

**Sinclair Pharma Limited**

*Annual Report and Financial Statements*

Year ended 31 December 2020

**Company Registration no. 03816616**

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# **Sinclair Pharma Limited**

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## **Company information**

Sinclair Pharma Limited is registered as a private limited company, incorporated and domiciled in England and Wales and its registered number is 03816616.

### **Registered office**

Sinclair Pharma Limited  
1st Floor  
Whitfield Court  
30–32 Whitfield Street  
London  
W1T 2RQ  
United Kingdom

Tel +44 20 7467 6920

### **Independent Auditors**

Saffery Champness LLP  
71 Queen Victoria Street  
London  
EC4V 4BE

# Sinclair Pharma Limited

## Strategic report

For the year ended 31 December 2020

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### Principal activities

The Group's principal activities are the development and commercialisation of medical aesthetic products through the Group's direct sales operations and through marketing partners on an international basis.

Sinclair's product portfolio includes global rights to the core brands Silhouette Soft®/InstaLift®, Ellansé®, and Perfectha®. During 2020 rights to two new brands (MaiLi® and Lanluma®) were added to the portfolio, and the Group disposed of its Western Europe rights to Sculptra® which were held on a long-term licence from Galderma. The Group markets these products through its own direct operations in Western Europe, Brazil, Mexico, South Korea, Russia and the UAE, and through a network of marketing partners in the Middle East, Asia, Central and Eastern Europe and Latin America.

### Business review

There have been a number of significant events and transactions that have shaped the results for the year, and which will also have an impact on the Group for future years. These were as follows:

#### Sculptra®

On 13 February 2020, the Group agreed to an early termination with Galderma SA of the long-term license agreement for Sculptra®. In exchange for a cash consideration of \$51 million, Sinclair transferred all rights to sell Sculptra®, and NewFill® in Western Europe, and all inventory and goodwill to Galderma SA. As a result, the results of the Sculptra® business are disclosed as discontinued operations in these financial statements for the whole of the current and prior financial years.

#### US Business

Unfortunately, and despite significant investment to support Silhouette InstaLift® in the US market, revenues achieved remain far below the Board's expectations and the US business continued to be loss making throughout 2019 and into 2020. As a result, in Q1 2020, the Board decided to appoint a distributor for Silhouette InstaLift® in the USA and Canada. Suneva Medical Inc. were subsequently appointed as distributor in March 2020 and following the transfer of five employees to Suneva, the rest of the Group's US commercial operation was closed, significantly reducing the Group's overheads.

#### COVID-19

From the start of the COVID pandemic in Q1 2020, the Board's priority has been to ensure the health and safety of all our employees. All Sinclair offices have been closed from time to time with staff working from home in line with local government guidelines. The Group's investment in IT has ensured that we retain a high level of connectivity across all teams and so we have been able to operate remotely with minimal disruption to the business.

As aesthetic clinics were closed across many markets and those that remained open were significantly less busy than usual, revenues declined in all markets. The Group responded by cancelling training and promotional activities along with other discretionary spending including all travel. With lockdown restrictions in place across Europe and in other markets, and with social distancing requirements restricting clinic capacity on re-opening, the Group saw a significant loss of revenue in 2020 compared to 2019 and the Board's expectations at the start of the year. While a recovery in revenues was seen in H2, the ongoing impact of COVID-19 is hard to predict with further lockdown restrictions imposed in the UK and some other European markets in early 2021.

#### Kylane and MaiLi®

On 23 March 2020, the Group entered into a product rights agreement with Kylane Laboratories SA ('Kylane') under which Sinclair agreed to acquire exclusive worldwide rights to a novel range of hyaluronic acid based dermal fillers with lidocaine. Sinclair paid €0.3 million to secure the rights and a further €13.7 million following CE Mark approval for the products in June 2020. The Group intends to launch the range under the MaiLi® trademark in Europe in H1 2021 with multiple launches to follow across all the Group's strategic markets, including China, over the next two to three years. Further milestones are due to be paid to Kylane linked to the transfer of the CE Mark to Sinclair and on transfer of manufacture of the products to Sinclair's in-house manufacturing facility in France. Kylane will also receive royalties linked to sales of the products for a period of nine years.

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On 17 September 2020, the Group entered into a share acquisition agreement with Kylane under which Sinclair agreed to acquire 20% of the issued share capital of Kylane for €6.0 million. At the same time, Sinclair and Kylane entered into a joint development agreement under which Sinclair agreed to contribute €1.0 million per year, starting in 2021, for Kylane to be used for the purposes of furthering development of a number of new aesthetic products. Under the terms of this agreement, Sinclair has a right of first refusal to the global rights for these new products on pre-agreed terms.

### New direct operations in UAE and Russia

During 2020, the Group has undertaken a significant restructure of its operations and relationships in the Middle East and Russia in order to take greater control over the sale of its products in these key markets. In the Middle East, Sinclair opened an office in Dubai to manage relationships in the region and has terminated the existing distribution agreement with AKI. The Group now has its own sales team in Dubai and new agreements in place for Saudi Arabia, Egypt, Lebanon, Kuwait and several other markets. In Russia, following the termination of both partner relationships, the Group has established a branch office in Moscow with a direct sales presence in the market. Perfectha® and Ellansé® were re-launched in Russia in H2 2020 with Silhouette to follow in 2021. These new commercial offices are expected to drive faster growth and improved margins for the Group in these important markets in the coming years after a period of consolidation and re-launch.

### Lanluma®

In July 2020, the Group entered into a licence agreement with GCS Co., Limited of South Korea for certain European rights to a poly-L-lactic acid based filler for facial and body indications, that will be launched by the Group under the trademark Lanluma® in Q1 2021, and targeted at the growing market for body contouring procedures.

### Performance by brand

Revenue from continuing operations for 2020 was £34.1 million, a 33% decline from the £50.6 million achieved for 2019, largely driven by the COVID-19 pandemic impact across multiple markets. Individual brand performance is discussed below.

### Ellansé®

Ellansé® revenues fell by 19% in 2020 to £14.7 million compared to £18.1 million in 2019 due to the COVID-19 pandemic with the largest impact seen in our European affiliates, South Korea and Brazil. Reported sales in Brazil, the products' largest market, declined by 25% to £1.75 million because of significant weakness of the Brazilian Real, however, in unit terms, Brazilian sales were flat in 2020. Overall, Ellansé® performance in 2020 provides the Board with confidence for the future when COVID -19 restrictions are lifted with sales volumes holding firm in Brazil and in-market sales growth seen in several countries during 2020 including Mexico, Taiwan and the Middle East.

Following Ellansé® submission to the Chinese regulatory authorities in late 2019 the Group has responded to a number of questions raised. The Board continues to expect approval to be granted in H1 2021 with launch in this important market by Sinclair's parent group Huadong Medicine Co. Ltd to follow soon after.

### Perfectha®

Revenues declined by 25% to £10.1 million in 2020 (2019: £13.4 million) largely due to COVID-19 effects. In Brazil, the products' largest market, revenues declined by 28% to £4.1 million due to COVID-19 restrictions, weakness of the Brazilian Real, and the end of a distribution agreement for dentists. Sinclair has taken back the rights to sell Perfectha® to dentists in Brazil, which represents a significant growth opportunity for the Group with an increasing number of the approximately 330,000 dentists in the country choosing to perform aesthetic procedures.

Perfectha® also saw sales decline in Europe, the Middle East and South Korea due to COVID-19 as well as partner changes in various Middle East territories and South Korea. In Mexico, sales grew by over 100% to reach £0.6 million, despite COVID-19, due to an expansion of Sinclair's presence in the market.

Approval of the Perfectha® Lidocaine range in Europe, delayed in 2019 due to an abrupt cessation in activities at the Notified Body is still expected to be granted in 2021.

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### **Silhouette Soft® and InstaLift®**

Sales of Silhouette fell to £9.3 million in 2020 (2019: £18.6 million).

Sales fell across all markets, largely due to COVID-19 restrictions but also due to various other factors. In the products' largest market, South Korea, sales fell by 50% to £2.0 million as this market was particularly hard hit by the pandemic and the loss of medical tourists visiting clinics in Seoul. Silhouette® sales also suffered from COVID-19 effects in Europe and Brazil. Revenue in the Middle East region was affected by partner changes and in Taiwan, by partner over-stocking.

Revenues from Silhouette InstaLift® in the USA declined from £4.8 million in 2019 to £2.5 million in 2020 following the Group's decision to close its direct operations and licence the Silhouette InstaLift® rights for USA and Canada to Suneva Medical Inc. which was effective from Q2 2020. Following this change in strategy for the USA, Sinclair's operations are now profitable in the country.

Sinclair has entered into a distribution agreement with its parent company, Huadong Medicine Co. Ltd, for the registration and launch of Silhouette InstaLift® in China. Local clinical trials are now expected to commence in H1 2021 with launch anticipated in late 2024. The Board believes that the Chinese market represents a very significant future opportunity for Silhouette.

### **Finance review**

As a result of revenues declining by 33% to £34.1 million, gross profit fell by 38% to £23.0 million from £37.3 million in 2019. This represents a gross margin of 67.5% in 2020 compared with 73.8% in the prior year. There are three main factors driving the decline in gross margin:

- Silhouette, the Group's highest margin product, suffered the largest decline in sales in the year. Furthermore, in the USA, the products' highest price market, the Group moved from a direct sales model to using a distribution partner and hence revenue per unit sold has been significantly reduced;
- Lower sales volumes for Perfectha® and Ellansé® resulted in reduced production volumes at the Group's manufacturing facilities for these two brands. This resulted in a higher cost of goods as fixed production overheads are absorbed into smaller number of units produced in the year; and
- Weakness of the Brazilian Real (BRL) resulted in gross margin erosion in the Group's largest direct market where sales are all in BRL but products are purchased from Europe in Euros. Therefore, the local operation has seen a significant increase in cost of goods in 2020.

Selling, marketing and distribution costs decreased by 25.1% to £19.4 million in 2020 primarily due to the closure of the US commercial operation at the end of Q1, combined with the impact of COVID-19 which resulted in the furlough of various sales teams at different points in the year, fewer promotional and training activities, and reduced travel.

Administrative expenses, pre-exceptional items, were £23.0 million for the year, a minor increase of 0.3% over 2019. Savings seen in sales and marketing are not mirrored in administrative expenses as there are a greater proportion of fixed costs in this category and the Group incurred increased bad debt expense in the year as a result of COVID-19 and related to the termination of distribution agreements in the Middle East and Mexico.

There are a number of exceptional administrative expenses affecting the result in both 2019 and 2020, see note 5 for further details. Overall, these result in a credit to the income statement of £0.8 million (2019: £19.0 million). The Group has released a legal provision of £1.2 million following settlement of claims with a former distribution partner in the Middle East. This is offset by acquisition costs of £0.4 million incurred in the year relating to the acquisition of the Cocoon Medical business, which was concluded after the year end.

Operating loss for the year pre-exceptional items was £19.5 million compared with £10.8 million in 2019, as a result of the decline in sales and reduced gross margin largely brought on by the COVID-19 pandemic. Operating loss including exceptional items for 2020 is £18.7 million (2019: loss of £4.0 million).

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### Net finance expense

Net finance expenses of £1.2 million compare with £8.1 million of net finance income in 2019. The prior year included exceptional finance income of £12.1 million arising from an adjustment to discount unwind charges made in prior years on contingent consideration for Silhouette. This resulted from a reduction in the estimate of contingent consideration payable. In 2019, finance income also included a £0.9 million foreign exchange gain on the Euro-denominated borrowings from Hayfin Capital Management LLP that were repaid in full in April 2019. There was no finance income in 2020.

Finance expenses in 2020 were £1.2 million which are reduced from £4.9 million for 2019. Discount unwind charges on contingent consideration were again significantly reduced to £0.5 million (2019: £3.7 million) as a result of the reduced Silhouette contingent consideration. Early termination charges on debt facilities were £Nil (2019: £0.3 million). Interest payable on borrowings also reduced to £0.5 million, from £0.7 million in 2019.

### Loss from continuing operations

The Group reported a net loss for the year on continuing operations of £19.6 million (2019: profit of £1.8 million) driven by the increased operating loss arising due to the COVID-19 pandemic.

### Discontinued operations

Discontinued operations represent the results from the Sculptra® business up until the date of disposal, and the profit arising on its sale. The Group's rights to the product ceased on 13 February 2020 when the licence agreement with Galderma SA was terminated. Profit for the year from discontinued operations is £33.9 million (2019: £3.7 million) which is driven by a net profit on disposal (after tax) of £31.9 million.

### Post Balance Sheet Events

On 4 January 2021, the Group agreed a new three-year £15 million revolving credit facility with HSBC UK Bank Plc. This has been agreed on the same terms as the existing £20 million facility. Interest is charged at LIBOR+1.75% and the facility is subject to covenants over the parent company Huadong Medicine Co. Ltd ("HMC").

On 10 February 2021, the Group signed an agreement to acquire the business of Cocoon Medical ("Cocoon"), a manufacturer of energy based devices for the aesthetics industry, based in Barcelona. The acquisition is expected to complete in early Q2 2021 and will bring additional sales and growth opportunities to the Group. The Cocoon business achieved unaudited sales of €17.2 million for the year ended 31 December 2020. Sinclair has agreed to pay an initial consideration of €45 million followed by deferred consideration of €20 million due in January 2024 and contingent consideration of up to a further €20 million subject to various sales-based milestones being achieved in the period to 31 December 2024.

