

DISCIPLINARY DECISION NOTICE

To: TruSpine Technologies Plc (“TruSpine” or the “Company”)

Date: 16 August 2023

Aquis Stock Exchange Limited (“AQSE” or “the Exchange”) announces that TruSpine Technologies Plc has been sanctioned and fined £215,000 by AQSE, for the reasons given in this Notice.

The fine is payable as follows:

- £20,000 to be invoiced immediately.
- £30,000 deferred until the earlier of the completion of a fund-raise or the period ended 12 months from the publication of the penalty notice. In the event the Company elects to pay the full fine immediately, a 25% discount will be offered.
- The balance of £165,000 (the “suspended fine”) will become immediately payable should the Company fail to comply with the Aquis Growth Market Rules at any point in the 3 years following the publication of this decision notice. This arrangement does not prejudice the Exchange’s right to undertake disciplinary action or to impose a fine in respect of the breach(es) that trigger the payment of the suspended fine.

The Exchange is publishing details of this censure for the purpose of educating the market on the expected standards of conduct for Aquis companies and to emphasise the importance of complying with the rules of the Exchange.

1. INTRODUCTION

- 1.1. The Company was admitted to the Exchange in August 2020 and is a medical device company in the spinal device market. The Company is developing disruptive technologies for use in the spinal stabilisation sector.

- 1.2. The relevant events which gave rise to the public censure relate to:
 - 1.2.1. The Company announced on 3 January 2023 that it had entered into a £200,000 bridging loan facility together with a non-binding letter of intent to provide £2.4m staged equity funding over three tranches with a UK investment group, and that the £200,000 loan would be available to the Company immediately.
 - 1.2.2. On 1 February 2023 the Company announced that the £200,000 loan funds had not been received; consequently, the market had a false impression of the Company's financial position from 3 January 2023 until 1 February 2023.
 - 1.2.3. On 28 February 2023 the Company announced that it had secured a new loan of £200,000 from a third party.
 - 1.2.4. On 28 April 2023 a charge over the Company's assets was filed at Companies House in favour of The Hub 2021 Ltd, the entity which had provided the loan announced on 28 February 2023 (the "Charge"). No reference to the Charge was made in the Company's announcement of 28 February 2023.
 - 1.2.5. On 9 May 2023, the Company released a correction to its announcement of 28 February 2023 adding details of the charge over its assets.
 - 1.2.6. As a result of the failure to announce the Charge at the time of entry into the loan, the market had a false impression of the Company's financial position and risk profile between 28 February 2023 and 9 May 2023.
 - 1.2.7. The Company was able to provide only limited evidence (such as board minutes or emails) in support of its representations to Aquis Stock Exchange. This was particularly evident in respect of any board discussion approving the provision of the security over the Company's assets.
 - 1.2.8. Additionally, the Company adjourned and reconvened its AGM on 27 and 31 October 2022. Following a shareholder requisitioned GM on 31 May 2023, the Company undertook to convene an AGM as soon as possible. At the date of this Notice, it has not yet done so.
 - 1.2.9. These events are indicative of a failure of fundamental procedures, systems, and controls in the governance of the Company.

1.2.10. Further, the Company has failed to act with integrity towards its shareholders and potential shareholders and, in doing so, has impaired the reputation and integrity of the Exchange.

1.2.11. These circumstances resulted in breaches of the Aquis Growth Market Access Rulebook (the “Rulebook”).

2. TIMELINE OF RELEVANT EVENTS

Date	Event
27 Oct 2022	AGM adjourned and reconvened for Monday 31 October 2022.
31 Oct 2022	AGM adjourned with no date set to reconvene.
3 Jan 2023	The Company announced a £200,000 bridging loan facility together with a non-binding letter of intent to provide £2.4m staged equity funding over three tranches with a UK investment group. The announcement stated that the £200,000 loan would be available to the Company immediately.
1 Feb 2023	The Company announced that the £200,000 loan funds had not been received.
28 Feb 2023	The Company announced that it had entered into a £200,000 loan agreement with an unnamed third party. In the same announcement the Company disclosed that Ian Roberts had resigned as CEO and that Laurence Strauss had been appointed Managing Director.
26 April 2023	The Company announced that Martin Armstrong, Non-Executive Chairman, had resigned from the Company with immediate effect and that Laurence Strauss was appointed a director of the Company (Chief Executive Officer).
28 April 2023	Filing at Companies House of a Charge over the Company’s assets, in favour of The Hub 2021 Ltd.
9 May 2023	The Company issued a correction to its announcement of 28 February 2023, adding details of the Charge over its assets filed at Companies House.
10 May 2023	AQSE Regulation met by Zoom with the Company (CEO, Laurence Strauss and board members, Annabel Schild and Nik Patel) and its Aquis Corporate Advisers, Cairn Financial Advisers. Following discussion of the issues under investigation, the Company was asked to review its

procedures and to submit a detailed, formal approval process for announcements.

31 May 2023

GM convened. All resolutions were defeated save that an AGM should be held as soon as reasonably practical. Directors agreed to convene an AGM as soon as possible.

3. APPLICABLE RULES

3.1. Provisions of the Rulebook relied upon, as follows:

AQSE Rule 4.1: Market Abuse Regulation

An issuer must comply with:

(1) the Market Abuse Regulation, as applied to an issuer of securities admitted to an SME Growth Market...

AQSE Rule 4.2: Misleading Information not to be published

An issuer must take all reasonable care to ensure that any information it announces is not misleading, false or deceptive and that any announcement does not omit anything likely to affect the import of the information.

