CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

For the year ended 31 December 2023

	Notes	**Year ended 31 December 2023 £**	Year ended 31 December 2022 £
Revenue	5	**3,100,968**	-
Cost of sales		**(1,326,743)**	-
Gross Profit		**1,774,225**	-
Research and development costs		**(2,045,988)**	(4,131,224)
Administrative Expenses		**(6,692,007)**	(2,740,265)
Operating loss	6	**(6,963,770)**	(6,871,489)
Finance income		**71,797**	-
Loss before tax		**(6,891,973)**	(6,871,489)
Taxation recoverable	8	**379,074**	1,024,994
Loss for the year being total comprehensive loss attributable to owners of the Parent Company		**(6,512,899)**	(5,846,495)
Basic and diluted loss per share (pence)	9	**(2.21)**	(2.03)

All amounts relate to continuing activities.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	**As at 31 December 2023 £**	As at 31 December 2022 £
Assets			
Non-current assets			
Plant and equipment	10	**2,484,748**	1,158,035
Total non-current assets		**2,484,748**	1,158,035
Current assets			
Inventories		**339**	-
Trade and other receivables	12	**1,240,174**	265,684
Current tax asset	8	**376,910**	1,022,831
Cash and cash equivalents	13	**7,714,182**	4,026,112
Total current assets		**9,331,605**	5,314,627
Liabilities			
Current liabilities			
Trade and other payables	14	**(6,339,534)**	(1,753,109)
Total liabilities		**(6,339,534)**	(1,753,109)
Total net assets		**5,476,819**	4,719,553
Capital and reserves attributable to owners of the Parent Company			
Share capital	16	**602,812**	576,093
Share premium		**71,068,945**	66,545,796
Merger reserve		**1,152,165**	1,152,165
Warrant reserve	18	**-**	165,868
Retained losses		**(67,347,103)**	(63,720,369)
Total equity		**5,476,819**	4,719,553

By order of the Board

James Barder
Chief Executive Officer

Registered number: 04206001

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Notes	Share Capital £	Share Premium £	Merger Reserve £	Warrant Reserve £	Retained Losses £	Total Equity £
At 1 January 2022		**574,302**	**66,378,003**	**1,152,165**	**165,868**	**(58,545,726)**	**9,724,612**
Total comprehensive loss for the year		-	-	-	-	(5,846,495)	(5,846,495)
Share-based payment	17	-	-	-	-	671,852	671,852
Shares issued during the year	16	1,791	167,793	-	-	-	169,584
Transactions with owners		*1,791*	*167,793*	-	-	*671,852*	*841,436*
At 31 December 2022		**576,093**	**66,545,796**	**1,152,165**	**165,868**	**(63,720,369)**	**4,719,553**
Total comprehensive loss for the year		-	-	-	-	(6,512,899)	(6,512,899)
Share-based payment	17	-	-	-	-	2,720,297	2,720,297
Shares issued during the year	16	4,844	170,024	-	-	-	174,868
Warrant exercise	18	21,875	4,353,125	-	(165,868)	165,868	4,375,000
Transactions with owners		*26,719*	*4,523,149*	-	*(165,868)*	*2,886,165*	*7,270,165*
At 31 December 2023		**602,812**	**71,068,945**	**1,152,165**	**-**	**(67,347,103)**	**5,476,819**

The Merger reserve represents the reserve arising on the acquisition of Futura Medical Developments Limited in 2001 via a share for share exchange accounted for as a group reconstruction previously using merger accounting under UK GAAP.

Retained losses represent all other net gains and losses not recognised elsewhere.

Share premium represents amounts subscribed for share capital in excess of nominal value, less the related costs of share issues.

Warrants issued are held as a separate ‘warrant reserve’ within equity. These warrants were exercised in 2023 and the warrant reserve was transferred to retained earnings. Please refer to Note 18.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Cash flows from operating activities			
Loss before tax		**(6,891,973)**	(6,871,489)
Adjustments for:			
Depreciation	10	**130,272**	24,734
Loss on disposal of fixed assets		**48,865**	585
Finance income		**(71,797)**	-
Share-based payment charge	17	**2,720,297**	671,852
Cash flows used in operating activities before changes in working capital		**(4,064,336)**	(6,174,318)
(Increase) in inventories		**(339)**	-
(Increase) in trade and other receivables	12	**(974,490)**	(186,429)
Increase/(decrease) in trade and other payables	14	**4,586,424**	(325,075)
Cash generated by/(used in) operations		**(452,741)**	(6,685,822)
Income tax received		**1,022,994**	910,476
Net cash generated/(used) in operating activities		**570,253**	(5,775,346)
Cash flows from investing activities			
Purchase of plant and equipment	10	**(1,505,849)**	(740,697)
Interest received		**71,797**	-
Cash used in investing activities		**(1,434,052)**	(740,697)
Cash flows from financing activities			
Issue of ordinary shares	16	**174,868**	169,584
Exercise of warrants	18	**4,375,000**	-
Cash generated by financing activities		**4,549,868**	169,584
Increase/(decrease) in cash and cash equivalents		**3,686,069**	(6,346,459)
Cash and cash equivalents at beginning of year		**4,026,112**	10,372,571
Net foreign exchange differences		**2,001**	-
Cash and cash equivalents at end of year	13	**7,714,182**	4,026,112

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. Corporate Information

Futura Medical plc (the "Company") is a public limited company incorporated and domiciled in England and Wales and whose shares are publicly traded on the AIM Market of the London Stock Exchange. The registered office is located at Surrey Technology Centre, 40 Occam Road, Guildford, Surrey, GU2 7YG.

The Group is principally engaged in the development and sale of consumer healthcare products.

