5 April 2019

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

Full results for the 18 months ended 31 December 2018

Creo Medical Group plc (AIM: CREO), a medical device company focused on the emerging field of surgical endoscopy, announces its audited results for the 18 months ended 31 December 2018, in line with management expectations.

The previous 18 months reflect a period of considerable progress in the development and path to commercial launch for the Company's CROMA Advanced Energy platform and *Speedboat* device for use in Gastrointestinal ("GI") therapeutic endoscopy, the first in a suite of products being developed for the CROMA platform.

Operational Highlights, including post period end

- Number of procedures increased substantially during the period including first cases in the United States
- Number of physicians trained increased to more than sixty, with strong pipeline of further trainees
- Clinical Education Programme is now clearly defined and repeatable, enabling physicians to be trained in the use of the *Speedboat* device
- FDA clearance received for the *Speedboat* device and the CROMA platform and regulatory approval for additional products is on track
- Patients treated in multiple countries, including the United States, UK, South Africa and Spain, using *Speedboat* in both upper and lower GI procedures
- New framework distribution agreements entered into, covering a number of European markets along with the UK and South Africa to complement existing distribution agreement with PENTAX Medical for the Asia-Pacific region
- Strengthened balance sheet following the successful raise of an additional £48.5m (before expenses) through a significantly oversubscribed share placing

Financial Highlights (for 18 months ended 31 December 2018)

- Cash and cash equivalents of £44.6m at 31 December 2018 (30 June 2017: £13.7m)
- Operating loss of £17.7m (12 months to 30 June 2017: £8.9m) including £1.8m share based payments, in line with management expectations
- Underlying operating loss of £12.6m (12 months to 30 June 2017: £5.6m)
- Net cash outflow from operating activities of £14.3m (12 months to 30 June 2017: £6.9m)
- Net assets of £47.7m (30 June 2017: £14.7m)

Craig Gulliford, Chief Executive Officer, commented:
"We continue to deliver against our strategic objectives:; developing a widening suite of innovative medical devices, expanding the list of physicians participating in the Creo Clinical Education Programme as part of our training led commercialisation plan, and evolving our distribution network and manufacturing capacity in anticipation of commercial launch. We have established a solid platform for future growth and we look forward with confidence to another year exciting year in 2019."

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About Creo Medical

Creo Medical, founded in 2003, is a medical device company focused on the development and commercialisation of minimally invasive surgical devices, by bringing advanced energy to endoscopy. The Company's mission is to improve patient outcomes by applying microwave and RF energy to surgical endoscopy. Creo has developed CROMA, an electrosurgical advanced energy platform that combines bipolar radiofrequency for precise localised cutting and microwave for controlled coagulation. This technology provides clinicians with flexible, accurate and controlled surgical solutions.

The Company's strategy is to bring its CROMA platform to market through a suite of medical devices which the Company has designed, initially for the emerging field of GI therapeutic endoscopy, an area with high unmet needs. The CROMA platform will be developed further for bronchoscopy and laparoscopy procedures. The Company believes its technology can impact the landscape of surgery and endoscopy by providing a safer, less-invasive and more cost-efficient option of treatment.

For more information about Creo Medical please see our website, investors.creomedical.com

Chairman's Statement

Overview

The 18 months ended 31 December 2018 have been a remarkable period for Creo. Our *Speedboat* device has been used with our CROMA Advanced Energy platform to remove lesions from the gastrointestinal tracts of multiple patients with no reported complications. Typically, instead of having to undergo surgery under general anaesthetic, these patients needed only mild sedation and were treated as day patients.

Clinicians from around the world are now interested in using our surgical solutions. We have put in place framework distribution agreements with recognised leaders in endoscopic devices in countries spanning the EU, Asia-Pacific and South Africa. By rolling out the Creo Clinical Education Programme, our partners will be leveraging their resources and strong relationships to encourage adoption of our platform.

Strengthened balance sheet

In August 2018, we completed an issue of new shares at 125 pence per share to raise £48.5 million before expenses. The placing, which was significantly oversubscribed, followed our IPO on AIM in December 2016 which raised £20 million before expenses at 76 pence per share. It has substantially strengthened Creo's balance sheet and given us the confidence to continue to accelerate physician training and the commercial rollout of our products internationally over the next few years.

