28 April 2021

Tissue Regenix Group plc
("Tissue Regenix" or "the Group")

Final Results for the Year Ended 31 December 2020
and
Notice of AGM

Tissue Regenix (AIM: TRX), the regenerative medical devices company, announces its final results for the year ended 31 December 2020.

Financial Highlights

- Maintained Revenue at £12.8m (2019: £13.0m) despite the challenges posed by COVID-19
  - Orthopaedics and Dental revenue of £7.4m, +11% (£2019: £6.7m)
  - Joint venture GBM-v achieved sales of £2.1m (2019: £2.1m)
  - DermaPure® sales decreased by 22% to £3.3m (2019: £4.2m)
- Gross Profit steady at £5.9m (2019: £6.0m), with a 46% gross profit margin (2019: 46%)
- Operating Loss of £9.8m (2019: £7.2m) driven largely by a non-cash impairment charge of £6.1m arising from the annual impairment test on the CellRight Technologies
  - Implemented cost reduction initiatives reducing the overhead cost base by £400,000
- Cash balance at 31 December 2020 £9.6m (2019: £2.4m) following an equity fundraise raising net proceeds of £13.8m in June 2020

Operational Highlights

- CE Mark approval for OrthoPure® XT, June 2020
- New strategic collaboration with a top 10 global healthcare company for white label product
- Additional commercial opportunities secured for growth product lines such as AmnioWorks™, diversifying the sales portfolio
- Phase 1 of the capacity expansion programme commenced in San Antonio, July 2020, providing additional capacity from H1 2021
- Operational improvement initiatives implemented at San Antonio facility
- Relocation of UK facility to Garforth, Leeds, October 2020, expected to deliver annualised savings of £0.4m from 2021
- 19 new DermaPure® clinical case studies undertaken for new product applications
- EU and UK distribution agreements signed for OrthoPure® XT
- Daniel Lee appointed as Chief Executive Officer, November 2020

Post balance sheet events

- Trevor Phillips and Brian Phillips appointed as Independent Non-Executive Directors
- David Cocke appointed Chief Financial Officer, January 2021
- Restructuring of US Operations, estimated to save c.£500k on an annualised basis, January 2021
- Jonathan Glenn appointed Non-Executive Chairman, February 2021
- Occupation of initial phase of the facility expansion in San Antonio, Texas, March 2021

Daniel Lee, CEO of Tissue Regenix, commented: ***"****I am honoured to have been appointed as CEO to lead the Group through its next stages of development. 2020 was a challenging year, but under the circumstances, a successful period for the Group and we are pleased to have maintained consistent revenues and gross profit despite the many challenges of COVID-19.*

"The year was primarily highlighted by our financial performance relative to other industry participants, and securing the necessary funding to support the organisation and invest in the required capacity expansion programme. Alongside this, we secured a number of additional distribution and white label agreements for organic growth in the US and extending our geographical outreach through the receipt of the CE Mark for OrthoPure®XT which allowed us to begin our commercialisation efforts within the EU. As COVID restrictions subside and with the backdrop of a material global backlog of elective surgeries, we expect strong growth in product demand in the second half of 2021 and are well positioned to capture and service this need with our extensive product lines.

"Having been with the Group for two years as President of US Operations, I was familiar with much of the business. However, since moving into this role, I can see expansive opportunities that lie before us to enable our global growth in regenerative medicine."

Annual Report and Accounts and Notice of AGM

As part of the Company's move to electronic reporting, the Annual Report and Accounts, notice of AGM and accompanying form of proxy, will be available later this morning on the Company's website, www.tissueregenix.com, in accordance with AIM Rule 20. For those who opted to receive hard copies of the Annual Report, these will be posted today.

The AGM will be held at DLA Piper, Princes Exchange, Princes Square, Leeds LS1 4BY, on 3 June 2021 at 12.00pm. At the time of writing, it is expected that there will still be limitations on the ability to host shareholders at the AGM. Shareholders are strongly recommended not to attend the AGM in person and instead appoint the Chairman of the meeting to act as their proxy. If any shareholders do intend to attend the meeting in person, the Company strongly encourages them to advise the Company at least 48 hours in advance of the AGM by using the contact details below. Any such communication shall not provide a guarantee that admittance to the AGM will

be permitted where to do so would be in breach of rules governing public gatherings and/or the need to protect the health and safety of those already in the meeting. The Company would nevertheless like to engage with its shareholders as fully as possible in the circumstances, and you are invited to ask the Board questions about the Accounts or the AGM by contacting Walbrook PR at TissueRegenix@walbrookpr.com.

The results of the votes on the proposed resolutions will be announced by RNS as soon as practicable after the conclusion of the AGM.

For more information:

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About Tissue Regenix (www.tissueregenix.com)
Tissue Regenix is a leading medical devices company in the field of regenerative medicine. The company's patented decellularisation ('dCELL®') technology removes DNA and other cellular material from animal and human soft tissue leaving an acellular tissue scaffold which is not rejected by the patient's body and can then be used to repair diseased or worn-out body parts. Current applications address many critical clinical needs such as sports medicine, heart valve replacement and wound care.

In August 2017 Tissue Regenix acquired CellRight Technologies®, a biotech company that specializes in regenerative medicine and is dedicated to the development of innovative osteoinductive and soft tissue scaffolds that enhance healing opportunities of defects created by trauma and disease. CellRight's human osteobiologics may be used in spine, trauma, general orthopaedic, foot & ankle, dental, and sports medicine surgical procedures.

CHAIRMAN'S STATEMENT

Introduction
With the outbreak of the COVID-19 pandemic, 2020 was always going to be a challenging year for the Group, however, the management team dealt with the demands admirably and also achieved a significant number of milestones. The pandemic had a significant impact on our ability to grow our top line revenue due to the postponement of many elective surgical procedures, and a slowdown of product approvals in new hospital institutions. Despite this, we were successful in achieving several commercial milestones upon which the Company can build its future success.

Financial performance
The Group reported top-line revenue of £12.8m (2019: £13.0m) which is down 2% as a result of the COVID-19 pandemic. Despite the decline in surgeries caused by the pandemic, the BioRinse® portfolio returned 11% growth driven mainly by increased penetration of the AmnioWorks™ product line.

The DermaPure® portfolio was hit more sharply by the pandemic, with revenue dropping 22%, as the indications, DermaPure® targets were more affected by the cessation of elective surgeries in the US.

Our controlled joint venture, GBM-v, maintained its revenues at 2019 levels despite surgical lockdowns in its German cornea business. As part of its COVID-19 response, the US subsidiaries applied and received loans under the US Government's PPP program. These loans may be converted into grants if used for permitted purposes. The Group believes it has met these conditions and has accordingly classified the proceeds of £815k as Grant Income, in addition to £40k received through the UK furlough scheme.

Shareholders and Funding
In June 2020, the Group successfully raised £13.8m (net) (£14.6m gross) of funding through a placement of equity. This, together with a restructuring and optimisation of the cost base has ensured the Group is in a significantly stronger financial position in 2021 and are able to continue to weather the impact of the enduring COVID-19 pandemic.

Furthermore, this injection of capital has allowed for the commencement of the capacity expansion programme in San Antonio, Texas. Phase 1 of this programme, which commenced in July 2020, is expected to increase the BioRinse® processing capacity by c.50% once operational, alleviating the capacity constraints which have historically impinged on the growth of the business.

In order to facilitate this placing, the Group attracted a number of new institutional and private investors which has significantly changed the size and shape of our shareholder base. I would like to thank all of our new and existing shareholders for their continued support.

Operations and the impact of COVID-19
The COVID-19 pandemic and associated restrictions provided an unprecedented and complex landscape to navigate, however, we successfully maintained all operations at the San Antonio facility allowing us to continue to service customer demand, whilst also building inventory to meet the projected demand once a normalised level of procedures has returned. Outside of this, as mentioned above, the commencement of the first phase of the capacity expansion project in July 2020 will provide additional capacity from H1 2021.

Throughout the pandemic, the main priority of the Board has been the wellbeing and safeguarding of our employees, customers, suppliers and all other stakeholders. In the UK, operations and technical staff were furloughed from March in accordance with the UK Government

advice. However, with the launch of OrthoPure® XT scheduled for Q4 2020 all staff were re-engaged in July to ensure this timeline could be met.

