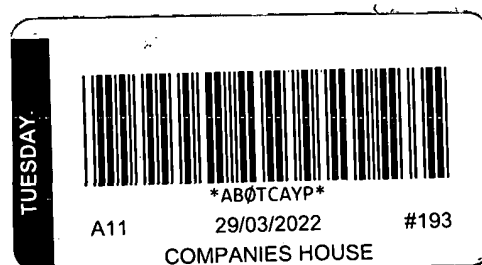


Registered number: 10523270

**ASC REGENITY LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**



**ASC REGENCY LIMITED**

**COMPANY INFORMATION**

|                             |                                                                                                                          |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------|
| <b>Directors</b>            | Augustinus Bader<br>Charles Rosier<br>Eric Lauro (appointed 7 January 2020)<br>Sian Westerman (appointed 7 January 2020) |
| <b>Registered number</b>    | 10523270                                                                                                                 |
| <b>Registered office</b>    | Unit 2.02<br>411-413 Oxford Street<br>London<br>W1C 2PE                                                                  |
| <b>Independent auditors</b> | PKF Littlejohn LLP<br>Statutory Auditor<br>15 Westferry Circus<br>Canary Wharf<br>London<br>E14 4HD                      |

## **ASC REGENITY LIMITED**

### **CONTENTS**

|                                                       | Page    |
|-------------------------------------------------------|---------|
| <b>Group Strategic Report</b>                         | 1 - 2   |
| <b>Directors' Report</b>                              | 3 - 4   |
| <b>Directors' Responsibilities Statement</b>          | 5       |
| <b>Independent Auditors' Report</b>                   | 6 - 9   |
| <b>Consolidated Statement of Comprehensive Income</b> | 10      |
| <b>Consolidated Balance Sheet</b>                     | 11      |
| <b>Company Balance Sheet</b>                          | 12      |
| <b>Consolidated Statement of Changes in Equity</b>    | 13 - 14 |
| <b>Company Statement of Changes in Equity</b>         | 15      |
| <b>Notes to the Financial Statements</b>              | 16 - 33 |

## **ASC REGENITY LIMITED**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **Introduction**

The directors present their strategic report of the Group and Company for the year ended 31 December 2020.

#### **Business review**

The principal activity of the Company in the year under review was the sale of skincare products, under the brand name Augustinus Bader.

The directors are pleased to report a period of a further development for the business with the revenue growing from £12.8 million in FY19 to £29.8 million in FY20.

During the year to 31 December 2020 the Group:

- Generated revenue growth across the year from further expansion into new overseas markets
- Introduced new product lines
- Continued to develop and enhance its online platform in order to become a market-leading platform

The Group's strategy is to continue to penetrate existing territories further, expand into new markets and extend its product range.

#### **Principal risks and uncertainties**

##### **Market Risks**

In a market characterised by rapid product innovation, new market entrants, and changing consumer behaviour, the Company faces competitive pressures and is required to ensure that the product offering, channel distribution and marketing strategies remain relevant in a constantly changing market. The Company manages and mitigates these risks by investing significantly in new product development, continually reviewing the channel distribution, building strong relationships with wholesale partners, focusing on the consumer demand for credible expertise and education as well as adapting the way in which the brand communicates and engages with its customers.

##### **Legislative Risks**

On 23 June 2016, the UK electorate voted to discontinue its membership of the European Union. The UK Government further triggered article 50 on 29 March 2017 to start the formal process of leaving the EU. The UK formally left the EU on 1 January 2020 and entered a period of transition which ended on 31 December 2020.

During this transition period, the UK remained in the EU customs union and there was no specific duty or VAT impact during this period. The Brexit Committee met periodically to manage Brexit related risks and to mitigate the impact of such risks on the business. A structure was setup across the UK and EU to minimise the impact of Brexit on the business and its customers.

## **ASC REGENCY LIMITED**

### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **Financial key performance indicators**

The board and management continue to develop the necessary metrics required to measure the performance of the business across its verticals to facilitate strategic decision making. On a daily, weekly and monthly basis, as appropriate, those metrics include but are not limited to:

- Revenue Growth
- Gross Margin
- Number of Orders
- Cost per Acquisition
- Average Order Value

This report was approved by the board on 24th of March 2022 and signed on its behalf.

**Charles Rosier**  
Director



## **ASC REGENITY LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

The Directors present their report and the audited financial statements of the Group and Company for the year ended 31 December 2020.

#### **Dividends**

The loss for the year, after taxation, amounted to £4.4 million (2019 - loss £5.0 million).

No dividends will be distributed for the year ended 31 December 2020.

#### **Prior year adjustments**

Prior year adjustments have been made in respect of the year ended 31 December 2019. For further details please see note 21.

#### **Directors**

The Directors who served during the year were:

Augustinus Bader  
Charles Rosier  
Eric Lauro (appointed 7 January 2020)  
Sian Westerman (appointed 7 January 2020)

#### **Future developments**

To further execute on our growth strategy, we set up a wholly owned foreign entity in China to assist in our expansion. Continued spend in Research and Development will allow the business to expand its product range to accelerate to a sustainable, profitable, and high growth business.

#### **Research and development**

The group continues to develop, produce, and retail high-quality and high-performance skincare products for the general consumer market. The group engages in various R&D projects with varying durations to improve the core TFC8 technology, broaden its application spectrum, and formulate new skincare products with the TFC8 technology.

#### **Directors indemnity**

The company maintains liability insurance for its directors and officers. The company also provides indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purpose of the Companies Act 2006. The indemnity was in force throughout the financial year and is currently in force.

#### **Disclosure of information to auditors**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

#### **Post balance sheet events**

There have been no significant events affecting the Group or Company since the year end.

**ASC REGENCY LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**Auditors**

The auditors, PKF Littlejohn LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 24th of March 2022 and signed on its behalf.