The acquisition is being funded by new debt facilities which are being supported by Sinclair's parent company.

On 21 January 2021 the Company entered into a £10 million three month loan agreement with HMC in order to finance a down payment for Cocoon that was made on 10 February. On 15 March 2021, the Company entered into a one year €25 million loan agreement with Standard Chartered Bank ("SCB") and HMC has committed to provide a further short-term loan for €10 million to finance the remainder of the initial consideration for Cocoon. The Board, with the support of HMC, intends to replace these short-term borrowing facilities with a three-year term loan facility with SCB as soon as possible following the closing of the Cocoon acquisition.

# Sinclair Pharma Limited

## Strategic report

For the year ended 31 December 2020

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### Section 172 statement

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Group for the benefit of its member as a whole and in doing so have had regard, amongst other matters, to:

- the likely consequences of any decision in the long-term;
- the interest of the Group's employees;
- the need to foster the Group's business relationships with suppliers, distribution partners, Sinclair partner physicians, end users and others;
- the impact of the Group's operations on the community and the environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct; and

The Directors give careful consideration to the factors set out above in discharging their duties under section 172 of the Companies Act 2006. The stakeholders we consider in this regard are the people who work for us, our distribution partners, partner physicians, end-users, and those in the supply chain with whom we engage, our owners, regulatory bodies and those that live in the societies within which we operate. The Directors recognise that building strong relationships with our stakeholders will help us to deliver our strategy in line with our long-term values and operate the business in a sustainable way.

We are committed to doing business responsibly and thinking for the long term. When making investment decisions the board considers not only the short term success but also the long term strategic plan, such as through the disposal of rights to Sculptra® and reinvestment into global rights for MaiLi®, which is at the start of its life cycle.

### Employee Development and Employee Engagement

Our most important asset is our employees. We are committed to developing policies that encourage all employees to achieve their potential and to continue to contribute to the success of the Group.

#### Development

A formal human resources policy framework is followed throughout the Group. The framework includes a process of appraisal and development to ensure group companies get the best from their people; emphasis has been placed on career pathways with individual training and development programmes. The Group has run bespoke management training programmes for individuals it recognises as key to the future development of the business.

Our employees are encouraged to attend seminars, training courses, and are provided help in seeking necessary professional qualifications to further their careers. All new and existing employees have access to "Sinclair College", our online platform which provides details of our full product range, as well as a series of videos which introduce each department and affiliate from the group, including their function, details of individuals within that department and how they interact with the wider group.

#### Engagement

We operate a global, cross-functional employee engagement committee. Their focus is to identify and run engagement activities, share ideas on local issues, and where necessary roll out solutions globally across Sinclair affiliates. This is supported by an annual employee survey, which gives an opportunity to provide anonymous feedback on different aspects of working at Sinclair Pharma, and management are then able to implement an action plan based on the findings of the survey. Following feedback from the 2019 survey, the Group has worked during 2020 to provide an improved employee benefits package to our employees.

The CEO hosts quarterly "town-hall" webinars across the group providing all employees with updates on the short and long-term business strategy, any key developments, and employees are invited to ask questions on any topic directly to him.

During 2020, the Group completed the development of a Sinclair Pharma intranet. This was successfully launched in H2 and acts as a portal to communicate and share information across all our departments and affiliates.

### Suppliers

We have consistent standards and procedures for the onboarding and use of external suppliers. We require suppliers to meet our compliance and financial stability requirements, as well as to meet our requirements around health and safety.

## Sinclair Pharma Limited

### Strategic report

For the year ended 31 December 2020

#### Partner physicians

We have developed "Sinclair College", an online educational resource which supports hands-on aesthetic training and provides additional practice development services to our partner physicians. Through individual registration, they have access to extensive training modules, expert webinars and general product information. This platform supports our physician customers to deliver patients unparalleled clinical results with industry leading safety standards.

#### Distribution partners

We view our distributors as trusted business partners and aim to work collaboratively with them to maximise market opportunities. We hold regular meetings to understand the local market place and sales performance, and provide product training and ensure we address any regulatory or supply issues in a timely manner.

#### Impact on community and environment

We continue to promote volunteering and charitable activities amongst our employees as part of our Corporate Social Responsibility. The Group recognises the importance of its environmental responsibilities and aims to control its impact on the environment, including having a focus in reducing the amount of global travel undertaken by our employees.

#### Principal risks and uncertainties

The Group as a business depends on product revenues generated through its own operations and marketing partners to build future revenues. The Group's performance and future prospects may be affected by risks and uncertainties relating to our business environment. Sinclair's internal controls include a risk management process to identify key risks and, where possible, manage those risks through systems and processes and by implementing specific mitigation strategies.

The most significant identified risks that could materially affect the Group's ability to achieve its financial and operating objectives are summarised below.

Area	Principal Risk	Mitigation
Risk associated with commercial success of products	The Group's revenues are from sales of its products. There can be no assurance that current product revenues can be maintained or increased in the future. Product sales may be affected by adverse market conditions or other factors including: price competition from other products, the withdrawal of a product because of a regulatory or other reason, or the financial or commercial failure of a marketing partner. Lack of commercial success could result in low profits and the potential impairment of goodwill and intangible assets.	The Group manages these risks through regular reviews of the performance of its direct affiliates and partners. In-market sales data is closely monitored in order to assess products and collaborate performance and guide any corrective actions that may be required.
Interruption to product supply	The Group relies on third-party manufacturers for the supply of Silhouette, MaiLi® and Lanluma. Ellanse® and Perfectha® are manufactured by the Group at sites in the Netherlands and France respectively. Problems at manufacturing facilities may lead to delays and disruptions in the supply chain which could have significant negative impact on the Group.	The Group maintains a close dialogue with its manufacturing partners and regularly monitors inventory levels and customer demand to ensure that the effect of any interruption to product supply can be managed. The Group also purchases business interruption insurance and maintains a business continuity plan which is regularly reviewed.



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### Strategic report

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#### Principal risks and uncertainties (continued)

Area	Principal Risk	Mitigation
Product liability risk	The Group's products may produce unanticipated adverse side effects that may hinder their marketability	Sinclair maintains product liability insurance and maintains a robust quality system covering the manufacture of its products and also maintains pharmacovigilance procedures to monitor safety of its marketed products
Competition and intellectual property risk	The position of Sinclair's products in the market is dependent on its ability to obtain and maintain patent and/or trademark protection for its products, preserve its trade secrets, defend and enforce its rights against infringement and operate without infringing the proprietary or intellectual property rights of third parties. The validity and enforceability of patents and/or trademarks may involve complex legal and factual issues resulting in uncertainty as to the extent of the protection provided. The Group's intellectual property may become invalid or expire before or during commercialisation of the product.	The Group continuously seeks to develop its products to ensure they are competitive and monitors its intellectual property rights to identify and protect against any infringements.
Regulatory risk	The Group must comply with the requirements of many different regulatory authorities in order to maintain product marketing licenses in all territories where its products are sold. These regulatory requirements are regularly changing and becoming more onerous in order to improve product quality and patient safety. If the Group does not continue to comply with the regulatory requirements in each market, products may be required to be withdrawn from certain markets, adversely affecting revenues.	The Group has an in-house regulatory and quality department, which maintains a close dialogue with regulatory authorities with key risks being reported to the Board on a regular basis.
Foreign exchange risk	The Group has transactional currency exposures as the majority of Group revenues and expenses are in currencies other than Sterling. Fluctuations in exchange rates between Sterling and these currencies could adversely impact financial results	Sinclair seeks to match currency receipts and expenditure as far as possible. From time to time the Group also engages in short-term hedging transactions in order to hedge against changes in exchange rates during the financial year

On behalf of the Board



**Chris Spooner**  
Chief Executive Officer  
1 April 2021

# Sinclair Pharma Limited

## Directors' report

For the year ended 31 December 2020

The Directors present their Annual Report on the affairs of the Company and the Group, together with the audited consolidated financial statements for the year ended 31 December 2020. The strategic review of the business of the Company and its subsidiaries is given on pages 3 to 9. Certain information required for disclosure in this report is provided in other sections of this Annual Report. These include the Strategic Report and disclosures on financial risks included in note 24 of the Notes to the Financial Statements, and these are, accordingly, incorporated into this report by reference. An indication of the likely future developments of the business, and post balance sheet events are included in the Strategic Report.

### Key performance indicators

The Board measures the Group's performance according to a wide range of key performance indicators ('KPIs'). The main KPIs at a Group level for the year ended 31 December 2020 and the prior year are as follows:

KPI	2020	2019	Definition, method of calculation and analysis
Continuing revenue	<b>£34.1 million</b>	£50.6 million	Revenue decreased by 33% in 2020, largely driven by the impact of the COVID-19 pandemic across all markets where the Group operates.
Gross margin	<b>67.5%</b>	73.8%	Gross margin declined in 2020. This was primarily driven by: 1. the impact of COVID-19 reducing production volumes and thereby increasing cost of goods 2. the move from a direct selling model for Silhouette in the USA to using a distribution partner; and 3. weakness of the Brazilian Real increasing cost of goods in Sinclair's largest direct operation.
Profit/(loss) for the year	<b>£14.2 million</b>	£5.4 million	The Group has reported a net profit in 2020 due to achieving a profit on disposal of Sculptra® rights of £31.9 million. This has been offset by the impact of COVID-19 on the Group's continuing operations. The result for 2019 included a significant exceptional credit adjustment of £26.7 million that arose from the revised assumptions around contingent consideration to be paid for Silhouette in the US. This was offset by a £8.5 million impairment loss on the Silhouette CGU.

### Results, earnings and dividends

The profit for the financial year ended 31 December 2020 was £14,246,000 (2019: profit of £5,448,000). The Directors do not recommend a dividend (2019: £Nil).

### Risk management

The Group's operations expose it to a variety of financial risks, including the effects of changes in currency exchange rates, credit exposure and liquidity. More details can be found in note 24 to the financial statements and on page 8.

### Going concern

The Board has modelled a number of scenarios to reflect the ongoing impact of COVID-19 on the Group and its financing needs. These scenarios include the impact of potential further lockdowns across the Group's key markets and the mitigating actions that could be taken in such scenarios. The Group is reliant on borrowing facilities from its external lender as well as existing and future loans from its parent company, Huadong Medicine Co Limited ('HMC') in order to finance its ongoing operations. On 4 January 2021, the Group agreed a new £15.0 million revolving credit facility with HSBC UK Bank PLC which is intended to finance the Group's operations for the foreseeable future and which take currently available bank facilities to £35.0 million overall. This new borrowing facility, as well as the existing bank facility, contains certain financial covenants relating to HMC.

On 10 February 2021, the Group signed an agreement to acquire the business of Cocoon Medical for an initial consideration of €45 million (note 27). The initial consideration is being financed by a combination of short-term loans from both HMC and an external bank. These short-term facilities are expected to be re-financed with a syndicated loan facility later in 2021 with the support of HMC, which will be a party to, and guarantor of, the facility. The Board also expects to require further financing in the later part of 2021 to meet its forecast cash requirements. The support of HMC for the Group's current bank facilities (including the continuing ability of HMC to meet the ongoing financial covenants), as well as the acquisition of Cocoon Medical and the proposed financing from HMC for this transaction, together with a letter of continuing support for the Group from HMC received by the Board, provide the Directors with sufficient certainty that the Group will be provided with the necessary facilities and funds to continue its operations for the foreseeable future.

# Sinclair Pharma Limited

## Directors' report

For the year ended 31 December 2020

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As a result, the Directors consider it appropriate to continue to adopt the going concern basis in the preparation of these financial statements. The financial statements do not reflect any adjustments that would be required if they were prepared on a basis other than the going concern basis.

### Directors

The Directors of the Company who served during the year and up to the date of this report were:

Chris Spooner  
Alan Olby  
Shizheng Duan  
Bo Chen  
Chengwei Liu

### Directors' and officers' liability insurance

The Company had in place qualifying third party indemnity insurance for all Directors until 30 November 2020.

### Structure of the Company's capital

The Company's share capital comprises a single class of 1p Ordinary shares, each carrying one vote and all ranking equally with each other. At 31 December 2020, the issued share capital was £5,801,571 comprising 580,157,084 1p Ordinary shares (2019: 580,157,084) allotted and fully paid. There are no restrictions on the transfer of shares in the Company or on voting rights.

### Change of control

There are no agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment following a takeover of the Company.

### Future developments

The Directors' plans for the future are to continue developing the existing brands and add new brands to the portfolio where appropriate. See the Strategic Report for specific discussion on the individual brands and post balance sheet events.

### Research and development

The Group actively reviews technical development in its markets with a view of taking advantage of the available opportunities to maintain and improve its competitive position. The Group has continued to invest in the development of new products and line extensions during the year, with R&D costs, excluding salaries, of £445,000 in 2020 (2019: £732,000).

