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23 September 2024

Deltex Medical Group plc
("Deltex Medical" or the "Group")
Interim results to 30 June 2024

Deltex Medical Group plc (AIM: DEMG), the global leader in oesophageal Doppler monitoring, today announces its unaudited interim results for the six months ended 30 June 2024 ("**H1 2024**" or the "**Period**").

HIGHLIGHTS

Financial

- Unaudited revenue for H1 2024 was flat at £1.1 million (H1 2023: £1.1 million), on substantially lower cash-adjusted overheads
- 39% reduction in sales and marketing costs during the Period to £259,000 (H1 2023: £425,000)
- Cash-adjusted overheads in the Period reduced by 35% to £1.0 million (H1 2023: £1.5 million)
- Significantly improved adjusted EBITDA loss of £274,000 (H1 2023: loss of £361,000)
- Cash at hand on 30 June 2024 was £326,000 (H1 2023: £107,000)

Business / commercial activities

- Quotations growing for the new TrueVue monitor – with orders beginning to climb, particularly from overseas territories
- Encouraging levels of orders for the previous version of the Group's monitor
- 14% increase in sales of single-use probes in the International division
- Opportunities for direct sales of Deltex Medical's technology into the UK appear to be increasing
- Ongoing research work carried out for the new, novel non-invasive device during the Period
- Natalie Wettler, current Group Finance Director, promoted to also be the Chief Operating Officer, reflecting her increased involvement in the operational management of the Group in 2024. While Natalie Wettler will maintain her finance responsibilities, this will enable the CEO, Andy Mears, to spend more time marketing and selling the new TrueVue monitor, particularly in overseas territories

Nigel Keen, Chairman of Deltex Medical, said:

"The new TrueVue monitor is beginning to show signs of traction, particularly in a number of overseas territories, although the timing of orders remains difficult to predict."

"The prospects for the new, novel non-invasive device remains exciting and we are encouraged by the results of the research carried out in the Period."

"The Board is pleased that Natalie Wettler – the Group's Finance Director – has accepted an additional role as Chief Operating Officer. This will enable Andy Mears, the CEO, to spend more time driving sales of the new TrueVue monitor, particularly into overseas territories where we are seeing increasing demand."

For further information, please contact:

Deltex Medical Group plc
Nigel Keen, Chairman
Andy Mears, Chief Executive
Natalie Wettler, Group Finance Director & Chief
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Notes for Editors

Deltex Medical's 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.

Deltex Medical's 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.

Deltex Medical's 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 further information please go to www.deltexmedical.com

CHAIRMAN'S STATEMENT

Financial results

Unaudited revenue for the six months ended 30 June 2024 was flat at £1.1 million (H1 2023: £1.1 million).

It is encouraging that similar revenue levels to the comparative reporting period in 2023 were achieved in the Period with a substantially lower cost base:

- the head count in the Period comprised 24 employees, compared with 40 in H1 2023;
- expenditure on sales and marketing decreased by £166,000 (39%) to £259,000 (H1 2023: 425,000); and
- cash-adjusted overheads in the Period decreased by 35% to £996,000 (H1 2023: £1,524,000). Further information on the cash-adjusted decrease in overheads in the Period is set out below in Note 6 of the unaudited financial statements.

The significantly lower level of capitalised development expenditure reflects the successful launch of the new TrueVue monitor.

Although the revenue line is not yet benefiting from a substantial volume of sales of the new TrueVue monitor, it is encouraging that enquiries and orders in relation to the TrueVue monitor have been growing, particularly from the Group's network of some 40 overseas distributors.

Single-use ODM probe revenues associated with purchases by the Group's international distributors were also encouraging, with an increase of 14% in the Period, which helped offset a slight decline in single-use ODM probe orders in the UK.

Notwithstanding the cost reduction programme last year, the Group remains highly operationally geared. It is structured so that it can manufacture and deliver significantly higher volumes of both monitors and probes without adding substantially to its current level of overheads.