Outside of this, the Group continued to implement several overhead cost reduction initiatives and the decision was made to relocate the UK head office and manufacturing facility to Garforth, Leeds from October 2020 which is expected to deliver annualised savings of £0.4m from 2021.

Our strategy
Our strategy has evolved with the main focus now being the commercialisation of our product pipeline. A key factor in the success of this is our ability to attract and maintain significant strategic partners and key customers. During 2020, we successfully launched a new product under a white label opportunity with a top 10 global healthcare company, signed additional customers, particularly focusing on our lesser known product lines, and expanded into the UK and EU markets with the launch of OrthoPure® XT.

We continue to seek new partnership opportunities and have identified additional product line extensions and therapeutic areas which will drive market adoption and penetration, whilst diversifying the Group's sales portfolio and geographic outreach which we can pursue once the additional processing capacity is fully operational.

Management
In November 2020, Gareth Jones, interim CEO resigned from his position within the Company. After reviewing the strategic direction of the business and running a formal process with an external recruitment firm, the Board made the decision to appoint Daniel (Danny) Lee as CEO of the Group. Danny, who has over 30 years of industry experience, joined as President of US Operations in January 2019 and has been responsible for leading the capacity expansion and optimisation programme in San Antonio.

Following the year end, in January 2021, David Cocke was appointed as CFO for the Group and is based alongside Danny in San Antonio. David has 30 years' experience in senior finance and operations roles having previously been CFO at Aperion Biologics, Inc. and founding NuPak Medical in 1997 which was later acquired by Katena Products, Inc in 2017.

I would like to take this opportunity to welcome both Danny and David to the Group and on behalf of the Board, I would like to thank Gareth for his commitment and leadership throughout what was a particularly challenging year for business.

The Board
The Board of Directors underwent a number of other changes during 2020 in order to ensure that its size, composition and skill set remained relevant to the requirements and strategy of the Group. After significant tenures on the Board, both Alan Miller and Randeep Grewal resigned their positions as Non-Executive Directors, following which Trevor Phillips and Brian Phillips (no relation) were appointed. Brian and Trevor bring a wealth of experience particularly regarding operations and corporate development in the lifescience industry and financial management, which will be key in driving the Company's future success.

In March 2020, John Samuel, former Executive Chairman, also resigned from the Board and I stepped up to fill the Chairman's role on an interim basis and latterly on a permanent basis. With the appointment of Danny Lee as permanent CEO, David Cocke as CFO and two new Non-Executive Directors, Tissue Regenix has a strong new team to lead the Group forward.

Our employees
Our skilled employees are a key stakeholder in the success of the Group and I would like to thank them for their ongoing hard work and commitment. 2020 has been an uncertain year, particularly for the UK employees who were furloughed for a period of time due to the pandemic, but through their continued commitment and focus on maintaining a COVID-19 free work environment, the Group has emerged in a stronger position to execute our strategic growth drivers, increasing our market penetration and moving closer to profitability.

Post balance sheet events
As we transitioned into 2021, COVID-19 continued to impact the return of elective surgeries. The Group continued to service its customers and partners and positioned the business to be ready for a resumption of the growth it experienced prior to the COVID-19 outbreak.

The expansion plans for the San Antonio facility continued and the initial phase was successfully completed and occupied in March 2021. The expansion enabled the company to transfer its distribution and freezer facilities to the new building which provides the additional capacity for donor tissue, the foundation for growth. The new facility provides a more centralised and efficient arrangement for product distribution needs in the short and long term. In our existing building, the relocation of the freezer facility now enables us to expand our clean rooms which will provide additional processing capacity during H1 2021. The relocation of distribution to the new building, provides the departments remaining in our existing facility the ability to increase their capacity and throughput, as well as the space for future needs.

Outlook
During 2020, the Group achieved a number of significant milestones and we remain focused and committed to creating long-term, sustainable value for our shareholders by increasing our market penetration through leveraging relationships with strategic partners, and improving our portfolio offering with product line extensions for identified, underserved clinical applications.

The capacity expansion programme will alleviate the supply issues that have previously hindered the growth of the Group and moving forward will provide a step-change in the trajectory of the business as we secure additional distribution contracts and have the ability to increase our geographic outreach.

Having successfully entered the UK and specific EU markets with OrthoPure® XT, and establishing our white label manufacturing capabilities with a large global partner, the Board has confidence in the prospects of the Group once the COVID-19 pandemic has subsided and healthcare procedures return to a normalised level.

Jonathan Glenn

Chairman

CEO OPERATIONAL REVIEW

2020 performance
The Group performed strongly during 2020 despite the COVID-19 backdrop, delivering top-line revenues consistent with 2019 and achieving significant operational and commercial success. We improved our performance against key performance indicators in a year where many companies experienced a downturn in demand as hospital resources were redirected, and this is a testament to our products, partners and employees.

Financial Performance
Our Orthopaedics and Dental division is comprised primarily of our BioRinse® portfolio, reported sales of £7,446K (2019: £6,724K), an increase of 11% driven largely by strong performances by our partners, the diversity of our markets, and the addition of distributors for smaller product lines. The most significant increase was seen in our amniotic membrane product line which was achieved primarily through strategic partnerships in ophthalmology, a growth opportunity for the Company. Over time, sales from the OrthoPure® XT product line will be captured under this division however, with its launch in November 2020 the contribution to the 2020 revenue line was not material.

The BioSurgery division maintained its increased focus on soft tissue orthopaedic and urogynaecology procedures which were established during 2019, however, these areas were more significantly impacted by the postponement and cancellation of elective surgical procedures caused by the COVID-19 pandemic, and consequently lead to a 22% reduction for revenues under this division. We continue to work closely with our customers, distributors and strategic partners and it is expected that once these procedures recommence, the demand for our DermaPure® and DermaPure® non-oriented products will continue to increase.

Alongside this, the Group initiated a number of overhead cost reduction initiatives, which reduced our overhead cost base by £1.7m, and the full annualised saving of c.£400k from the UK facility move in October 2020 will not be fully realised until 2021. We have continued to focus on our overhead cost base and following the year end announced restructuring of the US business which once annualised will realise a further c.$700k saving.

The completion of the £14.6m (gross) equity fundraise in June 2020 has provided a strong cash position for the Group, with these resources allowing for investment into phase 1 of the capacity expansion programme in San Antonio. It will provide sufficient working capital to support the Group for the foreseeable future.

Operations
Operationally, 2020 was a successful year for the Group with the additional funding allowing for the commencement of the capacity expansion programme in San Antonio. Previously, the Group was hindered by a lack of freezer storage and distribution facilities which restricted the number of donors we could hold on site for processing; and efficiencies in our ability to ship finished goods in-line with peak demand. The new distribution facility consolidates this function into a single location and provides labour and time savings in processing orders. Phase 1 of the capacity expansion will move all freezer space into the new facility increasing our capacity. This in turn will allow for two additional sterile packaging clean rooms to be installed in the space formerly occupied by freezers in the original building. These changes alone should provide additional flexibility and increase our BioRinse® portfolio processing capacity by c.50%, which we expect will be easily absorbed by the demand we see from existing partners and customers. This expansion will also improve the efficiency for processing the DermaPure® portfolio of products. Furthermore, we intend to build up to an additional 10 clean rooms in the new facility in phase 2, which will allow for the continued expansion of our customer base, product portfolio and geographic reach. Due to the impact of COVID-19 on the healthcare markets, the initiation of this phase has been placed under review to ensure the efficient deployment of capital and a return to normalised market conditions. Once Phase 2 is fully operational, it is expected that this expansion programme will meet our processing requirements for the next 5-7 years.

The relocation of our UK facility was undertaken in October 2020 once the required inventory for the launch of OrthoPure® XT had been processed. As part of this relocation, many aspects of the production process have been successfully outsourced reducing our dependency on in-house manufacturing.

In January 2020, the Group was the victim of a cyber attack, which temporarily affected our ability to process at the facility in San Antonio. We quickly implemented an action plan to provide forensic data, remediate our services and mitigate the potential consequences. Although there was a short-term impact on our ability to service customer demand as we were unable to release inventory for distribution in-line with the necessary quality regulations, during the weeks that followed the attack, the San Antonio team worked to catch up with this demand. The Company reported the attack to all relevant authorities, has reviewed its IT service providers and implemented additional data security procedures to reduce the risk of a similar incident occurring in the future.

