WideCells Group PLC

Annual Report & Accounts 2016

Company Number: 10197256

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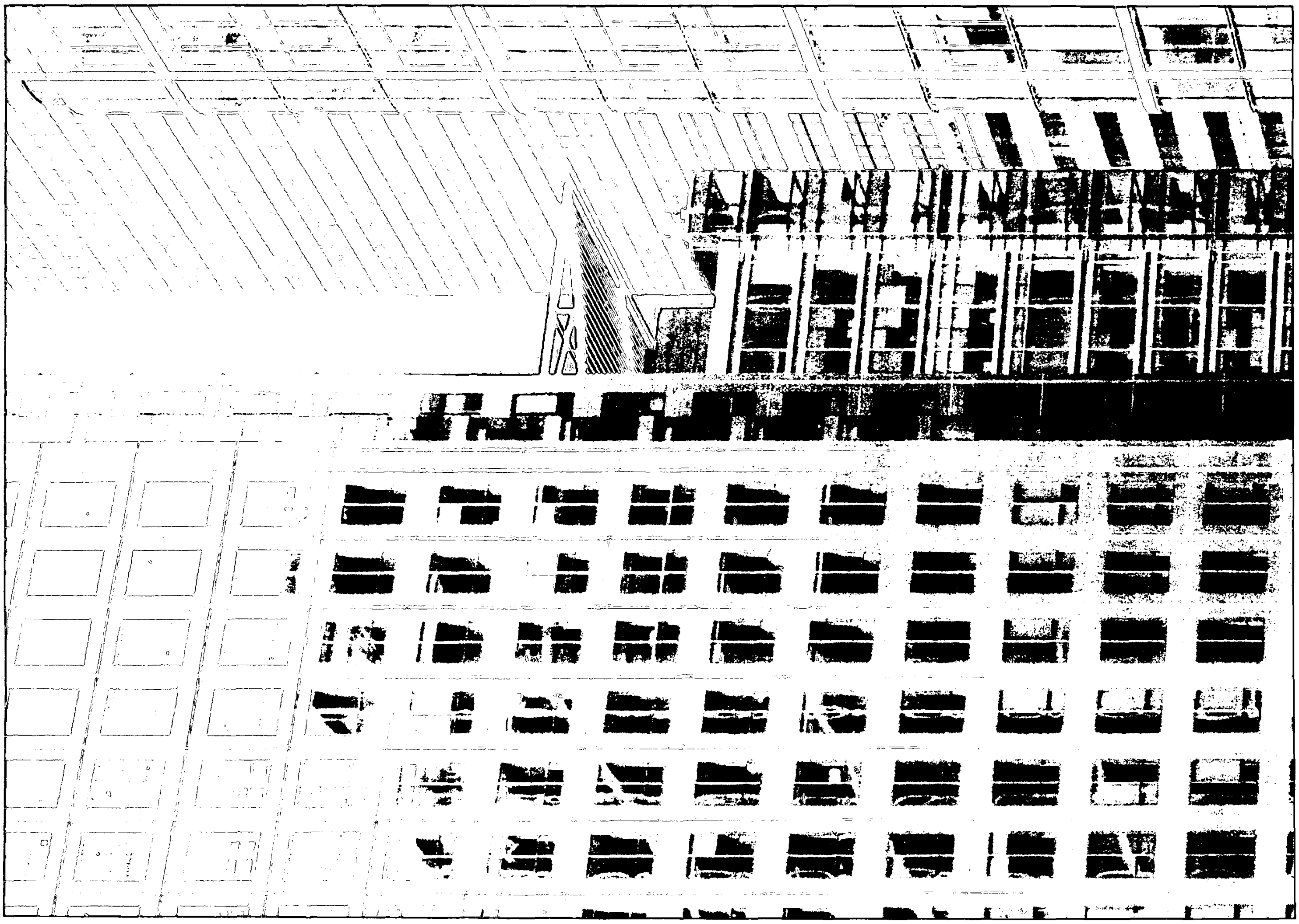
widecells GROUP

WORLDWIDE PROVIDER OF STEM CELL SERVICES



About WideCells

WideCells Group PLC is building an integrated stem cell services company, focused on making stem cell treatments accessible and affordable. The Directors believe that the use of cord blood stem cells for transplant will drive one of the next important phases in medicine and is therefore developing market leading products in complementary, strategic areas which are designed to take advantage of substantial market opportunities in one of the fastest growing segments in the healthcare industry. Keeping this in mind, WideCells Group PLC has created three divisions:

- **CellPlan:** The world's first stem cell healthcare insurance plan providing financial cover for a second medical opinion and recommendation of the best transplant centre worldwide, private cord blood transplantation costs, travel to treatment centre where required, accommodation expenses and concierge service to manage the whole transplant process.
- **WideCells:** The WideCells Institute of Stem Cell Technology (ISCT) has been established and is based in the University of Manchester Innovation Centre. The focus is on stem cell research and regenerative medicine. The WideCells ISCT also has a Cryogenics division specialising in cell freezing and long term stem cell storage.
- **WideAcademy:** Developing an education and training division to promote understanding of the benefits of stem cell storage and treatment across the global medical, patient and cord blood client and lay community.

The WideCells Group has built an experienced Senior Management Team which has been integral to the development of its growth and business to date.

Cord Blood Stem Cell Facts:

- Umbilical cord blood (the blood remaining in the umbilical cord and placenta following the birth of a baby) provides the most effective source of haemopoietic stem cells for families. Collection of cord blood at birth is simple, safe and painless compared to other sources of haemopoietic stem cells such as bone marrow which requires a general anaesthetic and a surgical procedure to collect – WideCells will focus on promoting the collection and storage of umbilical cord blood.
- Since 2005, there has been a 300% increase in the number of illnesses that can be treated using cord blood stem cells reflecting its use in the treatment of blood disorders.
- Cord blood is currently in clinical trial for the treatment of cerebral palsy which is a neurological disorder.
- 82 different blood disorders have been treated using cord blood stem cell transplantation.
- Despite initial cord blood collection, processing and storage often costing no more than a few thousand Pounds, cord blood stem cell transplantation for blood disorders costs hundreds of thousands of Pounds.

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Highlights

- Successful IPO on the Main Market of the London Stock Exchange following £2 million raise to build an integrated stem cell support services company
    - **Three distinct divisions WideCells, CellPlan and WideAcademy, focused on making stem cell treatment more accessible and affordable as well as improving research and development ('R&D') to further advancements in stem cell technology.**

- WideCells launch of WideCells Brasil, its umbilical cord blood processing and storage facility in São Paulo, Brazil
    - **The launch follows a 2016 licensing agreement between the Company's wholly owned stem cell storage division, WideCells, and Biocells Brasil, the owner of the Facility, which has been in operation since 2012 and has an established client base of circa 400 clients.**
    - **Established regional management team with proven operating experience both within the stem cell industry and regionally – includes Luiz Sardinha, the former COO of Coca-Cola Brasil (10,000+ employees and BRL4.9 billion) for 35 years, who has joined WideCells Brasil's Board as COO and has taken a 10% stake, which is testament to the strong market potential of the stem cell services industry.**

- Launch and rollout of innovative insurance product CellPlan, the world's first insurance plan and medical concierge service for the cord blood stem cell industry
    - **Provides affordable access to cutting edge stem cell treatments, which can currently be used to treat up to 82 blood disorders.**
    - **First definitive agreement with Biovault Technical Limited ('Biovault'), the UK's leading cord blood storage facility, providing access to its extensive customer base and a long-term revenue stream.**
    - **Letters of Intent ('LOI') signed with two further cord blood banks to support continued rollout within Europe and South America.**

- New revenue stream identified following establishment of WideCells Institute of Stem Cell Technology (ISCT) at the University of Manchester Innovation Centre ('UMIC')
    - **The Group's first UK-based stem cell processing and storage facility.**
    - **Agreement signed with innovative North American medical device company, Qigenix, to undertake contract stem cell research worth £100,000. The first payment of £25,000, which is binding under the LOI, was paid to WideCells at the end of December 2016, representing the first revenue from this source. Subsequent payments will be at the commencement of laboratory research (£25,000) and the final payment at the delivery of the final research report to the client (£50,000).**

- Development of ten online short courses on stem cell technology in partnership with the University of Westminster

- World-class leadership team secured, and a number of key managerial appointments made, to drive forward a strategy to deliver ground breaking services to the stem cell industry
    - **The team is further strengthened by the appointment as a non-executive director of Dr Marilyn Orcharton, a qualified dentist and co-founder of Denplan, the UK's dental payment plan specialist.**
    - **Alan Greenberg, former Head of Apple Education for Europe and Asia, appointed to the Board as non-Executive Director and as Vice-President of WideAcademy.**

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Overview

Chairman's Review

WideCells Group was formed in 2012 with the aim to revolutionise the stem cell industry. The stem cell market is projected to be worth US$170 billion by 2020 and as medical researchers continue to find new and ever more innovative applications for stem cells, this is a field which is likely to lead the way in disease therapy in the future. However, the hidden costs associated with stem cell treatment can often come as a surprise to the increasing number of families that are choosing to store their babies' cord blood stem cells. Therefore the Group's vision is to make potentially life-saving cord blood stem cell treatment affordable and accessible to families around the world and in July 2016, we embarked on making this vision a reality by listing on the Main Market of the London Stock Exchange.

Dr Graham Hine
Chairman

The nine months following our listing can be characterised as a period of significant progress and I am delighted that we have been able to report first revenues via an agreement to undertake contract research work at our Institute of Stem Cell Technology laboratory ('ISCT') at the University of Manchester Innovation Centre ('UMIC'). This is only set to increase when the first phase of our CellPlan rolls out with Biovault going live before the end of May 2017. Therefore, the coming months will see us build on the revenue generative foundation we have already created to establish a globally recognised brand in the evolving and growing stem cell industry.

Our three distinct and complementary divisions provide us with several entry points into the market and add to our unique proposition: through our WideCells division, we provide the cutting-edge in stem cell processing and storage facilities across Europe and the Americas with plans for extending into new markets; CellPlan represents the world's first stem cell insurance plan and medical concierge service which directly tackles affordability of stem cell transplantation for families across the globe; whilst, WideAcademy was established to drive research, innovation and teaching in the rapidly evolving stem cells market. This approach ultimately acts as a marketing tool, underpinning our business proposition.

CELLPLAN

CellPlan is completely unique and a first-of-its-kind insurance product. It removes barriers to affordability for not only cord blood stem cell transplantation but also the associated medical consultation and care. This enables families to focus on recovery rather than potentially staggering medical bills. Following its official launch to cord blood banks at the World Cord Blood Congress Europe in May 2016, we have made significant strides towards the successful rollout of CellPlan and we have received an overwhelmingly positive response from the market. We believe that the implications of delivering this sophisticated product to the market could be radical. Supporting this, a leading provider of market analysis reported that the launch would necessitate a revision in their forecasts for stem cell storage uptake, which acts as a strong endorsement of our business.

Chairman's Review

Due to our unique high potential proposition, we have attracted global partners including a world leader in expert medical opinion, and a leading underwriter. In collaboration with them we finalised the terms and conditions ('T&Cs') for CellPlan in October 2016, which enables us to focus on driving our customer base and brand positioning while our partners take on the risks associated with underwriting an insurance product. The finalisation of the T&Cs in October 2016 was an important milestone for the Group as it signalled the completion of our product development phase and marked the commencement of our rollout.

We have also received very positive feedback from stem cell storage facilities, which have made clear their demand for a product such as ours. The period under review saw us enter into an agreement with the UK's largest private stem cell storage facility, Biovault. With Biovault's reputation for excellence, this partnership with an eminent stem cell facility has given the Group an ideal platform for entry into the European and global market. The five-year agreement, which provides the Group with access to Biovault's customer base of 25,000 clients, marked the official entrance of CellPlan into the global insurance market. We are now preparing for the commencement of first sales of CellPlan to Biovault customers by Q2 2017 and anticipate we will be in a position to report first revenues from this division in the near-term. We were delighted to announce the extension of this rollout with the signing of two further Letters of Intent ('LOIs') with cord blood banks in Brazil. This has given us unrivalled access to the largest market in South America's booming stem cell industry, projected to be worth US$445 million by 2023.

We aim to build CellPlan into the world's leading provider of cord blood and related stem cell insurance, by capitalising on our first mover advantage. Our investors should be attracted to the recurring revenue stream and, given the nature of the insurance plan, customers are very likely to remain with us for many years. We are in discussions with a range of other significant providers of stem cell storage services, and look forward to providing updates on this, and our other developments, in the coming months.

Alongside the commercial rollout of CellPlan, we continue to focus on our service offering in order to ensure we maintain a competitive business model, which satisfies market demand. Accordingly, and in line with our innovative business model, we created 'Your Expert Consultation'; A specialist medical consultation service, which provides clients with access to the best medical minds to provide a second opinion on their diagnosis. As a stand-alone product with a low entry price point, we believe the launch of this consultation service will create an additional revenue stream for the Company and create further opportunities for growth.

Additionally, while CellPlan continues to be a flagship division, central to the success of our strategy, we have simultaneously made significant progress across all three of our core divisions.

WIDECELLS

Through our WideCells division, we have penetrated another crucial area of the stem cell market: stem cell storage, a global market which was valued at US$2.4 billion in 2015. Our WideCells division provides us with access to this burgeoning market and is a complementary addition to our wider portfolio, providing us with fertile ground from which to expand the rollout of CellPlan in future.

The funds raised on listing were primarily required for the development of WideCells' Institute of Stem Cell Technology ('SCT') at the University of Manchester Innovation Centre. We are pleased to see that this continues to advance on schedule and is targeted for completion in Q2 2017 following the granting of a Human Tissue Authority License for Human Application and Research. Once operational this state-of-the-art facility will provide us with a further revenue stream and will have the capacity to offer stem cell retrieval, processing and storage services to the European market. Seeking to further cement our global presence, in September 2016, we launched WideCells Brasil following a licensing agreement with Biocells Brasil. With an established client base the launch of this facility provides us with access to a compelling market, as well as the potential to generate further revenues through the provision of additional storage and healthcare services.

Stem cell research is developing at a rapid pace and it is crucial that the industry keeps pace with these advancements. With our expert team and an adaptable business model, the Group has been able to utilise its strategic position to take advantage of new opportunities as they are identified. Ahead of its completion, the ISCT has already proved a significant advantage to our portfolio, enabling us to establish a new revenue stream through a contract research agreement with Qigenix. The agreement, announced 30 November 2016, provides the Group with an additional £100,000 in revenues for use of our state of the art laboratory. The first payment of £25,000, which is binding under the LOI, was paid to WideCells by the end of December 2016, representing our first revenues.

WIDEACADEMY

We are clear in our belief that as uptake in cord blood and other types of stem cell storage increases, further funding will be poured into research and development, in turn leading to further advancements in stem cell technology and treatments. WideAcademy is our research, development and training division through which we will work to strengthen knowledge of the benefits of stem cell treatment to the wider medical community. We were therefore delighted to appoint Alan Greenberg as non-Executive Director and VP of WideAcademy. With his wealth of experience in healthcare and education technology ('EdTech'), most notably as Head of Apple Education for Europe and Asia, Alan has a vision to make WideAcademy a thought leader in the stem cell technology space, which will enable us to reach wider audiences and influence the next generation of stem cell therapies. We will leverage his fantastic experience of how to disseminate information and educational resources digitally as soon as possible and look forward to updating the market with detail regarding his plans to build WideAcademy into a credible and innovative brand at the appropriate time.

We expect him to dramatically build on the successes we have already experienced in this division. In September 2016 we announced, as part of our partnership with the University of Westminster, that we had devised a syllabus for a series of online short courses targeted at healthcare professionals wanting to expand their knowledge of stem cell technology, which does not currently form part of a medical degree. The courses aim to close the knowledge gap between healthcare professionals, to keep them abreast of advancements as the industry continues to advance, and will create a new revenue stream when they launch later this year. The courses will also provide the Group with access to professionals at the cutting edge of stem cell treatment and delivery, thereby creating access to an additional market segment to be targeted by both WideCells division and CellPlan.

CORPORATE

As the Group continues to establish itself in the global market, we have made a number of key appointments to support our sustainable growth. These include Alan Greenberg as Non-Executive Director and Vice President of WideAcademy. I am confident that we have secured a highly skilled and experienced team with the requisite skillset to make significant contributions to the wider growth of WideCells Group and to build the Company into a leader in the stem cell support services market.

FINANCIAL OVERVIEW

We successfully raised £2 million before expenses in an IPO on the Main Market of the London Stock Exchange on 27 July 2016. This has enabled us to set up our operations for WideCells and WideAcademy in Manchester and for CellPlan in Porto and we are on target to begin sales in Q2 2017.

