

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

Half-year Report
Interim results for the six months ended 30 June 2024

Surgical Innovations Group plc (AIM: SUN), the designer, manufacturer and distributor of innovative medical technology for minimally invasive surgery, reports its unaudited financial results for the six-month period ended 30 June 2024 ("2024 H1").

Commercial and Operational Highlights

- Surgical Innovations ("SI") branded products saw strong growth across all key markets as sustainability continues to resonate with healthcare providers.
- Strong OEM sales performance, as supply chain issues were resolved and backorder position cleared.
- Enhanced sustainability training and marketing positively impacting key markets, especially in Europe and Canada.
- Transition to EU Medical Device Regulation ("MDR") remains on track; cost burden beginning to reduce.
- Operational improvement plan implemented to reduce costs and improve margins, with benefits expected to begin to be realised in the second half.
- Inventory reduction programme initiated to return working capital towards normalised levels.
- New UK distribution expanded contract signed with Apsen Surgical and a new contract signed with Cipher Surgical, both providing continuing and new revenue streams.

Financial Highlights

- Revenues increased 9.3% on prior year to £6.2m (2023 H1: £5.7m)
- Gross profit margin of 32.9% (2023 FY: 28.7%; 2023 H1: 33.0%). Gross margins have recovered from weaker margins experienced in 2023 H2 of 24.9%
- Adjusted EBITDA¹ profit of £0.2m (2023 H1: £0.1m)
- Adjusted operating loss¹ of £0.1m (2023 H1: £0.3m loss)
- Adjusted EPS amounted to a loss¹ of 0.020p per share (2023 H1: 0.037p loss)
- Net debt² at end of period of £0.5m (as at 31 Dec 2023: £0.4m net cash)
- Gross cash headroom at the end of the period of £1.2m (as at 31 Dec 2023: £2.2m)

¹ Adjusted EBITDA, adjusted operating (loss)/ profit and adjusted EPS are stated before deducting non-recurring exceptional costs of £0.30m (2023 H1: £0.01) and share based payment costs of nil (2023 H1 £0.02m).

² Net debt is presented Pre-IFRS 16 and equals cash less bank debt

Current Trading and Outlook

- Challenges persist in the UK market with changes in the NHS Supply Chain ("NHSSC") inventory management and industrial action impacting purchasing patterns; however, new product introductions and the operational restructuring enables the Group to offset these headwinds.
- Sales of SI-branded products in key markets remains strong, further supported by the enhanced training and marketing provided to partners.
- OEM sales expected to normalise in H2.
- LogiTube presents significant global opportunities, with plans to roll it out to key international markets in H2.
- Operational restructuring through H1 and into H2 will improve efficiencies and drive margin growth towards the year-end and into 2025.
- Inventory reduction will improve working capital towards the end of 2024.
- Improvements to processes and structure are expected to drive the Group's future profitability from 2025 onwards.

Jonathan Glenn, Chairman of Surgical Innovations Group Plc, said:*"I am pleased with the progress Surgical Innovations has made over the first half of this financial year. We have continued to grow revenues and have delivered an adjusted EBITDA profit in the period.*

"The operational plan implemented is expected to deliver cost benefits in the second half of the year and positions the business

for increased profitability in 2025. The strength of SI-branded products remains robust, though challenges in the UK market are likely to persist over the near term. However, additional new product introductions and the realignment of the sales structure are anticipated to improve the UK business. In the first half, OEM sales were boosted by the clearing of backorders and will return to more normalised levels in the second half. Modest revenue and margin improvements are expected to materialise in Q4 and continue into 2025.

Investor briefing

David Marsh, Chief Executive Officer, and Chris Martin, Chief Financial Officer, will provide a live presentation relating to the interim results via the Investor Meet Company platform on **the new date of Monday 14 October 2024 at 4:00 p.m. BST**.

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard up until 9:00 a.m. the day before the meeting or at any time during the live presentation. Investors can sign up to Investor Meet Company for free and add to meetSurgical Innovations Group plc via: <https://www.investormeetcompany.com/surgical-innovations-group-plc/register-investor>

Investors who already follow Surgical Innovations Group plc on the Investor Meet Company platform will automatically be invited.