The impact of COVID-19
The pandemic stunted the surgical marketplace when hospitals, governments and health care providers halted elective procedures across all specialties. The postponement of surgical procedures, which was initially most evident in the urogynaecology and dental applications, has led to business disruption in terms of unpredictable inventory and manufacturing forecasts.

By undertaking certain initiatives, which were updated throughout the year based on guidelines issued by the government and other credible sources, there was minimal disruption to the processing undertaken at the facility in San Antonio, which continued to show strong production throughput. Although COVID-19 did not impact production in San Antonio, it did have an impact on our supply chain of donors. To address the delays in donor sourcing, we broadened our donor sourcing agencies by taking into account factors such as geography and recovery structures. As the impact of COVID-19 became more evident, we monitored and adapted our approach through a combination of communication with partners and altering our processing and production priorities. During Q3, regional markets started to regain momentum but COVID-19 continued to have an impact nationally as 2020 came to an end.

Strategy
Whilst in the position as President of US Operations, I was involved in shaping the strategic direction for the US business and the required capacity expansion project. Therefore, the strategy as highlighted by the previous Executive management at the time of the fundraise is one that I continue to endorse and look to our strategic growth drivers as the map to our future success. During 2020, we were successful in securing a number of commercial and operational milestones and improving our performance against key performance indicators, such as increasing our strategic partnerships and therefore, US market penetration.

Commercial and R&D
Following the restructuring of the business in late 2019, we continue to pursue the commercialisation of current product lines as our top priority and look to augment this with product line extensions that are faster to market and address a specific clinical application and need. One of these areas was a focus on our amnion based products which has increased nearly four-fold year on year.

During 2020, we launched OrthoPure® XT into the UK and select European markets following the receipt of CE mark certification. OrthoPure® XT is used in the reconstruction of the Anterior Cruciate Ligament following re-rupture, the reconstruction of other knee ligaments in multi-ligament procedures following trauma, and primary ACL procedures where the autograft is unavailable or inadequate. The Group has been working to launch this product for a number of years and successfully undertook a comprehensive clinical trial, resulting in white papers describing the pre-clinical and two-year clinical follow-up.

We also strengthened our white label manufacturing which will supplement our own branded portfolio, increase market opportunities and provide revenue generating streams for the business. In May, we announced that we had signed a white label agreement with a top 10 global healthcare company for a new soft tissue orthopaedic product; this was the culmination of two years work between our R&D and commercial teams alongside our new partner. Although there has been a positive response to this product, it is expected that the full impact of this product line will not be seen until 2021 once the COVID-19 pandemic has subsided. The additional capacity provided by the expansion programme will allow us to expand our white label offering and it is this type of activity which we hope to replicate with additional strategic partners in the future. During the year we also added several additional private label agreements for our growth product lines, such as AmnioWorks™, which have the potential to generate revenue and diversify our spectrum of products and specialties moving forward.

One of our focus areas during 2020 was the identification of product line extensions to strengthen both our product portfolio and market position. We expect that during 2021 a number of these identified product line extensions or improvement opportunities from our product portfolio will come to fruition, driving the organic growth rate, specifically as we look to tailor our soft tissue offering to clinical applications where we see a lack of suitable biologic alternatives and meet market expectations.

Culture
The Group is reliant upon our employees to ensure that the value of our novel technology platforms realises its true potential and becomes the clinician's product of choice to improve the lives of as many patients as possible.

Central to this is the corporate culture we create, and I strongly support the Group's vision, mission, values and behaviours which we expect every employee to uphold and which guides the corporate strategy and decision making. 2020 also provided the challenge of COVID-19, requiring a combination of remote and on-site working to ensure a safe and healthy workplace. This culture ensured that the Company is fair, ethical and supportive towards all employees and stakeholders, making it a place where people want to work, and excel, as well as being a Company that customers and industry peers want to partner with.

2021 priorities
The COVID-19 pandemic continues to have a significant impact on the healthcare industry. However, we remain focused on developing the aspects of the business within our control, continuing our efforts to more effectively utilise our resources and position the Group with a competitive edge once the situation begins to normalise.

This includes the completion of Phase 1 of the capacity expansion programme and ensuring that all operational procedures are implemented to allow for a smooth transition to the increased processing capacity. With this increased capacity, we can continue the positive discussions that have commenced with existing and new strategic partners.

Alongside this, we will be in a position to commence the processing and launch of product line extensions that have been identified due to market demand which will augment our product portfolio.

Our commercial focus to this point has primarily been on the US market where there is significant demand. However, with the increased capacity and expansion of distribution networks, during 2021 and beyond we will seek to expand our geographic outreach into new territories for our dCELL® and BioRinse® portfolios. Following the successful launch of OrthoPure® XT into the UK and select EU markets during Q4 2020, we will continue to rollout this product into additional target markets.

Post balance sheet events
As we moved into 2021, the Company was still impacted by the COVID-19 pandemic as elective surgical procedures in many institutions were still on hold and postponed. Commercial representatives were prevented from entering institutions to meet with clinicians and administrators. Many patients also delayed surgeries due to COVID-19 fears, family finances, lost time at work, lack of insurance or employment, and other considerations. The arrival of vaccines and the drop in positivity rates brought hope and optimism. There were indications of the return of normal market conditions but many expect disruptions to continue to mid 2021. It remains difficult to predict at what pace a return to pre-pandemic procedure levels will occur. All of our divisions continued to exercise caution and protect the safety and well-being of our employees. By continuing the initiatives we began in 2020 and implementing any relevant government policies, no disruptions in operations and no positions were impacted by the pandemic.

On 5 January, we continued to enhance our organisational excellence with the confirmation of Brian Phillips and Trevor Phillips as independent Non-Executive Directors of Tissue Regenix. Brian Phillips assumed the Chair of the Audit Committee and Trevor Phillips assumed the Chair of the Remuneration Committee.

On 21 January, we added David Cocke as our Chief Financial Officer and Executive Board member. David has over 29 years of experience in the medical device industry holding senior finance and operations positions. David founded NuPak Medical, an ISO-certified contract manufacturer of sterile disposable medical devices, which was acquired by Katena Products, Inc. in 2017. David remained with the business post-acquisition until early 2021, leading the expansion to double the clean room capacity and assembly space on time and on budget. I had the opportunity to work with David at Aperion Biologics where he was the Chief Financial Officer and where we successfully supported the Board in raising $21m from venture capital and private investors. David's experience in financial systems, management and operations will be invaluable to the Group as we undertake the next stages of our growth programme.

In late January further re-structuring of the US business was undertaken to rationalise resources across the business. It is expected to reduce the overhead cost base by c.$700k on an annualised basis.

On 26 February, we announced that the Board had appointed Jonathan Glenn to the position of Non-Executive Chairman. Jonathan joined the Group in January 2016 and his leadership had been invaluable as a Board member and as Interim Chairman. We look forward to his continued contribution to the Group.

On 18 March, we announced that we have completed the initial phase of our expansion plans at our San Antonio Texas facility. This expansion into the 21,000 sq. ft facility adjacent to our existing facility was the first stage of our plans to address manufacturing capacity constraints. This initial part of the expansion project comprised of relocating facilities designated for distribution and frozen tissue storage, both of which had outgrown their existing space in the San Antonio facility. The new freezer facility triples the Company's current storage capacity allowing Tissue Regenix to hold more donor tissue on site. The new distribution area enables the Company to integrate distribution and finished goods into a more efficient operating space.

Work has also started on the construction of two additional clean rooms at the existing San Antonio facility, bringing the total number of clean rooms to seven and providing additional capacity and flexibility. The move of distribution and finished goods to the new building provides expansion space for supporting departments in our existing facility. These developments, which will complete phase 1 of the expansion project, are scheduled for completion during H1 2021. The decision to do this in phases was advantageous by enabling us to be efficient with our capital and plan our expansion in line with the return to pre-pandemic procedure levels. We anticipate as the markets normalise and demand returns, we can justify the investment into the additional phase of the capacity expansion.

