% (2022: pre- tax rate of 15.4% and post-tax rate of 11.6%) which reflects the current market assessments of the time value of money and the risks specific to the Company. This impairment calculation resulted in an impairment reversal of £662,000 (2022: impairment reversal of £909,000) to be recognised in profit or loss in the Parent Company's Statement of Comprehensive Income (SOCI).

6 Trade and other receivables

In 2013, the Group reclassified £3,000,000 of the long-term investments by Group in Deltex Medical Limited as a long-term loan. This loan is being charged interest at a rate of 10% per annum, is unsecured and fell due for repayment on 1 January 2018. Since that time, the Parent Company has effectively rolled the loan forward on the existing terms except for the fact that the amount is now repayable on demand. However, the Company has no current intention of making a demand for payment for either this or any of the other intra-group loans that are outstanding. As a consequence, the amounts falling due are classified as non-current assets.

	2023 £'000	2022 £'000
Current		
Other receivables	**7**	10
	7	10
Non-current		
Amount owed by subsidiary undertakings	**2,347**	2,084

On transition to IFRS 9, the Company determined that the historical intra-group loans that had previously been accounted for as part of the cost of investment in subsidiaries were credit impaired. It concluded that the term loan owed by Deltex Medical Limited was not. However, it was further concluded that that there had been a significant change in credit risk of that loan and, consequently, an expected life credit loss was recognised.

The expected credit losses were determined based on different recovery options and credit loss scenarios. Three recovery options were considered which included full repayment of the balances outstanding, the possibility of a trade sale and the recovery through continued trading. The likelihood of each occurring was assessed together with the expected credit loss under each scenario. The expected credit loss recognised represents the weighted average of the lifetime credit losses. The expected credit loss at 31 December 2023 was £16,047,000 (31 December 2022: £14,223,000), an increase of £1,824,000 in the year, which has been recognised in profit or loss in the Parent Company's SOCI. The gross balances outstanding at 31 December 2023 were £18,394,000 (31 December 2022: £16,307,000).

7 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Trade payables	**57**	78
Accruals	**170**	259
Standby loan facility	**-**	750
	227	1,087

8 Creditors: amounts falling due after more than one year

	2023 £'000	2022 £'000
Convertible loan note	**1,015**	1,069
Standby loan facility	**650**	-
	1,665	1,069

9 Share capital

See notes 20 and 21 of the Consolidated Financial Statements for full details of the Company's share capital and its share option schemes.

10 Deferred tax

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Foreign exchange £'000
Deferred tax liabilities	
At 1 January 2022	(103)
Charged to profit or loss in the SOCI	103
At 31 December 2022	-
Credited to profit or loss in the SOCI	(8)
At 31 December 2023	**(8)**

	Tax losses £'000
Deferred tax assets	
At 1 January 2022	103
Credited to profit or loss in the SOCI	(103)
At 31 December 2022	-
Charged to profit or loss in the SOCI	8
At 31 December 2023	**8**

The UK corporation tax rate increased from 19% to 25% effective 1 April 2023. Deferred taxes at the balance sheet date have been measured using this enacted rate.

11 Ultimate controlling party

There are no shareholders with overall control of the Company as at 31 December 2023 or 31 December 2022.

12 Related party transactions

Exemption has been taken under FRS 101 paragraph 8(k) from disclosing related party transactions between the Company and its subsidiary undertakings and from paragraph 8(j) from disclosing key management compensation. The directors of Deltex Medical Group plc had no other material transactions, other than those disclosed in note 24, with the Company during the year, other than as a result of service agreements. Details of directors’ remuneration is disclosed in the Directors’ Remuneration Report.

This Document is Important and requires your Immediate Attention. If you are in doubt as to the action you should take, you are recommended immediately to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all of your shares in Deltex Medical Group plc, you should pass this document, the accompanying form of proxy and the annual report and accounts of Deltex Medical Group plc for the financial year ended 31 December 2023 without delay to the stockbroker, bank or other person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares. This document should be read in conjunction with the accompanying Form of Proxy.

DELTEX MEDICAL GROUP PLC

(Incorporated in England, registered number 03902895)

NOTICE OF ANNUAL GENERAL MEETING

Notice of an annual general meeting of Deltex Medical Group plc (the "Company") to be held at the offices of DAC Beachcroft LLP, 25 Walbrook, London, EC4N 8AF at 11.00 am on 8 May 2024 (the "AGM") is set out on pages 90 to 92 (inclusive) of this document. To be valid as a proxy in respect of the AGM, the form of proxy accompanying this document must be completed and returned in accordance with the instructions thereon so as to be received by the Company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, not less than 48 hours before the time of the meeting or of any adjournment of the meeting.