AQSE Rule 3.3: Procedures, Systems and Controls

An issuer must take reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations under these rules and to ensure that its directors understand their responsibilities and obligations as directors.

AQSE Rule 3.5: Integrity

An issuer must act with integrity towards the holders and potential holders of its securities and avoid impairing the reputation and integrity of the Exchange.

3.2. In respect of Rule 4.1 of the Rulebook, the following articles of the Market Abuse Regulation are considered relevant:

Article 17 (1)

An issuer shall inform the public as soon as possible of inside information which directly concerns that issuer.

The issuer shall ensure that the inside information is made public in a manner which enables fast access and complete, correct and timely assessment of the information by the public...

4. NATURE AND EFFECT OF BREACHES

- 4.1. As a consequence of the Company's failure to correct its announcement of 3 January 2023, the market had an inaccurate impression of the Company's financial position. Investors believed that the Company had immediately available loan funding of £200,000 when this was not the case.
- 4.2. As a consequence of the Company's failure to disclose the Charge over the Company's assets in its announcement of 28 February 2023, the market had an incomplete and inaccurate view of the Company's financial position between 28 February 2023 and 9 May 2023 and was unable to assess accurately the risk to the Company.
- 4.3. In failing to keep investors up-to-date regarding the loan funds, and in omitting to inform investors of the Charge over its assets in its announcement of 28 February 2023, the Company would appear not to have complied with Article 17 (1) of Market Abuse Regulation (and thus Rule 4.1) by failing to disclose information which would be relevant to an investor's decision about the Company.
- 4.4. In omitting to inform investors of the Charge over its assets in its announcement of 28 February 2023, the Company would appear not to have complied with Rule 4.2 by failing to take all reasonable care to ensure that any announcement does not omit anything likely to affect the import of the information.
- 4.5. Rule 3.3 of the Rulebook requires TruSpine to take reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations under the Rulebook.
- 4.6. The failure to provide evidence of the board's discussion of, or agreement to, the Charge over the Company's assets, together with the failure to advise the Company's Aquis Corporate Adviser of the Charge and to include details of this in the announcement made on 28 February 2023 is indicative of an absence of fundamental procedures, systems and controls in the governance of the Company, in breach of Rule 3.3. Pending completion of the Exchange's formal investigation, a

call was held with the Directors on 10 May 2023. As a result of this call the Company was required to make a formal submission to the Exchange, detailing improvements to its systems for verifying and publishing announcements.

- 4.7. Rule 3.5 of the Rulebook requires the Company to act with integrity towards the holders and potential holders of its securities and to avoid impairing the reputation and integrity of the Exchange.
- 4.8. In its delay in updating the market when loan funds were not immediately available as announced on 3 January 2023, the Company failed to act with integrity towards investors. Investors had a false impression of the true cash position of the Company.
- 4.9. In omitting details of the Charge against the Company's assets from its announcement of 28 February 2023, the Company failed to act with integrity towards investors. Investors had a false impression of the financial position of the Company and were unaware of the risk to the Company.
- 4.10. Furthermore, the Company has yet to re-convene an AGM. Whilst the Company has confirmed that it is of the belief it is acting in compliance with the Companies Act, the failure to hold an AGM since the adjourned meetings in October 2022 appears indicative of a failure to act with integrity towards all its shareholders.
- 4.11. These failings impact on the reputation and integrity of the Aquis Growth Market.
- 4.12. The Exchange notes the changes to the board during the period under investigation, in particular the resignation of the CEO, Ian Roberts on 28 February 2023 and Executive Chairman, Martin Armstrong on 26 April 2023, and the appointment of Laurence Strauss as CEO on 26 April 2023.

5. OTHER ISSUES INVESTIGATED BUT NOT SUBSTANTIATED

- 5.1. In addition to the findings set out above, a possible breach of Rule 40 was investigated. Rule 40 requires an issuer to announce details of a related party transaction. The investigation was in respect of loans issued to companies of which TruSpine's CFO was a director and/or shareholder, in June 2020 and in October 2020.
- 5.2. The investigation found that:
 - 5.2.1. A loan of £25,000 made in June 2020 occurred before the Company's admission to the Exchange and this transaction was therefore not subject to the Rulebook.

- 5.2.2. On 1 October 2020 the Company made a loan of £30,000 to a third party, OPP Systems Limited (“OPP”), of which the Company’s CFO was a director and shareholder. The loan was identified as a related party transaction in the Company’s annual accounts to March 2021 but was not announced to the market as a Related Party Transaction at the time.
- 5.2.3. The version of the Rulebook in effect in October 2020 applied a materiality test to the definition of a related party transaction, in that “... *a transaction is considered material where it exceeds five per cent of the turnover or gross assets of the issuer*”.
- 5.2.4. The Company’s annual accounts to 31 March 2021 showed net assets of c. £3million, and no revenue. As such, the loan of £30,000 would not be considered material, and not requiring disclosure to the market as a Related Party Transaction in accordance with the Rulebook in effect in October 2020.

6. PRIOR NOTICE OF REGULATORY FAILING

- 6.1. In determining the sanction, Aquis has taken into account the prior Notice of Regulatory Failing issued by Aquis to the Company in August 2022 as a result of the Company’s delay in informing the market and Aquis of the issue of new shares between October and November 2021.

Any questions regarding this Notice should be addressed to: agseregulation@aquis.eu