The subscribers to the placing include leading institutional and specialist investors that complement our existing shareholder base. We welcome these new joiners to the register and thank all our shareholders for their continuing support for our strategic vision.

Our people and culture

During the period we continued to recruit talented and experienced individuals across all business functions to bolster Creo's expertise and capacity for growth. We now employ more than 50 people, who work in a creative, innovative and driven environment, with a shared goal of improving clinical outcomes and changing patients' lives.

As we move into the next stage of our strategic development, our management team and staff now have a clearly-defined three-pronged strategy. Our R&D team are focusing on turning projects into products by developing our growing proprietary intellectual property into a widening range of medical devices. Our commercial colleagues are driving clinical adoption by supporting recent trainees as they transition into confident and frequent users of our products. Finally, all the relevant departments and suppliers are supporting the evolution of our current small-scale production into a manufacturing capability appropriate for our growing product range and rising demand from multiple markets.

As the business grows, we are putting in place clear goals, targets, and appropriate incentives to continue this evolution from earlier stage innovator into a fully functioning global medtech company.

Board and governance

At the IPO we set up Board and governance structures suitable for a fast-growing, AIM-quoted company. Our three Executive Directors are supported by three experienced Non-Executive Directors with a breadth of experience in the medical technology sector, finance and governance.

Given Creo's growth over the last 18 months and the future prospects of the business, the Board continues to review its structure, governance and procedures to ensure that the business is well placed to take advantage of the opportunities that lie ahead.

Outlook

With physicians being successfully trained on the CROMA Advanced Energy platform and *Speedboat* device, a substantially strengthened balance sheet, a clear strategy and a skilled and motivated management team and staff, Creo has a solid platform for growth and the Board looks forward with confidence to exciting opportunities for the Company in 2019 and beyond.

The Board would like to thank the Creo team, along with our physicians and their patients, our customers, suppliers, shareholders, and other partners for all their hard work, positive contributions, and support during the period.

Charles Spicer
Chairman

Chief Executive's Review

I am delighted to report on 18 months of exceptional progress, which saw significant advances across the business. We set ourselves ambitious challenges and have worked hard to put in place the structures, approvals and partnerships we need to commercialise our ground-breaking CROMA Advanced Energy platform, the *Speedboat* device and make great strides towards the launch of the next devices on our roadmap.

Advancing applications for regulatory approval

Our three year plan at IPO was simple: in year one we aimed to deliver initial regulatory clearance for the first product; in year two our aim was to deliver initial clinical results; and in year three our aim was to initiate the commercial launch of a suite of devices powered by our CROMA Advanced Energy platform.

During the reporting period we have built on our first year of progress. We were delighted to achieve regulatory clearance for our CROMA Advanced Energy platform and *Speedboat* device at the start of the reporting period; a core objective for 2018.

We are also very pleased with the progress of our immediate product roadmap, with significant development progress allowing Creo to achieve design freeze in its initial suite of devices. These devices are the range we intend to initially launch in the gastro-intestinal field, covering haemostasis, resection and ablation of soft tissue for therapeutic endoscopists. With the input from Creo's Horizon Group of Key Opinion Leaders (Creo's Horizon Group consists of a group of key physicians from around the world who serve the important advisory function of assisting Creo to identify and assess unmet market opportunities in gastrointestinal endoscopy that could contribute to the improvement of patient outcomes), the original concept devices have developed into device designs which we expect to have improved performance over that anticipated at the beginning of the programme.

Growing base of users and clinical data

Possibly the most rewarding aspect has been the first cohort of human patients, with the first patient treated as part of Creo's Clinical Education Programme outside our academic development centre being a cancer patient, treated under sedation. Being a cancer, we almost certainly helped save this patient's life.

Equally significant is the continuation of our Clinical Education Programme which has seen us train and subsequently enable physicians in multiple markets carry out their first cases using *Speedboat*, all without any reported adverse events. This has been enabled through a thorough programme of development which has now become a repeatable and predictable Clinical Education Programme. Creo's Clinical Education Programme has trained over 60 physicians and has a healthy backlog of trainees for Creo to focus on with distribution partners as these physicians become the trainers of the future for our distribution partners.

