

TRUSCREEN GROUP LIMITED

**Preliminary Final Report
Consolidated Financial Statements - Unaudited**

Currency is New Zealand Dollars

For the Year Ended 31 March 2022

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TRUSCREEN GROUP LIMITED

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022	2021
		\$	\$
Revenue from the sale of goods	3	1,678,465	1,132,641
Other income	3	973,914	843,274
Cost of inventory used		(1,155,725)	(732,603)
Employee benefit expenses and directors' fees		(991,911)	(1,180,425)
Administration		(347,807)	(403,638)
Research and development expenses		(1,507,543)	(1,288,197)
Rent		(54,139)	(40,876)
Travel		(4,969)	(4,192)
Marketing & product approvals		(708,010)	(618,281)
Insurance		(116,191)	(85,196)
Shareholder relations & services		(117,877)	(295,163)
Foreign exchange loss		-	(136,200)
Amortisation & depreciation		(592,715)	(646,598)
Write off of obsolete inventory		(181,217)	-
Provision for impairment plant and equipment		(198,847)	-
Provision for impairment of non-current assets		(4,423,287)	-
Finance costs		-	(34,556)
Share based payments		(144,813)	-
Loss before income tax		<u>(7,892,672)</u>	<u>(3,490,010)</u>
Income tax expense		-	-
Loss for the period		<u>(7,892,672)</u>	<u>(3,490,010)</u>
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign subsidiary operations		(166,281)	500,136
Other comprehensive (loss)/income for the period		<u>(166,281)</u>	<u>500,136</u>
Total comprehensive loss for the period		<u>(8,058,953)</u>	<u>(2,989,874)</u>
Basic and diluted loss per share (cents)	4	<u>(2.18)</u>	<u>(1.08)</u>

TRUSCREEN GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note	2022	2021
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		2,797,004	5,255,074
Other receivables		601,554	558,485
Trade receivables		275,447	-
Goods and services tax recoverable		36,782	44,233
Inventories		496,887	732,574
Other current assets – prepayments		179,270	105,931
TOTAL CURRENT ASSETS		<u>4,386,944</u>	<u>6,696,297</u>
NON-CURRENT ASSETS			
Plant and equipment		-	307,092
Intangible assets		-	5,001,302
TOTAL NON-CURRENT ASSETS		<u>-</u>	<u>5,308,394</u>
TOTAL ASSETS		<u>4,386,944</u>	<u>12,004,691</u>
CURRENT LIABILITIES			
Trade and other payables		807,374	452,594
Provision for employee benefits		140,385	205,373
TOTAL CURRENT LIABILITIES		<u>947,759</u>	<u>657,967</u>
NON-CURRENT LIABILITIES			
Provision for employee benefits		44,134	37,633
TOTAL NON-CURRENT LIABILITIES		<u>44,134</u>	<u>37,633</u>
TOTAL LIABILITIES		<u>991,893</u>	<u>695,600</u>
NET ASSETS		<u>3,395,051</u>	<u>11,309,191</u>
EQUITY			
Issued capital	5	34,550,048	34,550,048
Share option reserve	5	450,813	306,000
Foreign currency translation reserve		(380,844)	(214,563)
Accumulated losses		(31,224,966)	(23,332,294)
Total Equity		<u>3,395,051</u>	<u>11,309,191</u>

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Share Capital \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Total \$
Balance at 1 April 2021	34,550,048	(23,332,294)	(214,563)	306,000	11,309,191
Loss for the year to 31 March 2022	-	(7,892,672)	-	-	(7,892,672)
Exchange differences on translating foreign subsidiary operations	-	-	(166,281)	-	(166,281)
Total comprehensive income for the year	-	(7,892,672)	(166,281)	-	(8,058,953)
Transactions with owners, in their capacity as owners					
Share based payments	-	-	-	144,813	144,813
Total transactions with owners	-	-	-	144,813	144,813
Balance at 31 March 2022	<u>34,550,048</u>	<u>(31,224,966)</u>	<u>(380,844)</u>	<u>450,813</u>	<u>3,395,051</u>