OUTLOOK

WideCells Group is driven by a vision to unlock the potential of stem cells and make stem cell treatment affordable, accessible and achievable for families worldwide. We have taken significant strides forward this year to achieve this and have already positioned ourselves as a potential leader in the global stem cell services industry. With an expert leadership team, which has experience across a range of recognised and highly relevant brands, a host of global partners and strong foundations for growth already in place, we are extremely excited about the months ahead. The launch of the WideCells ISCT targeted for Q2 2017 will cement our position in the UK stem cell storage market and, we anticipate, will provide us with further openings for revenue generation and partnership opportunities. We remain in ongoing discussion with global cord blood banks as we seek to continue the expansion of CellPlan's rollout to new markets globally. Alan Greenberg joining the team allows WideAcademy to move from strength to strength as we focus on building this division to become the go-to resource for professionals and consumers wishing to learn more about stem cells. We anticipate that the year ahead will be one of growth for the Group as we further establish our brand and continue to progress our vision.

Finally, I would like to thank directors and staff for all their efforts. And I would like to take this opportunity to thank our shareholders who provide ongoing support as we continue to grow WideCells Group and distinguish ourselves in this market. This has been instrumental to our achievements thus far and we look forward to building your Company into a leader of stem cell support services in the global market.

Dr Graham Hine
Chairman

28 April 2017

RG Hine

Chief Executive's Statement

João Andrade
Chief Executive Officer

Our activities during the period have ideally positioned us to start generating revenues in 2017 from all three WideCells divisions, which work together to create the world's first end to end service solution focused on making cord blood stem cell treatment accessible and affordable globally. Having listed in London in July 2016 we have made significant progress in the commercialisation of our stem cell services; the roll out of our revolutionary stem cell insurance product CellPlan has now commenced in collaboration with the UK's largest stem cell storage facility, Biovault; discussions with multiple other facilities are advancing rapidly; delivery of our first stem cell processing and storage facility in Manchester is on track for Q2 2017; and we have appointed the former Head of Apple Education, Alan Greenberg, as a non-Executive Director and VP of WideAcademy to devise a strategy that makes it the thought leader in the stem cell industry. The pace with which we have achieved these milestone developments underpins our active growth strategy, and alongside this we have demonstrated our ability to execute our strategy in a reliable way, and to attract world-class personnel to our company, which we see as an endorsement of our revolutionary proposition.

I believe that our business is well placed for a value re-rate in 2017 as we bring our various work-streams over the line. We have a ready and growing market for our products and services, a first mover advantage in delivering our product and building our brand, and partnerships with best-in-class companies which ensures that our commitment to quality is achievable at all times. With this in mind, I am excited for the months ahead and look forward to providing regular updates to shareholders in the near term.

João Andrade
Chief Executive Officer

28 April 2017

Strategic Report

INTRODUCTION

WideCells Group PLC (the 'Company') is a company domiciled in England. The Company was incorporated on 24 May 2016 and this is the first set of financial statements prepared by the Company.

The WideCells Group was formed on 16 June 2016 when WideCells Group PLC acquired the entire issued share capital of WideCells International Limited which had been originally incorporated in 2012 under the name of Wide Universal Limited and its wholly owned subsidiaries based in the United Kingdom, Portugal and Spain.

On 27 July 2016, WideCells was admitted to the London Stock Exchange's Main Market, raising £2.00 million, £1.72 million net of costs, via the placing of 18,181,819 new ordinary shares at a price of £0.11.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

WideCells Group is an international specialised provider of stem cell services. Its business is separated into three key divisions each of which is operated under a separate brand: WideCells, CellPlan and WideAcademy.

OUR STRATEGY AND OUTLOOK

The market and recent trends

The cord blood banking market was valued at US$2.40 billion in 2015 and is expected to grow at a CAGR (compound annual growth rate) of 8.3% from 2015 to 2020, to reach an estimated value of US$3.58 billion in 2020. As one of the fastest growing segments of the stem cell market, the number of cord blood banks worldwide has grown from 23 in 2004 to over 500 in 2013.

The Group's growth is expected to be driven by the following factors:

- The cord blood market in the US is reasonably mature (cord blood banks emerged in the US in the 1990s) but it is an early-stage market in other areas of the world where cord blood banks were not well established until 2000 or later. This provides potential for growth and expansion within these regions;
- Cord blood stem cells are uncontroversial because they are derived from living new-borns and cord blood, if not collected and stored, will be destroyed as medical waste. This is a major advantage over other stem cell types, such as human embryonic stem cells which have legal, moral, ethical and religious objections. WideCells is not involved in embryonic stem cell research;
- The effectiveness of cord blood transplants has been widely validated, with 30,000 transplants performed worldwide to date;
- Cord blood is a very versatile biological material, as it can be used to treat a wide range of blood diseases, genetic and metabolic disorders, immunodeficiencies, and following high dose chemotherapy for some forms of cancer;
- Cord blood is a naturally occurring resource available during the birthing process;
- Collecting cord blood and storing it for future transplant use is a safe, easy, and pain-free process. Thus, cord blood transplantation has a distinct advantage over other clinical alternatives, such as bone marrow transplant. Bone marrow transplant involves a painful surgical extraction process, the use of general anaesthesia, and higher risks of latent viral infection to the donor;
- The cord blood industry serves expectant parents, and broadly speaking, expectant parents are open-minded about options that could provide protection to their families;
- Public perception towards cellular therapy and regenerative medicine is becoming increasingly favourable. There has been increasingly frequent news coverage about stem cell transplants being used to treat serious medical conditions, as well as to heal traumatic injuries for sports icons;
- There is potential to expand market size through increasing public awareness;
- New clinical trial data support applications for hematopoietic stem cells from cord blood and mesenchymal stem cells from cord tissue;
- There is substantial deal making within the industry, including mergers, acquisitions and funding rounds;
- The potential for cross-organisational collaboration through formation of cord blood industry associations (currently occurring in the United States and South America); and

Strategic Report

- There is a trend toward diversification within the industry, with cord blood banks effectively becoming stem cell banks through the storage of cord blood, cord tissue, and in some cases, placental tissue, amniotic fluid, and more.

Strategy

Current Business Strategy

It is expected that the growth of the global cord blood banking industry, and the trends within the industry referred to above, will create opportunities for the growth of the Group's services and products.

The Company's strategy in the cord blood banking market comprises three key elements:

- It is intended that the CellPlan insurance product, which the Group has developed with the medical advisory group, will give customers access to renowned specialists and hospitals globally and will include cover for medical, travel, accommodation expenses (including a companion), arranging doctors' appointments, hospitalisation, paperwork and bills. The Company expects that the CellPlan insurance will be priced within the range of £150 - £300 p.a. (depending on the country). The Group will retain a percentage of the net premium of each policy sold;

- Through its WideCells business, the Group is establishing a laboratory called the 'Institute of Stem Cell Technology' at the University of Manchester Innovation Centre. The facilities at UMIC include two clean rooms used for contract research projects and stem cell processing, and a Cryogenics section which will be used for freezing and storing a range of human cells and tissues. WideCells will collect, process and store cells and tissue of various kinds. The average cost to the consumer is expected to be in the region of £2,000; and

- The Company is developing WideAcademy, which is the education and training branch of the Group. It will offer a series of online stem cell training programmes for healthcare professionals. The Directors believe that training will help to accelerate the growth of the stem cell market. These digital stem cells courses and content are being developed in partnership with the University of Westminster and other partnerships with strong influencers in the stem cell industry and the 'ed-tech' space are currently being exploited.

CellPlan

The Group has developed the CellPlan insurance product with partners including a market leading global medical advisory group specialising in providing expert medical opinion to ensure that a patient receives the correct diagnosis and appropriate treatment plan, and a health insurance underwriter, as a specialist insurance programme to cover individuals' and families' costs in the event of certain specific diagnoses, and for the costs of treatment using the stored stem cells.

The CellPlan insurance product, which is expected to be priced at between £150 and £300 per annum depending on geographic location, will be attractive to users of cord blood storage services by providing them with assistance to obtain the right diagnosis for a stem cell treatment and ensuring that treatment will be both accessible and affordable.

CellPlan insurance will provide: access to stem cell specialists and hospitals worldwide; access to an expert second medical opinion for an in depth review of the insured's medical files, for confirmation of the diagnoses, and the identification of the most effective treatment plan; global concierge service if treatment is carried out abroad; and cover for up to $1 million in US and €1 million in rest of world for medical, travel and accommodation expenses, if the patient has been diagnosed with certain, specified illnesses, and is being treated with the stem cells stored by those cord blood banks which are members of the membership programme for cord blood banks, more particularly described below. Our partner advisory group will be responsible for claims handling, as part of their existing operations, and the provisions of the expert second medical opinion, and for providing insurance and re-insurance capacity.

The Group has established a membership programme for cord blood banks, where membership will be dependent upon positive assessment against technical and regulatory criteria. Such a quality programme is expected to drive take-up of UCB services at member UCB suppliers, and enhance the Group's overall product and services offering by association with high-quality UCB institutions.

It is expected that the availability of such an insurance product in the market will help to create rapid growth in the cord blood storage market. In the months following Admission, the Group and The medical advisory group have started to establish an agreement with Biovault who has a reputation for excellence. This agreement with an eminent stem cell facility has given the Group an ideal platform for entry into the European and global market. The five-year agreement, which provides the Group with

access to Biovault's customer base of 25,000 clients, marked the official entrance of CellPlan into the global insurance market. We are now preparing for the commencement of first sales of CellPlan to Biovault customers by Q2 2017 and anticipate we will be in a position to report first revenues from this division in the near-term. We were delighted to announce the extension of this rollout with the signing of two further Letters of Intent ('LOIs') with cord blood banks in Brazil, and we are now in the process of finalising operational plans and the marketing programme to convert the LOI's in Definitive Agreements. It is anticipated that the sales of the CellPlan insurance product will commence in Q2 2017.

WideCells

WideCells is the most established arm of the Group, which has historically offered stem cell collection, processing, and storage services in Spain and Portugal. The Group has been offering umbilical cord stem cell collection, processing and storage services under its BabyCells brand in Portugal since early 2014.

The Group is in the process of establishing and licensing research, collection, processing and storage facilities at its laboratory at UMIC, which is designed to apply industry-leading techniques to optimise the viability and usability of stem cells. It is well positioned to capture an increasing share of the stem cell banking market in Europe, Middle-East and Africa.

Subject to obtaining Human Tissue Authority (HTA) licences, WideCells will provide contract research projects and offer the collection, processing and storage of cord blood and cord tissue from new-borns, as well as the storage of dental pulp from children's deciduous teeth (approximately Q3 2017) and adipose tissue storage from adults (approximately Q4 2017). As such, the Group would be positioned to store stem cells for individuals anywhere along the age spectrum and support the development of stem research projects. This approach, the Directors believe, will enable the Group have the potential to grow into a leading global provider of stem cell services.

WideCells Limited, one of the Subsidiaries, has a three-year lease from 1 July 2016 for a laboratory unit at the Core Technology Facility of the UMIC which houses two clean rooms and a tissue storage facility, and acquired certain infrastructure and fittings at the premises from the previous tenant of the unit.

The Group has acquired certain additional laboratory equipment, including a 'Biosafe Sepax' processing system (manufactured by the Biosafe Group SA) for the processing of human cells. This will operate in a grade B clean room and in a class II biosafety cabinet where required so as to achieve a grade A air quality. The clean rooms have been successfully validated in February 2017. In order to carry out freezing and storage services, the Group acquired 'Planer' controlled rate freezers (manufactured by Planer PLC) which will allow cord blood and cord tissue units to be frozen and subsequently stored in the vapour phase of liquid nitrogen. In terms of IT systems and document control the Group has acquired specific software (for the particular needs of the stem cell and cord blood banking and services sector) and adopted a quality management system (created by Ideagen PLC).

The initial processing capacity of the facility is expected to be approximately 1,000 cord blood and 1,000 cord tissue samples per year. This capacity can be increased in the facility, albeit dependent on investment in additional equipment and staff. The facility will also be able, when licensed to do so, to process limited numbers of dental pulp and adipose tissue collections.

The initial storage capacity of the facility, which is based on a single large storage tank, is anticipated to provide storage space for at least two years' operation. The storage area has capacity of at least another four storage tanks and additional storage space is potentially available at UMIC. The laboratory staff currently consists of a full-time Group Laboratory Manager and a full-time Processing Scientist will be hired during Q2 2017. The Chief Scientific Officer, Dr Hollands, is based in the Manchester area and is overseeing WideCells operations at the WideCells ISCT.

The Group will utilise human tissue-accredited services to transport samples from around the world to its UK facilities.

The University of Manchester also has its Faculty of Life Sciences and Cardiovascular Research in the UMIC building, which may enable further academic and research collaboration with WideCells. In addition UMIC is adjacent to Manchester Royal Infirmary that may enable collaboration with clinical teams in the future.

It is anticipated that the WideCells laboratory at UMIC will become licensed by the United Kingdom HTA for procurement, import/export, processing, storage and distribution of human stem cells, as well as for stem cell research by the end of Q2 2017. The application process has been submitted initially for cord blood and cord tissue stem cells as well as for research activities. This process validation was completed in early April 2017 and data has been sent to the HTA to review the application with a view to the WideCells laboratory being fully licensed and operational for umbilical cord blood and cord tissue stem cells during Q2 2017. Once operational with cord blood and cord tissue, further applications are expected be made to the HTA to enable the processing of dental pulp stem cells and adipose tissue.

Through the Group's licensing arrangements with Biocells Brasil, the Group has access to Biocells Brasil's cord blood bank facilities based in São Paulo, Brazil, which comprises ANVISA (Brazil's National Health Surveillance Agency) licensed storage and processing facilities. The facilities currently have storage capacity for 3,000 samples, with significant expansion potential. Under the arrangements with Biocells Brasil, the Group has licensed to Biocells Brasil its services, know-how and branding for the collection, processing and storage of umbilical cord blood and tissue, adipose tissue and dental pulp, which Biocells Brasil will promote and supply in Brazil, subject to the payment of certain royalties and commissions to the Group. BabyCells branded services for umbilical tissue has started to be offered by Biocells Brasil from July 2016.

WideAcademy

The Group will also offer training courses for healthcare professionals on stem cell matters through its WideAcademy business. Training courses are being developed in partnership with the University of Westminster, and will include courses on umbilical cord blood tissue collection processing and storage; umbilical cord blood tissue transplantation; dental pulp stem cell technology; and lipo tissue stem cells technology. WideAcademy's courses will be disseminated online, providing students with flexible, and accessible, highly focused content. The courses are currently under development.

WideAcademy may also offer seminars and congresses in stem cell technology, and in future may expand through partnerships with other universities, world-class doctors and stem cell research companies, as well as influencers in the ed-tech space.

It is anticipated that WideAcademy will drive take-up of the Group's WideCells services.

Future strategy

In addition to the above, the Company plans to expand the offerings of the Group by developing the following products and services:

- Indus: A synthetic bone substitute that is intended to encourage cell growth and bone regeneration;
- TeethCells: Dental pulp stem cells processing and storage; and
- LipoCells: Adipose tissue stem cells processing and storage.

KEY STRENGTHS

The Directors believe that the Company's combination of high quality innovative services, in complementary strategic areas, designed to take advantage of substantial market opportunities in one of the fastest growing segments of the healthcare industry, is a key strength of the Group.

The expectation is that the Company should be well-placed to compete against other market participants in the stem cell and cord blood banking and services sector due to the collectively strong track record, understanding and experience of its Board as outlined in this report.

The Directors believe that the Group's CellPlan insurance product will be the one of the most attractive products on the market, owing to: The Group's partnership with a leading medical advisory group and a global reinsurer; The key differentiating features of the insurance coverage, including the high financial limit of coverage, high levels of service provision including a concierge service, the territorial scope of the coverage being global, and limited pre exclusions; and complementary services for the UCB industry such as the establishment of a membership programme where membership will be dependent upon positive assessment against technical and regulatory criteria.

The Directors believe that its arrangements with the medical advisory group will allow the Group to benefit from the experience, brand reputation and back-office infrastructure of the medical advisory group and its' relationships with specialist medical insurance underwriters, in order to help drive take-up of the CellPlan insurance product, which in turn is expected to increase the take-up of the Group's WideCells storage and processing services.

Taken on a standalone basis, the Group's WideCells business has a number of competitors offering accredited storage and processing services in the UK, Europe and other jurisdictions. However, the Directors believe that the integration of the WideCells business with the Group's CellPlan business, including the Group's association with the medical advisory group and with high-quality service providers through its quality programme, will enable the WideCells business to be competitive with other stem cell storage and processing firms. Additionally, it is anticipated that the education and training courses being developed by the WideAcademy business will serve to promote the Group's WideCells business.

Additionally, as a listed company, the Company has considerable flexibility in how it would be able to raise any necessary further finance.

Key performance indicators

	2016	2015	Change
Turnover	£25,000	£50,644	-51%
Operating loss	(1,236,719)	(275,436)	349%
Net cash inflow/(outflow)	£1,116,005	£23,991	4552%
Average headcount	8	7	14%

Given WideCells' stage of development, KPIs are focused on the key areas of cash management and operating results. Non-financial KPIs, including KPIs in respect of the research and development programmes, will be formalised as the business moves forward.

The board currently has Dr Marilyn Orcharton as the sole female director. Three of the six senior managers are female and four of the 15 total employees in the Group are female.

