

Surgical Innovations Group Plc



Annual Report and Accounts 2024

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About SI

Surgical Innovations Group plc (SI) is a leading UK-based designer, manufacturer and exporter of innovative, high quality medical products primarily for use in laparoscopic and robotic minimally invasive surgery.

Our Mission

To provide **high-performing medical devices for surgeons leading to improved clinical outcome for patients, with a focus on **sustainable** instrumentation to make a positive impact on the environment.**

Strategic Report

Chairman's Statement

For the year ended 31 December 2024

Despite the challenges encountered at the outset of 2024, I am pleased to report that the Company concluded the year with stable revenues, a strengthened operational position, and a range of significant new opportunities. These include the introduction of SI-branded products and the expansion of distribution agreements within the UK. Although operational challenges persisted throughout the period, the Board's strategic actions to enhance operational efficiency, combined with sustained sales growth of SI-branded products, provide a solid foundation for the business as it progresses on a path of sustainable growth in 2025 and beyond.

Market overview

In today's market, healthcare providers continue to face the significant challenge of reducing the backlog of surgeries, which remains above seven million in the UK alone. Additionally, rising supply chain costs and ongoing disruptions have led to backorders of critical components, impacting sales. Despite these obstacles, the growing focus on environmental sustainability is driving organisations to adopt greener practices, not only within their own operations but across the wider healthcare sector. In response, healthcare providers in our key markets are increasingly seeking sustainable solutions. The Company's reposable™ technology aligns with this shift, positioning Surgical Innovations to capitalise on the demand for sustainability as surgical backlogs are gradually addressed.

Financial overview

Revenues of £11.95m compared to the previous year (2023: £12.01m) reflect the challenging start to 2024, however, the Company reports strong growth in SI branded products across most regions is encouraging, up 6.8% to £6.3m in the period (2023: £5.9m), enhanced by the sustainability messaging.

The strong sales of SI branded products continue to grow evidencing the focus on sustainability messaging. This focus on sustainable solutions for the operating room has contributed to significant year-on-year sales increases in key markets. In Europe, sales reached £1.73 million (2023: £1.47m), while APAC saw £1.16 million (2023: £0.99m), and ROW contributed £0.53 million (£0.48m). These results underpin the growing momentum of our sustainability messaging, which have continued to resonate strongly with customers and partners.

The UK business (Distribution / OEM) encountered several significant challenges that impacted revenue, with sales declining to £5.4m (2023: £6.10m). Early-year disruptions from NHS industrial action and NHSSC inventory realignment affected performance. However, opportunities for SI-branded products, supported by key account conversions, are expected to drive growth in 2025.

Challenges remain in the US market, where sales declined to £1.13m (2023: £1.36m). In response, the Company continues to explore opportunities to enhance our route to strengthen its market approach and drive growth in the region. This includes a structured sales training program and co-travelling efforts to reinforce sustainability messaging with healthcare providers. The bandwidth challenges have delayed the search for new distribution channels for the scissor business beyond the South-eastern states as the international team has focused on regions where there are significant growth opportunities.

Operational and supply chain challenges have impacted margins and efficiencies, driven by inflationary pressures on key components, extended lead times, and complex regulatory requirements. These factors have collectively constrained profitability. To address these issues, a project focused on reducing operational overheads was completed in early Q3, with the benefits beginning to be realised in H2 and expected to continue into 2025.

Adjusted EBITDA decreased slightly to £0.05m (£0.20m in 2023) due to the operational and supply chain challenges cited above. This led to an adjusted loss before tax¹ for the full year of £0.74m, (2023: loss of £0.69m). Adjusted Loss Per Share amounted to 0.02 pence (compared to earnings of 0.06 pence in 2023).

Throughout the financial year, the Group experienced a cash outflow of £0.1m from operations (2023: cash inflow of £0.26m). Capital expenditure was reduced to £0.1m (2023: £0.3m). While product innovation remains a key strategic pillar, total investment in research expenses for the year amounted to 9.6% of revenue (2023: 9.2%). The Group's closing net cash² balances as of 31 December 2024 amounted to (£0.31m) (as of 31 December 2023: £0.36m), with available gross cash resources totalling £1.2m (2023: £2.20m), including an undrawn invoice discounting facility of £1.0m.

¹ Adjusted profit measures and reconciliation to reported measures are set out on page 11.

² Net cash comprised of cash at bank of £0.2m (2023: £1.21m) less bank borrowings £0.50m (2023: £0.85m), excluding leases under IFRS16.

Strategy and development

The Group specialises in the design, manufacture, sale, and distribution of innovative, high-quality medical products, primarily for use in minimally invasive surgery. We develop, manufacture, and source our branded port access systems, surgical instruments, and retraction devices, which are sold directly in the UK through our subsidiary, Elemental Healthcare, and widely exported via a trusted global distribution network. Many of our products are based on a “responsible” concept—combining reusable and disposable components—to provide a high-quality, cost-effective, and environmentally responsible alternative to fully disposable solutions.

Elemental Healthcare also holds exclusive UK distribution rights for a select range of specialist products used in laparoscopy, bariatric and metabolic surgery, hernia repair, breast reconstruction, upper GI, and colorectal procedures. Additionally, we design and develop medical devices for carefully chosen OEM partners and collaborate with a major UK industrial partner to deliver precision engineering solutions for complex challenges beyond the medical sector.

Our goal is for our brands to be recognised and trusted by healthcare professionals in all key markets where we operate. Through internal innovation, strategic partnerships, and acquisitions, we offer a comprehensive portfolio of cost-effective, procedure-specific surgical instruments and implantable devices—delivering innovative solutions to real clinical needs in the operating theatre.

Regulatory and new product development

The regulatory pathway for the EU Medical Device Regulation (MDR) remains on track, despite delays in the transition process, which have shifted the notified body's focus to more immediate priorities. The Company's Quality Management System, technical files, and microbiology data have been fully aligned with MDR requirements, successfully audited by BSI, and fully approved.

Progress on product technical files continues, with two out of three already approved for MDR and the final file currently undergoing clinical review. Additionally, the UKCA mark has been secured, and another successful completion of the Medical Device Single Audit Program (MDSAP) audit has been achieved. While the ongoing investment in regulatory compliance places a financial strain on the business, achieving these standards is a significant milestone and establishes a strong barrier to entry for competitors.

Despite delays in the regulatory process for new products, investment in product development remains ongoing. Cost-reduction initiatives for the YelloPort Elite range continue, with a focus on exploring new materials and design modifications to drive efficiency. In Q4, the introduction of the 5mm Optical in key markets further strengthened the portfolio. Regulatory delays have delayed the launch of the Logi Dissect and Grasp instruments, now rescheduled for late 2025, early 2026.

Investment in new product development underscores our commitment to sustainability, with a strong emphasis on accelerating time-to-market and implementing cost-saving measures to enhance profitability. The successful UK launch of LogiTube™, a gastric calibration tube designed to address the specific needs of the obesity market, has been followed by a broader rollout across Europe and select APAC regions. This product line will soon be expanded with the introduction of an illuminated version, aimed at improving patient safety. Both LogiTube™ models are expected to be registered in the USA by the end of Q4 2025.

Operational update

Key efficiency initiatives are starting to deliver tangible results, as evidenced by the improvements in H2. The overhead restructuring, aimed at streamlining costs and reallocating resources toward strategic priorities, was successfully completed in Q3 2024. With relatively low investment, the Group has implemented automation in key functions to modernise operations, further reducing overhead costs and enhancing quality control consistency to strengthen our product offering. While progress in reducing inventory has been slower than anticipated, a renewed focus in 2025 will help release cash and improve cash flow.

Overall, these initiatives represent a concerted drive to improve operational efficiencies, maximise productivity, and reduce costs across the organisation. The company expects to see the benefits of such initiatives in 2025.

Board and executive management update

Paul Hardy stood down from his role as Non-executive Director having announced his intention to stand down from the board at the AGM in June 2024, following over eight years in the post. Charmaine Day also left the Group from her position as Chief Financial Officer ('CFO') in April 2024, to pursue other opportunities, after being with the Group since 2012. The board would like to thank both Paul and Charmaine for their dedication to the Company and wish them well with their endeavors in the future.

Chris Martin joined the board in July 2024 as CFO and Executive Director however in early February 2025 informed the Company of his intention to pursue another opportunity. The Board responded and appointed Brent Greetham as CFO on the 24 February 2025. Brent brings with him over 25 years' experience in the life sciences sector, having held senior finance leadership roles in various life science, biotech, and manufacturing organisations. His most recent role was with Charles River Laboratories, where he served as the Senior Finance Director for their Discovery division for nearly seven years. Prior to this, from 2011, Brent held finance leadership roles with Thermo Fisher Scientific, Gilead Sciences and Mission Therapeutics. Brent became a Chartered Accountant in 2004, having initially studied at Sheffield Hallam University, obtaining a degree in Accounting and Finance. Brent began his career in 1998 with the Grampian Country Food Group.

Current trading and outlook

2025 has started on a positive note, with overall sales in line with management expectations, reflecting the momentum in the business. The continued emphasis on sustainability is driving new account acquisitions in key markets, notably in Germany, where our Resposable™ devices are at the forefront of a 20-site Green Surgery trial. A targeted focus on key distribution partners, particularly in Europe and APAC—both showing 12% growth—is proving highly effective and will be a key driver of sustained expansion throughout 2025.

Despite a slowdown in product development due to the MDR, the Company has identified significant opportunities, particularly through new product launches in the obesity market. Following the successful introduction of LogiTube™ in the UK, we expanded into Europe in April 2024, with a US rollout planned later this year, subject to regulatory approval. Additionally, an illuminated version of this device is expected to launch in the UK and Europe in H2 2025, enhancing patient safety and expanding opportunities within the obesity market. These strategic launches reinforce our commitment to innovation and our ability to capitalise on emerging market needs in all regions.

To further strengthen profitability, and in addition to cost saving measures taken in 2024, further cost-reduction initiatives are being implemented to enhance the margins of key Resposable™ products. These projects focus on optimising material selection and implementing functional redesigns to reduce manufacturing costs while maintaining or improving product performance. By leveraging advanced materials and streamlining design processes, the Company aims to enhance efficiency, reduce waste, and drive down production expenses. These efforts not only support margin improvements but also ensure that products remain competitive in the market, offering enhanced value to customers without compromising quality or functionality.

In addition, during 2024, Elemental has secured a new five-year exclusive UK distribution agreement with Microline Surgical Inc. ("Microline"), a Boston-based company, extending a partnership that began in 2007. Under this agreement, Elemental will continue distributing Microline products through 2029, with projected sales of approximately £9 million over the contract term. The Company has also signed new agreements with Cipher Surgical Ltd. ("Cipher"), Aspen Surgical Inc., and Veol Medical Technologies, broadening its portfolio with an exciting range of medical devices for the UK healthcare market. Notably, both Aspen and Cipher have existing UK revenue streams that Elemental will now manage. Additional distribution opportunities are actively being negotiated to further enhance Elemental's market presence. New account conversions in the UK for SI Branded will also strengthen sales to drive growth in 2025.

With a positive start to 2025 and multiple strategic initiatives in motion, the Company is well-positioned for growth and success. The combination of sustainability-driven market expansion, targeted distribution partnerships, and innovative product launches will reinforce the Company's competitive edge. At the same time, ongoing cost-reduction efforts will enhance profitability and ensure long-term sustainability. The recent extension of key distribution agreements, along with new partnerships, further strengthens Elemental's market presence and growth potential. As the year progresses, the Company remains focused on capitalising on emerging opportunities, delivering high-quality solutions, and driving value for both customers and stakeholders.

Jonathan Glenn
Non-executive Chairman
29 May 2025

Operating and Financial Review

Operational overview

People

Our employees are key to our business strategy, and we aim to attract, retain and develop talented individuals.

Supply chain

Although supply chain disruptions eased to some extent, challenges remained throughout 2024, particularly with prolonged lead times on components affecting production efficiency. However, strengthened relationships with key suppliers, supported by strategic investments in personnel, have led to noticeable improvements. A thorough review of these initiatives will continue into 2025 as part of the ongoing operational improvement plan.

Financial overview

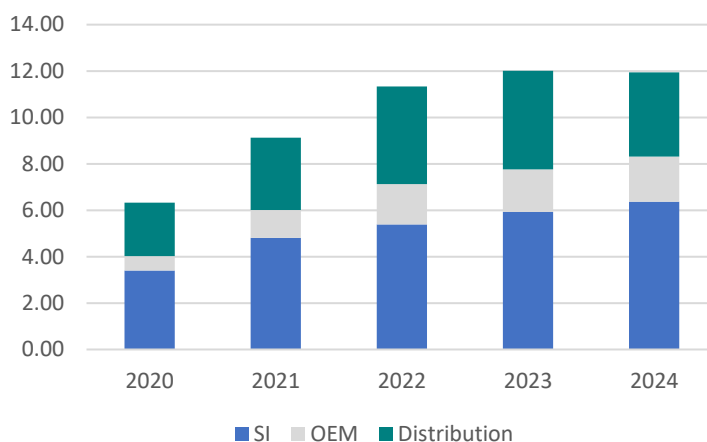
Revenue

In 2024, the Group saw year over year revenues reduce by 0.6% to £11.9m, compared to £12.0m in the prior financial year. However, revenues from the sale of Surgical Innovations Branded (SI Branded) products saw robust growth of 7.6% to £6.4m, compared to £5.9m in 2023.

Distribution sales encompass third-party products that complement the manufactured product portfolio. In 2024, this segment contributed 30.2% of the revenue, falling from 2023 levels (35.4%)

Overall, OEM sales experienced robust growth, reaching £1.9m in 2024 compared to £1.8m in 2023. However, this growth was hindered by external factors in the supply chain, ongoing from 2024.

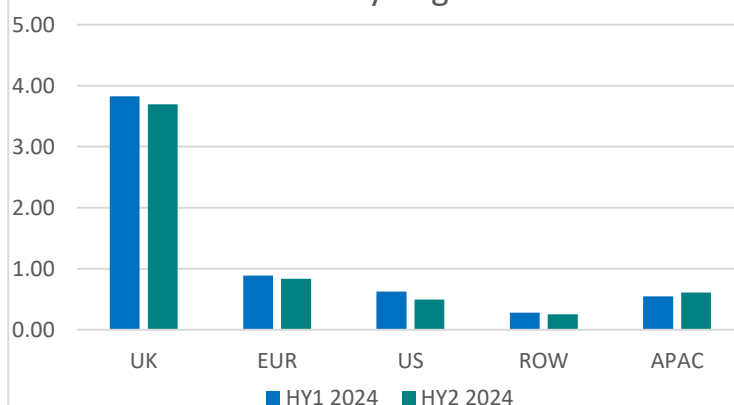
Revenue FY comparative £'m



H2 saw some softness in some regions, as strong growth in the APAC region (+10.8%) was offset by headwinds in other regions.

The UK market continues to play a substantial role in the Group's overall revenue, representing 62% (2023 64%) of the total. This revenue is predominantly attributed to third-party distribution products sold by our subsidiary, Elemental Healthcare Ltd, but also includes OEM sales.

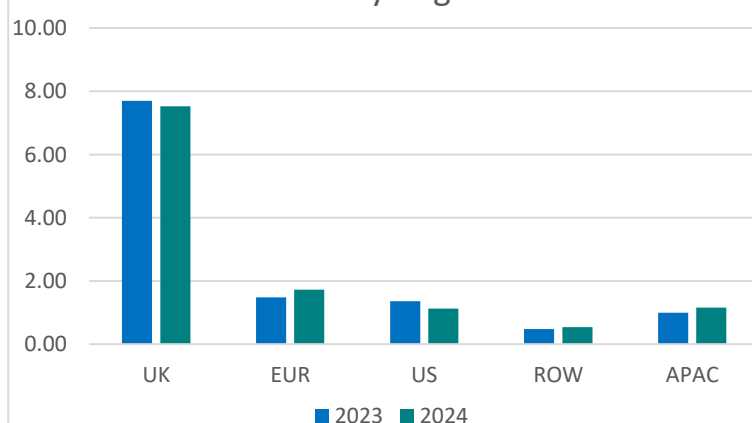
Revenue by Region £'m



Year-on-year growth is evident in our key markets, with our sustainability drive gaining momentum. This trend is especially pronounced in Canada, where a change in distributor has reignited the sustainability drive, leading to substantial conversions among key accounts.

Year on year growth saw double digit growth in our Europe, APAC and ROW territories. Across the UK region sales were broadly flat, whilst challenges persist in the US market

Revenue by Region £'m



Operating and Financial Review (continued)

Financial position

Capital expenditure on tangible assets decreased compared to the prior year, amounting to £0.1m in 2024 (2023: £0.3m). The Group remains committed to reviewing its capital expenditure and will continue to enhance its investment plans. A review of the business priorities and operational improvements will guide our focus in this area as we move further into 2025.

Investment in new product development continues, with investment in the year of £0.27m (2023: £0.41m). Further additions to the YelloPort Elite range saw the introduction of XL cannula to allow for the soft insertion of Laparoscopic Staplers routinely used in Bariatric surgery. Following the successful launch of the LogiTube Gastric Calibration Tube work began on a novel illuminated version to enhance patient safety, this is expected to be launched in Q3 2025.

