

Registered number: 11357499

CORIN GROUP HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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**CORIN GROUP HOLDINGS LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	A Margoline S Oteri A Ritchie V Silvester D Floyd
<b>Company secretary</b>	J Hurd
<b>Registered number</b>	11357499
<b>Registered office</b>	The Corinium Centre Love Lane Industrial Estate Cirencester Gloucestershire GL7 1YJ
<b>Independent auditors</b>	PricewaterhouseCoopers LLP 2 Glass Wharf Bristol BS2 0FR

**CORIN GROUP HOLDINGS LIMITED**

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## CORIN GROUP HOLDINGS LIMITED

### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

#### Introduction

The directors present the Group Strategic Report, their report and the Consolidated financial statements for the year ended 31 December 2020.

#### Business Review

Corin Group Holdings Limited ("Corin" or "the Group") is an orthopaedic Group with a strong and well-respected international presence. Corin has a portfolio of successful, clinically proven implants and technologies which it manufactures and distributes into the world's major orthopaedic markets. Corin's mission is to revolutionise orthopaedics, deliver value for its customers and achieve better outcomes for patients.

2020 was an unprecedented and extremely challenging year for the Group. In the first quarter, the world was hit by a rapid and largely uncontrolled spread of a novel strain of coronavirus (COVID-19). The COVID-19 pandemic has claimed the lives of millions and caused massive disruption to livelihoods and businesses worldwide.

Throughout the pandemic, Corin's overwhelming priority has been to protect the health, safety and wellbeing of its people. The Group implemented numerous preventative measures including remote working, workplace testing, social distancing, supply of PPE, increased workplace cleaning and mental health support for affected employees. From an economic perspective, despite the financial pressures on the Group as outlined further below, the directors are pleased to report that no redundancies or lay-offs were required during 2020 as a direct result of the pandemic. The directors would like to thank all employees, business partners, shareholders and lenders for their dedication and perseverance during this extraordinarily challenging period.

From a commercial and financial perspective, the pandemic resulted in the widespread postponement or cancellation of elective surgeries (including joint replacement). This created an immediate and significant downturn in demand for Corin's products. Some of Corin's key markets, in particular Japan and Australia, were less affected by the pandemic and this is reflected in their year-end results. Other markets, including Europe, the UK and the United States, were more severely impacted. The overall impact to Group turnover was a decline of 9%, which is broadly in line with Corin's competitors operating in the total joint replacement segments of the orthopaedic market. COVID-19 has added to other macro-economic challenges which presently face the Group, most notably the impacts of Brexit, the withdrawal of our regulatory body LRQA from notified body services and the implementation of the Medical Device Regulation (MDR) on 26 May 2021.

However, the directors remain extremely confident that Corin will recover to pre-pandemic activity and continue to grow thereafter. The customer pipeline remains strong and loss of customers appears limited. In most cases, joint replacement procedures have been postponed rather than cancelled and so a strong recovery and continued growth is expected in the short-medium term. To support this anticipated growth, Corin secured additional funding from its shareholders (in the form of a capital raise), lenders (in the form of additional credit lines) and government support during 2020.

Meanwhile, Corin has made excellent progress with its key value-creation projects. In particular, 2020 marked a significant milestone in the commercialisation of the OMNIBotics robotic technology which the Group acquired in March 2019. By the end of 2020, Corin had successfully started to sell robotic systems, which has introduced a new and innovative revenue stream for the business. The directors expect OMNIBotics capital sales to be an increasing source of revenue and driver of growth over the coming years.

Other major highlights during 2020 include:

- Deployment of a live Virtual Collaboration tool for remote surgeon education using live surgery;
- Remote participation in four US global orthopaedic congresses with podium presentations of Corin's robotic knee and OPS hip technologies;
- Continued rollout of three new hip and two knee implant product developments; and
- Evaluation launches of OMNIBotics software releases 2.6 and 2.7 which provide added functionality and connectivity to Corin's cloud-based ecosystem.

Finally, the directors were delighted to welcome two independent non-executive directors to the Board. In July 2020, Mr. David Floyd and Dr. Allan Ritchie were formally appointed as Chairman of the Board and Non-Executive Director respectively. Both appointments bring unrivalled expertise and experience to the Board and the Group as a whole. In February 2021, Mr. Floyd was appointed Corin's Interim Chief Executive Officer whilst Mr. Stefano Alfonsi stepped down and departed from the Group. 2020 also saw several new appointments to Corin's global leadership team. These appointments included a Chief Transformation Officer, Chief People Officer, Managing Director of Corin France, Vice President of Global Quality and a Global Commercial Director for Technology. These executives bring a wealth of experience and will be key catalysts for further growth in the coming years.

#### Product review

During 2020, Corin's ability to combine clinically proven implants with software-based technology continued to be the key driver of revenue growth across all markets.

The acquisition of OMNI in March 2019 marked Corin's debut into the rapidly growing market for robotic assisted surgery. During 2020, Corin continued to develop the technology acquired in 2019, most notably by adding the UNITY and KNEETEC brands to the OMNIBotics platform.

Corin's flagship hip technology, the OPS positioning system, also continued to develop at pace. As of December 2020, OPS had been deployed for use in over 20,000 total hip replacement surgeries in the USA, Australia and Europe. The launch of OPS in Japan during 2019 provided a further platform for growth, with more than 50 cases booked in 2020.

## CORIN GROUP HOLDINGS LIMITED

### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

#### Product review (continued)

Continuing the innovation in this area, Corin also commenced clinical evaluation of its optimised cloud-based planning software, OPS Insight. The OPS Insight platform marks a significant milestone in the development of OPS and places Corin at the cutting edge of innovation in the hip navigation field.

Growth during 2020 was inevitably impacted by the COVID-19 pandemic. Corin's major hip and knee brands saw a decline of 11% and 16% respectively. However, despite the overall decline in revenue caused by COVID-19, certain markets (most notably Australia and Japan) saw growth in key brands. As outlined above, the directors remain extremely confident that Corin will recover to pre-pandemic activity and continue to grow thereafter.

In 2020, for the year, at constant foreign exchange rate\*, 94% of Corin's revenue came from its direct markets, being USA, Australia, UK, Japan, Germany, Switzerland and Austria (collectively "GSA"), France, Belgium and Italy (2019: 92%). This reduces the Group's reliance on third party distributors, and increases the corporate efficiency leveraging on the infrastructure of a fully integrated global organisation. In 2020, 92% of the revenue came from key brands including TRINITY, METAFIX, TRIFIT TS, UNITY and APEX (2019: 89%).

*\* Constant currency is calculated by translating both 2020 and 2019 results with comparable foreign exchange rates to eliminate movements cause by foreign exchange rate fluctuations.*

#### Principal risks and uncertainties

The Group faces several risks inherent in the medical device and orthopaedics industry, as well as some risks specific to its own operations. Systems are in place to identify and manage the risks as appropriate to the situation of the Group and the industry. The principal risks faced by the Group are detailed below.

##### Principal risks

- As described above, the COVID-19 pandemic has presented a major risk to the Group's financial and commercial position during 2020 and, whilst vaccination programmes are underway worldwide, it continues to pose a threat in several markets. Corin is expected to recover well, however uncertainties as to timing remain.
- The Group operates in a heavily regulated industry which requires extensive regulatory approvals, controls and compliance to be maintained. In May 2021, the Medical Device Regulation (MDR) will become effective in the European Union which will impose a significantly higher level of regulation on device manufacturers such as Corin. Preparing for MDR requires a very significant financial and resource commitment which is expected to increase costs, distract from other areas of the business and affect the product portfolio. However, Corin is well-placed to comply with the MDR and is progressing with its readiness plan.
- Brexit continues to present some supply chain challenges, especially around the export of products to certain EU countries. However, this is expected to be a short-term transitional issue.
- The orthopaedics industry is highly competitive and Corin is reliant on the strength of its product portfolio (implants and technology), continuous innovation, strong customer relationships, effective supply chains, marketing strategy and effective pricing. A multitude of factors (both within and outside of Corin's control) affect these issues and can harm Corin's ability to obtain and retain market share. A reduction in government reimbursement levels in one or more geographies would also impact the pricing achievable by the Group. These risks are addressed by continuous monitoring and improvement of the Group's commercial and operational activities.
- The medical device industry is highly litigious, especially in the United States which is a key market for Corin. Defective products, either in design or manufacturing, could impact the operating prospects and reputation of the business and could lead to product liability claims. This is a key risk faced by the Group and is a risk inherent in the orthopaedics industry. This risk is managed by strict quality systems that cover all aspects of design and manufacturing, the monitoring and early reporting of adverse events in the clinical environment, product liability insurance and effective management of the litigation docket by Corin's internal and external lawyers. The Group continues to defend product liability claims in respect of its legacy metal-on-metal implants. A relatively small number of cases remain in Europe, the USA and Australia. The Group believes that these remaining claims are without merit and its defences are strong. The Group also inherited a docket of product liability cases as part of the acquisitions of the GOT and OMNI businesses. The Group is actively defending these cases together with external counsel and insurers. It is not possible to predict with certainty the ultimate legal and financial outcome of such litigation; however, a significant portion of the financial liability is recoverable from insurance and/or indemnification from third parties. Further details in respect of legal claims are shown in note 24.
- The Group is operating under increasingly strict regulation in respect of data security and privacy. By the nature of its business, Corin holds and uses sensitive personal data including health records. Corin has robust processes, procedures and technical measures in place to mitigate the risk of data issues, but loss of this data (either through deliberate action or error) and/or misuse could result in reputational harm, regulatory investigations and potential fines against the Group.

## CORIN GROUP HOLDINGS LIMITED

### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

#### Principal risks and uncertainties (continued)

- Like many other medical device companies, the Group has frequent contact with public officials in the UK and overseas, especially employees of regulatory bodies and healthcare professionals ("HCPs"). In appropriate cases, the Group enters into financial arrangements with HCPs including the award of royalties, consultancy fees, research grants and/or sponsorship. Failure to comply with legislation relating to such activities could result in significant adverse consequences including criminal and civil litigation, reputational damage and limitations on the Group's ability to do business. To mitigate this risk, compliance is treated as a Board-level issue and the Group operates strict procedures to ensure that such arrangements are rigorously scrutinised at the appropriate level. The Group's business activities are subject to its Global Compliance and Ethics Policy which is set, reviewed and implemented by its Compliance and Ethics Committee.

#### Other Risks

- The Group has one main manufacturing and supply centre, based in Cirencester in the United Kingdom, which would place the continuity of supply of product at risk if there were to be a catastrophic event at this site. The Group is not of a size to replicate its manufacturing capabilities and regulatory approvals on other sites but is managing this risk within what the Board believes are appropriate levels via safety programmes, disaster recovery plans and limited insurance.
- The Group distributes several products under differing contractual distribution arrangements. Loss of one or more of these distribution contracts could have a materially adverse impact on the Group's results.
- Patent infringement is a risk in the orthopaedics industry given the technology content in the Group's products and could lead to claims for compensatory damages and possibly the removal of products from the market. Patent reviews are carried out on all new product developments.
- The risk of excessive levels of consignment stock of surgical implants and of underutilised consigned surgical instruments is a key risk. The Group maintains controls to ensure that these levels are closely monitored.

