

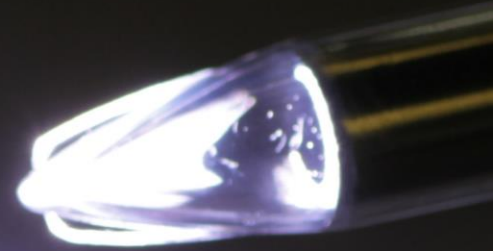


# Surgical Innovations Group Plc

2024 H1 Investor  
Presentation

David Marsh, CEO  
Chris Martin, CFO

# Commercial & Operational Highlights



# Commercial & Operational Highlights



Strong sales in SI-branded products in key markets



OEM performance above plan as supply chain issue and backorder resolved



Implementation of operational improvement plan to improve margins and efficiencies



Successful roll-out of new products to UK and global markets



Inventory reduction plan initiated to improve working capital

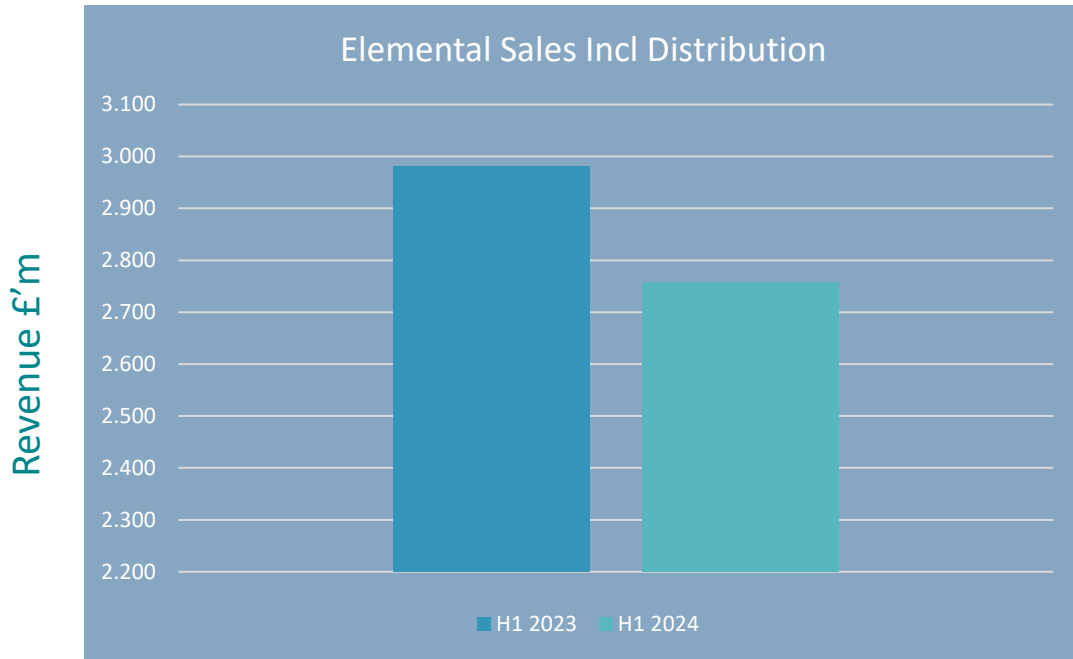


Sustainability messaging continues to gain traction in key markets

# Market Overview

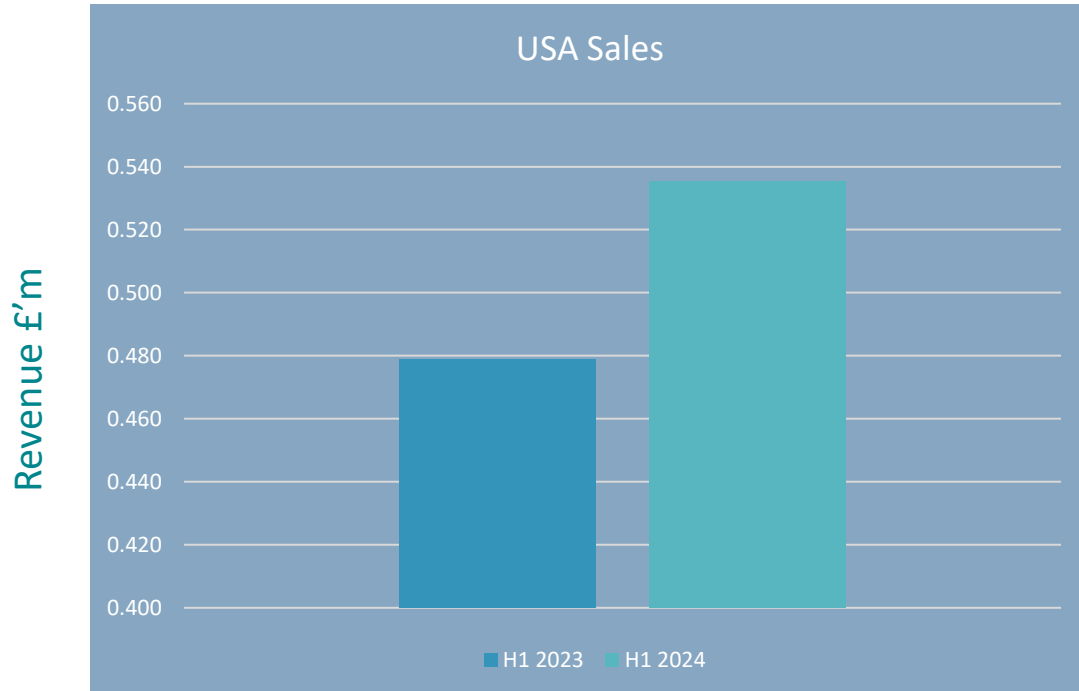


# Market Overview - Elemental



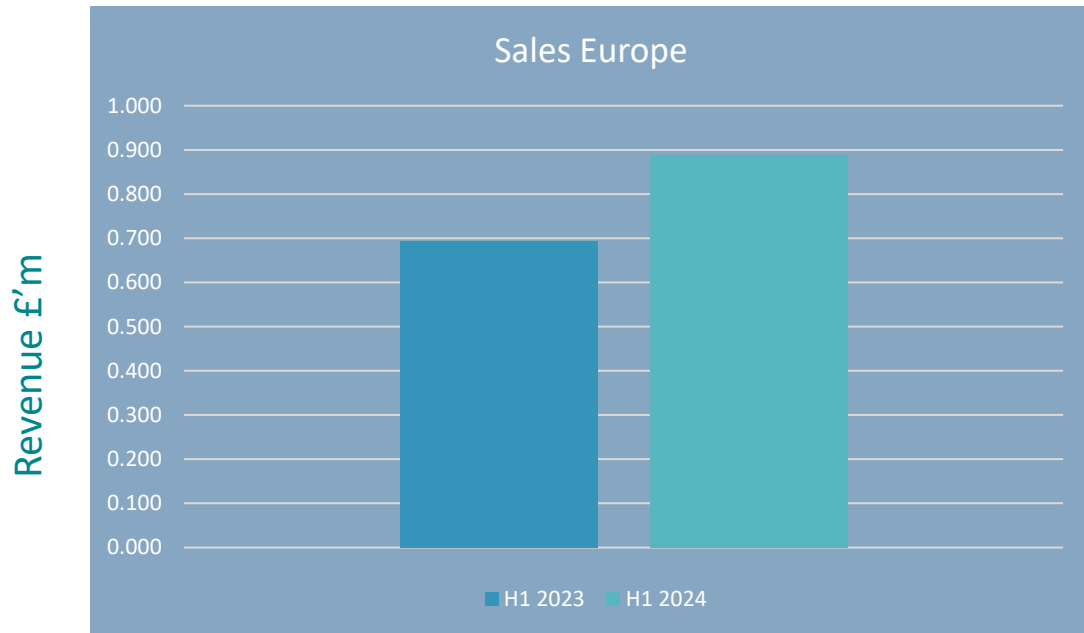
- Challenging environment and strategic product repositioning resulted in sales declining 8%
- Robust organic growth in SI-branded products
- Sustainability continues to drive new account conversions
- New third-party product introduction set for Q4 2024 which provides opportunity for H2 and 2025

