18 April 2024

Surgical Innovations Group plc
("Surgical Innovations", the "Company" or the "Group")

Final Results
Audited results for the year ended 31 December 2023

Record revenue levels achieved

Surgical Innovations Group plc (AIM: SUN), the designer, manufacturer and distributor of innovative medical technology for minimally invasive surgery, reports its audited financial results for the year ended 31 December 2023 ("FY23"), having achieved record revenue levels for the reporting period, and provides an update on current trading and outlook for the Group.

Financial highlights:

- Revenues increased 6% to £12.01m (2022: £11.34m) – slightly exceeding Board expectations, and the largest recorded over a financial year
- Underlying gross margins fell below the target range to 37.9% following operational and supply chain headwinds (2022: 42.5%; 2023 H1: 40.5%)
- Adjusted EBITDA[1] profit of £0.20m (2022: £0.70m) – in line with Board expectations
- Adjusted operating loss before tax[1] of £0.69m (2022: £0.01m profit)
- Adjusted EPS amounted to a loss[1] of 0.05p per share (2022: 0.036p profit)
- Net cash generated from operations of £0.26m (2022: £0.23m)
- Net cash[2] at end of period of £0.36m (2022: £0.99m)
- Available gross cash resources totalling £2.21m (2022: £3.20m), including £1.0m undrawn invoice discounting facility

[1] Adjusted EBITDA, adjusted operating (loss)/ profit and adjusted EPS are stated before deducting non-recurring exceptional costs of £0.01m (2022: £0.03m) and share based payment costs of £0.03m (2022: £0.04m).
[2] Net cash equals cash less bank debt

Commercial and operational highlights:

- UK sales grew 8% year on year; UK market, including OEM sales, represents 64% of total revenues
- Comprehensive review of manufacturing operations and supply chain complete and measures implemented following persistent challenges throughout 2023
- Initiatives to improve operational efficiencies starting to yield results – further savings / gains being made including inventory reduction
- Substantial growth of 6.6% in Surgical Innovations ("SI") branded products, especially in the UK (15%)
- Strong sales momentum across several other regions:
    - Sales in Europe (+7%) back above pre-pandemic levels
    - Strong sales in APAC (+8%), driven by Japan (Yelloport products), with India gaining traction
- Investment into new product development ongoing, albeit encountering some registration delays
    - In December 2023, successfully launched in the UK new product LogiTube™, a gastric calibration tube designed to meet specific needs of the obesity market
- UKCA mark has been attained, and another successful completion of the Medical Device Single Audit Program ("MDSAP") audit has been achieved
- The Company's Quality Management System, technical files, and microbiology data have been brought into compliance with EU Medical Device Regulation ("MDR"), successfully audited by BSI and fully approved.

Current trading and outlook

- Strong sales momentum persists in APAC and Europe growing 8% over the same period last year
- The Group continues to trade profitably at the adjusted EBITDA level

- Manufacturing has resumed in the OEM segment, despite supply chain disruptions; efforts are underway to reduce the resultant backlog of orders
- Efforts concentrated on bringing new products to market quickly:
    - Rollout of LogiTube™ across Europe to begin in Q2 2024, with US due to follow later in the year
    - The YelloPort Elite range was completed with the launch in March 2024 of the 5mm XL cutting trocar aimed at the gynaecology market
- Strong order book maintained, providing a stable foundation for revenue generation and profitable growth
- Regulatory pathway on schedule for the MDR
- New exclusive UK distribution contracts
    - Microline Surgical, five-year deal, worth an estimated £9m in sales over length of contract
    - Peters Surgical, three-year deal, sales value of £1.5m estimated over contract period
- Strategic growth opportunities exist in SI-branded products, sustainable products, collaboration with Private Healthcare Providers, and new product development

Chairman of Surgical Innovations, Jonathan Glenn, said: *"I am pleased to report that the Company finished the year with record revenues and entered 2024 with an encouraging order book. While we faced some operational challenges during the period, recent actions taken by the Board to improve operational efficiencies, together with continued increasing sales momentum, give the Board confidence that we have put the business onto a sustainable growth trajectory for 2024 and beyond.*

"The emphasis on sustainability is addressed by the Company's reposable™ technology and we remain well placed to take advantage as the backlog in surgery is addressed. Strategic product launches further demonstrate the Group's commitment to innovation and its ability to identify and capitalise on market opportunities. Furthermore, the promising order book provides a stable foundation for future profitable growth in revenue generation. The uptick in activity within the UK market suggests a favourable trajectory, offering potential opportunities for expansion and market penetration."

This announcement has been made available online at https://www.sigroupplc.com/investor-centre. An electronic copy of the Annual Report and Accounts will be uploaded to the Company's website in due course and a further notification will be made to confirm its availability.

Investor Presentation
David Marsh, CEO, and Jonathan Glenn, Chairman, will provide a live presentation relating to the final results via the Investor Meet Company platform at 11.00am BST today. The presentation will also be available for playback after the event. Investors can sign up to Investor Meet Company for free and add to meet Surgical Innovations Group plc via: https://www.investormeetcompany.com/surgical-innovations-group-plc/register-investor.

For further information please contact:

Surgical Innovations Group plc	www sigroupplc com
David Marsh, CEO	Tel: 0113 230 7597
Singer Capital Markets (Nominated Adviser & Broker)	**Tel: 020 7496 3000**
Aubrey Powell / Oliver Platts	
Walbrook PR (Financial PR & Investor Relations)	**Tel: 020 7933 8780 or si@walbrookpr.com**
Paul McManus / Charlotte Edgar	Mob: 07980 541 893 / 07884 664 686

About Surgical Innovations Group plc

The Group specialises in the design, manufacture, sale and distribution of innovative, high quality medical products, primarily for use in minimally invasive surgery. Our product and business development is guided and supported by a key group of nationally and internationally renowned surgeons across the spectrum of minimally invasive surgical activity.

