

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, AUSTRALIA, CANADA, JAPAN OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DISTRIBUTE THIS ANNOUNCEMENT

Creo Medical Group plc

Placing and Proposed Admission to Trading on AIM

Chepstow, South Wales, 6 December 2016 – Creo Medical Group plc (AIM: CREO) (“Creo” or the “Company”), a medical device company focused on the emerging field of surgical endoscopy, is pleased to announce that it has today published an admission document (the “Admission Document”) in relation to the proposed admission of the entire issued share capital of the Company to trading on the AIM Market of the London Stock Exchange, which is expected to take place on 9 December 2016 (“Admission”).

The Company has conditionally raised £20 million through a placing with institutional and other investors at a placing price of 76 pence per ordinary share (the “Placing Price”). Creo’s market capitalisation on Admission, based on the Placing Price, is expected to be approximately £61.3 million.

Highlights

- Creo is focused on the development and commercialisation of minimally invasive surgical devices, initially in the area of gastrointestinal (GI) surgery and lung cancer
- The Company’s innovative surgical system CROMA combines bipolar radiofrequency for precise localised cutting and microwave energy for controlled coagulation
 - This provides physicians with simplified, accurate and controlled surgical solutions
 - This also reduces the complexity and duration of surgery, providing cost benefits
- Products under development target a global, addressable market believed by the Company to be approximately \$1.4 billion per annum
- The Company has a rich product pipeline aimed at enhancing existing surgical techniques and offering new curative therapies
- The Company has over 76 patents granted and 184 pending
- The Company was founded by Professor Chris Hancock, a leading engineer at Gyrus Medical. With additional Gyrus management, enhanced by significant experience from Medtronic, Baxter and Boston Scientific amongst others, the Creo management team demonstrates an extensive technical, M&A and management track record
- £20 million gross proceeds will be directed towards general working capital purposes and allow the Company to bring its existing product candidates through significant development, regulatory and commercialisation milestones
- Strategic early investment by HOYA Group PENTAX Medical
 - HOYA Group PENTAX Medical is a global med-tech company headquartered in Japan, and is a leading supplier of innovative and indispensable endoscopic imaging devices, solutions and services to the global medical community to improve the standard of patient care and quality of healthcare delivery
 - The medical endoscope business is one of HOYA Group's growth drivers

- HOYA Group employs approximately 34,000 people in over 30 countries and has revenues of over \$4 billion, as of March 2016

Craig Gulliford, Chief Executive Officer of Creo, said:

“We are very much looking forward to successfully completing our IPO on AIM. Creo is dedicated to improving patient outcomes by bringing advanced energy to the emerging field of surgical endoscopy. By delivering advanced energy in a predictable and controlled manner, our technology will enable clinical interventions to move from the operating theatre to the lower acuity setting of the minimally-invasive endoscopy room. Our vision is to develop and commercialise our current suite of products based on the CROMA electrosurgery platform, initially launching into the flexible endoscopy market, including GI and bronchoscopy.

“These funds will allow us to complete development of our lead product range and advance our exciting development pipeline to address a growing billion dollar market. We believe we are well positioned to be a leader in this market, and to significantly improve patient outcomes by providing safer, less-invasive and more cost-efficient treatment options.

“We are excited to be embarking on the next stage of our development. We want to thank both our new and our existing shareholders for their support and look forward to updating the market with our progress as we continue to advance our pipeline of devices.”

Cenkos Securities plc acted as sole Nominated Adviser and Broker to Creo for the IPO.

The Company's Admission Document will be available on the Company's website from Admission (expected on 9 December 2016).

The full terms and conditions of the Placing are set out in the Admission Document. Unless otherwise defined herein, all capitalised terms used in the body of this announcement shall have the meaning given to them in the Admission Document.