### Employees

Our most important asset is our employees. We are committed to developing policies that encourage all employees to achieve their potential and to continue to contribute to the success of the Group. We seek to develop employees' potential by encouraging them to attend seminars, training courses, and providing help in seeking necessary professional qualifications to further their careers. We operate equal opportunities in recruitment, training and promotion regardless of gender, ethnic origin, nationality or disability. The Group operates internationally and therefore its employment practices are varied to meet local conditions and requirements. These are established on the basis of best practice for each individual country.

### Employee engagement

See information set out under the section 172 statement of the strategic report.

### Supplier and customer engagement

See information set out under the section 172 statement of the strategic report.

### Political donations

The Group made political donations totalling £Nil (2019: £Nil).

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## Directors' report

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### UK Streamlined Energy and Carbon Reporting

The Group's UK energy and carbon information is not disclosed as no group subsidiaries are required to prepare such information.

### Independent Auditors

Saffery Champness LLP, who were appointed on 28 January 2021, have expressed their willingness to continue in office as auditors and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

### Statement as to disclosure of information to auditors

The Directors, in office at the date of this report, have confirmed that:

- so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that they ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

### Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

The directors are also responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group and company's performance, business model and strategy.

## Sinclair Pharma Limited

### Directors' report

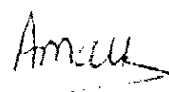
For the year ended 31 December 2020

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Each of the directors, whose names and functions are listed in the Annual report and financial statements 2020 confirm that, to the best of their knowledge,

- the parent company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the company.
- the group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the group, and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the group and company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board



**Alan Olby**  
Chief Financial Officer  
1 April 2021

# Sinclair Pharma Limited

## Independent auditors' report to the members of Sinclair Pharma Limited For the year ended 31 December 2020

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### Opinion

We have audited the financial statements of Sinclair Pharma (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, the cash flow statements, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards (IAS) in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the group and of the parent company as at 31 December 2020 and of the group's profit for the period then ended;
- have been properly prepared in accordance with IAS in conformity with the requirements of the Companies Act 2006; 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent 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

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

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.

# Sinclair Pharma Limited

## Independent auditors' report to the members of Sinclair Pharma Limited

For the year ended 31 December 2020

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### 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' Report.

We have nothing to report in respect of the following matters 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 12, 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 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 parent company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the group and parent company 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.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

## Sinclair Pharma Limited

### Independent auditors' report to the members of Sinclair Pharma Limited

For the year ended 31 December 2020

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Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the group and parent company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent company by discussions with directors, communication with component auditors and by updating our understanding of the sectors in which the group and parent company operate.

Laws and regulations of direct significance in the context of the group and parent company include The Companies Act 2006, and UK Tax legislation as well as similar laws and regulations prevailing in each country in which we identified a significant component.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of group and parent company financial statement disclosures. We reviewed the parent company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

As group auditors, our assessment of matters relating to non-compliance with laws or regulations and fraud differed at group and component level according to their particular circumstances. Our communications with component auditors included a request to identify instances of non-compliance with laws and regulations and fraud that could give rise to a material misstatement of the group financial statements in addition to our risk assessment.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available 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 auditor's report.



# Sinclair Pharma Limited

## Independent auditors' report to the members of Sinclair Pharma Limited

For the year ended 31 December 2020

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### Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Saffery Champness LLP*

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Richard Collis (Senior Statutory Auditor)  
for and on behalf of Saffery Champness LLP

Chartered Accountants  
Statutory Auditors

71 Queen Victoria Street  
London  
EC4V 4BE

1 April 2021

# Sinclair Pharma Limited

## Consolidated Income Statement and Consolidated Statement of Comprehensive Income For the year ended 31 December 2020

	Note	2020			2019		
		Pre- exceptional items	Exceptional items (note 5)	Total	Pre- exceptional items (restated)	Exceptional items (note 5)	Total (restated)
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Continuing operations</b>							
Revenue	4	34,090	–	34,090	50,598	–	50,598
Cost of sales		(11,094)	–	(11,094)	(13,277)	–	(13,277)
<b>Gross profit</b>		22,996	–	22,996	37,321	–	37,321
Selling, marketing and distribution costs		(19,412)	–	(19,412)	(25,860)	–	(25,860)
Net impairment loss on goodwill		–	–	–	–	(8,493)	(8,493)
Administrative expenses		(23,061)	810	(22,251)	(22,308)	15,349	(6,959)
<b>Operating loss</b>	6	(19,477)	810	(18,667)	(10,847)	6,856	(3,991)
Finance income	8	5	–	5	915	12,126	13,041
Finance expense	8	(1,199)	–	(1,199)	(4,891)	–	(4,891)
Share of loss from associate	14	(121)	–	(121)	–	–	–
<b>(Loss)/profit before taxation</b>		(20,792)	810	(19,982)	(14,823)	18,982	4,159
Taxation	9	335	–	335	(2,364)	–	(2,364)
<b>(Loss)/profit for the year from continuing operations</b>		(20,457)	810	(19,647)	(17,187)	18,982	1,795
<b>Discontinued operations</b>							
Profit for the year from discontinued operations	29			33,893			3,653
<b>Profit for the year</b>				14,246			5,448

	2020 £'000	2019 (restated) £'000
<b>Profit for the year</b>	14,246	5,448
<b>Other comprehensive income/(expense)</b> (Items that may subsequently be reclassified to the income statement)		
Currency translation differences	749	(5,290)
Total other comprehensive income	749	(5,290)
<b>Total comprehensive income for the year attributable to the owners of the parent</b>	14,995	158
Total comprehensive income arises from:		
Discontinued operations	33,893	3,653
Continuing operations	(18,898)	(3,495)
	14,995	158

The notes on pages 23 to 48 form an integral part of these consolidated financial statements.

# Sinclair Pharma Limited

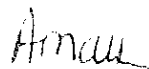
## Consolidated Balance Sheet

For the year ended 31 December 2020

	Note	2020 £'000	2019 (restated) £'000
<b>NON-CURRENT ASSETS</b>			
Goodwill	11	54,782	54,279
Intangible assets	12	74,518	66,074
Property, plant and equipment	13	7,869	6,573
Investment in associate	14	5,353	–
Other financial assets		176	170
		<b>142,698</b>	<b>127,102</b>
<b>CURRENT ASSETS</b>			
Inventories	16	7,758	7,103
Trade and other receivables	17	9,679	16,683
Cash at bank		4,345	2,415
		<b>21,782</b>	<b>26,201</b>
Assets held for sale	15	–	5,443
<b>TOTAL ASSETS</b>		<b>164,480</b>	<b>158,746</b>
<b>CURRENT LIABILITIES</b>			
Borrowings	19	(23,043)	(26,941)
Trade and other payables	18	(14,239)	(15,837)
Lease liabilities	21	(759)	(834)
Other financial liabilities	20	(3,123)	(2,757)
Current tax liabilities		(3,449)	(3,720)
Provisions	22	(4,442)	(5,689)
<b>TOTAL CURRENT LIABILITIES</b>		<b>(49,055)</b>	<b>(55,778)</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	21	(1,976)	(2,310)
Trade and other payables	18	(2,575)	(1,395)
Other financial liabilities	20	(3,016)	(3,734)
Deferred tax liabilities	23	(14,005)	(16,671)
		<b>(21,572)</b>	<b>(24,110)</b>
<b>TOTAL LIABILITIES</b>		<b>(70,627)</b>	<b>(79,888)</b>
<b>NET ASSETS</b>		<b>93,853</b>	<b>78,858</b>
<b>EQUITY</b>			
Share capital	25	5,802	5,802
Share premium		109,648	109,648
Capital reserve		2,819	2,819
Merger reserve		97,141	97,141
Other reserves		10,403	9,654
Accumulated losses		(131,960)	(146,206)
<b>TOTAL EQUITY</b>		<b>93,853</b>	<b>78,858</b>

The notes on pages 23 to 48 are an integral part of these consolidated financial statements

The financial statements on pages 18 to 48 were approved by the Board of Directors on 1 April 2021 and signed on its behalf by



Alan Olby

Director

Sinclair Pharma Limited registered number 03816616

# Sinclair Pharma Limited

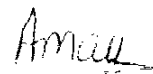
## Company Balance Sheet

For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
<b>NON-CURRENT ASSETS</b>			
Investments	30	127,854	126,601
<b>CURRENT ASSETS</b>			
Trade and other receivables	17	37,675	42,101
Cash at bank		14	23
<b>TOTAL ASSETS</b>		<b>165,543</b>	<b>168,725</b>
<b>CURRENT LIABILITIES</b>			
Borrowings	19	(23,043)	(26,941)
Trade and other payables	18	(1,497)	(2,266)
<b>TOTAL LIABILITIES</b>		<b>(24,540)</b>	<b>(29,207)</b>
<b>NET ASSETS</b>		<b>141,003</b>	<b>139,518</b>
<b>EQUITY</b>			
Share capital	25	5,802	5,802
Share premium		109,648	109,648
Capital reserve		2,819	2,819
Merger reserve		102,241	102,241
Accumulated losses			
At start of year		(80,992)	(80,510)
Loss for the year attributable to the owners		1,485	(482)
Other changes in retained earnings		-	-
<b>TOTAL EQUITY</b>		<b>141,003</b>	<b>139,518</b>

The notes on pages 23 to 48 are an integral part of these consolidated financial statements

The financial statements on pages 18 to 48 were approved by the Board of Directors on 1 April 2021 and signed on its behalf by



Alan Olby  
Director

Sinclair Pharma Limited registered number 03816616

# Sinclair Pharma Limited

## Consolidated and Company Statement of Changes in Equity For the year ended 31 December 2020

<b>Group</b>	Share capital £'000	Share premium £'000	Capital reserve £'000	Merger reserve £'000	Other reserves £'000	Accumulated losses (restated) £'000	Total equity (restated) £'000
<b>Balance at 1 January 2019</b>	<b>5,177</b>	<b>90,273</b>	<b>2,819</b>	<b>97,141</b>	<b>14,944</b>	<b>(151,654)</b>	<b>58,700</b>
Exchange differences arising on translation of overseas subsidiaries	–	–	–	–	(5,290)	–	(5,290)
Profit for the year	–	–	–	–	–	5,448	5,448
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(5,290)</b>	<b>5,448</b>	<b>158</b>
Issue of share capital (note 25)	625	19,375	–	–	–	–	20,000
<b>Total transactions with owners recognised directly in equity</b>	<b>625</b>	<b>19,375</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>20,000</b>
<b>Balance at 31 December 2019 (restated)</b>	<b>5,802</b>	<b>109,648</b>	<b>2,819</b>	<b>97,141</b>	<b>9,654</b>	<b>(146,206)</b>	<b>78,858</b>
Exchange differences arising on translation of overseas subsidiaries	–	–	–	–	749	–	749
Profit for the year	–	–	–	–	–	14,246	14,246
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>749</b>	<b>14,246</b>	<b>14,995</b>
<b>Balance at 31 December 2020</b>	<b>5,802</b>	<b>109,648</b>	<b>2,819</b>	<b>97,141</b>	<b>10,403</b>	<b>(131,960)</b>	<b>93,853</b>

<b>Company</b>	Share capital £'000	Share premium £'000	Capital reserve £'000	Merger reserve £'000	Accumulated losses £'000	Total equity £'000
<b>Balance at 1 January 2019</b>	<b>5,177</b>	<b>90,273</b>	<b>2,819</b>	<b>102,241</b>	<b>(80,510)</b>	<b>120,000</b>
Loss for the year	–	–	–	–	(482)	(482)
<b>Total comprehensive expense for the year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(482)</b>	<b>(482)</b>
Issue of share capital (note 25)	625	19,375	–	–	–	20,000
<b>Total transactions with owners recognised directly in equity</b>	<b>625</b>	<b>19,375</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>20,000</b>
<b>Balance at 31 December 2019</b>	<b>5,802</b>	<b>109,648</b>	<b>2,819</b>	<b>102,241</b>	<b>(80,992)</b>	<b>139,518</b>
Profit for the year	–	–	–	–	1,485	1,485
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,485</b>	<b>1,485</b>
<b>Balance at 31 December 2020</b>	<b>5,802</b>	<b>109,648</b>	<b>2,819</b>	<b>102,241</b>	<b>(79,507)</b>	<b>141,003</b>

The notes on pages 23 to 48 are an integral part of these consolidated financial statements.

