



Interim Results Presentation Six months to 31 July 2020

13th October 2020

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Key Business Highlights




Differentiated offering for hemodynamic market

- Unique SaaS business model enabling users to treat an unlimited number of patients for a fixed fee
- Simple to use and easy to learn hemodynamic monitoring with guided clinical protocols




Robust clinical evidence to support superiority claims

- More than 250 clinical studies / papers to support value proposition
- Proven by research to be superior to key competitors
- Only Pulse Contour technology proven to reduce, mortality, hospitalisation & post operative complications



High growth market in Anesthesia & Critical Care

- Large market (circa \$250m globally) set for high growth as customers adopt technology to enhanced patient recovery
- Key clinical guidelines support use of hemodynamic monitoring (ESICEM, NICE, ASER)



Market share capture potential

- Direct in UK & USA. With proven market leadership in UK (over 80% of NHS Acute NHS trusts using technology)
- Sold in over 50 countries via distributors

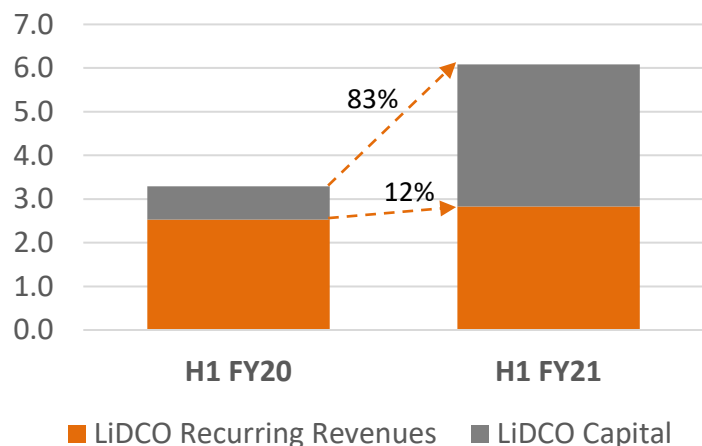
Attractive financial profile

- High margin recurring revenue business
- Significant COVID-19 uplift
- July 2020 - £3.1m of cash with no borrowings

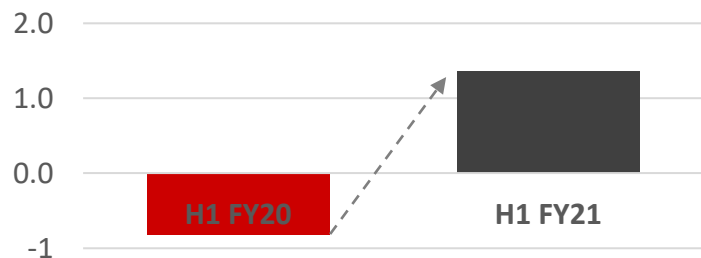
H1 Impacted by COVID-19



Revenue (£m)



Profit after tax (£m)



LiDCO Product Revenues

- Up 83% to £6.1m (H1 FY20: £3.3m)

Monitor sales

- Boosted by COVID-19 demand the Company sold 230 monitors (H1 FY20: 111)

HUP

- Global installed base of HUP monitors increased by 41 to 327 units (Jan '20: 286 units)
- HUP revenues increased by 83% to £1.46m (H1 FY20: £0.80m)

Per Patient Disposables

- Surgery postponement led to a reduction in per patient consumable sales by £0.36m compared with H1 FY20

Pipeline

- Pre-pandemic sales pipeline delayed, however still active

Cash

- Net cash inflow of £1.8m (H1 FY20: outflow £0.5m)

Use of Technology for COVID-19



LiDCO's monitoring enables doctors to titrate fluid and drugs to patients in order to manage their hemodynamic stability

“Despite the initial advice of “dry, dry, dry” the patients presenting to UK ICUs seemed to need fluid, but just the right amount – we all know very well the problems of fluid overload in severe pneumonitis and ARDS.” Taken from a COVID-19 blog written by Dr Alexander Scott BSc MBChB FRCA FFICM James Cook University Hospital for LiDCO and available on www.lidco.com

- Fluid balance is critical in order to manage COVID-19 patients
- Recommendations include checking preload ('fluid') responsiveness to optimise cardiac performance and end organ perfusion, yet typical methods may be unsuitable by current COVID-19 ventilation treatment recommendations



