

TRUSPINE TECHNOLOGIES PLC
("TruSpine", the "Company" or "Group")

Interim Results - for the six months ended 30 September 2022

CHIEF EXECUTIVE'S REPORT

Despite the challenges presented by Covid-19 globally, TruSpine has managed to overcome many of the obstacles presented, and we believe the Company will be in a position in 2023 to submit the FDA 510k application for the Cervi-LOK.

Post period end, the Company has secured a £200,000 bridge debt facility ("Bridge Loan") and a Letter of Intent ("LOI") for a £2.4m staged equity funding over three tranches ("Investment Agreement"), a separate announcement will be made in due course setting out further details. The Investment Agreement is subject to various closing conditions and milestones. The directors believe that the Bridge Loan and Investment Agreement will provide the required funding to advance the Cervi-LOK through FDA clearance and onto commercialisation.

As announced 31 October 2022, the Company's annual general meeting was adjourned until further notice. Following completion of the Investment Agreement, the Company will seek to hold its annual general meeting. The Company continues to carefully manage its working capital position.

The delays in finalisation of the FDA 510k submission have centred around compression testing, a main test required by the FDA, however it was eventually determined that the issue was with the testing block rather than the Cervi-LOK product itself. Following adjustments to the testing block all tests were successfully completed and are ready for submission to the FDA by the independent testing facility.

Additionally, the Company had to overcome supply chain issues, including difficulties in sourcing medical grade stainless steel for instruments, as announced 1 August 2022. We have now completed this process, and the instrument set has commenced final sterilisation testing with Puracon GmbH in Germany.

On 31 May 2022 the Company raised £700,000 through the issue of 14,000,000 new ordinary shares at a price of 5p per share comprising a placing and a subscription. In addition, 1,550,000 shares were issued at a price of 5p per share to third party creditors of £77,500 in lieu of services rendered and accrued directors fees of £97,200 were settled through the issue of 648,000 shares at a price of 15p per share.

The Company continues to be in a pre-revenue development phase and remains loss-making. The loss before taxation for the six months to 30 September 2022 was £545k (2021: £483k) after administrative expenses of £543k (2021: £481k). Development spend for the six months to 30 September 2022 was £216k (2021: £463k). Consolidated net assets as at 30 September 2022 amounted to £2.93 million (2021: £3.00 million) including cash and cash equivalents of £42,000 (2021: £324,000).

Whilst we are disappointed by the delays and challenges encountered, the Board would like to thank shareholders for their support, and TruSpine's staff and commercial partners for their hard work during the year.

This announcement contains inside information for the purposes of the UK Market Abuse Regulation and the Directors of the Company are responsible for the release of this announcement.

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Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should" "envisage", "estimate", "intend", "may", "plan", "potentially", "expect", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward-looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.

GROUP UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022
GROUP STATEMENT OF COMPREHENSIVE INCOME

	6 month period ended 30 September 2022 (Unaudited)	6 month period ended 30 September 2021 (Unaudited)	Year ended 29 March 2022 (Audited)
Note	£	£	£
Administrative expenses	(543,369)	(480,834)	(937,641)
Operating loss	(543,369)	(480,834)	(937,641)
Finance expense	(2,030)	(1,771)	(3,165)
Loss before tax	(545,399)	(482,605)	(940,806)

Tax credit	3	-	-	87,613
(Loss)/Profit		(545,399)	(482,605)	(853,193)
Loss attributable to:				
Owners of the parent		(545,399)	(482,605)	(853,193)
Other comprehensive income:				
Items that will or may be reclassified to profit or loss:				
Exchange translation differences on foreign operations		14,253	462	1,456
Total comprehensive loss		(531,146)	(482,143)	(851,737)
Total comprehensive loss attributable to equity shareholders		(531,146)	(482,143)	(851,737)
Earnings per share basic and diluted (pence)	4	(0.48)p	(0.51)p	(0.87)p

All results in the current and preceding financial period derive from continuing operations.