Contacts

Creo Medical:

Roseanne Varner

+44 (0)129 160 6005

roseanne.varner@creomedical.com

Cenkos:

Ivonne Cantu / Camilla

Hume (NOMAD)

Michael Johnson / Russell

Kerr (Sales)

+44 (0)207 397 8900

FTI Consulting:

Brett Pollard / Mo Noonan

+44 (0)203 727 1000

creo@fticonsulting.com

BACKGROUND INFORMATION

Business Overview

Creo Medical is a medical device company focused on the emerging field of surgical endoscopy, which is a recent development in minimally invasive surgery. The Company's mission is to improve patient outcomes by applying microwave and radiowave energy to surgical endoscopy.

Creo Medical was founded in 2003 as MicroOncology Ltd by Prof Chris Hancock initially to target the treatment of cancers through use of high frequency microwave energy and dynamic matching techniques.

Creo has developed CROMA, an electrosurgical platform that can deliver microwave and bipolar radiofrequency through a single accessory port. This technology makes it possible to conduct endoscopic surgery by enabling miniature endoscopic devices to cut, coagulate and ablate with precision.

The Company's strategy is to bring the CROMA platform to market through a suite of medical instruments which the Company has designed in the field of flexible endoscopy, including GI, bronchoscopy and laparoscopy.

The Directors believe that the size of the global endoscopic devices market is estimated to be approximately \$3 billion to \$3.5 billion and the global laparoscopic devices market is estimated to be approximately \$8 billion.

Creo's current pipeline portfolio of instruments is targeted at three therapeutic endoscopic specialties: lower gastrointestinal; lung/bronchoscopy; and upper gastrointestinal. The Directors believe that the aggregate addressable market across these indications is sized at approximately \$1.4 billion.

The Company has an extensive portfolio of intellectual property including 76 granted patents and 184 patents pending, as of 18 October 2016. It has received regulatory approval in Europe for its CROMA platform (for RF cutting use only) and for its first GI instrument. The company is currently seeking approval for CE Mark and FDA clearance for the first commercially available products.

Key Strengths

- *Disruptive patented technology:* a patented energy system that combines microwave and bipolar radio frequency energy capable of delivering precise cut, coagulation and ablation for electrosurgery applications
- *Product platform with clear benefits:* the CROMA platform is capable of delivering time and cost benefits over invasive surgical solutions
- *Rich product pipeline:* a broad product pipeline targeting high value market segments, enhancing existing techniques and which could offer effective new curative therapies
- *Patent estate and significant scientific know-how:* an established and growing IP portfolio including 76 granted patents and 184 pending patent applications, as of 18 October 2016
- *Experienced team:* the management team has been drawn from the surgical instrumentation market covering R&D, quality, regulatory approval and commercialisation
- *Established facilities with scale to meet near term requirements and with the capacity for growth:* dedicated locations for innovation, design and development, as well as cleanroom manufacturing and assembly facilities

- *Partnerships and relationships with industry leaders:* working in collaboration with key opinion leaders in the medical device sphere building advocacy for its products
- *Capacity to distribute its products:* a recently signed a five year Distribution Agreement with HOYA Group PENTAX Medical gives Creo the ability to distribute its products, once commercialised, in multiple countries

Use of Proceeds

The net proceeds of the Placing will be directed towards general working capital purposes and will be used to complete development of the lead product range and advancement of other products, as well as fund research and development into further applications of the products. Additionally, the net proceeds will be used to expand the regulatory clearance for the CROMA electrosurgery platform and complete the FDA regulatory pathway for the US market. The Company also plans to build business development resources for Europe and the US and launch the CROMA electrosurgery platform and the GI suite in Europe and the US.

Board of Directors

Charles Spicer, Chairman

Charles is an experienced director of and adviser to public and private companies primarily in the med-tech sector. He is non-executive chairman of PuriCore plc, IXICO plc and 11 Health. He is a chair of the UK Department of Health's Invention for Innovation (i4i) Funding Panel. Until recently he was a director of Aircraft Medical (acquired by Medtronic Inc. in December 2015) and Stanmore Implants (acquired by Stryker Inc., April 2016). He was previously chief executive of MDY Healthcare plc, a strategic healthcare investor and, prior to that, head of healthcare corporate finance at both Numis Securities and Nomura International.