Our Clinical Education Programme has culminated in the delivery of three live cases over three sites in Europe, with over 40 visiting doctors watching the cases live. We are excited by the prospect of building on this with increasing publication material over the coming years as we transition into a fully-fledged commercial business.

Market-leading distribution partners

One principal objective for the team during the reporting period was to hone Creo's business development. In parallel with our work to establish and characterise the Clinical Education Programme, we have accelerated the establishment of a scalable route to market by entering into framework distribution agreements with leading distributors to work with Creo as they develop clinical training and commence market seeding in multiple territories in Europe and in South Africa. By working with leading distributors of endoscopy and GI devices, we can leverage their existing infrastructure and relationships to drive adoption of our solutions.

Having initially entered an agreement with HOYA Group, PENTAX Medical in 2016 for the distribution of products, we have now agreed the initial phase of this regional distribution across the Asia-Pacific territory in which PENTAX Medical will establish Creo's Clinical Education Programme and subsequently seed the market. The agreement also includes a commitment to roll out to other territories in the region. It is gratifying that our distribution partners see such potential in our products and are prepared to invest significant resource and effort to seed their respective markets.

Market dynamics

Although there are on-going advances in screening techniques to identify tumours, many that are identified currently cannot be treated without subsequent surgical intervention - if at all. This presents a significant opportunity for endoscopic surgery. The economic benefits and reduced risks to patients provide further compelling reasons for adopting minimally invasive surgical procedures.

Generally, the indications for which our devices are intended to treat are all seeing signs of increased volumes of screening or the beginnings of screening programmes where they have generally not been possible before. The UK is set to lower the screening age for bowel cancer from 60 to 50, as is already practised in the US. The American Cancer Society recently called for colorectal cancer screening to begin at age 45, not 50, in response to a greater incidence among a younger demographic. In contrast, rates of colorectal cancer have declined among people aged over 54 over the past 20 years, since the introduction of population based colorectal screening programmes for the over 55s.

Areas of application for our ablation products, in particular lung cancer, are seeing the initial introduction of screening where it has not been possible before. This is principally down to improvements in diagnostic capability which, as with colorectal cancer, is diagnosing disease at an earlier (and smaller) stage in its progression requiring minimally invasive ablation solutions, ideally suited to the CROMA Advanced Energy platform.

Successful fundraise

Building Creo into a major medical device business with multiple devices targeting indications in multiple areas of therapy, all powered by a common platform, clearly requires capital. We always anticipated a fundraising exercise during the course of this period and gaining access to the capital required was one of the attractions of the public market and the IPO. It was great to receive the level of interest and support from both existing and new investors when we approached the market in 2018 for the next phase in our capital raising program. Through an oversubscribed share placing we raised a gross amount of £48.5 million, which allows us to build the business and potentially expand our horizons as we consider how we develop the team, our distribution network and product portfolio.

A talented team and can-do culture

As the business evolves we have continued to build and develop our team, recruiting key people across engineering, manufacturing and sales to ensure we have the structure in place to grow. As a listed group operating in health care, clearly there is a need to comply with regulatory requirements. While we of course do all that we need to do in that regard, we make great efforts not to impinge on our culture of creativity and openness.

With over 50 employees we are still small in terms of headcount. We are proud of our 'can-do' mentality and sense of togetherness fostered in our weekly all hands meeting and innovation meetings that invite contributions from team members of all functions and levels of experience.

In anticipation of the full commercial launch of Creo's first products later this year, the Company has re-structured its operations to enable the business to scale and transition to become a fully integrated specialty medical devices manufacturer. To this end we appointed Gareth Walsh as Commercial Director in March 2019. Gareth was previously at Olympus Medical UKIE for over 12 years, serving as a Board Director for Olympus' UK & Ireland Medical and Surgical Business for two and a half years. In addition, we have appointed a new Head of Operations and a new Head of Manufacturing with Steve Morris, previously Chief Operations Officer, stepping down from his senior management team role to pursue other business interests. On behalf of the Board I would like to thank Steve for his contribution through the early development of Creo and wish him every success with his future ventures.