The final results for the year ended 31 December 2023 were approved by the Board of Directors on 9 April 2024. The final results do not constitute full accounts within the meaning of section 434 of the Companies Act 2006 but are derived from audited accounts for the year ended 31 December 2023 and the year ended 31 December 2022. This announcement is prepared on the same basis as set out in the audited statutory accounts for the year ended 31 December 2023.

The accounts for the years ended 31 December 2023 and 31 December 2022, upon which the auditors issued unqualified opinions, also had no statement under section 498(2) or (3) of the Companies Act 2006. The auditor's report includes reference to the material uncertainty relating to going concern. See below for more details of the going concern assessment performed by the Board of Directors.

While the financial information included in this results announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards in conformity with the Companies Act 2006, this announcement does not in itself contain sufficient information to comply with IFRS.

2. Accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention and have been prepared and approved by the Directors in accordance with UK-adopted International accounting standards ("IFRS"). The principal accounting policies applied in the preparation of the consolidated financial information are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Monetary amounts in these financial statements are rounded to the nearest pound sterling (£), unless otherwise stated, which is also the functional currency of the Company.

2.2 Going concern

The Board has considered the applicability of the going concern basis in the preparation of the financial statements. Notwithstanding a loss for the year ended 31 December 2023 of £6,512,899, the Board considers that, based on the reasons set out below, the preparation of the financial statements on a going concern basis remains appropriate.

In assessing the appropriateness of adopting the going concern assumption, the Group has prepared a detailed budget ("the budget") for the period ending 31 December 2024 and a further forecast ("the forecast") for the period ending 30 June 2025.

The Board considers that the budget and the forecast represent a reasonable best estimate of the Group's performance over the period to 30 June 2025 and the Directors are satisfied that in the scenario modelled in the budget and the forecast, the Group and Parent Company would be able to continue as a going concern.

However, in preparing the budget and forecast, the Board also noted the existence of a number of factors that increase the difficulty inherent in predicting the Group's performance, in particular its revenue generation and timing of key milestone payments. These include a lack of any historical information from which to reliably predict sales volume and growth and timing of receipts from customers in respect of Eroxon® as the product continues to launch in further key markets throughout FY24. Forecasts provided by commercial partners continue to be highly encouraging but are not guaranteed. In addition to the budget and forecast, the Board therefore considered a possible scenario in which Eroxon® revenues were reduced compared to the budget and forecast (the "downside scenario"). The Board further considered remedial action within Management's control to delay some discretionary spending. In this downside scenario, after taking the remedial actions, the Board believes that the Group's resources could still extend beyond June 2025.

The Board does not believe that the Group's position at this point in the execution of its strategy is unusual. However, despite the mitigations available to the Group, it acknowledges that a material uncertainty exists that may cast significant doubt on the Group's ability to generate sufficient net revenues and resulting cash inflows and raise sufficient finance to meet its expected costs and to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.

2.3 Standards, amendments and interpretation to existing standards

On 1 January 2023, the Group adopted the following amendments which are mandatorily effective for the period beginning 1 January 2023:

· *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);*

· *Definition of Accounting Estimates (Amendments to IAS 8);*

· *Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12);*

· *IFRS 17 - Insurance contracts; and*

· *International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12).*

The adoption during the year of the amendments and interpretations has not had a material impact on the Consolidated Financial Statements.

2.4 Basis of consolidation

The Financial Statements of the Group consolidate the Financial Statements of Futura Medical Plc and its subsidiary undertakings (together referred to as the “Group”) up to 31 December each year. All subsidiaries have a reporting date of 31 December.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. All subsidiaries are 100% owned.

The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases, in accordance with IFRS 10. Intra group transactions and balances, and any unrealised gains or losses arising from intra group transactions, are eliminated in preparing the Consolidated Financial Statements.

2.5 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group’s other components. The Board of Directors consider that it is appropriate to report results as one single business segment. This is consistent with management accounting information reported regularly to the Board. The Group’s Chief Operating Decision Maker (“CODM”) is considered to be the Board.

2.6 Revenue

To determine whether to recognise revenue, the Group follows a five-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

In accordance with IFRS 15, revenue is calculated based on the consideration to which the Group expects to be entitled and is recognised over the length of services provided under the contract and once performance obligations have been met. The transaction fee is allocated over the length of the service being provided in accordance with the project plan. It is recognised as a contract liability at the time of the initial transaction and is recognised on a straight-line basis over the lifetime of the contracts. The progress is re-evaluated by Management at each reporting date and the revenue recognised is re-measured accordingly.

Product revenue

The Group enters into contracts for supply of goods to external customers against orders received. The majority of contracts that the Company enters into relate to sales orders containing single performance obligation for the delivery of consumer healthcare products. Revenue is recognised when control of the goods is passed to the customer. The point at which control passes is determined by each customer arrangement, but generally occurs when title passes to the customer, on receipt of the goods on an ex-works basis.

Product revenue represents net invoice less estimated volume discounts, which are considered to be variable consideration and include significant estimates. Other variable considerations such as milestone payments and royalties are not recognised in full until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. In Management's opinion, that will be when the Group's customer confirms that the milestone has been met or that a royalty is due. Estimates associated with variable consideration are revisited at each reporting date or when the related uncertainty resolved and revenue is adjusted accordingly.

Contracts with customers carry no obligations relating to returns or refunds of the product. As such, no provision has been made in respect of returns or refunds.

Commercialisation and licensing revenue

The Group entered into commercialisation agreements to licence the Group's products to other parties. These contracts give rise to fixed and variable consideration from upfront payments, development milestones, sales-based milestones and royalties.