Daniel Lee
Chief Executive Officer

FINANCIAL OVERVIEW

Revenue
In the year ended 31 December 2020 revenue decreased by 2% on an underlying basis or 0% constant currency basis to £12,829k (2019: £13,033k).

The financial performance for the year was impacted by the ongoing COVID-19 pandemic which became evident from Q2 onwards, together with material cash constraints that the business experienced in the first half of the period. Notwithstanding this, the Orthopaedics & Dental segment successfully grew top line sales by 11%, to £7,446k (2019: £6,724k) largely driven by a strong Q1 performance. In addition, it maintained strong relationships with strategic partners and saw an increase in the utilisation of a newer, growth product line, AmnioWorks™, which will be utilized in surgical specialties such as ophthalmology.

Revenue from DermaPure®, under the BioSurgery division, was more significantly impacted by the pandemic and associated restrictions, as US hospitals postponed elective surgical procedures, such as urogynaecology and soft tissue orthopaedics, where the DermaPure® products would be utilized, resulting in a 22% decrease in revenues to £3,308k (2019: £4,233k) for this division. There is beginning to be a slight uptick in the recommencement of these procedures as the US vaccine roll-out continues and patient confidence returns, however, it remains difficult to predict at what pace a return to pre-pandemic procedural levels will occur.

The Group's joint venture, GBM-V, based in Rostock, has been impacted by the German lockdown restrictions that were in place for much of the last year, however, the business unit continued to service the cornea market where possible and maintained revenues of £2,075k (2019: £2,076k) in line with prior year results.

Grant income
During the year, the US subsidiaries of the group were successful in the application of the US Government PPP loans. The loans have a two year term and carry a 1% annual interest rate deferred for six months, however, under the loan agreement, the total amount of the loan will not require repayment if the funds are used to support employee payroll, healthcare, utilities and rent payment within the US during the six months post funding. The Group believes they have met the conditions and have classified the proceeds £815k (2019: nil) as Grant Income. The UK furlough scheme also provided support for the Group during COVID-19, which amounted to £40k in Grant Income.

Exceptional items
Restructuring costs for the year totalled £353K (2019: £21K) with £252k relating to the reduction in staff and consultants in the Central segment were charged in the year.

Restructuring costs of £101k due to the reduction in staff and consultants were charged to the Cardiac & Other segment in 2020.

Exceptional items includes a £6,130k non-cash impairment charge arising from the annual impairment test on the CellRight Technologies cash generating unit. The uncertainty created by the COVID-19 pandemic necessarily resulted in more conservative forecasting of future cash flows which in turn gave rise to the reported impairment. Further details on the impairment test can be found in note 12.

Cost of sales and gross profit
Gross profit for the year is £5,896k (2019: £6,019k). Gross margin percentage remained the same at 46% (2019: 46%).
Included in costs of sales is cost of product £5,990k (2019: £5,803k) and third party commissions of £943k (2019: £1,211k).

Administrative expenses
During 2020, administrative expenses before exceptional items decreased by £3,132k to £10,066k (2019: £13,198k), largely due to a reduction of £2,600k in spending at the Central overhead function to £1,325k (2019: £3,925k). This reduction was driven by the downsizing in Q4 2019 which resulted in 18 positions being made redundant in addition to £736k reduced depreciation and amortisation after the impairment recorded in 2019. In addition, certain expenses related to ongoing clinical trials of OrthoPure® XT (£215k) are now capitalised due to the recently received CE Mark. Historically these expenses were expensed as incurred, but accounting standards require these to be capitalised once relevant conditions have been met. Administrative expenses at the BioSurgery division decreased £1,069k to £2,660k (2019: £3,729k) due primarily to reduced staffing levels which decreased £756k to £2,106k (2019: £2,862k).

Finance income/charges
Finance income of £2k (2019: £17k) represented interest earned on cash deposits. Finance charges for the year were reported at £445k (2019: £477k) and related to interest charges and associated costs for the MidCap loan arrangement of £245k (2019: £384k) in addition to interest arising due to the adoption of IFRS16 of £200k (2019: nil).

Taxation
The Group continues to invest in developing its product offering, and as such, is eligible to submit enhanced research and development tax claims in the UK, enabling it to exchange tax losses for a cash refund. In the year to December 2020, a refund of £440k was receivable (2019: £488k). The year-on-year reduction was a result of the business continuing to move its resources away from research and development to more commercial activities.

Gross tax losses carried forward in the UK were £51,104k (2019: £43,533k). The Group does not currently pay tax in the UK. A deferred tax asset has not been recognised as the timing and recoverability of the tax losses remain uncertain. Corporation tax payable in the US amounted to £0k (2019: £29k).

Loss for the year
The loss for the year was £9,708 k (2019 loss: £7,106k) resulting in a basic loss per share of (0.22p) (2019 loss per share: 0.60p).

Balance sheet
At December 2020, the Group had net assets of £27,847k (2019: £24,595k) of which cash in hand totalled £9,550k (2019: £2,380k).

Inventory increased by £2,887k to £7,072k (2019: £4,185k) as the BioSurgery and Orthopaedics & Dental segments added to stock levels to support projected business growth.

Property, plant and equipment increased by £895k to £3,252k (2019: £2,357k) related to the expansion of the US manufacturing facility. A Right of Use asset was recorded in 2020 of £2,458k in accordance with IFRS 16, Leasing (2019: nil). The Group took on property leases in the US and UK, resulting in a Right of Use Asset and a related Lease liability on the balance sheet.

Intangible assets decreased to £10,931k (2019: £17,999k) through amortisation charges in the year and the non-cash charge against Goodwill of £6,130k (2019: nil). A further £215k of development costs were capitalised in the year.

Working capital increased in the year to £7,277k (2019: £4,644k) driven by increased inventory (£2,887k increase). The balance sheet included corporation tax receivable of £825k (2019: £1,035k) in respect of UK research and development tax credits.

Borrowings
Non-current liabilities represent the £2,790k debt facility. This includes £1,473k of the term loan and £1,507k of the revolving credit facility, net of £190k of capitalised debt issue costs. The debt facilities mature in 2024 with quarterly principal repayments on the term loan of $500k per quarter starting in July 2023. The Group is in compliance with the financial covenants related to the debt facilities as of the date of this report.
More information on these obligations is provided on page 91.

Dividend
No dividend has been proposed for the year to 31 December 2020 (2019: Nil).

Accounting policies
Following the departure from the EU, the Group's consolidated financial information has been prepared in accordance with International Accounting Standards in conformity with the UK Companies Act 2006.The Group's significant accounting policies, which have been applied consistently throughout the year, are set out on pages 73 to 77.

Going concern
The Group financial statements have been prepared on a going concern basis based on cash flow projections approved by the Board for the Group for the period to 31 December 2022 (the "Cash Flow Projections").

Funding requirements are reviewed on a regular basis by the Group's Chief Executive Officer and Chief Financial Officer and are reported to the Board at each Board meeting, as well as on an ad hoc basis, if requested. The Cash Flow Projections show that the Group will continue to consume cash over the forecast period. Until sufficient cash is generated from its operations, the Group remains reliant on

cash reserves of £9.6m at 31 December 2020 and the ongoing support of MidCap Financial Trust ("MidCap") (borrowings of £2.8m at 31 December 2020) to meet its working capital requirements, capital investment programme and other financial commitments.

The COVID-19 pandemic has affected most businesses during 2020. As a result of the reprioritisation of healthcare professionals during this time, there has been a decline in elective procedures undertaken across a number of medical specialities that use our products. Given the uncertainty around the level and duration of disruption from COVID-19, it is difficult to determine how long the current situation may last, and the time taken to catch-up any postponed surgical procedures thereafter.

However, the Board, in compiling the Cash Flow Projections, has considered a downside scenario regarding the effect of reduced and delayed revenues due to COVID-19 and, has undertaken market soundings regarding the likely timeframe for the recommencement of procedures. It has concluded that there will not be a significant long-lasting impact on the capability of the business to carry out its commercial activities. The Cash Flow Projections prepared by the board, including the downside scenario, indicate that the Group will still have cash reserves at the end of the forecast period.

