12 September 2023

Creo Medical Group plc
("Creo", the "Group" or the "Company")

Half-year Report

Core technology revenue for H1-2023 equal to entirety of FY-2022; slimmer Speedboat Inject drives sharp increase in treated patients and trained doctors

Creo Medical Group plc (AIM: CREO), the medical device company focused on the emerging field of minimally invasive surgical endoscopy, announces its unaudited results for the six-month period ended 30 June 2023.

Operational and commercial highlights:

- Revenue growth driven by sharp increase in adoption of Creo's Core technology, underpinned by growing revenue from Creo's Endotherapy consumables business
- Progress in roll-out of Creo's Core technology:
  - 42% increase in the volume of procedures of *Speedboat Inject* vs. H2-2022
  - 44% increase in user base from December 2022
  - 65% increase in the number of clinicians able to provide training from 31 December 2022
- Medical Device Regulation ("MDR") CE clearance for *Speedboat Inject,* adding upper gastrointestinal ("GI") use (e.g. swallowing disorders, oesophageal and stomach cancers) in the UK and mainland Europe
- First use of *Speedboat Inject* in Croatia, Slovenia, Malaysia and the United Arab Emirates, with Creo's Core technology having now been used in over 20 countries
- Key product and patient milestones reached:
  - Slimmer *Speedboat Inject* achieving excellent clinical results
  - Most significant data set for Speedboat Submucosal Dissection ("SSD") procedures to date, showing an 82% curative rate for lower GI lesions (e.g. bowel and colon) with no perforations recorded
  - First sales of Endotherapy consumables in the US
  - First in-human use of *MicroBlate Flex* for the microwave ablation of soft tissue lung lesions safely completed as part of a lung tissue ablation clinical study
- *Speedboat Inject* selected by the National Institute for Health and Care Excellence ("NICE") to be scoped and routed for guidance
- Ongoing discussions with third parties on potential new, and expansion of existing, *Kamaptive* licensing opportunities

Financial highlights:

- Revenue of £15.7m (H1-2022: £13.6m, H2-2022: £13.5m), including £0.9m generated from Creo core products, equal to the same core products revenue generated in the entirety of FY-2022 (H1-2022 £0.5m, H2-2022: £0.4m)
- 15% increase in revenue vs. H1-2022 driven by Creo's Core technology and growth in Creo's Endotherapy consumable business
- £33.7m (before expenses) raised in an oversubscribed fundraise in March 2023
- Cash and cash equivalents of £26.5m at 30 June 2023 (30 June 2022: £26.1m; 31 December 2022: £13.1m)
- Post balance sheet receipt of £4.5m R&D tax credits
- Underlying EBITDA loss (EBITDA with R&D tax credits and other accounting adjustments added back) of £9.2m, representing a 15% reduction vs. H2-2022 (£10.8m)
- Improved gross profit and reduced operating expenditure through cost control, operational consolidation and a reduction in headcount have contributed to a continued reduction in cash burn (before tax and interest adjustments) in each half since H1-2022
- Loss per share of 4p (H1-2022: 7p)

Craig Gulliford, Chief Executive Officer of Creo, said: *"The past six months have been hugely significant for Creo. We continue to be at the forefront of a paradigm shift, introducing advanced energy to endoscopy in new markets and procedures – facilitating an array of benefits to patients, clinicians and healthcare providers. This, combined with an increased focus on business efficiencies, is solidifying Creo as a platform for growth.*

"Attracting the necessary funding earlier in 2023 was clearly an important moment in our push towards our goal of being cash flow breakeven during FY2025. I reiterate my thanks to all shareholders, new and old, for their continued support.

"The rapid pace of adoption of Creo's technology, and the global recognition it is achieving, has been a particular highlight for me. From India to the US, Spain to Singapore; patients from around the world are benefitting from our unique technology, with the body of data supporting the clinical and commercial benefits growing quickly as a result.

"A slimmer Speedboat Inject device, MicroBlate Flex trial, NICE recognition and quicker adoption of the technology have all been milestones we've been working towards for some time. To see them begin to bear fruit is testament to the relentless hard work across the business over the past years.

"With our Kamaptive partnership work continuing to show real promise and our Endotherapy range of consumable products now available in markets beyond Europe, we are confident of building on the momentum generated."

Capital Markets Event

Creo Medical announces that it will be holding a Capital Markets Event on 7 November at the offices of Numis, 45 Gresham Street, London, EC2V 7BF. The Company will provide greater detail on the commercial and clinical progress of its products and will feature presentations from a number of clinicians who are using Creo's products in practice. Further details will be provided in a separate announcement to be released in due course.

Change of Name of Nominated Adviser and Joint Broker

The Company also announces that its Nominated Adviser and Joint Broker has changed its name to Cavendish Securities plc following completion of its own corporate merger.

