

PLETHORA SOLUTIONS HOLDINGS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2020



PLETHORA SOLUTIONS HOLDINGS PLC

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For the year ended 31 December 2020

Company registration number: 05341336

Registered office: Hampden House
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Directors: J Gibson (Chief Executive Officer)
M G Wyllie (Chief Scientific Officer)

Company Secretary: R Tayong

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PLETHORA SOLUTIONS HOLDINGS PLC

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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OPERATIONS UPDATE

The financial year ended 31 December 2020 was an obviously challenging one for the Group, together with the global economy, being dominated by the devastating global impact of the COVID-19 pandemic. Like most organisations, the COVID-19 pandemic has impacted the Group in a variety of ways, including:

1. Since the Group's European marketing and distribution partner for its lead product, Fortacin™, is based in Italy, the Group has been in dialogue with Recordati S.p.A. ("Recordati") to assess the situation resulting from the COVID-19 pandemic and its impact on the continued roll-out of Fortacin™ in its reference markets. In this respect, Recordati has informed the Group that during 2020, its reference markets continued to be affected by the COVID-19 pandemic due both to the restrictions imposed to limit contagion in all territories, as well as from a cautious management of stocks by wholesalers. As we all know, restrictions were imposed on the movement of people, transport, production and commerce, some of which may be in place in certain of the countries in which it operates. While Recordati's pharmaceutical operations were allowed to continue in order to ensure the availability of drugs for patients, all its affiliates had to cease activities engaged by their sales representatives during the "lock down", with such sales activities now going back to normality. While complying with all the measures necessary to ensure the health and safety of its employees, Recordati did not interrupt its production and distribution activities and adopted all necessary measures to guarantee the continued availability on the market of its products. Given the dynamic circumstances and uncertainties surrounding the pandemic, the Group is unable to predict the possible future impacts it may have on the Group's operations. However, the Group is hopeful that with the global roll out of the vaccine effort, Recordati may see a gradual recovery in its reference markets after COVID-19 in the second half of this year.
2. While the Group has now completed its Phase II validation study in the United States ("US"), there had been a slower patient recruitment process in certain sites in Florida and other Southern and South Western US States when COVID-19 first flared up in these areas.
3. While now filed, COVID-19 had caused just over a month delay in arranging the filing of the Drug Master File for prilocaine by Siegfried Evionnaz SA, the manufacturer of prilocaine (which is one of the active ingredients of Fortacin™) in respect of the Group's investigational new drug ("IND") submission with National Medical Products Administration ("NMPA") in The People's Republic of China.

The outbreak of COVID-19 has had, and continues to have, a material impact on businesses around the world and the economic environments in which they operate. The outbreak has caused disruption across our business lines as highlighted above. A number of countries in which we operate have implemented severe restrictions on the movement of populations, with a resultant significant impact on economic activity. These restrictions are being determined by the governments of individual jurisdictions, including through the implementation of emergency powers. The impacts of these restrictions, including the subsequent lifting of restrictions, may vary from jurisdiction to jurisdiction. Given, the complex and constantly evolving situation of COVID-19, it is not possible to predict or quantify the financial or operational impact of COVID-19. Management is also closely monitoring what impact, if any COVID-19 has to its liquidity and capital sufficiency with reference to our operations and capital commitments. Currently, COVID-19 has not had any significant impact as to our liquidity and capital sufficiency but management will continue to monitor this very closely.

We have invoked certain plans at our offices in Hong Kong Special Administrative Region ("Hong Kong") and the United Kingdom (the "UK") to help ensure the safety and wellbeing of our staff, as well as our ability to support our customers and maintain our business operations. Many of our staff have continued to provide continuity of work while working remotely. It remains unclear how this will evolve into 2021 and we continue to monitor the situation closely while at all times following local government guidelines and policies.

These issues, among others, caused the Group to review and manage its costs and, in this regard, the Group implemented from April 2020 certain cost cutting measures, including an across-the-board 30% reduction in fees and salaries of its Directors and furloughing staff where appropriate and implementing general and administrative expenses ("G&A") (excluding the amortisation costs, a non cash item) and research and development expenses ("R&D") cost cuts.

The Group will continue to pay close attention to the development and evaluate the impact of the COVID-19 on the financial position and operating results of the Group.

PLETHORA SOLUTIONS HOLDINGS PLC

STRATEGIC REPORT (CONTINUED)

US Approval and Commercialisation Progress

The Group has continued to make steady progression with the approval process with The Food and Drug Administration of the US (the "FDA") with regards to its Phase II validation study of Fortacin™. In this respect, the Group completed the Phase II validation study with a total of 87 subjects being randomised, close to the target of 100. The Group remains on target to submit the study to the FDA during the first half of 2021. On the assumption that the trial is sufficient to convince the FDA that the Premature Ejaculation Bothersome Evaluation Questionnaire serves as an appropriate measure for support of a label claim, the pivotal Phase III study could commence in the latter half of 2021, with the New Drug Application ("NDA") submission possible in late 2022, giving a Prescription Drug User Fee Act date at the end of 2023. Despite the difficulties presented by the COVID-19 pandemic, particularly as it relates to securing face-to-face meetings, the Group's strategy remains to continue negotiations with potential commercial strategic partners for the US market, while we complete the submission of the study to the FDA, with the aim of securing a partner just ahead of or while we conduct the Phase III trial.

Formal registration of the Phase II validation study of Fortacin™ in the US is a critical and positive step towards making the NDA submission and ultimately achieving all necessary FDA and other US regulatory approvals needed to commercialise Fortacin™ in the US, its most significant potential market.