As part of the annual review development expenditure underwent impairment testing, and it was determined that all current projects continue to provide economic benefit. Therefore, no direct impairment was recognised in 2024 (compared to nil in 2023).

A review of the goodwill arising from the acquisition of Elemental Healthcare Ltd was conducted to assess further impairment. The trading environment in the UK market was significantly affected by the pandemic throughout 2020 and continued into 2021, resulting in a cumulative impairment of £2.76m. However, the UK market has exhibited strong signs of recovery, which has persisted into 2023. With increased visibility on the outlook, the Directors anticipate improved forecasting of future net inflows on this cash-generating unit (CGU). Based on this assessment, the recoverable amount of the CGU exceeds its carrying value by £0.56m.

The presence of several impairment indicators within the business this year necessitated a broader consideration of asset impairment beyond goodwill. A review of the CGU of Surgical Innovations Ltd was conducted, and based on the assessment, the amount of the CGU exceeds its recoverable amount by £1.16m (see note 9).

Working Capital

Inventory levels continue to be managed with a view to mitigating risks associated with extended lead times, with the primary focus being on mitigating exposure to key components. Inventory holdings were £3.0m at the year-end (2023: £2.85m).

Trade receivables increased to £1.7m at the year-end (2023: £1.58m), with minimal risk associated with overdue balances. Trade creditors decreased over the same period (2024: £1.14m, 2023: £1.17m).

Net cash outflows from operations amounted to £0.1m in 2024, compared to inflows of £0.40m in 2023.

The Group concluded the year with net cash balances of (£0.31m) (excluding leases), compared with an opening net cash balance of £0.36m. Total gross cash resources available amounted to £1.21m (compared to £2.20m as of December 31, 2023), including an undrawn invoice discounting facility of £1.0m.

The Group recorded a corporation tax credit of £0.1m in the year. (2023: credit of £0.20m). Overall, the Group continues to hold substantial tax losses on which it holds a cautious view, and consequently the Group has chosen not to recognise those losses.

Key Performance Indicators ("KPIs")

The Group considers the key performance indicators of the business to be:

		2024	2023	Target Measure
Underlying Gross Profit Margin	<i>Gross profit (before net manufacturing cost)/ revenue</i>	30.6%	37.9%	>40%
Direct Gross Profit Margin	<i>Gross profit / revenue</i>	28.8%	28.7%	>40%
Net Cash/(Net Debt) ¹	<i>Cash less debt</i>	(£0.31m)	£0.36m	N/A

1. Net cash is stated after bank borrowings £0.50m (2023: £0.85m), excluding leases under IFRS 16.

Reconciliation of adjusted KPI / measures;

	Disclosure notes	EBITDA ²	Loss before taxation
Operating loss		(£0.791m)	
Depreciation		£0.48m	
Amortisation		£0.21m	
EBITDA as stated		(£0.10m)	(£2.1m)
Share based payments	16	£0.00m	£0.00m
Other expense/non-recurring items	3	£0.15m	£0.15m
Adjusted Measure		£ 0.05m	(£1.90m)

2. EBITDA is defined as earnings before interest, taxation, depreciation and amortisation (including impairment). EBITDA is calculated as operating loss of £0.791m adding back depreciation £0.48m and amortisation £0.21m. TDA is defined as earnings before interest, taxation, depreciation and amortisation (including impairment). EBITDA is calculated as operating loss of £0.30m adding back depreciation £0.48m, amortisation £0.21m and impairment £nil.

Operating and Financial Review (continued)




Earnings per share	EPS
Basic EPS	(0.21p)
<i>Loss attributable to shareholders</i>	<i>(£1.94m)</i>
Add: Share based payments	£0.00m
Add: other expense/non-recurring items	£0.15m
<i>Add: impairment loss</i>	<i>£1.16m</i>
<i>Adjusted loss attributable to shareholders</i>	<i>(£0.63m)</i>
Adjusted EPS	(0.07p)




Operating and Financial Review (continued)

Principal risks and uncertainties




The management of the business and the nature of the Group's strategy are subject to a number of risks which the Directors seek to mitigate wherever possible. The principal risks are set out below.


Key: Risk levels on prior year

	Risk increased on prior year
	Existing risk remains at the same level from prior year
	Risk has reduced from prior year

Issue	Indication of risk on prior year	Risk and description	Mitigating actions
Funding risk		The Group currently has a mixture of borrowings comprising a balance of £0.50m CBILS arrangement, with additional headroom of an undrawn £1.0m invoice discounting facility. The Group remains dependent upon the support of these funders and there is a risk that failure in particular to meet covenants attaching to the CBILS could have financial consequences for the Group.	Liquidity and covenant compliance is monitored carefully across varying time horizons to facilitate short term management and also strategic planning. This monitoring enables the management team to consider and to take appropriate actions within suitable time frames.
Margin erosion due to operational challenges		The Group encountered operational inefficiencies, resulting in a natural erosion of the gross margin in the second half of the year.	<p>A comprehensive operational review of both manufacturing operations and the supply chain has been conducted. Measures have already been implemented, including an internal restructure of the business to drive operational savings and enhance efficiencies and productivity.</p> <p>As part of this evaluation, the Group has implemented a redundancy plan and transitioned from average costing to standard costing in early 2024. The emphasis on continuously improving margins is anticipated to remain a top priority throughout the current year.</p>
Shortage of skilled labour		Attracting and retaining key skilled personnel.	<p>Investment in people remains a central focus of our business strategy, aimed at retaining, attracting, and developing talented individuals.</p> <p>In 2024, the Company underwent a significant restructuring, which had a notable impact on our staff. We worked closely with our personnel to minimise disruptions and provide support to those affected. Throughout the process, we maintained regular communication on company performance to offer reassurance and transparency to our team.</p>

Operating and Financial Review (continued)

Issue	Indication of risk on prior year	Risk and description	Mitigating actions
Customer concentration		The Group exports to over thirty countries and distributors around the world, but certain distributors are material to the financial performance and position of the Group. (As disclosed in note 2 to the financial statements, one customer accounted for 15.7% of revenue in 2024 and the loss, failure or actions of this customer could have a severe impact on the Group).	The majority of distributors, including the most significant, are well established and their relationship with the Group spans many years. Credit levels and cash collection is closely monitored by management, and issues are quickly elevated both within the Group and with the distributor.
Foreign exchange risk		<p>The Group's functional currency is UK Sterling; however, it makes significant purchases in Euros and US Dollars.</p> <p>The hedging of US Dollars and Euros is typically achieved through sales, creating a natural hedge. Nevertheless, shifts in the supply chain dynamics have resulted in a rise in the volume of foreign transactions.</p>	The Group monitors currency exposures on an on-going basis and enters into forward currency arrangements where considered appropriate to mitigate the risk of material adverse movements in exchange rates impacting upon the business. Euro and US Dollar cash balances are monitored regularly and spot rate sales into sterling are conducted when significant currency deposits have accumulated. The accounting policy for foreign exchange is disclosed in accounting policy 1d.
Regulatory approval		<p>As an international business a significant proportion of the Group's products require registration from national or federal regulatory bodies prior to being offered for sale. The majority of our major product lines have FDA approval in the US and we are therefore subject to MDSAP audit and inspection of our manufacturing facilities.</p> <p>There is no guarantee that any product developed by the Group will obtain and maintain national registration or that the Group will always pass regulatory audit of its manufacturing processes. Failure to do so could have severe consequences upon the Group's ability to sell products in the relevant country.</p> <p>The Group has until the end of 2028 to transition the current product portfolio to fall under the Medical Device Regulations (MDR), currently held under Medical Device Directive (MDD). Time constraints of BSI the notified body are out of our control.</p>	<p>The Group has a dedicated Compliance department which assists product development teams with support as required to minimise the risk of regulatory approval not being obtained on new products and ensures that the Group operates processes and procedures necessary to maintain relevant regulatory approvals.</p> <p>Whilst there is no guarantee that this will be sufficient, the Group has invested in people with the appropriate experience and skills in this area which mitigates this risk significantly.</p> <p>MDR transitions are well underway and completed for all but one range. We have an extension to current MDD certificates as approved by the EU for this product.</p>

Economic factors		<p>The business has been affected by rising employment costs and raw material expenses, and it is acknowledged that these pressures are likely to persist into 2025.</p> <p>Despite reducing levels of UK inflation in 2024, supply chain costs have persisted in rising. This is expected to persist throughout 2025 as inflation moves upwards.</p> <p>There are also pressures upon labour costs, as a result of the 6.7% increase in the National Living Wage in early 2025.</p> <p>Supply chain delays in both raw materials and finished goods have affected the business throughout 2024, though the impact has been less severe compared to the previous year. Some disruption is expected in 2025</p> <p>U.S. tariffs introduce near-term complexity</p>	<p>Raw material purchases undergo a continual review, with economies of scale applied. Investment in the supply chain will yield benefits through enhanced supplier relations, while more effective inventory management will mitigate further exposure.</p> <p>Increases in the cost of goods are mitigated and passed on where possible.</p> <p>As a result of the introduction of tariffs by the US, and the evolving nature of these tariffs, current global trade realignments are, on balance, creating competitive advantages for our UK-based manufacturing. Our supply chain remains well-positioned to navigate this evolving landscape with minimal disruption anticipated, and the potential for market share gains</p>
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Jonathan Glenn
29 May 2025

Section 172 statement of the Companies Act

The Board acknowledges its responsibility under section 172(1) of the Companies Act 2006 and below sets out the key processes and considerations that demonstrate how the Directors promote the success of the Company.

The below statement sets out the requirements of the Act, section 172(1), and note how the Directors discharge their duties. As noted in the Corporate Governance Report the Board meet monthly with papers circulated in advance to allow the Directors to fully understand the performance and position of the Group, alongside matters arising for decision. Each decision that is made by the Directors is supported by papers which analyse the possible outcomes so that an educated decision can be made based upon the likely impact on the Group, so a decision can be made which best promotes the success of the Company and considers the impact on the wider stakeholder group.

The following factors are taken into account during the decision-making process:

- (a) The likely consequences of any decision in the long term, by reference to financial forecasts and longer term financial and non-financial strategic objectives.
- (b) The interests of the Group's employees, by reference to the short- and long-term implications on likely levels of employment, job security, personal development, and succession planning.
- (c) The need to foster the Group's business relationships with suppliers, customers and others, by fostering partnerships with long term mutual benefit and win:win solutions.
- (d) The impact of the Group's operations on the community and environment, recognising that best practice is evolving in this area and there are opportunities for further improvement.
- (e) The desirability of the Group maintaining a reputation for high standards of business conduct. The Directors and the Group are committed to high standards of business conduct and governance, and the Board seeks at all times to lead by example. Where there is a need to seek advice on particular issues, the Board will seek advice from its lawyers and nominated advisors to ensure the consideration of business conduct, and its reputation is maintained.
- (f) The need to act fairly between members of the Group, by regularly meeting with investors and give equal access to all investors and potential investors, and ensuring all relevant materials are made available with equal access. Through its advisors, the Directors seek and obtain feedback from meeting with the investors and incorporate feedback into its decision making processes.

The following disclosure describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) and forms the directors statement required under section 414CZA of The Companies Act 2006.

Stakeholder engagement

Investors

The major interests in our shares are set out in page 31 of our directors' report. Key metrics for our shareholders are the share price, adjusted EBITDA, adjusted profit before taxation, and adjusted earnings per share. Through the publication of our half year and full year financial reports and engagement with shareholders we look to provide insight where possible into the group strategy and how we look to create value for our shareholders by generating strong and sustainable results that translate into earnings. We seek to promote an investor base that is interested in a long-term holding in the Group.

Investor engagement includes the AGM, one on one investor meetings with the Board or its members, and also discussions with investors when questions are asked. Other than our routine engagement with investors on topics of strategy, governance and performance, the only other matter for discussion was the evolution in board structure.

Customers and users of our products

Our direct customer comprises distributors of our products in overseas territories, and healthcare providers in the UK market. Indirectly, our products are used by clinicians and, most important of all, patients. We aim to supply products of high quality that deliver differentiated benefits to end users, offer cost effective, sustainable focused solutions to healthcare providers, and provide the opportunity for our distributors to make an appropriate return on capital employed.

We meet these objectives by maintaining facilities that meet or exceed the compliance requirements of relevant regulatory bodies, and encouraging feedback from customers and end users upon which we take action where appropriate.

Suppliers

We have a select group of local and international suppliers that are fundamental to the quality of our products, the availability of our products and to ensure that as a business we meet the high standards we expect of ourselves. We regularly engage with our suppliers to discuss performance, price and how we can continue to improve our supply chain. Key topics of engagement for the year were inflationary pressures and the ability to supply with the potential disruption of extended supply chain lead times caused by macro-economic factors. Inventory holding levels were increased where possible to help minimise any disruption to the supply chain.

Section 172 statement of the Companies Act (continued)

Employees

Employees are those individuals who are contracted to work for the Group both full and part time. The group's success is reliant on the commitment of our employees to our strategy and to maintain and deliver the high standards that the group sets for itself. We pride ourselves on a friendly and safe working environment. Given the nature of our manufacturing business we take health and safety extremely seriously. We have policies and procedures in place to look after the welfare of our employees. We offer training where it is considered beneficial to the employee and the Group. In the current year, employee engagement and staff retention continue to have importance to attract and retain key skilled personnel.

Principal decisions

We define principal decisions as both those that are material to the group, but also those that are significant to any of our key stakeholder groups. For detail as to how we established and defined our key stakeholder groups see page 17. In making the following principal decisions, the Board considered the outcome from its stakeholder engagement as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between the members of the Group.

Principal decision 1 - Setting of annual financial budget and reforecasting.

As part of the annual financial budget and forecasting, key discussions revolved around the Going Concern principle and the Group's ability to maintain adequate cash resources over the foreseeable 12 months. The importance of existing support from bank borrowings, which underpin this ability, was also emphasised. The Group continue to hold an undrawn invoice discounting facility of £1m providing additional headroom in addition to a CBILS loan £0.50m as 31 December 2024.

Principal decision 2 – Medical Device Regulations certification (MDR)

The regulatory environment remains dynamic, with notable changes such as the extension of deadlines for most of the Group's competitors to achieve certification under MDR from 2024 to 2028. Despite this shift, the Group has already made substantial investments in the path to certification. Consequently, the Board remains supportive of continued investment to achieve compliance with MDR requirements.

Principal decision 3 – Board succession planning

The Board, led by the Chairman, continues to review the tenure of Directors and the effective succession planning. During 2024 the Board retained the services of an independent executive search firm to appoint a new CFO with the requisite skills and experience for appointment in 2025.

Principal decision 4 – Operational review

As operational challenges became increasingly evident, the Board formed a sub-committee to tackle the issues. A significant restructuring of the business was carried out and finalised by September 2024, which included a reduction in headcount from 105 to 85. Additionally, the restructuring of commercial activities, with a focus on the UK market, led to the removal of lower-margin products from the portfolio.

The Board continually review and develop the strategy, the vision and mission statement has been revised in collaboration with the executives and leadership team to provide further clarity and focus to reach our objectives.

Jonathan Glenn
Non-executive Chairman
29 May 2025

Environmental, Social and Governance

As part of our strategic objectives, focusing on the Environment, Products and People we are committed to developing an Environment, Social and Governance Framework.

Environment	Social		Governance
Planet	People	Product	Policy
Objective			
To have a net zero carbon footprint by 2030	To create an engaged supportive culture	To be recognised for providing the most sustainable high performing products	To uphold the highest standards of corporate governance

Progress and commitments

<p>To minimise negative impact on the environment the Group set a goal in 2022 to achieve Carbon Net Zero by 2030 across GHGP Scope 1 and 2 emissions. A target to achieve full Net Zero (including indirect Scope 3 emissions) will then be set in line with the UK Government target of 2050 and the NHS target for NHS Zero by 2040 (NHS Net Zero Plus by 2045).</p> <p>We are committed to the ongoing process of reducing carbon emissions by:</p> <ul style="list-style-type: none"> • A stage approached introduction greener technology by replacing our diesel fleet with lower emission cars. • Replacing old lighting with LED in many areas. • Ensuring that none of our waste goes to landfill and all non-recycled waste is incinerated creating energy from waste. • Increasing awareness through improved monitoring and measuring. • Establishing a CO2 reduction plan. 	<p>Engagement is a key component of our strategy. We offer our employees a supportive working environment with a positive culture, including:</p> <ul style="list-style-type: none"> • A 9-day working fortnight initiative to retain and attract key skilled employees. • Flexible working patterns to improve employee wellbeing making staff happier, more focused, and improve work-life balance. • Establishing employee-led committees in key areas to develop personnel and empower them, including: <ul style="list-style-type: none"> ◦ Environment, Health & Safety (EHS) ◦ Social and Charity – Having a positive impact on the local community through charitable activities and donations • Introduced a range of benefits to support health & wellbeing • Raising awareness & support of I,D&E • Improving the safety culture by: <ul style="list-style-type: none"> ◦ Engaging an Occupational Hygienist ◦ Improving EHS statutory maintenance ◦ Conducting regular Safety tours. 	<p>Our products are already considered to be high performing and our Resposable™ concept, which is part reusable and part disposable, provides a more effective sustainable solution for the hospitals.</p> <p>We are seeking to improve sustainability of our products by:</p> <ul style="list-style-type: none"> • Identifying more sustainable materials (mass balance approach) and reduction in plastic consumption. • Identifying more efficient materials that will enable less material to do more or enable us to design the product around the properties of the material. • Further transition to recyclable packaging. • Focus R&D on waste reduction projects. 	<p>We recognise and are committed to the need for high standards of Integrity, Ethics and Compliance within the organisation.</p> <p>To ensure we maintain high ethical standards we:</p> <p>Uphold external standards to protect human rights. Have zero tolerance of corruption, bribery and fraud. Monitor equal pay regardless of gender, ethnicity or disability. In order to ensure compliance, we are maintaining:</p> <ul style="list-style-type: none"> • Full legal reviews of our compliance regarding H&S. • A risk management platform for chemical and machinery assessments. • EHS legal registers and improved reporting protocols and methodologies. • Our medical device QMS approvals globally. • Our Medical Device product approvals globally. • Our commitment to modern slavery policy • Robust data governance & compliance.
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Board of Directors

Jonathan Glenn – Non-executive Chairman

Jonathan joined the Board in May 2023 as a Non-executive Director.

