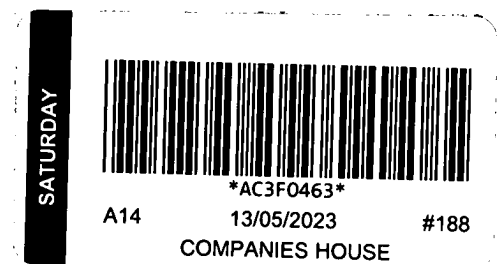


# Financial Statements Endomagnetics Limited

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For the year ended 31 December 2022



Company No. 06227698

**Endomagnetics Limited**  
**Financial statements for the year ended 31 December 2022**

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**Endomagnetics Limited**  
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## Company information

**Company registration number:** 06227698

**Registered office:** Tower 42  
33<sup>rd</sup> Floor  
25 Old Broad Street  
London  
EC2N 1HQ

**Company Secretary:** A L Gourd

**Directors:** J M Brimacombe  
Dr F L Mayes  
Dr J R Gonzalez-Carvajal  
P S Keen  
D S Cummings

**Auditors:** Grant Thornton UK LLP  
101 Cambridge Science Park  
Milton Road  
Cambridge  
CB4 0FY

**Endomagnetics Limited**  
**Financial statements for the year ended 31 December 2022**

## Report of the directors

The directors present their report and the financial statements for the year ended 31 December 2022.

### **Directors and their interests**

The directors who served during the year were as follows:

J M Brimacombe  
Dr F I. Mayes  
P S Keen  
Dr J R Gonzalez-Carvajal  
D S Cummings

### **Directors' and officers' liability insurance**

The Company maintains insurance cover for the directors and key personnel against liabilities which may be incurred by them while carrying out their duties.

### **Financial risk management policies and objectives**

The Group manages its key financial risks, further details of which are provided in note 23, as follows:

#### **Credit risk**

The Company has appointed distributors for the sale of products in its initial markets and therefore credit risk is concentrated in a small number of large multinational entities with whom the Group works closely, mitigating the level of credit risk.

#### **Currency risk**

The Group has distribution agreements in place to sell its products globally, with pricing for all these agreements in sterling. In addition, the majority of the Group's expenditure is in sterling, mitigating the level of currency risk.

#### **Liquidity risk**

The Group seeks to manage liquidity risk by generating revenue, managing operating costs and raising additional equity to ensure that it has sufficient liquidity to meet forecast cash requirements and accelerate its investment in research and development and commercialisation plans.

### **Research and development**

The Group's investment in research and development amounted to £3,483,561 (2021: £4,534,889), all of which has been expensed in the year.

### **Future developments**

The Group plans to continue to invest in the development and commercialisation of its technologies. See Note 27 for future changes in commercial strategy relating to EMMA.

The Directors are taking appropriate action to monitor, address and mitigate the uncertainties facing the business arising from subsequent impacts of the pandemic on the global economy, particularly supply chain management. See note 2 for further details about the Directors' review of the impact of the changes in global economy post-pandemic.

**Endomagnetics Limited**  
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## Report of the directors (continued)

### **Directors' responsibilities for the financial statements**

The directors are responsible for preparing the Report of the Directors and Strategic report and the financial statements in accordance with applicable law and regulations.

Company Law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the consolidated financial statements in accordance with UK-adopted international accounting standards and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws including FRS 101 Reduced Disclosure Framework). Under Company Law the directors must not approve the financial statements unless they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and apply them consistently
- Make judgements and estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company or Group will continue in business
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group financial statements.
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor are unaware; and
- the directors have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

### **Auditors**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board on 20<sup>th</sup> April 2023



Director  
Dr E L Mayes

**Endomagnetics Limited**  
**Financial statements for the year ended 31 December 2022**

## Strategic Report

### Principal activities

The principal activity of the Group in the year under review was that of research, development and sales of medical devices, along with the development of associated manufacturing processes with its partners and the filing of associated intellectual property.

The Group's current products are the Sentinag<sup>®</sup>, Magsee<sup>®</sup> and Magtrace<sup>®</sup>. The Sentinag consists of a handheld probe and base unit that guides clinicians to tissue of interest during surgery. Magsee and Magtrace are two single-use consumables that are specific to existing procedures, but that improve the experience and outcomes in the treatment of breast cancer.

### Business review

During the year under review, the Group significantly increased the adoption of Sentinag in its core markets, and we are pleased to report that the global installed base of Sentinags increased by 22% to 1,036 systems, treating 320,000 cumulative breast cancer patients in over 1,000 hospitals in over 45 countries. As part of our mission to increase access to the best standard of care, Endomagn and its partners supported the first system in Zimbabwe, expanding access to four countries in Southern Africa alongside Kenya, Namibia, and South Africa. A consequence of our global efforts was increasing our Group revenues to £18,253,205 and increasing our gross margin to 72%. The Group made a concerted effort to increase inventory levels during the year, to mitigate the challenges facing global supply chains.

During the year, Endomagn exhibited its current products and next generation Sentinag and Magsee to over 1,400 delegates at the first in-person meeting of the American Society of Breast Surgeons (ASBS 2022) since the Covid-19 outbreak. The event took place in Las Vegas from April 6<sup>th</sup> to 13<sup>th</sup> and Endomagn supported the President's Reception which offered the chance to re-establish customer relationships following the pandemic. PMA approval for the next generation Sentinag for use with Magtrace was subsequently granted by the FDA on September 13<sup>th</sup>. In the process of developing these next generation products, 10 patents were granted (a 17% increase over our existing patent base), taking the Group's total to 70 granted/allowed patents across 26 patent families.

The Group's annual Medical Device Single Audit Program (MDSAP) audit of its quality management system was successfully completed on September 21<sup>st</sup> with zero nonconformities. And on October 5<sup>th</sup>, the National Institute for Health and Care Excellence (NICE) published guidance regarding Magtrace. In their recommendation, NICE acknowledged that switching to a magnetic tracer could represent a significant breakthrough in scheduling efficiency and patient experience for hospitals. NICE considered data from 36 studies, including over 4,202 patients, half of the reported Magtrace patients in clinical studies, to reach their recommendation.

Following this positive Magtrace news, PMA approval was received from the FDA on December 6<sup>th</sup> to extend the indication of Magtrace to include all breast surgical procedures. Overcoming the regulatory-only limitation from the 2018 PMA sets the stage to significantly improve Magtrace growth in the US alongside the introduction of next generation products in the coming year.

The Group continued with its corporate and internal restructuring to undertake direct sales in the UK, Germany, France and the Nordics from January 1<sup>st</sup>, 2023. The Group appointed a third party logistics organisation for distribution of product across FMI, A, and Endomagnetics SAS was incorporated on December 15<sup>th</sup>. During the period, the Group developed its logistics, customer care, in-house probes repair centre, and country-specific sales teams to support the transition to direct sales alongside updating its ERP system and integration with other platforms to manage new sales processes. To support this major transition, the Group expanded its team from an average of 64 to an average of 90 employees, a 41% increase over 2021.

**Endomagetics Limited**  
**Financial statements for the year ended 31 December 2022**

## Strategic Report (continued)

### Stakeholder engagement

In accordance with Section 172 of the Companies Act 2006, the Group recognises the importance of its wider stakeholders to the sustainability of the business.

The Group started the year under review with an internal survey of its values and those held by its employees, in which the majority participated (75%). Given the significant growth of the organisation in recent years, this was an important initiative to ensure alignment between the Group's mission and its employees. In addition, Endomag transitioned away from annual performance appraisals to quarterly check-ins to provide more frequent and deeper level feedback.