FINANCIAL REVIEW

For the year ended 31 December 2016, WideCells generated consolidated revenues of £0.03 million (2015: £0.05 million). This was from the planning phase of an R&D contract which will run through 2017 and 2018. The revenues from 2015 were the conclusion of stem cell storage contracts in Portugal before the company began fundraising activities in 2016.

Following the IPO, raising £2.00 million, £1.72 million net of costs, the company has carefully managed its costs while setting up offices in Manchester and Porto, Portugal and had £1.15 million of cash and cash equivalents at the end of the year.

It is important to note that the Directors believe the overall impact of Brexit will be beneficial for the Group, as it has operations based in Portugal as well as the UK, and its stem cell services will be sold globally.

ADMINISTRATIVE COSTS

WideCells' administrative costs of £1.26m consisted largely of fund raising costs in the first half of 2016 leading up to the IPO, and then costs of setting up offices in Manchester and Porto.

- The Group incurred significant professional fees in respect of the IPO process and admission onto the Main Market. Costs of £0.24 million directly *attributable to the issue of new shares of* £2.00 million were debited to the share premium account.
- During the year the average number of staff employed grew by one to eight (2015: seven) and the payroll cost increased by £0.53 million to £0.60 million (2015: £0.07 million). Directors had taken significantly reduced fees in the lead up to the IPO.
- Share options were granted to Dr Peter Hollands and David Bridgland and the fair value of the options at the date of the grant were charged to consolidated statement of comprehensive income.

Strategic Report

Research and development expenditure

Research and development activities consisted solely of research on the planning phase of the initial £0.10 million contract and were part of normal payroll cost.

Capital expenditure

The total cash expenditure on fixed assets in 2016 was £0.21 million (2015: £nil) as WideCells fitted out its offices and laboratory in Manchester to process and store stem cell samples; and in Porto where the CellPlan team operations are based.

Cash flow

Net cash outflow from operating activities was £0.75 million in 2016 (2015: £0.21 million). As previously noted the Group raised £1.72 million (net of costs) following the placing of shares through an initial public offering and admission to the Main Market resulting in an overall net cash inflow for the year of £1.12 million (2015: £0.02 million). This is the primary reason for the year end cash balance of £1.15 million (2015: £0.03 million).

Capital structure

WideCells Group PLC made a number of significant changes to its capital structure during 2016 all related to the IPO process. The Company was incorporated as WideCells Group Limited on 24 May 2016 with share capital comprising two subscriber shares of £0.0025. On 16 June under a Share Exchange Agreement it acquired the issued share capital of WideCells International Limited. This transaction mirrored the shareholding of WideCells International Limited in WideCells Group Limited such that shareholders of WideCells International Limited were given identical shareholdings in WideCells Group Limited. As a result, on 16 July 2016 30,399,998 new ordinary shares were issued in WideCells Group Limited.

On 27 July 2016 and on admission to the Main Market the Company issued 18,181,819 ordinary shares at a price of £0.11 per ordinary share. On the same date the Company issued 5,443,515 conversion shares in exchange for the cancellation of convertible debt and 32,727 fee shares.

As a result of the above transactions, as at 31 December 2016 WideCells Group PLC had in issue 54,058,061 Ordinary Shares of £0.0025 each.

Principal risks and uncertainties

The Directors consider the principal risks facing the business to be as follows:

Risks relating to the Company and its business strategy

- Early stage company - The Group faces risks frequently encountered by early stage companies. In particular, its future growth and prospects will depend on its ability to manage growth and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls.
- Dependence on key executives and personnel - Although the Directors have entered into service agreements or letters of appointment with the Company, the loss of the services of any such individual may have an adverse material effect on the business, operations, revenues, customer relationships and/or prospects of the Company.
- Reliance on the medical advisory group Agreement and UMIC Lease - A substantial part of the Group's business and growth potential depends on its CellPlan insurance product and therefore its relationship with the medical advisory group. Should the agreement with the medical advisory group be terminated and the Group find it difficult or impossible to replace this relationship it could have a significantly adverse impact on the Group. The WideCells division of the Group's business depends substantially on the lease in relation to the laboratory premises at the University of Manchester Innovation Centre (UMIC). Should the lease be terminated or fail to be renewed at the end of its three year term (in circumstances where the Group would like to renew it) this could have a significantly adverse impact on the Group.

Risks relating to the stem cell and cord blood banking and services sector

- Operating within a regulatory environment - The Group's business is subject to a variety of regulatory regimes, and compliance with or changes in law and regulation, or in its' interpretation and application by regulators, could impose operational restrictions on the Group, increase its' expenses and/or otherwise have a material adverse effect on the Group's business.

- The need to obtain and maintain HTA Human Application and Research licences - Cord blood banks must be licensed by relevant licensing authorities to operate their businesses. This indirectly and directly impacts on the Group. Its third party blood bank partner is responsible for licensing in Brazil but it has a direct requirement to obtain licences in Spain and Portugal (and will do in the UK in respect of the Group's WideCells' business to be carried on at the UMIC laboratory). These licensing requirements place a cost burden on the Group, a time burden on the Group's management and ultimately will present an insurmountable barrier to its business development and growth if the necessary licences cannot be obtained or maintained, which could have a material adverse effect on the Group's business, financial condition and results of operations.

- The threat of competition and new technology - There is a risk that the science underpinning the Group's business will reveal alternative, more effective solutions to the issues the Group's services and products seek to address which will decrease demand for the Group's products and services. In addition, technologies in alternative solutions may advance more rapidly than that which the Group's business relies on, making those alternative solutions more attractive to end users.

- Limitations to the application of medical treatments - There are a number of limitations in relation to the use of stem cells and cord blood in medical treatments, some of which are inherent and some of which arise from the fact that the underlying science and technology is relatively new and of a limited track record. Such drawbacks could have a negative impact on the overall value of, and opportunities within, the stem cell and cord blood banking and services sector.

Financial risk management objectives and polices

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Board is responsible for coordinating the Group's risk management and focuses on actively securing the Group's short to medium term cash flows.

Finance risk

The Group enters into very few transactions involving significant complexity, potential material financial exposure or atypical risk. The Group does not actively engage in the trading of financial assets and has no financial derivatives.

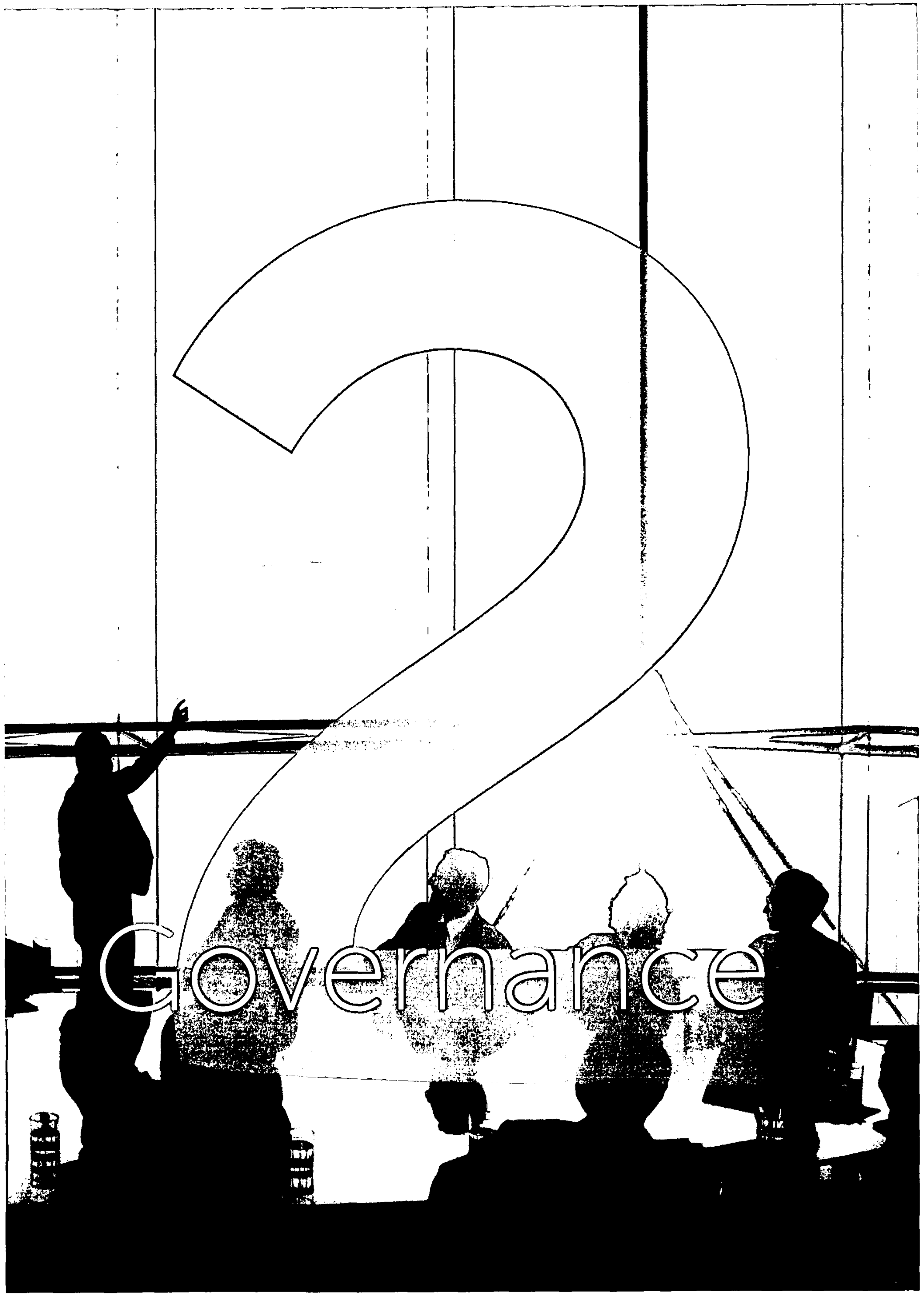
Funding risk

The Group continues to incur substantial operating expenses. The recent IPO generated sufficient cash to take the Group toward break even and becoming cash flow positive however until the Group generates positive net cash inflows from the commercialisation of its products it may be required to seek additional funding through the injection of equity capital from share issues. The Group may not be able to generate positive net cash inflows in the future or be able to attract such additional funding as may be required, either at all, or on suitable terms. In such circumstances the development programmes may be delayed or cancelled and business operations cut back.

The Group seeks to reduce this risk by keeping a tight control on expenditure, avoiding long-term supplier contracts, prioritising development spend on products closest to potential revenue generation, maintaining a focused portfolio of products under development and by keeping shareholders informed of progress.

This report was approved by the Board on 28 April 2017 and signed on its behalf.

João Andrade
Chief Executive Officer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Governance

Board of Directors

DR GRAHAM HINE
Non-Executive Director and Chairman (age 62)

Graham is a technology entrepreneur with a background in successfully leading, growing and exiting technology companies. His career began with Philips, where he moved through semi-conductor development into international sales and marketing of the resultant products. Subsequently, Graham has had over 20 years' experience as CEO to companies including Capteur Sensors and Analysers Limited which manufactured chemical measuring equipment including gas sensors, P2i Limited, which is involved in liquid repellent nanotechnology Hardide Pic, an AIM listed, advanced surface coating technology company and SGX Sensortech Limited, which sells gas and x-ray sensor technologies.

JOÃO ANDRADE
Group Chief Executive Officer (age 35)

João, one of the co-founders of the WideCells business, has a strong background in marketing and international business development, and brings his considerable business experience, strategic thinking and industry specific knowledge. João has over eight years senior experience in the stem cell market, and, prior to founding WideCells, served in key roles at two European cord blood banks and service providers, with operations in several countries: as Key Account Manager at Future Health Technologies Limited and FHT Portugal S.A., and the Chief Strategy Officer at Precious Ceils International Limited.

LOPES GIL
Group Chief Operating Officer (age 56)

Lopes Gil is a co-founder of WideCells, and has over 25 years' experience working as an area manager in Merck KGaA and Mylan N.V. in Portugal, creating and establishing complex business operations. In addition, he has extensive business experience in international marketing, strategic planning and studies in the pharmaceutical industry. Lopes was previously Chief Finance Strategist at Precious Cells International Limited, where he was focused on developing its international cell banking services. He holds a degree in management from Institute Superior Miguel Torga, and an MBA from Universidad San Pablo-CEU.

DR PETER HOLLANDS
Group Chief Scientific Officer (age 58)

Peter trained at Cambridge University under the supervision of Professor Sir Robert Edwards FRS, the inventor of IVF and Nobel Laureate, gaining a PhD from Cambridge University in stem cell technology. Peter held a post-doctorate position as a Senior Embryologist at the first IVF clinic in the world, Bourn Hall Clinic, and has carried out research in stem cell technology, has written numerous papers and book chapters on stem cell technology, and has been invited to lecture on stem cell technology in the Vatican, House of Lords and the Canadian Parliament. He has also been involved in clinical transplantation as Quality Manager in the Bone Marrow Transplantation Unit at Great Ormond Street Hospital for Children. Most recently, Peter was Chief Scientific Officer of Smart Cells Information Limited, a UK cord blood bank, and Cells for Life Limited in Canada.

DAVID BRIDGLAND
Group Chief Financial Officer (age 51)

David studied engineering at Cambridge University and is a Chartered Accountant. He has over 20 years of business experience in a range of companies, from privately owned and venture capital backed companies to major listed companies, including Smiths Group, Autoliv and Honeywell. David's key focus is early stage businesses with innovative technologies, and he has experience in raising funding, organic business growth, acquisitions and has achieved successful trade sale exists for investors.

Non-Executive

DR MARILYN ORCHARTON
Non-Executive Director (age 75)

A serial entrepreneur, Marilyn is a qualified dentist with a medal of Honour from the British Dental Association, and her first business was a dental practice. She co-founded Denplan Limited In 1986, which is still the UK's market leader in dental insurance, with a multi-million pound annual turnover Marilyn sold her stake in Denplan in 1992 and founded Kite Consultants Limited, which has researched and developed ISOPLAN, a unique business management software package for professional outlets: dentists, doctors, nursing homes and lawyers. She is a founder member of the Entrepreneurial Exchange and has been an honouree of the Leading Women Entrepreneurs. Marilyn was also a visiting surgeon at the University of Glasgow and the first woman to be a dental adviser to the Medical Defence Union and president of the Glasgow Chamber of Commerce. She also has a diploma in marketing and is a member of the Chartered Institute of Marketing.

ALAN GREENBERG
Non-Executive Director (age 65)

Formally Director Apple Education EMEA, then Asia between 2004-2009. Alan led the team who built Education Podcasting, launched iTunes U in the UK and Europe, developed Apple Education mobile engagement and iOS Education APP's. Currently Director, Advisor, Consultant and VC to a portfolio of early stage education technologies and mission driven businesses. His portfolio includes companies in London, Berlin, Beijing and Palo Alto. He is also a mentor at Microsoft Ventures Accelerator, Telefonica WAYRA Accelerator, and The Duke of York's iDEA project, London.

Remuneration Report

THE REMUNERATION COMMITTEE

The Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Group's policy on executive remuneration, setting the over-arching principles, parameters and governance framework of the Group's remuneration policy and determining the individual remuneration and benefits package of each of the Executive Directors and the Group Secretary.

The Remuneration Committee ensures compliance with the UK Corporate Governance Code in relation to remuneration wherever possible,

The Remuneration Committee is chaired by Marilyn Orcharton, and its other members are Graham Hine and Alan Greenberg. The Remuneration Committee meet not less than twice a year. Since incorporation the Remuneration Committee has met twice.

Remuneration Policy

The Remuneration Policy will come into effect from the date of the AGM in 2017. The main aim of the Group's remuneration policy is to align the interests of Executive and Non-Executive Directors with the Group's business strategy and the long-term creation of shareholder value. The policy aims to pay the Directors competitively, whilst considering the remuneration practices of other international companies of similar size and scope, the current economic climate, the regulatory and governance framework, remuneration around the Group and the need to ensure that the Directors are remunerated appropriately, whilst ensuring the Group pays no more than is necessary. The Committee has no formal method of involving employees in the setting of Directors' remuneration, however the members of the Committee have access to employees both in formal and informal settings and take into account the level of employee remuneration when setting Directors' remuneration. Shareholders views on Directors' remuneration are taken into account when setting the Remuneration Policy.