The gross margin in the Period was broadly unchanged at 67% (H1 2023: 69%). The slight reduction in gross margin in H1 2024 reflects higher levels of lower margin sales of probes to international distributors as well as the effect of reduced manufacturing-related recoveries, and associated inefficiencies, in the first half as production of the new TrueVue monitor was ramped up.

Adjusted EBITDA, which comprises the operating loss adjusted for depreciation, amortisation, equity-settled non-executive directors' fees, share-based payments and certain other items, significantly improved by £99,000 with a loss of £274,000 (H1 2023: £(361,000)).

In contrast to the first half of 2023, where the adjusted EBITDA was negative every month, in H1 2024 there were two months when the adjusted EBITDA was positive.

Loss before taxation in the Period was essentially unchanged at £546,000 (H1 2023: £537,000).

Cash at hand as at 30 June 2024 was £326,000 (H1 2023: £107,000).

Commercial and business activities

New 'TrueVue' monitor

There has been increasing and encouraging levels of interest in the new TrueVue monitor in the markets where it has been launched, including the UK, the EU and in other markets that accept the European Union's CE mark.

In the UK, the new TrueVue System has been successfully included on the NHS Supply Chain national framework and first units have been delivered to an NHS hospital. The Group anticipates selling further units into NHS hospitals in the second half of the current financial year, although there remain some uncertainties around capital expenditure budgets in the UK.

In H1 2024, orders for the TrueVue monitor from continental Europe largely related to purchases by the Group's long-standing network of international distributors that are gearing up to aggressively promote the new TrueVue monitor in the fourth quarter of the year.

Sales of the new TrueVue monitor have commenced in Latin America where two countries have completed local registration filings. The Group believes that there should be further orders from Latin America in the second half of the current financial year, although the timing of cash receipts from this region can be challenging.

In anticipation of increased levels of future overseas sales, the Group's network of international distributors has been expanded and strengthened since the beginning of the year. In particular, new distributors have been signed up and trained in Latin America and in South East Asia where there appears to be encouraging levels of interest in the Group's ODM technology.

Since the beginning of the year, significant work has taken place at the Group's Chichester headquarters across a number of disciplines relating to the optimisation of assembly processes required for the production of the new TrueVue monitor. A small number of minor "teething" issues were identified, which have now been successfully addressed. Confidence in the production processes is growing. The fully-loaded manufacturing costs for the new TrueVue monitor are beginning to decline to anticipated levels as production volumes and associated efficiencies climb.

To reflect the increasing involvement of Natalie Wettler in the operational management of the Group, the Board has promoted Natalie, the current Group Finance Director, to also be the Chief Operating Officer. In addition to retaining her Finance Director responsibilities, she will be charged with spending time on improving the Group's operational activities, including the production facilities, responsibilities that Natalie has been gradually increasing this year. This change in management structure will enable Andy Mear's, Deltex Medical's Chief Executive Officer, to spend more time on new sales initiatives in the UK and internationally for the new TrueVue monitor, securing tenders for the previous version of the monitor, working more closely with the Group's network of overseas distributors selling across the International Division and also carrying out 'voice of the customer' market research for the Group's new non-invasive device.

Previous version of the TrueVue monitor

Deltex Medical often responds to large tenders for haemodynamic monitoring technology that remain extant for a number of years. As a result, the Group is still winning, and in some cases waiting to hear the outcome of, a number of international tenders on which it has been working for some time with its in-country distributors. Accordingly, the Group is still expecting to win orders for the previous version of the TrueVue monitor; and it has sufficient sub-assemblies and components in stock to be able to rapidly and profitably convert these stock holdings into cash via these historic tender wins.

During the Period there was an encouraging level of orders relating to the previous version of the monitor from a number of distributors. These orders are likely to drive concomitant international probe revenues which is anticipated to help build the Group's book of high margin, recurring revenues associated with its single use probes.

It will inevitably take some time to complete all the necessary regulatory filings for the new TrueVue monitor. Whilst these regulatory submissions are taking place, including in the critical USA market via a 510(k) submission, the Group is positioned to sell the previous version of the monitor in order to help it retain market share.