Jonathan is an experienced board director and chairman, with an excellent track record in the healthcare sector. He is currently Non-executive Chairman of Tissue Regenix plc and Torbay Pharmaceuticals Ltd. Jonathan was formerly Group CEO of Consort Medical Plc from 2007 to 2020, until it was acquired by Recipharm plc for £505m in February 2020. Jonathan led the business as CEO until its acquisition. Jonathan is a member of the Institute of Chartered Accountants in England and Wales.

David Marsh – Chief Executive Officer

David joined the Group as Group Commercial Director in August 2017 as part of the acquisition of Elemental Healthcare Ltd. In February 2019 David was appointed CEO.

David has over 25 years' experience within the medical industry, 20 of which have been in senior management positions. David joined Auto Suture (Medtronic) in 1991 before being appointed Sales Director then General Manager of SkyMed Ltd. Following the acquisition of SkyMed by Gyrus, David was appointed Managing Director of the Direct Operations in U.K. Benelux and Germany, before assuming the position of Vice President of Sales and Marketing for Europe. As part of the Gyrus Senior Management team, David was involved in the many acquisitions made by the Company and led the European integration of the enlarged business. During his career David has been responsible for the introduction of a number of key technologies across a broad spectrum of specialities. In 2006 David was Co-Founder of Elemental Healthcare Ltd.

Chris Martin – Chief Financial Officer / Company Secretary

Chris joined the Group as Group Financial Officer in June 2024

Chris previously worked at Weir Mineral Europe Ltd, where he served as regional finance director for Europe, North Africa, and Central Asia for six years.

Chris stepped down from his position in February 2025.

Brent Greetham – Chief Financial Office/ Company Secretary

Brent joined the Group as Group Financial Officer in February 2025.

Brent brings with him over 25 years' experience in the life sciences sector, having held senior finance leadership roles in various life science, biotech, and manufacturing organisations. His most recent role was with Charles River Laboratories, where he served as the Senior Finance Director for their Discovery division for nearly seven years. Prior to this, from 2011, Brent held finance leadership roles with Thermo Fisher Scientific, Gilead Sciences and Mission Therapeutics. Brent became a Chartered Accountant in 2004, having initially studied at Sheffield Hallam University, obtaining a degree in Accounting and Finance. Brent began his career in 1998 with the Grampian Country Food Group

Keyvan Djamarani – Non-executive Director

Keyvan joined the Group in December 2023 as a Non- executive Director.

Keyvan has over 30 years' relevant experience, holding numerous leadership roles in product development within manufacturing organisations covering medical and pharmaceutical drug delivery devices. He has a track record of delivering increased sales, profitability and business critical programmes and projects. Most recently he spent over nine years as Managing Director/Business President at Bepak Europe, a medical and pharmaceutical drug delivery devices business. Keyvan began his career at Unilever working in their Detergents and Personal Products Divisions prior to joining Bepak. At Bepak, Keyvan held several roles across their European and North American divisions. Within this period, from 2002 to 2005, Keyvan was General Manager and President of Bepak Inc. and from 2010 to 2013, Keyvan became CEO of King Systems, an airways management business, encompassing design, development and manufacture of airway management products. Keyvan was most recently a Non-executive Director of CEME Ltd, a not-for-profit business enterprise operating on a 19-acre campus, home to over 100 engineering, technology and training businesses – a role he held for over 16 years.

The Board is mindful of the need to keep skills and experience up to date, each board member actions this through a combination of courses, continuing professional development through professional bodies, reading and on the job experience.

Executive Team

Alongside the Executive Directors, the wider executive team is also responsible for providing strategic and operational leadership within the organisation. This team operates as an interdependent, collaborative decision-making body – strategically executing the Company's mission and vision.

Steve Seed - Chief Compliance Officer

Stephen Seed, Chief Compliance Officer, graduated in Geology from Sheffield in the 1980's and began his career in the mining industry as a Shift Chemist, moving into the chemical industry and becoming a Quality Manager in 1989. He joined H B Fuller Plc, an international adhesive manufacturer, as UK Quality Manager, where he studied for a Diploma in Quality Assurance and became a Chartered Quality Professional. In 2006 Steve moved into the medical device industry at Surgical Innovations as Quality Manager, where he gained a National Diploma in Health and Safety and became a Chartered Health and Safety Practitioner. Steve moved on to gain wider experience in the medical device industry, first as QA/RA Manager in a medical lighting company, moving to a medical textile implant company where he became Compliance Director in 2014, worked closely with the R&D team to introduce a range of new devices, gained a master's degree in Medical Technology and Regulatory Affairs, and became a member of The Organisation for Professionals in Regulatory Affairs. In 2019 Steve returned to Surgical Innovations to head up the Compliance team and is responsible for Quality, Regulatory Affairs, Research and Development, Health and Safety and Environment.

Toby Lawrence - Production Director

Toby has 25 years' experience in Manufacturing across Automotive, Electrical and now Medical sectors. Toby Qualified as a Mechanical Engineer in 1998 and took up a position as a Manufacturing Engineer with Parker Hannifin, where he progressed through a number of roles focused on new product introduction, in to site across Europe. Toby ultimately progressed into a role Managing the operational functions for a product line within the business. From 2015 and 2017 Toby took up a role with Federal Mogul managing various elements of their piston pin manufacturing business. From 2017 to 2022 Toby moved into the electrical industry with Schneider Electric taking up a senior leadership role responsible for Industrial Engineering and facilities across the Leeds site. In 2022 Toby joined Surgical innovations and has quickly progressed to the Production Director role where he oversees the Production and Supply chain functions. Toby resigned his position and will leave the business at the end of May 2025.

Julia Horrocks-Taylor - HR Director

Julia is a Chartered Member of CIPD with over 20 years' experience as a HR professional, predominantly gained within manufacturing organisations, including beverage and automotive industries. Julia joined Surgical Innovations in January 2023, having spent the previous 6 years working for Kongsberg Automotive in Senior Leadership roles covering the UK and Netherlands, and contributing to wider global HR change initiatives. In July 2023 Julia was appointed HR Director to join the Executive team, with a focus on driving the strategic objectives of the business through people centric initiatives.

Chairman's corporate governance statement

I am pleased to introduce the corporate governance section of our report.

Surgical Innovations Group PLC remains committed to high standards of corporate governance in all of its activities and reports against the Quoted Companies Alliance Corporate Governance Code, a full version of which is available at the QCA website <https://www.theqca.com>. The Board recognises the value of the Code and good governance and as far as is practicable and appropriate for a public company of the size and nature of Surgical Innovations Group PLC, adheres to it. The Board regularly reviews guidance from regulatory bodies, supported by its Nominated Adviser, and responds as appropriate. As a business traded on the AIM Market of the London Stock Exchange and operating in markets based on regulatory frameworks, the Group is familiar with the benefits and challenges associated with maintaining strong and effective governance. In this regard the Board remains focused on the need for a system of corporate governance which delivers compliance with regulation whilst enhancing the performance of the Group. This includes recognising the need to manage and mitigate the risks faced by the business across all of its activities.

The Group operates on the premise that best practice is normal practice striving to ensure that regulatory standards are met and, where possible, exceeded. The Company sets clear policy and objectives on its expectations on corporate social responsibility from the Board, to the top of the management team and throughout the organisation. We are proud of our culture, where all staff feel responsible for making a difference in delivering high standards within the organisation and to our customers, stakeholders and local communities. To ensure that the business achieves its objectives we invest in people and the business. We recognise the need for continual development and improvement in all our standards and measure performance year-on-year.

Each of the Board's standing Committees (Audit, Nomination and Remuneration) continued to be active during the year.

As Chairman, one of my roles is to ensure that I am available to our major shareholders to discuss strategy and governance matters. During the year I held individual meetings with some of the Group's major shareholders.

The Board has a pro-active investor relations programme and believes in maintaining good communication with all stakeholders including institutional and private shareholders, analysts and the press. This includes making the Executive Directors available to meet with institutional shareholders and analysts following the announcement of interim and final results. The Board receives feedback from these meetings and uses this to refine its approach to investor relations.

The QCA Code is constructed around ten broad principles which focus on the pursuit of medium to long-term value for shareholders without stifling the entrepreneurial spirit in which the Company was created. These ten principles are set out from pages 23 to 26.

As a Company we strive to fulfil these ten broad principles, and our website and this Annual Report and Accounts cover this.

Corporate Governance Report

The Group aims to operate to high standards of moral and ethical behaviour. All members of the Board fully support the value and importance of good corporate governance and in our accountability to all of the Company's stakeholders, including shareholders, employees, customers (including patients and healthcare professionals), distributors, suppliers, regulators and the wider community.

The corporate governance framework which the Group has set out, including board leadership and effectiveness, remuneration and internal control, is based upon practices which the Board believes are proportionate to the risks inherent to the size and complexity of group operations.

The Board considers it appropriate to continue to adopt the principles of the Quoted Companies Alliance Corporate Governance Code ("the QCA Code") published in April 2018. The extent of compliance with the ten principles that comprise the QCA Code, together with an explanation of any areas of non-compliance, and any steps taken or intended to move towards full compliance, are set out below:

Principle	Extent of current compliance	Commentary	Further disclosure(s)
1. Establish a strategy and business model which promote long term value for shareholders.	Fully compliant	<p>Group business strategy is summarised in the Mission Statement approved by the Board in April 2022, entitled "To provide high-performing medical devices for surgeons leading to improved clinical outcomes for patient, with a focus on sustainable instrumentation to make a positive impact on the environment".</p> <p>Strategic issues, and the appropriate business model to exploit opportunities and mitigate risks, are under continuous review by the Board, and reported periodically. The Board also held its first two-day strategy meeting in January 2024.</p> <p>Key risks and mitigating actions are detailed in the Principal risks and uncertainties section of the Annual Report.</p>	<p>Go to www.sigroupplc.com and follow About Us then Our Business Activities</p> <p>Strategic Report section of the Annual Report</p>
2. Seek to understand and meet shareholder needs and expectations	Fully compliant	<p>Regular meetings are held with institutional and private shareholders, during which structured feedback is sought and, where considered appropriate, acted upon.</p> <p>Shareholder liaison is principally undertaken by the Chief Executive Officer and the Chief Financial Officer, supplemented by the involvement of the Chairman as required.</p>	<p>Go to www.sigroupplc.com and follow Investor Centre then Meetings & Voting</p>
3. Take into account wider stakeholder and social responsibilities and their implications for long term success	Fully compliant	<p>Directors and employees adopt a broad view during decision making to take meaningful account of the impact of our business on all key stakeholder groups.</p> <p>The Board recognises that the Company's long-term success is reliant on the efforts of its employees, customers and suppliers and through maintaining relationships with its regulators.</p> <p>Feedback from employees, customer groups, suppliers and others is actively encouraged.</p>	<p>Go to www.sigroupplc.com and follow About Us then Corporate Social Responsibility</p>
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation	Fully compliant	<p>The Group operates a system of internal controls designed (to the extent considered appropriate) to safeguard Group assets and protect the business from identified risks, including risk to reputation. Financial risks, including adequacy of funding and exposure to foreign currencies, as well as commercial and operational risks.</p> <p>Once identified the process will evaluate identified risks to establish root causes, financial and non-financial impacts and likelihood of occurrence.</p>	<p>Principal risks and uncertainties section of Annual Report</p>

Corporate Governance Report (continued)

Principle	Extent of current compliance	Commentary	Further disclosure(s)
5. Maintain the Board as a well-functioning, balanced team led by the Chair	Fully compliant	<p>Supply chain delays in both raw materials and finished goods have affected the business throughout 2024, though the impact has been less severe compared to the previous year</p> <p>The Board is supported by appropriate board committees which are each chaired by one of the non-executive directors.</p> <p>An annual record of attendance at Board meetings is included in the Annual Report at the conclusion of each year (page 27).</p> <p>The Non-executive Chairman's responsibilities approximate to one day per week, other Executive Directors are expected to work full time. Non-executive Directors are expected to commit sufficient time to fulfill their role – this is a minimum of two days per month.</p> <p>The attendance by the members of the Board at the meetings is recorded and reviewed annually.</p>	<p>Board section of Annual Report</p> <p>Corporate Governance section of Annual Report</p>
6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	Fully compliant	<p>The Board has been satisfied that the current composition provides the required degree of skills, experience, diversity and capabilities appropriate to the needs of the business. Steps are taken to challenge the status quo and to encourage proper consideration of any dissenting opinion. Board composition and succession planning are subject to continuous review and have changed going into the current year taking account of the potential future needs of the business.</p> <p>The Board has not taken any specific external advice on a specific matter, other than in the normal course of business as an AIM quoted company. The Directors rely on the Company's advisory team to keep their skills up to date and through attending market updates and other seminars provided by the advisory team, the London Stock Exchange plc and other intermediaries.</p> <p>The Company Secretary ensures that the Board and its committees are supplied with papers to enable them to consider matters in good time for meetings and to enable them to discharge their duties. Procedures are in place for the Directors in the furtherance of their duties to take independent professional advice, if necessary at the Company's expense.</p> <p>The Chair of the Audit Committee in his capacity of being independent provides advice and support to the Board.</p>	<p>Board section of Annual Report</p> <p>Audit Committee in Corporate governance</p>

Governance Report (continued)

Principle	Extent of current compliance	Commentary	Further disclosure(s)
7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	Compliant	<p>The Board is responsible for setting the Group's policy on Directors' remuneration and the Remuneration Committee decides on the remuneration package of each Executive Director.</p> <p>The primary objectives of the Group's policy on executive remuneration are that it should be structured so as to attract and retain executives of a high calibre with the skills and experience necessary to develop the Company successfully and, secondly, to reward them in a way which encourages the creation of value for the shareholders. The performance measurement of the Executive Directors and the determination of their annual remuneration package is undertaken by the Remuneration Committee. No Director is involved in setting their own remuneration.</p> <p>The Chairman has actively encouraged self-evaluation by all board members, and feedback on the conduct and content of board meetings.</p> <p>The Non-executive Directors have the opportunity to meet without the Executive Directors in order to discuss the performance of the Board, its committees and individual Directors. A performance evaluation was carried out during the year.</p> <p>All Directors are required to update their skills and train where necessary in their field of expertise.</p> <p>All Directors are required to stand for re-election every other year. The terms and conditions of appointment of the Non-executive Directors are available for inspection at our registered office.</p>	
8. Promote a corporate culture that is based on ethical values and behaviours	Fully compliant	<p>The Board promotes high ethical and moral standards which are set out in the Mission Statement. The board and all employees expect to be judged by, and accountable for, their actions. The business operates in a highly regulated environment, which promotes the benefits of high moral standards and rewards good behaviour over the long term.</p> <p>The Board has recognised that culture is an important aspect of its strategic priorities which ultimately drives the Group towards its mission.</p> <p>The Board promotes agility, innovation, hard work and ethical behaviours underpinned by the Group's framework of ethical codes. The Board invests in the employees training and development with clear progression and career plans that allow them to flourish. The Board delivers consistent training, communication and policy across the Group and within different work groups. The Board recognises that it is advantageous to promote differing cultures within different functions of the organisation which all contribute to the overall culture of the business.</p>	

Corporate Governance Report (continued)

Principle	Extent of current compliance	Commentary	Further disclosure(s)
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	Fully compliant	<p>The Board as a whole shares responsibility for sound governance practices.</p> <p>The Chief Executive Officer (CEO) reports to the Board. In addition to his collective responsibilities as a director, he is responsible for the oversight of the strategic and operating performance of the Group.</p> <p>The Chief Financial Officer (CFO) reports to the CEO. In addition to the collective responsibilities as a director, the CFO is primarily responsible for all aspects of financial reporting to the Board and key stakeholders, as well as maintaining communication with investors and other key stakeholders.</p> <p>Details of the audit, remuneration and nomination committees are set out in the Corporate Governance section of the website. The Non-executive Directors provide the membership of each of the committees. The Company will provide an update after Paul's planned departure at the AGM.</p>	<p>Board section of Annual Report</p> <p>Corporate Governance Section of Annual Report</p>
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	Fully compliant	<p>The Board attaches great importance to providing shareholders with clear and transparent information on the Group's activities and strategy. Details of all shareholder communications are provided on the Company's website, including historical annual reports and governance related material together with notices of all general meetings for the last five years. The Company discloses outcomes of all general meeting votes.</p> <p>The Company has appointed a professional financial public relations firm with an office in London to advise on its communications strategy and to assist in the drafting and distribution of regular news and regulatory announcements. Regular announcements are made regarding the Company's investment portfolio as well as other relevant market and regional news.</p> <p>The Company lists contact details on its website and on all announcements released via RNS, should shareholders wish to communicate with the Board.</p>	Go to www.sigroupplc.com and follow Investor Centre then Meetings & Voting

Corporate Governance Report (continued)

Board and Committee Meetings

The Board meets on a formal basis regularly, and the members are presented with financial and operational information in advance of these meetings. During 2024 there were 10 Board Meetings, 2 Remuneration Committee meetings and 2 Audit Committee meetings.