Element of Remuneration	Purpose of this element	Operation	Maximum potential benefit	Performance measures
Basic salary	To provide the basis of a market competitive overall remuneration. Takes account of the role, skills and contribution of the individual.	Basic salaries are normally reviewed annually in December with any changes usually taking effect from 1 January. The review includes a comparison with other companies of similar size and complexity whilst taking into account a number of critical factors such as individual responsibility, scope and complexity of the role and the individual's experience. Increases in salary are made in relation to Group and individual performance, market benchmarking, inflation and other factors at the discretion of the Remuneration Committee.	Executive Director salaries as at 1 January 2017 are set at the following levels, these may change during the period for which the Policy is in place: Joao Andrade Executive Director £115,000 Lopes Gil, Executive Director £90,000 Dr Peter Hollands Executive Director £80,000 David Bridgland, Executive Director £60,000	n/a
Pension	To provide post-retirement remuneration to ensure that the overall remuneration package is competitive.	The Executive Directors are entitled to an employer pension contribution of 10%. It is the Group's policy that only basic salary is pensionable.	Pension contributions to a maximum of 10% of base salary.	n/a

Element of Remuneration	Purpose of this element	Operation	Maximum potential benefit	Performance measures
Other benefits	To provide market typical benefits to ensure that the overall remuneration package is competitive.	The Executive Directors receive health insurance. The CEO & COO receive a car allowance. The Group would consider payment of relocation expenses on an individual basis.	There are no set maximums for these benefits but they are set in line with other wider employee remuneration.	n/a
Long-term Incentives	To create alignment between the interest of Executives and shareholders through the delivery of rewards in Company shares. To incentivise Executives to deliver long-term shareholder value creation and the achievement of financial targets.	An award of share options under the Group's Enterprise Management Incentive Scheme. The scheme was by the formally adopted Remuneration Committee on 21 July 2016.	The initial awards were set out in the IPO prospectus and are as follows: Dr Peter Hollands: 1,600,000 shares David Bridgland: 600,000 shares.	Vesting subject that the Director or Employee Remain employed with the Group as at the date of exercise, or continues to provide consultancy services as at the date of exercise.

POLICY ON NON-EXECUTIVE DIRECTORS

Non-Executive Directors receive fixed fees agreed by the full Board after reference to similar roles in an appropriate comparator group of companies, and reimbursement of expenses incurred in attending Board and other meetings. It is the Board's policy for the Non-Executive Directors to be paid a level of fee that reflects the time commitment and responsibilities of the role and is sufficient to attract individuals with appropriate knowledge and experience.

The fees in place as at 1 January 2017 are as follows:

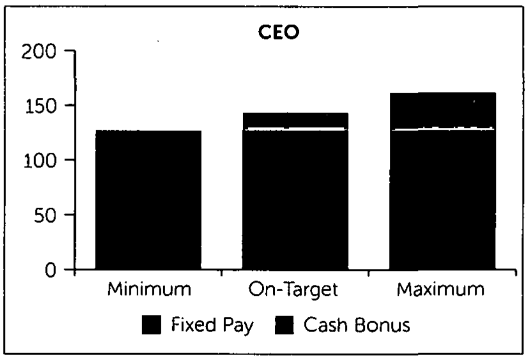
Non-Executive Directors	Annual fee £
Dr Graham Hine	52,000
Dr Marilyn Orcharton	20,000
	72,000

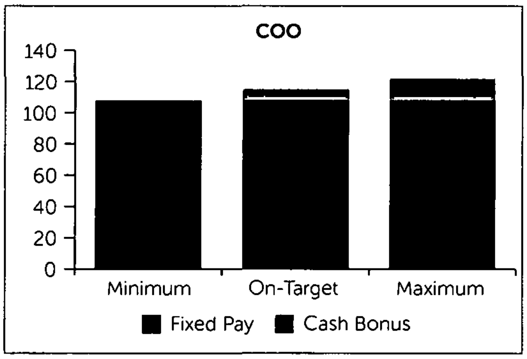
On 15 February 2017 Alan Greenberg was appointed as a non-executive director on an annual fee of £17,500.

Remuneration Report

REMUNERATION SCENARIOS

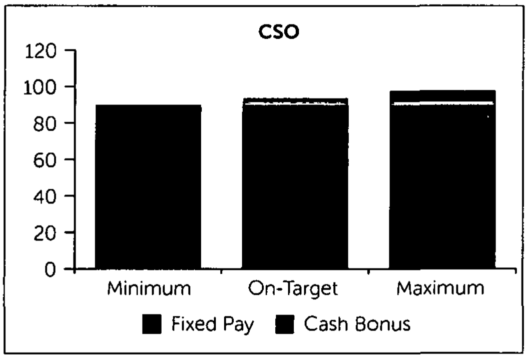
The Committee believes that the remuneration arrangements in place for 2017 and beyond provide an appropriate balance between fixed and variable pay linked to short and long-term strategic objectives. The charts below illustrate the current value and composition of the Executive Directors' remuneration opportunity in minimum, 'on-target' and maximum performance scenarios. The impact of the EMI share option scheme is not seen here as it is considered unlikely that, in the normal course of events, a crystallising event will take place in 2017.

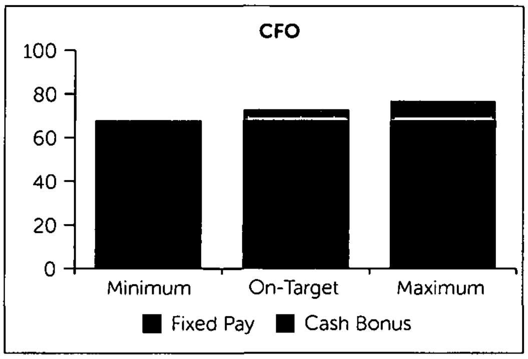




CEO			
Base Salary	Annual base salary – £115k		
Pension	Company pension allowance – 10%		
Other Benefits	Taxable value of benefits provided		
Cash Bonus	'Minimum' 0% of Salary (Minimum)	'On-Target' 15% of Salary (Target)	'Maximum' 30% of Salary (Maximum)

COO			
Base Salary	Annual base salary – £90k		
Pension	Company pension allowance – 10%		
Other Benefits	Taxable value of benefits provided		
Cash Bonus	'Minimum' 0% of Salary (Minimum)	'On-Target' 7.5% of Salary (Target)	'Maximum' 15% of Salary (Maximum)





CSO			
Base Salary	Annual base salary – £80k		
Pension	Company pension allowance – 10%		
Other Benefits	Taxable value of benefits provided		
Cash Bonus	'Minimum' 0% of Salary (Minimum)	'On-Target' 5% of Salary (Target)	'Maximum' 10% of Salary (Maximum)

CFO			
Base Salary	Annual base salary – £60k		
Pension	Company pension allowance – 10%		
Other Benefits	Taxable value of benefits provided		
Cash Bonus	'Minimum' 0% of Salary (Minimum)	'On-Target' 7.5% of Salary (Target)	'Maximum' 15% of Salary (Maximum)

RECRUITMENT POLICY

The Committee's approach to remuneration with regard to recruiting staff is to pay no more than is necessary to attract candidates of the appropriate calibre and experience needed for the role. The Committee would consider payment of compensation for the forfeiture of variable awards from previous employers on an individual basis. The table sets out the Committee's approach to recruitment of new Executive Directors in regard to each element of remuneration.

Remuneration element	Policy on recruitment
Basic salary	The Committee will offer salaries in a range appropriate for comparative roles while also considering the experience of the individual, the wider economic climate and pay and conditions throughout the Group, in line with its policy for existing Executive Directors.
Benefits	The Committee will offer a benefits package that will be set in line with its policy for existing Executive Directors. This includes, but is not limited to, a car allowance and private health insurance.
Pension	Maximum contributions will be set in line with the Company's policy for existing Executive Directors.
Long-term Incentives	Share options may be awarded under the Group's Enterprise Management Incentive Scheme.

EXIT PAYMENTS

When determining any loss of office payment for a departing individual the Committee will ensure that a consistent approach is adopted so that there is no reward for poor performance and the liabilities of the Group are minimised where appropriate.

No amount is payable if an Executive Director is dismissed for serious breach of contract, serious misconduct or under-performance or acts that bring the Executive Directors, or Group, into serious disrepute.

The table below sets out the policy on exit payment in relation to each element of remuneration for Executive Directors.

Remuneration element	Approach
Basic salary, benefits and pension	In the event of termination by the Company, there will be no compensation for loss of office due to misconduct or normal resignation. In other circumstances the Executive Directors may be entitled to receive payment in lieu of notice.
Long-term incentives	Awards of options under Group's Enterprise Management Incentive Scheme lapse when the Executive Director leaves his employment, though the Company can exercise discretion and allow the options to be exercised within three months of the Option Holder ceasing to hold employment within the Group.

Remuneration Report

SERVICE CONTRACTS AND NOTICE PERIODS

The Company has entered into the following service agreements and letters of appointment with the Directors:

1. a letter of appointment with Dr Graham Hine dated on 21 July 2016, pursuant to which Dr Hine was appointed as non-executive director and chairman of the Company for an annual fee of £52,000, payable monthly in arrears. Dr Hine will be expected to devote at least two to three days a month to perform his duties for the Company. The appointment is terminable on 12 months' notice on either side. The appointment may be terminated immediately if, among other things, Dr Hine is in material breach of the terms of the appointment;

2. a letter of appointment with Dr Marilyn Orcharton dated on 21 July 2016, pursuant to which Dr Orcharton was appointed as non-executive director of the Company for an annual fee of £20,000, payable monthly in arrears. The appointment is terminable on twelve months' notice on either side. The appointment may be terminated immediately if, among other things, Dr Orcharton is in material breach of the terms of the appointment;

3. an agreement with João Andrade dated on 21 July 2016, pursuant to which Mr Andrade was appointed as CEO of the Company for an annual salary of £115,000, payable monthly in arrears. The appointment is terminable on twelve months' notice on either side. If the Company terminates the appointment, other than in circumstances in which it was entitled to terminate the appointment summarily, the Company shall pay Mr Andrade a termination payment equal to his basic annual salary within one month of termination. The appointment may be terminated immediately if, among other things, Mr Andrade is in material breach of the terms of the appointment. Mr Andrade is entitled to a company car, private medical insurance and pension contributions. Subject to the approval of the Remuneration Committee, Mr Andrade is eligible to receive an annual bonus which shall not exceed 40% of his annual salary;

4. an agreement with Lopes Gil dated on 21 July 2016, pursuant to which Mr Gil was appointed as COO of the Company for an annual salary of £90,000, payable monthly in arrears.

   The appointment is terminable on 12 months' notice on either side. No compensation is payable for loss of office and the appointment may be terminated immediately if, among other things, Mr Gil is in material breach of the terms of the appointment. Mr Gil is entitled to a company car, private medical insurance and pension contributions. Subject to the approval of the Remuneration Committee, Mr Gil is eligible to receive an annual bonus which shall not exceed 40% of his annual salary;

5. an agreement with Dr Peter Hollands dated on 21 July 2016, pursuant to which Dr Hollands was appointed as CSO of the Company for an annual salary of £80,000, payable monthly in arrears. The appointment is terminable on 12 months' notice on either side. No compensation is payable for loss of office and the appointment may be terminated immediately if, among other things, Dr Hollands is in material breach of the terms of the appointment. Dr Hollands is entitled to private medical insurance and pension contributions.

   Subject to the approval of the Remuneration Committee, Dr Hollands is eligible to receive an annual bonus which shall not exceed 40% of his annual salary; and

6. an agreement with David Bridgland dated on 21 July 2016, pursuant to which Mr Bridgland was appointed as CFO of the Company to work 25 hours per week for an annual salary of £60,000, payable monthly in arrears. The appointment is terminable on twelve months' notice on either side. No compensation is payable for loss of office and the appointment may be terminated immediately if, among other things, Mr Bridgland is in material breach of the terms of the appointment. Mr Bridgland is entitled to private medical insurance and pension contributions. Subject to the approval of the Remuneration Committee, Mr Bridgland is eligible to receive an annual bonus which shall not exceed 40% of his annual salary.

Individual bonus targets are set by the Remuneration Committee each year based on a combination of personal and corporate KPIs.

AUDITED	Salary £	Pension £	Bonus £	Fees £	Benefits £	2016 £
Non-Executive Directors						
Graham Hine	26,000	–	4,333	9,000	–	39,333
Marilyn Orcharton	10,000	–	1,667	2,500	–	14,167
Executive Directors						
João Andrade	57,500	5,750	9,583	13,500	2,156	88,489
Lopes Gil	45,000	4,500	7,500	12,000	1,688	70,688
Peter Hollands	40,000	4,000	6,667	9,000	–	59,667
David Bridgland	30,000	3,000	5,000	9,000	–	47,000
Directors' remuneration	**208,500**	**17,250**	**34,750**	**55,000**	**3,844**	**319,344**
NIC						28,028
Total						**347,372**

Directors' interests in shares

	Ordinary Shares Held	Percentage %
Non-Executive Directors		
Graham Hine	3,178,698	5.9%
Marilyn Orcharton	115,952	0.3%
Executive Directors		
João Andrade	8,000,000	14.8%
Lopes Gil	8,000,000	14.8%
Peter Hollands	–	–
David Bridgland	232,552	0.5%

On 30 January 2017, all the Directors apart from Dr P Hollands acquired a further 20,000 shares each in the company. On 11 April 2017 Graham Hine subscribed for another 40,000 shares, Marilyn Orcharton subscribed for another 15,000 shares, João Andrade subscribed for another 20,000 shares, Lopes Gil subscribed for another 15,000 shares and David Bridgland subscribed for another 80,000 shares.

Directors' interests in share options – audited

The Board uses share options to align Directors' interests with those of shareholders in order to provide incentives and reward them based on improvements in Group performance.

The main vesting condition of all share options is that the Director or employee remain employed with the Group as at the date of exercise or continues to provide consultancy services as at the date of exercise. The share options of the Directors under the WideCells Group PLC Scheme (included in totals on page 61) are set out below:

	31 December 2016 Options Held Over Ordinary Shares
Non-Executive Directors	
Graham Hine	–
Marilyn Orcharton	–
Executive Directors	
João Andrade	–
Lopes Gil	–
Peter Hollands	1,600,000
David Bridgland	600,000

Remuneration Report

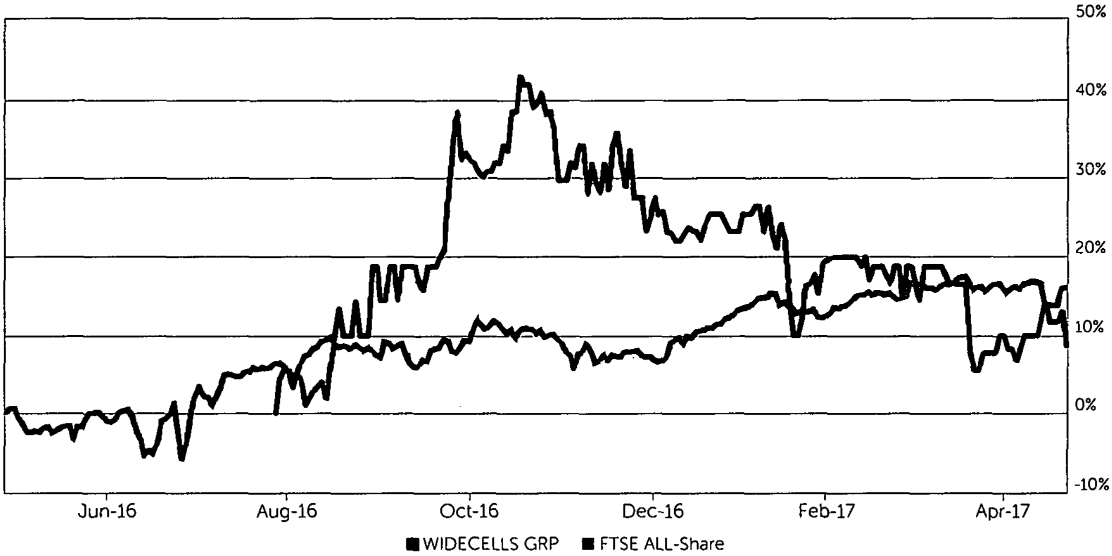
	Grant Date	Number Awarded	Exercise Price/Share	Earliest Exercise Date	Expiry Date
	£	£	£	£	£
Executive Directors					
Peter Hollands	22/07/2016	533,333	0.0025	Fully vested	July 2026
		533,333	0.0025	Fully vested	July 2026
		533,334	0.0025	06/10/2017	July 2026
David Bridgland	22/07/2016	200,000	0.0025	Fully vested	July 2026
		200,000	0.0025	Fully vested	July 2026
		200,000	0.0025	06/10/2017	July 2026

Post year end, share options were granted to the following directors:

	Grant Date	Number Awarded	Exercise Price/Share	Earliest Exercise Date	Expiry Date
	£	£	£	£	£
Executive Directors					
David Bridgland	24/01/2017	200,000	0.11	27/07/2017	January 2027
		200,000	0.11	27/07/2018	January 2027
		200,000	0.11	27/07/2019	January 2027
Non-Executive Directors					
Marilyn Orcharton	24/01/2017	270,290	0.11	Fully vested	January 2027
Alan Greenberg	15/02/2017	180,193	0.14	15/02/2018	February 2027
		180,193	0.14	15/02/2019	February 2027
		180,194	0.14	15/02/2020	February 2027

PERFORMANCE GRAPH

The following graph shows the Company's performance since IPO on 27 July 2016, measured by TSR, compared with the performance of the FTSE All-share Index also measured by TSR. The graph is prepared on the basis of constituent companies in the Index at a point in time.



STATEMENT OF IMPLEMENTATION OF REMUNERATION POLICY IN THE FOLLOWING FINANCIAL YEAR

The salaries for 2017 are set out below:

	From 27 July 2016	From 1 April 2017
João Andrade	£115,000 p.a.	£115,000 p.a.
Lopes Gil	£90,000 p.a.	£90,000 p.a.
Peter Hollands	£80,000 p.a.	£80,000 p.a.
David Bridgland	£60,000 p.a.	£60,000 p.a.