There are other operating, strategic and political risks which the Group addresses as part of its operating activities. These include loss of key personnel, failure to meet health, safety and social responsibilities, and failure to meet environmental regulations.

#### Financial risks

The Group utilises financial instruments comprising borrowings, cash and liquid resources, and various items such as trade debtors (note 18) and trade creditors (note 20) that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group also enters derivative transactions such as interest rate swaps, interest rate caps and forward foreign currency contracts. The purpose of such transactions is to manage the interest rate risk and foreign currency risk arising from the Group's operations.

The Group is exposed through its operations to one or more of the following financial risks:

- Foreign currency risk
- Interest rate risk
- Liquidity risk
- Credit risk
- Price risk

The policy for managing these risks is set by the Board following recommendations from the Chief Financial Officer. Certain risks are managed centrally, while others are managed locally following guidelines communicated from central management. The policy for each of the above risks is described in more detail below.

#### Foreign currency risk

The Group is exposed to translation and transaction foreign currency risk. Through its trading activity it is a net seller of a number of foreign currencies with its largest exposure in USD, AUD, EUR and JPY. This is a result of the Group's head office and manufacturing base being in the UK but 97% (2019: 95%) of sales in the underlying business being in currencies other than GBP. The Group has overseas subsidiaries operating in the USA, Australia, Europe and Japan. In these subsidiaries, there are expenses denominated in local currencies which, combined with bank loans denominated in USD, AUD and EUR, provides the Group with a certain amount of natural cash flow hedge against the currency denominated sales.

The Group hedges against currency exposure in other currencies over the short to medium term (usually up to one year), but there remains a risk of long-term movement.

## CORIN GROUP HOLDINGS LIMITED

### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

#### Financial risks (continued)

##### Interest rate risk

As at 31 December 2020 the Group net debt is 28% of shareholders' funds\* (2019: 38%). Interest rate risk is managed centrally by the Group. The interest rate risk on USD and AUD bank loans is mitigated by Corin HoldCo Limited entering interest rate swaps to fix the interest rate applicable over a proportion of the loans. A tranche of the EUR loan is subject to an interest rate cap. Subsidiary operations are not permitted to borrow long-term from external sources locally without Group approval. Although the Board accepts that this policy neither protects the Group entirely from the risk of paying interest rates in excess of current market rates nor eliminates fully cash flow risk associated with interest payments, it considers that it achieves an appropriate balance of exposure to these risks.

\* Shareholders' funds comprise share capital, share premium, own shares held and other reserves.

##### Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have enough cash to allow it to meet its liabilities when they become due. It achieves this by being financed with appropriate long-term and short-term finance to match the needs of the business. The directors are comfortable that adequate facilities are in place at a level which will allow the Group to meet its liabilities as they fall due and to execute the business plan.

##### Credit risk

Credit risk is the risk that the Group's customers are unable to pay their debts to the Group. The Group's policy is to establish credit limits for individual customers based on their financial strength and trading record with the Group. Additional goods are not shipped to customers where this would result in their credit limit being exceeded. Increases to credit limits are subject to approval processes appropriate to their quantum.

##### Price risk

The industry is reliant on reimbursement levels, often from government bodies, in setting the pricing levels across the industry. A reduction in government reimbursement levels in one or more geographies would impact the pricing achievable by the Group. The breadth of the range of the Group's products and geographical markets serves to mitigate this risk to some extent.

#### Key performance indicators

The directors monitor the Group's progress against its strategic objectives, its financial performance and the Group's operations on a regular basis. The most significant key financial performance indicators used by the Group are as follows:

	Year ended 31 December 2020	Year ended 31 December 2019
Turnover	£150,417,000	£166,139,000
Net debt	£104,199,000	£126,871,000

Other financial key performance indicators include operating cash flow, net cash flow, debtor days and stock days. Non-financial key performance indicators relate to scrap and rework rates, utilisation of instrument sets and rates of sickness, absenteeism and lost time accidents.

**CORIN GROUP HOLDINGS LIMITED**

**GROUP STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**Section 172(1) statement**

***Context***

The Companies Miscellaneous Reporting Regulations 2018 ('2018 MRR') require directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Group under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the Group.

This S172 statement explains how Corin directors:

- have engaged with employees, suppliers, customers and others; and
- have had regard to employee interests, the need to foster the Group's business relationships with suppliers, customers and other, and the effect of that, including on the principal decisions taken by the Group during the financial year.

The S172 statement focuses on matters of strategic importance to Corin, and the level of information disclosed is consistent with the size and the complexity of the business.

***General confirmation of directors' duties***

Corin's Board has a clear framework for determining the matters within its remit and has approved Reserved and Delegated Matters which describe the matters delegated to the Executive and its Committees.

Certain financial and strategic thresholds have been determined to identify matters requiring Board consideration and approval. The Reserved Matters, together with Group Delegations of Authority, sets out the delegation and approval process across the broader business.

When making decisions, each director ensures that he/she acts in the way he/she considers, in good faith, would most likely promote the Group's success for the benefit of its members. In doing so, they have regard (among other matters) to the follow key items.

***S172(1) (A) "The likely consequences of any decision in the long term"***

The directors understand the business and the evolving environment in which we operate, including the challenges of navigating through the changing regulatory landscape concerning medical devices. The strategy set by the Board is intended to strengthen our current position as a leading orthopaedic device manufacturer, but also ensure that the Group achieves future growth by investing and developing new technologies (such as the OMNIBotics and OPS platforms).

To help achieve the Group's strategic ambitions, the Board has a Value Creation Plan (VCP) which focuses teams on developing Corin's long-term value creation projects. This is designed to ensure alignment across the Board and wider business on the priorities for long-term growth and decision-making.

***S172(1) (B) "The interests of the Group's employees"***

The directors recognise that Corin employees are fundamental and crucial to delivering our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. The directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible. The directors recognise that our pensioners, though no longer employees, also remain important stakeholders.

***S172(1) (C) "The need to foster the Group's business relationships"***

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers, governments, other manufacturers and partners. Corin seeks the promotion and application of certain general principles in such relationships. When deciding to conduct business with such partners, the Group carefully considers the nature of the relationship, our ability to meet our obligations and the standards of behaviour that should be applied.

Corin operates an Approved Suppliers list which imposes controls on who we engage to supply the business. This outlines criteria which are ultimately aimed at facilitating relationships, commercial terms and compliance where relevant.

***S172(1) (D) "The impact of the Group's operations on the community and the environment"***

Environmental, social and corporate governance (ESG) is extremely important to Corin and a mandatory requirement of our majority shareholder. Corin has an ESG agenda, which includes environmental, societal and workforce engagement performance indicators.

***S172(1) (E) "The desirability of the Group maintaining a reputation for high standards of business conduct"***

Corin aims to meet its objectives in ways which are economically, environmentally and socially responsible. The Group has adopted frameworks, such as the Ethics and Compliance Policy and Modern Slavery Statements, to ensure that its high standards are maintained both within Corin businesses and the business relationships we maintain. This helps assure its decisions are taken, and that Corin companies act, in ways that promote high standards of business conduct.



**CORIN GROUP HOLDINGS LIMITED**

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**Section 172(1) statement (continued)**

**S172(1) (F) "The need to act fairly as between members of the Group"**

The Board recognises that it has an important role in assessing and monitoring that our desired culture is embedded in the values, attitudes and behaviours we demonstrate.

One of Corin's key VCPs is to "Build Strong Organization: Build an organization to support and maintain Group strategies". This includes the implementation of performance management, talent management, leveraging of capabilities and setting a structure which is appropriate for growth. In 2020 Corin developed and began implementing a 3-year People Strategy to execute this vision.

The Board has established honesty, integrity and respect for people as Corin's core values. Our business principles help everyone at Corin act in line with these values and comply with relevant laws and regulations.

The Board considers the regular communication and feedback from its employees to be one of its principal tools to measure employee engagement, motivation, affiliation and commitment to Corin. In 2020, Corin ran several interactive global webinars to ensure employees had the opportunity to stay connected during the COVID-19 pandemic as well as gain regular updates on the business. These highly valued forums also provided insights to the Leadership Teams into employee views and questions, and form part of our ongoing communication and engagement strategy.

The financial statements were authorised for issue by the Board of directors on 30 April 2021 and were signed on its behalf.



**V Silvester  
Director**

## CORIN GROUP HOLDINGS LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2020.

#### Principal activities

The Corin Group Holdings Limited Group is principally engaged in the manufacture and marketing of orthopaedic devices on a worldwide basis.

#### Dividends

The directors do not recommend the payment of a dividend.

#### Results

The loss for the year, after taxation, amounted to £55,971,000 (2019: loss of £48,373,000). As the directors do not recommend the payment of a final dividend, the result has been transferred to reserves. The loss for the year for the Company after taxation amounted to £340,000 (2019: loss of £459,000), with the result being transferred to reserves.

#### Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

S Alfonsi	(resigned 15 March 2021)
K Gyldenvang	(appointed 14 February 2020 and resigned 23 June 2020)
A Margoline	(resigned 14 February 2020 and reappointed 23 June 2020)
S Oteri	(resigned 14 February 2020 and reappointed 23 June 2020)
A Ritchie	(appointed 01 July 2020)
G Petros	(appointed 14 February 2020 and resigned 23 June 2020)
M Sheikh	(resigned 23 June 2020)
V Silvester	
D Floyd	(appointed 01 July 2020)

#### Political and charitable contributions

Donations to charitable organisations amounted to £10,479 during the year.

#### Employee involvement

During the year, the policy of providing employees with information about the Group has been continued through various forums such as global webinars and regular staff briefings, as detailed in the Section 172(1) statement (S172(1) (F)). These briefings are held between local management and employees to allow a free flow of information and ideas and they also allow for effective communication of financial and economic factors that affect the performance of the Group. Employees are encouraged to participate in the annual employee engagement survey, results of which are taken into consideration when making decisions about the future of the Group.

#### Disabled employees

The Group gives full consideration to applications for employment from disabled persons where a handicapped or disabled person can adequately fulfil the requirements of the job.

Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

#### Branches outside of the UK

The Group operates branches in Austria and Switzerland, the results of which are included within the reporting of Corin GSA GmbH.

#### Qualifying third party indemnity provisions

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision was in place during the year and remains in force as at the date of approving the Directors' Report.

#### Financial risks and management

The Group is exposed through its operations to one or more of the following financial risks:

- Foreign currency risk
- Interest rate risk
- Liquidity risk
- Credit risk
- Price risk

The Board reviews and agrees policies for managing each of these risks. These are discussed further in the Group Strategic Report on pages 3 to 4.

