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TISSUE REGENIX HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018



Registered Number: 10718340

TISSUE REGENIX HOLDINGS LIMITED
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**TISSUE REGENIX HOLDINGS LIMITED
ADVISORS AND OFFICERS**

DIRECTORS

J Samuel
M Barker (appointed 28/08/2019)
G Jones

COMPANY NUMBER

10718340 (England & Wales)

REGISTERED OFFICE

Unit 1 and 2
Astley Way
Astley Lane Industrial Estate
Swillington
Leeds
LS26 8XT

AUDITOR

RSM UK Audit LLP
Central Square, 5th Floor
29 Wellington Street
Leeds
LS1 4DL

TISSUE REGENIX HOLDINGS LIMITED
DIRECTORS' REPORT

The Directors submit their report and the financial statements of Tissue Regenix Holdings Limited for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company was that of a holding company. The Company is incorporated and domiciled in the UK.

RESULTS AND DIVIDENDS

The profit incurred for the year ended 31 December 2018 was \$1,140,000 (year ended December 2017: \$nil).

The Directors do not recommend the payment of a dividend (December 2017: \$nil).

DIRECTORS

The following Directors held office during the period:

S Couldwell (resigned 31/07/2019)

J Samuel

P Devlin (resigned 31/01/2018)

G Jones (appointed 29/10/2018)

GOING CONCERN

As at 31 December 2018, the Group had \$7.8m of cash and cash equivalents available to it. The Directors have considered their obligation, in relation to the assessment of the going concern of the Group and each statutory entity within it and have reviewed the current budget cash forecasts and assumptions as well as the main risk factors facing the Group.

After due enquiry, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future, Tissue Regenix Group plc will continue to support Tissue Regenix Holdings Limited for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

TISSUE REGENIX HOLDINGS LIMITED DIRECTORS' REPORT

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities. There are no third-party indemnity provisions for directors.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the company's auditor is unaware. Each of the Directors have confirmed that they 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 it has been communicated to the auditor.

AUDITOR

On 14 November 2018 KPMG resigned as Auditor and RSM UK Audit LLP (RSM) were subsequently appointed. RSM have indicated willingness to continue in office, in accordance with the recommendation of the Audit Committee and section 489 of the Companies Act 2006. A resolution to reappoint RSM as the Company's Auditor was agreed at the Annual General Meeting and RSM was deemed to therefore continue in office.

On behalf of the Board

G Jones
Director

26/5/2019

TISSUE REGENIX HOLDINGS LIMITED
AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TISSUE REGENIX HOLDINGS LIMITED

Opinion

We have audited the financial statements of Tissue Regenix Holdings Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation 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 company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

TISSUE REGENIX HOLDINGS LIMITED
AUDITOR'S REPORT

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, 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 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 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

TISSUE REGENIX HOLDINGS LIMITED
AUDITOR'S REPORT

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.

RSM UK Audit LLP

Michael Thornton (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Central Square
5th Floor
29 Wellington Street
Leeds
West Yorkshire
LS1 4DL

27 September 2019

TISSUE REGENIX HOLDINGS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 2018

	Notes	2018 \$000	2017 \$000
Finance income	2	1,541	-
Administrative expenses		(401)	-
Profit before taxation		1,140	-
Total comprehensive income for the Year		1,140	-
Attributable to:			
Owners of the Company		1,140	-

The profit for the period arises from the Company's continuing operations. No other comprehensive income was received in any of the periods other than that recognised within the statement of comprehensive income

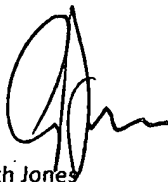
TISSUE REGENIX HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

	Share Capital \$000	Share Premium \$000	Retained Earnings \$000	Total Equity \$000
As at 31 December 2017 and on incorporation	1	26,026	-	26,027
Profit for the period	-	-	1,140	1,140
As at 31 December 2018	1	26,026	1,140	27,167

TISSUE REGENIX HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Notes	2018 \$000	2017 \$000
Assets			
<i>Non-current assets</i>			
Investments	4	7,500	7,500
Total non-current assets		7,500	7,500
<i>Current assets</i>			
Other receivables	3	19,667	18,527
Total current assets		19,667	18,527
Total assets		27,167	26,027
Equity			
Attributable to owners of the Company			
Share capital	5	1	1
Share Premium	6	26,026	26,026
Retained earnings		1,140	-
Total Equity		27,167	26,027

Approved by the Board and authorised for issue on 26th September 2019.



