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Group financial statements

Group income statement

	Notes	Year ended 31 December 2023 $ million	Year ended 31 December 2022 $ million	Year ended 31 December 2021 $ million
Revenue	2	**5,549**	5,215	5,212
Cost of goods sold		**(1,730)**	(1,540)	(1,543)
Gross profit		**3,819**	3,675	3,669
Selling, general and administrative expenses	3	**(3,055)**	(2,880)	(2,720)
Research and development expenses	3	**(339)**	(345)	(356)
Operating profit	2 & 3	**425**	450	593
Interest income	4	**34**	14	6
Interest expense	4	**(132)**	(80)	(80)
Other finance costs	4	**(7)**	(8)	(17)
Share of results of associates	11	**(30)**	(141)	9
Gain on disposal of interest in associate		**–**	–	75
Profit before taxation		**290**	235	586
Taxation	5	**(27)**	(12)	(62)
Attributable profit for the year[1]		**263**	223	524
Earnings per ordinary share[1]	6			
Basic		**30.2¢**	25.5¢	59.8¢
Diluted		**30.1¢**	25.5¢	59.7¢

Group statement of comprehensive income

	Notes	Year ended 31 December 2023 $ million	Year ended 31 December 2022 $ million	Year ended 31 December 2021 $ million
Attributable profit for the year[1]		**263**	223	524
Other comprehensive income:				
Items that will not be reclassified to income statement				
Remeasurement of net retirement benefit obligations	18	**(89)**	30	79
Taxation on other comprehensive income	5	**18**	(7)	(22)
Total items that will not be reclassified to income statement		**(71)**	23	57
Items that may be reclassified subsequently to income statement				
Cash flow hedges – forward foreign exchange contracts				
Gains arising in the year		**23**	24	34
(Gains)/losses transferred to inventories for the year		**(25)**	(37)	7
Exchange differences on translation of foreign operations		**56**	(102)	(53)
Taxation on other comprehensive income	5	**–**	2	(5)
Total items that may be reclassified subsequently to income statement		**54**	(113)	(17)
Other comprehensive (loss)/income for the year, net of taxation		**(17)**	(90)	40
Total comprehensive income for the year[1]		**246**	133	564

1 Attributable to equity holders of the Company and wholly derived from continuing operations.

The Notes on pages 176–226 are an integral part of these accounts.

Group balance sheet

	Notes	At 31 December 2023 $ million	At 31 December 2022 $ million
Assets			
Non-current assets			
Property, plant and equipment	7	**1,470**	1,455
Goodwill	8	**2,992**	3,031
Intangible assets	9	**1,110**	1,236
Investments	10	**8**	12
Investments in associates	11	**16**	46
Other non-current assets	13	**18**	12
Retirement benefit assets	18	**69**	141
Deferred tax assets	5	**274**	177
		5,957	6,110
Current assets			
Inventories	12	**2,395**	2,205
Trade and other receivables	13	**1,300**	1,264
Current tax receivable		**33**	37
Cash at bank	15	**302**	350
		4,030	3,856
Total assets		**9,987**	9,966
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	19	**175**	175
Share premium		**615**	615
Capital redemption reserve		**20**	20
Treasury shares	19	**(94)**	(118)
Other reserves		**(405)**	(459)
Retained earnings		**4,906**	5,026
Total equity		**5,217**	5,259
Non-current liabilities			
Long-term borrowings and lease liabilities	15	**2,319**	2,712
Retirement benefit obligations	18	**88**	70
Other payables	14	**35**	90
Provisions	17	**48**	84
Deferred tax liabilities	5	**9**	36
		2,499	2,992
Current liabilities			
Bank overdrafts, borrowings, loans and lease liabilities	15	**765**	160
Trade and other payables	14	**1,055**	1,098
Provisions	17	**233**	243
Current tax payable		**218**	214
		2,271	1,715
Total liabilities		**4,770**	4,707
Total equity and liabilities		**9,987**	9,966

The accounts were approved by the Board and authorised for issue on 26 February 2024 and are signed on its behalf by:

Rupert Soames, OBE
Chair

Deepak Nath, PhD
Chief Executive Officer

Anne-Françoise Nesmes
Chief Financial Officer

The Notes on pages 176–226 are an integral part of these accounts.