Craig Gulliford, Chief Executive Officer

Craig is a founding angel investor in Creo and joined the Company as CEO in 2012. Craig qualified with an MSc in Electronic Engineering from the University College of North Wales and has 20 years' experience in building international businesses from early stage through to significant scale. His early career developed in the Middle East working with large corporates delivering complex commercial projects. In January 1999, Craig joined a start-up software and hardware business, whereas COO, he was part of a small team that grew the company organically and through acquisition, from a loss making start-up to a profitable business delivering significant shareholder returns and an exit in 2007.

Richard Rees, Chief Finance Officer

Richard joined Creo as CFO in July 2016. Prior to joining Creo he was CFO of SPTS Technologies, a UK-based, global manufacturer of semiconductor equipment. In 2011, he was part of a management team at SPTS that, together with Bridgepoint, acquired SPTS for \$200 million from SPP. In 2014, they sold SPTS to Orbotech for more than \$350 million. Prior to SPTS, Richard spent 7 years at KPMG in audit.

Chris Hancock, Chief Technology Officer

Chris is the founder of Creo Medical with 20 years of experience in medical device development including four years at Gyrus Group plc in his role as Senior Engineer. Chris holds a personal Chair in the Medical Microwave Systems Research Group at Bangor University. Chris is a Fellow of the Institute of Physics, a Chartered Physicist, Fellow of the Institute of Engineering and Technology, a Chartered Engineer and a Senior Member of the IEEE. He is a named inventor and lead author on over 300 patents/patent applications and journal publications.

John Bradshaw, *Independent Non-Executive Director*

John Bradshaw is a chartered accountant with more than 20 years post qualification experience including as senior audit manager at Arthur Andersen and as CFO in a number of UK public companies, venture capital backed private companies and partnerships including Gyrus Group plc. Current activities include CFO of Evgen Pharma plc, Director of IXICO plc and partner at Syncona Partners LLP.

David Woods, *Non-Executive Director*

David is an industry veteran within the med-tech sector. His experience in the Medical Device Market encompasses General and Orthopedic Surgery, Gastroenterology, Pulmonology and ENT. David is currently the Global Chief Marketing officer at HOYA Group PENTAX Medical following senior roles as President and Vice President of sales of the Americas. David was awarded the ASGE Presidents award in 2010 recognising exceptional contributions to the society and its mission.

DISCLAIMERS

General

This announcement is an advertisement and not a prospectus or admission document and does not constitute an offer to sell or a solicitation of an offer to buy securities in any jurisdiction in which such offer or solicitation is unlawful. Investors should not subscribe for or purchase any transferable securities referred to in this announcement except on the basis of the information in the Admission Document published by the Company (together with its subsidiaries, the "Group") in connection with Admission. Copies of the Admission Document, when published, will be available from the Company's website, www.creomedical.com and will be available for inspection for a period of 12 months from the date of Admission at the offices of the Company.

This document is only being distributed to and is only directed at (i) persons who are resident in the United Kingdom and who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive ("Qualified Investors") or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2) (a) to (d) of the Order (all such persons in (i), (ii) and (iii) above together being referred to as "relevant persons"). The ordinary shares to be admitted to trading pursuant to Admission (the "Ordinary Shares") are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Ordinary Shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

In any EEA Member State that has implemented the Prospectus Directive, this communication is only addressed to and is only directed at Qualified Investors in that Member State within the meaning of the Prospectus Directive, and such other persons as this document may be addressed on legal grounds, and no person that is not a relevant person or Qualified Investor may act or rely on this document or any of its contents. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU to the extent implemented in any relevant Member State) and includes any relevant implementing measure in the relevant Member State.

Forward looking statements

This announcement includes forward looking statements relating to the Group's future prospects, developments and strategies that are based on the Directors' current expectations projections, and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Forward looking statements are sometimes identified by the use of terms and phrases such as "believe", "expects", "envisage", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned", "targets" or "anticipates" or the negative thereof, variations or comparable expressions, including reference to assumptions. These forward looking statements include all matters that are not historical facts.