Gareth Jones
Director

Company number: 10718340

TISSUE REGENIX HOLDINGS LIMITED
STATEMENT OF CASHFLOWS
For the period ended 31 December 2018

	Notes	2018 £000	2017 £000
Operating activities			
Operating Profit		1,140	-
Operating cash inflow before working capital movements		1,140	-
(Increase) in trade and other receivables		(1,140)	-
Net cash outflow from operations		-	-
 Increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at start of year		-	-
Cash and cash equivalents at end of year		-	-

TISSUE REGENIX HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 December 2018

1) ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Company is incorporated and domiciled in the United Kingdom and its registered number is 10718340. The address of the registered office is Unit 1 and 2 Astley Way, Astley Industrial Estate, Swillington LS26 8XT. The Company was incorporated on 10 April 2017. The principle activity of the company is that of a holding company.

The financial information has been prepared by the Directors in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and International Accounting Standards as issued by the International Accounting Standards Board ("IASB") as well as interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") as adopted by the European Union. Tissue Regenix Holdings Limited is exempt from consolidating accounts due to being included in a consolidation of a larger Group.

The financial information has been prepared on the historic cost basis rounded to the nearest thousand and is reported in US Dollars which is the Company's functional currency. The principal accounting policies applied are set out below.

GOING CONCERN

The Company is a subsidiary undertaking of Tissue Regenix Group plc. The Company recorded a profit for the period of \$1,140,000 and had net current liabilities of nil at the period-end which included. The Company is funded by the Tissue Regenix Group plc which at 31st December 2018 had £7,816,000 of cash and cash equivalents available to it.

The Directors confirm they are satisfied that the Group has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements for the Company.

FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Gains and losses arising on retranslation are charged to profit or loss as they are incurred.

The functional and presentational currency of the Company is US Dollars

FINANCIAL ASSETS AND LIABILITIES

Other receivables

Other receivables do carry interest and are initially recognised at fair value. They are subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment.

IFRS 9 introduces a new impairment model. Under IAS 39, an entity only considers those impairments that arise as a result of incurred loss events. The effect of possible future loss events can not be considered, even when they are expected.

TISSUE REGENIX HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENT
For the period ended 31 December 2018

IFRS 9 introduces a new expected credit loss ('ECL') model which broadens the information that an entity is required to consider when determining its expectations of impairment. Under this new model, expectations of future events must be taken into account and this will result in the earlier recognition of larger impairments.

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Recoverability of receivables from related party undertakings

Receivables from subsidiaries represent loans and interest free amounts advanced to group companies that are repayable on demand. In accordance with IFRS 9 'Financial Instruments', where the counterparty would not be able to repay the loan if demanded at the reporting date, the company has made an assessment of expected credit losses.

The assessment made by the Directors' stems from analysis performed at group level. The Directors' have concluded that the expected credit losses applicable to the loans made by the company to related party undertakings are consistent with those assessed in detail for the parent company. Following a reduction in the Tissue Regenix Group plc share price during the course of the year, which in turn has adversely affected the likely outcome of the downside scenarios considered by the Directors' in relation to the recovery of receivables from subsidiaries, the assessment of lifetime expected credit loss was £401,000 at 31 December 2018. Having considered multiple scenarios on the manner, timing, quantum and probability of recovery on the receivables, no lifetime expected credit loss was recognised on adoption of IFRS 9 'Financial Instruments', and so no adjustment to opening retained earnings has been made.

The calculation of the allowance for lifetime expected credit losses requires a significant degree of estimation and judgement, in particular determining the probability weighted likely outcome for each scenario considered and in using a range of market capitalisations to determine the amount recovered in each scenario. Whilst the Directors considered future cash flows over time, the ECL calculation was based on a sale of the group in the event that repayment of the loans was demanded.

ACCOUNTING STANDARDS AND INTERPRETATIONS NOT APPLIED

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the Group that have not been applied in these financial statements were in issue but not yet effective:

		Effective date
IFRS 16	Leases	1 January 2019
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to IFRS Standards 2015-2017 cycle		1 January 2019

NEW STANDARDS AND AMENDMENTS TO STANDARDS ADOPTED IN THE YEAR

During the year, the Company adopted the following standards effective from the 1st January 2018. The Company has applied these standards in the preparation of the financial statements, and has not adopted any new or amended standards early.

IFRS 15 – Revenue from contracts with customer

IFRS 15 is effective for periods beginning on or after 1st January 2018. IFRS 15 introduces a five step approach to the timing of revenue recognition based on performance obligations in customer contracts. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

On 1 January 2018, the Company adopted IFRS 15 Revenue from contracts with customers using the modified retrospective method for contracts which were not completed as of that date. The Company applied the practical expedients in relation to contracts with variable consideration and contracts that were completed at the beginning of the earliest period presented and/or modified before the beginning of the earliest period presented. Under IFRS 15, revenue is recognised as the performance obligations to deliver products or services are satisfied and revenue is recorded based on the amount of consideration expected to be received in exchange for satisfying the performance obligations. The Company undertook a detailed impact assessment applying IFRS 15 to all the existing ways in which the Company delivers products or services to customers to identify divergence with previous accounting practice governed by IAS 18 Revenue and concluded that IFRS 15 does not have a significant impact on the timing and recognition of revenue. Accordingly, there was no adjustment required on transition to IFRS 15.