The licences that the Group grant are typically rights to use intellectual property which do not change significantly during the period of the licence and therefore related non-conditional licensing revenue is recognised at the point where the licence is granted and variable consideration as soon as recognition criteria are met. Where control of a right to use licence for an intangible asset passes at the outset of a contract, revenue is recognised at the point in time when control is transferred.

Income dependent on the achievement of a development milestone is recognised when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur, which is usually when the related event occurs. In general, when triggering of a milestone is subject to the decisions of third parties (e.g. the acceptance or approval of a filing by a regulatory authority), the Group does not consider that the threshold for recognition is met until that decision is made.

Sales-based milestone income is recognised when it is highly probable that the sales threshold will be reached. Sales-based royalties on a licence of intellectual property are not recognised until the relevant product sale occurs.

2.7 Leased assets

For any new contracts entered into, the Group considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- The Group has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

The Group makes use of leasing arrangements principally for the provision of the main office space and IT equipment. The rental contracts for offices are typically negotiated on a short-term rolling basis with one month's notice. Lease terms for IT equipment have lease terms of three years without any extension terms. The Group does not enter into sale and leaseback arrangements. All the leases are negotiated on an individual basis and contain a wide variety of different terms and conditions such as purchase options and escalation clauses.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. These leases relate to items of certain low value IT equipment and short-term office leases. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

2.8 Intangible assets

Research and development ("R&D")

Expenditure incurred on the development of internally generated products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to out-license or sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs, including patents and trademarks, are amortised over the periods in which the Group expects to benefit from selling the products developed. The amortisation expense is included in R&D costs recognised in the Consolidated Statement of Comprehensive Loss. The useful life and the value of the capitalised development cost are assessed for indicators of impairment at least annually. The value is written down immediately if impairment has occurred and the unimpaired cost amortised over the remaining useful life.

The Directors consider that the criteria to capitalise development expenditure are not yet met for any of its products as they have either not yet been approved or they have not yet commercially launched in the major markets therefore commercial feasibility of the product is not yet certain. For markets where the products have been launched, development spend is no longer applicable.

Development expenditure, not satisfying the above criteria, and expenditure on the research phase of internal projects are included in R&D costs recognised in the Consolidated Statement of Comprehensive Loss as incurred.

2.9 Plant and equipment

Plant and equipment is initially recognised at cost, and subsequently at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is charged to the Consolidated Statement of Comprehensive Loss at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over their estimated useful lives.

Plant and Equipment	2 – 5 years straight-line
Furniture and fittings	3 – 10 years straight-line

The assets' residual values and useful lives are determined by the Directors and reviewed and adjusted, if appropriate, at each reporting date.

2.10 Impairment of non-financial assets

Assets are assessed for indicators of impairment at each reporting date. Where indicators are identified, an impairment review is carried out for assets being amortised or depreciated when a change in market conditions and other circumstances indicate that the carrying value may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

2.11 Classification of financial instruments issued by the Group

In accordance with the requirements of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or

is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

2.12 Financial instruments

i) Recognition and initial measurement

At the year-end, the Group had no financial assets or liabilities designated at fair value through the Consolidated Statement of Comprehensive Loss (2022: £nil). Trade receivables and debt securities are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Group becomes a party to the contractual provisions in the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or a financial liability is initially measured at fair value plus, for items not measured at fair value through profit and loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is measured at the transaction price.

ii) Classification and subsequent measurement

Financial assets

On initial recognition a financial instrument is classified as measured at amortised cost, fair value through other comprehensive income ("FVOCI") or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on a specified date to cash flows that are solely the payment of principal and interest on the principal outstanding.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is held for trading, it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in profit or loss. At the year-end, the Group had no financial assets or liabilities designated at FVOCI (2022: £nil).

iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

The Group applies a simplified approach in calculating expected credit losses. The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses on a customer by customer basis.

Financial liabilities

The Group derecognises a financial liability when the contractual obligations are discharged, cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

2.13 Taxation

Income tax is recognised or provided at amounts expected to be recovered or to be paid using the tax rates and tax laws that have been enacted or substantively enacted at the Consolidated Statement of Financial Position date. R&D tax credits are recognised on an accruals basis and are included as an income tax credit under current assets.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability on the Consolidated Statement of Financial Position date differs from its tax base, except for differences arising on:

- the initial recognition of an asset or liability in a transaction which is not a business combination and which at the time of the transaction affects neither accounting profit nor taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profits will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the Consolidated Statement of Financial Position date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered). Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different group entities which intend to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, on each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

2.14 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Loss in the period in which they arise.

2.15 Employee benefits

Defined contribution plans

The Group provides retirement benefits to all employees who wish to participate in defined contribution pension schemes. The assets of these schemes are held separately from those of the Group in independently administered funds. Contributions made by the Group are charged to the Consolidated Statement of Comprehensive Loss in the period in which they become payable.

Accrued holiday pay

Provision is made at each reporting date for holidays accrued but not taken, at applicable rates of salary. The expected cost of compensated short-term absence (holidays) is charged to the Consolidated Statement of Comprehensive Loss on an accruals basis.

Share-based payment transactions

The Group operates an annual equity-settled share-based compensation plan. For all share options awarded to employees, and others providing similar services, the fair value of the share options at the date of grant is charged to the Consolidated Statement of Comprehensive Loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Consolidated Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of share options that eventually vest. There are no market-based vesting conditions. If the terms and conditions of share options are modified before they vest, any incremental increase in the fair value of the share options, measured immediately before and after the modification, is also charged to the Consolidated Statement of Comprehensive Loss over the remaining vesting period. The proceeds received when share options are exercised, net of any directly attributable transaction costs, are credited to share capital (nominal value) and the remaining balance to share premium. All employee share option holders enter into an HM Revenue & Customs joint election to transfer the employers' National Insurance contribution potential liability to the employee, therefore no Group asset or liability arises.