In terms of operating responsibly, we are mindful of everything we do. Earlier this year we formalised our values, centred around making a life changing difference, being sustainable and profitable, creating a positive and innovative working environment and being an employer of choice. Our business is built upon solutions that can change patients' lives for the better. Having worked so hard on the initial regulatory clearance with *Speedboat*, it is hugely satisfying for the whole team, new and old, to know that we have already made a huge impact on patients'

lives. That is a great reason to come to work in the mornings, and to target our resources (and those of our partners) as efficiently as we can to bring our solutions to market in a timely and effective manner.

Promising outlook

We don't underestimate the challenge of changing the structures required to roll out our system, nor of gaining regulatory clearance for the other devices in the pipeline. However, the reaction of clinicians to seeing the product being used speak for themselves. Similarly, our distribution partners are keen to grow Creo's Clinical Education Programme in multiple territories and seed their respective markets in advance of full commercialisation. These factors, along with our strengthened internal team and the response to our recent round of fundraising, give us confidence that the next year and beyond will see Creo making a life-changing difference to patients around the world.

As we gear up for the year ahead and the longer term, we remain humble and focussed on core principles of execution and are mindful that execution with diligence and care is of primary importance. Our long-term success will be determined by our principal focus in the year ahead which centres around transforming our trainees into power users (the trainers of the future), transforming our in-house production into manufacturing with scale and to continue to convert our development projects into great products to change further lives.

As a team we are well set to deliver on this exciting challenge.

Craig Gulliford
Chief Executive Officer

Financial Review

Revenue and other income

During the 18-month period we have commenced shipments of our CROMA Advanced Energy platform and *Speedboat* devices pursuant to the framework agreements entered into with our distribution partners. These early shipments represent a net cost to Creo as we are providing products on a free or discounted basis with the objective of initial market seeding and penetration.

Other operating income of £0.3m in the 18-month period to 31 December 2018 (12 months to June 2017: £0.3m) relates to research grants.

Operating loss

The operating loss for the period increased to £17.7m (12 months to June 2017: £8.9m), reflecting the increased operating and expanded period expenses in relation to clinical and development activities together with further investment in headcount and business infrastructure to support the business and enable it to continue to develop and commercialise its technology. This continued investment in the business will support its anticipated growth and development in the coming periods.

The underlying operating loss (or adjusted EBITDA) for the period was £12.6m (12 months to June 2017: £5.6m).

Whilst EBITDA is not a statutory measure the Board believe it is helpful to investors to include as an additional metric to help provide a meaningful understanding of the financial information as this measure provides an approximation of the ongoing cash requirements of the business as it continues future development and begins to commercialise its approved products. The Adjusted EBITDA position excludes share based payment expenses, depreciation and amortisation which are non-cash and incorporates the recovery of research and development expenditure which the Group is able to benefit from through R&D Tax credit schemes.

(All figures £)	18 months to 31 December 2018	12 months to 30 June 2017
Operating Loss	(17,663,786)	(8,903,066)
Share-based payments	1,804,820	776,782
Depreciation and amortisation	497,421	142,423
R&D expenditure recovered via tax credit scheme	2,786,181	1,160,000
Expenses of the initial public offering - one-off	-	1,252,692
Underlying operating loss	(12,575,364)	(5,571,169)

Expenses arising from share issue

Following a share placing of 38,800,000 ordinary shares which raised £48.5m before expenses in August 2018 the expensed costs incurred in the period were £nil (12 months to June 2017: £1.3m), with capitalised costs in the period of £2.6m (12 months to June 2017: £1.5m).

Tax

The tax credits recognised in the current and previous fiscal year relate solely to R&D tax credit claims. A deferred tax asset has yet to be recognised due to the uncertainty over the timing of future recoverability.

Expenses

Administrative expenses comprising R&D, operational support, sales and marketing, and finance and administration costs totalled £17.9m (12 months to June 2017: £9.2m). Adjusting for costs and tax income above, underlying administrative expenses are £12.9m (12 months to June 2017: £5.8m).