We design and manufacture and source our branded port access systems, surgical instruments and retraction devices which are sold directly in the UK home market through our subsidiary, Elemental Healthcare, and exported widely through a global network of trusted distribution partners. Many of our products in this field are based on a "resposable" concept, in which the products are part reusable, part disposable, offering a high quality and environmentally responsible solution at a cost that is competitive against fully disposable alternatives.

Elemental also has exclusive UK distribution for a select group of specialist products employed in laparoscopy, bariatric and metabolic surgery, hernia repair and breast reconstruction.

In addition, we design and develop medical devices for carefully selected OEM partners and have also collaborated with a major UK industrial partner to provide precision engineering solutions to complex problems outside the medical arena.

We aim for our brands to be recognised and respected by healthcare professionals in all major geographical markets in which we operate and provide by development, partnership or acquisition a broad portfolio of cost effective, procedure specific surgical instruments and implantable devices that offer reliable solutions to genuine clinical needs in the operating theatre environment.

Further information

Further details of the Group's businesses and products are available on the following websites:

www.sigroupplc.com

www.surginno.com

www.elementalhealthcare.co.uk

To receive regular updates by email, please contact si@walbrookpr.com

Surgical Innovations Group plc

Chairman's Statement
For the year ended 31 December 2023

I am pleased to report that the Company finished the year with record revenues and entered 2024 with an encouraging order book. While we faced some operational challenges during the period, recent actions taken by the Board to improve operational efficiencies, together with continued increasing sales momentum, give the Board confidence that we have put the business onto a sustainable growth trajectory for 2024 and beyond.

Market overview

In the current market landscape, healthcare providers continue to contend with the increasing challenge of reducing the backlog of surgeries, currently still in excess of 7 million in the UK alone. Increasing supply chain costs and disruptions also persist, leading to a backorder of key components which in turn impacts sales. Despite these challenges, as environmental concerns become increasingly prominent, organisations are recognising the importance of adopting sustainable practices not only for their own operations but also for the broader healthcare ecosystem. There is a continued drive amongst healthcare providers in our key markets to seek more sustainable solutions. This emphasis on sustainability is addressed by the Company's reposable™ technology and Surgical Innovations remains well placed to take advantage as the backlog in surgery is addressed.

Financial overview

Revenues were £12.01m, an increase of 6% compared to the previous year (2022: £11.34m). Additionally, sales demonstrated ongoing momentum, notably strengthening in the second half of the year, with a significant 13% increase over the first half (2023H1: £5.65m).

Throughout the financial year, there has been a surge in demand for our sustainable products, particularly within the UK market, where robust performance was driven by the sustainability benefits of our products. Our strategic investments in sales and training specifically tailored for the UK market have proven to be well-founded. Despite ongoing industrial action within the NHS, which remains a challenge into 2024, the strong performance of the UK's business stands out.

In key markets such as Europe, APAC, and the rest of the world (ROW), our sustainability focus continues to gain momentum and sales have increased year on year, delivering £1.48m, £1.0m and £0.48m respectively. This trend is exemplified in Canada, where a change in distributor has revitalised the sustainability drive, leading to significant conversions among key accounts so far this year.

However, challenges persist in the US market, where sales were down compared to the prior financial year (£1.36m in 2023 compared to £1.66m in 2022). In response, the Company has implemented new initiatives aimed at enhancing our route to market and unlocking growth opportunities by introducing a programme of sales training and co-travelling to drive sustainability messages to healthcare providers. New routes to market for the scissor business, outside the South Eastern states is being explored and the development of some pricing are being developed to help drive growth and volume.

Operational and supply chain challenges have adversely affected margins and efficiencies. Inflationary pressures on crucial components, coupled with extended lead times and operational processes, as well as regulatory requirements, have collectively hindered profitability. A project aimed at mitigating risk and addressing these challenges commenced in Q4 and the benefits are expected to flow through to the gross margin during 2024.

Inventory increased in the first half of the year to £3.57m. While our primary focus has been on mitigating exposure to key components, efforts have been successful in reducing this figure to £2.85m at year end (£3.16m at 31 December 2022).

Operating expenses rose to £4.04m (£3.88m in 2022), primarily attributable to increased and sustained investment in sales and marketing, as well as regulatory initiatives. Due to the increased operating expenses and operational inefficiencies, EBITDA reduced to £0.20m (£0.70m in 2022). This led to an adjusted loss before tax[1] for the full year of £0.69m, contrasting with a profit of £0.01m in 2022. Adjusted Loss Per Share amounted to 0.05 pence (compared to earnings of 0.036 pence in 2022).

To mitigate the increased cost pressures in 2024 the business has implemented a restructuring programme which has now been completed. This led to a reduction in headcount of approximately 11%, with overall savings expected to total approximately £0.45m annually.

Throughout the financial year, the Group generated £0.26m in cash from operations (2022: £0.23m), supporting ongoing investment activities aimed at bolstering growth. Capital expenditure was reduced to £0.3m (compared to £0.7m in 2022). While product innovation remains a key strategic pillar, total investment in research expenses for the year amounted to 9.2% of revenue (compared to 10.3% in 2022). The Group's closing net cash[2] balances as of 31 December 2023 amounted to £0.36m (£0.99m 31 December 2022), with available gross cash resources totalling £2.21m (2022: £3.20m), including an undrawn invoice discounting facility of £1.0m. The bank continues to provide continued support, having granted approvals to waive debt service covenant tests for the remainder of 2023. This ongoing support extends into 2024, allowing for additional headroom as improvement projects progress and come to fruition.