Enquiries:

Creo Medical Group plc	www.creomedical.com
Richard Rees (CFO)	+44 (0)1291 606 005
Cavendish Securities plc	+44 (0)20 7397 8900
Stephen Keys / Camilla Hume (NOMAD)	
Michael Johnson (Sales)	
Numis Securities Limited (Joint Broker)	+44 (0)20 7260 1000
Freddie Barnfield / Duncan Monteith / Euan Brown	
Walbrook PR Ltd	Tel: +44 (0)20 7933 8780 or creo@walbrookpr.com
Paul McManus / Sam Allen /	Mob: +44 (0)7980 541 893 / +44 (0)7502 558 258 /
Phillip Marriage	+44 (0)7867 984 082

About Creo Medical

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

The Company's vision is to improve patient outcomes through the development and commercialisation of a suite of electrosurgical medical devices, each enabled by CROMA, powered by Kamaptive. The Group has developed the

CROMA powered by Kamaptive full-spectrum adaptive technology to optimise surgical capability and patient outcomes. Kamaptive is a seamless, intuitive integration of multi-modal energy sources, optimised to dynamically adapt to patient tissue during procedures such as resection, dissection, coagulation and ablation of tissue. Kamaptive technology provides clinicians with increased flexibility, precision and controlled surgical solutions. CROMA currently delivers bipolar radiofrequency (“RF") energy for precise localised cutting and focused high frequency microwave ("MW") energy for controlled coagulation and ablation via a single accessory port. This technology, combined with the Group's range of patented electrosurgical devices, is designed to provide clinicians with flexible, accurate and controlled clinical solutions. The Directors believe the Company's technology can impact the landscape of surgery and endoscopy by providing a safer, less-invasive and more cost-efficient option for procedures.

For more information, please refer to the website www.creomedical.com

Interim results for six months ended 30 June 2023

Chief Executive Review

Commercial and Operations

I am pleased to report strong commercial progress for the first half of 2023. Considerable strides have been made in all facets of the business, boosted by the launch of a slimmer *Speedboat Inject* device in late 2022. Trading across the business has tracked in-line with management's expectation during H1-2023, including a significant increase in the number of regular users of Creo's *Speedboat Inject* device which is reflected by the increase in Creo Core technology revenues. Highlights during the first six months of 2023 include:

- Generating the same revenue in relation to Creo's Core technology for H1-23 as we did for the entirety of FY-2022, at £0.9m;
- Revenue growth of 18% from H2-2022 in our Creo Endotherapy consumable products;
- £33.7m (before expenses) raised in an oversubscribed fundraise in March 2023; and
- Improved gross profit and reduced operating expenditure through budget management have contributed to a continued reduced cash burn (before tax and interest adjustments) in each half since H1-2022.

Creo's products are distributed via direct and indirect sales channels. Creo has 14 offices in nine countries across Europe, the USA and APAC with access to other jurisdictions through the support of distribution partners (predominantly in the EMEA and APAC regions, but more recently in Latin America). The nature of Creo's sales and distribution channels, coupled with our enhanced and flexible Pioneer Clinical Education Programme, allows the implementation of commercialisation models to reflect the markets in which we are operating (indirect vs. direct). For example, in Israel, Creo's distributor has taken the lead on running Speedboat Inject training courses, supported by Creo's in-house Clinical Education team. This approach allows for local training to be delivered in country, reducing the time between clinicians completing training and performing their first cases.

The increase in revenue from Creo's Core technology has been driven by an increase in new and high-volume users, global cases, a strengthened pipeline of interested clinicians and Creo's technology being introduced into new territories.

Looking forward, the pipeline of users and prospective users for Creo's Core technology continues to grow. Multi-national and bespoke regional training and mentoring events, held during H1-2023, have resulted in 115 confirmed users at the end of the period, an increase of 44% over the 80 confirmed users as at 31 December 2022, and 30% over the 91 as at 31 March 2023. Cases using *Speedboat Inject* in both Q1 and Q2-2023 were 50% higher than the FY-2022 quarterly average. Management is confident of this significant growth continuing through the remainder of 2023 and beyond.

Speedboat Inject (targeting gastrointestinal ("GI") lesions (including bowel and upper GI cancers) and swallowing disorders) is a flexible endoscopic instrument, delivering both advanced bipolar radiofrequency and microwave energy through a single device. By bringing advanced energy precision to endoscopic procedures in the entire GI tract, *Speedboat Inject* can curatively and safely resect lesions in the colon, stomach and oesophagus, avoiding the need for surgery.