# Market Overview - USA



- Sales shows growth, up 15% v H1 2023
- Continue to explore opportunities for routes to market outside Adler Instruments territory
- LogiTube launch anticipated in late Q4 subject to regulatory approval
- Access Device market remains challenging, further training and new incentive scheme in Q4

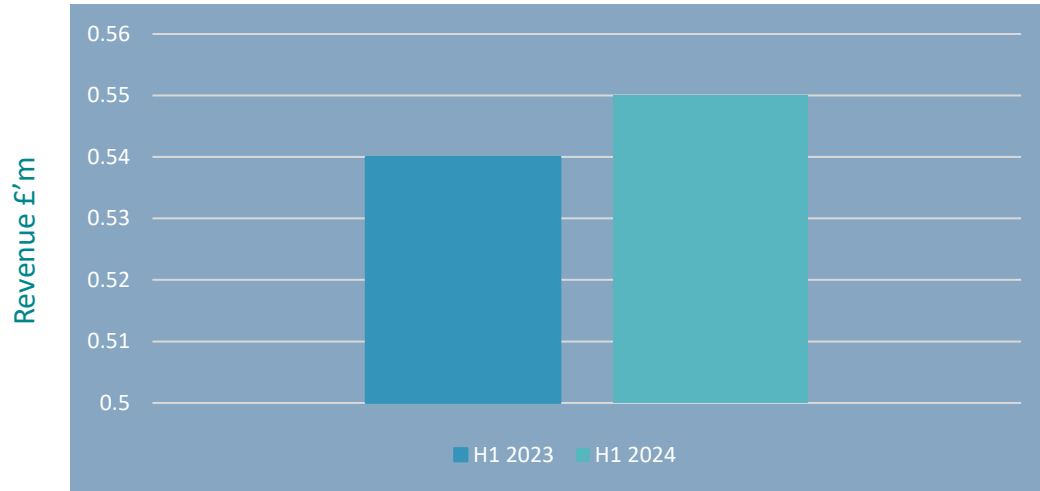
# Market Overview - Europe



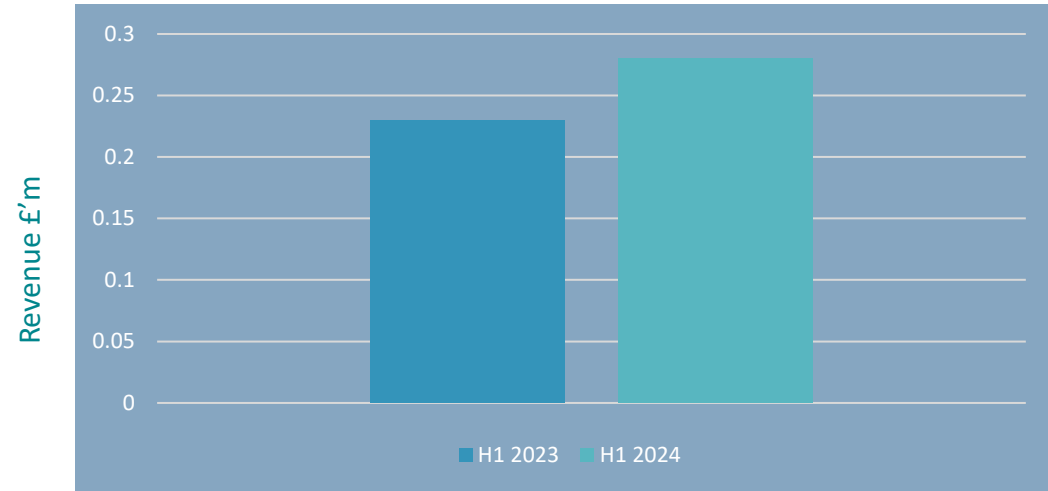
- Strong performance with sales growth of 28%
- Focused training and sales support driving growth
- Continued roll-out of LogiTube providing opportunity in H2
- New Elite XL Cannula provides opportunity to capitalise on bariatric market, especially in Germany