[1]Adjusted profit measures and reconciliation to reported measures are set out in the Operating and Financial Review below
[2]Net cash comprised of cash at Bank of £1.21m (2022; £2.20m) less bank borrowings £0.85m (2022: £1.21m), 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 design and manufacture and source our branded port access systems, surgical instruments and retraction devices which are sold directly in the UK home market through our subsidiary, Elemental Healthcare, and exported widely through a global network of trusted distribution partners. Many of our products in this field are based on a “resposable” concept, in which the products are part re-usable, part disposable, offering a high quality and environmentally responsible solution at a cost that is competitive against fully disposable alternatives.

Elemental also has exclusive UK distribution for a select group of specialist products employed in laparoscopy, bariatric and metabolic surgery, hernia repair and breast reconstruction. In addition, we design and develop medical devices for carefully selected OEM partners and have also collaborated with a major UK industrial partner to provide precision engineering solutions to complex problems outside the medical arena.

We aim for our brands to be recognised and respected by healthcare professionals in all major geographical markets in which we operate. Through internal development, partnership or acquisition, we provide a broad portfolio of cost-effective procedure specific surgical instruments and implantable devices that offer reliable solutions to genuine clinical needs in the operating theatre environment.

Regulatory and new product development

The regulatory pathway remains on schedule for the EU Medical Device Regulation (MDR), despite a delay in transitioning to MDR, which has redirected the focus of the notified body to more immediate priorities. The Company's Quality Management System, technical files, and microbiology data have been brought into compliance with MDR, successfully audited by BSI and fully approved. Progress on the product technical files continues, with two out of three files approved for MDR, and the final file undergoing clinical review. Additionally, the UKCA mark has been attained, and another successful completion of the Medical Device Single Audit Program (MDSAP) audit has been achieved. Despite the ongoing investment posing a burden on the business, achieving compliance with regulatory standards represents a significant accomplishment and serves as a formidable barrier to entry for competitors.

Despite registration delays on new products, investment in development of new products is continuing. The YelloPort Elite range was augmented with the introduction in key markets of the 5mm Optical in Q4. Meanwhile, supply chain delays have affected the progress of the Logi Dissect and Grasp instruments, leading to a revised planned launch in Q2 2024. Additionally, investment in new product development underpins our commitment to sustainability, with efforts focused on expediting the process of bringing new products to market and cost-down initiatives which will enhance the profitability of the business. In December 2023, we successfully launched LogiTube™, a gastric calibration tube designed to meet specific needs of the obesity market, in the UK.

Operational update

The key initiatives aimed at improving efficiencies are beginning to yield tangible results. The rollback of the four-day workweek has provided immediate efficiency gains and capacity improvements. Additionally, the drive to reduce inventory, which had been increased to overcome supply chain challenges, is proving effective and moving forward should release cash currently tied up in excess stock.

In recent months, the overhead restructuring to streamline our cost structure and reallocate resources to focus on strategic priorities has been completed. The Group has taken a number of steps with relatively low levels of investment to introduce automation of some key functions that will aid modernising operations. This will help further improve overhead costs and improve the consistency in quality control to improve our product offering to customers.

Overall, these initiatives represent a concerted drive to improve operational efficiencies, maximise productivity, and reduce costs across the organisation.

Board and executive management update

As part of the Company's Board succession planning, two long serving Board members stepped down from the Board during the financial year. Professor Mike McMahon, co-founder of Surgical Innovations, resigned at the Annual General Meeting (AGM) in June. Following this, Nigel Rogers, who had served as Chair since 2014, stepped down from his position in September and subsequently left the Board in December. These planned departures facilitated the implementation of new leadership, and I assumed the role of Chair in September after a short handover period. Additionally, Keyvan Djamanari joined the Board in December bringing valuable general management and operational expertise. On behalf of the Board, I would like to thank Mike and Nigel for the dedicated leadership and significant contributions during their tenure.

More recently Paul Hardy has announced his intention to step down as an Independent Non-executive Director at the next AGM having completed over 8 years in the post. The Company will review the composition of the board on an ongoing basis and will make a further statement in due course. Following the 19 December 2023 announcement regarding Charmaine Day's intention to step down from her role as Chief Financial Officer ("CFO"), the Company confirmed earlier in April 2024 that Charmaine has now left the Group. An experienced interim financial consultant has been supporting the business since February 2024 and is now overseeing the finance function which he will continue to do until a permanent CFO is appointed. The search for a permanent CFO continues and the Company will review Board composition on an ongoing basis.

Current trading and outlook

The start to the year has seen some impact in the UK from the two prolonged junior doctors strikes that led to cancellation of elective surgeries, also the planned reduction in stock levels by NHS Supply Chain reduced order levels in January and February. The OEM segment has also encountered setbacks due to supply chain quality disruptions, causing manufacturing delays. Although these issues took longer to resolve than initially anticipated, manufacturing has resumed, and efforts are underway to reduce the backlog of orders. Despite these challenges, the Company maintains a strong order book, reflecting confidence in the Group's future prospects and a solid foundation for continued growth and success. The international business has seen the strong demand for Surgical Innovations branded products continue into 2024, with sales in key markets - especially APAC and Europe – growing 8% over same period last year.

Despite a slowdown in product development caused by the MDR, the Company has identified opportunities, particularly with new product launches targeting the obesity market. Following the successful launch of LogiTube™ in the UK, we launched in Europe in April 2024, and this will be followed by a rollout in the US later in the year. These strategic launches demonstrate our commitment to innovation and our ability to identify and capitalise on market opportunities.