The Directors attended the following meetings in the year to 31 December 2024.

	Board Meeting	Remuneration Committee	Audit Committee
Jon Glenn	10	2	2
David Marsh	10		2
Keyvan Djamarani	10	2*	2*
Paul Hardy ¹	1		1
Charmaine Day ¹	1		
Chris Martin ²	5		

**Chair of Committee*

1. Resigned during the year

2. Appointed during the year

Audit Committee

Aims and Objectives:

The primary aim of the Committee is to oversee the integrity of the Group's Financial Statements and formal announcements, as well as its accounting processes, and to assess the effectiveness of its internal controls and risk management system. Additionally, the Committee plays a vital role in supporting the Board's obligation to ensure that the Group's financial systems furnish precise and current information concerning its financial standing. Furthermore, the Committee assists the Board in determining whether the Group's published Financial Statements adhere to principles of fairness, balance, and comprehensibility.

In addition, the Committee is responsible for:

- considering annually whether there is a need for an internal audit function and reporting its view and findings to the Board;
- conducting the tender process and making recommendations to the Board, about the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor; This is reviewed annually.
- reviewing and monitoring the external auditor's independence and objectivity;
- reviewing the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements; and
- developing and implementing policy on the engagement of the external auditor to supply non-audit services, ensuring there is prior approval of non-audit services, considering the impact this may have on independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the Board on any improvement or action required.

The Audit Committee discharges its responsibilities through receiving reports from management and advisers, working closely with the auditors, carrying out and reviewing risk assessments and taking counsel where appropriate in areas when required to make a judgement.

Corporate Governance Report (continued)

The Board has overall responsibility for the Group's system of internal controls and for monitoring its effectiveness. Such a system is designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The internal controls are considered within the 'Principal risks and uncertainties' section of the Strategic Report on pages 14 to 16.

In addition to reviewing the Annual Report and Financial Statements and the Interim Report prior to their submission to the Board for approval, it keeps the scope, cost effectiveness (including monitoring the level of non-audit fees), independence and objectivity of the external auditors under review. It provides a forum through which external auditors report to the Board and assists the Board in ensuring that appropriate policies, internal controls and compliance procedures are in place.

Remuneration Committee

The Committee is chaired by Keyvan Djamarani together with Jon Glenn and the committee is responsible for determination of service contracts, remuneration, other benefits and remuneration policy for the Company's executive directors and senior executives. Details of the remuneration are disclosed in note 4 of the financial statements on page 52.

The review of the remuneration policy is a systematic and comprehensive process overseen by the Remuneration Committee. It entails a thorough examination of market trends, regulatory requirements, and the Company's strategic objectives. Additionally, feedback from shareholders and relevant stakeholders is carefully considered to ensure alignment with best practices and the evolving needs of the business environment. The Committee evaluates various elements of the remuneration policy, including base salaries, incentives, benefits, and long-term incentive plans, to ascertain their effectiveness in attracting, motivating, and retaining top talent. This diligent review process aims to foster transparency, accountability, and alignment with the Company's overarching goals and values.

Type	Purpose	Framework
Base salary The base salary serves as a competitive fixed remuneration aimed at attracting, retaining, and motivating Executive Directors and Senior Management of the requisite caliber to effectively execute the Company's strategic objectives. It provides a fundamental level of compensation commensurate with role responsibilities, individual performance, and market standards, thereby ensuring alignment with organisational goals.	Under the policy, base salaries are determined considering factors such as experience, role complexity, and performance metrics, both at an individual and organisational level. These determinations are informed by external market data to maintain competitiveness. Annual salary reviews are conducted, typically effective from 1st July, with adjustments made as necessary. The Committee retains discretion to grant higher increases beyond standard increments, particularly in cases of increased responsibility, role progression, or changes within the Group's structure. Details of Executive Directors' current salaries are provided for transparency and accountability.	Performance assessments for base salary allocations encompass a comprehensive evaluation of individual contributions, business achievements, and market benchmarks. The process involves a thorough analysis of factors such as experience, role complexity, and performance metrics to ensure alignment with strategic objectives and market competitiveness.
Benefits Benefits aim to offer a competitive level of supplementary provisions to Executive Directors and their families, enhancing overall remuneration packages. Inclusion of benefits like private medical insurance ensures the well-being and satisfaction of key personnel, fostering retention and commitment to organisational goals.	The provision of private medical insurance stands as a key benefit without a predetermined maximum cost, ensuring comprehensive coverage for eligible individuals and their families. This benefit underscores the Company's commitment to supporting the health and welfare of its leadership team.	Benefit provision is assessed based on its ability to enhance overall remuneration competitiveness and support the well-being of executives and their families. Performance evaluations consider factors such as the comprehensiveness of coverage, alignment with industry standards, and the perceived value to recipients.

<p>Pension</p> <p>The pension component of the remuneration package aims to offer market-competitive benefits to Executive Directors and Senior Management, facilitating their recruitment and retention. By providing a robust pension scheme, the Company ensures the long-term financial security of key personnel, aligning with strategic goals of talent acquisition and retention.</p>	<p>Executive Directors contribute a minimum contribution of 3% of their salary into a defined contribution plan, with the Company matching this contribution at a fixed rate of up to 5%. This structure ensures parity across the workforce while accommodating individual preferences within regulatory constraints. In cases where limitations on individual personal pension funds are encountered, employees have the flexibility to substitute pension contributions for salary, ensuring equitable treatment. The intention to maintain pension levels consistent with the broader workforce underscores the Company's commitment to fairness and equality in remuneration practices.</p>	<p>Performance evaluation for pension benefits focuses on ensuring parity and competitiveness with industry standards. Assessments consider factors such as contribution rates, coverage, and flexibility to accommodate individual preferences. The framework ensures that pension provisions remain aligned with strategic objectives of talent retention and long-term financial security for key personnel.</p>
<p>Bonus</p> <p>The Annual Performance Bonus is designed to incentivise and reward Executive Directors for their contributions towards achieving annual financial and operational objectives aligned with the Company's medium to long-term strategic imperatives. By linking bonuses to both organisational performance and individual targets, this element encourages executives to drive business growth while aligning their efforts with overarching strategic goals.</p>	<p>Executive Directors become eligible for the Annual Performance Bonus, the determination of which rests with the Committee, contingent upon the Group's financial performance and the attainment of predefined personal objectives. The absence of a financial underpin grants the Committee greater discretion in awarding bonuses based on individual achievements. Maximum bonus percentages, outlined for transparency, provide clarity on potential compensation. Performance evaluation incorporates both financial metrics, such as Group revenue and profit before tax, non-financial objectives, and adherence to organisational values. Flexibility in adapting bonus measures or weightings ensures alignment with evolving business needs.</p>	<p>Performance evaluation for the Annual Performance Bonus integrates a balanced approach, incorporating quantitative financial metrics and qualitative assessments of individual contributions. The framework assesses achievements against predetermined financial targets and personal objectives, ensuring alignment with strategic priorities and organisational values.</p>
<p>Long-term-Incentive Plans</p> <p>The Long-Term Incentive Plan (LTIP) is instrumental in aligning the interests of Executive Directors and Senior Management with shareholders, incentivising sustained value creation over the long term. By linking rewards to both financial and operational performance metrics, the LTIP reinforces commitment to the Company's strategic objectives while fostering shareholder confidence and organisational stability.</p>	<p>Under the LTIP, eligible participants have the ability to receive annual grants subject to performance conditions and ongoing employment. The maximum annual award, capped at 200% of salary, underscores the commitment to prudent risk management and alignment with shareholder interests. Performance vesting is contingent upon predetermined metrics, including Total Shareholder Return (TSR) and Earnings Per Share (EPS) growth, ensuring that rewards are commensurate with sustained value creation.</p>	<p>Performance evaluation for the LTIP integrates rigorous analysis of financial and operational metrics over the long term. The framework assesses achievements against predetermined performance criteria, including TSR and EPS growth, to ensure alignment with strategic objectives and shareholder interests. Flexibility in adjusting performance conditions allows for responsive adaptation to changing business environments, thereby enhancing the LTIP's effectiveness in incentivising sustained value creation and executive performance.</p>

Executive Directors' Remuneration During Recruitment:

Upon the appointment of an Executive Director, the Committee may leverage all existing components of remuneration. The salary offered will be commensurate with the individual's experience, skills, prevailing market data, and current salary levels. Additionally, they will be entitled to personal pension contributions, medical insurance coverage, and participation in share schemes. Adhering to best practices outlined in the Code, it is the Committee's intention to align pension contributions with rates available to the broader workforce for future Executive Director appointments.

The service contracts for Executive Directors are of indefinite duration and can be terminated by either party upon providing a minimum of 12-months' written notice.

Non-Executive Directors:

Non-Executive Directors are engaged under arrangements subject to termination by either party with a notice period of six months. The Chairman, with input from executive directors and industry benchmarking, recommends the remuneration for the Non-executive Directors. Guidance for the Chairman's remuneration is provided by the Senior Independent Directors. Approval is granted by the rest of the Board. They receive reimbursement for travel expenses, do not partake in incentive schemes, and have confirmed their acceptance of solely the stated remuneration without any additional benefits or compensations.

Nominations Committee

The Nominations Committee oversees succession planning, evaluates the structure, size, and composition of the Board, and proposes candidates to fill any vacancies on the Board. The process is outlined below:

Considerations for Vacancy Identification:

- Identifying the existence of a vacancy within the organisation.
- Evaluating the present and future needs of the organisation.
- Assessing the requisite personal skills and qualifications.

Appointment of an Executive Search Consultancy Considerations:

- Evaluating the market reputation of the consultancy.
- Assessing the reach of the consultancy.
- Ensuring alignment with Group Culture, Mission, Vision, and Values.

Search Process: Production of a Long List Considerations:

- Assessing the skillset and experience of potential candidates.
- Considering diversity factors such as gender, ethnicity, and background.

Production of a Short List Considerations:

- Identifying candidates with specific skills and experiences.
- Assessing the potential for overboarding.

Appointment Considerations: Recommendation to the Board:

- Presenting due diligence findings to the Board for consideration.

Looking ahead to 2025, the Committee will prioritise supporting the appointment and smooth onboarding of the new Chief Financial Officer, alongside continued succession planning for a new Non-executive Director. We will also maintain our focus on identifying the resources needed to support the development of the Senior Management Team and explore opportunities for internal succession. In addition, we are committed to accelerating progress on our comprehensive equality, diversity, and inclusion action plan.

Jonathan Glenn

Non-executive Chairman

29 May 2025

Directors' Report

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2024.

Principal activities

The Company is the holding Company of a Group whose principal activities in the year involved the design, development, manufacture and sale of devices for use in minimally invasive surgery (SI Brand), along with own label products through original equipment manufacturer (OEM) relationships including precision engineering markets (PE). The Group sells branded products through Elemental Healthcare Ltd (Distribution) and independent healthcare distributors across the world.

Results and dividends

The Consolidated statement of comprehensive income for the year is set out on page 39.

Given the results for the financial year, the Directors do not recommend the payment of a dividend (2023: £nil).

Substantial shareholdings

Other than the Directors' own holdings, the Board has been notified that, as at 29 May 2025, the following shareholders on the Company's share register held interests of 3% or more of the issued ordinary share capital of the Company:

	Number of shares	%
Thalassa Holdings	207,980,101	22.30
Getz Bros & Co	134,062,863	14.37
BGF Investments	70,725,099	7.58
Hargreaves Lansdown Asset Mgt	62,934,078	6.75
Interactive Investor	42,615,669	4.57
Mr David Marsh	31,562,000	3.38
Mr Charles WN John	28,396,111	3.04
Mr G L A Dow	27,980,000	3.00
Ms L Freeman	27,980,000	3.00

Directors' interests

The interests in the share capital of the Company of those Directors in office at the end of the year and during the year were as follows:

Ordinary shares of 1p each	31 December 2024 Beneficial	1 January 2024 Beneficial
J Glenn	1,315,482	1,315,482
D Marsh	31,562,500	31,562,500

Details of Directors' interests in respect of share options are set out on page 53. There were no other changes in Directors' interests between the year end and 14 March 2025, being the last practicable date prior to publication of this document, and no Director has an interest in any material contract, other than contracts of service and employment, to which the Group was a party.

Directors' indemnities

Directors' and officers' insurance cover has been established for all Directors to provide appropriate cover for their reasonable actions on behalf of the Company. A deed was executed indemnifying each of the Directors of the Company and/or its subsidiaries as a supplement to the Directors' and officers' insurance cover. The indemnities, which constitute a qualifying third-party indemnity provision as defined by section 236 of the Companies Act 2006, were in force during the 2024 financial year and remain in force for all current and past Directors of the Company.

Research and development

The Group's activities in this area have focused principally on the continuing development of innovative instruments for use in the field of Minimally Invasive Surgery (MIS).

Directors' Report (continued)

Employees

The commitment and ability of our employees are key factors in achieving the Group's objectives. Employment policies are based on the provision of appropriate training, whilst personal appraisals support skill and career development. The Board encourages management feedback at all levels to facilitate the development of the Group's business. The Group seeks to keep its employees informed on all matters affecting them by regular management and departmental meetings.

It is the Group's policy to give full and fair consideration to all applications for employment from disabled persons having regard to their particular aptitudes and abilities and to encourage the training and career development of all personnel employed by the Group, including disabled persons. Should an employee become disabled, the Group would, where practicable, seek to continue the employment and arrange appropriate training.

Financial risk management policies

The Group's activities expose it to a variety of financial risks as set out below with further quantitative analysis in note 13.

a) Exchange rate risk: The principal financial risk exposure relates to importing and exporting goods in US Dollars and importing goods in Euros.

b) Credit risk: The Group is exposed to credit risk through offering extended credit terms to those customers operating in markets where extended payment terms are themselves taken by local government and state organisations. The Group is also exposed to credit risk through customer concentration. Both of these aspects of credit risk are managed through constant review and personal knowledge of the customer concerned. Payment plans are agreed and monitored in all such cases to minimise credit risk.

c) Liquidity risk: The Group manages its liquidity needs by carefully monitoring all scheduled cash outflows. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 13 week projection. Longer-term needs are monitored as part of the Group's regular rolling monthly re-forecasting process. Funding for long-term liquidity is secured by an adequate amount of committed credit both through working capital and asset finance facilities.

d) Interest rate cash flow risk: The Group has both interest-bearing assets and interest-bearing liabilities. Interest-bearing assets include only cash and cash equivalents which are held on deposit at both fixed and floating rates. Interest-bearing liabilities include hire-purchase liabilities which are at fixed interest rates, and also bank borrowings which are at floating rates of interest.

Future developments

The future developments of the Group are discussed in the strategic report.

Going concern

The Directors continue to adopt the going concern basis in the preparation of the financial statements. The Directors have considered the period of at least 12 months from the date of approval of the financial statements in making this assessment.

The Directors have prepared forecasts for the period to December 2026 based on a full evaluation of the Group's trading activities and costs base, sensitised to reflect a rational judgement of the level of inherent risk.

Financial headroom as of 31 December 2024 was £0.9m with the invoice discounting facility remaining largely undrawn.

The Board is satisfied that there is headroom including testing any sensitivities under reasonably possible scenarios, and the Directors conclude that it continues to be appropriate to prepare the Annual Report and Accounts on a going concern basis.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report, the Directors' Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Group financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and UK-adopted international accounting standards, as required by AIM Rules of the London Stock Exchange, as well as applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Directors' Report (continued)

Under company law the 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 their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the UK and;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors of the Company who held office at the date of approval of this Annual Report as set out above each confirm that:

- so far as each Director is 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 in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditor

The Group reappointed Saffery LLP as auditor in June 2024. A resolution for their re-appointment as independent auditor will be proposed at the 2025 AGM.