# Market Overview – APAC & ROW

APAC



ROW

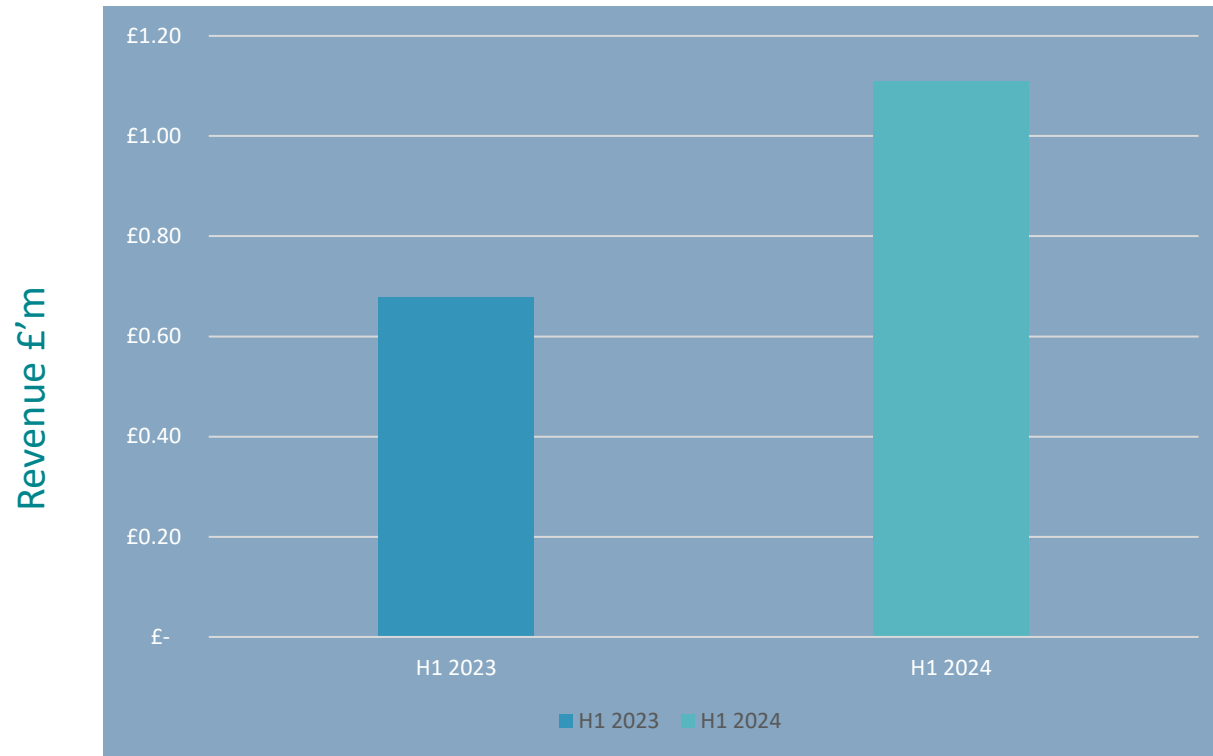


- Modest growth, 2% over H1 2023
- Slower ordering as both Japan and India balanced inventory, however more normalised order patterns returning in H2 2024
- India converting some significant accounts

- Continued strong sales growth, 23% v H1 2023
- Sustainability proving to be a strong driver in Canada
- Strong LogiTube sales in Israel



# Market Overview - OEM



- Significant sales growth, up 63%, driven by resolution of supply chain issues and clearing backorder
- Order book normalising in H2
- Opportunities with other OEM partners