## CORIN GROUP HOLDINGS LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

#### Research and development

The Group has a commitment to research and development to ensure it retains its competitive position in the market. The Group's research and development expenditure in the year was £12,918,000 of which £3,506,000 was capitalised as an intangible asset and £9,412,000 was expensed to the Consolidated Income Statement.

#### Greenhouse gas emissions, energy consumption and energy efficiency action

*In this section of the report*

- "kg CO<sub>2</sub>e" means kilogram of carbon dioxide equivalent per unit
- "kWh" means kilowatt hours

	Year ended 31 December 2020 £'000
Turnover in £'000	150,417
The annual quantity of emissions in kg CO <sub>2</sub> e resulting from activities in which the company purchased electricity	311,514
The annual quantity of energy consumed in kWh from activities for which the group was responsible for the purchase of electricity	1,336,169
The Group's annual emissions ratio in kilograms of CO <sub>2</sub> e per £million of turnover	2.07:1

*The consumption figures were calculated as follows:*

The kWh resulting from purchase of electricity: taken directly from third party supplier invoices and then converted to kg CO<sub>2</sub>e from current conversion factors published by The Department for Business, Energy and Industrial Strategy. Group entities meeting the relevant threshold criteria for inclusion in the calculation are Corin Limited, Corin USA Limited, and Corin Australia (Pty) Limited.

During the year, the Group continued to pursue measures to improve the Group's energy efficiency, including:

- Launching a new Cycle2Work scheme;
- Removing plastic utensils from everyday use; and
- Introducing one meatless meal day per week

These actions contribute to working towards having all global sites accredited and compliant with ISO 14001, ensuring the Group remains commercially successful without overlooking environmental responsibilities to reduce the carbon footprint of the Group.

#### Going Concern

The directors must satisfy themselves as to the Group's ability to continue as a going concern for a minimum of 12 months from the date of approval of the financial statements. The directors recognise the risks to the Group posed by the COVID-19 pandemic and are continuously and carefully assessing the impact of COVID-19 on the Group's Going Concern.

As part of this assessment, the directors have produced various scenarios, including a severe downside case, which forecast the potential trading and financial scenarios during the anticipated COVID-19 impact period. These scenarios are updated on a rolling basis for actual figures, market trends and customer intelligence.

During 2020, the directors assessed the funding of the Group to ensure that the Group was adequately funded to support both the severe but plausible downside scenarios as well as the growth scenarios and are satisfied the appropriate level of funding is in place.

Based on this assessment, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall and the directors are satisfied that it is appropriate to adopt the going concern basis in preparing the Annual Report and Financial Statements.

## CORIN GROUP HOLDINGS LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

#### Future developments

The COVID-19 pandemic continues to create significant uncertainty on both a micro and macroeconomic level. The full effects of the global pandemic in economic terms are unlikely to be felt until well into 2021. Given the nature of its products, the Group's turnover is not especially sensitive to economic downturns, but liquidity and debt finance may be impacted. The directors will continue to monitor the Group's trading and financial performance closely and respond accordingly to manage any impact.

Aside from the COVID-19, the directors remain confident that the Group is well positioned to achieve significant, sustained growth. The addition of OMNIBotics to the Group's portfolio has introduced a major catalyst for new and existing business across the Group's markets. During 2020, the Group focused on accelerating the deployment of this technology alongside its existing solutions. There is also an ambitious agenda for product development, aimed at providing the Group's customers and patients with even better clinical outcomes. The Group will also be focussing on driving sales-force excellence, improving group systems, culture management and successfully navigating the new regulatory environments.

#### Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company Financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the Financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the Financial statements comply with the Companies Act 2006.

#### Directors' confirmations

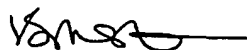
In the case of each director in office at the date the Directors' Report is approved:

- So far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

#### Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the Annual General Meeting in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 30 April 2021 and signed on its behalf:



V Silvester  
Director

## INDEPENDENT AUDITORS' REPORT TO MEMBERS OF CORIN GROUP HOLDINGS LIMITED

### Report on the audit of the financial statements

#### Opinion

In our opinion, Corin Group Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's and company's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company statements of financial position as at 31 December 2020; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated and company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

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 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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

**CORIN GROUP HOLDINGS LIMITED**

**REGISTERED NUMBER: 11357499**

**INDEPENDENT AUDITORS' REPORT TO MEMBERS OF CORIN GROUP HOLDINGS LIMITED (continued)**

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

**Strategic report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

**Responsibilities for the financial statements and the audit**

**Responsibilities of the 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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

**Auditors' 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 auditors' 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.

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to but were not limited to, regulations in relation to the supply of medical device products and direct and indirect tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that principal risks related to the posting of inappropriate journal entries to manipulate financial results; management bias in accounting estimates; and inappropriate treatment of significant transactions outside of the normal course of business. Audit procedures performed included:

- Discussions with management including the group's internal legal counsel in respect of any known or suspected instances of non-compliance with laws and regulation and any fraud matters;
- Challenging assumptions and judgements made by management for evidence of bias in determining significant accounting estimates including product liability provisions and contractual provisions;
- Identifying and testing unusual journal entries, in particular those posted with unusual account combinations such as those increasing revenue or those reducing expenditure; and
- Gaining an understanding and testing any significant transactions outside of the normal course of business such as the refinancing during the year.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

**CORIN GROUP HOLDINGS LIMITED**

**REGISTERED NUMBER: 11357499**

**INDEPENDENT AUDITORS' REPORT TO MEMBERS OF CORIN GROUP HOLDINGS LIMITED (continued)**

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

**Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Other required reporting**

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Colin Bates (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Bristol  
30 April 2021

**CORIN GROUP HOLDINGS LIMITED**  
**REGISTERED NUMBER: 11357499**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
<b>TURNOVER</b>	5	150,417	166,139
Cost of sales		(55,382)	(76,266)
<b>GROSS PROFIT</b>		<b>95,035</b>	<b>89,873</b>
Distribution costs		(27,439)	(30,559)
Administrative expenses		(118,533)	(115,343)
Other operating income	3.21	3,278	-
<b>OPERATING LOSS</b>	6	<b>(47,659)</b>	<b>(56,029)</b>
Interest receivable and similar income	11	838	2,883
Interest payable and similar expenses	11	(17,016)	(13,383)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(63,837)</b>	<b>(66,529)</b>
Tax on loss	12	7,866	18,156
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(55,971)</b>	<b>(48,373)</b>

All amounts relate to continuing operations.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
<b>LOSS FOR THE FINANCIAL YEAR</b>	<b>(55,971)</b>	<b>(48,373)</b>
Foreign exchange reserve translation differences	261	1,032
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>(55,710)</b>	<b>(47,341)</b>

The notes on pages 19 to 39 form part of these financial statements



**CORIN GROUP HOLDINGS LIMITED**

**REGISTERED NUMBER: 11357499**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

	Note	31 December 2020	31 December 2020	31 December 2019 (restated)	31 December 2019 (restated)
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Intangible assets	14		286,957		318,138
Tangible assets	15		33,644		36,870
Deferred tax asset	23		9,965		8,051
			<b>330,566</b>		<b>363,059</b>
<b>CURRENT ASSETS</b>					
Stocks	17	62,535		75,786	
Debtors (including £4,254,000 (2019: £7,393,000) due after more than one year)	18,19	38,024		47,785	
Cash at bank and in hand		37,530		4,367	
		<b>138,089</b>		<b>127,938</b>	
<b>CREDITORS: amounts falling due within one year</b>	20	<b>(50,437)</b>		<b>(36,714)</b>	
<b>NET CURRENT ASSETS</b>			<b>87,652</b>		<b>91,224</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>418,218</b>		<b>454,283</b>
<b>CREDITORS: amounts falling due after more than one year</b>	21		<b>(124,061)</b>		<b>(130,275)</b>
Deferred tax liability	23		(15,351)		(22,323)
Provisions for liabilities	24		(51,335)		(51,733)
<b>NET ASSETS</b>			<b>227,471</b>		<b>249,952</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	25		483		451
Share premium account	25		366,110		333,127
Reserve for own shares			(1,206)		(1,144)
Share scheme reserve			1,036		760
Other reserve			657		657
Foreign exchange reserve			1,262		1,001
Profit and loss account			(140,871)		(84,900)
<b>TOTAL SHAREHOLDERS' FUNDS</b>			<b>227,471</b>		<b>249,952</b>

The financial statements on pages 13 to 39 were authorised for issue by the Board of directors on 30 April 2021 and signed on its behalf by:



V Silvester - Director

The notes on pages 19 to 39 form part of these financial statements.

**CORIN GROUP HOLDINGS LIMITED**

**REGISTERED NUMBER: 11357499**

**COMPANY STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

	Note	31 December 2020 £'000	31 December 2020 £'000	31 December 2019 £'000	31 December 2019 £'000
<b>FIXED ASSETS</b>					
Investments	16		329,110		329,110
Deferred tax asset	23		24		-
			<hr/>		<hr/>
			329,134		329,110
<b>CURRENT ASSETS</b>					
Debtors	18	30,743		4,842	
Cash at bank		<hr/> 6,730		<hr/> -	
		37,473		4,842	
<b>CREDITORS: amounts falling due within one year</b>	20	<hr/> (559)		<hr/> (855)	
<b>NET CURRENT ASSETS</b>			36,914		3,987
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<hr/> 366,048		<hr/> 333,097
<b>NET ASSETS</b>			<hr/> 366,048		<hr/> 333,097
<b>CAPITAL AND RESERVES</b>					
Called up share capital	25		483		451
Share premium account	25		366,110		333,127
Reserve for own shares			(877)		(877)
Share scheme reserve			1,036		760
Other reserve			657		657
Profit and loss account			<hr/> (1,361)		<hr/> (1,021)
<b>TOTAL SHAREHOLDERS' FUNDS</b>			<hr/> 366,048		<hr/> 333,097

The loss in respect of the Company for the year was £340,000 (2019: loss of £459,000)

The financial statements on pages 13 to 39 were authorised for issue by the Board of directors on 30 April 2021 and signed on its behalf by:



**V Silvester**  
Director

The notes on pages 19 to 39 form part of these financial statements.

