CREO MEDICAL

2023 Annual Report

Creo Medical is a medical device company focused on the development and commercialisation of minimally invasive electrosurgical devices, bringing advanced energy to endoscopy.

CLINICAL CASE STUDIES

Learn how Speedboat is improving lives

SCAN THE QR CODE
TO READ OUR
CASE STUDIES

01 Strategic Report

Our Achievements

Operational and Commercial Highlights

Continued commercial growth and strict cost control helped us to achieve a 13% increase in revenues and an underlying operating loss reduction of £4.4m

- 2.5x increase in Creo Core Product sales vs 2022
- Increased consumable sales vs 2022
- FDA clearance for Speedboat UltraSlim
- EU launch of Speedboat UltraSlim accelerated by 18 months - First sales and growing orderbook
- Reduced administrative expenses and lower EBITDA loss
- Significant progress in roll-out of Creo's Core technology:
  - 32% increase in the volume of procedures performed using Speedboat
  - 119% increase in user base
  - Over 25% increase in the number of trained clinicians now able to train others

Regulatory & operational highlights

- Speedboat Inject selected by the National Institute for Health and Care Excellence ("NICE") to be scoped and routed for guidance
- First in-human use of MicroBlate Flex for the microwave ablation of soft tissue lung lesions safely completed as part of a lung tissue ablation clinical study
- Medical Device Regulation ("MDR") CE clearance for Speedboat Inject, adding upper gastrointestinal ("GI") indications (e.g. swallowing disorders, oesophageal and stomach cancers) in the UK and mainland Europe
- Multiple upper GI Speedboat procedures performed in Europe

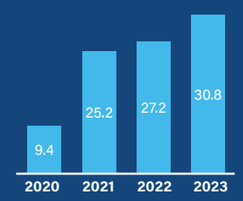
- Most significant data set for Speedboat Submucosal Dissection ("SSD") procedures to date, showing an 82% curative rate for lower GI lesions (e.g. bowel and colon) with no perforations recorded
- SSD service at Royal Oldham is taking the lead with multiple cases completed in record time, resulting in immediate benefits for both patients and waiting lists (See more on page 36)
- Collaboration with Khalifa University of Science & Technology, Abu Dhabi announced post year end
- Increased global reach, with first use of Speedboat in Croatia, Slovenia, Malaysia and UAE

Financial Highlights as of 31st December 2023

Revenue ↑

£30.8m

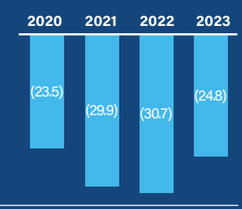
(2022: £27.2m)



Operating Loss ↓

£24.8m

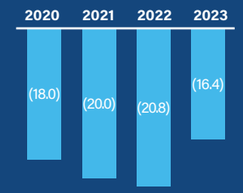
(2022: £30.7m)



Underlying operating loss* ↓

£16.4m

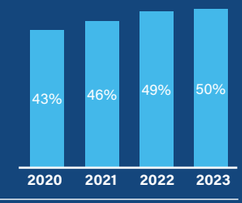
(2022: £20.8m)



Gross Margin ↑

49.6%

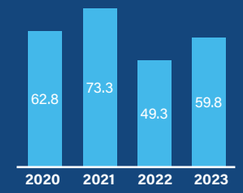
(2022: 48.5%)



Net Assets ↑

£59.8m

(2022: £49.3m)



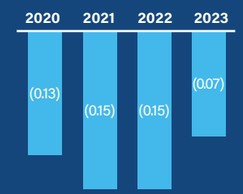
Cash Raised From Fundraise

£33.7m

(Oversubscribed Fundraise - March 2023)

Loss Per Share ↓

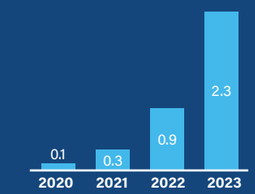
7.0p



Creo Core Revenues ↑

£2.3m

(2022: £0.9m)



* Underlying operating loss is defined on page 43.

About Creo

Transforming Energy, Transforming Surgery, Transforming Lives

Creo Medical is a UK-based medical device and advanced energy company, transforming lives by delivering pioneering solutions to healthcare providers across the world.

The Company was founded in 2003 by Professor Chris Hancock, initially to target the treatment of cancers through the use of high frequency microwave energy.

One in two[1] people will develop some form of cancer in their lifetime. We will all likely know someone who will be or has been impacted in some way. These diseases can be treated using advanced energy, with potentially huge benefits for both patients and their loved ones. Chris was driven to apply advanced energy technology to make a difference and improve lives; this is the foundation on which Creo is built.

Our products

Creo Medical has developed a suite of unique endoscopic devices (see pages 28 and 29). Our CROMA advanced energy platform powered by our Kamaptive Technology enables a broad spectrum of energies to be utilised by our devices. It is this unique combination that puts us at the forefront of a paradigm shift in the treatment of an increasing number of indications, particularly in the GI tract, pancreas, liver and lung. Creo is able to complement these devices with a broader range of endotherapy products, which are available to our customers worldwide.

In addition to endoscopic products manufactured by Creo, we collaborate with leaders from other sectors (particularly robotic surgery) through our Kamaptive Licensing Programme to ensure that the benefits of our advanced energy technology are maximised, both in aiding the treatment of more patients and indications worldwide and in generating income from multiple high-growth markets.

Our Kamaptive Licensing Programme has had a successful year through our collaborative approach with our partners whilst also continuing to generate income.

Our stakeholders

In pursuing our mission 'to improve patient outcomes', multiple stakeholders, directly or indirectly, benefit from our products:

Patients

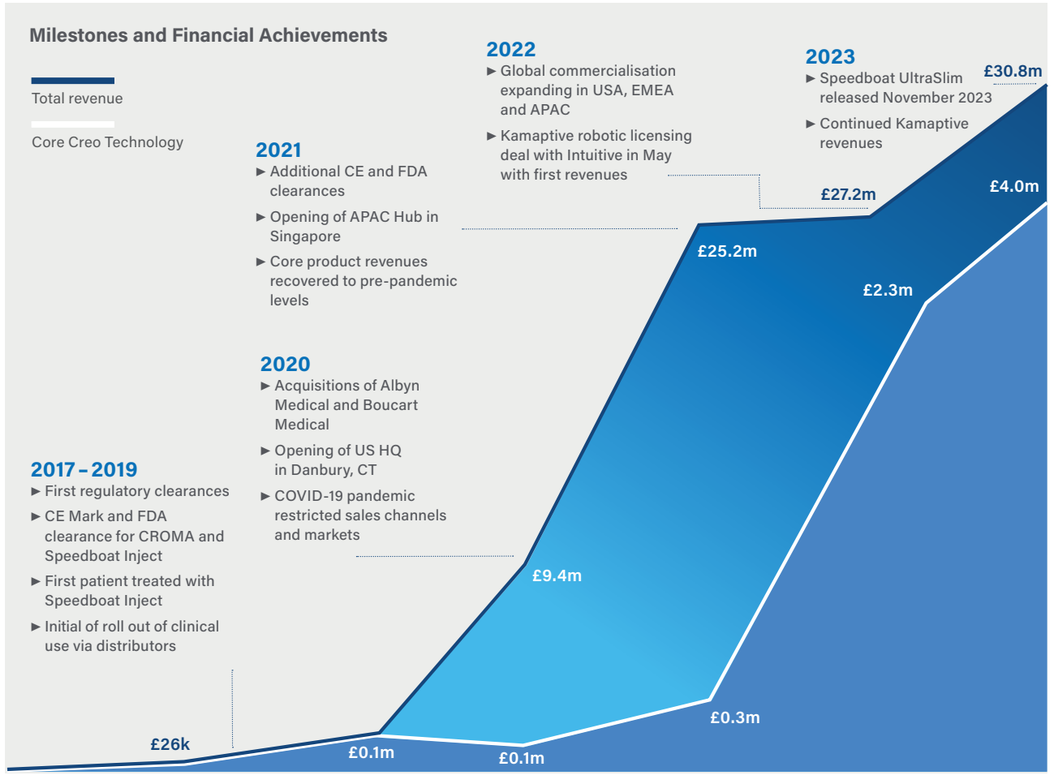
- Improved patient outcomes
- Shorter procedure times
- Low recurrence risk (rate less than 1%[2])
- Organ preservation
- Reduced risk

Healthcare Professionals

- Minimally invasive treatment
- Reduced risks associated with surgical procedures
- Removal of lesions en-bloc (in one) for improved histology and lower recurrence rates
- Streamlined training curve

Hospitals

- Reduced procedure costs[3]
- Reduced procedure time and fewer follow up appointments[3]
- Reduced waiting times[3]
- Improved patient pathways[3]
- QALY ("Quality Adjusted Life Years") value added[3]



We employ a wide range of experts spanning all Company departments:

- Engineering and R&D
- Enhanced manufacturing capabilities optimised for growth
- Experienced sales teams with bespoke direct and indirect distribution networks across territories
- A world-class Pioneer Clinical Education Programme tailored to the needs of our customers and their patients
- Global business support functions to continue to build the Creo brand globally

Transforming lives, case by case

Creo's products are in everyday use by some of the world's leading physicians and healthcare institutions. In particular, Speedboat is providing excellent outcomes and we have a growing pipeline of physicians globally interested in the technology. The launch of the new Speedboat UltraSlim device in November 2023 led to an increased number of these leading experts using Speedboat, owing to its compatibility with a wider range of endoscopes and improved access to the gastrointestinal tract.

References

1. https://www.nhs.uk/conditions/cancer/
2. Cost-effectiveness analysis of Speedboat submucosal dissection in the management of large nonpedunculated colorectal polyps. Authors: Amir Ansaripour, Mehdi Javanbakht, Adam Reynolds and Zacharias Tsiamoulos
3. https://www.creomedical.com/en/healthcare-professionals/improving-patient-pathways-with-ssd

CEO's Review

2023 was a pivotal year for Creo

"Considerable strides made by all areas of the business with the focus on the commercialisation of Core Technology."

Craig Gulliford, Chief Executive

2023 was a pivotal year for Creo, with considerable strides made by all areas of the business. With a particular focus on the commercialisation of our Core Technology, and continuing to maximise the value of our global distribution business, Creo branded products represented 80% of revenues for the year.

In February 2023, despite the challenging macro economic backdrop and market conditions, we executed a planned and significantly oversubscribed fundraise. This fantastic support from existing and new shareholders has provided us with the financial platform to achieve significant milestones during the year and has strengthened our cash position from which we can enter the next stage of our development. We are committed to the commercialisation of our Core Technologies and driving the business to generate self-sustaining cashflows. I thank all shareholders, new and old, for their support.

The launch of Speedboat UltraSlim in Q4, our smallest device to date, was a significant milestone and helped us to achieve record sales for the quarter as well as a strong orderbook for the first quarter of 2024. During the year, core technology sales and Kamaptive licensing income increased to £4.0m (FY22 £2.3m) with core technology sales increasing c. 2.5x, despite the regulatory clearance for UltraSlim coming later than we expected in the US, but much earlier than planned in the EU, setting a strong foundation for 2024.

Overall Group revenues increased during the year by 13% to £30.8m with our core product revenues increasing 2.5x from 2022 to £2.3m. We are now starting to see our user base growth translate into significant revenues for the business, as shown by strong Q1 sales in 2024.

Following our cost-intensive product development cycle in prior years, we have shifted our development efforts towards funded partnership programmes as part of our Kamaptive brand, with a heavy focus on our robotics partners.

This shifting of the innovation cost base from us to third parties has led to a decrease in operating costs by 7.9% year on year. This move has led to some overall headcount reductions where the phase of the programme is less resource intensive. Despite this exercise, we were also able to deliver meaningful cost of living corrections primarily to staff below the median salary where the dramatic increases in inflation have hit those the most.

Continuing this traction throughout 2024, and seeing our other key projects and partnerships come to fruition, puts us in a great position to achieve our goals with increasing revenues and appropriate cost management.

Product offering

Our Speedboat UltraSlim is the ultimate miniaturisation version of our unique Speedboat advanced energy device. Building on our applauded Speedboat technology, this process was no mean feat as we deliver unique miniaturised and widely adopted laparoscopic technology into user environments where no other company has been able to do so before.

The Speedboat UltraSlim clearance and launch is a significant event for Creo as it opens up access to all major commercially used endoscopes on the market, allowing Creo's technology to treat more patients, collaborate with more doctors and provide better patient outcomes – our core aim.

FDA clearance for this device came in November 2023. Whilst this was just over a quarter behind our original goal, the significant additional work required to achieve this means that this was an outstanding performance by the entire Creo team. Not only did we get the USA clearance, but we were also able to clear the device for use in Europe more than a year ahead of our expected schedule. This clearance enabled us to prepare for commercial launch in the European market and sets us up really well for 2024.

It's really reassuring to me that the Core product brands, which leverage our technology developed over the past decade, are all starting to monetise themselves and generate traction commercially.

In 2023 our Core technology improved lives in EMEA, USA and APAC. The vision of placing laparoscopic surgical capability into the hands of interventional flexible endoscopists and surgeons is a reality, and the next couple of years will see us crystallising revenues across our brand portfolio, both through our core technology sales channels as well as through our Kamaptive partnerships.

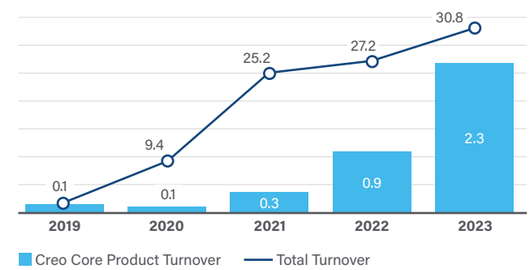
It was announced recently that our very first case and the first robotic ablation clinical case took place in late 2023 with MicroblateFlex. I have had the privilege of observing one of these cases, where our technology, in conjunction with our partner robotic technology, presents a night and day comparison with the current alternative patient pathway. The time, effort and hard work from the team over the last few years, from design and development to the team working with our partners, represents a terrific achievement. There is still a lot of work to do with the completion of our clinical studies, but the expansion beyond this to move towards commercial activity with customers is really exciting. This brings together commercial execution with partner value, innovation and most important of all, a potential opportunity to improve the survivability of lung cancer. All this alongside the continued work to expand the clinical data and experience with Microblate Fine in the early treatment of pancreatic cancer, liver cancer and other conditions fills us all with real pride as we are seeing a whole new cohort of patients whose lives are now beginning to benefit from our technology which we are confident will be crystallised in revenue in the coming years.

Over the year we significantly enhanced our heralded Pioneer Clinical Education Programme, doubling the number of training centres and offering multi-national and bespoke regional models. Most importantly, we supported the treatment of more patients than ever before.

The process we need to execute for continued growth and to deliver a step change in patient care across multiple areas of therapy is clear. The rapid increase in patients treated, our growing pipeline of future users and our international successes all validate this.

In November we held a significant capital markets day, at which several of our clinical users presented their perspective not just on the technology but, more importantly, the significant benefits our technology brings

Annual Revenues (£m)



to patients. One of the most pertinent presentations to me was an example of a procedure utilising Speedboat to treat Oesophageal cancer, where patients have been known to have to endure up to 30 repeat endoscopies over 3 years to manage strictures. However, utilising Speedboat and Creo's advanced energy the clinician has seen significantly reduced need, and in some cases there is no need for repeat endoscopies. The impact this will have on reduced demand for endoscopy as well as surgical resources, waiting lists and improved patient outcomes is what motivates everyone at Creo the most.

Additional product and revenue streams

We have developed Creo's business from the outset to have a multi-tiered revenue structure. Our successful acquisitions have allowed us to maximise the potential of both our core technology and acquired complementary product ranges as well as securing some of the best Microwave and RF engineering capability in the world. With our accelerated growth and significant international footprint, we are leveraging this growth and our economies of scale for the benefit of our core product range.

Our SpydrBlade brand delivers laparoscopic cut and coagulate functionality through an endoscopic device. This means that clinicians receive significant surgical performance from a tiny instrument at the end of an endoscope. We expect to launch this device in 2024 via our core sales channels. However, in addition, we are also developing the same technology in partnership with robotic partners. Our technology is unique in the world of robotic surgery as we can deliver the energy and device performance beyond the wrist of the robot to deliver laparoscopic surgery. Our connected partners, Intuitive Surgical and CMR both recognise that and we're working hard with them to deliver SpydrBlade technology into this exciting arena.

Our MicroBlate programme is focused on areas such as treatments for lung, pancreatic, liver, kidney and bladder cancers.

We've announced early cases with MicroBlate Fine in the past. The clinical programme has now been extended to MicroBlate Flex where we successfully delivered first cases

CEO's Review continued

for the treatment of lung cancer as part of a clinical study with the Royal Brompton Hospital in London. This study looks at the treatment of lung cancer using bronchoscopic microwave ablation. This has also included first cases where the device has been used in combination with Intuitive's Ion platform, which has traditionally been utilised as a diagnostic tool to detect cancer in a patient but, now, by using Creo's technology, clinicians can remove tumours effectively and safely in a matter of minutes during the same procedure.

This is both amazing for the patient and rewarding for the clinical teams and sets us up for commercial traction going forward. As with any business, our achievements are not without challenges. But we are positioned strongly for 2024, supported with the financial results delivered in 2023.

Kamaptive programme

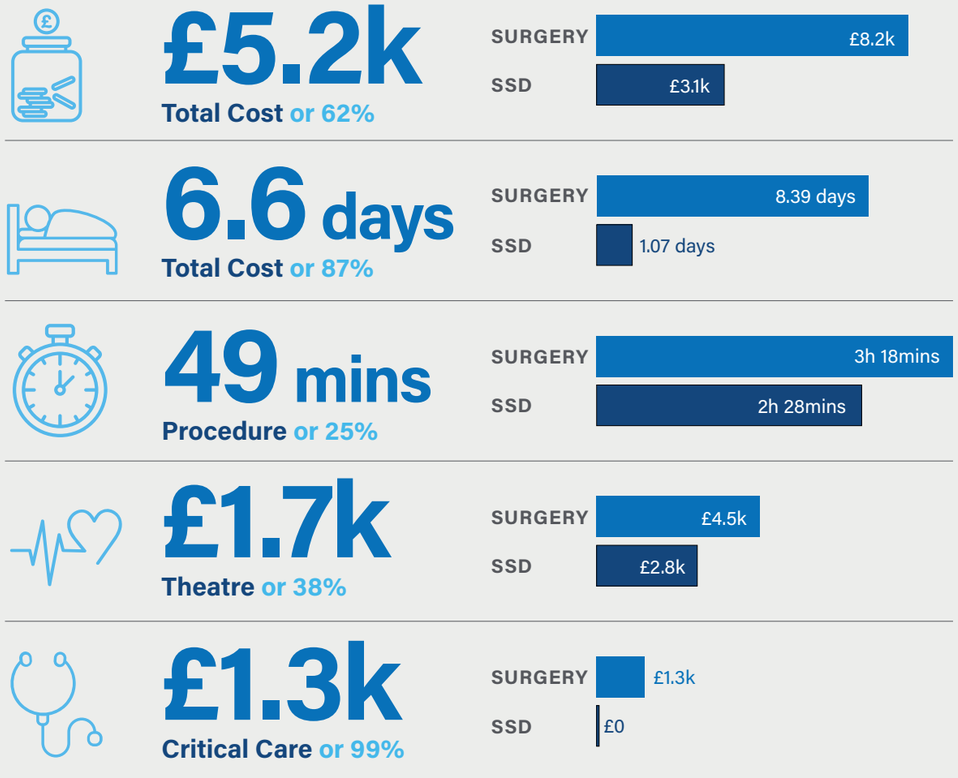
I am particularly pleased with the progress of our Kamaptive Licensing Programme during 2023. The quality of our partners demonstrates the wide potential of our technology, and the revenues received affirm this valuable revenue tier for Creo.

Our focus on the optimisation and commercialisation of our product range will maximise the impact of our Kamaptive Licensing Programme.

We now have a clear roadmap to enable our Kamaptive Licensing Programme and additional products to work in tandem with Creo's core technology, providing a multi-faceted business capable of reaching far more patients and potential markets than we would have imagined a few years ago. We are now bringing laparoscopic capability to flexible endoscopy, in both large and exciting markets underserved by advanced energy.

Speedboat Submucosal Dissection (SSD) using speedboat vs alternative surgery:

Per Procedure Metrics:



We have also recently announced our strategic partnership with Khalifa University which will enable us to utilise world class facilities and resources to further develop our product offering and take advantage of IP that is currently not being monetised.

The Kamaptive Licensing Programme offers significant potential beyond our current partnerships to develop a range of potential derivatives of our technology into other partner programmes.

The next stage of the 'tech play in medical devices' is equally exciting. As our partnerships bear fruit, my vision is to launch the CROMA – powered by Kamaptive developer eco-system, safely giving commercial access to our unique core technology to a wide range of potential partners, inspired by the reality of the current partner programmes.

Tying this all together is the continued development of CROMA and with it, the prospect of delivering truly game changing real time tissue characterisation software. This has the potential to add tremendous value to flexible endoscopy. The prospect of enhanced precision and control opens up a new frontier for patient outcomes, not to mention the potential benefits to robotic surgical programmes.

Third party validation

During 2023, Royal Oldham Hospital acquired the CROMA system across their endoscopy department to launch a Speedboat Submucosal Dissection ("SSD") service. The results reported illustrate the positive impact of Speedboat and the launch of Speedboat Submucosal Dissection ("SSD") service on patient outcomes, waiting lists and the prevention of bowel cancer. Having attended Creo's 'Pioneer' training programme and installed devices across multiple endoscopy rooms immediately, the hospital performed five SSD cases in its first afternoon, with over 30 further patients successfully treated within weeks, delivering excellent patient outcomes and at a significantly lower cost to the Trust plus reducing patient backlog and reducing time to be seen.

The validation of Creo's technology has gathered further momentum with the selection of Speedboat Inject by the National Institute for Health and Care Excellence ("NICE") to be scoped and routed for guidance and by an ongoing collaboration with NHS Supply Chain. Early data collected from over 130 patients shows that we have saved a trust 62% or over £5,000 in cash per procedure undertaken, reduce bed stays by 87% and critical care by 100%. The results are shown to the left. During 2023 we continued to launch in the USA some of our endotherapy accessories, which sit alongside the core Creo GI products. We aim to replicate this in APAC during 2024, building on the successes of our European model and growing the Creo brand.

Encouraging outlook

Over the next 6 to 12 months, we expect to see an increasing rate of progress with the Speedboat UltraSlim device following the limited market release in late 2023. After carefully launching the product into the field, we have received fantastic feedback from our clinicians. At one centre, 15 cases were performed in 2 days to really evaluate and extend the capabilities of the device. All feedback so far has been extremely positive, with some notable quotes included within the CCO Report on page 15.

We are actively obtaining the regulatory clearances in our APAC regions and others to allow us even greater commercial and global reach. We'll be submitting and expecting clearance for the SpydrBlade product to come through during the course of 2024 which will be going into the GI space.

We continue to develop our relationship with our Kamaptive partners such as Intuitive and CMR as well as the Khalifa Strategic Partnership to help utilise our IP and ensure future development continues through funded projects including integration of the SpydrBlade into robotic laparoscopic tools.

The most challenging period for any company is the transition from development to commercial profitability. The strides we have made during the year keep us on the right path. We look forward to another year of strong growth in our core technology from both existing and new users, helping drive us towards our goal of self-sustaining cashflows.

It is testament to the dedication and tenacity of the Creo team, many of whom have been here since IPO, that we have been able to achieve such significant milestones and I would like to extend my utmost thanks to the current and past employees who have made Creo what it is today.

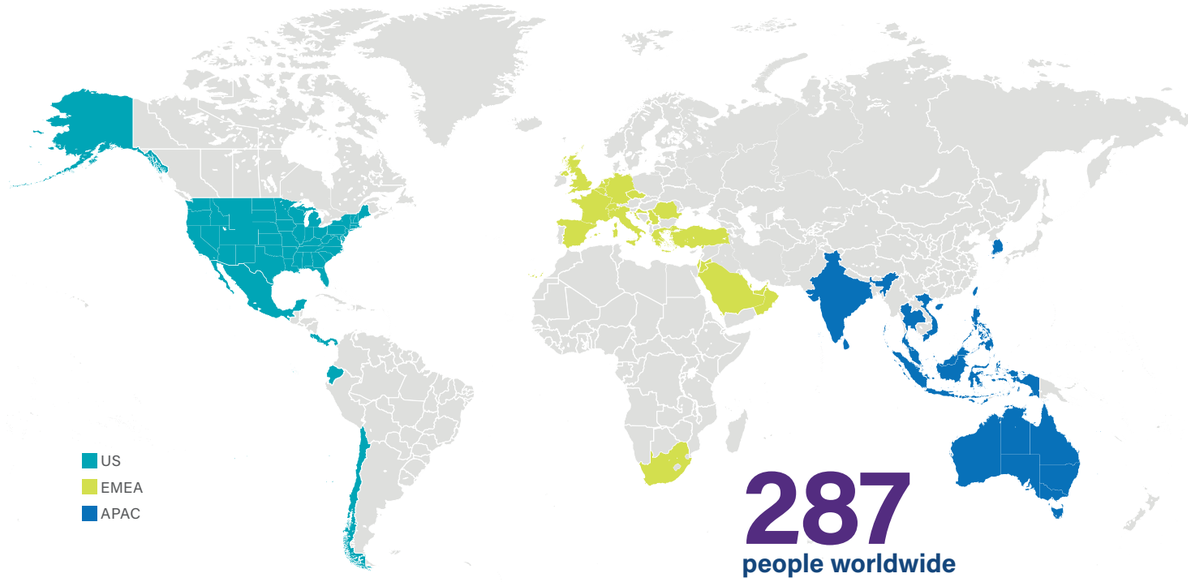
Building Creo into a company that can compete with well established, multi-billion pound medtech giants both in terms of the quality of technology and the quality of the service it facilitates, is not the work of a moment. It takes time. During 2023 I feel we have taken great strides towards this. From the NHS Supply Chain data to first cases in the lung with Intuitive Surgical and from the Cleveland Clinic to our partnership with Khalifa University, we are seeing the realisation of our R&D and its growing impact across the medical devices market. We know that 2024 will bring with it more cases, more data and more partnership progress and it's exciting to know that we are in the very best global company when it comes to tackling unmet needs for patients across the globe.

It is both a source of great pride and satisfaction to me that we have created a terrific team who know what we need to do in each sector to succeed. Our job is clear: to deliver on what we have very clear sight of over the coming months and years to become a premier, cash generative global medical device and tech licensing business, transforming and improving the lives of many thousands as we do so.

Global Footprint

The Foundations for Sustained Growth

Creo Medical's global activities span Clinical and Regulatory, Manufacturing, Training and Education, Market Development and Direct and Indirect Sales.



Technology, Research and Development

Domain expertise in advanced energy and devices

Full R&D and support engineering capabilities

Medical energy (RF, MW and more), electronics, device, materials, expertise

377
granted patents

408
patents pending

Clinical and Regulatory

Experienced Regulatory and Quality team

UK, EU and USA based personnel

Creo products are cleared in CE, FDA and elsewhere

CE, FDA and other clearances on core technology

Training and Mentoring

Clinical education team covering Europe, USA and APAC, with dedicated nurse endoscopist employees assisting training labs and procedures, 25+ trained trainers (doctors), for peer to peer training, with courses run globally

25+
trainers and c.650 qualified target users

Manufacturing

Creo manufactures/ assembles advanced energy generators, devices, a range of additional equipment and some dedicated electronics in-house in the UK, Spain and Germany, with clean room facilities

4
assembly/ manufacturing locations in Europe

Procurement and Logistics

Full procurement and logistics function with key hubs in the UK, France, Belgium, Germany, Spain and the USA shipping own and third-party products from and to a wide range of countries

6
key logistic sites moving products in country & worldwide

Sales and Commercial

Experienced market development and sales team with deep industry experience and strong relationships with doctors and hospitals. Local teams in local healthcare systems, augmented by selected country distributors

90+
sales and market development workforce

10
direct countries

Service and Support

Dedicated service and support function based across seven countries to support Creo equipment from installation, through maintenance and repair. Close working relationship with engineering teams

8
service centres

14
offices

* All figures as at 31 December 2023

CCO Report

A Year of Strong Commercial Progress

"Premier institutions want to use Speedboat and are getting great results for their patients."

David Woods, Chief Commercial Officer

We began 2023 with the following principal aims in relation to our core products:

1. To launch the UltraSlim version of Speedboat to the market
2. To continue to build our user base, enter new markets, train more people and expand the number of cases using Speedboat
3. To introduce a wider range of complementary products and develop strategic partnerships supporting better outcomes for advanced procedures
4. To build the Creo brand with key opinion leaders and community leaders bringing innovation to their patients and robust data sets that further validate our technology

1. Early Launch of Speedboat UltraSlim:

Creo Medical has experienced a highly successful rollout of its revolutionary Speedboat UltraSlim device. FDA clearance was achieved in November 2023, which was one quarter later than originally hoped. However, clearance in the EU was expedited by approximately 18 months, allowing for an early adopter programme to be scheduled in the EU for early 2024, surpassing the initially planned mid-2025 launch. This compact and versatile addition to our surgical endoscopy technology, the second brand in Creo's Speedboat family, significantly expands accessibility and advances minimally invasive surgical procedures.

Speedboat UltraSlim has been utilised in procedures across the UK, USA, LATAM, and APAC, treating precancerous lesions in the colon, oesophagus, and stomach, as well as in oesophageal and gastric POEM (peroral endoscopic myotomy) procedures. Within weeks of its release, the device had been embraced by 16 doctors across 12 sites, with enthusiastic feedback emphasising its improvements in size, energy delivery, and handling. Clinicians foresee faster procedures, streamlined workflows, and enhanced capabilities, making the UltraSlim a game-changer in the field. Notable quotes from key doctors are highlighted on the right.

Speedboat UltraSlim is changing the endoscopic landscape:

"This is a safer technology and allows much deeper submucosal dissection. We are now moving on to use this as our preferred and only device for endoscopic dissection."

Dr Regi George, Gastroenterologist at The Royal Oldham Hospital, UK

"The technology allows the endoscopist to complete an F-POEM procedure with a single device, whereas previously it required three different devices."

Dr Michel Kahaleh, Clinical Director of Gastroenterology and Chief of Endoscopy at Robert Wood Johnson Medical Center, USA

"The excitement around the device was noticeable, and we eagerly anticipate the positive impact it will have on enhancing our patient pathways."

Dr Carlos Robles-Medranda, Head of the Endoscopy Service, IECED, Ecuador

See more about Fundoplication and other pathways on page 32.

2. User Base:

Creo Medical's commitment to expanding its user base has yielded remarkable results. The Speedboat Inject device has been successfully adopted by The Royal Oldham Hospital, becoming a high-volume site for advanced endoscopic procedures, particularly Speedboat Submucosal Dissection ("SSD") cases. The hospital's swift implementation and treatment of over 40 patients underscore the positive impact of Creo's technology on gastrointestinal healthcare practices.

Globally, Creo's presence was highlighted at Digestive Disease Week ("DDW") in Chicago, where our products and technologies attracted clinicians, researchers, and industry experts from 28 different countries. The 262% year-on-year increase in sales leads at DDW indicates the growing international interest in Creo's innovative solutions.

Moreover, our Pioneer clinical education and mentoring programme played a pivotal role in advancing medical education. The programme facilitated simultaneous training for multiple doctors, ensuring the seamless integration of Creo's technologies into healthcare institutions.

The regulatory clearance for Speedboat Inject throughout the entire gastrointestinal ("GI") tract has expanded our potential user base, solidifying Creo Medical's impact in endoscopic applications.

Premier medical institutions and physicians around the world now use Speedboat and CROMA platform to deliver SSD for these expanded indications.

Whether it's Baylor College of Medicine in the US, Asian Institute of Gastroenterology in Hyderabad India or University College Hospital in the UK, it is clear that premier institutions want to use Speedboat and are getting great results for their patients. The combination of our technology, our Pioneer training programme and our clinical team has made the adoption of our devices a smooth and localised process that will allow us to continue to increase our regular users, trainers, and mentors. Early adopters at academic institutions are now training their colleagues and the next generation of physicians or fellows as well as community-based doctors interested in learning these procedures faster and more safely than possible previously.

CCO Report continued

With direct commercial teams in the US, the larger markets in Europe and distributors in the rest of EMEA and APAC targeted leads are continuing to increase and turning into users.

The number of users has witnessed substantial growth, reaching 175 confirmed users by the end of 2023, marking a 120% increase over 2022. We anticipate this growth trajectory to continue in 2024, supported by exceptional clinical feedback, a backlog of trained clinicians, and a growing pipeline of future users. With an established presence across EMEA, the US and APAC we will continue to expand globally, quickly taking countries from being introduced to our technology to having multiple users.

3. Third-Party Validation:

The Royal Oldham Hospital stands as a testament to the successful integration of Creo Medical's technologies, particularly Speedboat Inject. The hospital's commitment to adopting and utilising our advanced energy solutions for SSD procedures reflects a rapid and effective transition, showcasing the potential for cost-effective, life-changing interventions in gastrointestinal procedures. The success at Royal Oldham Hospital contributes to the broader adoption of SSD procedures across NHS England healthcare settings.

Looking ahead to 2024, SSD is poised to become Royal Oldham's treatment of choice for high-risk lesions suspected of containing early cancer, benefiting hundreds of patients annually. Plans to expand the service and increase the number of conditions treated using our equipment are underway, supported by training programmes and a dedicated multidisciplinary team.

See page 11, where Craig Gulliford details of how Creo is working with the National Institute for Health and Care Excellence ("NICE") and NHS Supply Chain to gain further validation for Speedboat and SSD.

Our revenue streams continue to diversify, with c.72% now being driven by products where Creo is the responsible manufacturer. The bundling of advanced energy products with complementary devices, such as Speedboat Inject with haemostasis clips and injection needles, strengthens our value proposition. This approach extends to other specialities like urology and interventional pulmonology, providing additional bundling opportunities and revenue streams within the same institutions.

Benefits of a wider portfolio of products include: a steady and established revenue stream; sales access to hospitals and clinicians to better package the sale of our core range; and a strong value proposition for our customers by cross selling products. This approach will continue into APAC, subject to regulatory clearances. Creo's other core products at various stages of optimisation and adoption offer other bundling opportunities in multiple specialities.

Strategic collaborations with robotics partnerships remain a significant focus, generating revenues for the Group. The milestone achievement at the Royal Brompton Hospital, where our MicroBlate Flex device was used in a groundbreaking robotic-guided microwave ablation of lung tissue, marks progress towards full commercialisation with our strategic partners.

In conclusion, Creo continues to lead in the field of surgical endoscopy, driven by innovation, strategic collaborations, and a commitment to advancing healthcare. The successful integration of Speedboat devices, expanding user base, third-party validation, and collaborative working positions Creo at the forefront of transformative medical technologies. As we venture into the future, we remain dedicated to delivering cutting-edge solutions and shaping the landscape of minimally invasive surgical procedures.

4. KOLs and Data:

Many of the world's top healthcare institutions and premier interventional gastroenterologists and surgeons have adopted Creo's advanced energy technology. These leading caregivers, educators, and researchers have validated our innovative technology, promote the minimally invasive procedures we support, and back our commitment to education. Many are faculty members at our Pioneer training programmes and mentor other doctors with case observations, case reviews and shoulder to shoulder case support.

Several of these opinion leaders are also involved in technology review, product development and product validation. These physicians highlight our technology at society meetings, webinars and live endoscopy events around the world and are committed to research data collection and publishing. We are already seeing an uptick in clinical data gathered over the past 12 months being submitted for presentation at large society meetings like Digestive Disease Week in the US, EMEA and APAC and in some of the world's foremost medical journals in 2023 and 2024. With case numbers now supporting more robust, statistically significant data, we anticipate a substantial increase in comprehensive data sets, both clinical and economic, to be made public soon.

In addition, two registries, one in the US and one in UK, are gathering data on Speedboat submucosal dissection to support data analytics, journal submissions and clinical and economic outcome enhancement. We are working closely with renowned certification bodies and societies such as NHS, ESGE, ASGE, and JSGE to maximise the impact of the results in independent clinical papers and to recognise SSD as a gold standard of treatment. This will provide a platform from which to increase our user base across our core technology product range, shift patient care away from invasive procedures towards minimally invasive procedures and the life changing treatment options we can provide to patients.

Our Business Model

Generating value for all stakeholders

Our business model focuses on using our innovative technology through 3 core revenue streams to generate shareholder and stakeholder value.

CORE REVENUE STREAMS: Creo Core Product | Kamaptive Licensing Agreements | Consumable Products

kamaptive technology™

Kamaptive is our patented advanced energy technology which allows us to be at the forefront of the industry and drive innovation within the medical device sector. The patented technology allows us to remain ahead of competitors and opens up additional revenue streams through developing our own devices or licensing our technology to third parties.

See more on pages 22 to 23.