# Compliance Update

UK  
CA

 EU-MDR

- Quality System, Technical files and Microbiology compliant with MDR, audited by BSI and fully approved
- Product Technical reviews well underway for all products with progress as follows 2/3 approved for MDR, 1/3 has clinical review in progress
- Extension of timeline for transition to MDR has slowed pace of audit and review
- UKCA approved on all products
- MDSAP and Microbiology audits successfully completed

# Sustainability Drives Growth

## Delivering Sustainable Surgery In India

Launched to the Indian market during late 2023, Sir Ganga Ram Hospital in Delhi is showcasing the way through it's progressive conversion to YelloPort Elite™.

A forecasted **5.1 tonne<sup>3</sup>** reduction in **CO2e generation** will be achieved year on year, the equivalent to over **14,000 miles** in the average petrol car.

Clinical waste generated through the historical adoption of single use Port Access Systems will also reduce by roughly **61 kg<sup>3</sup>** per annum, the equivalent to roughly **3,080** 500ml plastic bottles.

## Prix Galien Nomination In Belgium

Internationally renowned as the industry equivalent of the Nobel Prize in medical innovation, in 2023 YelloPort Elite™ was nominated in the category of innovation in pharma and medical devices.

Although we didn't win the award this time, for over **ten years** and now roughly **14%** of all hospitals in Belgium adopt YelloPort Elite™.

With it's independently validated **environmental** and **economical** value, YelloPort Elite™ has also become synonymous for **product efficacy**, device performance and **longevity** with Clinicians across Belgium.

## Leading The Evolution In The UK

An innovative tertiary teaching hospital based in the South East of England, is spearheading transformation by introducing hybrid Port Access Systems to their surgical care provision.

In 2022 the Trust started the successful transitioned to YelloPort Elite™, with the Trust making a per annum reduction of roughly **2.6 tonnes<sup>3</sup>** CO2e generation, the equivalent to **174,284 smartphone charges**, and a clinical waste reduction of **197 kg<sup>3</sup>**. This was all underpinned by a **significant cost saving** to the Trust.

In 2024 the Trust continued to expand their use of YelloPort Elite™ through it's adoption within their Gynaecology service, continuing to deliver more sustainable healthcare provision as a result.

# New Product Developments

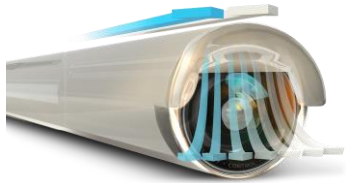
- Successful launch of LogiTube. International roll-out in progress
- Successful launch of 5mm Cutting Shielded Trocar too address needs especially in Gynaecology
- Development of an illuminated version of Logitube
- Rapid development of the YelloPort XL cannula to address significant opportunity in bariatric surgery
- Focus on materials offers potential for improvement in margins, with particular focus on the valves