The launch of Creo's slimmer *Speedboat Inject* in late 2022, supported by Creo's Pioneer training programme, boosted use of the device in H1-2023. The slimmer *Speedboat Inject* device is compatible with the working channel of most major endoscopes which allow clinicians to gain deeper access into the GI tract and have increased manoeuvrability, facilitating easier retroflection techniques.

Speedboat Inject is now CE marked according to the Medical Device Regulation ("MDR") for use throughout the entire GI tract (as is already the case in the US and APAC region). Over 40% of global cases performed with *Speedboat Inject* are now in the upper GI across multiple indications. Upper GI clearance in the UK and Europe significantly increases the number of procedures for which the device can be utilised. This has been supported by the number of doctors attending Creo's Pioneer training programme and post-clearance upper

GI case numbers. Management expects that the wider clearance will continue to increase Creo's potential user base and their usage substantially.

The results seen by The Royal Oldham Hospital during H1-2023 succinctly illustrate the positive impact on patient outcomes, waiting lists and the prevention of bowel cancer from adopting *Speedboat Inject* and launching a *Speedboat Submucosal Dissection* ("SSD") service. Having attended Creo's Pioneer training programme and installed devices across multiple endoscopy rooms immediately post-training, the hospital was able to perform five SSD cases in its first afternoon, and recently reached 40 SSD cases, making it the fastest hospital to reach the landmark.

During H1-2023, *Speedboat Inject* was used for the first time in Croatia, Slovenia, Malaysia and in the United Arab Emirates. The increased pace of adoption can also be seen in India, where one of the world's premier healthcare settings, AIG Hyderabad Hospital, quickly became the first in Asia to treat 50 patients using *Speedboat Inject*, less than a year after Creo officially opened its Asia-Pacific ("APAC") regional hub. The progress across APAC has been particularly significant, and management sees potential for greater progress as Creo continues to commercialise its technology in the region.

Cases continue to be successfully performed elsewhere in the world. In Istanbul, Professor Fatih Aslan successfully performed four SSD procedures over a single day; importantly, one of these cases was completed in under 15 minutes – a key illustration of how efficiently *Speedboat Inject* can be used by clinicians, allowing them to tackle more cases in a shorter period of time. Further case examples can be seen at linkedin.com/company/creo-medical/posts/.

Finally, the validation of Creo's technology has gathered further momentum with the selection of *Speedboat Inject* by the National Institute for Health and Care Excellence ("NICE") to be scoped and routed for guidance, and by an ongoing collaboration with NHS Supply Chain. NICE selected *Speedboat Inject* for scoping and routing because it "*anticipate[s] the topic will be of importance to patients, carers, professionals, commissioners and the health of the public to ensure clinical benefit is realised, inequalities in use addressed, and help them make the best use of NHS resources*". If appropriate, the process may result in a specific NICE output such as Medical Technologies Guidance.

In addition to Creo's Core technology, Creo also manufactures and sells a number of complementary products through its European and UK businesses, along with consumable Original Equipment Manufacturer ("OEM") / Own Brand Labelling ("OBL") and third-party products. These Endotherapy products provide a stable and growing revenue stream to the Group, as well as access to key customers for Creo's Core technology. Creo's Endotherapy consumable business continued to grow during H1-2023, and the Company has implemented a sales and distribution structure in the US to replicate its European success. First US sales were achieved during H1-2023 and growth is expected in H2-2023.

Benefitting from the economies of scale from the acquisitions made in 2020 and 2021, Creo is now seeing customers show interest in, and adopt, the Company's Core technology into their existing practices whilst continuing to purchase Creo's complementary products.

Creo's Kamaptive Licensing partnerships with Intuitive and CMR Surgical have also progressed well during the first half of 2023. The team continues to explore and expand the scope and reach of partnerships, as the potential for the wider use of Creo's technology presents itself. The investment made in FY-2022 in the next generation CROMA platform is paying off. Management expect that the next generation platform will not only enable organic growth of the Company's product range over the coming years, but, with the additional functionality under development, it will also facilitate the development and expansion of its partnerships and licensing programmes.

We continue to evolve and develop Creo's Core technology. As at 30 June 2023, the Group has 131 patent families, comprising, in total, 318 granted patents and 397 pending applications. During the period we have sought to rationalise our patent estate, reducing expenditure and ensuring that our coverage and investment is focussed on intellectual property in those key territories which will assist with Creo's current commercial roadmap.

In May, we were delighted to announce the first-in-human use of *MicroBlate Flex*, Creo's bronchoscopic microwave ablation device. The use forms part of a multi-site clinical study (the "Study") to evaluate its safety and feasibility of *MicroBlate Flex* for the treatment of lung lesions. The Study is the first of a number of planned studies designed

by Creo, in conjunction with Kamaptive partners, in respect of Creo's suite of ablation devices during 2023 and beyond.