Group cash flow statement

	Notes	Year ended 31 December 2023 $ million	Year ended 31 December 2022 $ million	Year ended 31 December 2021 $ million
Cash flows from operating activities				
Profit before taxation		**290**	235	586
Net interest expense	4	**98**	66	74
Depreciation, amortisation and impairment		**683**	617	567
Loss on disposal of property, plant and equipment and software		**18**	11	14
Share-based payments expense (equity-settled)	22	**39**	40	41
Share of results of associates	11	**30**	141	(9)
Gain on disposal of interest in associate		**–**	–	(75)
Net movement in post-retirement benefit obligations		**3**	6	–
Increase in inventories		**(178)**	(407)	(151)
Increase in trade and other receivables		**(49)**	(103)	(81)
(Decrease)/increase in trade and other payables and provisions		**(105)**	(25)	82
Cash generated from operations[1]		**829**	581	1,048
Interest received		**8**	7	6
Interest paid		**(104)**	(73)	(80)
Income taxes paid		**(125)**	(47)	(97)
Net cash inflow from operating activities		**608**	468	877
Cash flows from investing activities				
Acquisitions, net of cash acquired		**(21)**	(113)	(285)
Capital expenditure		**(427)**	(358)	(408)
Purchase of investments		**–**	(2)	(2)
Distribution from associate	11	**–**	1	4
Net cash used in investing activities		**(448)**	(472)	(691)
Cash flows from financing activities				
Proceeds from issue of ordinary share capital	20	**–**	1	2
Purchase of own shares	20	**–**	(158)	–
Payment of capital element of lease liabilities	20	**(52)**	(54)	(59)
Proceeds from borrowings due within one year	20	**326**	–	–
Settlement of borrowings due within one year	20	**(151)**	(407)	(267)
Proceeds from borrowings due after one year	20	**–**	485	–
Settlement of borrowings due after one year	20	**–**	(474)	–
Proceeds from own shares	20	**–**	5	12
Settlement of currency swaps	20	**4**	3	(4)
Equity dividends paid	19	**(327)**	(327)	(329)
Net cash used in financing activities		**(200)**	(926)	(645)
Net decrease in cash and cash equivalents		**(40)**	(930)	(459)
Cash and cash equivalents at beginning of year	20	**344**	1,285	1,751
Exchange adjustments	20	**(4)**	(11)	(7)
Cash and cash equivalents at end of year[2]		**300**	344	1,285

1 Includes $124m (2022: $120m, 2021: $108m) of outgoings on restructuring and rationalisation expenses, $16m (2022: $22m, 2021: $28m) of outgoings on acquisition and disposal-related items and $145m outflow (2022: $133m, 2021: $111m) of legal and other items.
2 Cash and cash equivalents is net of bank overdrafts of $2m (2022: $6m, 2021: $5m).

The Notes on pages 176–226 are an integral part of these accounts.