The Group's Cash Flow Projections also assume that the MidCap facilities are available throughout the forecast period as they are repayable in 2024. The availability of these facilities is dependent upon compliance with a rolling twelve month revenue covenant which is measured on a monthly basis. The Cash Flow Projections indicate compliance with this covenant throughout the forecast period. The scenario reflecting very low growth indicates that this covenant may be breached in the second half of 2022. That scenario also shows that the MidCap facility could be repaid from cash reserves in the event that repayment was demanded by MidCap.

In summary, the Directors have considered their obligations in relation to the assessment of the going concern basis for preparation of the financial statements of the Group and have reviewed the Cash Flow Projections. On the basis of their assessment, they have concluded that the going concern basis remains appropriate for use in these financial statements.

Post balance sheet events
The Group has remained committed to appropriately sizing its overhead cost base and expenditure. To this end, further re-structuring of the US business was undertaken in January 2021 to rationalise resources across the business which is expected to reduce the overhead cost base by c. $700k on a normalised, annualised basis. With respect to the COVID-19 pandemic, there is beginning to be a slight development in the recommencement of surgical procedures in the United States as the vaccine roll-out continues and patient confidence returns, however, it remains difficult to predict at what pace a return to pre-pandemic procedural levels will occur.

Principal risks & uncertainties
The principal risks and uncertainties facing the Group are set out on pages 38 to 43.

Cautionary statement
The strategic report, containing the strategic and financial reports of the Group contain forward-looking statements that are subject to risk factors associated with, amongst other things, economic and business circumstances occurring from time to time within the markets in which the Group operates. The expectations expressed within these statements are believed to be reasonable but could be affected by a wide variety of variables beyond the Group's control. These variables could cause the results to differ materially from current expectations. The forward-looking statements reflect the knowledge and information available at the time of preparation.

David Cocke
Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	**2020 £000**	2019 £000
Revenue	3	**12,829**	13,033
Cost of sales		**(6,933)**	(7,014)
Gross profit		**5,896**	6,019
Administrative expenses before exceptional items	3	**(10,066)**	(13,198)
Exceptional items		**(6,483)**	(21)
Total administrative expenses		**(16,549)**	(13,219)
Grant Income		**855**	-
Operating loss		**(9,798)**	(7,200)
Finance income		**2**	17
Finance charges		**(445)**	(477)
Loss before taxation		**(10,241)**	(7,660)
Tax	4	**533**	554
Loss for year		**(9,708)**	(7,106)
Attributable to:			
Equity holders of the parent	5	**(9,709)**	(6,973)
Non-controlling interests		**1**	(133)
		(9,708)	(7,106)
Other comprehensive income:			
Foreign currency translation differences – foreign operations		**(764)**	(724)
Total comprehensive expense for the year		**(10,472)**	(7,830)
Attributable to:			
Equity holders of the parent		**(10,473)**	(7,697)
Non-controlling interests		**1**	(133)
		(10,472)	(7,830)
Loss per share			
Basic and diluted loss attributable to equity holders of parent	5	**(0.22)p**	(0.60)p

The loss for the period arises from the Group's continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	Notes	**2020 £000**	2019 £000
Assets			
Non-current assets			
Property, plant and equipment		**3,252**	2,357
Right of use assets		**2,458**	–
Intangible assets		**10,931**	17,999
Total non-current assets		**16,641**	20,356
Current assets			
Inventory		**7,072**	4,185
Trade and other receivables		**2,643**	2,539
Corporation tax receivable		**825**	1,035
Cash and cash equivalents		**9,550**	2,380
Total current assets		**20,090**	10,139
Total assets		**36,731**	30,495
Liabilities			
Non-current liabilities			
Borrowings		**(2,790)**	(2,115)
Deferred tax		**(560)**	(670)

Lease liability	6	**(2,271)**	–
Total non-current liabilities		**(5,621)**	(2,785)
Current liabilities			
Trade and other payables		**(3,007)**	(2,944)
Borrowings		**–**	(171)
Lease liability	6	**(256)**	–
Total current liabilities		**(3,263)**	(3,115)
Total liabilities		**(8,884)**	(5,900)
Net assets		**27,847**	24,595
Equity and reserves			
Share capital		**11,720**	5,859
Share premium		**94,290**	86,399
Merger reserve		**10,884**	10,884
Reverse acquisition reserve		**(7,148)**	(7,148)
Reserve for own shares		**(831)**	(831)
Share based payment reserve		**955**	983
Retained earnings deficit		**(81,409)**	(70,936)
Equity attributable to equity holders of parent		**28,461**	25,210
Non-controlling interests		**(614)**	(615)
Total equity		**27,847**	24,595

The consolidated financial statements were approved by the Board of Directors on 27 April 2021 and were signed on its behalf by:

Daniel Lee
Chief Executive Officer
Company number: 05969271

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Attributable to equity holders of parent									
	Share capital £000	Share premium £000	Merger reserve £000	Reverse acquisition reserve £000	Reserve for own shares £000	Share based payment reserve £000	Retained earnings deficit £000	Total £000	Non-controlling interests £000	Total equity £000
At 31 December 2018	5,859	86,398	10,884	(7,148)	(831)	1,129	(63,239)	33,052	(482)	32,570
Loss for the period	–	–	–	–	–	–	(6,973)	(6,973)	(133)	(7,106)
Other comprehensive income	–	–	–	–	–	–	(724)	(724)	–	(724)
Loss and total comprehensive expense for the period	–	–	–	–	–	–	(7,697)	(7,697)	(133)	(7,830)
Contributions by and distributions to owners										
Exercise of share options	–	1	–	–	–	–	–	1	–	1
Share based payments	–	–	–	–	–	(146)	–	(146)	–	(146)
At 31 December 2019	5,859	86,399	10,884	(7,148)	(831)	983	(70,936)	25,210	(615)	24,595
Loss for the period	–	–	–	–	–	–	(9,709)	(9,709)	1	(9,708)
Other comprehensive expense	–	–	–	–	–	–	(764)	(764)	–	(764)
Loss and total comprehensive expense for the period	–	–	–	–	–	–	(10,473)	(10,473)	1	(10,472)
Contributions by and distributions to owners										
Issue of shares	5,860	8,790	–	–	–	–	–	14,650	–	14,650
Cost of issue of new Equity	–	(899)	–	–	–	–	–	(899)	–	(899)
Exercise of share options	1	–	–	–	–	–	–	1	–	1
Share based payments		–	–	–	–	(28)	–	(28)	–	(28)
At 31 December 2020	**11,720**	**94,290**	**10,884**	**(7,148)**	**(831)**	**955**	**(81,409)**	**28,461**	**(614)**	**27,847**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	**2020 £000**	2019 £000
Operating activities			
Loss before taxation		**(10,241)**	(7,660)
Adjustment for:			
Depreciation of property, plant equipment and right of use asset	10	**192**	476
Amortisation of intangible assets	12	**570**	570
Impairment of intangible assets and property, plant and equipment	10/12	**6,130**	1,311
Share based payments	21	**(28)**	(146)
Interest receivable	6	**(2)**	(17)
Interest payable	7	**445**	477
Operating cash outflow before working capital movements		**(2,934)**	(4,989)
(Increase) in inventory	13	**(2,887)**	(1,855)
(Increase)/decrease in trade and other receivables	14	**(11)**	1,076
(Decrease) in trade and other payables	16	**(46)**	(1,567)
Cash outflows from operations		**(5,878)**	(7,335)
Research & development tax credit received		**649**	653
Net cash outflow from operations		**(5,229)**	(6,682)
Investing activities			
Interest received	6	**2**	17
Purchases of property, plant and equipment	10	**(1,158)**	(438)
Capitalised development expenditure	12	**(215)**	(213)
Net cash outflow from investing activities		**(1,371)**	(634)
Financing activities			
Interest paid	7	**(245)**	(384)
Proceeds from exercise of share options		**2**	1
Gross proceeds from issue of shares		**14,650**	–
Cost of issue of equity		**(899)**	–
Proceeds from new loans		**504**	6,479
Repayment of loans		**–**	(4,193)
Lease liability payments	19	**(41)**	–
Lease interest payments		**(200)**	–
Net cash inflow from financing activities		**13,771**	1,903
Increase/(decrease) in cash and cash equivalents		**7,171**	(5,413)
Foreign exchange translation movement		**(1)**	(23)
Cash and cash equivalents at start of period		**2,380**	7,816
Cash and cash equivalents at end of period		**9,550**	2,380

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1) Basis of preparation
The financial statements of Tissue Regenix Group plc are audited consolidated financial statements for the year ended 31 December 2020. These include audited comparatives for the year ended 31 December 2019.