Additionally, Elemental has agreed a new five-year exclusive UK distribution contract with Microline Surgical Inc ("Microline"), Boston, USA. This continues the relationship with Microline, which started in 2007 and initially centred on Elemental distributing the Microline portfolio of products in the UK. The new contract continues the distribution of Microline products by Elemental for a further five years and, at the current run rate, will be worth an estimated £9m in sales over the period of the contract. In 2021 the relationship was expanded under a separate five-year contract lasting into H1 2026, for the distribution of Surgical Innovations' YelloPort access devices in the USA via Microline's local direct sales team.

Elemental has also signed a further three-year exclusive UK distribution agreement with Peters Surgical, based in Paris, France with an estimated sales value in excess of £1.5m over the contract period. It was announced in March 2024 that Advanced Medical Solutions plc (AMS), with whom Surgical Innovations has a trading relationship dating back to 2014, has entered into an agreement for the proposed acquisition of Peters Surgical. SI designed, and continues to manufacture, AMS's Fix8 laparoscopic glue device for the fixation of hernia mesh.

The renewal of both these agreements is a clear demonstration of the confidence that suppliers have in the UK Elemental sales team. The strength of these relationships is further underpinned through Microline and Peters' existing agreements to distribute Surgical Innovations branded products in the USA and India respectively.

Furthermore, the promising order book provides a stable foundation for future profitable growth in revenue generation. The uptick in activity within the UK market suggests a favourable trajectory, offering potential opportunities for expansion and market penetration.

Jonathan Glenn
Non-executive Chairman
17 April 2024

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.

In November 2023, we made the decision to reverse the efficiency initiative of the four-day working week to enhance productivity. We collaborated closely with employees to identify a solution that accommodated individual circumstances while ensuring continued flexibility, alongside yielding significant cost savings for the future.

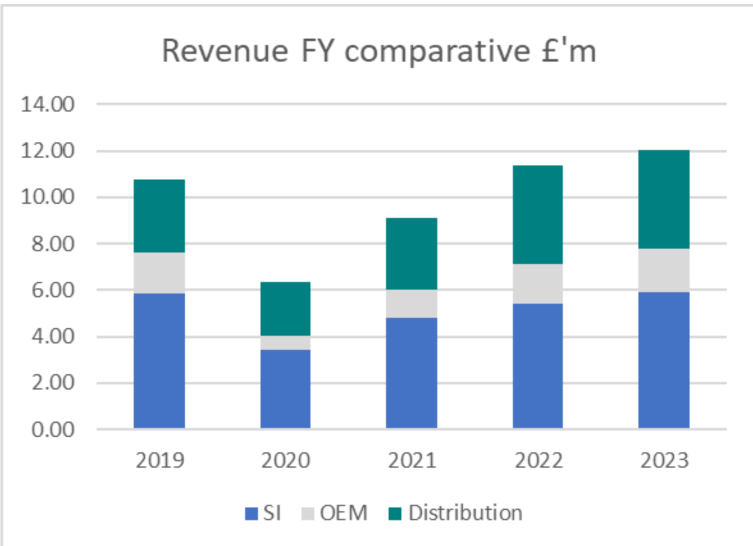
Supply chain
Despite some alleviation in supply chain disruptions, challenges persisted throughout 2023, particularly with extended lead times on components impacting production efficiency. However, efforts to enhance relations with key suppliers, including investments in key personnel, have yielded improvement. A comprehensive review of these efforts will continue into 2024 as part of the ongoing focus on the operational improvement plan.
Financial overview

Revenue

In 2023, the Group achieved record revenue growth, with an increase of 6.0% to £12.01m, compared to £11.34m in the prior financial year. Specifically, revenues from the sale of Surgical Innovations Branded (SI Branded) products saw robust growth of 6.6% to £5.93m, compared to £5.56m in 2022.

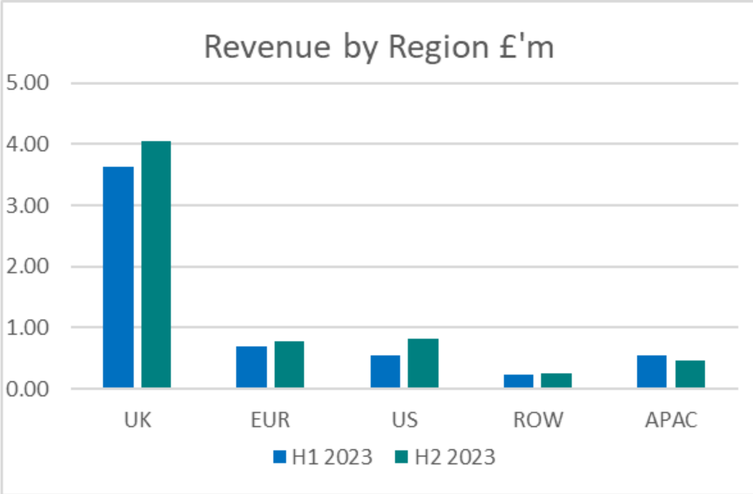
Distribution sales encompass third-party products that complement the manufactured product portfolio. In 2023, this segment contributed 35.4% of the revenue, maintaining similar levels as in 2022. Notably, there was growth of 5.2% compared to the previous year.

Overall, OEM sales experienced growth, reaching £1.83m in 2023 compared to £1.74m in 2022. However, this growth was hindered by external factors in the supply chain. This has persisted into 2024.