Core Products

Our internally developed products sold either directly to the customer or through distributors. Our products are single use in conjunction with our CROMA platform.

- Speedboat Devices
- MicroBlate Fine
- MicroBlate Flex
- SpydrBlade Flex

See more on pages 28 to 29.

Kamaptive Licensing Programme

By licensing our patented technology with third parties we can ensure our technology is used to treat as many patients as possible.

- Current partnerships
  - Intuitive
  - CMR
- Future partnerships
- Third party developers
- Khalifa University Collaboration

See more on pages 24 to 25.

Stakeholder Value

Benefits to our core stakeholders which will drive revenue growth:

Clinician

- Increased flexibility
- Increased precision
- Controlled surgical solutions
- Removal of lesions en-bloc

Patient

- Reduced procedural time
- Reduced recurrence risk
- Organ preservation
- Reduced follow-up time

Healthcare Provider

- Reduced waiting lists
- Reduced procedure time & follow up
- QALY value add
- Improved patient pathways

Shareholder Value

- **Every Case = Revenue**
- **Large Target Markets**
- **High Margin Products**
- **Royalty Revenues**

Consumable Products

Our range of OBL/OEL endotherapy products allows us to provide clinicians and healthcare providers with a complete solution for their healthcare needs and allows us to maximise our revenue potential in these and other markets.

- Snares
- Hemoclips
- Catheters

Investment Case

Harnessing advanced energy to treat indications endoscopically

1 2 3

Intelligent Technology

- The development of a suite of cutting-edge, miniaturised Creo manufactured devices
- Combining engineering experience with the latest advancements in science and technology
- Continued investment in R&D, both in house and through our Kamaptive partners, to expand and enhance the treatment options open to healthcare providers
- A broad intellectual property ("IP") portfolio potential

Read more on our intelligent technology from our CTO and founder Chris Hancock, pages 26 to 27.

Multi-tiered Revenue Stream

- Core advanced energy devices at various stages of commercialisation, with Speedboat UltraSlim yielding an increase in orders
- Complementary products providing opportunity to maximise revenue per procedure
- Additional product portfolio in areas such as urology, pulmonology and device hygiene providing consistent revenue stream
- Kamaptive Licensing Partnerships progressing well, providing revenue and milestone payments with excellent potential for future royalties

Read more on our enhanced revenue streams in our CEO and CCO statements, pages 8 to 11 and 14 to 17.

Addressing Global Needs

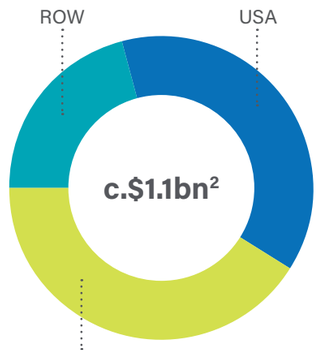
- Entering new and established markets where there are significant unmet needs in the treatment options available
- Bringing advanced energy, until now synonymous with surgery, to endoscopic procedures
- Significant potential in robotics partnerships
- Working with some of the world's leading healthcare providers and physicians to ensure clinical excellence when introducing minimally invasive alternatives to surgery for patients across the globe

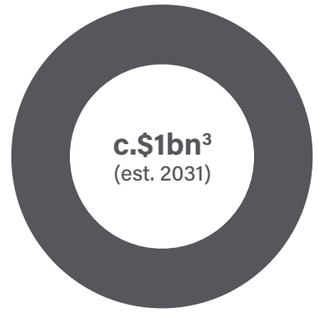
Read more about how healthcare providers and patients are already benefiting from our technology on pages 32 to 41.

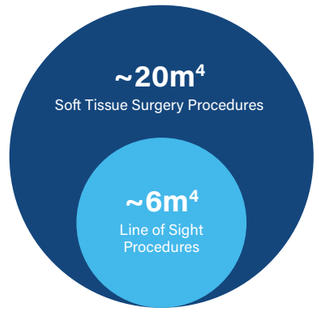
Market Review

Market potential

Resection	Ablation	Robotics







Lower GI Addressable Market

- Single NHS Trust experience based on c.13,800 colonoscopies
- 5.5% complex polyps, of which c.49% required therapeutic intervention[1] (c.2.6%)
- Applying to the US based on 16m colonoscopies p.a.[2] implies a c.$425m US and $1.1bn overall total addressable market ("TAM") for lower GI
- Doctor interviews place Creo target market c.$100m US and EMEA within 5 to 7 years — lower GI only
- Additional market potential for Speedboat for upper GI procedures

Lung Ablation

- Based on estimated procedures[3] and expected device cost for lung ablation in 2031
- 25+ cases completed to date using MicroBlate Fine
- Similar c.$1bn market developing in lung ablation by 2031
- With continued shipments of MicroBlate Flex within 2023

Soft Tissue Procedures

- 1.8 million Intuitive procedures in 2022 (Intuitive have significant majority robotics market share)[4]
- c.6 million pa Intuitive line of sight[4]
- c.20 million soft-tissue surgery procedures total market[4]
- Significant growth potential in Soft Tissue Robotic surgery market
- Surgical Robotics market growing at a 14-20%+ CAGR
- Hospitals experience a shift from <2% to >15% of general surgery procedures via robotic-assisted surgery over 6 years

1 Based on individual account experience (not published)
2 US surgical procedure volumes 2010, Millennium Research, RPUS43SV10, February 2010 / idata Research 2019
3 Internal information on evolution of lung ablation 2023-2031
4 Intuitive Surgical JPM presentation January 2023 (Line of sight: Estimated robotically addressable portion of targeted procedures in targeted geographies with existing products and clearances. Excludes Ion)

Kamaptive™ — Creo's Proprietary Platform: Intelligent Energy with Safety at Heart

kamaptive technology™

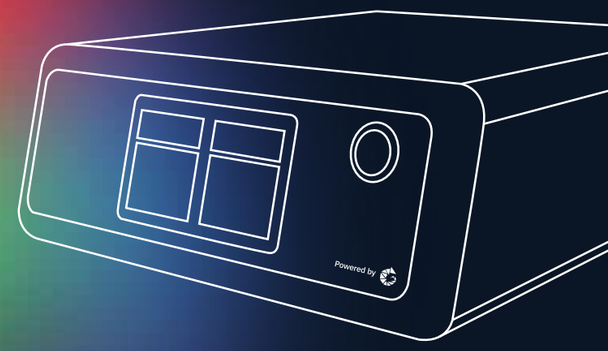
What is Kamaptive Technology?

Kamaptive is Creo Medical's proprietary intelligent energy technology, found at the heart of all Kamaptive enabled advanced energy platforms and devices.

Kamaptive represents seamless and empowering access to next level, game-changing patient outcomes, through use of full spectrum energy in surgical, medical and therapeutic applications.

CROMA

Kamaptive Technology's architecture allows multiple Creo development teams to design, test and build innovative devices independently whilst functioning with the CROMA platform without complex software changes or menu options for users.

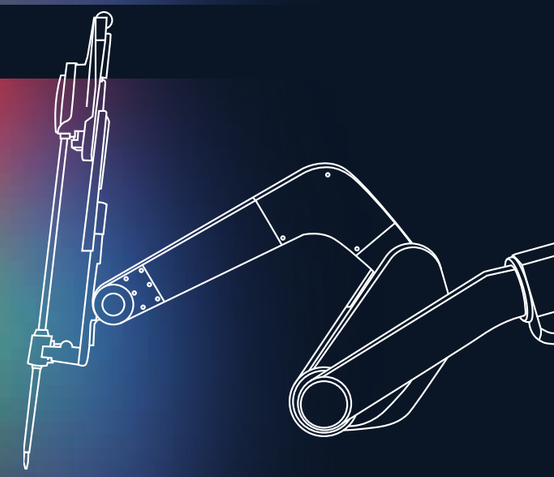


Miniaturised

Creo Medical has been working to adapt Kamaptive Technology to miniaturised hand-held devices for heightened accuracy and control. The intuitive intelligence of the interface allows for the platform to be versatile and resilient in scale and function.

New Possibilities

Kamaptive's full spectrum adaptive technology allows for partnership opportunities in new and innovative fields from robotics to laparoscopy. Kamaptive Technology intuitively adapts to the specific tool in use, self provisioning and intelligently enhancing the settings of the CROMA platform for the purpose of the device being used.



Kamaptive Partnerships

Creo's Kamaptive Licensing Programme sees the Company partner with selected industry leaders in lucrative, growing markets.

It provides Creo with a path to high margin, long term and repeat revenue, maximising the potential of our technology where it exists and where partners add significant value e.g. by partnering with robotics giants.

The Kamaptive Licensing Programme will look to partners to fund the development, optimisation or customisation of technology in relation to their needs and that of their industry. This reduces the R&D burden on Creo Medical going forward whilst allowing us to continue to innovate.

"Technological advancements are facilitating a paradigm shift in the way many surgical procedures are delivered."

Craig Gulliford, CEO Creo Medical

Source: https://cmrsurgical.com/press-kit

KAMAPTIVE COLLABORATION AGREEMENTS

Creo technology to be adapted for use with robotic-assisted surgical platforms

Intuitive

- Multi-year collaboration agreement with Intuitive – a global technology leader in minimally invasive care and the pioneer of robotic-assisted surgery.
- Optimisation of certain Creo products to be compatible with Intuitive's state of the art robotic technology.
- First in-man procedure performed in conjuncture with the ION platform.

Kahlifa

- Collaboration agreement signed to enable Khalifa University to deliver 2 research programmes, firstly to develop greater knowledge and research in our tissue sensing capability. Secondly to deliver final validation of our Plasma IP.
- This agreement allows us to leverage our existing IP and develop this without incurring development costs and increasing headcount.

CMR Surgical

- CMR's next-generation surgical robot, Versius®, is a significant new entrant into the robotic surgery space, performing laparoscopic procedures worldwide across a range of specialities.

CTO's Statement

Technology Development and Highlights of 2023

"I founded Creo to harness advances in microwave semiconductor power technology and apply innovative thinking to offer a better alternative to treat cancer and other diseases - we are now doing this!"

Professor Christopher Hancock, Chief Technology Officer

Creo Medical continues to harness latest advances in microwave and RF semiconductor power generation, advances in material science and plenty of innovative thinking to develop intelligent energy delivery systems and a range of novel applicators to address unmet or poorly met clinical needs and produce better patient outcomes all over the world.

Creo founder and CTO Professor Chris Hancock shares the highlights of 2023 from a technology perspective and gives a run through of what makes Creo's devices and energy system so unique.

Highlights of 2023

Two personal highlights of 2023 were the first use of MicroBlate Flex as part of the clinical trial to treat multiple patients suffering from lung cancer and the launch of Speedboat UltraSlim, that will work in the majority of commercially used endoscopes, and so can be used by all endoscopists throughout the world.

Advances in Technology as a Key Enabler

Our CROMA advanced energy platform and associated range of novel miniature flexible instruments bring together the latest advances in material science, semiconductor microwave power generation in miniature packages, high voltage fast switching RF transistors, low loss microwave transmission lines and over 500 years of know-how from our engineering team.

Our CROMA advanced energy generator which powers Speedboat, enables precise tissue cutting with minimal thermal margin and the performance of a scalpel blade - essentially a miniature scalpel blade that cuts on demand.

It is really satisfying for the whole team and myself to see how our technology is benefiting both patients and clinicians daily across the world. We are seeing an increase in clinical data and published clinical evidence following the use of our devices; this underpins the value of our unique advanced energy proposition. A great example of this is detailed on page 33 where we are dramatically reducing repeat endoscopies in the oesophagus where patients currently have to go back for repeat procedures almost monthly for up to 3 years. After the first 15 cases with Speedboat in this one site, patients are not requiring repeat endoscopies. Imagine the benefit to all the patients in these clinics where we have reduced the demand for endoscopy so dramatically. This outcome is entirely down to our unique technology where doctors can apply energy almost at will, safe in the knowledge that the surgical effect is limited by our technology to tiny margins.

Our CROMA generator also delivers energy at the highest microwave frequency ever used in endoscopic electrosurgery. It delivers energy at a frequency within the Super-High Frequency ("SHF") band which is made possible through advances in Gallium Nitride ("GaN") power semiconductor technology. This enables fine focus and control of energy delivery. The use of these power GaN devices in electrosurgery has been made affordable through the demand for higher bandwidth telecommunications systems, e.g. 5G, for streaming video and large file transfers.

At this frequency, energy is deposited into the tissue mass in a precise and controllable manner due to the limited depth of penetration of the electric field and the size of the applicator.

This is another example of our unique, focused and controlled delivery of therapy which is now also in the field and benefiting patients with lung cancer. This year we announced our first lung cancer patients benefiting from our controlled margin made possible through applying many years of knowledge and 'out of the box' thinking from our engineering team.

Cancerous lesions in the lung have also now been treated using our MicroBlate Flex in conjunction with the Ion robot from Intuitive, where clinicians are clearly seeing the advantage of placing the MicroBlate Flex into the tumour with robotically controlled stability and precision, combined with the precision of MicroBlate Flex making for great potential for the ultimate 'see and treat' programme for diagnosing and treating small, early stage lesions that will be found during screening. This is also a great example of our partnership programme really coming to life in 2023.

A telephone call from our lead clinician, whom we have worked closely with over the years to develop our MicroBlate Flex really brought home the value of what we are doing in Creo – about an hour after the first lung tumour case, Professor Pallav Shah called to say how impressed he was with the performance of MicroBlate Flex to treat his first patient – he was particularly impressed by the control of the energy delivery, in particular the ability to controllably ablate a safe margin of healthy tissue around the lesion to reduce the risk of seeding due to any residual cancerous cells.

Intellectual Property

During 2023, we filed 10 new patent applications to protect new innovative ideas and technological developments on our new platform generator and instruments. These new inventions were focused on robotic/laparoscopic vessel sealers that combined bipolar RF and microwave energy, enhancements to our tumor ablation devices, enhancements to the Speedboat product range, and recent developments in the new generator architecture to be used in the next stage CROMA.

Thanks to a combination of technology, engineering, clinical and commercial talent within the business, together with our tried and tested patenting strategy, we are treating more and more patients all over the world for multiple conditions, including cancer and other diseased states.

During 2023 we further optimised our Speedboat and SpydrBlade product ranges, opening up additional clinical uses.

Research and Development

During 2023, our development team were focused on the development of our future platform generator with additional energy sources and further tissue sensing/ measurement capability.

In terms of new devices, good progress was made on extending our heavily patented SpydrBlade technology to create the best-in-class device for robotic surgery.

Our know-how and understanding of advanced energy, together with the patent protection we have in place enables Creo to put laparoscopic capability that transformed surgery into robotics and opens up a number of very exciting opportunities. During 2023 we have now demonstrated that we can technically deliver our unique advanced energy beyond the wrist of a robot with potential for best-in-class surgical dissection using a unique combination of energy modalities and our proprietary control system. Leading robotic and laparoscopic clinicians from all over the world evaluated our prototype vessel sealers in pre-clinical settings in 2023 with excellent feedback which we were able to relay directly to our investors during our capital markets day, with surgeons providing their perspective directly.

Packing the optimal capability, functionality and effectiveness into miniature devices is not easy, but we are doing it and are very excited by the patient benefits we are seeing.

Our vessel sealing technology is now at the stage where the prototype units have been tested by leading laparoscopic and robotic users and the feedback from in-vivo pre-clinical work is extremely positive – I am very excited about the potential use of this device, particularly to perform robotic-assisted surgery.

Core Technology

Creo Medical Core Technology

Creo is focused on **minimally invasive endoscopic** and **robotic-assisted surgery**, in particular for **pre-cancer and cancer** surgery.

			TARGET APPLICATION
Resection	Speedboat™ Range	Speedboat is our flagship advanced energy device product with over 2,000 procedures performed using the device.	► Bowel ► Oesophagus ► Stomach
	SpydrBlade™ Flex	Surgical device combining Speedboat blade and precise microwave coagulation in a unique multi-modal jaw design. Foundation of partnership programme and GI commercial cases expected in 24/25.	► Bowel ► Oesophagus ► Stomach ► Vessel sealing ► Kamaptive partnerships
	SlypSeal™ Flex	Haemostasis device leveraging our unique 'non-stick' technology. The only 'non-stick' electrosurgical haemostasis device technology in the market*.	► Stomach ► Upper GI
Ablation	MicroBlate™ Fine	Tissue microwave ablation devices for ablation of tumours in a wide range of tissue types – and the smallest microwave ablation device we know of*. Ongoing cases to build post market evidence transitioning to full commericalisation in 24/25.	► Anywhere accessible through the GI tract ► Same size as FNA needle and adjunct to diagnostic procedure
	MicroBlate™ Flex	Flexible microwave ablation device. Designed for soft tissue ablation where flexibility and small diameter is required. Cases completed ourselves and with our partnership programme, expect commerical cases in 24/25.	► Lung, stomach, oesophagus and bowel ► Kamaptive partnerships

*Based on management's expert knowledge.

- Key areas for Creo are **Upper and Lower Gastrointestinal** (oesophageal, colorectal), **Lung** and **Soft Tissue** (Pancreas, Liver) surgeries
- Creo's products also address needs in wider (non-cancer) **surgery**
- All devices enabled by CROMA, powered by Kamaptive Technology. See pages 22 to 23.

Our Portfolio

CREO MEDICAL

Beyond the integration of staff, networks and processes, our regional hubs in Spain, Germany, France and Belgium provided Creo Medical with the opportunity to manufacture, sell and distribute a wider range of products in the fields of Endoscopy, Surgery and Urology.

The continued optimisation of the product portfolio forms part of Creo's ongoing wider product strategy, namely to develop and migrate products from being delivered through strategic distribution partnerships to increasing our ability to research and develop these products—maximising revenue in the process.

This process has already begun and proven to be fruitful, particularly in the GI space, during 2023 (see CCO statement on pages 14 to 17). By making more products compatible with our Core Product Range and our CROMA platform we will continue to build on what we can offer our customers, providing a suite of complete 'Creo-manufactured' solutions for a wide range of indications and procedures in multiple markets.

Powered by

	GASTROENTEROLOGY	UROLOGY	PULMONOLOGY	SURGERY
1 Core Product Range Designed to provide the highest level of patient benefits, deliver cost savings and the latest technology to healthcare providers. The Creo Medical business is built around these products and they deliver a high margin return for Creo Medical.	► CROMA ► Speedboat ► MicroBlate Fine ► Capital Equipment for Device Hygiene	► Urodynamics capital equipment ► CROMA (not yet available)	► CROMA ► MicroBlate Flex	► CROMA ► SpydrBlade Robotics
2 Complementary Products Our ancillary devices have been strategically chosen to extend the reach of the Creo Medical brand, and work alongside our core technology to increase the Creo product portfolio across therapy, diagnostics and cleaning. We have partnerships for the R&D and Manufacturing of these devices.	► Endotherapy Accessories ► Hygiene Accessories ► Manometry Catheters	► Urodynamic Catheters and Accessories	► Endotherapy Accessories	
3 Strategic Distribution Partnerships Can be bundled together with the Creo branded core technology and accessories to deliver a full suite of solutions to our customer base. The partnerships with these manufacturers also provide market insight and awareness of the state-of-the-art technology. When increased volumes are reached, these products have the potential to be elevated to Creo branded products.	► Endoscopic Capsules ► Sonoscape Endoscopy Tower	► Single use Steriscopes and Cystoscopes	► Single Use Bronchoscopes, needles and stents	► ENT equipment, Piezosurgery Technology

Product Vision

Revolutionising the use of energy

At Creo Medical, our vision is to revolutionise the use of all energy modalities in minimally invasive procedures through our platforms integrated with Kamaptive Technology. Central to our mission is the goal to eliminate monopolar energy from endoscopy suites, starting with gastroenterology, where our products offer immediate health economic value through technological fit and market readiness.

In adjacent market segments, our partnerships with Intuitive Surgical, CMR Surgical, and others are advancing the use of advanced energy solutions in the expanding arenas of robotic surgery, robotic bronchoscopy, and robotic endoscopy.

Technology Roadmap

The globally unmatched expertise at Creo Medical is the reason key opinion-leading clinicians and major corporations with multi-billion market caps seek partnerships with our development house. We have honed our strategic plan to achieve our vision via a Technology Roadmap, designed to propel Creo Medical's next growth phase. This roadmap fosters coordination, enhances both internal and external collaboration, and guarantees thoroughness across our product development, product management, and clinical programmes.

Early Market Successes

The real-world evidence of Creo's innovation across each technology stream is expanding as these technologies reach an increasing number of doctors and their patients:

- CROMA: Creo Medical is the only company to endoscopically deliver bipolar radiofrequency energy that adapts to the live tissue environment while simultaneously offering super-high-frequency microwave for controlled depth of effect in tissues. These modalities are only made feasible by the magic in the box: our proprietary Kamaptive Energy.

  CROMA's inbuilt features mean that clinicians can plug instruments into the platform and use the system with security and confidence knowing that their patients won't be harmed. The system reacts to the live tissue and provides an intelligent automatic cut-off in circumstances in which traditional modalities such as monopolar energy could otherwise cause harm.

  Fundoplication is a surgery to treat acid reflux, a condition where stomach acid flows back into the oesophagus and causes irritation and damage. One common complication of the procedure is piercing of the lining or walls in your oesophagus, stomach, or tissues around your lungs. Within hours of having hands on experience of SpeedBoat UltraSlim in combination with CROMA at our launch event in November, surgeons were able to appreciate the safeguards of the system, using it almost straight out of the box in complex procedures, such as fundoplication.

- Speedboat and SpydrBlade: Our earliest market successes have come from our resection and dissection instrument families with which we continue to monetise our unique ability to miniaturise surgical instruments that offer advanced energy for endoscopic use in the gastrointestinal tract.

  At our Capital Markets Day in November, Dr. Sal Khalid from the Northern Care Alliance shared that the Speedboat technology offers "immeasurable benefits" by enabling "safer techniques with lower risks of morbidity and mortality." Furthermore, SpeedBoat's efficiency and safety have allowed Dr. Khalid to expand his clinical practice. As you will read elsewhere in this report, this expansion includes establishing a new regional referral centre for complex therapeutic endoscopy in the north of England.

- MicroBlate and Slypseal: Through our ablation and hemostasis programmes, we are achieving world-firsts for the clinical community.

  In 2023, Creo Medical launched a controlled clinical trial with world-renowned consultant respiratory physician, Professor Pallav Shah of the UK's Royal Brompton Hospital. From this collaboration, a groundbreaking advance occurred when doctors used Creo's microwave lung technology to remove a cancerous nodule. Professor Shah and Dr. Christopher Orton have also announced that they performed a robotic-guided ablation of lung tissue and a diagnostic procedure in a single session using the MicroBlate Flex device. They have also announced that they ablated a 27mm cancerous nodule in just 3 minutes, potentially setting a new benchmark in lung cancer treatment with minimally invasive methods. "The potential to combine the diagnosis, staging and treatment of lung cancer in one procedure offers significant benefit to patients," stated Dr. Orton.

- Clinical Evidence: Creo Medical's commitment to raising the bar of clinical evidence to support our products is clear: we are conducting not 1, but 2 post-market controlled clinical trials for our ablation technologies, providing the highest level of evidence available for this setting.

Changing the way in which clinicians treat their patients doesn't only rely on such well-controlled clinical trials, but also on the growing number of individual case-experience that create a ground swell of clinical support for our technologies, which is why Creo's strategy is to fill the funnel of data at both ends of the evidence spectrum.

A potent example of initial case experience that led to an instant and measurable change in mindset of one of our customers is that of Dr Adolfo Parra-Blanco who discovered in a small group of his patients, that they required substantially less follow-up treatment with a procedure known as balloon-dilation after being treated with Speedboat compared with patients he previously treated with monopolar devices.

A normal and expected complication of full circumferential dissection of the oesophagus, the procedure Dr. Parra-Blanco performs, is that the tissue in the oesophagus becomes scarred after treatment with monopolar devices. This leads to a condition known as stricturing, a narrowing of the oesophagus, which in up to 71% of patients can mean they can't eat normally. Worst still, relief for the patients from this side-effect is normally achieved by having repeat (up to 30) balloon dilations, a procedure which is uncomfortable and means yet more treatment at the clinic and disruption to normal daily life for the patient. The emotional effects on patient and family are considerable. The healthcare costs for follow up care considerable, too.

As a result of his initial experience with SpeedBoat, Dr Parra-Blanco has switched his practice to exclusively use Creo Medical's products in these patients. Data has been submitted and accepted by DDW, and a follow up clinical case series is planned to provide even more evidence to drive this change in practice in other clinical centres.

As experience of our devices increases in the medical community, real-world evidence of their clinical benefits will exponentially grow.

Transforming Healthcare

NHS Supply Chain

NHS Supply Chain real-world data demonstrates substantial cash savings and operational benefits from Speedboat Submucosal Dissection (SSD) procedures

NHS Supply Chain data demonstrates one year net savings of £687k from 130 bowel SSD (Speedboat Submucosal Dissection) procedures at East Kent University Hospitals Foundation Trust ("EKHUFT") when compared to surgical alternatives, in addition to patient and healthcare provider benefits.

What did they say?

Working with EKHUFT, NHS Supply Chain's data shows that "the use of SSD, when compared to surgical alternatives, results in a less invasive procedure for patients whilst maintaining an en-bloc resection with clear margins. The endoscopic nature of the procedure and Speedboat's advanced energy modalities makes this procedure both safe and effective whilst simultaneously reducing time spent in hospital and providing cost benefits in terms of the material and resourcing costs associated with each procedure."

It continued:

"Using financial modelling on the data EKHUFT have been able to evidence that the adoption of this novel technology and its implementation as part of a new service has resulted in significant savings for the Trust. The detailed dataset will also enable statistical analysis and health economics evaluations to be successfully undertaken with confidence."

NHS Supply Chain manages the sourcing, delivery and supply of healthcare products, services and food for NHS trusts and healthcare organisations across England and Wales. The Speedboat device is one of very few in the UK to have been selected for an NHS Supply Chain Value Based Procurement Exercise, with the organisation now keen to accelerate the use of Speedboat in NHS Hospitals given the results seen at EKHUFT.

"The introduction of this service at East Kent and the pathway it facilitates have immediately had a positive impact not only in terms of patient outcomes but also from a value perspective. With over 200 Speedboat Submucosal Dissection cases now completed at East Kent, our in-depth costing work clearly shows tangible and consistent financial benefits largely stemming from a reduction in the time patients are spending in hospital as a result of our ability to re-direct patients from surgical waiting lists to our excellent endoscopy unit"

Elisa Llewellyn, Director of Commissioning, Contracting and Costing

IN NUMBERS

East Kent University Hospitals

SSD Savings vs Surgery

1 YEAR PERIOD

59%
Reduction in cost
(£8.8k surgery vs £3.6k SSD)

LENGTH OF STAY

87%
Reduction in length of stay
(8.39 days surgery vs 1.07 days SSD)

THEATRE TIME

25%
Reduction in procedure time
(198 mins surgery vs 148 mins SSD)

38%
Reduction in cost
(£4.5k surgery vs £2.8k SSD)

ADMISSIONS

62%
Reduction in cost
(£8.2k surgery vs £3.1k SSD)

ACCOMMODATION

91%
Reduction in cost
(£3.4k surgery vs £0.3k SSD)

Between 2010 and 2015, Creo received a series of awards from the National Institute for Health and Care Research ("NIHR") Invention for Innovation ("i4i") Programme to support certain development projects, including the development of Speedboat Inject. This latest published data from NHS Supply Chain not only reinforces NIHR's investment decision to support Creo in the development of its Speedboat technology, but clearly illustrates how such investment benefits patients, healthcare providers and the NHS by enabling the development of solutions to address existing and/or emerging health or social care needs.

The data is the first like-for-like, real world comparative health economic data provided on the service facilitated by Creo's Speedboat technology. It has been calculated using official NHS data with the analysis conducted using NHS England 'Approved Costing Guidance', recognised by all NHS trusts in addition to industry bodies and includes a breakdown of all comparators, from theatre time to accommodation cost. The data and associated benefits have been captured as part of an official NHS Supply Chain case study promoting innovative technology and how technology can drive NHS savings.

What does it mean for Speedboat?

The full study and a breakdown of results will be published on the NHS Supply Chain website, and NHS Supply Chain will actively work to promote the value proposition of Creo's Speedboat technology by engaging directly with financial controllers and decision makers at NHS Trusts around the country. The case study is also being shared with the Department of Health and Social Care, NICE and others in order to illustrate the scope and speed of impact Creo's Speedboat technology can have, not only on patients and clinicians but on healthcare providers.

EKHUFT is not the only NHS trust generating significant data to demonstrate the value of Speedboat. At UEG Week in October 2023, held by United European Gastroenterology, the leading non-profit organisation for excellence in digestive health in Europe and beyond, Dr Roser Vega from University College London Hospitals NHS Foundation Trust presented a paper demonstrating that, aided by Creo's technology, she delivered outstanding advanced endoscopic results in fewer than half the number of cases usually required to reach that level of proficiency.

Sandra Owen, Clinical Engagement & Implementation Manager at NHS Supply Chain, said: "NHS Supply Chain is working on a project designed to consider the potential benefits and practical application of Value Based Procurement ("VBP"). Here, there is a shift in emphasis from a reduction in product costs to working with industry to consider technologies that can influence a reduction in total costs within the patient pathway, and Speedboat is a good example of this."

Transforming Lives

Royal Oldham Hospital

In support of The Royal Oldham Hospital's goal to prevent and treat bowel cancer, it became the first NHS hospital in England to implement CROMA and Speedboat across multiple endoscopy rooms.

Having completed simultaneous training of multiple doctors through Creo's Pioneer Clinical Education and Mentoring Programme, The Royal Oldham Hospital quickly ordered and took delivery of several CROMA Advanced Energy platforms, Speedboat Inject devices and associated endotherapy products, before putting in place weekly lists for multiple SSD (Speedboat Submucosal Dissection) cases and the associated routine ordering of equipment to support these services.

As part of Creo's Pioneer Clinical Education Programme, 3 doctors at The Royal Oldham each performed their first in-hospital SSD procedures using Speedboat, with a total of 5 cases successfully completed during a single afternoon. The Royal Oldham's CEO and Managing Director of Surgery were present to witness Creo's technology and the hospital's endoscopy team successfully performed over 40 cases in the following 3 months, with nearly 100 cases completed to date. The service has been supported by high quality mentoring from Creo Medical, enabling new trainees to transition easily into regular users.

Currently conducting 5 lists per week, the hospital is addressing a backlog of 360 patients, with referrals extending from Liverpool to Manchester and beyond. Projections indicate that this approach could dramatically reduce the likelihood of recurrence from 15% to a mere 1%. Moreover, Royal Oldham has already begun to observe a tangible reduction in waiting lists, both in endoscopy and surgery, showcasing the efficiency and efficacy of its operations.

The Northern Care Alliance – rapid adoption benefiting patients and reducing waiting lists

Collaborating with esteemed institutions like Salford Royal Hospital and Manchester Royal Infirmary, Royal Oldham Hospital plays a pivotal role within the Northern Care Alliance. Through its enhanced patient outcomes and the consequent liberation of surgical operating capacity, Royal Oldham has significantly broadened its SSD service. It has evolved into a regional hub covering the entirety of North East England. Specialising in both upper and lower gastrointestinal SSD procedures, this collaboration underscores Royal Oldham's commitment to delivering high-quality care and advancing medical practices across the region. This partnership ensures the provision of upper and lower gastrointestinal SSD procedures, solidifying Royal Oldham's position as a center of excellence and a beacon of advanced medical care in the region.

"The best part about the new service is being able to call a patient a few days later and tell them that they have had a curative outcome – that the lesion has been removed with the necessary margins not to have to worry about it anymore."

Dr Sal Khalid, Consultant Gastroenterologist at Northern Care Alliance

Next steps?

- The Northern Care Alliance ("NCA") has aspirations of being a regional centre for high-risk lesions in the bowel suspected of containing early cancer
- The NCA plans to expand the service and increase the number of conditions it can treat using this equipment, including in the upper GI tract
- Royal Oldham will also aim to offer training opportunities to help teach SSD techniques to a wider pool of doctors, including the establishment of training posts of Endoscopy Fellows
- There are currently 23 NHS England healthcare settings performing SSD. Creo has identified over 350 NHS hospitals where SSD could be introduced to great effect

"I am delighted that we will be able to provide this state of the art, safe and effective treatment for our patients at their local hospital. This is a great step forward in the treatment we provide with the technique reducing the chances of recurrence following the removal of a lesion from 15 percent to 1 percent. This procedure will help us with our goal towards prevention, early detection and treatment of bowel cancer."

Dr Sal Khalid, Consultant Gastroenterologist at Northern Care Alliance

"I have been doing advanced procedures over many years and have used most of the current monopolar knives available in the market both in the upper and lower GI tract. However, the Speedboat device is a game changer. This is a safer technology and allows much deeper submucosal dissection. We are now moving on to use this as our preferred and only device for endoscopic dissection."

Dr Regi George, Gastroenterologist at The Royal Oldham Hospital

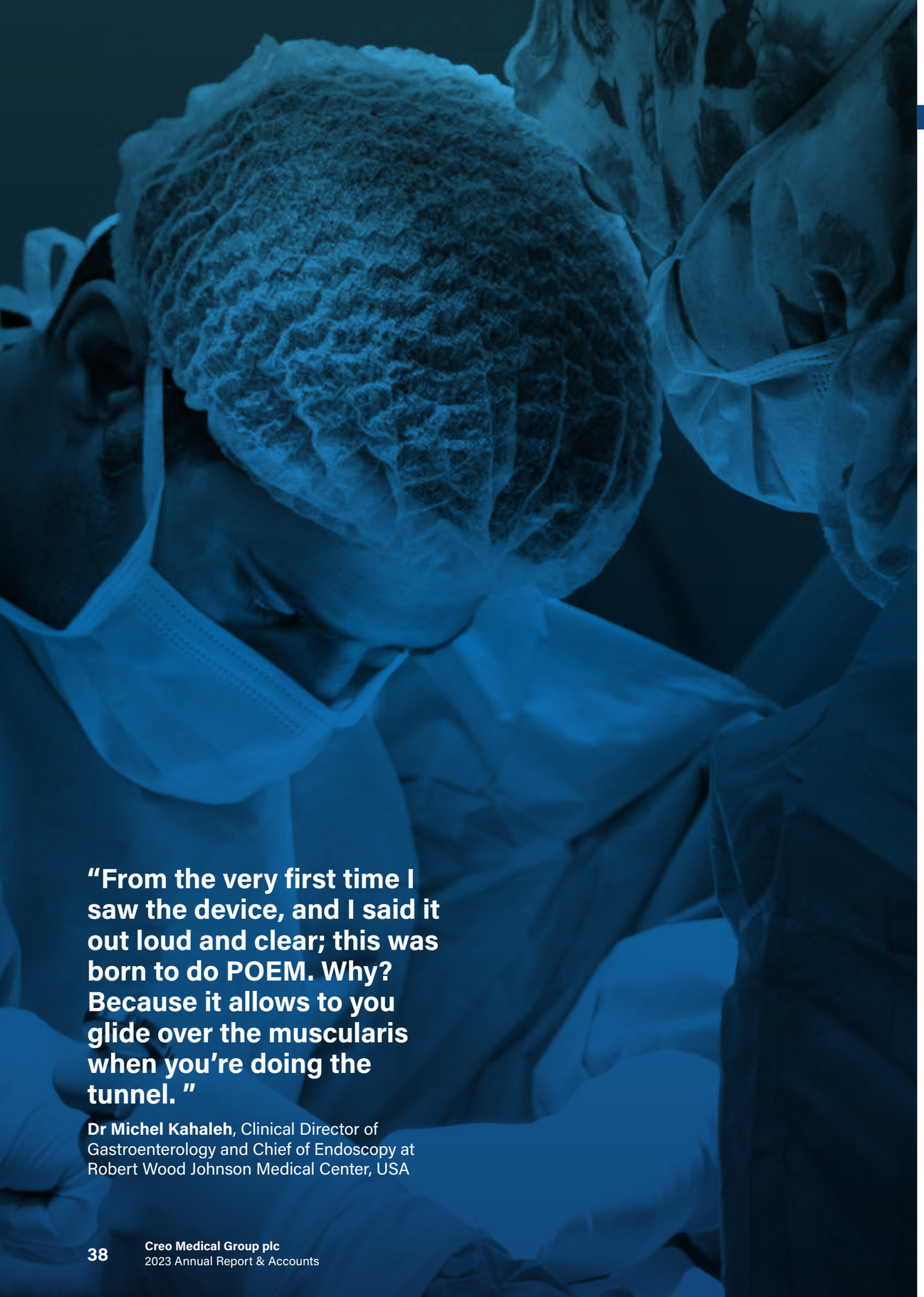
CASE STUDY

Mary's Story

Mary was given a diagnosis following a colonoscopy as an outpatient and was given a choice of two treatments for her condition, of which she chose Speedboat Submucosal Dissection. Following treatment she experienced no pain and was successfully discharged from hospital the same day.