STATEMENT OF CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE COMPANY

Remuneration arrangements throughout the Group are based on the same remuneration principles, i.e. individuals are rewarded based on their contribution to the Group and to the success of the Group, and that reward should be competitive in the market without paying more than is necessary to recruit and retain individuals. Reward packages differ taking into account location, seniority and level of responsibility, but they are all built around these common reward objectives and principles.

STATEMENT OF CONSIDERATION OF SHAREHOLDER VIEWS

The Remuneration Committee, through the Chairman, continues to have a dialogue with shareholders. The views of shareholders are considered, in addition the Chairman meets with certain shareholders during the year.

Marilyn Orcharton
Chairman of the Remuneration Committee

Marilyn Orcharton.

Corporate Governance

BOARD OF DIRECTORS

As at 31 December 2016 the Board comprised six Directors, four of whom are Executive Directors and two Non-Executive Directors, reflecting a blend of different experience and backgrounds. Subsequent to the year-end one additional Non-Executive Director, Alan Samuel Greenberg, was appointed. The non-executive Directors are not regarded as fully independent in view of their ownership of shares in the Company.

The Directors give due regard to the principles set out in The UK Corporate Governance Code published in September 2014 by the Financial Reporting Council (the 'Code') and the Quoted Companies Alliance (QCA) published Corporate Governance Guidelines. Under the listing rules compliance with the Code is voluntary. Although the Board has not formally adopted the Code, throughout the year ended 31 December 2016 it has sought to adopt procedures to institute good governance insofar as is practical and appropriate for a group of its size while retaining its primary focus on the success of the business.

The Board is responsible for inter alia approving interim and annual financial statements, formulating and monitoring Group strategy, approving financial plans and reviewing performance, as well as complying with legal, regulatory and corporate governance matters. There is a schedule of matters reserved for the Board.

The Board meet regularly to consider strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings.

The Company has established audit and remuneration committees of the Board with formally delegated duties and responsibilities.

THE AUDIT AND RISK COMMITTEE

The Audit Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing and monitoring the integrity of the Group's annual and interim financial statements, advising on the appointment of external auditors, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, overseeing the Group's relationship with its external auditors, reviewing the effectiveness of the external audit process and reviewing the effectiveness of the Group's internal control review function. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board.

The Audit Committee is chaired by Graham Hine and its other members are Marilyn Orcharton and Alan Greenberg, The Audit and Rick Committee meet not less than twice a year. Since incorporation the Audit Committee has met twice.

INTERNAL CONTROL

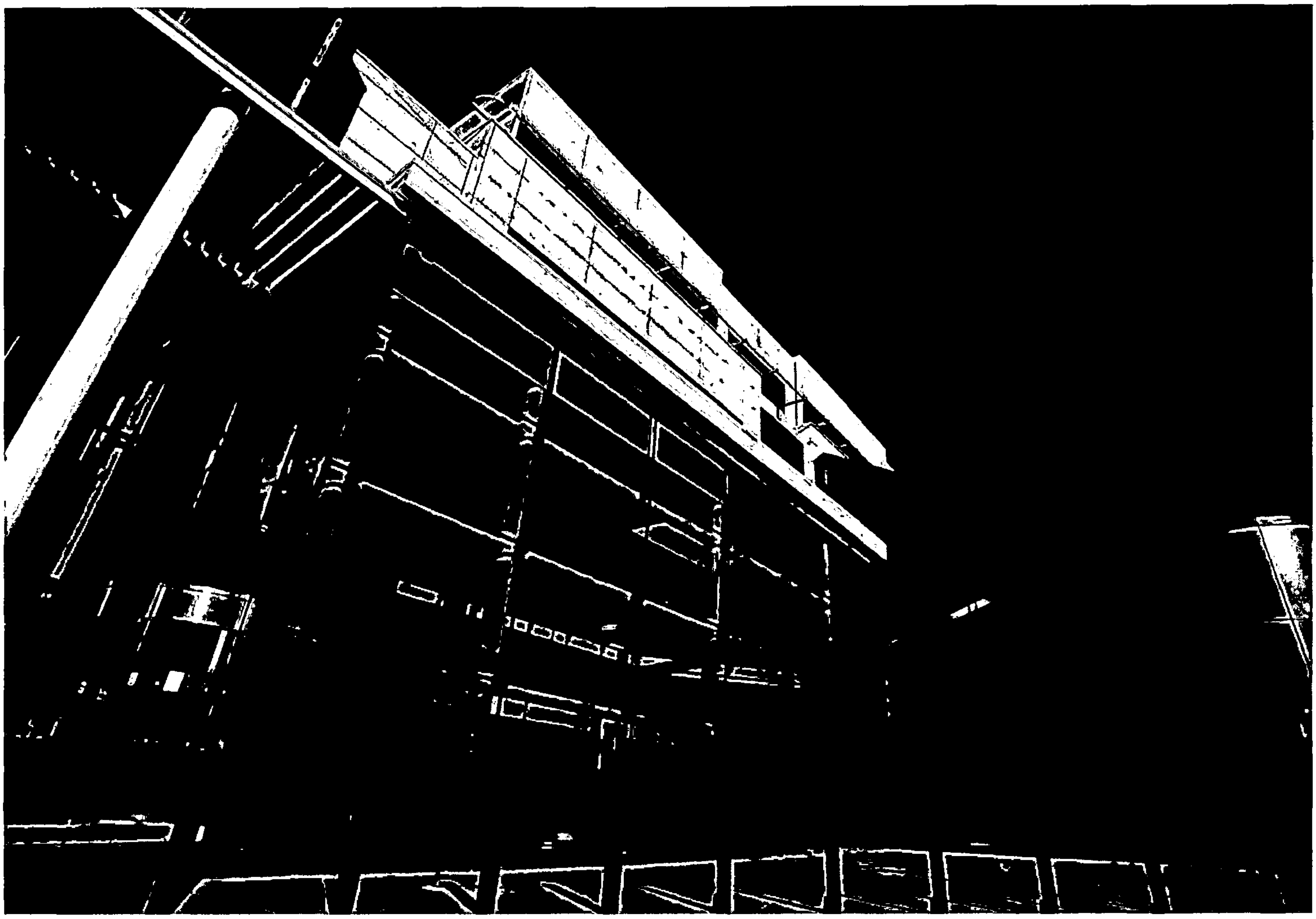
The Board is responsible for establishing and maintaining the Group's system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure of the achievement of business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Audit Committee continues to monitor and review the effectiveness of the system of internal control and report to the Board when appropriate with recommendations.

The annual review of internal control and financial reporting procedures did not highlight any issues warranting the introduction of an internal audit function. It was concluded, given the current size and transparency of the operations of the Group that an internal audit function was not required however this remains a matter for ongoing review.

The main features of the internal control system are outlined below;

- A control environment exists through the close management of the business by the Executive Directors. The Group has a defined organisational structure with delineated approval limits. Controls are implemented and monitored by the Executive Directors.
- The Board has a schedule of matters expressly reserved for its consideration and this schedule includes acquisitions and disposals, major capital projects, treasury and risk management policies and approval of budgets.
- The Group utilises a detailed budgeting and forecasting process. Detailed budgets are prepared annually by the Executive Directors before submission to the Board for approval. Forecasts are updated at least quarterly to reflect changes in the business and are monitored by the Board including future cash flow projections. Actual results are monitored against



annual budgets in detail on a monthly basis, with variances highlighted to the Board.

Financial risks are identified and evaluated for each major transaction for consideration by the Board and senior management.

- Standard financial control procedures are operated throughout the Group to ensure that the assets of the Group are safeguarded and that proper accounting records are maintained.

- A risk review process is in development whereby the Chief Executive Officer and Finance Director will present a report to the Board each year on the key business risks.

GOING CONCERN

As disclosed on page 43 the Group financial statements have been prepared on the going concern basis as the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

RELATIONSHIP WITH SHAREHOLDERS

The Directors seek to build a mutual understanding of objectives between the Company and its shareholders. The Company reports formally to shareholders in its Annual Report and Interim Statements setting out details of the Group's activities. In addition, the Company keeps shareholders informed of events and progress through the issue of regulatory news in accordance with the Listing Rules for Companies of the London Stock Exchange, The Chief Executive and Finance Director meet with institutional shareholders following interim and final results. The Company also maintains investor relations pages and other information regarding the business, the Group's products and activities on its website at http://www.widecellsgroup.com/

The Annual Report is made available to shareholders at least 21 days before the Annual General Meeting ('AGM') along with notice of the AGM. Directors are required to attend the AGM, unless unable to do so for personal reasons or due to pressing commercial commitments, and shareholders are given the opportunity to vote on each separate resolution proposed at the AGM. The Company counts all proxy votes and will indicate the level of proxies lodged for each resolution after it has first been dealt with by a show of hands.

David Bridgland
Company Secretary

Directors' Report

The Directors present their report and the consolidated financial statements of the Group for the year ended 31 December 2016. The Corporate Governance Report forms part of the Directors' Report.

DIRECTORS

The Directors during the period were:

Graham Hine	(appointed 24 May 2016)
Marilyn Orcharton	(appointed 24 May 2016)
João Andrade	(appointed 24 May 2016)
Lopes Gil	(appointed 24 May 2016)
Peter Hollands	(appointed 24 May 2016)
David Bridgland	(appointed 24 May 2016)

Alan Greenberg was appointed as a Non-executive Director on 15 February 2017.

RESEARCH AND DEVELOPMENT

The Group is continuing to develop products within its chosen areas of scientific and commercial focus.

MATTERS COVERED IN THE STRATEGIC REPORT

Details of the Group's financial risk management objectives and policies and the future developments of the Group are given in the Strategic Report. Details of the Groups capital structure is included in note 19 to the financial statements.

DIVIDEND

The Directors are not recommending the payment of a dividend at this time due to the level of maturity of the Group. The Directors intend implementing a dividend policy of progressive payments when the Group reaches the right stage of development.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has, as permitted by s234 and 235 of the Companies Act 2006, maintained insurance cover on behalf of the Directors and Company Secretary indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

EMPLOYEES

WideCells Group recognises the essential importance of employees to the success of the business and ensures that they are fully informed of events that directly affect them and their working conditions. Information on matters of concern to employees is given in briefings that seek to provide a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

DISABLED EMPLOYEES

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. It is the policy of the Group that training and promotion opportunities should be available to all employees.

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business; and

- prepare a directors' report, a strategic report and directors' remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006 and as regards the group financial statements, Article 4 of the IAS regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

GREENHOUSE GAS EMISSIONS

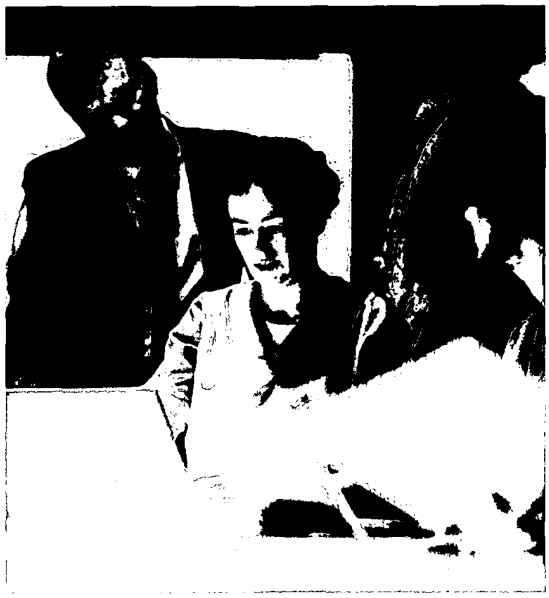
The Company is setting up operations in Manchester and Porto. Once these teams are in place in 2017, systems and measures will be implemented to assess the Group's performance against internally set greenhouse emission targets.

BRANCHES

The Company has no branch offices.

POST BALANCE SHEET EVENTS

On 12 April 2017, the Company announced the completion of a private placing of 10% of its existing share capital. 5,405,806 ordinary shares at £0.12 were issued for trading on the main market on 28 April 2017. The placing raised £646,686, £601,111 after £47,585 of costs, and allows the Company to focus on growing its three core divisions.



DIRECTORS' RESPONSIBILITIES PURSUSANT TO DTR 4

The directors confirm to the best of their knowledge:

- the Group financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) as adopted by the European Union and Article 4 of the IAS regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group; and
- the annual report includes a fair review of the development and performance of the business and the position of the Group, and the parent company, together with a description of the principal risks and uncertainties that they face.

DIRECTORS' STATEMENT AS TO THE DISCLOSURE OF INFORMATION TO AUDITORS

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

On behalf of the Board

David Bridgland
Finance Director

Financial Statements

Independent Auditor's Report to the Members of Widecells Group PLC

We have audited the financial statements of WideCells Group PLC for the year ended 31 December 2016 which comprise the group statement of comprehensive income, the group statement of financial position, the group statement of cash flows, the group statement of changes in equity, the parent company balance sheet and the parent company statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

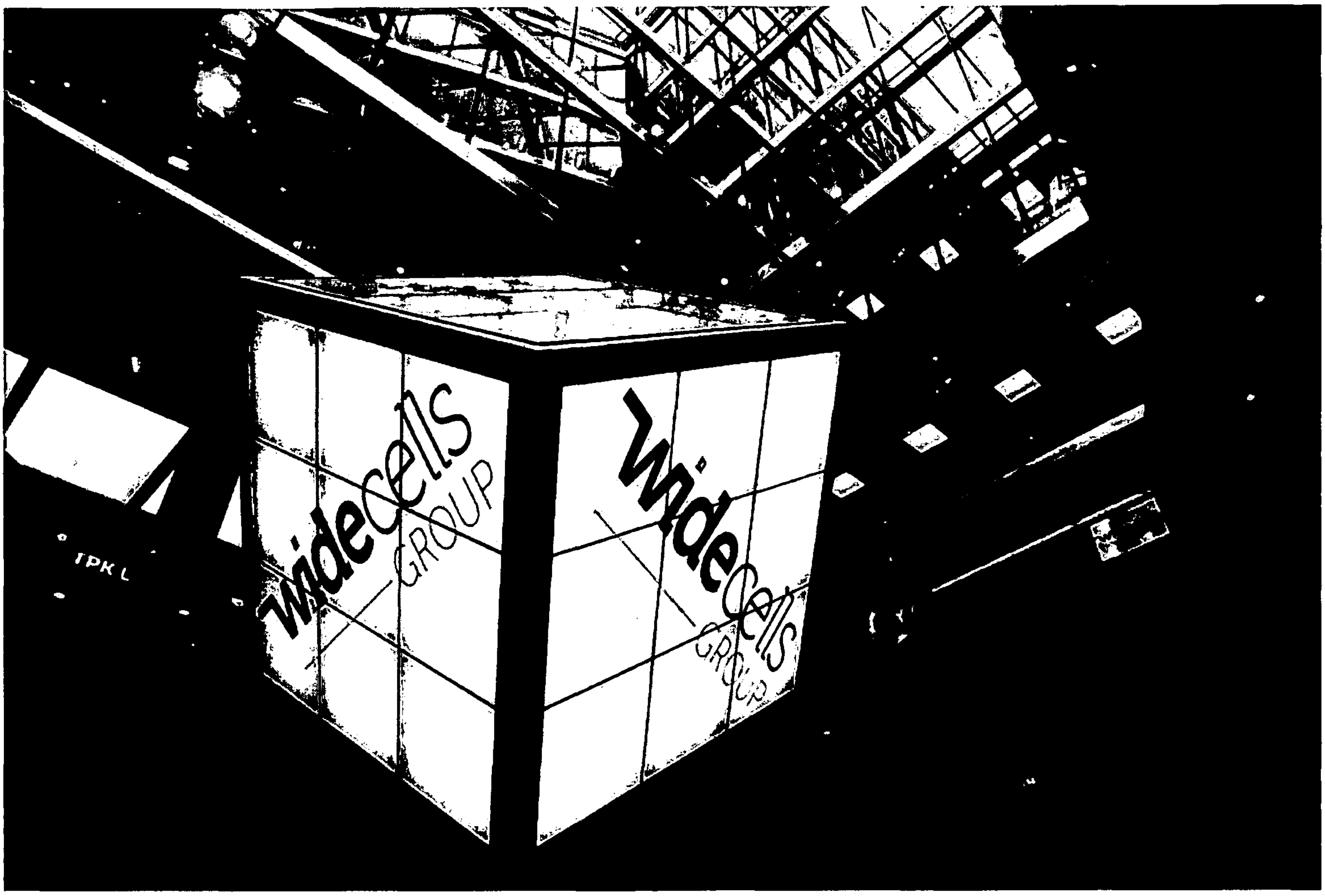
SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006. ; and, as regards the group financial statements, Article 4 of the IAS Regulation.