This annualised increase of £2.8m reflects the continued investment made by the Group in clinical and development activities and the move from small discrete production batches into full scale manufacturing. Personnel costs

continue to be the largest expense and represent approximately 65% of the Group's underlying administrative expenses.

Loss per share
Loss per share was 16 pence (12 months to June 2017: 13 pence).

Dividend
No dividend has been proposed for the period to 31 December 2018 (12 months to June 2017: £nil).

Cash flow and Balance Sheet
Net cash used in operating activities was £14.3m (12 months to June 2017: £6.9m), driven by the planned increase in investment in research and development during the period and the move from small discrete production batches into production manufacturing. Net cash generated from share issue was £46.1m (12 months to June 2017: £20.0m) further strengthening the balance sheet and providing the platform for long term product development, new product introduction and commercialisation.

Total assets increased to £49.7m (30 June 2017: £16.1m), a 209% increase, reflecting the increase in cash arising from the issue of new ordinary shares, offset by the operating cash outflow for the period. Cash and cash equivalents at 31 December 2018 were £44.6m (30 June 2017: £13.7m). Net assets were £47.7m (30 June 2017: £14.7m), a 224% increase.

Accounting policies
The Group's financial statements have been prepared in accordance with International Financial Reporting Standards. The Group's accounting policies have been applied consistently throughout the period and are described in the 2018 Report and Accounts.

Principal risks and uncertainties
The principal risks and uncertainties facing the Group are set out in the 2018 Report and Accounts.

Directors
Details of the Directors who served during the period ended 31 December 2018 are set out in the 2018 Report and Accounts. All six of the Directors serving on the Board at the year-end were male.

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

"I am pleased to announce our second report and accounts following our initial listing on AIM in December 2016. The £48.5m raised in the summer of 2018 was another turning point in the progression of Creo. These funds have provided Creo with the long-term platform to enable us to further develop multiple products through to commercialisation and provide the Company with the platform for future development"

Richard Rees
Chief Financial Officer

Consolidated Statement of Profit and Loss and Other Comprehensive Income

(All figures £)	Note	18 months to 31 December 2018	12 months to 30 June 2017
Revenue	2	-	-
Cost of sales		-	-
Gross Loss		**-**	**-**
Other operating income		279,959	277,687
Administrative expenses		(17,943,745)	(9,180,753)
Operating loss		**(17,663,786)**	**(8,903,066)**
Finance expenses		(16,744)	(10,721)
Finance income		104,343	5,337
Loss before tax	3	**(17,576,187)**	**(8,908,450)**
Taxation		2,767,579	1,142,933
Loss for the period/year		**(14,808,608)**	**(7,765,517)**
Other comprehensive income		-	-
Total comprehensive loss for the period/year		**(14,808,608)**	**(7,765,517)**
Earnings per Share			
Basic and diluted	4	(0.16)	(0.13)

Consolidated Statement of Financial Position

(All figures £)	31 December 2018	30 June 2017
Assets		
Non-current assets		
Intangible assets	307,814	10,896
Property, plant and equipment	906,256	325,019
Other financial assets	10,857	-
Other non-current receivables	8,400	14,853
	1,233,327	350,768
Current assets		
Inventories	302,472	91,333
Trade and other receivables	1,052,766	542,914
Tax receivable	2,569,631	1,449,976
Cash and cash equivalents	44,588,722	13,688,762
	48,513,591	15,772,985
Total assets	**49,746,918**	**16,123,753**
Shareholder equity		
Called up share capital	120,495	80,712
Share premium	65,835,555	19,810,393
Merger reserve	13,602,735	13,602,735
Share option reserve	3,093,070	1,288,250
Retained earnings	(34,938,040)	(20,129,432)
	47,713,815	14,652,658
Liabilities		
Non-current liabilities		
Interest bearing liabilities	392,892	1,448
	392,892	1,448
Current liabilities		
Trade and other payables	1,599,620	1,455,874
Interest bearing liabilities	40,591	13,773
	1,640,211	1,469,647
Total liabilities	2,033,103	1,471,095
Total equity and liabilities	**49,746,918**	**16,123,753**