Long-term incentive plan

The Group operates a long-term incentive plan ("LTIP") for all staff and Directors. The quantum of any awards receivable will depend on the Group achieving set milestones and the share price at the time relative to targets set in advance. The Group plan is intended to be settled in equity with cash settlement possible at the discretion of the Board. For all LTIP share options awarded to employees, and others providing similar services, the fair value of the share options at the date of grant is charged to the Consolidated Statement of Comprehensive Loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the estimate of the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of share options that eventually vest. If the terms and conditions of share options are modified before they vest, the change in the fair value of the share options, measured immediately before and after the modification, is also charged to the Consolidated Statement of Comprehensive Loss over the remaining vesting period. The proceeds received when share options are exercised, net of any directly attributable transaction costs, are credited to share capital (nominal value) and any remaining balance to share premium. All employee share option holders enter into an HM Revenue & Customs joint election to transfer the employers' National Insurance contribution potential liability to the employee, therefore no Group asset or liability arises.

2.16 Finance income

Interest income is recognised on a time-proportion basis using the effective interest rate method.

2.17 Cash and Cash equivalents

Cash and cash equivalents are basic financial assets and comprise of cash in hand, which are readily available and with original maturity of three months or less.

2.18 Warrants

The Company may issue warrants from time to time in conjunction with equity instruments. Where warrants are issued, the fair value of the warrants are determined using the Black-Scholes method and the balance held in a warrant reserve until such time the warrants are exercised or lapse. The warrant reserve is transferred to retained earnings on exercise or lapse, as it is treated as distributable profit reserve from the point of issue.

3. Estimates and judgements

In the application of the Group's accounting policies, which are described in Note 2, Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The significant judgements and estimates made in relation to the financial statements are:

Share-based payments

The Group operates an equity-settled share-based compensation plan for employee (and others providing similar services) services to be received and the corresponding increases in equity are measured by reference to the fair value of the equity instruments as at the date of grant. The fair value determination is based on the principles of the Black-Scholes model which uses an input of volatility based on historical data. Historical volatility may not be indicative of future volatility, yet the Directors judge this to be the most appropriate method of calculation. Given the share-based payment expense of £2,720,297 (2022: £671,852), the volatility methodology used is not expected to have a material impact on these financial statements. Details of the fair value calculation for options granted during the year, including other inputs into the Black-Scholes model, are disclosed in Note 17.

Fair value of derivative instruments

Where the fair value of derivative instruments recorded in the Consolidated Statement of Financial Position cannot be derived from active markets, their fair value is determined using valuation techniques. The inputs to these models are taken from observable markets where possible. Where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as volatility.

There are no significant estimates which are expected to lead to material adjustments in the next accounting period.

4 Financial Risk

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange rate risk, cash flow interest rate risk and fair value interest rate risk); credit risk and liquidity risk. It is Group policy not to enter into speculative positions using complex financial instruments.

(i) Market risk

Foreign exchange rate risk

The Group primarily enters into supplier contracts which are to be settled in sterling. However, some contracts involve other currencies including the US Dollar and the Euro. The Group may use forward exchange contracts as an economic hedge against currency risk, where cash flow can be judged with reasonable certainty. There were no open forward contracts as at 31 December 2023 or at 31 December 2022.

At 31 December 2023, the Group held balances of the following denominated currencies:

		Year ended 31 December 2023	Year ended 31 December 2022
		£	£
GBP	£	**4,199,183**	3,589,876
EUR	€	**832,462**	139,167
USD	$	**2,682,537**	377,427

The majority of operating costs are denominated in Sterling although certain expenditures were payable in Euros and US Dollars. At 31 December 2023 the Group had trade payables denominated in a foreign currency totalling £115,071 (31 December 2022: £149,189) and trade receivables denominated in foreign currency totalling £1,147,709 (31 December 2022: £nil).

Cash flow interest rate risk and fair value interest rate risk

The Group's interest rate risk arises from short-term money market deposits.

(ii) Credit risk

Credit risk arises from cash and cash equivalents and money market deposits as well as credit exposure in relation to outstanding receivables. Trade receivables have been reviewed and there are no historical cases of default or material balances which are past due. Management considers that the financial assets below are of good credit quality.

The carrying value of the financial assets recoded in the Consolidated Statement of Financial Position represents the Group's maximum exposure to credit risk.

The credit risk for liquid funds and short-term financial assets relates to banking institutions holding such funds or assets on behalf of the Group. The counterparties are considered to be reputable banks with high quality external risk ratings.

The exposure relating to outstanding receivables and the carrying amount of cash balances is as follows:

	31 December 2023	31 December 2022
	£	£
Cash at bank and in hand	**7,714,182**	4,026,112
Trade receivables	**1,147,709**	-
	8,861,891	4,026,112

The Directors consider the Group's exposure to credit risk to be acceptable and normal for a similar entity at its stage in development.

(iii) Liquidity risk

In the normal course of business the Group is exposed to liquidity risk. The Group's objective is to ensure that sufficient resources are available to fund short-term working capital and longer-term strategic requirements. The Group manages its liquidity needs by monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis. Long-term liquidity needs are monitored regularly.

At 31 December 2023 and 31 December 2022, the Group's liabilities had contractual maturities which are summarised as follows:

	Carrying amount £	2 months or less £	2 – 12 months £	More than 1 year £
31 December 2023				
Trade and other payables	2,491,818	2,491,818	-	-
Contract liability	3,847,716	-	3,321,970	525,746
	6,339,534	**2,491,818**	**3,321,970**	**525,746**

	Carrying amount £	2 months or less £	2 – 12 months £	More than 1 year £
31 December 2022				
Trade and other payables	1,320,958	1,320,958	-	-
Contract liability	432,151	-	322,716	109,435
	1,753,109	**1,320,958**	**322,716**	**109,435**

The Group manages all of its external bank accounts centrally and in accordance with defined treasury policies. The policies include a minimum acceptable credit rating of relationship bank accounts and financial transaction authority limits. Any material change to the Group's principal bank facility requires Board approval.