US regulatory approval for the TrueVue monitor is expected to be granted during 2025.

The veterinary version of the previous monitor has been launched in China and the first order is expected to be received later this year.

Sale of single use probes

Single-use ODM probe revenues increased slightly in the Period to £824,000 (H1 2023: £815,000).

Probe sales in the International division, which rely on purchases by distributors, increased by 14%. This increase helped offset a decline in probe revenues in the UK market, believed to be associated with market uncertainty as to the timing of the launch of the new monitor.

The Group highlights that the same single-use ODM probes are used in the new TrueVue monitor as well as in the previous version of Deltex Medical's monitor. Accordingly, as sales of the new TrueVue monitor increase, then probe revenues are also expected to grow.

New product development

Notwithstanding the focus on the launch of the TrueVue monitor, Deltex Medical's technologists have also made good progress on further research to advance its novel, non-invasive version of Deltex Medical's ODM technology.

The Group believes that this new, non-invasive device, which should have a substantially larger addressable market in terms of applications within hospitals as well as in primary care settings, represents a significant opportunity for the Group to build substantial revenues in the future.

Although this new non-invasive device is still in the research phase, the Group is working on the basis that it will ultimately end up representing a form of digital haemodynamic stethoscope. This will give healthcare workers, ranging from doctors to nurses across a range of departments, immediate access to high quality, real-time haemodynamic data in respect of their patients. This data is expected to give rise to improved and more rapid treatment of patients throughout a hospital or other clinical care-giving facility such as the Accident & Emergency department or a primary care (GP) doctor's surgery.

Further progress on the necessary research work associated with this novel non-invasive device is expected during the second half of this financial year as significantly less technical support will be required from the Group's engineers to support the increase in production volumes of the new TrueVue monitor.

Market feedback and 'voice of the customer' work continues on this new non-invasive technology to enable the Group to develop an optimised commercialisation plan in advance of its launch.

Current trading and prospects

The Group's performance in H1 2024 was encouraging and was broadly in line with internal budgets.

Sales of the new TrueVue monitor are still building and have not reached their anticipated run rate. It remains difficult to predict the timing and quantum of orders for the new monitor, in part as many sales are carried out by international distributors.

As expected, direct sales were a little slow over the summer months, although a number of significant orders were received from Latin America which require onerous documentation to be satisfied prior to shipment.

The Group remains focussed on driving up sales of the new TrueVue Monitor whilst its technical teams continue their work on the new, novel non-invasive ODM device.

Deltex Medical continues to take robust actions in order to attain EBITDA positive trading.

Nigel Keen
Chairman
20 September 2024

Condensed Consolidated Statement of Comprehensive Income
For the period ended 30 June 2024

	Note	Unaudited		Audited
		Six months ended 30 June 2024 £'000	Six months ended 30 June 2023 £'000	Year ended 31 December 2023 £'000
Revenue	4	1,064	1,059	1,776
Cost of sales		(353)	(331)	(651)
Gross profit		711	728	1,125
Administrative expenses		(597)	(642)	(1,081)
Sales and distribution expenses		(262)	(427)	(685)
Research and Development, Quality and Regulatory Exceptional Costs	9	-	(116)	(217)
		-	-	(366)
Total costs		(1,153)	(1,185)	(2,349)
Other gain	8	-	40	172
Operating loss		(442)	(417)	(1,052)
Finance costs		(104)	(119)	(230)
Loss before taxation		(546)	(536)	(1,282)
Tax credit adjustment	8	-	(1)	-
Loss for the period/year		(546)	(537)	(1,282)
Other comprehensive income/(expense)				
Items that may be reclassified to profit or loss:				
Net translation differences on overseas subsidiaries		4	6	5
Other comprehensive income/(expense) for the period/year, net of tax		4	6	5
Total comprehensive loss for the period/year		(542)	(531)	(1,277)
Total comprehensive loss for the period/year attributable to:				
Owners of the Parent		(541)	(532)	(1,252)
Non-controlling interests		(1)	1	(25)
		(542)	(531)	(1,277)
Loss per share – basic and diluted	10	(0.03)p	(0.08)p	(0.11p)