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About Surgical Innovations Group plc

Strategy

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, 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 ("Elemental"), and exported widely through a global network of trusted distribution partners. Many of our products in this field are based on a "responsible" 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. We have a number of long-term relationships with key partners including the design, development and manufacture of the FIX8 device for Advanced Medical Solutions plc ("AMS") and more recently for a new collaboration with robotic surgery company, CMR Surgical Limited ("CMR"), to design and develop an access device for their unique instrumentation.

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.

Operations

The Group currently employs approximately 80 people across one site in Leeds in the UK. Elemental was acquired by the Group on 1 August 2017 and provides direct sales representation in the UK home market and a range of third-party products for UK distribution. Elemental was originally based in Berkshire and was successfully relocated in 2021, with all operations now located at the Leeds site.

Further information

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

www.sigroupplc.com

www.surginno.com

www.elementalhealthcare.co.uk

Investors and others can register to receive regular updates by emailing si@walbrookpr.com

Surgical Innovations Group plc

Chairman's Statement

For the six-month period ended 30 June 2024

Market and Financial Overview

Trading in the first half of the year increased 9% to £6.17m (2023 H1: £5.65m). This was predominantly as a result of strong SI-branded and OEM sales, however the UK saw an overall drop in revenue with some significant headwinds especially in the early part of 2024.

In Europe, Canada and the UK, our investment in training and the development of marketing tools to promote the sustainability message has proven successful, resulting in strong sales growth in these regions. In Europe, this effort has led to an impressive underlying sales increase of 28%, driving revenue to £0.89m in 2024 H1, up from £0.69m in 2023 H1.

The USA has seen a 15% increase bringing revenue to £0.63m in 2024 H1, up from £0.55m in the same period the previous year. This growth has been primarily driven by sales of scissors and instruments, with access devices beginning to gain traction.

APAC revenues showed modest growth of 2% over the previous year, reaching £0.54m. In 2024 H1, purchasing slowed due to stocking orders in India and Japan in 2023. However, this trend has normalized in 2024 H2, with India in particular, seeing some significant account conversions to drive disposable sales.

The UK faced a challenging start to the year, with H1 revenues falling 8% to £2.74m. Sales were adversely affected by NHS industrial action and changes in NHSSC inventory management. Additionally, the shift away from lower-margin, time consuming products has allowed focus on key distribution and SI branded devices. SI Branded products grew 17% to £1.02m up from £0.87m in H1 2023.

ROW has experienced robust growth, up 23% from the previous year, with sales of £0.28m, largely driven by our new Canadian partner who has embraced our sustainability messaging. Significant account conversions are planned for H2 and are expected to further support growth in this region.

OEM revenues increased by 63%, reaching £1.1m, primarily due to clearing backorders. Increasing supply chain and labour costs have impacted margins. Revenues from OEM are expected to normalise in H2.

Commercial or underlying margins of 34.4% have reduced in H1 by 3.5% compared to 2023 FY margins (2023 H1: 40.53%, 2023 FY: 37.87%). This reflects significant inflationary increases in material costs. While commercial margins have declined, the reported gross margin of 32.9%, which includes the net cost of manufacturing, is in line with 2023 H1 and has improved by 4.2% on the 2023 FY margins (2023 H1: 33.0%; 2023 FY: 28.7%). This is the result of operational improvements in efficiency and manning levels and less disruption within our supply chain.

A number of customer price increases have been implemented in H1 with further rises planned in H2 as fixed term customer agreements are renewed. This, together with continuing operational improvements, will help maintain gross margins in H2.

Other operating expenses increased to £2.47m (2023 H1: £2.17m). The increase is due to one-off costs relating to a restructuring programme across the business. Excluding the effect of non-recurring items, operating expenses were on a par with 2023 H1 at £2.16m. Other operating expenses in 2024 H2 are expected to reduce from 2024 H1 as the benefits from the re-structure begin to be fully realised.

The Group generated an adjusted EBITDA profit for the period of £0.19m (2023 H1: £0.09m). The full effect of the savings from the restructuring, actions on price and further operational efficiencies will deliver improved profitability in H2.

Adjusted operating loss before tax for the period (before non-recurring items and share based payment charges) was £0.13m (2023 H1: £0.28m loss). The reported net loss before taxation amounted to £0.49m against a net loss of £0.37m in 2023 H1.