By order of the Board

Chairman
29 May 2025

Opinion

We have audited the financial statements of Surgical Innovations Group Plc (the ‘parent company’) and its subsidiaries (the ‘group’) for the year ended 31 December 2024 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of changes in equity, the consolidated and company balance sheets, the consolidated cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101, Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:
the financial statements give a true and fair view of the state of affairs of the group and of the parent company as at 31 December 2024 and of the group’s loss for the year then ended;
the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
the parent company financial statements have been properly prepared in accordance with United Kingdom Accepted Accounting Practice; and
the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our approach to the audit

We tailored the scope of our audit to ensure that we obtained sufficient evidence to support our 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.
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.
The group consists of the parent company and three subsidiaries, all of which are based in the UK. Full scope audit procedures have been carried out by the parent auditor on all material subsidiaries, no work was undertaken by component auditors.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our 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) we identified, 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 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.

Key Audit Matter	How our scope addressed this matter
<p>Going Concern</p> <p>The going concern assumption is a fundamental and pervasive principle in the preparation of financial statements. The further decline in cash headroom during 2024 gives rise to a greater inherent risk and raises concerns as to whether the group has sufficient resources to continue to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements.</p> <p>Due to the significance of the going concern assumption to the financial statements and the current economic conditions, going concern is considered to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none">- obtaining and critically appraising the Directors’ formal going concern assessment including the ability of the group to grow revenue, maintain gross profit margin and manage costs within the group;- reviewing projected cash flows and other available evidence to assess the ability of the group and the parent company to continue in operation for the twelve months after the date of signing;- reviewing management’s sensitised forecasts considering realistic scenarios including challenges presented by the current economic environment in order to test the robustness of the forecast model, considering any mitigating actions that could be taken in light of the sensitivities;

	<ul style="list-style-type: none"> - preparing our own sensitivities on assumptions to assess headroom available under reasonably possible scenarios; - considering covenant compliance in the year, assessing management's expectation regarding future covenant compliance and reviewing managements sensitised forecast covenant compliance for the period 12 months after the date of signing; - evidencing finance facilities available to the group; - discussing post balance sheet events with the Directors to assess their impact on the going concern assumption including reviewing the post year end cash balances compared to forecast positions; and, - reviewing the disclosures included in the narrative section of the annual report and the accounting policies which describe the going concern basis of accounting to ensure that it is an accurate reflection of the basis for which the group is a going concern. <p>Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.</p>
<p>Carrying value of goodwill and related parent-company investments</p> <p>In line with the requirements of IFRS, management test cash generating units (CGU's) for impairment annually if the CGU includes goodwill and when impairment indicators are present for CGU's which do not contain goodwill.</p> <p>Impairment indicators were identified in the year including trading losses and a decline in the market capitalisation of the Group, resulting in impairment reviews being performed on both the Surgical Innovations Limited and Elemental Healthcare Limited CGU's.</p> <p>There is an associated risk in the Parent Company balance sheet over the potential impairment of the investment in subsidiary undertakings, the impairment assessment for which is based on the same discounted cash flow model used for assessing impairment of goodwill.</p> <p>An impairment charge of £1.16m representing the carrying value of intangible assets in the Surgical Innovations CGU has been recognised during the year. No impairment charge has been calculated for the Elemental Healthcare CGU which includes the goodwill.</p> <p>No impairment has been recognised in the Investment in subsidiaries in the parent company financial statements.</p> <p>The CGU impairment assessment models prepared by management, based on the expected present value of future cash flows to be generated from the cash generating units, are underpinned by a number of estimates including future cash flows, growth assumptions and the discount rate.</p>	<p>We performed procedures to assess and challenge the assumptions underpinning management's impairment assessment model including:</p> <ul style="list-style-type: none"> - Assessing the underlying methodology for the impairment assessment to consider whether it is in accordance with the requirements of UK-adopted International Financial Reporting Standards. - Reviewing the appropriateness of the discount rate calculation and impairment assessment model methodology; - Testing the mathematical accuracy of the calculations and the integrity of the underlying data; - Agreeing forecast cash flows to Board approved budgets and reviewing the reasonableness of the assumptions adopted including for consistency with our understanding of the business; - Challenging the growth assumptions adopted by management for future periods; - Considering the short-term and long-term impacts of the current economic environment and how this might impact forecast cash flows; - Assessing the discount rate applied including a consideration of the impact of general economic factors; - Assessing the sensitivity of the impairment assessment to changes in the discount rate, forecast cash flows and terminal growth rate assumptions; - Assessing the disclosures made in relation to goodwill and impairment charges in particular in relation to the level of estimation uncertainty inherent in the assessment. <p>Based on the procedures performed, and after adjustment for the impairment charge recognised in the Surgical Innovations Limited CGU, we consider the</p>

<p>Due to the significance of the balances to the financial statements and the estimation uncertainty involved regarding future cash flows, growth assumptions and discounts rates, this has been identified as a key audit matter.</p>	<p>carrying value of assets in the CGU's to not be materially misstated.</p>
<p>Inventory provisions</p> <p>At the year-end date the group holds a total inventory provision of £1,088,000 against the total inventory value of £4,057,000. This provision is held to cover the risk of obsolescence, slow moving/aged inventory and that of demo inventory held by customers.</p> <p>In making this assessment, judgement is required in categorising inventory as either obsolete and/or slow moving. Estimates are then involved in arriving at provisions against cost in respect of slow moving obsolete and discontinued inventories to arrive at a valuation based on the lower of cost and net realisable value.</p> <p>Given the level of significant management judgement and estimation involved, this is considered to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - Challenging management's methodology for the stock provision calculation and agreed the calculations to underlying data in the system. - Evaluating the appropriateness of the assumptions used based on our knowledge and information of the client and the industry in which it operates. - Assessing the adequacy of, and movements in, inventory provisions by recalculating the provision to ensure an appropriate basis of valuation. - Testing the completeness of the provision by considering the ageing of stock, testing the expiry dates and general condition of stock when attending physical stock counts and by considering the impact of any future product specific regulatory changes. - Evaluating on a sample basis whether inventories were stated at the lower of cost and net realisable value by comparing to post year-end sales. <p>Based on the procedures performed we are satisfied that there is no material misstatement regarding the inventory impairment provision.</p>

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. Our overall objective as auditor is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error. We consider a misstatement to be material where it could reasonably be expected to influence the economic decisions of the users of the financial statements.

Based on our professional judgement and taking into account the possible metrics used by investors and other readers of the accounts, we have determined an overall group materiality of £210,000 (2023 £200,000) and a parent company materiality of £137,000 (2023 £120,000). Group materiality is based on 1.75% of turnover for the year ended 31 December 2024 (31 December 2023 materiality was based on 1.7% of turnover). Parent Company materiality was based on 1.5% of gross assets for 2024 and 2023.

Performance materiality was set at £160,000 (2023 £150,00) for group, representing 75% of overall materiality. Performance materiality for the parent company was set at £103,000 (2023: £92,000) representing 90% of overall materiality. We agreed with the audit committee to report all individual audit differences in excess of £10,000 (2023 £8,000), being 5% of group materiality as well as any other identified misstatements that warranted reporting on qualitative grounds.

Conclusions relating to 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 and the parent company's ability to continue to adopt the going concern basis of accounting is set out in the 'Key audit matters' section above.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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
the parent company financial statements are not in agreement with the accounting records and returns; or
certain disclosures of directors' remuneration specified by law are not made; or
we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 32 & 33, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the group and parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the group and parent company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent company by discussions with directors and by updating our understanding of the sectors in which the group and parent company operate.

Laws and regulations of direct significance in the context of the group and parent company include The Companies Act 2006, the AIM Rules for Companies and UK Tax legislation. In addition, the group and parent company are subject to other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to its ability to operate or to avoid a material penalty. This includes medical device regulation relevant to the group's product ranges and geographies

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of group and parent company financial statement disclosures. We reviewed the parent company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. 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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

.....
Jonathan Davis (Senior Statutory Auditor)
for and on behalf of Saffery LLP

Statutory Auditors

10 Wellington Place,
Leeds, LS1 4AP

29 May 2025

Consolidated statement of comprehensive income

for the year ended 31 December 2024

		2024	2023
	Notes	£'000	£'000
Revenue	2	11,945	12,014
Cost of sales		(8,509)	(8,566)
Gross profit		3,436	3,448
Other operating expenses		(4,227)	(4,044)
Operating (loss) / profit	3	(791)	(596)
Impairment costs		(1,160)	-
Finance costs	5	(99)	(132)
Loss before taxation		(2,050)	(728)
Taxation credit	6	107	219
(Loss)/profit and total comprehensive Income		(1,943)	(509)
(Loss)/profit per share, total and continuing			
Basic	7	(0.21p)	(0.06p)
Diluted	7	(0.21p)	(0.06p)

The Consolidated statement of comprehensive income above relates to continuing operations.

(Loss) / profit and total comprehensive income relate wholly to the owners of the parent Company.

Notes on pages 43 to 65 form part of these financial statements

Consolidated statement of changes in equity

for the year ended 31 December 2024

	Notes	Share capital £'000	Share premium £'000	Capital reserve £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
Balance as at 1 January 2023		9,328	6,587	329	1,250	(6,531)	10,963
		-	-	-	-	30	30
Share based payment		-	-	-	-	30	30
Total – transactions with owners		-	-	-	-	(509)	(509)
Profit and total comprehensive income for the period		-	-	-	-	(509)	(509)
Balance as at 31 December 2023		9,328	6,587	329	1,250	(7,010)	10,484
	15	-	-	-	-	-	-
Share based payment		-	-	-	-	-	-
Total – transactions with owners		-	-	-	-	(1,943)	(1,943)
Loss and total comprehensive income for the period		-	-	-	-	(1,943)	(1,943)
Balance as at 31 December 2024		9,328	6,587	329	1,250	(8,953)	8,541

The merger reserve arose from a business combination in 2017

Consolidated balance sheet

at 31 December 2024

		2024	2023
	Notes	£'000	£'000
Assets			
Non-current assets			
Property, plant, and equipment	8	701	898
Right-of-use assets	16	794	804
Intangible assets	9	5,423	6,529
		6,918	8,231
Current assets			
Inventories	10	2,969	2,854
Trade and other receivables	11	2,156	2,023
Cash at bank and in hand		195	1,212
		5,320	6,089
Total assets		12,238	14,320
Equity and liabilities			
Equity attributable to equity holders of the parent company			
Share capital	15	9,328	9,328
Share premium account		6,587	6,587
Capital reserve		329	329
Merger reserve		1,250	1,250
Retained earnings		(8,953)	(7,010)
Total equity		8,541	10,484
Non-current liabilities			
Borrowings	12	150	502
Dilapidation provision	18	165	165
Lease liability	16	547	549
		862	1,216
Current liabilities			
Trade and other payables	13	1,603	1,632
Accruals		689	377
Borrowings	12	352	352
Lease liability	16	191	259
		2,835	2,620
Total liabilities		3,697	3,836
Total equity and liabilities		12,238	14,320

The accompanying accounting policies and notes form part of the financial statements.

The consolidated financial statements on pages 43 to 65 were approved by the Board of Directors on 29 May 2025 and were signed on its behalf by:

J Glenn
Director

Company registered number: 02298163

Consolidated cash flow statement

for the year ended 31 December 2024

		2024	2023
		£'000	£'000
Cash flows from operating activities			
(Loss)/Profit after tax for the year		(1,943)	(509)
Adjustments for:			
Taxation	6	(107)	(219)
Finance costs		99	131
Depreciation of property, plant and equipment	8	265	244
Amortisation and impairment of intangible assets	9	1,374	279
Depreciation Right-of-Use assets	16	213	234
Share-based payment charge		-	30
Foreign exchange		(18)	27
Decrease/(Increase) in inventories		(115)	308
Decrease/(Increase) in trade and other receivables		(133)	34
Decrease/(Increase) in payables		283	(299)
Cash (used in) / generated from operations		(82)	260
Taxation received	6	107	219
Interest paid		(99)	(79)
Net cash (used in) / generated from operating activities		(74)	400
Payments to acquire property, plant and equipment	8	(67)	(284)
Development cost additions	9	(268)	(404)
Net cash (used in) / generate from investing activities		(335)	(688)
Repayment of CBILS	12	(353)	(353)
Repayment of lease liabilities	16	(273)	(319)
Net cash (used in) / generated from financing activities		(626)	(672)
Net decrease in cash and cash equivalents		(1,035)	(960)
Cash and cash equivalents at beginning of year		1,212	2,199
Effective exchange rate fluctuations on cash held		18	(27)
Cash and cash equivalents at end of year		195	1,212

Notes to the consolidated financial statements

1. Group accounting policies under IFRS

(a) Basis of preparation

Surgical Innovations Group PLC (the "Company") is a public AIM listed company incorporated, domiciled and registered in England in the UK. The registered number is 02298163 and the registered address is Clayton Wood House, 6 Clayton Wood Bank, Leeds, LS16 6QZ.

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 and as applicable to companies reporting under IFRS. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The financial statements have been prepared under the historical cost convention, are presented in Sterling and are rounded to the nearest thousand.

Going concern

The Directors continue to adopt the going concern basis in the preparation of the financial statements.

The Directors have prepared forecasts for the period to December 2026 based on a full evaluation of the Group's trading activities and costs base, sensitised to reflect a rational judgement of the level of inherent risk.

Financial headroom as at 31 December 2024 was £0.9m with the invoice discounting facility remaining largely undrawn.

The Board is satisfied that there is headroom including testing any sensitivities under reasonably possible scenarios, and the Directors conclude that it continues to be appropriate to prepare the Annual Report and Accounts on a going concern basis.

New standards and amendments to standards adopted in the year

During the financial year, the Group has adopted the following new IFRSs (including amendments thereto) and IFRIC interpretations, that became effective for the first time.

Standard	Effective date, annual period beginning on or after
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024
Classification of Liabilities as Current or Non-Current, Non-current Liabilities with Covenants: amendments to IAS 1	1 January 2024
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024

Their adoption has not had any material impact on the disclosures or amounts reported in the financial statements.

Standards issued but not yet effective:

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the Group and which have not been applied in these financial statements, were in issue but were not yet effective.

Standard	Effective date, annual period beginning on or after
Lack of Exchangeability (Amendments to IAS 21)	1 January 2025

The directors are evaluating the impact that these standards will have on the financial statements of Group.

(b) Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All subsidiaries are consolidated as set out in the note 2 (page 68) of the individual parent financial statements. Haemocell Ltd, Surgical Innovations Ltd and Elemental Healthcare Ltd were given a parental guarantee and was exempt from the standalone audit requirements.

Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated.

(c) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as the fair value of the consideration transferred; less the fair values of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition are expensed as incurred. Any contingent consideration payable is recognised at fair value at the acquisition date.

(d) Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency of Sterling using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income.

(e) Property, plant and equipment

Property, plant and equipment are stated at the cost of acquisition less any provision for depreciation. Cost includes expenditure that is directly attributable to the acquisition of the item.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The assets residual values, useful lives and depreciation methods are reviewed at each financial year end and adjusted where the expected asset utilisation differs significantly from the depreciation method applied.

Depreciation is charged so as to write off the cost of property, plant and equipment less estimated residual value over their estimated useful economic lives, on a straight line basis, at the following rates:

Office and computer equipment	–	10–33% per annum
Plant and machinery	–	10-20% per annum
Tooling	–	10–20% per annum
Placed equipment	–	33.3% per annum
Leasehold improvements	–	Over the remaining term of the lease

(f) Intangible assets and goodwill

Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development expenditure arising from the Group's development activities is capitalised and amortised over the life of the product only if the Group can demonstrate the following:

- the technical feasibility of completing the intangible asset so it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- that it is probable that the asset created will generate future economic benefits;
- there is the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the development cost of the asset can be measured reliably.

Where no intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. Capitalised development costs are amortised over the life of the product within other operating expenses, which is usually between five and ten years.

Single use product knowledge transfer

Single use product knowledge transfer relates to manufacturing know how and expertise to benefit the Group's business in the medium term, not only by completing the product design but by enhancing production techniques. This will be amortised over the life cycle of the product design.

Intangible assets acquired on business combination

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical judgements and estimates).

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill is systematically tested for impairment at each balance sheet date. Other intangible assets are amortised, on a straight line basis, from the date they are available for use. The estimated useful lives are as follows:

Capitalised development costs	-	5-10 years
Single use product knowledge transfer	-	5 years
Exclusive supplier agreements	-	1-3 years

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

(g) Impairment of non-financial assets (excluding inventories)

For goodwill an impairment review is carried out annually. Impairment reviews are carried out on other intangible assets and plant and equipment where there are indicators of impairment. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

(h) Inventories

Inventories are stated at the lower of cost (using weighted average) and net realisable value. Cost is the purchase cost, including transport, for raw materials, together with a proportion of manufacturing overheads based on normal levels of activity, for finished goods.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and sale. Impairment provisions are made for obsolete, expiring, slow moving or defective items where appropriate. Such provisions are based upon established future sales and historical experience.

(i) Financial Instruments

Financial Assets

The Group classifies its financial assets as subsequently measured at amortised cost under IFRS 9 if it meets both of the following criteria:

- Hold to collect business model test – The asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows; and
- Solely payments of principal and interest (SPPI) contractual cash flow characteristics test – The contractual terms of the financial asset give rise to cash flows that are SPPI on the principal amount outstanding on a specified date.