Condensed Consolidated Balance Sheet
As at 30 June 2024

	Note	Unaudited		Audited
		30 June 2024	30 June 2023 (restated)*	31 December 2023
		£'000	£'000	£'000
Assets				
Non-current assets				
Property, plant and equipment		169	237	198
Intangible assets	6	3,894	3,986	3,965
Total non-current assets		4,063	4,223	4,163
Current assets				
Inventories	11	653	824	716
Trade receivables		241	440	177
Financial assets at amortised cost		-	15	-
Other current assets		136	136	87
Current income tax recoverable		81	40	84
Cash and cash equivalents	12	326	107	705
Total current assets		1,437	1,562	1,769
Total assets		5,500	5,785	5,932
Liabilities				
Current liabilities				
Borrowings	13	(801)	(1,147)	(79)
Trade and other payables	14	(814)	(1,585)	(855)
Total current liabilities		(1,615)	(2,732)	(934)
Non-current liabilities				
Borrowings	13,15	(1,034)	(998)	(1,665)
Trade and other payables	14	(87)	(148)	(119)
Provisions		(76)	(67)	(71)
Total non-current liabilities		(1,197)	(1,213)	(1,855)
Total liabilities		(2,812)	(3,945)	(2,789)
Net assets		2,688	1,840	3,143
Equity				
Share capital	16	7,254	7,091	7,204
Share premium		35,684	33,682	35,650
Capital redemption reserve		17,476	17,476	17,476
Other reserve		476	559	473
Translation reserve		177	174	173
Convertible loan note reserve		82	82	82
Accumulated losses		(58,314)	(57,104)	(56,769)
Equity attributable to owners of the Parent		2,835	1,960	3,289
Non-controlling interests		(147)	(120)	(146)
Total equity		2,688	1,840	3,143

* See note 14 for details on the prior year restatement relating to an offset of a debtor and creditor balance

Deltex Medical Group plc
Interim financial statements for the six-month period ended 30 June 2024

Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 2024 (unaudited)

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve £'000	Convertible loan note reserve £'000	Translation reserve £'000	Accumulated losses £'000	Total £'000	Non- controlling interest £'000	Total equity £'000
Balance at 1 January 2024	7,204	35,650	17,476	473	82	173	(57,769)	3,289	(146)	3,143
Comprehensive income										
Loss for the period	-	-	-	-	-	-	(545)	(545)	(1)	(546)
Other comprehensive income for the period	-	-	-	-	-	4	-	4	-	4
Total comprehensive income for the six- month period	-	-	-	-	-	4	(545)	(541)	(1)	(542)
Transactions with owners of the Group										
Shares issued during the year	50	34	-	-	-	-	-	84	-	84
Issue expenses	-	-	-	-	-	-	-	-	-	-
Equity-settled share- based payment	-	-	-	3	-	-	-	3	-	3
Balance at 30 June 2024	7,254	35,684	17,476	476	82	177	(58,314)	2,835	(147)	2,688

Deltex Medical Group plc
Interim financial statements for the six-month period ended 30 June 2024

Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 2023 (unaudited)

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve £'000	Convertible loan note reserve £'000	Translation reserve £'000	Accumulated losses £'000	Total £'000	Non- controlling interest £'000	Total equity £'000
Balance at 1 January 2023	6,990	33,672	17,476	527	82	168	(56,566)	2,349	(121)	2,228
Comprehensive income										
Loss for the period	-	-	-	-	-	-	(538)	(538)	1	(537)
Other comprehensive income for the period	-	-	-	-	-	6	-	6	-	6
Total comprehensive income for the six- month period	-	-	-	-	-	6	(538)	(532)	1	(531)
Transactions with owners of the Group										
Shares issued during the year	101	10	-	-	-	-	-	111	-	111
Issue Expenses	-	-	-	-	-	-	-	-	-	-
Equity-settled share- based payment	-	-	-	32	-	-	-	32	-	32
Balance at 30 June 2023	7,091	33,672	17,476	559	82	174	(57,104)	1,960	(120)	1,840