The Group is also pleased to report key findings from a leading global third-party marketing consultant that the Group engaged to assess the US payer's willingness to cover Fortacin™ and the level of price sensitivity for coverage. Further, the marketing consultant was engaged to explore similarities and differences in approaches by insurance plan types (i.e., commercial insurance, Medicare Part D, which are administered by private US insurance companies) so that by understanding the possible approaches and the execution risks the Group will be able to make informed decisions on its approach to "out licensing" the rights to Fortacin™ to potential US commercial strategic partners. The marketing consultant conducted in-depth telephone interviews with payers who cover erectile dysfunction ("ED") drugs on formulary and payers who cover ED drugs through a rider (a rider is an insurance policy provision that adds benefits to or amends the terms of a basic insurance policy such as additional coverage. Riders come at an extra cost, on top of the premiums an insured party pays). The summary of the key findings of the third-party's marketing research was as follows: -

- Payers see Fortacin™ as a novel product, with good efficacy and expect there will be employer-based group demand for coverage.
- It would appear that an acceptable entry price level (being the list price for Fortacin™ to wholesalers or direct purchasers in the US not including prompt pay, or other discounts, rebates or reductions in price) for the US market is more than US\$144 per 12 dose can/unit, exceeding the Group's expectation on price (which is approximately 4 times the current price for a 12 dose can in Europe and the UK, as well as being approximately 1.5 times the expected and currently modelled price by Wanbang Biopharmaceutical Group Co., Ltd. ("Wanbang Biopharmaceutical"), the Company's commercial strategic partner for the People's Republic of China, that it expects to receive in China). Payers unprompted wholesale acquisition prices of Fortacin™ were US\$144 to US\$500 per month (US\$144 to US\$500 for a 12-dose unit/can of Fortacin™).
- 52.4% of lives (83% of plans) would cover Fortacin™ with or without a rider at all price points. Payers kept their type of coverage consistent, such that plans covering ED drugs on formulary said Fortacin™ would be covered the same as the current drugs on formulary versus ED drugs through rider (i.e., Fortacin™ through a rider).

The Group has engaged the third-party marketing consultant to further its recent payer research by building out the US market landscape, price sensitivity and reimbursement expectations for both payer coverage and adding patients' out-of-pocket expenses (or copay) sensitivity. Based on the marketing consultant's findings, it will provide further recommendations on pricing, reimbursement and market access expectations. It is expected that the recommendations will be available to the Group by Q2 2021 and assist with our negotiations with potential US commercial strategic partners.

These initial key findings show the willingness of US payers to cover Fortacin™ and the higher-than-expected wholesale acquisition prices they are prepared to pay for this product represent an encouraging step forward in the commercialization of Fortacin™ in the US. We are confident that this potential high level of market acceptance in the US will not only facilitate our negotiations with potential commercial strategic partners in the region, but also bodes well for the Group's plans to expand into its other key remaining markets such as Latin America and the Middle East.

PLETHORA SOLUTIONS HOLDINGS PLC

STRATEGIC REPORT (CONTINUED)

Chinese Approval and Commercialisation Progress

Despite the aforementioned delays caused by COVID-19, Wanbang Biopharmaceutical submitted the IND application for clinical trial approval during Q3 2020 in respect of Fortacin™ and, as such, the Group received US\$0.72 million (net of 10% PRC withholding tax) from Wanbang Biopharmaceutical on 29 December 2020. As previously announced and post year end, the NMPA has approved Senstend™, (the marketing name of Fortacin™ in China) and a payment of US\$3.20 million before deduction of PRC withholding tax (or US\$2.88 million net of PRC withholding tax) has been triggered and was received in Q1 2021.

We are delighted by this step toward full commercial approval of Senstend™ in China. Achieving this is a significant milestone which lays a solid foundation for marketing Senstend™ there in the near future. We are confident that this successful China initiative not only secures the world's largest market for Senstend™ but will also help us and our strategic partners to expand into other major markets such as the Middle East, India, North America and the Latin America (LATAM) region. Using the income generated by Senstend™ in China, we aim to further grow Senstend™'s market share in other markets to maintain a stable income for the Group and generate better returns for our shareholders.

The Company has been advised by Wanbang Biopharmaceutical of the indicative summary details of the clinical study for seeking approval of an import licence for Senstend™ from the NMPA:

Start date:	April/May 2021 (subject to approval from NMPA)
Study type:	Clinical trial, multi-center, randomised, double-blinded placebo-controlled study
Estimated enrolment:	150
Primary endpoint:	To determine the effects of Senstend™ on the Index of Premature Ejaculation (IPE) and the Intra-vaginal Ejaculation Latency Time (IELT)
Secondary endpoint:	To evaluate the safety and tolerability of Senstend™ in Premature Ejaculation subjects and their sexual partners
Estimated study completion date:	12 months

If the clinical study meets its endpoints and NMPA has granted an import licence for Senstend™, then US\$5 million (before deduction of PRC withholding tax) will be payable to the Group from Wanbang Biopharmaceutical. In addition, upon first commercial sale of Senstend™ in China, US\$2 million (before deduction of PRC withholding tax) shall be payable to the Group from Wanbang Biopharmaceutical. The Group has been informed by Wanbang Biopharmaceutical that it has ordered clinical supplies (both active and placebo) from Pharmaserve (North West) Limited ("PSNW"), the manufacturer of Senstend™/Fortacin™, with the aim of supplies being ready for the commencement of the clinical trial. In addition, the Group has contracted PSNW to commence development on the commercial scale up to increase the current batch size per each manufacturing run to 50,000 units from 15,000 units. This is designed, if successful, to meet Wanbang Biopharmaceutical's requirements for China and Recordati's over-the-counter's requirements in the European Union and the UK.

Progress Relating to Change of Status of Fortacin™ to Over-the-Counter ("OTC") from Prescription ("Rx")
Recordati received approval from the European Commission on 27 August 2020 that the marketing authorisation for Fortacin™ be changed to OTC status from Rx. As previously stated, the OTC switch is a move designed to significantly increase sales and consequently uplift the royalty payments to the Group. Recordati has mentioned that it has commenced the OTC launch in Germany before the end of 2020 and further mentioned that it would look to continue the roll out in its reference markets in 2021 provided that (i) it has received any national approvals that are required (if any); and (ii) PSNW, the manufacturer of Fortacin™, can meet the anticipated increased demand and that the COVID-19 pandemic does not further complicate or impede the planned launch. Recordati, PSNW and the Group are looking into options at scaling up the manufacturing process to meet the anticipated demand in OTC with the aim of manufacturing approximately 50,000 units per batch order and reducing the risk of supply chain shortage and unreliability.