"I would absolutely recommend this procedure, 100% yes. It doesn't impact you or your life, and once its done and you have your recovery, you can actually just carry on".

SCAN THE QR CODE TO WATCH THE VIDEO HTTPS://WWW.CREOMEDICAL.COM/EN/PATIENTS/PATIENT-CASE-STORIES



“From the very first time I saw the device, and I said it out loud and clear; this was born to do POEM. Why? Because it allows to you glide over the muscularis when you’re doing the tunnel. ”

Dr Michel Kahaleh, Clinical Director of Gastroenterology and Chief of Endoscopy at Robert Wood Johnson Medical Center, USA

Transforming Surgery

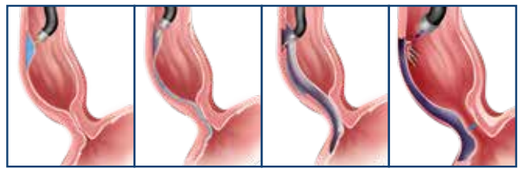
Speedboat cleared for upper GI use in Europe

Having been initially designed for use in the bowel and lower GI tract, in 2023 Europe followed the US and APAC in receiving clearances for the Speedboat family of devices to be used in the upper GI tract. Initial results have shown Speedboat to be highly effective in the treatment of a range of indications, including:

- Oesophagus per-oral endoscopic myotomy (“POEM”) to treat achalasia (a swallowing disorder), where typically a heller myotomy (surgery) would be required;
- Gastric per-oral endoscopic myotomy (“G-POEM”) to treat delayed gastric emptying (gastroparesis);
- Z-POEM to treat Zenkers diverticulum, where a pouch or pocket that forms in the wall of the oesophagus, affecting the throat and swallowing process, and is a prominent procedure for ear, nose, throat (“ENT”) and foregut surgeons;
- F-POEM, a derivative of Oesophagus POEM, to reduce reflux – typically this requires a highly invasive surgical procedure called fundoplication;
- Speedboat Submucosal Dissections (“SSD”) in the stomach and oesophagus, to endoscopically resect certain cancerous and pre-cancerous lesions.

Performing gastric ESD with monopolar devices can be challenging as damage to the underlying muscle wall can cause both immediate and delayed perforation. For circumferential oesophageal treatment, the risk of scar tissue leading to narrowing is extremely high, with occurrence in up to 84% of cases, where the vast majority require repeat secondary treatment such as balloon dilation. Each dilation comes with risk of death. As a result, in European case-series performed using monopolar energy, 1.2% died because of complications.

In FDA regions, upper GI cases account for over 40% of global Speedboat procedures to date. Creo Medical already has a healthy pipeline of clinicians ready to use the device for upper GI procedures across Europe, with demonstrations, training and procedures now taking place.



“Whilst it’s still early days in understanding the extent of the benefits of Speedboat for tackling oesophageal cancer, my experience is that the advanced energy does appear to significantly minimise the risks associated with both perforation and narrowing – two of the primary concerns when using monopolar devices for the same procedure."

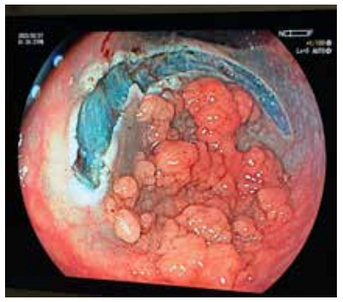
Dr Adolfo Parra-Blanco, Consultant Gastroenterologist & Interventional Endoscopist, Nottingham University Hospitals NHS Trust

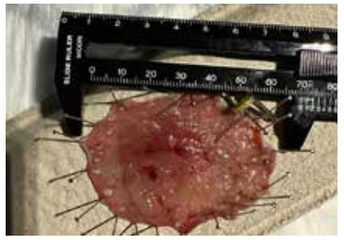
“I feel it’s quite safe because of the bipolar energy it delivers instead of monopolar. It is the only device in the west for ESD which uses bipolar energy, which possibly leads to a lesser degree of injury of deeper planes, mainly the muscle layer.”

Dr Adolfo Parra-Blanco, Consultant Gastroenterologist & Interventional Endoscopist, Nottingham University Hospitals NHS Trust.

Case by Case

Device usage has grown quickly to multiple cases per day being performed globally





CFO's Review

Continued significant financial progress

"Breakthrough revenue growth for core technology coupled with cost reduction provides us with the platform to drive towards our goal of achieving self sustaining cashflows."

Richard Rees, Chief Financial Officer

I am pleased to announce our seventh Annual Report and accounts since our IPO on AIM in 2016. This year has seen significant growth in Creo Core revenues, with our Speedboat UltraSlim device being cleared in November 2023 helping us achieve record revenues for Q4 2024. These revenues along with cost savings and operational efficiencies have reduced the underlying EBITDA loss year on year as anticipated. Our oversubscribed fund raise of £33.7m (before expenses) in Q1 2023 provides us with the platform to drive towards our goal of achieving self sustaining cashflows.

Revenue and other income

The Group has made significant progress in establishing sales channels through new products as well as the development of our commercial footprint with our Kamaptive Licensing Programme and associated revenues.

Our European operations have continued to be cash generative with our broader direct and indirect sales channels for Creo across our large portfolio of products helping us to grow sales by 9% (2022: 8%) during the year.

Revenues billed in the year in relation to Speedboat and CROMA increased almost 2.5 times to £2.3m (2022: £0.9m), with Kamaptive licensing revenues from our strategic partners of £1.7m (2022: £1.4m). £26.8m (2022: £24.9m) was generated through consumable sales in Creo Europe. This 7.6% growth (2022: 4%) shows the continued success of this business with further growth expected as we expand into the USA, LATAM and APAC in 2024. Other operating income of £0.4m in the 12-month period to 31 December 2023 (2022: £0.1m) relates to the Welsh government grant.

Gross Margin

Gross margin improved from 48.5% in 2022 to 49.6% in 2023 driven by strong margins in our Creo Core products and Kamaptive revenues along with stable margin from our consumable products. As we mature as a business it is expected that margins will continue to improve with increased sales of the Core Creo products.

Operating loss

The operating loss for the year decreased to £24.8m (2022: £30.7m). This 19.2% reduction is a result of a focus to reduce overall administrative costs (in particular R&D spend), including baseline headcount costs throughout the year, coupled with increasing revenue and margin. This decrease in costs started in H2-22 and is expected to continue into 2024.

The underlying operating loss for the year was £16.4m (2022: £20.8m). This 21% fall represents a significant reduction and includes c.£2.0m less than expected R&D tax credit due to legislative changes following the budget in March 2023. On a like for like basis this would have reduced the underlying operating loss for the year to c.£14.4m (2022: £20.8m), a 31% reduction. The underlying EBITDA loss for the year was £17.6m (2022: £22.1m).

ALL FIGURES £m	12 MONTHS TO 31 DECEMBER 2023	12 MONTHS TO 31 DECEMBER 2022
Revenue	**30.8**	27.2
Cost of Sales	**(15.5)**	(14.0)
Gross Profit	**15.3**	13.2
	49.6%	48.5%
Other Operating Income	**0.4**	0.1
Administrative Expenses	**(40.5)**	(43.9)
OPERATING LOSS*	**(24.8)**	(30.7)
SIP Charge	**0.2**	0.1
PPE & Other Settlements	**0.3**	-
Earnout	**0.5**	0.9
Depreciation & Amortisation	**3.4**	3.1
R&D expenditure recovered via tax credit scheme	**2.8**	4.5
UNDERLYING EBITDA**	**(17.6)**	(22.1)
Share-based payments	**1.2**	1.3
Underlying operating loss (non-statutory measure)	**(16.4)**	(20.8)
Underlying Administration expenses (non-statutory measure)	**(32.1)**	(34.0)

* statutory measure

** non-statutory measure

Whilst underlying EBITDA and underlying operating loss are not statutory measures, the Board believes they are helpful to include for investors as additional metrics to help provide a meaningful understanding of the financial information as this measure provides an approximation of the ongoing cash requirements of the business as it continues to pursue its future development and pursue ongoing commercialisation focus of its approved products. The underlying EBITDA position excludes SIP charges and Earnout charges (contingent and deferred payments on previous acquisitions), individual items outside of business control, expenses which are non-cash and incorporates the recovery of research and development expenditure which the Group is able to benefit from through R&D tax credit schemes. The underlying operating loss position is the same as underlying EBITDA but also excludes share-based payment expenses which are non-cash.

Tax

The tax credits recognised in the current and previous financial year relate mainly to R&D tax credit claims. As already noted above, this was c.£2.0m less than expected due to legislative changes following the budget in March 2023. This has a direct detrimental impact on cash and P&L for a company such as Creo.

A deferred tax asset has been recognised in respect of the business combination relating to our Creo Europe subsidiaries. A £0.75m deferred tax asset has been recognised in respect of tax losses in Creo Medical Limited which we will utilise through Group relief of the future profits in Creo Medical UK Limited as in 2022. No further tax assets in relation to these losses have been recognised due to the uncertainty over the timing of future recoverability.

CFO's Review continued

Expenses

Underlying administrative expenses totalled £32.1m for the year (2022: £34.0m). This 5.6% fall (2022: 6.2% increase) represents a significant reduction and includes c.£2.0m less than expected R&D tax credit due to legislative changes following the budget in March 2023. On a like for like basis this would have reduced the underlying administrative expenses for the year to £30.1m (2022: £34.0m), a 11.5% reduction.

The decrease was largely driven by savings in R&D including headcount costs which decreased to £22.2m for the year from £22.9m in 2022 following completion of certain R&D projects. Non employment R&D costs were £3.5m in the year (2022: £6.9m) representing our move towards funded R&D projects such as the Intuitive agreement and our revised patent strategy. This decrease was despite an average 6.1% rise in salaries as noted on page 89 in the Remuneration Report. Total administrative expenses totalled £40.5m for the year (2022: £43.9m).

Sales and marketing costs were £4.2m (2022: £3.8m) driven by increased travel compared to 2022 as well as costs associated with growing our core technology sales.

General and administrative expenses were £5.4m (2022: £5.1m) with our facility and utility costs all increased due to inflationary pressures. Non-cash expenses comprising of SIP charge, earnout expenses, settlement costs, share based payments and depreciation and amortisation were £5.2m (2022: £5.2m).

Loss Per Share

Loss per share was 7 pence (2022: 15 pence) with reduction driven by reduced EBITDA loss as well as an increased issued share capital following the fund raise earlier in the year.

Dividend

No dividend has been proposed for the year to 31 December 2023 (2022: £nil).

Cash Flow and Balance Sheet

With the support from our shareholders, we were able to execute on a significantly over subscribed fundraise in early 2023. This was securing against a back drop of economic pressures and difficult market conditions and represents a significant achievement for the Company, providing us with the financial platform to deliver future growth.

Net cash used in operating activities was £21.6m (2022: £24.9m), driven by the investment in operational capacity, focusing on commercial activities and initial cash outlay for endotherapy consumable products in the US and Europe. Net cash used in investing activities was £18.3m (2022: £6.0m) including £15m cash placed on deposit, contingent payments of £2.4m relating to previous acquisitions and investment in Creo headquarters. Cash generated from financing activities was £29.8m during the year with £31.7m (net of expenses) raised from the fund raise.

Total assets at the end of the year increased to £76.6m (31 December 2022: £75.2m), a 2% increase, reflecting the increase cash from the fund raise offset by cash spent in operations for the year and reduced R&D debtor.

Cash and cash equivalents at 31 December 2023 was £18.5m including cash on deposit with a further £6.4m received from loans post year end giving available cash of £24.9m (31 December 2022: £13.1m). Net assets were £59.8m (31 December 2022: £49.3m), a 21% increase due to the equity raise offset by operating loss and share based payment expense. We began renewing debt facilities in Europe at the end of 2023 and received £6.4m in cash post yearend from long term loans. We have a clear strategy to ensure sufficient cash resources to get us to profitability, however as future revenues and future investment are not committed this represents a material uncertainty resulting in significant doubt in respect of going concern as disclosed on page 112.

Accounting Policies

The Group's financial statements prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The Group's accounting policies have been applied consistently throughout the year and are described on pages 111 to 120.

Key Performance Indicators

As the Group continues to develop and commercialise its core technology, the Directors consider the key financial performance indicators to be the level of cash held in the business, sales and operating expenses controlled and monitored. The Board performs regular reviews of actual results against budget, and management monitors cash balances on a monthly basis to ensure that the business has sufficient resources to enact its current strategy.

Certain KPIs concern non-financial measures, such as the number of trainees for our Pioneer Clinical Education Programme, integration of acquired entities, ESG metrics such as carbon emissions, diversity ratios and employee engagement (see Directors' Remuneration Report on pages 86 to 97). All non-financial measures are monitored monthly. The Board will continue to review the KPIs used within the business and assess them as the business grows.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Group are set out on pages 46 to 50.

Directors

Details of the Directors who served during the year ended 31 December 2023 are set out on pages 70 to 71. Six of the Directors serving on the Board at the year end were male with one female.

Conflicts of Interest

To address the provisions of section 175 of the Companies Act 2006 relating to conflicts of interest, the Company's Articles of Association allow the Board to authorise situations in which a Director has, or may have, a conflict of interest. Directors are required to give notice of any potential situations or transactional conflicts that are to be considered at the next Board meeting and, if considered appropriate, conflicts are authorised. Directors are not permitted to participate in such considerations or to vote regarding their own conflicts.

On behalf of the Board

Richard Rees
Director

Principal Risks and Uncertainties

Risk Management Process

The ability to identify, manage and mitigate risks is integral to any business achieving its objectives and fulfilling its strategy. Creo's risk management process adopts a bottom-up approach to identifying risks and reporting them to both the Audit Committee and ultimately, the Board. The Board then reviews and assesses the risks identified and the risk appetite for the Group, which in turn, provides department heads feedback and guidance on those key risks to focus on and address as a priority.

Risk Committee

Creo's Risk Committee is a non-Board committee made up of department heads. The Risk Committee meets formally each quarter. Each member is responsible for the identification, monitoring and mitigation of the risks within their respective departments with guidance provided by the Board. Risks are reviewed by the Risk Committee and challenged by other heads of department as to the impact and probability ratings.

Our Risk Appetite

The Board is responsible for determining the Group's risk appetite alongside its business and sustainability strategy. This includes identifying risks and opportunities across the Group. The risk appetite helps to determine those salient risks requiring the most attention and effort to mitigate or to which additional resource is allocated. We have determined the following risk appetites for the current period:

During the reporting period, we have added a specific risk around environmental risks which we have identified as an emerging risk to the business with a clear need to align to our stakeholders objectives in this area.

We recognise that the risks are different when achieving commercial traction in Europe, the US and APAC and each bring their own challenges and risk profiles. We therefore have input from the commercial heads in each region to ensure we have appropriately identified, recognised and mitigated the key risks.

As we continue to scale operations towards profitability the risks will change and the business will continue to evaluate these to ensure new risks which have not previously been identified are captured alongside any risks, likelihood and impacts which might have become significant. Our new Chief Product Officer heads up the identification and mitigation of commercial risks across the Group.

Risk Reporting Process

Risk Tolerance	Principal Risks	Appetite Rationale
MODERATE ↑ LOW	**Barriers to Market, Business Disruption Risks, Geopolitical Risks**	As a medical device company, we develop solutions that tackle unsolved problems, often by applying new technology. The technology risk we assume takes into consideration our stakeholders' interests and is commensurate with the potential returns from our product pipeline and intellectual property's assets. The Group has a measured approach to projects and acquisitions and will take an appropriate level of risk commensurate with the potential returns and availability of capital.
	Operational Risks, Executive and Personnel Risks, Financial and Going Concern, IT and Cyber Security, Environmental	The nature of our business means that we are exposed to operational and climatic risks that are beyond our influence but where possible, we take steps to mitigate the impact of these risks on the business. The Group recognises the importance of its supply chain and seeks to minimise risks within its supply chain which would compromise quality and service for our customers.
	Breach of Legal and Regulatory Requirements, Product Liability Risks	Creo operates in the healthcare sector which is highly regulated, where patient welfare is paramount. The Company has a very low tolerance to risks of breaching legal, regulatory or ethical standards or towards anything that could negatively impact on our people's health, safety and wellbeing, the communities where we are present, our reputation or that of our customers.

Risk Management continued

The table below sets out those principal risks and uncertainties which, in the Directors' opinion, are most relevant to the Group. We have shown the movement of impact and probability of each risk against the risk reported in the previous year.

Whilst the business puts in place mitigations to reduce the probability of any risk arising and the impacts of any such risks, it is not possible to remove all risk. Further, additional factors could affect the likelihood or impact of risks as the business progresses on its commercialisation journey; for example an increase in revenue may increase impact; or increased product sales may result in product liability risks become inherently more probable and thus having a greater impact on the business.

Change in Risk

↔ No Change ↓ Decrease ↑ Increase

PRINCIPAL RISK AND IMPACT	HOW WE MANAGE THE RISK	PROBABILITY MOVEMENT	IMPACT MOVEMENT
Barriers to the market Risk our products do not meet the necessary regulatory requirements for the market, are not competitively priced, do not provide value over competitor products. Risk that our technology becomes outdated or superseded by a competitor.	► Engagement with KOLs and clinicians through local industry and through our Clinical Education Programmes ► Benchmarking prices of products in local markets ► Extensive IP portfolio to protect our core technology in the market ► Clear marketing strategy targeting individual markets. ► Development of our Kamaptive Technology, our suite of compatible devices and our Kamaptive Licensing Programme	↓[1]	↔
Breach of legal and regulatory requirements Risk that the Group breaches legal or regulatory requirements in local jurisdictions which could result in fines, penalties and damage to the Creo brand.	► Our Quality Assurance and Regulatory Assurance Team is focused on the regulatory needs for product development and develops quality documentation to support all regulatory applications ► We have CE marking for six of our devices as well as our CROMA platform, and FDA clearance for Speedboat Inject, MicroBlate Fine, MicroBlate Flex and SlypSeal Flex devices in addition to the CROMA platform ► Work with local advisors to keep abreast of the development of regulations and requirements	↔	↔
Operational Risks Risk that Creo is impacted by supply chain issues, manufacturing delays or lack of manufacturing capacity, product defects, supplier dependence.	► Preventative maintenance plan to ensure our products are calibrated and maintained, both before and once they enter the market ► Strategic purchasing of key components and careful monitoring of resource requirements ► Review of at risk suppliers and alternatives identified to ensure minimal disruption if supply chain issues arise ► We have an outsourcing partner ready if demand requires additional manufacturing capacity	↔	↔
IT and Cyber Security Risks In the event of industrial hacking, IT failure or a data breach, the Group is subject to operational disruption unless appropriate safeguards are in place. In the event of a data breach the Group may be liable to be fined for a breach of relevant data protection legislation.	► Remote servers across multiple sites reduce reliance on a single site ► VPN across the business ► Key applications being migrated to the Cloud ► Cyber security awareness training implemented across all entities	↔	↔
Executive and Personnel Risks Risk of over-dependence on key staff and executives. Risk that we cannot recruit the right talent necessary for the Group to achieve its objectives.	► Appraisal process set up to maximise employees' potential and aid their development ► HR Director overseeing the Group and implementing processes and policies ► Leadership and management training to empower management and enhance performance ► Benchmark benefits package across industry roles to ensure competitive ► Identify points of failure ("PoF") within the business if someone were to leave and mitigate these PoF ► By capturing IPR through patent applications, we are able to ensure ownership of knowledge and create foundations for our product pipeline	↔	↔
Product Liability Risks Criminal or civil proceedings might be filed against the Group by study subjects, patients, the regulatory authorities, other companies and any other third party using or marketing our products.	► A number of our products have obtained approvals/ clearance from third-party regulatory bodies in the EU and US ► Our design process seeks to mitigate issues by including preclinical and clinical trials in the development of our products ► We invite input from Key Opinion Leaders on product development and their needs ► Our QMS system is designed to comply with ISO 13485 ► Third party and OEM/OBL products manufactured to ISO standards with audits undertaken	↔	↔
Business Disruption Risks Macro economic factors may cause issues with supply chain, increase export and import prices, cause delays in selling/ purchasing goods. COVID-19 or similar pandemic disruption to business stopping us manufacture, sell and operate as usual.	► The Company property is well secured and we have taken reasonable steps to protect the contents ► A disaster recovery plan has been developed ► We monitor developments on an ongoing basis to allow the business to react when necessary ► The business is continually monitoring local and global developments, including COVID-19, the war in Ukraine as well as the cost of living crisis and assessing the potential disruption impacts this could have and mitigating these where possible	↔	↔

1 Creo has brought to market multiple versions of the Speedboat device and is on track to bring its other devices to market in 24/25 having already achieved regulatory clearances. This means Creo is better set up to introduce new devices to the market with fewer barriers than a new entrant to the market and therefore we have reduced the probability.

Risk Management continued

Change in Risk
⟷ No Change ↓ Decrease ↑ Increase

PRINCIPAL RISK AND IMPACT	HOW WE MANAGE THE RISK	PROBABILITY MOVEMENT	IMPACT MOVEMENT
Financial and Going Concern Risks Risk that the Company does not have sufficient cashflow to meet its liabilities and is no longer a going concern. Risk that we do not have sufficient cashflow to seize opportunities and projects when they arise.	► On track with budgeted initial cash requirements, sources of further funding identified but nothing yet secured ► We work closely with a number of agencies and bodies to maximise the amount of grant funding that is available to assist with our technological development while minimising our spend ► Creo Europe is profitable and generates cash for the business and the Group EBITDA loss has been reducing year on year ► We are constantly talking to current and new investors about our commercial plan and opportunities and the funds those opportunities would require ► Local and Group budgets are reviewed each month with a five year forecast every six months to ensure sufficient cashflow	⟷	⟷
Safety and Efficacy of our Products is Questioned Safety concerns relating to our products may lead to recalls, seizures, interruption of supply and loss of product approvals, which could adversely affect patient access, our reputation and our revenues. Significant product liability claims could also arise, which may be costly, divert management attention, reduce demand for our products and damage our reputation.	► Incident management process allows us to react to any potential adverse event and limit any damage ► Preventative maintenance plan to ensure our products are calibrated and maintained, both before and once they enter the market ► Our QMS system is designed to comply with ISO 13485	⟷	⟷
Environmental Risks Climate change, or legal, regulatory or market measures to address climate change may materially adversely affect our financial condition and business operations.	► Sustainability Committee oversees environmental risks as well as other ESG risks throughout the Group ensuring we are aware of any new legal regulatory or market changes ► We report regularly to the Board on our carbon footprint as well as the actions taken to reduce our waste ► Ensuring we meet the requirements for the NHS prodcurement providers through disclosure of Scope 1, 2 and selected Scope 3 emissions ► We ensure our key suppliers have their own sustainability commitments and are able to demonstrate these before we engage them	*NEW RISK*	*NEW RISK*

The Strategic Report was approved by the Board of Directors on 14 May 2024 and was signed on its behalf by

Richard Rees
Chief Financial Officer
14 May 2024

Sustainability Strategy

Our Mission: To Improve Patient Outcomes

Creo's sustainability strategy focuses on three key areas where we believe we can make the greatest impact, underpinned by our strong governance framework and aligned with our overall mission to 'Improve Patient Outcomes'.

Healthcare Impacts:
Ensuring what we do has a positive impact on our patients, clinicians and the healthcare industry through championing innovation and ensuring quality outcomes

Our People and Communities:
Ensuring what we do has a positive impact on our people and communities through promoting diversity, equality and enhancing opportunities within the business and wider communities

Our Planet:
Ensuring that the actions we take as a business mitigate our environmental impact and work towards and contribute to global targets

Supporting the following United Nations Sustainable Development Goals ("UN SDGs")

Healthcare Impacts	Our People and Communities	Our Planet
KEY FOCUS		
► Advancing technology in the field of therapeutic endoscopy ► Helping to tackle waiting times and rising healthcare costs ► Enhancing clinician education and skills	► Create a safe, diverse workplace where innovation and collaboration can thrive ► Supporting our communities and local schools to further education	► Achieve net-zero across our Scope 1 & Scope 2 emissions by 2027 ► Achieve net-zero over Scope 3 emissions by 2045 ► Enhanced sustainability reporting and communication
OUR PROGRESS		
► First SSD clinic at Royal Oldham resulting in reduced waiting list times during the year ► Launch of Speedboat UltraSlim, our smallest device opening up new treatment pathways ► Quality training which goes above and beyond the industry standard	► Leadership and manager training for 35 managers across the business ► Talent assessments and appraisals for all staff across the business ensuring we maximise employee potential ► Work with local schools and colleges to host career days	► Reduction in CO_2 output against a backdrop of expansion ► Implementation of data capture and reporting system to ensure accurate, timely and efficient data capture ► Study being undertaken to understand environmental footprint of our product vs alternative treatments
See more on our goals and progress on pages 56 to 57.	*See more on our goals and progress on pages 58 to 61.*	*See more on our goals and progress on pages 62 to 65.*
GOVERNANCE		
► Healthcare compliance ► ISO 13485 compliance ► Patient follow up	► Anti-bribery, anti-slavery, money laundering policies and training ► Diversity metrics & monitoring	► SECR compliance ► ISO 14001 compliance ► UN Sustainable Development Goals

- Strong Governance Framework — See our Corporate Governance Report on pages 72 to 76.
- Sustainability Committee set up to guide, monitor and report on progress against strategy.
- Continuous stakeholder engagement — See our s.172 statement on pages 78 to 81.

Sustainability Statement Explanation

How we develop and monitor our strategy

In order to create and execute a successful Sustainability Strategy it is important to identify those issues that are most important to Creo, its business and its stakeholders. In turn, this allows us to focus on those matters where we have the greatest opportunity to make an impact and ensure an appropriate governance framework is in place to achieve the strategy.

To gather insights, we engaged with our key stakeholders to gain their insight on the issues of greatest importance for our business and society. These included:

- External stakeholders — we sought insight from our patients, clinicians, healthcare providers (including the NHS), suppliers and partners to understand their views of our biggest risks and the opportunities to drive greater value.
- Our people — we engaged internal experts from across the business to understand the issues which have the greatest impact on the delivery of our strategy and those which are the highest concern for our stakeholders.
- Our Sustainability Committee meets throughout the year to monitor progress against its goals and objectives. The Committee recognise the need to set clear KPIs based on data where appropriate and have made the capture of that data a key priority. Our progress is also monitored against the wider SDGs.

Materiality Assessment

We carry out a materiality assessment annually using the Global Reporting Initiative ("GRI") recommendations on materiality to ensure that our process was conducted according to best-practice reporting standards.

Through this process we identified 21 material issues. We also combined the results of the materiality exercise alongside the prioritised issues identified by the UN Sustainable Development Goals ("SDGs") to guide the development and focus of our materiality assessment.

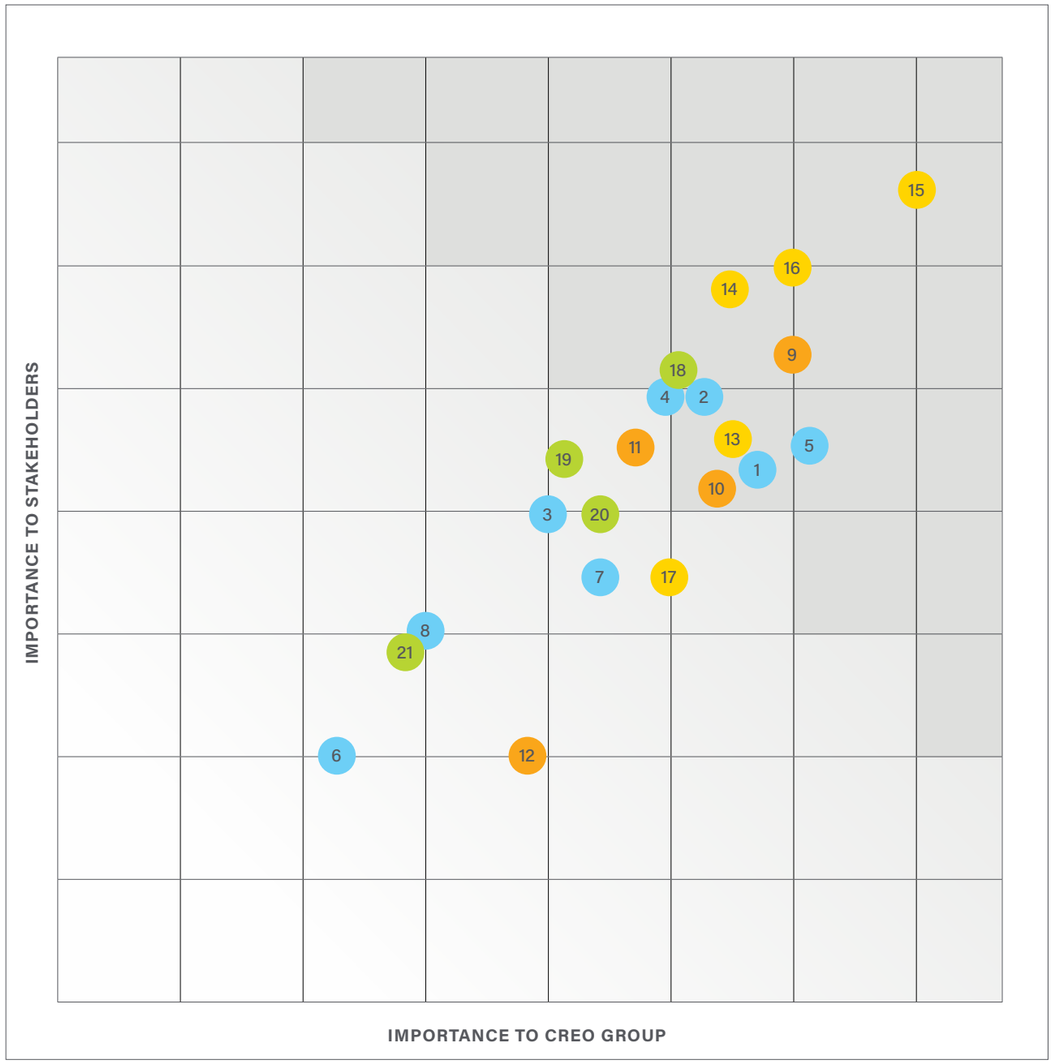
Key Material Issue Changes

Our key material issue movements were sustainable logistics and product distribution, responsible and transparent sourcing and product life cycle. Our assessment showed these increased in importance to both our stakeholders such as the NHS as well as Creo as we continue to increase volume of sales and manufacturing.

NO.	MATERIAL ISSUES
1	Supply Chain Management
2	Governance, Ethics and Compliance
3	Data Protection and Cyber Security
4	Responsible and Transparent Sourcing
5	Risk Management and Mitigation
6	Hazardous Materials
7	Sustainable Logistics and Product Distribution
8	Ethical Animal Trials
9	Diversity, Inclusion and Equal Opportunities
10	Employee Engagement, Attraction and Development
11	Occupational Health, Safety and Wellbeing
12	Community Engagement
13	Accessibility of Products
14	Clinician Experience and Development
15	Patient Outcomes
16	Innovation, Research and Development
17	Collaboration and Partnerships
18	Climate Change and Energy Use
19	Recycling and Waste
20	Product Life Cycle
21	Water Use and Efficiency

SUSTAINABILITY PILLARS

Healthcare Impacts | Our People and Communities | Our Planet | Governance



Area of focus

Healthcare Impacts

Our focus on healthcare impact aligns with the following UN Sustainable Development Goals ("SDGs")

Ensuring what we do has a positive impact on our patients, clinicians and healthcare industry through championing innovation and ensuring quality outcomes. This was recognised as an area of specific focus due to the unique opportunity Creo has to make a positive impact in the following ways:

Advancing Technology

Everything Creo does has one main aim, to improve patient outcomes. In order to achieve this, current treatment pathways will need to adapt through continued innovation, challenge and collaboration. We address this in the following ways:

Our products – this year we launched our smallest ever device, the Speedboat UltraSlim. This device will now work with almost any endoscope in the world and opens up our technology to new markets, new regions and new treatment indications.

Collaborating with others in the industry – sharing our knowledge and technology with partners allows innovation within the industry and will help lead to new products and pathways not yet available. As well as partnering with CMR, Intuitive and IQ Endoscopes we have also partnered with Khalifa University to develop some of our Plasma technology. We believe that by collaborating with the likes of Khalifa University we can continue to be at the forefront of innovation within the industry.

Creo was recognised as a leader in innovation within the industry, when we won the Outstanding Achievement award at the Medilink UK National Healthcare Business Awards in June 2023.

Tackling Waiting Lists and Rising Healthcare Costs

Whilst our mission is to improve patient outcomes, our technology has been proven to have the potential to reduce procedure times and remove the need for long hospital stays. Our SSD clinic at Royal Oldham Hospital has done just this by reducing waiting times. See further details on SSD benefits on pages 34-35.

We are not limiting our benefits to just the NHS or first world countries, but are actively looking to help ease healthcare pressures and improve patient outcomes globally. We want as many people to have access to our technology as possible.

To achieve this we have supported clinicians to perform procedures and introduced our technology in a number of countries including Indonesia, Slovakia and the UAE. With a focus not just on the markets we have a direct presence in but all across the world, we believe we can make a significant impact on the pressures faced by healthcare providers across the globe and help to tackle healthcare inequality between regions.

Training that goes beyond expectations

Quality is of paramount importance to Creo and the products and training we provide. As well as complying with ISO 13485 Medical Devices certification and relevant healthcare compliance, we strive to provide training and education long after the clinicians pass the required level of proficiency.

Our Pioneer Clinical Education Programme champions this quality and follows users through multiple cases to ensure the patients receive the best care and we prevent any avoidable adverse impacts. Follow ups with patients and clinicians allow us to obtain valuable feedback to enhance future patient experience and clinician training.

How We Govern

- Healthcare compliance
- ISO 13485 compliance
- Clinical Training Policy
- Technology Patents
- Patient and Clinician Feedback
- Monitoring of clinical data

Scan the QR code to see more on our health economics

What's next?

1. **Develop global accessibility to treatments through market penetration in developing countries**
2. **Continue to invest in new treatment pathways**
3. **Continue growth in our professional education programme**

Our People and Communities

Our focus on our people and communities aligns with the following UN SDGs

Our people are the lifeblood of our business and the driving force behind the innovative work we do within the healthcare sector. We are committed to ensuring our recruitment, talent assessment and development processes can identify the best people for the roles, irrespective of any personal characteristics.

Creating a safe and inclusive environment which fosters innovation

We recognise the importance of providing state of the art facilities and space for our people to collaborate face to face, share ideas and meet other members of the team.

We have continued our investment in our HQ office with state-of-the-art training labs as well as expanded manufacturing capacity to ensure we can meet the growing demand for our products. We have also moved offices in Spain to allow for greater collaboration and warehouse space as our consumables business continues to grow.

Online workshops and meetings are held with our international colleagues on a regular basis to ensure everyone feels part of the Creo family and that we are all working towards the same goals.

To ensure a safe and inclusive environment we have the following policies and workshops in place:

- Diversity & Ethical Behaviour Training
- Menopause Awareness Workshops
- Employee team building days
- Equality, Diversity & Inclusion Policy (including respect for human rights)
- Whistleblowing Policy
- All hands meetings

We are committed to creating a diverse workforce and working towards gender parity in senior positions within the business. We are committed to ensuring that all disabled persons whether newly hired or who have become disabled during employment, have appropriate support, training, career development and promotion opportunities.

10%

Payrise for those most impacted by the cost of living crisis

Employee wellbeing

Employee wellbeing is of paramount importance to Creo, whether it is physical or mental health we recognise that happy and healthy people perform at their best. To support this we have implemented a range of tools to help support our employees.

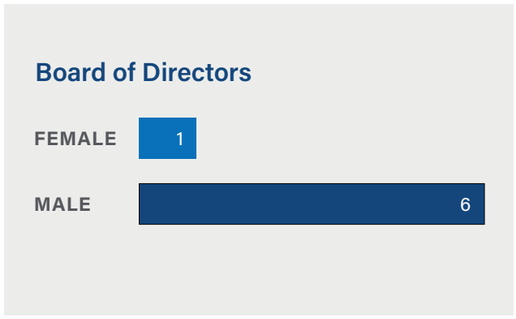
- Mental Health First Aiders – trained individuals provide a channel of confidential and non-judgemental support to employees who may require some assistance or simply need to chat.
- Employee Assistance Programme – employees have access to our free and confidential online and telephone support service (Unum LifeWorks). Support topics include bereavement support, financial wellbeing, mindfulness, elder care and more.
- Beam Development and Training and Awaken Wellbeing Services – Creo has engaged with a professional wellbeing coach in order to provide one to one telephone and online support to employees to help promote positive wellbeing and avoid burn out.
- Understand your Pension Sessions – Creo has run pension sessions to allow our employees to understand which pension works best for them as well as increasing our matched Employee Pension Contribution to 6%.