4.2 Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Group does not yet have significant recurring revenues and has mainly financed its operations through the issue of new shares and management of working capital. The Group's capital resources are managed to ensure it has resources available to invest in operational activities designed to generate future income. These resources were represented by £7,714,182 of cash at bank as at 31 December 2023 (31 December 2022: £4,026,112).

5 Segment reporting

The Group is focused on the development and commercialisation of Eroxon® and therefore operates as one segment. The Group derives revenue from the transfer of goods and services over time and at a point in time in the following geographical split:

	31 December 2023	31 December 2022
EU and UK	**2,725,475**	-
Rest of World	**375,493**	-
	3,100,968	**-**

	31 December 2023	31 December 2022
Revenue recognised at a point in time	**3,044,075**	-
Revenue recognised over time	**56,893**	-
	3,100,968	**-**

In the current year, two customers represented more than 10% (2022: n/a) of revenue.

All revenue reported by the Group is from contracts with customers.

The relationship between the timing of the satisfaction of the Group's performance obligations and the typical timing of payments from contracts with customers is as follows:

- Revenue for sale of goods is recognised at the point in time when the goods are delivered or collected under ex-works arrangements, which completes our performance obligation. At this point in time the consideration is unconditional because only the passage of time is required before payment is due. Payment is typically due between 30 and 60 days following delivery of the goods.
- For revenue recognised over time, payment is typically received in the form of upfront payments. The performance obligations are met over the duration of the contract. A contract liability is recognised and adjusted at each reporting period to reflect unsatisfied performance obligations based on a straight-lined apportioned basis over the term of the customer contract. Included in revenue for the year is £24,832 (2022: £nil) which was included in the contract liability at the beginning of the period. See Note 15 on contract liabilities.

6 Operating loss

Operating loss is stated after charging/(crediting):	**Year ended 31 December 2023 £**	Year ended 31 December 2022 £
Depreciation of plant and equipment (Note 10)	**128,360**	24,734
Loss on disposal of plant and equipment	**54,256**	585
Short-term leases: property	**128,205**	120,881
(Gain)/loss on foreign exchange	**(80,007)**	98,923

The fees of the Group's Auditor Grant Thornton UK LLP for services provided are analysed below:

	Year ended 31 December 2023	Year ended 31 December 2022
Audit services	£	£
Parent Company	**49,368**	51,237
Subsidiaries	**28,462**	15,420
Other non-audit services		
iXBRL tagging	**-**	2,000
Total fees	**77,830**	68,657

7 Staff numbers and costs

The average number of persons (including all Executive and excluding Non-Executive Directors) employed by the Group during the year, analysed by category, was as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
R&D staff	**7**	7
Finance and Administration staff	**2**	2
Executive Directors	**3**	3
	12	12

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
	£	£
Wages and salaries	**2,284,686**	2,150,346
Social security costs	**448,689**	274,083
Other pension and insurance benefits costs	**196,252**	153,384
Total cash-settled remuneration	**2,929,627**	2,577,813
Share-based payment remuneration charge	**2,720,297**	671,852
Total remuneration	**5,649,924**	3,249,665

All employees of the Group are employed by Futura Medical Developments Limited.

Directors' remuneration	Year ended 31 December 2023	Year ended 31 December 2022
	£	£
Wages and salaries	**1,350,349**	1,166,078
Other pension and other benefit costs	**28,371**	26,591
Share-based payment remuneration charge	**1,058,584**	313,867
Social security costs	**256,535**	143,503
Total remuneration	**2,693,839**	1,650,039

In 2023 there were no Directors (2022: one) who exercised share options under the Group share option schemes and a gain of £nil was realised (2022: £37,975). In respect of the highest paid Director there was £nil gain realised (2022: £37,975).

In 2023 there were no Directors (2022: no Directors) who participated in a private money purchase defined contribution pension scheme. Emoluments for individual Directors are disclosed within the Remuneration Committee Report.

The Directors consider that there are no Key Management Personnel other than the Directors.

Remuneration above includes the following amounts in respect of the highest paid Director:

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Wages and salaries	**462,027**	390,898
Employer pension contributions and other benefits	**6,186**	6,186
Share-based payment remuneration charge	**386,893**	100,119
Social security costs	**76,391**	60,144
Total remuneration	**931,497**	557,347

8. Taxation

8.1 Current tax

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
UK corporation tax credit on loss on ordinary activities	**379,074**	1,024,994

The tax assessed for the year was lower than the UK corporation tax rate (2022: lower). The differences are explained below:

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Loss on ordinary activities before tax	**6,891,973**	6,871,489
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.5% (2022: 19%)	**1,621,028**	1,305,583
Expenses not deductible for tax purposes	**(42,579)**	(247)
Movement in unrecognised deferred tax	**(591,322)**	(122,999)
Unutilised tax losses	**(815,647)**	(624,175)
Share scheme deduction	**223,602**	25,793
Surrender of tax losses for R&D tax credit refund	**(402,536)**	(318,101)
Additional deduction for R&D expenditure	**386,528**	759,140
UK corporation tax credit	**379,074**	1,024,994
UK corporation tax credit reported in the Consolidated Statement of Comprehensive Loss	**379,074**	1,024,994

An increase in the main rate of UK corporation tax from 19% to 25% came into force on 1 April 2023. As a result, the current tax charge is calculated using the average tax rate of 23.52% for the year ended 31 December 2023. The corporation tax credit for the year represents research and development tax credits of £379,074 (2022: £1,024,994), arising from the surrender of losses (rather than carrying forward to future years) of £3,323,097 (2022: £7,068,921) under HMRC's small and medium size enterprise scheme. The taxable loss for the year is in excess of the accounting loss for various reasons, principally the additional deductions given for tax purposes on research and development expenditure.