IFRS 9 – Financial instruments

IFRS 9 'Financial instruments' replaces IAS 39 'Financial instruments: Recognition and Measurement'. The standard is effective for accounting periods beginning on or after 1 January 2018. The standard covers three elements:

- Classification and measurement: Changes to a more principle based approach to classify financial assets as either held at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss, dependent on the business model and cash flow characteristics of the financial asset;
- Impairment: Moves to an impairment model based on expected credit losses based on a three-stage approach; and
- Hedge accounting: The IFRS 9 hedge accounting requirements are designed to allow hedge accounting to be more closely aligned with the Group's underlying risk management.

The Company does not hold complex financial instruments and therefore the majority of changes to the standard do not change the existing accounting for assets or liabilities held. All financial assets and liabilities will continue to be measured at amortised cost

In applying IFRS 9 the Company considered the probability of a default occurring over the contractual life of its trade receivables balances on initial recognition of those assets. The Company has no trade receivables in the reported year.

TISSUE REGENIX HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENT
For the period ended 31 December 2018

2) FINANCE INCOME

	2018	2017
	\$000	£000
Loan interest receivable	1,541	-

3) TRADE AND OTHER RECEIVABLES

	2018	2017
	\$000	\$000
Other receivable*	19,667	18,527
	19,667	18,527

*Other receivables include \$19,667k (2017: \$18,527k) due from other companies in the Group.

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. The other receivable is payable in 2024 and is subject to interest

After management review of different scenarios, an impairment of \$401k (2017: nil) is held against the subsidiary loan in relation to its recoverability.

RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

The Company's activities expose it to a variety of financial risks: The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The management of these risks is vested in the Board of Directors. The policies for managing each of these risks are summarise below:

Management of market risk

i) Interest rate risk

As the Company has no significant borrowings the risk is limited to the potential reduction in interest received on cash surpluses held.

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders. The Company's overall strategy is to minimise costs and liquidity risk.

The capital structure of the Company consists of equity attributable to the owners of the Company, comprising issued capital, reserves and retained earnings as disclosed in note 5 and 6 and in the Statement of Changes in Equity.

TISSUE REGENIX HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENT
For the period ended 31 December 2018

Financial assets

	Loans and receivables	Total
	£	£
At 31 December 2018		
Other receivables	19,667	19,667
TOTAL	19,667	19,667

Financial assets

	Loans and receivables	Total
	£	£
At 31 December 2017		
Other receivables	18,527	18,527
TOTAL	18,527	18,527

The Company had no financial instruments measured at fair value through profit and loss.

4) INVESTMENTS IN SUBSIDIARIES

	2018	2017
	\$000	\$000
Investment cost	7,500	7,500

At 31 December 2018, the Company held the following investments in subsidiaries:

Undertaking	Sector	Share of issued capital and voting rights	
		2018	2017
Tissue Regenix Holdings Inc	Holding company	100%	100%
CellRight Technologies LLC~	Regenerative medicine	100%	100%

~Held through Tissue Regenix Holdings Inc

Registered Addresses:
1808 Universal City Boulevard, Universal City Texas, 78148.

TISSUE REGENIX HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENT
For the period ended 31 December 2018

5) SHARE CAPITAL

	Number	\$000
Authorised, allotted and paid up ordinary shares of £1 each:		
31 December 2017 and 31 December 2018	1,001	1

As permitted by the provisions of the Companies Act 2006, the company does not have an upper limit to its authorised share capital. All shares are ordinary shares which are fully paid and entitle the holder to full voting rights, to full participation or distribution of dividends.

6) SHARE PREMIUM

	Number	\$000
Authorised, allotted and paid up ordinary shares of £1 each:		
31 December 2017 and 31 December 2018	1,001	26,026

As permitted by the provisions of the Companies Act 2006, the company does not have an upper limit to its authorised share capital. All shares are ordinary shares which are fully paid and entitle the holder to full voting rights, to full participation or distribution of dividends.

7) RELATED PARTY TRANSACTIONS

Trading transactions

	2018	2017
	\$000	\$000
Transactions with shareholders:		
Amounts due from related parties at the period end	19,667	18,527

There is no Key management personnel remuneration in the year. Tissue Regenix Limited is the immediate parent company

8) ULTIMATE CONTROLLING PARTY

At 31 December 2018 Tissue Regenix Group plc is considered to be the Company's ultimate parent undertaking. Tissue Regenix Group plc's Annual Report can be obtained from www.tissueregenix.com. Tissue Regenix Group plc is incorporated in England.