OTHER MATTER

The corresponding figures for the year ended 31 December 2015 are unaudited.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements;

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Stuart Wood (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester
United Kingdom
28 April 2017

BDO LLP

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial Statements continued

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the year ended 31 December 2016 £	Unaudited 2015 £
Revenue	3	25,000	50,644
Administrative costs	5	(1,261,719)	(326,080)
Loss from operations		(1,236,719)	(275,436)
Finance expense	7	(30,710)	(11,120)
Loss before tax		(1,267,429	(286,556)
Taxation	8	(7,517)	(1,250)
Loss after tax attributable to the owners of the parent		(1,274,946)	(287,806)
Total comprehensive loss attributable to:			
– owners of the parent		(1,274,946)	(239,915)
- non-controlling interest		–	(47,891)
Loss for the year		**(1,274,946)**	(287,806)
Loss per share			
Basic and diluted loss per ordinary share – £	9	(0.03)	(0.02)

The notes on pages 43 to 63 form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – Company Number: 10197256

	Note	2016 £	at 31 December Unaudited 2015 £
Assets			
Non-current assets			
Tangible fixed assets	10	394,898	30,454
		394,898	30,454
Current assets			
Inventories	13	2,887	2,887
Trade and other receivables	14	22,554	40,033
VAT recoverable	14	59,567	24,002
Cash and cash equivalents	15	1,149,758	33,753
		1,234,766	100,675
Total assets		**1,629,664**	131,129
Liabilities			
Non-current liabilities			
Borrowings	17	247,803	–
		247,803	–
Current liabilities			
Trade and other payables	16	392,331	103,500
Borrowings	17	165,879	714,490
		558,210	817,990
Total liabilities		**806,013**	817,990
Issued capital and reserves attributable to owners of the parent			
Share capital	19	135,145	48
Share premium	20	2,159,000	742
Merger reserve	20	(185,728)	(466,318)
Share-based payment reserve	20	211,513	–
Accumulated deficit	20	(1,496,279)	(221,333)
Total equity		**823,651**	(686,861)
Total equity and liabilities		**1,629,664**	131,129

The financial statements on pages 38 to 42 were approved and authorised for issue by the Board of Directors on 28 April 2017 and were signed on its behalf by:

David Bridgland
Director

The notes on pages 43 to 63 form part of these financial statements.

Financial Statements continued

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the year ended 31 December 2016 £	Unaudited 2015 £
Cash flows from operating activities			
Loss for the year		(1,274,946)	(287,806)
Adjustments for:			
Deprecation of tangible fixed assets	10	16,143	10,050
Amortisation of intangible fixed assets	11	–	1,473
Share-based payment expense		186,626	–
Net Interest expense		30,710	11,120
Taxation expense		7,517	1,250
Cash flows from operating activities before changes in working capital		**(1,033,950)**	(263,913)
Decrease in stock		–	810
Decrease in trade and other receivables		56,665	(30,337)
Increase in trade and other payables		238,129	81,535
Cash generated from operations		**(739,156)**	(211,905)
Taxes paid		(7,517)	(1,250)
Net cash used in operating activities		**(746,673)**	(213,155)
Investing activities			
Purchases of property, plant and equipment		(205,531)	–
Sale of property, plant and equipment		24,931	7,762
Net cash generated (used) in investing activities		**(180,600)**	7,762
Financing activities			
Share issues		2,000,000	788
Cost of share issue		(239,598)	–
Interest paid		(11,579)	(11,120)
Issue of convertible debt		274,500	185,399
Proceeds from bank borrowings		200,000	76,934
Repayment of borrowings		(180,045)	(22,617)
Net cash generated from financing activities		**2,043,278**	229,384
Net increase in cash and cash equivalents		**1,116,005**	23,991
Cash and cash equivalents at beginning of year		**33,753**	9,762
Cash and cash equivalents at end of year		**1,149,758**	33,753

The notes on pages 43 to 63 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	For the year ended 31 December 2016					
	Share capital £	Share premium £	Merger reserve £	Share-based payments reserve £	Accumulated deficit £	Total equity £
At 1 January 2016	48	742	(466,318)	–	(221,333)	(686,861)
Loss for the year	–	–	–	–	(1,274,946)	(1,274,946)
Foreign exchange translation						
Total comprehensive loss	–	–	–	–	**(1,274,946)**	**(1,274,946)**
Transactions with owners						
Conversion of loan capital to share capital	28	355,772	–	–	–	355,800
Share exchange	75,924	(356,514)	280,590	–	–	–
Share based payment charge	–	–	–	186,626	–	186,626
Issue of shares on IPO – 27 July 2016	45,454	1,954,546	–	–	–	2,000,000
Conversion of convertible loan notes	13,609	465,421	–	–	–	479,030
Fee shares	82	3,518	–	–	–	3,600
Broker warrants	–	(24,887)	–	24,887	–	–
Costs of IPO	–	(239,598)	–	–	–	(239,598)
Total contribution by and distributions to owners	**135,097**	**2,158,258**	**280,590**	**211,513**	**–**	**2,785,458**
At 31 December 2016	**135,145**	**2,159,000**	**(185,728)**	**211,513**	**(1,496,279)**	**823,651**

The notes on pages 43 to 63 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2015
Unaudited

	Share capital £	Share premium £	Merger reserve £	Non-controlling interest £	Accumulated deficit £	Total equity £
At 1 January 2015	2	–	–	(180,589)	(154,464)	(335,051)
Loss for the year	–	–	–	(47,891)	(239,915)	(287,806)
Total comprehensive loss	**–**	**–**	**–**	**(47,891)**	**(239,915)**	**(287,806)**
Issue of shares	46	742	–	–	–	788
Capital contribution	–	–	–	–	173,046	173,046
Acquisition of non-controlling interests	–	–	(466,318)	228,480	–	(237,838)
Total contribution by and distributions to owners	**46**	**742**	**(466,318)**	**228,480**	**173,046**	**(64,004)**
At 31 December 2015	**48**	**742**	**(466,318)**	**–**	**(221,333)**	**(686,861)**

The notes on pages 43 to 63 form part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2016

1. ACCOUNTING POLICIES

Basis of preparation

WideCells Group PLC the company is a public company (the 'Company') is a company domiciled in England. The Company was incorporated on 24 May 2016 and this is the first set of financial information prepared by the Company.

The Group was formed when WideCells Group PLC entered into an agreement to acquire the entire share capital of WideCells International Limited and its wholly owned subsidiaries through the issue of shares in the Company which took place on 16 June 2016.

The capital structure for the comparative year reflects the former holding company, WideCells International Limited. Following the Group reconstruction the capital structure reflects that of WideCells Group PLC.

Accordingly, although the units which comprise the Group did not form a legal group for the entire period, the current period and comparative results comprise the results of the subsidiary companies as if the Group had been in existence throughout the entire period.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by European Union ('adopted IFRSs') and are presented in £ Sterling.

WideCells Group PLC adopted IFRS for the first time in its Historical Financial Information for the three years ended 31 December 2015 as presented in the Placing and Admission to Listing document dated 22 July 2016, WideCells Group PLC is a continuation of WideCells Group Limited as reflected in the merger accounting principle adopted and therefore the Group is not considered to be a first time adopter of IFRS in these financial statements.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the periods presented.

The Directors have prepared cashflow forecasts for a period of 12 months from the date of releasing this annual report and accounts which show that the Group will have sufficient funds to continue and therefore that the going concern basis of preparation is appropriate. However, a key assumption within these forecasts is commencement of CellPlan sales from June 2017. The directors are confident that the CellPlan product launch will be successful, following the successful equity placing on 28 April 2017, the directors are confident that the group has sufficient available funds to support the cash requirements of the business, in addition, the directors have provided non-binding letters of intent that they will make available additional funds to the company if there is a shortfall in the funding.

Changes in accounting policies

New standards, interpretations and amendments effective from 1 January 2016

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2016 that had a significant effect on the Group's financial statements. None of the amendments to Standards that are effective from that date had a significant effect on the Group's financial statements.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not effective for 2016 and therefore have not been applied in preparing these accounts. The effective dates shown are for periods commencing on the date quoted.

- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018) – EU endorsed.
- IFRS 9 Financial Instruments (effective 1 January 2018) – EU endorsed.
- IFRS 16 Leases (effective 1 January 2019) – not yet EU endorsed.

1. ACCOUNTING POLICIES (continued)

An assessment of the above standards on the financial statements has not yet been completed.

The Group has considered the above new standards, interpretations and amendments to published standards that are not yet effective and concluded that they are either not relevant to the Group or that they would not have a significant impact on the Group's financial statements, apart from additional disclosures.

Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries. The parent controls a subsidiary if it has power over the investee to significantly direct the activities, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns, all subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-Group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The consolidated financial statements consist of the results of the following entities:

Entity	Summary description
WideCells Group PLC	Ultimate holding company
WideCells International Limited	Holding company of subsidiaries
WideCells Limited	Trading company
WideCells Portugal SA	Trading company
WideCells España SL	Trading company
WideAcademy Limited	Trading company
CellPlan Limited	Holding company
CellPlan International Lda	Trading company

Revenue

Revenue represents the fair value of the consideration received or receivable in the year, net of discounts and sales taxes. Sales income derives from the procurement and marketing of cord blood stem cell storage. Revenue is recognised when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue and associated costs can be measured reliably. Where the work has been carried out and it is certain that the income is due, appropriate adjustments are made through deferred and accrued income on a percentage of completion basis. Deferred income comprises of income received in advance of the consideration being due and has been included within current liabilities on the basis that the revenue becomes due within 12 months from the balance sheet date. Accrued Income Includes the value of work performed during the period and where a right to consideration has arisen, which was not invoiced until after the period end.

Intangible assets

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably, the asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights.

Amortisation is charged on a straight line basis through the profit or loss. The rates applicable, which represent the Directors' best estimate of the useful economic life, are;

- WideCells trademark – Fully amortised.

Impairment of non-financial assets (excluding inventories and deferred tax assets)

Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income.

Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve along with the exchange differences arising on the retranslation of the foreign operation.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Exchange differences recognised in the profit or loss of Group entities on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

Leasing

Leases are classified as finance leases wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

1. ACCOUNTING POLICIES (continued)

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Financial assets

The Group does not have any financial assets which it would classify as fair value through profit or loss, available for sale or held to maturity. Therefore all financial assets are classed as loans and receivables as defined below.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows – bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

Equity instruments

Convertible loan notes are categorised based on the substance of the contract and not their legal form. Any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities is treated as an equity instrument.

A financial instrument is treated as an equity instrument only if:

1. The instrument may or will be settled in the issuers own equity instruments, it is either a derivative that will be settled by the issuer exchanging a fixed amount of cash or another financial instrument for a fixed number of its own equity shares, or a non-derivative that includes a contractual obligation to deliver a variable number of the entity's own equity shares.

2. The instrument includes no contractual obligation to deliver cash or another financial asset to another entity

Financial liabilities

The Group does not have any financial liabilities that would be classified as fair value through the profit or loss. Therefore these financial liabilities are classified as financial liabilities at amortised cost, as defined below.

Other financial liabilities include the following Items:

- Borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. Interest expense in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Share capital

The Group's ordinary shares are classified as equity instruments.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the Directors. In the case of final dividends, this is when approved by the shareholders at the AGM. No dividends were declared during the years to 31 December 2016.

Property, plant and equipment

Items of plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation is provided on all other items of property, plant and equipment, so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Plant & Machinery	–	33% straight line basis
Leasehold Improvements	–	33% straight line basis
Computer equipment	–	33% straight line basis
Motor vehicles	–	33% straight line basis

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates and laws that have been enacted or substantively enacted at the Statement of Financial Position 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. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the Company and it is probable that the temporary difference will 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 value amount of assets and liabilities, using tax rates enacted or substantively enacted at the Statement of Financial Position date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

1. ACCOUNTING POLICIES (continued)

Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The valuation of share options and warrants are directors' estimates and details are disclosed in note 22.

3. REVENUE

Revenue in all periods principally arises from the provision of services. In 2016 this was from the planning phase of an R&D contract with Qiginex, which will run through 2017 and 2018 in the UK. The revenues from 2015 were the conclusion of stem cell storage contracts in Portugal before the company began fundraising activities in 2016.

4. SEGMENT INFORMATION

Operating segments are components of the entity that:

1. Engages in business activities from which it may earn revenues and incur expenses.
2. Of which discrete financial information is available.
3. Whose operating results are reviewed regularly by the chief operating decision maker.

Until sales begin in the new operating divisions of CellPlan and WideAcademy, the Group has three main operating segments, all of which have the same intended sources of revenue from the WideCells division:

- UK
- Portugal
- Spain

Factors that management used to identify the Group's reportable segments

The Group's reportable segments are geographical business units that offer WideCells products and services into different market. They are managed separately as each business is operated from a different location.

4. SEGMENT INFORMATION (continued)

Measurement of operating segment profit or loss, assets and liabilities

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations but excluding non-recurring losses, such as goodwill impairment, and the effects of share-based payments.

Inter-segment sales are priced along the same lines as sales to external customers, with an appropriate discount being applied to encourage use of Group resources at a rate acceptable to local tax authorities. This policy was applied consistently throughout the current and prior period.

2016	UK £	Portugal £	Spain £	Total £
Sales and services provided	25,000	–	–	25,000
Total revenue from external customers	25,000	–	–	25,000
Total gross profit	25,000			25,000
Segment EBITDA	(1,083,290)	(112,668)	(24,618)	(1,220,576)
Depreciation and amortisation	(10,389)	(2,436)	(3,318)	(16,143)
Segment loss	**(1,093,679)**	**(115,104)**	**(27,936)**	**(1,236,719)**
Finance expense	(19,139)	(10,297)	(1,274)	(30,710)
Tax	–	(7,517)	–	(7,517)
Group loss after tax	**(1,112,818)**	**(132,918)**	**(29,210)**	**(1,274,946)**
Non-current assets	**370,542**	**24,356**	**-**	**394,898**

2015 (unaudited)	UK £	Portugal £	Spain £	Total £
Sales and services provided	–	50,644	–	50,644
Total revenue from external customers	–	50,644	–	50,644
Total gross profit	–	50,543	–	50,543
Segment EBITDA	**(233,531)**	**(4,524)**	**(25,858)**	**(263,913)**
Depreciation and amortisation	(1,473)	(6,733)	(3,317)	(11,523)
Segment loss	**(235,004)**	**(11,257)**	**(29,175)**	**(275,436)**
Finance expense	(26)	(11,153)	59	(11,120)
Tax	–	(1,250)	–	(1,250)
Group loss after tax	**(235,030)**	**(23,660)**	**(29,116)**	**(287,806)**
Non-current assets	**–**	**14,543**	**15,911**	**30,454**

5. LOSS FROM OPERATIONS

	2016 £	Unaudited 2015 £
The loss for the period is stated after charging:-		
Depreciation	16,143	10,050
Amortisation	–	1,473
Auditor's Remuneration	24,500	–
Operating lease – Property	33,320	–
Share-based payments (see note 22)	186,626	–

Expenses by nature	**£**	**£**
Supplies and external services	616,594	226,306
Other expenses	23,891	17,971
Staff cost (see note 6)	605,091	70,280
Total operating expenses	**1,245,576**	**314,557**
Amortisation and depreciation of assets	16,143	11,523
	1,261,719	**326,080**

6. STAFF COSTS

	2016 £	Unaudited 2015 £
Staff costs (including directors) comprise: Wages and salaries	346,092	70,280
Defined contribution pension cost	18,330	–
Benefits	4,049	–
Social security contributions and similar taxes	49,994	–
Share-based payment expense (see note 22)	186,626	–
	605,091	**70,280**

Employee numbers	£	£
The average number of staff employed by the Group during the financial year amounted to:		
General and administration	8	7
	8	**7**

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities, and includes the directors of the company listed on pages 20 and 21.

Remuneration of the directors and highest paid Director is shown on the Remuneration Report on page 22. In addition to the amounts disclosed in the Remuneration Report, the full share-based payment expense of £186,626 relates to key management personnel.

7. FINANCE INCOME AND EXPENSE

	2016 £	*Unaudited* 2015 £
Finance expense		
Bank loans	11,579	11,120
Convertible loan notes	19,131	-
Total finance expense	**30,710**	11,120

8. TAXATION

	2016 £	Unaudited 2015 £
Current tax		
Overseas taxation payable on profits for the year	7,517	1,250
Total current tax and tax credit	**7,517**	1,250

The reason for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

	2016 £	Unaudited 2015 £
Loss before tax	(1,267,429)	(286,556)
Tax using the Company's domestic tax rate of 20% (2015: 20%)	(253,486)	(57,311)
Unrelieved tax losses and other deductions arising in the period	253,486	57,311
Local overseas taxes	(7,517)	(1,250)
Total tax charged in the income statement	**7,517**	1,250

Deferred taxation of £215,463 (2015: £48,715), calculated at 17%, attributable to losses arising in the year and for losses carried forward have not been recognised in these accounts due to the uncertainty over whether this will be recovered.