The Group has tax losses of approximately £42,242,997(2022: £38,980,404) available for offset against future taxable profits.

8.2 Deferred tax

Deferred tax assets amounting to £11,980,458 (2022: £10,484,989) have not been recognised due to it not being probable that taxable profits will be available against which these deductible temporary differences can be utilised.

The unrecognised asset comprises of:

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Depreciation differential versus capital allowances	**(5,049)**	(6,800)
Other short-term timing differences	**1,424,758**	746,688
Unutilised tax losses	**10,560,749**	9,745,101
	11,980,458	10,484,989

9. Loss per share

The calculation of basic and diluted earnings per share ("EPS") is based on the following data:

	2023	2022
Loss for the purposes of basic EPS and diluted EPS (£)	**6,512,899**	5,846,495
Weighted average of ordinary shares for purposes of basic and diluted EPS (number)	**294,912,404**	287,478,055
Loss per share basic and diluted (pence)	**2.21**	2.03

Diluted EPS is calculated in the same way as basic EPS but also with reference to reflect the dilutive effect of share options in existence at the year-end which were 20,518,841 (2022: 6,583,800). The diluted loss per share is identical to the basic loss per share, as potential dilutive shares are not treated as dilutive since they would reduce the loss per share.

10. Plant and equipment

	Plant and Equipment	Furniture and Fittings	Total
Cost	£	£	£
At 1 January 2023	1,283,853	65,321	1,349,174
Additions	1,505,849	-	1,505,849
Disposals	(54,255)	-	(54,255)
At 31 December 2023	**2,735,447**	**65,321**	**2,800,768**
Depreciation			
At 1 January 2023	132,089	59,050	191,139
Eliminated on disposals	(5,391)	-	(5,391)
Charge for year	126,544	3,728	130,272
At 31 December 2023	**253,242**	**62,778**	**316,020**
Net book value			
At 31 December 2023	**2,482,205**	**2,543**	**2,484,748**
At 31 December 2022	1,151,764	6,271	1,158,035

	Plant and Equipment	Furniture and Fittings	Total
Cost	£	£	£
At 1 January 2022	545,270	65,321	610,591
Additions	740,697	-	740,697
Disposals	(2,114)	-	(2,114)
At 31 December 2022	**1,283,853**	**65,321**	**1,349,174**
Depreciation			
At 1 January 2022	108,884	59,050	167,934
Eliminated on disposals	(1,529)	-	(1,529)
Charge for year	24,734	-	24,734
At 31 December 2022	**132,089**	**59,050**	**191,139**
Net book value			
At 31 December 2022	**1,151,764**	**6,271**	**1,158,035**
At 31 December 2021	436,386	6,271	442,657

All fixed assets of the Group are held in Futura Medical Developments Limited. At 31 December 2023, the Group was committed to purchase Plant and Equipment totalling £2,200,218 (31 December 2022: £nil) and had paid advances on assets under construction of £1,363,215 (2022: £nil).

11. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Assets as per Consolidated Statement of Financial Position	31 December 2023	31 December 2022
Receivables at amortised cost	**£**	£
Trade and other receivables (Note 12)	**1,147,709**	70,114
Cash and cash equivalents (Note 13)	**7,714,182**	4,026,112
Total financial assets at amortised cost	**8,861,891**	4,096,226

Liabilities as per Consolidated Statement of Financial Position at amortised cost	31 December 2023 £	31 December 2022 £
Trade and other payables (Note 14)	**6,339,534**	1,753,109
Total financial liabilities at amortised cost	**6,339,534**	1,753,109

The Directors consider that there is no material difference between the carrying values of financial assets and liabilities, and their fair value.

12. Trade and other receivables

Amounts receivable within one year:	31 December 2023 £	31 December 2022 £
Trade receivables	**1,147,709**	70,114
Financial assets (Note 11)	**1,147,709**	70,114
Prepayments	**92,465**	195,570
	1,240,174	265,684

Trade and other receivables do not contain any impaired assets. The Group does not hold any collateral as security and the maximum exposure to credit risk at the Consolidated Statement of Financial Position date is the fair value of each class of receivable.

Trade receivables are measured initially at fair value and subsequently held at amortised cost less an allowance for expected credit losses. The Group has applied the simplified approach to measuring credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Standard credit terms are between 30 and 90 days from the date the invoice was issued.

The allowance for expected credit losses assessment requires a degree of judgement and estimation based on a combination of factors, including the Group's historical loss experience and any anticipated effects related to current economic conditions, as well as management knowledge of the current composition of trade receivables. Trade receivables that management believe to be ultimately not collectible are written off upon such determination. The Group defines default of customer balances as any amounts outside of the contractual repayment terms.

Trade receivables are regularly reviewed for impairment loss. The Group has assessed the credit risk of its financial assets measured at amortised cost and has determined that the loss allowance for expected credit losses of those assets is immaterial to the financial statements. As the Group has no material expected credit losses the disclosure of the ageing and credit risk relating to trade receivables is not required and therefore not presented.

The Group's trade receivables are denominated in GBP. The carrying value of trade and other receivables in the Group is consistent with fair value in the current and prior year.

The other classes of assets within trade and other receivables are denominated in GBP and do not contain impaired assets.

Contracts with customers

No impairment losses (2022: £nil) were recognised on receivables arising from contracts with customers.

