Registered number: 10197256 (England & Wales)

ICONIC LABS PLC

AUDITED ANNUAL REPORT
&
ACCOUNTS

YEAR ENDED 30 JUNE 2020

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COMPANY NUMBER
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Chief Executive and Interim Chairman's Report

I am pleased to introduce the audited accounts for the twelve months to 30 June 2020. This is the final set of accounts which covers both the shutting down of the old Widecells business as well as setting the operational platform from which we have built the Iconic Labs business. During this period, the core building blocks of the Company's new media and technology business were put in place, albeit it is only in the period since the balance sheet date that the commercial results have begun to accelerate.

More specifically, the Company was able to build upon the acquisition of GSN with a contract to manage TheLondonEconomic, which is a successful digital newspaper with a very high reach into a key young, affluent, urban demographic. However, the most significant event occurred after the balance sheet date with the contract to manage the JOE and Her Media businesses, under a contract now worth a minimum of £125,000 per month plus a 25% share of profits after certain revenue and profitability targets are met.

With the more recent management contract for Lovin Media, not only is the Company is close to being profitable on an operational basis but the sheer scale and reach of JOE and Her makes it the perfect foundation stone upon which to grow.

The owned and operated properties of GSN, TLE and, JOE and Her are all examples of the company's strategy of identifying websites and digital brands that have a valuable audience and brand but have yet to fully monetise that potential. Since taking over the management of JOE the Company has not only secured several major sponsorship contracts but has increased programmatic advertising revenue by 300%. The company has also significantly increased revenues at TLE, with programmatic advertising revenue more than doubling in recent months.
The company believes that this model is scalable and believes there are considerable further digital media brands that fit the profile of strong brands that would benefit from the increased revenues that Iconic Labs can facilitate.

Finally, importantly, the Company was fully aware of members views of the convertible facility with European High Growth Opportunities Securitization Fund (EHGOSF) that we had in place as at the balance sheet date. The company had previously had a facility with EHGOSF prior to the current board's involvement and it had been a long term strategy and ambition to replace it when the Company was able to do so. That facility has been terminated post year-end and the Company is now funded by the conventional routes of equity, debt and revenues.

It is also unfortunate but important that we continue to recognise and take account of the current Coronavirus Covid-19 pandemic. It has had an effect on some branded contract delays and cancellations in Q2 2020, particularly amongst live events and travel clients, but more broadly the plans we have had for each managed or owned company have been at least in line with expectations.

More generally, however, as more people spend time at home the Group remains confident that it will see a long term increase in demand for its online publishing content. The Group believes that many content and technological trends may accelerate as a result, and the Group aims to be best positioned to benefit from the long term.

Finally, we hope that all of you and your families continue to stay safe during this period and our thoughts go out to all of those who are suffering hardship or have lost family members and loved ones.

John Quinlan
Chairman

8 December 2020

Strategic Report

INTRODUCTION

This is the fourth set of financial statements prepared by the Group. The Strategic Report should also be read in conjunction with the Chief Executive and Interim Chairman's statement which is included within the Annual Report.

During the previous year the Group evolved from a stem cell and prospective insurance intermediary called Widecells Group PLC into a media and technology Group, and was renamed Iconic Labs PLC.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Iconic Labs is a media and technology business focused on providing online marketing, content and technology driven products. The Company's principal activity within this sector is in digital and social media publishing.

The Company owns certain publishers, such as GSN, and manages other publishers, such as TheLondonEconomic, JOE and Her and Lovin' Media, through management services contracts ("MSCs"). These MSCs provide for the payment of a fixed monthly management fee together with a percentage of the profits. For example, the MSC in respect of JOE and Her provides for a £125,000 monthly management fee plus external costs together with a 25% share of the profits after certain revenue and profitability targets are met.

There are advantages to both owned and managed assets. With owned assets the Company seeks to build asset value as well as income, whereas with managed assets the Company does not have an up-front capital cost and can also access assets whose open market price exceeds the amount that the Company can afford.

With respect to both owned and managed assets, the Company seeks to use the skills and experience of the management team to increase revenues and profits by increasing both programmatic advertising revenues and sponsorship or branded content revenues. In conjunction with increasing revenues, by centralising core functions and then applying them across all of the assets, costs can be set against larger revenues thereby increasing profits.

PRINCIPAL RISKS AND UNCERTAINTIES

The following risks are considered by the Board to be the most significant risks to the business:

The Group cannot be certain that it will achieve and sustain revenues and profitability

The Company is still at an early stage of development. Since the balance sheet date, there has been a significant increase in revenues. However, were revenues to decline then it would have an immediate adverse effect on the Company's business, operating results and financial condition. The business has a flexible cost base and will be able to introduce identified cost savings to mitigate this but it remains an inherent risk of a business at this stage of development.

Dependence on a key contract

At this stage, the revenues from the JOE and Her MSC comprise a significant majority of the Company's revenues and the loss of this contract would materially adversely affect the business. However, the MSC entered into with Greencastle has an initial term of one year which rolls over automatically unless both parties agree to terminate. The effect of this is that the consent of the Company is required to terminate the agreement, thereby significantly mitigating this risk. There are only limited other grounds for termination, such as Greencastle's sole right to be able to terminate the MSC on one weeks' notice in the event that: (i) two or more of Liam Harrington, John Quinlan and/or Sam Asante cease to be directors of the Company; or (ii) more than three other directors are appointed; or (iii) the existing executive directors cease to exercise day to day management of the Company. As at the date of these accounts, no such events have occurred and the MSCs remain in place and are continued to be carried out in accordance with their terms in the ordinary course of business. However, should any such events transpire in the future then it is possible that Greencastle may exercise its right to terminate the MSCs by serving such notice.

Employee Risk

Failure to retain key executives could adversely affect the Group's operating and financial performance.

Retaining and motivating key executives is a critical component of the future success of the business. The company has a total of seven employees and the departure of any of the company's very small number of executive officers or other key employees could have a significant negative impact on its operations. The ex-UNILAD team are one of biggest strengths of the business and the performance of the company depends, to a significant extent, upon their abilities and continued efforts as its senior management. The loss of the services of any of the key management personnel will adversely affect the Group's ability to maintain or improve its operating and financial performance.

Strategic Report

Funding Risk

The company is at an early stage of development and is not currently profitable. Despite strong confidence in its business plan and forecasts, the Directors recognise there is a risk that it may require more funding but not be able to find agreement with a funding partner. The Directors have sought to mitigate this risk by identifying a number of options for funding, including both equity and debt.

Market risk

The digital media and advertising industry is continually changing and has a significant amount of competition. The company believes that it has a strong and competitive business strategy but the operational and financial results of the company could be materially affected by the actions of competitors, partners and suppliers.

The company competes with a large number of people as the business spans several sectors, notably digital publishing and advertising. As a company at an early stage of development the company's competitors could offer superior scale and put pressure on prices which could affect the Company's revenues and profit margins.

Global Economic Risk

The advertising industry is susceptible to adverse developments in the global economy and particularly the UK economy where the company operates. The continual uncertainty over Brexit, for example, may continue to delay advertising spending by potential clients which may have a negative effect on the demand for services or the delay of campaigns which could affect the revenues of the company.

Potential unrecorded legacy liabilities

There were significant legacy issues, some of which were not known to the new management upon taking control of the business. A review of the true creditor position of the company was taken along with an assessment made of how to restructure the company's debts and its subsidiaries. There were and are a number of subsidiaries that had incurred significant debts under the old business. The management negotiated with creditors to substantially reduce the debt position of PLC.

The directors believe it is highly unlikely that there are any material unknown liabilities of Iconic Labs Plc.

In making this statement, the directors have placed particular reliance on the public announcement prior to the commencement of the Iconic Labs business that the company had been recapitalised. This prompted a considerable number of creditors to come forward and the directors consider it unlikely that any material creditor would not have sought repayment at that stage.

In addition, the directors worked with the former Widecells Finance Controller to conduct a forensic exercise to assess and list all potential liabilities arising from the former business activity. This process was carried out was extremely thorough, took place over several months and involved the senior management team.

The Group has received legal and professional advice at every stage and, whilst there is a risk of unrecorded liabilities, the Board is fully confident that it is in control of the liabilities and any processes required to manage them. The current status of the old Widecells subsidiaries is as follows:

- Widecells Limited – Has entered liquidation process; Antony Batty and Co appointed liquidator
- WideAcademy – Dormant
- Widecells Espana – Has entered liquidation process. DIRECTORSHIP CIBELES, SL, a subsidiary of Gestiona-t, appointed liquidator.
- Widecells Portugal – Following the decision to cease operations and in the absence of local directors the UK Board have been taking legal advice and are in the process of instructing a local liquidator to formalise the cessation of this company and discharge any identified obligations.
- Cellplan Limited – Shareholder of Cellplan International LDA. Dormant
- Widecells International Limited – Holding Company

Financial Risk Management

The Board monitors the internal risk management function across the Group and advises on all relevant risk issues. There is regular communication with internal departments, external advisors and regulators. The Group's policies on financial instruments and the risks pertaining to those instruments are set out in the accounting policies in note 1 of the financial statements.

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FINANCIAL REVIEW – LEGACY STEM CELL AND PROSPECTIVE INSURANCE BUSINESS

During the period, the stem cell and insurance business earned income of £nil (2019 – £21,081). However a number of potential liabilities included in the 2019 financial period have been realised, leading to a write back of administrative expenses totalling £450,062 in the 2020 financial year (2019 – £3,472,771 administrative expense were incurred) and impairment of non-current assets of £nil (2019 – £629,616).

The overall impact of the legacy business on the Group's results for the year is a profit on discontinued activities of £450,062 (2019 – £4,113,879) and an increased finance cost relating to conversion penalties and make whole settlements of £349,380 (2019 – £1,814,563).

FINANCIAL REVIEW – MEDIA AND TECHNOLOGY BUSINESS

In March 2019, the media and technology business was launched. As the launch took place only a few months prior to the end of the prior financial period, no revenues arose relating to this business prior to 30 June 2019. Revenues and other operating income generated in the current financial year totalled £132,303. Since the balance sheet date, the Company has entered into several further management service contracts, most notably in respect of JOE and Her Media. These have now increased base monthly recurring revenues to £125,000.

The administration expenses relating to the media and technology business totalled £2,357,366 (2019 – £327,902) in the year. However, within those administration expenses there are approximately £1,000,000 of expenses relating to the financing arrangements for the Company and legal and professional fees. Actual operating expenses were therefore approximately £1,600,000. Further the largest element of that sum was salaries, and the number includes more than £200,000 of salaries, fees and expenses due to senior employees and directors that have been accrued but are unpaid. The directors and senior employees have since the balance sheet date continued to defer part of their salaries, fees and expenses. The Company hopes that with increased revenues and the recent refinancing of the Company that it may be able to resume full salary payments early in 2021.

The overall loss attributable to the new business for the period totalled £2,840,183 (2019 – £2,146,515). The loss includes a redemption penalty of £349,380 (2019 – £1,814,563) on convertible loan notes and make whole settlements.