On June 23<sup>rd</sup>, as part of the Queen's Platinum Jubilee celebrations, Endomag supported Cambridgeshire County Day to showcase our innovations and inspire the largely young collection of attendees and discuss career opportunities in Science, Technology, Engineering, and Mathematics (STEM). Over 2,000 local school children participated in the event, and many experienced a hands-on demonstration of using Sentimag to locate cancer in a foam mannequin.

The Group supported the ASBrS Foundation on May 14<sup>th</sup> with its 5km 'Race for Breast Cancer'. Over 100 people took part in the #MagTeam to help raise over \$3,000 to support breast cancer education. Then during October's Breast Cancer Awareness Month, the #MagTeamChallenge had over 350 physicians, nurses, patients, partners and Endomag staff join us with the aim of completing 25,000 miles by foot or bike – the equivalent distance of one lap around the World. The Group promised to donate \$1 to charity education group, The Breasties Inc., to help support their community of survivors and supporters. While the largest cohort for the #MagTeamChallenge to date fell 2,000 miles short of the target, we made up the difference and granted a total of \$25,000 to help support their essential patient-centered programmes.

Relationships with Endomag's strategic partners, distributors and clinicians are critical to the continued success and growth of the business. Alongside activities to foster stronger collaboration with partners and distributors through on-site training and co-sponsored events, Endomag held the inaugural Transatlantic Breast Cancer Collaborative (TBCC) in Napa Valley from November 3<sup>rd</sup> to 6<sup>th</sup>. The event was uniquely structured to create an environment for networking with global thought leaders, exchanging ideas on the latest clinical data and cutting-edge techniques and technologies in breast cancer care. The event was uniformly praised by all participants, and clinicians noted that the altruistic initiative truly advanced a global consensus on breast cancer management.

### Guiding principles

Endomag was founded to help cancer patients by preventing unnecessary surgery, improving outcomes and patient experience when surgery is needed, and increasing access for all in need. To enable us to achieve this goal, we are guided by three principles:

- A mission we can be proud of
- A culture of openness
- Opportunities to learn and grow

The desire to make a positive impact on patients around the world is what inspires and fuels our mission. Across the team, we make ourselves available to our colleagues, ensuring everyone is able to ask questions, voice their opinions, and challenge the team to achieve more. And, collectively through the challenges we face, we ensure continuous learning opportunities to accelerate our development as individuals and as an organisation.

**Endomagnetics Limited**  
**Financial statements for the year ended 31 December 2022**

## Strategic Report (continued)

### Key performance indicators

Key performance indicators focused on by the Group are:

	2022	2021	Change
Revenue	£18,253,205	£15,275,539	+19%
Gross Margin	72%	70%	+2%
Global Installed Base	1,036	852	+22%
Average Number of Employees	90	64	+41%
Cash Balance	£7,783,650	£14,034,079	-45%

### Risk management policies

The principal risks and uncertainties of the Group, the status of which are monitored by management, are as follows:

#### Technology - development & competitive risks

The Group's revenue growth is dependent on delivering new technologies to the medical device market in order to remain competitive in its current markets. The Group employs teams of experts to ensure the successful development of its technologies. Our focus is to work with industry leaders to ensure our investment in product development meets unmet needs.

#### Regulatory risk

The Group's products are not uniformly available in all of its sales territories, and regulatory approvals are pending. The Group continues to pursue additional approvals for all of its products in all of its existing territories and new territories, but regulatory approvals are not guaranteed.

#### Intellectual proprietary rights risk

The Group's Intellectual Property may be at risk given the competitiveness of the medical device market. The Group continues to invest in protecting its IP globally.

#### Attracting and retaining talent

The Group needs to continue to grow and employ additional resource to maximise its potential impact in the market. The contribution made by highly skilled and dedicated staff has been, and will continue to be, essential to our future success.

#### Liquidity

The Group aims to transition from a loss-making to a profitable position in the medium term as its technology gets widely adopted and the markets mature. Until such time and while continued investment in operations is made, the Board regularly review the cashflow requirements of the Group to ensure it operates with sufficient capital to pursue its business objectives.

Approved by the Board of Directors and signed on behalf of the Board on 20<sup>th</sup> April 2023



Director

Dr E L Mayes

**Endomagnetics Limited**  
**Financial statements for the year ended 31 December 2022**

## Independent auditor's report to the members of Endomagnetics Limited

### **Opinion**

We have audited the financial statements of Endomagnetics Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the Parent Company statement of financial position, the Group statement of changes in equity, the Parent Company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's and the Parent Company's business model including effects arising from macro-economic uncertainties

**Endomagnetics Limited**  
**Financial statements for the year ended 31 December 2022**

## Independent auditor's report to the members of Endomagnetics Limited (continued)

### **Conclusions relating to going concern (continued)**

such as the impact of the Covid-19 pandemic and its impact on supply chain management, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group's and the Parent Company's financial resources or ability to continue operations over the going concern period.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

**Endomagnetics Limited**  
**Financial statements for the year ended 31 December 2022**

## Independent auditor's report to the members of Endomagnetics Limited (continued)

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

**Endomagetics Limited**  
**Financial statements for the year ended 31 December 2022**

## Independent auditor's report to the members of Endomagetics Limited (continued)

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)**

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Parent Company and the Group and the industry in which they operate. We determined that the following laws and regulations were most significant: UK-adopted international accounting standards, Companies Act 2006, Employment Law, H&S, Data Security and Protection Act, Medical Device Regulatory Requirements, Sunshine Act and Anti-Kickback Scheme;
- We obtained an understanding of how the Parent Company and the Group is complying with those legal and regulatory frameworks by making inquiries of management. We corroborated our inquiries through our review of board minutes;
- We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud. We corroborated this through our review of professional and legal fees incurred during the year;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- We communicated relevant laws and regulations and potential fraud risks to all Group engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- We assessed the susceptibility of the Parent Company's and the Group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the Group engagement team included:
  - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - challenging assumptions and judgements made by management in making its significant accounting estimates;
  - identifying and testing journal entries, in particular any large or unusual journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; and
  - assessing the extent of compliance with direct laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements.

**Endomagnetics Limited**  
**Financial statements for the year ended 31 December 2022**

## Independent auditor's report to the members of Endomagnetics Limited (continued)

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)**

Assessment of the competence and capabilities of the engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the client operates; and
  - understanding the legal and regulatory requirements specific to the entity.
- It is the Group audit engagement partner's assessment that the Group audit engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations;
  - We completed audit procedures to conclude on the compliance of disclosures in the annual report and financial statements with applicable financial reporting requirements.