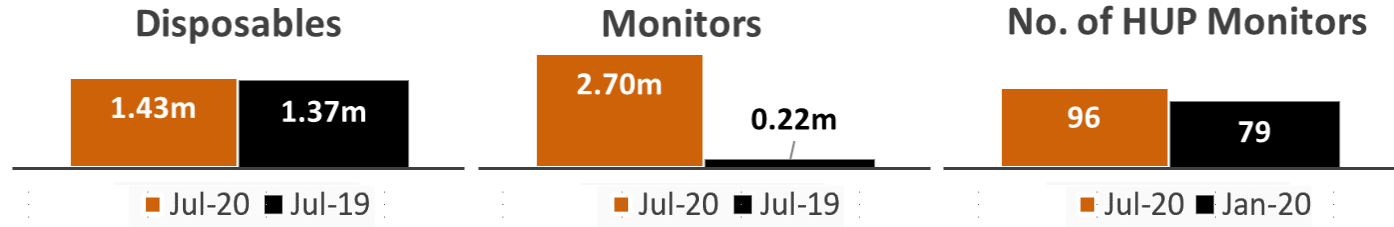
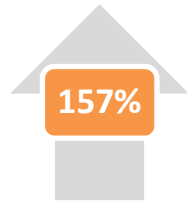
- LiDCO offers several new, evidence-based protocols to guide the physicians:

Guided Fluid Challenge, Guided Passive Leg Raise, End Expiratory Occlusion Test, Lung Recruitment Maneuver and Tidal Volume Challenge

UK Market



LiDCO product sales (£)



Situation

- 5 Salespeople + 5 Clinical Trainers & 1 Sales Manager
- Supported by UK headquarters
- Clear market leader
- Used in over 80% of Acute NHS trusts
- 600 active monitor base
- Differentiate through Royal College accredited education
- Able to defend leading market position with strong multi-level customer relationships

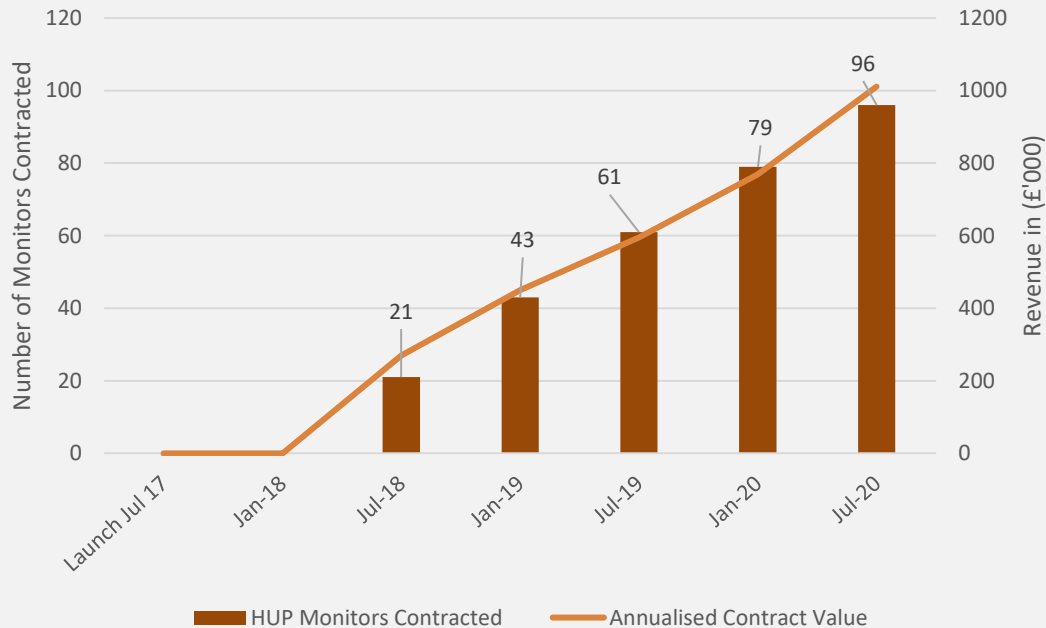
Strategy

- Maintain and grow market leadership position
- Exploit newly enlarged installed monitor base 146 monitors sold in first half (H1 FY20: 14)
- Gain growth by converting major users to HUP & through education
- Growing recognition of IOFM benefits in emergency laparotomies (NELA, ELC)
- Continue to promote protocolised care for Sepsis, AKI, PLR
- Target ERAS leads for pathway of care & post-op optimisation

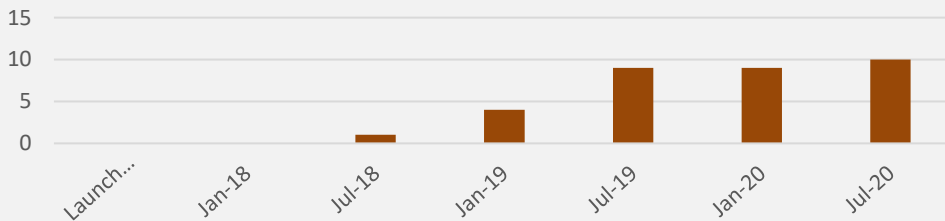
UK HUP Performance



UK HUP Monitors Placed and Annual Contract Value*



No. of UK HUP customers



- As of 31 July 2020, 96 monitors signed on the HUP Software as a Service “SaaS” model
- Spread across 10 hospital accounts including 2 new customers
- Average contract length 4+ years
- Significant number of H1 enlarged installed base of monitors sold with short term HUP licences which Company is working to convert to annual licences