At the balance sheet date, the Group had assets totalling £360,722 (2019 – £38,612) and liabilities totalling £3,473,388 (2019 – £1,855,725).

Key Performance Indicators:

The business is focused on the areas of cash management and operating results.

The Company has identified the following key performance indicators which the directors will use to measure success against the business plan:

- Gross revenue growth
- EBITDA growth
- GP%
- % Client retention
- Publisher network (% audience size growth)
- Publisher page views (% growth)

FUTURE DEVELOPMENT AND STRATEGY

Market Trends

The directors believe that years of sustained technological innovation across the globe has fundamentally changed consumer buying habits; the way they interact with each other; and the way they consume content. This sets the scene for a fundamentally changed market; not only for content producers and publishers; commerce and advertisers; but for all.

This change has been driven by, and capitalised upon, by key technological companies, primarily focused on online advertising and other internet related services, software and hardware but have a much wider reaching impact on our everyday lives. Google, Facebook, Amazon, Apple, Microsoft, Samsung, Snapchat, Netflix & Tencent are the notable companies in the space, at present, with entire business ecosystems reliant on their services and key influence and impact in policy and regulation at the highest level.

Digital Publishing

The demand for online content and entertainment services is increasing with people spending more time online and consuming more content than ever before. Social media

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usage across the UK continues to increase, alongside overall internet use which has doubled in the last 10 years from 12 hours a week in 2007 to 24 hours a week in 2017. Despite sizeable and staunch audiences it is clear traditional content creators have failed to adapt to the technological changes and effectively monetise on digital distribution channels and platforms. Social Media platforms such as Facebook and Twitter have transformed the way content in particular news is discovered, disseminated, and digested. In this new era a key component in building an engaged audience and effectively monetising it, is understanding and navigating the ever-changing social media landscape.

Advertising

As audiences continue to shift online, so too does advertising revenue, as the WARC Expenditure report states, "at £13.4 billion in 2018, it now accounts for 57% of the UK's total advertising expenditure of £23.6 billion." Behind search, the largest slice of online advertising is display advertising, and an increasing amount is spent on social media, with spend on social platforms increasing more than three-fold from £861m in 2015 to £3 billion in 2018.

Company Strategy

The directors believe that there is a huge opportunity in the publishing and advertising market because of technological and structural changes. The directors consider a staged roll-out of complementary divisions that work together and as standalone propositions will allow the Company to take advantage of a number of industry trends with the scale to service the biggest clients but also the flexibility to work with a variety of partners in the industry.

The directors believe the planned structure of Iconic labs is an example of a new operating model of that will be highly desirable to partners and clients, and critical to establishing a successful modern media company.

Online Media Brands and Complimentary Agency and Consultancy Services

The first phase of the company's strategy has been launching the agency and consultancy offering. This was formally launched in the early 2020 and has achieved a very promising reception.

This is a product that involves a consulting approach to advise clients on their businesses but also with the agency capabilities to actually deliver campaigns and creative services in line with a client's needs.

The directors believe that the Company's consultancy offering brings a unique benefit to clients due to the Company's access to the data, audience and the content capabilities of the Groups' online media brands.

Additional Business Divisions:

The directors will look to add in additional business divisions and revenue streams over time:

- E commerce – Work in collaboration with online media brands division and utilise the feedback loops to inform production and sale of consumer products
- Content Studio – Create original video formats that are piloted on social media and further developed for viewing on TV and platforms such as Netflix
- Content Licensing – License User Generated Content ('UGC') created by users who have posted it to social media and resell brands, & production houses internationally
- Tech Product Development – Use insights gained from owned and operated media audiences to drive development of innovative & forward-thinking products

GOING CONCERN

The board's assessment of going concern and the key considerations thereto are set out in our Corporate Governance Report on page 16.

CAPITAL STRUCTURE

Details of the ordinary shares of the Company are shown in note (14). The Company has a class of ordinary shares of £0.00001 per share and a class of deferred shares of £0.00249 per share, both of which carry no fixed income. Each holder of ordinary shares is entitled to receive the Group's Annual Report and audited financial statements, to attend and speak or appoint proxies and to exercise voting rights at the general meetings of the Company.

The Company's Articles of Association (the 'Articles') do not have any specific restrictions on the transfer of shares, restrictions on voting rights nor are there limitations on the holding of such shares. The Board are not aware of

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any agreement between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

The appointment and replacement of directors and the powers of the directors are governed by the Articles, the UK Corporate Governance Code, the Companies Act 2006 and related legislation. The powers of the directors are described in the Corporate Governance Report on pages 10 to 16.

ENVIRONMENTAL ISSUES

As far as the directors are aware the Company's business activates not cause a direct and disproportionate adverse effect on the environment.

EMPLOYEE MATTERS

The current business is model is dependent on the current employees skills and although the directors believe this will decrease over time the Company uses all reasonable endeavours to keep the employees safe, incentivised and motivated. As of 30 June 2020 the Company had 6 FTE's of whom 5 were male and 1 female. There were 3 male and 1 female senior members of the Board.

Social, community and human rights issues

The Group seeks to achieve the highest ethical standards and behaviours in conducting its business, with integrity, openness, diversity and inclusiveness being high priority from the Board to senior management and throughout the workforce.

We have adopted a formal equal opportunities policy which is contained in our employee handbook. The aim of the policy is to ensure no job applicant, employee or worker is discriminated against either directly or indirectly on the grounds of race, sex, disability, sexual orientation, gender reassignment; marriage or civil partnership; pregnancy or maternity; religion or belief or age.

SECTION 172 STATEMENT

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, the impact of its activities on the community, the environment and the Company's reputation for good business conduct, when making decisions. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term. We explain in this annual report, and below, how the Board engages with stakeholders.

Relations with key stakeholders such as employees, shareholders and suppliers are considered in more detail on page 9.

The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006. To ensure the Company was operating in line with good corporate practice, all Directors received refresher training on the scope and application of section 172 in writing. This encouraged the Board to reflect on how the Company engages with its stakeholders and opportunities for enhancement in the future and was considered at the Company's summer board meeting in June. A section 172 notice has been included with the board papers since this date. As required, the Senior Legal Counsel and Company Secretary will provide support to the Board to help ensure that sufficient consideration is given to issues relating to the matters set out in s172(1)(a)-(f).

The Board regularly reviews the Company's principal stakeholders and how it engages with them. This is achieved through information provided by management and also by direct engagement with stakeholders themselves.

We aim to work responsibly with our stakeholders, including suppliers. The Board has recently reviewed its anti-corruption and anti-bribery, equal opportunities and whistleblowing policies.

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The key Board decisions made in the year are set out below:

Significant events/decisions	Key s172 matter(s) affected	Actions and impact
Acquisition of GayStarNews	Shareholders, employees	• Decisions were made by the executive team in consultation with the Board. • The Company's product offering has been diversified to generate more revenue from programmatic revenue and branded content deals.
Issuance of Prospectus and Financing Agreement	Shareholders, employees	• Decisions were made by the executive team in consultation with the Board after carefully considering the Group wide impact. • The Company secured funding for working capital and also formed part of the Company ambition to work towards a clean balance sheet.
Management Services Agreement regarding TheLondonEconomicNewspaper	Shareholders, employees	• Decisions were made by the executive team in consultation with the Board. • The new contract provided the Company with a new revenue source but one which relies on the skills and existing experience of the Company in running digital publishers.

John Quinlan
Director

8 December 2020

Corporate Governance

Until October 2019, the Group gave due regard to the principles set out in the UK Corporate Governance Code published in April 2016 by the Financial Reporting Council and the Quoted Companies Alliance published Corporate Governance Guidelines. In October 2019, the Group formally adopted the Quoted Companies Alliance Corporate Governance Code (the Code). The Company is committed to maintaining and promoting robust corporate governance structures and processes to support its long-term success.

PRINCIPLE 1: ESTABLISH A STRATEGY AND BUSINESS MODEL WHICH PROMOTE LONG-TERM VALUE FOR SHAREHOLDERS

Details on the strategy and business model are included in the strategic report on pages 4 to 9.

PRINCIPLE 2: SEEK TO UNDERSTAND AND MEET SHAREHOLDER NEEDS AND EXPECTATIONS

Relationship with shareholders

Primary responsibility for effective communication with shareholders lies with the Chairman, but all of the directors are available to meet with shareholders throughout the year. The Chief Executive Officer has been active in meeting with and preparing presentations for investors. The Company endeavours to answer all queries raised by shareholders promptly.

PRINCIPLE 3: TAKE INTO ACCOUNT WIDER STAKEHOLDER AND SOCIAL RESPONSIBILITIES AND THEIR IMPLICATION FOR LONG-TERM SUCCESS

Environmental Issues

As far as the directors are aware the Company's business activates not cause a direct and disproportionate adverse effect on the environment.

Employee Matters

The current business is model is dependent on the current employees skills and although the directors believe this will decrease over time the Company uses all reasonable endeavours to keep the employees safe, incentivised and motivated. As of 30 June 2020 the Company had 6 FTE's of whom 5 were male and 1 female. There were 3 male and 1 female senior members of the Board.

Social, community and human rights issues

The Group seeks to achieve the highest ethical standards and behaviours in conducting its business, with integrity, openness, diversity and inclusiveness being high priority from the Board to senior management and throughout the workforce.

We have adopted a formal equal opportunities policy which is contained in our employee handbook. The aim of the policy is to ensure no job applicant, employee or worker is discriminated against either directly or indirectly on the grounds of race, sex, disability, sexual orientation, gender reassignment; marriage or civil partnership; pregnancy or maternity; religion or belief or age.

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PRINCIPLE 4: EMBED EFFECTIVE RISK MANAGEMENT, CONSIDERING BOTH OPPORTUNITIES AND THREATS, THROUGHOUT THE ORGANISATION

Details on the strategy and business model are included in the strategic report on pages 4 to 9.

PRINCIPLE 5: MAINTAIN THE BOARD AS A WELL-FUNCTIONING, BALANCED TEAM LED BY THE CHAIR

Details of all directors in post throughout the period are set out on page 22.

As at 30 June 2020, the board comprised the following:

- John Quinlan: Interim Chairman and Chief Executive Officer
- Liam Harrington: Chief Business Officer
- Samuel Regan-Asante: Chief Operating Officer (appointed 29 November 2019)
- Katharine Lewis: Non-executive director (appointed 14 May 2020)

The Board considers its Non-executive director to be independent. The Non-executive director is required to devote at least 2 days (on average) per month to their directors' duties.

All members of the board are recommended for re-election.

Board operation

The roles of the Chairman and the Chief Executive Officer are separated, clearly defined and their respective responsibilities are summarised below.

Chairman

The Executive Chairman provides leadership to the Board. Working together with the Company Secretary, the Executive Chairman is responsible for setting the agenda for Board meetings, ensuring that the Board receives the information that it needs to properly participate in Board meetings in a timely and user-friendly fashion and that the Board has sufficient time to discuss issues on the agenda.