# New Third-Party Product Opportunities

Distribution Contracts Completed

**CIPHER**  
SURGICAL



## Cipher Surgical

- Existing revenue in UK
- UK company
- Struggled with S&M bandwidth

**Aspen**  
Surgical®

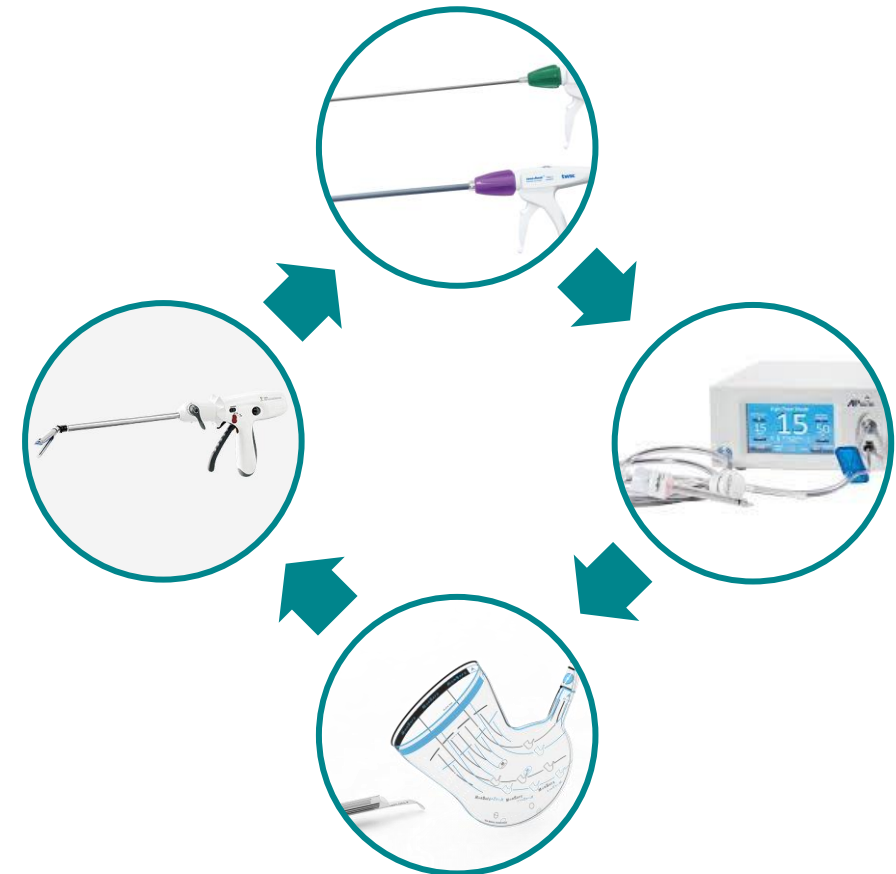


Bookwalter® Retractor

## Aspen Surgical

- Existing revenue in UK
- Multiple product portfolios
- Consolidating distributors to Elemental
- Well-established brands