GROUP STATEMENT OF FINANCIAL POSITION

	Note	30 September 2022 (Unaudited) £	30 September 2021 (Unaudited) £	29 March 2022 (Audited) £
Non-current assets				
Tangible fixed assets		3,444	3,683	4,183
Intangible assets		3,376,331	2,534,010	3,098,155
Right of use assets		112,181	-	120,538
		3,491,956	2,537,693	3,222,876
Current assets				
Trade and other receivables		167,217	356,189	73,523
Digital assets		-	225,229	82,474
Cash and cash equivalents		41,821	324,044	3,471
		209,038	905,462	159,468
Total assets		3,700,994	3,443,155	3,382,344

Current liabilities				
Trade and other payables		613,929	386,184	574,579
Borrowings		42,891	47,500	42,500
Lease liabilities		14,261	-	14,261
		671,081	433,684	631,340
Non-current liabilities				
Lease liabilities		101,600		108,730
		101,600		108,730
Total liabilities				
		772,681	433,684	740,070
Net Assets				
		2,928,313	3,009,471	2,642,274
Equity attributable to owners of the parent				
Share capital	5	11,795	10,139	10,175
Share premium		4,584,176	3,779,855	3,782,215
Share based payment reserve		57,823	44,218	44,219
Other reserves	5	(205,000)	(205,000)	(205,000)
Translation reserve		(9,770)	(25,017)	(24,023)
Retained earnings		(1,510,711)	(594,724)	(965,312)
Total equity attributable to owners of the parent				
		2,928,313	3,009,471	2,642,274
Total Equity				
		2,928,313	3,009,471	2,642,274

GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Share based payment reserve	Other reserves	Translation reserve	Retained earnings	Total
	£	£	£	£	£	£	£
Balance as at 29 March 2021	9,398	3,062,103	17,007	(205,000)	(25,479)	(112,119)	2,745,910
Profit for the six months	-	-	-	-	-	(482,605)	(482,605)
Other comprehensive loss	-	-	-	-	462	-	462
Total comprehensive loss for the period	-	-	-	-	462	(482,605)	(482,143)

Issue of shares, net of issue costs	741	744,963	-	-	-	-	745,704
Reduction in share capital	=	(27,211)	27,211	-	-	-	-
Transactions with owners, recognised directly in equity	741	717,752	27,211	-	-	-	745,704
Balance as at 30 September 2021	<u>10,139</u>	3,779,855	44,218	(205,000)	(25,017)	(594,724)	3,009,471
Balance as at 29 March 2022	10,175	3,782,215	44,219	(205,000)	(24,023)	(965,312)	2,642,274
Loss for the six months	-	-	-	-	-	(545,399)	(545,399)
Other comprehensive gain	-	-	-	-	14,253	-	14,253
Total comprehensive loss for the period	-	-	-	-	14,253-	(545,399)	(531,146)
Issue of shares, net of issue costs	1,620	815,565	-	-	-	-	817,185
Share based payment charge	=	(13,604)	13,604	-	-	-	-
Transactions with owners, recognised directly in equity	<u>1,620</u>	<u>801,961</u>	13,604	-	-	-	817,185
Balance as at 30 September 2022	<u>11,795</u>	4,584,176	57,823	(205,000)	(9,770)	(1,510,711)	2,928,313

CONSOLIDATED STATEMENT OF CASH FLOWS

	6 month period ended 30 September 2022 (Unaudited)	6 month period ended 30 September 2021 (Unaudited)	Year ended 29 March 2022 (Audited)
	£	£	£
Cash flow from operating activities			
Loss before tax	(545,399)	(482,605)	(940,806)
Depreciation and amortisation	9,095	615	21,146
Increase in Fair Value of digital asset	82,474	(4,627)	(7,872)
(Increase) in other receivables	(93,694)	(169,499)	113,167

Increase in other payables	39,351	156,207	337,102
Cash used in operations	(508,173)	(499,909)	(477,263)
Income tax credit	-	-	87,613
Net cash flows from operating activities	(508,173)	(499,909)	(389,650)
Investing activities			
Purchase of tangible assets	-	-	(1,239)
Purchase of intangible assets	(278,176)	(463,233)	(1,027,378)
Net cash used in investing activities	(278,176)	(463,233)	(1,028,378)
Financing activities			
Proceeds from Issue of shares, net of issue costs	817,185	745,704	894,101
Lease payments	(7,130)	-	(17,339)
Increase/(Decrease) in borrowings	391	(2,500)	-
Net cash flow from financing	810,446	743,204	876,762
(Decrease)/Increase in cash and cash equivalents in the period	24,097	(219,938)	(541,505)
Cash and cash equivalents at the beginning of the year	3,471	543,520	543,520
Exchange rate differences on cash and cash equivalents	14,253	462	1,456
Cash and cash equivalents at the end of the period	41,821	324,044	3,471