Charles Rosier  
Director

## **ASC REGENITY LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## **ASC REGENCY LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASC REGENCY LIMITED**

#### **Opinion**

We have audited the financial statements of ASC Regenity Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 31 December 2020 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

## **ASC REGENITY LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASC REGENITY LIMITED (CONTINUED)**

#### **Opinion 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 Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or 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 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 directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 the 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.

## ASC REGENCY LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASC REGENCY LIMITED (CONTINUED)

#### Auditors' 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 Auditors' 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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and industry research.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from Companies Act 2006, FRS 102, tax legislation, health and safety legislation and relevant employee legislation in the countries that the group operates and employs staff.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
  - enquiries of management and
  - review of minutes.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, the potential for management bias was identified in relation to the amount of provisions relating to the Group's accounts receivables and stocks. We addressed this by challenging the assumptions and judgements made by management when auditing the accounting estimate.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**ASC REGENCY LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASC REGENCY LIMITED (CONTINUED)**

**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 Auditors' 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.

*ref: wthg:cl*

Timothy Herbert (Senior Statutory Auditor)

for and on behalf of  
**PKF Littlejohn LLP**

Statutory Auditor  
15 Westferry Circus  
Canary Wharf  
London  
E14 4HD  
Date: 25 March 2022

**ASC REGENCY LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

|                                                                 |             | <b>2020</b>        | <i>As restated</i> |
|-----------------------------------------------------------------|-------------|--------------------|--------------------|
|                                                                 | <b>Note</b> | <b>£</b>           | <b>2019</b>        |
|                                                                 |             |                    | <b>£</b>           |
| Turnover                                                        | 4           | 29,753,341         | 12,783,784         |
| Cost of sales                                                   |             | (9,719,258)        | (3,929,893)        |
| <b>Gross profit</b>                                             |             | <b>20,034,083</b>  | <b>8,853,891</b>   |
| Administrative expenses                                         |             | (24,496,446)       | (13,764,966)       |
| <b>Operating loss</b>                                           | 5           | <b>(4,462,363)</b> | <b>(4,911,075)</b> |
| Interest payable and similar expenses                           | 9           | (131)              | (87,672)           |
| <b>Loss before taxation</b>                                     |             | <b>(4,462,494)</b> | <b>(4,998,747)</b> |
| Tax on loss                                                     | 10          | 247,728            | -                  |
| <b>Loss for the financial year</b>                              |             | <b>(4,214,766)</b> | <b>(4,998,747)</b> |
| <b>Total comprehensive income for the year</b>                  |             | <b>(4,214,766)</b> | <b>(4,998,747)</b> |
| <b>(Loss) for the year attributable to:</b>                     |             |                    |                    |
| Non-controlling interests                                       |             | -                  | -                  |
| Owners of the parent Company                                    |             | (4,214,766)        | (4,998,747)        |
| <b>Total comprehensive income for the year attributable to:</b> |             | <b>(4,214,766)</b> | <b>(4,998,747)</b> |
| Owners of the parent Company                                    |             | (4,214,766)        | (4,998,747)        |

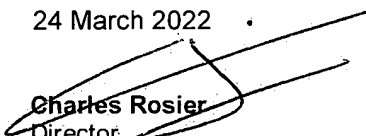
The notes on pages 16 to 33 form part of these financial statements.

**ASC REGENCY LIMITED**  
**REGISTERED NUMBER: 10523270**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

|                                                            | Note | 2020<br>£         | As restated<br>2019<br>£ |
|------------------------------------------------------------|------|-------------------|--------------------------|
| <b>Fixed assets</b>                                        |      |                   |                          |
| Intangible assets                                          | 11   | 511,078           | 644,897                  |
| Tangible fixed assets                                      | 12   | 430,436           | 245,459                  |
|                                                            |      | <u>941,514</u>    | <u>890,356</u>           |
| <b>Current assets</b>                                      |      |                   |                          |
| Stocks                                                     | 14   | 5,691,744         | 1,590,029                |
| Debtors                                                    | 15   | 8,032,359         | 5,917,851                |
| Cash and cash equivalents                                  | 16   | 6,242,274         | 8,975,407                |
|                                                            |      | <u>19,966,377</u> | <u>16,483,287</u>        |
| Creditors: amounts falling due within one year             | 17   | (4,517,099)       | (12,126,486)             |
| <b>Net current assets</b>                                  |      | <u>15,449,278</u> | <u>4,356,801</u>         |
| <b>Total assets less current liabilities</b>               |      | <u>16,390,792</u> | <u>5,247,157</u>         |
| <b>Provisions for liabilities</b>                          |      |                   |                          |
| Provisions                                                 | 19   | (140,609)         | (20,000)                 |
|                                                            |      | <u>(140,609)</u>  | <u>(20,000)</u>          |
| <b>Net assets</b>                                          |      | <u>16,250,183</u> | <u>5,227,157</u>         |
| <b>Capital and reserves</b>                                |      |                   |                          |
| Called up share capital                                    | 20   | 19,007            | 16,552                   |
| Share premium account                                      | 21   | 37,533,772        | 22,240,438               |
| Foreign exchange reserve                                   | 21   | (60,228)          | (2,231)                  |
| Other reserves                                             | 21   | 982               | 982                      |
| Profit and loss account                                    | 21   | (21,243,350)      | (17,028,584)             |
| <b>Equity attributable to owners of the parent Company</b> |      | <u>16,250,183</u> | <u>5,227,157</u>         |
|                                                            |      | <u>16,250,183</u> | <u>5,227,157</u>         |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 March 2022.

  
Charles Rosier  
Director

The notes on pages 16 to 33 form part of these financial statements.