PLETHORA SOLUTIONS HOLDINGS PLC

STRATEGIC REPORT (CONTINUED)

Taiwanese, Hong Kong and Macau Approval and Commercialisation Progress

Orient EuroPharma Co., Ltd. ("Orient EuroPharma") has informed the Group on 11 December 2020 that it has received marketing authorisation approval for Taiwan from The Taiwan Food and Drug Administration (the "TFDA"). This is the final regulatory approval process required for the marketing, distribution and sale of Fortacin™ in Taiwan. The regulatory approval from the TFDA triggered a payment of US\$270,000 to the Group (net of 10% withholding tax). And, I am happy to report post year end that Orient EuroPharma already launched Fortacin™ in Hong Kong in January 2021 and expects to launch Fortacin™ in Macau and Taiwan in March 2021 and April 2021 respectively.

Other Out Licensing Opportunities

The Company remains in discussions with our commercial strategic partners for the Middle East, India, North America and Latin America (LATAM) region. However, it is not possible to determine with accuracy the timing of completion of such agreements, and no assurance can be given that negotiations will lead to a binding licencing agreement(s) in the aforementioned jurisdictions or at all.

TRADING UPDATE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Plethora recorded a net loss of approximately GBP 0.8 million for the financial year ended 31 December 2020 (2019: approximately GBP 2.958 million).

The loss of approximately GBP 0.8 million for the financial year ended 31 December 2020 (2019: approximately GBP 2.958 million) mainly included royalty and milestone income of approximately GBP 0.91 million (2019: approximately GBP 0.13 million) which being offset somewhat by: (i) R&D costs related to the regulatory and Phase II validation study in respect of the FDA approval process of Fortacin™ in the US of approximately GBP 1.85 million (2019: approximately GBP 2.69 million), and (ii) G&A expenses of approximately GBP 0.42 million (2019: approximately GBP 0.40 million).

Underlying R&D costs and administrative expenses for the financial year ended 31 December 2020 were broadly lower than the Board's expectations as the costs for clinical work for the US NDA were delayed. R&D costs were driven by the development and progress of Phase II validation study in respect of the FDA approval process in the US. On the basis that all R&D expenditure is expensed, there were no significant balance sheet movements to comment upon during the financial year ended 31 December 2020. As at 31 December 2020 Plethora had cash resources of approximately GBP 621,000 (31 December 2019: GBP 52,000), with ongoing financial support being provided by the Group.

Impact of Brexit

Management continues to monitor the impact on the business of Brexit. However, it is difficult to assess the extent to which the UK's pharmaceutical industry will continue to be regulated by EU laws. A large part of this depends on whether the UK will continue to be part of the European single market and support free movement of medicinal products, a decision for both the UK and remaining EU member states to reach. In this respect, the Group does not know at this stage what regulatory requirements will be imposed and what financial implications will be on the Company.

The consequence for the economies of the EU members and of the UK exiting the EU are unknown and unpredictable. The Group could well face new regulatory costs and challenges and greater volatility in the related currencies. Any adjustments the Group makes to its business and operations as of Brexit could result in significant time and expense to complete. Any of the foregoing factors could have a material adverse effect on the Group's business, results of operations or financial condition.

OUTLOOK

Our strategy remains the same, in that we are devoting our efforts with Recordati to continue to push for successful commercialisation of Fortacin™ in Europe and the UK, assisting Wanbang Biopharmaceutical with its randomised clinical trial in China, completing our clinical trial work and submitting our NDA with the FDA and bringing Fortacin™ to market through other new strategic commercial partners in the remaining key markets of China, the Asia Pacific region, the US, the Middle East and Latin America.

PLETHORA SOLUTIONS HOLDINGS PLC

STRATEGIC REPORT (CONTINUED)

PRINCIPAL BUSINESS AND NON-FINANCIAL RISKS AND UNCERTAINTIES

The Group's principal business risks are:

- (i) the timing and quantum of receipt of upfront, milestone and royalty income from marketing partners which in itself is dependent on the successful partnering and commercial launch of Fortacin™;
- (ii) the management of the Group's cost base and maintaining adequate working capital and ensuring sufficient funds are made available to complete the ongoing regulatory approval processes and bringing Fortacin™ to market;
- (iii) the retention of key employees to complete the commercialisation process;
- (iv) delays and other unforeseen disruptions like COVID19 pandemic to the manufacturing and regulatory approval projects which could have an adverse impact on the commercial launch of Fortacin™ and future revenues; and
- (v) the exposure to competition from new generic entrants into the market because of loss or expiry of intellectual property and patent rights.

The board monitors the performance of its consultants and agents and produces business forecasts on a regular basis to monitor the funding requirements of the business. These are constantly reviewed by the board as part of the monthly reporting process and at board meetings. Further details of the impact of COVID-19 are set out on page 6.

Patent rights that expired in 2016 protect the Group's intellectual property rights in relation to Fortacin™ in the European Union. Applications have been submitted for Special Protection Certificates in each of the relevant countries in the European Union, which will provide an additional five years of patent protection up to March 2021. In addition to these patent rights, the Group has been advised that it will benefit from data exclusivity in relation to its dossier until November 2021 with an additional marketing exclusivity period (which prevents a generic from using Plethora's data and launching a product) up to 2023.

In the USA, the patent term expired in March 2015. Upon approval, a patent extension of up to 5 years may be available to compensate for the delay in the regulatory process. In relation to data exclusivity, FDA approval will facilitate a period of protection for 3 years from the date of notification with the possibility of a further 2-year extension if the combination product can be classified as a new chemical entity.

KEY PERFORMANCE INDICATORS

The Directors consider cost control and the management of cash to ensure the Group's ability to achieve its regulatory and commercial targets to be the key financial performance indicators of the Group. The cash and any funding requirements of the business are reviewed on a regular basis by the board. The Group has made significant progress in reducing administrative overheads during the year and has been successful in raising new capital from its investors to meet the ongoing needs of the business as explained above.

The Directors consider the successful completion of the manufacturing project, the commercialisation of Fortacin™ in Europe and the product's regulatory approval in the USA as non-financial key performance indicators.