### **Use of our report**

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

*Grant Thornton UK LLP*

Paul Brown  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Cambridge  
Date: 20/4/2023

**Endomagetics Limited**  
**Financial statements for the year ended 31 December 2022**

## Consolidated statement of comprehensive income

	Notes	2022 £	2021 £
Revenue	5	18,253,205	15,275,539
Cost of sales		(5,037,527)	(4,556,859)
<b>Gross profit</b>		<b>13,215,679</b>	<b>10,718,680</b>
Administrative expenses		(18,079,689)	(14,843,551)
<b>Operating loss</b>	6	<b>(4,864,010)</b>	<b>(4,124,871)</b>
Interest receivable and similar income		64,378	8,543
Interest payable and expenses	9	(327,079)	(178,817)
<b>Loss before tax</b>		<b>(5,126,712)</b>	<b>(4,295,145)</b>
Tax on loss	10	1,020,874	1,226,319
<b>Loss for the year</b>		<b>(4,105,838)</b>	<b>(3,068,826)</b>
<b>Other comprehensive income for the year</b>			
Exchange differences on translating foreign operations		26,217	1,440
<b>Total comprehensive loss for the year</b>		<b>(4,079,621)</b>	<b>(3,067,386)</b>

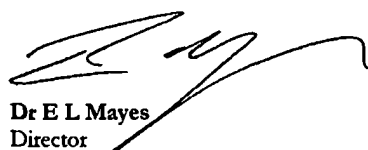
**The accompanying accounting policies and notes form part of these financial statements.**

**Endomagnetics Limited**  
**Financial statements for the year ended 31 December 2022**

## Consolidated statement of financial position

	Notes	2022 £	2021 £
<b>Non current assets</b>			
Property, plant & equipment	11	<u>5,666,236</u>	<u>6,286,630</u>
		<b>5,666,236</b>	<b>6,286,630</b>
<b>Current assets</b>			
Inventories	13	3,027,954	754,843
Trade and other receivables	14	2,680,723	2,250,444
Tax recoverable		1,053,795	1,236,266
Cash and cash equivalents	15	<u>7,783,650</u>	<u>14,034,079</u>
		<b>14,546,122</b>	<b>18,275,632</b>
<b>Total assets</b>		<b>20,212,358</b>	<b>24,562,262</b>
<b>Current liabilities</b>			
Trade and other payables	16	(2,517,718)	(3,134,425)
Provisions	17	<u>(1,089,528)</u>	<u>(243,210)</u>
		<b>(3,607,246)</b>	<b>(3,377,635)</b>
<b>Non current liabilities</b>			
Lease liability	21	<u>(3,912,433)</u>	<u>(4,412,638)</u>
		<b>(3,912,433)</b>	<b>(4,412,638)</b>
<b>Net assets</b>		<b>12,692,679</b>	<b>16,771,989</b>
<b>Equity</b>			
Share capital	19	18,983	18,672
Share premium		31,941,775	31,941,775
Retained earnings		(19,295,522)	(15,189,684)
Translation reserve		27,443	1,226
		<u>12,692,679</u>	<u>16,771,989</u>

Approved by the Board of Directors and signed on behalf of the Board on 20<sup>th</sup> April 2023

  
 Dr E L Mayes  
 Director

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

**Endomagnetics Limited**  
**Financial statements for the year ended 31 December 2022**

## Parent Company statement of financial position

Company registration number: 06227698

	Notes	2022 £	2021 £
<b>Non current assets</b>			
Property, plant and equipment	11	5,666,236	6,286,630
Investments	12	29,938	21,601
		<u>5,696,174</u>	<u>6,308,231</u>
<b>Current assets</b>			
Inventories	13	2,913,937	754,843
Trade and other receivables	14	2,830,680	2,236,595
Tax recoverable		1,053,795	1,236,266
Cash and cash equivalents	15	7,472,935	13,878,244
		<u>14,271,347</u>	<u>18,105,948</u>
<b>Total assets</b>		<u>19,967,521</u>	<u>24,414,178</u>
<b>Current liabilities</b>			
Trade and other payables	16	(2,339,193)	(3,087,119)
Provisions	17	(1,089,528)	(243,210)
		<u>(3,428,721)</u>	<u>(3,330,329)</u>
<b>Non current liabilities</b>			
Lease liability	21	(3,912,433)	(4,412,638)
		<u>(3,912,433)</u>	<u>(4,412,638)</u>
<b>Net assets</b>		<u>12,626,367</u>	<u>16,671,212</u>
<b>Equity</b>			
Share capital	19	18,983	18,672
Share premium		31,941,775	31,941,775
Retained earnings		(19,334,391)	(15,289,235)
		<u>12,626,367</u>	<u>16,671,212</u>

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. Endomagnetics Limited reported a loss for the financial year ended 31 December 2022 of £4,045,157 (2021: £3,159,277).

Approved by the Board of Directors and signed on behalf of the Board on 20<sup>th</sup> April 2023

  
**Dr E L Mayes**  
 Director

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

**Endomagnetics Limited**  
**Financial statements for the year ended 31 December 2022**

## Statement of changes in equity

For the Year Ended 31 December 2022

Group	Share capital £	Share premium £	Retained earnings £	Translation reserve £	Total equity £
Balance at 1 January 2022	18,672	31,941,775	(15,189,684)	1,226	16,771,989
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	(4,105,838)	-	(4,105,838)
Translation difference	-	-	-	26,217	26,217
<b>Total comprehensive loss for the year</b>	-	-	<b>(4,105,838)</b>	<b>26,217</b>	<b>(4,079,621)</b>
Shares issued during the year	-	-	-	-	-
Shares options exercised during the year	311	-	-	-	311
Share-based payments	-	-	-	-	-
<b>Total transactions with owners</b>	<b>311</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>311</b>
<b>Balance at 31 December 2022</b>	<b>18,983</b>	<b>31,941,775</b>	<b>(19,295,522)</b>	<b>27,443</b>	<b>12,692,679</b>

## Statement of changes in equity

For the Year Ended 31 December 2021

Group	Share capital £	Share premium £	Retained earnings £	Translation reserve £	Total equity £
Balance at 1 January 2021	18,672	31,941,775	(12,120,858)	(214)	19,839,375
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	(3,068,826)	-	(3,068,826)
Translation difference	-	-	-	1,440	1,440
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(3,068,826)</b>	<b>1,440</b>	<b>(3,067,386)</b>
Shares issued during the year	-	-	-	-	-
Share-based payments	-	-	-	-	-
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 December 2021</b>	<b>18,672</b>	<b>31,941,775</b>	<b>(15,189,684)</b>	<b>1,226</b>	<b>16,771,989</b>

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

**Endomagnetics Limited**  
**Financial statements for the year ended 31 December 2022**

## Statement of changes in equity

For the Year Ended 31 December 2022

Company	Share capital £	Share premium £	Retained earnings £	Total equity £
Balance at 1 January 2022	18,672	31,941,775	(15,289,235)	16,671,212
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(4,045,157)	(4,045,157)
<b>Total comprehensive loss for the year</b>	-	-	<b>(4,045,157)</b>	<b>(4,045,157)</b>
Shares issued during the year	-	-	-	-
Shares options exercised during the year	311	-	-	311
Share-based payments	-	-	-	-
<b>Total transactions with owners</b>	<b>311</b>	-	-	<b>311</b>
<b>Balance at 31 December 2022</b>	<b>18,983</b>	<b>31,941,775</b>	<b>(19,334,391)</b>	<b>12,626,367</b>

## Statement of changes in equity

For the Year Ended 31 December 2021

Company	Share capital £	Share premium £	Retained earnings £	Total equity £
Balance at 1 January 2021	18,672	31,941,775	(12,129,958)	19,830,489
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(3,159,277)	(3,159,277)
<b>Total comprehensive income for the year</b>	-	-	<b>(3,159,277)</b>	<b>(3,159,277)</b>
Shares issued during the year	-	-	-	-
Share-based payments	-	-	-	-
<b>Total transactions with owners</b>	-	-	-	-
<b>Balance at 31 December 2021</b>	<b>18,672</b>	<b>31,941,775</b>	<b>(15,289,235)</b>	<b>16,671,212</b>

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

**Endomagetics Limited**  
**Financial statements for the year ended 31 December 2022**

## Consolidated statement of cash flows

	Notes	2022 £	2021 £
<b>Cash consumed in operations</b>			
Operating loss		(4,864,010)	(4,124,871)
Adjustments	20	745,708	447,331
Net changes in working capital	20	(2,501,193)	1,112,494
		<b>(6,619,495)</b>	<b>(2,565,046)</b>
Tax received		1,203,346	814,053
<b>Cash outflow from operating activities</b>		<b>(5,416,149)</b>	<b>(1,750,993)</b>
<b>Investing activities</b>			
Additions to property, plant and equipment		(324,219)	(1,452,834)
Proceeds from disposal of property, plant and equipment		15,000	-
Interest received		62,063	7,154
<b>Cash outflow from investing activities</b>		<b>(247,156)</b>	<b>(1,445,680)</b>
<b>Financing activities</b>			
Exercise of share options		311	-
Repayment of lease liabilities	21	(589,076)	(263,351)
<b>Cash inflow from financing</b>		<b>(588,765)</b>	<b>(263,351)</b>
Net changes in cash and cash equivalents		<b>(6,252,070)</b>	<b>(3,460,024)</b>
Foreign exchange on cash balances		1,641	1,440
Cash and cash equivalents, beginning of year		14,034,079	17,492,663
<b>Cash and cash equivalents, end of year</b>		<b>7,783,650</b>	<b>14,034,079</b>

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

**Endomagnetics Limited**  
**Financial statements for the year ended 31 December 2022**

## Notes to the financial statements

### 1 General information

Endomagnetics Limited is a private limited company and is incorporated and domiciled in the UK. The address of its registered office is given on page 1.