	31 December 2023 £	31 December 2022 £
Receivables included within 'Trade and other receivables'	**1,147,709**	70,114
Contract liabilities	**3,847,716**	432,151
	4,995,425	502,265

13. Cash and cash equivalents

	31 December 2023 £	31 December 2022 £
Cash at bank and in hand	**7,714,182**	4,026,112
	7,714,182	4,026,112

14. Trade and other payables

	31 December 2023 £	31 December 2022 £
Trade payables	**1,006,054**	316,181
Social security and other taxes	**71,850**	145,092
Contract liabilities	**3,847,716**	432,151
Accrued expenses	**1,413,914**	859,685
	6,339,534	1,753,109

15. Contract liabilities

Contract liabilities comprise of payments from commercial partners where performance obligations remain outstanding at the period end and revenue is recognised over time. The revenue recognition policy is explained in Note 2.6.

The significant changes in contract liabilities are presented below:

	31 December 2023 £	31 December 2022 £
Revenue recognised in the year that was included in the opening contract liability balance	**24,832**	-
Revenue recognised in the year that was received in the current year	**32,061**	-
Cash received, excluding amounts recognised as revenue in the period	**3,472,475**	432,151

The maturities of the contract liabilities are presented below:

	31 December 2023 £	31 December 2022 £
Due within one year	**3,321,970**	322,716
Due after one year	**525,746**	109,435
	3,847,716	432,151

16. Share capital

Allotted, called up and fully paid	**31 December 2023 Number**	31 December 2022 Number	**31 December 2023 £**	31 December 2022 £
Ordinary shares of 0.2 pence each	**301,405,950**	288,046,527	**602,812**	576,093

The number of issued ordinary shares as at 1 January 2022 was 287,150,971. Each ordinary share carries the right to one vote and receive dividends from time to time. During the year ended 31 December 2022, the Company issued shares of 0.2 pence per share, as follows:

Month	**Reason For Issue**	**Gross Consideration £**	**Shares Issued Number**
January 2022	Non-Executive Director award at 15 pence per share	21,834	145,556
September 2022	Exercise of share options at 30 pence per share	75,000	250,000
September 2022	Exercise of share options at 7.5 pence per share	18,750	250,000
September 2022	Exercise of share options at 31 pence per share	46,500	150,000
November 2022	Exercise of share options at 7.5 pence per share	7,500	100,000
		169,584	**895,556**

The number of issued ordinary shares as at 1 January 2023 was 288,046,527. During the year ended 31 December 2023, the Company issued shares of 0.2 pence with each ordinary share carrying the right to one vote and receive dividends from time to time as follows:

Month	Reason For Issue	Gross Consideration £	Shares Issued Number
January 2023	Non-Executive Director award at 36.36 pence per share	31,790	87,430
June 2023	Exercise of Warrants	4,375,000	10,937,500
July 2023	Exercise of share options at 15.5 pence per share	70,672	456,000
July 2023	Exercise of share options at 31 pence per share	46,500	150,000
July 2023	Exercise of share options at 30.50 pence per share	15,250	50,000
July 2023	Exercise of share options at 7.5 pence per share	7,500	100,000
July 2023	Exercise of share options at 0.2 pence per share	1,770	884,836
October 2023	Exercise of share options at 0.2 pence per share	530	265,000
November 2023	Exercise of share options at 0.2 pence per share	857	428,657
		4,549,869	**13,359,423**

17. Share options

At 31 December 2023, the number of ordinary shares of 0.2 pence each subject to share options granted under the Company's Approved and Unapproved Share Option Schemes were:

Exercise Period	Exercise Price per Share Pence	At 1 January 2023 Number	Options Exercised Number	Options Lapsed Number	Options Granted Number	At 31 December 2023 Number
1 October 2018 – 30 September 2023	57.50	680,000	-	(680,000)	-	-
1 October 2019 – 30 September 2024	30.50	500,000	(50,000)	-	-	450,000
1 October 2020 – 30 September 2025	7.50	500,000	(100,000)	-	-	400,000
1 October 2021 – 30 September 2026	31.00	940,000	(150,000)		-	790,000
1 October 2022 – 30 September 2027	15.50	1,308,000	(456,000)	-	-	852,000
1 October 2023 – 30 September 2028	37.90	1,588,800	-	-	-	1,588,800
1 October 2023 – 30 September 2028	29.50	100,000	-	-	-	100,000
1 October 2025 – 30 September 2030	45.00	967,000	-	-	-	967,000
7 January 2023 – 6 January 2033	0.2	4,444,940	(885,074)	-	-	3,559,866
6 April 2026 – 31 March 2033	43.60	-	-	-	1,934,000	1,934,000
9 October 2023 – 30 September 2033	0.2	-	(693,657)	-	10,570,832	9,877,175
		11,028,740	**(2,334,731)**	**(680,000)**	**12,504,832**	**20,518,841**

On 6 April 2023 share options over 1,934,000 new ordinary shares were granted to employees (including Executive Directors) at a price of 43.6p. The options have a three-year vesting period and vesting is subject to satisfaction of a non-market performance condition. The exercise period for these options is 1 April 2026 to 31 March 2033.

On 9 October 2023 share options over 10,570,832 new ordinary shares were granted to employees (including Executive and Non-Executive Directors) at a price of 0.02p per share. The options granted will vest 25% immediately with a further 25% vesting annually following the date of grant.

The share options outstanding at 31 December 2023 represented 6.81% of the issued share capital as at that date (2022: 3.84%) and would generate additional funds of £2,481,113 (2022: £2,142,884) if fully exercised. The weighted average remaining life of the share options outstanding at 31 December 2023 was 98 months (2022: 81 months) with a weighted average remaining exercise price of 11.96 pence (2022: 19.43 pence).

