

27 June 2022

Surgical Innovations Group plc
("Surgical Innovations", "SI" or the "Company")

AGM Trading Statement

Surgical Innovations Group plc (AIM: SUN), the designer, manufacturer and distributor of innovative medical technology for minimally invasive surgery ("MIS"), provides the following update to shareholders ahead of its Annual General Meeting being held at 10am today.

Following the strong final quarter of 2021, trading to date in the first half of the year has continued with the same momentum. Revenues are showing significant growth and for the six months to 30 June 2022 are expected to be in excess of 22% above the comparable period last year. Early indications are that this impetus is continuing into the second half of the year and, as such, the Board remains confident of delivering results for FY2022 in line with current expectations.

Demand in the UK market continues to be strong and is trending above pre-pandemic levels of 2019. This is primarily due to underlying business wins driven by the demonstrable sustainability advantages of our Resposable™ product ranges. With the continued backlog of patients on waiting lists and the NHS's fulfilment of 'Net Zero' obligations on sustainability, this range is well positioned for further recovery and growth.

The international business is trading slightly ahead of performance for the first half of the corresponding period in 2021. The appointment of two international heads early in the year and the additional investment into the marketing team will continue to strengthen commercial initiatives in key markets and allow further bandwidth to open new markets.

The regulatory pathway continues to be challenging as the Company navigates through the complexities of the EU Medical Device Regulation (MDR), however, the Company remains on track to achieve certification in March 2023. In April, the Company received Medical Device Single Audit Programme (MDSAP) recertification, maintaining access to the key strategic markets of Canada, USA, Japan and Australia for a further three years. There is a significant cost burden associated with the evolving regulatory requirements which, whilst challenging, represents an increasing barrier to entry and some competitors may not be able to attain the new standards.

The labour market has become increasingly challenging, and this is exacerbated by inflationary pressures. The Group has invested further to retain and attract employees through various initiatives, one of which is to join the trial for the UK pilot programme for a four-day working week. This will be carefully managed to ensure five-day continuity of service and support.

The shortage of skilled labour and challenges in supply chain logistics have extended sales order lead times and impacted manufacturing productivity. This has been mitigated to a degree by increased inventory holdings and close cooperation with customers and dealers. However, there remains an increase in back orders which will continue to be addressed in the second half of the year.

The Group had a net available cash¹ balance of £1.79m as at 31 May 2022 compared to £1.76m as at 31 December 2021. The Group completed a refinancing exercise at the end of March 2022, as a result of which borrowing facilities comprise a £1.5m Coronavirus Business Interruption Loan Scheme (CBILS) loan repayable by May 2026, and an invoice discounting arrangement of £1.0m which remains unused.

Overall, the Group remains well funded for its current needs and, with recent improvements in trading and the recognition of SI's differentiated Resposable product range through new contract wins, the Board remains confident in the prospects for growth in the remainder of the year and in the longer term.

¹ Net cash equals cash less bank debt excluding IFRS16 lease obligations

For further information please contact:

Surgical Innovations Group plc

David Marsh, CEO

Charmaine Day, CFO

www.sigroupplc.com

Tel: 0113 230 7597

Singer Capital Markets (Nominated Adviser & Broker)

Aubrey Powell / Rachel Hayes

Tel: 020 7496 3000

Walbrook PR (Financial PR & Investor Relations)

Paul McManus / Lianne Applegarth

Tel: 020 7933 8780 or si@walbrookpr.com

Mob: 07980 541 893 / 07584 391 303

About Surgical Innovations Group plc

The Group specialises in the design, manufacture, sale and distribution of innovative, high quality medical products, primarily for use in minimally invasive surgery. Our product and business development is guided and supported by a key group of nationally and internationally renowned surgeons across the spectrum of minimally invasive surgical activity.

We design and manufacture and source our branded port access systems, surgical instruments and retraction devices which are sold directly in the UK home market through our subsidiary, Elemental Healthcare, and exported widely through a global network of trusted distribution partners. Many of our products in this field are based on a "responsible" concept, in which the products are part reusable, part disposable, offering a high quality and environmentally responsible solution at a cost that is competitive against fully disposable alternatives.

Elemental also has exclusive UK distribution for a select group of specialist products employed in laparoscopy, bariatric and metabolic surgery, hernia repair and breast reconstruction.

In addition, we design and develop medical devices for carefully selected OEM partners and have also collaborated with a major UK industrial partner to provide precision engineering solutions to complex problems outside the medical arena.

We aim for our brands to be recognised and respected by healthcare professionals in all major geographical markets in which we operate and provide by development, partnership or acquisition a broad portfolio of cost effective, procedure specific surgical instruments and implantable devices that offer reliable solutions to genuine clinical needs in the operating theatre environment.

Further information

Further details of the Group's businesses and products are available on the following websites:

www.sigroupplc.com

www.surginno.com

www.elementalhealthcare.co.uk

To receive regular updates by email, please contact si@walbrookpr.com