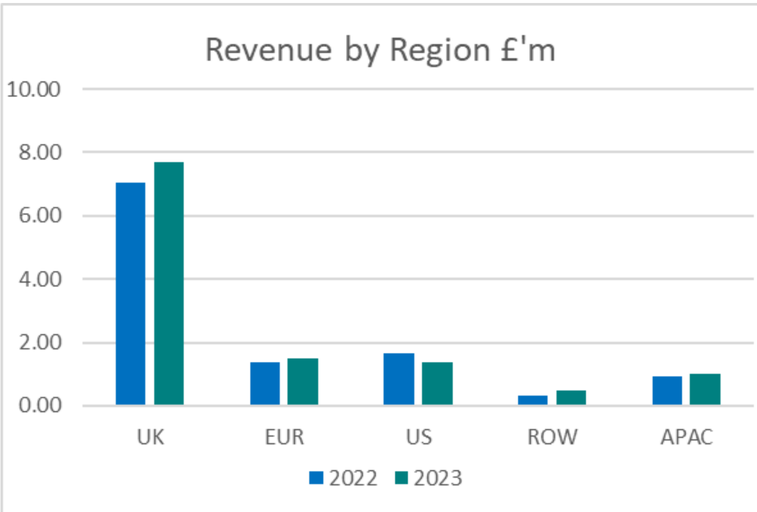
Sales momentum strengthened in the second half of the financial year, with a significant 13% increase over the first half, which recorded revenues of £5.65m in 2023.

The UK market has played a substantial role in the Group's overall revenue, representing 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.



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.

Nevertheless, challenges persist in the US market, where sales declined from £1.36m in 2023 to £1.66m in 2022. In response, we are launching new initiatives aimed at enhancing our route to market and identifying growth opportunities.



Margins

For margin analysis, the Group has divided the assessment between the underlying gross margin and the overall contribution margin.

The underlying gross margins fell below the target range, registering at 37.9% (compared to 42.5% in 2022). This marks a decrease from the reported figures in the first half of the year, which stood at 40.5% in H1 2023.

The reported gross margin gradually declined to 28.7% during the year, reflecting the operational challenges the business continued to experience. Manufacturing productivity and supply chain disruptions impacted profitability more so in the second half of the year (2023H1:33.0%).

A comprehensive operational review of both manufacturing operations and the supply chain has been conducted. Measures have already been implemented, including the removal of the four-day working week and investments in the supply chain to enhance efficiencies and productivity.

Furthermore, given the mounting pressure on both direct and indirect costs, a thorough review of absorption rates has been undertaken.

As part of this evaluation, the Group has implemented a restructuring programme 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.

	2023 £'000	2022 £'000
Revenue	**12,014**	**11,340**
Cost of Sales	(7,461)	(6,525)
Underlying Gross Margin	**4,553**	**4,815**
Underlying Gross Margin %	**37.9%**	42.5%
Net Cost of Manufacturing*	(1,105)	(893)
Contribution Margin	**3,448**	**3,922**
Contribution Margin %	**28.7%**	34.6%

**The net cost of manufacturing reflects the shortfall in recovering both fixed and variable costs, encompassing both direct and indirect expenses.*

Use of adjusted measures

Adjusted KPIs are used by the Board to understand underlying performance and exclude items which distort comparability, as well as being consistent with broker forecasts and measures. The method of adjustments is consistently applied but is not defined in International Financial Reporting Standards (IFRS) and, therefore, are considered to be non-GAAP (Generally Accepted Accounting Principles) measures. Accordingly, the relevant IFRS measures are also presented where appropriate.

Adjusted EBITDA

Adjusted EBITDA serves as a key measure of business performance, offering insight into the underlying performance of the Group. This metric excludes items that may distort comparability, such as the charge for share-based payments, which is a non-cash expense typically excluded from market forecasts.

	EBITDA*
As stated:	£0.16m
Share based payments	£0.03m
Other expense/non-recurring items	£0.01m
Adjusted Measure	**£ 0.20m**

**EBITDA is defined as earnings before interest, taxation, depreciation and amortisation (including impairment). EBITDA is calculated as operating loss of £0.60m adding back depreciation £0.48m, amortisation £0.28m and impairment £nil.*

Adjusted EBITDA decreased in 2023 to £0.20m, primarily attributable to operational challenges, and their impact on available margins, compared to £0.70m in 2022.

Operating expenses increased to £4.04m in 2023, compared to £3.88m in 2022. This rise is primarily attributable to increased and sustained investment in sales and marketing, as well as regulatory initiatives. Other expensed/non-recurring items amount to £8,000 and primarily relate to M&A activities.

Financial position

Capital expenditure on tangible assets decreased compared to the prior year, amounting to £0.28m in 2023 (compared to £0.66m in 2022). 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 2024.

Investment in new product development continues £0.41m (2022: £0.42m). The YelloPort Elite saw enhancements with the launch of the 5mm Optical in key markets in Q4 2023. However, supply chain delays have impacted the progress of the Logi Dissect and Grasp instruments, prompting a planned launch in Q2 2024.

Efforts are concentrated on expediting the process of bringing new products to market, such as the LogiTube™ (gastric calibration tube). Additionally, further investment is directed towards implementing cost- reduction initiatives aimed at enhancing the profitability.

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 impairment was recognised in 2023 (compared to nil in 2022).

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 recoverable amount of the CGU exceeds its carrying value by £0.06m.

Working Capital

Inventory levels saw an increase in the first half of the year, reaching £3.57m, as a measure to mitigate risks associated with extended lead times. While our primary focus has been on mitigating exposure to key components, efforts have been directed towards reducing this figure to £2.85m, compared to £3.16m in 2022. Inventory holdings remain under review with the aim of further reducing exposure in 2024.