PLETHORA SOLUTIONS HOLDINGS PLC

STRATEGIC REPORT (CONTINUED)

SECTION 172 STATEMENT

Our Stakeholders

The Board takes its duty to its stakeholders under s172 of the Companies Act very seriously and has worked throughout the year to promote the success of the Company for the benefit of its members as a whole. In doing so, it has endeavoured to understand the views of its stakeholders as identified under s172 through its interactions with them during the year and takes their interests into account during board discussions and decision-making.

How We Engage with Our Stakeholders

Shareholders

The Board naturally considers its shareholders to be key stakeholders of the Company and is focused upon delivering long-term value for their benefit. The Company engages with its shareholders and potential shareholders on a regular basis with investor meetings throughout the year as well as focused investors' exhibitions. The results of this investor engagement are reported to the Board to help inform our strategy and communications. Unfortunately, we were unable to meet with our shareholders as we normally do during the Master Investors exhibition in London due to the Covid-19 restrictions but we plan to resume as soon as safe to do so.

During 2020, management reviewed its ongoing projects especially the preparation of NDA dossiers for submission to the FDA and licensing talks to ensure that value is being added to the shareholders by making the right decisions in pursuing these projects.

Employees

The Board considers its employees to be a primary stakeholder of the Company and is conscious of the responsibility it has to them under s172. The Board, and especially the Remuneration Committee, have also had particular regards to employees as they regularly reviewed and revised remuneration packages as part of its strategy to attract, retain and motivate employees in order to deliver value for shareholders. It was further agreed to place one employee on furlough during the year. These actions were consistent with the Board's commitment to investing in and responsibly rewarding employees as they deliver the Company's strategy.

During 2020, the company complied with all regulations to ensure the workplace was safe for its employees.

Patients

Our focus is to enhance the quality of life our patients and consumers to enable them to live a more fulfilled life. The patients our therapies are designed to treat are at the heart of why we do it. We conduct market research and engage professionals in the sexual health field to help us with patient insights to ensure we are making the right decisions for our patients. We are dedicated to the development and marketing of products for the treatment and management of urological disorders in an expanding market with many poorly patient needs. Management is working hard to ensure that region where are products have marketing authorisation are covered by an approved marketing partner.

The Company continues to push forward with its plans to bring Fortacin to the US Market despite incremental cost and time of running a pilot study during this COVID-19 time.

Development Partners and Suppliers

As an almost virtual company, Plethora relies upon its relationships with external service providers, consultants and sub-contractors to provide resources on an "as needed" basis. These resources provide the Company with specialist skills and insights as well as additional capacity. In 2019, the Company started its pilot clinical study in USA which relied upon the resources from Clinical Research Organisations (CROs) and its subcontractors to conduct the trial on our behalf. The Company currently engages Contract Manufacturing Organisations (CMOs) to ensure that trial materials were available at the trial sites, as well as providing approved drugs to its marketing partners.

During 2019, the company brought the pilot clinical study in house with the help of its subcontractors for better control over timelines and cost. Management continues to monitor the current strategies in place to ensure it is best fit for the organisation.

PLETHORA SOLUTIONS HOLDINGS PLC

STRATEGIC REPORT (CONTINUED)

GOING CONCERN

The Group generated revenues of £1.1 million (2019: £0.128 million) during the year from the licencing and commercialisation of Fortacin™ in Europe and Asia. The Group had a cash balance of £621,000 (2019: £52,000) as at 31 December 2020.

In addition to its loan facilities from Regent Pacific Group Limited, the Company has bank loan of £32,000. The Directors have prepared detailed cash flow forecasts through to the end of the 2022 year that show that the Company with the financial support of its ultimate parent company, Regent Pacific Group Limited and Forecasted Licencing and Milestone payments has adequate working capital to meet its immediate needs. Nevertheless, there are risks in relation to the timing and extent of upfront milestone receipts relating to other territories, the costs associated with the New Drug Application with the FDA and the uncertainty of the impact of Brexit on the activities of the Company.

The Directors has assessed the impact of COVID19 disruption to the business operations – there is not expected to be a significant impact on revenue as COVID-19 and the resulting lockdown would not decrease the demand for the product by the end consumer. There may however be a delay in the regulatory process currently in progress in Asia, which will likely lead to delays in the timing of milestone payments. The impact of the delay in revenue will however be offset by various mitigating actions including:

- furlough of staff
- seeking of government approved loans and grants
- decrease in travel plans costs
- a change in clinical monitoring on the US trials from physical visits to video correspondence
- deferring of activities requiring large legal fees to the later part of 2021
- support and funding will continue to be provided by the parent company

Given these mitigating actions the Directors have concluded that this won't have a significant effect on the Group's activities. The Directors have obtained confirmation from Regent Pacific Group Limited that it is their intention to provide support to the Company and Plethora Solutions Limited for a period of not less than 12 months from the date of signing these financial statements. Consequently, the Directors have concluded that it is appropriate to prepare the Company's financial statements on the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

Approved by the board and signed on its behalf by


Mike Wyllie
Chief Scientific Officer

Date 15 June 2021

PLETHORA SOLUTIONS HOLDINGS PLC

DIRECTORS' REPORT

The Directors present their annual report together with the audited consolidated and parent company financial statements for the year ended 31 December 2020.

Principal activities

The Group's principal activity is the development and commercialisation of pharmaceutical treatments for premature ejaculation in the area of men's sexual health.

Business review

The business review is detailed in the Strategic report in addition to commentary in relation to the Going Concern status of the Group and Research & Development activities during the year.

The Group recorded a loss for the year after taxation of £817,000 (2019: £2,958,000).

The Directors do not recommend the payment of a dividend (2019: £nil).

2021 Outlook

Plethora continues to be focused on the development and commercialisation of its principal pharmaceutical product Fortacin™. Our strategy remains the same, in that we continue to devote our efforts with Recordati to a successful commercialization of Fortacin™ in Europe and the UK, completing our clinical trial work and submitting our NDA with the FDA and bringing Fortacin™ to market through other new strategic commercial partners in the remaining key markets of China, the Asia Pacific region, the US, the Middle East and Latin America.

Consideration of the impact of COVID19 is set out on page 6.

The Group's financial risk management policies are disclosed in Note 16 of the financial statements.