They appear in a number of places throughout this announcement and include statements regarding the intentions, beliefs or current expectations of the Directors or the Group relating to the Group's future prospects, developments and strategies and are based on assumptions and estimates and involve risks, uncertainties and other factors that may cause the actual results, financial condition, performance or achievements of the Group or industry results to be materially different from any future results, performance or achievement expressed or implied by such forward looking statements. No assurance can be given that such future results will be achieved. New factors may emerge from time to time that could cause the Group's business not to develop as it expects and it is not possible for the Group to predict all such factors.

Each forward looking statement contained in this announcement speaks only as of the date of the particular statement. The Company, the Directors and the Nominated Adviser expressly disclaim any obligation to update these forward looking statements contained in this announcement to reflect any change in their expectations or any change in future events or developments on which such statements are based unless required to do so by applicable law or regulation, the AIM Rules for Companies or the AIM Rules for Nominated Advisers. No warranty or representation is given by any person as to the accuracy, completeness, likelihood of achievement or reasonableness of any forecasts, projections or forward looking statements contained in this announcement.

Important notice

The contents of this announcement, which have been prepared by and are the sole responsibility of the Company, have been approved by Cenkos Securities plc solely for the purposes of section 21(2)(b) of the Financial Services and Markets Act 2000, as amended.

The distribution of this announcement and other information in connection with Admission may be restricted by law in certain jurisdictions and persons into whose possession this announcement or any document or other information referred to herein should inform themselves about, and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

In particular, this announcement is not for publication or distribution directly or indirectly, in or into, Australia, Canada, Japan, the Republic of South Africa or the United States. The distribution of this announcement in other jurisdictions including (without limitation) Australia, Canada, Japan, the Republic of South Africa, or the United States (or to any resident thereof) may be restricted by law and therefore persons into whose possession this announcement comes should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities of any company in any jurisdiction. The Ordinary Shares may not, subject to certain exceptions, be offered or sold, directly or indirectly, in, or into, the United States of America, Canada, Australia, Japan or the Republic of South Africa or in any other country, territory or possession where to do so may contravene local securities laws or regulations. The Ordinary Shares have not been nor will be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or under the securities legislation of any state of the United States, and may not be offered or sold in the United States, except pursuant to an exemption from the registration requirements of the Securities Act. There will be no public offer of securities in the United States.

This announcement (or any part of it) is not to be reproduced, distributed, passed on, or the contents otherwise divulged, directly or indirectly, in or Australia, Canada, Japan, South Africa or the United States of America, or in any country, territory or possession where to do so may contravene local securities laws or regulations.

This announcement does not constitute or form part of, and should not be construed as, an offer for sale or subscription or solicitation of or invitation to make any offer to buy or subscribe for any Ordinary Shares, and neither this announcement nor any part of it shall form the basis of or be relied on in connection with or act as an inducement to enter into any contract or commitment whatsoever.

No reliance may or should be placed by any person for any purposes whatsoever on the information contained in this announcement or on its completeness, accuracy or fairness. The information in this announcement is subject to change. The value of the Ordinary Shares may go down as well as up and investors in the Ordinary Shares may lose some or all of the money invested.

Cenkos Securities plc nor any of its respective directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for/or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from this announcement) or of any other information relating to the Company, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising.

The Company and Cenkos Securities plc expressly disclaim any obligation or undertaking to update, review or revise any forward looking statement contained in this announcement (other than as required by the AIM Rules) whether as a result of new information, future developments or otherwise.

Cenkos Securities plc, which is authorised and regulated by the Financial Conduct Authority (FCA) in the United Kingdom, is acting exclusively for the Company and no one else in connection with the Placing, will not regard any other person (whether or not a recipient of this document) as their respective client in relation to the Placing, and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients, nor for providing advice in relation to the Placing, Admission or any other matter referred to in the Admission Document to be published in connection with the Placing.