* Does not include short term licences sold during pandemic

USA Market



LiDCO product sales (£)



11%

Disposables



■ Jul-20 ■ Jul-19

Monitors



■ Jul-20 ■ Jul-19

No. of HUP Monitors



■ Jul-20 ■ Jan-20

Situation

- 1 National Sales Manager, 4 Sales, 3 Clinical
- Chicago office: Customer service, distribution & repair centre
- Focus on 7 states
- 90+ US Healthcare facilities with a number reference sites across the US:
- 16 HUP accounts (including leading cancer centre, Top 10 US News hospitals, University facilities)
- Succeeded in converting large customers to HUP offering
- Generated \$5m qualified pipeline

Strategy

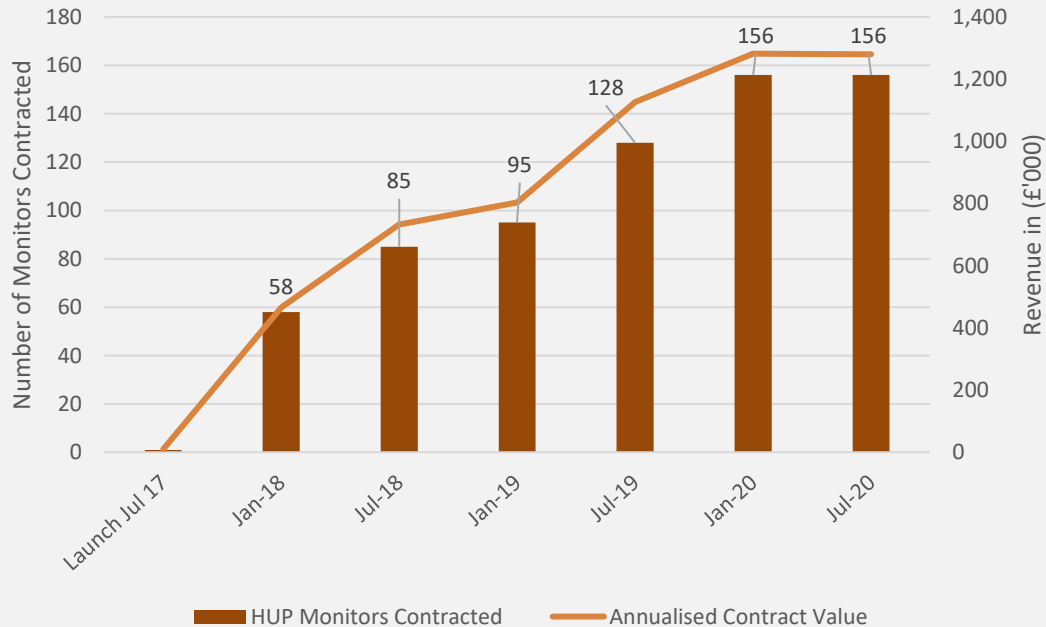
- Acquire market share by offering superior algorithm with a significant cost reduction from existing spend
- Target new customers with HUP Unlimited Usage
- Messaging on performance, convenience & price
- Focus on volume of usage in OR and accuracy of technology when used with vasopressors in ICU
- Multi-million HUP pipeline with over a third having successfully completed on-site clinical evaluations
- Continue to learn how to navigate the sales cycle
- Partner to overcome GPO contract & bundling penalties