Directors

The Directors of the Company who served during the year ended 31 December 2020 and up to the date of signing, the financial statements, except where noted, were as follows:

M G Wyllie
J Gibson

Directors' indemnities

The Company has purchased and maintained throughout the financial year Directors and Officers' liability insurance in respect of itself and its Directors.

Share capital

Details of the Company's share capital, including the number of shares issued in the year under review, are given in Note 18 to the financial statements. The Group's policy for managing capital and financing to support the activities of the Group is detailed in Note 17 to the financial statements.

Health and safety

Plethora recognises its responsibility to ensure that it only allows its workers to work in as safe a working environment as possible and implement a system of checks to ensure compliance with Health and Safety legislation.

PLETHORA SOLUTIONS HOLDINGS PLC

DIRECTORS' REPORT

Statement of directors' responsibilities:

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006. 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 the company and of the profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

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

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

Disclosure of information to auditor

In accordance with Section 418 of the Companies Act 2006, each of the persons who is a director at the date of the approval of this report confirms that:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and


(b) each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Independent Auditor

BDO LLP was appointed as auditor in accordance with section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD

Mike Wyllie
Director
Date 15 June 2021



PLETHORA SOLUTIONS HOLDINGS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PLETHORA SOLUTIONS HOLDINGS PLC

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Parent Company's affairs as at 31 December 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with the International Financial Reporting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Plethora Solutions Holdings PLC ("the Parent Company") for the period ended 31 December 2020 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the group and company cash flow statements, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including The International Financial Reporting Standards (IFRS).

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 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 Group and 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.

PLETHORA SOLUTIONS HOLDINGS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PLETHORA SOLUTIONS HOLDINGS PLC

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- The Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

PLETHORA SOLUTIONS HOLDINGS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PLETHORA SOLUTIONS HOLDINGS PLC

Auditor's responsibilities for the audit of the financial statements (continued)

Audit procedures included:


- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and Parent Company. We determined that the most significant are directly relevant to specific assertions in the financial statements are those related to the reporting framework (IFRS, the Companies Act 2006) and the tax related legislation (the Finance Act);
- We tested the Group and Parent Company's compliance with these laws and regulations through our audit procedures over the financial statements and the related tax balances;
- Enquiries with management, and those charged with governance, as to whether there were known or suspected instances of non-compliance with laws and regulations or fraud;
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to impairment of investment balances;
- Identifying and testing journal entries, in particular any journal entries posted with unusual descriptions and journals posted on a weekend; and
- Communicating relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed 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 are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

DocuSigned by:

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James Fearon (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
Date: 16 June 2021

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

PLETHORA SOLUTIONS HOLDINGS PLC**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Revenue	4	1,092	128
Operating Costs:			
Other Income		23	-
- research and development expenses		(1,852)	(2,691)
- general and administrative expenses		(417)	(400)
Total Net Operating Costs		(2,246)	(3,091)
Operating loss	5	(1,154)	(2,963)
Finance costs	7	(3)	-
Finance income	7	-	5
Loss from continuing operations for the year before taxation		(1,157)	(2,958)
Research and development tax credit	8	340	-
Loss from continuing operations for the year after taxation		(817)	(2,958)
Loss for the year and total comprehensive expense attributable to the owners of the parent		(817)	(2,958)

PLETHORA SOLUTIONS HOLDINGS PLC**CONSOLIDATED BALANCE SHEET**

As at 31 December 2020

	Note	31 December 2020 £'000	31 December 2019 £'000
ASSETS			
Non-current			
Property, plant and equipment	9	-	1
Current			
Trade and other receivables	11	801	137
Cash and cash equivalents	12	621	52
		<u>1,422</u>	<u>189</u>
Total assets		<u>1,422</u>	<u>190</u>
LIABILITIES			
Current			
Trade and other payables	14	(447)	(426)
Borrowings	15	(4,904)	(2,908)
		<u>(5,351)</u>	<u>(3,334)</u>
Non-current			
Borrowings		(32)	-
Total liabilities		<u>(5,383)</u>	<u>(3,334)</u>
Net liabilities		<u>(3,961)</u>	<u>(3,144)</u>
EQUITY			
Share capital	18	8,945	8,945
Share premium		48,277	48,277
Other reserves		9,102	9,102
Accumulated losses		(70,285)	(69,468)
Total deficit		<u>(3,961)</u>	<u>(3,144)</u>

The accompanying accounting policies and notes on pages 19 to 37 form an integral part of these financial statements.

The financial statements on pages 13 to 37 were approved by the Board of Directors on 15 June 2021 and are signed on its behalf by:

Mike Wyllie
Director



Registered number: 05341336

PLETHORA SOLUTIONS HOLDINGS PLC

COMPANY BALANCE SHEET

As at 31 December 2020

	Note	31 December 2020 £'000	31 December 2019 £'000
ASSETS			
Non-current			
Investments	10	-	-
Current			
Trade and other receivables	11	110	19
Cash and cash equivalents	12	5	3
		<u>115</u>	<u>22</u>
Total assets		<u>115</u>	<u>22</u>
LIABILITIES			
Current			
Trade and other payables	14	(100)	(1,771)
Borrowings	15	(4,904)	(2,908)
		<u>(5,004)</u>	<u>(4,679)</u>
Total liabilities		<u>(5,004)</u>	<u>(4,679)</u>
Net liabilities		<u>(4,889)</u>	<u>(4,657)</u>
EQUITY			
Share capital	18	8,945	8,945
Share premium		48,277	48,277
Other Merger Reserves		4,194	4,194
Accumulated losses		(66,305)	(66,073)
Total deficit		<u>(4,889)</u>	<u>(4,657)</u>

The company has elected to take exemption under section 408 of the Companies Act 2006 not to present the Company profit and loss account. The loss for the Company for the year was £232,000 (2019: £351,000).

The accompanying accounting policies and notes on pages 19 to 37 form an integral part of these financial statements.