Consolidated Statement of Changes in Equity

(All figures £)	Called up share capital	Retained earnings	Share premium	Merger reserve	Share option reserve	Total equity
Balance at 30 June 2016	**1,436**	**(12,363,915)**	**-**	**13,480,175**	**511,468**	**1,629,164**
Total comprehensive income for the period						
Profit or loss	-	(7,765,517)	-	-	-	(7,765,517)
Total comprehensive income	-	(7,765,517)	-	-	-	(7,765,517)
Transactions with owners, recorded directly in equity						
Issue of share capital	19	-	-	122,560	-	122,579
Bonus issue of share capital	50,950	-	(50,950)	-	-	-
Issue of share capital	28,307	-	19,861,343	-	-	19,889,650
Equity settled share-based payment transactions	-	-	-	-	776,782	776,782
Balance at 30 June 2017	**80,712**	**(20,129,432)**	**19,810,393**	**13,602,735**	**1,288,250**	**14,652,658**
Total comprehensive income for the period						
Profit or loss	-	(14,808,608)	-	-	-	(14,808,608)
Total comprehensive income	-	(14,808,608)	-	-	-	(14,808,608)
Transactions with owners, recorded directly in equity						
Issue of share capital	39,783	-	46,025,162	-	-	46,064,945
Equity settled share-based payment transactions	-	-	-	-	1,804,820	1,804,820
Balance at 31 December 2018	**120,495**	**(34,938,040)**	**65,835,555**	**13,602,735**	**3,093,070**	**47,713,815**

Consolidated Statement of Cash Flows

(All figures £)		18 months to 31 December 2018	12 months to 30 June 2017
Cash flows from operating activities			
Total comprehensive loss for the period		(14,808,608)	(7,765,517)
Depreciation/amortisation charges		497,421	142,423
Increase in share option reserve		1,804,820	776,782
Fair value adjustment to derivatives		(10,857)	7,402
Finance expenses		16,744	3,319
Finance income		(93,486)	(5,337)
R&D expenditure credit		(18,602)	(17,067)
Taxation		(2,767,579)	(1,142,933)
Loss on disposal of property, plant and equipment		12,278	-
		(15,367,869)	(8,000,928)
Increase in inventories		(211,139)	(91,333)
Increase in trade and other receivables		(514,256)	(65,564)
Increase in trade and other payables		143,746	693,887
		(15,949,518)	(7,463,938)
Interest paid		(16,744)	(3,319)
Tax received		1,666,525	552,490
Net cash from operating activities		**(14,299,737)**	**(6,914,767)**
Cash flows from investing activities			
Purchase of intangible fixed assets		(304,462)	(1,264)
Purchase of tangible fixed assets		(1,083,391)	(224,450)
Interest received		104,343	5,337
Net cash from investing activities		(1,283,510)	(220,377)
Cash flows from financing activities			
Capital received in respect of finance lease liabilities		121,595	-
Capital repaid in respect of finance lease liabilities		(45,333)	(11,606)
Capital received in respect of long-term borrowings		342,000	-
Share issue	5	46,064,945	20,012,229
Net cash from financing activities		46,483,207	20,000,623
Increase in cash and cash equivalents		30,899,960	12,865,479
Cash and cash equivalents at beginning of period		13,688,762	823,283
Cash and cash equivalents at end of period		**44,588,722**	**13,688,762**

Notes to the financial statements

1. Financial information set out in this announcement

The financial information set out above does not constitute the Company's statutory accounts for the period ended 31 December 2018 or 30 June 2017 but is derived from those accounts. Statutory accounts for the period ended 30 June 2017 have been delivered to the registrar of companies, and those for the period ended 31 December 2018 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

2. Revenue and other operating income

Revenue from contracts with customers

IFRS 15 'Revenue from contracts with customers' establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue is recognised when a customer obtains control of the goods or services.

IFRS15 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The standard replaces IAS 18 'Revenue' and IAS 11 'Construction Contracts', and related interpretations and is effective for annual periods beginning on or after 1 January 2018. The Group has early adopted IFRS 15 as at 1 July 2018. As part of adopting IFRS 15 the company has not identified any contracts with customers within the scope of IFRS 15 and accordingly no revenue is recognised in the current or prior period.