### 2 Summary of significant accounting policies

#### Basis of accounting

These financial statements have been prepared in accordance with UK-adopted international accounting standards. The consolidated financial statements incorporate the results of the Company and its subsidiaries. The subsidiaries are entities over which the Company has the power to govern financial and operating policies so as to obtain benefits from its activities.

These financial statements have been prepared under the historical cost convention basis except for share-based payments that are measured at fair value through the statement of comprehensive income.

#### Basis of preparation

The Company financial statements have been prepared in accordance with FRS 101. The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) Financial Instruments disclosures, given that equivalent disclosures are included in the consolidated financial statements of the Group in which the entity is consolidated.
- b) Fair Value Measurement disclosures.
- c) Certain disclosures required by IAS 1 Presentation of Financial Statements, including certain comparative information in respect of share capital movements.
- d) Statement of Cash Flows and related notes.
- e) Related Party Disclosures relating to key management personnel compensation.
- f) Disclosure of related party transactions entered into between two or more members of a Group, given that any subsidiary which is a party to the transaction is wholly owned by such a member.
- g) Capital management disclosures.

#### Going Concern

The Group incurred a loss after tax of £4,105,838 for the year ended 31 December 2022 (2021: loss of £3,068,826). At the end of reporting period, the Group had cash of £7,783,650 (2021: £14,034,079).

The Group has continued to monitor, address and mitigate the uncertainties facing the business due to the ongoing impact of Covid-19 during 2022, although the impact has significantly reduced compared to 2021. Due to the nature of the business, surgeons can utilise the installed base of Sentimag units and the business expects to be able to fully support these with the continued supply of consumables. New sales to distributors may be delayed if access to hospitals is restricted due to Covid-19 however, this risk has diminished significantly during the year as treatment of cancer patients returns to similar levels seen pre-pandemic.

The Board has prepared detailed financial projections for the period to 31 December 2024 to consider the potential impact of the coronavirus epidemic and other external factors, such as supply chain challenges, on the forecast revenues and cashflows expected to be generated by the business. Based on these plans, the directors consider that the existing cash runway is adequate for the Group to continue in operational existence without further equity funding being required. However, a bank facility remains an attractive option if additional cash is required to mitigate supply chain risk or manage the change in the business model to adopting a direct sales team in the UK and select markets in EMEA in 2023. Having considered

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

**Endomagnetics Limited**  
**Financial statements for the year ended 31 December 2022**

**2 Summary of significant accounting policies (continued)**

**Going Concern (continued)**

these factors, the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

**Revenue**

Revenue (excluding VAT) from the sale of instrumentation and consumables is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, after discounts and rebates, excluding VAT and other sales taxes. Revenue is recognised when the Group satisfies performance obligations by transferring the promised goods to its customers.

Other revenue (excluding VAT) primarily comprises of carriage and repair services for damaged products. These are considered to be separate performance obligations for which a separate charge and invoice is raised. Revenue is recognised once the service obligation has been delivered to the customer, at a point in time.

Capital or consumable products are occasionally delivered at a discounted price where it is viewed commercially attractive to do so.

On a case-by-case basis, the Group offers potential rebates based on future sales activity to enable the distributor to supply products to end users at a more competitive price, accelerating the end user adopting the Group's technology. All products are initially supplied at the full agreed sales price at the point of delivery, with revenue being recognised. A rebate provision is accounted for based on the number of open offers to end users and the rate of success with respect to winning any open accounts, on a quarterly basis. A final rebate for any agreed amount is retrospectively issued once end users purchase the products from the distributor.

**Property, plant and equipment**

Property, plant and equipment are stated at cost, net of accumulated depreciation and any provision for impairment of value. Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected economic useful life. Assets under construction are not depreciated until they are brought into use. Depreciation is recognised within operating expenses within the income statement.

The principal annual rates used for this purpose are:

Plant & Machinery	- 33% on cost
Fixtures & Fittings	- 20% on cost
Computer Equipment	- 33% on cost
Office Building	- over the lease term
Leasehold Improvements	- over the lease term

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

**Impairment testing of property, plant and equipment**

At end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered any impairment. If any such indication exists, the recoverable amount of the asset (being the higher of fair value less costs to sell and value in use) is estimated in order to determine the extent of any impairment. Any impairment loss is recognised as an expense in the profit or loss for the period in which it is identified.

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

**Endomagnetics Limited**  
**Financial statements for the year ended 31 December 2022**

**2 Summary of significant accounting policies (continued)**

**Research and development**

All ongoing research expenditure is expensed in the period in which it is incurred. Where a product is technically feasible, production and sale are intended, a market exists, expenditure can be measured reliably, and sufficient resources are available to complete the project, development costs are capitalised and amortised on a straight-line basis over the estimated useful life of the product.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first-in first-out (FIFO) method. Net realisable value is based on estimated selling price, in the ordinary course of business, less further costs expected to be incurred to completion and sale. Provision is made for obsolete, slow moving or defective items where appropriate and recognised as an expense in the period in which the write-down or loss occurs.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and deposits at call with banks. Highly liquid deposits that are readily convertible into known amounts of cash throughout the period of holding, and of short maturity at deposit date (three months or less), are considered to be cash equivalents.

**Measurement and recognition of leases as a lessee**

For any new lease contract entered into, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the lessee's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

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

**Endomagnetics Limited**  
**Financial statements for the year ended 31 December 2022**

**2 Summary of significant accounting policies (continued)**

**Measurement and recognition of leases as a lessee (continued)**

The Group has elected to account for short-term leases and leases of low-value assets by adopting the practical expedients policy. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liability has been included in trade and other payables.

**Current and deferred tax**

UK Corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Amounts expected to be received in respect of UK Research and Development tax credits (available for small and medium sized entities) are shown in the statement of comprehensive income as part of the 'tax on loss'.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is calculated at taxation rates that are expected to apply in the period when the liability is settled or the asset is recognised. Deferred tax is charged or credited in the profit or loss unless it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with through the statement of comprehensive income.

**Pensions**

The Group operates a defined contribution pension scheme. The Group provided no other post-retirement benefits to its employees. Pension costs are charged to the profit or loss in the period to which they relate.

**Financial assets**

The Group's financial assets comprise only basic loans and receivables and are held for collecting contractual associated cash flows. These financial assets are initially recognised at fair value and subsequently measured at amortised cost.

The Group makes use of a simplified approach in accounting for trade and other receivables and record the loss allowance as lifetime expected credits. These are the expected shortfalls in contractual cashflows, considering the potential for default at any point during the life of the financial instrument.

The Group will recognise in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with IFRS 9.