Group statement of changes in equity

	Share capital $ million	Share premium $ million	Capital redemption reserve $ million	Treasury shares[2] $ million	Other reserves[3] $ million	Retained earnings[4] $ million	Total equity $ million
At 31 December 2020	177	612	18	(157)	(329)	4,958	5,279
Attributable profit for the year[1]	–	–	–	–	–	524	524
Other comprehensive income	–	–	–	–	(17)	57	40
Equity dividends declared and paid	–	–	–	–	–	(329)	(329)
Share-based payments recognised	–	–	–	–	–	41	41
Taxation on share-based payments	–	–	–	–	–	(1)	(1)
Cost of shares transferred to beneficiaries	–	–	–	37	–	(25)	12
Issue of ordinary share capital[5]	–	2	–	–	–	–	2
At 31 December 2021	177	614	18	(120)	(346)	5,225	5,568
Attributable profit for the year[1]	–	–	–	–	–	223	223
Other comprehensive income	–	–	–	–	(113)	23	(90)
Equity dividends declared and paid	–	–	–	–	–	(327)	(327)
Share-based payments recognised	–	–	–	–	–	40	40
Taxation on share-based payments	–	–	–	–	–	(3)	(3)
Purchase of own shares	–	–	–	(158)	–	–	(158)
Cost of shares transferred to beneficiaries	–	–	–	31	–	(26)	5
Cancellation of treasury shares	(2)	–	2	129	–	(129)	–
Issue of ordinary share capital[5]	–	1	–	–	–	–	1
At 31 December 2022	175	615	20	(118)	(459)	5,026	5,259
Attributable profit for the year[1]	**–**	**–**	**–**	**–**	**–**	**263**	**263**
Other comprehensive income	**–**	**–**	**–**	**–**	**54**	**(71)**	**(17)**
Equity dividends declared and paid	**–**	**–**	**–**	**–**	**–**	**(327)**	**(327)**
Share-based payments recognised	**–**	**–**	**–**	**–**	**–**	**39**	**39**
Cost of shares transferred to beneficiaries	**–**	**–**	**–**	**24**	**–**	**(24)**	**–**
At 31 December 2023	**175**	**615**	**20**	**(94)**	**(405)**	**4,906**	**5,217**

1 Attributable to equity holders of the Company and wholly derived from continuing operations.
2 Refer to Note 19.2 for further information.
3 Other reserves comprises gains and losses on cash flow hedges, foreign exchange differences on translation of foreign operations and net changes on fair value of trade investments. The cumulative translation loss within other reserves at 31 December 2023 was $396m (2022: $452m, 2021: $350m).
4 Within retained earnings is a capital reserve of $2,266m (2022: $2,266m, 2021: $2,266m).
5 Issue of ordinary share capital in connection with the Group's share incentive plans.

The Notes on pages 176–226 are an integral part of these accounts.

Notes to the Group accounts

1 Basis of preparation

Smith & Nephew plc (the “Company”) is a public limited company incorporated in England and Wales. In these accounts, the ‘Group’ means the Company and all its subsidiaries. The principal activities of the Group are to develop, manufacture, market and sell medical devices and services.

The Group has prepared its accounts in accordance with UK-adopted International Accounting Standards. The Group has also prepared its accounts in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) effective as at 31 December 2023. IFRS as adopted in the UK differs in certain respects from IFRS Accounting Standards as issued by the IASB. However, the differences have no impact for the periods presented.

The preparation of accounts in conformity with IFRS requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the year. The accounting policies requiring management to use significant estimates and assumptions are: valuation of inventories, liability provisions and impairment. These are discussed in Note 1.2 below. Although these estimates are based on management’s best knowledge of current events and actions, actual results ultimately may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The uncertainties as to the future impact on the financial performance and cash flows of the Group as a result of the current challenging economic environment have been considered as part of the Group’s adoption of the going concern basis in these financial statements, in which context the Directors reviewed cash flow forecasts prepared for a period of at least 12 months from the date of approval of these financial statements. Having carefully reviewed those forecasts, the Directors concluded that it was appropriate to adopt the going concern basis of accounting in preparing these financial statements for the reasons set out below.

The Group had access to $300m of cash and cash equivalents at 31 December 2023. The Group’s net debt, excluding lease liabilities, at 31 December 2023 was $2,577m with access to committed facilities of $3.6bn with an average maturity of 5.2 years. At the date of approving these financial statements the funding position of the Group has remained unchanged and the cash position is not materially different.

The Group has $405m of private placement debt due for repayment in 2024. $1,030m of private placement debt is subject to financial covenants. The principal covenant on the private placement debt is a leverage ratio of <3.5 which is measured on a rolling 12-month basis at half year and year end. There are no financial covenants in any of the Group’s other facilities.