The financial statements on pages 13 to 37 were approved by the Board of Directors on 15 June 2021 and are signed on its behalf by:

Mike Wyllie
Director



Registered number: 05341336

PLETHORA SOLUTIONS HOLDINGS PLC**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For the year ended 31 December 2020

	Share capital	Share premium	Other reserves	Accumulated Losses	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2019	8,945	48,277	9,102	(66,510)	(186)
Loss and total comprehensive expense for the year	-	-	-	(2,958)	(2,958)
Balance at 31 December 2019	8,945	48,277	9,102	(69,468)	(3,144)
Loss and total comprehensive expense for the year	-	-	-	(817)	(817)
Balance at 31 December 2020	8,945	48,277	9,102	(70,285)	(3,961)

PLETHORA SOLUTIONS HOLDINGS PLC**COMPANY STATEMENT OF CHANGES IN EQUITY**For the year ended 31 December 2020

	Share capital	Share premium	Other reserves	Accumulated Losses	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2019	8,945	48,277	4,194	(65,722)	(4,306)
Loss and total comprehensive expense for the year	-	-	-	(451)	(451)
Balance at 31 December 2019	8,945	48,277	4,194	(66,073)	(4,657)
Loss and total comprehensive expense for the year	-	-	-	(232)	(232)
Balance at 31 December 2020	8,945	48,277	4,194	(66,305)	(4,889)

PLETHORA SOLUTIONS HOLDINGS PLC

GROUP AND COMPANY CASH FLOW STATEMENTS

For the year ended 31 December 2020

	Note	Group		Company	
		2020	2019	2020	2019
		£'000	£'000	£'000	£'000
Cash flows from operating activities					
Loss before taxation		(1,157)	(2,958)	(231)	(351)
Finance costs	7	3	-	-	-
Depreciation of property, plant and equipment	9	2	13	-	-
Share based payments charge		5	-	-	-
Change in trade and other receivables		(663)	257	12	14
Change in trade and other payables		20	(429)	9	(91)
Total cash utilised by operations		(1,790)	(3,117)	(210)	(428)
Interest paid		(3)	(5)	-	-
Income taxes received		422	-	-	-
Income taxes paid		(82)	-	-	-
Net cash inflow from operating activities		(1,453)	(3,122)	(210)	(428)
Cash flows from investing activities					
Interest received		-	5	-	-
Purchase of plant and equipment		(1)	-	-	-
Net cash outflow from investing activities		(1)	5	-	-
Cash flows from financing activities					
Repayments to from group undertakings		-	-	(1,784)	(2,681)
Receipts from group undertakings		-	-	-	658
Proceeds from Bank Loan		32	-	-	-
Proceeds from Regent Loans		1,991	2,453	1,996	2,453
Net cash outflow from financing activities		2,023	2,453	212	430
Increase /(Decrease) in cash and cash equivalents		569	(664)	2	2
Cash and cash equivalents at the beginning of year		52	716	3	1
Cash and cash equivalents at end of year		621	52	5	3

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2020

1 GENERAL INFORMATION

Plethora Solutions Holdings plc (the "Company") and its subsidiaries' ("Plethora" or the "Group") principal activities are the development and commercialisation of a pharmaceutical treatment of premature ejaculation in the area of men's sexual health.

Plethora Solutions Holdings plc, is a private company limited by shares, and is a wholly owned subsidiary of Regent Pacific Group Limited, is incorporated and domiciled in the United Kingdom.

2 EFFECTS OF CHANGES IN ACCOUNTING POLICIES

2.1) New standards, interpretations and amendments adopted from 1 January 2020

New standards impacting the Group that have been adopted in the annual financial statements for the year ended 31 December 2020 are:

COVID-19-Related Rent Concessions (Amendments to IFRS 16)

Effective 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. The effect of applying the practical expedient is disclosed in note 5.

Other standards

New standards that have been adopted in the annual financial statements for the year ended 31 December 2020, but have not had a significant effect on the Group are:

- Definition of a Business (Amendments to IFRS 3);
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Disclosure Initiative - Definition of Material); and
- Revisions to the Conceptual Framework for Financial Reporting.

2.2) New Standards, Interpretations and Amendments Not Yet Effective

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

The following amendments are effective for the period beginning 1 January 2021:

- Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39 and IFRS 7)

The following amendments are effective for the period beginning 1 January 2022:

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2020

2 EFFECTS OF CHANGES IN ACCOUNTING POLICIES - CONTINUED

2.2) New Standards, Interpretations and Amendments Not Yet Effective (continued)

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities.

3 ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention as modified by financial liabilities at fair value through profit or loss using the required measurement bases specified under International Financial Reporting Standards (IFRS), IFRS Interpretations Committee interpretations and with those parts of the Companies Act 2006 applicable to Companies reporting under IFRS. Accounting policies have been applied consistently other than where new policies have been adopted.

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The Company's loss for the year was £ 232,000 (2019: £351,000 loss).

Overall considerations

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

The consolidated financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liabilities, income and expense. The measurement bases are more fully described in the accounting policies below.

The accounting estimates and assumptions are consistent with the Group's latest approved budget forecast where applicable. Judgements are based on the information available at each balance sheet date. All estimates are based on the best information available to management.

Exceptional items, namely items that are material either because of their size or their nature, and which are non-recurring, are presented within their relevant Statement of Comprehensive Income category but highlighted through separate disclosure. The separate reporting of exceptional items helps provide a full understanding of the Group's underlying performance.

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2020

3 ACCOUNTING POLICIES – CONTINUED

Going concern

In considering the appropriate basis on which to prepare the financial statements, the Directors are required to consider whether the Group and Company can continue in operational existence for the foreseeable future.

The Group recorded revenues of £1.1million (2019: £0.128 million) during the year and had a cash balance of £621,000 (2019: £52,000) as at 31 December 2020 and net liabilities of £3,961,000 (2019: £3,144,000).

In addition to its loan facilities from Regent Pacific Group Limited, the Group has a bank loan of £32,000 . The Directors have prepared detailed cash flow forecasts through to the end of the 2022 that show that the Group and Company with the financial support of its parent company, Regent Pacific Group Limited and forecasted upfront milestone receipts has adequate working capital to meet its immediate needs.

The Directors have assessed the impact of COVID19 disruption to the business operations and have concluded that this won't have a significant effect on the Group's and Company's activities. The Directors have obtained confirmation from Regent Pacific Group Limited that it is their intention to provide support to the Group and Company for a period of not less than 12 months from the date of signing these financial statements and the Directors have also considered their ability to provide this support. Consequently, the Directors have concluded that it is appropriate to prepare the Group and Company's financial statements on the going concern basis, which assumes that the Group and Company will continue in operational existence for the foreseeable future.