**Financial liabilities**

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument.

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

**Endomagnetics Limited**  
**Financial statements for the year ended 31 December 2022**

**2 Summary of significant accounting policies (continued)**

**Financial liabilities (continued)**

Financial liabilities are recorded initially at fair value and subsequently at amortised cost using the effective interest method, with interest-related charges recognised as an interest expense in profit or loss.

A financial liability is derecognised only when the obligation is extinguished.

**Provisions, contingent assets and contingent liabilities**

Provisions for technology upgrades and rebates are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. The timing or amount of the outflow might be uncertain.

In line with IAS 37, provisions are measured at the estimated expenditure to settle the present obligation, based on the most reliable evidence available at the reporting date.

**Share-based payments**

The Group operates an employee share scheme under which it makes equity-settled share-based payments to certain employees. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is assessed at the grant date, using the Black-Scholes method, and excludes the impact of non-market vesting conditions.

The expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Management uses valuation techniques to determine the fair value of financial instruments when active market quotes are not available, based as far as possible on observable data.

**Equity**

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares;
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue;
- "Retained earnings" represents retained profits and losses; and
- "Translation reserve" represents exchange differences relating to Group entities with a transactional currency other than the sterling.

**Foreign currencies**

Transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the end of reporting period.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the profit or loss in the period in which they arise.

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

**Endomagnetics Limited**  
**Financial statements for the year ended 31 December 2022**

**2 Summary of significant accounting policies (continued)**

**Consolidation**

For the purpose of presenting consolidated financial statements, the results and financial position of all the Group entities (none of which have the currency of a hyperinflationary economy) that have a functional currency other than GBP are translated into GBP as follows:

- Assets and liabilities for each statement of financial position are translated at the exchange rate at the period end date;
- Income and expenses for each income statement are translated at the average rate over the reporting period ; and
- All resulting exchange differences are recognised in the translation reserve in equity.

**3 New Standards**

**Standards and interpretations currently in issue but not yet effective**

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2022

- IFRS 3 Reference to the Conceptual Framework
- IAS 37 Onerous contracts (Amendments - Cost of Fulfilling a Contract)

The following amendments are effective for the period beginning 1 January 2023

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current)

The Group is currently assessing the impact of these new accounting standards and amendments.

The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, as there are no convertible debt instruments.

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Group.

**4 Critical accounting estimates and judgements**

The preparation of financial information in conformity with UK-adopted international accounting standards requires the directors to make critical accounting estimates and judgements that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The key judgements and assumptions included in the financial statements which have a significant impact on amounts reported include:

**Capitalisation of development costs**

The point at which development costs meet the criteria for capitalisation is dependent on management's judgement of the probability and measurability of future economic benefits. The Board considers its current product development pipeline as progressing in line with plans and continues to progress regulatory approvals. Given the regulatory hurdles, all development costs incurred prior to receipt of regulatory approval are expensed as incurred. No development costs were capitalised in the year ended 31 December 2022.

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

**Endomagnetics Limited**  
**Financial statements for the year ended 31 December 2022**

**4 Critical accounting estimates and judgements (continued)**

**Discounts and rebates to customers**

The Group offers potential rebates based on future sales activity of the distributor, for which a provision has been accounted for. Management have applied a best estimate assessment of the likelihood of a percentage of open commitments at the year-end being won. This considers the uncertainties around the rate of success with respect to winning an open account, where the rebate initially offered may differ to the final agreed amount, which only arises when end users purchase the products from the distributor.

**Technology Upgrade costs**

The Group has entered into an agreement with a distributor whereby capital equipment can be replaced and upgraded with a next generation system, once commercially available. The cost of this would be borne by The Group and therefore as at the year end, a provision has been recognised based on management's review of end user accounts who have entered into formal technology upgrade agreements with the distributor.

**Endomagnetics Limited**  
**Financial statements for the year ended 31 December 2022**

**5 Revenue**

	2022	2021
	£	£
UK	2,285,038	1,965,350
EMEA	4,109,634	4,046,406
North America	11,059,695	8,790,174
Rest of world	798,838	473,609
	<u>18,253,205</u>	<u>15,275,539</u>

	2022	2021
	£	£
Sale of core products	17,249,793	14,449,689
Other	1,003,412	825,850
	<u>18,253,205</u>	<u>15,275,539</u>

Information about major customers:

Revenue totalling £17,212,776 (2021: £14,702,955) of reported sales, mainly of core products, can be attributed to three (2021: three) distributors.

**6 Operating Loss**

The operating loss for the year for the Group is stated after charging:

	2022	2021
	£	£
Research and development expenses	3,483,561	4,534,889
Depreciation	875,779	493,360
Foreign exchange gain	149,591	(14,373)
Auditors' fees – audit services	53,000	35,000
Auditors' fees – non-audit services	25,000	-
Auditors' fees – taxation	10,516	10,315
Impairment expense	11,308	167,793

**7 Employee remuneration**

Expenses recognised for employee and directors' benefits are analysed below for the Group:

	2022	2021
	£	£
Wages and salaries	7,571,484	5,049,801
Social security costs	753,603	470,905
Pension contributions and other post-employment benefits	671,762	380,933
	<u>8,996,849</u>	<u>5,901,639</u>

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

**Endomagnetics Limited**  
**Financial statements for the year ended 31 December 2022**

**7 Employee remuneration (continued)**

The average number of employees, including directors, during the year for the Group was as follows:

	2022	2021
	Number	Number
Sales and management	71	50
Research and development	19	14
	<u>90</u>	<u>64</u>

**8 Key management remuneration**

Key management comprises one director and other members of the senior management team.

	2022	2021
	£	£
Key management compensation cost	<u>1,374,388</u>	<u>1,704,601</u>

**Directors' remuneration:**

	2022	2021
	£	£
Emoluments	256,291	292,960
Other benefits in kind	2,387	2,369
	<u>258,678</u>	<u>295,329</u>

The highest paid director received remuneration of £179k (2021: £209k) which includes other benefits in kind £2k (2021: £2k). During the year, the director exercised share options (2021: none).

Employer pension contributions paid to defined contribution pension schemes in respect of one director amounted to £20,654 (2021: £19,844).

**9 Interest costs payable**

	2022	2021
	£	£
Bank Interest	118	7
Lease interest expense	326,961	178,811
	<u>327,079</u>	<u>178,817</u>

The lease interest expense relates to the right of use over the office buildings (see Note 21).

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

**Endomagnetics Limited**  
**Financial statements for the year ended 31 December 2022**

**10 Tax income**

**Analysis of tax charge in the year**

**Current tax**

	2022	2021
	£	£
UK corporation tax charge on loss for the year	1,073,227	1,226,319
Foreign corporation tax including adjustments in respect of prior periods	<b>(52,353)</b>	-
Total corporation tax	<b>1,020,874</b>	1,226,319

**Deferred tax**

	2022	2021
	£	£
Origination and reversal of temporary differences	-	-
Adjustments in respect of prior periods	-	-
Total deferred tax	-	-

The relationship between the expected tax income based on the effective tax rate of the Group at 19% (2021: 19%) and the tax income actually recognised in the income statement can be reconciled as follows:

	2022	2021
	£	£
Loss for the year before tax	<b>(5,126,712)</b>	<b>(4,295,145)</b>
UK tax rate 19% (2021: 19%)	<b>(974,075)</b>	<b>(816,078)</b>
Effects of:		
Amounts not allowable for tax purposes	<b>137,223</b>	18,356
Enhanced relief in respect of research & development expenditure	<b>(797,687)</b>	(930,008)
Surrender of tax losses for R&D tax credit	<b>338,065</b>	389,700
Deferred tax not recognised	<b>273,525</b>	178,355
Fixed asset differences	<b>(22,245)</b>	(49,942)
Foreign tax payments and impact of differences in tax rates	<b>20,359</b>	(16,703)
Other	<b>3,961</b>	-
Tax on loss on ordinary activities	<b>(1,020,874)</b>	<b>(1,226,319)</b>

The Group has tax losses of approximately £8.7m (2021: £7.2m) available for carry forward and offset against future taxable profits arising from the same trade.