# Sinclair Pharma Limited

## Cash Flow Statements

For the year ended 31 December 2020

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Continuing operations</b>				
(Loss)/profit before tax	(19,982)	4,159	1,485	(482)
Exceptional Items	(810)	(6,856)	417	(780)
Loss before tax and exceptional items	(20,792)	(2,697)	1,902	(1,262)
Adjustments for:				
Finance income	(5)	(12,141)	(2,748)	–
Finance costs	1,199	4,891	474	48
Depreciation	1,628	1,272	–	–
Amortisation of intangible assets	4,893	4,534	–	–
Impairment recognised in administrative expenses	1,164	979	–	–
Exchange gains	–	(900)	(534)	624
Loss from associates	121	–	–	–
Loss on disposal of assets	–	282	–	–
<b>Changes in working capital</b>				
Increase in inventory	(660)	(472)	–	–
Decrease/(increase) in receivables	5,587	(4,707)	–	(193)
(Decrease)/increase in payables	(443)	1,379	(1,122)	1,844
<b>Net cash (outflow)/inflow from continuing operations before exceptional items</b>	<b>(7,308)</b>	<b>(7,580)</b>	<b>(2,028)</b>	<b>1,061</b>
Exceptional costs paid	(193)	(4,200)	–	–
<b>Net cash (outflow)/inflow from continuing operations</b>	<b>(7,501)</b>	<b>(11,780)</b>	<b>(2,028)</b>	<b>1,061</b>
<b>Discontinued operations</b>				
Profit before tax	34,538	3,559	–	–
Adjustment for amortisation	–	396	–	–
(Profit) on disposal	(33,732)	–	–	–
<b>Changes in working capital</b>				
Decrease in inventory	294	237	–	–
Decrease/(increase) in receivables	1,279	(452)	–	–
Decrease in payables	(599)	(401)	–	–
<b>Net cash inflow from discontinued operations</b>	<b>1,780</b>	<b>3,339</b>	<b>–</b>	<b>–</b>
<b>Net cash (outflow)/inflow from operations</b>	<b>(5,721)</b>	<b>(8,441)</b>	<b>(2,028)</b>	<b>1,061</b>
Interest paid	(379)	(4,136)	(381)	(629)
Taxation paid	(3,379)	(1,073)	–	–
<b>Net cash (used in)/generated from operating activities</b>	<b>(9,479)</b>	<b>(13,650)</b>	<b>2,409</b>	<b>432</b>
<b>Investing activities</b>				
Purchases of property, plant and equipment	(2,209)	(2,451)	–	–
Purchase of intangible assets	(13,905)	(1,233)	–	–
Payment of deferred and contingent consideration	(826)	(3,226)	–	–
Proceeds from sale of discontinued operation	29 39,064	–	–	–
Acquisition of associate	(5,475)	–	–	–
Loan to subsidiary companies	–	–	6,454	(41,006)
<b>Net cash generated from/(used in) investing activities</b>	<b>16,649</b>	<b>(6,910)</b>	<b>6,454</b>	<b>(41,006)</b>
<b>Financing activities</b>				
Proceeds from issue of share capital	24 –	20,000	–	20,000
Proceeds from borrowings	18 23,000	20,000	23,000	20,000
Repayment of borrowings	(27,054)	(19,910)	(27,054)	–
Principal elements of lease payments	(1,186)	(945)	–	–
<b>Net cash (used in)/generated from financing activities</b>	<b>(5,240)</b>	<b>19,145</b>	<b>(4,054)</b>	<b>40,000</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,930</b>	<b>(1,415)</b>	<b>(9)</b>	<b>(574)</b>
	<b>2,415</b>	<b>3,830</b>		
Cash and cash equivalents at start of year			23	597
<b>Cash and cash equivalents at end of year</b>	<b>4,345</b>	<b>2,415</b>	<b>14</b>	<b>23</b>

The notes on pages 23 to 48 are an integral part of these consolidated financial statements

# Sinclair Pharma Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

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### 1. General information

Sinclair Pharma Limited (the 'Company') is an international speciality pharmaceutical company focused on aesthetics. The Group has a direct sales and marketing presence in the UK, Spain, France, Germany, Brazil, South Korea and Mexico and a growing international division concentrated on key emerging markets through long-term multi-product and multi-country sales, marketing and distribution deals with key strategic partners.

The Group's principal activities are the development and commercialisation of medical aesthetic products through the Group's direct sales operations and through marketing partners on an international basis.

The Company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is Whitfield Court, 30–32 Whitfield Street, London W1T 2RQ, England.

The consolidated and Company financial information is presented in Sterling, which is also the functional currency of the parent company, and has been rounded to the nearest thousand (£'000).

### 2. Accounting policies

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

#### Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') and IFRS Interpretations Committee ('IFRS IC') as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRSs. The consolidated and company financial statements have been prepared under the historical cost convention as modified to fair value for certain financial assets and liabilities.

The preparation of financial statements in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates.

Under Section 479A of the Companies Act 2006, exemptions from an audit of the financial statements for the financial year ending 31 December 2020 have been taken by Sinclair Pharma Holdings Limited (08871117); Sinclair Pharma Management Limited (09142486); Sinclair Pharmaceuticals Limited (01007146); IS Pharmaceuticals Limited (02685820); IS Pharma Limited (03337415) and Acorus Therapeutics Limited (03976183). As required, the Company guarantees all outstanding liabilities to which the subsidiary companies listed above are subject at the end of the financial year, until they are satisfied in full and the guarantee is enforceable against the parent undertaking by any person to whom the subsidiary companies listed above is liable in respect of those liabilities.

#### Going concern

The Board has modelled a number of scenarios to reflect the ongoing impact of COVID-19 on the Group and its financing needs. These scenarios include the impact of potential further lockdown's across the Group's key markets and the mitigating actions that could be taken in such scenarios. The Group is reliant on borrowing facilities from its external lender as well as existing and future loans from its parent company, Huadong Medicine Co Limited ('HMC') in order to finance its ongoing operations. On 4 January 2021, the Group agreed a new £15.0 million revolving credit facility with HSBC UK Bank PLC which is intended to finance the Group's operations for the foreseeable future and which take currently available bank facilities to £35.0 million overall. This new borrowing facility, as well as the existing bank facility, contains certain financial covenants relating to HMC.

On 10 February 2021, the Group signed an agreement to acquire the business of Cocoon Medical for an initial consideration of €45 million (note 27). The initial consideration is being financed by a combination of short-term loans from both HMC and an external bank. These short-term facilities are expected to be re-financed with a syndicated loan facility later in 2021 with the support of HMC, which will be a party to, and guarantor of, the facility. The Board also expects to require further financing in the later part of 2021 to meet its forecast cash requirements. The support of HMC for the Group's current bank facilities (including the continuing ability of HMC to meet the ongoing financial covenants), as well as the acquisition of Cocoon Medical and the proposed financing from HMC for this transaction, together with a letter of continuing support for the Group from HMC received by the Board, provide the Directors with sufficient certainty that the Group will be provided with the necessary facilities and funds to continue its operations for the foreseeable future. As a result, the Directors consider it appropriate to continue to adopt the going concern basis in the preparation of these financial statements. The financial statements do not reflect any adjustments that would be required if they were prepared on a basis other than the going concern basis.

# Sinclair Pharma Limited

## Notes to the Financial Statements For the year ended 31 December 2020

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### 2. Accounting policies (continued)

#### Basis of consolidation

The consolidated financial statements of the Company incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are deconsolidated from the date on which control ceases. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

All transactions, balances and unrealised gains between Group companies are eliminated on consolidation. Unrealised losses are also eliminated except to the extent they provide evidence of impairment of the asset transferred.

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

#### Business combinations

The acquisition method of accounting is applied to all business combinations made by the Group. The cost of an acquisition is measured as the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, at the rate of exchange (where applicable) on the date of acquisition. Acquisition costs are expensed as incurred and recognised within exceptional items.

Identifiable assets acquired and liabilities and contingent liabilities assumed, in a business combination are measured initially at their fair values on the date of acquisition, based on the rate of exchange (where applicable) on the date of acquisition. The excess of the consideration over the fair value of the Group's share of identifiable net assets, including intangible assets acquired, is recorded as goodwill.

#### Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the functional currency of the primary economic environment in which the entity operates (the functional currency). Transactions in foreign currencies are translated into the functional currency at the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange prevailing at that date. Gains and losses arising on translation are included in the income statement. The results of operations that have a functional currency different from the presentation currency are translated at the average rate of exchange during the period and their balance sheets at the rates ruling at the date of the balance sheet. Exchange differences arising on translation from 1 July 2005 are taken directly to a separate component of equity, the cumulative translation reserve included within 'Other Reserves'. There is no tax impact on these transactions. Exchange differences on intra-group loan balances are taken to the income statement, unless they are considered long-term equity investments.

#### Revenue recognition

Revenue from product sales is recognised upon shipment to customers. Provisions for rebates, product returns and discounts to customers are provided for as reductions to revenue in the same period as the related sales occurred. The recognition of other payments received and receivable, such as licence fees, upfront payments and milestones, is dependent on the terms of the related arrangement, having regard to the ongoing risks and rewards of the arrangement, and the existence of any performance or repayment obligations, if any, with the third party. These payments are recognised as revenue in the period in which they are earned. Amounts received and receivable are recognised immediately as revenue where there are no substantial remaining risks, no ongoing performance obligations and amounts received are not refundable. Amounts are deferred over an appropriate period where these conditions are not met.

#### Discontinued operations

A discontinued operation is a component of the business that represents a separate major line of business or major geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of income and statement of cash flows are reclassified as if the operation had been discontinued from the start of the comparative period.



## Notes to the Financial Statements

For the year ended 31 December 2020

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### 2. Accounting policies (continued)

#### Goodwill

Goodwill represents the excess of the consideration over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill arising on the acquisition of a foreign entity is treated as an asset of the foreign entity denominated in foreign currency and translated at the balance sheet date according to the rate of exchange prevailing at that date.

#### Intangible assets

##### i) Licences and product rights

Licences and trademarks including product distribution rights and technical dossiers are recognised at their fair values at acquisition date (where acquired as part of a business combination) or cost (if acquired separately) and are amortised on a straight-line basis over their estimated useful economic lives (10 to 20 years) from the time they are available for use. Amortisation is included within Administrative expenses.

##### ii) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development activities are recognised as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, status of regulatory approval, and costs can be measured reliably. Other development expenditure is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have a finite useful life and that have been capitalised are amortised from the date of regulatory approval of the product on a straight-line basis over the period of its expected benefit, not exceeding 10 years.

Any contingent payments due on intangible assets are valued using the cost accumulation model, whereby contingent consideration is not considered on initial recognition of the asset, but is added to the cost of the asset initially recorded, when incurred, or when a related liability is remeasured for changes in cash flows.

#### Assets held for sale

Assets classified as held for sale are measured at the lower of their carrying value and fair value less cost to sell.

#### Property, plant and equipment

All property, plant and equipment are shown at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

- Leasehold improvements expensed over the lease period;
- Right of use assets are depreciated on a straight line basis over the period of the lease; and
- Office and laboratory equipment depreciated at 15% to 50% per year.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or where shorter, over the term of the relevant lease.

#### Investments in subsidiary undertakings

Investments in subsidiary undertakings are carried at cost less impairment provision. Such investments are subject to review and any impairment is charged to the income statement.

#### Investments in associates

Under the equity method of accounting, investments in associates are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income.

Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in these entities. Unrealised losses are eliminated unless the transaction evidences an impairment of the asset transferred.

# Sinclair Pharma Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

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### 2. Accounting policies (continued)

#### Impairment

Goodwill is tested annually for impairment and other intangible assets are tested where there is an indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit ('CGU') to which the asset belongs.

*Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.*

Where an impairment loss subsequently reverses, the carrying value of the asset (CGU) is increased to the revised estimate of its recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior periods. A reversal of an impairment loss is recognised as income immediately.

#### Inventories

Inventories are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and a share of production overheads if appropriate at the relevant stage of production. Provision is made for obsolete, slow-moving or defective items where appropriate. Net realisable value is determined at the balance sheet date on commercially saleable products based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

#### Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expenses that are taxable and deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

The Group is subject to income taxes in numerous jurisdictions. Judgement is required in determining the worldwide provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain. The group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determinations is made.

*The tax charge recorded on the discontinued operations of the group is not wholly separable from the tax position arising from the groups continuing operations, therefore the tax losses arising on continuing operations has been allocated against the tax from discontinued operations.*

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

Deferred tax liabilities are recognised for taxable temporary differences arising from investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

# Sinclair Pharma Limited

## Notes to the Financial Statements For the year ended 31 December 2020

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### 2. Accounting policies (continued)

#### Leases

In the year ended 31 December 2019 the group adopted IFRS 16, applying the modified retrospective approach.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable under residual value guarantees;
- the exercise price of a purchase option if it is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the exercising of that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across the group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows of £Nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of £Nil.

#### Pensions

The Group operates a defined contribution pension scheme for its employees. The assets of the scheme are held in independently administered funds. Contributions are charged to the income statement as they become payable in accordance with the rules of the schemes.

#### Other employee benefits

The expected cost of compensated short-term absence (i.e. holidays) is recognised when employees provide services that increase their entitlement. An accrual is made for holidays earned but not taken.

#### Financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

#### Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. The Group assesses, on a forward-looking basis the expected credit losses associated with classes of similar trade receivables, and provides for impairment accordingly.

#### Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

# Sinclair Pharma Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

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### 2. Accounting policies (continued)

#### Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. These items are subject to insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement only.

#### Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

#### Exceptional items

Exceptional items represent significant items of income and expense which due to their nature, size, or the expected infrequency of the events giving rise to them, are presented separately on the face of the income statements to give a better understanding to shareholders of the elements of the financial performance in the year, so as to facilitate comparison with prior periods and to better assess trends in financial performance.

#### Other financial assets

Other financial assets include non-current rent deposits paid on leasehold properties.

#### Equity

Equity comprises the following:

"share capital" represents the nominal value of equity shares;

"share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue;

"capital reserve" represents the capital contribution received from the parent company in 2018

"merger reserve" represents the share premium in connection with historic acquisitions;

"other reserves" comprises all foreign exchange differences arising from the translation of foreign operations; and

"accumulated losses" represents cumulative retained losses.