At present, the position of Chairman is held by the Chief Executive Officer on an interim basis.

Chief Executive Officer

The Chief Executive Officer is responsible for leadership of the Group's senior management team and its employees on a day to day basis. In conjunction with senior management, the Chief Executive Officer is responsible for the execution of strategy approved by the Board and the implementation of Board decision.

How the Board functions

The Board is collectively responsible for the long-term success of the Group. The Board provides entrepreneurial leadership for the Group within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board considers the management team's proposals for strategy and, following a consideration of those proposals, determines the Group's strategy and ensures that the necessary resources are in place for management to

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execute that strategy. Further details on the Group's current business model and strategy can be found within the Strategic Report.

An important part of the Board's role is the review of management performance. The Group's process for evaluating the effectiveness of the Board and Directors' performance will comprise an annual internal review of executive and non-executive directors' performance and a triennial review of Board performance by external providers. The results of such reviews will be used to determine whether any alterations are needed or whether any additional training would be beneficial.

Responsibility and delegation

The Board has specifically reserved a number of matters for its consideration and approval. These include:

- Overall leadership of the Group and setting the Group's values and standards
- Approval of the Group's long-term objectives and commercial strategy
- Approval of the annual operating and capital expenditure budgets and any changes to them
- Major investments or capital projects
- The extension of the Group's activities into any new business or geographic areas
- Any decision to cease any material operations
- Changes in the Group's capital structure or management and control structure
- Approval of the annual report and accounts and preliminary and half-yearly financial statements
- Approval of treasury policies, including foreign currency exposures and use of financial derivatives
- Ensuring the maintenance of a sound system of internal control and risk management
- The entering into of agreements that are not in the ordinary course of business or material strategically or by reason of their size
- Changes to the size, composition or structure of the Board and its committees

Board balance

The Board comprises individuals with wide business experience gained in various industry sectors related to the Group's business and it is the intention of the Board to ensure that the balance of the directors reflects the changing needs of that business. The Board considers that it is of a size and has the balance of skills, knowledge, experience and independence that is appropriate for the Group's business. While not having a specific policy regarding the constitution and balance of the board, potential new directors are considered on their own merits with regards to their skills, knowledge, experience and credentials. Female candidates or candidates from any particular ethnic or national background would each be considered equally.

The Non-executive director contributes her considerable collective experience and wide-ranging skills to the Board and provides a valuable independent perspective; where necessary constructively challenging proposals, policy and practices of executive management. In addition, she helps formulate the Group's strategy.

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PRINCIPLE 6: ENSURE THAT BETWEEN THEM THE DIRECTORS HAVE THE NECESSARY UP-TO-DATE EXPERIENCE, SKILLS AND CAPABILITIES

Board Member Biographies

John Quinlan – Interim Chairman and Chief Executive Officer

John has proven experience in growing online businesses. He spent four years at UNILAD, where he helped take revenues to over £10 million during this time. He has helped pioneer social content for UK brands and win multi-million pound campaigns with advertisers.

Liam Harrington – Chief Business Officer

Liam was instrumental in the creation and development of UNILAD, where he built the team responsible for growing it into one of the world's largest media platforms. Subsequently, he was recognised by Forbes as being one of media's 30 under 30 in 2017. He has a deep network of contacts across the media and entertainment industry.

Samuel Regan-Asante – Chief Operating Officer

Sam's career started inadvertently when he grew a social media account organically to 1m followers during his gap year. He continued to create and manage social media accounts during his time at University studying Politics, Philosophy and Economics. He met the UNILAD co-founders along the way and has been working with them since. Initially out of their bedrooms until the eventual sale of the business. During his time at UNILAD Sam focused initially on establishing commercial operations, before shifting his focus on to product & marketing as well as working closely with the CEO and MD to innovate and drive the company forward.

Katharine Lewis – Non-executive officer

Katharine Lewis has more than 20 years experience in senior roles in the media industry, across the UK, US and Asia. She started her career as a journalist before moving to a management role in Bloomberg in the US. After working for several digital media start-ups, including eBay, Katharine joined Fremantle, one of the world's largest TV and entertainment companies, where she held a variety of senior P&L, strategic and operational roles worldwide. She set up her own media consulting business in 2016 and advises some of the industry's leading content distributors, publishers and producers. She has an MBA from INSEAD business school, sits on several boards, and supports the young people's charity The British Youth Council.

PRINCIPLE 7: EVALUATE BOARD PERFORMANCE BASED ON CLEAR AND RELEVANT OBJECTIVES, SEEKING CONTINUOUS IMPROVEMENT

The Board hold regular meetings and on a quarterly basis conduct a review of Company performance based both on the quantitative metrics discussed in the strategic report and also longer term strategic targets such as acquisitions or capital sourcing.

Where there is an opportunity, the Board will add members who possess key experience and expertise in particular areas that align with the Company's long term ambitions.

PRINCIPLE 8: PROMOTE A CORPORATE STRUCTURE THAT IS BASED ON ETHICAL VALUES AND BEHAVIOURS

Social, community and human rights issues

The Group seeks to achieve the highest ethical standards and behaviours in conducting its business, with integrity, openness, diversity and inclusiveness being high priority from the Board to senior management and throughout the workforce.

We have adopted a formal equal opportunities policy which is contained in our employee handbook. The aim of the policy is to ensure no job applicant, employee or worker is discriminated against either directly or indirectly on the grounds of race, sex, disability, sexual orientation, gender reassignment; marriage or civil partnership; pregnancy or maternity; religion or belief or age.

In presenting this report, and having monitored, reviewed or approved recent shareholder communications, the Board is confident that it has presented a balanced and understandable assessment of the Group's position and prospects.

PRINCIPLE 9: MAINTAIN GOVERNANCE STRUCTURES AND PROCESSES THAT ARE FIT FOR PURPOSE AND SUPPORT GOOD DECISION-MAKING BY THE BOARD

Remuneration Committee

At 30 June 2020, the remuneration committee consisted of Liam Harrington.

The role of the remuneration committee is to set the Group's remuneration policy, determine the remuneration packages of the executive directors and to set the targets for performance-related pay.

During the period the remuneration committee:

- Discussed and approved the salaries and benefits for the key employees
- Discussed and agreed deferral of certain parts of the salaries and benefits
- Discussed a proposed employee option scheme which it intends to implement in the near future

Audit Committee

At 30 June 2020, the audit committee consisted of John Quinlan.

The role of the audit committee is to:

- monitor the integrity of the financial statements and any formal announcements relating to financial performance;
- review internal financial controls and risk management systems;
- make recommendations to the Board in relation to the appointment, re-appointment and removal of auditors, including approving the remuneration and terms of engagement of the auditor;
- reviewing the auditor's independence and objectivity; and
- developing and implementing the non-audit services policy.

Board and Committee Responsibility and Activity

The Terms of Reference for each of the committees are available to view on the Company's website. Owing to the size and business of the Company, the board does not consider it appropriate or beneficial to shareholders to include the reports of these committees.

During the year, the Board met on 20 occasions, the Remuneration Committee met on 2 occasions and the Audit Committee met on 2 occasions.

Corporate Governance

The table below shows the number of meetings attended by each director in the year:

Director	Board Meetings	Remuneration Committee	Audit Committee
David Sefton	7	0	1
John Quinlan	20	0	2
Liam Harrington	20	2	0
Richard Thompson	0	0	0
Will Muirhead	0	0	0
Rodolphe Cadio	0	0	0
Xavier Latil	0	0	0
Katharine Lewis	7	0	0
Samuel Regan-Asante	16	0	1

Board meetings are usually held at the Company's principal working office, however due to the COVID-19 pandemic the Directors have moved towards holding meetings using conference facilities. Directors are provided with comprehensive background information for each meeting and all directors have been able to participate fully and on an informed basis in the board decisions. In addition, certain members of the senior management team have been invited to attend the whole or parts of the meetings to deliver reports on the business. Any specific actions arising during meetings are agreed by the board and followed up and reviewed at subsequent board meetings to ensure their completion.

During the period, the Board has sought external advice on any significant matters, in particular from the Company's legal advisers, DLA Piper, on matters relating to the discontinuation of the previous business activity in stem cells and insurance and the extensive corporate restructuring that followed therefrom.

PRINCIPLE 10: COMMUNICATE HOW THE COMPANY IS GOVERNED AND IS PERFORMING BY MAINTAINING A DIALOGUE WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS.

Relationship with shareholders

Primary responsibility for effective communication with shareholders lies with the Chairman, but all of the directors are available to meet with shareholders throughout the year. The Chief Executive Officer has been active in meeting with and preparing presentations for investors. The Company endeavours to answer all queries raised by shareholders promptly.

Investor relations (IR) and communications

The Company's Executive Chairman and Chief Executive Officer have attended a number of industry conferences and regularly meet or are in contact with existing and potential institutional investors.

Whenever required, the Executive Directors and the Executive Chairman communicate with the Group's brokers to confirm shareholder sentiment and to consult on particular governance issues.

In the period since the Group's admission, regulatory announcements have been released informing the market of certain matters. Copies of these announcements, together with other IR information and documents, are available on the Group's website.

Insurance and indemnity

In accordance with Article 54 of the Articles of Association, the Group's directors and officers are entitled to an indemnity from the Group against liabilities incurred by them in the actual or purported exercise of their duties, or exercise of their powers including liability incurred in defending any proceedings (whether civil or criminal) which relate to anything done or omitted to be done and in which judgment is given in his favour, or in which he is acquitted, or which are otherwise disposed of.

Corporate Governance

In addition, the Group has purchased and maintains directors' and officers' liability insurance cover against certain legal liabilities and costs for claims incurred in respect of any act or omission in the execution of their duties and which has been in place throughout the year.

Going Concern Assessment

Since 30 June 2020, the Board has taken steps to ensure that the Company is in a position to meet operating costs forward and we are confident that all liabilities that existed at the balance sheet date, and those that have arisen since will be capable of being met.

In addition to booking revenues and consideration of the sales pipeline of the Company, these steps include the placing on 13 November of 6,231,610,203 new ordinary shares of £0.00001 each in the capital of the Company at a price of £0.00012 per placing share to raise total gross proceeds of £747,793 together with the entering into of a conventional secured debt facility with Shard Merchant Capital for an amount up to £1,000,000.