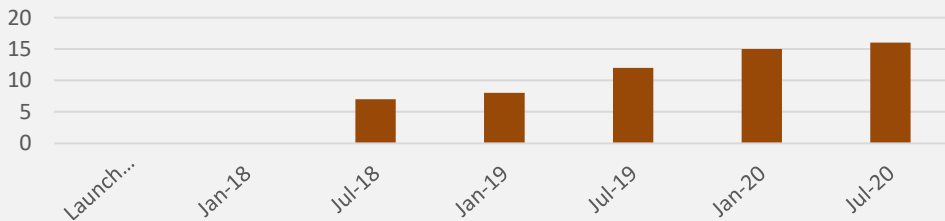
USA HUP performance



US HUP Monitors Placed and Annual Contract Value



No. of US HUP customers

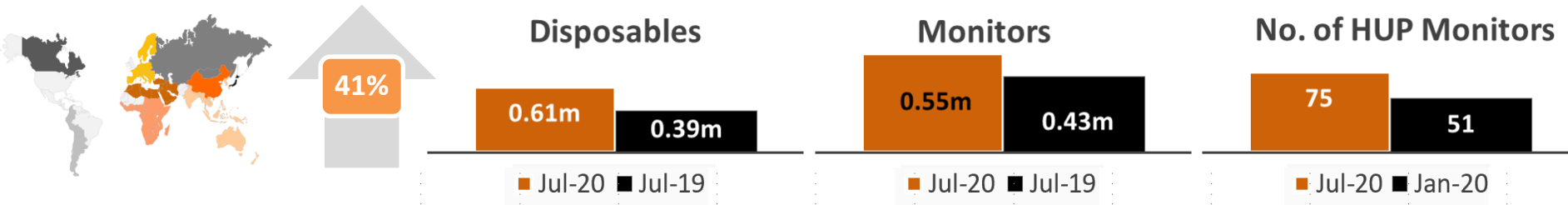


- As of 31st January 2020, 156 monitors signed on the Software as a Service “SaaS” model
- Spread across 16 hospital accounts
- Total ACV £1.28m, with very high retention rate
- Pre-pandemic HUP revenues in the US grew at a two-year CAGR of 65%
- \$5m pipeline with third having successfully completed evaluations
- New HUP signings delayed due to pandemic, H1 targets now expected to close in H2

Distributor Markets



LiDCO product sales (£)



Situation

- Two LiDCO field employees supporting distributors
- Use distributors to manage sales to over 50 countries
- Use master distributors to cover Middle East, Asia, and Latin America
- Key regulatory approvals in Japan, China, S Korea
- Recent regulatory approvals received for commercial sale of latest monitor in Brazil and Columbia
- Increasing use of ultrasound for ICU patient assessments enhances opportunities for LiDCO in Europe

Strategy

- China key market, which is rapidly adopting hemodynamic monitoring
- HUP model works well in all key markets except Japan & S Korea due to reimbursement structures
- HUP successes in Switzerland, Denmark, Finland, Spain, Poland, France, Greece
- Seeking right distribution partner for France, Italy & Germany
- UK market share appreciated and respected
- Brand recognized due to history of clinical evidence
- Focus on core 10-12 markets, aiming to be #1 or #2

Income Statement



	Six months ended 31 July 2020 Unaudited £'000	Six months ended 31 July 2019 Unaudited £'000
Revenue	6,159	3,511
Cost of sales	(1,685)	(1,293)
Gross profit	4,474	2,218
<i>Gross margin</i>	72.6%	63.2%
Sales and Marketing	(1,670)	(1,704)
Development & regulatory	(416)	(400)
Administration	(1,157)	(857)
Total operating expenses	(3,243)	(2,961)
Adjusted operating profit/(loss)	1,231	(743)
Share based payment	(49)	(69)
Exceptional items (net)	200	-
Operating profit/(loss)	1,382	(812)
Net finance expense	(14)	(8)
Profit/(loss) before tax	1,368	(820)
Income tax	(4)	(1)
Profit/(loss) after tax	1,364	(821)
EBITDA	2,003	(261)

- Total revenues increased 75% to £6.16m;
- Gross profit increased 102% to £4.74m
- Gross margin % increased to 72.6% (H1 FY20: 63.2%) due to overhead efficiencies and sales mix
- Overhead costs increase by 9.5% to £3.24m (H1 FY20: £2.96m) due to:
 - Near full-year provision for management's bonuses
 - Legal & professional cost increases
 - Inflationary and other cost increases
- Exceptional income of £200k (net compensation after costs on relocation)
- Low tax on profits low due to tax losses
- Profit after tax increased £2.18m to £1.36m
- EBITDA increased £2.26m to £2.00m

Balance Sheet



	31 July 2020	31 July 2019
	Unaudited	Unaudited
	£'000	£'000
Non-current assets		
Property, plant & equipment	1,003	1,013
Right-of-use assets	906	367
Intangible assets	2,345	2,125
Non-current assets	4,254	3,505
Current assets		
Inventory	1,458	1,539
Trade & other receivables	1,401	1,628
Cash	3,134	1,188
Total current assets	5,993	4,355
Current liabilities		
Lease liabilities	(114)	(218)
Trade & other payables	(1,404)	(963)
Deferred income	(893)	(766)
Total current liabilities	(2,411)	(1,947)
Net current assets	3,582	2,408
Non-current liabilities	(822)	(131)
Net assets	7,014	5,782

- Increase in right-of-use assets due to new property leases
- New ERP system represents most of the increase in intangible assets
- Cash increased by £1.95m; no borrowings
- £441k increase in trade and other payables due to increases in trade payables due to stock purchases and an increase in bonus accruals
- Lower short-term lease liability reflects rent discounts in the first 15 months of new production facility lease
- Long-term lease liability increased due to new property leases

Cash Flow & Working Capital



	Six months ended 31 July 2020 £'000	Six months ended 31 July 2019 £'000
Profit/(loss) before tax	1,368	(820)
Net finance expense	14	8
Depreciation & amortisation	621	551
Share-based payments	49	69
Sub-total	2,052	(192)
Working capital	297	324
Taxation	179	(2)
Cash flow from operating activities	2,528	130
Cash used in investing activities	(623)	(540)
Net cash flow before financing	1,905	(410)
Net cash flow - financing activities	(131)	(119)
Net change in cash	1,774	(529)
Opening cash	1,360	1,717
Closing cash	3,134	1,188