#### New IFRSs standards and interpretations

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### Prior period restatement

The Group has identified that for the comparative period, the year ended 31 December 2019, an adjustment is required in relation to the provision for corporation tax payable, which was previously recorded incorrectly. The Group has restated the 2019 results to reflect the correct amount of the tax liability and tax charge for the year ended 31 December 2019.

This restatement has resulted in an increase in the current tax liability, presented within current liabilities on the Consolidated Balance Sheet, as at 31 December 2019 of £1,066,000. The associated tax charge in the 2019 Consolidated Income Statement and Consolidated Statement of Changes in Equity has also increased by this amount, resulting in an increased 2019 tax expense of £2,364,000 and reduced profit for the year from continuing operations of £1,795,000.

### 3. Critical accounting estimates and judgements

Preparation of the Group's financial statements requires the use of estimates and judgements that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures. The Board bases its estimates and judgements on historic experience and on various other assumptions that it considers reasonable. Actual results may differ from these estimates under different assumptions and conditions. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### Estimates and judgements

##### Impairment of goodwill

Determining whether goodwill and other intangibles are impaired requires an estimation of the value in use of the CGUs to which goodwill or other intangible assets have been allocated. The value in use calculation requires estimation of future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. There is a risk of a material adverse impact on the income statement should an impairment adjustment be required. The carrying value of goodwill at 31 December 2020 is £54,782,000 (2019: £54,279,000) (note 11), and an impairment of £Nil (2019: £8,493,000) was recognised in the year. Any reasonably possible change in assumptions is not expected to have a material impact on the carrying value of any individual CGU.

# Sinclair Pharma Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

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### 3. Critical accounting estimates and judgements (continued)

#### Valuation of contingent consideration

Determining the fair value of contingent consideration requires estimation of the probability and timing of future events such as regulatory approvals and sales milestones being achieved resulting in deferred consideration becoming payable. A suitable discount rate is then applied to the expected cash flows to calculate the present value. There is a risk of a material impact on the income statement in future periods should any key assumptions change which result in the expected value of the final consideration payable increasing or decreasing. The value of contingent consideration at 31 December 2020 is £6,140,000 (2019: £6,491,000). An increase/(decrease) of 10% to forecast sales would lead to an increase/(decrease) in contingent consideration of £218,000 /(£218,000).

#### Recoverable amounts of accounts receivable

Judgements have been made taking into account the age of overdue debt, order patterns, forecast trade, and the credit-worthiness of specific customers in order to assess the recoverable amount of accounts receivable balances. The carrying value of trade receivables at 31 December 2020 is £8,247,000 (2019: £14,166,000).

#### Legal provisions

The Group has a number of ongoing legal disputes, the outcome of which are uncertain, both in regards timing and the value of any potential settlements the Group may be required to make. The Group has therefore applied judgement to determine the most likely outcome of these disputes, and therefore any financial impact to the business. The carrying value of provisions at 31 December 2020 is £4,442,000 (2019: £5,689,000).

#### Investments

A judgement has been made that there have been no indications of impairment, since the acquisition of the investment in associate in the year, which would trigger an impairment review to be completed on this value.

# Sinclair Pharma Limited

## Notes to the Financial Statements For the year ended 31 December 2020

### 4. Revenue

Revenue relates solely to the principal activity of the Group. Revenues on a geographic basis were as follows:

	2020 £'000	2019 £'000
Western Europe	10,035	13,626
Asia Pacific	6,847	12,085
Brazil	6,653	10,197
United States of America	2,548	4,763
Rest of World	8,007	9,927
<b>Total Revenue</b>	<b>34,090</b>	<b>50,598</b>

For revenues in relation to discontinued operations refer to Note 29.

### 5. Exceptional items

Exceptional items represent significant items of income and expense which due to their nature, size, or the expected infrequency of the events giving rise to them, are presented separately on the face of the income statement to give a better understanding to shareholders of the elements of financial performance in the period, so as to facilitate comparison with prior periods and to better assess trends in financial performance.

	2020 £'000	2019 £'000
Acquisition costs	(417)	–
Release overprovision	1,227	782
Goodwill impairment	–	(8,493)
Adjustments to the value of contingent consideration	–	14,567
Adjustment to the value of interest due on contingent consideration	–	12,126
<b>Total exceptional income</b>	<b>810</b>	<b>18,982</b>

On 10 February 2021, the Group signed an agreement to acquire the business of Cocoon Medical (note 27). At 31 December 2020, acquisition costs of £417,000 (2019: £Nil) had been incurred in respect of this transaction.

In 2018, a provision of £3,793,000 was charged to the income statement, relating to the anticipated settlement of ongoing legal disputes. In 2020, certain of these disputes have been settled for less than the original provision, resulting in a credit of £1,227,000 (2019: £782,000) being recognised.

In the year ended 31 December 2019, a goodwill impairment charge of £8,493,000 was recorded relating to the Silhouette CGU following a decrease in expected future cashflows, particularly linked to underperformance in the US. There was no impairment in 2020.

In 2019, adjustments to contingent consideration included a credit of £26,693,000, as a result of changes to the forecast timing of contingent consideration payments for the acquisition of Silhouette Lift SL, following a reassessment of the growth profile of Silhouette InstaLift® in the USA. This is made up of 14,567,000 relating to the value of contingent consideration and 12,126,000 relating to the interest element due. There have been no such adjustments in 2020.

### 6. Operating loss

The operating loss is stated after charging:

	2020 £'000	2019 £'000
<b>Continuing operations:</b>		
Cost of inventory recognised as an expense	7,963	10,828
Depreciation on leased assets	888	755
Depreciation of owned property, plant and equipment	740	517
Amortisation of intangible assets <sup>1</sup>	4,893	4,534
Impairment of intangible assets recognised in administrative expenses	1,164	1,261
Employee benefit expense (note 7)	21,152	25,114
Foreign exchange losses	1,267	454
Research and development (excluding salary costs)	445	732

<sup>1</sup> In line with the Group's accounting policy amortisation of intangible assets is included in the income statement under administrative expenses.

# Sinclair Pharma Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 6. Operating loss (continued)

#### Services provided by the Group's auditors

During the period the Group obtained services from the Group's auditors as described below:

	2020 £'000	2019 £'000
Fees payable to Company's auditors for the audit of Parent Company and consolidated financial statements	230	280
<b>Fees payable to Company's auditors and its associates for other services</b>		
Tax compliance services	–	9
Tax advisory services	–	31
All other services	–	36
	<b>230</b>	<b>356</b>

### 7. Employees and Directors

The average monthly number of employees (including Executive Directors) employed by the Group during the period was:

	Group		Company	
	2020 Number	2019 Number	2020 Number	2019 Number
Sales and marketing	144	138	–	–
Production	43	42	–	–
Regulatory and quality	32	29	–	–
Administration	78	66	2	2
<b>Continuing operations</b>	<b>297</b>	<b>275</b>	<b>2</b>	<b>2</b>

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Wages and salaries	17,637	21,142	634	622
Social security costs	2,806	3,251	90	67
Other pension costs	709	721	16	5
	<b>21,152</b>	<b>25,114</b>	<b>634</b>	<b>694</b>

At 31 December 2020, the Group had unpaid pension contributions of £65,000 (2019: £61,000).

In the year ended 31 December 2020, the above staff costs include £167,000 (2019: £Nil) in respect of termination payments.

#### Key management compensation

Key management includes Executive Directors and members of the executive management team. Compensation paid or payable to key management for employee services is shown below:

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Salaries and short-term employee benefits	4,038	5,577	634	721
Post-employment benefits	148	79	–	–
	<b>4,186</b>	<b>5,656</b>	<b>634</b>	<b>721</b>

#### Directors

The directors' emoluments were as follows

	2020 £'000	2019 £'000
Aggregate emoluments	735	1,513
Aggregate amounts (excluding shares) receivable under long-term incentive schemes	1,550	1,560
Contributions to money purchase pension scheme	80	10
	<b>2,365</b>	<b>3,083</b>

#### Highest paid Director

The amounts of the highest paid director are as follows:

	2020 £'000	2019 £'000
Total emoluments and amounts receivable under long-term incentive schemes	1,657	2,375

# Sinclair Pharma Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 8 Finance income and finance expense

	2020 £'000	2019 £'000
<b>Finance income</b>		
Net foreign exchange gains on financing activities	–	900
Adjustments to discount unwind on deferred consideration	–	12,126
Other finance income	5	15
<b>Total finance income</b>	<b>5</b>	<b>13,041</b>
<b>Finance expense</b>		
Discount unwind on deferred consideration	(487)	(3,669)
Interest on bank loans and overdrafts	(474)	(679)
Early termination charges on financing arrangements and acceleration of arrangement fees	–	(274)
Interest on lease liabilities	(238)	(269)
<b>Total finance expense</b>	<b>(1,199)</b>	<b>(4,891)</b>
<b>Net Finance expense</b>	<b>(1,194)</b>	<b>8,150</b>

Discount unwind costs represent non-cash charges for the reversal of discounting on the Group's deferred consideration liabilities which are carried at their net present value, see note 20 for further details. Included within finance income is an exceptional credit of £Nil (2019: £12,126,000) being an adjustment to the historic discount unwind on deferred consideration as a result of changes to the forecast timing of contingent consideration payments for the acquisition of Silhouette Lift SL (note 5).

Net foreign exchange gains of £Nil (2019: gains of £900,000) arise from the difference in the Sterling: Euro and the Sterling: US Dollar exchange rates on borrowings from the date of drawdown and the period end or date of repayment.

### 9 Taxation

	2020			2019		
	Continuing operations £'000	Discontinued operations £'000	Total £'000	Continuing operations (restated) £'000	Discontinued operations £'000	Total (restated) £'000
<b>Current tax</b>						
UK corporation tax	262	(1,866)	(1,604)	167	–	167
Overseas tax	(1,452)	–	(1,452)	(4,198)	–	(4,198)
	(1,190)	(1,866)	(3,056)	(4,031)	–	(4,031)
<b>Deferred tax (note 23)</b>						
Origination and reversal of temporary differences	1,525	1,221	2,746	1,667	94	1,761
	1,525	1,221	2,746	1,667	94	1,761
<b>Tax (expense)/credit on loss before taxation</b>	<b>335</b>	<b>(645)</b>	<b>(310)</b>	<b>(2,364)</b>	<b>94</b>	<b>(2,270)</b>

#### Factors affecting the total tax charge for the period

The tax assessed on the profit on ordinary activities for the period differs from the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are reconciled below:

	2020 £'000	2019 (restated) £'000
<b>Profit on ordinary activities before tax from continuing and discontinued operations</b>	<b>14,556</b>	<b>7,718</b>
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	2,766	1,466
Amortisation not allowed for tax purposes	435	675
(Income not assessable)/expenses not deductible for tax purposes	(27)	1,327
Tax losses utilised in the period not previously recognised	(3,264)	(3,422)
Reinvestment relief	(124)	(218)
Tax losses arising in the year not recognised	–	1,432
Tax rate difference	132	777
Unrelieved overseas tax losses	91	–
Change in overseas tax rates	–	(411)
Under provided in previous periods	575	820
Research and development tax credits	(274)	(176)
<b>Total tax expense</b>	<b>310</b>	<b>2,270</b>



# Sinclair Pharma Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 10. Profit for the financial year

As permitted by Section 408 of the Companies Act 2006, the Company's income statement has not been included in these financial statements. The Company's profit for the year ended 31 December 2020 was £1,485,000 (loss for the year ended 2019: £482,000).

### 11. Goodwill

	£'000
<b>Cost and net book value</b>	
At 1 January 2019	65,831
Exchange adjustments	(3,059)
At 31 December 2019	62,772
Exchange adjustments	241
<b>At 31 December 2020</b>	<b>63,013</b>
<b>Impairment</b>	
At 1 January 2019	—
Additions	8,493
At 31 December 2019	8,493
Exchange adjustments	(262)
<b>At 31 December 2020</b>	<b>8,231</b>
<b>Net book value</b>	
<b>At 31 December 2020</b>	<b>54,782</b>
At 31 December 2019	54,279

Exchange adjustments arise as a result of the impact of the difference in the Sterling: Euro exchange rate and the Sterling: US Dollar exchange rate, at the beginning and end of the period.

Goodwill has been allocated to cash generating units ('CGU's) on a product basis as these form an easily identifiable group of assets with independent cash flows. Goodwill has been allocated to the following CGUs:

	2020 £'000	2019 £'000
Silhouette	27,810	28,595
Ellansé®	14,394	13,713
Perfectha®	12,578	11,971
	<b>54,782</b>	<b>54,279</b>

Goodwill is not amortised but tested annually for impairment or more frequently if there are indications that it may be impaired.

### Value In Use

For all CGUs, value in use calculations have been utilised to calculate recoverable amount. Value in use is calculated as the net present value of the projected pre-tax cash flows of each CGU.

The cash flow forecasts are based on a five year forecast extrapolated to perpetuity. Forecasts for 2021 are based on the approved annual budget and forecasts for 2022-25 are based on management's five year plan.