The share options exercisable at 31 December 2023 totalled 8,430,027 (2022: 5,039,235) with an average exercise price of 13.98 pence (2022: 21.34 pence) and would have generated additional funds of £1,202,739 (2022: £1,075,373) if fully exercised.

The Group's share option scheme rules apply to all of the share options outstanding at 31 December 2023 (31 December 2022: 11,028,740) and include a rule regarding forfeiture of unexercised share options upon the cessation of employment (except in specific circumstances).

Options have historically been issued to advisers under the unapproved scheme. There were 910,506 share options outstanding to advisers at 31 December 2023 (31 December 2022: 247,416).

There were no market vesting conditions within the terms of the grant of the share options.

The Black-Scholes formula is the option pricing model applied to the grants of all share options made in respect of calculating the fair value of the share options.

An amount of £2,720,297 (2022: £671,852) has been recognised as a charge within administrative expenses in the Consolidated Statement of Comprehensive Loss and a credit to retained earnings within equity. There were no cash settled share-based payment transactions.

Share-based payments

	LTIP Award				
	Tranche 1	Tranche 2	Tranche 3	Tranche 4	2023 annual award
Grant date	9 October 2023	9 October 2023	9 October 2023	9 October 2023	6 April 2023
Number of shares under option	2,642,708	2,642,708	2,642,708	2,642,708	1,934,000
Vesting period ends	Oct 23	Oct 24	Oct 25	Oct 26	April 26
Share price as at date of grant	40p	40p	40p	40p	43.00p
Option exercise price	0.2p	0.2p	0.2p	0.2p	43.60p
Expected volatility	88.26%	88.26%	88.26%	88.26%	89.58%
Dividend yield	0%	0%	0%	0%	0%
Risk-free investment rate	5.01%	4.86%	4.72%	4.60%	3.51%
Exercisable from/to	Oct 23 -Oct 33	Oct 24 -Oct 33	Oct 25 - Oct 33	Oct 26 - Oct 33	April 26 – Mar 33
Expected life of options (years)	0.25	1.25	2.25	3.25	3
Fair value per share at grant date	39.80p	39.81p	39.82p	39.83p	24.96p

	LTIP Award				2022 annual share awards	
	Tranche 1	Tranche 2	Tranche 3	Tranche 4		
Grant date	07 Dec 2022	07 Dec 2022	07 Dec 2022	07 Dec 2022	21 Sep 2022	02 Jun 2022
Number of shares under option	1,111,235	1,111,235	1,111,235	1,111,235	967,000	100,000
Vesting period ends	Dec 22	Dec 23	Dec 24	Dec 25	Oct 25	Oct 23
Share price as at date of grant	44.60p	44.60p	44.60p	44.60p	44.80p	29.50p
Option exercise price	0.2p	0.2p	0.2p	0.2p	45.00 p	29.50p
Expected volatility	96.49%	96.49%	96.49%	96.49%	100.62%	113.72%
Dividend yield	0%	0%	0%	0%	0%	0%
Risk-free investment rate	3.29%	3.25%	3.12%	3.24%	3.05%	1.98%
Exercisable from/to	Dec 22-Dec 30	Dec 23-Dec 30	Dec 24-Dec 30	Dec 25-Dec 30	Oct 25-Sep 30	Oct 23-Sep 28
Expected life of options (years)	0.25	1.25	2.25	3.25	3	3
Fair value per share at grant date	39.94p	39.95p	39.95p	39.96p	26.53p	16.5p

18. Warrants and warrant reserve

On 21 January 2020, Futura Medical plc issued a warrant instrument as part of a wider share issue to raise funds under a subscription agreement. The Company issued 10,937,500 warrants at a ratio of one warrant for every two Ordinary Shares subscribed in respect of the Subscription. The warrants were exercisable until the fifth anniversary of their issue at a price of 40 pence per Ordinary Share. The warrants have been measured using the relative fair value method and fair value has been calculated using the Black-Scholes method using the following inputs:

Inputs to warrant pricing model	31 December 2022
Grant date	21 January 2020
Number of warrants	10,937,500
Share price as at date of grant	12.75 pence
Warrant conversion price	40 pence
Expected life of warrants	5 years
Expected volatility	81.56%
Dividend yield: no dividends assumed	0%
Risk-free rate	0.44% p.a.

At 1 January 2023, the balance of £165,868 (2022: £165,868) was held in warrant reserve. The warrants were exercised in June 2023 at a price of 40 pence per ordinary share and 10,937,500 shares were issued. Upon exercise of the warrant, £4.38 million was received as share capital and premium and the balance held in the warrant reserve was transferred to retained earnings.

19. Pension costs

The pension charge represents contributions payable by the Group to independently administered funds which during the year ended 31 December 2023 amounted to £196,532 (2022: £153,383). Pension contributions payable in arrears at 31 December 2023, included in accrued expenses at the relevant Consolidated Statement of Financial Position date, totalled £5,258 (2022: £11,325).

20. Commitments

At 31 December 2023 the Group had operating short-term lease commitments in respect of property leases cancellable on one month's notice of £10,916 (2022: £10,365).

21. Inventories

Inventory is carried at cost and the balance of £339 (2022: £nil) relates to product samples held for testing and marketing purposes.

22. Related party transactions

Related parties, as defined by IAS 24 'Related Party Disclosures', are the wholly owned subsidiary companies, Futura Medical Developments Limited, Futura Consumer Healthcare Limited and the Board. Transactions between the Company and the wholly owned subsidiary companies have been eliminated on consolidation and are not disclosed.

Key management compensation

The Directors represent the key management personnel. Details of their compensation and share options are given in Note 7 and within the Remuneration Committee Report.