**CORIN GROUP HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
<b>Cash flows from operating activities</b>		
Loss after tax	(55,971)	(48,373)
Fair value uplift on acquired stock recognised in Cost of sales	7,911	26,254
Share based payment charge	276	507
Net finance costs	16,178	10,500
Taxation income	(7,866)	(18,156)
Amortisation of intangible fixed assets	40,047	35,338
Impairment of intangible fixed assets	99	-
Depreciation of tangible assets	12,131	12,437
Loss on disposal of tangible fixed assets	335	190
Decrease/(Increase) in stock	5,340	(8,895)
Decrease/(Increase) in debtors	7,608	(2,577)
(Decrease)/Increase in creditors	(1,730)	168
Decrease in provisions	(2,673)	(1,927)
<b>Cash generated from operations</b>	<b>21,685</b>	<b>5,466</b>
Taxation paid	(902)	(1,481)
<b>Net cash generated from operating activities</b>	<b>20,783</b>	<b>3,985</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of tangible assets	-	9
Purchase of tangible fixed assets	(8,754)	(15,474)
Purchase of intangible fixed assets	(9,136)	(6,137)
Acquisition of business, net of cash acquired	-	(95,217)
<b>Net cash used in investing activities</b>	<b>(17,890)</b>	<b>(116,819)</b>
<b>Cash flows from financing activities</b>		
Issue of share capital	32,231	101,457
New bank loans advanced	15,116	-
New finance leases	645	378
Receipts from revolving credit facility net of associated fees	21,980	18,433
Repayment of revolving credit facility	(30,000)	(1,077)
Repayment of finance lease obligations	(969)	(811)
Interest paid	(9,319)	(8,539)
<b>Net cash generated from financing activities</b>	<b>29,684</b>	<b>109,841</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>32,577</b>	<b>(2,993)</b>
Foreign exchange translation adjustment	753	(113)
<b>Cash and cash equivalents at the beginning of year</b>	<b>4,200</b>	<b>7,306</b>
<b>Cash and cash equivalents at the end of year</b>	<b>37,530</b>	<b>4,200</b>
<b>Cash and cash equivalents comprise:</b>		
Cash at bank	37,530	4,367
Bank overdraft	-	(167)

The notes on pages 19 to 39 form part of these financial statements.

## CORIN GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR 31 DECEMBER 2020

	Share capital	Share premium	Reserve for own shares	Share Scheme reserve	Other reserve	Foreign exchange	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 01 January 2019</b>	349	231,771	(877)	253	657	(31)	(36,527)	195,595
Share issues	102	101,356	-	-	-	-	-	101,458
Share based payments	-	-	-	507	-	-	-	507
Purchase of own shares	-	-	(267)	-	-	-	-	(267)
Loss for the year	-	-	-	-	-	-	(48,373)	(48,373)
Other comprehensive income for the year	-	-	-	-	-	1,032	-	1,032
Total comprehensive income for the year	-	-	-	-	-	1,032	(48,373)	(47,341)
<b>At 31 December 2019</b>	<b>451</b>	<b>333,127</b>	<b>(1,144)</b>	<b>760</b>	<b>657</b>	<b>1,001</b>	<b>(84,900)</b>	<b>249,952</b>
Share issues (note 25)	32	32,983	-	-	-	-	-	33,015
Share based payments	-	-	-	276	-	-	-	276
Purchase of own shares	-	-	(62)	-	-	-	-	(62)
Loss for the year	-	-	-	-	-	-	(55,971)	(55,971)
Other comprehensive income for the year	-	-	-	-	-	261	-	261
Total comprehensive income for the year	-	-	-	-	-	261	(55,971)	(55,710)
<b>At 31 December 2020</b>	<b>483</b>	<b>366,110</b>	<b>(1,206)</b>	<b>1,036</b>	<b>657</b>	<b>1,262</b>	<b>(140,871)</b>	<b>227,471</b>

The notes on pages 19 to 39 form part of these financial statements.

CORIN GROUP HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR 31 DECEMBER 2020

	Share capital	Share premium	Reserve for own shares	Share Scheme reserve	Other reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 01 January 2019	349	231,771	(877)	253	657	(562)	231,591
Share issues	102	101,356	-	-	-	-	101,458
Share based payments	-	-	-	507	-	-	507
Loss for the year	-	-	-	-	-	(459)	(459)
At 31 December 2019	451	333,127	(877)	760	657	(1,021)	333,097
Share issues (note 25)	32	32,983	-	-	-	-	33,015
Share based payments	-	-	-	276	-	-	276
Loss for the year	-	-	-	-	-	(340)	(340)
At 31 December 2020	483	366,110	(877)	1,036	657	(1,361)	366,048

The notes on pages 19 to 39 form part of these financial statements.

**1 COMPANY INFORMATION**

Corin Group Holdings Limited is a private company limited by shares incorporated in England and Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Group's operations and its principal activities are set out in the Group Strategic Report.

**2 STATEMENT OF COMPLIANCE**

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS102'), and with the Companies Act 2006.

**3 ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**3.1 Basis of preparation of financial statements**

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. These estimates and judgements are detailed in note 4.

The Group financial statements are presented in pound sterling and rounded to thousands.

The Company's functional and presentation currency is the pound sterling.

The Company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.

*Parent Company disclosure exemptions*

In preparing the separate financial statements of the parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the parent Company would be identical;
- No cash flow statement has been presented for the parent Company; and
- Disclosures in respect of the parent Company's financial instruments and share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the Group as a whole.

**Restatement of prior year balance sheet**

These financial statements recognise two balance sheet reclassification adjustments to the comparative period, the adjustments only impact the balance sheet and there is no impact to the prior year reported profit.

The first adjustment recognises the requirement to offset deferred tax where the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority. The resulting impact of this is a reduction in the 2019 deferred tax asset from £17,328,000 to the restated position of £8,051,000 and a reduction in the deferred tax liability from £31,600,000 to a restated position of £22,323,000.

The second adjustment relates to the representation of an Indemnification asset that was previously offset against the contractual provisions balance. The resulting impact of this is an increase in debtors from £43,723,000 to the restated position of £47,785,000 and an increase in the provisions from £47,761,000 to the restated position of £51,733,000.

**3.2 Basis of consolidation**

The Group's Consolidated financial statements consolidate those of the Company and of its subsidiary undertakings drawn up to 31 December 2020. Subsidiary undertakings are all entities over which the Group has the power to govern financial and operating policies so as to obtain economic benefits from their activities. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting.

Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the group's interest in the entity.

### 3 ACCOUNTING POLICIES (continued)

#### 3.3 Going concern

The directors must satisfy themselves as to the Group's ability to continue as a going concern for a minimum of 12 months from the date of approval of the financial statements. The directors recognise the risks to the Group posed by the COVID-19 situation and are continuously and carefully assessing the impact of COVID-19 on the Group's Going Concern.

As part of this assessment, the directors have produced various scenarios, including a severe downside case, which forecast the potential trading and financial scenarios during the anticipated COVID-19 impact period. These scenarios are updated on a rolling basis for actual figures, market trends and customer intelligence.

During 2020, the directors assessed the funding of the Group to ensure that the Group was adequately funded to support both the severe but plausible downside scenarios as well as the growth scenarios and are satisfied the appropriate level of funding is in place.

Based on this assessment, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall and the directors are satisfied that it is appropriate to adopt the going concern basis in preparing the Annual Report and Financial Statements.

#### 3.4 Turnover

Turnover is the total amount receivable by the Group for goods supplied excluding VAT and trade discounts. Turnover from the sale of products is recognised upon transfer to the customer of the significant risks and rewards of ownership. This is generally when goods are dispatched to customers except that stock is often located at customer premises and available for customers' immediate use and therefore the sale is recognised on notification that the product has been implanted or used.

#### 3.5 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method on the following bases:

Goodwill	- 10 years
Intellectual property	- 5-30 years
Distributor contracts	- 2-3 years
Customer contracts	- 1-10 years
Brand names	- 2-20 years
Development expenditure	- 3-5 years

The useful economic lives of the intangible assets have been chosen as a result of management expertise in the orthopaedics industry.

Goodwill represents the excess of the cost of a business combination over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or trade and assets of a business at the date of acquisition including directly attributable costs.

Contingent consideration is recognised in the purchase cost where it is probable and can be reliably measured. Any subsequent adjustments to contingent consideration are made against the cost of acquisition until settled.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. If a reliable estimate cannot be made, the useful life of goodwill is presumed to be 10 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Intellectual property, distributor contracts, customer contracts and brand names acquired as part of the acquisition of subsidiary undertakings or trade and assets of a business are carried at fair value less accumulated amortisation and accumulated impairment losses. Their fair value and useful lives are determined based on the advice of valuation experts at the date of acquisition. Amortisation is calculated by applying the straight-line method to useful life and is included in "administrative expenses" in the profit and loss account.

Costs associated with maintaining computer software capitalised are recognised as an expense in the profit and loss account as incurred.

Assets in the course of construction are stated at cost. These assets are not amortised until they are available for use.

For the accounting policy relating to development expenditure see note 3.14.

**3 ACCOUNTING POLICIES (continued)****3.6 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	Shorter of lease term or 10 years
Plant, equipment and vehicles	-	3 to 7 years
Consigned surgical instrumentation	-	5 years

Leasehold improvements are stated at cost less accumulated depreciation and accumulated impairment losses.

Plant and machinery and fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Repairs, maintenance, and minor inspection costs are expensed as incurred.

Consigned surgical instruments enabling surgeons to carry out operations using the Group's products are either consigned to hospitals free of charge or loaned on a per operation basis (short term consigned instrumentation).

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in administrative expenses.

**3.7 Investments**

Investments are held as fixed assets and are stated at cost less any provisions for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairments are calculated such that the carrying value of the fixed asset investment is the lower of cost or recoverable amount. Recoverable amount is the higher of net realisable value and value in use.

**3.8 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

**3.9 Leasing and hire purchase**

Leases of property, plant and equipment are classified as finance leases where the Group substantially has all of the risks and rewards of ownership.

Assets held under finance leases are capitalised in the Statement of Financial Position and depreciated over their estimated useful economic lives (note 3.6). The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Consolidated Income Statement over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the Consolidated Income Statement on a straight-line basis over the lease term.

**3.10 Stock**

Except where acquired as part of a business combination, which is carried at fair value, stock is stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs of completion and sale. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity.

At each reporting date, stock is assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**3.11 Cash and cash equivalent**

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.



### 3 ACCOUNTING POLICIES (continued)

#### 3.12 Taxation

Current tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### 3.13 Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of foreign exchange ruling at the reporting date, with differences taken through the Consolidated Income Statement.

The Statement of Financial Position of overseas undertakings are also translated at the rates of foreign exchange ruling at the Statement of Financial Position date. Income Statements of overseas undertakings are translated at the average rates of foreign exchange for the accounting period. The foreign exchange differences arising from the retranslation of the Statement of Financial Position of overseas undertakings are recognised in the foreign exchange reserve. On consolidation, certain intercompany loan balances which are treated as permanent, and equity, are not retranslated from their historic rate. Any foreign exchange differences resulting from their translation at consolidation are recognised in the foreign exchange reserve. All other foreign exchange differences are recognised with through the Consolidated Income Statement.

All intercompany balances held by the Company are retranslated at the balance sheet date and taken to the Company Income Statement.

#### 3.14 Research and development

Costs of research are expensed as incurred over the period. Development expenditure, consisting of internal time spent and external invoiced costs on qualifying development projects, is capitalised and recognised as an intangible asset when it meets the following criteria:

- Probable future economic benefits from asset
- Intention to complete and use/sell asset
- Resources adequate and available to complete and use/sell asset
- Ability to use/sell asset
- Technical feasibility
- Expenditure can be measured reliably

Costs incurred which do not meet these criteria are charged to the Income Statement in the period in which they are incurred.