	Note	Share Capital \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Total \$
Balance at 1 April 2020		27,492,050	(19,842,284)	(714,699)	306,000	7,241,067
Loss for the year to 31 March 2021		-	(3,490,010)	-	-	(3,490,010)
Exchange differences on translating foreign subsidiary operations		-	-	500,136	-	500,136
Total comprehensive income for the year		-	(3,490,010)	500,136	-	(2,989,874)
Transactions with owners, in their capacity as owners						
Issue of shares	5	7,489,968	-	-	-	7,489,968
Share issue cost	5	(431,970)	-	-	-	(431,970)
Total transactions with owners		<u>7,057,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,057,998</u>
Balance at 31 March 2021		<u>34,550,048</u>	<u>(23,332,294)</u>	<u>(214,563)</u>	<u>306,000</u>	<u>11,309,191</u>

TRUSCREEN GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2022	2021
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from customers		1,434,264	1,167,975
Cash paid to suppliers and employees including GST		(4,694,522)	(4,207,886)
Cash received from research and development tax offset		620,888	689,167
Government assistance		231,125	268,717
Short-term lease payments not included in lease liability		(123,775)	(73,978)
Interest paid		-	(35,146)
Interest received		323	1,820
Net cash from operating activities	6	(2,531,697)	(2,189,331)
CASH FLOW TO INVESTING ACTIVITIES			
Purchase of plant and equipment		(2,662)	(97,524)
Net cash to investing activities		(2,662)	(97,524)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	7,489,968
Share issue costs		-	(431,970)
Repayment of borrowings		-	(410,280)
Net cash from financing activities		-	6,647,718
Net (decrease)/increase in cash and cash equivalents		(2,534,359)	4,360,863
Cash and cash equivalents at the beginning of the financial year		5,255,074	1,024,153
Effects of exchange rate changes on cash and cash equivalents		76,289	(129,942)
Cash and cash equivalents at the end of the financial year		2,797,004	5,255,074

TRUSCREEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

These consolidated financial statements and notes represent those of Truscreen Group Limited and its subsidiaries (the “Group”). References to “Truscreen” is used to refer to Truscreen Group Limited (the “Company”).

The parent company, Truscreen Group Limited, is the ultimate legal parent company of the Group and is a limited liability company incorporated and domiciled in New Zealand. It is registered under the Companies Act 1993. Truscreen is listed on the NZX and on the ASX as an ASX Foreign Exempt Listing. Truscreen is a FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013.

The registered office of the Company is Level 6 Equitable House, 57 Symonds St, Grafton, Auckland 1010, New Zealand. The Group is engaged in the business of the development, manufacture and sale of cancer detection devices and systems.

Basis of Preparation

These financial statements have been prepared under the historical costs convention, modified by the revaluation of certain assets and liabilities.

The principal accounting policies adopted in the preparation of the financial report are unchanged from the Interim Financial Statements for the period ended 30 September 2021 and Annual Financial Statements for the year ended 31 March 2021. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The financial statements have been rounded to the nearest dollar.

NOTE 2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions concerning the future that affects the amounts reported in the financial statements. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Valuation of Intangible Assets

The Directors have undertaken a comprehensive Impairment Review (“Review”) of the intangible assets belonging to the Company at the reporting date. This Review has been undertaken in compliance with NZ IAS 36 (‘IAS 36’) and its detailed specifications with the assistance of an independent consultant. The impairment review is based upon projections of performance which while Truscreen is in early commercialisation phase are somewhat uncertain.

In addition, the disruptions experienced from COVID over the previous two financial years are expected to continue and have been exacerbated in the markets where the Company operates, with increased global uncertainties. These include geopolitical tensions in Ukraine, the impact of China’s zero COVID policy with the Chinese borders remaining closed, prolonged COVID lockdowns in other markets, rising inflation and interest rates and disruption to international supply chains.

The Board is of the opinion that given the level of uncertainty, that a full provision for impairment of the remaining carrying value of non-current assets in the amount of \$4,622,134 should be made, until some stability returns to our International markets.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTE 2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

The provision for impairment, will be reviewed as uncertainties recede at future balance dates and reversed where applicable. The provision is non-cash and has no impact on the operations of the Company.

The provision for impairment of intangible assets of \$4,423,287 has been booked bringing the carrying value to zero (prior year assets acquired at cost, net of amortisation charges \$3,561,162 and costs of development of the Truscreen Gen2 device, net of amortisation charges was \$1,440,140).