Future Opportunities



# Financials



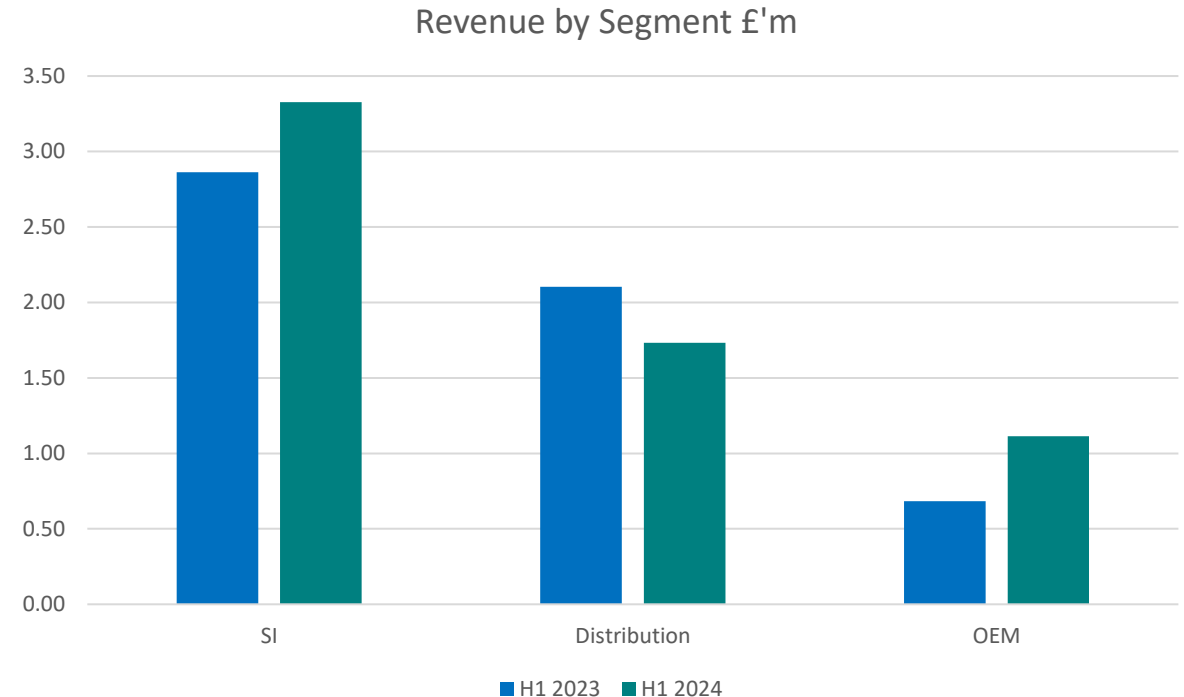
# Financial Highlights

	2024 H1	Change vs. prior comparative	2023 H1
Revenues	<b>£6.18m</b>	+9.29%	£5.65m
Gross Margin	32.9%	(0.01)%	33.0%
Adj. EBITDA <sup>1</sup>	<b>£0.19m</b>	+£0.10m	£0.09m
Adj. operating (loss)/profit <sup>1</sup>	<b>£(0.13)m</b>	+£0.15m	£(0.28)m
Adj. (loss)/earnings per share (pence) <sup>1</sup>	(0.020p)	+0.017p	(0.0037p)

1. Adjusted EBITDA, adjusted operating profit/(loss) before tax and Adjusted EPS are stated before deducting non-recurring/ exceptional costs of £0.30m (2023 H1:£0.01m), impairment of intangible costs of £nil (2023H1: £nil) and share based payment costs of nil (2023 H1: £0.02m)
2. Net cash equals cash less bank debt only

# Revenue Analysis

- SI-branded sales increased by 16.2% to £3.33m
- Distribution sales declined by 17.7%
- Very strong growth in OEM sales up 63.1%, partly driven by a manufacturing catch up of back orders





# Margin Analysis

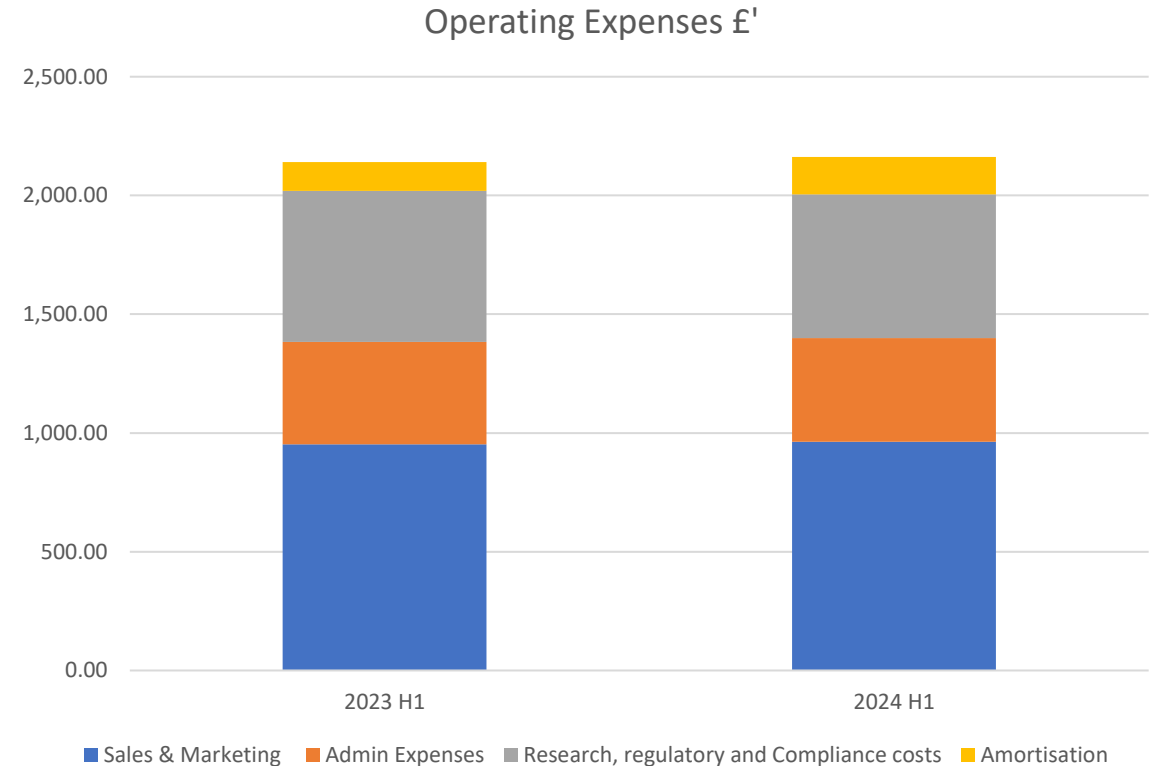
- Commercial margins are reducing due to material cost increases
- Some price increases have been implemented, with other customers to follow as contracts renew
- Manufacturing productivity and supply chain challenges have improved significantly
- Further price improvement and operational efficiencies to come in H2