9. LOSS PER SHARE

	2016 £	Unaudited 2015 £
Numerator		
Loss used in basic EPS	(1,274,946)	(287,806)
Denominator		
Weighted average number of ordinary shares used in basic EPS	39,769,715	16,928,767
Effects of:		
Employee share options	2,200,000	2,200,000
Conversion share warrants (see note 22)	2,721,757	-
Broker share warrants (see note 22)	727,272	-
Weighted average number of shares used in diluted EPS	**45,418,744**	19,128,767
Basic and diluted loss per share – £	(0.03)	(0.02)

10. PROPERTY, PLANT AND EQUIPMENT

	Plant & Machinery £	Leasehold Improvements £	Computer Equipment £	Motor Vehicles £	Total £
Cost					
At 1 January 2015	–	–	31,181	20,735	51,916
Additions	–	–	–	–	–
Disposals	–	–	(9,552)	–	(9,552)
At 31 December 2015	–	–	21,629	20,735	42,364
At 1 January 2016	–	–	21,629	20,735	42,364
Additions	225,708	154,620	25,191	–	405,519
Disposals	–	–	(19,105)	(20,735)	(39,840)
At 31 December 2016	225,708	154,620	27,715	–	408,043
Accumulated depreciation					
At 1 January 2015	–	–	2,143	1,507	3,650
Charge for the year	–	–	6,732	3,318	10,050
Disposals	–	–	(1,790)	–	(1,790)
At 31 December 2015	–	–	7,085	4,825	11,910
At 1 January 2016	–	–	7,085	4,825	11,910
Charge for the year	–	10,077	2,748	3,318	16,143
Disposals	–	–	(6,765)	(8,143)	(14,908)
At 31 December 2016	–	10,077	3,068	–	13,145
Net book value					
At 31 December 2016	225,708	144,543	24,647	–	394,898
At 31 December 2015 (unaudited)	–	–	14,544	15,910	30,454
At 1 January 2015 (unaudited)	–	–	29,038	19,228	48,266

The net book value of assets held under finance leases is £187,008 (2015: £nil), and had no depreciation charged as at 31 December 2016.

11. INTANGIBLE ASSETS

	Trademark £'000	Total £'000
Cost		
At 1 January 2015	–	–
Additions	1,473	1,473
At 31 December 2015	1,473	1,473
At 1 January 2016	1,473	1,473
Acquired in business combinations	–	–
At 31 December 2016	1,473	1,473
Accumulated amortisation		
At 1 January 2015	–	–
Amortisation charge for the year	1,473	1,473
At 31 December 2015	1,473	1,473
At 1 January 2016	1,473	1,473
Amortisation charge for the year	–	–
At 31 December 2016	1,473	1,473
Net book value		
At 31 December 2016	–	–
At 31 December 2015 (unaudited)	–	–
At 1 January 2015 (unaudited)	–	–

The carrying value of the trademark was amortised in full in the year ended 31 December 2015.

12. SUBSIDIARIES

The principal subsidiaries of WideCells Group PLC, all of which are 100% owned and have been included in these financial statements in accordance with the details set out in the basis of preparation and basis of consolidation note 1, are as follows:

Name	Country of Incorporation	Nature of Business	Notes	Registered Office
Widecells International Limited	United Kingdom	Holding company		46 Grafton Street, Manchester, M13 9NT
WideCells Limited	United Kingdom	Trading company	(a)	46 Grafton Street, Manchester, M13 9NT
WideCells Portugal SA	Portugal	Trading company	(a)	Rua Da Casa Branca, 97 Coimbra 3030-109, Portugal
WideCells España SL	Spain	Trading company	(a)	Calle Castillo de Fuensaldaña, 4, 28232 Las Rozas, Madrid, Spain
WideAcademy Limited	United Kingdom	Trading company	(a)	46 Grafton Street, Manchester, M13 9NT
CellPlan Limited	United Kingdom	Holding company	(a)	42-50 Hersham Road, Walton-On-Thames, KT12 1RZ
CellPlan International Lda	Portugal	Trading company	(b)	Edifício Tower Plaza, Rotunda Engº, Edgar Cardoso, nº 23, 11º F, 4400-676 Vila Nova de Gaia, Portugal

Notes: (a) 100% owned by WideCells International Limited (b) 100% owned by CellPlan Limited

13. INVENTORIES

	2016 £	Unaudited 2015 £
Raw materials and consumables	2,887	2,887

14. TRADE AND OTHER RECEIVABLE

	2016 £	Unaudited 2015 £
Trade receivables	126	126
Other receivables	22,428	39,907
VAT recoverable	59,567	24,002
Total trade and other receivables	**82,121**	**64,035**

Trade and other receivables do not contain any impaired assets. The Group does not hold any collateral as security and the maximum exposure to credit risk at the Consolidated Statement of Financial Position date is the fair value of each class of receivable.

Book values approximate to fair value at 31 December 2016 and 2015.

15. CASH AND CASH EQUIVALENTS

	2016 £	Unaudited 2015 £
Cash at bank available on demand	1,149,758	33,753

16. TRADE AND OTHER PAYABLES

	2016 £	Unaudited 2015 £
Current		
Trade payables	172,060	54,225
Other payables	144,678	40,408
	316,738	94,633
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost		
Tax and social security	75,195	8,867
Deferred revenue	398	–
Total trade and other payables	**392,331**	103,500

Book values approximate to fair values at 31 December 2016 and 2015.

17. LOANS AND BORROWING

	2016 £	Unaudited 2015 £
Non-Current		
Bank loans	133,333	-
Finance leases	114,470	–
Total	**247,803**	–
Current		
Bank loans	66,667	144,617
Finance leases	72,538	–
Directors' loans	26,674	26,674
Convertible loans	–	543,199
Total	**165,879**	714,490

Book values approximate to fair value at 31 December 2016 and 2015. The fair value hierarchy for these items is level 2.

The bank loans are repayable over three years at a fixed interest rate of 3.98% and secured over the assets held by the group.

The convertible loans converted to equity at the IPO on 27 July 2016.

18. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The Group is exposed through its operations to the following financial risks;

- Credit risk.
- Market risk.
- Liquidity risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables.
- Cash and cash equivalents.
- Trade and other payables.
- Loans and borrowings.

A summary of the financial instruments held by category is provided below:

Financial assets – loans and receivables.

Financial liabilities – amortised cost.

	2016	Unaudited 2015
	£	£
Cash and cash equivalents	1,149,758	33,753
Trade receivables	126	126
Total financial assets	**1,149,884**	33,879

	2016	2015
	£	£
Trade and other payables	316,738	94,633
Loans and borrowings	413,682	714,490
Total liabilities – amortised cost	**730,420**	809,123

18. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (continued)

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's Management Committee. The Board receives quarterly reports from the Management Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Group if a development partner or a counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is group policy, implemented locally to assess the credit risk of new customers before entering into contracts.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with high credit status are accepted.

The Group does not enter into derivatives to manage credit risk.

Quantitative disclosures of the credit risk exposure in relation to financial assets are set out below. Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 14.

The total exposure to credit risk of the Group is equal to the total value of the financial assets held at each year end as noted above.

Cash in bank

	2016 £	Unaudited 2015 £
Cash held at HSBC – S&P Rating A+	1,131,301	22,934
Cash held at Santander – S&P Rating A	18,457	10,819
Total cash at bank available on demand (see note 15)	**1,149,758**	**33,753**

The Group is continually reviewing the credit risk associated with holding money on deposit in banks and seeks to mitigate this risk by holding deposits with banks with high credit status.

Market risk

Cash flow interest rate risk

The Group has no exposure to cash flow interest rate risk from borrowings at variable rates.

It is group policy that all borrowings are approved by the Directors to ensure that it is not taking on significant risk related to possible movements in interest rates. Although the Board accepts that this policy neither protects the Group entirely from the risk of paying rates in excess of current market rates nor eliminates fully cash flow risk associated with variability in interest payments, it considers that it achieves appropriate balance of exposure to these risks.

18. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (continued)

Foreign exchange risk

Foreign exchange risk arises because the Group has operations in Portugal and Spain, whose functional currency is not the same as the functional currency of the Group. The Group's net assets arising from such overseas operations are exposed to currency risk resulting in gains or losses on retranslation into sterling. Given the levels of materiality, the Group does not hedge its net investments in overseas operations as the cost of doing so is disproportionate to the exposure.

Foreign exchange risk also arises when individual Group entities enter into transactions denominated in a currency other than their functional currency; the Group has several customers and a regular supplier who are invoiced in currency other than sterling. These transactions are not hedged because the cost of doing so is disproportionate to the risk.

As of 31 December 2016 and 2015, the Group's exposure to foreign exchange risk was not material.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

It is the Group's aim to settle balances as they become due.

The Group's current financial position following the IPO is such that the Board does not consider there to be a short term liquidity risk however the Board will continue to monitor long term cash projections in light of the development plan and will consider raising funds as required to fund long term development projects. Development expenditure can be curtailed as necessary to preserve liquidity.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

2016	Up to 3 months £	Between 3 and 12 months £	Between 1 and 2 years £	Between 2 and 5 years £	Over 5 years £
Trade and other payables	316,738	–	–	–	–
Bank loans	17,712	53,137	70,749	70,749	–
Finance leases	31,360	48,169	64,226	64,226	–
Directors' loans	26,674	–	–		–
Total	392,484	101,306	134,975	134,975	–

2015 (unaudited)	Up to 3 months £	Between 3 and 12 months £	Between 1 and 2 years £	Between 2 and 5 years £	Over 5 years £
Trade and other payables	94,633	–	–	–	–
Bank and other loans	–	698,258	–	–	–
Directors' loans	26,674	–	–	–	–
Total	121,307	698,258	–	–	–

18. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (continued)

More details in regard to the line items are included in the respective notes:

- Trade and other payables – note 16.
- Loans and borrowings – note 17.

Capital risk management

The Group monitors capital which comprises all components of equity (i.e. share capital, share premium, and accumulated deficit),

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern and continue to provide returns for shareholders benefits for other stakeholders.
- to provide an adequate return to shareholders by pricing products and services commensurably with the level of risk.

19. SHARE CAPITAL

	2016		Unaudited 2015	
	Number	**£**	**Number**	**£**
Authorised, allotted and fully paid – classified as equity				
Ordinary shares of £0.0001 each	–	–	475,000	48
Ordinary shares of £0.0025 each	54,058,061	135,145	–	–
Total	**54,058,061**	**135,145**	**475,000**	**48**

In accordance with CA 2006, the Company has no limit on its authorised share capital, though as part of the listing process a resolution was passed on 16 July 2016 authorising the directors to grant rights to subscribe for, or convert any security into Ordinary Shares, up to a maximum aggregate nominal value of £67,572.57.

On incorporation of the Company on 24 May 2016, two ordinary shares of £0.0025 each were subscribed for and issued and allotted in equal number to João Andrade and Lopes Gil.

The parent company at 31 December 2015 was WideCells International and had 475,000 ordinary shares of £0.0001 in issue. On 25 January 2016 285,000 ordinary shares were issued to minority interest shareholders who had transferred their stakes to the Group in December 2015.

On 16 June 2016 the Company issued and allotted 30,399,998 ordinary shares to the shareholders of WideCells International in consideration for the transfer of the entire issued share capital of WideCells international to the Company, making it a wholly owned subsidiary of the Company, and making the Company the new parent company.

On 27 July 2016 the Company issued 18,181,819 ordinary shares at a price of £0.11 per ordinary share. On the same date the Company issued 5,443,515 conversion shares in exchange for the cancellation of convertible debt and 32,727 fee shares.

Pursuant to a resolution passed on 16 June 2016, the Company resolved that;

- The Directors be generally authorised in accordance with the Articles to exercise all the powers of the Company to allot Ordinary Shares, or grant rights to subscribe for, or convert any security into Ordinary Shares, up to a maximum aggregate nominal value of £67,572.57, provided always that such authority conferred on the directors shall (unless previously renewed, varied or revoked prior to that time) expire at the conclusion of the Company's next annual general meeting or on the date falling 18 months after the date of the passing of the resolution, whichever is the sooner. The Company may make an offer or agreement which would or might require Ordinary Shares to be allotted pursuant to the resolution referred to in paragraph 3.6.1 of the listing prospectus before the expiry of their authority to do so, but allot the Ordinary Shares pursuant to any such offer or agreement after that expiry date;

19. SHARE CAPITAL (continued)

- all pre-emption rights in the Articles be waived: (i) for the purposes of, or in connection with, the Placing, the issue of the Conversion Shares and the issue of the Warrant Shares; (ii) generally for such purposes as the directors may think fit (including the allotment of equity securities for cash) up to a maximum aggregate amount of £40,543.54; and (iii) for the purposes of the issue of securities offered (by way of a rights issue, open offer or otherwise) to existing holders of Ordinary Shares, but subject to the directors having a right to make such exclusions or other arrangements in connection with the offering as they deem necessary or expedient: (A) to deal with equity securities representing fractional entitlements; and (B) to deal with legal or practical problems in the laws of any territory, or the requirements of any regulatory body; on the basis that the authorities conferred under the resolution referred to in paragraph 3.6.2 of the listing prospectus shall (unless previously renewed, varied or revoked prior to that time) expire at the conclusion of the Company's next annual general meeting or on the date falling 18 months after the date of the passing of the resolution, whichever is the sooner. The Company may make an offer or agreement which would or might require equity securities to be issued before the expiry of its power to do so, but allot the equity securities pursuant to any such offer or agreement after that expiry date.

The provisions of section 561(1) CA 2006 (to the extent not disapplied pursuant to sections 570-571 CA 2006) confer on shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 560 CA 2006) which are, or are to be, Rights attaching to the shares.

Shares classified as equity

The holders of ordinary shares have full voting dividend and capital distribution rights.

They do not confer any rights of redemption.

On or following the occurrence of a change of control the receipts from the acquirer shall be applied to the holders of the ordinary shares pro rata to their respective holdings.

Ordinary shares were recorded as equity.

20. RESERVES

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Merger reserve	Amount arising on acquisition of non-controlling interest and share for share exchange
Share-based payment reserve	Reserve related to share options
Accumulated deficit	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

21. RETIREMENT BENEFITS

The Group plans to operate a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are to be administered by trustees in funds independent from those of the Group. The pension costs charged for each year are 10% for directors and 5% for staff and included in the staff costs (note 6).

22. SHARE-BASED PAYMENT

Share Options

The Group has issued options over ordinary shares under the WideCells Group Limited 2015 approved Enterprise Incentive scheme. Exercise of an option is subject to continued employment.

WideCells International granted the Directors Dr Peter Hollands and David Bridgland approved enterprise management incentive options over ordinary shares of £0.0001 each in its share capital on 6 October 2015. Following the acquisition of WideCells International by the Company, these options were modified and replacement options, in respect of the Option Shares, were granted by the Company on the basis set out below.

Under the terms of his option grant. Dr Peter Hollands has been granted options to subscribe for a total of 1,600,000 Ordinary Shares at an exercise price of £0.0025 per Ordinary Share, His options vest in three tranches: over 533,333 Ordinary Shares on 6 October 2015, 533,333 Ordinary Shares on 6 October 2016 and 533,334 Ordinary Shares on 6 October 2017. David Bridgland has been granted options to acquire a total of 600,000 Ordinary Shares at an exercise price of £0.0025 per Ordinary Share. His options vest in three tranches: over 200,000 Ordinary Shares on 6 October 2015, 200,000 Ordinary Shares on 6 October 2016, and 200,000 Ordinary Shares on 6 October 2017.

	2016 Weighted average exercise price £	**2016 Number**	**Unaudited 2015 Weighted average exercise price £**	**Unaudited 2015 Number**
Outstanding at 1 January	0.01	55,000	n/a	–
Options in WideCells International	0.01	(55,000)	0.01	55,000
Replacement options in WideCells Group PLC	0.0025	2,200,000	n/a	–
Outstanding at 31 December	0.0025	2,200,000	0.01	55,000

In terms of valuation of these options to calculate share-based payments, the Directors have determined that, given the early stage of the business' development and the limited active market for its shares at present, the most logical valuation point for the valuation of its shares is the IPO offer price of £0.11 per share.

Given the low option price relative to the most reasonable estimate of the value of these options and the consequent likelihood of them being exercised, the Directors consider it appropriate to provide for the full cost of exercise in the accounts of those options that have vested by 31December 2016. Accordingly, a charge to the Statement of Comprehensive Income of £186,626 will be recorded representing the full exercise valuation less the nominal value of the shares.

Warrants

On the IPO Placing date of 21 July 2016, the company issued 2,721,757 Conversion warrants to holders of convertible loan notes that allowed for the conversion of these warrants into ordinary shares in the company at any time within one year of the date of the placing at the placing price of £0.22. The company also issued 727,272 Broker warrants that allowed for the conversion of these warrants into ordinary shares in the company at any time within two years of the date of the placing at the placing price of £0.11. Given the early stage of the company's development and the limited active market in its shares, the Directors consider that the IPO placing price at £0.11 represents the most recent, reliable benchmark of share/warrant valuation.

Using the Black-Scholes valuation model and setting an implied volatility of 50%, interest rate of 5% and dividend yield of 1%, the warrants are valued at £24,887. As this is considered to be a cost related to the IPO, the £24,887 has been charged to the share premium account rather than the profit & loss account.