Trade receivables decreased to £1.58m at the year-end (compared to £1.76m in 2022), with minimal risk associated with overdue balances. Trade creditors decreased over the same period (2023: £1.17m, 2022: £1.42m). While debtor days have remained relatively consistent, efforts to reduce creditor days have improved as we have decreased inventory levels.

Net cash generated from operations amounted to £0.40m in 2023, compared to £0.49m in 2022. This reflects the improvement in the reduction of inventory levels, offset by operational challenges.

The Group concluded the year with net cash balances of £0.36m (excluding leases), compared with an opening net cash balance of £0.99m. The movement was primarily impacted by profitability. Total gross cash resources available amounted to £2.21m (compared to £3.20m as of December 31, 2022), including an undrawn invoice discounting facility of £1.0m.

The bank has continued to provide constructive support and, following prior discussions in the summer, granted approvals to waive debt service covenant tests for the remainder of 2023. This ongoing support extends into 2024, allowing for additional headroom as improvement projects progress and come to realisation

The Group recorded a corporation tax credit of £0.22m relating to an enhanced Research and Development claim in respect of the 2022. (2022: credit of £0.32m relating to 2020 and 2021). The tax charge on Elemental Healthcare this year has been relieved through Group losses. 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:

		2023	2022	Target Measure
Underlying Gross Profit Margin	*Gross profit (before net manufacturing cost)/ revenue*	**37.9%**	42.5%	>40%
Direct Gross Profit Margin	*Gross profit / revenue*	**28.7%**	34.6%	>40%
Net Cash/(Net Debt)*	*Cash less debt*	**£0.36m**	£0.99m	N/A

**Net cash is stated after bank borrowings £0.85m (2022: £1.21m), excluding leases under IFRS16.*

Reconciliation of adjusted KPI / measures:

	EBITDA*	**Loss before taxation**
As stated	£0.16m	(£0.73m)
Share based payments	£0.03m	£0.03m
Other expense/non-recurring items	£0.01m	£0.01m
Adjusted Measure	**£ 0.20m**	**(£0.69m)**

**EBITDA is defined as earnings before interest, taxation, depreciation and amortisation (including impairment). EBITDA is calculated as operating loss of £0.60m adding back depreciation £0.48m, amortisation £0.28m and impairment £nil.*

Earnings per share	EPS
Basic EPS	(0.06p)
Loss attributable to shareholders	*(£0.51m)*
Add: Share based payments	£0.03m
Add: other expense/non-recurring items	£0.01m
Adjusted loss attributable to shareholders	*(£0.47m)*
Adjusted EPS	**(0.05p)**

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:

Issue	Indication of risk on prior year	Risk and description	Mitigating actions
Funding risk	Increased	The Group currently has a mixture of borrowings comprising a balance of £0.85m 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. During the year, the Group sought bank support while addressing operational challenges. The covenant test (EBITDA to debt service) for the periods ending 30 June 2023, 30 September 2023, and 31 December 2023 was waived by the lender, demonstrating their full support and providing additional headroom in 2024. (Further details available in disclosure note 12)
Margin erosion due to operational challenges	Increased	The Group encountered operational inefficiencies, resulting in a natural erosion of the gross margin in the second half of the year.	A comprehensive operational review of both manufacturing operations and the supply chain has been conducted. Measures have already been implemented, including the removal of the four-day working week and investments in the supply chain to enhance efficiencies and productivity. A review of absorption rates has been undertaken. 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.
Shortage of skilled labour	Decreased	In the early part of the 2022 the Group struggled to attract and retain key skilled personnel. This has since settled in 2023.	Investment in people remains a central focus of our business strategy, aimed at retaining, attracting, and developing talented individuals. In November 2023, we made the decision to reverse the efficiency initiative of the four-day working week to enhance productivity. We collaborated closely with our employees to identify a solution that accommodated individual circumstances while ensuring continued flexibility, alongside yielding significant cost savings for the future.
Customer concentration	At same level	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 12.5% of revenue in 2023 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	Increased	The Group's functional currency is UK Sterling; however, it makes significant purchases in Euros and US Dollars. 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.	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	At same level	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. 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. 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.	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. 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. 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.
Economic factors	At same level	Current broader economic factors are influencing inflationary rates, with the cost of living across the UK remaining high in 2023. The UK inflation rate stood at four percent in January 2024, consistent with the previous month. Between September 2022 and March 2023, the UK encountered seven months of double-digit inflation, reaching its peak at 11.1 percent in October 2022 and gradually decreasing throughout 2023. The pressures on employment costs, energy and raw materials have impacted the business and continue to do so in 2024. Inflationary pressures persist into the current year, affecting both raw materials and labour costs, exacerbated by a 10% increase in the National Living Wage in early 2024. Supply chain delays in raw materials and finished goods have impacted the business during 2023, although not to the extent experienced in the previous year.	As part of the recruitment and retention strategy the Group reviewed the market rates and compensated employees accordingly during 2023. Additional benefits have also been implemented. The Energy contract was renewed in July 2023, fixed for a year at a higher tariff than previously agreed. Energy rates are beginning to decrease in 2024. Raw material purchases undergo 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. Increases in the cost of goods are mitigated and passed on where possible.

Consolidated statement of comprehensive income
for the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Revenue	2	**12,014**	11,340
Cost of sales	2	**(8,566)**	(7,418)
Gross profit		**3,448**	3,922
Other operating expenses	2	**(4,044)**	(3,881)
Operating (loss) /profit		**(596)**	41
Finance costs		**(132)**	(98)
Loss before taxation		**(728)**	(57)
Taxation credit		**219**	321
(Loss)/profit and total comprehensive Income		**(509)**	264
(Loss)/profit per share, total and continuing			
Basic		**(0.06p)**	0.03p
Diluted	3	**(0.06p)**	0.03p

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.