**ASC REGENCY LIMITED**  
**REGISTERED NUMBER: 10523270**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

|                                                | Note | 2020<br>£           | As restated<br>2019<br>£ |
|------------------------------------------------|------|---------------------|--------------------------|
| <b>Fixed assets</b>                            |      |                     |                          |
| Intangible assets                              | 11   | 511,078             | 644,897                  |
| Tangible assets                                | 12   | 430,436             | 245,459                  |
| Investments                                    | 13   | 25,844              | 25,844                   |
|                                                |      | <u>967,358</u>      | <u>916,200</u>           |
| <b>Current assets</b>                          |      |                     |                          |
| Stocks                                         | 14   | 5,691,742           | 1,590,028                |
| Debtors                                        | 15   | 11,938,541          | 7,605,073                |
| Cash and cash equivalents                      | 16   | 4,509,646           | 8,556,844                |
|                                                |      | <u>22,139,929</u>   | <u>17,751,945</u>        |
| Creditors: amounts falling due within one year | 17   | (6,341,133)         | (12,121,378)             |
| <b>Net current assets</b>                      |      | <u>15,798,796</u>   | <u>5,630,567</u>         |
| <b>Total assets less current liabilities</b>   |      | <u>16,766,154</u>   | <u>6,546,767</u>         |
| <b>Provisions for liabilities</b>              |      |                     |                          |
| Provisions                                     | 19   | (140,608)           | (20,000)                 |
|                                                |      | <u>(140,608)</u>    | <u>(20,000)</u>          |
| <b>Net assets</b>                              |      | <u>16,625,546</u>   | <u>6,526,767</u>         |
| <b>Capital and reserves</b>                    |      |                     |                          |
| Called up share capital                        | 20   | 19,007              | 16,552                   |
| Share premium account                          | 21   | 37,533,772          | 22,240,438               |
| Other reserves                                 | 21   | 982                 | 982                      |
| Profit and loss account brought forward        |      | (15,731,205)        | (12,030,822)             |
| Loss for the year                              |      | (5,197,010)         | (3,700,383)              |
| Profit and loss account carried forward        |      | <u>(20,928,215)</u> | <u>(15,731,205)</u>      |
|                                                |      | <u>16,625,546</u>   | <u>6,526,767</u>         |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
24 March 2022

  
**Charles Rosier**  
Director

The notes on pages 16 to 33 form part of these financial statements.

ASC REGENITY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020

|                                                | Called up<br>share<br>capital<br>£ | Share<br>premium<br>account<br>£ | Foreign<br>exchange<br>reserve<br>£ | Other<br>reserves<br>£ | Profit and<br>loss<br>account<br>£ | Equity<br>attributable<br>to owners of<br>parent<br>Company<br>£ | Total equity<br>£ |
|------------------------------------------------|------------------------------------|----------------------------------|-------------------------------------|------------------------|------------------------------------|------------------------------------------------------------------|-------------------|
| At 1 January 2020 (as previously stated)       | 16,552                             | 22,240,438                       | -                                   | 982                    | (17,063,956)                       | 5,194,016                                                        | 5,194,016         |
| Prior year adjustment                          | -                                  | -                                | (2,231)                             | -                      | 35,372                             | 33,141                                                           | 33,141            |
| At 1 January 2020 (as restated)                | 16,552                             | 22,240,438                       | (2,231)                             | 982                    | (17,028,584)                       | 5,227,157                                                        | 5,227,157         |
| <b>Comprehensive income for the year</b>       |                                    |                                  |                                     |                        |                                    |                                                                  |                   |
| Loss for the year                              | -                                  | -                                | -                                   | -                      | (4,214,766)                        | (4,214,766)                                                      | (4,214,766)       |
| FX Reserve movement                            | -                                  | -                                | (57,997)                            | -                      | -                                  | (57,997)                                                         | (57,997)          |
| <b>Total comprehensive income for the year</b> | -                                  | -                                | (57,997)                            | -                      | (4,214,766)                        | (4,272,763)                                                      | (4,272,763)       |
| Shares issued during the year                  | 2,455                              | 15,293,334                       | -                                   | -                      | -                                  | 15,295,789                                                       | 15,295,789        |
| <b>Total transactions with owners</b>          | 2,455                              | 15,293,334                       | -                                   | -                      | -                                  | 15,295,789                                                       | 15,295,789        |
| <b>At 31 December 2020</b>                     | <b>19,007</b>                      | <b>37,533,772</b>                | <b>(60,228)</b>                     | <b>982</b>             | <b>(21,243,350)</b>                | <b>16,250,183</b>                                                | <b>16,250,183</b> |

The notes on pages 16 to 33 form part of these financial statements.



ASC REGENITY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019

|                                          | Called up<br>share<br>capital<br>£ | Share<br>premium<br>account<br>£ | Foreign<br>exchange<br>reserve<br>£ | Other<br>reserves<br>£ | Profit and<br>loss<br>account<br>£ | Equity<br>attributable<br>to owners of<br>parent<br>Company<br>£ | Total equity<br>£ |
|------------------------------------------|------------------------------------|----------------------------------|-------------------------------------|------------------------|------------------------------------|------------------------------------------------------------------|-------------------|
| At 1 January 2019                        | 14,934                             | 13,038,001                       | -                                   | 982                    | (12,029,837)                       | 1,024,080                                                        | 1,024,080         |
| <b>Comprehensive income for the year</b> |                                    |                                  |                                     |                        |                                    |                                                                  |                   |
| Loss for the year (as restated)          | -                                  | -                                | -                                   | -                      | (4,998,747)                        | (4,998,747)                                                      | (4,998,747)       |
| FX reserve movement (as restated)        | -                                  | -                                | (2,231)                             | -                      | -                                  | (2,231)                                                          | (2,231)           |
| Shares issued during the year            | 1,618                              | 9,202,437                        | -                                   | -                      | -                                  | 9,204,055                                                        | 9,204,055         |
| <b>At 31 December 2019</b>               | <b>16,552</b>                      | <b>22,240,438</b>                | <b>(2,231)</b>                      | <b>982</b>             | <b>(17,028,584)</b>                | <b>5,227,157</b>                                                 | <b>5,227,157</b>  |

The notes on pages 16 to 33 form part of these financial statements.