The consolidated financial statements are prepared in accordance with international accounting standards in conformity with the Companies Act 2006 ('IFRS').

The Company is incorporated and domiciled in the United Kingdom and its registered number is 05969271. The address of the registered office is Unit 3 Phoenix Court, Lotherton Way, Garforth LS25 2GY. The Company was incorporated on 17 October 2006. The principal activity of Tissue Regenix Group is to develop, manufacture and commercialise biological medical devices.

The Group financial statements consolidate the financial statements of Tissue Regenix Group plc and the entities it controls, being its subsidiaries and its joint venture interest.

The figures for the years ended 31 December 2020 and 2019 do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The information contained within this announcement has been extracted from the audited financial statements which have been prepared in accordance with International Accounting standards in conformity with the requirements of the Companies Act 2006 ('IAS'). They have been prepared using the historical cost convention except where the measurement of balances at fair value is required. The information in this preliminary statement has been extracted from the audited financial statements for the year ended 31 December 2018 and as such, does not contain all the information required to be disclosed in the financial statements prepared in accordance with IAS.

The auditors have issued an unqualified opinion on the full financial statements for the year ended 31 December 2020 which will be made available for shareholders and delivered to the Registrar of Companies in due course. The financial information for 2020 and 2019 does not comprise statutory financial statements within the meaning of Section 434 of the Companies Act 2006. Statutory financial statements for the year ended 31 December 2019, on which the auditors gave an unqualified opinion, have been delivered to the Registrar of Companies. No statement has been made by the auditor under Section 498(2) or (3) of the Companies Act 2006 in respect of either of these sets of accounts. Further copies of these results, and the full financial statements when published, will be available on the Company's website at www.tissueregenix.com and at the Company's registered office: Unit 3 Phoenix Court, Lotherton Way, Garforth LS25 2GY

Going concern
The Group financial statements have been prepared on a going concern basis based on cash flow projections approved by the Board for the Group for the period to 31 December 2022 (the "Cash Flow Projections").
Funding requirements are reviewed on a regular basis by the Group's Chief Executive Officer and Chief Financial Officer and are reported to the Board at each Board meeting, as well as on an ad hoc basis, if requested. The Cash Flow Projections show that the group will continue to consume cash over the forecast period. Until sufficient cash is generated from its operations, the Group remains reliant on cash reserves of £9.6m at 31 December 2020 and the ongoing support of MidCap Financial Trust ("MidCap")(borrowings of £2.8m at 31 December 2020) to meet its working capital requirements, capital investment programme and other financial commitments.

The COVID-19 pandemic has affected most businesses during 2020. As a result of the reprioritisation of healthcare professionals during this time, there has been a decline in elective procedures undertaken across a number of medical specialities that use our products. Given the uncertainty around the level and duration of disruption from COVID-19, it is difficult to determine how long the current situation may last, and the time taken to catch-up any postponed surgical procedures thereafter.

However, the Board, in compiling the Cash Flow Projections, has considered a downside scenario regarding the effect of reduced and delayed revenues due to COVID-19 and, has undertaken market soundings regarding the likely timeframe for the recommencement of procedures. It has concluded that there will not be a significant long-lasting impact on the capability of the business to carry out its commercial activities. The Cash Flow Projections prepared by the board, including the downside scenario, indicate that the Group will still have cash reserves at the end of the forecast period.

The Group's Cash Flow Projections also assume that the MidCap facilities are available throughout the forecast period as they are repayable in 2024. The availability of these facilities is dependent upon compliance with a rolling twelve month revenue covenant which is measured on a monthly basis. The Cash Flow Projections indicate compliance with this covenant throughout the forecast period. The scenario reflecting very low growth indicates that this covenant may be breached in the second half of 2022. That scenario also shows that the MidCap facility could be repaid from cash reserves in the event that repayment was demanded by MidCap.

In summary, the Directors have considered their obligations in relation to the assessment of the going concern basis for preparation of the financial statements of the Group and have reviewed the Cash Flow Projections. On the basis of their assessment, they have concluded that the going concern basis remains appropriate for use in these financial statements.

2) Significant accounting policies
Basis of Consolidation
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. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the

date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Controlled Joint Venture
Tissue Regenix Group entered a joint venture in January 2016 establishing GBM-V GmbH, a company in Germany.
The results for this entity are consolidated within these financial statements because the Group controls the majority of the voting rights.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Goodwill
Goodwill arising on the acquisition of a subsidiary undertaking is the difference between the fair value of the consideration payable and the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is tested annually for impairment as described below.

Revenue
Revenue is measured as the fair value of the consideration received or receivable in the normal course of business, net of discounts, VAT and other sales related taxes and is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow in to the Company, which usually coincides with the despatch of goods

Bill and hold sales
The Group has bill-and-hold arrangements with customers, and this revenue is recognised when the company considers that performance obligations have been met and they meet the following criteria:

- The reason for the bill-and-hold arrangement must be substantive (usually the arrangement has been requested by the customer to facilitate their shipping arrangements)
- The product must be identified separately as belonging to the customer (that is, it cannot be used to satisfy other orders)
- The product must be ready for physical transfer to the customer
- The Group cannot have the ability to use the product, or to direct it to another customer

Grant Income
Grant income is recognised as earned based on contractual conditions and is presented as Grant income on the face of the Statement of comprehensive income.

Foreign Currencies
The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purposes of the consolidated financial statements, the results and the financial position of each Group entity are expressed in Pounds Sterling, which is the functional and presentational currency of the Company and consolidated financial statements.

Exchange differences arising on transaction and monetary items in the financial statements of individual entities are recorded as a profit or loss within the income statement.

The assets and liabilities of foreign operations are translated into sterling using exchange rates at the balance sheet date. The components of shareholders' equity are stated at historical value. An average exchange rate for the period is used to translate the results and cash flows of foreign operations.

Exchange differences arising on translating the results and net assets of foreign operations are recorded in other comprehensive incomes and taken to the translation reserve in equity until the disposal of the investment.

Research and Development
Research costs are charged to profit and loss as they are incurred. An intangible asset arising from development expenditure on an individual project is recognised only when all of the following criteria can be demonstrated:

- It is technically feasible to complete the product and the management is satisfied that appropriate regulatory hurdles have been, or will be achieved
- Management intends to complete the product and use or sell it
- There is an ability to use or sell the product
- It can be demonstrated how the product will generate probable future economic benefits
- Adequate technical, financial and other resources are available to complete the development, use or sell the product
- Expenditure attributable to the product can be reliably measured

Such intangible assets are amortised on a straight-line basis, from the point at which the assets are ready for use over the period of the expected benefit, and are reviewed for an indication of impairment at each reporting date. Other development costs are charged against profit or loss as incurred since the criteria for capitalisation are not met.

The costs of an internally generated intangible asset comprise all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include employee costs incurred on technical development, testing and certification, materials consumed and any relevant third party cost. The costs of internally

generated developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired intangible assets. However, until completion of the development project, the assets are subject to impairment testing only.

Exceptional Items
Items which are significant by virtue of their size or nature and/or which are considered non-recurring are classified as an exceptional operating item. Such items are included within the appropriate consolidated income statement category but are highlighted separately. Exceptional operating items are excluded from the profit measures used by the Directors to monitor underlying performance.

Inventories
Inventories are recognised at the lower of cost and net realisable value. Cost is determined using the first in, first out method and represents the purchase cost, including transport, for raw materials, together with a proportion of manufacturing overheads based on normal levels of activity for work in progress and finished goods. Appropriate provisions for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the assets are impaired.

Property, Plant, Equipment and Right of Use assets
Property, plant and equipment assets are stated at their historical cost of acquisition less any provision for depreciation or impairment. Depreciation is provided on all property, plant and equipment assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Buildings	over 39 years
Laboratory equipment	over 5–7 years
Computer equipment	over 3 years
Fixtures and fittings	over 5 years

Land is not depreciated.

A Right of Use asset is recognised at commencement of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the Group. The Right of Use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. Right of Use assets are depreciated on a straight-line basis over the lease term (39 years).