Financial assets include:

- Trade receivables
- Cash and cash equivalents

Trade receivables

Trade receivables that do not contain a significant financing component are recognised initially at fair value and thereafter at amortised costs less provision for expected credit losses. The Group measures the provision at an amount equal to lifetime expected credit losses, estimated by reference to past experience and relevant forward-looking factors. The Group writes off a receivable when there is objective evidence that the debtor is in significant financial difficulty and there is no realistic prospect of recovery.

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Group's approach to ensuring credit worthiness of counterparties and use of proforma terms at times has enabled the Group to record relatively low levels of credit losses.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call at banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Financial Liabilities

All financial liabilities are measured at amortised cost and include:

- Trade and other payables
- Bank borrowings
- Lease liabilities

Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate.

Lease liabilities

Refer to note (o)

Borrowings

Borrowings, which comprises on a CBILS arrangement are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the arrangement of the loan facilities and revolving credit facilities are recognised as transaction costs over the life of the agreement.

Borrowings are derecognised when they are extinguished which will be when the obligation in the contract is discharged, cancelled or expired.

(j) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

(k) Related parties

The Group recognises that a related party of an entity exists in one of three main circumstances: (i) if they have control or joint control; (ii) if they can exert significant influence; and (iii) if they are a member of its key management personnel. Another entity is a related party if: (i) both it and the reporting entity are members of the same group.

(l) Income tax

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed and any adjustment to tax payable in respect of previous years. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill (or negative goodwill) or from the initial recognition (other than in business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

Tax benefits are not recognised unless the tax positions are probable of being sustained. Once considered to be probable, management reviews each material tax benefit to assess whether a deferred tax asset should be recognised, based on the ability under tax statute to recover those tax losses and through the assessment of probable future taxable profits against which those tax losses can be recovered.

Deferred tax is calculated at the rates that are enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the Consolidated statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. Information as to the calculation of the income tax expense is included in note 6.

(m) Employee benefits

Pension obligations

The Group provides pension benefits to its employees through contributions to defined contribution Group personal pension policies. The amounts charged to the Consolidated statement of comprehensive income are the contributions payable in the period.

Share-based compensation

The group issues equity-settled share-based payments to Directors and employees which are measured at fair value at the date of grant. This is recognised as an expense in the Consolidated statement of comprehensive income with a corresponding increase in profit and loss reserve. The fair value, as determined at the grant date of equity-settled share-based payments, is expensed on a straight-line basis over the vesting period, based on the Group's estimate of options that will eventually vest.

At each Statement of Financial Position date, the Group revises its estimate of the number expected to vest as a result of the effect of non-market based vesting conditions. The impact, if any, is recognised in the Income Statement with a corresponding adjustment to reserves. Fair value is measured by use of a Black-Scholes Merton or Monte Carlo model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions and behavioural considerations.

(n) Income recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of goods in accordance with the Group's primary revenue stream as set out below. Revenue is shown net of Value Added Tax.

Sales of goods SI Brand/OEM/Distribution

Goods are recognised at the point of acceptance by the customer reflecting fulfilment of the sole performance obligation to the customer. Typically, SI Brand and OEM are contracted on FCA incoterms 2010* and therefore control passes at the point the goods are shipped. In Distribution the goods have to be delivered in order for control to be passed to the customer.

**Under the shipping terms for the FCA Incoterms (short for "Free Carrier"), the seller is responsible for export clearance and delivery of goods to the carrier at the named place of delivery.*

Contracts with customers are typically fixed price based on agreed amounts and invoiced upon despatch of the goods in line with the standard term and conditions of the Group. Typically, the Group's standard payment terms are 60 days at the date of the invoice for SI Brand and OEM and 30 days at the date of invoice for Distribution. There are no long term contract or financing arrangements in place across the Group.

Assurance type warranties are provided for manufactured goods up to two years from the date of sale. These warranties do not give rise to a separate performance obligation.

The Group is assessed operationally and financially under three revenue streams. The Directors do not therefore consider there to be a lower relevant level of revenue disaggregation than that disclosed in Note 2, Segmental Reporting.

Provision of services - Precision Engineering/OEM

The Group has a limited number of short-term projects that relate to precision engineering and OEM. Typically, within each contract specific milestones are included for defined phases of work such as the design and build of instruments. Each phase is considered to be a distinct performance obligation. Once each milestone has been achieved and, as such each performance obligation satisfied, the Group invoices the customer. Standard payment terms are typically 30-90 days at the date of invoice.

Revenue is recognised for each performance obligation over time using the output method. This is because the designs and instruments created have no alternative use for the Group. If performance obligations are satisfied at a point in time, the Group would have to agree a stage gate sign off with the customer to ensure all obligations are met. The Group would require payment to be received for the time and effort spent on progressing the contracts in the event of the customer cancelling the contract prior to completion for any reason other than the Group's failure to perform its obligations under the contract.

The Group have £nil as an outstanding performance obligation at the year end (2023: £nil).

Interest income

Interest income is recognised using the effective interest rate method.

(o) Leases

The portfolio of leases mainly consists of property along with vehicle leases, plant and IT equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease arrangements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The Group considers whether a contract contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets the following criteria:

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

At the lease commencement date, the Group recognises the lease as a right-of-use asset and a corresponding liability on the statement of financial position.

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the lease transfers ownership of the underlying

asset to the lessee by the end of the lease term, or if the cost of the right-of-use asset reflects that the lessee will exercise to purchase option, the right-of-use asset should be depreciated from the commencement date to the end of the useful life of the underlying asset.

The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available, or the lease specific incremental borrowing rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The liability is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or the income statement if the right-of-use asset is already reduced to zero.

For low value and short term leases the Group applies the recognition exemptions to short term leases of vehicles and low value IT equipment. Payments associated with short term leases and leases of low-value assets are recognised on a straight line basis as an expense in the income statement. Short term leases are leases with a term of 12 months or less. Low-value assets comprise IT and copying equipment with a value of less than £5,000.

(p) Significant management judgement in applying accounting policies

The following are significant management judgements made in applying the accounting policies of the Group that have the most significant effect on the financial statements. Critical estimation uncertainties are described in note (q).

Going concern

It is the responsibility of directors to make an assessment of whether the going concern presumption is appropriate or not when preparing financial statements. Particularly in times of economic difficulties management have to make judgements on various uncertain

future outcomes of events or conditions, consideration when determining whether or not the Group can prepare its financial statements on the going concern bases:

The availability of finance and cash resources to provide ample headroom for the Group and the impact on headroom of cashflow forecasting is sensitised.

Any judgement about the future is based on information at the time at which the judgement is made. Subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made. Management will continually assess the information available at the time of publication.

Internally generated research and development assets

Management monitors the progress of internal research and development projects using the accounting system and through timesheet records. Judgement is required in determining and distinguishing the research phase from the development phase. Research costs are incurred during the concept phase of the project which is fully expensed in the period. Prior to the commencement of the product development phase, it is Group policy that capital expenditure approval is obtained from the appropriate level; this enables the Group to ensure that projects are financially viable after taking account of the cost of development. Costs incurred subsequent to this are recognised as an intangible asset when all relevant criteria are met.

Management performs an impairment review of capitalised development costs annually. The impairment review includes a significant degree of judgement, in particular determining the revenue streams relevant to a particular project. Many of the Group's products operate in conjunction with each other, particularly where the Resposable® concept applies. Management has reviewed the capitalised development and concluded that all projects provide future economic benefit and therefore no impairment has been recognised as at 31 December 2024 (2023: £Nil), any further impairment identified in future periods could have a material impact on the Group's results.

(q) Estimation uncertainty

When preparing the financial statements management determines a number of estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the estimates and assumptions made by the Group and will seldom equal the estimated results. Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Inventories

As described in note (h) management performs an impairment review on the net realisable value of inventories. Provisions are made for obsolete, expiring, slow moving or defective items where appropriate. Such provisions are based upon established future sales and historical experience and are continually reviewed. Considerations are taken into account that stock is not provided purely on an ageing basis but are reviewed in light of future forecasts and demands. Impairment provisions against inventory for the year amounted to £1,088,000 (2023: £911,000).

Impairment of Intangibles assets

As described in note (g) previously, the Group is required to test, on an annual basis, whether goodwill is impaired. The recoverable amount is determined based on a value in use calculation for the one cash generating unit that has goodwill. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

Future cash flows are estimated based on operating margins using past experience and future expectations in the light of anticipated economic and market conditions. Discount rates are based on the Group's WACC (weighted average cost of capital), adjusted to reflect management's assessment of specific risks related to the cash generating unit. Growth rates beyond the first five years are based on economic data pertaining to the relevant region, which is the UK. The impairment assessment, discount rate and growth rates used are disclosed in note 9 to the financial statements.

(r) Equity

Equity includes the elements listed below:

- "Share capital" represents the nominal value of equity shares;
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of share issues;
- "Capital reserve" represents the excess over nominal value of the fair value consideration attributed to equity shares issued in part settlement for subsidiary company shares acquired;
- "Merger reserve" represents the excess over the nominal value of the fair value consideration attributed to equity shares issued as part of an Acquisition; and
- "Retained earnings" represents the accumulated profits and losses of the Group less dividends paid and share based payment charges. Share-based payment is a transaction in which the entity receives goods or services either as consideration for its equity instruments or by incurring liabilities for amounts based on the price of the entity's shares or other equity instruments of the entity.

(s) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- By weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

Diluted earnings per share

Diluted earnings per share adjusted the figures used in the determination of basic earnings per share to take into account:

- The after-income tax effect of interest and other financing costs associated with the dilutive potential ordinary share, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(t) Finance costs

Finance costs in relation to interest on bank loans, finance charges and interest charges in respect of IFRS16 are included as finance costs.

- Bank loans interest expense is calculated using the effective interest method under IFRS9.
- Finance charges in respect of finance leases are recognised in accordance with IFRS16 leases.
- Interest rate for IFRS16 known as the incremental borrowing rate is the rate implicit in the lease which is the interest rate charged by the lessor in the lease agreement. This is essentially the return or margin the lessor is receiving from the lease agreement, and as such, the lessor can be unwilling to name the rate outright.

2. Segmental reporting

Information reported to the Board, as Chief Operating Decision Makers, and for the purpose of assessing performance and making investment decisions is organised into three operating segments. The Group's operating segments under IFRS 8 are as follows:

SI Brand	–	the research, development, manufacture and distribution of SI branded minimally invasive devices
OEM	–	the research, development, manufacture and distribution of minimally invasive devices for third party medical device companies through either own label or co-branding. As well as Precision Engineering, the research, development, manufacture and sale of minimally invasive technology products for precision engineering applications
Distribution	–	Distribution of specialist medical products sold through Elemental Healthcare Ltd

The measure of profit or loss for each reportable segment is gross margin less amortisation of product development costs. Assets and working capital are monitored on a Group basis, with no separate disclosure of asset by segment made in the management accounts, and hence no separate asset disclosure is provided here. The following segmental analysis has been produced to provide a reconciliation between the information used by the chief operating decision maker within the business and the information as it is presented under IFRS.

Year ended 31 December 2024	SI Brand £'000	Distribution £'000	OEM £'000	Total* £'000
Revenue	6,373	3,625	1,947	11,945
Expenses	(5,765)	(2,171)	(1,786)	(9,722)
Result				
Segment result	608	1,454	161	2,223
Unallocated expenses				(4,173)
Other Income				-
(Loss) from operations				(1,950)
Finance income				-
Finance costs				(99)
(Loss) before taxation				(2,049)
Tax credit				107
Loss for the year				(1,943)

*There were no revenues transactions between the segments during the year

Included within the segment/operating results are the following significant non-

Year ended 31 December 2024	SI Brand £'000	Distribution £'000	OEM £'000	Total £'000
Amortisation of intangible assets	214	-	-	214
Impairment of intangible assets	1,160	-	-	1,160

Unallocated expenses for 2024 include sales and marketing costs (£664,000), research and development costs (£1,149,000), central overheads (£1,298,000), Direct (Elemental Healthcare) sales & marketing overheads (£909,000), share based payments (£nil) and Other expensed/Non-recurring (£153,000).

Year ended 31 December 2023	SI Brand £'000	Distribution £'000	OEM £'000	Total* £'000
Revenue	5,925	4,255	1,834	12,014
Expenses	(4,862)	(2,560)	(1,423)	(8,845)
Result				
Segment result	1,063	1,695	411	3,169
Unallocated expenses				(3,765)
Other income				-
(Loss) from operations				(596)
Finance income				-
Finance costs				(132)
(Loss) before taxation				(728)
Tax charge				219
(Loss) for the year				(509)

*There were no revenues transactions between the segments during the year

Included within the segment results are the following items:

Year ended 31 December 2023	SI Brand £'000	Distribution £'000	OEM £'000	Total £'000
Amortisation of intangible assets	279	-	-	279
Impairment of intangible assets	-	-	-	-

Unallocated expenses for 2023 include sales and marketing costs (£633,000), research and development costs (£1,099,000), central overheads (£869,000), Direct (Elemental Healthcare) sales & marketing overheads (£1,126,000), share based payments (£30,000), Other expensed / Non-recurring (£8,000) note 3.

Disaggregation of revenue

The Group has disaggregated revenues in the following table:

Year ended 31 December 2024	SI Brand £'000	Distribution £'000	OEM £'000	Total £'000
United Kingdom	1,998	3,625	1,779	7,402
Europe	1,726	-	-	1,726
US	957	-	168	1,125
APAC ¹	1,158	-	-	1,158
Rest of World	534	-	-	534
	6,373	3,625	1,947	11,945

Year ended 31 December 2023	SI Brand £'000	Distribution £'000	OEM £'000	Total £'000
United Kingdom	1,935	4,255	1,508	7,698
Europe	1,478	-	-	1,478
US	1,032	-	326	1,358
APAC ¹	998	-	-	998
Rest of World	482	-	-	482
	5,925	4,255	1,834	12,014

1. APAC-Asia Pacific

Revenues are allocated geographically on the basis of where revenues were received from and not from the ultimate final destination of use. During 2024 £1,788,000 (15.0%) of the Group's revenue depended on one distributor in the OEM segment (2023: £1,503,000 (12.5%)), and £840,000 (7.0%) in the SI Brand segment (2023: £868,000 (7.2%)).

Sales of goods were £11,945,000 (2023: £12,014,000) and sales relating to services in the UK were £Nil (2023: £Nil).

3. Operating (loss) / profit

The operating (loss) / profit for the year is stated after charging/(crediting):

	2024 £'000	2023 £'000
Depreciation of owned assets	265	244
Amortisation and impairment of capitalised development costs	214	279
Depreciation of Right-of-use assets	213	234
Research expenses	1,149	1,099
Foreign exchange Losses / (gains)	(18)	(27)
Auditor's remuneration:		
– fees payable to the Company's auditor for the audit of the Company's annual financial	54	32
– fees payable to the Company's auditor for the audit of the subsidiary undertakings	-	29
– fees payable to the Company's auditor for the non audit fees relating to tax services	-	-
Expenses relating to:		
– leases of low value assets	-	1
– short term leases less than 12 mths	-	-
Other expensed items -non-recurring	153	8
Non-recurring/ Non-cash costs	-	(7)

Other expensed items -non-recurring

These are expenses or a group of expenses that are considered non-recurring in nature, as determined by the Directors. They are believed to warrant separate identification in the financial statements to provide readers with a clear understanding of the underlying trading performance of the business.

Non-recurring Costs

Severance costs related to restructuring activities in year (£153k).

Other operating expenses comprised:

	2024 £'000	2023 £'000
Sales & marketing	664	633
Direct (Elemental Healthcare) sales & marketing overheads	909	1,126
Administrative expenses	1,138	869
Research expenses	1,149	1,099
Other expensed items- nonrecurring	153	8
Share based payments	-	30
Amortisation and impairment	214	279
	4,227	4,044

4. Employees and Directors' emoluments

The average monthly number of employees (including Executive Directors) employed by the Group during the year was as follows:

	2024 Number	2023 Number
Directors	2	2
Production	44	49
Development	16	24
Sales	15	16
Administration	11	10
	88	101

The costs incurred in of these employees were:

	2024 £'000	2023 £'000
Wages and salaries	3,683	4,230
Social security costs	334	447
Pension costs	86	106
Holiday accrual	-	(1)
	4,103	4,782

Directors' emoluments

Details of Directors' emoluments for the year are as follows:

	Salary	Bonus	Benefits	Total emoluments	Total emoluments	Pension contributions	Pension contributions
	2024 £'000	2024 £'000	2024 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Executive							
D Marsh	211	-	13	224	219	-	-
C Day	94	-	2	96	126	4	6
C Martin	85	-	-	85	-	-	-
Non-executive							
M J McMahon	12	-	-	12	19	-	-
P Hardy	13	-	-	13	32	-	-
N F Rogers	-	-	-	-	41	-	-
J Glenn	47	-	-	47	24	-	-
K Damarani	29	-	-	29	2	-	-
Total	491	-	15	506	463	4	6

Benefits received consist of private health insurance. Pension contributions represent payments made to defined contribution schemes. Non-executive Directors are not entitled to retirement benefits. Remuneration of the Non-executive Directors is determined by the Board.