Deltex Medical Group plc
Interim financial statements for the six-month period ended 30 June 2024

Condensed Consolidated Statement of Changes in Equity for the year ended 31 December 2023 (audited)

	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 income										
Loss for the period	-	-	-	-	-	-	(1,257)	(1,257)	(25)	(1,282)
Other comprehensive income for the period	-	-	-	-	-	5	-	5	-	5
Total comprehensive income 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)	2,349	(146)	3,143

Deltex Medical Group plc
Interim financial statements for the six-month period ended 30 June 2024

Condensed Consolidated Statement of Cash Flows
For the period ended 30 June 2024

	Unaudited		Audited
	Six months ended 30 June 2024 £'000	Six months ended 30 June 2023 £'000	Year ended 31 December 2023 £'000
Cash flows from operating activities			
Loss before taxation	(546)	(536)	(1,282)
Adjustments for:			
Finance costs	104	119	230
Depreciation of property, plant and equipment	39	38	110
Amortisation of intangible assets	84	20	23
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)	(89)
Non-Executive Director fees	40	-	91
Share-based payment expense	3	32	-
Other gain	-	(40)	(83)
Effect of exchange rate fluctuations	4	6	5
	(272)	(450)	(843)
Decrease/(increase) in inventories	71	(3)	105
(Increase)/decrease in trade and other receivables	(113)	25	332
(Decrease)/increase in trade and other payables	(44)	147	(691)
Decrease in staff advances	-	-	15
Increase in provisions	5	3	7
Net cash used in operations	(353)	(278)	(1,075)
Interest paid	(82)	(98)	(191)
RDEC taxes received	-	71	71
Net cash used in operating activities	(435)	(305)	(1,195)
Cash flows from investing activities			
Purchase of property, plant and equipment	-	(6)	(9)
Proceeds from sale of loan monitors	12	-	-
Capitalised development expenditure (net of grants)	(11)	(236)	(361)
Interest received	1	-	-
Net cash used in investing activities	2	(242)	(370)
Cash flows from/ (used in) financing activities			
Issue of ordinary share capital	-	-	1,887
Expenses in connection with share issue	-	-	(193)
Net movement in invoice discounting facility	72	(38)	(106)
Standby loan facility drawdown	-	250	250
Principal lease payments	(29)	(22)	(52)
Net cash generated from financing activities	43	190	1,786
Net (decrease) / increase in cash and cash equivalents	(390)	(357)	221
Cash and cash equivalents at beginning of the period	705	471	471
Exchange loss on cash and cash equivalents	11	(7)	13
Cash and cash equivalents at the end of the period	326	107	705

Notes to the condensed consolidated interim financial statements

1. Reporting Entity

These condensed consolidated interim financial statements ('Interim 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 AIM 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. These Interim Financial Statements are as at and for the period ended 30 June 2024.

The Group is principally involved with the manufacture and sale of advanced haemodynamic monitoring technologies.

2. Basis of accounting

These interim financial statements are for the six months ended 30 June 2024. They are unaudited and do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2023 (Annual Report & Accounts 2023).

These interim financial statements do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The summary of results for the year ended 31 December 2023 is an extract from the published consolidated financial statements of the Group for that year which have been reported on by the Group's auditors and delivered to the Registrar of Companies. The Independent Auditor's Report on the Annual Report & Accounts for 2023 was unqualified.

These interim 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 and are expected to be applied in the preparation of the financial statements for the year ending 31 December 2024. There are no accounting pronouncements which have become effective from 1 January 2024 that have a significant impact on the Group's interim financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The interim financial statements were approved for issue by the board of directors of the Group on 20 September 2024.

3. Use of judgements and estimates

In preparing these interim 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. Although these estimates are based on the directors' best knowledge of the amount, event or actions, it should be noted that actual results may differ from those estimates.