- £2.40m increase in cash flow from operating activities, largely driven by:
 - Increase in PBT of £2.19m
 - Early receipt of £179k FY20 R&D tax credit
- Cash flow used in investing activities consists of £295k PPE (mainly fit out of new premises), £329k intangibles (product development + £20k computer software)
- Cash outflow from financing activities represents principal elements of lease payments and associated interest
- Net cash inflow increased by £2.30m to £1.77m, giving cash balance of £3.13m
- A large part of this cash is available to invest in accelerating growth

Reinvesting in the business



STRENGTHENING USA RESOURCES



- USA is the largest market for hemodynamic monitoring
- Proven HUP model meets customer needs with 2-year CAGR of 65% and \$5m dollar qualified pipeline
- Plan to grow faster by strengthening commercial operations, timing depends on market conditions
- Aim to achieve 10% market share

NEW ALGORITHM



- Current algorithm has proved to be very effective for many years
- New single beat algorithm has potential for enhanced performance
- Expands clinical parameters with improved beat analysis
- Enables future development involving artificial intelligence (machine learning)

Outlook



- In H1, COVID-19 had three main effects on sales:
 - A significant short-term increase in demand resulting an enlarged installed base of monitors
 - Postponement of elective surgeries, reducing consumable sales
 - Delayed purchasing decisions in the US, despite the large pipeline of HUP opportunities in US
- It is too early to predict how these factors will play out in H2
- Based on current trading, Board believes that sales in H2 will be broadly in line with the second half of last year
- Operating costs for the year as a whole are expected to be slightly higher than last year
- Board remains confident that LiDCO is well-placed to grow sales from pre-pandemic levels as markets return to normal

Summary



- FY21 has benefited from COVID-19 demand expanding market share
- Company is well-positioned to take further market share with key value proposition HUP business model when markets return to normal
- Growing contracted recurring revenue base provides good forward visibility
- Cash available to support growth strategy, particularly investing in expanding US commercial operations when conditions are appropriate

Appendix


LiDCO Timeline




Market Acceptance

LEGEND -

 **Key Clinical Studies**

 **Meta-Analyses**
(major review of available studies with a consolidated conclusion)

(UK) NICE Recommendation⁸ 

(USA) ASER & POQI Consensus statement⁶  

(EUR) Intensive Care Society Consensus statement⁷

Growing body of clinical evidence

2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

LiDCO offering



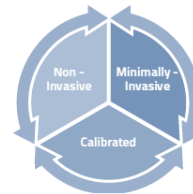
LiDCO Plus
Calibrated technology



LiDCO Rapid
Minimally Invasive trending technology



LiDCO Rapid
With Non-Invasive technology and depth of anaesthesia



LiDCO Unity
All technologies on one new monitor platform



High Usage Programme
Rethinking the market



Guided Clinical Protocols
Incorporating latest clinical thinking



Proven to improve patient outcomes

Independent studies using **LiDCO** technology have been shown to **improve outcomes** in:

High risk elective surgery

Emergency surgery

Intensive Care



Colorectal, Vascular, Hip replacement, Liver Resection, Oesophagectomy, Bariatric, Cardiac, Abdominal, Caesarean, Emergency Laparotomy

High risk surgical patients in ICU, Septic shock patients in ICU

Reducing patient deaths

Using LiDCO in the management of **Sepsis** shock patients has been shown to statistically reduce mortality²

40% mortality rate
no central monitoring

60%



16% mortality rate
LiDCO

Reducing length of stay

Using LiDCO as part of an Enhanced Recovery program in **Colorectal** surgery has been shown to statistically reduce length of stay (LOS)³

LOS
7 days
BEFORE



5 days
AFTER

Less complications

Using LiDCO for **Cardiac** surgery statistically reduced major postoperative complications⁴

45.3%

BEFORE



27.4%
AFTER

Cost savings

Using LiDCO as part of an Enhanced Recovery program in **Oncology** surgery has been shown to reduce overall hospital costs⁵