There was no reported tax charge/credit in the period (2023 H1: nil). In terms of deferred tax, the Group continues to hold substantial corporation tax losses on which management takes a cautious view, and consequently, the Group does not recognise a corresponding deferred tax asset.

Adjusted net earnings per share amounted to a loss of £0.020p (2023 H1: £0.037p loss). The net total comprehensive income for the period amounted to a loss of £0.49m (2023 H1: loss of £0.37m).

For the first half of 2024, cash used in operations was £0.49m (2023 FY: £0.26m generated, 2023 H1: £0.07m used). The outflow of £0.49m, however, does include £0.30m of non-recurring costs relating to the restructure. After continued investment into R&D of £0.16m (2023 FY: £0.40m, 2023 H1: £0.12m), capital expenditure of £0.04m (2023 FY: £0.28m, 2023 H1: £0.18m) and the financing costs of the existing bank loan and lease liabilities, the Group had available cash balances of £1.23m (31 Dec 2023: £2.21m).

The Directors have considered the available cash resources of the Group and the current internal anticipated forecasts and have a reasonable expectation that the Group have adequate resources. The Group is expected to continue to generate cash from operations over the next 12 months as the Group benefits from a lower cost base following restructuring, continues to improve operational efficiencies and reduce inventory. This will therefore provide ample support to continue in operational existence for the foreseeable future, considered to be at least 12 months from the date of approval of the financial statements. The covenant test for the period ending 30 June 2024 has been passed.

Market Outlook

The UK faced a challenging start to the year, primarily due to the NHSSC shifting to a 'Just-in-Time' model, which led to reduced inventory levels and lower purchasing activity. Purchasing levels have now normalised. Additionally, ongoing industrial action by junior doctors impacted the volume of elective surgery.

The strategic decision to withdraw from the low-margin, time-intensive synthetic hernia mesh business, allowing for a greater focus on own branded products and higher margin third-party opportunities has impacted sales. However, this has allowed the sales team to refocus on SI-Branded product resulting in significant revenue growth of 17%, rising from £0.87m in 2023 H1 to £1.02m in 2024 H1.

Elemental has expanded its portfolio by adding several third-party suppliers, some of which already generate revenue in the UK. While this is expected to have a modest impact on revenue in 2024, the effect will be more pronounced in 2025. Additionally, there is a pipeline of new third-party opportunities set for introduction in 2024 Q4 which, should the Company convert, will further contribute to revenue growth in 2025.

Sustainability messaging initiatives continue to drive sales across key markets, supported by ongoing investments in sales support, marketing, training, and the ongoing development of the financial and environmental calculator. These tools have proven highly effective in fostering growth. The increase in SI-branded product sales is largely driven by a strong focus on sustainability; this focus continues in H2 and significant account conversions in key markets will continue to drive growth into 2025.

The rollout of LogiTube is accelerating in the second half of the year, with key market launches in Europe, Canada, the Middle East, and Australia. Additionally, the rapid development of the Yelloport Elite XL cannula is enabling deeper penetration into the bariatric market, particularly for gastric bypass and gastric sleeve procedures. The cost-down project highlighted at YE 2023 continues to progress focusing on both material and design changes to improve manufacturing efficiencies.

Operational and Regulatory Activities

An operational improvement plan has been implemented to enhance manufacturing efficiency, reduce costs, and improve margins. The restructuring process is now complete, and the benefits are expected to be realised throughout the second half of the year, with a significant boost to profitability anticipated in 2025.

The new CFO brings extensive manufacturing expertise to the company, enhancing reporting accuracy and cost management. With a focus on improving financial control, the business is actively implementing cost controls to drive greater operational efficiency.

The regulatory pathway for the EU Medical Device Regulation ("MDR") remains on track, despite the transition deadline to MDR being revised, which has shifted the notified body's focus to more immediate priorities. The Company's Quality Management System, technical files, and microbiology data have been made MDR-compliant, successfully audited by BSI, and fully approved. Progress continues on the product technical files, with two out of three approved for MDR, while the final file is currently under clinical review. Additionally, the UKCA mark has been obtained, and the Medical Device Single Audit Program ("MDSAP") audit has been successfully completed.