The Finance Bill 2022 had its third reading on 24 May 2022 where it was announced that the UK tax rate will increase to 25% from 1 April 2023, and is now considered substantively enacted at the balance sheet date. The Group cannot yet reasonably foresee that it is probable that there will be sufficient taxable profit in future for a deferred tax asset to be recognised, therefore concluded that the impact is immaterial to the Group's financial position.

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

**Endomagnetics Limited**  
**Financial statements for the year ended 31 December 2022**

**11 Property, plant and equipment**

**Group**

	Plant & Machinery	Fixtures & Fittings	Computer equipment	Office Buildings	Assets Under Construction	Leasehold Improvements	Total
	£	£	£	£	£	£	£
<b>Cost:</b>							
At 1 January 2021	346,201	434,854	118,009	637,255	195,966	-	1,732,285
Additions	102,848	168,664	95,103	4,505,199	1,301,124	87,698	6,260,636
Disposals	-	-	(3,778)	-	-	-	(3,778)
Impairment	-	-	-	(637,255)	-	-	(637,255)
Transfers	287,545	200,680	154,989	-	(1,457,290)	814,076	-
Transfers to P&L	-	-	-	-	(30,800)	-	(30,800)
<b>At 31 December 2021</b>	<b>736,594</b>	<b>804,198</b>	<b>364,323</b>	<b>4,505,199</b>	<b>9,000</b>	<b>901,774</b>	<b>7,321,088</b>
Additions	37,063	80,940	131,690	-	48,116	35,472	333,281
Disposals	(30,150)	(340,603)	(30,216)	-	-	-	(400,971)
Transfers	39,000	9,116	-	-	(48,116)	-	-
<b>At 31 December 2022</b>	<b>782,507</b>	<b>553,651</b>	<b>465,797</b>	<b>4,505,199</b>	<b>9,000</b>	<b>937,246</b>	<b>7,253,400</b>
<b>Accumulated Depreciation:</b>							
At 1 January 2021	340,429	274,305	56,856	127,451	-	-	799,041
Charge in year	55,189	54,198	54,013	315,168	-	14,792	493,360
Disposals	-	-	(3,040)	-	-	-	(3,040)
Impairment	-	-	-	(254,902)	-	-	(254,902)
<b>At 31 December 2021</b>	<b>395,618</b>	<b>328,503</b>	<b>107,829</b>	<b>187,717</b>	<b>-</b>	<b>14,792</b>	<b>1,034,459</b>
Charge in year	85,023	120,471	123,516	450,520	-	96,250	875,780
Disposals	(11,025)	(294,042)	(29,317)	-	-	-	(334,384)
Impairment	-	-	2,308	-	9,000	-	11,308
<b>At 31 December 2022</b>	<b>469,616</b>	<b>154,932</b>	<b>204,336</b>	<b>638,237</b>	<b>9,000</b>	<b>111,042</b>	<b>1,587,163</b>
<b>Net book amount:</b>							
<b>At 31 December 2022</b>	<b>312,891</b>	<b>398,719</b>	<b>261,461</b>	<b>3,866,962</b>	<b>-</b>	<b>826,204</b>	<b>5,666,236</b>
At 31 December 2021	340,976	475,695	256,494	4,317,482	9,000	886,982	6,286,629
At 1 January 2021	5,772	160,549	61,153	509,804	195,966	-	933,244

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

**Endomagnetics Limited**  
**Financial statements for the year ended 31 December 2022**

**11 Property, plant and equipment (continued)**

**Company**

	Plant & Machinery	Fixtures & Fittings	Computer equipment	Office Buildings	Assets Under Construction	Leasehold Improvements	Total
	£	£	£	£	£	£	£
<b>Cost:</b>							
At 1 January 2021	346,201	434,854	117,385	637,255	195,966	-	1,731,661
Additions	102,848	168,664	95,103	4,505,199	1,301,124	87,698	6,260,636
Disposals	-	-	(3,778)	-	-	-	(3,778)
Transfers	287,545	200,680	154,989	-	(1,457,290)	814,076	-
Transfers to P&L	-	-	-	-	(30,800)	-	(30,800)
Impairment	-	-	-	(637,255)	-	-	(637,255)
<b>At 31 December 2021</b>	<b>736,594</b>	<b>804,198</b>	<b>363,699</b>	<b>4,505,199</b>	<b>9,000</b>	<b>901,774</b>	<b>7,320,464</b>
Additions	37,063	80,940	131,690	-	48,116	35,472	333,281
Disposals	(30,150)	(340,603)	(30,216)	-	-	-	(400,969)
Transfers	39,000	9,116	-	-	(48,116)	-	-
<b>At 31 December 2022</b>	<b>782,507</b>	<b>553,651</b>	<b>465,173</b>	<b>4,505,199</b>	<b>9,000</b>	<b>937,246</b>	<b>7,252,776</b>
<b>Accumulated Depreciation:</b>							
At 1 January 2021	340,429	274,305	56,232	127,451	-	-	798,417
Charge in year	55,189	54,198	54,013	315,168	-	14,792	493,360
Disposals	-	-	(3,040)	-	-	-	(3,040)
Impairment	-	-	-	(254,902)	-	-	(254,902)
<b>At 31 December 2021</b>	<b>395,618</b>	<b>328,503</b>	<b>107,205</b>	<b>187,717</b>	<b>-</b>	<b>14,792</b>	<b>1,033,835</b>
Charge in year	85,023	120,471	123,516	450,520	-	96,250	875,780
Disposals	(11,025)	(294,042)	(29,317)	-	-	-	(334,384)
Impairment	-	-	2,308	-	9,000	-	11,308
<b>At 31 December 2022</b>	<b>469,616</b>	<b>154,932</b>	<b>203,712</b>	<b>638,237</b>	<b>9,000</b>	<b>111,042</b>	<b>1,586,539</b>
<b>Net book amount:</b>							
<b>At 31 December 2022</b>	<b>312,891</b>	<b>398,719</b>	<b>261,461</b>	<b>3,866,962</b>	<b>-</b>	<b>826,204</b>	<b>5,666,236</b>
At 31 December 2021	340,976	475,695	256,494	4,317,482	9,000	886,982	6,286,629
At 1 January 2021	5,772	160,549	61,153	509,804	195,966	-	933,244

The Company has right of use over the office buildings (see Note 21).

The impairment in the current year (£11k) relates to assets which are still owned by the Company but no longer contribute to future economic benefits. The majority of this is for special machinery costing £9k which was intended for a specific project however project plans were revised which rendered the asset decommissioned for future use but remains under the Company's ownership.

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

**Endomagnetics Limited**  
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**12 Investments**

The amounts recognised in the Company Statement of Financial Position relate to the following:

	Subsidiary undertakings £
<b>Cost:</b>	
At 1 January 2022	21,515
Additions	8,423
At 31 December 2022	<u>29,938</u>
<b>Net Book Amount:</b>	
At 1 January 2022	21,515
At 31 December 2022	<u>29,938</u>

There is no provision for impairment for the investment in subsidiaries.