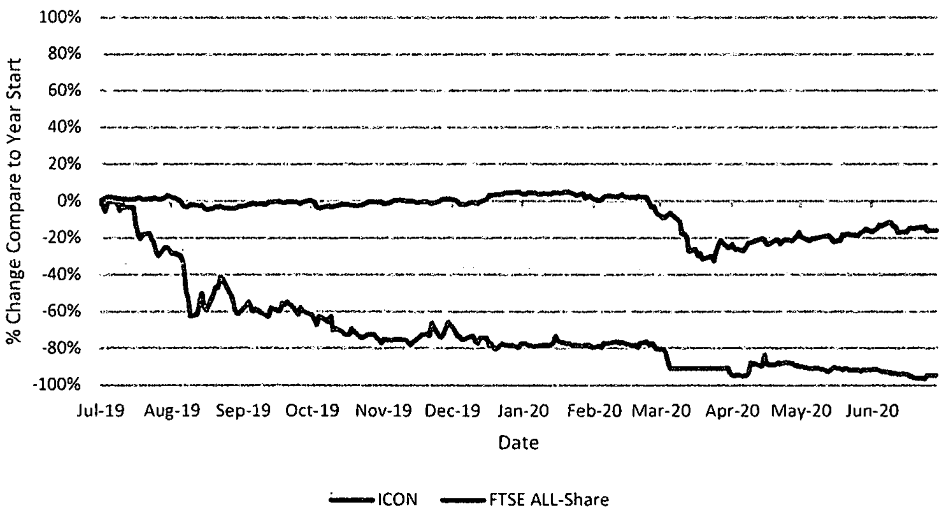
Based on the above analysis the directors consider the Group to be a going concern because, in addition to evaluating the extent of any actual or contingent liabilities from the legacy business, the directors have produced financial models for the new business. The models project the expected cash flows for a period of at least 12 months from the expected date of approving the financial statements, although the directors acknowledge the early stage in the development of the business gives rise to a fundamental uncertainty.

Based on those models the directors have agreed in principle a key facility which covers the expected cashflows with sufficient headroom for timing differences in those cashflows and a further cash buffer.

The directors also believe their business plan is scalable, with significant potential upside in revenues. In addition, they can, within certain parameters, manage the cost base should any slippage occur.

Performance Graph

The performance graph above shows the Company's performance over the year compared with the performance of the FTSE All-share index in the same time frame. The graph is prepared on the basis of constituent companies in the Index at a given point in time.



John Quinlan
Executive Chairman

8 December 2020

Remuneration Report

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.

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

The Committee is chaired by Liam Harrington. The Committee meets not less than twice a year.

REMUNERATION POLICY

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 groups 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.

EXISTING BOARD

The current Board members will each be entitled to the following remuneration, where appropriate. The executive members of the Board have currently agreed to defer 40% of their salary and all bonuses and other benefits until such time as they consider that the financial position of the Group renders payment of full salaries and benefits appropriate.

Remuneration Report

Remuneration Type	Purpose	Operation	Potential Maximum 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 reviewed annually in March, with changes taking effect on 1 April of that same year.	Executive annual salaries as of 30 June 2020 are as follows: John Quinlan – £200,000 Liam Harrington – £200,000 Samuel Regan-Asante – £150,000	n/a
Annual Bonus	To incentivise executives to achieve key strategic outcomes and deliver value for the shareholders.	Annual bonuses are decided in March, by the Remuneration Committee, and paid on 1 April.	Bonus amounts are decided by the Remuneration Committee, but shall not exceed: John Quinlan – 100% Liam Harrington – 100% Sam Asante – 100%	The executive has personal KPIs as agreed with the Remuneration Committee, and are also aligned with corporate performance.

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 30th June 2020 are as follows:

Non-Executive Directors	Annual Fee (£)
Katharine Lewis	£24,000

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 Group would only consider candidates for a directorship if they hold the necessary experience and qualities to help the Group prosper, and in turn generate value for the shareholders. The table below sets out the Committee's approach to recruitment of new Executive Directors in regard to each element of remuneration.

Remuneration Type	Purpose
Basic Salary	To provide the basis of a market competitive overall remuneration.
Annual Bonus	To incentivise executives to achieve key strategic outcomes and deliver value for the shareholders.

Remuneration Report

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 Type	Effect of termination
Basic Salary	Basic salary will be paid up to and including the termination date. Payment in-lieu of notice may be considered.
Annual Bonus	The executive may still be entitled to an annual bonus should their performance merit, although this is at the discretion of the Remuneration Committee. In the event of misconduct, the executive will lose any entitlement to a bonus.

AUDITED INFORMATION

SETTLEMENT AGREEMENTS, SERVICE CONTRACTS AND NOTICE PERIODS

Previous Board

Will Muirhead

Mr Muirhead was appointed as non-executive Director of the Company on 18 March 2019 for an annual fee of £60,000, payable monthly in arrears. The appointment was terminable on six months' notice on either side. Mr Muirhead opted not to receive a company pension as part of his remuneration and was also not entitled to any further benefits in kind. Mr Muirhead resigned on 29 November 2019.

Richard Thompson

Mr Thompson was appointed as non-executive Director of the Company on 24 February 2019 for an annual fee of £60,000, payable monthly in arrears. The appointment was terminable on six months' notice on either side. Mr Thompson opted not to receive a company pension as part of his remuneration and was also not entitled to any further benefits in kind. Mr Thompson resigned on 29 November 2019.

Rodolphe Cadio

Mr Cadio resigned from the Company on 25 September 2019 in his role as Non-Executive Director. During his tenure, Mr Cadio was paid an annual fee of £60,000, payable monthly in arrears, and upon leaving the company had received £22,250, comprising his fee calculated on a pro-rate basis and reasonable expenses for attendance at Company board meetings.

Xavier Latil

Mr Latil resigned from the Company on 25 September 2019 in his role as Non-Executive Director. During his tenure, Mr Latil was paid an annual fee of £60,000, payable monthly in arrears, and upon leaving the company had received £22,631, comprising his fee calculated on a pro-rate basis and reasonable expenses for attendance at Company board meetings.

David Sefton

Mr Sefton was appointed as executive Director of the Company and Chairman on 24 February 2019. The appointment was terminable on six months' notice on either side.Mr Sefton resigned on 30 December 2019.

Remuneration Report

Existing Board

John Quinlan

Mr Quinlan was appointed as executive Director of the Company on 18 March 2019. The appointment is terminable on six months' notice on either side. The appointment may be terminated immediately if, among other things, Mr Quinlan is in material breach of the terms of the appointment.

Liam Harrington

Mr Harrington was appointed as executive Director of the Company on 18 March 2019. The appointment is terminable on six months' notice on either side. The appointment may be terminated immediately if, among other things, Mr Harrington is in material breach of the terms of the appointment.

Samuel Regan-Asante

Mr Regan-Asante was appointed as executive Director of the Company on 29 November 2019. The appointment is terminable on six months' notice on either side. The appointment may be terminated immediately if, among other things, Mr Regan-Asante is in material breach of the terms of the appointment.

Katharine Lewis

Ms Lewis was appointed as non-executive Director of the Company on 14 May 2020 for an annual fee of £24,000, payable monthly in arrears. The appointment is terminable on six months' notice on either side. The appointment may be terminated immediately if, among other things, Ms Lewis is in material breach of the terms of the appointment.

DIRECTORS REMUNERATION IN THE PERIOD

During the year to 30 June 2020, the directors received the following remuneration:

	Salary £	Pension £	Total £
David Sefton	75,000*	–	75,000
John Quinlan	199,421*	6,067	205,488
Liam Harrington	200,778*	6,067	206,845
Samuel Regan	102,900*	5,650	108,550
William Muirhead	-	-	-
Katharine Lewis	4,000*	–	4,000
Richard Thompson	18,000	–	18,000
	600,099	**17,784**	**617,883**

*Included above are salary amounts which have been deferred by the directors until such time as the Group consider that they are in a financial position that renders payment of full salaries and benefits appropriate.

The amounts deferred at 30 June 2020 are:

	Salary £
David Sefton	35,000
John Quinlan	66,666
Liam Harrington	66,666
Samuel Regan	20,000
Katharine Lewis	4,000
Total	**192,332**

Remuneration Report

DIRECTORS INTERESTS IN SHARES

As of 30 June 2020, the shares held by the Board are as follows:

		Ordinary Shares Held	Deferred Shares Held
Executive Directors	John Quinlan	–	–
	Liam Harrington	–	–
	Samuel Regan-Asante	–	–
Non-Executive Director	Katharine Lewis	–	–

Liam Harrington
Remunerations Committee Chairman

8 December 2020

Directors' Report

The directors present their report together with the audited financial statements of Iconic Labs PLC and its subsidiaries for the year ended 30 June 2020.

DIRECTORS

The directors during the period were:

John Quinlan
Liam Harrington
Samuel Ohene Asante Regan – appointed on 29 November 2020
Katharine Lewis – appointed on 14 May 2020
David Sefton – resigned 30 December 2019
William Muirhead – resigned 29 November 2019
Richard Thompson – resigned 29 November 2019
Xavier Latil – resigned on 25 September 2019
Rodolphe Cadio – resigned on 25 September 2019

MATTERS COVERED IN THE STRATEGIC REPORT

A review of the business, future developments, subsequent events and risks and uncertainties is included in the strategic report.

DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 30 June 2020 (period ended 30 June 2019: £nil).

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance report on pages 10 to 16 forms part of the Directors' Report.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the period the company had, 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.

GREENHOUSE GAS EMISSIONS

As far as the directors are aware the company's current business activates (the creation of online media and advertising) do not cause more than a negligible amount of emissions.

POST BALANCE SHEET EVENTS

The Company signed two significant Management Services Agreements to manage the business which trade as JOE Media in the UK and Ireland.

Further details can be found in note (26) of the financial statements.

Directors' Report

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the Group's results for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements comply with IFRS as adopted by the European Union; and
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company'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 Companies Act 2006. 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 financial statements are made available on the 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 directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

DIRECTORS' RESPONSIBILITIES PURSUANT TO DTR 4

The directors confirm that to the best of their knowledge:

- the Group financial statements have been prepared in accordance with international Financial Reporting Standards (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' Report

STATEMENT OF DISCLOSURE TO AUDITOR

Each director at the date of approval of this annual report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Group's and Company's auditor is unaware; and
- all the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

The auditor, Crowe U.K. LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

John Quinlan
On behalf of the Board
Director

8 December 2020

Independent Auditor's Report

FOR THE YEAR ENDED 30 JUNE 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICONIC LABS PLC

OPINION

We have audited the financial statements of Iconic Labs PLC (the "Parent Company") and its subsidiaries (the "Group") for the year ended 30 June 2020, which comprise the: Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Financial Position, Company Statement of Changes in Equity and the notes to the consolidated financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group and Company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 1 in the financial statements, concerning the Directors' assessment of the Group and the Parent Company's ability to continue as a going concern.

The directors have prepared cashflow forecasts for a period of at least 12 months from the date of approving these financial statements which indicate that the Group is at an early stage of development and is not currently profitable. As stated in note 1, these events or conditions, along with the other matters as set forth in note 1 and the Group having net liabilities at the 30 June 2020 of £3,112,666 (2019: £1,817,113), indicate that a material uncertainty exists that may cast significant doubt on the ability of the Parent Company and the Group to continue as a going concern. Our opinion is not modified in respect of this matter.