**ASC REGENITY LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

|                                                     | Called up<br>share<br>capital<br>£ | Share<br>premium<br>account<br>£ | Other<br>reserves<br>£ | Profit and<br>loss<br>account<br>£ | Total equity<br>£  |
|-----------------------------------------------------|------------------------------------|----------------------------------|------------------------|------------------------------------|--------------------|
| <b>At 1 January 2019</b>                            | <b>14,934</b>                      | <b>13,038,001</b>                | <b>982</b>             | <b>(12,030,822)</b>                | <b>1,023,095</b>   |
| <b>Comprehensive income for the year</b>            |                                    |                                  |                        |                                    |                    |
| Loss for the year (as restated)                     | -                                  | -                                | -                      | (3,700,383)                        | (3,700,383)        |
| <b>Total comprehensive income for the year</b>      | <b>-</b>                           | <b>-</b>                         | <b>-</b>               | <b>(3,700,383)</b>                 | <b>(3,700,383)</b> |
| <b>Contributions by and distributions to owners</b> |                                    |                                  |                        |                                    |                    |
| Shares issued during the year                       | 1,618                              | 9,202,437                        | -                      | -                                  | 9,204,055          |
| <b>At 1 January 2020 (as previously stated)</b>     | <b>16,552</b>                      | <b>22,240,438</b>                | <b>982</b>             | <b>(14,822,348)</b>                | <b>7,435,624</b>   |
| Prior year adjustment                               | -                                  | -                                | -                      | (908,857)                          | (908,857)          |
| <b>At 1 January 2020 (as restated)</b>              | <b>16,552</b>                      | <b>22,240,438</b>                | <b>982</b>             | <b>(15,731,205)</b>                | <b>6,526,767</b>   |
| <b>Comprehensive income for the year</b>            |                                    |                                  |                        |                                    |                    |
| Loss for the year                                   | -                                  | -                                | -                      | (5,197,010)                        | (5,197,010)        |
| <b>Total comprehensive income for the year</b>      | <b>-</b>                           | <b>-</b>                         | <b>-</b>               | <b>(5,197,010)</b>                 | <b>(5,197,010)</b> |
| Shares issued during the year                       | 2,455                              | 15,293,334                       | -                      | -                                  | 15,295,789         |
| <b>Total transactions with owners</b>               | <b>2,455</b>                       | <b>15,293,334</b>                | <b>-</b>               | <b>-</b>                           | <b>15,295,789</b>  |
| <b>At 31 December 2020</b>                          | <b>19,007</b>                      | <b>37,533,772</b>                | <b>982</b>             | <b>(20,928,215)</b>                | <b>16,625,546</b>  |

The notes on pages 16 to 33 form part of these financial statements.

## **ASC REGENITY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **1. General information**

ASC Regenity Limited is a private company limited by shares registered in England and Wales. The Company's registered office is Unit 2.02, 411-413 Oxford Street, London, W1C 2PE.

The Company's principal activity was the sale of skincare products, under the brand name Augustinus Bader.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

ASC Regenity Limited is a qualifying entity and taken advantage of the optional exemption not to produce Group and Company Statement of Cash Flows. ASC Regenity Limited is a subsidiary of AC Therapeutics Limited, the ultimate parent undertaking. AC Therapeutics Limited prepares publicly available in whose consolidated financial statements ASC Regenity Limited financial statements are consolidated.

The following principal accounting policies have been applied:

##### **2.2 Basis of consolidation**

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

##### **2.3 Going concern**

The Group's business activities together with the factors likely to affect its future development, performance, and position set out in the Group Directors' Report.

The existing loan facility with Impala has been utilised throughout 2022. The Group has the support of its existing investors to enable the business to continue in operation for the foreseeable future. The Directors have prepared and reviewed cash flow forecast. The forecast contains certain assumptions about the level of future sales, margins achievable including paybacks of the loan to Impala.

The directors, therefore, have a reasonable expectation that the company has adequate resources to continue in operational existence and have consequently prepared the accounts on a going concern basis.

## **ASC REGENITY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **2. Accounting policies (continued)**

##### **2.4 Foreign currency translation**

###### **Functional and presentation currency**

The Company's functional and presentational currency is GBP.

###### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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

##### **2.5 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### **2.6 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

##### **2.7 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**2. Accounting policies (continued)**

**2.8 Pensions**

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

**2.9 Taxation**

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.10 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is charged using the straight-line method on the following basis:

|                   |            |
|-------------------|------------|
| Patents           | - 10 years |
| Computer Software | - 5 years  |

**2.11 Research and Development**

Expenditure on research and development is written off in the year in which it is incurred.

## ASC REGENCY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 2. Accounting policies (continued)

##### 2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

|                              |           |
|------------------------------|-----------|
| Long-term leasehold property | - 5 years |
| Plant and machinery          | - 3 years |
| Fixtures and fittings        | - 3 years |
| Computer equipment           | - 3 years |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

##### 2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

##### 2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### 2.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

## **ASC REGENITY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **2. Accounting policies (continued)**

##### **2.17 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### **2.18 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

##### **2.19 Financial instruments**

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# ASC REGENCY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have determined whether there are indications of impairment of the Group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

The provisions for stocks is estimated based on stock items that are not saleable following a change in the product formulation and packaging. The directors believe there are no slow-moving and obsolete items.