\$21,294
BEFORE

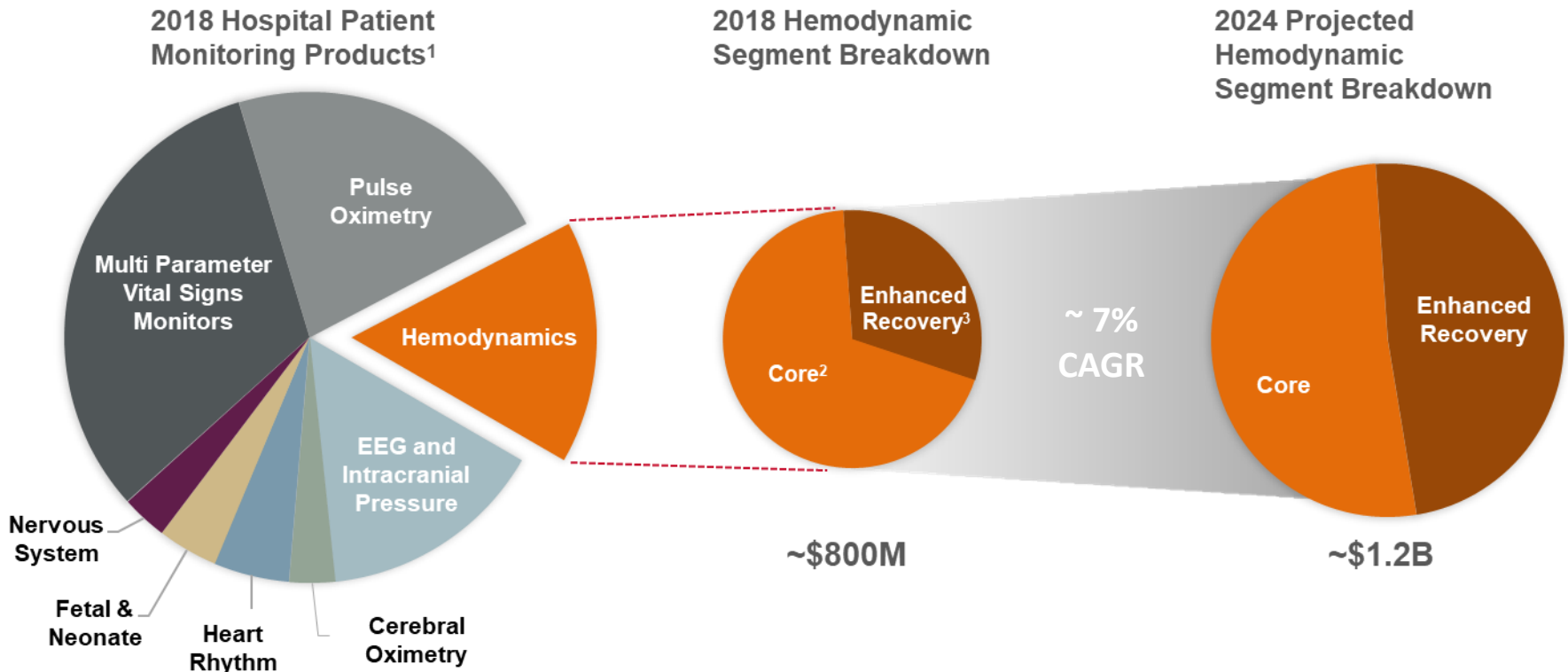


\$18,716
AFTER

Market Overview



Enhanced Recovery to Accelerate Segment Growth

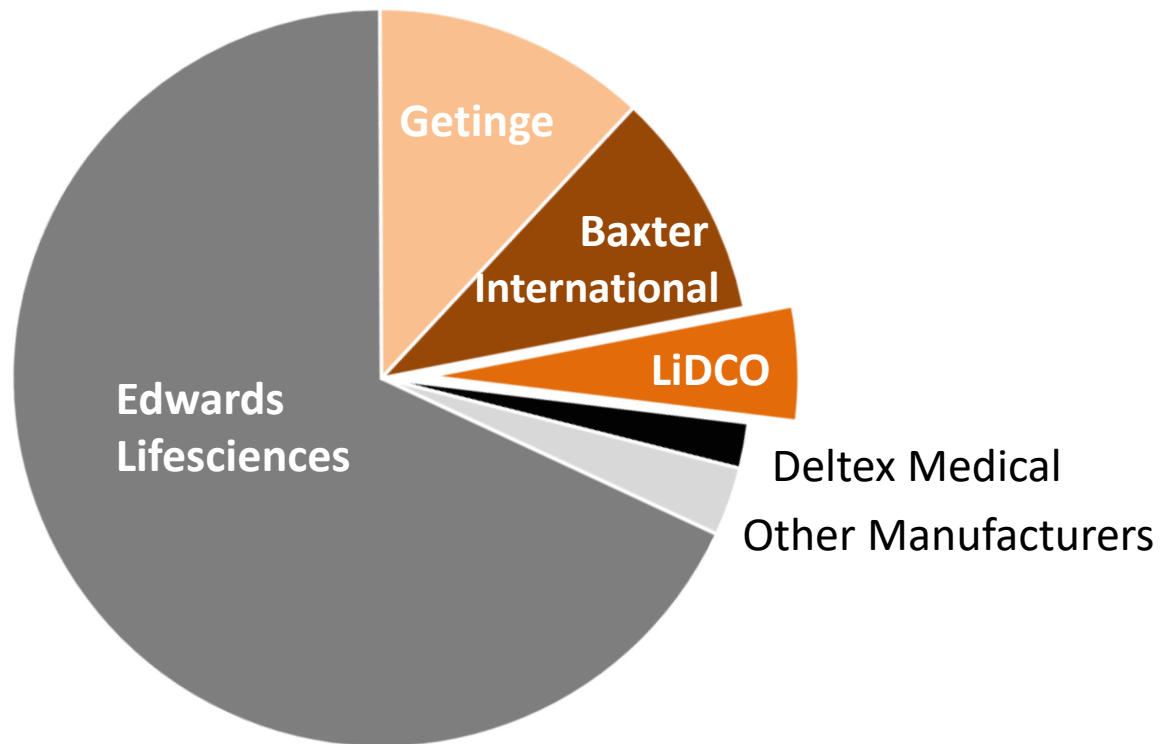


1. Third party research and internal estimates 2. Includes pulmonary artery catheters and invasive pressure monitoring products, excludes capital 3. Includes minimally invasive and non-invasive advanced hemodynamic monitoring products, excludes capital

Competitive Landscape

Enhanced Recovery Manufacturers Global Market Shares

Enhanced Recovery Manufacturers Global Market Shares*



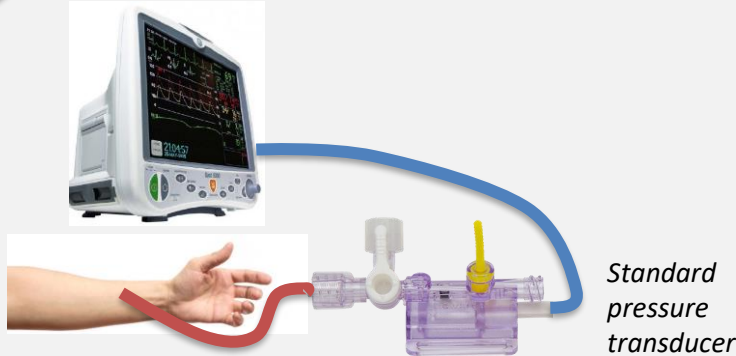
* Source: internal estimates based on published data

Differentiated business offering



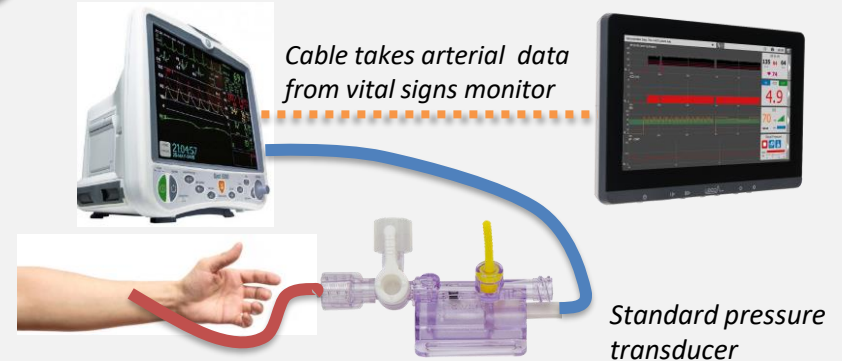
A

Standard arterial monitoring



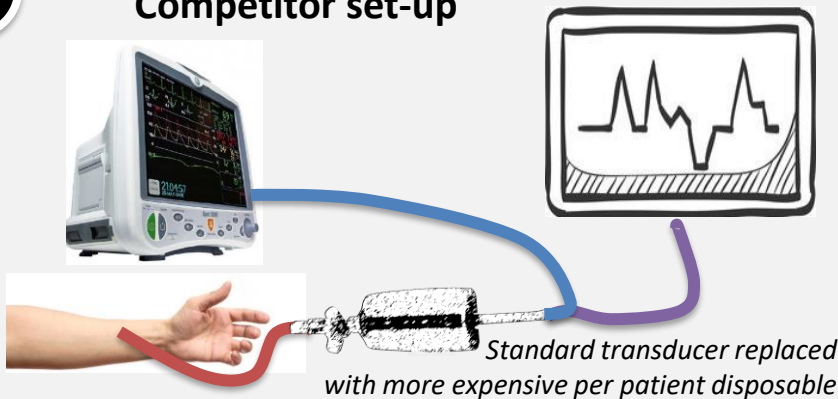
C

LiDCO set-up



B

Competitor set-up






Difference between two methods:

- No need to change from standard pressure transducer
- No need for an expensive per patient disposable
- No need to increase infection risk by 'breaking the line'
- LiDCO is pressure transducer agnostic





LiDCO – HUP strategy



OFFERING

-  **Software as a Service**
-  **Treat unlimited number of patients**
-  **Potential for significant cost saving**
-  **No expensive per patient disposable required**

STRATEGY

-  **Disruptive model to take share & expand globally**
-  **Accelerate US market penetration**
-  **Drive greater adoption of hemodynamic monitoring**
-  **Customers sign multi-year agreements**

HUP Customer Experience



Large **NHS** Teaching Hospital

Leading **US** Academic Hospital

Before

4065 Patients



LiDCO technology

Circa **£0.3m**



Costs

2900 Patients



Competitor technology

Circa **\$1.0m**



Costs

After first year of HUP

5838 Patients



LiDCO technology

Direct savings

Potential Indirect savings*

ZERO increase



in costs

<**£0.1m** p.a.