Given the conditions and uncertainties noted above we considered going concern to be a "Key Audit Matter" and our audit response was as follows:

- We obtained the Board's assessment of going concern and the supporting financial projections. Based on that assessment, we:
  - Considered whether the directors had considered a period of at least twelve months from the date of approving the financial statements;
  - Considered and challenged the appropriateness of the key assumptions used;
  - Compared the forecast expenditure to that set out in the business forecast for the new business;

- Reviewed the steps undertaken by the Board in establishing actual and contingent liabilities in respect of the legacy business; and

- We confirmed with management that they are not aware of any other factors which might adversely impact on their assessment of the Group's and Company's ability to continue as a going concern.

OVERVIEW OF OUR AUDIT APPROACH

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the financial statements as a whole to be £93,000 (2019: £180,000), based on 5% of adjusted group loss before tax. Materiality for the parent Company financial statements as a whole was set at £46,000 (2019: £155,000) based on 5% of adjusted loss before tax.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £4,600 (2019: £9,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

There are two significant components of the Group, located and operating in the United Kingdom. The audits of Iconic Labs PLC and its UK subsidiary undertakings were conducted from the UK by the engagement team. Financial information from other components not considered to be individually significant individually was subject to limited review procedures carried out by the audit team.

Extent to which the audit is capable of detecting irregularities, including fraud

We design our procedures so as to obtain sufficient appropriate audit evidence that the financial statements are not materially misstated due to non-compliance with laws and regulations or due to fraud or error.

We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations – this responsibility lies with management with the oversight of the Directors and the Audit Committee.

Based on our understanding of the Group and industry, discussions with management and the Audit Committee we identified financial reporting standards, and Companies Act 2006 as having a direct effect on the amounts and disclosures in the financial statements.

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risks of acts by the Group which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the FCA listing rule and IFRS adopted by the European Union.

As part of our discussion with internal engagement team about how and where the Group's financial statements may be materially misstated due to fraud, we identified an increased risk of fraud in revenue completeness.

Our audit procedures included:

- enquiry of management about the Group's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;

- examining supporting documents for all material balances, transactions and disclosures;

- review of the Board of directors minutes;

Independent Auditor's Report

- enquiry of management about litigations and claims and inspection of relevant correspondence
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions,
- analytical procedures to identify any unusual or unexpected relationships;
- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- review of accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	**How the scope of our audit addressed the key audit matter**
Completeness of liabilities arising from legacy issues Note 2 of the financial statements. During the previous year's audit it was noted that there were a number of issues with missing records and the possibility of potential unrecorded liabilities from the legacy stem cell and prospective insurance business which resulted in a qualified audit opinion being issued. During the year, the board has undertaken to the extent possible, a thorough review of the creditor position of the Parent Company and the Group with a core focus on the legacy business operations. Due to the publicity around the new business, shutting down the old one and drawing down on the EHGOS facility, a number of claims were made against the company which were recognised in the comparative financials. There remains the risk of unrecorded liabilities.	We made enquiries of management as to whether they were aware of any liabilities that have come to light during the year or post year end that had not been recognised in the period. We reviewed board minutes for the year for evidence of undisclosed liabilities. During our audit work we reviewed expenditure invoices and bank payments made during the course of the year and post year end for any evidence of significant unrecorded liabilities. We reviewed the latest correspondence with liquidators that confirmed there were no further liabilities that have come forwards that had not been recorded in the financials. Our audit work has not identified any unrecorded liabilities from the legacy business.

This is not a complete list of all risks identified by our audit.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Independent Auditor's Report

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the strategic report and the 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 light of the knowledge and understanding of the Group and the Parent Company and their 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.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the directors' responsibilities statement set out on page 23 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report

OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

We were appointed by the Audit Committee on 8 October 2019 to audit the financial statements for the period ending 30 June 2019. Our total uninterrupted period of engagement is 2 years, covering the periods ending 30 June 2019 to 30 June 2020.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group's or the Company and we remain independent of the Group's and the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

USE OF OUR REPORT

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.

Leo Malkin
(Senior Statutory Auditor)

For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

8 December 2020

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Year ended 30 June 2020 £	18 Month period ended 30 June 2019 £
Continuing operations			
Revenue		107,303	–
Gross profit		107,303	–
Administrative expenses	3	(2,357,366)	(327,902)
Direct costs incurred in connection with EHGOF financing facility	3	(262,000)	
Other operating income		25,000	
Operating loss		(2,487,063)	(327,902)
Finance costs	6	(353,120)	(1,818,613)
Loss before taxation		(2,840,183)	(2,146,515)
Taxation	7	–	–
Loss for the period from continuing operations		(2,840,183)	(2,146,515)
Profit/(loss) for the period from discontinued operations	5	450,062	(4,113,879)
Loss for the period		(2,390,121)	(6,260,394)
Total comprehensive loss for the period		(2,390,121)	(6,260,394)
Loss per ordinary share	8		
Basic and diluted (pence)			
– from continuing operations		(0.11)	(0.75)
– from discontinued operations		0.00	(0.01)

The loss for the year and total comprehensive loss for the year are wholly attributable to the equity holders of the parent.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2020

	Notes	30 June 2020 £	30 June 2019 £
Assets			
Non-current assets			
Property, plant and equipment	9	**22,590**	7,093
Intangible assets	10	**21,600**	–
Total non-current assets		**44,190**	7,093
Current assets			
Trade and other receivables	12	**136,135**	–
VAT recoverable	12	**–**	15,922
Cash and cash equivalents	13	**180,397**	15,597
		316,532	31,519
Total assets		**360,722**	38,612
Equity			
Share capital	14	**4,138,936**	3,498,257
Share premium	15	**5,578,789**	5,124,900
Retained deficit	15	**(12,830,391)**	(10,440,270)
		(3,112,666)	(1,817,113)
Liabilities			
Non-current liabilities			
Loans and borrowings	17	**–**	11,141
		–	11,141
Current liabilities			
Trade and other payables	16	**1,699,794**	1,736,306
Loans and borrowings	17	**1,739,594**	68,278
Provisions	18	**34,000**	40,000
		3,473,388	1,844,584
Total liabilities		**3,473,388**	1,855,725
Total equity and liabilities		**360,722**	38,612

The financial statements of Iconic Labs plc were approved by the Board and authorised for issue on 8 December 2020. They were signed on its behalf by:

John Quinlan
Director

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2020

	Share capital £	Share premium £	Merger reserve £	Translation reserve £	Share-based payments reserve £	Retained deficit £	Total equity £
Balance at 31 December 2017	162,053	3,460,854	(185,728)	(32,798)	331,975	(4,305,132)	(568,776)
Loss for the period	–	–	–	–	–	(6,260,394)	(6,260,394)
Total comprehensive loss for the period	–	–	–	–	–	(6,260,394)	(6,260,394)
Transactions with owners:							
Share-based payment charges	–	–	–	–	11,807	–	11,807
Issue of shares	3,336,204	1,894,621	–	–	–	–	5,230,825
Costs of placings	–	(230,575)	–	–	–	–	(230,575)
Total contribution by and distribution to owners	3,336,204	1,664,046	–	–	11,807	–	5,012,057
Transfer between reserves	–	–	185,728	32,978	(343,782)	125,256	–
Balance at 30 June 2019	3,498,257	5,124,900	–	–	–	(10,440,270)	(1,817,113)
Loss for the year	–	–	–	–	–	(2,390,121)	(2,390,121)
Foreign exchange translation	–	–	–	–	–	–	–
Total comprehensive loss for the year	–	–	–	–	–	(2,390,121)	(2,390,121)
Transactions with owners:							
Share-based payment charges	–	–	–	–	–	–	–
Issue of shares	640,679	453,889	–	–	–	–	1,094,568
Total contribution by and distribution to owners	640,679	453,889	–	–	–	–	1,094,568
Balance at 30 June 2020	4,138,936	5,578,789	–	–	–	(12,830,391)	(3,112,666)

The currency translation reserve comprised all foreign currency adjustments arising from the translation of the financial statements of the foreign operation. During the period to 30 June 2019, the Board decided that a number of the reserves related to historic balances are no longer relevant given the changes in the group during the period. The merger reserve, translation reserve and share-based payment reserve were transferred to retained deficit in the period ended 30 June 2019.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Year ended 30 June 2020 £	Period ended 30 June 2019 £
Cash flows from operating activities			
Total comprehensive loss for the period		(2,390,121)	(6,260,394)
(Profit)/Loss from discontinued operations	5	(450,062)	4,137,879
Depreciation	3	2,503	417
Finance costs	6	353,120	1,818,613
		(2,484,560)	(303,485)
Increase in trade and other receivables		(120,213)	–
(Decrease)/increase in trade and other payables		1,212,679	66,000
(Decrease) in provisions		(6,000)	–
Operating cash flows used by continuing activities		(1,398,094)	(237,485)
Operating cash flows generated from/(used by) discontinued operations		(204,561)	(3,241,618)
Net cash used in operating activities		(1,602,655)	(3,479,103)
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(18,000)	(7,510)
Purchase of intangible assets	10	(21,600)	–
Investing cash flows used by continuing activities		(39,600)	(7,510)
Investing cash flows used by discontinued operations		–	(23,919)
Net cash used in investing activities		(39,600)	(31,429)
Cash flows from financing activities			
Interest paid	6	(353,120)	(604,050)
Repayment of leases		(47,438)	(88,747)
Loan from director		16,613	–
Repayment of loan from director		(4,340)	–
Issue of share capital		–	2,060,950
Costs of issuing shares		–	(230,575)
Issue of convertible loan notes		2,195,000	2,700,000
Financing cash flows from continuing activities		1,807,055	3,837,578
Financing cash flows used by discontinued operations		–	(429,490)
Net cash flows from financing activities		1,807,055	3,408,088
Net increase/(decrease) in cash and cash equivalents		164,800	(102,444)
Cash and cash equivalents at beginning of period		15,597	118,041
Effect of foreign exchange rate changes		–	–
Cash and cash equivalents at period end	13	180,397	15,597

Company Statement of Financial Position

AS AT 30 JUNE 2020

	Notes	30 June 2020 £	31 December 2019 £
Non-current assets			
Property, plant and equipment	9	4,590	7,093
Investments	11	2	–
Non-current assets		4,592	7,093
Current assets			
Trade and other receivables	12	9,116	–
Cash and cash equivalents	13	144,138	4,339
		153,254	4,339
Total assets		157,846	11,432
Equity			
Share capital	14	4,138,936	3,498,257
Share premium	15	5,578,789	5,124,900
Share-based payment reserve		–	–
Retained deficit	15	(12,524,595)	(10,186,141)
		(2,806,870)	(1,562,984)
Non-current liabilities			
Loans and borrowings	17	–	11,141
		–	11,141
Current liabilities			
Trade and other payables	16	1,225,122	1,494,997
Loans and borrowings	17	1,739,594	68,278
		2,964,716	1,563,275
Total liabilities		2,964,716	1,574,416
Total equity and liabilities		157,846	11,432

The Company's loss and total comprehensive loss for the year ended 30 June 2020 was £2,338,454 (Period to 30 June 2019: £7,177,280).