#### 3.15 Salaries/payroll expense

##### *Employee benefits*

The group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

##### *Short term benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

##### *Defined contribution pension plan*

The group operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet.

**3 ACCOUNTING POLICIES (continued)****3.16 Share-based payments**

The Group operates a Management Incentive Plan whereby the Company grants growth shares to certain directors and employees of all Group companies. This is accounted for as a share-based payment arrangement, with the fair value of the shares granted under this plan calculated using an appropriate valuation model which takes into account assumptions about future events and market conditions.

The cost of share-based employee compensation arrangements is recognised as an employee benefit expense in the Income Statement. The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value at the grant date. The fair value was determined using a third-party valuation. The expected life used in the model reflects the directors' best estimate of the number of equity instruments that will ultimately vest.

In making this judgement, consideration must be made as to the likely number of shares that will vest, and the fair value of the shares granted.

For share-based payments in relation to Consultants there are cash-settled share options. A liability and expense are recognised at the value of the services received. The option to exercise is offered annually up to a capped limit of total investment allowed in the company and services beyond this value are settled in cash. If the option is exercised, the value of the services is converted into shares based on an external third-party valuation of the share price.

Non-recourse loans made to directors have been accounted for as an A class share-based payment.

**3.17 Provisions and contingencies**

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote. Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

**3.18 Dividends**

Equity dividends are recognised when they become legally payable. This is at the point they are approved by the Board.

**3.19 Finance costs**

Finance costs comprise interest expense on borrowings, unwind on discounting on non-current payables and changes in the fair value of financial liabilities at fair value through profit or loss. Borrowing costs are recognised in profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis.

**3.20 Finance income**

Finance income, including unwind on discounting of non-current receivables, is recognised in the income statement over the term of the debt at a constant rate on the carrying amount. Foreign currency gains and losses are reported on a net basis.

**3.21 Government grants**

Grants are accounted for under the accruals model as permitted by FRS 102. Government grants including the Job Retention Scheme are credited to the income statement when the expenditure relating to the grant is defrayed. Government grant income is included in other operating income.

The Group has not directly benefited from any other forms of government assistance.

### 3 ACCOUNTING POLICIES (continued)

#### 3.22 Financial assets

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial asset instruments.

Basic financial assets, including trade and other receivables, cash and bank balances and investments, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period the financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted the asset's original effective interest rate. The impairment loss is recognised in the profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

#### 3.23 Financial liabilities

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial liability instruments.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

### 4 JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group and Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from estimates.

In preparing the financial statements the directors have made the following judgements:

- Determination of whether leases entered into by the Group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- The likelihood of the outcome and settlement of ongoing legal cases has an inherent level of judgement. The gross amount is provided for with the offsetting amount for the insurance recoverable recognised within debtors on the basis that it is virtually certain the insurance will be reclaimed for the cases.
- Determination of whether there are indicators of impairment of the Group's tangible and intangible assets, including goodwill. The directors assess annually whether there are any indicators of impairment by considering the expected future profitability and cash generation of each business unit. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and, where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Where stock is manufactured, the cost includes all direct expenditure and a proportion of fixed and variable overheads. Management exercises judgement as to which overheads are directly or indirectly related to the production process and therefore should be included in the stock cost.
- The results of subsidiaries acquired are consolidated for the periods from the date at which control passes. Acquisitions are accounted for under the acquisition method. In calculating the goodwill arising on acquisition, the fair value of the net assets acquired are assessed and adjustments from book value have been made where necessary. Judgement is exercised in determining the assets' fair values.

**4 JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)***Key sources of estimation uncertainty*

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

- *Intangible fixed assets (see note 14)*

The directors estimate the useful economic life of goodwill and other intangible assets based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill or other intangibles is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses. These factors are reviewed annually to ensure that there are no indicators of impairment. Where there is an indication of impairment, the recoverable amount is determined based on value in use calculations. This method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of cash flows.

- *Tangible fixed assets (see note 15)*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Product liability provision (see note 24)*

The provision for product liability claims is calculated based on the expected cashflow outflow in respect of the assessment of each individual case and the current likely outcomes through management's and external advisors' experience. Greater uncertainty exists over those claims yet to be received, and management estimate the number of future cases based on prior experience and published industry data. Claims can take several years to materialise and that is built into the provision calculation, including discounting back to net present value where the impact is significant. Given the inherent uncertainty in assumptions including sensitivity to factors such as the number, outcome and value of claims the actual costs may differ significantly from this estimate. The Group carries product liability insurance which covers the majority of open claims and will continue to defend claims vigorously.

- *Contractual provision (see note 24)*

The contractual provision is comprised of deferred contingent consideration arising on acquisition. Management use actual and forecast data to project the likely performance against target criteria. Where the level of contingent consideration is significant and the period over which it is to be settled is greater than 12 months management apply an appropriate discount rate to estimate the net present value of future payments.

- *Fair value uplift of inventory acquired in business combinations (see note 17)*

Stock purchased as part of a business combination is recognised in the opening balance sheet of the acquiree at fair value. The calculation of fair value is based on the net unprovided quantity of finished goods. Instrumentation, raw materials and work in progress are retained at cost. The fair value of finished goods is based on the average selling prices to external third parties, with an allowance for variable selling costs. A profit margin on sales value is recognised, derived from the Group's global transfer pricing policy, plus an estimation of holding interest.

- *Deferred tax asset recognition on losses (see note 23)*

The Group recognises deferred tax assets in respect of such tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered. The directors have assessed the likelihood of future taxable profits being available and have judged it appropriate to recognise deferred tax assets for unused losses. At the year-end a deferred tax asset of £9,965,000 (2019: £8,051,000) was recognised.

**5 TURNOVER**

Turnover is wholly attributable to the manufacture and sale of orthopaedic devices.

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
<b>By location of customer:</b>		
USA	48,874	52,128
Australia	40,153	42,978
France	18,137	21,765
Japan	17,176	15,530
Germany, Austria, Switzerland, Belgium, and Italy	12,760	14,206
UK	4,868	7,997
Rest of world	8,449	11,535
	<b>150,417</b>	<b>166,139</b>

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**6 OPERATING LOSS**

The operating loss is stated after charging:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Amortisation of intangible assets	40,047	35,338
Impairment of intangible assets	99	-
Depreciation of tangible fixed assets:		
- Owned by the Group	11,595	11,858
- Held under finance leases	536	579
Operating lease rentals		
- Plant and machinery	969	915
- Other operating leases	2,348	2,231
Differences of foreign exchange	209	573
Research and development expenditure written off	9,412	7,980
Loss on sale of tangible assets	335	233
Write down of stock to net realisable value	2,921	4,113
Stocks recognised as an expense	45,510	65,908

**7 AUDITORS' REMUNERATION**

	Year ended to 31 December 2020 £'000	Year ended 31 December 2019 £'000
Fees payable to the company's auditor and its associates for the audit of the parent company and the group's consolidated financial statements	133	109
Fees payable to the company's auditor and its associates for other services:		
Audit of the company's subsidiaries	326	416
All other non-audit services	6	-

Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's Financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

**8 STAFF COSTS**

Group staff costs, including directors' remuneration, were as follows:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Wages and salaries	46,594	40,758
Social security costs	3,638	3,298
Other pension costs	2,414	2,180
	<b>52,646</b>	<b>46,236</b>

During the year £2,324,000 of wages have been capitalised (2019: £2,976,000).

Included within wages and salaries is an amount of £243,000 (2019: £454,000) relating to the share-based payment charge under the management incentive plan and social security costs of £34,000 (2019: £53,000) (see Note 10).

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## 8 STAFF COSTS (Continued)

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

	Year ended 31 December 2020 Number	Year ended 31 December 2019 Number
Production	212	215
Marketing	163	149
Administration	278	262
Development	119	115
	<b>772</b>	<b>741</b>

Total staff costs for the Company were £nil (2019: £nil). Average monthly number of employees for the Company was nil (2019: nil).

## 9 DIRECTORS' REMUNERATION

	Year ended to 31 December 2020 £'000	Year ended 31 December 2019 £'000
Remuneration	628	545
Share-based payment	74	198
	<b>702</b>	<b>743</b>
Company pension contributions to defined contribution pension schemes	35	31
Total directors' remuneration	<b>737</b>	<b>774</b>

During the year retirement benefits were accruing to 2 directors (2019: 2) in respect of defined contribution pension schemes. The remuneration is paid through Corin Limited, a subsidiary entity.

The highest paid director received remuneration of £350,000 (2019: £350,000) which was paid through Corin Limited, in addition to pension contributions of £10,000 (2019: £10,000) and a share-based payment charge of £55,000 (2019: £147,000).

The highest paid director exercised their options to buy shares in 2020 and 2019 and is accruing benefits under a long-term incentive scheme in 2020 and 2019.

## 10 SHARE BASED PAYMENTS

The Group operates three share-based payment schemes for its key management and consultants in product development.

### Key management

Under the Company's Management Incentive Plan, certain directors and employees held growth shares as follows:

	2020 No.	2020 Price
Outstanding as at 1 January 2020	585,482	3.91
Granted in the year	137,838	3.91
Outstanding at 31 December 2020	<b>723,320</b>	<b>3.91</b>

The growth shares are ringfenced as C1 and C2 Ordinary shares (see note 25). Of the shares outstanding at 31 December 2020 Corin Orthopaedics Holdings Limited (acting as EBT) held 21,774 shares (2019: 29,032). A further 4,906 unallocated shares are available for issue (2019: 164,518).

580,643 Ordinary 'A' shares were issued to directors and key management personnel in the current year for a subscription price of £1.00. These shares are considered to fall within scope of the requirements of section 26 of FRS 102 for share-based payments however the charge is considered to be immaterial to the financial statements in the current year.

**10 SHARE BASED PAYMENTS (Continued)****Consultants in product development**

Consultants have the option as to whether to settle in cash or equity up to the lower of value of services provided during the year or headroom available. Each consultant can take out a maximum investment value of £500,000 in respect of the 2020 grants and can choose to invest up to the headroom available where the value of services provided is lower. The headroom is the remainder between the investment at the beginning of the year and the maximum investment.