Collaborative arrangements

The Group has entered into a number of collaboration agreements with distributors in the period in order to develop and penetrate geographical markets for Creo's initial products (*Speedboat* device and the CROMA Advanced Energy platform) and to establish a working relationship in readiness for Creo's suite of products.

The agreements represent the transfer of goods to the distributor for consideration and the receipt of services to Creo in the form of marketing, promotion and setting up training and qualifying centres.

The distributor is not deemed to be a 'customer' of the entity as defined in IFRS 15. Instead they are a collaborator or partner that shares in the risks and benefits of developing a product to be marketed and as such no revenue is recognised in respect of these agreements.

The overall arrangement represents a net cost to Creo on the basis that it is providing products on a free or discounted basis and providing training and other support to the distributor in return for services relating to the objective of market penetration.

The overall net cost of each agreement is determined at inception and spread over the period of the agreement. The assumptions upon which the estimates are made are periodically updated. Any impact on profit or loss is recognised in the period in which the updates are made.

Other operating income

Other operating income relates to research grants. Income is recognised necessary to match it with the related costs in the profit or loss on a systematic basis over the periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate. Furthermore, income is recognised only when there

is reasonable assurance that the Company will comply with any conditions attached to the grant and the grant will be received.

Segmental reporting

Operating segments are identified on the basis of internal reporting and decision making. The board regularly reviews the Company's performance and balance sheet position for its operations and receives financial information for the Company. As a result, the Company has one reportable segment, which is being the research and development of electrosurgical medical devices relating to the field of surgical endoscopy. As there is only one reportable segment whole profit, expenses, assets, liabilities and cash flows are measured and reported on a basis consistent with the financial statements, no additional disclosures are necessary.

3. Loss before tax

The loss before income tax is stated after charging/(crediting):

(All figures £)	**18 months to 31 December 2018**	**12 months to 30 June 2017**
Depreciation - owned assets	471,745	127,090
Depreciation - assets on hire purchase contracts	18,132	12,088
Amortisation	7,544	3,245
Loss on disposal of property, plant and equipment	12,278	-
Operating leases - land and buildings	249,602	129,859
Operating leases - other	83,538	51,340
Research and development expenditure	7,846,144	3,583,041
Foreign exchange differences	18,411	12,734

4. Earnings per share

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 as such are not included in the Company's EPS calculation, meaning that diluted EPS is the same as basic EPS. Adjusted EPS is calculated as follows:

(All figures £)	**18 months to 31 December 2018**	**12 months to 30 June 2017**
(Loss)		
(Loss) attributable to equity holders of Company (basic)	(14,808,608)	(7,765,517)
Expenses of the initial public offering (non-recurring)	-	1,252,692
Adjusted operating loss	(14,808,608)	(6,512,825)
Shares (number)		
Weighted average number of ordinary shares in issue during the period	90,390,078	60,017,322
Earnings per share adjusted		
Basic & diluted	(0.16)	(0.11)

5. Cash from share issue

(All figures £)	18 months to 31 December 2018	12 months to 30 June 2017
Share issue:		
Share options exercised	155,529	122,579
Advanced share subscription AIM listing 9 December 2016	-	1,400,000
Share subscription AIM listing 9 December 2016	-	20,000,008
Transaction costs AIM listing 9 December 2016	-	(1,510,358)
Share placing AIM 30 August 2018	48,500,000	-
Transaction costs AIM 30 August 2018	(2,590,584)	-
	46,064,945	**20,012,229**

6. Subsequent events

On the 16th January 2019, the Company announced that its *Speedboat* device powered its CROMA advanced energy platform had been successfully used by 2 US gastrointestinal surgeons to treat patients.

The Group signed a framework agreement on 7th February 2019 with PENTAX Europe GmbH (a member of HOYA Group) in respect of the initial market seeding and establishing a clinical education programme in each of Germany, France and Italy.

Creo Medical (Ireland) Ltd was incorporated in Ireland on 21st March 2019 and is a wholly owned subsidiary of Creo Medical Limited.

There have been no other material events subsequent to the period end and up to the 4th April 2019, the date of approval of the financial statements by the Board.