The financial statements of Iconic Labs plc, company number 10197256, were approved by the Board and authorised for issue on 8 December 2020. They were signed on its behalf by:

John Quinlan
Director

Company Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2020

	Share capital £	Share premium £	Share-based payments reserve £	Retained deficit £	Total equity £
Balance at 31 December 2017	162,053	3,460,854	331,975	(3,352,643)	602,239
Loss for the period	–	–	–	(7,177,280)	(7,177,280)
Total comprehensive loss for period	–	–	–	(7,177,280)	(7,177,280)
Transactions with owners					
Share-based payment charge	–	–	11,807	–	11,807
Issue of shares	3,336,204	1,894,621	–	–	5,230,825
Cost of placings	–	(230,575)	–	–	(230,575)
Total contributions by and distributions to owners	3,336,204	1,664,046	11,807	–	5,012,057
Balance at 30 June 2019	3,498,257	5,124,900	–	(10,186,141)	(1,562,984)
Loss for the year	–	–	–	(2,338,454)	(2,338,454)
Total comprehensive loss for year	–	–	–	(2,338,454)	(2,338,454)
Transactions with owners					
Share-based payment charge	–	–	–	–	–
Issue of shares	640,679	453,889	–	–	1,094,568
Cost of placings	–	–	–	–	–
Total contributions by and distributions to owners	640,679	453,889	–	–	1,094,568
Balance at 30 June 2020	4,138,936	5,578,789	–	(12,524,595)	(2,806,870)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

1. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("adopted IFRS") and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under adopted IFRS.

On 18 March 2019, a new Board was appointed to lead the Group in a new direction. In order to give the new Board the necessary time to prepare the financial statements and resolve legacy issues that they inherited from their predecessors, the decision was made to extend the prior accounting period of the Group by 6 months from 31 December to 30 June. The comparative financial statements cover the 18 month period from 1 January 2018 to 30 June 2019. As these financial statements cover a 12 month period, they are not entirely comparable to the previous period.

These consolidated financial statements are presented in Pounds Sterling ('**GBP**'), which is considered by the directors to be the functional and presentation currency.

The Company's individual statement of comprehensive income has been omitted from the Group's annual financial statements having taken advantage of the exemption not to disclose under Section 408(3) of the Companies Act 2006.

Going concern

The Directors consider it is appropriate to prepare the Group and Parent Company's financial statements on the basis that they are able to continue to operate for a period of at least 12 months from the date of approving these financial statements.

As noted in the Strategic Report on page 7 when making this assessment the directors have prepared forecasts which consider the expected level of expenditure over the course of the review period together with the anticipated revenues arising from the new business and acquisitions completed shortly after the period end. Key to the compilation of the forecasts central to the Directors' assessment of going concern are the following factors:

- The company is at an early stage of development and is not currently profitable. Despite strong confidence in its business plan and forecasts, the Directors recognise there is a risk that it may require more funding but not be able to find agreement with a funding partner. The Company completed a placing in November 2020 which provided new funds via equity and debt to secure the medium-to-long term future of the business. As well as the existing management services agreements, the Company also signed a significant contract with Greencastle MM LLP, a digital media business, the proceeds of which allow the Company to continue to operate as a going concern.
- The Company has, like most, been affected by the COVID-19 pandemic and has lost some revenue as discussed above however the Company is confident that its risk to the pandemic has been mitigated. The Company has completed fundraising which will reduce the reliance of the Company on revenue. More importantly, the overriding business model is to procure or manage digital publishers and the Company has not seen, nor does it foresee, a decrease in online audiences or a behavioural change as a result of the pandemic. The Company therefore has confidence in its ability to continue to recognise revenue. It is important to note that advertising as an industry will be affected and there has been a decrease in certain media budgets although through its management services agreements, the Company has still been able to secure sizeable contracts despite this.

While the Directors remain satisfied that the assumptions they have used in the forecasts to assess that the Group and Parent Company are a going concern, there does remain a fundamental uncertainty around the future funding, should it be required.

Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries. Subsidiaries are entities controlled by the Group. The parent company 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 investors' returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The results of subsidiaries acquired or disposed in the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The results and net assets of subsidiaries whose accounts are denominated in foreign currencies are retranslated into Sterling at average rates and year-end rates respectively.

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

Business combinations

The Group applies the acquisition method of accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and equity interests issued by the Group. Acquisition costs are expensed as incurred.

Revenue recognition

Revenue represents the amount of consideration to which the Group expects to be entitled in exchange for the provision of it's services to the client, net of discounts and sales taxes.

For the year ended 30 June 2020, the Group used the five-step model as prescribed under IFRS15 on the Group's revenue transaction. This included the identification of the contract, identification of the performance obligations, determination of the transaction price, allocation of the transaction price to the performance obligations and recognition of revenue. The point of recognition arises when the Group satisfies the performance obligation by transferring control of a promised service to the customer which could occur over time or at a point in time. Provision is made for all foreseeable losses where the Company believes that a contract will deem to be unprofitable, or a client fails to remunerate the Company for services provided.

During the year, 84% of total revenue arose from the contract with one customer.

Sale of Services

During the year the company entered into a contract to deliver management services to a digital and social publisher. With regards to the provision of said services, a price is agreed in advance and these services are provided over the term of the contract. Revenue is recognised on a straight line basis over the term of the contract and the client is billed monthly in arrears. The contract also contains a variable element of revenue. The company is entitled to a profit share on a rolling 3 month basis. The company would invoice the customer for the profit share on a quarterly basis. The income would be recognised in the period that the profit was made by the customer. Any profit share due for the period which was not invoiced until after the period end will be included in accrued income.

Revenue that has been billed to the client, but which is yet to be paid is accrued within trade receivables.

Discontinued operations

Discontinued operations represent major operations of the business that the Group have decided to terminate. The post-tax profit or loss of the discontinued operations is presented as a single line on the face of the consolidated income statement. The presentation of discontinued operations within prior periods is restated to reflect consistent classification of discontinued operations across all periods presented.

1. ACCOUNTING POLICIES (continued)

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income.

Retirement benefit costs

The Group operates defined contribution retirement benefit scheme. Payments to these schemes are charged as an expense in the period to which they relate. The assets of the scheme are held separately from those of the Group in independently administered funds.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured on an undiscounted basis using the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Property, plant and equipment

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

Depreciation is provided on all 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 hardware	–	33% straight line basis

1. ACCOUNTING POLICIES (continued)

Intangible fixed assets

Intangible assets comprise capitalised computer software which are initially recognised at cost.

Amortisation is provided so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Computer software – 33% straight line basis

Intangible assets also comprise intellectual property which is initially measured at cost. The useful economic life of the asset is considered to be such that any amortisation charge would be immaterial to the financial statements. The directors have therefore decided that an annual impairment review rather than an systematic amortisation is more appropriate for this asset.

Impairment of non-current assets

At each reporting date the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Financial assets

Financial assets are recognised when the Group becomes a party to the contractual provisions of the financial asset.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and substantially all of the risks and rewards are transferred.

The financial assets of the Group are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)

The classification is determined by both:

- The Group's business model for managing the financial asset
- The contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs and finance income.

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where its effect is immaterial. The Group's cash and cash equivalents, trade and other receivables fall into this category.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance against trade and other receivables. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes to the Consolidated Financial Statements
continued

for the year ended 30 June 2020

1. ACCOUNTING POLICIES (continued)

Trade and other receivables

The group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade and other receivables on a collective basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. These are initially and subsequently recorded at fair value.

Financial liabilities

The Group's principal financial liabilities include trade and other payables, leases and convertible debt none of which would be classified as fair value through 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 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 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.

Convertible loan notes

Convertible loan notes issued by the Group comprise loan notes that can be converted to ordinary shares at the option of the holder.

The liability component of the convertible loan notes is recognised on the date of inception and is determined using a market interest rate for an equivalent non-convertible instrument. The equity element is recognised as the difference between the value of the financial instrument as a whole and the value of the liability component. Any directly attributable transaction costs are allocated to the equity and liability components in proportion to their initial carrying amounts.

Subsequently, the liability component of a compound financial instrument is measured at amortised cost using the effective interest rate method.

1. ACCOUNTING POLICIES (continued)

Leased assets

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, or for leases of low-value assets. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

Share capital

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

New standards adopted

The following new and revised Standards and Interpretations have been issued and are effective for the current financial year of the Group:

IFRS 16 was adopted on 1 July 2019 without restatement of comparative figures. No transitional adjustments were required upon adoption.

New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early:

- AS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material) (effective 1 January 2020)
- IFRS 3 Business Combinations (Amendment – Definition of Business) (effective 1 January 2020)
- Revised Conceptual Framework for Financial Reporting (effective 1 January 2020)Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (effective 1 January 2020)
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (effective 1 January 2022).

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. Significant management judgements are as follows:

Legacy Issues

- Due to the change in the Board, key management and operations of the Group that took place in March 2019, it is possible that there are unrecorded liabilities relating to the now discontinued activities about which the Board are unaware. The Board have undertaken, to the extent possible, a thorough review of the creditor position of the Parent Company and the Group, with a core focus on the legacy business operations. Notwithstanding the Board's assessment, there is a residual risk unforeseen liabilities may arise. However, due to the publicity around the new business, shutting down the old one and drawing down on the EHGOS facility, a number of claims were made against the company. Since the period end, no additional creditors have made a claim against the Group or the Parent Company. While it is important to consider these liabilities in these accounts the Board have however made a judgment that the risk of material unrecorded actual or contingent liabilities is now more than remote.
- The Group's former Board under through its Cellplan subsidiary was promoting bespoke stem cell medical insurance and launched a website to market the product. After due enquiry, the new Board is not aware that any such policies were issued. There does however remain a residual risk that policies may have been issued. The board consider that the incidence and financial impact is now more than remote.

Notes to the Consolidated Financial Statements
continued
for the year ended 30 June 2020

3. LOSS FROM OPERATIONS

	Year ended 30 June 2020 £	18 Month period ended 30 June 2019 £
The loss for the period is stated after charging:		
Depreciation	2,503	417
Auditors remuneration – audit services	40,000	42,000
Auditors remuneration – corporate finance services	63,500	–

Expenses by nature	**£**	**£**
Legal and professional fees	632,978	–
Consultancy fees	213,098	–
Other supplies and external services	359,101	83,979
Staff costs	999,686	243,506
Total operating expenses	**2,204,863**	327,485
Depreciation, amortisation and impairment of assets	2,503	417
Impairment of loans	150,000	–
Total administrative expenses	**2,357,366**	
Direct costs incurred in connection with EHGOF financing facility	**262,000**	–
	2,619,366	327,902

4. STAFF COSTS

	Year ended 30 June 2020 £	18 Month period ended 30 June 2019 £
Staff costs (including directors) comprise:		
Wages and salaries	905,958	1,473,681
Defined contribution pension cost	25,370	53,315
Social security contributions and similar taxes	68,358	144,073
Share-based payment expense	–	11,807
	999,686	1,682,876
Less: staff costs relating to discontinued activities	–	(1,439,370)
Staff costs relating to continuing activities	999,686	243,506

4. STAFF COSTS (continued)

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:

Employee numbers	Year ended 30 June 2020 £	18 Month period ended 30 June 2019 £
The average number of staff employed by the group during the period amounted to:		
General and administration	7	15
Less: staff involved in discontinued operations	–	(8)
	7	7

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities, and are the directors of the company.