Once the investment cap is reached, any remaining services will automatically be settled in cash. Shares are issued on an annual basis after the financial year in which the services are undertaken. A liability is recognised at the fair value of the services received in the period the services are received by the Group. The number of shares issued is determined on the investment value divided by the share price. The valuation of the share was determined by reference to recent transactions in the Company's shares. During the year the Consultants had the option to subscribe to additional shares for cash, outside of the plan. A total of 262,273 shares were issued at a share price of £1 under this arrangement and a further 335,380 shares were issued at £1.02

A reconciliation of share option movements over the year to 31 December 2020 and to 31 December 2019 is shown below:

Group	2020 No.	2020 Price £	2019 No.	2019 Price £
<b>Outstanding at 1 January</b>	<b>659</b>	<b>1.02</b>	<b>511</b>	<b>1.02</b>
Granted for services in the current year	475	1.02	638	1.02
Exercised	(575)	1.02	(269)	1.02
Not exercised	-	1.02	-	1.02
Agreed to be cash settled	(86)	1.02	(221)	1.02
<b>Outstanding at 31 December</b>	<b>473</b>	<b>1.02</b>	<b>659</b>	<b>1.02</b>
<b>Exercisable at 31 December</b>	<b>473</b>	<b>1.02</b>	<b>659</b>	<b>1.02</b>
			<b>Year ended 31 December 2020 £'000</b>	<b>Year ended 31 December 2019 £'000</b>
Liability recognised			473	659
Royalties due to Consultants in product development			600	767

**11 NET INTEREST EXPENSE****Interest receivable and similar income**

	<b>Year ended 31 December 2020 £'000</b>	<b>Year ended 31 December 2019 £'000</b>
On bank loans	28	59
Unwind of discounted receivables	583	363
Interest rate swaps movement in fair value	227	-
Foreign exchange on loans	-	2,461
	<b>838</b>	<b>2,883</b>

**Interest payable and similar expenses**

	<b>Year ended 31 December 2020 £'000</b>	<b>Year ended 31 December 2019 £'000</b>
On bank loans and overdrafts	9,188	8,721
Unwind of discounted liabilities	5,995	4,196
Interest rate swaps movement in fair value	-	347
On finance leases and hire purchase contracts	106	119
Foreign exchange on loans	1,727	-
	<b>17,016</b>	<b>13,383</b>

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**12 TAXATION ON LOSS**

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
<b>Analysis of tax credit in the year:</b>		
<i>Current tax</i>		
UK corporation tax charge/(credit) on loss for the year	5	19
Foreign tax on income for the year	740	1,024
Foreign tax on income in prior years	25	848
<b>Total current tax charge</b>	<b>770</b>	<b>1,891</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(8,636)	(20,047)
<b>Total deferred tax credit (see note 23)</b>	<b>(8,636)</b>	<b>(20,047)</b>
<b>Tax on loss</b>	<b>(7,866)</b>	<b>(18,156)</b>

**Factors affecting tax credit for the year**

The total tax assessed for the year is higher (2019: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Loss before tax	(63,837)	(66,529)
Loss before tax at the standard rate of corporation tax in the UK of 19% (2019: 19%)	(12,129)	(12,641)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	5,222	8,841
Different tax rates applied in overseas jurisdictions	(641)	(670)
Adjustments to tax credit in respect of prior years	358	1,188
Effect of change in UK tax rates on deferred tax	(450)	(73)
Brought forward tax losses utilised	814	28
Timing differences	(1,589)	(18,061)
Foreign exchange	1	23
Interest restriction	919	396
Overseas losses brought forward now utilised	(432)	(60)
Losses carried forward	711	2,995
Additional deduction for R&D expenditure	(650)	(122)
<b>Total tax credit for the year</b>	<b>(7,866)</b>	<b>(18,156)</b>

**Factors affecting tax charge**

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. It is expected this will be substantively enacted in late summer 2021. The effect of this increase in rate would be a credit to the income statement of £1,738,000 on the closing UK entity Deferred tax assets. As this rate change was not substantively enacted at the year-end this has not been recognised.

**13 PARENT COMPANY PROFIT FOR THE YEAR**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss of the parent Company for the year was £340,000 (2019: £459,000).



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**14 INTANGIBLE FIXED ASSETS**

Group	Goodwill £'000	Intellectual property £'000	Distributor contracts £'000	Customer contracts £'000	Brand names £'000	Development expenditure £'000	Assets under construction £'000	Total £'000
<b>Cost</b>								
At 1 January 2020	204,249	108,254	6,155	15,602	22,013	5,994	1,400	363,667
Additions	987	19	1,065	1,276	-	3,506	2,283	9,136
Transfers	-	1,124	-	-	-	1,079	(2,203)	-
Adjustments to fair value	(338)	-	-	-	-	-	-	(338)
Foreign exchange movement	96	10	104	125	-	(206)	19	149
At 31 December 2020	204,994	109,407	7,324	17,003	22,013	10,373	1,499	372,613
<b>Accumulated amortisation</b>								
At 1 January 2020	24,496	13,077	2,992	2,449	1,913	602	-	45,529
Amortisation	20,735	11,577	2,374	1,934	1,322	2,105	-	40,047
Impairment	-	-	-	-	-	99	-	99
Foreign exchange movement	16	-	22	18	-	(75)	-	(19)
At 31 December 2020	45,247	24,654	5,388	4,401	3,235	2,731	-	85,656
<b>Net book value</b>								
At 31 December 2020	159,747	84,753	1,936	12,602	18,778	7,642	1,499	286,957
At 31 December 2019	179,753	95,177	3,163	13,153	20,100	5,392	1,400	318,138

During the year development expenditure with a net book value of £99,000 was impaired (2019: none). The expenditure related to a project which has been put on hold during the year and there are no plans in the short term to complete the project.

The Company had no intangible assets at 31 December 2020 (2019: £nil).

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**15 TANGIBLE ASSETS**

<b>Group</b>	<b>Leasehold improvements £'000</b>	<b>Consigned surgical instrumentation £'000</b>	<b>Plant, equipment and vehicles £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 January 2020	7,357	84,757	22,224	114,338
Additions	115	6,943	1,696	8,754
Disposals	-	(3,891)	(384)	(4,275)
Transfers	-	(265)	265	-
Foreign exchange movement	20	2,625	292	2,937
<b>At 31 December 2020</b>	<b>7,492</b>	<b>90,169</b>	<b>24,093</b>	<b>121,754</b>
<b>Accumulated depreciation</b>				
At 1 January 2020	2,915	59,864	14,689	77,468
Depreciation	895	8,976	2,260	12,131
Disposals	-	(3,795)	(189)	(3,984)
Foreign exchange movement	27	2,249	219	2,495
<b>At 31 December 2020</b>	<b>3,837</b>	<b>67,294</b>	<b>16,979</b>	<b>88,110</b>
<b>Net book value</b>				
<b>At 31 December 2020</b>	<b>3,655</b>	<b>22,875</b>	<b>7,114</b>	<b>33,644</b>
<b>At 31 December 2019</b>	<b>4,442</b>	<b>24,893</b>	<b>7,535</b>	<b>36,870</b>

The figures stated above include the following balances held under finance leases:

	<b>Plant, equipment and vehicles £'000</b>
<b>Net book value</b>	
At 31 December 2020	2,326
At 31 December 2019	2,644

The Company had no tangible assets at 31 December 2020 (2019: £nil).

**16 INVESTMENTS**

<b>Company</b>	<b>Investments in subsidiary companies £'000</b>
<b>Cost</b>	
At 1 January 2020	329,110
At 31 December 2020	329,110
<b>Net book value</b>	
At 31 December 2020	329,110
At 31 December 2019	329,110

# CORIN GROUP HOLDINGS LIMITED

## 16 INVESTMENTS (continued)

Investments in subsidiaries are shares in unlisted companies which have been measured at cost.

### Subsidiary undertakings

	Country of incorporation and operation	Class of share capital held	Proportion held by the Company	Proportion held by the Group
The following undertakings manufacture and distribute orthopaedic devices:				
Corin Limited	England and Wales	Ordinary	-	100% <sup>2</sup>
Optimized Ortho Pty Limited	Australia	Ordinary	-	100% <sup>5</sup>
Global Manufacturing Technology Pty Limited	Australia	Ordinary	-	100% <sup>6</sup>
The following undertakings distribute orthopaedic devices and associated products:				
Corin USA Limited	England and Wales <sup>4</sup>	Ordinary	-	100% <sup>3</sup>
Corin GSA GmbH	Germany	Ordinary	-	100% <sup>3</sup>
Corin Japan KK	Japan	Ordinary	-	100% <sup>3</sup>
Corin Australia (Pty) Limited	Australia	Ordinary	-	100% <sup>3</sup>
Corin Italia S.R.L	Italy	Ordinary	-	100% <sup>3</sup>
Corin France SAS	France	Ordinary	-	100% <sup>3</sup>
Corin India Private Limited	India	Ordinary	-	100% <sup>3</sup>
Corin Belgium BVBA/SPRL	Belgium	Ordinary	-	100% <sup>3</sup>
Global Orthopaedics Technology Pty Limited	Australia	Ordinary	-	100% <sup>9</sup>
Omni Life Science, INC.	USA	Ordinary	-	100% <sup>13</sup>
The following undertakings are investment companies:				
Corin Orthopaedics Holdings Limited	England and Wales	Ordinary	-	100% <sup>14</sup>
Corin Group Limited	England and Wales	Ordinary	-	100% <sup>11</sup>
Corin Holdings Limited	England and Wales	Ordinary	-	100% <sup>1</sup>
Corin International Limited	England and Wales	Ordinary	-	100% <sup>1</sup>
Corin Australia Holdings Pty Limited	Australia	Ordinary	-	100% <sup>3</sup>
Corin MidCo Limited	England and Wales	Ordinary	100%	100% <sup>7</sup>
Corin HoldCo Limited	England and Wales	Ordinary	-	100% <sup>8</sup>
Corin Aus FinCo Limited	England and Wales	Ordinary	-	100% <sup>9</sup>
Corin FinCo Limited	England and Wales	Ordinary	-	100% <sup>9</sup>
Corin US FinCo Limited	England and Wales	Ordinary	-	100% <sup>9</sup>
Corin BidCo Limited	England and Wales	Ordinary	-	100% <sup>10</sup>
Omni Orthopaedics Inc.	USA	Ordinary	-	100% <sup>12</sup>
Anisop Holdings Pty Limited	Australia	Ordinary	-	15% <sup>6</sup>
The following undertakings are dormant companies:				
Corin Medical Product (Shanghai) Co. Limited	China	Ordinary	-	100% <sup>3</sup>
Optimized Ortho Limited	England and Wales	Ordinary	-	100% <sup>2</sup>
Perception Raisonnement Action En Medecine - Praxim	France	Ordinary	-	100% <sup>13</sup>

<sup>1</sup> Shareholding is held by Corin Group Limited

<sup>2</sup> Shareholding is held by Corin Holdings Limited

<sup>3</sup> Shareholding is held by Corin International Limited

<sup>4</sup> Country of operation is the USA

<sup>5</sup> Shareholding is held by Corin Australia Holdings Limited

<sup>6</sup> Shareholding is held by Global Orthopaedics Technology Pty Limited

<sup>7</sup> Shareholding is held by Corin Group Holdings Limited

<sup>8</sup> Shareholding is held by Corin MidCo Limited

<sup>9</sup> Shareholding is held by Corin HoldCo Limited

<sup>10</sup> Shareholding is held primarily by Corin FinCo Limited although Corin AUS FinCo Limited and Corin US FinCo Limited have small shareholdings.

<sup>11</sup> Shareholding is held by Corin Orthopaedic Holdings Limited

<sup>12</sup> Shareholding is held by Corin USA Limited

<sup>13</sup> Shareholding is held by Omni Orthopaedics Inc.