For all CGUs growth rate assumptions have been applied at an individual product and market level. Long term growth-rate assumptions beyond year five are consistent with forecasts used in industry reports for aesthetic products for the markets where the Group is operating. The key assumptions for each CGU are as follows:

	2020			2019		
	Discount rate	Five-year compound growth rate	Long-term growth rate	Discount rate	Five-year compound growth rate	Long-term growth rate
	%	%	%	%	%	%
Silhouette	10.3	21.3	2.4	9.5	7.7	2.7
Ellansé®	11.0	25.4	2.4	10.4	22.3	2.6
Perfectha®	12.0	20.0	2.8	12.5	16.4	3.6

# Sinclair Pharma Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 11. Goodwill (continued)

For each CGU management have modelled four possible cashflow scenarios, and applied a weighted average assumption to determine the carrying value of the CGU. These scenarios are

- Upside - 5% weighting
- Base case - 70% weighting
- Severe downside - 20% weighting
- Very severe downside - 5% weighting

Scenarios have been run on all CGUs and no reasonably possible changes were expected at the balance sheet date that would remove the headroom.

### 12. Intangible assets

	Licences and product rights £'000	Other £'000	Total £'000
<b>Cost</b>			
At 1 January 2019	106,388	2,127	108,515
Additions	1,179	458	1,637
Transfer to held for sale	(7,925)	–	(7,925)
Exchange adjustments	(4,050)	(8)	(4,058)
At 31 December 2019	95,592	2,577	98,169
Additions	13,570	544	14,114
Exchange adjustments	373	6	379
<b>At 31 December 2020</b>	<b>109,535</b>	<b>3,127</b>	<b>112,662</b>
<b>Accumulated amortisation and impairment</b>			
At 1 January 2019	28,933	830	29,763
Charge for the period	4,894	36	4,930
Impairment	1,261	–	1,261
Transfer to held for sale	(2,776)	–	(2,776)
Exchange adjustments	(1,075)	(8)	(1,083)
At 31 December 2019	31,237	858	32,095
Charge for the period	4,688	205	4,893
Impairment	1,164	–	1,164
Exchange adjustments	(13)	5	(8)
<b>At 31 December 2020</b>	<b>37,076</b>	<b>1,068</b>	<b>38,144</b>
<b>Net book value</b>			
<b>At 31 December 2020</b>	<b>72,459</b>	<b>2,059</b>	<b>74,518</b>
At 31 December 2019	64,355	1,719	66,074

On 23 March 2020, the Group entered into a product rights agreement to acquire exclusive worldwide rights to a novel range of hyaluronic acid based dermal fillers with lidocaine. Additions to licences and product rights include £12.9m for the acquisition of this product, which the Group intends to launch under the MaiLi® trademark.

There are three additional milestones events which could result in further payments being made. The first one of these is for 3,000,000 Euro, timing of this is uncertain but must be made within 7 years. The additional two payments, totalling 3,000,000 Euro, will be paid upon successful completion of future milestone events.

Exchange adjustments arise as a result of the impact of the difference in the Sterling: Euro exchange rate and the Sterling: US Dollar exchange rate, at the beginning of the period or the date of acquisition and at end of the period on balances recorded in Euros and US Dollars.

# Sinclair Pharma Limited

## Notes to the Financial Statements For the year ended 31 December 2020

### 13. Property, plant and equipment

	Right of use assets			Owned assets		
	Leasehold property £'000	Car leases £'000	Office equipment £'000	Leasehold improvements £'000	Office and laboratory equipment £'000	Total £'000
<b>Cost</b>						
At 1 January 2019	2,459	101	38	364	4,827	7,789
Additions	794	84	—	—	2,575	3,453
Disposals	—	—	—	—	(29)	(29)
Exchange adjustments	—	—	—	—	(296)	(296)
At 31 December 2019	3,253	185	38	364	7,077	10,917
Additions	468	72	—	—	2,258	2,798
Disposals	—	—	—	—	(968)	(968)
Exchange adjustments	—	—	—	—	251	251
<b>At 31 December 2020</b>	<b>3,721</b>	<b>257</b>	<b>38</b>	<b>364</b>	<b>8,618</b>	<b>12,998</b>
<b>Accumulated depreciation</b>						
At 1 January 2019	—	—	—	175	3,063	3,238
Charge for the period	673	65	17	22	495	1,272
Disposals	—	—	—	—	(28)	(28)
Exchange adjustments	—	—	—	—	(138)	(138)
At 31 December 2019	673	65	17	197	3,392	4,344
Charge for the period	790	81	17	22	718	1,628
Disposals	—	—	—	—	(944)	(944)
Exchange adjustments	—	—	—	—	101	101
<b>At 31 December 2020</b>	<b>1,463</b>	<b>146</b>	<b>34</b>	<b>219</b>	<b>3,267</b>	<b>5,129</b>
<b>Net book value</b>						
<b>At 31 December 2020</b>	<b>2,258</b>	<b>111</b>	<b>4</b>	<b>145</b>	<b>5,351</b>	<b>7,869</b>
At 31 December 2019	2,580	120	21	167	3,685	6,573

# Sinclair Pharma Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 14. Fixed asset investments

On 17 September 2020, the Group entered into a share acquisition agreement with Kylan Laboratoires SA (Kylan) under which Sinclair agreed to acquire 20% of the issued share capital of Kylan for €6.0 million. Sinclair has an option to acquire an additional 5% for 1,500,000 Euros which expires on 31 December 2021.

Kylan has share capital consisting of ordinary shares and preference shares. As at 31 December 2020, the Group held 20% of the share capital of the company, made up of ordinary share capital only. The country of incorporation is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Country of incorporation	Principal activity	% of ownership interest 2020	Nature of relationship	Measurement method	Carrying amount 31 Dec 2020 £'000
Kylan Laboratoires SA	Switzerland	Development of medical aesthetic products	20	Associate	Equity method	5,353

The tables below provide summarised financial information for Kylan. The information disclosed reflects the amounts presented in the financial statements of Kylan, and not Sinclair Pharma Limited's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	2020 £'000
Intangibles	833
PPE	250
Other non-current assets	17
	1,100
Cash and cash equivalents	10,602
Receivables	64
	10,666
Total assets	11,766
Trade and other payables	(197)
Corporation tax	(921)
	(1,118)
Net assets	10,648
<b>Reconciliation to carrying amount:</b>	<b>£'000</b>
At 1 January 2020	–
Investment in associate	5,474
Group's share of loss	(121)
<b>At 31 December 2020</b>	<b>5,353</b>

	£'000
<b>Summarised statement of comprehensive income since acquisition</b>	<b>–</b>
Loss from continuing operations and total comprehensive expense	(606)
Group's share of loss	(121)

### 15. Assets held for sale

On 13 February 2020, the Group disposed of its Western European distribution rights to Sculptra® to Galderma SA. As at 31 December 2019, the long term distribution rights held by the group were being actively marketed for immediate sale, and the sale was considered highly probable to complete within 12 months of the balance sheet date. This therefore met the criteria detailed under IFRS 5, and the relevant assets were reclassified as held for sale, valued at the lower of its carrying value and fair value less costs to sell.

	2020 £'000	2019 £'000
<b>Assets classified as held for sale</b>		
Intangible assets	–	5,149
Inventories	–	294
<b>Total assets of disposal group held for sale</b>	<b>–</b>	<b>5,443</b>

# Sinclair Pharma Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 16. Inventories

	Group	
	2020 £'000	2019 £'000
Raw materials	1,411	2,163
Work in progress	2,081	1,010
Finished goods	4,266	3,930
	<b>7,758</b>	<b>7,103</b>

The cost of inventories as an expense includes £80,000 (2019: £123,000) in respect of write-downs of inventory to net realisable value.

### 17. Trade and other receivables

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade receivables	10,202	15,485	–	–
Less loss allowance of trade receivables	(1,955)	(1,319)	–	–
Trade receivables – net of provision	8,247	14,166	–	–
Amounts due from Group undertakings	–	–	37,672	41,693
Other receivables	576	1,362	3	408
Prepayments and accrued income	856	1,155	–	–
	<b>9,679</b>	<b>16,683</b>	<b>37,675</b>	<b>42,101</b>

Amounts due from group undertakings are unsecured trade balances which do not accrue interest.

The fair value of trade receivables, other receivables and accrued income is considered to be equal to their carrying value.

#### Expected credit loss rate

The loss allowance for the company is calculated based on historic debts, factors specific to the region, and forward looking information such as the potential impact of COVID-19. Specific provisions are then in place for debtors not considered recoverable and so those amounts and the provision are not included in the table below. The ageing is split based on the due date of the debtor.

		2020	
		Receivables £'000	Loss Allowance £'000
0-180 days	1.1%	8,097	90
181-300 days	24.8%	411	102
301-360 days	40.9%	193	79
>360 days	100%	552	552
		<b>9,253</b>	<b>823</b>

		2019	
		Receivables £'000	Loss Allowance £'000
0-180 days	0.5%	14,500	80
181-300 days	5.7%	155	9
301-360 days	11.6%	14	2
>360 days	100%	548	548
		<b>15,217</b>	<b>639</b>

# Sinclair Pharma Limited

## Notes to the Financial Statements For the year ended 31 December 2020

### 17. Trade and other receivables (continued)

Movements on the Group's loss allowance for trade receivables as at 31 December reconcile to the opening loss allowance as follows:

	Group	
	2020 £'000	2019 £'000
At 1 January	1,319	1,557
Provision for receivables impairment	864	–
Reduction in provision for receivables	(213)	(214)
Exchange adjustments	(15)	(24)
At 31 December	1,955	1,319

The carrying amounts of trade and other receivables are denominated in the following currencies:

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
GBP	1,558	1,556	36,813	42,101
EUR	2,951	6,601	–	–
USD	786	860	–	–
BRL	2,703	2,950	–	–
MXN	448	469	–	–
KRW	1,233	4,247	–	–
	9,679	16,683	36,813	42,101

### 18. Trade and other payables

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Current liabilities</b>				
Trade payables	3,658	3,995	–	–
Other taxes and social security costs	2,959	1,718	–	–
Other payables	690	127	1	529
Accruals and deferred income	6,932	9,997	859	889
Amounts due to Group undertakings	–	–	637	848
	14,239	15,837	1,497	2,266
<b>Non-current liabilities</b>				
Accruals and deferred income	2,575	1,395	–	–
<b>Total</b>	<b>16,814</b>	<b>17,232</b>	<b>1,497</b>	<b>2,266</b>

Amounts due to group undertakings are unsecured trade balances which do not accrue interest.

### 19. Borrowings

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Bank loans	17,000	20,000	17,000	20,000
Deferred arrangement costs	(34)	(81)	(34)	(81)
Amounts due to Parent undertaking	6,077	7,022	6,077	7,022
<b>Current borrowings</b>	<b>23,043</b>	<b>26,941</b>	<b>23,043</b>	<b>26,941</b>
<b>Total net borrowings</b>	<b>23,043</b>	<b>26,941</b>	<b>23,043</b>	<b>26,941</b>

Borrowings are repayable as follows:

	2020 £'000	2019 £'000	2020 £'000	2019 £'000
On demand or within one year	23,043	26,941	23,043	26,941
<b>Total gross borrowings</b>	<b>23,043</b>	<b>26,941</b>	<b>23,043</b>	<b>26,941</b>

On 26 March 2019, the Group agreed a new three year £20.0 million revolving credit facility with HSBC UK Bank Plc. Proceeds of the facility were utilised to repay existing borrowings, and fund working capital. The facility is subject to covenants over the parent company Huadong Medicine Co. Ltd.

# Sinclair Pharma Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 19. Borrowings (continued)

As this is a revolving credit facility, the Group has flexibility over timing and amounts of drawdowns. At 31 December 2020, the Group had drawdown £17.0 million (2019: £20.0 million), leaving £3.0 million still available (2019: £Nil). Interest is charged at LIBOR+1.75%.

The amounts due to parent undertaking relate to an unsecured loan payable in January 2021 on which interest was charged at 5%. Subsequent to the year end this has been converted to a 3 year loan.

Movement in net debt for the Group is analysed as follows

	At 1 January 2020 £'000	Cash flows £'000	Addition of prepaid arrangement fees £'000	Interest expense £'000	New leases undertaken £'000	At 31 December 2020 £'000
Bank borrowings	(19,919)	3,383	5	(435)	–	<b>(16,966)</b>
Amounts owed to parent undertaking	(7,022)	1,052	–	(107)	–	<b>(6,077)</b>
Cash and cash equivalents	2,415	1,930	–	–	–	<b>4,345</b>
Lease liability	(3,144)	1,186	–	(238)	(540)	<b>(2,736)</b>
<b>Total net debt</b>	<b>(27,670)</b>	<b>7,551</b>	<b>5</b>	<b>(780)</b>	<b>(540)</b>	<b>(21,434)</b>

### 20. Other financial liabilities

Other financial liabilities consist of deferred and contingent considerations which are due as follows:

	2020 £'000	2019 £'000
Obvieline SAS	–	290
Silhouette Lift SL	366	640
Sinclair Korea Ltd	2,757	1,827
<b>Total current</b>	<b>3,123</b>	<b>2,757</b>
Silhouette Lift SL	6,499	7,020
Sinclair Korea Ltd	–	915
<b>Total non-current</b>	<b>6,499</b>	<b>7,935</b>
<b>Discount</b>	<b>(3,483)</b>	<b>(4,201)</b>
<b>Total other financial liabilities</b>	<b>6,139</b>	<b>6,491</b>

Items of deferred and contingent consideration represents the Directors' estimate of the fair value of the assumed contractual minimum liabilities discounted to their net present value.