### 4. Turnover

An analysis of turnover by class of business is as follows:

|                | 2020<br>£         | As restated<br>2019<br>£ |
|----------------|-------------------|--------------------------|
| Sales of goods | 29,753,341        | 12,783,784               |
|                | <u>29,753,341</u> | <u>12,783,784</u>        |

Analysis of turnover by country of destination:

|                   | 2020<br>£         | As restated<br>2019<br>£ |
|-------------------|-------------------|--------------------------|
| United Kingdom    | 9,436,725         | 1,539,377                |
| Rest of Europe    | 3,993,626         | 1,415,837                |
| Rest of the world | 16,322,991        | 9,828,571                |
|                   | <u>29,753,342</u> | <u>12,783,785</u>        |

### 5. Operating loss

The operating loss is stated after charging:

|                                              | 2020<br>£        | As restated<br>2019<br>£ |
|----------------------------------------------|------------------|--------------------------|
| Research & development charged as an expense | 911,338          | 978,922                  |
| Exchange differences                         | 204,672          | 232,395                  |
| Other operating lease rentals                | 501,032          | 483,501                  |
|                                              | <u>1,617,042</u> | <u>1,694,818</u>         |



**ASC REGENITY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**6. Auditors' remuneration**

|                                                                                              | 2020<br>£     | 2019<br>£     |
|----------------------------------------------------------------------------------------------|---------------|---------------|
| Fees payable to the Group's auditor for the audit of the Group's annual financial statements | <u>38,000</u> | <u>13,875</u> |
| <b>Fees payable to the Group's auditor in respect of:</b>                                    |               |               |
| All other services                                                                           | <u>47,766</u> | <u>200</u>    |
|                                                                                              | <u>47,766</u> | <u>200</u>    |

**7. Employees**

Staff costs, including Directors' remuneration, were as follows:

|                                     | Group<br>2020<br>£ | Group<br>2019<br>£ | Company<br>2020<br>£ | Company<br>2019<br>£ |
|-------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Wages and salaries                  | 5,822,956          | 1,456,743          | 3,245,615            | 1,443,936            |
| Social security costs               | 419,319            | 105,272            | 419,319              | 102,994              |
| Cost of defined contribution scheme | 26,393             | 12,147             | 26,393               | 12,147               |
|                                     | <u>6,268,668</u>   | <u>1,574,162</u>   | <u>3,691,327</u>     | <u>1,559,077</u>     |

The average monthly number of employees, including the Directors, during the year was as follows:

|                          | 2020<br>No. | 2019<br>No. |
|--------------------------|-------------|-------------|
| Admin                    | 51          | 12          |
| Research and Development | 3           | 3           |
|                          | <u>54</u>   | <u>15</u>   |

**8. Directors' remuneration**

Information regarding the highest paid director is as follows:

|                       | 2020<br>£      | 2019<br>£      |
|-----------------------|----------------|----------------|
| Directors' emoluments | <u>235,255</u> | <u>211,756</u> |
|                       | <u>235,255</u> | <u>211,756</u> |

**ASC REGENCY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**9. Interest payable and similar expenses**

|                             | 2020<br>£  | 2019<br>£     |
|-----------------------------|------------|---------------|
| Other loan interest payable | -          | 87,672        |
| Other interest payable      | 131        | -             |
|                             | <u>131</u> | <u>87,672</u> |

**10. Taxation**

|                                                         | 2020<br>£        | <i>As restated</i><br>2019<br>£ |
|---------------------------------------------------------|------------------|---------------------------------|
| <b>Corporation tax</b>                                  |                  |                                 |
| Current tax on profits for the year                     | (91,615)         | -                               |
| Adjustments in respect of previous periods              | (156,113)        | -                               |
|                                                         | <u>(247,728)</u> | <u>-</u>                        |
| <b>Total current tax</b>                                | <u>(247,728)</u> | <u>-</u>                        |
| <b>Deferred tax</b>                                     |                  |                                 |
| <b>Total deferred tax</b>                               | <u>-</u>         | <u>-</u>                        |
| <b>Taxation on (loss)/profit on ordinary activities</b> | <u>(247,728)</u> | <u>-</u>                        |

# ASC REGENCY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 10. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

|                                                                                                          | 2020<br>£          | As restated<br>2019<br>£ |
|----------------------------------------------------------------------------------------------------------|--------------------|--------------------------|
| Loss on ordinary activities before tax                                                                   | <b>(4,462,494)</b> | <b>(4,998,747)</b>       |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%) | <b>(850,440)</b>   | <b>(949,831)</b>         |
| <b>Effects of:</b>                                                                                       |                    |                          |
| Fixed assets differences                                                                                 | <b>12,252</b>      | 4,526                    |
| Expenses not deductible for tax purposes                                                                 | <b>94,154</b>      | 87,575                   |
| Income not taxable for tax purposes                                                                      | -                  | (893)                    |
| Other permanent differences                                                                              | <b>33,618</b>      | 195                      |
| Adjustments to losses                                                                                    | <b>(172,509)</b>   | -                        |
| Additional deduction to research and development                                                         | <b>(67,853)</b>    | -                        |
| Other timing differences                                                                                 | <b>(103,062)</b>   | 120,055                  |
| Surrender of tax losses for R&D tax credit refund                                                        | <b>28,432</b>      | -                        |
| Adjustment to tax charge in respect of previous periods                                                  | <b>(156,113)</b>   | -                        |
| Movement in deferred tax not recognised                                                                  | <b>875,669</b>     | 816,297                  |
| Different tax rates                                                                                      | <b>58,124</b>      | (77,924)                 |
| <b>Total tax charge for the year</b>                                                                     | <b>(247,728)</b>   | -                        |

#### Factors that may affect future tax charges

On 11 March 2020 it was announced (and substantively enacted on 17 March 2020) that the UK corporation tax rate would remain at 19% and not reduce to 17% (the previously enacted rate) from 1 April 2020. On 3 March 2021, the Chancellor announced that the corporation tax rate will be increasing to 25% from 1 April 2023; this was subsequently enacted 24 May 2021 and enacted on 20 June 2021.