Consolidation and investments in subsidiaries

Consistent accounting policies have been adopted across the Group and where necessary the accounting policy for the subsidiaries has been changed to ensure consistency within the Group.

Subsidiaries are entities over which the Group has the power to control the financial and operating policies. The Group obtains and exercises control through voting rights. The consolidated financial statements of the Group incorporate the financial statements of the parent company as well as those entities controlled by the Group by full consolidation.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date.

Intra-group balances and transactions, and any unrealised gains or losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Property, plant and equipment

Property, plant and equipment are carried at acquisition cost less subsequent depreciation and impairment losses. Depreciation is charged on these assets on a straight line basis over the estimated useful economic life of each asset. Gains/losses on disposal are determined by comparing proceeds with carrying value and are recognised within other (losses)/gains in the Consolidated Statement of Comprehensive Income.

The useful lives of property, plant and equipment can be summarised as follows:

Fixtures & fittings, computers and equipment - 5 years

Residual asset values and useful lives are reviewed and adjusted annually where necessary.

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2020

3 ACCOUNTING POLICIES – CONTINUED

Impairment

The carrying value of non-current assets is reviewed whenever events or changes in circumstances indicate that the carrying value may not be recoverable to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount of property, plant and equipment is the greater of their fair value less costs to sell and value in use.

Furthermore, non-financial assets other than goodwill which have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets

The company classifies its financial assets into the category discussed below, based on the purpose for which the asset was acquired. The company's accounting policy is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a single loss rate approach in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less.

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2020

3 ACCOUNTING POLICIES – CONTINUED

Financial liabilities

The company classifies its financial liabilities into the following category, based on the purpose for which the liability was acquired.

The company's accounting policy is as follows:

Other financial liabilities

Other financial liabilities include the following items:

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

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

Embedded derivatives

Embedded derivatives identified in host contracts are separated from the host contract when they are not closely linked to the contract and are valued at fair value through the Consolidated Statement of Comprehensive Income where they meet the definition of a financial liability. The embedded derivative is revalued to fair value at each reporting period. Within the Consolidated Statement of Comprehensive Income any charge or credit is disclosed in finance income/costs and the corresponding asset/liability is separately shown in the notes to the balance sheet.

Where the embedded derivative meets the definition of equity, this is recognised initially at its fair value and not subsequently re-measured.

Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2020

3 ACCOUNTING POLICIES – CONTINUED

Equity

Share capital is determined using the nominal value of shares that have been issued.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The other reserve is a reserve arising on merger accounting.

Share based payments reserve comprises the fair value of options and performance share rights recognised as an expense. Upon exercise of options or performance share rights, any proceeds received are credited to share capital. The share-based payment reserve remains as a separate component of equity.

The convertible loan note equity reserve represents the difference between the proceeds from issuing the convertible loan notes and the fair value assigned to the liability component at the date of issue.

Accumulated losses include all current and prior period results as disclosed in the statement of comprehensive income.

Revenue recognition

Performance obligations and timing of revenue recognition

The company's revenue is derived from the licencing of the right to develop, market, sell and distribute their intellectual property. Individual performance obligations are specified in each licencing agreement and based on the nature of the obligation revenue is recognised at a point in time when the performance obligation is met.

Determining the transaction price

Most of the company's revenue is derived from signature upfront payments, royalties or commercial or development milestones. The licencing agreements specify the revenue for each of these transactions and therefore the amount of revenue to be earned from each contract is determined by reference to those agreements.

Allocating amounts to performance obligations

The licencing agreement specifies each performance obligation and the amount of revenue associated with it. These licencing agreements negotiated on an arm's length basis between willing parties.

Practical Exemptions

The company has taken advantage of the practical exemptions:

- not to account for significant financing components where the time difference between receiving consideration and transferring control of services to its customer is one year or less; and
- expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2020

3 ACCOUNTING POLICIES – CONTINUED

Research and Development costs

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.

Development costs do not currently meet one or more of criteria for capitalisation listed below in accordance with IFRS and as such expensed as incurred:

- the technical feasibility of completing the asset so that it will be available for use or sale;
- the intention to complete the asset and use or sell it;
- the ability to use or sell the asset;
- the asset will generate probable future economic benefits and demonstrate the existence of a market or the usefulness of the asset if it is to be used internally;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell it; and

the ability to measure reliably the expenditure attributable to the intangible asset.

Employee benefits

(i) Defined contribution pension scheme

Pensions to certain employees are provided through contributions to individual personal pension plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

The contributions recognised in respect of personal pension plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short term nature.

(ii) Other employee benefits

Short-term employee benefits, including holiday entitlement, are included in current pension and other employee obligations at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Foreign currencies

These financial statements are presented in UK Sterling which is the functional currency of the Company.

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with through the Consolidated Statement of Comprehensive Income.

Taxation

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2020

3 ACCOUNTING POLICIES – CONTINUED

Taxation (continued)

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. However, in accordance with the rules set out in IAS 12, no deferred taxes are recognised in conjunction with the initial recognition of goodwill on acquisitions. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

The Group is entitled to a tax deduction for amounts treated as compensation on exercise of certain employee share options or vest of share awards under UK tax rules. As there is a temporary difference between the accounting and tax bases, a deferred tax asset is created. The deferred tax asset arising is calculated by comparing the estimated amount of tax deduction to be obtained in the future (based on the Company's share price at the balance sheet date) with the cumulative amount of the compensation expense recorded in the income statement. If the amount of estimated future tax deduction exceeds the cumulative amount of the compensation expense at the statutory rate, the excess is recorded directly in equity, against retained earnings, where the deferred tax asset is recognised.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date. Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Consolidated Statement of Comprehensive Income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

Research and development tax credits are recognised when they are received.

Leases

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with the options to exclude leases where the lease term is 12 months or less, or the underlying asset is of low value. All of the Group's leases are either low value or have lease term of 12 months or less hence the company has elected to treat the lease a short-term lease exemption and will not recognise a lease liability or right-of-use asset on its balance sheet. Payments on leases are therefore recognised as an expense on a straight-line basis in the Consolidated Statement of Comprehensive Income. Associated costs, such as maintenance and insurance, are expensed as incurred.