The significant judgements and estimates made by the directors in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those disclosed in Annual Report & Accounts 2023.

Deltex Medical Group plc
Interim financial statements for the six-month period ended 30 June 2024

Notes to the condensed consolidated interim financial statements (continued)

4. Revenue

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 six months ended 30 June 2024 (Unaudited)

	Direct markets			Indirect markets			Total £'000
	Probes £'000	Monitors £'000	Other £'000	Probes £'000	Monitors £'000	Other £'000	
UK	186	12	22	-	-	-	220
USA	134	-	26	-	-	-	160
France	-	-	-	179	9	4	192
Latin America	-	-	-	85	67	1	153
Portugal	-	-	-	126	-	-	126
Scandinavia	-	-	-	33	5	1	39
South Korea	-	-	-	38	-	-	38
Other countries	1	-	-	42	91	2	136
	321	12	48	503	172	8	1,064

For the six months ended 30 June 2023 (Unaudited)

	Direct markets			Indirect markets			Total £'000
	Probes £'000	Monitors £'000	Other £'000	Probes £'000	Monitors £'000	Other £'000	
UK	212	113	15	-	-	-	340
USA	156	4	20	-	-	-	180
France	-	-	-	248	-	2	250
Scandinavia	-	-	-	49	-	1	50
Latin America	-	-	-	37	-	-	37
Hong Kong	-	-	-	6	62	-	68
Portugal	-	-	-	63	-	-	63
Other countries	5	-	1	39	22	4	71
	373	117	36	442	84	7	1,059

For the year ended 31 December 2023 (Audited)

	Direct markets			Indirect markets			Total £'000
	Probes £'000	Monitors £'000	Other £'000	Probes £'000	Monitors £'000	Other £'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

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Notes to the condensed consolidated interim financial statements (continued)

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.

	Period ended		Year ended
	30 June 2024	30 June 2023	31 December 2023
	£'000	£'000	£'000
Sale of goods	1,046	1,038	1,732
Maintenance income	18	21	44
	1,064	1,059	1,776

The following table provides information about trade receivables and contract liabilities from contracts with customers. There were no contract assets at either 30 June 2024 or 31 December 2023.

	30 June 2024	30 June 2023	31 December 2023
	£'000	£'000	£'000
	Trade receivables which are in 'Trade and other receivables'	298	440
Contract liabilities	(46)	(48)	(44)

The following aggregated amounts of transaction prices relate to the performance obligations from existing contracts that are unsatisfied or partially unsatisfied as at 30 June 2024:

	2024	2025	2026	2027	Total
	£'000	£'000	£'000	£'000	£'000
Revenue expected to be recognised	23	14	2	7	46

5. Segmental analysis

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, non-executive directors' fees, as well as any exceptional items' (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.

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Notes to the condensed consolidated interim financial statements (continued)

The unaudited operating segment results for the six months ended 30 June 2024 are:

	Probes ¹	Monitors	Other	Unallocated	Total
	£'000	£'000	£'000	£'000	£'000
Revenues	824	183	57	-	1,064
Adjusted gross profit²	548	138	41	-	727
Sales and marketing costs	-	-	-	(259)	(259)
Administration costs	-	-	-	(533)	(533)
R&D costs	-	-	-	(137)	(137)
Quality and regulation costs	-	-	-	(72)	(72)
Adjusted EBITDA	-	-	-	-	(274)

1. Managed care service revenue is categorised as probe revenue
2. Gross profit excluding the depreciation charge relating to monitors loaned to customers and production equipment (£14,000)

The unaudited operating segment results for the six months ended 30 June 2023 were:

	Probes ¹	Monitors	Other	Unallocated	Total
	£'000	£'000	£'000	£'000	£'000
Revenues	815	201	43	-	1,059
Adjusted gross profit²	572	145	21	-	738
Sales and marketing costs	-	-	-	(425)	(425)
Administration costs	-	-	-	(587)	(587)
R&D costs	-	-	-	(1)	(1)
Quality and regulation costs	-	-	-	(86)	(86)
Adjusted EBITDA	-	-	-	-	(361)