In support of our ablation activities, Creo created a Pulmonary Clinical Advisory Group during H1-2023 and we were pleased to announce that we had appointed Dr Marco Scarci to advise and help shape Creo's *MicroBlate* clinical strategy. Dr Scarci is a highly experienced London-based consultant thoracic surgeon, specialising in minimally invasive techniques, and will provide expert clinical advice and counsel in relation to the Company's microwave ablation technology.

Management and Employees

Creo continues to attract and retain talented and experienced individuals across all business functions. The second half of 2022 was an employee high water mark, with an average headcount of 309. Since then, we have sought to gradually reduce our headcount, taking advantage of natural attrition wherever possible. As at 30 June 2023, Creo employs 279 people: 249 in EMEA, 23 in the USA, and seven in APAC. Approximately 143 employees are involved in R&D and Operations, 93 are focussed on Sales and Marketing and 43 employees are within G&A.

In line with Creo's overall objective to improve lives, we have always recognised our wider ESG responsibilities. Our immediate priority is the communities that we serve, most obviously our patients and their families along with the clinicians that treat and care for them. This also includes our staff, their families and the local communities in which we employ them. We continue to assess our responsibilities under the ESG framework and actively take steps to ensure that we meet our obligations as well as being prepared for the future. We will report on the actions we have taken during 2023 in our Annual Report.

Summary

The team continues to execute against our strategy and deliver against operational milestones. We continue to look to the Company's future with confidence, strengthened by our ability to:

- put our CROMA platform and our suite of devices in the hands of more clinicians to allow more patients to be treated in an increasing number of locations around the world;
- scale up our Pioneer Programme and deliver simultaneous multijurisdictional training courses; and
- work with third parties to license our Kamaptive technology.

On behalf of the Board, I thank Creo's shareholders for their continued support, feedback and encouragement along with all members of the Creo team, our clinicians and their patients, our customers, suppliers and other partners for all their hard work, support and positive contributions during the period.

Craig Gulliford
Chief Executive Officer

Financial Review

Total sales for the period were £15.7m across both Creo Core and Consumable sales. Creo Core revenues, which comprise the Creo Products including the slimmer *Speedboat Inject* and CROMA platform, were £0.9m for the period, an increase of 80% on H2-2022 and 100% of the total Creo Core sales for all of FY-2022.

Kamaptive revenues were £0.5m for the period (H1-2022: £0.5m, H2-2022: £0.9m) reflecting the development work with robotics partners during the period through our *Kamaptive* licencing programme. No milestone payments have been recognised in the period (H1-2022: £nil, H2-2022: £0.4m), however these are expected in H2-2023.

Creo's Endotherapy consumable sales continued to grow during the period, generating £14.3m of revenue. This represents an 18% increase on H2-2022 and 12% on H1-2022 (H2-2022: £12.1m, H1-2022: £12.8m).

All figures £m	6 months to 30 June 2023	6 months to 31 December 2022	6 months to 30 June 2022	12 months to 31 December 2022
Creo Core	0.9	0.5	0.4	0.9
Kamaptive	0.5	0.9	0.5	1.4
Total Creo Core	**1.4**	**1.4**	**0.9**	**2.3**
Total Consumables	**14.3**	**12.1**	**12.8**	**24.9**
Total Revenue	**15.7**	**13.5**	**13.** 7	**27.2**

Total gross profit for the period increased to £7.5m (H2-2022: £6.6m) whilst the gross margin percentage marginally decreased by 0.2% to 47.9% (H2-2022: 48.1%) due to no milestone payments in the six-month period to date compared to one milestone payment in H2-2022.

Creo's cost base peaked in H1-2022 with the investment in infrastructure, completion of key R&D projects such as the slimmer *Speedboat Inject* device, and recruitment required to transition to a commercial and operational focus paving the way for positive cash generation in the years to come. Since H1-2022, our underlying administrative expenses have decreased by £1.7m in aggregate (£0.9m (H2-2022 vs H1-2022) and £0.8m (H1-2023 vs H2-2022) respectively). Key savings made during this period relate to savings in R&D spend thanks to the completion of key projects, reduction in patent costs and reviewing travel policy and expenditure and we will continue to focus on cost management for the remainder of the year.

(All figures £m)	6 months to 30 June 2023	6 months to 31 December 2022	6 months to 30 June 2022	12 months to 31 December 2022
Administrative expenses	(20.9)	(21.4)	(22.5)	(43.9)
Depreciation & Amortisation	1.7	1.7	1.5	3.2
PPE & Other Settlement	0.2	0.0	0.0	0.0
SIP Charge	0.1	0.1	0.1	0.2
Earnout	0.4	0.4	0.5	0.9
Share-based payments	0.6	0.5	0.8	1.3
Underlying Administrative Expenses	**(17.9)**	**(18.7)**	**(19.6)**	**(38.3)**

Underlying EBITDA loss (EBITDA with R&D tax credits and other accounting adjustments added back) of £9.2m, representing a 15% reduction for the first six months of 2023 vs. H2-2022 (£10.8m).