Current Trading and Outlook

The operational plan implemented is expected to deliver cost benefits in the second half of the year and positions the business for increased profitability in 2025. The strength of SI-branded products remains robust, though challenges in the UK market are likely to persist over the near term. However, additional new product introductions and the restructuring of the organisation, already implemented, are anticipated to improve the performance of the business going forward.

Jonathan Glenn

Chairman

30 September 2024

Unaudited consolidated income statement for the six months ended 30 June 2024

	Notes	Unaudited six months ended 30 June 2024 £'000	Unaudited six months ended 30 June 2023 £'000	Audited Year ended 31 December 2023 £'000
Revenue	3	6,175	5,650	12,014
Cost of sales		(4,141)	(3,786)	(8,566)
Gross profit	2	2,034	1,864	3,448
Other operating expenses		(2,466)	(2,170)	(4,044)
Other income		-	-	-
Adjusted EBITDA profit *		189	95	211
Amortisation of intangible assets		(84)	(140)	(279)
Impairment of intangible assets		-	-	-
Depreciation of tangible assets		(233)	(231)	(476)
Exceptional items		(304)	(8)	(8)
Share based payments			(22)	(44)
Operating (loss)/profit		(432)	(306)	(596)
Finance costs	4	(55)	(68)	(132)
Finance income		-	-	-

Loss before taxation		(487)	(374)	(728)
Taxation credit/(charge)	5	-		219
(Loss)/profit and total comprehensive income		(487)	(374)	(509)
Earnings per share				
Basic	6	(0.052p)	(0.040p)	(0.055p)
Diluted	6	(0.052p)	(0.040p)	(0.055p)

* Adjusted EBITDA is earnings before interest, depreciation, amortisation (including impairment) and exceptional items.

Unaudited consolidated statement of changes in equity for the six months ended 30 June 2024

Notes	Share capital	Share premium	Capital reserve	Merger reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 January 2024	9,328	6,587	329	1,250	(7,010)	10,484
Employee share-based payment charge	-	-	-	-		
Total - Transaction with owners	9,328	6,587	329	1,250	(7,010)	10,484
Loss and total comprehensive income for the period	-	-	-	-	(487)	(487)
Unaudited balance as at 30 June 2024	9,328	6,587	329	1,250	(7,497)	9,997

Unaudited consolidated balance sheet as at 30 June 2024

Notes	Unaudited 30 June 2024 £'000	Unaudited 30 June 2023 £'000	Audited 31 December 2023 £'000
Assets			
Non-current assets			
Property, plant and equipment	806	925	898
Right of Use Assets	700	903	804
Intangible assets	6,605	6,387	6,529
	8,111	8,215	8,231
Current assets			
Inventories	3,300	3,566	2,854
Trade and other receivables	9 2,443	2,137	2,023
Cash at bank and in hand	232	1,412	1,212
	5,975	7,115	6,089
Total assets	14,086	15,330	14,320
Equity and liabilities			
Equity attributable to equity holders of the parent company			
Share capital	9,328	9,328	9,328
Share premium account	6,587	6,587	6,587
Capital reserve	329	329	329
Merger reserve	1,250	1,250	1,250

merger reserve		1,430	1,430	1,430
Retained earnings		(7,497)	(6,883)	(7,010)
Total equity		9,997	10,611	10,484
Non-current liabilities				
Dilapidation provision		165	165	165
Lease liability		485	670	549
Borrowings	8	356	679	502
		1,006	1,514	1,216
Current liabilities				
Trade and other payables	9	1,977	2,188	1,632
Accruals		551	411	377
Lease liability		203	254	259
Borrowings	8	352	352	352
		3,083	3,205	2,620
Total liabilities		4,089	4,719	3,836
Total equity and liabilities		14,086	15,330	14,320