Directors:

Nigel Keen (Chairman)
Andrew Mears
Natalie Wettler
Christopher Jones
Ben Carswell

Deltex

Deltex Medical Group plc
Terminus Road,
Chichester,
PO19 8TX
United Kingdom

Enquiries: +44 (0)1243 774837

To holders of ordinary shares of 0.01p each ("**Ordinary Shares**") in the capital of Deltex Medical Group plc (the "**Company**")

Dear Shareholder

Notice of Annual General Meeting of the Company ("AGM") and annual accounts for the year ended 31 December 2023

I am pleased to send you details of arrangements for our annual general meeting, together with the annual accounts of the Company, which contain the reports of the directors and the auditors, for the year ended 31 December 2023.

The formal notice of the annual general meeting of the Company, which will take place at the offices of DAC Beachcroft LLP, 25 Walbrook, London, EC4N 8AF at 11:00am on 8 May 2024 (the "**AGM**"), is set out on pages 90 to 92 (inclusive) of this document.

Immediately following the AGM, Andy Mears, CEO, will provide a presentation related to a Company Update. This will take place in the same location as the AGM.

The purpose of this letter is to explain certain aspects of the business of the AGM to you.

Resolution 1 - Receipt of audited financial statements

Resolution 1 deals with the receipt of the directors' and auditors' reports and the accounts of the group for the financial year ended 31 December 2023 (the "**Annual Report & Accounts 2023**").

Resolutions 2, 3 and 4 - Re-election and election of directors

Resolution 2 proposes the re-election of Christopher Jones as a director; and Resolution 3 proposes the re-election of Natalie Wettler as a director. The Company's articles of association (the **"Articles"**) require that at each annual general meeting one third of the directors (excluding directors being elected for the first time) must retire by rotation; accordingly, Christopher Jones and Natalie Wettler offer themselves for re-election as proposed by resolutions 2 and 3.

Resolution 4 proposes the re-appointment of Ben Carswell, who was appointed as a director on 1 December 2023. In accordance with the Articles, having been appointed since the last annual general meeting, Ben Carswell ceases to be a director at the conclusion of the AGM unless re-appointed at the meeting; accordingly, being eligible, Ben Carswell offers himself for re-appointment as proposed by resolution 4.

Biographical details of Christopher Jones, Natalie Wettler and Ben Carswell are set out on pages 9 and 10 of the Annual Report & Accounts 2023. The Board considers that the considerable experience that each of these directors bring will continue to be beneficial to the Company.

Resolution 5 – Re-appointment of auditors

Cooper Parry Group Limited have expressed their willingness to continue as the Company's auditors. Resolution 5 proposes their re-appointment and authorises the directors to determine their remuneration.

Resolution 6 – Power to allot and issue shares

The directors are not permitted to allot new shares (or to grant rights over shares) unless authorised to do so by the shareholders of the Company. At the annual general meeting of the Company held on 17 May 2023 (the "**2023 AGM**"), the directors were given authority to allot relevant securities up to a maximum aggregate nominal value of £4,660,424 (being two thirds of the then issued ordinary share capital of the Company). This authority expires at the conclusion of the AGM and the directors are seeking a fresh shareholder authority to allot relevant securities.

Accordingly, it is proposed that the directors are given general authority to allot relevant securities up to an aggregate nominal value of £63,201 (being one-third of the issued ordinary share capital as at 27 March 2024) and in addition to allot relevant securities only in connection with a rights issue or open offer up to a further aggregate nominal value of £63,201.

Shareholders will recall that in August 2023, the Company's share capital was reorganised in connection with the fundraising which was successfully completed at that time. As part of the reorganisation, new ordinary shares were created at a par value of 0.01p per share (compared with the previous ordinary shares which had a par value of 1p per share). Accordingly, the authority requested in this Resolution 6 is over a lower nominal value of shares although this comprises a larger number of shares. For further information please read Note 20 of the Annual Report & Accounts 2023.

Accordingly, if this resolution is passed, the directors will have the authority in certain circumstances to allot new shares and other relevant securities up to a total aggregate nominal value of £126,402 representing an amount equal to two-thirds of the Company's issued share capital as at 27 March 2024. Although the directors have no present intention of exercising this authority, the general authority to allot shares will provide flexibility for the Company to allot shares and to grant rights to subscribe for or to convert into shares when they consider it to be in the Company's interests to do so.

