

27 June 2023

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

### **AGM 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 11am today.

In short, the forward-looking orderbook is extremely positive, providing confidence in management forecasts for 2023 and the Board reiterates its optimism for the longer-term growth trajectory for the Group. Notwithstanding some ongoing headwinds and variability in performance across different geographical markets, the Board's conviction is a function of multiple drivers supporting demand for the Group's innovative, differentiated product offering.

The strong UK demand in 2022 has continued into 2023, despite industrial action in the NHS and initiatives to reduce the backlog of surgery causing the pace of evaluations to slow. The strength of the sustainability messaging continues to drive new account wins and the investment in the "environmental and financial calculator" enables the hospitals to quantify key metrics as the NHS drives to meet Net Zero commitments. Key international markets, Japan and Europe, have continued to perform above the comparative period in 2022 however India and USA have been slower to gain momentum, in part due to local sales training delays in India and some supply chain issues for key product in the USA. The Company is confident that further investment in sales and marketing support will help drive activity in these key markets during H2 2023. The orderbook for Surgical Innovations' OEM business is strong although supply chain challenges have impacted sales during H1.

The Company continues to make excellent progress towards Medical Device Regulation ("MDR") transition with two of the three product groups certificated and the third group going through its final stage. Whilst it had been anticipated to have completed the MDR transition by the close of H1 the recent change in deadline, granted by the EU in February, has reduced the pressure on the competent authorities allowing focus to be shifted to other pressing issues. The Compliance team continues to successfully manage a programme of regulatory audits throughout the year, the latest being Medical Device Single Audit Programme ("MDSAP") recertification which was received in May. The Company also successfully navigated the transition to UK Conformity Assessed status, enabling business continuation in the key UK market. 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.

Whilst the labour shortages seen last year have receded, helped by the measures management implemented during 2022, there remain persistent ongoing supply chain challenges that have impacted manufacturing productivity and are resulting in increased lead times for some key product lines. The Company has continued to mitigate this by maintaining inventory at higher levels than normal and anticipate that this will begin to reduce from H2 2023.

The Group had a net available cash<sup>1</sup> balance of £0.60m as at 31 May 2023 compared to £0.99m as at 31 December 2022, reflecting the higher inventory holding and continued investment. The Group had £2.62m in available cash resources at the end of May, including a £1.0m undrawn invoice discounting facility, which gives it access to sufficient capital for its expected growth in the second half of the year and beyond.

The Company anticipates release of interims towards the end of September.

#### **Notes**

<sup>1</sup> Net cash equals cash less bank debt only

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### **About Surgical Innovations Group plc Strategy**

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 "resposable" 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, the Company's Reposable portfolio enables healthcare providers to reduce both plastic waste and their CO2 footprint as they strive for net zero.

### **Further information**

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

[www.sigroupplc.com](http://www.sigroupplc.com)

[www.surginno.com](http://www.surginno.com)

[www.elementalhealthcare.co.uk](http://www.elementalhealthcare.co.uk)

To receive regular updates by email, please contact [si@walbrookpr.com](mailto:si@walbrookpr.com)