The Directors have considered various scenarios in assessing the impact of the economic environment on future financial performance and cash flows, with the key judgement applied being the speed and sustainability of the return to a normal volume of elective procedures in key markets, including the impact of a significant global economic recession, leading to lower healthcare spending across both public and private systems. Throughout these scenarios, which include a severe but plausible outcome, the Group continues to have headroom on its borrowing facilities and financial covenants.

The Directors have a reasonable expectation that the Company and the Group are well placed to manage their business risks, have sufficient funds to continue to meet their liabilities as they fall due and to continue in operational existence for a period of at least 12 months from the date of the approval of these financial statements. The financial statements have therefore been prepared on a going concern basis.

Accordingly, the Directors continue to adopt the going concern basis (in accordance with the guidance ‘Guidance on Risk Management, Internal Control and Related Financial and Business Reporting’ issued by the FRC) in preparing these financial statements.

New accounting standards effective 2023

A number of new amendments to standards are effective from 1 January 2023 but they do not have a material effect on the Group’s financial statements except for Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendment to IAS 12, which the Group has adopted. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences such as leases.

The Group previously accounted for deferred tax on leases where the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there is no impact on the balance sheet because the balances qualify for offset under paragraph 74 of IAS 12. There was also no impact on the opening retained earnings as at 1 January 2023 as a result of the change. The policy for recognising and measuring income taxes is consistent with that applied in the comparative years except for the changes outlined above as a result of the Group’s adoption of the amendments to IAS 12. The change in accounting policy will also be reflected in the Group’s consolidated financial statements for the year ending 31 December 2023.

Accounting standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not adopted them early in preparing these Financial Statements.

The Group is adopting the mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules which will take effect for the Group from 1 January 2024.

1.1 Consolidation

The Group accounts include the accounts of Smith & Nephew plc and its subsidiaries for the periods during which they were members of the Group.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated in the Group accounts from the date that the Group obtains control and continue to be consolidated until the date that such control ceases. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated on consolidation. All subsidiaries have year ends which are coterminous with the Group’s, with the exception of jurisdictions whereby a different year end is required by local legislation.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related components of equity. Any resulting gain or loss is recognised in profit or loss. Any retained interest in the former subsidiary is measured at fair value.

1.2 Critical judgements and estimates

The Group prepares its consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB and IFRS adopted in the UK, the application of which often requires judgements and estimates to be made by management when formulating the Group’s financial position and results. Under IFRS, the Directors are required to adopt those accounting policies most appropriate to the Group’s circumstances for the purpose of presenting fairly the Group’s financial position, financial performance and cash flows.

The Group’s accounting policies do not include any critical judgements. The Group’s accounting policies are set out in Notes 1–23 of the Notes to the Group accounts. Of those, the policies which require the most use of management’s estimation are outlined below. The critical estimates are consistent with 31 December 2022. Management have considered the impact of the uncertainties around the current challenging economic environment below.

Valuation of inventories

A feature of the Orthopaedics business unit (which accounts for approximately 66% of the Group’s total inventory and approximately 82% of the total provision for excess and obsolete inventory) is the high level of product inventory required, some of which is located at customer premises and is available for customers’ immediate use. Complete sets of products, including large and small sizes, have to be made available in this way. These sizes are used less frequently than standard sizes and towards the end of the product life cycle are inevitably in excess of requirements. Adjustments to carrying value are therefore required to be made to orthopaedic inventory to anticipate this situation. These adjustments are calculated in accordance with a formula based on levels of inventory compared with historical usage. This formula is applied on an individual product line basis and typically is first applied when a product group has been on the market for two years. This method of calculation is considered appropriate based on experience, but it does require management estimate in respect of customer demand, effectiveness of inventory deployment, length of product lives and phase-out of old products. See Note 12 for further details.