The decrease in underlying administrative expenses in the period to £17.9m against the six-month period to 31 December 2022 (£18.7m) reflects the reduction in R&D spend and strict cash control by management as we transition into a commercial and operational based business.

The underlying operating loss for the period is £8.6m (six months to 30 June 2022: £10.5m; six months to 31 December 2022: £10.3m) representing a 16% reduction in underlying operating loss for the first six months of 2023 vs. H2-2022. This is a non-statutory measure which adjusts the operating loss as follows:

(All figures £m)	6 months to 30 June 2023	6 months to 31 December 2022	6 months to 30 June 2022	12 months to 31 December 2022
Revenue	15.7	13.5	13.6	27.1
Cost of Sales	(8.2)	(6.9)	(7.1)	(14.0)
Gross Profit	**7.5**	**6.6**	**6.5**	**13.1**
Gross Profit %	**47.9%**	**48.1%**	**48.1%**	**48.3%**
Other operating income	0.0	0.0	0.1	0.1
Administrative expenses	(20.9)	(21.4)	(22.5)	(43.9)
Operating loss	**(13.4)**	**(14.9)**	**(15.9)**	**(30.8)**
Depreciation & Amortisation	1.7	1.7	1.5	3.2
PPE & Other Settlement	0.2	0.0	0.0	0.0
SIP Charge	0.1	0.1	0.1	0.1
Earnout	0.4	0.4	0.5	0.9
R&D expenditure recovered via tax credit scheme	1.8	1.9	2.6	4.5
Underlying EBITDA loss (non-statutory measure)	**(9.2)**	**(10.8)**	**(11.3)**	**(22.2)**
Share-based payments	0.6	0.5	0.8	1.3
Underlying operating loss (non-statutory measure)	**(8.6)**	**(10.3)**	**(10.5)**	**(20.9)**

* figures showing '-' are where there is no balance for the period, figures showing '0.0' is where there is a balance but it is below £0.05m.

Tax

The Company has not recognised any additional deferred tax assets in respect of trading losses arising in the current financial period. The Company recognises tax assets in respect of claims under the UK research and development Small or Medium-sized Enterprise ("SME") scheme, accrued in line with costs with any adjustments being made on submission of a claim. We received £4.5m cash from R&D tax credits in August 2023 relating to the 2022 claim. Following the changes in the amount reclaimable under the UK R&D tax incentive schemes which were announced in the March 2023 Budget we anticipate a reduction in our R&D tax credit for H2-2023 and future periods compared to previous periods.

Earnings per share

Loss per share was 4 pence for the period (six-months to 30 June 2022: 7 pence).

Cash flow and Balance Sheet

Net cash used in operating activities was £15.2m for the six months to 30 June 2023 (six months to 30 June 2022: £16.7m) driven by the reduction in operating costs as described above, offset by an increase in working capital with higher debtors and lower creditors. Cash paid from investing activities was £17.1m (six months to 30 June 2022: £2.0m) due to £15m put on treasury deposits with the remainder mainly due to the settlement of the remaining deferred and contingent liabilities relating to the Aber Electronics, Albyn Medical and Boucart Medical acquisitions during the period.

Net cash generated from financing activities was £30.6m (six months to 30 June 2022: £1.2m) reflecting the fund raise completed in March 2023 generating £33.7m offset by net repayment of loans and lease payments of £0.9m in the period.

Total assets at 30 June 2023 increased to £88.7m (30 June 2022: £87.5m). Cash and cash equivalents and cash on deposit at 30 June 2023 were £26.5m (30 June 2022: £26.1m) following the fund raise of £31.5m in March offset by cash spent on operation expenditure for the period. Net assets were £69.0m (30 June 2022: £61.1m).

At 30 June 2023, the debtor position in relation to R&D Tax Credits was £6.3m including the £4.5m debtor from 2022. Inventory as at 30 June 2023 decreased to £8.0m (30 June 2022: £8.2m), representing the increase in stock holding to facilitate current and expected future orders of core Creo products as well as the global expansion of UK and European sales of other products offset by the settlement of the PPE stock (£1.5m) in Creo Medical Spain with the PPE loan (£1.5m).

Interest bearing liabilities as at 30 June 2023 decreased to £9.2m (30 June 2022: £10.5m) due to repayment of loans in line with loan schedules.