1. Managed care service revenue is categorised as probe revenue
2. Gross profit excluding the depreciation charge relating to monitors loaned to customers and production equipment (£10,000)

The audited operating segment results for the year ended 31 December 2023 were:

	Probes ¹	Monitors	Other	Unallocated	Total
	£'000	£'000	£'000	£'000	£'000
Revenues	1,425	258	93	-	1,776
Adjusted gross profit²	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 monitors loaned to customers and production equipment (£4,000) and including exceptional items (£101,000)

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Notes to the condensed consolidated interim financial statements (continued)

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:

	Unaudited		Audited
	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
Adjusted EBITDA	(274)	(361)	(860)
Non-cash items:			
Depreciation of property, plant and equipment	(39)	(38)	(110)
Amortisation of development costs	(84)	(20)	(23)
Non-executive directors' fees and employer's NIC	(31)	(71)	(91)
Gain on convertible loan note	-	89	89
Write off of research and development projects not taken forward	-	-	(141)
Share-based payment expense	(3)	(32)	-
Change in accumulated absence cost liability	(11)	(24)	1
Cash item: Other tax income	-	40	83
	(168)	(56)	(192)
Operating loss	(442)	(417)	(1,052)
Finance costs	(104)	(119)	(230)
Loss before tax	(546)	(536)	(1,282)
Tax credit on loss	-	(1)	-
Loss for the period/year	(546)	(537)	(1,282)

6. Cash-adjusted overheads and capitalised development costs

In November 2023, the Group's new monitor development project, the TrueVue monitor, became available for sale and consequently amortisation of the capitalised costs for that project commenced from that date. Expenditure incurred in periods up until November 2023, in respect of the development of the new monitor, has been capitalised whereas expenditure incurred after November 2023 on this project is charged to the Consolidated SOCI in the period in which it is incurred. Development costs capitalised for the six months to 30 June 2024 were £11,000 (six months to 30 June 2023: £435,000). The Group reviews the cash-adjusted overhead as part of its monthly financial review at a Group level.

A reconciliation between overheads in the Consolidated SOCI and cash-adjusted overheads is shown below:

	Unaudited		Audited
	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
Total overhead costs excluding exceptional costs	(1,153)	(1,185)	(1,983)
Capitalised development expenditure	(11)	(435)	(627)
Non-cash items:			
Depreciation of property, plant and equipment	39	38	110
Amortisation of development costs	84	20	23
Non-executive directors' fees and employer's NIC	31	71	91
Gain on convertible loan note	-	(89)	(89)
Share-based payment expense	3	32	-
Change in accumulated absence cost liability	11	24	(1)
	157	(339)	(493)
Cash-adjusted overheads	(996)	(1,524)	(2,476)

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Notes to the condensed consolidated interim financial statements (continued)

7. Dividends

The Directors cannot recommend the payment of a dividend for 2024 (2023: nil).

8. Tax credit on loss

	Unaudited		Audited
	30 June 2024	30 June 2023	31 December 2023
	£'000	£'000	£'000
Research and development tax credit adjustment	-	1	(1)
Adjustment in respect of prior years	-	-	1
Total current tax	-	-	-
Total deferred tax	-	-	-
Total tax credit adjustment	-	1	-

There was no other gain amount for the six months to 30 June 2024 (six months to 30 June 2023: £40,000). This comprises tax income arising from the Research and Development Expenditure Credit scheme which is accounted for as a government grant.

9. Exceptional items

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 the Group's underlying business performance.

	Unaudited		Audited
	30 June 2024	30 June 2023	31 December 2023
	£'000	£'000	£'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. Loss per share

Basic loss per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares issued during the year.

The loss per share calculation for six months to 30 June 2024 is based on the loss of £545,000 and the weighted average number of shares in issue of 1,891,934,069.

For the six months to 30 June 2023, the loss per share calculation is based on the loss of £538,000 and the weighted average number of shares in issue of 703,227,881.