NOTE 3. REVENUE

	2022	2021
	\$	\$
Sales revenue - sale of goods		
Wholesalers/distributors	1,462,566	1,127,350
Direct to customer	215,899	5,291
	1,678,465	1,132,641
Other income		
Research and development tax offset		
- Current year	593,197	549,109
- Prior year adjustment	48,830	23,628
	642,027	572,737
Interest received	372	1,820
Foreign exchange gain	103,348	-
Government assistance and grants	228,167	268,717
	973,914	843,274

NOTE 4. EARNINGS PER SHARE

	2022	2021
	\$	\$
Net loss attributable to shareholders	(7,892,672)	(3,490,010)
Weighted average number of ordinary shares on issue	362,866,253	323,761,703
Basic loss per share (cents) (based on weighted average number of shares on issue)	(2.18)	(1.08)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTE 5. ISSUED CAPITAL

a) Ordinary Shares

Group	2022 Number	2022 \$	2021 Number	2021 \$
Balance at beginning of the year of fully paid ordinary shares	362,866,253	34,550,048	227,534,804	27,492,050
Ordinary shares issued				
Share issue May 2020 @ \$0.05 per share ⁱ	-	-	104,860,021	5,242,968
Share issue December 2020 @ \$0.07 per share ⁱⁱ	-	-	28,571,428	2,000,000
Exercise of options ⁱⁱⁱ	-	-	1,900,000	247,000
Share issue costs	-	-	-	(431,970)
Balance at 31 March	<u>362,866,253</u>	<u>34,550,048</u>	<u>362,866,253</u>	<u>34,550,048</u>

No particular number of shares are authorised. There is no par value of shares.

All issued ordinary shares carry equal rights in respect of voting and the receipt of dividends, and upon winding up rank equally with regard to the Company's residual assets.

Shares were issued during the:

a. current period:

No shares were issued in the current period.

b. prior period:

- i. the issue of 104,860,021 new shares at \$0.05 per share raising \$5.243m. The shares were issued pursuant to a Share Purchase Plan, 40,000,000, and a share Placement Plan 64,860,021.
- ii. the issue of 28,571,428 new shares via a placement and dual listing on the ASX, raising NZ\$2.0 million at NZ\$0.07 per share (A\$0.065).
- iii. the issue of 1,900,000 new shares on exercise of options at NZ\$0.13 per share.

b) Share Options

Group	2022 Number	2022 Share Based Payments \$	Weighted Average Exercise Price	2021 Number	2021 Share Based Payments	Weighted Average Exercise Price
Balance at beginning of the year	17,777,363	306,000	13.9c	19,677,363	306,000	13.9c
Options issued ¹	2,500,000	69,500	10.0c	-	-	-
Options issued ²	2,500,000	75,313	10.0c	-	-	-
Options lapsed ³	(8,777,363)	-	-	-	-	-
Options exercised	-	-	-	(1,900,000)	-	13.0c
Balance at end of year	<u>14,000,000</u>	<u>450,813</u>	<u>12.5 c</u>	<u>17,777,363</u>	<u>306,000</u>	<u>14.0c</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTE 5. ISSUED CAPITAL (Continued)

¹Options issued 29 December 2021 to directors and employee

²Options issued 4 March 2022 to distributors

³Options lapsed exercise price of 13 cents per share and expiry date 12 July 2021.

NOTE 6. CASH FLOW INFORMATION

	2022	2021
	\$	\$
Reconciliation of cash flow from operations with loss after income tax		
Loss for the period	(7,892,672)	(3,490,010)
Adjusted for:		
Depreciation and amortisation	592,715	646,597
Impairment of non-current assets	4,622,134	-
Share based payment expense	143,767	-
Unrealised exchange difference arising from translating loss items at the date of transaction	(145,312)	298,477
Operating cash flows before working capital changes	(2,679,368)	(2,544,936)
(Increase)/decrease in trade and other receivables	(275,447)	182,018
Decrease/(increase) in goods and services taxes recoverable	7,445	(26,718)
(Increase)/decrease in prepayments	(73,339)	30,511
Decrease/(increase) in inventory	235,687	(228,806)
(Increase)/decrease in research and development tax offset	(43,069)	125,765
Increase in trade and other payables	354,881	159,451
(Decrease)/increase in employee liabilities	(58,487)	113,384
Net cash to operating activities	(2,531,697)	(2,189,331)