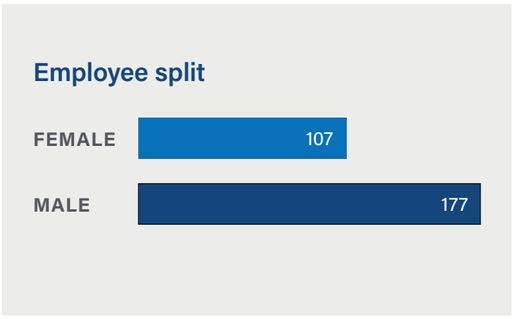
As well as the above programmes we have also introduced Aviva Digicare and Unum Help@hand alongside our current health services provided. This provides our UK employees with:

- Digital GP – a private doctor service offering our employees quick access to clinical advice and guidance, through up to 3 sessions a year.
- Nutritional Consultations – our employees can have up to 6 consultations a year with a nutritional expert, including advice and guidance on delicious healthy eating plans.
- Mental Health Consultations – tailored advice from mental health professionals if there's any issue - home or work related - our employees need to talk over, including bereavement support. Employees get access to 6 Mental Health Consultations a year, with an additional 6 bereavement consultations.
- Physiotherapy – our employees and their partners can have up to 8 sessions a year between them with a physiotherapist who will give them bespoke exercises normally via video consultation.

These programmes help to keep our staff in the best condition and help to reduce sickness within the workplace.

Gender Distribution within the Workforce





Our People and Communities continued

Health & Safety

Physical health is also key to ensuring we provide our colleagues a safe place to work. During the year we have:

- Introduced a red tagging exercise
- Additional sharps bins for disposals
- DSE homeworking assessments
- New near miss reporting portal
- RoSPA Award

0.24

Accidents per 100,000 hours (2022 0.33)

Challenging & Rewarding Careers

We always strive to get the best out of our employees and ensure they are reaching their full potential. This year we have introduced our Appraisal process. Every employee within the business will have an appraisal where their strengths and development areas are identified and goals are set to help them achieve their potential. We have run appraisal workshops to ensure employees understand how to get the most out of their appraisals and managers understand how to set SMART goals.

We keep our employees aware of our success stories with patients through regular communication to help remind them of the purpose of the business and difference they are making to people's lives.

Retaining and attracting the best talent is key to achieving our strategic goals. We offer various employee benefits including:

- Share Incentive Plan
- Cycle to work scheme
- Income protection
- Critical illness cover
- Time off for volunteering
- Flexible working
- Healthcare support
- Life Insurance

Supporting staff through the cost of living crisis

The cost of living crisis has impacted people and business across the world, particularly those on lower incomes. To support our staff we ensured employees received a payrise of up to 10% for those most impacted by the crisis. We also shared energy saving tips as well as offering to speak to financial advisors to help manage their finances.

19%

Employee Voluntary Turnover Ratios

18% in 2022

Employees are encouraged to complete 2 days volunteering each year

Community Engagement

We actively encourage our employees to get involved in local community projects, volunteering and raising money for good causes. Some of the projects we have been involved in this year include:

- Sponsored the Bowel Cancer Dinner in Cardiff – the dinner helped to raise awareness of bowel cancer issues as well as raising funds for bowel cancer research.
- Our colleagues took place in our 'Get Active this April' to raise funds for Bowel Cancer UK as part of Bowel Cancer Awareness Month.
- Creo Medical Europe Charity Dinner—Our European colleagues joined a Charity Dinner to raise funds for a local cancer centre based in Spain.
- Our Global HR Director and HR team attended a number of schools to offer students mock interviews.
- Our Chepstow head office hosted a class of students from a local comprehensive school to show and inspire them with the work we do and the careers we offer.

Regular charity events held to raise money for good causes

How we Govern

- Policies and training via our global learning platform:
  - Anti-Bribery Policy
  - Whistle Blowing Policy
  - Money Laundering & Anti Bribery
  - Equality & Diversity Policy
- Benchmarking pay and benefits to industry standard
- Diversity & behaviour in workplace training
- Appraisal process
- Exit interviews
- Analysis of key workforce data including sickness, leavers, hires, promotions and pay parity

What's next?

1. **Examining ways to improve employee value proposition**
2. **Undertake employee surveys to track scores and measure progress**
3. **Continued community engagement & increased volunteering participation**

Our Planet

Our focus on the environment aligns with the following UN SDGs

It is key that we all minimise our impact on the environment, including Creo and its employees. As a business we want to ensure that the actions we take minimise our environmental impact and work towards and contribute to global targets. We recognise that as our business grows so will our impact on the planet, however we also recognise that we have an opportunity to reduce or mitigate the negative impacts and an opportunity to create positive impacts along the way.

Using Data to set meaningful targets

As an evolving business we recognise the challenge in setting internal targets and want to ensure that any targets we set we can reliably measure, report on and actually have a positive impact. During this year we have started the process to implement a new data capture system which will allow us to track all of our Scope 1, Scope 2 and Scope 3 emissions from all entities across the Group. Accurate and timely data will provide us with the insight to take significant actions to further reduce our footprint and help us achieve a net-zero emissions strategy.

4.95%

reduction in GHG against a backdrop of expansion

Our Net Zero Targets

We have realigned our targets to our external stakeholders both short-term and long-term. Our targets are as follows:

2024 Scope 1, 2 & 3 monthly emissions data from all sites globally

2025 Set specific targets for 'hot spot' areas, departments, and sites

2039 Achieve an 80% reduction in baseline figures

2045 Achieve net-zero

Scope 1, 2 & 3 Emissions

In 2023 we successfully reported Scope 1 & 2 worldwide and Scope 3 emissions in the UK enabling us to create a UK Carbon Reduction Plan ("CRP"). We have implemented a plan to complete Scope 1, 2 & 3 emission reporting in 2024, providing every country with their own CRP and data to support all environmental regulations worldwide.

Although we are not required to disclose Scope 3 data under current regulations, in line with best practice and TCFD and SECR guidance we have chosen to disclose the 2023 Scope 3 emissions for our Business Air and Land Travel from our UK and Global sites.

Emissions[1]	Metric	UK 2023	UK 2022	Global 2023	Global 2022
SCOPE 1					
Emissions from facilities[2]	Tonnes / CO_2e	0	0	0	n/a
Emissions from vehicles[3]	Tonnes / CO_2e	46.5	1.3	239.5	n/a
SCOPE 2					
Purchased Electricity and Heating (Gas)[4]	Tonnes / CO_2e	26.5	23.6	111.7	n/a
Intensity Metric[5]	Tonnes CO_2e / Revenue £m	2.6	2.9	5.5	n/a
SCOPE 3					
Emissions from business air travel[6]	Tonnes / CO_2e	508.7	411.9	1003.1	n/a
Emissions from business land travel[7]	Tonnes / CO_2e	24.3	22.2	38.5	n/a
Intensity Metric[5]	Tonnes CO_2e / Revenue £m	51.7	216.0	50.8	n/a
Kwh Consumption					
Purchased electricity[8]	Kwh	289,482	252,839	414,936	n/a
Purchased gas[9]	Kwh	86,601	83,642	382,533	n/a
Total	Kwh	376,082	336,481	797,468	n/a
Intensity Metric[5]	Kwh / Revenue £m	36,448	41,753	25,882	n/a

1 CO_2 per units for 2023 were calculated using the metrics provide by the suppliers directly where applicable and using the GHG conversion factors from the Government GHG Conversion Factors for Company Reporting 2023.

2 Facilities in 2023 and 2022 include all UK facilities. Global includes all entities including UK. Note in the prior year the CO_2 for purchased gas was included within the Scope 1 metric. This has been moved to Scope 2 and the prior year restated.

3 The 2023 emissions include vehicles owned by UK all UK entities, the 2022 emissions include only vehicles owned by Chepstow and Bath sites.

4 Purchased gas & electricity for 2022 and 2023 includes all UK sites, purchased electricity for Global sites for 2022 was not available.

5 Intensity metric is based on revenues. We believe this to be an appropriate metric as it will help us monitor our progress as the Company continues to grow. The revenues for the UK relate to all UK sites, the Global metric is revenues for the Group.

6 Scope 3 emissions data for all UK sites. Global data was not available for 2022.

7 CO_2/Mile was calculated using direct data from travel provider and the CO2 per mile from Department for Transport 2020. Global data for 2022 was not available.

8 Purchased electricity for 2022 and 2023 includes all UK sites, purchased electricity for Global sites for 2022 was not available.

9 Purchased electricity for 2022 and 2023 includes all UK sites, purchased electricity for Global sites for 2022 was not available. It has been converted using the Energy and Carbon Conversions 2022 Update by Carbon Trust UK.

2024 Targets

Alongside our targets we commit to disclosing our progress annually. We will keep abreast of all emerging technological improvements to accelerate our pathway to net-zero emissions. As part of this we have set ourselves a target to reduce our emissions by 7% in 2024. If we can achieve a 7% year on year reduction we will have reduced our emissions by 80% by 2039.

2024 Proposed CO_2 Emissions Reductions (CO_2e T)

Diverted from Landfill	1231t		Processes	5t
Transportation	403t		Hybrid Vehicle	1t
Utilities	31t		Car Sharing	1t
Paper to Electronic	26t		Packaging	0.5t
Shipping	6t			

Our Planet continued

Action to Reduce Our Impact

Despite our strategy and wider industry progress being in its infancy, we have already made great strides in reducing our impact on the planet through the following:

- Maintained ISO: 14001 in Chepstow and Bath offices
- Installed electric vehicle charging points for electric vehicles at our Creo HQ site
- Installed a bike shed with electric charging point for electric bikes at our Creo HQ site in Chepstow
- Smart travel campaign to raise awareness of types of business travel and the CO_2 each produces
- Supply chain analysis of supplier impacts
- Identified platform for data capture and implementation of this platform started in 2024
- Bike to work scheme

Water & Waste

Although we do not use a significant amount of water, we still track the amount of water usage across the Group and look for ways to reduce our water usage. We have undertaken an analysis to ensure that we do not operate in any water deprived areas and monitor the amount of water used throughout the business.

ISO 14001 is an internationally recognised standard for Environmental Management Systems and demonstrates Creo's commitment to Environmental Management.

We now segregate all wastes at all our offices including batteries, WEEE, hazardous materials, sharps, and clinical waste etc. We have now implemented flexible working practices and we asked staff to return any waste electrical items, batteries, etc. to the workplace so they can be recycled as part of our business waste.

Waste Electrical and Electronic Equipment ("WEEE")

As a producer we place electrical items onto the UK market which will eventually become waste. We understand our obligations to manage this, both morally and legally. We have joined a producer compliance scheme ("PCS") to support and assist our efforts. Under the relevant laws, we are considered a small producer as we place less than five tonnes of electrical product onto the market annually. This allows us to register with the European Agency direct. However, we have chosen a PCS to handle our registration so that we receive timely and effective guidance as our business develops and additional obligations come into force.

Regulatory Requirements and Frameworks

We keep abreast of the rapidly evolving regulatory environment, particularly around climate change and disclosures. Although we are not required to report on Task Force on Climate-Related Financial Disclosures ("TCFD") we have made significant progress on our disclosures of Scope 1 & 2 emissions and have a clear plan to understand and disclose more detail about our Scope 3 emissions in the next few years.

Our Sustainability Committee alongside our Risk Committee allows us to set a clear climate impact strategy along with appropriate scenario testing, identification of opportunities and threats and resilience testing.

We are aware that the IFRS Sustainability Standards Board are planning on issuing the IFRS Sustainability Standards Disclosures which are likely to come into force in 2024. The current plans and strategy mean we are on the front foot in this ever-changing environment to be able to meet future and current regulatory requirements as they arise.

How we Govern

- SECR compliance
- ISO: 14001
- Data capture
- Sustainability Committee
- Producer compliance scheme

Environmental Impact of Surgery Vs. Endoscopy Study

As well as saving money and time for patients we believe using our product generates less emissions than alternative treatment pathways.

To investigate this and to generate insightful data we have commissioned a study to assess the carbon environmental impact of two key facets of gastroenterological care: traditional surgical interventions and endoscopic procedures.

The study will focus on the life-cycle of each therapeutic option to calculate approximate carbon footprints, considering:

1. Manufacturing processes
2. Energy consumption
3. Waste generation
4. Post-procedural patient care

We aim to complete this study by the end of 2024 and will use the findings to help further improve the environmental impact of our products.

What's next?

1. **Data capture of all upstream and downstream emissions globally**
2. **Using sea freight as an alternative to air freight to help reduce emissions**
3. **Benchmarking of KPIs to industry and competitors**
4. **Continue to save energy in our current business practices**

CLINICAL CASE STUDIES

Learn how Speedboat Inject is improving lives

SCAN THE QR CODE
TO READ OUR
CASE STUDIES

02
Corporate Governance

Chair's Statement

Another positive year of progress

"Creo Medical's sights remain set on maturing as an international medtech group..."

Charles Spicer, Chair

Overview

Creo Medical's sights remain set on maturing as an international medtech group focused on the clinical and commercial adoption of a full suite of electrosurgical products. 2023 had already delivered another positive year of progress when, in November, we received 510(k) clearance from the US FDA for our Speedboat® UltraSlim device. This was pivotal because (as Craig explains in his report on pages 8 to 11) it is the ultimate version of Speedboat, the culmination of substantial shareholder investment and a long programme of work to miniaturise the technology to cover all foreseeable market applications. Its reduced size makes it compatible with all endoscopes with a 2.8mm (or larger) working channel. This accesses most GI endoscopic procedures and therefore expands the universe of clinicians and patients who can benefit from Creo's innovative technology.

The US clearance followed guidance from our notified body of an EU regulatory pathway that accelerated the European UltraSlim launch by around 18 months. It has now been used successfully in the UK, USA, LATAM and APAC to treat precancerous lesions in the colon, oesophagus and stomach, as well as in oesophageal and gastric POEM procedures (to address swallowing disorders and gastroparesis).

Following that late-in-the-year milestone, we achieved record sales in the last quarter of 2023. More widely, we can report growth in all key parts of the business, strong progress in our robotics partnerships, improved overall gross margins, and reduced expenses given tight cost control — all contributing to a reduced operating loss for the year. In March 2023, against the backdrop of economic and geopolitical uncertainty, we completed an oversubscribed equity raise with gross proceeds of approximately £33.7 million. This gave us the financial resources and wider confidence to execute the vital next steps in our strategy. We remain immensely grateful to our existing and new shareholders who supported the raise and welcome those newcomers to the register.

Notwithstanding this technological, clinical, commercial and corporate progress, like most companies, we faced continued global and local challenges. The delay in FDA approval for UltraSlim by just over a quarter limited its contribution to Group revenues during the year but has set a positive basis for 2024. The short notice legislative changes around the UK's R&D tax regime resulted in a materially unhelpful reduction in our R&D tax credit. Therefore, our operating loss, while still reduced, was higher than it would otherwise have been. And, of course, as our fellow shareholders are well aware, the continued volatility in the smaller cap stockmarket impacted the otherwise encouraging recovery of our share price since the equity raise.

Management and Employees

Creo invests in talented and experienced individuals across the full range of business functions needed for success. Given the intensity of our R&D investment since our IPO, our headcount peaked during the second half of 2022. But, since then, we have gradually reduced that headcount wherever possible by taking advantage of natural attrition.

The Remuneration Committee, chaired by Ivonne Cantu, aims to implement a remuneration policy that promotes long-term success and is aligned with the interests of our shareholders and other stakeholders. As flagged in last year's report, our LTIP awards had historically been based on pre-grant performance conditions on the same basis as the annual bonus. Following feedback from shareholders, the Committee is now incorporating forward-looking performance targets as conditions for vesting as the Company enters a full commercial phase. The Remuneration Report on pages 86 to 97 includes further details.

The Board thanks all our employees for their hard work, commitment and patience during the year which, most critically, laid the foundations for the UltraSlim launch.

Sustainability

Creo's mission to improve lives sits at the heart of our wider ESG responsibilities. We continue to be committed to best practice in our environmental and social policies under the umbrella term of 'sustainability' which emphasises our core social impact of improving clinical outcomes for patients. Our strategy focuses on three key areas: healthcare impacts; people and our communities; and, of course, our planet.

As we continue to gather clinical data, such as the NHS study showing reduced inpatient stay time, it is clear that not only do our devices provide monetary benefits but they also lead to a reduction in environmental impact that the procedure has. We look forward to exploring the beneficial environmental impact of using our devices as opposed to traditional surgical pathways during the next few years. Ivonne Cantu is our non-exec champion on sustainability, and our Sustainability Report on pages 52 to 65 updates shareholders on progress.

Governance

The Company has in place a strengthened governance framework with energetic engagement by the Non-Executive Directors at Board level, through the committees, and in discussion with shareholders and advisers. As set out in the 2023 Compliance Statement on pages 72 to 76, the Group continues to adopt the QCA Code of Conduct with its 10 principles to deliver growth, maintain a dynamic management framework, and build trust. The Audit Committee, chaired by John Bradshaw, our Senior Independent Director, meets regularly to review and monitor the financial statements, accounting principles, internal controls and risk management systems as detailed in our Audit Committee Report on pages 82 to 83. The Committee also monitors the relationship with our auditors to ensure independence and objectivity.

In addition to the regular communications and meetings with shareholders, in November we held a gratifyingly well-attended capital markets day at the offices of Deutsche Numis, where the team provided greater detail on the commercial and clinical progress of our products and leading NHS clinicians gave presentations explaining their experiences in using Creo's products in clinical practice.

As announced at last year's AGM, the Board has developed a comprehensive succession plan to ensure that Creo's Executive and Non-Executive Directors include an appropriate mix of skills and experience to continue to build a world class medtech company. The process of appointing one or more additional independent Non-Executive Directors and identifying a candidate suitable to succeed me as Chair is progressing well and we look forward to updating shareholders.

The Board continues to seek guidance from our professional advisers, including solicitors, auditors, remuneration consultants and nominated adviser on recommended best practice for AIM companies. We thank all those advisers for their valuable support and enthusiasm for Creo's mission.

Board of Directors

Non-Executive Directors

Executive Directors

Charles Spicer

Chair

He currently chairs NetScientific PLC, Korn Wall Limited (KwickScreen) and the UK Department of Health's Product Development Awards Selection Panel B for Invention for Innovation (i4i). Charles was previously chair of IXICO plc and served as a director of Aircraft Medical (acquired by Medtronic Inc. in 2015) and Stanmore Implants (acquired by Stryker Inc. in 2016).

Prior to that he was Chief Executive of MDY Healthcare plc, a strategic healthcare investor and, prior to that, Head of Healthcare Corporate Finance at both Numis Securities and Nomura International. Charles has a PhD in History from London University and an MA in History from Cambridge University.

Charles is a member of Creo's Audit Committee.

John Bradshaw

Senior Independent Non-Executive Director

John is a chartered accountant with more than 25 years' experience as a Chief Financial Officer with venture capital backed and listed companies. Prior to his retirement in July 2021, John was Chief Financial Officer of Syncona Investment Management Limited, the Investment Manager of Syncona Limited, a FTSE 250 listed life sciences investment company. John served as a non-executive director and chair of the audit committee of AIM listed IXICO plc from October 2013 until April 2022.

John chairs Creo's Audit Committee and is a member of the Remuneration Committee.

Ivonne Cantu

Independent Non-Executive Director

Ivonne joined Creo's Board on 1 February 2020 and has extensive experience in corporate finance, having acted as a corporate finance adviser to UK and international companies for more than 20 years at Cenkos Securities plc and previously at Merrill Lynch.

Ivonne is currently director of Investor Relations and Sustainability at Benchmark Holdings plc, an AIM listed aquaculture biotechnology company and a non-executive director and chair of the remuneration committee at Primary Health Properties plc.

In addition, Ivonne is a trustee of La Vida, a UK registered charity which supports grassroots projects in the fields of education, environment and health throughout Latin America.

Ivonne holds a BSc in Engineering from Universidad Panamericana in Mexico and an MBA from the Wharton School of Business.

Ivonne chairs Creo's Remuneration Committee and is a member of the Audit Committee.

Craig Gulliford

Chief Executive Officer

Craig was a founding angel investor in Creo Medical and became CEO in 2012.

Craig qualified with an MSc in Electronic Engineering from the University College of North Wales. Craig's early career developed in the Middle East, working with large corporates delivering complex commercial projects. Craig has over 25 years' experience in building international businesses from early stage through to significant scale. In January 1999, Craig joined a start-up software and hardware business where, as COO, he was part of a small team that grew the company both organically and through acquisition, from a loss-making start-up to a profitable business delivering significant shareholder returns and an exit in 2007.

Craig is a non-executive director of I.Q. Endoscopes Limited.

Professor Christopher Hancock

Chief Technology Officer

Chris is the founder of Creo Medical and has over 25 years' experience in medical device innovation, design and development.

Chris holds a personal chair in the Medical Microwave Systems Research Group at Bangor University. Chris is a Fellow of the Royal Academy of Engineering, a Fellow of the Learned Society of Wales, a Fellow of the Institute of Physics, and a Fellow of the Institute of Engineering and Technology. He is also a Chartered Engineer, a Chartered Physicist and a Senior Member of the Institute of Electrical and Electronics Engineers. Chris is a Royal Academy of Engineering Visiting Professor at UCL, and an Honorary Professor in the School of Medicine at Cardiff University.

Chris was awarded the Institute of Physics Katherine Burr Blodgett Gold Medal and Prize in 2019 for work on Creo's CROMA Advanced Energy Platform technology and the Inaugural Junkosha Technology Innovator of the Year prize and award in 2022.

Chris is a named inventor and lead author on over 1,200 worldwide granted patents, pending patents and international journal publications in the use of electromagnetic energy for medical applications.

Richard Rees

Chief Financial Officer

Richard joined Creo Medical as CFO in July 2016. Prior to joining Creo, Richard was CFO of SPTS Technologies, a UK-based, global manufacturer of semiconductor capital equipment. In 2011, Richard was part of the SPTS Technologies' management team that, together with Bridgepoint Capital, acquired SPTS Technologies for $200m from Sumitomo Precision Products. In 2014, SPTS Technologies was acquired by Orbotech Ltd for more than $350m.

Prior to joining SPTS Technologies, Richard spent seven years at KPMG in audit.

David Woods

Chief Commercial Officer

David joined Creo as CCO in August 2020, having previously sat on Creo's Board as a Non-Executive Director. David provides leadership and strategic direction for Creo's commercial divisions, overseeing all strategic global commercial activities.

David is an industry veteran within the MedTech sector. His experience encompasses Gastroenterology, General and Orthopaedic Surgery, Pulmonology and Ear, Nose and Throat.

Prior to joining Creo, David was the President and CEO of PENTAX Americas and M&A Director of Hoya Corporation, Pentax Life Care Division. David brings significant operating and commercial experience, market understanding and a proven track record of achievement to Creo. He has also previously sat on multiple MedTech boards over the years. He was awarded the American Society for Gastrointestinal Endoscopy President's Award in 2010, recognising exceptional contributions to the society and its mission.

Corporate Governance Report

2023 Compliance Statement

Introduction

In accordance with the London Stock Exchange's requirement for all AIM-quoted companies to adopt a recognised corporate governance code, the board of directors (Board) of Creo Medical Group plc (Creo, the Company, we or us) adopted the Quoted Companies Alliance (QCA) 2018 Corporate Governance Code (Code).

This statement provides a summary of how Creo endeavours to comply with the 10 principles of the Code taking into account Creo's stage of development and its available resources. In addition to the Code, Creo seeks guidance from its professional advisors including its solicitors, auditors, remuneration consultants and NOMAD on recommended best practice for AIM companies at a similar stage of development.

The QCA published an updated Corporate Governance Code during 2023 (2023 Code). The 2023 Code will apply to financial years beginning on or after 1 April 2024. During 2024 we will review the 2023 Code to ensure that Creo is best positioned to meet the revised guidance. Creo's mission is to improve patient outcomes by applying advanced energy to the emerging field of surgical endoscopy. We aim to deliver value to all stakeholders, including:

- shareholders, by deploying capital against a well thought through and measured business plan to achieve long-term, sustainable growth;
- patients, by improving patient outcomes by bringing advanced energy to flexible medical devices;
- customers, by developing products with the aim of reducing procedure times and costs;
- business partners, by interacting in an ethical and equitable manner; and
- employees, by offering rewarding careers with support and encouragement to allow everyone to fulfil their potential.

The Board's role is to ensure that Creo is managed for the long-term benefit of all shareholders. Our corporate governance processes are designed to ensure control, reduce risk, enhance long-term value generation and underpin Creo's long-term objectives.

The Code is constructed around 10 principles, taking key elements of good governance and applying them in a manner which is workable for the needs of a growing company in pursuit of medium to long-term value creation for shareholders.

Each principle is set out below along with a commentary of Creo's compliance. To the extent an explanation of Creo's compliance for one principle is relevant against another principle, the explanation is deemed to apply to all relevant principles.

Deliver Growth

1. Establish a strategy and business model which promote long-term value for shareholders

Creo is an advanced energy medical device company focused on the development and commercialisation of minimally invasive medical devices, bringing advanced energy to endoscopy. The Company's vision is to improve patient outcomes through the development and commercialisation of a suite of electrosurgical medical devices, each enabled and powered by Creo's proprietary adaptive technology.

Creo's strategy and business model is set out on pages 18 to 19 and includes details on how we aim to promote long-term shareholder value. Creo continues to focus on increasing the number of clinicians trained on the safe use of its core technology and converting those clinicians into regular users. In addition, as part of Creo's Kamaptive licensing programme, Creo has entered into agreements with a number of partners under which it is adapting its technology for use on third party robotic platforms with the aim of creating additional income streams and enabling third party products to benefit from Creo's technology and expertise. Our overall goal is for as many patients as possible to have the opportunity to benefit from Creo's technology which, in turn, we expect to drive maximum returns for shareholders.

Any new initiatives, partnerships or variations to Creo's core strategy are communicated in a timely manner to shareholders via the RNS through ad-hoc releases, trading updates and/or interim results announcements.

2. Seek to understand and meet shareholder needs and expectations

Creo is committed to open communication with all shareholders to ensure that its strategy, business model and performance are clearly understood. Understanding what shareholders and analysts think about Creo and, in turn, helping shareholders and analysts understand our business and addressing any specific concerns that they may have, best places the Board to drive Creo's business forward.

Creo primarily communicates to its shareholders through the RNS, shareholder presentations and via the Annual Report and interim reporting process.

Institutional shareholders

The Directors engage with our institutional shareholders regularly. The Directors meet with institutional and other significant shareholders at least twice annually through the results roadshow processes. This allows members of the Board to understand their views and concerns and provides a forum for the Executive Directors to update shareholders on strategy, the Company's performance and the evolution of its business.

The Chair also meets with institutional shareholders separately from the Executive Directors. In addition, our Senior Independent Director and committee Chairs are also available to meet with shareholders on request to discuss specific areas of concern.

Private Shareholders

Creo's AGM is the principal in-person forum for dialogue between private shareholders and the Board. All shareholders are invited to attend Creo's Annual General Meeting where they can meet with the Directors and understand and exchange opinions on the direction of the Company. The Executive Directors, Chair of the Board and all other Directors routinely attend the AGM and are available to answer questions raised by shareholders. Copies of our Annual Report and the notice of AGM are sent to all shareholders at least 21 days before the AGM. Copies of these documents, along with other information for shareholders, are also provided on our website.

The results of the AGM are released via the RNS as soon as practicable after the conclusion of the meeting. This announcement also provides, for information, details of the total number of votes in favour of each resolution. At our 2023 AGM all resolutions put to shareholders were duly passed.

Along with broker analysis, Creo retains the services of Proactive Investors and Edison Research to provide research and commentary on the business.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

Creo's key stakeholders are our patients, customers, employees and workers, business partners, suppliers, shareholders and the wider communities in which we operate. The Board takes into account wider stakeholder and social responsibilities when making its decisions. Our Annual Report includes examples of how the business takes into account the needs of our wider stakeholders when taking key decisions.

Creo is a socially responsible company with ESG at its core. Details of our continuing sustainability efforts and the work we have performed to meet our social responsibilities are set out on pages 52 to 65.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board is responsible for maintaining a sound system of internal financial and operational control and the ongoing review of its effectiveness. The Board's measures are designed to manage, not eliminate, risk and, as such, provide reasonable, but not absolute, assurance against material misstatement or loss. Some key features of the internal control system are:

- Management accounts information, budgets, forecasts and business risk information which are regularly reviewed by the Board;
- A rigorous quality management system which is compliant with the ISO:13485 standard and which is externally audited;
- Operational, accounting and employment policies which are regularly reviewed and updated as appropriate;
- Clearly defined organisational and reporting structures within the Company; and
- Established financial reporting and control systems within the Company which are reviewed and challenged by the Company's Audit Committee.

Creo reviews its internal controls regularly to ensure that they give the necessary flexibility to enable growth and the delivery of long-term shareholder value while having the correct checks and balances in place.

The Company maintains a risk register which is reviewed regularly through a working committee within the business and ultimately by the Board who appraise external and internal threats and determine the necessary steps required to be taken to mitigate those risks. Principal risks and uncertainties that may affect the business are set out in more detail on pages 46 to 50.

The business is supported by a number of professional advisors, including its patent agent, solicitors and legal advisors, product regulatory advisors, auditors, accountants, NOMAD and its insurance brokers. All advisors provide relevant advice to the business to allow it to identify and mitigate risk accordingly.

Corporate Governance Report continued

Maintain a Dynamic Management Framework

5. Maintain the Board as a well-functioning, balanced team led by the Chair

Creo has a strong and effective leadership team. Creo's Board comprises an Independent Non-Executive Chair, four Executive Directors, and two further Non-Executive Directors, one of which acts as Creo's senior independent Non-Executive Director. Brief biographies for each Board member can be found on pages 70 to 71.

Executive Board Members

Craig Gulliford Chief Executive Officer
Richard Rees Chief Finance Officer
Prof. Christopher Hancock Chief Technology Officer
David Woods Chief Commercial Officer

Non-Executive Board Members

Charles Spicer Independent Non-Executive Chair
John Bradshaw Senior Independent Non-Executive Director
Ivonne Cantu Non-Executive Director

The Board delegates certain duties to an Audit Committee and a Remuneration Committee, all of which operate within clearly defined terms of reference and, where applicable, in accordance with the Code. Further information on our Board committees can be found on our website. The Board does not currently have a Nomination Committee or Disclosure Committee as matters which would be considered by these committees are undertaken by the Board as a whole.

The Company's Articles of Association require one third of its Directors to stand for re-election at each AGM, with each Director to be re-elected at least every 3 years. The Company's Articles of Association are available on our website. At our 2023 AGM, Ivonne Cantu, David Woods and Richard Rees all stood for re-election. All resolutions were duly passed.

Charles Spicer is Creo's Independent Non-Executive Chair. Charles has a limited shareholding in the Company, via his SIPP, and a limited pre-IPO interest in the Company's share option scheme. The Board does not consider Charles's share and option holdings to be significant and therefore consider him to be an independent Non-Executive Director.

John Bradshaw is Creo's senior independent Non-Executive Director. John has a limited shareholding in the Company. The Board does not consider John's shareholding to be significant and consider him to be an independent Non-Executive Director.

Ivonne Cantu is Creo's independent Non-Executive Director. Ivonne has a limited shareholding in the Company. The Board does not consider Ivonne's shareholding to be significant and consider her to be an independent Non-Executive Director.

All Directors are encouraged to debate and use independent judgement based on their respective knowledge and experience on all matters affecting the business. The Board feels that it has an appropriate balance between independence, knowledge of the Company's technology, sector experience and professional standing to allow it to discharge its duties and responsibilities well.

Nevertheless, and as reported in the Chair's 2023 AGM Statement, the Company is actively recruiting an experienced international medtech executive as an additional independent Non-Executive Director who would be suitable to succeed Charles Spicer as Chair.

To address the provisions of Section 175 of the Companies Act 2006 relating to conflicts of interest, the Company's Articles of Association allow the Board to authorise situations in which a Director has, or may have, a conflict of interest. Directors are required to give notice of any potential situation or transactional conflict that are to be considered at the next Board meeting and, if considered appropriate, conflicts are authorised or Directors do not attend or participate in such discussions. Directors are not permitted to participate in such considerations or to vote regarding their own conflicts.

The time commitment expected of the Directors is commensurate with the size and complexity of a quoted company and as necessary to properly perform their duties. During the 12 months ending 31 December 2023, the Directors attended the meetings set out in the table below:

Director	Scheduled Board Meetings	Ad hoc meetings*	Audit Committee	Remuneration Committee
Charles Spicer	4/4	9/9	6/6	1/3 (as an attendee)
John Bradshaw	4/4	7/9	6/6	3/3
Ivonne Cantu	4/4	7/9	6/6	3/3
Craig Gulliford	4/4	9/9	–	3/3 (as an attendee)
Richard Rees	4/4	9/9	6/6 (as an attendee)	2/3 (as an attendee)
Christopher Hancock	4/4	7/9	–	–
David Woods	4/4	7/9	–	–

* i.e. other sub-committee meetings or Board meetings where only a quorum is required

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board considers that it contains an appropriate range of skills, experience and knowledge, but is mindful of the need to continuously review the needs of the business to ensure that this remains true.

Creo's Board members are of sufficient calibre to bring independent judgement to issues of strategy, performance, resources and standards of conduct, which are vital to the future growth and success. The Board believes that it operates in an open and constructive manner, working effectively as a team.

Each Director is aware of the importance of keeping their skills and capabilities up to date. The Board is kept up to date on changes to the AIM rules briefings from the Company's nominated adviser, as well as other regulatory and market matters on an ad hoc basis. In addition, the Board has access to senior employees within the business and is supported by a number of professionals (both internal and external), including the Company's General Counsel, the CFO (who is a chartered accountant), the Senior Independent Non-Executive Director (who is a chartered accountant) and external advisors.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Board seeks to improve the ways in which it interacts and the manner in which information is presented to it. Creo's reporting processes allow a consistent reporting approach, thus aiding analysis by the Board of all matters at hand.

While the Company does not currently have any formal appraisal processes or evaluation criteria for Board members, the Chairman and Non-Executive Directors regularly discuss performance with members of the executive team which, in the Board's opinion, is sufficient for the Company's purposes currently. This will be kept under review and the Board will consider whether formal evaluations are appropriate in the future.

8. Promote a corporate culture that is based on ethical values and behaviours

Ethical values and behaviours are at the heart of what we do. The Board seeks to enshrine such ethical values and behaviours throughout the conduct of all of Creo's activities. Our values are set out in our policies, our working practices and our systems.

The Board seeks to treat all persons fairly and equitably, through clearly defined parameters of operation. This includes full compliance with safe working practices but also maintaining and protecting a positive and supportive working environment.

As part of the induction process, all employees are provided with details of Creo's policies and procedures that promote and support ethical values and behaviours.

Creo's HR team continually monitor and support employees on their working practices and provide timely reminders and updates on policies and procedures, including formal online training. Breaches of Creo's policies and procedures are reported to relevant line managers and ultimately to the Board to ensure that matters are dealt with in a timely and fair manner. In addition, Creo has a whistleblowing policy to allow and encourage all employees to bring matters which cause them concern to the attention of certain persons within the Company and, ultimately, to the attention of the Chair of the Board.

The nature of our products requires a robust quality management system which is third party audited to the ISO:13485 standard. Underpinning this quality management system are processes to ensure that necessary safeguards are in place to ensure the integrity of this system and accordingly the quality of the products under development.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

As Chair, Charles Spicer provides leadership to the Board and is responsible for agreeing the agenda for Board meetings, ensuring (with the Company Secretary) that the Directors receive the information that they need to participate in Board meetings in a timely fashion, and that the Board has sufficient time to discuss issues on the agenda, especially those relating to strategy and governance.

Craig Gulliford, Creo's Chief Executive Officer, is responsible for the day-to-day leadership of Creo, the management team and its employees. The Chief Executive Officer is responsible, in conjunction with senior management, for the execution of the Company's strategy, as approved by the Board, and the implementation of Board decisions.

The Board is collectively responsible for the long-term success of the Company. Its principal role is to provide leadership within a framework of prudent and effective controls, which enables risk to be assessed and managed. The Board considers the management team's strategic proposals and, following a rigorous review, determines strategy and ensures that the necessary resources are in place for the management team to execute against that strategy.

The Board seeks to meet regularly, but in any event holds Board meetings on a quarterly basis, together with meeting for an annual strategy event. In addition to the scheduled meetings, members of the Board regularly hold informal discussions with both Executive Directors and senior operational managers of the Company to discuss strategic business developments and other topics important to the Company's progress. Further, Board calls are held when needed to allow the executives to update the Board on specific matters and/or to approve specific actions for which Board approval is required.

The Board delegates certain duties to Board Committees, all of which operate within clearly defined terms of reference and, where applicable, in accordance with the Code. Further information on our Board committees can be found on our website.