Unaudited consolidated cash flow statement for the six months ended 30 June 2024

		Unaudited six months ended 30 June 2024	Unaudited six months ended 30 June 2023	Audited year ended 31 December 2023
	Notes	£'000	£'000	£'000
Cash flows from operating activities				
Loss after tax for the year		(487)	(374)	(509)
Adjustments for:				
Taxation		-		(219)
Finance Income		-	-	-
Finance Costs	4	55	68	131
Other Income-CBILS interest grant		-	-	-
Depreciation of property, plant and equipment		129	115	244
Amortisation and impairment of intangible assets		84	140	279
Depreciation of right of use assets		104	116	234
Share-based payment charge			22	30
Foreign Exchange (loss)/gain		(29)	32	27
Increase in inventories		(446)	(404)	308
Increase in current receivables		(421)	(82)	34
Increase in trade and other payables		518	292	(299)
Cash (used in)/ generated from operations		(493)	(73)	260
Taxation received	5	-		219
Interest received		-	-	-
Interest paid		(34)	(39)	(79)
Net cash (used in)/generated from operating activities		(527)	(112)	400
Payments to acquire property, plant and equipment		(37)	(181)	(284)
Acquisition of intangible assets		(159)	(124)	(404)
Net cash used in investment activities		(196)	(305)	(688)
Repayment of CBILS	8	(147)	(176)	(353)

Repayment of lease liabilities	7	(139)	(162)	(319)
Net cash used in financing activities		(286)	(338)	(672)
Net decrease in cash and cash equivalents		(1,009)	(755)	(960)
Cash and cash equivalents at beginning of period		1,212	2,199	2,199
Effective exchange rate fluctuations on cash held		29	(32)	(27)
Net cash and cash equivalents at end of period		232	1,412	1,212

Notes to the Interim Financial Information

1. Basis of preparation of interim financial information

The interim financial information was approved by the Board of Directors on 27 September 2024. The financial information set out in the interim report is unaudited.

The interim financial information has been prepared in accordance with the AIM Rules for Companies and on a basis consistent with the accounting policies and methods of computation as published by the Group in its annual report for the year ended 31 December 2023, which is available on the Group's website.

The Group has chosen not to adopt IAS 34 Interim Financial Statements in preparing these interim financial statements and therefore the interim financial information is not in full compliance with International Financial Reporting Standards as adopted for use in the European Union.

The financial information set out in this interim report does not constitute statutory financial statements as defined in section 434 of the Companies Act 2006. The figures for the year ended 31 December 2023 have been extracted from the statutory financial statements which have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under sections 498(2) and 498(3) of the Companies Act 2006.

Going concern and funding

The Directors have considered the available cash resources of the Group and the current internal anticipated forecasts and have a reasonable expectation that the Group have adequate resources. The Group is expected to continue to generate cash from operations over the next 12 months as the Group benefits from a lower cost base following restructuring, continues to improve operational efficiencies and reduce inventory. This will therefore provide ample support to continue in operational existence for the foreseeable future, considered to be at least 12 months from the date of approval of the financial statements.

2. Disaggregation of gross margin

The Group has disaggregated margins in the following table:

	Six months ending 30 June 2024 (unaudited)	Six months ending 30 June 2023 (unaudited)	12 months ending 31 Dec 2023 (audited)
	£'000	£'000	£'000
Revenue	6,175	5,650	12,014
Cost of Sales	(4,053)	(3,360)	(7,464)
Underlying Gross Margin	2,122	2,290	4,550
Underlying Gross Margin %	34.36%	40.53%	37.87%
Net Cost of Manufacturing	(88)	(426)	(1,102)
Contribution Margin	2,034	1,864	3,448
Contribution Margin %	32.94%	32.99%	28.70%

Underlying gross margin (excluding net costs of manufacturing) is an adjusted KPI measure. Net costs of Manufacturing are overheads that have not been effectively absorbed due to reduced productivity.

Adjusted KPIs are used by the Board to understand underlying performance and exclude items which distort comparability. The method of adjustments is consistently applied but are 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.

3. Disaggregation of revenue

The Group has disaggregated revenues in the following table:

	SI Brand	Distribution	OEM	Total
Six months ended 30 June 2024 (unaudited)	£'000	£'000	£'000	£'000
United Kingdom	1,074	1,734	1,021	3,829
Europe	888	-	-	888
US	535	-	92	627
APAC	549	-	-	549
Rest of World	282	-	-	282
	3,328	1,734	1,113	6,175

	SI Brand	Distribution	OEM	Total
Six months ended 30 June 2023 (unaudited)	£'000	£'000	£'000	£'000
United Kingdom	920	2,105	614	3,639
Europe	694	-	-	694
US	479	-	69	548
APAC	541	-	-	541
Rest of World	228	-	-	228
	2,862	2,105	683	5,650

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

Revenues are allocated geographically on the basis of where revenues were received from and not from the ultimate final destination of use.