2023 Outlook

Trading across the Group during H1-2023 has been in-line with management's expectation including there being a significant increase in the number of regular users of Creo's *Speedboat Inject* device. We expect the growth in revenues to continue on an upwards trajectory and to maintain our strong gross margin across our products. Active cost control will support a stable cost base, driving efficiencies through the business.

Consolidated statement of profit and loss and other comprehensive income

(All figures £m)	Note	6 months to 30 June 2023 Unaudited	6 months to 30 June 2022 Unaudited	12 months to 31 December 2022 Audited
Revenue	2	15.7	13.6	27.1
Cost of sales		(8.2)	(7.1)	(14.0)
Gross Profit		**7.5**	**6.5**	**13.1**
Other operating income		-	0.0	0.1
Administrative expenses		(20.9)	(22.5)	(43.9)
Operating loss		**(13.4)**	**(16.0)**	**(30.7)**
Finance expenses		(0.1)	(0.1)	(0.3)
Finance income		0.3	0.0	0.1
Loss before tax		**(13.2)**	**(16.1)**	**(30.9)**
Taxation		1.6	2.6	4.0
Loss for the year		**(11.6)**	**(13.5)**	**(26.9)**
Exchange loss on foreign subsidiary		(1.0)	0.4	1.2
Changes to the fair value of equity investments at fair value through other comprehensive income		-	-	0.4
Total comprehensive loss for the year		**(12.6)**	**(13.1)**	**(25.3)**
Loss per Share				
Basic and diluted (£)	3	(0.04)	(0.07)	(0.15)

* figures showing '-' are where there is no balance for the period, figures showing '0.0' is where there is a balance but it is below £0.05m.

Consolidated statement of financial position

(All figures £m)		6 months to 30 June 2023 Unaudited	6 months to 30 June 2022 Unaudited	12 months to 31 December 2022 Audited
Assets				
Intangible assets		7.3	8.4	8.1
Goodwill		19.0	19.0	19.6
Investments		2.1	1.7	2.1
Property, plant and equipment		9.7	9.7	10.2
Deferred tax		1.4	1.5	1.5
Other assets		0.1	0.2	0.2
Non-current assets		**39.6**	**40.5**	**41.7**
Current assets				
Inventories		8.0	8.2	9.3
Trade and other receivables		8.3	5.8	6.8
Tax receivable		6.3	6.9	4.5
Fixed term deposits		15.0	-	-
Cash and cash equivalents		11.5	26.1	13.1
Total cash and cash on deposits		26.5	26.1	13.1
Current Assets		**49.1**	**47.0**	**33.7**
Total assets		**88.7**	**87.5**	**75.4**
Shareholder equity				
Called up share capital	4	0.4	0.2	0.2
Share premium		180.9	149.4	149.5
Merger reserve		13.6	13.6	13.6
Share option reserve		10.0	8.7	9.3
Foreign exchange reserve		(2.2)	(1.8)	(1.1)
Financial Assets at fair value through other comprehensive income		0.6	0.2	0.6
Accumulated losses		(134.3)	(109.2)	(122.7)
Total equity		**69.0**	**61.1**	**49.4**
Liabilities				
Non-current liabilities				
Interest-bearing liabilities		5.6	6.5	6.1
Deferred tax liability		1.7	1.6	2.0
Provisions		0.5	0.6	0.4
		7.8	8.7	8.5
Current liabilities				
Interest-bearing liabilities		3.6	4.0	4.0
Trade and other payables		7.5	9.6	9.0
Non interest-bearing loans		-	1.6	1.6
Other liabilities		0.6	2.3	2.7
Provisions		0.2	0.2	0.2
		11.9	17.7	17.5
Total liabilities		19.7	26.4	26.0
Total equity and liabilities		**88.7**	**87.5**	**75.4**

* figures showing '-' are where there is no balance for the period, figures showing '0.0' is where there is a balance but it is below £0.05m.