Intangible Assets
Intangible assets are stated at fair value at acquisition. They are subsequently held at cost less any provision for impairment or amortisation. Intangible assets are amortised through administrative expenses within the income statement over their expected useful life as follows:

Trademarks	over 5 years
Customer relationships	over 10 years
Process & IT technology	over 10 years
Supplier agreements	over 5 years

Impairment of Property, Plant and Equipment, Intangible and Right of Use assets
At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Discounted cash flow valuation techniques are generally applied for assessing recoverable amounts using Board approved five-year forward- looking cash flow projections and terminal value estimates, together with discount rates appropriate to the risk of the related cash generating units.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Share Based Payments

Share options
Equity settled share-based payment transactions are measured with reference to the fair value at the date of grant, recognised on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. Fair value is measured using a binomial valuation model.

At each reporting date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous reporting date is recognised in the statement of comprehensive income, with a corresponding entry in equity.

Jointly held shares

Where an employee acquires an interest in shares in the Company jointly with the Tissue Regenix Employee Share Trust, the fair value of the option at the purchase date is recognised on a straight-line basis over the vesting period. The fair value benefit is measured using a binomial valuation model, taking into account the terms and conditions upon which the jointly owned shares were purchased.

Financial Assets and Liabilities

Trade and other receivables
Trade and other receivables do not carry any interest and are initially recognised at fair value. They are subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment.

An expected credit loss ('ECL') model, as introduced under IFRS 9, broadens the information that an entity is required to consider when determining its expectations of impairment. Under this model, expectations of future events must be taken into account and this will result in the earlier recognition of larger impairments against trade and other receivables.

In applying the ECL model the company considered the probability of a default occurring over the contractual life of its trade receivables balances on initial recognition of those assets.

Impairment provisions are recognised for the group as follows, representing the expected credit losses over the contracted life of these balances.

Not overdue	0% of aged receivables
0 to 3 months overdue	0% of aged receivables
to 4 months overdue	25% of aged receivables
to 5 months overdue	50% of aged receivables
Over 5 months	100% of aged receivables overdue

Trade and other payables
Trade and other payables are not interest bearing and are initially recognised at fair value. They are subsequently measured at amortised cost using the effective interest method.

Borrowings
Borrowings are interest bearing and are initially recognised at fair value less the directly attributable costs of issue. They are subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents comprise cash at hand and deposits on a term of not greater than six months.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction.

Leases
On commencement of a contract which gives the Group the right to use assets for a period of time in exchange for consideration, the Group recognises a right of use asset and a lease liability unless the lease qualifies as a 'short-term' lease (term is 12 months or less with no option to purchase the lease asset) or a 'low-value' lease (where the underlying asset is £4,000 or less when new).

The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. The lease term is the non cancellable period of the lease plus extension periods that the Group is reasonably certain to exercise and termination periods that the Group is reasonably certain not to exercise. Lease payments include fixed payments, less any lease incentives receivable, variable lease payments dependent on an index or a rate and any residual value guarantees.

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments. Interest on the lease liability is recognised in profit or loss. Variable lease payments not included in the measurement of the lease liability as they are not dependent on an index or rate, are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

Taxation
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount

of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Critical Accounting Estimates and Areas of Judgement
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and judgements that have the most significant effects on the carrying amounts of the assets and liabilities in the financial information are discussed below:

Judgements
Grant Income
As described in note 4, the Group received loans during the year totalling £815,000 under the US Government's Paycheck Protection Program ("PPP"). These loans may be forgiven if used for permitted purposes. The Directors believe that they have fulfilled all of the necessary conditions and have commenced the process of applying for forgiveness. The forgiveness of the loan has been recorded within these financial statements as Grant Income, which is considered to be a critical judgement as there remains some uncertainty around the forgiveness process and outcome.

Leases
As disclosed in note 19, the Group recorded a lease liability during the year in respect of property adjacent to the owned facility at San Antonio, Texas. This lease includes the option to purchase the facility within 60 months of lease commencement for a fixed sum. The Directors have assumed that this option will be exercised in calculating the lease liability and the corresponding right of use asset on the basis that they are reasonably certain to exercise the option as the property is adjacent to the currently owned facility and there will be significant investment in fitting out the facility to a very high specification for the purpose of manufacturing the group's products. The assumption that the option will be exercised is considered to be a critical judgment given that there is no absolute certainty that the option will be exercised.

Estimates
Impairment testing of non-current assets
At each reporting date the Directors review the carrying amount of the Group's non-current assets to determine whether there has been any indication that those assets have suffered an impairment loss. In the current year, the Group recognised no impairment, other than in respect of the annual goodwill impairment testing as described below. (2019, an impairment charge of £972k against intangible assets and £339k against property, plant and equipment). In accordance with IFRS, management have performed an annual impairment test of the goodwill relating to CellRight Technologies LLC and an impairment charge of £6,130k has been recognised (2019:nil), further details are provided in note 12. By its very nature, impairment testing involves a high degree of estimation uncertainty due to the extent that assumptions have to be made regarding likely future trading performance.

New accounting standards and amendments adopted in the year
During the year, the Company adopted no new standards effective from the 1st January 2020. The Company has not adopted any new or amended standards early.

Impact of other new International Financial Reporting Standards
The following other new standards and amended standards, none of which have had a material impact on these financial statements, are mandatory and relevant to the Group for the first time for the financial period commencing 1 January 2020:

Amendments to References to the Conceptual Framework in IFRS Standards

Definition of a Business (Amendments to IFRS 3)

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, IFRS 16, IFRS 4 and IFRS 7)

Definition of Material (Amendments to IAS 1 and IAS 8)

Standards, Amendments, Improvements & Interpretations issued but not yet effective
At the date of authorisation of these financial statements the following standards and interpretations, which have not been applied in these financial statements, and which are considered potentially relevant, were in issue:

Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

Covid-19-Related Rent Concessions (Amendment to IFRS 16)

The Directors anticipate that the adoption of the amendments to standards in future periods will have no material impact on the recognition and measurement of assets, liabilities and the associated performance of the Group or the Company when the relevant standards and interpretations come into effect.

3) Segmental reporting
The following table provides disclosure of the Group's revenue by geographical market based on location of the customer:

	2020	2019
	000	£000
USA	**10,695**	10,679
Rest of world	**2,134**	2,354
	12,829	13,033

Analysis of revenue by customer
During the year ending 31 December 2020, the Group had one customer who individually exceeded 10% of revenue. This customer generated 13% of revenue (2019: no customers).

Operating segments
The Group is organised into BioSurgery, Orthopaedics & Dental, GBM-V & Cardiac (recently merged due to size) divisions for internal management, reporting and decision making, based on the nature of the products of the Group's businesses. Managers within these divisions report to the Chief Executive Officer. These are the reportable operating segments in accordance with IFRS 8 "Operating Segments". The Directors recognise that the operations of the Group are dynamic and therefore, this position will be monitored as the Group develops.

In accordance with IFRS 8, the Group has derived the information for its operating segments using the information used by the Chief Operating Decision Maker. The Group has identified the Chief Executive Officer as the Chief Operating Decision Maker as he is responsible for the allocation of resources to the operating segments and assessing their performance.

Central overheads, which primarily relate to operations of the Group function, are not allocated to the business unit.