There was £nil relating to share-based payment charges in the year (2023: £30,000)

Directors' share options

Details of the share options held by Directors serving at 31 December 2024 are as follows:

	At 1 January 2024	Exercised during year	Granted during year	At 31 December 2024	Option Price	Date granted
D Marsh	6,000,000	-	-	6,000,000	3.25p	October 2017 ¹

1. Share options are exercisable between three and ten years from the date of the grant.

The market price of the Company's shares at the end of the financial year was 0.55p (2023: 0.60p) and the range of market prices during the year was between 0.43p (2023: 0.60p) and 0.75p (2023: 2.25p).

Key management including Non-executive Directors:

	2024 £'000	2023 £'000
Salaries	506	469
Social security costs	59	53
Pension costs	4	6
Share based payments	-	-
Total	569	528

Key management comprises of Board Directors.

5. Finance costs

	2024 £'000	2023 £'000
On bank borrowings	59	79
On the right-of-use lease liabilities	40	53
Total	99	132

6. Taxation

	2024 £'000	2023 £'000
Current tax (credit):	(107)	(219)
Prior year adjustment	-	-
Total current tax credit	(107)	(219)
Deferred tax (credit)/charge:		
Origination and reversal of temporary timing differences	-	-
Changes in tax rates	-	-
Reversal/(previously unrecognised) deferred tax	-	-
Deferred tax credit	-	-
Total tax credit	(107)	(219)

Factors affecting the tax charge for the year

The taxation assessed for the year is lower than the standard rate of Corporation tax in the UK at 25% (2023: 25%). The differences are explained as follows:

	2024	2023
	£'000	£'000
Loss on ordinary activities before taxation	(2,050)	(728)
Corporation tax at standard rate of 25% (2023: 25%)	(513)	(182)
Effects of:		
Net impact of research and development enhanced expenditure	(292)	(488)
Expenses not tax deductible	39	51
Trading losses not recognised	659	400
Total tax credit	(107)z	(219)

Deferred taxation

The movement in the deferred taxation (liability)/asset during the year was:

	2024	2023
	£'000	£'000
Balance brought forward-(liability)/asset	-	-
Consolidated statement of comprehensive income movement during the year	-	-
Balance carried forward - (liability)/asset	-	-

The deferred taxation calculated in the financial statements at 25% (2023: 25%) is set out below

	2024	2023
Trade losses	(472)	(439)
Plant and Equipment	109	97
Capitalised development expenditure	358	337
Share options	5	5
Deferred tax asset	-	-
Intangibles	-	-
Net deferred tax liability	-	-

At the balance sheet date, the Group has unused tax losses of £23.6 million (2023: £24.0 million) available for offset against certain future profits. This represents an unrecognised deferred tax asset of £5.35m (2023: £5.56m). The timing differences has given rise to a deferred tax liability of £472,000 (2023 DTL: £439,000). No deferred tax asset has been recognised in respect of the remaining £21.4 million (2023: £22.2 million) due to the future taxable losses expected by the Group. The unused tax losses do not expire and can be carried forward indefinitely as long as trade continues.

7. (Loss)/profit per ordinary share**Basic (loss)/profit per ordinary share**

The calculation of basic earnings per ordinary share for the year ended 31 December 2024 was based upon the loss attributable to ordinary shareholders of £1,943,000 (2023: loss of £509,000) and a weighted average number of ordinary shares outstanding for the year ended 31 December 2024 of 932,816,177 (2023: 932,816,177).

Diluted (loss)/profit per ordinary share

As the Group incurred a loss in both 2024 and 2023, the effect of any outstanding options would be antidilutive and is ignored for the purposes of the diluted loss per share calculation

Adjusted (loss)/profit per ordinary share

The calculation of adjusted earnings per ordinary share for the year ended 31 December 2024 was based upon the adjusted loss attributable to ordinary shareholders (profit before non-recurring costs and amortisation and impairment costs relating to the Surgical Innovations Limited cash generating unit, impairment of capitalised development costs and share based payments) of £630,000 (2023: profit of £471,000) and a weighted average number of ordinary shares outstanding for the year ended 31 December 2024 of 932,816,177 (2023: 932,816,177).

No. of shares used in calculation of earnings per ordinary share ('000s)

	2024 No. of Shares	2023 No. of Shares
Basic earnings per share	932,816	932,816
Dilutive effect of unexercised share options	1,215	850
Diluted earnings per share	934,031	933,666

8. Property, plant and equipment

	Tooling £'000	Plant and machinery £'000	Office and computer equipment £'000	Placed equipment £'000	Improvements to leasehold property £'000	Total £'000
Cost						
At 1 January 2023	1,851	4,202	1,296	456	608	8,413
Additions	65	128	73	-	18	284
Disposals	-	-	-	-	-	-
At 1 January 2024	1,916	4,330	1,369	456	626	8,697
Additions	13	15	39	-	-	67
Asset reclass	(1)	23	137	-	16	175
Disposals	-	-	-	-	(43)	(43)
At 31 December 2024	1,928	4,368	1,545	456	599	8,896
Accumulated depreciation						
At 1 January 2023	1,669	3,735	1,222	456	473	7,555
Charge for the year	50	109	54	-	31	244
Disposals	-	-	-	-	-	-
At 1 January 2024	1,719	3,844	1,276	456	504	7,799
Charge for the year	57	97	72	-	38	264
Asset reclass	1	23	136	-	15	175
Disposals	-	-	-	-	(43)	(43)
At 31 December 2024	1,777	3,964	1,484	456	514	8,195
Net Book amount						
At 31 December 2024	151	404	61	-	85	701
At 31 December 2023	197	486	93	-	122	898
At 1 January 2023	182	467	74	-	135	858

Security

As at 31 December 2024, the assets of the Group are subject to a floating charge debenture in favour of the Group's banking facilities.

As at 31 December 2024, the Group's bank debt amounted to £0.50m. Additionally, the Group had access to an undrawn invoice discounting facility of £1.0m.

9. Intangible assets

	Capitalised development costs	Single use product knowledge transfer	Goodwill	Exclusive Supplier Agreements	Total
	£'000	£,000	£'000	£'000	£'000
Cost					
At 1 January 2023	14,566	225	8,180	1,799	24,770
Additions	404	-	-	-	404
At 1 January 2024	14,970	225	8,180	1,799	25,174
Additions	268	-	-	-	268
At 31 December 2024	15,238	225	8,180	1,799	25,442
Accumulated amortisation and impairment					
At 1 January 2023	(13,586)	(225)	(2,757)	(1,799)	(18,367)
Charge for the year	(278)	-	-	-	(278)
At 1 January 2024	(13,864)	(225)	(2,757)	(1,799)	(18,645)
Charge for the year	(214)	-	-	-	(214)
Impairment loss	(1,160)				(1,160)
At 31 December 2024	(15,238)	(225)	(2,757)	(1,799)	(20,019)
Carrying amount					
At 31 December 2024	-	-	5,423	-	5,423
At 31 December 2023	1,106	-	5,423	-	6,529
At 1 January 2023	980	-	5,423	-	6,403

Goodwill and intangibles are allocated to the cash generating unit (CGU) that is expected to benefit from the use of the asset.

Impairment losses in the year

During the year, as a result of losses in the Surgical Innovations Limited cash generating unit ('CGU'), the group carried out a review of the recoverable amount of the assets in this CGU. This CGU comprises the SI Brand and OEM segments. Based on the results of the CGU impairment assessment which has been undertaken using a value in use model, an impairment loss of £1.16m has been recognised in profit or loss in respect of the capitalised development costs. The other assets in scope of the impairment assessment, being the property plant and equipment, were concluded to have a fair value less cost of disposal in excess of the carrying value and no impairment in respect of these assets has been recognised. Principal assumptions underlying this calculation are the growth rate into perpetuity of 2.5% and a pre-tax discount rate of 21.3% applied to anticipated cash flows. In addition, the value in use calculation assumes a gross profit margin of 19% increasing to 24% over the 5 year period using past experience of sales made and future sales that were expected at the reporting date based on anticipated market conditions.

Capitalised development costs

Capitalised development costs represent expenditure incurred in developing new products that fulfil the requirements met for capitalisation as set out in paragraph 57 of IAS38. These costs are amortised over the future commercial life of the product, commencing on the sale of the first commercial item, up to a maximum product life cycle of ten years, and taking account of expected market conditions and penetration.

Goodwill

The Group tests goodwill at each reporting date for impairment and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The recoverable amount of a cash generating unit (CGU) is determined based on value in use calculations. These calculations use cash flow projections based on five-year financial budgets approved by management. Cash flows beyond the five-year period are extrapolated using estimated long term growth rates.

An impairment review is carried out annually for goodwill. Goodwill arose on the acquisition of Elemental Healthcare Limited in 2017 and is related to both the Distribution and SI Brand segments of the Group. Elemental Healthcare Limited is considered to be a separate cash-generating unit (CGU) of the Group whose recoverable amount has been calculated on a value in use basis by reference to discounted future cash flows over a five-year period plus a terminal value. Principal assumptions underlying this calculation are the growth rate into perpetuity of 2.5% and a pre-tax discount rate of 18.0% (2023:16.3%) applied to anticipated cash flows. In addition, the value in use calculation assumes a gross profit margin of 56% increasing to 59% over the 5-year period using past experience of sales made and future sales that were expected at the reporting date based on anticipated market conditions.

The Group has conducted a sensitivity analysis on the impairment test of the CGU. Assuming no change to other assumptions, the discount rate can increase by 13% before an impairment would result.

10. Inventories

	2024 £'000	2023 £'000
Raw materials and work in progress	1,420	1,648
Finished goods	1,549	1,206
Net Inventory	2,969	2,854

The analysis provided above includes impairment provisions against inventory totalling £1,088,000 (2023: £911,000), which represents 26.8% (2023: 24.2%) of gross inventory.

The movement in impairment of £177,000 consists of the following:

	2024 £'000	2023 £'000
Stock previously provided for written off	(269)	-
Movement in stock provision	446	(51)
Total Impairment	177	(51)

In 2024 a total of £8,050,000 worth of inventories was recognised in profit and loss as an expense within cost of sales (2023: £7,462,000).

Inventories are pledged as fixed and floating securities held by the bank facilities.

11. Trade and other receivables

Falling due in less than one year	2024 £'000	2023 £'000
Trade receivables	1,748	1,582
Prepayments	286	429
Other debtors	122	12
	2,156	2,023

Of the current trade receivables, £760,370 relates to the top three customers (2023: £747,932). The carrying value of trade receivables is considered to be a reasonable approximation of fair value.

Expected credit losses are disclosed in note 13.

12. Borrowings

	2024 £'000	2023 £'000
Bank Loan		
Current liabilities	352	352
Non-current liabilities	150	502
Lease liabilities		
Current liabilities	191	259
Non-current liabilities	547	549
	1,240	1,662

In March 2022, the Group refinanced its existing debt with Yorkshire bank consisting of the following:

- Extension to the CBILS of £1.5m repayable in May 2026, interest is calculated at rate of 2.94% repayable monthly over the Bank of England base rate. Monthly instalments are £0.029m.
- Covenants attached to the CBILS comprise of EBITDA to debt servicing costs at a minimum of 1.25x.
- Additional headroom with an Invoice Discounting facility of £1.0m across the Group, 2.5% on margin with a maximum of nominal administration fee of a maximum of £0.018m if not utilised.
- In March 2024, the bank extended its support by resetting the testing parameters. They excluded 31 March 2024 and initiated the rolling test from June 2024, based on EBITDA being 1x the debt service. Subsequent testing periods included September 2024 (1x, on a 6-month rolling basis), December 2024 (1.25x, on a 9-month rolling basis), and then on a 12-month rolling basis thereafter.

Changes in liabilities arising from financing activities	Non-current loans and borrowings	Current loans and borrowings	Total
At 1 January 2023	825	382	1,207
Cash flows for repayment of CBILS	-	(353)	(353)
Transfer between non-current and current	(352)	352	-
Interest paid in the period	-	(79)	(79)
Interest accrued in the period	-	79	79
At 31 December 2023	473	381	854
Cash flows for repayment of CBILS	-	(352)	(352)
Transfer between non-current and current	(352)	352	-
Interest paid in the period	-	(59)	(59)
Interest accrued in the period	-	59	59
At 31 December 2024	121	381	502

13. Financial instruments

The financial assets of the Group are categorised as follows:

At amortised cost	2024 £'000	2023 £'000
Trade receivables	1,748	1,582
Cash and cash equivalents	195	1,212
	1,943	2,794

The financial liabilities of the Group are categorised as follows:

At amortised cost	2024 £'000	2023 £'000
Trade payables	1,137	1,169
Other payables	238	245
Lease liabilities-Current	191	259
Lease liabilities -Non-current ¹	374	549
Bank borrowings-Current	352	352
Bank borrowings-Non-current ¹	150	502
	2,442	3,076

Amortised costs are considered to be the equivalent amount of fair value

Trade and other payables	2024 £'000	2023 £'000
Trade payables	1,137	1,169
Other tax and social security	193	218
Other payables	238	245
	1,568	1,632

The Group and Company's financial liabilities have contractual maturities (including interest payments where applicable) which are summarised below.

	Amounts due in less than 1 year £'000	Amounts due in 2-5 years £'000	Amounts due in 5-10 years £'000	Total financial liabilities £'000
As at 31 December 2024				
Trade payables	1,137	-	-	1,137
Other payables	238	-	-	238
Bank borrowings-Current	352	-	-	352
Bank borrowings-Non-current	-	150	-	150
	1,727	150	-	1,877

	Amounts due in less than 1 year £'000	Amounts due in 2-5 years £'000	Amounts due in 5-10 years £'000	Total financial liabilities £'000
As at 31 December 2023				
Trade payables	1,169	-	-	1,169
Other payables	245	-	-	245
Bank borrowings-Current	352	-	-	352
Bank borrowings-Non-current	-	502	-	502
	1,766	502	-	2,268

Financial risk management objectives and policies

Overview

The Group has exposure to the following risks arising from financial instruments:

- Foreign currency sensitivity;
- credit risk;
- liquidity risk; and
- interest rate risk.

The Group is exposed to market risk through its use of financial instruments. The Group's risk management is coordinated by the Directors who focus actively on securing the Group's short to medium-term cash flows through regular review of all the operating activities of the business. Long-term financial investments are managed to generate lasting returns. The Group does not actively engage in the trading of financial assets for speculative purposes, nor does it write options. The most significant financial risks to which the Group is exposed are described in the following sections.

Foreign currency sensitivity

Exposures to currency exchange rates arise from the Group's overseas sales and purchases, most of which are denominated in Euros and Dollars. To mitigate the Group's exposure to foreign currency risk, cash flows in Euros and Dollars are monitored on an ongoing basis. Foreign currency denominated financial assets and liabilities are set out below:

	2024 €'000	2023 €'000	2024 \$'000	2023 \$'000
Financial assets	127	241	481	400
Financial liabilities	(6)	(20)	(76)	(573)
Short-term exposure	121	221	405	(173)

The Group has exposure to the movements in the exchange rates in the Euro and Dollar at 31 December 2024. An analysis of the effect of a reasonable possible movement in exchange rates shows that a movement of 5% in the exchange rate could result in foreign currency gains or losses of £3,000 (2023: £3,000) against the Euro and £32,000 (2023: £14,000) against the Dollar.

The Group gives consideration to the use of forward currency contracts to reduce foreign currency exposure. No forward currency contracts were in place at the balance sheet date (2023: £nil).

Credit risk analysis

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, which are set out below:

	2024 £'000	2023 £'000
Trade receivables	1,748	1,582
	1,748	1,582

The Group continually monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. In terms of customer concentration, the Group does hold some credit risk as disclosed in note 11.

The Group measure lifetime expected credit losses using the simplified approach at all times using a provision matrix. The provision matrix is based on the Group's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

An expected credit losses provision of £8,000 (2023: £11,000) is recognised to mitigate credit risk and manage exposure to potential losses.

The ageing of the Group's trade receivables is as follows:

As at 31 December 2024	2024 £'000	2023 £'000
Not more than one month	230	120
More than one month but not more than three months	318	48
More than three months but not more than one year	178	2
More than a year but not more than five years	-	-
Total past due trade receivables	726	170
Total receivables not yet past due	1,029	1,423
Total gross trade receivables	1,756	1,593
Expected credit loss	(8)	(11)
Total net trade receivables (note 11)	1,748	1,582

The Group's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good quality. The ageing profile above is the profile used by management in reviewing the ledger however it is the expected credit loss model which is used to calculate the provision as 31 December 2024.

As 31 December 2024 the lifetime expected loss provision for trade receivables is as follows:

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total £'000
Expected loss rate	0.67%	0.57%	0.52%	0.43%	0.60%	
Gross carrying amount £'000	1,029	230	318	178	-	1,755
Expected credit loss provision	8	-	-	-	-	8

As 31 December 2023 the lifetime expected loss provision for trade receivables is as follows:

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total £'000
Expected loss rate	0.67%	0.57%	0.52%	0.43%	0.60%	
Gross carrying amount £'000	1,423	120	48	2	-	1,593
Expected credit loss provision	10	1	-	-	-	11

The expected credit losses are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Group's approach to ensuring credit worthiness of counterparties and use of proforma terms at times has enabled the Group to record relatively low levels of credit losses.