The authority, if granted, will expire on the earlier of the conclusion of the Company's next annual general meeting after the passing of this resolution and 15 months from the date of passing this resolution. The Board intends to seek its renewal at subsequent annual general meetings of the Company.

Resolution 7 – Disapplication of the statutory rights of pre-emption

Section 561 of the Companies Act 2006 gives holders of equity securities (within the meaning of that Act) certain rights of pre-emption on the issue for cash of new equity securities (other than in connection with an employee share scheme). The directors believe that it is in the best interests of the shareholders that the directors should have limited authority to allot ordinary shares (or rights to convert into or subscribe for ordinary shares, or sell any ordinary shares which the Company elects to hold in treasury) for cash without first having to offer such shares to existing shareholders in proportion to their existing holdings.

Resolution 7 proposes, in substitution for the powers that were granted to the directors at the 2023 AGM, that power be granted to allot securities for cash on a non-pre-emptive basis up to a maximum aggregate nominal value equal to £63,201 (representing approximately thirty-three per cent. of the nominal issued share capital of the Company as at 27 March 2024).

The resolution also disapplies the pre-emption rights to the extent necessary to facilitate rights issues, open offers and similar transactions without having to follow the specific statutory procedures that would otherwise apply to such issues.

The authority, if granted, will expire on the earlier of the conclusion of the Company's next annual general meeting after the passing of this resolution and 15 months from the date of passing this resolution. The Board intends to seek its renewal at subsequent annual general meetings of the Company.

Resolution 7 will be proposed as a special resolution.

New Employee Share Option Arrangements

Currently the Company has two share options plans, neither of which are available for new awards as each of them has passed the end dates set out in their respective rules. Accordingly, in order to align the interests of the employees with the Company's shareholders, the Company's Remuneration Committee, which comprises all of the Company's independent directors, proposes to put in place new employee share option arrangements. A description of the proposals is set out in the Directors' Remuneration Report which can be found on page 26 of the Annual Report & Accounts 2023.

Action to be taken

Your participation at the AGM is important to us. The AGM is a great opportunity for shareholders to communicate directly with us, express their views and to ask questions and we welcome your attendance. Whether or not you propose coming to the AGM and you want to vote on any of the resolutions you can do this in one of two ways:

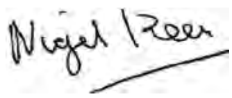
- Register your vote electronically by logging on to www.sharevote.co.uk: or
- Complete and return the enclosed proxy form

Proxy appointments, whether submitted electronically or by post, must be received by Equiniti by no later than 11.00 am on 6 May 2024. Your attention is drawn to the notes on the enclosed form of proxy.

Recommendation

Your directors believe that all the proposals to be considered at the AGM are in the best interests of the Company and its shareholders as a whole and recommend that shareholders vote in favour of the resolutions, as they intend to do in respect of their own beneficial shareholdings of 387,847,065 ordinary shares in aggregate, representing approximately 20 percent of the ordinary shares currently in issue.

Yours sincerely



Nigel Keen

Chairman

DELTEX MEDICAL GROUP plc

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the ANNUAL GENERAL MEETING of Deltex Medical Group plc will be held at the offices of DAC Beachcroft LLP, 25 Walbrook, London, EC4N 8AF at 11:00 am on 8 May 2024 to transact the following business:

Ordinary Business

As ordinary business, to consider and if thought fit pass the following resolutions, which will be proposed as ordinary resolutions:

1. To receive the Company's audited financial statements for the year ended 31 December 2023, together with the reports of the directors and of the auditors thereon.

2. To re-elect as a director Christopher Jones.

3. To re-elect as a director Natalie Wettler.

4. To elect as a director Ben Carswell.

5. To re-appoint Cooper Parry Group Limited as auditors of the Company to hold office until the conclusion of the next annual general meeting at which accounts are laid before the Company and that their remuneration be fixed by the directors.

To transact any other ordinary business of the Company.