Remuneration of the directors and highest paid director is shown in the Report of the remuneration committee on page 20.

5. DISCONTINUED OPERATIONS

In March 2019 the Board made the decision to discontinue the stem cell research operations. The operating loss until the date of discontinuation of the operations is summarised as follows:

	Year ended 30 June 2020 £	18 Month period ended 30 June 2019 £
Revenue	–	21,081
Administrative expenses – write back of creditor balances	450,062	(3,472,771)
Impairment of non-current assets	–	(629,616)
Operating profit/(loss)	450,062	(4,081,306)
Finance income	–	2,174
Finance expense	–	(31,747)
Profit/(loss) before taxation	450,062	(4,110,879)
Taxation	–	(3,000)
Profit/(loss) for the period	450,062	(4,113,879)
Other comprehensive expense	–	–
Total comprehensive profit/(loss) for the period	450,062	(4,113,879)

Notes to the Consolidated Financial Statements
continued
for the year ended 30 June 2020

6. FINANCE COSTS

	Year ended 30 June 2020 £	18 Month period ended 30 June 2019 £
Finance costs		
Penalties on redemption of convertible loan notes	277,380	1,814,563
Penalties on make whole agreement	72,000	–
Interest on leases	3,740	4,050
Total finance expense	353,120	1,818,613

7. TAXATION

	Year ended 30 June 2020 £	18 Month period ended 30 June 2019 £
Current tax		
Total current tax	–	–

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:

	Year ended 30 June 2020 £	18 Month period ended 30 June 2019 £
Loss before taxation	(2,390,121)	(6,260,394)
Tax using the parent company's domestic tax rate of 19% (2019: 19%)	(454,123)	(1,189,475)
Effects of:		
Unrelieved tax losses and other deductions arising in the period	383,779	720,478
Expenses not deductible for taxation purposes	70,344	468,997
Total tax charged in the income statement	–	–

The deferred taxation of £1,522,231 (2019: £1,178,850) attributable to losses arising in the year and for losses carried forward has not been recognised in these accounts due to the uncertainty over whether this will be recovered.

8. LOSS PER SHARE

	Year ended 30 June 2020 pence	18 Month period ended 30 June 2019 pence
Numerator		
Loss for the period	(2,371,776)	(6,260,394)
Denominator		
Weighted average number of ordinary shares used in basic EPS	2,500,412,604	282,378,357
Effects of:		
Employee share options	–	2,808,454
Weighted average number of ordinary shares used in diluted EPS	**2,500,412,604**	**285,186,811**
Basic and diluted loss per share (pence)		
– continuing operations	(0.11)	(0.75)
– discontinued operations	0.00	(0.01)

9. PROPERTY, PLANT AND EQUIPMENT

GROUP	Plant & Machinery £	Leasehold Improvements £	Computer Hardware £	Total £
Cost				
Balance at 1 January 2018	345,490	185,849	61,948	593,287
Additions	10,282	–	21,147	31,429
Balance at 30 June 2019	**355,772**	**185,849**	**83,095**	**624,716**
Additions	18,000	–	–	–
Balance at 30 June 2020	**373,772**	**185,849**	**83,095**	**624,716**
Amortisation				
Balance at 1 January 2018	43,868	63,201	19,627	126,696
Charge for the period	–	–	417	417
Impairment in the period	311,904	122,648	55,958	490,510
Balance at 30 June 2019	**355,772**	**185,849**	**76,002**	**617,623**
Charge for the year	–	–	2,503	2,503
Balance at 30 June 2020	**355,772**	**185,849**	**78,505**	**620,126**
Carrying amounts				
Balance at 30 June 2020	18,000	–	4,590	22,590
Balance at 30 June 2019	–	–	**7,093**	**7,093**

Notes to the Consolidated Financial Statements
continued

for the year ended 30 June 2020

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Right of use asset

The group does not lease any buildings or equipment which are required to be disclosed under IFRS 16.

COMPANY	Computer Hardware £	Total £
Cost		
Balance at 1 January 2018	62,690	62,690
Additions	14,231	14,231
Balance at 30 June 2019	**76,921**	**76,921**
Additions	–	–
Balance at 30 June 2020	**76,921**	**76,921**
Amortisation		
Balance at 1 January 2018	20,213	20,213
Charge for the period	417	417
Impairment in period	49,198	49,198
Balance at 30 June 2019	**69,828**	**69,828**
Charge for the year	2,503	2,503
Balance at 30 June 2020	**72,331**	**72,331**
Carrying amounts		
Balance at 30 June 2020	4,590	4,590
Balance at 30 June 2019	7,093	7,093

10. INTANGIBLE ASSETS

	Intellectual Property £	Computer software £	Total £
Cost			
Balance at 1 January 2018	–	139,106	139,106
Additions	–	–	–
Balance at 30 June 2019	**–**	**139,106**	**139,106**
Additions	21,600	–	39,600
Balance at 30 June 2020	**21,600**	**139,106**	**178,706**
Amortisation			
Balance at 1 January 2018	–	–	–
Impairment	–	139,106	139,106
Balance at 30 June 2019	**–**	**139,106**	**139,106**
Impairment	–	–	–
Balance at 30 June 2020	**–**	**139,106**	**139,106**
Carrying amounts			
Balance at 30 June 2020	21,600	–	21,600
Balance at 30 June 2019	**–**	**–**	**–**

Notes to the Consolidated Financial Statements
continued

for the year ended 30 June 2020

11. INVESTMENTS

COMPANY

	30 June 2020 £	30 June 2019 £
Investments in subsidiaries	2	–

Subsidiaries

Entity	Registered office address	Country of incorporation	Nature of business	Notes
WideCells International Limited	Waverley House, 9 Noel Street, London, W1F 8GQ	United Kingdom	Holding company	(c)
WideCells Portugal SA	Rua Da Casa Branca, 97 Coimbra 3030-109, Portugal	Portugal	Trading company	(a)
WideAcademy Limited	Waverley House, 9 Noel Street, London, W1F 8GQ	United Kingdom	Dormant company	(a)
CellPlan Limited	27/28 Eastcastle Street, London, W1W 8DH	United Kingdom	Dormant company	(a)
CellPlan International Lda	Edificio Tower Plaza Rotunda Eng. Edgar Cardoso, no. 23, 11 F, 4400-676 Vila Nova de Gaia, Portugal	Portugal	Dormant company	(b)
Iconic Labs UK Limited	27/28 Eastcastle Street, London, W1W 8DH	United Kingdom	Trading company	(c)
Iconic Labs IP Limited	27/28 Eastcastle Street, London, W1W 8DH	United Kingdom	Trading company	(c)
Nuuco Media Limited	27/28 Eastcastle Street, London, W1W 8DH	United Kingdom	Trading company	(d)
Coalition Media Limited	27/28 Eastcastle Street, London, W1W 8DH	United Kingdom	Dormant company	(f)

Associates

Entity	Registered office address	Country of incorporation	Nature of business	Notes
Medium Channel Media Limited	27/28 Eastcastle Street, London, W1W 8DH	United Kingdom	Dormant company	(e)

Notes: (a) 100% owned by WideCells International Limited (b) 100% owned by CellPlan Limited
(c) 100% owned by Iconic Labs plc (d) 100% owned by Iconic Labs UK Limited
(e) 24% owned by Iconic Labs plc (f) 50% owned by iconic Labs UK Limited

From September 2019, Widecell's Limited has been placed into liquidation.

From November 2019, Widecells Espana has been placed into liquidation.

12. TRADE AND OTHER RECEIVABLE

GROUP	30 June 2020 £	30 June 2019 £
Trade receivables	110,409	–
Other receivables	25,726	–
Trade and other receivables	136,135	–
VAT recoverable	–	15,922
Total receivables	136,135	15,922

Trade and other receivables

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 30 June 2020 and 30 June 2019.

COMPANY	30 June 2020 £	30 June 2019 £
Other receivables	9,116	–
	9,116	–

13. CASH AND CASH EQUIVALENTS

GROUP	30 June 2020 £	30 June 2019 £
Cash at bank available on demand	180,397	15,694
Bank overdraft	–	(97)
Total cash and cash equivalents	180,397	15,597

COMPANY	30 June 2020 £	30 June 2019 £
Cash at bank available on demand	144,138	4,339
Total cash and cash equivalents	144,138	4,339

Notes to the Consolidated Financial Statements
continued

for the year ended 30 June 2020

14. SHARE CAPITAL

	30 June 2020		30 June 2019	
	Number	**£**	**Number**	**£**
Authorised, allotted and fully paid – classified as equity				
Ordinary shares of £0.0025 each	–	–	1,399,302,698	3,498,257
Ordinary shares of £0.00001 each	6,248,241,015	62,482	–	–
Deferred shares of £0.00249 each	1,637,129,905	4,076,454	–	–
Total	7,885,370,920	4,138,936	1,399,302,698	3,498,257

At 1 July 2019, the company had 1,399,302,698 Ordinary shares of £0.0025 in issue. During the period, the company issued 237,837,207 Ordinary shares of £0.0025 as follows:

- 20 August 2019 – 237,827,207 shares issued in respect of the conversion of convertible loan notes, at par.

On 27 February 2020, 1,637,129,905 Ordinary shares of £0.0025 were sub-divided into 1,637,129,905 Ordinary shares with a nominal value of £0.00001 and 1,637,129,905 Deferred shares with a nominal value of £0.00249.

During the period, the company issued 4,611,111,110 Ordinary shares of £0.00001 each as follows:

- 14 April 2020 – 555,555,555 shares issued in respect of a conversion of a convertible band, at a premium of 0.00009p per share;
- 28 April 2020 – 555,555,555 shares issued in respect of a conversion of a convertible band, at a premium of 0.00009p per share;
- 28 May 2020 – 800,000,000 shares issued in respect of a conversion of a convertible band, at a premium of 0.00009p per share;
- 28 May 2020 – 500,000,000 shares issued in respect of a conversion of a convertible band, at a premium of 0.00019p per share;
- 2 June 2020 - 500,000,000 shares issued in respect of a conversion of a convertible band, at a premium of 0.00009p per share;
- 15 June 2020 – 1,700,000,000 shares issued in respect of a conversion of a convertible band, at a premium of 0.00009p per share.

At 30 June 2020, the company had 6,248,241,015 Ordinary shares of £0.00001 in issue.

In accordance with the Companies Act 2006, the company has no limit on its authorised share capital.

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 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 £500,000, 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.

14. SHARE CAPITAL (continued)

- All pre-emption rights in the Articles to 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 share, 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 the 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 holders of Ordinary shares have full voting, dividend and capital distribution rights. The Ordinary shares 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 and deferred shares are recorded as equity.