The Board and its committees are provided with information ahead of meetings to give time for review and analysis. For each Board meeting an agenda is prepared and approved by the Chair and followed. The Board maintains an ongoing list of matters arising from the Board meetings which are then followed up at subsequent meetings to ensure that matters and decisions are being implemented.

The Board has adopted a schedule of specific matters reserved for the Board to consider and, if thought appropriate, decide upon. These reserved matters relate to:

- Strategy and oversight, including the approval of annual budgets;
- Changes to the capital structure of the Company and the corporate structure of the Group;
- Approval of financial statements and reports and any capital spend above agreed limits;
- Approval of contracts outside of the ordinary course of the business;
- Changes to Board and committee membership;
- Remuneration of Executive Directors and issues relating to share options;
- Any delegation of authorities;
- Governance; and
- Approval of policies.

Build Trust

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

We seek to maintain dialogue with shareholders and other relevant stakeholders through a number of channels. Our Annual Report, full year and half year announcements are the primary sources of information for shareholders. These are supplemented by regular and appropriate RNS and RNS Reach announcements.

The above, together with other relevant information on the Company, can be obtained from our website.

The Company's collegiate and open working environment means that all employees are able to relay concerns to the executive team directly. The Company has a whistleblowing policy to allow and encourage all employees to bring matters which cause them concern to the attention of certain persons within the Company and, ultimately, to the attention of the Chair of the Board.

The Company has engaged Walbrook PR to advise on its communications strategy and to assist in the drafting and distribution of regular news and regulatory announcements. If shareholders or interested parties would like to contact Walbrook regarding any communications, they can be contacted at creo@walbrookpr.com.

Going Concern

For the year ended 31 December 2023 the Group made a total comprehensive loss of £22.3m and, as at 31 December 2023, had cash and cash equivalents including cash on deposit of £18.5 million with net assets of £59.8m. An amount of £31.7m (after expenses) was raised in February and March 2023 through a Share Placement and Open Offer and £6.4m debt financing was raised post year end. The financial statements have been prepared on a going concern basis which the Directors believe to be appropriate for the following reasons:

The Directors have considered the applicability of the going concern basis in the preparation of the financial statements. This included the review of financial results, internal budgets, cash flow forecasts and covenant compliance for the period of at least 12-months following the date of approval of the financial statements ("the going concern period").

The Directors have prepared a base case scenario which is based on the Board approved forecast and assumes an increase in revenues particularly from its core revenue streams and Kamaptive licencing programme for the year to 31 December 2024 compared to the year ended 31 December 2023. In addition, the Directors have modelled a severe but plausible downside scenario for the going concern period. This scenario includes sensitivity analysis to delay a proportion of future expected but not contracted growth in revenue and assumes no savings in expenditure are made. This downside scenario indicated that the cash resources of the Group would be exhausted in around 12 months from the date of approval of the financial statements, and a breach of loan covenants will occur within 12 months, before taking account of mitigating actions. The Directors have identified several areas where a reduction in expenditure on the Group's research and development programmes and in other areas could be made if such a scenario were to occur to ensure the Group would be able to meet its liabilities as they fall due for the going concern period without needing to obtain waivers on the debt covenants.

The Group continues to make progress towards profitability as we continue to seek to ramp up commercialisation. The Directors have identified several potential sources of funding which could provide sufficient cash to the business to reach positive cash generation. At present these sources of funding remain uncommitted and a substantial proportion of the forecast revenues remains uncommitted for the going concern period and beyond. The Directors recognise that if no additional funding is secured during the next 12 months or if the Group fails to secure additional revenue contracts as forecast then the Group may breach debt covenants and may not have sufficient resources to meet its liquidity requirements and be unable to continue as a going concern. The Directors recognise that these conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Parent Company's ability to continue as a going concern.

These financial statements do not include the adjustments that would result if the Group and the Parent Company were unable to continue as a going concern.

Statement of Directors' Responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Parent Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Parent Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Parent Company's auditors are aware of that information.

Engaging with Stakeholders

Section 172(1) Statement

The Board of Directors' statement regarding section 172(1) of the Companies Act 2006 and our commitment to transparent and constructive dialogue with all our stakeholders.

The impact on each stakeholder group is carefully considered by the Board of Directors (the "Board").

The Board considers, in good faith, that it acts and has acted at all times, both individually and collectively, in a way that would be most likely to promote the success of the Company for the benefit of its members as a whole having regard to the matters set out in s172(1)(a-f) of the Companies Act 2006:

(a) The likely consequences of any decision in the long term:

The long-term success of the Company and the Group as a whole is key when making strategic decisions.

The Company is developing and commercialising technology and products to address long-term clinical needs for which sizeable addressable markets have been identified. See page 21 for further details of these markets.

(b) The interests of the Company's employees:

Creo's employees are core to our success. As a significant and critical factor, employee wellbeing and development has continued as a priority during 2023. Our People and Communities section on pages 58 to 61 provides further details on the investment that we continue to make in our employees during the year.

(c) Fostering business relationships with suppliers, customers and others:

The adoption of Creo's core technology requires strong customer relationships which allow Creo to provide support through ongoing clinical education on the safe use of our products. By developing these relationships along with continuing engagement with key opinion leaders ("KOLs"), we seek to ensure that we release products to the market in a measured and controlled manner, reducing the risk of misuse and ensuring our products are customer sponsored for the long term (i.e. through clinical education and peer support by KOLs).

Outside of our core technology, the Group is both a customer and supplier of third party, Original Equipment Manufacturer ("OEM") and Own Brand Labelling ("OBL") products. It is essential that strong, collaborative, and fair relationships with third party partners is built on trust and mutual respect as their success is our success.

Our Kamaptive licence partners are carefully selected to ensure alignment of long-term goals are aligned and that relationships can be built for the mutual benefit of both parties.

(d) The impact of the Company's operations on the community and the environment:

We place a high value on our relationships with our communities around the globe. We are acutely aware of the impact our operations and products have on the environmental and how we can mitigate this.

Our Sustainability Report on pages 52 to 55 provides further details on the steps that we are taking to minimise our footprint and to align our objectives with wider global initiatives.

(e) Maintaining a reputation for high standards of business conduct:

Creo's mission is clear: to improve lives. As such, ethical values and high standards of business conduct are at the heart of what we do. We expect all employees and representatives of the Company to maintain the high standards that we set ourselves.

These values and business conduct requirements are enshrined in our corporate governance, our policies, our working practices and our systems (including our third party audited ISO:13485 quality management system). Please also see our Governance Report on pages 72 to 76 for further details.

(f) The need to act fairly between members of the Company:

The Board recognises that members have different views and objectives. The Board always seeks to ensure that its decisions are equitable and fair as between the members of the Company whilst balancing the interests of all stakeholders.

Stakeholder engagement

The Board takes into account the concerns of its stakeholder groups in its discussions and decision making. In discharging the duty set out in Section 172(1) of the Companies Act 2006, the Board ensures that the impact on each stakeholder group is carefully considered by management when formulating all proposals requiring Board approval.

Set out below are, in the Board's view, Creo's key stakeholder groups, the key concerns of those groups and how the Board seeks to engage with them.

Shareholders

Key concerns

- Deployment of capital against a clear strategy
- The development of our product portfolio and its commercialisation
- Growth
- Corporate governance
- Sustainability

How we engage

- Regular communication with institutional and major shareholders, not least to ensure that they understand our strategy and business model
- Our Annual General Meeting ("AGM") and any General Meetings allow shareholders to meet and directly raise concerns and have discussion with the Board
- Investor roadshows following the release of half and full-year results
- Attendance by Directors and employees at a number of investor and sector-specific conferences allow interested parties to have direct dialogue
- Timely and appropriate releases of business information via the RNS and RNS Reach
- Social media updates allowing an insight into the day-to-day activities of the business and its operations

Employees

Key concerns

- Career development and remuneration
- Health & Safety and wellbeing
- Diversity
- Leadership

How we engage

- Our executive team, supported by a number of senior managers, engage directly with all employees
- Team structures and organisation planning to facilitate effective delegation and reporting
- Investment in IT solutions to allow a number of communication channels, in particular to assist with home working and cross office communications
- Employees are encouraged to take control of their career development, in line with the longer-term growth of Creo
- During the reporting period we have continued to support, in many areas increased support, in respect of the health and safety and wellbeing of all employees
- Our performance management processes and the promotion a culture of continuous improvement throughout the business
- All employees have the ability to raise grievances and to escalate concerns through our whistleblowing procedures

Engaging with Stakeholders continued

Customers/end users

Key concerns

- Quality products that meet clinical needs
- Competitive pricing
- Clinical education and support

How we engage

- Creo engages with KOLs worldwide. Engagement starts before prototype devices are made to ensure we develop products that meet customers' identified needs and which they will ultimately use
- KOLs and clinicians provide feedback on our devices through design processes, usability studies and pre- clinical testing and analysis. This input assists strategic decision making to ensure capital is deployed on concepts and products that offer the greatest impact for our customers, their patients and ultimately, Creo's business
- Creo's Clinical Education Programme provides guidance and training on the safe use of products and also real-time feedback from the initial use of devices
- Creo's expanded direct sales team offers support to all customers and users, as well as support to distribution partners

Business partners/suppliers

Key concerns

- Strong relationships
- Clear and ongoing dialogue to allow effective business planning
- Financial strength
- Regulatory compliance

How we engage

- We interact in an ethical and equitable manner with all business partners and suppliers
- We strive to have open, constructive and effective long-term relationships through open engagement, regular meetings and dialogue, and recognise that this is beneficial for the whole supply and product ecosystem
- Have dedicated internal resource to ensure we are able to directly engage with regulators in a timely and professional manner

Community and the environment

Key concerns

- Safety
- Sustainability
- Community contribution

How we engage

- We actively seek to engage with local government networks, with the intention of making a positive economic impact on the region
- Where possible, we try to source locally to support our community
- Our Pioneer Clinical Education Programme provides our clinical community the opportunity to further their practice which, in turn, benefits their patient community and thus society as a whole

Key decisions

Two example decisions taken during the year together with a summary of how the Board has taken into account the factors set out in Section 172 of the Companies Act 2006, are set out below:

Decision 1: 2023 Fundraising

Actions

- Undertook a funding round via a conditional placing and subscription of new Ordinary Shares to certain institutional and other investors, together with an open offer to qualifying shareholders, each at a price of 20 pence per share.
- Upon completion, issued new Ordinary Shares in the capital of the Company.
- Utilised internal and external resource to negotiate and prepare the transaction.

Key stakeholder group considerations

- Shareholders – balanced the Company's need and the timing to raise funding against the dilutive impact any such funding.
- Employees – considered the impact on continuing to provide employment opportunities and rewarding careers for employees.
- Customers/End users – consider the overall objective of Creo to bring advanced energy to endoscopy and the need to ensure that products can be provided to users to improve lives.
- Partners, Customers and Suppliers – considered the need to ensure that overall relationships are maintained and that Creo can meet its obligations thereunder.

Decision 2: Salary review to mitigate cost of living crisis

Actions

- Overall review of salaries of staff and implement proportionate increases to ensure that those employees below the median salary range received enhanced salary increase to mitigate the impact of the UK cost of living crisis.

Key stakeholder group considerations

- Shareholders – correct deployment of capital to encourage employee retention.
- Employees – considered the need to balance employee expectations of salary increases whilst ensuring that the cost of living issues for many employees were being adequately addressed.
- Community– reinforced Creo's commitment to be a fair employer in the area and mitigated cost of living impacts in for those employees who reside within the local community.

On behalf of the Board

Richard Rees
Director
14 May 2024

Audit Committee Report

Introduction

The Audit Committee of Creo Medical Group plc (the "Audit Committee") is responsible for monitoring the effectiveness of Creo's financial reporting, internal controls and risk management systems and processes, as well as the effectiveness and independence of Creo's external auditors. This report summarises the Audit Committee's activities undertaken during the financial year ended 31 December 2023.

Members of the Audit Committee

John Bradshaw is Chair of the Audit Committee. John is a chartered accountant with more than 25 years' experience as a chief financial officer with venture capital backed and listed companies. The Board is satisfied that John is the Audit Committee member with recent and relevant financial experience to enable him to perform the role of Chair.

Charles Spicer and Ivonne Cantu are the other members of the Audit Committee. The Board considers that the Audit Committee members have sufficient experience and competence to understand, analyse and, when necessary, challenge the management accounts and public financial statements of the Company. Further, the Board is also satisfied that the Audit Committee as a whole, including invited attendees as necessary, has a relevant mix of experience and competencies to assess any sector related issues which the Group may face.

Biographies for each member of the Audit Committee can be found on page 70.

Role and responsibilities

The Audit Committee has the primary responsibility of:

- Reviewing and monitoring the integrity of the financial statements of the Company (including annual and interim financial statements and results announcements) and the underlying accounting principles and practice;
- Reviewing internal controls and risk management systems;
- Reviewing changes (if any) to accounting policies;
- Reviewing and monitoring the extent of the non-audit services undertaken by external auditors; and
- Advising on the appointment of and liaising with the Company's auditors.

The role and responsibilities of the Audit Committee are clearly defined in terms of reference ("ToR"). The ToR comply with the AIM market admission rules and are reviewed annually by the Audit Committee and external advisors to ensure they are reflective of current market practice and guidance and remain relevant for the Company. The ToR were last updated on 5 May 2021 and are available to download from Company's website. A copy of the TOR will be made available on request from the Company Secretary.

The Audit Committee maintains an agenda to ensure that all matters for which the Audit Committee is responsible are considered during the year. The Audit Committee met 6 times during 2023 with all 100% attendance from all members, with the Group's auditors being present at 4 of the meetings. The main matters considered by the Audit Committee during 2023 include:

- Financial statements and annual report review
- Consideration and review of the external audit report and management representation letter
- Consideration of key accounting judgements and estimates including Goodwill Impairment
- Review of the interim results
- Going concern assessment and review
- Review of the 2023 audit plan
- Risk management and internal control systems review
- Auditor engagement and meetings (with and without executive representation present) to discuss the above
- Review of the Audit Committee terms of reference
- Review of the Company's Anti-Bribery and Corruption policy and training procedures
- Review of the Company's whistleblowing policy
- Review of the Company's Sunshine reporting procedures

All activities of the Audit Committee are reported at subsequent Board meetings, with the minutes of each meeting being provided to all Board members.

Auditors

The Audit Committee monitors the relationship with the Group's auditors to ensure that independence, objectivity and effectiveness are maintained. The Audit Committee has oversight of the provision of non-audit services by the external auditors which is underpinned by a policy requiring Audit Committee approval for any such services. No non-audit services were provided to the Group by the Group's auditors in 2023.

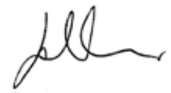
In the usual course, the Group's auditors prepare an audit plan for the full-year financial statements. The plan sets out the scope of the audit, areas of special focus, materiality and audit timetable. The audit plan is presented to the Audit Committee for review and agreement prior to any audit work commencing. After the audit of the annual financial statements, the findings of the audit are presented to the Audit Committee for consideration. This presentation includes details of all fees paid by the Group to the auditors during the reporting period along with confirmation of the auditor's independence. Time is provided during the meeting without executive representation present to allow the auditors to raise any concerns directly with the Audit Committee. No such concerns were raised in the 2023 audit presentation.

The Group does not currently have an internal audit function. The need to establish such a function remains under review, and the Audit Committee is satisfied that this function is not required at this stage in the Company's development.

Risk management and internal controls

The Group has established a framework of risk management and internal control systems, policies and procedures. The Audit Committee is responsible for reviewing the Group's risk processes along with the Group's internal control framework. The Audit Committee is satisfied that the risk and internal controls framework are operating effectively.

The Audit Committee is not responsible for the identification of key risks or the review of the adequacy of arrangements to mitigate those risks, which remains the responsibility of the Board. Page 46 sets out further details on the Group's approach risk identification and management.



John Bradshaw
Chair of the Audit Committee

Directors' Report

The Directors present their report together with the audited consolidated financial statements for the 12 months to 31 December 2023. These will be laid before the shareholders of the Company at the next Annual General Meeting ("AGM").

Creo Medical Group plc (admitted to the AIM market of the London Stock Exchange (LSE: CREO), is incorporated in England and Wales with registration number 10371794. The Company's registered office is at Creo House, Unit 2 Beaufort Park, Beaufort Park Way, Chepstow, Wales, United Kingdom NP16 5UH.

Principal activity

The principal activity of the Group during the period continued to be that of research and development and the manufacture and sale of medical devices and instruments. The principal activity of the Company is that of a holding company.

Results and dividends

The Group results for the 12 months to 31 December 2023 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 107.

The Directors do not recommend the payment of a dividend.

Review of the period

A summary of the Group's progress and development is set out in:

The Chief Executive's Statement on pages 8 to 11;

The Chief Technology Officer's Statement on pages 26 to 27;

The Chief Commercial Officer's Statement on pages 14 to 17;

The Chair's Statement on pages 68 to 69; and

The Financial Review on pages 42 to 44.

Each of which form part of the Annual Report. This analysis includes a commentary on the position of the Group at the end of the reporting period, an indication of likely future developments in the business of the Group including steps being taken in respect of the Group's overall strategy, details of the commercial activity undertaken during the reporting period, details of the Group's activities in the field of research and development and the steps being taken to commercialise the technology being developed.

Directors

The Directors who held office during the year and up to the date of approval of the financial statements were as follows:

Executive Directors

Craig Jonathan Gulliford

Professor Christopher Paul Hancock

Richard John Rees

David Gerard Woods

Non-Executive Directors

Charles Alexander Evan Spicer

John Bradshaw

Ivonne Maria Gloria Cantu

Directors' interests and indemnity arrangements

The Directors' interests in the shares of the Company are disclosed in the Remuneration Report on pages 86 to 97.

In accordance with Section 234 of the Companies Act 2006 and as permitted by the Articles of Association of the Company, the Company maintained insurance throughout the year for its Directors and officers against the consequences of actions brought against them in relation to the execution of their duties for the Company.

No Director had, during or at the end of the year, a material interest in any contract which was significant in relation to the Group's business except in respect of service agreements and share option awards and as disclosed in the Directors' Remuneration Report on pages 86 to 97.

The Company has not granted any indemnities to any of its Directors against liability in respect of proceedings brought by third parties.

Share capital

Details of the Company's issued share capital are shown in Note 21 to the consolidated financial statements on page 141.

As at 31 December 2023, 361,251,418 fully paid Ordinary Shares were in issue. The share capital comprises one class of Ordinary Shares and these are admitted on the AIM market of the London Stock Exchange.

All shares are freely transferable and rank pari passu for voting and dividend rights.

Substantial holdings

As at 31 December 2023, shareholders holding more than 3% of the share capital of Creo Medical Group plc[1] were as follows:

Name of shareholder	Number of shares	Voting rights (%)
Canaccord Genuity	46,982,275	13.01
M&G Investments	33,612,732	9.30
Baillie Gifford	23,421,836	6.48
Finance Wales Investments	19,776,727	5.47
Amati Global Investors	16,998,915	4.71
AXA Framlington Investment Managers	16,081,958	4.45
Hargreaves Lansdown, stockbrokers (EO)	15,639,270	4.33
River Global Investors	14,375,697	3.98

1 Information obtained from an analysis of Creo Medical's share register (dated 31 December 2023) undertaken on behalf of Creo Medical by Equiniti—RD:IR.

Director Shareholdings (excluding options) as at 31 December 2023

Name of Director	Number of shares	Voting rights (%)
Charles Spicer	308,530	0.09
John Bradshaw	1,371,082	0.38
Ivonne Cantu	125,000	0.03
Craig Gulliford	1,638,320	0.45
Richard Rees	2,813,756	0.78
Prof. Chris Hancock	4,810,206	1.33
David Woods	440,255	0.12
Total	11,507,149	3.18

Save as referred to above, the Directors are not aware of any persons as at 31 December 2023 who were interested in 3% or more of the voting rights of the Company or could directly or indirectly, jointly or severally, exercise control over the Company.

Financial risk management objectives and policies

The Company's financial risk management objectives and policies are shown in Note 18 to the consolidated financial statements on pages 135 to 137. The main risks arising from the Company's financial instruments are interest rate risk, exchange rate risk, credit risk, and liquidity risk, which are continuously monitored by the Board.

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Other information

An indication of likely future developments in the business can be found in the Strategic Report on page 11.

Significant events which have occurred since the end of the financial year have been included in Note 27 of the consolidated financial statements on page 144. Streamlined Energy & Carbon Reporting ("SECR") has been disclosed in the Sustainability Report on page 63.

Auditors

PricewaterhouseCoopers LLP ("PwC") were reappointed as auditors at the last Annual General Meeting of the shareholders, in accordance with Section 489 of the Companies Act 2006.

On behalf of the Board

Richard Rees
Director

Creo House
Unit 2, Beaufort Park
Beaufort Park Way
Chepstow,
Wales
NP16 5UH

14 May 2024

Statement from the Chair of the Remuneration Committee

Dear Shareholders

On behalf of the Remuneration Committee (the "Committee"), I am pleased to provide an overview of our work for the year ended 31 December 2023, including the key decisions we have taken. This report covers the activities of the Remuneration Committee during the year, remuneration decisions and determination of reward outcomes for 2023, as well as plans for the application of our remuneration policy in 2024.

Introduction

The Remuneration Committee's principal objective is to implement a remuneration policy which promotes the long-term success of the Company and is aligned to the interests of the Company's shareholders and other stakeholders including customers, patients and employees.

2023 was a year of strong progress towards the Company's strategic objectives of increasing commercial adoption of its core suite of products, developing its robotics partnerships, and delivering on its financial objectives towards profitability and cash generation.

Commercial adoption of the Company's core products progressed significantly with the number of users reaching 175, a 120% increase over 2022 and the number of users in the pipeline growing from 450 to 650. Other important commercial milestones included the adoption of the Speedboat Inject device by The Royal Oldham Hospital which has become a high-volume site, the FDA and CE clearance plus subsequent first use of SpeedBoat Ultra Slim in late 2023, and the selection of Speedboat Inject by the National Institute for Health and Care Excellence ("NICE") for guidance. In the area of robotics, the Company successfully delivered against its partnership milestones with Intuitive and CMR and developed new avenues for future collaboration. Financially, the Company's progress translated into an increase in revenues from Creo's core products of c.150%, and an increase in total Group revenues of 13% which combined with strict cost control reduced the Company's operating loss against the prior year by 10%, in line with the target set.

Activities of the Committee during the year

Aside from the Committee's regular annual programme of work, in 2023 the Committee reviewed the operation of the long-term incentive arrangements and introduced forward-looking performance criteria in the LTIP as performance conditions for vesting. Historically, LTIP grants had been based on pre-grant performance conditions with the measures and targets consistent with those used for the annual bonus. In the Remuneration Report for 2022, the Committee set out its intention to transition to an LTIP which incorporates forward-looking performance targets. This represents a natural evolution of the LTIP as the Company progressed into commercial phase. The move also addresses feedback received from a number of our main shareholders during the year.

2023 was a year of transition in the implementation of the new LTIP with awards made in relation to both (i) the 2022 performance year (the "2022 LTIP") (based on pre-grant performance assessment) and (ii) the 2023 grant incorporating forward-looking performance targets for the three years commencing 1 January 2023 (the "2023 LTIP"). Performance criteria for the 2023 LTIP grant, which vests over 3 years and is subject to a 2-year holding period post vesting, include targets for revenue, cash, and total shareholder return ("TSR") relative to the Company's peer group. The 2022 award was the final grant to be assessed on the basis of pre-grant performance conditions and following this transitional step it is currently intended that all LTIP awards going forward will be based on forward-looking performance conditions.

During the year the Committee initiated a further holistic review of the Company's share-based incentive programme including an assessment of historic grants in place to ensure that the programme is effective in aligning the incentives of the Executive Directors and senior management with shareholder interests for the Company's next phase of growth. This work is ongoing and the Committee plans to engage with major shareholders on this matter in the course of FY24.

Other areas of focus for the Committee in 2023 were:

- discussion and approval of the Executive Directors' remuneration outcomes for 2023
- agreeing annual bonus measures and targets for 2023 for the Executive Directors
- review and benchmarking of the Executive Directors' remuneration
- approval of salary increases for the Executive Directors alongside the wider workforce
- agreeing LTIP targets for the 2023 LTIP grant
- review and approval of the 2022 and 2023 LTIP award levels
- review of the remuneration arrangements across the workforce to ensure they continue to inform our approach to setting and implementing our Executive pay policy

The Remuneration Committee is very grateful for the input we received from shareholders during the year.

Overview of the remuneration policy

The Remuneration Committee determines pay for the Company's four Executive Directors. The Committee applies a remuneration policy including four components: salary, benefits and pension, an annual bonus subject to annual performance targets and an annual share-based long-term incentive award subject to three-year performance targets. In implementing the policy, the Committee seeks to ensure a close link between pay outcomes, Group and individual performance, and shareholder value creation. In determining pay the Committee seeks input from its external remuneration adviser and takes into consideration remuneration for the broader Group and feedback received from shareholders.

The annual bonus scheme for Executive Directors allows for up to 100% of salary to be paid based on the successful delivery against financial, commercial, strategic and ESG objectives. In 2023 financial objectives included revenue, cash and cost control; commercial objectives included the market adoption of Creo Medical's core products measured by the number of regular users; and strategic objectives included delivery against milestones for the Company's robotics partnership programme. Further detail on the 2023 measures and targets is presented below.

Creo Medical seeks to promote an entrepreneurial culture and aligned to this culture, the Company encourages share ownership including through share-based incentive arrangements for senior management delivered through a Long Term Incentive Plan ("LTIP"), and through other share-based plans across the Group including an all-employee HMRC approved SIP. Under the remuneration policy Executive Directors can normally be awarded annual share-based incentives of up to 100% of salary via the LTIP. The remuneration policy encourages the Executive Directors to build and maintain a shareholding equivalent to at least 100% of salary. All four Executive Directors currently meet this criteria.

The Company's LTIP is operated through a joint share ownership plan ("JSOP") structure implemented in 2020, whereby the participant and a trustee jointly own the beneficial interest in the LTIP shares under award. The participant is entitled to any value above a share price hurdle set relative to and higher than the share price on the date of award. The trustee is entitled to the value below the hurdle. The participant also has a nominal cost option over the trustee interest. Both elements vest after 3 years and 3 months subject to continuing employment.

Further information on the operation of the JSOP is included in the table below on page 87.

Up to 2022, LTIP awards were based on pre-grant performance conditions on the same basis as the annual bonus, that is by reference to delivery against certain targets in the financial year prior to grant with vesting then subject to continuing employment. The award was priced relative to the share price on the grant date and was subject to a 3 year and 3 month vesting period incentivising management to deliver long term share price accretion and shareholder returns.

In 2023 the Committee made a change to the LTIP policy by incorporating forward-looking performance criteria as conditions for vesting and by fixing the normal annual grant level at a consistent rate as a percentage of salary. Further details of the LTIP and of the other elements of the Directors' remuneration policy are set out on pages 89 to 92.

Salary and pension

Salaries for Executive Directors were unchanged between January 2020 and June 2023 despite the significant rise in inflation experienced in the last 2 years. During this period the business has developed materially, moving into commercial phase, scaling up manufacturing and entering into new partnerships with world-leading robotic surgery players. Taking this into consideration, the Committee conducted a review of the Executive Directors' pay informed by a benchmarking exercise facilitated by the Company's external remuneration adviser. As a result of the review the Committee approved salary increases for the Executive Directors effective 1 July 2023. At the same time adjustments were made to the Executive Directors' pension benefits to align them more closely with the rest of the workforce.

The CEO's salary was increased from £280,000 to £330,000 (an increase of 17.9%) to take account of a combination of factors including: his performance in the role, his increased responsibility due to the growing complexity of the Group, the absence of any salary increase since 2020, his significant contribution to the leadership of Creo Medical since the Company's IPO in 2016, and taking into account the levels of pay in companies of a similar size in the company's peer group. His pension contribution was reduced from 10% to 7.5% of salary as a step to align it with the rest of the workforce. The CFO's salary was increased by 5% from £215,000 to £225,750 and his pension contribution reduced from 10% to 7.5% of salary effective 1 Jan 2024. The salaries of the CTO and CCO were increased by 3% to £221,450 and US$288,400 respectively.

Annual bonus for 2023

The Remuneration Committee assessed the performance outturn against the objectives set at the start of the year to determine the annual bonus for the Executive Directors. Details on the performance objectives and outcome are set out in the table below. The Committee reviewed the outcome for each of the metrics and agreed that the formulaic output of 65% of maximum delivery against objectives was an appropriate reflection of the Executive Directors' performance and therefore approved a bonus of 65% of salary. No discretion was applied.

Directors' Remuneration Report continued

Annual Bonus – Metrics Used and Weighting

METRICS	WEIGHTING	FORMULAIC OUTPUT
Financial ► Total revenue and revenue from Creo core products ► Expenditure control ► Cash	60%	Partially met
Commercial adoption of Creo core products ► Number of regular users	12%	Partially met
Strategic ► Delivery against robotics partnership milestones ► FDA Clearance of Ultraslim Speedboat and Spydrblade	12%	Met in full
ESG ► Delivery against ESG programme goals	5%	Met in full
Total	100%	65%

LTIP

As set out above, the total LTIP award for Executive Directors in 2023 consisted of an award granted in relation to the performance in 2022 mirroring the annual bonus scheme, and a second award equivalent to 100% of salary linked to performance over a 3 year period commencing 1 January 2023. The LTIP award made in relation to the 2022 performance is equivalent to 95% of salary reflecting delivery against the 2022 KPIs as set out in the table below and previously disclosed in the 2022 Remuneration Report.

METRICS	WEIGHTING	FORMULAIC OUTPUT
Financial ► Total revenue and revenue from Creo core products ► Expenditure control	30%	Met in full
Commercial adoption of Creo core products ► Number of regular users and clinical sites using core Creo technologies	30%	Nearly met in full
Strategic ► Signing of robotics partnership agreements and delivery against milestones ► Acquisition integration	30%	Nearly met in full
ESG ► Delivery against ESG programme goals	10%	Met in full
Total	100%	95%

Alignment of the Executive Directors' remuneration with wider workforce pay

The performance of the Company during the year would not have been possible without a skilled and motivated workforce. Creo Medical We recognises that it is critical for our employees to be paid fairly and feel incentivised and valued. The Committee reviewed and discussed the approach to reward for all employees across the business, and this informed the Committee's approach when reviewing the Executive Director remuneration policy and how it will be implemented. The alignment with the Executive Director's remuneration and with the Company's strategy, targets and culture. The Committee seeks to ensure that measures, targets and remuneration structures are cascaded through the business as appropriate and that the culture of pay for performance is reflected across the organisation.

Due to cash constraints in the business, the Company did not implement a Company-wide salary increase in 2022, and only targeted increases were implemented to address the cost-of-living crisis for those most in need. There was a pressing need to redress this in order to retain and motivate our team. In 2023 the Company conducted a salary review across the Group and implemented tiered salary increases to reflect the inflationary environment and cost-of-living pressures, providing more support to those employees on lower salaries and awarding lower salary increases to those on higher salaries including the Executive Directors. In addition, adjustments were made to address increased responsibilities and changes in roles as normal. The average salary increase across all employees in the Group was 6.1% (FY2022 3.7%).

The Company has in place a bonus plan for senior employees. In 2023, 33% of employees received a bonus based on the achievement of objectives aligned to the Company's overall targets. Widespread share ownership is an objective of the Company as it rewards our team for the successful execution of our strategy across several years and aligns their interests more closely with our shareholders and c.19% of employees participated in share option plans at 31 December 2023. In addition, 62% of eligible employees participated in the UK HMRC approved SIP during the year.

Planned activities for 2024

We set out below the activities which the Committee expects to undertake next year:

- our normal oversight of the annual remuneration cycle including approving salary increases, approving the annual bonus and LTIP targets for 2024 and measuring performance against the bonus targets;
- review of the Company's LTIP scheme and awards in place to ensure that we attract and retain talent, aligning incentives with shareholders' interest for the next phase in the Company's growth
- review of Executive Directors remuneration
- review of wider workforce pay policies and practices and feedback from workforce engagement; and
- review of the Directors' remuneration policy and engage with investors as appropriate

Directors' remuneration policy

The principal objective of the Directors' remuneration policy is to promote the long-term success of the Company. It is guided by the following key principles:

- Competitive and fair - remuneration packages should be competitive but not excessive when compared with a relevant peer group and should be sufficiently attractive to recruit, retain and motivate individuals of the requisite calibre to deliver long-term success;
- Simple - remuneration packages should be clear and communicated transparently
- Aligned to performance and stakeholder interests - a significant proportion of remuneration should be based on performance-related components with potential rewards subject to the achievement of challenging performance targets linked to the Group's KPIs and to the best interests of shareholders and other stakeholders
- Strategic alignment - the Company's remuneration arrangements are designed to support Creo Medical's business objectives and strategy, to align with the Company's values and entrepreneurial culture, and to ensure a close link between pay outcomes and Group and individual performance.

In designing and implementing the remuneration policy, the Remuneration Committee adheres to principles of corporate governance appropriate for an AIM company of Creo's size and maturity as set out in the QCA Code. The Committee also considers the views of shareholders on pay and the feedback received informs its decision-making. The current Directors' remuneration policy is shown below.

Directors' Remuneration Report continued

Key Elements of Policy for Executive Directors

COMPONENT	PURPOSE AND LINK TO STRATEGY	OPERATION	MAXIMUM OPPORTUNITY	LINK TO PERFORMANCE
Base Salary	To provide a competitive base salary to attract and retain high calibre executives	Reviewed annually or on a significant change of responsibilities and typically takes effect from 1 January. Salaries are determined by reference to the skills, role and personal performance of the individual. The Committee takes into account external market data and pay and employment conditions elsewhere in the Group when considering increases to base salary levels.	Increases will normally be broadly in line with the range awarded (in percentage of salary terms) to the wider workforce. Increases above this level may apply to take into account individual circumstances, e.g. a change in scope or responsibilities of the role, a change in market practice, a change in the size/ complexity of the business, or to reflect development and performance in role. Internal and external reference points including market salaries for comparable organisations may also be taken into account.	Although there are no formal performance conditions, any increase in base salary is only implemented after careful consideration of individual contribution and performance.
Benefits	To provide broadly market competitive benefits as part of the total remuneration package	Other benefits may include car allowance, health-related life = cover and death in service insurance. For external and internal appointments or relocations, the Company may pay relocation costs.	Not applicable	None
Pension	To aid recruitment and retention by providing long-term savings to support retirement planning		7.5% of salary	None
Annual bonus	To incentivise the delivery of annual objectives	Awards are based on performance measured over one year. Pay-out levels are determined by the Committee after the year end based on performance against pre-set targets.	Capped at 100% of salary.	Pay-outs are based on an assessment of performance against defined financial, commercial, strategic and ESG objectives.
Long-term incentive	To drive superior performance of the Company and delivery of medium to long-term objectives, aid retention and align Directors' interests with those of the Company's shareholders.	The Creo Medical LTIP is made up of two elements: (i) a JSOP award subject to a share price hurdle and (ii) a nominal cost option over the trustee interest in the JSOP shares. Both elements vest after 3 years and 3 months subject to continued employment. The nominal cost option gives the participant the opportunity to receive the value of the underlying shares, e.g. even if the share price hurdle is not reached. Following vesting: ► JSOP award may be split and resulting shares sold ► Employee may exercise nominal cost option over remaining trustee shares Key features of the JSOP element: ► Intended to deliver value to the participant (on a tax-efficient basis) if the share price exceeds a specified hurdle, e.g. £0.90 for the 2023 awards. ► Employee, together with a third party (the 'co-owner' e.g. an employee trust) jointly acquires the entire beneficial interest in shares. ► The co-owner and the employee each sign a 'joint ownership agreement' setting out how the proceeds of sale will be split between them when the shares are eventually sold. ► The value below the hurdle is not tax advantaged and any amount below this will incur full NI and PAYE. Any value above the hurdle will be tax advantaged. ► The Company may settle any upfront PAYE and NIC liabilities associated with participation in the JSOP on behalf of the directors with the cost to the Company recovered from any future LTIP option exercises.	Capped at 100% of salary.	Awards are generally made annually. Awards are set as a fixed percentage of salary. Vesting of awards is conditional on delivery against performance conditions over a 3 year period.

Directors' Remuneration Report continued

Consideration of employment conditions elsewhere in the Group

In setting remuneration for the Executive Directors, the Committee takes note of the overall approach to reward for employees in the Group. The Global HR Director updates the Remuneration Committee annually on remuneration arrangements and trends across the Group.

The main principles of remuneration are cascaded through the Company, taking into account seniority and market practice. Key features include:

- the Company aims to provide market competitive levels of remuneration across the workforce in order to recruit and retain high calibre employees at all levels;
- the Company aims to sustain and promote a culture of share ownership. Share-based long-term incentive awards are made to a significant proportion of employees. In addition, UK employees have the opportunity to participate in HMRC-approved employee share scheme arrangements (with similar plans subject to local tax and regulatory environments offered to all employees worldwide); and
- senior managers participate in annual bonus arrangements based on Group and personal performance. At senior levels, the proportion of remuneration which is long-term is higher than it is for other colleagues and more 'at risk,' with an increased emphasis on performance-related pay and share-based remuneration. Around one-third of employees participate in an annual discretionary bonus plan with bonus potential determined based on delivery against Company and personal objectives.