Deferred and contingent consideration is payable as follows

	2020 £'000	2019 £'000
On demand or within one year	3,123	2,757
Over one and under two years	392	1,230
Over two and under five years	1,408	1,357
Over five years	4,698	5,348
Discount	(3,482)	(4,201)
<b>Total other financial liabilities</b>	<b>6,139</b>	<b>6,491</b>

# Sinclair Pharma Limited

## Notes to the Financial Statements For the year ended 31 December 2020

### 21. Lease liabilities

The following lease liabilities have been recognised by the group:

	2020 £'000	2019 £'000
On demand or within one year	944	1,048
Over one and under two years	517	723
Over two and under five years	1,051	972
Over five years	915	1,182
Discount	(692)	(781)
<b>Total lease liabilities</b>	<b>2,735</b>	<b>3,144</b>

### 22. Provisions

	Legal £'000
At 1 January 2020	5,689
Credited to the income statement	(1,228)
Utilised	(193)
Exchange adjustments	174
<b>At 31 December 2020</b>	<b>4,442</b>

All provisions relate to ongoing legal disputes and are expected to be utilised within the next year.

### 23. Deferred tax liabilities

Analysis of the Group's deferred tax assets and liabilities is as follows:

	Group	
	2020 £'000	2019 £'000
Deferred tax liabilities:		
– Deferred tax liability to be recovered after more than 12 months	(12,868)	(15,364)
– Deferred tax liability to be recovered within 12 months	(1,137)	(1,307)
<b>Total deferred tax liabilities</b>	<b>(14,005)</b>	<b>(16,671)</b>

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### Deferred tax liabilities

	Business combinations £'000	Reinvestment relief £'000	Total £'000
At 1 January 2020	14,920	1,751	16,671
Exchange differences	82	–	82
Accelerated amortisation arising on disposal of Sculptra assets (note 29)	–	(1,221)	(1,221)
Amortisation of deferred tax liabilities	(1,402)	(125)	(1,527)
<b>At 31 December 2020</b>	<b>13,600</b>	<b>405</b>	<b>14,005</b>

The deferred tax liability arising on business combinations relates to the fair value adjustment to the carrying value of intangible assets recognised on historic acquisitions and the subsequent disposal, amortisation, exchange movement or impairment of balances within this category of intangible assets.

The deferred tax liability arising on reinvestment reflects the taxable value of timing differences following the tax relief obtained through the reinvestment of the proceeds from the disposal of assets in earlier years. On 13 February 2020, the Group disposed of its rights to Sculptra (note 29) assets on which reinvestment relief had been claimed. Amortisation of the deferred tax liability for this reinvestment relief has therefore been accelerated in 2020.

Foreign exchange differences of £91,000 (2019: £760,000) arising on deferred tax liabilities from overseas business combinations are recognised as part of the movement in other reserves. All other movements are recognised in the income statement.



# Sinclair Pharma Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 23. Deferred tax liabilities (continued)

#### Unrecognised deferred tax assets

The Group and Company have potential deferred tax assets, which have not been recognised in the financial statements, due to uncertainties surrounding suitable future taxable profits. In the event that these assets are recognised in the future, planned reductions in the rate of corporation tax in the UK will reduce the potential value of these assets. There are currently no planned reductions in the rate of corporation tax. This potential deferred tax asset is analysed as follows:

	Group	
	2020 £'000	2019 £'000
Tax losses	48,129	57,642
Decelerated capital allowances	1,853	1,853
Unrecognised deferred tax asset	49,982	59,495

The tax losses have no expiration date.

### 24. Financial instruments

The Group's activities expose it to a variety of financial risks. The main financial risks faced by the Group relate to market risk, foreign exchange movements, interest rate movements, the risk of default by counterparties to financial transactions and the availability of funds to meet business needs. These risks are managed as described below. Monitoring of financial risk is part of the Board's ongoing risk assessment process. The Group does not use financial derivatives, and it is the Group's policy not to undertake any trading in speculative financial instruments.

#### Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates or interest rates will affect the Group's net income or value of its assets and liabilities.

#### Foreign exchange risk

The Group has transactional currency exposures as the majority of the Group's revenues, and certain expenditures, are in currencies other than the functional currency of the Group, mainly Euros, Brazilian Reals and US Dollars.

The Group finances the majority of its activities in the local currency, out of revenue receipts, excess currency receipts are then translated into Sterling either at the spot rate or through forward contracts. Where subsidiaries are funded centrally, this is achieved by the use of long-term loans, on which exchange translation differences are taken to reserves.

The Group's other financial liabilities include deferred and contingent consideration which is denominated in US Dollars and Korean Won. Cash reserves are held on deposit in US Dollars to hedge against the foreign exchange risk on items of deferred and contingent consideration payable in US Dollars which are expected to be settled over the next 12 months. Post year end, the Group has agreed to settle the deferred consideration denominated in Korean Won in Sterling, thereby eliminating any foreign exchange exposure.

At 31 December 2020, if the Euro had strengthened/weakened by 5% against Sterling, with all other variables held constant, loss after tax would have been £(413,000)/£374,000 (higher)/lower (2019: £(322,000)/£291,000 (higher)/lower). The impact on total equity would have been £1,992,000/(£1,801,000) higher/(lower) (2019: £1,970,000/(£1,781,000) higher/(lower)).

At 31 December 2020, if the US Dollar had strengthened/weakened by 5% against Sterling, with all other variables held constant, loss after tax would have been £(84,000)/£76,000 (higher)/lower (2019: £442,000/(£400,000) lower/(higher)). The impact on total equity would have been 1,390,000/(£1,258,000) higher/(lower) (2019: £2,482,000/(£2,246,000)).

At 31 December 2020, if the Brazilian Real had strengthened/weakened by 20% against Sterling, with all other variables held constant, loss after tax would have been £9,000/£(6,000) lower/(higher) (2019: £517,000/(£344,000) lower/(higher)). The impact on total equity would have been 514,000/(£343,000) higher/(lower) (2019: £667,000/(£444,000)).

#### Foreign currency exposure

At 31 December 2020, the Group's operating companies have financial instrument assets of £939,000 (2019: £1,332,000) and financial instruments liabilities of £4,127,000 (2019: £5,698,000) denominated in US Dollars, financial instrument assets of £4,777,000 (2019: £7,733,000) and financial instrument liabilities of £6,764,000 (2019: £7,221,000) denominated in Euros.

#### Interest rate risk

The Group does not have significant interest-bearing assets and therefore the Group's income and operating cash flows are substantially independent of changes in market interest rates.

# Sinclair Pharma Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 24. Financial instruments (continued)

The Group's interest rate risk arises from short and long-term borrowings. At 31 December 2020, if interest rates on floating borrowing rates had been 0.5% higher/lower with all other variables held constant, loss after tax would have been £60,000 (2019: £65,000) higher/(lower).

Interest-bearing financial liabilities are made up as follows:

	2020		2019	
	Fixed £'000	Floating £'000	Fixed £'000	Floating £'000
Financial liabilities				
Borrowings – bank loan	–	17,000	–	20,000
Borrowings - amounts due to Parent undertaking	6,077	–	7,022	–

The effective interest rates on financial liabilities as at the balance sheet date are as follows:

	2020		2019	
	Fixed	Floating	Fixed	Floating
Bank loan	–	LIBOR + 1.75%	–	EURIBOR + 9.0%
Amounts due to Parent undertaking	5.0%	–	5.0%	–

Trade and other receivables, trade and other payables and other non-current assets, liabilities, provisions are not interest bearing.

#### Credit risk

Credit risk is managed on a Group basis. The Group is exposed to credit risk through pre-wholesalers and marketing partners, such that if one or more of them is affected by financial difficulty, it could materially and adversely affect the Group's financial results. Concentration of credit risk in relation to trade receivables is analysed in note 17.

The creditworthiness of customers is assessed by reference to publicly available information, or information supplied by those customers. We continually assess the recovery of receivables against payment terms, and impose purchase limits where necessary.

Surplus cash deposits are invested with institutions which have a higher credit rating than A.

The Directors do not believe that the Group is exposed to significant concentrations of credit risk on other classes of financial instruments.

#### Price risk

The Group is not exposed to significant commodity or other market price risk. However like any trading company, the Group is exposed to the risk of unforeseen increases in the cost of goods purchased from suppliers. To mitigate this risk, the Group manages its relationships with suppliers closely such that pricing mechanism are controlled by contract, forecast demand is scheduled up to 12 months prior to delivery, and actual demand is confirmed in advance through purchase orders in accordance with pre-agreed pricing lists.

#### Liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as they fall due and can generate sufficient cash flows to meet covenant targets, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Board reviews the forecast liquidity and covenant headroom at every Board meeting using cash flow forecasts which are updated on a regular basis in line with the business plan. The Group and parent complied with the covenants on its borrowings throughout the period.

At 31 December 2020, the net cash balance is £4,345,000 (2019: £2,415,000).

#### Capital management

The Group defines the capital that it manages as the Group's total equity. The Group and Company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern; to provide an adequate return to investors based on the levels of risk undertaken; to have available the necessary financial resources to allow the Group to invest in areas that may deliver future benefits and returns to investors; and to maintain sufficient financial resources to mitigate against risks and unforeseen events together with ensuring compliance with the Group's existing banking covenants on borrowings, which were complied with fully throughout the period.

The Group believes it has sufficient ongoing cash and cash equivalents to meet its stated capital management objectives and the Directors believe that the capital management objectives have been met throughout the financial year.

# Sinclair Pharma Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 24. Financial instruments (continued)

#### Fair value estimation

The Group analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The Group's financial assets and liabilities measured at fair value at 31 December 2020:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Liabilities</b>				
<b>Financial liabilities at fair value through the profit or loss</b>				
– Contingent consideration from business combinations	–	–	3,382	3,382

The Group's financial assets and liabilities measured at fair value at 31 December 2019 :

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Liabilities</b>				
<b>Financial liabilities at fair value through the profit or loss</b>				
– Contingent consideration from business combinations	–	–	3,972	3,972

#### (a) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. At 31 December 2020 and 31 December 2019 there were no financial instruments at Level 1.

#### (b) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

#### (c) Financial instruments in Level 3

The fair value of contingent consideration at 31 December 2020 related to the acquisitions of Silhouette Lift SL. The fair value is calculated with reference to discounted future cash flows, which represent management's best estimate of the amount payable.

The following table presents the changes in Level 3 instruments for the period ended 31 December 2020:

	Contingent consideration in a business combination £'000
Opening balance	3,972
Foreign exchange movements	(96)
Payments	(826)
Gains and losses recognised in profit or loss	333
<b>Closing balance</b>	<b>3,383</b>
<b>Change in unrealised gains or losses for the period included in profit or loss for assets held at the start and end of the reporting period</b>	<b>(96)</b>

The group uses a discount rate of 11.5% for contingent consideration arising on business combinations.

The Group's financial instruments comprise: cash and cash equivalents, finance leases, borrowings and various trade and other receivables and trade and other payables that arise directly from its operations.

# Sinclair Pharma Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 24. Financial instruments (continued)

The Group had the following financial instruments at the period end:

	Assets		Liabilities	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Loans and receivables</b>				
Other non-current financial assets	176	176	–	–
Cash at bank	4,345	2,415	–	–
Trade and other receivables	8,244	14,242	–	–
<b>Financial liabilities measured at amortised cost</b>				
Trade and other payables	–	–	13,210	15,374
Other financial liabilities	–	–	6,139	6,491
Lease liabilities	–	–	2,735	3,143
Borrowings – bank loans	–	–	16,966	19,919
Borrowings – amounts due to Parent undertaking	–	–	6,077	7,022
	<b>12,765</b>	<b>16,833</b>	<b>45,127</b>	<b>51,949</b>

The following table details the Group's maturity analysis of its financial liabilities. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative Instruments.

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>31 December 2020</b>						
Trade and other payables	1,212	2,669	6,697	684	1,948	13,210
Other financial liabilities	–	2,758	365	1,800	4,699	9,622
Lease liabilities	97	178	669	1,568	914	3,426
Borrowings – bank loans	–	–	16,966	–	–	16,966
Borrowings – amounts due to Parent undertaking	–	–	6,077	–	–	6,077
	<b>1,309</b>	<b>5,605</b>	<b>30,774</b>	<b>4,052</b>	<b>7,561</b>	<b>49,301</b>

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>31 December 2019</b>						
Trade and other payables	1,465	3,115	9,220	680	894	15,374
Other financial liabilities	–	1,252	1,505	2,587	5,347	10,691
Lease liabilities	91	180	777	1,695	1,182	3,925
Borrowings – bank loans	–	–	19,919	–	–	19,919
Borrowings – amounts due to Parent undertaking	–	–	7,022	–	–	7,022
	<b>1,556</b>	<b>4,547</b>	<b>38,443</b>	<b>4,962</b>	<b>7,423</b>	<b>56,931</b>

In accordance with IAS 39 'Financial instruments: Recognition and measurement' the Group has reviewed all contracts for embedded derivatives that are required to be separately accounted for. There were no such derivatives at 31 December 2020 or 31 December 2019. The Directors consider that the fair value of the Group's financial instruments do not differ significantly from their book values.