15. RESERVES

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

Reserve	Description and purpose
Share premium	Amount subscribed for share capita in excess of nominal value
Retained deficit	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere

16. TRADE AND OTHER PAYABLES

GROUP	30 June 2020 £	30 June 2019 £
Trade payables	587,747	609,558
Other payables	620,931	831,587
Accruals	328,713	77,100
Tax and social security	162,403	218,061
Total	1,699,794	1,736,306

Book values approximate to fair values at 30 June 2020 and 30 June 2019.

COMPANY	30 June 2020 £	30 June 2019 £
Trade payables	539,418	381,749
Other payables	592,824	831,587
Accruals	92,880	77,100
Tax and social security	–	204,561
Total	1,225,122	1,494,997

Book values approximate to fair values at 30 June 2020 and 30 June 2019.

Notes to the Consolidated Financial Statements
continued
for the year ended 30 June 2020

17. LOANS AND BORROWING

GROUP

	30 June 2020 £	30 June 2019 £
Non-Current		
Leases	–	11,141
Total	–	11,141

	30 June 2020 £	30 June 2019 £
Current		
Leases	31,981	68,278
Directors' loans	12,613	–
Convertible loans	1,695,000	–
Total	1,739,594	68,278

Book values approximate to fair values at 30 June 2020 and 30 June 2019.

During the year, the company issued convertible loan notes totalling £2,155,000. At 30 June 2020, £1,695,000 was still outstanding and included within loans and borrowings.

Leases are secured on the relevant assets.

COMPANY

	30 June 2020 £	30 June 2019 £
Non-Current		
Leases	–	11,141
Total	–	11,141

	30 June 2020 £	30 June 2019 £
Current		
Leases	31,981	68,278
Directors' loans	12,613	–
Convertible loans	1,695,000	-
Total	1,739,594	68,278

18. PROVISIONS

	30 June 2020 £	30 June 2019 £
Provisions brought forward	40,000	–
Provision for costs relating to liquidation of subsidiary undertakings	–	40,000
Released against costs in the period	(6,000)	–
Provisions carried forward	34,000	40,000

As detailed further in the strategic report, last year the Group made the decision to cease stem cell research operations. This has led to number of subsidiary undertakings being liquidated. A provision for the anticipated costs relating to the liquidation are included in these financial statements.

19. 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 other businesses, the group is exposed to risks that arise from 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.

The principal financial instruments used by the group, from which the financial instrument risks arise, are as follows:

- 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 – amortised cost
- Financial liabilities – amortised cost

GROUP	2020 £	2019 £
Cash and cash equivalents	180,397	15,597
Trade and other receivables	136,135	–
Total financial assets – amortised cost	316,532	15,597

	2020 £	2019 £
Trade and other payables	1,208,678	1,441,145
Loans and borrowings	1,739,594	79,419
Total liabilities – amortised cost	2,948,272	1,520,564

Notes to the Consolidated Financial Statements
continued
for the year ended 30 June 2020

19. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (continued)

COMPANY	2020 £	2019 £
Cash and cash equivalents	144,138	4,339
Trade and other receivables	9,116	–
Total financial assets – amortised cost	**153,254**	**4,339**

	2020 £	2019 £
Trade and other payables	1,132,242	1,213,336
Loans and borrowings	1,739,594	79,419
Total liabilities – amortised cost	**2,871,836**	**1,292,755**

The Board has overall responsibility for the determination of the group's risk management objectives and policies.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Groups' 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 counterparty to the financial instrument fails to meet its contractual obligations. It is Group policy 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.

Cash in bank

GROUP	2020 £	2019 £
Cash held at HSBC – S&P Rating AA	176,214	11,444
Cash held at Santander – S&P rating A	4,183	4,153
Total financial assets	**180,397**	**15,597**

COMPANY	2020 £	2019 £
Cash held at HSBC – S&P Rating AA	144,138	4,339
Total financial assets	**144,138**	**4,339**

19. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (continued)

Market risk

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.

As of 30 June 2020 the group's exposure to foreign exchange risk was not material as the overseas operations had been discontinued.

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.

The Board will continue to monitor long term cash projections and will consider raising funds as required.

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

GROUP **2020**	**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	1,141,178	67,500	–	–	–
Leases	28,877	3,104	–	–	–
Borrowings	1,695,000	12,613	–	–	–
Total	2,865,055	83,217	–	–	–

2019	**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	1,441,145	–	–	–	–
Finance leases	32,127	36,151	11,141	–	–
Total	1,473,272	36,151	11,141	–	–

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

- Trade and other payables – note 16
- Loans and borrowing – note 17

At the balance sheet date, the Group had liabilities due for settlement within 3 months of £2,865,055, compared to a cash balance of £180,397. Since the year end, the Group have renegotiated repayment terms with suppliers and have arranged a further funding agreement to ensure that operating costs and legacy liabilities can be settled.

£1,695,000 of borrowings re convertible loan notes which can be settled by way of an issue of share capital.

19. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (continued)

Capital risk management

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

The directors are aware of the need for the Company to obtain capital in order to fund the growth of the business and are in continual discussions with providers of both debt and equity capital. The directors regularly review the status of such discussions and aim at all times to have offers of capital funding available to the Company which more than exceed the needs of the Company over the coming period.

In the medium term and in addition to the need to safeguard the entity's ability to continue as a going concern, the directors are aware of the views of members on certain financing structures and therefore have set an objective to move towards a conventional, simplified capital structure based on equity capital.

Further details about the directors' assessment of the Group's ability to continue as a going concern and the key considerations there to are set out in the Corporate Governance Report on page 10.

At present the directors do not intend to pay dividends but will reconsider the position in future periods, as the group becomes profitable.

Reconciliation of movement in net cash

	Net cash at 1 July 2019 £	Cash flow £	Loan notes issued in the period £	Loan notes converted in the period £	Repayment of borrowings (continuing activities) £	New loans in the period £	Net cash at 30 June 2019 £
Cash at bank and in hand	15,597	164,800	–	–	–	–	180,397
Borrowings	(79,419)	–	(2,195,000)	500,000	47,438	(12,613)	(1,739,594)
Total financial liabilities	(63,822)	164,800	(2,195,000)	500,000	47,438	(12,613)	(1,559,197)

	Net cash at 1 January 2018 £	Cash flow £	Loan notes issued in the period £	Repayment of borrowings (continuing activities) £	Loan notes converted in the period £	Repayment of borrowings (discontinued activities) £	New loans in the period (discontinued activities) £	Other non cash items £	Net cash at 30 June 2019 £
Cash at bank and in hand	118,041	(102,444)	–	–	–	–	–	–	15,597
Borrowings	(1,065,260)	–	(2,700,000)	88,747	2,700,000	865,172	(326,583)	358,505	(79,419)
Total financial liabilities	(947,219)	(102,444)	(2,700,000)	88,747	2,700,000	865,172	(326,583)	358,505	(63,822)

20. RETIREMENT BENEFITS

The group operates 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.

21. SHARE-BASED PAYMENTS

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.

The options that existed at the period end are as follows:

	2020 Weighted average exercise price £	2020 Number	2019 Weighted average exercise price £	2019 Number
Outstanding at beginning of accounting period	–	–	0.0490	3,610,870
Options granted in WideCells Group plc	–	–	–	–
Options cancelled in period	–	–	0.0490	(3,610,870)
Outstanding at period end			–	–

The Black-Scholes valuation model was used setting an implied volatility of 50%, interest rate of 5% and dividend yield of 1%. Each tranche of share options was valued separately using the actual exercise price. The Group recognised total expenses of £11,807 related to share based payment transactions in 2019. The expense was included in the results of discontinued operations.

22. LEASES

The group is leasing the more expensive pieces of laboratory equipment for the stem cell processing and storage facility in Manchester. The future payments are as follows:

GROUP 2020	Minimum lease payments £	Interest £	Present value £
Not later than one year	31,981	632	31,349
Between one year and five years	–	–	–
Later than five years	–	–	–
	31,981	632	31,349
Current liabilities			31,349
Non-current liabilities			–

2019	Minimum lease payments £	Interest £	Present value £
Not later than one year	70,978	2,700	68,278
Between one year and five years	11,773	632	11,141
Later than five years	–	–	–
	82,751	3,332	79,419
Current liabilities			68,278
Non-current liabilities			11,141

Notes to the Consolidated Financial Statements
continued
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22. LEASES (continued)

COMPANY

2020	**Minimum lease payments £**	**Interest £**	**Present value £**
Not later than one year	31,981	632	31,349
Between one year and five years	–	–	–
Later than five years	–	–	–
	31,981	632	31,349
Current liabilities			31,349
Non-current liabilities			–

2019	**Minimum lease payments £**	**Interest £**	**Present value £**
Not later than one year	70,978	2,700	68,278
Between one year and five years	11,773	632	11,141
Later than five years	–	–	–
	82,751	3,332	79,419
Current liabilities			68,278
Non-current liabilities			11,141

23. CAPITAL COMMITMENTS

The group had no capital commitments at 30 June 2020 or 30 June 2019.

24. RELATED PARTY TRANSACTIONS

Details of directors' remuneration are given in the Remuneration Report.

In 2019, under the previous management, the company was loaned £330,325 by the directors and £158,832 was repaid to the directors. Under the previous management, the company also loaned £34,658 to the directors. Upon resignation of directorships, the directors in question confirmed that they had no outstanding claims against the Group and therefore the balances owed to them at the date of their resignation have been written off to the income statement in the 2019 financial period. In 2020, under the current management, the company was loaned £16,613 by the directors and repaid £4,340. This amount was still outstanding at 30 June 2020.

In 2019, £150,000 was loaned to Medium Channel Media. The loan is considered impaired in this set of accounts.

In 2020, the company received £nil (2019 – £2,166) interest on loans that it provided to the directors in the period. The company also paid £nil (2019 – £2,150) of interest to directors.

Vivian Andrade, Joao Andrade's wife, received £nil (2019 – £1,987) of professional fees for providing the services of Quality Manager to WideCells Portugal SA. £nil (2019 – £nil) was due to Vivian Andrade at the period end.

Luis Andrade, Joao Andrade's brother, received £nil (2019 – £6,001) of professional fees for providing the services of Group IT Manager to Iconic Labs plc. £nil (2019 – £nil) was due to Luis Andrade at the period end.

There are no other related party transactions.

25. CONTINGENT LIABILITIES

The group had no contingent liabilities at 30 June 2020 or 30 June 2019.

26. POST BALANCE SHEET EVENTS

On 13 November, 6,231,610,203 new ordinary shares of £0.00001 each in the capital of the Company at a price of £0.00012 per placing share to raise total gross proceeds of £747,793 together with the entering into of a conventional secured debt facility with Shard Merchant Capital for an amount up to £1,000,000.

27. ULTIMATE CONTROLLING PARTY

The directors do not consider that there is an ultimate controlling party of the group.

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