The Remuneration Committee regards the widespread use of share-based arrangements as a key component of the remuneration policy. This ensures employees are offered the opportunity to participate in the long-term success of the business while aligning their interests to those of our shareholders. Since before the Company's admission to AIM in 2016 we have had an LTIP for staff. The Creo Medical LTIP implemented in FY2020 is currently intended to be the primary vehicle for making long-term incentive awards using the CSOP scheme for awards to most staff and the JSOP scheme used for the Executive Directors and other senior managers.

Service contracts

Executive Directors are employed under contracts which may be terminated by either party on no more than 12 months' notice.

Remuneration policy for the Chair and the Non-Executive Directors

The Chair and the Non-Executive Directors are employed on letters of appointment which have an initial term of 1 year and then which may be terminated at any time by either party with 3 months' notice.

The remuneration of the Chair is set by the Remuneration Committee and the remuneration of the Non-Executive Directors is set by the Executive Directors of the Board. No individual is involved in the determination of their own pay. Neither the Chair nor the Non-Executive Directors receive awards under Creo Medical's incentive schemes. Charles Spicer and John Bradshaw were awarded share options prior to the Company's IPO in 2016 and have not been awarded share options since.

Annual Report on Remuneration

Remuneration Committee membership and responsibilities

During the year ended 31 December 2023 the Remuneration Committee comprised Ivonne Cantu (Chair) and John Bradshaw. By invitation of the Committee, meetings are also attended by the CEO, CFO, the Company Chair, and the Global HR Director, who are consulted on matters discussed by the Committee, unless those matters relate to their own remuneration.

The Company continues to seek professional, independent advice from FIT Remuneration Consultants LLP. FIT has no connection to the Company or its Directors other than in relation to advice provided to the Remuneration Committee.

The key responsibilities of the Remuneration Committee are to set a remuneration policy for the Executive Directors and the Chair and to review and determine on behalf of the Board the Chair's fee and specific remuneration and incentive packages for each of the Company's Executive Directors to ensure that they are fairly rewarded for their individual contributions to the Company's overall performance. The Remuneration Committee assesses the performance of the Executive Directors in the context of recommending their annual remuneration to the Board for final determination, including annual bonus awards and long-term incentive grants.

The remuneration of the Non-Executive Directors (other than the Chair) is recommended by the Executive Directors and takes account of the time spent on Board and Committee matters. The Board will make the final determination although no Director will participate in any discussion about their own remuneration.

Directors' remuneration for 2022 and 2023 (audited)

The remuneration of the Board of Directors of Creo Medical Group plc during the 12-month period ending 31 December 2022 was:

(ALL FIGURES £)	SALARY	TAXABLE BENEFITS	PENSION	ANNUAL BONUS[1]	LTIP[2]	OTHER[3]	12 MONTHS TO 31 DECEMBER 2023
EXECUTIVE							
Professor Christopher Hancock	210,000	22,280	21,000	105,000	153,590	1,894	513,764
Craig Gulliford	280,000	22,133	28,000	140,000	204,787	2,525	677,445
Richard Rees	210,000	21,910	21,000	105,000	153,590	1,894	513,394
David Woods	262,210	36,775	13,111	134,281	164,642	–	611,019
Total Executive	**962,210**	**103,098**	**83,111**	**484,281**	**676,609**	**6,313**	**2,315,622**
NON-EXECUTIVE							
Charles Spicer	86,000	–	–	–	–	–	86,000
John Bradshaw	56,000	–	–	–	–	–	56,000
Ivonne Cantu	56,000	–	–	–	–	–	56,000
Total Non-Executive	**198,000**	**–**	**–**	**–**	**–**	**–**	**198,000**
Total Directors' Remuneration	**1,160,210**	**103,098**	**83,111**	**484,281**	**910,779**	**6,313**	**2,513,622**

Directors' Remuneration Report continued

The remuneration of the Board of Directors of Creo Medical Group plc during the 12-month period ending 31 December 2023 was:

(ALL FIGURES £) EXECUTIVE	SALARY	TAXABLE BENEFITS	PENSION	ANNUAL BONUS[1]	LTIP[2]	OTHER[3]	12 MONTHS TO 31 DECEMBER 2023
Professor Christopher Hancock	215,725	22,252	21,573	140,221	221,934	25,511	647,215
Craig Gulliford	305,000	22,105	26,375	198,250	295,912	34,015	885,782
Richard Rees	217,875	21,883	21,788	141,619	221,934	25,511	650,609
David Woods	262,582	36,827	13,129	165,921	186,297	–	717,086
Total Executive	**1,001,182**	**103,067**	**82,865**	**646,011**	**926,076**	**85,037**	**2,844,236**
NON-EXECUTIVE							
Charles Spicer	86,000	–	–	–	–	–	86,000
John Bradshaw	56,000	–	–	–	–	–	56,000
Ivonne Cantu	56,000	–	–	–	–	–	56,000
Total Non-Executive	**198,000**	**–**	**–**	**–**	**–**	**–**	**198,000**
Total Directors' Remuneration	**1,199,182**	**103,067**	**82,865**	**646,011**	**926,076**	**85,037**	**3,042,236**

1 Annual bonus for performance for the year ending 31 December 2023. The payments reflected the Remuneration Committee's assessment of performance versus the targets set at the beginning of the year of 65% of maximum. See details on page 90.

2 The charge relates mainly to backwards looking options which have been issued based on past performance as well as a small charge for options issued where performance conditions have been satisfied during the year.

We have elected to follow the regulations for quoted companies on the Main Market and show the value of shares vested during the period where performance conditions are present and on date of grant where only a service condition exists.

The charge for 2023 is broken down as follows:

Professor Chris Hancock: £2,821 from performance conditions met during the year relating to tranche 17 options, £219,113 issued based on past performance relating to tranche 20 and £nil for the remaining shares relating to tranche 20 as the performance conditions are expected to vest at the end of 2025.

Craig Gulliford: £3,762 from performance conditions met during the year relating to tranche 17 options, £292,150 issued based on past performance relating to tranche 20 and £nil for the remaining shares relating to tranche 20 as the performance conditions are expected to vest at the end of 2025.

Richard Rees: £2,821 from performance conditions met during the year relating to tranche 17 options, £219,113 issued based on past performance relating to tranche 20 and £nil for the remaining shares relating to tranche 20 as the performance conditions are expected to vest at the end of 2025.

David Woods: £186,297 issued based on past performance relating to tranche 20 and £nil for the remaining shares relating to tranche 20 as the performance conditions are expected to vest at the end of 2025.

As the remaining forward looking shares are expected to vest in 2025 we expect a minimal charge to be disclosed for 2024.

The LTIP award is structured as a joint share ownership plan whereby the Participant and the Trustee jointly own the beneficial interest of the LTIP Shares. The Participant is entitled to any value above the hurdle price of £0.90 per share and the Trustee entitled to all value below the hurdle price. The Participant has also been granted an option to acquire the Trustee's beneficial interest in the LTIP Shares, at nominal cost, which is exercisable 3 years and 3 months after the acquisition date (subject to remaining in eligible employment) and followed by a three-month holding period.

3 Value relates to the upfront PAYE and NIC costs associated with participation in the JSOP which were paid by the Company during the year to settle the liabilities on behalf of the Directors. The cost to the Company will be recovered from any future LTIP option exercises.

Directors' shareholdings

The interests of the Directors at 31 December 2023 in the shares of the Company, including family interests, were:

(ALL FIGURES £)	31 DECEMBER 2023 NUMBER	31 DECEMBER 2023 %
Executive		
Professor Christopher Hancock	4,810,206	1.33%
Craig Gulliford	1,638,320	0.45%
Richard Rees	2,813,756	0.78%
David Woods	440,255	0.12%
Total Executive	**9,702,537**	**2.68%**
Non-Executive		
Charles Spicer	308,530	0.09%
John Bradshaw	1,371,082	0.38%
Ivonne Cantu	125,000	0.03%
Total Non-Executive	**1,804,612**	**0.50%**
Total Directors' Shareholdings	**11,507,149**	**3.18%**

Directors' Remuneration Report continued

Directors' interests in LTIP awards and share options

Directors' interests in share options, granted under either the Creo Medical Group plc Enterprise Management Incentive Share Option Scheme or the Creo Medical Group PLC Unapproved Share Option Scheme, and interests in awards granted under the Creo Medical Group plc LTIP, at 31 December 2023 were:

(ALL FIGURES £) EXECUTIVE	31 DECEMBER 2022 NUMBER	GRANTED DURING YEAR[1]	FORFEITED DURING YEAR	EXERCISED DURING YEAR	31 DECEMBER 2023 NUMBER	EXERCISED PRICE
Prof. Christopher Hancock	417,240	–	–	–	417,240	16.67p
Prof. Christopher Hancock	72,000	–	–	–	72,000	16.67p
Prof. Christopher Hancock	1,184,210	–	–	–	1,184,210	76.00p
Prof. Christopher Hancock	107,914	–	–	–	107,914	113.00p
Prof. Christopher Hancock	268,293	–	–	–	268,293	153.75p
Prof. Christopher Hancock	114,035	–	–	–	114,035	171.00p
Prof. Christopher Hancock	115,000	–	–	–	115,000	0.01p
Prof. Christopher Hancock	210,000	–	–	–	210,000	0.01p
Prof. Christopher Hancock	2,348,288	–	–	–	2,348,288	0.01p
Prof. Christopher Hancock	184,645	–	–	–	184,645	0.01p
Prof. Christopher Hancock	–	676,271	–	–	676,271	0.01p
Prof. Christopher Hancock	–	750,678	–	–	750,678	0.01p
	5,021,625	**1,426,949**	**–**	**–**	**6,448,574**	
Craig Gulliford	540,000	–	–	–	540,000	16.67p
Craig Gulliford	936,000	–	–	–	936,000	16.67p
Craig Gulliford	1,578,948	–	–	–	1,578,948	76.00p
Craig Gulliford	143,885	–	–	–	143,885	113.00p
Craig Gulliford	325,203	–	–	–	325,203	153.75p
Craig Gulliford	143,275	–	–	–	143,275	171.00p
Craig Gulliford	140,000	–	–	–	140,000	0.01p
Craig Gulliford	280,000	–	–	–	280,000	0.01p
Craig Gulliford	1,553,658	–	–	–	1,553,658	0.01p
Craig Gulliford	246,194	–	–	–	246,194	0.01p
Craig Gulliford	–	901,695	–	–	901,695	0.01p
Craig Gulliford	–	1,118,644	–	–	1,118,644	0.01p
	5,887,163	**2,020,339**	**–**	**–**	**7,907,502**	
Richard Rees	288,000	–	–	–	288,000	16.67p
Richard Rees	1,184,210	–	–	–	1,184,210	76.00p
Richard Rees	118,705	–	–	–	118,705	113.00p
Richard Rees	268,293	–	–	–	268,293	153.75p
Richard Rees	114,035	–	–	–	114,035	171.00p
Richard Rees	115,000	–	–	–	115,000	0.01p
Richard Rees	210,000	–	–	–	210,000	0.01p
Richard Rees	731,519	–	–	–	731,519	0.01p
Richard Rees	184,645	–	–	–	184,645	0.01p
Richard Rees	–	676,271	–	–	676,271	0.01p
Richard Rees	–	765,254	–	–	765,254	0.01p
	3,214,407	**1,441,525**	**–**	**–**	**4,655,932**	
David Woods	130,208	–	–	–	130,208	1.92p
David Woods	219,816	–	–	–	219,816	0.76p
David Woods	–	837,288	–	–	837,288	0.01p
David Woods	–	907,797	–	–	907,797	0.01p
	350,024	**1,745,085**	**–**	**–**	**2,095,109**	
Total Executive	**14,473,219**	**6,633,898**	**–**	**–**	**21,107,117**	
NON-EXECUTIVE						
Charles Spicer	118,421	–	–	–	–	118,421	76.00p
John Bradshaw	–	–	–	–	–	–	–
Ivonne Cantu	–	–	–	–	–	–	–
Total Non-Executive	**118,421**	**–**	**–**	**–**	**–**	**118,421**	
Total Directors' Shareholdings	**14,591,640**	**6,633,898**	**–**	**–**	**21,225,538**	**7,922,667**	

1 Two LTIP awards were issued during the year. The first options awarded related to 2022 performance so the only condition required is to remain in employment. The second options awarded are for FY2023 and are linked to future performance over FY2023 to FY2025 KPIs as well as continuing in employment.

Share dilution

The total number of Ordinary Shares issued and issuable in respect of options granted in any 10-year period under the Company's discretionary share option is restricted to 10% of the issued Ordinary Shares in any 10-year rolling period. In the financial year ended 31 December 2023, the Company allocated 12,558,401 options on 07 June and 02 August 2023 (3.5% of issued share capital as at such date of grant) to employees including Executive Directors. The total number of Ordinary Shares issued and issuable in respect of options granted is 3.3% of the Company's issued shares.

Ivonne Cantu
Chair of the Remuneration Committee
14 May 2024

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03 Financial Statements

Independent auditors' report

to the members of Creo Medical Group plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Creo Medical Group plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Parent Company's statements of financial position as at 31 December 2023; the Consolidated statement of profit or loss and other comprehensive income, the Consolidated and Parent Company's statements of changes in equity and the Consolidated statement of cashflows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other listed entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the parent company or its controlled undertakings in the period under audit.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the group's and the parent company's ability to continue as a going concern. The Directors have considered the applicability of the going concern basis in the preparation of the financial statements, which included the review of financial results, internal budgets and cash flow forecasts for the period of at least 12-months following the date of approval of the financial statements. The Directors have modelled a severe but plausible downside scenario that indicates that the cash resources of the Group would be exhausted in around 12 months from the date of approval of the financial statements, and a breach of loan covenants will occur within 12 months, before taking account of mitigating actions. The Directors have identified several potential sources of funding which could provide sufficient cash to the business to reach positive cash generation. At present these sources of funding remain uncommitted and a substantial proportion of the forecast revenues remains uncommitted for the going concern period and beyond. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the parent company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the parent company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- Verifying the integrity and mathematical accuracy of management's model as well as agreeing underlying cash flow projections to board approved forecasts.
- Assessing management's historic forecasting accuracy by obtaining management information for the financial performance year to date.
- Evaluating and challenging the reasonableness of the key assumptions in management's model and agreeing the data to supporting information, where available.
- Evaluating that management have modelled a severe but plausible downside, challenging the feasibility of mitigating actions and impact on covenant compliance included in that scenario.
- Reviewing the terms of loan facilities to consider whether management have appropriately identified terms.
- Reviewing the going concern disclosures included within the financial statements for consistency.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our audit approach

Overview

Audit scope

- The UK Group audit team has performed full scope audit work over the four largest entities whose accounting records are based in the UK i.e Creo Medical Group Plc, Creo Medical Limited, Creo Medical Inc and Creo Medical UK Limited.
- Creo Medical SAS and Creo Medical SRL were audited by local PwC component teams in France and Belgium respectively.
- Specified procedures were performed over Creo Medical S.L by the local PwC component teams in Spain.
- Specified procedures were then performed by the UK Group audit team over the remaining reporting units, not selected for full scope audits.
- Further audit procedures were carried out by the UK Group audit team over central functions, the group consolidation and consolidation journals.
- Our scoping resulted in coverage of 98% of the Group's revenue, 96% of the Group's net assets and 97% of the Group's loss before tax.

Key audit matters

- Material uncertainty related to going concern
- Goodwill impairment assessment (group)
- Recoverability of the parent company investment in subsidiaries and intercompany receivable balance (parent)

Materiality

- Overall group materiality: £1,225,000 (2022: £1,549,000) based on 5% of the Group's loss before tax.
- Overall parent company materiality: £1,102,000 (2022: £1,472,000) based on 1% of the parent company's net assets, restricted to 90% of Group materiality.
- Performance materiality: £918,750 (2022: £1,162,000) (group) and £826,875 (2022: £1,104,000) (parent company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Independent auditors' report

to the members of Creo Medical Group plc continued

Our audit approach continued

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment (group)	
As at 31st December 2023, the Consolidated statement of financial position includes £19.1m of goodwill (2022: £19.6m). In accordance with International Accounting standards, management have performed an impairment review in relation to the goodwill held in each of the Group's cash generating units (CGUs). In doing so, management have prepared value in use calculations for each of the CGUs. The impairment reviews include significant estimates and judgements in respect of future growth rates, future cash flows and discount rates. The sensitivity of these key assumptions is detailed in note 12, Intangible assets and goodwill. No impairment was identified by management.	As part of our assessment of the carrying value of goodwill we have: ▪ Held discussions with management to identify the key judgements and estimates in relation to the impairment assessments at the year end. ▪ Agreed the forecasts included in the value in use calculations to the FY24 board approved budget and tested the mathematical accuracy of the calculations. ▪ Assessed whether the forecast revenues and EBITDA margins are reasonable by comparing them to historical trends and by considering the accuracy of management's forecasting in the past. ▪ Challenged the key assumptions identified, including future growth rates and considered the impact of changes to the assumptions on headroom under different scenarios, such as restrictions to future growth levels and changes to discount rates. ▪ Reviewed management's allocation of assets to CGUs and agreed carrying values to underlying support. ▪ Understood management's consideration of wider risks including climate change. ▪ Used our in-house valuation experts to consider the appropriateness of the discount rate used in relation to the wider market and sector comparatives. Based on our audit work performed, we accept the results of the impairment assessment performed by management and that there is not an impairment. We also consider that disclosures in the financial statements are appropriate.

Key audit matter	How our audit addressed the key audit matter
Recoverability of the parent company investment in subsidiaries and intercompany receivable balance (parent)	
As at 31st December 2023, the Parent Company's statement of financial position includes investments in subsidiaries of £28.0m (2022: £27.4m) and intercompany receivables of £144.1m (2022: £118.9m) as detailed in notes 30 and 32 respectively. In accordance with International Accounting standards, at the end of each reporting period management are required to assess whether there have been any impairment triggers or reversal events occurring in FY23 which may give rise to the reassessment of estimates made regarding the carrying value of its investment in subsidiaries and intercompany receivable balances. Management have prepared an impairment assessment. The impairment assessment compares the carrying value to the recoverable amount, which is calculated as the higher of the value in use and the fair value less cost to sell. Management have performed a value in use calculation based on the 5-year business plan. Management have also considered the market capitalisation of the Parent Company as at 31st December 2023 since the balance sheet date and any factors that may not be reflected in it. No impairment of the Parent Company investment in subsidiaries and intercompany receivable balances was identified by management. Management are also required to calculate an expected credit loss on the carrying value of the £144.1m intercompany receivable balance owed to the Parent Company, in line with IFRS 9. Management have prepared a probability-weighted estimate of credit losses and have determined that the expected credit loss is immaterial for recognition.	In respect of the carrying value of the investment in Creo Europe, where there is a track record of revenue, we have obtained management's value in use calculations. We: ▪ Agreed the model to the FY24 board approved budget and tested the mathematical accuracy of the model. ▪ Assessed whether the forecast revenues and EBITDA margins are reasonable by comparing them to historical trends and by considering the accuracy of management's forecasting in the past. ▪ Challenged the key assumptions identified, including consideration of the impact of changes to the assumptions on headroom under different scenarios, such as restrictions to future growth levels and changes to discount rates. ▪ Understood management's consideration of wider risks including climate change. ▪ Used our in-house valuation experts to consider the appropriateness of the discount rate used in relation to the wider market and sector comparatives. In respect of the carrying value of the investment in the other subsidiaries, for which management forecast significant levels of revenue growth in the future, we focussed our work on management's assessment of the fair value less cost to sell, which is driven by the market capitalisation of the group. We challenged management in respect of their judgements in respect of matters not reflected in the underlying share price, for example in relation to premium for control. To assess the valuation of the ECL of the intercompany receivable balance owed to the Parent Company, we have: ▪ Held discussions with management to understand the scenarios modelled. ▪ Challenged the data in the underlying calculations and managements key assumptions, including the probabilities used. ▪ Reviewed the terms of the loan and assessed the reasonableness of the methodology in line with IFRS 9. ▪ Tested the mathematical accuracy of the model. Based on our work performed, we consider the carrying value of investment in subsidiaries and intercompany receivables to be supportable with no impairment being required. We also consider that disclosures in the financial statements are appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

Of the Group's 12 reporting components, 2 are considered to be financially significant to the group. 3 further components were selected for full scope audit work to ensure appropriate coverage over revenue and loss before tax. The Group engagement team also audited the parent company, which was scoped in accordance with the company materiality.

Independent auditors' report

to the members of Creo Medical Group plc continued

Our audit approach continued

How we tailored the audit scope continued

Specified procedures were also performed by the UK Group audit team over the remaining reporting units, not selected for full scope audits.

Further audit procedures were carried out by the UK Group audit team over central functions, the group consolidation and consolidation journals.

Our scoping resulted in coverage of 98% of the Group's revenue, 96% of the Group's net assets and 97% of the Group's loss before tax.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and parent company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and parent company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - parent company
Overall materiality	£1,225,000 (2022: £1,549,000).	£1,102,000 (2022: £1,472,000).
How we determined it	5% of the Group's loss before tax	1% of the parent company's net assets, restricted to 90% of Group materiality
Rationale for benchmark applied	Overall materiality is based on loss before tax. This is a primary measure used by shareholders and is a generally accepted auditing benchmark	We determined materiality based on net assets (capped at 90% as part of group scoping), which is more applicable than a performance- related measure as the parent company is primarily a Holding company and therefore does not have any revenue

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £250,000 to £1,102,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £918,750 (2022: £1,162,000) for the group financial statements and £826,875 (2022: £1,104,000) for the parent company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £61,000 (group audit) (2022: £77,000) and £55,000 (parent company audit) (2022: £74,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to AIM Listing Rules and employment legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as financial reporting regulations, tax legislation and Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of journal entries designed to increase revenue, decrease expenses or to extract cash, together with the manipulation of accounting estimates which could be subject to management bias.

Independent auditors' report

to the members of Creo Medical Group plc continued

Responsibilities for the financial statements and the audit continued

Auditors' responsibilities for the audit of the financial statements continued

The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Confirmation and enquiry with management and those charged with governance over compliance with laws and regulations, including consideration of actual or potential litigation and claims.
- Reviewing board minutes for evidence of breaches of regulations or instances of actual or suspected fraud.
- Challenging assumptions made by management in its significant accounting estimates, including the recognition of deferred tax assets, the carrying value of goodwill and the recoverability of the parent company investment in subsidiaries and intercompany receivable balance.
- Identifying and testing the validity of journal entries, in particular any journal entries posted with unusual account combinations.
- Designing audit procedures to incorporate unpredictability around the nature, extent and timing of our testing.
- Reviewing financial statement disclosures.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Colin Bates (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

14 May 2024

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2023

(All figures £m)	Note	12 months to 31 December 2023	12 months to 31 December 2022
Revenue	2	**30.8**	27.2
Cost of sales		**(15.5)**	(14.0)
Gross Profit		**15.3**	13.2
Other operating income	2	**0.4**	0.1
Administrative expenses	3	**(40.5)**	(44.0)
Operating loss		**(24.8)**	(30.7)
Finance expenses	9	**(0.4)**	(0.3)
Finance income	9	**0.7**	0.1
Loss before tax	3	**(24.5)**	(30.9)
Taxation	10	**2.8**	4.0
Loss for the year		**(21.7)**	(26.9)
Exchange gain/(loss) on foreign subsidiary	21	**(0.6)**	1.1
Changes to the fair value of equity investments at fair value through other comprehensive income	18	**-**	0.4
Total other comprehensive (loss) / income		**(0.6)**	1.5
Total comprehensive loss for the year		**(22.3)**	(25.4)
Loss per Share			
Basic and diluted (£)	11	**(0.07)**	(0.15)

The notes on pages 111 to 144 form part of the financial statements.

Where figures are shown "0.0" this means the figure is lower than £50,000. Where figures show "-" this means the value is nil

Consolidated statement of financial position

for the year ended 31 December 2023

(All figures £m)	Note	As at 31 December 2023	As at 31 December 2022
Assets			
Non-current assets			
Intangible assets	12	**7.1**	8.0
Goodwill	12	**19.1**	19.6
Investments	18	**2.1**	2.1
Property, plant and equipment	13	**9.1**	10.2
Deferred tax	16	**1.1**	1.5
Other assets	15	**0.2**	0.2
		38.7	41.6
Current assets			
Inventories	14	**8.1**	9.3
Trade and other receivables	15	**8.6**	6.8
Tax receivable	16	**2.7**	4.5
Fixed term deposits		**15.5**	–
Cash and cash equivalents		**3.0**	13.1
		37.9	33.7
Total assets		**76.6**	75.2
Shareholder equity			
Called up share capital	21	**0.4**	0.2
Share premium	21	**180.9**	149.5
Merger reserve	21	**13.6**	13.6
Share option reserve	21	**10.5**	9.3
Foreign exchange reserve	21	**(1.8)**	(1.2)
Financial Assets at fair value through other comprehensive (expense)/income	21	**0.6**	0.6
Accumulated losses	21	**(144.4)**	(122.7)
Total equity		**59.8**	49.3
Liabilities			
Non-current liabilities			
Interest-bearing liabilities	19	**5.2**	6.1
Deferred tax liability	16	**1.4**	2.0
Provisions	20	**0.3**	0.4
		6.9	8.5
Current liabilities			
Interest-bearing liabilities	19	**3.1**	4.0
Trade and other payables	17	**5.7**	9.0
Non interest-bearing loans	17	**-**	1.6
Other liabilities	17	**0.9**	2.6
Provisions	20	**0.2**	0.2
		9.9	17.4
Total liabilities		**16.8**	25.9
Total equity and liabilities		**76.6**	75.2

These financial statements on pages 107 to 144 were approved by the Board of Directors on 14 May 2024 and were signed on its behalf by:

Richard Rees
Director

Company registered number: 10371794

The notes on pages 111 - 144 form part of the financial statements. Where figures are shown "0.0" this means the figure is lower than £50,000. Where figures show "-" this means the value is nil

Consolidated statement of changes in equity

for the year ended 31 December 2023

(All figures £m)	Note	Called up share capital	Accumulated losses	Share premium	Merger reserve	Share option reserve	Changes to the fair value of equity instruments at fair value through other comprehensive (expense)/ income	Foreign Exchange Reserve	Total equity
Balance at 1 January 2022		0.2	(95.8)	149.4	13.6	7.9	0.2	(2.3)	73.2
Total comprehensive loss for the year									
Loss for the financial year		–	(26.9)	–	–	–	–	–	(26.9)
Other comprehensive loss/ income		–	–	–	–	–	0.4	1.1	1.5
Total comprehensive loss		–	(26.9)	–	–	–	0.4	1.1	(25.4)
Transactions with owners, recorded directly in equity									
Issue of share capital	21	0.0	–	0.1	–	–	–	–	0.1
Equity settled share-based payment transactions	8	–	–	–	–	1.4	–	–	1.4
Balance at 31 December 2022		0.2	(122.7)	149.5	13.6	9.3	0.6	(1.2)	49.3
Total comprehensive loss for the year									
Loss for the financial year		–	(21.7)	–	–	–	–	–	(21.7)
Other comprehensive loss/ income		–	–	–	–	–	–	(0.6)	(0.6)
Total comprehensive loss		–	(21.7)	–	–	–	–	(0.6)	(22.3)
Transactions with owners, recorded directly in equity									
Issue of share capital	21	0.2	–	31.4	–	–	–	–	31.6
Equity settled share-based payment transactions	8	–	–	–	–	1.2	–	–	1.2
Balance at 31 December 2023		**0.4**	**(144.4)**	**180.9**	**13.6**	**10.5**	**0.6**	**(1.8)**	**59.8**

The notes on pages 111 to 144 form part of the financial statements.

Where figures are shown "0.0" this means the figure is lower than £50,000. Where figures show "-" this means the value is nil

Consolidated statement of cashflows

for the year ended 31 December 2023

(All figures £m)	Note	12 months to 31 December 2023	12 months to 31 December 2022
Cash flows from operating activities			
Loss for the year		**(21.7)**	(26.9)
Depreciation/amortisation charges		**3.4**	3.1
Equity settled share-based payment expenses	8	**1.2**	1.4
Finance expenses	9	**0.4**	0.3
Finance income	9	**(0.7)**	(0.1)
Taxation	10	**(2.8)**	(4.0)
Increase in inventories		**(0.4)**	(0.3)
Increase in trade and other receivables		**(1.4)**	(1.6)
Decrease in trade and other payables		**(3.7)**	(0.8)
		(5.5)	(2.7)
Interest paid	9	**(0.4)**	(0.3)
Tax received		**4.5**	4.3
Net cash used in operating activities		**(21.6)**	(24.9)
Cash flows from investing activities			
Purchase of intangible fixed assets	12	**(0.4)**	(0.1)
Purchase of tangible fixed assets	13	**(1.2)**	(3.2)
Acquisition of subsidiary net of cash acquired	17	**(2.4)**	(2.8)
Fixed Term Deposits		**(15.0)**	–
Interest received	9	**0.7**	0.1
Net cash used in investing activities		**(18.3)**	(6.0)
Cash flows from financing activities			
Capital repaid in respect of loans	18	**(1.4)**	(1.6)
Proceeds of new loan	18	**0.2**	2.8
Principal elements of lease repayments	18	**(0.7)**	(0.8)
Share issue, net of transaction costs	22	**31.7**	0.0
Net cash generated from financing activities		**29.8**	0.4
(Decrease) in cash and cash equivalents		**(10.1)**	(30.5)
Effect of exchange rates in cash held		**(0.0)**	0.1
Cash and cash equivalents at beginning of the year		**13.1**	43.5
Cash and cash equivalents at end of the year		**3.0**	13.1

The notes on pages 111 to 144 form part of the financial statements.

Notes to the financial statements

1. Accounting policies

General information

Creo Medical Group plc is a public company, limited by shares, registered and domiciled in England and Wales in the UK. The Company's registered number is 10371794 and the registered office is Creo House, Unit 2, Beaufort Park, Beaufort Park Way, Chepstow, Wales NP16 5UH.

The Group financial statements consolidate those of the Parent Company and its subsidiaries (together referred to as the "Group"). The Parent Company financial statements present information about Creo Medical Group plc as a separate entity and not about its Group. The composition of the Group is shown on page 149.

The Group financial statements have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The Company has elected to prepare its Parent Company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Basis of preparation

This is the seventh annual financial report of the Company since the incorporation of Creo Medical Group plc on 12 September 2016 and the subsequent acquisition of Creo Medical Limited via a share for share exchange on 9 November 2016. The financial statements are presented in Sterling and rounded to the nearest hundred thousandth pound. All accounting policies, other than new policies have been applied consistently throughout the year.

This financial report for the year ended 31 December 2023 (including comparatives for the year ended 31 December 2022) was approved by the Board of Directors on 14 May 2024.

Changes in accounting policy and disclosures

New standards, amendments and interpretations

The following new standards, amendments and interpretations have been adopted by the Group for the first time for the financial year beginning on 1 January 2023:

- IFRS 17 Insurance Contracts
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12; and
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting estimates – Amendments to IAS 8

The adoption of these standards, amendments and interpretations has not had a material impact on the financial statements of the Group or Parent Company.

New standards, amendments and interpretations issued but not effective and not adopted early

The following new standards, amendments to standards and interpretations have been issued but not are yet effective and therefore have not been applied in preparing these consolidated financial statements:

- Classification of Liabilities as Current or Non-current – Amendments to IAS 1 Non-current Liabilities with Covenants – Amendments to IAS 1
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
- Supplier finance arrangements – Amendments to IAS 7 and IFRS 7
- Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28
- Amendments to IAS 21 to clarify the accounting when there is a lack of exchangeability

The Directors anticipate that none of the new standards, amendments to standards and interpretations is expected to have a significant effect on the financial statements of the Group or Parent Company.

Measurement convention

The financial statements are prepared on the historical cost basis except that derivative financial instruments and equity investments are stated at their fair value.

Notes to the financial statements continued

1. Accounting policies continued

Business combinations and basis of consolidation

The Group financial statements for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Where non-controlling interests do not still have present access to the returns associated with the underlying ownership interests, the anticipated-acquisition method will be applied and the acquisition accounted for as though 100% of the equity had already been acquired. This is the case for the acquisition of Albyn Medical S.L. in 2020.

Accounting policies adopted are consistent across the Group. All intra-Group balances and transactions, including unrealised income and expenses arising from intra-Group transactions, are eliminated on consolidation.

Going concern

For the year ended 31 December 2023 the Group made a total comprehensive loss of £22.3m and, as at 31 December 2023, had cash and cash equivalents including cash on deposit of £18.5 million with net assets of £59.8m. An amount of £31.7m (after expenses) was raised in February and March 2023 through a Share Placement and Open Offer and £6.4m debt financing was raised post year end. The financial statements have been prepared on a going concern basis which the Directors believe to be appropriate for the following reasons:

The Directors have considered the applicability of the going concern basis in the preparation of the financial statements. This included the review of financial results, internal budgets, cash flow forecasts and covenant compliance for the period of at least 12-months following the date of approval of the financial statements ("the going concern period").

The Directors have prepared a base case scenario which is based on the Board approved forecast and assumes an increase in revenues particularly from its core revenue streams and Kamaptive licencing programme for the year to 31 December 2024 compared to the year ended 31 December 2023. In addition, the Directors have modelled a severe but plausible downside scenario for the going concern period. This scenario includes sensitivity analysis to delay a proportion of future expected but not contracted growth in revenue and assumes no savings in expenditure are made. This downside scenario indicated that the cash resources of the Group would be exhausted in around 12 months from the date of approval of the financial statements, and a breach of loan covenants will occur within 12 months, before taking account of mitigating actions. The Directors have identified several areas where a reduction in expenditure on the Group's research and development programme and other areas could be made if such a scenario were to occur to ensure the Group would be able to meet its liabilities as they fall due for the going concern period, without needing to obtain waivers on the debt covenants.

The Group continues to make progress towards profitability as we continue to seek to ramp up commercialisation. The Directors have identified several potential sources of funding which could provide sufficient cash to the business to reach positive cash generation. At present these sources of funding remain uncommitted and a substantial proportion of the forecast revenues remains uncommitted for the going concern period and beyond. The Directors recognise that if no additional funding is secured during the next 12 months or if the Group fails to secure additional revenue contracts as forecast then the Group may breach debt covenants and may not have sufficient resources to meet its liquidity requirements and be unable to continue as a going concern. The Directors recognise that these conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Parent Company's ability to continue as a going concern.

These financial statements do not include the adjustments that would result if the Group and the Parent Company were unable to continue as a going concern.

Intangible assets

Intangible assets include the capitalisation of development costs and software for the year ended 31 December 2023.

1. Accounting policies continued

Software which is not an integral part of hardware assets is stated at historic cost, including expenditure that is directly attributable to the acquired item, less accumulated amortisation and impairment losses.

Expenditure on research activities is recognised as an expense in the year in which it is incurred. Costs are classified as research expenditure rather than development unless all of the below criteria are met, in which case these costs are capitalised on the balance sheet.

Development criteria:

a. completion of the intangible asset is technically feasible so that it will be available for use or sale;

b. the Company intends to complete the intangible asset and use or sell it;

c. the Company has the ability to use or sell the intangible asset and the intangible asset will generate probable future economic benefits over and above cost;

d. there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

e. the expenditure attributable to the intangible asset during its development can be measured reliably.

Amortisation commences when the project is available for sale or use within the business.

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Amortisation is charged so as to write off the costs of intangible assets over their estimated useful lives, on the following basis:

Software	– 3 years straight line
Development costs	– 5 years straight line
Trade Name	– 10 years straight line
Supplier Relationships	– 10 years straight line
Customer Relationships	– 10 years straight line
Goodwill	– No amortisation

Property, plant and equipment ("PPE")

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use, until the asset is completed they are classified as assets under construction.

Leases are recognised if they meet the criteria in IFRS 16 as a lease. Where low value or short term lease exemptions are taken the asset is classified as PPE, otherwise it is classified as a right of use asset. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on the following basis:

Assets under construction	- not depreciated
Freehold Land	– not depreciated
Buildings	– 40 years straight line
Leasehold improvements	– 3 or 5 years straight line
Office equipment	– 2, 3 or 4 years straight line
Fixtures and fittings	– 3 or 4 years straight line
Motor vehicles	– 4 years straight line
Plant and machinery	– 3 years straight line or 4 years reducing balance
Demo equipment	– 3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in income on the transfer of the risks and rewards of ownership.