23. LEASES

Finance Lease

The Group is leasing the more expensive pieces of laboratory equipment for the stem cell processing and storage facility in Manchester. These finance leases are over three years and the future payments are as follows:

2016	Minimum lease payments £	Interest £	Present value £
Not later than one year	79,529	6,991	72,538
Between one year and five years	128,452	13,982	114,470
Later than five years	–	–	–
	207,981	20,973	187,008
Current liabilities	–	–	72,538
Non-current liabilities	–	–	114,470

2015 Unaudited	Minimum lease payments £	Interest £	Present value £
Not later than one year	–	–	–
Between one year and five years	–	–	–
Later than five years	–	–	–
	–	–	–
Current liabilities	–	–	–
Non-current liabilities	–	–	–

Operating leases

The Group had commitments under non-cancellable operating leases as set out below.

	2016 Property £	2016 Equipment £	Unaudited 2015 Property £	Unaudited 2015 Equipment £
Not later than one year	–	–	–	–
Later than one year and not later than five years	170,758	1,557	–	–
Later than five years	–	–	–	–
	170,758	1,557	–	–

24. CAPITAL COMMITMENTS

The Group had no capital commitments at 31 December 2016 and 31 December 2015.

25. RELATED PARTY TRANSACTIONS

Details of Directors' remuneration are given on page 22 and in note 6.

Director's loans of £26,674 were made to the group by João Andrade and Lopes Gil in 2014. There has been no movement in these loans since that date.

€45,000 was loaned to the group in 2013 by Luis Gil, a founder shareholder and brother of Lopes Gil. This was repaid in full in 2016, along with €4,755 of interest.

Pre IPO Directors' loan notes of £355,800 converted into ordinary share capital with a nominal value of £28.

As part of the IPO process Directors' loan notes and interest of £46,394 converted to shares at 8.8p.

26. CONTINGENT LIABILITIES

The Group had no contingent liabilities at 31 December 2016 or 31 December 2015.

27. POST BALANCE SHEET EVENTS

On 12 April 2017, the Company announced the completion of a private placing of 10% of its existing share capital. 5,405,806 ordinary shares at £0.12 were issued for trading on the main market on 28 April 2017. The placing raised £646,686, £601,111 after £47,585 of costs, and allows the Company to focus on growing its three core divisions.

28. ULTIMATE CONTROLLING PARTY

The Directors do not consider that there is an ultimate controlling party.

Financial Statements

for the year ended 31 December 2016

WIDECELLS GROUP PLC – COMPANY BALANCE SHEET – Company Number: 10197256

	Note	2016 £
Non-current assets		
Fixed assets	6	16,186
Investments	7	76,000
		92,186
Current assets		
Trade and other receivables	8	1,807,265
		1,807,265
Total assets		1,899,451
Liabilities		
Non-current liabilities		
Loans and borrowings	10	114,470
		114,470
Current liabilities		
Trade and other payables	9	248,922
Loans and borrowings	10	72,538
		321,460
Total liabilities		435,930
Net assets		1,463,521
Issued capital and reserves attributable to owners of the parent company		
Share capital	11	135,145
Share premium account		2,159,000
Share-based payment reserve		211,513
Profit and loss account		(1,042,137)
Total equity attributable to owners of the parent company		1,463,521

The loss attributable to the company was £1,042,137.

The financial statements on pages 64 to 65 were approved and authorised for issue by the Board of Directors on 28 April 2017 and were signed on its behalf by:

David Bridgland
Director

The notes on pages 66 to 71 form part of these financial statements.

WIDECELLS GROUP PLC – STATEMENT OF CHANGES IN EQUITY

	Share capital £	Share premium £	Share-based payments reserve £	Accumulated deficit £	Total equity £
At 24 May 2016	–	–	–	–	–
Loss for the year	–	–	–	(1,042,137)	(1,042,137)
Foreign exchange translation	–	–	–	–	–
Total comprehensive loss	–	–	–	(1,042,137)	(1,042,137)
Acquisition of WideCells International Limited	76,000	–	–	–	76,000
Share based payment charge	–	–	186,626	–	186,626
Issue of shares on IPO – 27 July 2016	45,454	1,954,546	–	–	2,000,000
Conversion of convertible loan notes	13,609	465,421	–	–	479,030
Fee shares	82	3,518	–	–	3,600
Broker warrants	–	(24,887)	24,887	–	–
Costs of IPO	–	(239,598)	–	–	(239,598)
Total contribution by and distributions to owners	135,145	2,159,000	211,513	(1,042,137)	1,463,521
At 31 December 2016	135,145	2,159,000	211,513	(1,042,137)	1,463,521

1. ACCOUNTING POLICIES

Basis of preparation

WideCells Group PLC is a public company (the 'Company') domiciled in England. The Company was incorporated on 24 May 2016 and this is the first set of financial information prepared by the Company. The nature of the Company's operation is a holding company.

The Company acquired the entire share capital of WideCells International Limited and its wholly owned subsidiaries through the issue of shares on 16 June 2016.

The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council.

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments and share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management pérsonnel of the parent company as their remuneration is included in the totals for the Group as a whole.

The principal accounting policies are summarised below.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less any provision for losses arising on impairment, In relation to acquisitions, where advantage can be taken of the merger relief rules, shares issued as consideration for acquisitions are accounted for at nominal value.

Taxation

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A deferred tax asset in respect of unutilised tax losses has not been recognised on the basis that the future economic benefit was not certain.

Going concern

Accounting standards require the Directors to consider the appropriateness of the going concern basis when preparing the financial statements. The Directors have prepared cashflow forecasts for a period of 12 months from the date of releasing this annual report and accounts which show that the Company will have sufficient funds to continue and therefore that the going concern basis of preparation is appropriate. However, a key assumption within these forecasts is commencement of CellPlan sales from June 2017. The directors are confident that the CellPlan product launch will be successful. Following the successful equity placing in April 2017 the directors are confident that the Company has sufficient available funds to support the cash requirements of the business, in addition, the directors have provided non-binding letters of intent that they will make available additional funds to the company if there is a shortfall in the funding.

Thus the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1. ACCOUNTING POLICIES (continued)

Property, plant and equipment

Items of plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation is provided on all other items of property, plant and equipment, so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Computer equipment	–	33% straight line basis

Foreign currency

Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Leasing

Leases are classified as finance leases wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

Notes to the Financial Statements continued

for the year ended 31 December 2016

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The valuation of share options and warrants are directors' estimates and details are disclosed in note 22 of the consolidated accounts.

3. LOSS ATTRIBUTABLE TO SHAREHOLDERS

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The loss for the financial period, of the holding Company, as approved by the Board, was £1,042,137.

The auditors' remuneration for audit services to the Company was £24,500.

4. STAFF COSTS

	7 months ended 2016 £
Staff costs (including directors) comprise: Wages and salaries	320,346
Defined contribution pension cost	18,330
Benefits	3,844
Social security contributions and similar taxes	42,113
Share-based payment expense	186,626
	571,259

Employee numbers	**2016 £**
The average number of staff employed by the company during the financial period amounted to:	2016
General and administration	7
	7

5. TAXATION

	2016 £
Current tax	
Taxation payable on profits for the period	–
Total current tax and tax credit	–

The reason for the difference between the actual tax charge for the period and the standard rate of corporation tax in the United Kingdom applied to losses for the period are as follows:

	2016 £
Loss before tax	(1,042,037)
Tax using the Company's domestic tax rate of 20%	(208,407
Unrelieved tax losses and other deductions arising in the period	208,407
Total	–

The deferred taxation of £177,146 attributable to losses arising in the period and for losses carried forward have not been recognised in these accounts due to the uncertainty over whether this will be recovered.

6. FIXED ASSETS

	Computer Equipment £	Total £
Additions in the period	16,659	16,659
Depreciation	(473)	(473)
At 31 December 2016	16,186	16,186

The net book value of assets held under finance leases is £10,985, and had no depreciation charged as at 31 December 2016.

7. INVESTMENTS

	£
Additions	76,000
Total investments at 31 December	76,000

At 31 December 2016 the Company held share capital in the following subsidiaries and joint arrangements:

Name	Country of Incorporation	Nature of Business	Proportion held	Notes
WideCells International Limited	United Kingdom	Holding company	100%	
WideCells Limited	United Kingdom	Trading company	100%	(a)
WideCells Portugal SA	Portugal	Trading company	100%	(a)
WideCells España SL	Spain	Trading company	100%	(a)
WideAcademy Limited	United Kingdom	Trading company	100%	(a)
CellPlan Limited	United Kingdom	Holding company	100%	(a)
CellPlan International Lda	Portugal	Trading company	100%	(b)

Notes: (a) 100% owned by WideCells International Limited (b) 100% owned by CellPlan Limited

See note 12 in to the consolidated financial statements for the registered office addresses.

Notes to the Financial Statements continued

for the year ended 31 December 2016

8. TRADE AND OTHER RECEIVABLES

	2016 £
Amounts due from group companies	1,770,546
Other Receivables	36,719
	1,807,265

The amounts due from group companies are deemed to be recoverable and are non-interest bearing and repayable on demand.

9. TRADE AND OTHER PAYABLES

	2016 £
Current	
Trade payables	132,446
Other payables	57,257
	189,703
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	
Tax and social security	59,219
Total trade and other payables	248,922

Book values approximate to fair values at 31 December 2016.

10. LOANS AND BORROWING

	2016 £
Non-Current	
Finance leases	114,470
Total	114,470
Current	
Finance leases	72,538
Total	72,538

Book values approximate to fair values at 31 December 2016.

11. SHARE CAPITAL

	2016 Number	2016 £
Authorised, allotted and fully paid		
Ordinary shares of £0.0025 each	54,058,061	135,145
Total	54,058,061	135,145

Details of shares issued by the Company in the year are given in note 19 to the consolidated financial statements.

12. LEASES

Finance Lease

The Company is leasing the more expensive pieces of laboratory equipment for the stem cell processing and storage facility in Manchester. These finance leases are over three years and the future payments are as follows:

2016	Minimum lease payments £	Interest £	Present value £
Not later than one year	79,529	6,991	72,538
Between one year and five years	128,452	13,982	114,470
Later than five years	–	–	–
	207,981	20,973	187,008
Current liabilities	–	–	72,538
Non-current liabilities	–	–	114,470

13. CAPITAL COMMITMENTS

The Company had no capital commitments at 31 December 2016.

14. CONTINGENT LIABILITIES

The Company had no contingent liabilities at 31 December 2016.

15. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in s33 FRS 102 not to disclose transactions with 100% owned members of the Group headed WideCells Group PLC *on the grounds that 100% of the voting rights of the Company are controlled* within that Group and the Company is included in the consolidated financial statements. All related party transactions are disclosed under note 25 to the consolidated financial statements.

16. POST BALANCE SHEET EVENTS

On 12 April 2017, the Company announced the completion of a private placing of 10% of its existing share capital. 5,405,806 ordinary shares at £0.12 were issued for trading on the main market on 28 April 2017. The placing raised £646,686, £601,111 after £47,585 of costs, and allows the Company to focus on growing its three core divisions.

17. ULTIMATE CONTROLLING PARTY

There is not an ultimate controlling party.

4

Other Information

Company Information

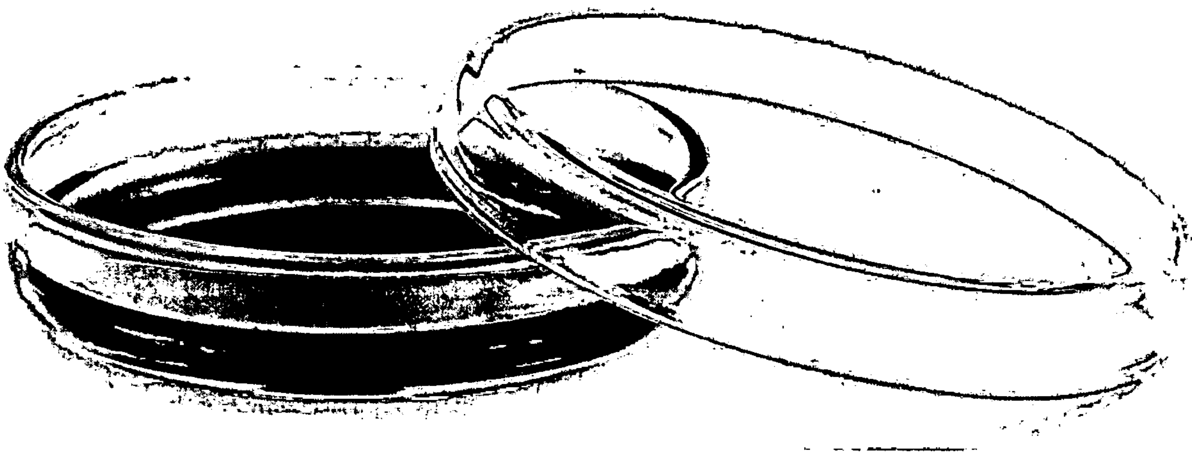
DIRECTORS
Graham Hine
Marilyn Orcharton
Alan Greenberg
João Andrade
Lopes Gil
Peter Hollands
David Bridgland

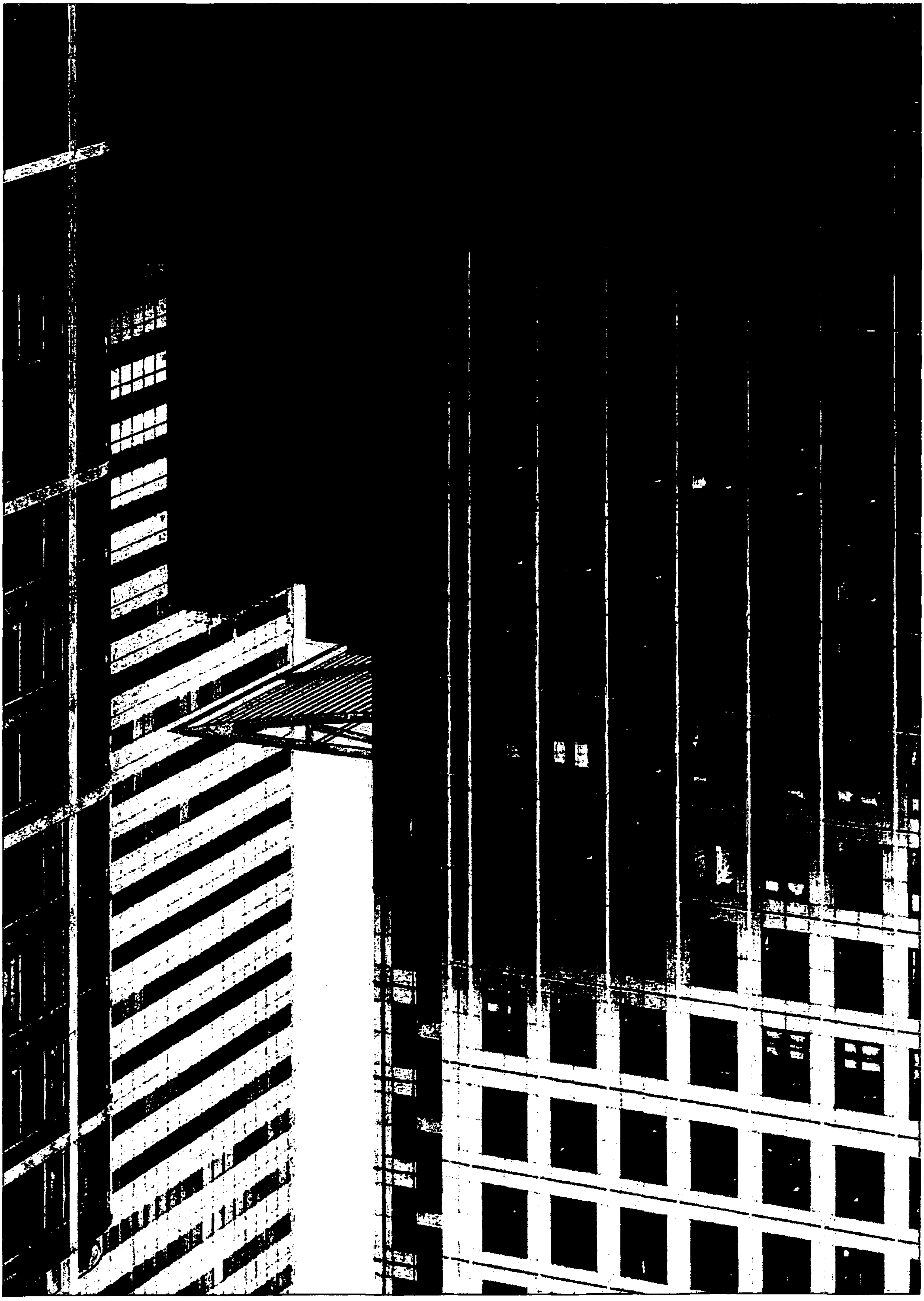
SECRETARY
David Bridgland

REGISTERED OFFICE
Core Technology Facility
46 Grafton Street
Manchester
England
M13 9NT

REGISTERED NUMBER
10197256

AUDITOR
BDO LLP
3 Hardman Street
Manchester
M3 3AT
United Kingdom





WIDECELLS GROUP PLC
CORE TECHNOLOGY FACILITY
46 GRAFTON STREET
MANCHESTER M13 9NT
UNITED KINGDOM

+44 (0)161 920 7953
info@widecellsgroup.com
widecellsgroup.com

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