**ASC REGENCY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**11. Intangible assets**

**Group and Company**

|                                     | Patents<br>£   | Computer<br>software<br>£ | Total<br>£     |
|-------------------------------------|----------------|---------------------------|----------------|
| <b>Cost</b>                         |                |                           |                |
| At 1 January 2020                   | 492,936        | 310,907                   | 803,843        |
| Disposals                           | -              | (32,308)                  | (32,308)       |
| At 31 December 2020                 | <u>492,936</u> | <u>278,599</u>            | <u>771,535</u> |
| <b>Amortisation</b>                 |                |                           |                |
| At 1 January 2020                   | 127,326        | 31,620                    | 158,946        |
| Charge for the year on owned assets | 49,764         | 55,518                    | 105,282        |
| On disposals                        | -              | (3,771)                   | (3,771)        |
| At 31 December 2020                 | <u>177,090</u> | <u>83,367</u>             | <u>260,457</u> |
| <b>Net book value</b>               |                |                           |                |
| At 31 December 2020                 | <u>315,846</u> | <u>195,232</u>            | <u>511,078</u> |
| At 31 December 2019                 | <u>365,610</u> | <u>279,287</u>            | <u>644,897</u> |

ASC REGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

12. Tangible fixed assets

Group and Company

|                                        | Plant and<br>machinery<br>£ | Fixtures and<br>fittings<br>£ | Computer<br>equipment<br>£ | Long<br>leasehold<br>property<br>£ | Total<br>£ |
|----------------------------------------|-----------------------------|-------------------------------|----------------------------|------------------------------------|------------|
| <b>Cost</b>                            |                             |                               |                            |                                    |            |
| At 1 January 2020                      | 57,367                      | 36,198                        | 28,873                     | 297,773                            | 420,211    |
| Additions                              | 332,414                     | 18,855                        | 2,007                      | 9,855                              | 363,131    |
| Disposals                              | (25,915)                    | (32,136)                      | (11,799)                   | (9,007)                            | (78,857)   |
| At 31 December 2020                    | 363,866                     | 22,917                        | 19,081                     | 298,621                            | 704,485    |
| <b>Depreciation</b>                    |                             |                               |                            |                                    |            |
| At 1 January 2020                      | 9,819                       | 29,501                        | 9,285                      | 126,146                            | 174,751    |
| Charge for the year on<br>owned assets | 66,650                      | 5,761                         | 6,072                      | 61,029                             | 139,512    |
| Disposals                              | -                           | (27,859)                      | (6,805)                    | (5,550)                            | (40,214)   |
| At 31 December 2020                    | 76,469                      | 7,403                         | 8,552                      | 181,625                            | 274,049    |
| <b>Net book value</b>                  |                             |                               |                            |                                    |            |
| At 31 December 2020                    | 287,397                     | 15,514                        | 10,529                     | 116,996                            | 430,436    |
| At 31 December 2019                    | 47,548                      | 6,697                         | 19,588                     | 171,626                            | 245,459    |

13. Fixed asset investments

Company

|                     | Investments<br>in<br>subsidiary<br>companies<br>(As restated)<br>£ |
|---------------------|--------------------------------------------------------------------|
| <b>Cost</b>         |                                                                    |
| At 1 January 2020   | 25,844                                                             |
| At 31 December 2020 | 25,844                                                             |

# ASC REGENCY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 13. Fixed asset investments (continued)

#### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name                | Registered office                                          | Class of shares | Holding |
|---------------------|------------------------------------------------------------|-----------------|---------|
| ASC Regenity Inc    | 6 Saint Johns Ln New York, NY, 10013-2115<br>United States | Ordinary shares | 100%    |
| ASC innovation GmbH | Krankenhausstr. 7 04668, Parthenstein,                     | Ordinary shares | 100%    |

The aggregate of the share capital and reserves as at 31 December 2020 and the profit or loss for the year ended on that date for the subsidiary undertakings was as follows:

| Name                | Aggregate of share capital and reserves<br>£ |
|---------------------|----------------------------------------------|
| ASC Regenity Inc    | 2,208,416                                    |
| ASC Innovation GmbH | 98,871                                       |

### 14. Stocks

|                               | Group<br>2020<br>£ | Group<br>2019<br>£ | Company<br>2020<br>£ | Company<br>2019<br>£ |
|-------------------------------|--------------------|--------------------|----------------------|----------------------|
| Raw materials and consumables | 5,691,744          | 1,590,029          | 5,691,742            | 1,590,028            |
|                               | <u>5,691,744</u>   | <u>1,590,029</u>   | <u>5,691,742</u>     | <u>1,590,028</u>     |

There is no significant difference between the replacement cost of the stock and its carrying amount.

Stock is stated after provisions for impairment of £482,067 (2019: £870,977).

**ASC REGENCY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**15. Debtors**

|                                    | <b>Group</b>     | <i>Group<br/>As restated</i> | <b>Company</b>    | <i>Company<br/>As restated</i> |
|------------------------------------|------------------|------------------------------|-------------------|--------------------------------|
|                                    | <b>2020</b>      | <b>2019</b>                  | <b>2020</b>       | <b>2019</b>                    |
|                                    | <b>£</b>         | <b>£</b>                     | <b>£</b>          | <b>£</b>                       |
| Trade debtors                      | <b>6,142,101</b> | 3,144,702                    | <b>4,713,782</b>  | 2,213,271                      |
| Amounts owed by group undertakings | <b>580,702</b>   | 1,528,431                    | <b>5,965,449</b>  | 4,153,014                      |
| Other debtors                      | <b>939,684</b>   | 540,981                      | <b>890,073</b>    | 535,051                        |
| Prepayments and accrued income     | <b>369,872</b>   | 703,737                      | <b>369,237</b>    | 703,737                        |
|                                    | <b>8,032,359</b> | 5,917,851                    | <b>11,938,541</b> | 7,605,073                      |

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Trade debtors are stated after provisions for impairment of £297,670 (2019: £57,478).