Special Business

As special business, to consider and if thought fit pass the following resolutions, of which resolution 6 will be proposed as an ordinary resolution and resolution 7 as a special resolution:

6. THAT, in accordance with section 551 of the Companies Act 2006 (the "**Act**"), the directors be generally and unconditionally authorised to allot Relevant Securities (as defined below):

6.1. comprising equity securities (as defined by section 560 of the Act) up to an aggregate nominal amount of £63,201 in connection with an offer of such securities by way of a rights issue or open offer

(a) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

(b) to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

6.2. in any other case, up to an aggregate nominal amount of £63,201,

provided that this authority shall, unless renewed, varied or revoked by the Company, expire 15 months after the passing of this resolution or, if earlier, at the conclusion of the next annual general meeting of the Company after the passing of this resolution, save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the directors may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This resolution revokes and replaces all unexercised authorities previously granted to the directors to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

In this resolution, "**Relevant Securities**" means:

(a) shares in the Company, other than shares allotted pursuant to:

(i) an employee share scheme (as defined in section 1166 of the Act);

(ii) a right to subscribe for shares in the Company where the grant of the right itself constitutes a Relevant Security; or

(iii) a right to convert securities into shares in the Company where the grant of the right itself constitutes a Relevant Security; and

(b) any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined in section 1166 of the Act).

References to the allotment of Relevant Securities in this resolution include the grant of such rights.

7. THAT, subject to the passing of resolution 6, the directors be authorised to allot equity securities (as defined in section 560 of the Act) for cash under the authority conferred by that resolution and/or to sell ordinary shares held by the Company as treasury shares as if section 561 of the Act did not apply to any such allotment or sale, provided that such authority shall be limited to:

(a) the allotment of equity securities in connection with an offer of equity securities (but, in the case of the authority granted under 6.1, by way of a rights issue or open offer only)

(i) to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

(ii) to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

(b) the allotment of equity securities or sale of treasury shares (otherwise than pursuant to paragraph 7(a) of this resolution) to any person up to an aggregate nominal amount of £63,201.

The authority granted by this resolution will expire 15 months after the passing of this resolution or, if earlier, at the conclusion of the next annual general meeting of the Company after the passing of this resolution, save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted (or treasury shares to be sold) after the authority expires and the directors may allot equity securities (or sell treasury shares) in pursuance of any such offer or agreement as if the authority had not expired. This resolution revokes and replaces all unexercised powers previously granted to the directors to allot equity securities or sell treasury shares as if section 561 of the Act did not apply but without prejudice to any allotment of equity securities or sale of treasury shares already made or agreed to be made pursuant to such authorities.

By order of the Board

Natalie Wettler

Company Secretary

8 April 2024

Registered office:

Terminus Road

Chichester PO19 8TX

Notes:

Any member entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies (who need not be a member of the Company) to attend and to vote instead of the member. Completion and return of a form of proxy will not preclude a member from attending and voting at the meeting in person, should he or she subsequently decide to do so. In order to be valid, any form of proxy and power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority, must reach the Company's registrars, to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, not less than 48 hours before the time of the meeting or of any adjournment of the meeting.

Shareholders wishing to appoint a proxy and register their proxy votes electronically should visit the website, www.sharevote.co.uk. The on-screen instructions will give details on how to appoint a proxy and submit proxy voting instructions. Electronic proxy appointments and voting instructions must be received by no later than 11.00 am on 6 May 2024 (or 48 hours excluding non-working days before an adjourned meeting) in order to be valid. Shareholders may not use any other electronic address or telephone number, whether found in this circular and Notice of Meeting, or in the Annual Report & Accounts 2023 or on any form of proxy or the Company's website, for the purposes of submitting voting instructions or appointing proxies. The only electronic address accepted for this stated purpose is the one at the website, www.sharevote.co.uk.

To be entitled to attend and vote at the annual general meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at 6:30 pm on 6 May 2024 (or in the case of any adjournment, on the date which is forty-eight hours before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the annual general meeting. A copy of this notice, within the Annual Report & Accounts 2023, can be found on the Company's website, www.deltexmedical.com.

Shareholders can, at no cost, obtain copies of the audited financial statements of the Company for the year ended 31 December 2023 and the directors' and auditors' reports on those financial statements by application to the Company Secretary at the registered office of the Company. Biographical details of each director who is being proposed for re-election by shareholders are set out in the Company's annual report and accounts for the year ended 31 December 2023. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent, Equiniti (ID RA19), not later than 11.00 am on 6 May 2024 or, in the case of any adjournment, on the date which is forty-eight hours before the time of the adjourned meeting.

For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual.

We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) (a) of the Uncertified Securities Regulations 2001. In any case your proxy form must be received by the Company's registrars no later than 48 hours before the time of the meeting or of any adjourned meeting excluding any part of day that is not a working day.

If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 11:00 am on 6 May 2024 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

As at 27 March 2024, the Company's issued share capital consists of 1,896,025,700 ordinary shares of 0.01p each, carrying one vote each. No shares are held in treasury.