Consolidated statement of changes in equity

(All figures £m)	Called up share capital	Accumulated losses	Share premium	Merger reserve	Share option reserve	Changes to the fair value of equity instruments at fair value through other comprehensive income	Foreign Exchange Reserve	Total equity
Balance at 1 January 2022	**0.2**	**(95.8)**	**149.4**	**13.6**	**7.9**	**0.2**	**(2.3)**	**73.2**
Total comprehensive loss for the year								
Loss for the financial year	-	(13.4)	-	-	-	-	-	(13.4)
Other comprehensive loss	-	-	-	-	-	-	0.4	0.4
Total comprehensive loss	-	(13.4)	-	-	-	-	0.4	(13.0)
Transactions with owners, recorded directly in equity								
Issue of share capital	-	-	-	-	-	-	-	-
Equity settled share-based payment transactions	-	-	-	-	0.8	-	-	0.8
Balance at 30 June 2022	**0.2**	**(109.2)**	**149.4**	**13.6**	**8.7**	**0.2**	**(1.9)**	**61.0**
Total comprehensive loss for the year								
Loss for the financial year	-	(13.5)	-	-	-	-	-	(13.5)
Other comprehensive loss	-	-	-	-	-	0.4	0.7	1.1
Total comprehensive loss	-	(13.5)	-	-	-	0.4	0.7	(12.4)
Transactions with owners, recorded directly in equity								
Issue of share capital	0.0	-	0.1	-	-	-	-	0.1
Equity settled share-based payment transactions	-	-	-	-	0.6	-	-	0.6
Balance at 31 December 2022	**0.2**	**(122.7)**	**149.5**	**13.6**	**9.3**	**0.6**	**(1.2)**	**49.3**
Total comprehensive loss for the year								
Loss for the financial year	-	(11.6)	-	-	-	-	-	(11.6)
Other comprehensive loss	-	-	-	-	-	-	(1.0)	(1.0)
Total comprehensive loss	-	(11.6)	-	-	-	-	(1.0)	(12.6)
Transactions with owners, recorded directly in equity								
Issue of share capital	0.2	-	31.4	-	-	-	-	31.6
Equity settled share-based payment transactions	-	-	-	-	0.7	-	-	0.7
Balance at 30 June 2023	**0.4**	**(134.3)**	**180.9**	**13.6**	**10.0**	**0.6**	**(2.2)**	**69.0**

* figures showing '-' are where there is no balance for the period, figures showing '0.0' is where there is a balance but it is below £0.05m.

Consolidated statement of cash flows

(All figures £m)	6 months to 30 June 2023 Unaudited	6 months to 30 June 2022 Unaudited	12 months to 31 December 2022 Audited
Loss for the period	(11.7)	(13.4)	(26.9)
Depreciation/amortisation charges	1.7	1.5	3.1
Equity settled share-based payment expenses	0.7	0.8	1.4
Fair value adjustment to derivatives	-	(0.0)	-
Finance expenses	0.1	0.1	0.3
Finance income	(0.3)	(0.0)	(0.2)
Taxation	(1.6)	(2.6)	(4.0)
Cash flows from operating activities before NWC , interest and tax deductions	(11.1)	(13.6)	(26.3)
Decrease/(increase) in inventories	1.0	0.3	(0.4)
Increase in trade and other receivables	(1.8)	(3.0)	(1.6)
Decrease/Increase in trade and other payables	(3.2)	(0.3)	(0.8)
Cashflow from operating activities before interest and tax	(15.1)	(16.6)	(29.1)
Interest paid	(0.1)	(0.1)	(0.3)
Tax paid	0.0	0.0	0.0
Tax received	0.0	0.0	4.3
Net cash used in operating activities	**(15.2)**	**(16.7)**	**(25.1)**
Cash flows from investing activities			
Purchase of intangible fixed assets	(0.1)	(0.1)	(0.1)
Purchase of tangible fixed assets	(0.4)	(1.9)	(3.2)
Acquisition of subsidiary net of cash acquired	(1.9)	0.0	(2.8)
Fixed term deposits	(15.0)	-	-
Interest received	0.3	0.0	0.1
Net cash used in investing activities	(17.1)	(2.0)	(6.0)
Cash flows from financing activities			
Capital repaid in respect of loans	(0.7)	(0.9)	(1.6)
Proceeds of new loan	0.1	2.5	2.9
Capital repaid in respect of lease liabilities	(0.3)	(0.4)	(0.8)
Share issue	31.5	0.0	0.1
Net cash generated from financing activities	30.6	1.2	0.6
(Decrease) in cash and cash equivalents	(1.7)	(17.5)	(30.5)
Effect of exchange rates in cash held	0.1	0.1	0.1
Cash and cash equivalents at beginning of the year	13.1	43.5	43.5
Cash and cash equivalents at end of the year	**11.5**	**26.1**	**13.1**

* figures showing '-' are where there is no balance for the period, figures showing '0.0' is where there is a balance but it is below £0.05m.
£0.9m of capital repaid in respect of loans for the 6 months to 30th June 2022 has been reclassified to trade and other payables.

Notes to the interim financial statements

1. Basis of preparation

This interim financial report, which is unaudited, does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006. These interim financial statements have been prepared in accordance with the AIM rules and the IAS 34.

The accounts of Creo Medical Group plc for the period ended 31 December 2022, which were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("adopted IFRSs"), have been delivered to the Registrar of Companies. Those accounts were prepared and audited as required by the Companies Act 2006. The interim statements are presented in sterling and rounded to the nearest millionth pound.

This interim financial report for the six-month period ended 30 June 2023 (including comparatives for the six months ended 30 June 2022) was approved by the Board of Directors on 11 September 2023.