**16. Cash and cash equivalents**

|                          | <b>Group</b>     | <i>Group<br/>As restated</i> | <b>Company</b>   | <i>Company<br/>As restated</i> |
|--------------------------|------------------|------------------------------|------------------|--------------------------------|
|                          | <b>2020</b>      | <b>2019</b>                  | <b>2020</b>      | <b>2019</b>                    |
|                          | <b>£</b>         | <b>£</b>                     | <b>£</b>         | <b>£</b>                       |
| Cash at bank and in hand | <b>6,242,274</b> | 8,975,407                    | <b>4,509,646</b> | 8,556,844                      |
|                          | <b>6,242,274</b> | 8,975,407                    | <b>4,509,646</b> | 8,556,844                      |

**17. Creditors: Amounts falling due within one year**

|                                    | <b>Group</b>     | <i>Group<br/>As restated</i> | <b>Company</b>   | <i>Company<br/>As restated</i> |
|------------------------------------|------------------|------------------------------|------------------|--------------------------------|
|                                    | <b>2020</b>      | <b>2019</b>                  | <b>2020</b>      | <b>2019</b>                    |
|                                    | <b>£</b>         | <b>£</b>                     | <b>£</b>         | <b>£</b>                       |
| Trade creditors                    | <b>2,094,871</b> | 861,110                      | <b>1,926,934</b> | 857,857                        |
| Amounts owed to group undertakings | -                | -                            | <b>2,049,242</b> | -                              |
| Amounts owed to related parties    | <b>673,629</b>   | 188,235                      | <b>673,629</b>   | 188,235                        |
| Other taxation and social security | <b>402,547</b>   | 36,078                       | <b>345,276</b>   | 34,222                         |
| Other creditors                    | <b>440,567</b>   | 10,247,554                   | <b>440,567</b>   | 10,247,555                     |
| Accruals and deferred income       | <b>905,485</b>   | 793,509                      | <b>905,485</b>   | 793,509                        |
|                                    | <b>4,517,099</b> | 12,126,486                   | <b>6,341,133</b> | 12,121,378                     |

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and repayable on demand.

**ASC REGENCY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**18. Financial instruments**

|                                                  | <b>Group</b>              | <i>Group<br/>As restated</i> | <b>Company</b>            | <i>Company<br/>As restated</i> |
|--------------------------------------------------|---------------------------|------------------------------|---------------------------|--------------------------------|
|                                                  | <b>2020</b>               | <b>2019</b>                  | <b>2020</b>               | <b>2019</b>                    |
|                                                  | <b>£</b>                  | <b>£</b>                     | <b>£</b>                  | <b>£</b>                       |
| <b>Financial assets</b>                          |                           |                              |                           |                                |
| Financial assets measured at amortised cost      | <u><b>7,083,490</b></u>   | <u><b>4,547,247</b></u>      | <u><b>11,000,190</b></u>  | <u><b>5,075,856</b></u>        |
| <b>Financial liabilities</b>                     |                           |                              |                           |                                |
| Financial liabilities measured at amortised cost | <u><b>(1,954,439)</b></u> | <u><b>(11,324,782)</b></u>   | <u><b>(5,090,375)</b></u> | <u><b>(11,329,892)</b></u>     |

Financial assets are measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors for the Group and Company.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings and other creditors for the Group and Company.

**19. Provisions**

**Group**

|                            | <b>Other<br/>provisions<br/>£</b> |
|----------------------------|-----------------------------------|
| At 1 January 2020          | <b>20,000</b>                     |
| Charged to profit or loss  | <b>120,608</b>                    |
| <b>At 31 December 2020</b> | <u><b>140,608</b></u>             |



# ASC REGENCY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 19. Provisions (continued)

#### Company

|                            | Other<br>provisions<br>£ | Total<br>£     |
|----------------------------|--------------------------|----------------|
| At 1 January 2020          | 20,000                   | 20,000         |
| Charged to profit or loss  | 120,608                  | 120,608        |
| <b>At 31 December 2020</b> | <b>140,608</b>           | <b>140,608</b> |

#### Loyalty Points

ASC Regenity Ltd recognises a provision for the probable financial liability to customers in respect of Loyalty Points claimed from past purchases. The provision is calculated in reference to historical rates of prior customers redeeming loyalty points. The estimate is therefore sensitive to management's estimate of redemptions rates in subsequent periods. Upon sensitivity analysis management have concluded that the estimate is not materially sensitive to variance of the input estimates and therefore not a key estimate in the accounts.

#### Dilapidation cost provision

A provision for the present value of future property reinstatement costs is recognised where there is an obligation to return the leased property to its original condition at the end of an operating lease. Where a leased property is no longer expected to be fully occupied or where the costs exceed the future expected benefits, an onerous lease provision will be recognised for that portion of the lease in excess to the Group's requirements and not fully recovered through sub-leasing, or through value-in-use.

### 20. Share capital

|                                                               | 2020<br>£     | 2019<br>£     |
|---------------------------------------------------------------|---------------|---------------|
| <b>Allotted, called up and fully paid</b>                     |               |               |
| 1,500,000 (2019 - 1,500,000) Ordinary A shares of \$0.01 each | 11,220        | 11,220        |
| 781,531 (2019 - 614,557) Ordinary B shares of \$0.01 each     | 5,283         | 4,061         |
| 38,674 (2019 - 38,674) Ordinary C shares of \$0.01 each       | 340           | 340           |
| 474,527 (2019 - 306,166) Ordinary D shares of \$0.01 each     | 2,164         | 931           |
|                                                               | <b>19,007</b> | <b>16,552</b> |

During the year the company issued 166,974 Ordinary B shares at a par value of \$0.01. Ordinary B shares have no voting rights.