### Company

The Company had the following financial instruments at the period end:

	Assets		Liabilities	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Cash at bank	14	23	–	–
Borrowings - amounts due from Group undertakings	37,675	54,728	–	–
Trade and other payables	–	–	1,322	2,266
Borrowings	–	–	16,968	19,919
Borrowings – amounts due to Parent undertakings	–	–	6,077	7,022
	<b>37,689</b>	<b>54,751</b>	<b>24,367</b>	<b>29,207</b>

Trade and other payables and other non-current liabilities are non-interest bearing. The Directors consider that the fair value of the Company's financial instruments do not differ significantly from their book values.

### Foreign currency exposure

At 31 December 2020, the Company has financial instrument assets of £11,548,000 (2019: £10,311,000) denominated in Euros.

# Sinclair Pharma Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 25. Share capital

Group and Company	2020 Number	2019 Number	2020 £'000	2019 £'000
Issued and fully paid				
Ordinary shares of 1.0p				
At start of period	580,157,084	517,657,084	5,802	5,177
Issue of shares	–	62,500,000	–	625
At 31 December	580,157,084	580,157,084	5,802	5,802

On 21 January 2019, the company issued 62,500,000 Ordinary shares of 1p each to Huadong Medicine Aesthetics Investment (Hong Kong) Limited for consideration of 32p per share. The difference between the total consideration of £20,000,000 and the nominal share value of £625,000 was recognised in the share premium reserve.

### 26. Capital commitments

The Group and Company had no capital commitments at 31 December 2020 (2019: £Nil).

### 27. Post Balance Sheet Events

On 4 January 2021, the Group agreed a new three-year £15 million revolving credit facility with HSBC UK Bank Plc. This has been agreed on the same terms as the existing £20 million facility. Interest is charged at LIBOR+1.75% and the facility is subject to covenants over the parent company Huadong Medicine Co. Ltd ("HMC").

On 10 February 2021, the Group signed an agreement to acquire the business of Cocoon Medical ("Cocoon"), a manufacturer of energy based devices for the aesthetics industry, based in Barcelona. The acquisition is expected to complete in early Q2 2021 and will bring additional sales and growth opportunities to the Group. The Cocoon Medical business achieved unaudited sales of €17.2 million for the year ended 31 December 2020. Sinclair has agreed to pay an initial consideration of €45 million followed by deferred consideration of €20 million due in January 2024 and contingent consideration of up to a further €20 million subject to various sales-based milestones being achieved in the period to 31 December 2024.

The acquisition is being funded by new debt facilities which are being supported by Sinclair's parent company. On 21 January 2021 the Company entered into a £10 million three month loan agreement with HMC in order to finance a down payment for Cocoon that was made on 10 February. On 15 March 2021, the Company entered into a one year €25 million loan agreement with Standard Chartered Bank ("SCB") and HMC has committed to provide a further short-term loan for €10 million to finance the remainder of the initial consideration for Cocoon. The Board, with the support of HMC, intends to replace these short-term borrowing facilities with a three-year term loan facility with SCB as soon as possible following the closing of the Cocoon acquisition.

### 28. Related party transactions

#### Group

The following transactions were carried out with related parties:

#### Key management compensation

The compensation paid to key management for employee services is set out in note 7.

#### Transactions with parent undertaking

During the year a licence fee of £1,805,000 was received from the parent undertaking (2019: £772,200). This has been recorded as deferred income bringing the total to £2,575,000 at 31 December 2020.

The revolving facility in place for the group at the year end, and the facility agreed post year end have both been guaranteed by the parent undertaking.

#### Company

The following transactions were carried out with related parties:

#### Transactions with parent undertaking

During the year, the company received a loan of £6,000,000 from the parent undertaking (note 19), on which interest is charged at a fixed rate of 5% per annum. This loan was extended to a 3 year loan in January 2021.

During the prior year, the Company received a loan of £7,000,000 from the parent undertaking (note 19), on which interest is charged at a fixed rate of 5% per annum. This loan was repaid in full in February 2020.

# Sinclair Pharma Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 28. Related party transactions (continued)

#### Transactions with subsidiaries

The Company is responsible for financing the Group, managing Group funds and setting Group strategy. Finance is then provided to operating subsidiary undertakings where necessary.

Trade receivables and trade payables due from or to Group undertakings arise from the recharge of corporate services. Details of inter-company trade receivables and payables are set out in notes 17 and 18.

Amounts owed to and due from Group undertakings are unsecured, interest bearing and have no fixed repayment dates, but are not expected to be repaid within 12 months. Details of guarantees confirmed to subsidiary companies are provided in note 2 of the financial statements.

### 29. Discontinued Operations

On 13 February 2020, the Group disposed of its Western European distribution rights to Sculptra to Galderma SA. As a result all income and expenditure relating to the Sculptra asset for the current and the prior year have been disclosed as discontinued.

The financial performance and cash flow information presented are for the 44 days ended 13 February 2020, and the year ended 31 December 2019:

	2020 £'000	2019 £'000
<b>Revenue</b>	<b>1,294</b>	<b>6,530</b>
Cost of sales	(475)	(2,486)
<b>Gross profit</b>	<b>819</b>	<b>4,044</b>
Selling, marketing and distribution expenses	(13)	(52)
Administrative expenses	–	(433)
<b>Operating profit and profit before taxation</b>	<b>806</b>	<b>3,559</b>
Taxation	1,221	94
<b>Profit for the period from discontinued operations (attributable to owners of the company)</b>	<b>2,027</b>	<b>3,653</b>
Pre tax profit on disposal	33,732	–
Attributable taxation	(1,866)	–
<b>Profit for the period from discontinued operations (attributable to owners of the company)</b>	<b>33,893</b>	<b>3,653</b>

#### Profit on disposal

The net assets of the disposal group at the date of disposal were as follows:

	£'000
Intangible assets	5,149
Inventory	183
Net assets	5,332
<b>Profit on disposal recognised in profit for the period from discontinued operations</b>	<b>33,732</b>
<b>Total consideration - satisfied by cash and cash equivalents</b>	<b>39,064</b>

#### Cash flows from discontinued operations (from operating activities)

	2020 £'000	2019 £'000
Net cash inflows from operating activities	1,780	3,339
Net cash inflows from investing activities	39,064	–
<b>Net cash flow from discontinued operations</b>	<b>40,844</b>	<b>3,339</b>

# Sinclair Pharma Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 30. Investments

	Shares in subsidiary undertakings £'000	Loans to Group undertakings £'000	Total £'000
<b>Cost</b>			
At 1 January 2019	122,566	12,768	135,334
Interest charged on loans to Group undertakings	–	706	706
Exchange adjustments	–	(624)	(624)
At 31 December 2019	122,566	12,850	135,416
Interest charged on loans to Group undertakings	–	719	719
Exchange adjustments	–	534	534
<b>At 31 December 2020</b>	<b>122,566</b>	<b>14,103</b>	<b>136,669</b>
<b>Accumulated impairment</b>			
<b>At 31 December 2020 and 31 December 2019</b>	<b>8,592</b>	<b>223</b>	<b>8,815</b>
<b>Net book value</b>			
<b>At 31 December 2020</b>	<b>113,974</b>	<b>13,880</b>	<b>127,854</b>
At 31 December 2019	113,974	12,627	126,601

The Company's subsidiary undertakings are as set out below:

	Country of incorporation	Holding	Proportion held	Nature of business
Sinclair Pharmaceuticals Limited	England	Ordinary shares	100%	Pharmaceutical products
Sinclair Pharma France Holding SAS	France	Ordinary shares	100%	Holding company
Sinclair Pharmaceutical Espana SL	Spain	Ordinary shares	100%	Pharmaceutical products
Sinclair Pharma GmbH	Germany	Ordinary shares	100%	Pharmaceutical products
IS Pharma Limited	England	Ordinary shares	100%	Dormant
IS Pharmaceuticals Limited	England	Ordinary shares	100%	Dormant
Acorus Therapeutics Limited	England	Ordinary shares	100%	Dormant
Sinclair Life Sciences India Private Limited	India	Ordinary shares	100%	Dormant
Sinclair Pharma Holdings Limited	England	Ordinary shares	100%	Holding company
Sinclair Pharma Management Limited	England	Ordinary shares	100%	Holding company
Sinclair France SAS	France	Ordinary shares	100%	Pharmaceutical products
Sinclair Pharma Australia Pty Ltd	Australia	Ordinary shares	100%	Dormant
Sinclair Holdings BV	Netherlands	Ordinary shares	100%	Holding company
AQTIS Medical BV	Netherlands	Ordinary shares	100%	Pharmaceutical products
Sinclair Netherlands IP BV	Netherlands	Ordinary shares	100%	Pharmaceutical products
Building Health Distribuidora de Productos para a Saude Ltda	Brazil	Ordinary shares	100%	Pharmaceutical products
Sinclair Aesthetics de Mexico	Mexico	Ordinary shares	100%	Pharmaceutical products
Sinclair Korea Limited	Republic of Korea	Ordinary shares	100%	Pharmaceutical products
Silhouette Holding Iberia SL	Spain	Ordinary shares	100%	Holding company
Silhouette Lift SL	Spain	Ordinary shares	100%	Pharmaceutical company
Silhouette Lift Inc	USA	Ordinary shares	100%	Pharmaceutical company
Sinclair Chile SPA	Chile	Ordinary shares	100%	Pharmaceutical company
Sinclair Pharmaceuticals (Asia-Pacific) Pte Ltd	Singapore	Ordinary shares	100%	Pharmaceutical company

The investment in Sinclair Pharma Management Limited is held directly by the Company. The investments for all other subsidiaries are held indirectly through Sinclair Pharma Management Limited.

# Sinclair Pharma Limited

## Notes to the Financial Statements For the year ended 31 December 2020

### 31. Registered addresses

The registered addresses of each of the group's subsidiary companies are as follows:

Sinclair Pharmaceuticals Limited	Eden House, Lakeside, Chester Business Park, Chester, CH4 9QT, UK
Sinclair Pharma France Holding SAS	44 Rue de la Bienfaisance, 75008 Paris, France
Sinclair Pharmaceutical Espana SL	Av De Castilla, Edeficio Dublin Planta 2, San Fernando De Henares, Madrid 28830, Spain
Sinclair Pharma GmbH	Kurfursten Anlage 3, 69115 Heidelberg, Germany
IS Pharma Limited	Eden House, Lakeside, Chester Business Park, Chester, CH4 9QT, UK
IS Pharmaceuticals Limited	Eden House, Lakeside, Chester Business Park, Chester, CH4 9QT, UK
Acorus Therapeutics Limited	Eden House, Lakeside, Chester Business Park, Chester, CH4 9QT, UK
Sinclair Life Sciences India Private Limited	Topiwala Center, CTS no. 746/7, Village-Pahadi, Goregaon (W), Mumbai City, MH 400062, India
Sinclair Pharma Holdings Limited	1 <sup>st</sup> Floor, Whitfield Court, 30 - 32 Whitfield Street, London, W1T 2RQ, UK
Sinclair Pharma Management Limited	1 <sup>st</sup> Floor, Whitfield Court, 30 - 32 Whitfield Street, London, W1T 2RQ, UK
Sinclair France SAS	8 Chemin du Jubin, 69570 Dardilly, France
Sinclair Pharma Australia Pty Ltd	Mazars, Level 12, 90 Arthur Street, North Sydney NSW 2060
Sinclair Holdings BV	Prins Bernhardplein 200, 1097 JB, Amsterdam, Netherlands
AQTIS Medical BV	Yalelaan 44, 3584 CM, Utrecht, Netherlands
Sinclair Netherlands IP BV	Yalelaan 44, 3584 CM, Utrecht, Netherlands
Building Health Distribuidora de Productos para a Saude Ltda	Rua Baraldi, 894, 1º Andar - Sala 1, Sao Caetano do Sul - SP, CEP 09510-005, Brazil
Sinclair Aesthetics de Mexico	Av. Insurgentes Sur 859, P2, Napoles, Benito Juarez, Mexico City, 03810
Sinclair Korea Limited	(Suseo-dong)#228, 62, Saemal-ro, Seoul, Republic of Korea
Silhouette Holding Iberia SL	Av De Castilla, Edeficio Dublin Planta 2, San Fernando De Henares, Madrid 28830, Spain
Silhouette Lift SL	Gran Via de les Corts, Catalanes 630, Barcelona 08007, Spain
Silhouette Lift Inc	1 Technology Drive, STE F211, Irvine, CA 92648-5536, USA
Sinclair Chile SPA	Cerro El Plomo 5680 OF 301 PS 3 Comuna: Las Condes, Santiago De Chile, Chile
Sinclair Pharmaceuticals (Asia-Pacific) Pte Ltd	83 Clemenceau Avenue, #02-01, Singapore 239920

### 32. Immediate and ultimate parent undertaking

The Immediate parent undertaking is Huadong Medicine Aesthetics Investment (Hong Kong) Limited, a subsidiary of Huadong Medicine Co. Ltd. Both companies are registered in China. There is no ultimate parent undertaking.

These financial statements are consolidated within the financial statements of Huadong Medicine Co. Ltd which is listed on the Shenzhen Stock Exchange. Information about the company including its annual report and financial statements is available on the company's website: [www.eastchinapharm.com](http://www.eastchinapharm.com)