<sup>14</sup> Shareholding is held by Corin BidCo Limited.

All the above subsidiaries form the consolidation of Corin Group Holdings Limited as at 31 December 2020.

Every dormant subsidiary incorporated in the UK is exempt from preparing and filing individual financial statements by virtue of s479A of the Companies Act 2006.

Details of all registered offices shown in Appendix 1.

**CORIN GROUP HOLDINGS LIMITED**

**16 FIXED ASSET INVESTMENTS (continued)**

The company has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from audit under section 479A of the Companies Act 2006 in respect of the year ended 31 December 2020:

Corin MidCo Limited  
 Corin HoldCo Limited  
 Corin FinCo Limited  
 Corin US FinCo Limited  
 Corin Aus FinCo Limited  
 Corin BidCo Limited  
 Corin Orthopedics Holdings Limited  
 Corin Group Limited  
 Corin Holdings Limited  
 Corin International Limited  
 Corin Limited

**17 STOCKS**

	<b>Group 2020</b>	<b>Company 2020</b>	<b>Group 2019</b>	<b>Company 2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Raw materials	4,286	-	3,695	-
Work in progress	4,976	-	5,100	-
Finished goods	53,273	-	66,991	-
	<hr/>	<hr/>	<hr/>	<hr/>
	62,535	-	75,786	-

Stock includes £5,245,000 (2019: £13,156,000) in relation to stock acquired in business combinations carried at fair value.

**18 DEBTORS: Amounts falling due within one year**

	<b>Group 2020</b>	<b>Company 2020</b>	<b>Group 2019 (restated)</b>	<b>Company 2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade debtors	25,016	-	33,299	-
Amounts owed by Group undertakings	-	30,266	-	4,407
Other debtors	4,804	477	2,900	435
Corporation tax	381	-	834	-
Prepayments and accrued income	3,569	-	3,359	-
	<hr/>	<hr/>	<hr/>	<hr/>
	33,770	30,743	40,392	4,842

Expected recoverable amounts of £2,660,000 (2019: £785,000) relating to provisions held at 31 December 2020 have been recognised in other debtors within one year.

Bad debts which have been written off to the Consolidated Income Statement within the year amounted to £334,000 (2019: £157,000).

Amounts owed by Group undertakings are interest free, unsecured, and repayable on demand.

**19 DEBTORS: Amounts falling due after more one year**

	<b>Group 2020</b>	<b>Company 2020</b>	<b>Group 2019 (restated)</b>	<b>Company 2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade debtors	515	-	83	-
Other debtors	-	-	617	-
Other restricted assets	3,739	-	6,693	-
	<hr/>	<hr/>	<hr/>	<hr/>
	4,254	-	7,393	-

Expected recoverable amounts of £3,739,000 (2019: £7,310,000) relating to provisions held at 31 December 2020 have been recognised in other debtors and other restricted assets falling due after more than one year.

**CORIN GROUP HOLDINGS LIMITED**

**20 CREDITORS: Amounts falling due within one year**

	<b>Group 2020</b>	<b>Company 2020</b>	<b>Group 2019</b>	<b>Company 2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	15,429	-	167	-
Net obligations under finance leases and hire purchases	798	-	796	-
Trade creditors	8,977	36	15,739	-
Amounts owed to group undertakings	-	513	-	846
Corporation tax	357	-	1,127	-
Other taxation and social security	3,265	-	4,529	-
Derivative financial instruments	744	-	964	-
Accruals and other creditors	20,867	10	13,393	9
	<b>50,437</b>	<b>559</b>	<b>36,714</b>	<b>855</b>

Amounts owed by Group undertakings are interest free, unsecured, and repayable on demand.

**21 CREDITORS: Amounts falling due after more than one year**

	<b>Group 2020</b>	<b>Company 2020</b>	<b>Group 2019</b>	<b>Company 2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	122,735	-	128,721	-
Net obligations under finance leases and hire purchases	1,326	-	1,554	-
	<b>124,061</b>	<b>-</b>	<b>130,275</b>	<b>-</b>

Obligations under finance leases and hire purchase contracts, are payable as follows:

	<b>Group 2020</b>	<b>Company 2020</b>	<b>Group 2019</b>	<b>Company 2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
In less than one year	798	-	796	-
In more than one but less than five years	1,326	-	1,554	-
	<b>2,124</b>	<b>-</b>	<b>2,350</b>	<b>-</b>

Finance leases and hire purchase contracts primarily relate to plant and machinery used to manufacture goods. The remaining terms are between nil and five years with a typical interest rate of 4.5%. Finance leases and hire purchase contracts are secured against the assets to which they relate.

Bank loans and overdrafts, included above, are payable as follows:

	<b>Group 2020</b>	<b>Company 2020</b>	<b>Group 2019</b>	<b>Company 2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
In less than one year	15,429	-	167	-
In more than one but less than five years	122,735	-	-	-
In more than five years	-	-	128,721	-
	<b>138,164</b>	<b>-</b>	<b>128,888</b>	<b>-</b>

Corin HoldCo Limited, a subsidiary of Corin Group Holdings Limited, is party to an omnibus guarantee and debenture in favour of Barclays Bank Plc, securing the borrowing of all UK members of the Group. The Group holds non-instalment bank loans totalling £111,976,000 (2019: £110,288,000) of which £88,794,000 (2019: £88,554,000) is due to mature on 18 July 2025 and £23,182,000 (2019: £21,734,000) is due to mature on 30 October 2025. The principal values of the term loans are: A\$42,000,000; A\$41,000,000; \$67,000,000 and €21,000,000.

## CORIN GROUP HOLDINGS LIMITED

### 21 CREDITORS Amounts falling due after more than one year (continued)

The Group has entered into two interest rate swaps over principal amounts of \$35,000,000 and A\$45,000,000, plus a EUR interest rate cap of €10,000,000 to manage the associated interest rate risk.

The Group's financing facility also includes a revolving credit facility of £30,000,000 to cover working capital and liquidity commitments. During the year a further additional credit facility of £30,000,000 was put in place under the terms of the existing SFA to facilitate the planned growth of the Group. At the year-end £12,200,000 was drawn on these facilities and the amortised cost at year-end was £10,759,000.

During the year the Group's subsidiaries entered into invoice discounting arrangements in the USA and Australia. The maximum available facilities are \$8,000,000 and A\$10,000,000 respectively. In France, a non-recourse invoice discounting facility of €6,000,000 was put in place along with loans totalling €6,454,000 which were secured locally. The loans were initially entered into for a period of twelve months, but subsequent to the year-end have been extended to a term of 60 months.

The Company had no external bank borrowings at 31 December 2020 (2019: none).

### 22 FINANCIAL INSTRUMENTS

The Group's financial instruments can be analysed as follows:

	2020 £'000	2019 £'000
<b>Financial assets</b>		
Cash at bank and in hand	37,530	4,367
Financial assets measured at fair value through profit and loss		
- Derivative financial instruments	-	15
Financial assets measured at amortised cost	34,075	39,530

Financial assets measured at amortised cost comprise trade debtors, deposits paid and other debtors excluding prepayments and tax.

Financial assets measured at fair value through profit and loss are comprised of forward currency contracts. The fair value is determined using valuation documentation provided by the bank with which the derivative is held.

	2020 £'000	2019 £'000
<b>Financial liabilities</b>		
Financial liabilities measured at fair value through profit and loss		
- Derivative financial instruments	744	964
Financial liabilities measured at amortised cost		
- Obligations under finance leases, trade creditors and other creditors	31,968	31,481
- Bank loans and other short-term borrowings	138,164	128,888

Financial liabilities measured at fair value through profit and loss comprise of interest rate swaps and an interest rate cap. The fair value is determined using valuation documentation provided by the bank with which the derivative is held.

Financial liabilities measured at amortised cost comprise bank loans, amounts drawn down under credit facilities, recourse factoring liabilities, obligations under finance leases, trade creditors and other creditors.

Information regarding the Group's exposure to and management of foreign currency risk, interest rate risk, liquidity risk and credit risk is included in the Group Strategic Report.

# CORIN GROUP HOLDINGS LIMITED

## 23 DEFERRED TAXATION

### Group

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19.00% (2019: 17.00%).

The provision for deferred tax consists of the following deferred tax assets/(liabilities):

	2020	2019 (restated)
	£'000	£'000
Available losses	7,501	6,051
Fixed asset timing differences	2,464	1,997
Foreign exchange	(313)	(463)
Other	(1)	1
Intangible asset timing difference	(15,037)	(21,858)
	<b>(5,386)</b>	<b>(14,272)</b>

Deferred tax liability expected to be unwound within one year is estimated to be £4,504,000 (2019: £6,100,000). Deferred tax asset expected to be unwound within one year is estimated to be £4,527,000 (2019: £6,900,000).

Deferred tax assets have been recognised in respect of such tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered. There is no expiry date for any timing differences, tax losses, or unused tax credits except for certain historic NOLs in Omni which have a 20 year limit from the date of creation.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries. As the earnings are continually reinvested by the Group, no tax is expected to be payable on them in the foreseeable future.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. It is expected this will be substantively enacted by late summer 2021. The effect of this increase in rate would be an increase of £1,738,000 on the closing UK entity Deferred tax assets. As this rate change was not substantively enacted at the year-end this has not been recognised.

### Company

The Company had a closing deferred tax asset balance of £24,000 (2019: £nil).

## 24 PROVISIONS FOR LIABILITIES

Group	Legal claims	Contractual provision (restated)	Total
	£'000	£'000	£'000
At 1 January 2020	11,414	40,319	51,733
Movement recognised in the income statement	(1,087)	(164)	(1,251)
Discount unwound through the income statement	775	5,220	5,995
Payment of legal claims settled	(3,582)	-	(3,582)
Foreign exchange	(132)	(1,428)	(1,560)
At 31 December 2020	<b>7,388</b>	<b>43,947</b>	<b>51,335</b>

### Legal claims

The above provision is in respect of actual and potential legal claims in respect of product liability and other litigation.

### Contractual provision

The contractual provision relates to deferred consideration and arose on acquisition of a subsidiary.

### Total provisions

The timing of expected payments is £18,456,000 to be paid in the next year (2019: £2,033,000) and £32,879,000 to be paid after more than one year (2019: £45,638,000).

Expected related recoverable amounts of £6,398,000 (2019: £8,098,000) have been recognised in debtors.