£1m to £1.7m p.a.

5315 Patients



LiDCO technology

Total Direct savings

Potential Indirect savings*

Over **\$0.5m**



Savings

>**\$1.2m** p.a.

\$1.8m to \$3.1m p.a.

* Calculated using potential cost-savings per patient when using goal-directed fluid therapy as identified in the following clinical paper - Michard et al. Perioperative Medicine (2015) 4:11 DOI 10.1186/s13741-015-0021-0

Change of premises

Previous

Orsman Road
facility



- 14,126sq feet mixed facility LiDCO vacated on 23 July as facility to be redeveloped
- Compensation of £330k received in August with further £110k to be received on sale of property to developer
- Rent & rates = £218k pa

New office in
Salisbury
House



- 1,361sq feet semi-serviced office facility in Finsbury Circus
- 3-year lease from 1 May 2020. Fit-out costs including furniture £33k
- Rent & rates = £118k pa

**New
production
facility**



- 4,650sq feet warehouse & production facility
- 10-year lease from 27 March 2020. Fit-out costs including furniture £227k
- Rent & rates = £91k pa (rent average over 5 years)

Board



Peter Grant

**Non-Executive
Chairman**

- Former Chief Executive Officer of Skyepharma PLC
- Former Chief Financial Officer at WorldPay plc & Group Chief Executive at Molins PLC



Matt Sassone

**Chief Executive
Officer**

- 20+ years medical device experience
- Former Chief Marketing Officer of Maquet
- Former Regional President for Smiths Medical



Tim Hall

**Chief Financial
Officer**

- Chartered Accountant with 30 years' experience
- Former Chief Financial Officer of Oxford Gene Technology IP Ltd & Lombard Medical Technologies PLC



Phil Cooper

**Non-Executive
Director**

- 30 years medical device experience
- Former president of the wound care division Mölnlycke Health Care



Jim Wetrich

**Non-Executive
Director**

- 35 years of experience in the US healthcare industry
- Former Executive at Abbott Laboratories, Mölnlycke Health Care, Premier Inc, and Providence Health & Services.

Glossary of terms

ESICEM: *European Society of Intensive Care Medicine*

NICE: *National Institute of Clinical Excellence*

ASER: *American Society of Enhanced Recovery*

IOFM: *Intraoperative Fluid Management*

NELA: *National Emergency Laparoscopic Association*

ELC: *Emergency Laparoscopy Collaborative*

ERAS: *Enhanced Recovery After Surgery*

Clinical References



- 1:** *Evaluation of the utility of the Vigileo FloTrac™, LiDCO™, USCOM and CardioQ™ to detect hypovolaemia in conscious volunteers: a proof of concept study. Reference: Anaesthesia 2015, 70, 142–149*
- 2:** *Hata J, Stotts C, Shelsky C, Bayman E, Frazier A, Wang J, Nickel E (2011) Reduced mortality with noninvasive hemodynamic monitoring of shock. J Crit Care vol 26 (2):224. E1-8*
- 3:** *Miller T, Thacker J, White W, Mantyh C, Migaly J, Jin J, Roche A, Eisenstein E, Edwards R, Anstrom K, Moon R, Gan TJ (2014) Anesth Analg 2014;118:1052–61*
- 4:** *Eduardo A. Osawa; Andrew Rhodes; Giovanni Landoni; Filomena R. B. G. Galas; Julia T. Fukushima, et al. Effect of Perioperative Goal-Directed Hemodynamic Resuscitation Therapy on Outcomes Following Cardiac Surgery: A Randomized Clinical Trial and Systematic Review General High Risk Surgery. Crit Care Med. 2016 Apr;44(4):724-33. doi: 10.1097/CCM.0000000000001479*
- 5:** *Fitzgerald T, Mosquera C, Koutlas N, Vohra N, Lee K, Zervos E. Enhanced recovery after surgery in a single high-volume surgical oncology unit: Details matter. Presented at the 11th Annual Academic Surgical Congress (ASC), Jacksonville, Florida, Feb 2016*
- 6:** *American Society for Enhanced Recovery (ASER) and Perioperative Quality Initiative (POQI) joint consensus statement on perioperative fluid management within an enhanced recovery pathway for colorectal surgery. Thiele et al. Perioperative Medicine (2016) 5:24 DOI 10.1186/s13741-016-0049-9*
- 7:** *Consensus on circulatory shock and hemodynamic monitoring. Task force of the European Society of Intensive Care Medicine. Cecconi et al. Intensive Care Med DOI 10.1007/s00134-014-3525-z*
- 8:** *NICE Medical technologies guidance [MTG3]. <https://www.nice.org.uk/guidance/mtg3/resources>*