Notes to the financial statements continued

1. Accounting policies continued

Inventories

Inventories are stated at the lower of cost and net realisable value. Raw materials cost is based on the First In, First Out ("FIFO") principle using standard costing techniques and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. Finished goods cost is based on standard cost with variances between actual and standard going through the cost of sales line.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019. For leases acquired as part of a business combination the policy applies from the acquisition date. The Group has taken the practical expedient not to reassess whether contracts at the date of initial application constituted a lease.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. On transition, the right-of-use assets were recognised at an amount equal to the lease liability, adjusted to the amount of prepaid lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease, country lease entered into and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

1. Accounting policies continued

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Financial instruments

The Group predominantly enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from other third parties, loans to related parties and investments in non-puttable financial instruments. The Group is also able to enter into a variety of derivative financial instruments to manage its exposure to foreign exchange risk, including foreign exchange forward contracts and cross-currency swaps.

Impairment

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Group measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, when demanded.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter if the expected life of the instrument is less than 12 months).

The maximum considered when estimating ECLs is the maximum contractual over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Provisions under IFRS 9 may still be made to account for the probability of such default events, however such a provision being made is not indicative that an actual default event will occur.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Investments with maturity of three months or more from acquisition are classified as Fixed Term Deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Notes to the financial statements continued

1. Accounting policies continued

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. The Group has not applied hedge accounting in the current or comparative year.

Foreign currencies

The functional currency of the Group is Pounds Sterling. Transactions entered into by Group entities in a currency other than the reporting currency are recorded at the rates ruling when the transaction occurred. Foreign currency monetary assets and liabilities are translated into Sterling at the rates ruling at the statement of financial position date. Exchange differences arising on the retranslation of the unsettled monetary assets and liabilities are similarly recognised in the income statement.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve or non-controlling interest, as the case may be. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the translation reserve, net of amounts previously attributed to non-controlling interests, is recycled to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests.

When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while still retaining significant influence or joint control, the relevant proportion of the cumulative amount is recycled to profit or loss.

Current and deferred tax

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

The Company incurs research and development expenditure which qualifies for Research and Development ("R&D") tax relief and as such, prepares and submits an R&D claim to HMRC in relation to each accounting year. The claims are made on the basis that the Company and its activities meet the necessary conditions.

As the Company is currently loss making, there is no corporation tax liability arising, therefore it has chosen to convert the tax relief into payable tax credits instead of carrying forward a loss. This results in the credit being paid in cash directly to the Company following the submission of a valid claim.

The Company is claiming R&D tax relief predominately under the small or medium-sized enterprises ("SME") scheme therefore the credit is accounted for as tax in accordance with IAS 12 Income Taxes. However, where the R&D expenditure is related to monies received from research grants, the Company is claiming an R&D expenditure credit ("RDEC") under the Large Company Scheme and as such the related credit is accounted for 'above the line' in accordance with IAS 20 Accounting for Government Grants, specifically as a reduction from the related expenditure in the statement of comprehensive income.

1. Accounting policies continued

Employee benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the year during which services are rendered by employees.

Share-based payments

Equity-settled share options are granted to certain Directors, employees and certain contractors which have been granted options to subscribe for Ordinary Shares. Each tranche in an award is considered a separate award with its own vesting and grant date fair value. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model or where they are based on market-based performance conditions, the Monte Carlo model. Compensation expense is recognised over the tranche's vesting based on the number of awards expected to vest, through an increase to equity. The number of awards expected to vest is reviewed over the vesting, with any forfeitures recognised immediately.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service, market and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service, market and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where the Company grants options over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity. Amounts recharged to the subsidiary are recognised as a reduction in the cost of investment in subsidiary. Where costs recharged match those incurred there is no net impact on the investment in subsidiary.

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Financing income comprises interest receivable on funds invested, dividend income, and net foreign exchange gains.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefit will be required to settle the obligation, the provision is reversed. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Revenue from contracts with customers

Revenue is recognised when substantially all of the risk and reward of ownership of the goods are transferred to the customer on despatch, and thus has the ability to direct the use and obtain the benefits from the goods. Revenue is recognised net of any sales tax.

Notes to the financial statements continued

1. Accounting policies continued

Performance obligations and revenue recognition policies

Revenue is recognised in accordance with IFRS 15 at the point at which the Group's performance obligation has been satisfied. Below is a summary of the recognition policies for each type of sale:

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payments terms	Revenue recognition policies
Direct Sales of Devices/ Products	Customers obtain control of medical devices or products when the goods either leave the warehouse or when they physically arrive at the customer premises based on the shipment terms. Invoices are generated at this point with payment required within 30–60 days depending on customer terms.	Revenue is recognised when the goods leave the warehouse or are delivered to the customers' premises (depending on shipment terms).
Sales to Distributors	Distributors obtain control of medical devices or products when the goods either leave the warehouse or when they physically arrive at the distributor premises based on the shipment terms. There is no right of return for the goods. Invoices are generated at this point with payment required within 30–60 days depending on distributor terms. Equipment may be provided free of charge to the customer provided they purchase ancillary products, or it may transfer to them if they purchase a set volume. No contract is deemed to exist under IFRS 15 in relation to the placement of the equipment, due to Creo retaining the significant element of risks and rewards including future cashflows, a lack of commercial substance in relation to the equipment and recoverability of the asset without ability to enforce compensation for the of use of the equipment. Where the Group retains control of the equipment it is classified as a fixed asset.	Revenue is recognised when the goods leave the warehouse or are delivered to the customers' premises (depending on shipment terms). Where the rights to an asset are retained by the Group the asset is depreciated over its useful life.
Service/ Maintenance Contracts	Service & maintenance contracts are for a period of time as specified with the customer. Our performance obligations are satisfied over the length of the contract. Customers are invoiced monthly based on the annual value of the contract agreed.	Revenue is recognised over the life of the contract on a straight line basis. We consider this matches the satisfaction of our performance obligations of the contract.
Warranty	Products manufactured by the Group have a warranty. Customers have the right to return the product if it is faulty within this period.	Revenue is only recognised when we consider it likely that the product will not be returned. We calculate a warranty provision based on historical warranty data of comparable products. The warranty provision is accounted of under IAS 37 as a provision and an expense.

1. Accounting policies continued

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payments terms	Revenue recognition policies
Licensing/ Development Income	Licensing agreements may contain a number of elements and provide for varying consideration terms, such as initial fees, sales, development and regulatory milestones together with sales-based royalties and similar payments. Such arrangements are within the scope of IFRS 15 and are assessed under its five-step model to determine revenue recognition. The distinct performance obligations within the contract and the arrangement transaction price are identified. The fair value of the arrangement transaction price is allocated to the different performance obligations based upon the relative stand-alone selling price of those obligations together with the performance obligation activities to which the terms of the payments specifically relate. The allocated transaction price is recognised over the respective performance period of each performance obligation. Creo carries out development for or with a third party. Performance obligations are recognised at a point in time if considered a milestone or over time as the development project is completed.	Income which is related to ongoing development or licensing activity is recognised as the activity is undertaken, in accordance with the contract to match the costs incurred. Matching revenues against costs is deemed appropriate as we consider the costs to be representative of the completion stage of the contract. Development and regulatory approval milestone payments are recognised as revenue when the respective milestones are achieved.

Critical accounting judgements and significant estimates in applying the Group's accounting policies

The application of the Group's accounting policies requires judgements in certain areas and to make estimates and assumptions concerning the future. These estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The following are those areas that are deemed to involve judgements and/or estimation about matters that have the most significant effect on the amounts recognised in the financial statements.

Capitalisation of development costs

Capitalisation of development costs requires analysis of the technical feasibility and commercial viability of the project concerned. Capitalisation of the costs will only be made where there is clear demonstration that future economic benefit will flow to the Company.

Our new Speedboat UltraSlim product met the capitalisation criteria in Q3. Between it meeting the capitalisation criteria and being available for sale £0.1m was spent on development of product. The first sales of the device were made in December 2023 and therefore we deem the asset to be available for sale. Amortisation in line with the policy will start in January 2024.

£0.1m was capitalised in relation to development of a Bipolar snare for our endotherapeutics offering. The product is still in its development stage and we expect further costs in relation to the project to be capitalised in 2024.

No further development of the Speedboat and CROMA products has been undertaken with an emphasis on developing the later versions of these devices. No further development costs have been capitalised in the year.

The Group's internal budgets demonstrate that the products will generate probable future economic benefits relating to Speedboat and CROMA and therefore there is no impairment to capitalised development costs.

Recognition of deferred tax asset

Management judgement is required on whether the Group should recognise any deferred tax assets for losses. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Given the nature and stage of development of Creo Medical Limited there are significant losses accumulated to date. To determine whether a deferred tax asset should be recognised in relation to the future tax deduction that these losses represent, the Directors have considered the estimated profits over a medium to long-term forecast and the events required to achieve such forecasts. Creo Medical UK Limited (formally Albyn Medical Limited acquired in 2020) is forecast to make profits over the medium term and these profits would be available for Group relief. Therefore we have recognised a tax asset of £0.8m in relation to element of profit expected to be earned in that entity.

Notes to the financial statements continued

1. Accounting policies continued

Recognition of deferred tax asset continued

Forecasts for Creo Medical Limited continue to show tax losses for at least the medium term (to four years) as the Group continues to develop and commercialise its products. Given the extent of uncertainty with forecasting over a longer-term horizon, it is determined that there is not the level of convincing evidence that sufficient taxable profit will be available against which further tax losses or tax credits can be utilised. Thus, there is considered to be insufficient certainty over the timing and amount of loss recoverability for any further deferred tax asset to be recognised.

Carrying value of goodwill

Our annual impairment assessment for Goodwill is deemed to be a significant estimate as it involves future cashflow projections and assumptions which can have a significant impact on the carrying value of the goodwill. The assumptions used in the calculation and a sensitivity analysis on these assumptions are shown in Note 12. Management are comfortable that the assumptions used are appropriate and that the carrying value of the cash generating units supports the carrying value of the goodwill.

Operating segments

An entity is required to disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. As the Group's global reach has expanded in the year, management have exercised significant judgement in determining whether presenting segment information on an alternative basis would better adhere to this core principal.

Whilst the operations in different geographical locations form a fundamental part of the Group's long-term strategy, they are in the early stages of development and the Group continues to focus on the development and commercialisation of its key range of unique endoscopic surgical devices and CROMA Advanced Energy Platform. In making their judgement, the Directors considered the Group's activities and the internal reporting structures and information regularly reviewed by the entity's chief operating decision-maker to make decisions about resources to be allocated and assessing performance. After the assessment, the Directors concluded that financial information at a consolidated Group level appropriately reflects the business activities in which the Group is currently engaged, and the economic environment in which it operates. As explained in Note 2 of the financial statements, as the Group continues to grow it is expected that the internal reporting structure will evolve in order to meet the changing activities, goals and objectives of the business and therefore additional operating segments may be identified as appropriate in future years.

2. Revenue and other operating income

The revenue split between the Group for 2023 was as follows:

(All figures £m)	**12 months to 31 December 2023**	12 months to 31 December 2022
UK	**9.5**	7.8
Europe	**20.7**	19.1
RoW	**0.6**	0.3
Total	**30.8**	27.2

At 31 December 2023 the Group had a number of unsatisfied performance obligations under IFRS 15 in relation to the Intuitive collaboration in line with the contract agreement. The value of this unsatisfied performance obligation is in excess of £0.4m. (2022: £1m). We expect this to be received during 2024.

Segmental reporting

Operating segments are identified on the basis of internal reporting and decision making. Creo currently has one operating segment which is the research, development and distribution of electrosurgical medical devices relating to the field of surgical endoscopy.

The Group has started the process of integrating the previous Albyn and Boucart brands into the Creo brand and offering customers our full suite of products. As such the Group is still operating in a single segment. As the Group continues to grow we expect the internal reporting structure to change to meet the changing goals and objectives of the business and additional operating segments may be identified in future years.

As there is only one reportable operating segment whole profit, expenses, assets, liabilities and cashflows are measured and reported on a basis consistent with the financial statements, with no additional disclosures necessary.

Where figures are shown "0.0" this means the figure is lower than £50,000. Where figures show "-" this means the value is nil

2. Revenue and other operating income continued

Other operating income

Other operating income relates to government grants. Income is recognised necessary to match it with the related costs in the profit or loss on a systematic basis over the year in which the entity recognises expenses for the related costs for which the grants are intended to compensate. Furthermore, income is recognised only when there is reasonable assurance that the Company will comply with any conditions attached to the grant and the grant will be received. Grant income received in the year was £0.4m (2022: £0.1m).

Where figures are shown "0.0" this means the figure is lower than £50,000. Where figures show "-" this means the value is nil

3. Loss before tax

The loss before income tax is stated after charging:

(All figures £m)	**12 months to 31 December 2023**	12 months to 31 December 2022
Depreciation – owned assets	**1.6**	1.3
Depreciation – right of use assets	**0.6**	0.7
Amortisation	**1.2**	1.1
Staff costs	**22.7**	23.1
Research and development expenditure	**11.8**	13.5

4. Audit and non-audit fees

An analysis of auditors' remuneration is as follows:

(All figures £m)	**12 months to 31 December 2023**	12 months to 31 December 2022
Audit of Parent Company and Consolidation	**0.1**	0.1
Audit of Group subsidiaries	**0.2**	0.1
Audit fees	**0.3**	0.2

5. Staff numbers and costs

The cost of employees (including Directors) during the year was made up as follows:

(All figures £m)	**12 months to 31 December 2023**	12 months to 31 December 2022
Wages and salaries	**18.0**	18.1
Social security costs	**2.7**	2.7
Other pension costs	**1.0**	1.0
Share-based payments	**1.0**	1.3
Total remuneration	**22.7**	23.1

The average monthly number of employees during the year was as follows:

(All numbers)	**12 months to 31 December 2023**	12 months to 31 December 2022
The average monthly number of employees during the year was as follows;		
Research and development	**69**	100
Administration & Operations	**128**	122
Sales & Marketing	**90**	87
	287	309

Notes to the financial statements continued

6. Directors' remuneration

(All figures £m)	12 months to 31 December 2023	12 months to 31 December 2022
Directors' remuneration	**1.9**	1.8
Pension	**0.1**	0.1
Total Directors' remuneration	**2.0**	1.9

Directors' emoluments disclosed above paid to the highest paid Director in the year was £0.6m (31 December 2022: £0.5m) including Pension contribution of £0.03m. The share options exercised in the year by the highest paid Director was £nil (31 December 2022: £nil).

There were Company pension contributions of £0.1m made to defined contribution schemes during the current year (31 December 2022: £0.1m). Four Directors are in the defined contribution scheme (2022: Four). No shares were received or receivable for any Director in respect of long-term incentive schemes. No share options were exercised during the year.

7. Research and development expenditure

During the current and comparative years, research and development was a significant activity of the entity. Expenditure on research activities is recognised in the statement of profit or loss as incurred.

8. Share-based payments

At 31 December 2023 the Group has an established Enterprise Management Incentive ("EMI") and non-EMI schemes (the "Schemes") under which share options have been granted to certain officers, employees and certain suppliers. The Schemes are equity-settled share-based payment arrangements whereby holders of vested options are entitled to purchase shares in the Company at the market price of the shares at the grant date.

The Schemes include both market and non-market based vesting conditions. The share options may be exercised from the date that they vest until the 10th anniversary of the date of the grant. In addition to the performance-based vesting conditions the only vesting requirement is that the recipient remains in employment with the Company with the exception of tranches 11 and 12 where employment is not a criteria. All options are to be settled by the physical delivering of shares. Details of the grants under these schemes are as follows:

Award	Grant date	Number of options	Vesting conditions	Exercise price (£)	Fair value (£)	Contractual life of options
2	06 December 2013	243,720	Continual service of employment over 3 years	0.21	0.09	10 years
3	14 July 2015	1,121,400	Continual service of employment over 3 years	0.17	0.11	10 years
4	14 July 2015	670,680	Continual service of employment over 3 years	0.17	0.11	10 years
5	03 August 2015	1,242,000	Continual service of employment over 3 years	0.17	0.12	10 years
6	04 August 2015	216,000	Continual service of employment over 3 years	0.17	0.12	10 years
7	29 September 2016	1,944,000	Continual service of employment over 3 years	0.17	0.11	10 years
8	09 December 2016	5,907,896	Continual service of employment over 3 years	0.76	0.48	10 years
9	04 April 2018	875,902	Continual service of employment and market based performance conditions	1.13	0.58	10 years
10	29 August 2018	1,746,718	Continual service of employment over 3 years and non market based performance conditions	1.54	0.84	10 years
11	18 October 2018	749,209	Non market based performance conditions	0.76	1.60	10 years
12	02 July 2018	1,000,000	Non market based performance conditions	1.26	0.67	10 years
13	17 October 2019 & 7 November 2019	3,348,475	Non market and market based performance conditions	0.001 to 1.71	0.86 to 1.69	10 years
14	18 February 2020	490,000	Non market and market based performance conditions	0.01	0.51	10 years
15	23 July 2020	725,369	Continual service of employment over 3 years	2.01	1.18	10 years
16	04 & 27 January 2021	1,117,837	Continual service of employment over 3 years and non market based performance conditions	0.001 to 1.92	0.97 to 2.17	10 years
17	14 June 2021	928,164	Non market and market based performance conditions	0.001 to 2.06	0.81–1.84	10 years
18	23 November 2021	4,633,465	Market based performance conditions	0.001	1.41	10 years
19	04 August 2022	1,537,212	Market based performance conditions	0.001 to 1.92	0.26 to 0.76	10 years
20	7 June 2023 & 2 August 2023	12,558,401	Market based performance conditions	0.001	0.2352 to 0.3225	10 years
		41,056,447,				

Where figures are shown "0.0" this means the figure is lower than £50,000. Where figures show "-" this means the value is nil

Notes to the financial statements continued

8. Share-based payments continued

Share option activity for the year ended 31 December 2023 and 31 December 2022 is presented below:

	31 December 2023 Number of options	31 December 2023 Weighted average exercise price	31 December 2022 Number of options	31 December 2022 Weighted average exercise price
Outstanding at start of year as previously stated	**19,983,867**	**£0.62**	18,763,437	£0.60
Granted during the prior year	**–**	**£0.00**	105,000	£1.71
Granted during the year	**12,558,401**	**£0.08**	1,537,212	£0.34
Forfeited during the year	**(298,316)**	**£0.98**	(297,835)	£1.69
Cancelled during the year	**–**	**£0.00**	–	£0.00
Exercised during the year	**–**	**£0.00**	(123,947)	£0.55
Outstanding at end of year	**32,243,951**	**£0.39**	19,983,867	£0.62
Exercisable at end of year	**11,995,324**	**£0.84**	10,850,549	£0.79
Weighted average remaining contractual life (in years) of options outstanding at the year end	**6.9**		6.3	

The estimated fair value of the share options was calculated by applying a Black-Scholes model for shares with no market-based performance conditions and a Monte Carlo model for those with a market-based performance condition. The model inputs for the current year option grants were as follows:

	31 December 2023	31 December 2022
Exercise price	**£0.001**	£0.001 – £1.92
Share price at date of grant	**0.2325-0.3225**	£0.75
Risk-free interest rate	**4.5%-5%**	1.75%
Expected volatility	**54%-55%**	46%
Dividend yield	**0%**	0%
Contractual life of option (years)	**10**	10

Expected volatility was based on historical share price volatility for the 12 months to the grant date, which may not necessarily be the actual outcome. No share options were exercised during the year. Unless specified the vesting period of the options is 3 years.

(All figures £m)	12 months to 31 December 2023	12 months to 31 December 2022
Expense arising from share-based payment transactions	**1.0**	1.3
Expense arising from SIP scheme	**0.2**	0.1
	1.2	1.4

The following amounts for share-based payments are reflected in the above Consolidated Statement of Profit or Loss and Other Comprehensive Income in relation to Directors:

(All figures £m)	12 months to 31 December 2023	12 months to 31 December 2022
Professor Christopher Hancock	**0.2**	0.2
Craig Gulliford	**0.2**	0.3
Richard Rees	**0.1**	0.2
David Woods	**0.1**	0.0
	0.6	0.7

8. Share-based payments continued

During the prior year the Group implemented a SIP scheme for all UK employees. Employees are able to purchase up to £1,800 in Partnership Shares each year. The Company will then provide two matching shares for each Partnership Share purchased. Employees must remain with the Company for three years to keep the matching shares and five years to receive the shares tax free. The shares purchased/issued during the year under the scheme are as follows:

(All figures exact numbers)	2023	2022
Total Shares at 01 January	**573,801**	139,838
Partnership Shares purchased in year	**627,318**	111,211
Matching shares issued in year	**1,156,624**	322,752
Total Shares in SIP scheme at 31 December	**2,357,743**	573,801

The total value of the Partnership Shares which was charged to administrative expenses in the year was £0.2m. Matching shares for the partnership shares purchased under the SIP scheme in December 2023 were not issued until after the yearend.

9. Finance expenses and finance income

(All figures £m)	12 months to 31 December 2023	12 months to 31 December 2022
Finance income:		
Bank interest	**0.7**	0.1
Fair value adjustment for derivatives	**–**	0.0
Total finance income	**0.7**	0.1
Finance costs:		
Bank interest	**0.4**	0.2
Interest expense on lease liabilities	**0.0**	0.0
Unwind of the discount on lease liabilities	**–**	0.0
Unwind of the discount on deferred and contingent liabilities	**–**	0.1
Total finance costs	**0.4**	0.3

Information on leases is shown in Note 25.

10. Taxation

Recognised in the statement of profit or loss and other comprehensive income

(All figures £m)	Note	12 months to 31 December 2023	12 months to 31 December 2022
Current tax:			
Current year		**(4.0)**	(4.4)
Adjustments for prior years		**0.0**	–
Foreign tax:		**0.1**	0.1
Adjustments for prior years		**–**	–
Current tax credit		**(3.9)**	(4.3)
Deferred tax:			
Origination and reversal of temporary timing differences	16	**1.1**	0.3
Total tax credit		**(2.8)**	(4.0)

Where figures are shown "0.0" this means the figure is lower than £50,000. Where figures show "-" this means the value is nil

Notes to the financial statements continued

10. Taxation continued

Reconciliation of effective tax rate:

(All figures £m)	12 months to 31 December 2023	12 months to 31 December 2022
Loss for the year	**(21.7)**	(26.9)
Total credit	**(2.8)**	(4.0)
Loss excluding taxation	**(24.5)**	(30.9)
Tax using the UK corporation tax rate of 23.5% (2022: 19%)	**(5.8)**	(5.9)
Research and development	**0.1**	(1.9)
Movement in deferred tax not provided	**2.0**	3.0
Non-deductible expenses	**0.3**	0.4
Equity-settled share-based payments	**–**	0.1
Different tax rates applied in overseas tax jurisdictions	**0.0**	0.1
Losses Utilised	**(0.3)**	0.4
Fixed Asset differences	**0.2**	0.0
Deferred tax assets recognised	**0.8**	(0.2)
Prior year adjustment	**(0.1)**	–
Total tax credit	**(2.8)**	(4.0)

The Group has submitted R&D tax relief claims under the small or medium-sized enterprises ("SME") scheme and £2.7m (2022: £4.5m) has therefore been accounted as a tax credit in accordance with IAS 12 Income Taxes. In addition, the Group has also submitted R&D claims under the large company ("RDEC") scheme in relation to monies received from research grants. In accordance with IAS 20 Accounting for Government Grants, an amount of £nil (2022: £nil) has been accounted for 'above the line' as a reduction from the related expenditure in the statement of comprehensive income. Movements in deferred and other taxes were £0.1m.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. For the financial year ended 31 December 2023, the current weighted averaged tax rate was 23.5%. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

11. Loss per share

Loss per share has been calculated in accordance with IAS 33 – Earnings Per Share using the loss for the year after tax, divided by the weighted average number of shares in issue.

(All figures £)	12 months to 31 December 2023	12 months to 31 December 2022
Loss		
Loss attributable to equity holders of Company (basic)	**(21,720,908)**	(26,936,464)
Shares (number)		
Weighted average number of Ordinary Shares in issue during the year	**313,004,399**	181,335,216
Loss per share		
Basic and diluted	**(0.07)**	(0.15)
Ordinary Shares start of year	**181,545,885**	181,099,186
Issued in year		
Issue 1 – Ordinary	**796,478**	105,810
Issued with months remaining	**11**	11
Issue 2 – Ordinary	**168,548,909**	216,942
Issued with months remaining	**9**	5
Issue 3 – Ordinary	**10,000,000**	27,000
Issued with months remaining	**5**	5
Issue 4 – Ordinary	**360,146**	78,947
Issued with months remaining	**5**	5
Issue 5 – Ordinary	**–**	18,000
Issued with months remaining	**–**	3
Closing Ordinary Shares	**361,251,418**	181,545,885
Average Ordinary Shares	**313,004,399**	181,335,216
Basic EPS	**(0.07)**	(0.15)

Where figures are shown "0.0" this means the figure is lower than £50,000. Where figures show "-" this means the value is nil

Notes to the financial statements continued

12. Intangible assets and goodwill

(All figures £m)	Goodwill	Trade Name	Customer Relationships	Supplier Relationships	Development costs capitalisation	Computer software	Assets under construction	Total
Cost:								
At 1 January 2022	18.6	1.1	1.1	7.2	0.6	0.5	–	29.1
Additions	–	–	–	–	–	0.1	0.0	0.1
Transferred	–				–	0.0	(0.0)	–
Effect of movements in exchange rate	1.0	0.1	0.1	0.4	–	–	–	1.6
At 31 December 2022	19.6	1.2	1.2	7.6	0.6	0.6	–	30.8
Amortisation:								
At 1 January 2022	–	0.2	0.2	1.0	0.3	0.3	–	2.0
Charge for the year	–	0.1	0.1	0.7	0.1	0.1	–	1.1
Transferred	–				0.0	(0.0)		–
Effect of movements in exchange rate	–	0.0	0.0	0.1	–	–	–	0.1
At 31 December 2022	–	0.3	0.3	1.8	0.4	0.4	–	3.2
Net book value at 31 December 2022	19.6	0.9	0.9	5.8	0.2	0.2	–	27.6

(All figures £m)	**Goodwill**	**Trade Name**	**Customer Relationships**	**Supplier Relationships**	**Development costs capitalisation**	**Computer software**	**Assets under construction**	**Total**
Cost:								
At 1 January 2023	19.6	1.2	1.2	7.6	0.6	0.6	–	30.8
Additions	–	–	–	–	0.2	0.1	0.1	0.4
Transferred	–	–	–	–		0.0	(0.0)	(0.0)
Effect of movements in exchange rate	(0.5)	(0.0)	(0.1)	–	–	–	–	(0.6)
At 31 December 2023	19.1	1.2	1.1	7.6	0.8	0.7	0.1	30.6
Amortisation:								
At 1 January 2023	–	0.3	0.3	1.8	0.4	0.4	–	3.2
Charge for the year	–	0.2	0.1	0.7	0.1	0.1	–	1.2
Effect of movements in exchange rate	–	(0.0)	(0.0)	(0.0)	–	(0.0)	–	(0.0)
At 31 December 2023	–	0.5	0.4	2.5	0.5	0.5	–	4.4
Net book value at 31 December 2023	**19.1**	**0.7**	**0.7**	**5.1**	**0.3**	**0.2**	**0.1**	**26.2**

12. Intangible assets and goodwill continued

The amortisation of intangibles has been charged to administrative expenses in the Consolidated Statement of profit or loss and other Comprehensive Income. The supplier relationship intangible arose on the acquisitions of Albyn and Boucart Medical in 2020. The remaining amortisation of the Albyn supplier relationships is 79 months and the remaining amortisation for the Boucart supplier relationships is 82 months.

Capitalised development costs

£14k of capitalised software was transferred from assets under construction to computer software in the year. £0.1m in relation to software was capitalised during the year. Development costs in relation to the Speedboat Ultra of £0.1m and a Bipolar snare of £0.1m were capitalised during the year (31 December 2022: £nil).

Assets under construction

There was £0.1m of assets under construction at the 31 December 2023 in relation to software purchased during the year (31 December 2022: £15k).

Impairment of intangible assets

An impairment review of intangibles was carried out including consideration of potential climate related risks on the longer-term intangibles including trade name, supplier relationships and customer relationships. No impairment to intangible assets were recognised during the year.

Goodwill impairment test

Goodwill assets considered significant in comparison to the Group's total carrying amount of such assets have been allocated to cash generating units or groups of cash generating units as follows:

(All figures £m)	**31 December 2023**	31 December 2022
Albyn Group of CGUs	**15.6**	16.0
Boucart single CGU	**2.0**	2.1
Aber single CGU	**1.5**	1.5
	19.1	19.6

Albyn Goodwill Assumptions

Goodwill arising on acquisition of Albyn has been allocated to a single CGU Group which consists of the subsidiary entities within the Albyn Group, each being classified as a CGU unit. The recoverable amount of this CGU Group was based on value in use, estimated using discounted cashflows. The key assumptions used in the calculation are shown in the table below:

In percent	**2023**	2022
Pre-tax Discount rate	**13.37%**	14.23%
Terminal value growth rate	**2%**	2%
Budgeted revenue growth rate (average of next 5 years)	**4%**	4%

The discount rate has been calculated based on the weighted average cost of capital for Albyn Medical, based on the capital asset pricing model. In calculating the relevant inputs we considered historical and long-term market return studies, data from comparable companies within the industry and other relevant external data.

Where figures are shown "0.0" this means the figure is lower than £50,000. Where figures show "-" this means the value is nil

Notes to the financial statements continued

12. Intangible assets and goodwill continued

We considered potential future impacts from climate change in the future and the impact these could have on the carrying value of each CGU in the Group. Although a formal scenario planning has not yet been finalised we did not identify any indicators which we consider would have a material impact on the assessment of the value in use of the CGU.

The growth rate was based on a five year forecast based on management expectations with revenue assumed to reduce to a 2% terminal growth rate over the long term. The Group has conducted sensitivity analysis on the impairment testing.

(Amounts in £m)	Headroom
Albyn CGU Group	17.4

Sensitivity scenario (amounts in £'ms):	Impact on Headroom
Discount rate increase by 1%	(5.0)
Terminal value growth rate reduce by 1%	(4.0)
Budgeted revenue growth rate (average of next 5 years) reduced by 2%	(7.5)

Boucart Goodwill Assumptions

Goodwill arising on acquisition of Boucart has been allocated to a single CGU. The recoverable amount of this CGU Group was based on value in use, estimated using discounted cashflows. The key assumptions used in the calculation are shown in the table below:

In percent	**2023**	2022
Pre-tax Discount rate	**14.15%**	13.42%
Terminal value growth rate	**2%**	2%
Budgeted revenue growth rate (average of next 5 years)	**4%**	4%

The discount rate has been calculated based on the weighted average cost of capital for Boucart, based on the capital asset pricing model. In calculating the relevant inputs we considered historical and long-term market return studies, data from comparable companies within the industry and other relevant external data.

We considered potential future impacts that climate change could have on the carrying value of the CGU. Although a formal scenario planning has not yet been finalised we did not identify any indicators which we consider would have a material impact on the assessment of the value in use of the CGU.

The growth rate was based on a five year forecast based on management expectations with revenue assumed to reduce to a 2% terminal growth rate over the long term. The Group has conducted sensitivity analysis on the impairment testing.

(Amounts in £m)	Headroom
Boucart CGU	2.1

Sensitivity scenario (amounts in £m):	Impact on Headroom
Discount rate increase by 1%	(0.7)
Terminal value growth rate reduce by 1%	(0.5)
Budgeted revenue growth rate (average of next 5 years) reduced by 2%	(1.2)

12. Intangible assets and goodwill continued

Aber Goodwill Assumptions

Goodwill arising on acquisition of Aber has been allocated to a single CGU. The recoverable amount of this CGU Group was based on value in use, estimated using discounted cashflows. The key assumptions used in the calculation are shown in the table below:

In percent	**2023**	2022
Discount rate	**15.56%**	14.89%
Terminal value growth rate	**3%**	3%
Budgeted revenue growth rate (average of next 5 years)	**6%**	6%

The discount rate has been calculated based on the weighted average cost of capital for Aber, based on the capital asset pricing model. In calculating the relevant inputs we considered historical and long-term market return studies, data from comparable companies within the industry and other relevant external data.

We considered potential future impacts that climate change could have on the carrying value of the CGU. Although a formal scenario planning has not yet been finalised we did not identify any indicators which we consider would have a material impact on the assessment of the value in use of the CGU.

The growth rate was based on a five-year forecast based on management expectations with revenue assumed to reduce to a 2% terminal growth rate over the long term. The Group has conducted sensitivity analysis on the impairment testing.

(Amounts in £m)	Headroom
Aber CGU	0.6

Sensitivity scenario (amounts in £'ms):	Impact on Headroom
Pre-tax Discount rate increase by 1%	(0.2)
Terminal value growth rate reduce by 1%	(0.2)
Budgeted revenue growth rate (average of next 5 years) reduced by 2%	(0.3)

Where figures are shown "0.0" this means the figure is lower than £50,000. Where figures show "-" this means the value is nil

Notes to the financial statements continued

13. Property, plant and equipment

(All figures £m)	Land & Buildings	Leasehold Improvements	Office equipment	Fixtures and fittings	Motor vehicles	Plant and machinery	Assets under construction	Demo Equipment	Right of Use Asset Leases	Total
Cost:										
At 1 January 2022	4.5	0.7	1.5	0.3	0.5	2.2	0.1	0.7	3.1	13.6
Additions	0.1	0.1	0.3	0.0	0.2	0.4	1.4	0.7	0.2	3.4
Transferred	–	0.1	–	–	–	–	(0.1)	–	–	–
Disposals	–	–	(0.0)	(0.0)	(0.1)	(0.0)	–	(0.1)		(0.2)
Exchange rate movements	–	(0.0)	0.0	0.0	(0.1)	0.0	0.0	0.0	0.2	0.1
At 31 December 2022	4.6	0.9	1.8	0.3	0.5	2.6	1.4	1.3	3.5	16.9
Accumulated Depreciation:										
At 1 January 2022	0.1	0.6	1.0	0.2	0.3	1.3	–	0.5	1.1	5.1
Charge for the year	0.1	0.1	0.3	–	0.1	0.5	–	0.2	0.7	2.0
Disposals	–	–	(0.0)	–	(0.1)	(0.0)	–	(0.1)	–	(0.2)
Exchange rate movements	–	0.0	0.0	0.0	(0.1)	0.0	–	0.0	(0.1)	(0.2)
At 31 December 2022	0.2	0.7	1.3	0.2	0.2	1.8	–	0.6	1.7	6.7
Net book value at 31 December 2022	4.4	0.2	0.5	0.1	0.3	0.8	1.4	0.7	1.8	10.2
Cost:										
At 1 January 2023	4.6	0.9	1.8	0.3	0.5	2.6	1.4	1.3	3.5	16.9
Additions	–	0.4	0.1	–	0.1	0.1	0.1	0.1	0.4	1.3
Transferred	–	1.4	–	–	–	–	(1.4)	–	–	–
Disposals	–	–	–	(0.0)	(0.0)	(0.0)	–	(0.0)	(0.6)	(0.6)
Exchange rate movements	–	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	0.0	(0.1)	(0.1)	(0.3)
At 31 December 2023	**4.6**	**2.6**	**1.9**	**0.3**	**0.6**	**2.7**	**0.1**	**1.3**	**3.2**	**17.3**
Accumulated Depreciation:										
At 1 January 2023	0.2	0.7	1.3	0.2	0.2	1.8	–	0.6	1.7	6.7
Charge for the year	0.1	0.3	0.3	0.1	0.1	0.4	–	0.3	0.6	2.2
Disposals	–	–	–	(0.0)	(0.0)	(0.0)	–	(0.0)	(0.6)	(0.6)
Exchange rate movements	–	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	–	(0.0)	–	(0.1)
At 31 December 2023	**0.3**	**1.0**	**1.6**	**0.2**	**0.3**	**2.2**	**–**	**0.9**	**1.7**	**8.2**
Net book value at 31 December 2023	**4.3**	**1.6**	**0.3**	**0.1**	**0.3**	**0.5**	**0.1**	**0.4**	**1.5**	**9.1**

Assets under construction for the year of £0.1m (2022: £1.4m) relate to leasehold improvements in our additional building at the Chepstow site. £1.4m of brought forward assets under construction were transferred to leasehold improvements during the year. The Chepstow building is pledged as a security for the mortgage.

14. Inventories

(All figures £m)	31 December 2023	31 December 2022
Raw materials & consumables	**3.1**	3.0
Finished goods	**5.0**	6.3
Total inventories	**8.1**	9.3

These carrying values are stated net of impairment provisions of £2.2m (2022: £2.6m). Inventories of £2.2m (2022: £1.4m) were written down during the year and the expense recognised in the income statement. £1.5m of inventories relating to PPE for the Spain government were written off during the year with the same value being written off the loan with the Spain government. £14.4m of inventories was recognised in the income statement in cost of sales. The Directors are of the opinion that the replacement values of inventories are not materially different to the carrying values stated above.