# CORIN GROUP HOLDINGS LIMITED

## 25 SHARE CAPITAL

	2020 £'000	2019 £'000
<b>Allotted, called up and fully paid</b>		
43,723,711 (2019: 43,412,231) Ordinary 'A' shares of £0.001 each	44	43
318,891,731 (2019: 288,350,559) Ordinary 'B' shares of £0.001 each	319	289
379,998 (2019: 352,740) Ordinary 'C1' shares of £0.001 each	-	1
232,742 (2019: 232,742) Ordinary 'C2' shares of £0.5 each	116	116
1,160,923 (2019: 1,160,923) Ordinary 'D' shares of £0.001 each	1	1
657,292 (2019: 657,292) Deferred shares of £0.001 each	1	1
<b>Shares to be issued</b>		
974,690 Ordinary 'A' shares of £0.001 each	1	-
139,612 Ordinary 'C1' shares of £0.001 each	-	-
1,430,065 (2019: 269,110) Ordinary 'D' shares of £0.001 each	1	-
<b>Total</b>	<b>483</b>	<b>451</b>

### Share issued during the year

Share type	Date	Number of shares issued	Amount shares issued for (£)	Amount paid per share (£)	Share premium (£)
Ordinary A	Various	311,480	0.001	1.000	311,169
Ordinary B	17/07/2020	30,541,172	0.001	1.000	30,510,631
Ordinary C1	01/06/2020	27,258	0.001	0.880/0.530	21,419

### Shares to be issued

Share type	Date	Number of shares issued	Amount shares issued for (£)	Amount paid per share (£)	Share premium (£)
Ordinary A	Various	974,690	0.001	1.000	973,715
Ordinary C1	01/06/2020	139,612	0.001	0.880/0.530	115,538
Ordinary D	Various	1,160,955	0.001	1.012/1.000	1,177,764

Transaction costs of £128,300 (2019: none) were incurred on the shares issued throughout the year which were deducted against share premium.

On 23rd April 2021 974,690 Ordinary 'A' shares, 108,580 Ordinary 'C1' shares and 1,430,065 Ordinary 'D' Shares were issued. These shares had a nominal value of £2,513. As at 31st December 2020 the shares were fully paid up and accordingly have been included above within 'Shares to be issued'.

### Share rights

The Ordinary 'A', 'C1' and 'D' shares do not have any voting rights; voting rights are with the Ordinary 'B' and 'C2' shares only.

The Ordinary 'A' and 'B' shares are entitled to receive dividends and may be varied or abrogated. These shares confer rights of redemption. The Ordinary 'C1' and 'C2' shares are entitled to receive income on a winding up and may be varied or abrogated. These shares do not confer any rights of redemption. The Ordinary 'D' shares are entitled to receive dividends and may be varied or abrogated. These shares do not confer any rights of redemption.

## 26 RESERVES

Called up share capital – represents the nominal value of shares that have been issued.

Share premium account – represents any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Reserve for own shares – represents shares in Corin Group Holdings Limited held within the Group.

Share scheme reserve – this relates to the fair value of share-based payments which have been charged to the income statement over the vesting period of the share scheme.

Other reserve – represents a distributable reserve following the re-designation of 657,292 Ordinary 'B' shares as deferred shares which resulted in the extinguishment of the share premium on the Ordinary 'B' shares.

Foreign exchange reserve – comprises translation differences arising from the translation of financial statements of the Group's foreign entities into Sterling.

Profit and loss account – includes all current and prior period retained profits and losses.



## CORIN GROUP HOLDINGS LIMITED

### 27 CONTINGENT LIABILITIES

Corin HoldCo Limited, a subsidiary of Corin Group Holdings Limited, is party to an omnibus guarantee and debenture in favour of Barclays Bank Plc, securing the borrowing of all UK members of the Group. At 31 December 2020 there are loans and overdrafts of £124,176,000 (2019: £128,888,000) in Corin HoldCo Limited that require support from this guarantee.

As disclosed in note 16, some of the company's subsidiaries have taken advantage of the exemption available under Section 479A of the Companies Act 2006 in respect of the requirement for audit. As a condition of the exemption, the company has guaranteed the year-end liabilities of the relevant subsidiaries until they are settled in full. The liabilities of the subsidiaries at the year-end excluding intercompany was £141,738,000 (2019: £147,240,000).

There were no other contingent liabilities outstanding in the Group at the end of the year (2019: none).

### 28 PENSION COMMITMENTS

The Group operates a defined contribution pension scheme for the benefit of the employees and executive directors. The assets of the scheme are administered by trustees in a fund independent from the Group. There was £478,000 (2019: £208,000) of unpaid contributions outstanding at the end of the year.

### 29 CAPITAL AND OTHER COMMITMENTS

At 31 December, the Group had the following capital commitments:

	2020 £'000	2019 £'000
Contracts for future capital expenditure not provided in the financial statements – Property, plant, and equipment	237	975
<b>Total</b>	<b>237</b>	<b>975</b>

The Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

Group	Land and buildings 2020 £'000	Other 2020 £'000	Land and buildings 2019 £'000	Other 2019 £'000
Not later than one year	2,385	547	2,233	591
Later than one year and not later than five years	5,841	589	6,081	587
Later than five years	2,271	-	3,193	11
	<b>10,497</b>	<b>1,136</b>	<b>11,507</b>	<b>1,189</b>

The Company had no commitments under non-cancellable operating leases as at the balance sheet date (2019: none).

### 30 RELATED PARTY TRANSACTIONS

The directors are related parties and remuneration transactions have been disclosed in note 9. Other key management (including director emoluments) received total remuneration of £2,331,000 (2019: £1,739,000) for the year including pension contributions. During the year key management (including directors) purchased 104,580 (2019: nil) Ordinary 'C1' shares at subscription prices of £0.880 and £0.530, the shares had nominal value of £105 (2019: £nil) and share premium of £84,304 (2019: £nil). Key management (including directors) also purchased 442,736 (2019: 1,500,000) Ordinary 'A' shares at a subscription price of £1.00 each. These shares had a nominal value of £443 (2019: £1,500) and share premium of £442,292 (2019: £1,498,500).

Corin Group Holdings Limited has made loans including interest of £1,063,000 (2019: £1,036,000) to directors of the company and £182,000 (2019: £180,000) to a shareholder of Corin Group Holdings Limited. These loans are interest bearing and repayable on earlier of exit or ten years. Total interest charged in the year amounted to £28,000 (2019: £25,000).

During the year the group incurred costs payable to Permira (controlling party) of £18,000 (2019: £185,000). At the year-end the amounts owed to Permira are £176,000 (2019: £158,000). There have been no other transactions between key management personnel and the Company.

### 31 CONTROLLING PARTY

The Group is backed by funds (entities part of the Permira VI Fund "Permira VI") advised by Permira. Permira VI channels its investment in the Company through a special purpose vehicle called Flaritella S.à.r.l., which holds the Permira VI Company's interest through its European investment platform formed by Permira VI Investment Platform, Sarl and Permira VI Investment Platform Limited, its UK based platform (together, the "Permira VI Investment Platform"). Permira VI Investment Platform is controlled by the general partner of Permira VI, Permira VI GP Limited. The immediate parent undertaking is SixPlatform III.

These financial statements represent the largest group of undertakings for which consolidated financial statements have been drawn up.

## CORIN GROUP HOLDINGS LIMITED

### APPENDIX 1

#### Registered offices

**Corin Group Holdings Limited** - The Corinium Centre, Love Lane Industrial Estate, Cirencester, Gloucestershire, GL7 1YJ, England.

**Corin MidCo Limited** - The Corinium Centre, Love Lane Industrial Estate, Cirencester, Gloucestershire, GL7 1YJ, England.

**Corin HoldCo Limited** - The Corinium Centre, Love Lane Industrial Estate, Cirencester, Gloucestershire, GL7 1YJ, England.

**Corin Aus FinCo Limited** - The Corinium Centre, Love Lane Industrial Estate, Cirencester, Gloucestershire, GL7 1YJ, England.

**Corin FinCo Limited** - The Corinium Centre, Love Lane Industrial Estate, Cirencester, Gloucestershire, GL7 1YJ, England.

**Corin US FinCo Limited** - The Corinium Centre, Love Lane Industrial Estate, Cirencester, Gloucestershire, GL7 1YJ, England.

**Corin BidCo Limited** - The Corinium Centre, Love Lane Industrial Estate, Cirencester, Gloucestershire, GL7 1YJ, England.

**Corin Orthopaedics Holdings Limited** - The Corinium Centre, Love Lane Industrial Estate, Cirencester, Gloucestershire, GL7 1YJ, England.

**Corin Group Limited** - The Corinium Centre, Love Lane Industrial Estate, Cirencester, Gloucestershire, GL7 1YJ, England.

**Corin Limited** - The Corinium Centre, Love Lane Industrial Estate, Cirencester, Gloucestershire, GL7 1YJ, England.

**Optimized Ortho Pty Limited** - 17 Bridge Street, P.O. Box 205, Pymble, NSW 2073, Australia.

**Corin USA Limited** - The Corinium Centre, Love Lane Industrial Estate, Cirencester, Gloucestershire, GL7 1YJ, England.

**Corin GSA GmbH** - Am Felsbrunnen 8, 66119 Saarbrücken, Germany.

**Corin GSA GmbH (from January 2020)** - Kurt-Schumacher-Str. 28-30, D-66130 Saarbrücken, Germany.

**Corin Japan KK** - Shin-Osaka Sun-R Center Building 10F, 5-1-18 Miyahara, Yodogawa-Ku, Osaka 532-0003, Japan.

**Corin Australia (Pty) Limited** - 17 Bridge Street, P.O. Box 205, Pymble, NSW 2073, Australia.

**Corin Italia S.R.L** - Padova (PD) Via Diego, Valeri 23 CAP 35131, Italy.

**Corin France SAS** - 157 Rue Lavoisier, 38330 Montbonnot Saint Martin, France.

**Corin India Private Limited** - 803, 8<sup>th</sup> Floor, The Parinee Crescenzo Opp MCA, G Block, Bandra Kurla Complex, Mumbai 400051, India.

**Corin Belgium BVBA/SPRL** - Nieuwlandlaan 46, 3200 Aarschot, Belgium.

**Corin Holdings Limited** - The Corinium Centre, Love Lane Industrial Estate, Cirencester, Gloucestershire, GL7 1YJ, England.

**Corin International Limited** - The Corinium Centre, Love Lane Industrial Estate, Cirencester, Gloucestershire, GL7 1YJ, England.

**Corin Australia Holdings Limited** - 17 Bridge Street, P.O. Box 205, Pymble, NSW 2073, Australia.

**Corin Medical Product (Shanghai) Co. Limited** - Room 107, Building NO 4, No.56 MeiSheng Road, WaiGaoQiao Free Trade Zone, Shanghai, China.

**Optimized Ortho Limited** - The Corinium Centre, Love Lane Industrial Estate, Cirencester, Gloucestershire, GL7 1YJ, England.

**Global Orthopaedics Technology Pty Limited** - 17 Bridge Street, P.O. Box 205, Pymble, NSW 2073, Australia.

**Global Manufacturing Technology Pty Limited** - 17 Bridge Street, P.O. Box 205, Pymble, NSW 2073, Australia.

**Omni Orthopaedics Inc.** - 480 Paramount Drive Raynham, Ma 02767.

**Omni Life Science, Inc.** - 480 Paramount Drive Raynham, Ma 02767.

**Perception Raisonnement Action En médecine – Praxim** – 4 Avenue, DE L OBIU 38700. La Tronche, France.