For the year ended 31 December 2023, 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.

While the Group is loss-making, the diluted loss per share and the loss per share are the same.

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Notes to the condensed consolidated interim financial statements (continued)

11. Inventories

Inventories at 30 June 2024 include the following finished Goods: 8,709 probes (30 June 2023: 16,800) and 100 monitors (30 June 2023: 113).

12. Cash at bank

	Unaudited		Audited
	30 June 2024	30 June 2023	31 December 2023
	£'000	£'000	£'000
Cash at bank	326	107	705

13. Borrowings

	Unaudited				Audited	
	30 June 2024		30 June 2023		31 December 2023	
	Current £'000	Non-current £'000	Current £'000	Non-current £'000	Current £'000	Non-current £'000
Invoice discount facility	151	-	147	-	79	-
Standby loan facility	650	-	750	-	-	650
Bridging loan facility	-	-	250	-	-	-
Convertible loan note	-	1,034	-	998	-	1,015
	801	1,034	1,147	998	79	1,665

14. Trade and other payables

	Unaudited				Audited	
	30 June 2024		30 June 2023		31 December 2023	
	Current £'000	Non-current £'000	Current £'000	Non-current £'000	Current £'000	Non-current £'000
Trade payables	193	-	600	-	173	-
Other payables	82	-	90	-	89	-
Social security and other taxes	97	-	145	-	94	-
Lease obligations	61	87	55	148	58	119
Contract liabilities	46	-	48	-	44	-
Employee short-term benefits	34	-	48	-	23	-
Accrued expenses	301	-	599	-	374	-
	814	87	1,585	148	855	119

In the prior year, a non-current other receivable was recognised of £159,000. 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 in the prior year, was an amount of £249,000, payable to the non-controlling interest in the Group's Canadian subsidiary. These balances have been offset in the interim financial statements, with the prior year balances being restated as a net payable of £90,000. The offset balance as at 30 June 2024 is a net payable of £82,000.

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Notes to the condensed consolidated interim financial statements (continued)

15. Convertible loan note

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

	Financial liability £'000	Equity component £'000	Total £'000
Carrying amount at 1 January 2024	1,015	82	1,097
Interest expense	63	-	63
Interest paid	(44)	-	(44)
Carrying amount at 30 June 2024	1,034	82	1,116

The convertible loan note falls due for repayment in June 2026. The convertible loan note is, at the option of the loan note holder, convertible at any time into new ordinary shares of 1 penny each at a conversion price of 4 pence per share.

16. Share capital

In January 2024, 49,372,352 new ordinary shares of 1 pence each were issued at a price of 0.17 pence per ordinary share to satisfy certain current and former non-executive directors' fees for the year ended 31 December 2023.

There were no share options exercised during the six months ended 30 June 2024 or the six months ended 30 June 2023.

17. Seasonal fluctuations

Revenues in our Distributor markets are traditionally higher in the second half of the financial year due to the purchasing patterns of customers.

18. Foreign exchange rates

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

	Unaudited		Audited			
	30 June 2024		30 June 2023		31 December 2023	
	Average rate	Closing rate	Average rate	Closing rate	Average rate	Closing rate
Sterling/US dollar	1.27	1.26	1.23	1.27	1.24	1.27
Sterling/Euro	1.17	1.18	1.14	1.16	1.15	1.15
Sterling/Canadian dollar	1.72	1.73	1.67	1.68	1.68	1.69

19. Distribution of the announcement

Copies of this announcement are sent to shareholders on request and will be available for collection free of charge from the Group's registered office at Terminus Road, Chichester, PO19 8TX, United Kingdom. This announcement is available, free of charge, from the Group's website at www.deltexmedical.com

20. Cautionary statement

This announcement contains forward-looking statements which are made in good faith based on the information available at the time of its approval. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by several risks and uncertainties that are inherent in any forward-looking statement which could cause actual results to differ materially from those currently anticipated. Nothing in this document should be considered to be a profit forecast.