Consolidated statement of changes in equity
for the year ended 31 December 2023

	Share capital £'000	Share premium £'000	Capital reserve £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
Balance as at 1 January 2022	9,328	6,587	329	1,250	(6,830)	10,664
Share based payment	-	-	-	-	35	35
Total – transactions with owners	-	-	-	-	35	35
Profit and total comprehensive income for the period	-	-	-	-	264	264
Balance as at 31 December 2022	**9,328**	**6,587**	**329**	**1,250**	**(6,531)**	**10,963**
Share based payment	-	-	-	-	30	30
Total – transactions with owners	-	-	-	-	30	30
Loss 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**

The merger reserve arose from a business combination in 2017

Consolidated balance sheet
at 31 December 2023

	Notes	2023 £'000	2022 £'000
Assets			
Non-current assets			
Property, plant, and equipment		**898**	858
Right-of-use assets		**804**	918
Intangible assets	4	**6,529**	6,403
		8,231	8,179
Current assets			
Inventories		**2,854**	3,162
Trade and other receivables		**2,023**	2,055
Cash at bank and in hand		**1,212**	2,199
		6,089	7,416
Total assets		**14,320**	15,595
Equity and liabilities			
Equity attributable to equity holders of the parent company			
Share capital	7	**9,328**	9,328
Share premium account		**6,587**	6,587
Capital reserve		**329**	329
Merger reserve		**1,250**	1,250
Retained earnings		**(7,010)**	(6,531)
Total equity		**10,484**	10,963
Non-current liabilities			
Borrowings	5	**502**	825
Dilapidation provision		**165**	165
Lease liability		**549**	722
		1,216	1,712
Current liabilities			
Trade and other payables	6	**1,632**	1,886
Accruals		**377**	420
Borrowings		**352**	382
Lease liability		**259**	232
		2,620	2,920
Total liabilities		**3,836**	4,632
Total equity and liabilities		**14,320**	15,595

Consolidated cash flow statement
for the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities			
(Loss)/Profit after tax for the year		**(509)**	264
Adjustments for:			
Taxation		**(219)**	(321)
Finance costs		**131**	98
Depreciation of property, plant and equipment		**244**	167
Amortisation and impairment of intangible assets	4	**279**	232
Depreciation Right-of-Use assets		**234**	188
Share-based payment charge		**30**	35
Foreign exchange		**27**	(82)
Decrease/(Increase) in inventories		**308**	(197)
Decrease/(Increase) in trade and other receivables		**34**	(360)
(Decrease)/Increase in payables	6	**(299)**	204
Cash generated from operations		**260**	228
Taxation received		**219**	321
Interest paid		**(79)**	(63)
Net cash generated from operating activities		**400**	486
Payments to acquire property, plant and equipment		**(284)**	(659)
Development cost additions		**(404)**	(419)
Net cash used in investing activities		**(688)**	(1,078)
Repayment of bank loan		**-**	(375)
Repayment of CBILS	5	**(353)**	(294)
Repayment of lease liabilities		**(319)**	(266)
Net cash used in financing activities		**(672)**	(935)
Net decrease in cash and cash equivalents		**(960)**	(1,527)
Cash and cash equivalents at beginning of year		**2,199**	3,644
Effective exchange rate fluctuations on cash held		**(27)**	82
Cash and cash equivalents at end of year		**1,212**	2,199

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

Notwithstanding the losses recorded in the year, the Directors continue to adopt the going concern basis in the preparation of the financial statements. In the current year we have taken actions to address the cost base, reducing headcount by11% with further efficiencies identified in the business both from a manufacturing perspective to increase margin and also to take out further costs if required. In addition, cash headroom has remained steady during Q1 with the invoice discounting facility continuing to be unused whilst pipeline sales remain strong despite backlog caused by component availability.

The Directors have prepared forecasts for the period to December 2025 based on a full evaluation of the Group's trading activities and costs base, sensitized to reflect a rational judgement of the level of inherent risk.

To fortify the integrity of our projected forecasts, the Group has secured additional backing from the bank through the modification of covenant tests for the fiscal year 2024. This adjustment grants us additional leeway, facilitating continued progress in enhancing profitability within our operations. (Covenant information is provided at disclosure note 12).

Financial headroom as at 31 December 2023 was £2.21m with the invoice discounting facility remaining undrawn.

The Board is satisfied that there is ample 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.

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 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 credit				**219**
Loss for the year				**(509)**

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

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

Year ended 31 December 2022	SI Brand £'000	Distribution £'000	OEM £'000	Total* £'000
Revenue	5,557	4,044	1,739	11,340
Expenses	(4,223)	(2,410)	(1,017)	(7,650)
Result				
Segment result	1,334	1,634	722	3,690
Unallocated expenses				(3,649)
Other income				
(Loss) from operations				41
Finance income				-
Finance costs				(98)
(Loss) before taxation				(57)
Tax charge				321
(Loss) for the year				264

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

Included within the segment results are the following items:

Year ended 31 December 2022	SI Brand £'000	Distribution £'000	OEM £'000	Total £'000
Amortisation of intangible assets	232	-	-	232
Impairment of intangible assets	-	-	-	-

Unallocated expenses for 2022 include sales and marketing costs (£577,000), research and development costs (£1,164,000), central overheads (£745,000), Direct (Elemental Healthcare) sales & marketing overheads (£1,096,000), share based payments (£35,000), Other expensed/Non-recurring (£32,000).