Subsidiary	Country of registration	Class of share capital held	Proportion held by the Company	Nature of business
Endomagnetics, Inc.	USA	Common stock	100%	Sales support and clinical trials in the US
Endomagnetics GmbH	Germany	Ordinary shares	100%	Sale of medical devices
Endomagnetics SAS	France	Ordinary shares	100%	Sale of medical devices

Endomagnetics, Inc, incorporated in USA, is located at 1701 Trinity Street, HDB 3.310 Austin, Texas, 78712, USA.

Endomagnetics GmbH, incorporated in Germany, is located in Amtsgericht, Frankfurt am Main, Germany.

Endomagnetics SAS was incorporated in France on December 15th, 2022, located at 6 Place de la Madeleine, 75008 Paris, France.

**13 Inventories**

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Raw materials and consumables	1,177,799	627,733	1,177,799	627,733
Goods for resale	1,850,155	127,110	1,736,138	127,110
	<u>3,027,954</u>	<u>754,843</u>	<u>2,913,937</u>	<u>754,843</u>

The cost of inventories recognised as an expense and included in cost of sales amounted to £3,756,592 (2021: £3,995,781). Inventory written off to operating expense as impaired in the year amounted to £Nil (2021: £1,475).

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

**Endomagnetics Limited**  
**Financial statements for the year ended 31 December 2022**

**14 Trade and other receivables**

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade receivables	1,932,549	1,317,784	1,932,549	1,317,784
Amount owed from Group undertakings	-	-	201,712	-
Prepayments and other receivables	748,174	932,660	696,419	918,811
	<u>2,680,723</u>	<u>2,250,444</u>	<u>2,830,680</u>	<u>2,236,595</u>

All the amounts are due within one year. Trade receivables are measured initially at fair value and subsequently at amortised cost. At each period end, there is an assessment of the expected credit loss in accordance with IFRS 9 with any increase or reduction in the credit loss provision charged or released to administration costs in the statement of comprehensive income. No receivables, including those past due, were determined to be impaired and no provision has been recognised.

**15 Cash and cash equivalents**

Cash and cash equivalents include the following:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Cash at bank and in hand	7,783,650	14,034,079	7,472,935	13,878,244

**16 Trade and other payables**

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade payables	799,820	897,876	740,258	873,052
Amount owed to Group undertakings	-	-	322,570	379,388
Social security and other taxes	206,919	128,022	175,471	128,022
Lease liability	362,029	322,843	362,029	322,843
Accruals	1,040,021	1,770,748	629,936	1,368,878
Other payables	108,929	258,146	108,929	258,146
	<u>2,517,718</u>	<u>3,377,635</u>	<u>2,339,193</u>	<u>3,330,329</u>

The financial liabilities included in trade and other payables are all due within one year.

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

**Endomagnetics Limited**  
**Financial statements for the year ended 31 December 2022**

**17 Provisions**

All provisions are considered current. The carrying amounts and the movements in the provision account are as follows:

**Group & Company**

	Customer Rebates	Technology Upgrades	Other	Totals
	£	£	£	£
Carrying amount at 1 January 2021	-	-	-	-
Increase in provision on re-estimate	243,210	-	-	243,210
Amount utilised	-	-	-	-
Amount released on re-estimate	-	-	-	-
Carrying amount at 31 December 2021	243,210	-	-	243,210
Increase in provision on re-estimate	146,365	484,673	348,040	979,078
Amount utilised	(132,760)	-	-	(132,760)
Amount released on re-estimate	-	-	-	-
<b>Carrying amount at 31 December 2022</b>	<b>256,815</b>	<b>484,673</b>	<b>348,040</b>	<b>1,089,528</b>

Other provisions reflect refunds for inventory returned by distributors as a result of the Group undertaking its direct sales initiative in the UK, Germany, France and the Nordics from January 1st, 2023.

**18 Deferred tax**

The Group and Company has not recognised any deferred tax asset in relation to trading losses or unexercised employee share options due to uncertainty regarding crystallisation of future taxable trading profits. Total trading losses and timing differences on which deferred tax assets have not been recognised as at 31 December 2022 amounted to £8.7m (2021: £7.2m)

**19 Equity**

	2022	2021
	£	£
<b>Allotted, called up and fully paid</b>		
2,170,200 (2021: 1,859,900) Ordinary shares of £0.001 each	2,170	1,860
6,325,600 (2021: 6,325,600) A Preferred shares of £0.001 each	6,326	6,326
3,350,900 (2021: 3,350,900) B Preferred shares of £0.001 each	3,351	3,351
4,314,535 (2021: 4,314,535) C1 Preferred shares of £0.001 each	4,314	4,314
2,821,168 (2021: 2,821,168) C2 Preferred shares of £0.001 each	2,821	2,821
<b>At 31 December</b>	<b>18,983</b>	<b>18,672</b>

During the year, 310,300 Ordinary shares were issued on exercise of share options at an average price of £0.001 per share (2021: Nil).

C Preferred shares, B Preferred shares and A Preferred shares, in such order, have a prior right to return of capital on liquidation or sale and also participate in any balance once ordinary shareholders have received

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

**Endomagnetics Limited**  
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**19 Equity (continued)**

their subscription price. Dividends payable are distributed pari passu as if the shares are one class and all share classes are entitled to one vote per share.

**20 Notes to the cash flow statement**

**Cash flow adjustments and changes in working capital**

Group	2022	2021
Adjustments:	£	£
Depreciation	875,779	493,360
Loss on disposal	66,585	739
Impairment expense	11,308	167,793
Decrease in lease liability due to surrender (2021 – Remeasurement)	(207,964)	(214,561)
	<u>745,708</u>	<u>447,331</u>

**Cash flow adjustments and changes in working capital**

	2022	2021
	£	£
<b>Net changes in working capital:</b>		
(Increase) / Decrease in inventories	(2,263,654)	93,162
Increase in trade and other receivables	(427,963)	(241,911)
Increase in trade and other payables	190,424	1,404,639
(Increase) / Decrease in deferred income	-	(143,396)
	<u>(2,501,193)</u>	<u>1,112,494</u>

**21 Leases**

During the year, the Group had leases for two head office buildings in Cambridge, UK.

The original head office (The Jeffreys Building) was vacated and a new head office was officially opened on 17<sup>th</sup> November 2021.

This original lease had a fixed term of five years, up to December 2024, with the option to break after three years. At 31 December 2021, the respective right-of-use asset was fully impaired to £Nil and on 26 September 2022, the surrender of the lease was completed. This resulted in the return of the deposit (£71k which included interest receivable of £14k) and a payment towards dilapidations (£55k) to return the property to its original condition. The lease liability for payments due to the Jeffreys Building landlord (£131k) for the final quarter of the year was also released following surrender of lease.

The short-term lease liability release, respective deposit, rent and rates refund and legal and dilapidation payments, resulted in a net credit position within the profit and loss of £31k due to the gain made on the early surrender of the lease due to rent no longer being due in the last quarter of 2022, as well as lower than expected dilapidation costs.

On the 5<sup>th</sup> of August 2021, a new head office lease was signed and a right-of-use asset (£4,505,199) was recognised. The lease has a fixed term of ten years with the option to break after five years. The lease has been recognised over a ten year lease period based on management's current expectations not to exercise the break clause offered at the end of the fifth year. This also includes an initial nine month rent free period up to May 2022 and another rent free period for the three months following the end of the fifth anniversary in August 2026. The right-of-use asset recognised with respect to this lease is presented within "office

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

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**21 Leases (continued)**

buildings" under "property, plant and equipment", with a carrying value of £3,866,962 as at 31 December 2022 (2021: £4,317,482).