	BioSurgery		Orthopaedics & Dental		GBM-v & Cardiac		Central		Total	
	2020 £000	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000
Revenue	**3,308**	4,233	**7,446**	6,724	**2,075**	2,076	**–**	–	**12,829**	13,033
Cost of sales	**(1,849)**	(2,535)	**(3,848)**	(3,076)	**(1,236)**	(1,403)	**–**	–	**(6,933)**	(7,014)
Gross Profit	**1,459**	1,698	**3,598**	3,648	**839**	673	**–**	–	**5,896**	6,019
Administrative costs	**(2,660)**	(3,729)	**(4,977)**	(4,553)	**(1,104)**	(991)	**(1,325)**	(3,925)	**(10,066)**	(13,198)
Exceptional costs:										
Contingent consideration	**–**	–	**–**	1,523	**–**	–	**–**	–	**–**	1,523
Impairment of assets	**–**	(983)	**(6,130)**	–	**–**	(152)		(176)	**(6,130)**	(1,311)
Restructuring costs	**–**	(72)	**(14)**	–	**(101)**	–	**(238)**	(92)	**(353)**	(164)
Litigation costs	**–**	(69)	**–**	–	**–**	–	**–**	–	**–**	(69)
Grant Income	**325**	–	**490**	–	**–**	–	**40**	–	**855**	–
Operating (loss)/profit	**(876)**	(3,155)	**(7,033)**	618	**(366)**	(470)	**(1,523)**	(4,193)	**(9,798)**	(7,200)
Finance (expense)	**–**	–	**(443)**	–	**–**	–	**–**	(460)	**(443)**	(460)
(Loss)/profit before taxation	**(876)**	(3,155)	**(7,476)**	618	**(366)**	(470)	**(1,523)**	(4,653)	**(10,241)**	(7,660)
Taxation	**(22)**	159	**426**	283	**129**	80	**–**	32	**533**	554
(Loss)/profit for the year	**(898)**	(2,996)	**(7,050)**	901	**(237)**	(390)	**(1,523)**	(4,621)	**(9,708)**	(7,106)

Revenue from all operating segments derives from the sale of biologic medical devices. Administrative expenses are broken down as follows:

	BioSurgery		Orthopaedics & Dental		GBM-v & Cardiac		Central		Total	
	2020 £000	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000
Staff costs	**(2,106)**	(2,862)	**(2,607)**	(2,931)	**(423)**	(483)	**(527)**	(889)	**(5,663)**	(7,165)
Sales and marketing costs	**(306)**	(395)	**(13)**	(136)	**–**	(20)	**(16)**	(204)	**(335)**	(755)
Research and development	**(118)**	(256)	**(257)**	(530)	**(164)**	(172)	**(7)**	(409)	**(546)**	(1,367)
Depreciation and amortisation	**–**	(15)	**(756)**	(276)	**(3)**	(17)	**(3)**	(739)	**(762)**	(1,047)
Establishment and administration costs	**(130)**	(201)	**(1,3444)**	(680)	**(514)**	(299)	**(772)**	(1,684)	**(2,760)**	(2,864)
Administrative costs	**(2,660)**	(3,729)	**(4,977)**	(4,553)	**(1,104)**	(991)	**(1,325)**	(3,925)	**(10,066)**	(13,198)

The balance sheet can be analysed segmentally as follows:

	BioSurgery		Orthopaedics & Dental		GBM-v & Cardiac		Central		Total	
	2020 £000	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000

Non-current assets										
Intangible assets	**–**	–	**10,931**	17,999	**–**	–	**–**	–	**10,931**	17,999
Property, Plant & Equipment	**–**	–	**3,214**	2,357	**4**	–	**34**	–	**3,252**	2,357
Right of use asset	**–**	–	**2,292**	–	**–**	–	**166**	–	**2,458**	–
Total non-current assets	**–**	–	**16,437**	20,356	**4**	–	**200**	–	**16,641**	20,356
Current assets										
Inventory	**1,308**	345	**5,530**	3,661	**150**	122	**84**	57	**7,072**	4,185
Trade & other receivables	**578**	1,078	**2,142**	1,666	**504**	293	**244**	537	**3,468**	3,574
Cash & cash equivalents	**181**	495	**143**	87	**141**	41	**9,085**	1,757	**9,550**	2,380
Total current assets	**2,067**	1,918	**7,815**	5,414	**795**	456	**9,413**	2,351	**20,090**	10,139
Total assets	**2,067**	1,918	**24,252**	25,770	**799**	456	**9,613**	2,351	**36,731**	30,495
Liabilities										
Trade & other payables	**(287)**	(586)	**(2,007)**	(2,163)	**(174)**	(154)	**(539)**	(882)	**(3,007)**	(3,785)
Borrowings	**–**	–	**(2,790)**	(2,115)	**–**	–	**–**	–	**(2,790)**	(2,115)
Lease liability	**–**	–	**(2,367)**	–	**–**	–	**(160)**	–	**(2,527)**	–
Total liabilities	**(287)**	(586)	**(7,164)**	(4,278)	**(174)**	(154)	**(699)**	(882)	**(8,324)**	(5,900)
Net assets/(liabilities)	**1,780**	(1,332)	**17,088**	21,492	**625**	302	**8,914**	1,469	**28,407**	24,595
Capital expenditure	**–**	6	**3,789**	349	**–**	–	**224**	83	**4,013**	438
Additions to intangible assets	**–**	213	**215**	–	**–**	–	**–**	–	**215**	213

4) Taxation

Tax on loss on ordinary activities

	2020 £000	2019 £000
Current tax:		
UK R&D tax credit	**(440)**	(488)
US corporation tax payable	**–**	29
	(440)	(459)
Deferred tax:		
Origination and reversal of temporary timing differences	**(93)**	(95)
Tax credit on loss on ordinary activities	**(533)**	(554)

Factors affecting the current tax charges

The tax assessed for the year varies from the main rate of corporation tax as explained below:

	2020 £000	2019 £000
Loss on ordinary activities before tax	**(10,241)**	(7,660)
Tax at the standard rate of corporation tax 19% (2019: 19%)	**(1,946)**	(1,456)
Effects of:		
Research and development tax credits received	**(314)**	(468)
Surrender of research and development relief for repayable tax credit including enhancement	**432**	305
Unutilised tax losses	**1,295**	1,064
Tax credit for the period	**(533)**	(554)

Unrecognised deferred tax

	2020 £000	2019 £000
Tax losses		
Losses available to carry forward against future trading profits	**51,104**	43,533
*Deferred tax asset – at 19% (2019: 17%)	**9,710**	7,404

* The Group has not recognised a deferred tax asset relating to these losses as their recoverability is uncertain.

The enacted UK corporation tax rate of 19% forms the basis for the UK element of the deferred tax calculation, following the UK budget in 2021 the chancellor announced an increase to the main rate of corporation tax in the UK to 25% from April 2023, if applied this would significantly increase the value of the unrecognised deferred tax asset.

5) Loss per share (basic and diluted)

Basic loss per share is calculated by dividing the loss attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the period excluding own shares held jointly by the Tissue Regenix Employee Share Trust and certain employees.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares in issue during the year to assume conversion of all dilutive potential ordinary shares.

	2020 £000	2019 £000
Total loss attributable to the equity holders of the parent	**(9,709)**	(6,973)

	No.	No.
Weighted average number of ordinary shares in issue during the year	**4,447,666,932**	1,171,867,216
Loss per share		
Basic and diluted loss for the year	**(0.22)p**	(0.60)p

As set out in note 21 the Company has options issued over 50,803,039 (2019: 19,553,729) ordinary shares and there are 16,112,800 (2019: 16,112,800) jointly owned shares which are potentially dilutive. There is, however, no dilutive effect of these issued options as there is a loss for each of the periods concerned.

6) Lease liabilities

Lease liabilities, excluding short-term and low value leases, included in the Statement of Financial Position were as follows:

	2020 £000	2019 £000
Current Lease liabilities	**(256)**	–
Non–current liabilities	**(2,271)**	–
	(2,527)	–

Maturity analysis of lease liabilities

The maturity of the gross contractual undiscounted cashflows due on the Group's lease liabilities (excluding short-term and low value leases) is set out below based on the period between 31 December 2020 and the contractual maturity date.

Land and buildings	**2020 £000**	2019 £000
Less than 6 months	**133**	–
6 months to 1 year	**133**	–
1 year to 2 years	**287**	–
2 years to 5 years	**2,948**	–
5 or more years	**–**	–
	3,501	–

Disclosure of the carrying amounts of right of use assets by class and additions to right of use assets has been provided in note 11.

Effect of leases on financial performance

	2020 £000	2019 £000
Depreciation charge for the year:		
Administrative expenses	**477**	–
Interest expenses for the year on lease liabilities recognised in 'finance costs'	**200**	–
Total effect of leases on financial performance	**677**	–

Lease terms

- The Group leases properties used for its operations in the UK and US. Lease terms are 5 years.
- Terms on specific property leases also include:
- UK Property: 5 year fixed lease and includes a break clause in 2023
- US property: 5 year fixed and includes the option to purchase up to 2025
- The Group average effective borrowing rate for leases at 31 December 2020 was 9%.