4. Finance Costs

Finance costs:	Six month ended 30 June 2024	Six month ended 30 June 2023	12 months ended 31 Dec 2023
	£'000	£'000	£'000
On bank borrowings	34	40	79
On right-of-use assets lease liabilities	21	28	53
	55	68	132

5. Tax

Current taxation

There was no reported tax charge/credit in the period.

Deferred taxation

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 fully.

6. Earnings per share

	Unaudited six months ended 30 June 2024	Unaudited six months ended 30 June 2023	Audited year ended 31 December 2023
Earnings per share			
Basic	(0.052p)	(0.040p)	(0.055p)
Diluted	(0.052p)	(0.040p)	(0.055p)
Adjusted	(0.020p)	(0.037p)	(0.051p)

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares in issue. Diluted earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the diluted weighted average number of shares in issue. Adjusted Earnings per share is calculated by dividing the adjusted earnings attributable to ordinary shareholders (profit before non-recurring costs, amortisation, impairment costs and share based payments) by the weighted average number of shares in issue.

The anti-dilutive effect of unexercised shares options has not been taken into account and therefore the diluted earnings per share is equal to the basic earnings per share.

The Group has one category of dilutive potential ordinary shares being share options issued to Directors and employees. The impact of dilutive potential ordinary shares on the calculation of weighted average number of shares is set out below.

	Unaudited six months ended 30 June 2024 '000s	Unaudited six months ended 30 June 2023 '000s	Audited year ended 31 December 2023 '000s
Number of shares in issue	932,816	932,816	932,816
Dilutive effect of unexercised share options	1,211	1,240	850
Diluted number of shares	934,027	934,056	933,666

7. Leases

Impact on the statement of financial position

	30 June 2024		30 June 2023		31 December 2023	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Right of use assets and lease liabilities	700	688	903	924	804	808
Of which are:						
Current lease liabilities		203		254		259
Non-Current lease liabilities		485				549
				670		
Impact on Equity		12		(21)		(4)
Total impact on statement of financial position	700	700	903		804	804

8. Net borrowings

At amortised cost	Six months ended 30 June 2024	Six months ended 30 June 2023	12 months ended 31 December 2023
	£'000	£'000	£'000
Cash & cash equivalents	232	1,412	1,212
Current bank borrowings	(352)	(352)	(352)
Non-current bank borrowings	(356)	(679)	(502)
Adjusted Net Cash	(476)	381	358
Current lease liabilities	(203)	(254)	(259)
Non-current lease liabilities	(485)	(670)	(549)
Net Cash	(1,164)	(543)	(450)

- Group borrowings consist of a CBILS loan (initially £1.5m) with Virgin Money repayable by May 2026. Interest 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 minimum 1.25x on a 12month rolling basis.
- The covenant test for the period ending 30 June 2024 was passed.
- The Group has an Invoice Discounting facility of £1.0m with Virgin Money, with a 2.5% margin and a minimum administration fee of £0.018m.

9. Financial Instruments

The financial assets of the Group are categorised as follows:

At amortised cost	Six months ended 30 June 2024	Six months ended 30 June 2023	12 months ended 31 Dec 2023
	£'000	£'000	£'000
Trade receivables	1,874	1,566	1,582
Cash and cash equivalents	232	1,412	1,212
	2,106	2,978	2,794

The financial liabilities of the Group are categorised as follows:

At amortised cost	Six months ended 30 June 2024	Six months ended 30 June 2023	12 months ended 31 Dec 2023
	£'000	£'000	£'000
Trade payables	1,458	1,756	1,169
Other payables	312	268	245
Current lease liabilities	203	254	259
Non-current lease liabilities *	485	670	549
Current bank borrowings	352	352	352
Non-current bank borrowings *	356	679	502
	3,166	3,979	3,076

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

Trade and other payables	Six months ended 30 June	Six months ended 30 June	12 months ended 31 Dec 2023
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	2024	2023	2022
	£'000	£'000	£'000
Trade payables	1,458	1,756	1,169
Other tax and social security	207	164	218
Corporation tax	-	-	-
Other payables	312	268	245
	1,977	2,188	1,632

10. Interim Report

This interim report is available at www.sigroupplc.com.

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