15. Trade and other receivables

(All figures £m)	31 December 2023	31 December 2022
Current:		
Trade Receivables	**6.4**	4.9
Accrued income	**1.4**	0.3
Other debtors	**0.1**	0.4
Prepayments	**0.7**	1.1
Total current	**8.6**	6.7
Non-current:		
Other debtors	**0.2**	0.2
Total trade and other receivables	**8.8**	6.9

An expected credit loss provision of £0.3m (2022: £0.2m) in relation to trade debtors has been booked during the year. An expected credit loss provision was calculated for the other debtors balance and was deemed immaterial and therefore not recognised.

16. Deferred tax

The accelerated capital allowances deferred tax liability set out below is expected to reverse over the life of the related fixed assets. Deferred tax has been calculated at a rate of 25% (2022: 25%).

The movement on the deferred tax account is as shown below:

(All figures £m)	31 December 2023	31 December 2022
Movement:		
At 1 January	**0.5**	0.1
Deferred Tax Asset recognised	**(0.8)**	(0.2)
Adjustment for prior years	**(0.1)**	–
Tax charge recognised in profit and loss	**(0.5)**	0.1
	(0.9)	(0.0)
Losses utilised	**1.0**	0.4
Change in tax rate	**0.1**	–
Exchange rate movements	**0.1**	0.1
At 31 December	**0.3**	0.5

(All figures £m)	31 December 2023	31 December 2022
Balances:		
Intangible assets	**1.7**	2.1
Pension accruals and other temporary timing differences	**(0.3)**	(0.1)
Tax losses offset (see below)	**(1.1)**	(1.5)
	0.3	0.5

Notes to the financial statements continued

16. Deferred tax continued

(All figures £'m)	31 December 2023	31 December 2022
Balances:		
Deferred tax asset	**(1.1)**	(1.5)
Deferred tax liability	**1.4**	2.0
Net Deferred Tax liability	**0.3**	0.5

There are estimated unused trading losses at 31 December 2023 of approximately £69.4m (31 December 2022: estimated £59.3m). A deferred tax asset of £0.75m has been recognised in relation to these losses as Group believe they will be able to offset future profits from Creo Medical UK Limited with c. £0.35m expected to be utilised within 12 months and c.£0.4m over 12 months. We also have £0.4m deferred tax asset relating to Creo Spain and Creo France. These have been recognised as we expect to utilise these losses against future profits with c.£0.2 within 12 months and £0.2m over 12 months. A remaining deferred tax asset of approximately £16.6m (31 December 2022: £12.5m) has not been recognised in respect of these tax losses due to uncertainty in respect of its recoverability. A deferred tax asset of approximately £0.4m arises in respect of the share options that haven't yet been exercised. This has not been recognised due to uncertainty in respect of its recoverability.

Tax receivables at 31 December 2023 of £2.7m (31 December 2022: £4.5m) relate solely to R&D tax credits. The Company has submitted R&D tax credit claims for the years presented in relation to its qualifying research and development expenditure and has taken the option of surrendering the resulting losses and claiming an R&D tax credit in the form of immediate cash payments from HMRC.

17. Trade and other payables

(All figures £m)	31 December 2023	31 December 2022
Current:		
Trade payables	**2.7**	4.3
Social security and other taxes	**0.4**	0.5
VAT payable	**0.1**	0.5
Other payables	**0.7**	0.6
Accrued expenses	**2.0**	3.1
Derivative Liability	**0.0**	0.0
PPE Loan	**–**	1.6
Deferred and Contingent Consideration	**0.7**	2.6
Total trade and other payables	**6.6**	13.2

The PPE loan with the Navarra government was settled during the year with the loan being written off. The PPE stock which was held by Creo was donated to hospitals in Venezuela in agreement with the Navarra government. At the year end no liability in relation to the loan or asset in relation to the PPE inventory was held on the balance sheet. The PPE loan was shown on the non-interest bearing loans line in the balance sheet.

As at 31 December 2023 the Group has deferred consideration in relation to the Albyn Medical acquisition in 2020 of £nil. £1.1m of deferred consideration was paid during the year.

A contingent consideration liability of £0.7m was recognised in the 2022 financial statements in relation to the acquisition of Albyn Medical SL in 2020. The targets were met and the full and £0.8m was paid during the year. There is no further contingent liability in relation to the purchase of Albyn Medical.

A contingent consideration liability of £0.4m was recognised in the 2022 financial statements in relation to the acquisition of Boucart Medial SRL in 2020. The targets were met during the year and the full £0.4m was paid during the year. There is no further contingent liability in relation to the purchase of Boucart Medical SRL.

A contingent consideration liability of £0.7m has been recognised in the financial statements in relation to the acquisition of Aber Electronics Limited in 2021. The Group considered it probable that the targets will be achieved based on current performance to date and therefore expect the provision will be paid in full.

18. Financial instruments

Carrying amount of financial instruments

The amounts for all financial assets carried at fair value are as follows:

(All figures £m)	31 December 2023	31 December 2022
Investments:		
I.Q. Endoscopes	**2.1**	2.1

Reconciliation to cashflow movements

	Gross Loan	Lease Liabilities
01 January 2022	6.8	2.1
Additions	2.9	0.2
Cashflow Principals	(1.6)	(0.8)
Cashflow Interest	(0.1)	(0.0)
Non-cash Changes Interest*	0.0	0.0
Non-cash Changes FX	0.3	0.2
31 December 2022	8.3	1.7

	Gross Loan	Lease Liabilities
01 January 2023	8.3	1.7
Additions	0.2	0.4
Cashflow Principals	(1.4)	(0.7)
Cashflow Interest	(0.2)	(0.0)
Non-cash Changes Interest*	0.0	0.0
Non-cash Changes FX	0.1	0.0
31 December 2023	7.0	1.4

* Non-cashflow changes relate to effective interest rate charge on the Cardiff Capital Region loan and lease interest incurred on IFRS 16 leases Lease information is shown in Note 25.

Financial instruments measured at fair value

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate. There were no forwards at the year end (2022: £nil).

Financial risk management

The main purpose of the Company's financial instruments is to finance the Company's operations. The financial instruments comprise of leases, foreign currency forward contracts, bank loans and facilities, cash and liquid resources and various items arising directly from its operations, such as trade receivables and trade payables. The main risks arising from the Company's finance instruments are exchange rate risk, interest rate risk, and liquidity risk. The Company's policies on the management of liquidity interest rates and foreign currency risks are set out below.

Fair values of financial instruments

All financial assets and liabilities are held at amortised cost apart from forward exchange contracts, and the investment which are held at fair value. Foreign exchange contracts changes go through the statement of profit or loss. The investment was fair valued at 31 December 2023.

Notes to the financial statements continued

18. Financial instruments continued

(All figures £m)	2023	2022
Carrying Value as at 1 January	**2.1**	1.7
Additional Investment	**–**	0.0
Share Warrant Exercise	**–**	0.0
Fair Value Gain through OCI	**0.0**	0.4
Balance at 31 December	**2.1**	2.1

The Company measured the fair value of instruments which are categorised as level 2 in the fair value hierarchy, being the investment in I.Q. Endoscopes as the price paid per share by other shareholders who also invested in the entity at the same time as the Group. No additional equity investment was made during the year into the entity. We have therefore determined the fair value per share to be the same as the previous funding round at £2.45 to be representative of the fair value of the shares at 31 December 2023.

Shares owned 1 January 2023	850,708
Additional shares acquired during the year	–
Fair Value per share (£)	2.5
Fair Value of investment (£m)	2.1
Cost of initial investments	(1.5)
Gain through OCI since investment (£m)	0.6

We have made an irrevocable election to classify fair value changes of the investment in I.Q. Endoscopes through other comprehensive income rather than through profit or loss, the impact of this being any changes in fair value will never be reclassified through the profit or loss account even if the investment is disposed of. Management rationale for this treatment is that the investment is not being held for the purposes of future sale or to receive returns. Instead the investment is to help develop their disposable endoscopy products and potential synergies this could have with the Creo product range.

The Company has not disclosed the fair values for certain financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values. Short and long-term interest bearing liabilities, as detailed in Note 19, are discounted at the effective interest rate of the respective financial liability and their carrying value is considered to be a reasonable approximation of their fair value.

Liquidity

The Company's policy is to ensure that it has sufficient cash resources to cover its future trading requirements which is predominately sourced from its shareholders and investors. Short-term flexibility is available through current investor support as well as banking facilities across the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments in debt securities.

Interest-rate risk and benchmark reform

The Group has limited exposure to interest rate fluctuations with some loans acquired post year end having variable interest rates. Where possible we look to offset interest from loans with interest received from our cash on deposit. We do not consider that any significant increase in interest rates would have a material impact on the business. The Group has some loans linked to the EURIBOR however we don't consider any major movements in the benchmark would result in a material interest liability for the Group. We therefore do not consider the transition to alternative benchmark rates to be a significant risk.

Trade Receivables

The carrying amounts of financial assets represent the maximum credit exposure. As at 31 December 2023 no investments in debt securities (2022: nil) or other contract assets were held and receivables from customers were £6.4m (2022: £4.7m).

18. Financial instruments continued

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate as well as other macro-economic conditions.

Each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available and review of financial statements. Where it is deemed the risk of the customer defaulting may be high the Group will require the customer to pre-pay for items for a certain length of time before offering credit terms.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one and three months for customers. The terms very depending on their individual characteristics such as credit risk assessment, geographical local and public or private customers. The majority of the Group's customers have been transacting with the Group for a number of years with no credit issues arising.

Expected credit loss assessment for trade receivables

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as at 31 December 2023.

(All figures £m)	Weighted Average Loss	Gross Carrying Amount	Loss Allowance
Excluded from ECL Calculation	0%	0.9	–
Current (not past due)	1%	4.0	0.1
0–60 days	6%	1.4	0.1
61–120 days	12%	0.1	0.0
121–180 days	20%	0.2	0.0
More than 180 days past due	100%	0.1	0.1
		6.7	0.3

The Group uses an allowance matrix to measure the ECLs of trade receivables consistent with IFRS 9. Loss rates are calculated using historical write-off data from the last 18 months to work out the probability of default based on the aging of the receivable. Where the Group has forward looking information which means the ECL would be unlikely to occur we have excluded these from the calculation. At 31 December 2023 the ECL for trade receivables was £0.9m (2022: £0.2m).

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

(All figures £m)	2023	2022
Balance at 1 January	**(0.2)**	(0.5)
Loss allowance movement	**(0.1)**	0.3
Balance at 31 December	**(0.3)**	(0.2)

Foreign exchange risk

The Company currently purchases certain materials throughout the world in connection with research and development of its primary product.

The Company also has subsidiaries which operate in a different functional currency. The consequence of this is that the Company is exposed to movement in foreign currency rates. Liabilities within the Group are settled where possible using the currency of the liability to reduce foreign exchange exposure. Forward foreign exchange contracts are used to manage the net foreign exchange exposure where appropriate.

Market Risk

We do not consider market risk to be a material risk to the Group at this time.

Notes to the financial statements continued

19. Interest-bearing liabilities

(All figures £m)		31 December 2023	31 December 2022
Current:			
Lease liabilities	25	**0.6**	0.6
Bank credit facilities		**2.0**	2.2
Bank loans		**0.4**	1.1
Mortgage		**0.1**	0.1
		3.1	4.0
Non-current:			
Lease liabilities	25	**0.8**	1.2
Bank loan		**0.3**	0.6
Commercial loan		**2.1**	2.2
Mortgage		**2.0**	2.1
		5.2	6.1
		8.3	10.1
Lease liabilities are payable as follows:			
Less than one year		**0.6**	0.6
Between one and five years		**0.7**	1.1
More than five years		**0.1**	0.1
		1.4	1.8
Bank borrowings are payable as follows:			
Less than one year		**2.5**	3.5
Between one and five years		**4.4**	4.8
More than five years		**0.0**	0.0
		6.9	8.3
		8.3	10.1

19. Interest-bearing liabilities continued

The terms and conditions of outstanding loans are as follows:

				31 December 2023		31 December 2022	
(Amounts in £m)	Currency	Nominal interest rate	Year of maturity	Principal Value	Carrying Value	Principal Value	Carrying Value
Secured Bank Loan	EUR	EURIBOR+2,5%	2023	**0.2**	**–**	0.2	0.0
Secured Bank Loan	EUR	EURIBOR+2%	2023	**0.0**	**–**	0.0	0.0
Secured Bank Loan	EUR	EURIBOR+2%	2023	**0.1**	**–**	0.1	0.0
Secured Bank Loan	EUR	2%	2023	**0.2**	**0.0**	0.2	0.0
Secured Bank Loan	EUR	EURIBOR+2%	2023	**0.2**	**–**	0.2	0.0
Secured Bank Loan	EUR	EURIBOR+1%	2023	**0.1**	**–**	0.1	0.0
Secured Bank Loan	EUR	EURIBOR+1%	2023	**0.1**	**–**	0.1	0.0
Secured Bank Loan	EUR	EURIBOR+1%	2023	**0.1**	**–**	0.1	0.0
Secured Bank Loan	EUR	EURIBOR+1%	2023	**0.1**	**–**	0.1	0.0
Unsecured Bank Loan	EUR	EURIBOR+2%	2023	**0.5**	**0.0**	0.5	0.1
Unsecured Bank Loan	EUR	EURIBOR+2%	2023	**0.5**	**–**	0.5	0.1
Unsecured Bank Loan	EUR	1%	2025	**0.3**	**0.1**	0.3	0.1
Unsecured Bank Loan	EUR	EURIBOR+2%	2023	**0.5**	**–**	0.5	0.0
Unsecured Bank Loan	EUR	2%	2023	**0.3**	**–**	0.4	0.0
Unsecured Bank Loan	EUR	2%	2023	**0.5**	**–**	0.5	0.1
Unsecured Bank Loan	EUR	1%	2023	**0.2**	**–**	0.2	0.0
Unsecured Bank Loan	EUR	1%	2025	**0.3**	**0.1**	0.4	0.3
Unsecured Bank Loan	EUR	2%	2025	**0.3**	**0.1**	0.4	0.3
Unsecured Bank Loan	EUR	2%	2025	**0.3**	**0.1**	0.4	0.3
Unsecured Bank Loan	EUR	EURIBOR+1,75%	2025	**0.3**	**0.1**	0.4	0.3
Unsecured Bank Loan	EUR	0.44%	2024	**0.1**	**0.1**	–	–
Unsecured Bank Loan	EUR	0.44%	2024	**0.1**	**0.1**	–	–
Unsecured Bank Loan	GBP	2.50%	2026	**0.1**	**0.0**	0.1	0.0
Mortgage	GBP	Base rate +2.5%	2027	**2.3**	**2.1**	2.3	2.2
Commercial Loan	GBP	3.66%	2025	**2.1**	**2.1**	2.1	2.2
Short term Credit with Banks	EUR	1.45–1.75%	2024	**2.3**	**2.0**	2.4	2.2
Lease Liabilities	EUR	1.5%–4%	2021–26	**1.7**	**0.8**	1.8	1.2
Lease Liabilities	GBP	2.8%–5%	2021–24	**0.7**	**0.6**	0.7	0.6
Total interest bearing liabilities				**14.5**	**8.3**	15.0	10.1

The secured bank loans (other than the UK Secured Bank Loan) belong to Creo Medical SLU (formally Albyn Medical SL) and are guaranteed by Elkargi. A mortgage for the building purchased in 2021 was obtained during the year. The mortgage is secured to the property and has a loan to value covenant of 75% and a cashcheck covenant of £5m.

The commercial loan is provided by Cardiff Capital Region for the sum of £2.1m with the first year interest free. The loan previously had a 1:1 cashflow covenant. This was changed during the year as Creo was in technical breach due to the wording of the covenant. The loan covenant has been replaced with a cash check covenant requiring the ultimate Parent Company Creo Medical Group plc to hold £2.3m in cash at all times. The lease liabilities are detailed at Note 25.

Where figures are shown "0.0" this means the figure is lower than £50,000. Where figures show "-" this means the value is nil

Notes to the financial statements continued

20. Provisions

(All figures £m)	Warranties	Dilapidations	Legal & Tax	Other	Total
At 1 January 2022	0.1	0.4	0.2	0.1	0.8
Provisions made in the year	0.0	0.1	0.0	0.0	0.1
Provisions used in the year	(0.0)	(0.1)	(0.2)	0.0	(0.3)
At 31 December 2022	0.1	0.4	0.0	0.1	0.6
Non Current	0.0	0.4	0.0	0.0	0.4
Current	0.1	0.0	0.0	0.1	0.2
	0.1	0.4	0.0	0.1	0.6

(All figures £m)	**Warranties**	**Dilapidations**	**Legal & Tax**	**Other**	**Total**
At 1 January 2023	0.1	0.4	0.0	0.1	0.6
Provisions made in the year	0.0	0.0	0.0	0.0	0.0
Provisions used in the year	(0.0)	(0.1)	0.0	(0.0)	(0.1)
At 31 December 2023	**0.1**	**0.3**	**0.0**	**0.1**	**0.5**
Non Current	0.0	0.3	0.0	0.0	0.3
Current	0.1	0.0	0.0	0.1	0.2
	0.1	0.3	0.0	0.1	0.5

Warranty provisions

Warranty provisions relate to Albyn own brand products and services provided and is based on historical warranty data associated with similar products and services sold. Management expect the provision to be settled with 12 months of the year end.

Dilapidation provisions

Provisions have been made for the estimated restoration costs of the leased premises at our UK, Singapore, US, Spain, France, Germany and Belgium sites.

Provisions for dilapidations are inherently uncertain in terms of quantum and timing, not least because they involve negotiations with landlords at future dates. The figures provided in the financial statements represent management's best estimate of the likely outflows to the Group.

Other provisions

Other provisions include pensions provision of £0.1m as well as other staff benefit provisions which are required in local jurisdictions. Management expect these liabilities to be settled within 12 months of the year end.

21. Share Capital and Reserves

(All figures £m)	**31 December 2023**	31 December 2022
Balance at start of the year	**0.2**	0.2
Issue of share capital		
Number of shares	**179.7**	0.4
Price per share (£)	**0.0**	0.0
Share value (£'m)	**0.2**	0.0
Balance at 31 December	**0.4**	0.2

During the year 168,548,909 shares were issued as part of the fundraise, 1,156,624 issued to the SIP and 10,000,000 shares issued to the employee benefit trust. The Group has a single class of share: Ordinary Shares £0.001.

Issued share capital

Issued share capital is the amount of nominal value of shares held by shareholders. At 31 December 2023 361,251,418 shares have been issued, each with the nominal value of £0.001 equalling a share capital for the Company of £361,251. All Ordinary Shares rank as pari passu with regards to voting, dividends and rights on winding up. All shares are authorised and fully paid.

Share premium

The share premium reserve comprises the difference between the nominal value and the value received on share issue offset by the costs directly associated with obtaining the capital funding e.g. legal fees. See Note 21 for shares issued during the year.

Merger reserve

The merger reserve reflects the difference between the existing share capital and premium of Creo Medical Limited prior to share for share exchange and the nominal value of shares issued. Refer to Note 1 Business combinations and basis of consolidation.

Share option reserve

The share option reserve reflects the cost to the Group of share options granted but not yet exercised. Refer to Note 8 Share-based payments.

Accumulated losses

Retained earnings including profit or loss for the year comprises the earned profit of the Parent Company and its subsidiaries.

Foreign exchange gain or loss reserve

The foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. Unrealised foreign exchange gains or losses from currency translations of foreign subsidiaries will go through other comprehensive income and into the foreign exchange gain or loss reserve. On disposal of a foreign operation the gain or loss will become realised and recognised as a profit or loss.

Investment reserve

Any loss or gain on our equity investments which we have elected to revalue through OCI is held in the investment reserve. This reserve will never be recognised as a profit or loss even upon disposal of the investment. The reserve may be transferred to retained earnings once the investment is disposed of.

Where figures are shown "0.0" this means the figure is lower than £50,000. Where figures show "-" this means the value is nil

Notes to the financial statements continued

22. Cash from share issue

(All figures £m)	31 December 2023	31 December 2022
Share issue:		
Share options exercised	**–**	0.1
Issued to EBT Trust	**0.0**	–
Issued to SIP	**0.0**	0.0
Share placing AIM 8 March 2023	**33.7**	–
Transaction costs AIM 8 March 2023	**(2.0)**	–
	31.7	0.1

23. Related party disclosures

As at 31 December 2023 the Directors of the Company control 3.18% of the voting shares of the Company.

The remuneration of the Directors of the Company is disclosed in the Directors' Remuneration Report and Note 6 above. Share options held by Directors are detailed in the Directors' Remuneration Report.

Interests and related party transactions are disclosed below

Monkey Business Consultants S.L. is a company owned and managed by Luis Collantes the CEO of the previous Albyn group for which Creo purchased the remaining 5% of shares from during 2023. For accounting purposes it is assumed the Group has 100% control. See accounting policy in Note 1. During the year total payments in the ordinary course of business to Monkey Business Consultants S.L. consisted of £nil. Total amounts paid to Monkey Business Consultants S.L. in relation to the final earnout was £1.1m.

Total remuneration to Luis Collantes in the year was £0.2m (2022: £0.3m).

Morgan Rees the son of Richard Rees was employed during the year to complete a specific project in relation to fixed assets within the business. A total of £0.1k was paid through payroll during the year. No balance was payable as at the year end.

Key management personnel are deemed to be those with ultimate decision making power in a particular area of the business. Aggregate remuneration for the year for all key management totalled £2.9m (31 December 2022: £2.8m).

(All figures £m)	12 months to 31 December 2023	12 months to 31 December 2022
Salary and other taxable benefits	**2.1**	2.0
Pension	**0.1**	0.1
SBP	**0.7**	0.7
	2.9	2.8

The following key management personnel purchased shares in the Company as part of the fundraise in March 2023 as follows:

KMP	NO. OF ORDINARY SHARE ACQUIRED
CHARLES SPICER	165,118
CRAIG GULLIFORD	1,000,000
RICHARD REES	2,715,322
PROFESSOR CHRISTOPHER HANCOCK	383,171
DAVID WOODS	415,255
JOHN BRADSHAW	1,265,135
IVONNE CANTU	125,000
LUIS COLLANTES	4,442,485

Where figures are shown "0.0" this means the figure is lower than £50,000. Where figures show "-" this means the value is nil

24. Ultimate controlling party

By virtue of the shareholding structure, there is no sole ultimate controlling party.

25. Leases

The accounting policy for leases under IFRS 16 has been explained in Note 1.

Leases as lessee (IFRS 16)

The Group leases building facilities in the UK, US, Singapore, France, Spain, Germany and Belgium. The leases typically run for a period of three to ten years, with an option to renew the lease after that date. Lease payments are renegotiated every five years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

Some of the building leases were entered into many years ago as combined leases of land and buildings. Previously, these leases were classified as operating leases under IAS 17. New leases have been recognised under IFRS 16.

The Group leases equipment under a number of leases, which were classified as finance leases under IAS 17.

The Group leases other equipment with contract terms of one to five years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

i) Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment.

2022 (All figures £m)	Land and buildings	Plant and machinery	Motor Vehicles	Total
Balance at 1 January	1.8	0.1	0.1	2.0
Depreciation Charge	(0.6)	(0.0)	(0.1)	(0.7)
Additions to right of use assets	0.2	0.0	0.0	0.2
Disposals of right of use assets	0.0	0.0	0.0	0.0
Exchange difference	0.2	0.0	0.0	0.2
Balance at 31 December	1.6	0.1	0.0	1.7

2023 (All figures £m)	Land and buildings	Plant and machinery	Motor Vehicles	Total
Balance at 1 January	**1.6**	**0.1**	**0.0**	**1.7**
Depreciation Charge	**(0.6)**	**(0.0)**	**(0.0)**	**(0.6)**
Additions to right of use assets	**0.4**	**–**	**–**	**0.4**
Exchange difference	**(0.1)**	**(0.0)**	**(0.0)**	**(0.1)**
Balance at 31 December	**1.3**	**0.1**	**0.0**	**1.4**

ii) Lease liabilities

(All figures £m)		
Maturity Analysis – undiscounted contractual cash flows		
Less than one year	**(0.6)**	(0.6)
One to five years	**(0.7)**	(1.1)
More than five years	**(0.1)**	(0.1)
Total lease liabilities at 31 December	**(1.4)**	(1.8)
Lease liabilities included in the statement of financial position at 31 December	**(1.4)**	(1.8)
Current	**(0.6)**	(0.6)
Non-current	**(0.8)**	(1.2)

Notes to the financial statements continued

25. Leases continued

iii) Amounts recognised in profit or loss

2023- Leases under IFRS 16 (All figures £m)	2023	2022
Depreciation on right of use asset	**0.6**	0.7
Interest on lease liabilities	**0.0**	0.0

The total cash outflow for leases in 2023 was £667k (2022: £827k).

iv) Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period .

Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. As at 31 December 2023 no lease extension is expected to be taken by the Group.

26. Capital commitments

The amounts contracted for but not provided for as at 31 December 2023 are £nil (31 December 2022: £nil).

27. Subsequent events

On 13 May 2024 Creo announced the appointment of Kevin T. Crofton and Brent J. Boucher as independent Non-Executive Directors. Both Kevin and Brent are expected to join the Board with effect from 1 July 2024, with Kevin succeeding Charles Spicer as Chair.

Parent Company statement of financial position

(All figures £m)	Note	As at 31 December 2023	As at 31 December 2022
Assets			
Non-current assets			
Investments in subsidiaries	30	**28.0**	27.4
Property, plant and equipment	31	**5.5**	5.8
Investments		**2.1**	2.1
Other receivables	32	**144.1**	118.9
		179.7	154.2
Current assets			
Trade and other receivables	32	**0.1**	0.3
Fixed term deposits		**15.5**	–
Cash and cash equivalents		**0.2**	8.6
		15.8	8.9
Total assets		**195.5**	163.1
Liabilities			
Current Liabilities			
Trade and other payables	33	**0.2**	2.4
Interest Bearing Liabilities		**0.1**	0.1
Non-Current Liabilities			
Trade and other payables	33	**2.0**	2.1
Total Liabilities		**2.3**	4.6
Called up share capital	21	**0.4**	0.2
Share premium		**180.9**	149.5
Financial Assets at fair value through other comprehensive income		**0.6**	0.6
Share option reserve		**9.8**	8.6
Retained earnings/(Accumulated losses)		**1.5**	(0.4)
Total Equity		**193.2**	158.5
Total equity and liabilities		**195.5**	163.1

* Profit for the year was £1.9m.

The Company has taken the s408 exemption from presenting a separate profit and loss for the year.

These financial statements on pages 145 to 151 were approved by the Board of Directors on 14 May 2024 and were signed on its behalf by:

Richard Rees
Director
Company registered number: 10371794

Parent Company statement of changes in equity

(All figures £m)	Note	Called up share capital	(Accumulated losses)/ Retained earnings	Share premium	Investment Fair Value Reserve	Share option reserve	Total equity
Balance at 1 January 2022		0.2	(1.3)	149.4	0.2	7.2	155.7
Total comprehensive income for the year							
Profit for the financial year		–	0.9	–	–	–	0.9
Other comprehensive income		–	–	–	0.4	–	0.4
Total comprehensive income		–	0.9	–	0.4	–	1.3
Transactions with owners, recorded directly in equity							
Issue of share capital		0.0	–	0.1	–	–	0.1
Equity settled share-based payment transactions	8	–	–	–	–	1.4	1.4
Balance at 31 December 2022		0.2	(0.4)	149.5	0.6	8.6	158.5
Total comprehensive expense for the year							
Profit for the financial year		–	1.9	–	–	–	1.9
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income		–	1.9	–	–	–	1.9
Transactions with owners, recorded directly in equity							
Issue of share capital		0.2	–	31.4	–	–	31.6
Equity settled share-based payment transactions	8	–	–	–	–	1.2	1.2
Balance at 31 December 2023		**0.4**	**1.5**	**180.9**	**0.6**	**9.8**	**193.2**

Parent Company notes to the financial statements

28. Parent Company financial statements

As permitted by section 408(3) of the Companies Act 2006, a separate Statement of Comprehensive Income, dealing with the profit of the Parent Company, has not been presented. The Parent Company profit for the year ended 31 December 2023 is £1.9m (2022: profit £0.9m).

29. Parent Company accounting policies

To the extent that an accounting policy is relevant to both the Group and Company financial statements, refer to the Group financial statements for disclosure of the accounting policy. The nature of the Company's operations and business activities are the same as that of the Group and are described in the Strategic Report.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements the Parent Company has taken advantage of the following disclosure exemptions under FRS 101:

- A Cash Flow Statement and related notes;
- Comparative reconciliations for share capital;
- Comparative reconciliations for PPE;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures of transactions with a management entity that provides key management personnel services to the Company; and
- Certain disclosures required by IFRS 7 Financial Instrument Disclosures.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of Group-settled share-based payments;
- Certain disclosures required by IAS 36 Impairment of Assets in respect of the impairment of goodwill and indefinite life intangible assets; and
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company.

The accounting policies set out above have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year, are discussed in Note 1 Critical accounting judgements and policy update.

Significant Estimates

The carrying value of the investment in subsidiary and the intercompany receivable is considered to be a significant estimate for the Parent Company as it involves significant assumptions about the future cashflows used to support the estimate. The Directors believe the assumptions used in the calculation were reasonable and consistent with the forecasts and assumptions used in the Group future cashflow models.

These financial statements have been prepared on a going concern basis, although the Directors have noted a material uncertainty, see going concern disclosure on page 112.

These financial statements have been prepared under the historic cost convention.

Changes in accounting policy and disclosures as well as a description of the entities operations and business activities have been disclosed in Note 1.

Parent Company notes to the financial statements continued

29. Parent Company accounting policies continued

Measurement convention

The financial statements are prepared on the historical cost basis except that derivative financial instruments and equity investments are stated at their fair value.

Investments in subsidiaries are carried at cost less impairment.

30. Investments in subsidiaries

(All figures £m)	Investment in subsidiary companies
Cost:	
As at 1 January 2018	0.0
Capital Contribution	0.6
As at 31 December 2018	0.6
Capital Contribution	0.7
As at 31 December 2019	1.3
Capital Contribution	0.3
Albyn Acquisition	23.6
As at 31 December 2020	25.2
Capital Contribution	1.5
As at 31 December 2021	26.7
Capital Contribution	0.7
As at 31 December 2022	27.4
Capital Contribution	0.6
As at 31 December 2023	28.0

Where figures are shown "0.0" this means the figure is lower than £50,000. Where figures show "-" this means the value is nil

30. Investments in subsidiaries continued

The Company has the following investments in subsidiary companies:

Subsidiary	Domicile	Status	Registered Office address	Shares held	Ownership	Year end#	Type
Creo Medical Limited	UK	Trading	Creo House, Unit 2 Beaufort Park, Beaufort Park Way, Chepstow, Wales, NP16 5UH	Ordinary	100%	31–Dec	Direct
Creo Medical, Inc.	US	Trading	100 Reserve Road, suite B400 Danbury, CT 06810, USA	Ordinary	100%	31–Dec	Indirect***
Creo Medical Innovations Limited	UK	Trading	Creo House, Unit 2 Beaufort Park, Beaufort Limited Park Way, Chepstow, Wales, NP16 5UH	Ordinary	100%	31–Dec	Indirect***
Creo Medical Ireland	Ireland	Dissolved	70 Sir John Rogerson's Quay, Dublin 2, Limited Ireland	Ordinary	100%	31–Dec	Indirect***
Creo Medical PTE Limited	Singapore	Trading	60 Paya Lebar Road, #09, 01/02/03/04 Paya Lebar Square, Singapore, 409051	Ordinary	100%	31–Dec	Indirect***
Creo Medical SL (formerly Albyn Medical SL)	Spain	Trading	Cordovilla (Nevarra), Poligno Industrial Cordovilla, calle D, Munero 1	Ordinary	100%	31–Dec	Direct
Creo Medical SAS (Albyn Medical SAS)	France	Trading	9 avenue Jean Prouve, 88101 Sain-des-Vosges	Ordinary	100%	31–Dec	Indirect**
Creo Medical UK Limited (formerly Albyn Medical Limited)	UK	Trading	Kintail House, Beechwood Park, Inverness, Highland, IV2 3WB	Ordinary	100%	31–Dec	Indirect**
Creo Medical GmbH (formally Endo-Technik Wolfgang Griest GmbH)	Germany	Trading	Hans-Böckler-Str. 29, 40764 Langenfeld, Germany	Ordinary	100%	31–Dec	Indirect**
Premier Endoscopy	UK	Dormant	Creo House, Unit 2 Beaufort Park, Beaufort Park Way, Chepstow, Wales, NP16 5UH	Ordinary	100%	30–Sep	Indirect**
Wiest Uropower Limited	Germany	Dormant	Creo House, Unit 2 Beaufort Park, Beaufort Park Way, Chepstow, Wales, NP16 5UH	Ordinary	100%	30–Sep	Indirect**
Boucart Medical SRL	Belgium	Trading	1070 Anderlecht, rue des Veterinaires 42, Belgium	Ordinary	100%	31–Dec	Indirect**
Aber Electronics Limited	UK	Trading	Creo House, Unit 2 Beaufort Park, Beaufort Park Way, Chepstow, Wales, NP16 5UH	Ordinary	100%	31–Dec	Indirect***

Wiest Uropower Limited and Premier Endoscopy are dormant entities and we have no intention of trading through these companies. As a result their year-ends have not been aligned with that of the Group.

** Creo Medical SL holds 100% of the shares in these entities.

***Creo Medical Limited holds 100% of the shares in these entities.

Creo Medical Innovations Limited (Company registration number: 11196260), Aber Electronics Limited (Company registration number: 07400511), Wiest Uropower Limited (Company registration number 05781601) and Creo Medical UK Limited (Company registration number: SC128038) is exempt from the requirements to file audited financial statements by virtue of section 479A of the Companies Act 2006. In adopting the exemption, Creo Medical Group PLC has provided a statutory guarantee to this subsidiary in accordance with section 479C of the companies Act 2006.

The Company has an investment in equity shares in I.Q. Endoscopes. The Company made an irrevocable election to classify fair value changes of the investment in I.Q. Endoscopes through other comprehensive income rather than through profit or loss, the impact of this being any changes in fair value will never be reclassified through the profit or loss account even if the investment is disposed of.

The fair value calculation for 31 December 2022 is shown in Note 18 of the financial statements.

Where figures are shown "0.0" this means the figure is lower than £50,000. Where figures show "-" this means the value is nil

Parent Company note to the financial statements continued

31. Property, plant and equipment

(All figures £m)	Land & Buildings	Assets under Construction	Total
Cost:			
At 1 January 2022	4.5	0.1	4.6
Additions	0.1	1.3	1.4
Transfers	0.1	(0.1)	–
At 31 December 2022	4.7	1.3	6.0
Accumulated Depreciation:			
At 1 January 2022	0.0	–	0.0
Charge for year	0.2	–	0.2
At 31 December 2022	0.2	–	0.2
Net book value at 31 December 2022	4.5	1.3	5.8

(All figures £m)	Land & Buildings	Assets under Construction	Total
Cost:			
At 1 January 2023	4.7	1.3	6.0
Additions	0.0	–	(0.0)
Transfers	1.3	(1.3)	–
At 31 December 2023	6.0	–	6.0
Accumulated Depreciation:			
At 1 January 2023	0.2	–	0.2
Charge for year	0.3	–	0.3
Transferred	–	–	–
At 31 December 2023	0.5	–	0.5
Net book value at 31 December 2023	5.5	–	5.5

32. Trade and other receivables

(All figures £m)	31 December 2023	31 December 2022
Current:		
Other debtors	**0.0**	0.2
Social security and other taxes	**0.1**	–
Prepayments	**0.0**	0.1
Total current	**0.1**	0.3
Non-current:		
Amount owed by subsidiary undertaking	**144.1**	118.9
Total non-current	**144.1**	118.9
Total trade and other receivables	**144.2**	119.2

Amounts owed by subsidiary undertakings are unsecured and repayable on demand. Interest is charged on the debt at a rate of 3% per annum. An expected credit loss provision was calculated for the other debtors and amounts owed by subsidiary balances; both were deemed immaterial and therefore not recognised.

33. Trade and other payables

(All figures £m)	31 December 2023	31 December 2022
Current:		
Derivatives	**–**	–
Other creditors	**0.2**	2.4
Interest Bearing Liabilities	**0.1**	0.1
Total current	**0.3**	2.5
Non-current:		
Interest Bearing Liabilities	**2.0**	2.1
Total trade and other payables	**2.3**	4.6

34. Staff numbers and costs

(All figures £m)	12 months to 31 December 2023	12 months to 31 December 2022
Wages and salaries	**0.5**	0.5
Total remuneration	**0.5**	0.5

(All numbers)	12 months to 31 December 2023	12 months to 31 December 2022
The average monthly number of employees during the year was as follows;		
Executive	**7.0**	7.0
	7.0	7.0

Where figures are shown "0.0" this means the figure is lower than £50,000. Where figures show "-" this means the value is nil

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