During the year the company issued 168,361 Ordinary D shares at a par value of \$0.01. Ordinary D shares have no voting rights.

There are no restrictions on the distribution of dividends and repayment of capital.

## **ASC REGENCY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **21. Reserves**

##### **Share premium account**

Share premium reserve includes amounts paid by shareholders for shares issued in excess of the par value.

##### **Foreign exchange reserve**

Foreign exchange reserve relates to translation of subsidiary balance's from Euro's and USD to GBP for the purpose of consolidating.

##### **Other reserves**

Other reserves relates to the redenomination of share capital. The share capital was originally issued in GBP then subsequently redenominated to USD.

##### **Profit and loss account**

Profit and loss account is an accumulation of the companies profit and losses since incorporation, less any distributions made to shareholders.

#### **22. Prior year adjustment**

Prior year figures have been restated due to adjustments to the subsidiaries of the Group on consolidation. These arose as a result of an oversight by management.

The foreign exchange of £34,023 from ASC Regenity Inc. a subsidiary of ASC Regenity Limited has been adjusted due to incorrect exchange rate used in the prior year financial statements. The impact of the adjustment was to increase trade debtors by £12,936, to increase cash by £9,555 and to decrease foreign exchange reserves by £11,532.

The profit for the year of £1,349 from ASC Innovation GmbH, a subsidiary of ASC Regenity Limited was incorrectly omitted from the 2019 Group's accounts. The impact of the adjustment was to increase other debtors by £5,931, to increase cash by £24,364, increase creditors by £5,110, to increase amounts owed to parent company by £21,604 and to increase foreign exchange reserves by £2,232.

As a result of the above two adjustments, the Group net assets increased by £ 26,073 and 2019 Group loss was lower by £35,372. The foreign exchange reserves balance at 31 December 2019 was lower by £9,299, before a consolidation adjustment of £7,068.

There has also been a restatement of 2019 ASC Regenity Limited's Company only figures. The £908,857 turnover of ASC Regenity Inc was incorrectly included in the Company only turnover and debtors during the year ended 31 December 2019. As a result of this adjustment, the Company net assets decreased by £908,857 and the Company loss was £908,857 lower. This has had no effect on the Group net assets and Group loss for the year ended 31 December 2019.

Finally, as at 31 December 2019 the investment held in ASC Regenity Inc and ASC Innovation GmbH by ASC Regenity Limited had been incorrectly included within amounts due from group undertakings in the Company Balance Sheet. The investments of £25,844 have been reclassified to Investments. This has had no effect on the Group and Company net assets and Group and Company loss for the year ended 31 December 2019.

## ASC REGENITY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 23. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund amounted to £26,393 (2019: £12,145). As at 31 December 2020 the amount owed to the pension fund was £6,347 (2019: £3,086).

#### 24. Commitments under operating leases

At 31 December 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

|                                              | <b>Group<br/>2020<br/>£</b> | <b>Group<br/>2019<br/>£</b> | <b>Company<br/>2020<br/>£</b> | <b>Company<br/>2019<br/>£</b> |
|----------------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Not later than 1 year                        | <b>149,305</b>              | 340,377                     | <b>149,305</b>                | 245,600                       |
| Later than 1 year and not later than 5 years | -                           | 149,304                     | -                             | 69,691                        |
|                                              | <b>149,305</b>              | <b>489,681</b>              | <b>149,305</b>                | <b>315,291</b>                |

#### 25. Related party transactions

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

As at 31 December 2020, the company was owed £336,845 (2019: £1,461,933) by AC Therapeutics Limited, the ultimate parent undertaking. The balance is reflected within amounts owed by group undertakings and is interest free and repayable on demand.

As at 31 December 2020, the company was owed £219,878 (2019: £46,442) by ASC Skin Therapeutics Limited, a company under common control. The balance is reflected within amounts owed by group undertakings and is interest free and repayable on demand.

As at 31 December 2020, the Company was owed £622,957 by Augustinus Bader Personalised Healthcare Service GmbH, a Company whose majority shares are owned by a Director of ASC Regenity Limited. The balance is related to the supply of Trigger Factor Complex 8 (TFC8) which includes stock and patented ingredients. The balance is reflected within amounts owed to related parties and is interest free and repayable on demand.

As at 31 December 2020, the Company owed £15,265 Bionethos Innovation GmbH, a Company whose majority shares are owned by a Director of ASC Regenity Limited. The balance is related to the Research and Developments of TFC8. The balance is reflected within amounts owed to related parties and is interest free and repayable on demand.

As at 31 December 2020, the Company owed £35,707 JKBF GmbH, a Company whose majority shares are owned by a close relative of a director of ASC Regenity Limited. The balance is related to the Research and Developments of TFC8. The balance is reflected within amounts owed to related parties and is interest free and repayable on demand.

## **ASC REGENITY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **26. Post balance sheet events**

##### **Impala loan agreement**

On 14th April 2021 the Company obtained a shareholder loan from Impala which provided a facility up to \$5m to be drawn, with an interest rate of 3%. As at 28 July 2021 the Company has subsequently drawn down \$2.5m of this loan facility.

##### **Setup legal entity in China**

On 22 April 2021 the company has set up a legal entity in China 'Augustinas Bader Shanghai Company Ltd' to better operate in China. There was a decision to switch from a regional office to a legal company.

#### **27. Controlling party**

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is AC Therapeutics Limited, a company incorporated in England and Wales. Copies of the consolidated group financial statements can be obtained from the registered office, Unit 2.02, 411-413, Oxford Street, London, United Kingdom, W1C 2PE.

The ultimate controlling party is deemed to be Charles Rosier.