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

This financial information is for TruSpine Technologies Plc (the "Company") and its subsidiary undertakings. The principal activity of TruSpine Technologies Plc and its subsidiaries (together the "Group") is the development of products for the spinal fusion market. The Company is a public limited company and was listed on the Aquis Stock Exchange on 20 August 2020. The Company is incorporated and domiciled in England and the address of its registered office is located at Spectrum House AF33, Beehive Ring Road, Gatwick Airport, Gatwick, RH6 OLG, United Kingdom.

2. BASIS OF PREPARATION

The interim consolidated financial information has been prepared with regard to International Financial Reporting Standards (IFRS) and interpretations adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The interim financial information incorporates the results for the group for the six month period from 30 March 2022 to 30 September 2022. The results for the year ended 29 March 2022 have been extracted from the statutory financial statements for the Company for the year ended 29 March 2022. The financial information set out in these interim consolidated financial information does not constitute statutory accounts as defined in S434 of the Companies Act 2006. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for

the year ended 29 March 2022, which contained an unqualified audit report and have been filed with the Registrar of Companies. They did not contain statements under S498 of the Companies Act 2006.

The same accounting policies, presentation and methods of computation have been followed in these unaudited interim financial statements as those which were applied in the preparation of the Group's annual financial statements for the year ended 29 March 2022.

The interim consolidated financial information incorporates the financial statements of TruSpine Technologies Plc and its subsidiaries.

The interim financial information for the six months ended 30 September 2022 was approved by the directors on 2 January 2023.

3. TAXATION

Tax recognised in profit or loss

	6 month period ended 30 September 2022 (Unaudited)	6 month period ended 30 September 2021 (Unaudited)	Year ended 29 March 2022 (Audited)
	£	£	£
Current tax credit	-	-	87,613
Deferred tax	-	-	-
Net tax credit	-	-	87,613
Loss before tax	(545,399)	(482,605)	(940,806)
Standard rate of UK corporation tax	19%	19%	19%
Loss on ordinary activities before tax multiplied by standard rate UK corporation tax	(103,626)	(91,695)	(178,753)
Tax adjustment	-	(117)	-
Unrelieved tax losses carried forward	103,626	91,812	178,753
UK research and development tax credit	-	-	107,178
Tax credit	-	-	107,178

At 30 September 2022, the Group are carrying forward estimated tax losses of £1.8m in respect of various activities over the years. The Company did not recognise a deferred income tax credit due to uncertainty concerning the timescale of its recoverability.

4. LOSS PER ORDINARY SHARE

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

	6 month period ended 30 September 2022	6 month period ended 30 September	Year Ended 29 March 2022
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	(Unaudited)	2021 (Unaudited)	(Audited)
	£	£	£
(Loss) attributable to equity holders of the Company	(545,399)	(482,605)	(853,193)
Weighted average number of ordinary shares in issue	112,795,793	94,546,805	98,491,414
Loss per share basic and diluted (pence)	(0.48)p	(0.51)p	(0.87)

5. SHARE CAPITAL

Group	Group and Company					
	Number of shares	Share capital	Share premium	Share based payment reserve	Other reserve	Total
		£	£	£	£	£
Issued and fully paid						
As at 29 March 2021	93,983,967	9,398	3,062,103	17,007	(205,000)	2,883,508
Movement during the period	7,405,000	741	717,752	27,211	-	745,704
As at 30 September 2021	101,388,967	10,139	3,779,855	44,218	(205,000)	3,629,212
Movement during the period	724,902	36	2,360	1	-	2,397
As at 29 March 2022	102,113,869	10,175	3,782,215	44,219	(205,000)	3,631,609
Movement during the period	16,198,000	1,620	801,961	13,604	-	817,185
As at 30 September 2022	118,311,869	11,795	4,584,176	57,823	(205,000)	4,448,794

Share Capital – Amount subscribed for share capital at nominal value.

Share Premium – Amount subscribed for share capital in excess of nominal value.

6. EVENTS AFTER THE REPORTING DATE

Post period end, the Company secured a £200,000 bridge debt facility and a letter of intent for a £2.4m staged equity funding over three tranches.