Gross Margin Analysis	H1 2024	FY 2023	H1 2023
	£'m	£'m	£'m
Revenue	6.18	12.01	5.65
Cost of Sales	(4.05)	(7.46)	(3.36)
Underlying Gross Margin	2.12	4.55	2.29
<b>Underlying Gross Margin %</b>	<b>34.4%</b>	<b>37.9%</b>	<b>40.5%</b>
Net Cost of Manufacturing	(0.09)	(1.10)	(0.43)
<b>Contribution Margin</b>	<b>2.03</b>	<b>3.45</b>	<b>1.86</b>
<b>Contribution Margin %</b>	<b>32.9%</b>	<b>28.7%</b>	<b>33.0%</b>

# Operating Expenses

- Adjusted Operating Expenses<sup>1</sup> are in line with last year at £2.16m (2023 H1: £2.14m)
- Additional investment in Sales & Marketing have been maintained
- Regulatory costs continue to be higher due to MDR
- Inflationary pressures have been mitigated
- Reduced H2 2024 Operating Expenses expected as a result of re-structure

1. Adjusted operating expenses are stated before deducting non-recurring/ exceptional costs of £0.30m (2023 H1:£0.01mand share based payment costs of nil (2023 H1: £0.02m).



# Financial Position

	30 June 2024	31 Dec 2023
	£'m	£'m
Tangible assets	1.51	1.70
Intangible assets	6.60	6.53
<b>Total non-current assets</b>	<b>8.11</b>	<b>8.23</b>
<b>Inventories</b>	<b>3.30</b>	<b>2.85</b>
Trade receivables	1.88	1.58
Other current assets	0.57	0.44
Trade & other payables	(1.98)	(1.63)
Accruals and deferred Income	(0.55)	(0.38)
<b>Total working capital</b>	<b>3.22</b>	<b>2.86</b>
<b>Cash &amp; cash equivalents</b>	<b>0.23</b>	<b>1.21</b>
Borrowings	(0.71)	(0.85)
Right of Use Lease obligations	(0.69)	(0.81)
Total net cash	(1.17)	(0.45)
<b>Adjusted net cash</b>	<b>(0.48)</b>	<b>0.36</b>
Other	(0.17)	(0.17)
<b>Net assets/total equity</b>	<b>9.99</b>	<b>10.47</b>

- Investment in capital expenditure minimalised to £0.04m until H2 improves
- Inventory reduction plan underway to return to December 2023 levels
- Cash headroom of £1.23m (including £1.0m invoice discounting facility)

# Summary & Outlook

- Sustained sales growth in SI-brand and OEM in 2024 H1
- Successful roll out of new products in global markets
- Continued regulatory progress on MDR
- **Responding effectively** to operational challenges
- Continued investment **improving efficiencies and cost down initiatives**
- **Significant distribution contracts with existing UK revenue**





Thank You  
For Your Time,

Any Questions?