Current economic environment impact assessment: In assessing the increase in provision for excess and obsolete inventory, management have considered the impact of higher input cost inflation on increased inventory levels. Management have not changed their accounting policy since 31 December 2022, nor is a change in the key assumptions underlying the methodology expected in the next 12 months. Primarily due to inventory growth, the provision has increased from $504m at 31 December 2022 to $544m at 31 December 2023. The provision for excess and obsolete inventory is not considered to have a range of potential outcomes that is significantly different to the $544m at 31 December 2023 in the next 12 months. The provision has a high degree of estimation uncertainty given the range of products and sizes, with a potential range of reasonable outcomes that could be material over the longer term.

1 Basis of preparation continued

Liability provisioning

The recognition of provisions for legal disputes related to metal-on-metal cases is subject to a significant degree of estimation. Provision is made for loss contingencies when it is considered probable that an adverse outcome will occur and the amount of the loss can be reasonably estimated. In making its estimates, management takes into account the advice of internal and external legal counsel. Provisions are reviewed regularly and amounts updated where necessary to reflect developments in the disputes. The value of provisions may require future adjustment if experience such as number, nature or value of claims or settlements changes. Such a change may be material in 2024 or thereafter. The ultimate liability may differ from the amount provided depending on the outcome of court proceedings and settlement negotiations or if investigations bring to light new facts. See Note 17 for further details.

Current economic environment impact assessment: Management considered whether there had been any changes to the number and value of claims due to current challenging economic environment and to date have not identified any significant changes in trends. If the experience changes in the future, the value of provisions may require adjustment.

Impairment

In carrying out impairment reviews of intangible assets and goodwill, a number of significant assumptions have to be made when preparing cash flow projections. These include the future rate of market growth, discount rates, the market demand for the products acquired, the future profitability of acquired businesses or products, levels of reimbursement and success in obtaining regulatory approvals. If actual results should differ or changes in expectations arise, impairment charges may be required which would adversely impact operating results. There has been an increase in the level of headroom in relation to goodwill impairment testing for the Orthopaedics CGU which is still sensitive to a reasonably possible change in assumptions. In 2023, the Group impaired $84m of goodwill and $37m of intangible assets related to Engage as a result of the impairment reviews undertaken for the voluntary product discontinuation. For other intangible assets and goodwill CGUs, this critical estimate is not considered to have a significant risk of material adjustment in 2024 or thereafter based on sensitivity analyses undertaken (as outlined below). See Notes 8 and 9 for further details on impairment reviews.

Current economic environment impact assessment: Management have assessed the non-current assets held by the Group at 31 December 2023 to identify any indicators of impairment as a result of current economic environment. Where an impairment indicator has arisen, impairment reviews have been undertaken by comparing the expected recoverable value of the asset to the carrying value of the asset. The recoverable amounts are based on cash flow projections using the Group’s base case scenario in its going concern models, which was reviewed and approved by the Board.

1.3 Climate change considerations

The impact of climate change has been considered as part of the assessment of estimates and judgements in preparing the Group accounts. The climate change scenario analyses undertaken this year in line with TCFD recommendations did not identify any material financial impact. The following considerations were made in respect of the financial statements:

- The impact of climate change on the going concern assessment and the viability of the Group over the next three years.
- The impact of climate change on the cash flow forecasts used in the impairment assessments of non-current assets including goodwill.
- The impact of climate change on the carrying value and useful economic lives of property, plant and equipment.

1.4 Foreign currencies

Functional and presentation currency

The Group accounts are presented in US Dollars. The Company’s functional currency is US Dollars.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate as at the reporting date. Non-monetary items are not retranslated.

Foreign operations

Balance sheet items of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into US Dollars on consolidation at the exchange rates at the reporting date. Income statement items and the cash flows of foreign operations are translated at average rates as an approximation to actual transaction rates, with actual transaction rates used for large one-off transactions.

Foreign currency differences are recognised in ‘Other comprehensive income’ and accumulated in ‘Other reserves’ within equity. These include: exchange differences on the translation at closing rates of exchange of non-US Dollar opening net assets; the differences arising between the translation of profits into US Dollars at actual (or average, as an approximation) and closing exchange rates; to the extent that the hedging relationship is effective, the difference on translation of foreign currency borrowings or swaps that are used to finance or hedge the Group’s net investments in foreign operations; and the movement in the fair value of forward foreign exchange contracts used to hedge forecast foreign exchange cash flows.