The overall expected credit loss has remained at similar levels compared to the prior year.

A reconciliation of the movement in the impairment allowance for receivables under the expected credit loss model is shown below.

As at 31 December 2023	£'000
Expected credit loss provision as at 31 December 2023	11
Amounts released	(3)
Amounts provided	-
Expected credit loss provision as at 31 December 2024	8

Liquidity risk analysis

The Group manages its liquidity needs by carefully monitoring all scheduled cash outflows. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 13-week projection. Longer term needs are monitored as part of the Group's regular rolling monthly re-forecasting process.

Funding for longer-term liquidity is additionally secured by an adequate amount of committed credit both through asset finance facilities and loans. Further analysis of long-term borrowings is provided in note 12.

The Group's liabilities have contractual cash flows which are summarised below

	Current		Non-current
	Within 6 months	Within 6-12 months	Over 12 months
31 December 2024	£'000	£'000	£'000
Trade and other payables	1,375	-	-
Bank loans	192	186	150
Finance leases	9	-	-
	1,576	186	150

31 December 2023	Within 6 months	Within 6-12 months	Over 12 months
	£'000	£'000	£'000
Trade and other payables	1,416	-	-
Bank loans	201	196	524
Finance leases	26	26	9
	1,643	222	533

Interest rate risk analysis

Due to the level of the Group's borrowings no interest rate swaps or other forms of interest risk management has been undertaken. The Group regularly reviews its exposure to fluctuations in underlying interest rates and will take appropriate action if required to minimise any impact on the performance and financial position of the Group. Further analysis of long-term borrowings is provided in note 12.

Maturity profile of borrowings

	2024 £'000	2023 £'000
Gross bank loan payments not later than one year	378	398
Later than one year but not more than five years	150	524
Future finance charges	(28)	(67)
Present value of bank borrowings	500	855

Summary of financial assets and liabilities by category

	2024 £'000	2023 £'000
Current assets		
Cash at bank and in hand	195	1,212
Trade receivables	1,748	1,582
	1,943	2,794
Current liabilities		
Trade and other payables: financial liabilities measured at amortised cost	1,375	1,414
Lease liability	191	259
Borrowings measured at amortised cost	352	352
	1,918	2,025
Non-current liabilities		
Borrowings measured at amortised cost	503	502
Lease liability	547	549
	1,050	1,051
Net financial assets and liabilities	(1,025)	(282)

14. Capital management

The Group's capital management objectives are:

- to ensure its ability to continue as a going concern; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt. Historically, the Group has primarily been funded through cash reserves and hire purchase financing and accordingly no target for gearing levels has been set. Capital as monitored by the Group for the reporting periods under review is summarised as follows:

	2024 £'000	2023 £'000
Bank Loan	503	854
Obligations under lease liabilities	737	808
Less: cash and cash equivalents	(195)	(1,212)
Net cash	(1,045)	(450)
Total equity	8,467	10,484
Total capital	7,422	10,034

* Net Cash (excluding lease obligations under IFRS16) for the year was (£0.31m) (2023: £0.36m).

As at the 31 December 2024, the Group's bank debt amounted to £0.50m. In March 2022 the Group refinanced the existing debt, this included the additional undrawn revolving credit facility. The debt was replaced with an invoice discounting facility of £1.0m and an extension of the CBILS loan of £1.5m over four years.

15. Share capital

	2024 £'000	2023 £'000
Authorised, allotted, called up and fully paid 932,816,177 ordinary shares of 1p each (2023: 932,816,177)	9,328	9,328

Shares in issue reconciliation

	2024	2023
Opening no of shares in issue	932,816,177	932,816,177
Issued in satisfaction of share options exercised	-	-
Closing number of shares in issue	932,816,177	932,816,177

Share-based payments

At 31 December 2024, the following share options were outstanding:

Scheme and date of grant	Number of shares				Option price per 1p share	Exercise dates	
	At 1 January 2024	Granted in yr	Exercised in yr	Lapsed in yr		Date on which option can be exercised	Date on which option expires
	2024				At 31 Dec 2024		
Enterprise management							
December 2015	1,250,000	-	-	-	1,250,000	1.575p	December 2018 December 2025
October 2017	11,975,000	-	-	(3,600,000)	8,375,000	3.25p	October 2020 October 2027
March 2019	3,075,000	-	-	(2,450,000)	625,000	3.5p	March 2022 March 2029
October 2021 (A)	2,750,000	-	-	(1,500,000)	1,250,000	2.35p	October 2024 October 2031
October 2021 (B)	8,500,000	-	-	(6,000,000)	2,500,000	1.0p	October 2024 October 2031

No share options were granted during the year.

All options are accounted for as equity settled share based payments. The October 2021 B Options are subject to performance conditions linked to Adjusted Earnings per share. All other outstanding options are not subject to performance conditions other than being time-based vesting.

Movements in the number of share options outstanding and their related weighted average exercise price are as follows:

	2024		2023	
	Average exercise price	Options	Average Exercise Price	Options
	pence	'000s	pence	'000s
At 1 January	2.4	27,550	2.9	38,650
Exercised	-	-	-	-
Granted	-	-	-	-
Lapsed	1.4	(13,550)	4.3	(11,100)
At 31 December	2.6	14,000	2.4	27,550

The weighted average contractual life remaining on the options is 3.9 years.

The weighted average fair value of options granted in prior years was determined using either the Black-Scholes valuation model or the Monte Carlo valuation method. The significant inputs into the Black-Scholes model were share price at the date of grant, exercise price as set out above, volatility of 40%, an expected option life varying between three and five years and an annual risk-free interest rate of 2.5%. Volatility was calculated with reference to statistical analysis of the historic daily share price. Share options issued in 2017 and in addition "the B Options issued in 2021 for senior management were based on performance targets being reached. As such the Black-Scholes method of calculation was deemed not to be appropriate to measure the share-based payment charge and so the Monte Carlo method was used.

In 2017 there were significant inputs put into the model namely the share price at the date of grant, exercise price as set out above, volatility of 69% and an expected life over 6 years. A risk-free rate of 0.92% was used.

With reference to "the B Options" in 2021. Risk-free rates have been interpolated against the term SONIA curve in accordance with modelled exercise dates. A 47.2% volatility was used based on assumptions on the last 5-10 years of historical data.

After taking account of leavers, the total share-based payment charge for the year was £nil (2023: £30,000).

16. Leases, contingent liabilities and financial commitments

These are as follows:

(a) Leases

	As at 1 January 2024		As at 31 December 2024	
	Assets	Liabilities	Assets	Liabilities
	£'000	£'000	£'000	£'000
Right-of-use assets and lease liabilities	804	808	794	737
Of which are:				
Current lease liabilities		259		191
Non-Current lease liabilities		549		547
Impact on Equity		(4)		(1)
Total impact on statement of financial position	804	804	794	737

The liabilities are measured at the present value of the remaining lease payments, discounted at an incremental borrowing rate of 6% unless specified in a finance agreement. For leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. The contractual liability of the exempt items is £1,000 (2023: £1,000), for low value assets.

There are currently no residual guarantees in place, and no restrictions or covenants imposed by the leases.

A reconciliation of the value of right-of-use assets and lease liabilities from 1 January 2024 to 31 December 2024 is presented below:

Right-of-use assets	Property	Plant	Car leases	Total
	£'000	£'000	£'000	£'000
Right-of-use assets as at 1 January 2023:	671	149	98	918
Additions	-	-	140	140
Disposals	-	-	(20)	(20)
Depreciation	(144)	(20)	(70)	(234)
Right-of-use assets as at 31 December 2023:	527	129	148	804
Additions	203	-	-	203
Disposals	-	-	-	-
Depreciation	(124)	(17)	(72)	(213)
Right-of-use assets as at 31 December 2024:	606	112	76	794

Lease liabilities	Property	Plant	Car leases	Total
	£'000	£'000	£'000	£'000
Lease liabilities as at 1 January 2023:	749	113	92	954
Additions	-	-	140	140
Disposals	-	-	(19)	(19)
Finance costs	38	5	9	52
Lease payments	(186)	(55)	(78)	(319)
Lease liabilities as at 31 December 2023:	601	63	144	808
Additions	183	-	-	183
Disposals	-	-	-	-
Finance costs	31	2	7	40
Lease payments	(159)	(51)	(83)	(293)
Lease liabilities as at 31 December 2024:	656	14	68	737

The Group lease liabilities have contractual maturities (including interest payments where applicable) which are summarised below.

	Amounts due in less than 1 year	Amounts due in 2-5 years	Amounts due in 5-10 years	Total financial liabilities
	£'000	£'000	£'000	£'000
As at 31 December 2024				
Lease liabilities-Current	335	-	-	335
Lease liabilities -Non-current	-	893	53	946
	335	893	53	1,281

	Amounts due in less than 1 year	Amounts due in 2-5 years	Amounts due in 5-10 years	Total financial liabilities
	£'000	£'000	£'000	£'000
As at 31 December 2023				
Lease liabilities-Current	335	-	-	335
Lease liabilities -Non-current	-	893	53	946
	335	893	53	1,281

17. Pensions

The Company currently operates a defined contribution Group personal pension plan for the benefit of employees. Company contributions in 2024 were £86,000 (2023: £106,000). As at 31 December 2024 amounts due to the pension scheme were £16,500 (2023: £5,000).

18. Dilapidation provision

	£'000
Provision for Dilapidation as at the year ending 31 December 2023	165
Amounts released	-
Amounts provided	-
Provision for Dilapidation as at 31 December 2024	165

Dilapidation costs relate to the building lease held by the Group. The property lease was renewed in April 2019 and is held on a 10-year lease agreement with a 5 year break clause.

Company balance sheet

as at 31 December 2024

	Notes	2024 £'000	2023 £'000
Assets			
Non-current assets			
Investments	2	7,566	7,566
Right-of-use assets	4	402	526
		7,968	8,092
Current assets			
Other receivables	3	1,281	3,090
Cash at bank		1	18
		1,282	3,108
Total assets		9,250	11,200
Equity & liabilities			
Equity attributable to equity holders of the company			
Share capital	6	9,328	9,328
Share premium account		6,587	6,587
Merger reserve		1,250	1,250
Retained earnings		(12,638)	(10,194)
Total Equity		4,527	6,971
Non-current liabilities			
Lease liabilities	4	356	474
Dilapidation provision	5	165	165
		521	639
Current liabilities			
Trade & other payables	5	4,084	3,461
Lease liabilities	4	118	129
		4,202	3,590
Total liabilities		4,723	4,229
Total equity & liabilities		9,250	11,200

The loss after tax for the company for the year ended 31 December 2024 was £2,443,000 (2023: £1,922,000).

Under s408 the Company has chosen not to disclose the statement of profit and loss.

The financial statements on pages 67 to 70 were approved by the Board of Directors on 29 May 2025 and were signed on its behalf by:

Jonathan Glenn

Director

Company registered number: 02298163

Statement of changes in equity

for the year ended 31 December 2024

	Share capital £'000	Share premium £'000	Merger Reserve £'000	Retained earnings £'000	Total £'000
Balance as at 1 January 2023	9,328	6,587	1,250	(8,302)	8,863
Share-based payment	-	-	-	30	30
Issue of share capital	-	-	-	-	-
Total – transactions with owners	-	-	-	30	30
Loss and total comprehensive deficit for the period	-	-	-	(1,922)	(1,922)
Balance as at 31 December 2023	9,328	6,587	1,250	(10,194)	6,971
Share-based payment	-	-	-	-	-
Issue of share capital	-	-	-	-	-
Total – transactions with owners	-	-	-	-	-
Loss and total comprehensive deficit for the period	-	-	-	(2,443)	(2,443)
Balance as at 31 December 2024	9,328	6,587	1,250	(12,638)	4,527

Notes to the Company financial statements

as at 31 December 2023

1. Accounting policies

(a) Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these separate financial statements, the Company applies the recognition, measurement and disclosure requirements of the Companies Act 2006 and UK- adopted international accounting standards. Amendments have been applied 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 company has applied the exemptions available under FRS 101 in respect of the following disclosures

- Comparative period reconciliations for share capital;
- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Surgical Innovations Group PLC 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

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements are prepared on the historical cost basis.

(b) Investment in subsidiary undertakings

Amounts owed by group undertakings are stated after any provision for expected credit loss in line with the three stage model in IFRS 9.

(c) Share-based transactions

Share-based payment arrangements in which the Company 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 Company.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service 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 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.

(d) Pension obligations

The Group provides pension benefits to its employees through contributions to defined contribution Group personal pension policies. The amounts charged to the Consolidated statement of comprehensive income are the contributions payable in the period.

2. Investments

	As at 31 Dec 2023			As at 31 Dec 2024
	£'000	£'000	£'000	£'000
	Cost	Additions	Impairment	Net book value
Investments	7,566	-	-	7,566

Additions

Increases in share based payments charges for contributions relating to share options granted to employees in the relevant subsidiary, these options are held in the parent Company.

Impairment

The investment is tested annually for impairment in conjunction with the Goodwill, refer to Group disclosure note 9 for further detail

The trading subsidiaries of the Group comprise:

Company	Description of shares held	Nature of business	Country of incorporation and operation	Proportion held
Surgical Innovations Limited	Ordinary £1 shares	Design and manufacture of minimally invasive devices	Great Britain	100%
Haemocell Limited	Ordinary £1 shares	Design and manufacture of Autologous blood products	Great Britain	100%
Elemental Healthcare Ltd	Ordinary £1 shares	Distribution of innovative Medical products	Great Britain	100%

All subsidiaries are included in the consolidated financial statements of the Group. The registered address for all the above Subsidiaries are held at Clayton Wood House, 6 Clayton Wood Bank, Leeds, LS16 6QZ.

Surgical Innovations Group Plc has offered a guarantee over the liabilities of its subsidiary Haemocell Limited (registered number 06063361), Surgical Innovations Ltd (registered number 02682144) and Elemental Healthcare Ltd (registered number 05538194), and therefore these subsidiaries are exempt from audit under S479A of the Companies Act.'

3. Other receivables

	2024 £'000	2023 £'000
Prepayments and accrued income	7	18
Other debtors	262	261
Amounts due from subsidiary undertakings	1,012	2,811
	1,281	3,090

In considering the expected period of recovery of the receivable, forecast cash flows based on approved budgets and discount rate of the subsidiary have been estimated.

All amounts receivable are within one year.

Amounts due from / (to) subsidiary undertakings are unsecured, interest free and repayable on demand. Expected credit loss provision at 31 December 2024 was £1.5m (2023: £1.1m). The expected credit loss has been calculated based on a calculation of the shortfall of liquid assets and consideration of the matter of recovery and recovery period of the intercompany receivable.

4. Leases

IFRS 16 for the property lease has impacted the following items:

	As at 1 January 2024		As at 31 December 2024	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Right-of-use assets and lease liabilities	526	603	402	474
Of which are:				
Current lease liabilities	-	129	-	118
Non-Current lease liabilities	-	474	-	356
Impact on Equity	-	(77)	-	(72)
Total impact on statement of financial position	526	526	402	402

A reconciliation of the value of right-of-use assets and lease liabilities from 1 January 2024 to 31 December 2024 for a property lease is presented below:

	Right-of-use assets	Lease liabilities
	£'000	£'000
Right-of-use assets and lease liabilities as at 1 January 2024:	526	603
Additions	-	-
Disposals	-	-
Depreciation	(124)	-
Finance cost	-	30
Lease payments	-	(159)
Right-of-use assets and lease liabilities as at 31 December 2024:	402	474

5. Current liabilities

	2024 £'000	2023 £'000
Accruals and deferred income	99	86
Trade payables	3	10
Other creditors	30	30
Amounts payable to subsidiary undertakings	3,952	3,335
	4,084	3,461

Non-Current liabilities

Dilapidation provision	165	165
	165	165

Dilapidation costs relate to the building lease held by the Group. The property lease was renewed in April 2019 and is held on a 10-year lease agreement with a 5 year break clause.

6. Share capital

	2024 £'000	2023 £'000
Allotted, called up and fully paid: 932,816,177 ordinary shares of 1p each (2023: 932,816,177)	9,328	9,328

7. Employees and Directors' emoluments

The average monthly number of employees (including Executive Directors) employed by the Group during the year was as follows:

	2024 Number	2023 Number
Directors	2	2

The costs incurred in respect of these employees were:

	2024 £'000	2023 £'000
Wages and salaries	384	351
Social security costs	51	41
Pension costs	11	6
	446	398

8. Transactions with related parties

The Group did not carry out any transactions with related parties during the year (2023: £nil).

In these financial statements, the company has applied the exemption available under FRS 101 in respect of the following disclosures.

- Disclosures in respect of transactions with wholly owned subsidiaries.

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Company Secretary and registered office

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6 Clayton Wood Bank
Leeds LS16 6QZ

Registered number

02298163

Nominated adviser and broker

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London
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Solicitors

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Auditor

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Registrars

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Bankers

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