Going Concern

The business is continually monitoring the economic developments including the war in Ukraine, inflationary pressures and the current and future impacts they will have on our business. We are on-track with our current business strategy with the commercialisation of Creo's Core technology along with our existing distribution sales helping to reduce the cash burn and get us closer to positive cash generation.

The Company has prepared detailed forecasts and projections for its planned activities up to and beyond December 2025. These include multiple scenarios including where no further funding or financing is obtained.

On the basis of these financial projections the Directors are satisfied that the Company will have adequate resources to continue in operational existence for a period of not less than 12 months from the date of signing this interim financial report. Thus, they continue to adopt the going concern basis of accounting in preparing the interim financial report.

Accounting policies
The same accounting policies and basis of measurement are followed in this interim financial report as published by Creo Medical Group plc in its statutory accounts for the period ended 31 December 2022, as delivered to the registrar of companies.

Changes in accounting policy and disclosures

New standards, amendments and interpretations

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

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

Principal risks and uncertainties
The principal risks and uncertainties impacting the Group are described in our 2022 Annual Report and remain unchanged at 30 June 2023. We continue to monitor the uncertainty around the War in Ukraine, the UK's exit from the European Union, global inflationary and economic pressures along with other geopolitical macro issues.

Critical accounting judgments and key sources of estimation uncertainty
The Group is required to make estimates and assumptions concerning the future. These estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the

related actual results. Accounting estimates and judgements have been required for the production of these Financial Statements.

Share-based payments
Equity-settled share options are granted to certain officers and employees. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model, the Monte Carlo method, or a hybrid model where appropriate. Compensation expense is recognised over the tranche's vesting period based on the number of awards expected to vest, through an increase to equity. The number of awards expected to vest is reviewed over the vesting period, with any forfeitures recognised immediately.

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

To date no further capitalisation of its products above the Speedboat and CROMA platform have been recognised.

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

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

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

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

Whilst the operations in different geographical locations form a fundamental part of the Group's long-term strategy, they are in the early stages of development and the Group continues to focus on the development and commercialisation of its Core technology and the key range of unique endoscopic surgical devices and CROMA Advanced Energy Platform. In making their judgement, the directors considered the Group's activities and the internal reporting structures and information regularly reviewed by the entity's chief operating decision-maker to make decisions about resources to be allocated and assessing performance.

After the assessment, the directors concluded that financial information at a consolidated Group level appropriately reflects the business activities in which the Group is currently engaged, and the economic environment in which it operates. As explained in the 2022 Annual Report, as the Group continues to grow it is expected that the internal reporting structure will evolve in order to meet the changing activities, goals and objectives of the business and therefore additional operating segments may be identified as appropriate in future reporting periods.

2. Revenue and other operating income

The revenue split for the Group at 30 June 2023 was as follows:

All figures £m	6 months to 30 June 2023	6 months to 31 December 2022	6 months to 30 June 2022	12 months to 31 December 2022
UK	4.9	4.0	3.7	7.7
Europe	10.4	9.3	9.8	19.1
RoW	0.4	0.2	0.1	0.3
Total	**15.7**	**13.5**	**13.6**	**27.1**

3. Earnings per share

(All figures £)	6 months to 30 June 2023 Unaudited	6 months to 30 June 2022 Unaudited	12 months to 31 December 2022 Audited
Loss			
Loss attributable to equity holders of Company (basic)	(11,704,505)	(13,434,150)	(26,936,464)
Shares (number)			
Weighted average number of ordinary shares in issue during the period	266,484,071	181,293,171	181,335,216
Loss per share			
Basic and diluted	(0.04)	(0.07)	(0.15)

Earnings per share has been calculated in accordance with IAS 33 – Earnings Per Share using the loss for the period after tax, divided by the weighted average number of shares in issue.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potential dilutive ordinary shares. The potential ordinary shares are considered to be antidilutive on the basis that they reduce the loss per share and are such are not included in the Company's EPS calculation, meaning that diluted EPS is the same as basic EPS.

4. Share capital

Balance at 31 December 2021 (£)	181,099
Issue of share capital	
Number of shares	105,810
Price per share (£)	0.001
Share value (£)	106
Balance at 30 June 2022 (£)	181,205
Issue of share capital	
Number of shares	340,890
Price per share (£)	0.001
Share value (£)	341
Balance at 31 December 2022 (£)	181,546
Issue of share capital	
Number of shares	169,345,387
Price per share (£)	0.001
Share value (£)	169,345
Balance at 30 June 2023 (£)	350,891

5. Post balance sheet events

There were no reportable post balance sheet events.

6. Responsibility statement of the directors in respect of the interim report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting
- the interim management report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Richard Rees
Chief Finance Officer

11 September 2023