The exchange rates used for the translation of currencies into US Dollars that have the most significant impact on the Group results were:

	2023	2022	2021
Average rates			
Sterling	**1.24**	1.23	1.38
Euro	**1.08**	1.05	1.18
Swiss Franc	**1.11**	1.05	1.09
Year end rates			
Sterling	**1.27**	1.21	1.35
Euro	**1.10**	1.07	1.13
Swiss Franc	**1.19**	1.08	1.10

2 Business segment information

The Group’s operating structure is organised around three global business units and the chief operating decision maker monitors performance, makes operating decisions and allocates resources on a global business unit basis. Accordingly, the Group has concluded that there are three reportable segments.

Business unit presidents have responsibility for upstream marketing, driving product portfolio and technology acquisition decisions, full commercial responsibility and for the implementation of their business unit strategy globally.

The Executive Committee (‘ExCo’) comprises the Chief Financial Officer (‘CFO’), the business unit presidents and certain heads of function, and is chaired by the Chief Executive Officer (‘CEO’). ExCo is the body through which the CEO uses the authority delegated to him by the Board of Directors to manage the operations and performance of the Group. All significant operating decisions regarding the allocation and prioritisation of the Group’s resources and assessment of the Group’s performance are made by ExCo, and while the members have individual responsibility for the implementation of decisions within their respective areas, it is at the ExCo level that these decisions are made. Accordingly, ExCo is considered to be the Group’s chief operating decision maker as defined by IFRS 8 *Operating Segments*.

In making decisions about the prioritisation and allocation of the Group’s resources, ExCo reviews financial information for the three business units (Orthopaedics, Sports Medicine & ENT and Advanced Wound Management) and determines the best allocation of resources to the business units. In 2023, ENT is identified as a new operating segment, however, it does not meet the quantitative threshold requirement to be disclosed as a reporting segment. It will remain aggregated with Sports Medicine to be an operating segment as they share similar characteristics. This information is prepared substantially on the same basis as the Group’s IFRS financial statements aside from the adjustments described in Note 2.2. Financial information for corporate costs is presented on a Group-wide basis. The ExCo is not provided with total assets and liabilities by segment, and therefore these measures are not included in the disclosures below. The results of the segments are shown below.

2 Business segment information continued

2.1 Revenue by business segment and geography

Accounting policy

Revenue is recognised as the performance obligations to deliver products or services are satisfied and is recorded based on the amount of consideration expected to be received in exchange for satisfying the performance obligations. Revenue is recognised primarily when control is transferred to the customer, which is generally when the goods are shipped or delivered in accordance with the contract terms, with some transfer of services taking place over time. Substantially all performance obligations are fulfilled within one year. There is no significant revenue associated with the provision of services. Payment terms to our customers are based on commercially reasonable terms for the respective markets while also considering a customer’s credit rating. Appropriate provisions for returns, trade discounts and rebates are deducted from revenue. Rebates primarily comprise chargebacks and other discounts granted to certain customers. Chargebacks are discounts that occur when a third-party purchases product from a wholesaler at its agreed price plus a mark-up. The wholesaler in turn charges the Group for the difference between the price initially paid by the wholesaler and the agreed price. The provision for chargebacks is based on expected sell-through levels by the Group’s wholesalers to such customers, as well as estimated wholesaler inventory levels.

Orthopaedics and Sports Medicine & ENT (Ear, Nose & Throat)

Orthopaedics and Sports Medicine & ENT consists of the following businesses: Knee Implants, Hip Implants, Other Reconstruction, Trauma & Extremities, Sports Medicine Joint Repair, Arthroscopic Enabling Technologies and ENT. Sales of inventory located at customer premises and available for customers’ immediate use are recognised when notification is received that the product has been implanted or used. Substantially all other revenue is recognised when control is transferred to the customer, which is generally when the goods are shipped or delivered in accordance with the contract terms. Revenue is recognised for the amount of consideration expected to be received in exchange for transferring the products or services.