The lease liability, calculated as the present value of minimum lease payments discounted using the estimated incremental borrowing rate at application, is presented in the statement of financial position as follows:

	2022	2021
	£	£
Current (under "trade and other payables")	362,029	322,843
Non current	3,912,433	4,412,638
	<u>4,274,462</u>	<u>4,735,481</u>

The lease liability is secured by the related underlying asset. The maturity analysis of the lease liability as at 31 December 2022 is as follows:

	Minimum lease payments due					Total
	Within 1 year	1-2 years	2-3 years	3-4 years	Greater than 5 years	
<b>31 December 2022</b>						
Lease payments	667,517	664,917	663,249	513,472	3,346,622	5,855,777
Finance charges	(305,748)	(278,845)	(250,231)	(222,562)	(523,929)	(1,581,315)
Net present values	<u>361,769</u>	<u>386,072</u>	<u>413,018</u>	<u>290,910</u>	<u>2,822,693</u>	<u>4,274,462</u>
<b>31 December 2021</b>						
Lease payments	664,404	662,545	662,545	662,545	4,005,637	6,657,675
Finance charges	(341,561)	(305,220)	(278,703)	(250,218)	(746,492)	(1,922,194)
Net present values	<u>322,843</u>	<u>357,325</u>	<u>383,842</u>	<u>412,327</u>	<u>3,259,145</u>	<u>4,735,481</u>

The following is the reconciliation of liabilities arising from financing activities:

	2022	2021
	£	£
Lease liability at 1 January	<u>4,735,481</u>	529,383
<b>Cash flows</b>		
Lease payments	(589,076)	(152,790)
Direct costs on inception of new lease	-	(110,561)
	<u>(589,076)</u>	(263,351)
<b>Non-cash</b>		
Finance charges	326,961	178,811
Impact of lease term remeasurement	-	(214,561)
New lease addition	9,060	4,505,199
Surrender of old lease – release of liability	(207,964)	-
	<u>128,057</u>	4,469,449
Lease liability at 31 December	<u>4,274,462</u>	<u>4,735,481</u>

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

**Endomagnetics Limited**  
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**21 Leases (continued)**

**Lease payments not recognised as lease liability**

The Group elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less). Payments made under such leases are expensed on a straight-line basis.

At 31 December 2022, the Group and Company's total commitment to short term leases was £5,132 (2021: £7,048).

**22 Related party transactions and controlling related party**

The Group's related parties comprise its investors, Board of Directors and shareholders.

Consultancy fees of £48,000 (2021: £52,000) were charged by Dr J Gonzalez-Carvajal for services. Of this amount, £6,500 (2021: £13,000) was included within year end trade payables.

Monitoring fees of £12,000 (2021: £12,000) were charged by Sussex Place Ventures Ltd, a related party of the Company by virtue of its interest in Regents Park Partners LP and in which J M Brimacombe is a director. Of this amount, £1,000 (2021: £1,000) was included in accruals at the year end.

Monitoring fees of £12,000 (2021: £12,000) were charged by Encore Ventures LLP, in which D S Cummings was a director during the year. Of this amount, £2,000 was included in accruals at the year end (2021: £3,600 was included within year end trade payables).

IAS 24 dictates that qualifying entities can take exemptions from disclosing related party transactions entered into between two or more members of a Group if any subsidiary which is a party to the transaction is wholly owned by such a member. The Company has taken advantage of this exemption.

The directors consider the board and shareholding structure to mean that there is no directly identifiable controlling party.

**23 Risk management objectives and policies**

**Credit risk**

The Group's principal financial assets are bank balances and trade receivables. The credit risk on liquid funds is limited because the counterparties are UK banks with high credit ratings assigned by international credit rating agencies.

The maximum exposure due to credit risk for the Group on trade at the reporting date is limited to their carrying values. No collateral is held in respect of these amounts. Credit risk is concentrated in a small number of distributors.

**Currency risk**

The Group is exposed to transactional foreign exchange risk as a consequence of international trading. The Group's operations are located in the United Kingdom, USA, Germany and France. The Group holds cash in pounds sterling and US dollars as well as Euros, where trading has taken place with Endomagnetics GmbH and the newly incorporated, Endomagnetics SAS.

It is estimated that a 5% strengthening of pound sterling against the US dollar would have reduced losses by £167,000 (2021: £132,000) and decreased Endomagnetics Inc's net liabilities by £3k (2021: £13k). There has been an immaterial impact caused by the Euro during the year.

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

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**23 Risk management objectives and policies (continued)**

**Liquidity risk**

The Group manages its liquidity requirements by the use of cash flow forecasts. The Group's policy to ensure cash resources are available, as required by its operating and investment activities, is to issue equity share capital or secure debt in accordance with these cash flow forecasts. The Group currently has positive cash balances and the Group had no undrawn committed facilities as at 31 December 2022.

**24 Summary of financial assets and liabilities by category**

The carrying amounts of the Group's and Company's financial assets and liabilities as recognised at the reporting date of the years under review are categorised as follows:

Group	2022	2021
	£	£
<b>Financial assets measured at amortised cost</b>		
Trade receivables	1,932,549	1,317,784
Cash and cash equivalents	7,783,650	14,034,079
Other receivables	90,610	57,250
	<u>9,806,809</u>	<u>15,409,113</u>
<b>Financial liabilities measured at amortised cost</b>		
Trade payables	799,820	897,876
Accruals	1,040,021	1,770,748
Other payables	216,135	128,022
	<u>2,055,976</u>	<u>2,796,646</u>
Company	2022	2021
	£	£
<b>Financial assets measured at amortised cost</b>		
Trade receivables	1,932,549	1,317,784
Cash and cash equivalents	7,472,935	13,878,244
Other receivables	47,280	57,250
	<u>9,452,765</u>	<u>15,253,278</u>
<b>Financial liabilities measured at amortised cost</b>		
Trade payables	740,258	873,052
Accruals	629,936	1,368,878
Other payables	507,258	507,408
	<u>1,877,452</u>	<u>2,749,338</u>

**25 Capital management policies and procedures**

The Group's financial objective is to safeguard their ability to operate as a going concern. The Group will raise additional equity and debt finance at appropriate times in order to drive the technical and commercial success of the business as it looks to further develop the Group's technology to achieve key regulatory and commercial milestones.

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

**Endomagnetics Limited**  
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**26 Share options**

The Group operates one share incentive scheme to award options over shares in the Company to incentivise high performing key employees and directors.

The options generally vest evenly over three years on the anniversary from the date of the grant. The contractual life of the options is ten years from the date of grant, after which they lapse if unexercised.

As at 31 December 2022, the number of granted options, are as follows:

	2021 Total	Granted Number	Lapsed Number	Exercised Number	2022 Total	2022 Exercisable
Share options	2,149,612	190,000	10,000	310,300	2,019,312	1,499,156
Weighted average exercise price (£)	£0.004	£0.001	£0.001	£0.001	£0.004	£0.004

During the year, 310,300 Ordinary shares were issued on exercise of share options at an average price of £0.001 per share (2021: none).

Options under this scheme were valued using the Black-Scholes valuation model. The risk-free return is based on a three-year UK Government Bond in issue at the date of grant with a similar yield to the option.

Within the 2022 financial statements a charge of £Nil (2021: £Nil) has been recognised in respect of share options granted.

**27 Post balance sheet events**

On 31 March 2023, a business transfer agreement with Sysmex Europe SE was signed to formalise the transition of certain markets in EMEA to Endomag, where the Group will undertake direct sales in the UK, Germany, France and the Nordics from January 2023. The agreement stipulates a contractual payment for customer contract assignments and customer data, due to Sysmex Europe SE, for a total sum of £2.5m to be paid in 2023. As per IAS 38, this shall be accounted for as an Intangible Fixed Asset (Customer List) in the Group post year end.

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