Disaggregation of revenue

The Group has disaggregated revenues in the following table:

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**

Year ended 31 December 2022	SI Brand £'000	Distribution £'000	OEM £'000	Total £'000
United Kingdom	1,683	4,044	1,315	7,042
Europe	1,377	-	-	1,377
US	1,240	-	424	1,664
APAC[1]	926	-	-	926
Rest of World	331	-	-	331
	5,557	**4,044**	**1,739**	**11,340**

[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 2023 £1,503,000 (12.5%) of the Group's revenue depended on one distributor in the OEM segment (2022: £933,000 (8.2%)), and £868,000 (7.2%) in the SI Brand segment (2022: £921,000 (8.1%).

Sales of goods were £12,014,000 (2022: £11,306,000) and sales relating to services in the UK were £Nil (2022: £34,000).

3. (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 2023 was based upon the loss attributable to ordinary shareholders of £509,000 (2022: profit of £264,000) and a weighted average number of ordinary shares outstanding for the year ended 31 December 2023 of 932,816,177 (2022: 932,816,177).

Diluted (loss)/profit per ordinary share
The loss incurred by the Group means that the effect of any outstanding options would be anti-dilutive and is ignored for the purposes of the diluted loss per share calculation. The calculation of diluted earnings per ordinary share for the year ended 31 December 2022 was based upon the profit attributable to ordinary shareholders of £264,000 and a weighted average number of ordinary shares outstanding for the year ended 31 December 2022 of 935,945,943.

Adjusted (loss)/profit per ordinary share
The calculation of adjusted earnings per ordinary share for the year ended 31 December 2023 was based upon the adjusted loss attributable to ordinary shareholders (profit before non-recurring costs and amortisation and impairment costs relating to the acquisition of Elemental Healthcare, impairment of capitalised development costs and share based payments) of £471,000 (2022: profit of £331,000) and a weighted average number of ordinary shares outstanding for the year ended 31 December 2023 of 932,816,177 (2022: 932,816,177).

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

	2023 No. of Shares	2022 No. of Shares
Basic earnings per share	**932,816**	932,816
Dilutive effect of unexercised share options	**850**	3,129
Diluted earnings per share	**933,666**	935,945

4. Intangible assets

	Capitalised development costs	Single use product knowledge transfer	Goodwill	Exclusive Supplier Agreements	Total
	£'000	£,000	£'000	£'000	£'000
Cost					
At 1 January 2022	14,147	225	8,180	1,799	24,351
Additions	419	-	-	-	419
At 1 January 2023	14,566	225	8,180	1,799	24,770
Additions	404	-	-	-	404
At 31 December 2023	**14,970**	**225**	**8,180**	**1,799**	**25,174**
Accumulated amortisation					
At 1 January 2022	(13,354)	(225)	(2,757)	(1,799)	(18,135)
Charge for the year	(232)	-	-	-	(232)
At 1 January 2023	(13,586)	(225)	(2,757)	(1,799)	(18,367)
Charge for the year	(278)	-	-	-	(278)
At 31 December 2023	**(13,864)**	**(225)**	**(2,757)**	**(1,799)**	**(18,645)**
Carrying amount					
At 31 December 2023	**1,106**	**-**	**5,423**	**-**	**6,529**
At 31 December 2022	980	-	5,423	-	6,403
At 1 January 2022	793	-	5,423	-	6,216

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

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.

Capitalised development expenditure was tested for impairment, it was decided that the current projects all continue to provide future economic benefit and therefore no impairment was recognised (2022: £Nil).

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 1.5% (2022:1.5%) and a pre-tax discount rate of 16.3% (2022:15.7%) applied to anticipated cash flows. In addition, the value in use calculation assumes a gross profit margin of 41.8% (2022:43.3%) using past experience of sales made and future sales that were expected at the reporting date based on anticipated market conditions.

The trading environment in the UK market was significantly impacted by the pandemic throughout 2020 and 2021, which impacted the cumulative impairment by £2.7m. The UK market since has shown strong signs of recovery and with greater visibility on the outlook the directors anticipate improved forecasting of future net inflows on this CGU and on this basis, the recoverable amount of the CGU exceeds its carrying value by £1.9m.

5. Borrowings

	2023	2022
Bank Loan	**£'000**	£'000
Current liabilities	**352**	382
Non-current liabilities	**502**	825
Lease liabilities		
Current liabilities	**259**	232
Non-current liabilities	**549**	722
	1,662	2,161

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 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. As at the date of this announcement this facility remains undrawn.
- The bank waived the tests for the following periods during 2023: 30 June 2023, 30 September 2023, 31 December 2023 to provide the business with headroom to focus on operational efficiencies.
- 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 2022	-	1,880	1,880
Cash flows for repayment of bank loan	-	(375)	(375)
Cash flows for refinance-CBILS		(294)	(294)
Transfer between non-current and current	825	(825)	-
Interest paid in the period		(57)	(57)
Interest accrued in the period	-	53	53
At 31 December 2022	**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**

6. Trade and other payables

	2023 £'000	2022 £'000
Trade payables	**1,169**	1,420
Other tax and social security	**218**	172
Other payables	**245**	294
	1,632	1,886

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

As at 31 December 2023	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
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**

As at 31 December 2022	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
Trade payables	1,420	-	-	1,420
Other payables	294	-	-	294
Bank borrowings - Current	382	-	-	382
Bank borrowings - Non-current	-	825	-	825
	2,096	825	-	2,921

7. Share Capital

Shares in issue reconciliation (Authorised, allotted, called up and fully paid)

	2023	2022
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