In general our business in Established Markets is direct to hospitals and ambulatory surgery centers whereas in the Emerging Markets we generally sell through distributors.

Advanced Wound Management

Advanced Wound Management consists of the following businesses: Advanced Wound Care, Advanced Wound Bioactives and Advanced Wound Devices. Substantially all revenue is recognised when control is transferred to the customer, which is generally when the goods are shipped or delivered in accordance with the contract terms. Revenue is recognised for the amount of consideration expected to be received in exchange for transferring the products or services. Appropriate provisions for returns, trade discounts and rebates are deducted from revenue, as explained above.

The majority of our Advanced Wound Management business, and in particular products used in community and homecare facilities, is through wholesalers and distributors. When control is transferred to a wholesaler or distributor, revenue is recognised accordingly. The proportion of sales direct to hospitals is higher in our Advanced Wound Devices business in Established Markets.

Segment revenue reconciles to statutory revenues from continuing operations as follows:

	2023 $ million	2022 $ million	2021 $ million
Reportable segment revenue			
Orthopaedics	**2,214**	2,113	2,156
Sports Medicine & ENT	**1,729**	1,590	1,560
Advanced Wound Management	**1,606**	1,512	1,496
Revenue from external customers	**5,549**	5,215	5,212

Disaggregation of revenue:

The following table shows the disaggregation of Group revenue by product by business unit:

	2023 $ million	2022 $ million	2021 $ million
Revenue by product from continuing operations			
Knee Implants	**940**	899	876
Hip Implants	**599**	584	612
Other Reconstruction	**111**	87	92
Trauma & Extremities	**564**	543	576
Orthopaedics	**2,214**	2,113	2,156
Sports Medicine Joint Repair	**945**	870	839
Arthroscopic Enabling Technologies	**588**	567	590
ENT (Ear, Nose and Throat)	**196**	153	131
Sports Medicine & ENT	**1,729**	1,590	1,560
Advanced Wound Care	**725**	712	731
Advanced Wound Bioactives	**553**	520	496
Advanced Wound Devices	**328**	280	269
Advanced Wound Management	**1,606**	1,512	1,496
Consolidated revenue from continuing operations	**5,549**	5,215	5,212

The following table shows the disaggregation of Group revenue by geographic market and product category. The disaggregation of revenue into the two product categories below reflects that in general the products in the Advanced Wound Management business unit are sold to wholesalers and intermediaries, while products in the other business units are sold directly to hospitals, ambulatory surgery centers and distributors. The further disaggregation of revenue by Established Markets and Emerging Markets reflects that in general our products are sold through distributors and intermediaries in the Emerging Markets while in the Established Markets, with the exception of the Advanced Wound Care and Bioactives products, which are in general sold direct to hospitals and ambulatory surgery centers. The disaggregation by Established Markets and Emerging Markets also reflects their differing economic factors including volatility in growth and outlook.

	2023			2022			2021		
	Established Markets[1] $ million	Emerging Markets $ million	Total $ million	Established Markets[1] $ million	Emerging Markets $ million	Total $ million	Established Markets[1] $ million	Emerging Markets $ million	Total $ million
Orthopaedics, Sports Medicine & ENT	**3,184**	**759**	**3,943**	2,949	754	3,703	2,969	747	3,716
Advanced Wound Management	**1,406**	**200**	**1,606**	1,319	193	1,512	1,327	169	1,496
Total	**4,590**	**959**	**5,549**	4,268	947	5,215	4,296	916	5,212

1 Established Markets comprises the US, Australia, Canada, Europe, Japan and New Zealand.

Sales are attributed to the country of destination. US revenue for 2023 was $2,979m (2022: $2,764m, 2021: $2,658m), China revenue for 2023 was $275m (2022: $319m, 2021: $352m) and UK revenue for 2023 was $201m (2022: $186m, 2021: $189m).