Significant accounting estimates and judgements

Certain estimates and judgments need to be made by the Directors of the Group which affect the results and position of the Group as reported in the financial statements. Estimates and judgments are required for example, as at the reporting date, as not all liabilities have been settled and certain assets/ liabilities are recorded at fair value which requires a number of estimates and assumptions to be made.

The major areas for judgments within the financial statements are as follows:

- preparing the financial statements on a going concern basis;
- timing of revenue recognition where satisfaction of the performance obligation is subject to certain performance conditions; and
- the capitalisation of development costs – this involves an assessment of whether the criteria required to be met to capitalise rather than expense these costs have been met.

The reasons that the Directors believe it is appropriate to prepare the financial statements on a going concern basis are detailed on page 21.

There are no other major areas of estimation.

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2020

4 REVENUE

The Group received revenues during the year of £1.1 million (2019: £0.128 million). This turnover was derived from the following markets:

	2020 £'000	2019 £'000
Asia	994	-
Rest of Europe	98	128
	<u>1,092</u>	<u>128</u>

Revenue of the Group consists of signature payment, milestone and royalty income, and other income. An analysis of the Group's revenue for the year is as follows:

	2020 £'000	2019 £'000
Milestone income	994	-
Royalty income	98	128
	<u>1,092</u>	<u>128</u>

The Group's revenue from external customers is divided into the following geographical areas:

	2020 £'000	2019 £'000
Republic of Ireland	98	128
Taiwan	225	-
The People's Republic of China (the "PRC")	769	-
	<u>1,092</u>	<u>128</u>

Disaggregation of revenue

Disaggregation of the Group's revenue and timing of revenue recognition are as follows:

	2020 £'000	2019 £'000
Timing of revenue recognition		
At a point in time		
Milestone and royalty income	1,092	128
	<u>1,092</u>	<u>128</u>

The Group has applied the practical expedient under IFRS 15 for not disclosing an estimate of the transaction price which would not include any estimated amounts of variable consideration that are constrained.

Revenue from customers of the Group's contributing 10% or more of the Group's revenue is as follows:

	2020 £'000	2019 £'000
Customer A	98	128
Customer B	769	-
Customer c	225	-
	<u>1,092</u>	<u>128</u>

Trade receivables are included within Trade and other receivables on the face of the statement of financial position. Refer to note 11 for details of trade receivables balances. There are no other contract assets or contract liabilities.

There are no outstanding performance obligations.

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2020

5 OPERATING LOSS / PROFIT

The operating loss is stated after charging/(crediting):

	2020 £'000	2019 £'000
Auditors' remuneration:		
- Company	26	27
Other services:		
- audit of subsidiary undertakings	10	10
- other non-audit services	-	-
Foreign Exchange loss	17	18
Furlough claim	(13)	-
Operating lease charges – Land and buildings	10	10
Depreciation: Property, plant and equipment – owned	2	13

Rent concessions

The Group has received a rent concession on their property lease in the form of a discount for the period October 2020 to December 2020.

As discussed in Note 2, the Group has elected to apply the practical expedient introduced by the amendments to IFRS 16 to all rent concessions that satisfy the criteria. Substantially all of the rent concessions entered into during year satisfy the criteria to apply the practical expedient.

6 DIRECTORS AND EMPLOYEES

The average monthly number of persons (including Directors) employed by the Group during the year was:

	2020 Number	2019 Number
Administration and management staff	3	3

Staff costs during the year were as follows:

	2020 £'000	2019 £'000
Wages and salaries including termination benefits	262	310
Social security costs	10	-
Share based compensation	5	-
	277	310

Remuneration in respect of the directors were as follows. No other employees were considered to be key management personnel.

	2020 £'000	2019 £'000
Salaries, bonus and fees	162	205
Share based compensation	5	-
	167	205

Emoluments of the highest paid directors were £162,000 (2019: £205,000). The directors are considered to be key management personnel.

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2020

7 FINANCE COSTS AND INCOME

	2020 £'000	2019 £'000
Effective interest charge on borrowings	<u>3</u>	<u>-</u>
Finance costs from continuing activities	<u>-</u>	<u>-</u>
Bank interest receivable	<u>-</u>	<u>5</u>
Finance income from continuing activities	<u>-</u>	<u>5</u>

8 INCOME TAX

The tax credit is based on the profit for the year and represents:

	2020 £'000	2019 £'000
UK corporation tax:		
Adjustments in respect of prior years for R&D credits	<u>422</u>	<u>-</u>
Current tax credit	<u>-</u>	<u>-</u>
Withholding tax charge	<u>(82)</u>	<u>-</u>
Deferred taxation (note 13)	<u>-</u>	<u>-</u>
Tax on result on continuing operations	<u>340</u>	<u>-</u>

The tax assessed differs from the effective rate of corporation tax in the UK of 19 % (2019: 19%). The differences are explained as follows:

	2020 £'000	2019 £'000
Loss for the year from continuing operations before taxation	<u>(1,157)</u>	<u>(2,958)</u>
Loss for the year from continuing operations multiplied by the effective rate of corporation tax during the year in the UK of 19 % (2019: 19%)	<u>(220)</u>	<u>(562)</u>
Effect of:		
Depreciation in excess of capital allowances	<u>-</u>	<u>3</u>
Withholding tax	<u>(82)</u>	<u>-</u>
Carry forward of unutilised tax losses	<u>220</u>	<u>559</u>
Adjustments in respect of prior year for R&D credits	<u>422</u>	<u>-</u>
	<u>340</u>	<u>-</u>

At 31 December 2020 the Group and Company had tax losses of £58,757,351 (2019: £57,889,541) and £18,746,786 (2019: £18,515,405) respectively to offset against future profits within the United Kingdom.

During the year, the standard rate of Corporation tax in the UK was 19%. Accordingly, the Group's losses for this accounting year are taxed at an effective rate of 19%.

At Budget 2020, the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%. The calculation of the unrecognised deferred tax asset has taken into consideration these rates. See note 13 for further details.

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2020

9 PROPERTY, PLANT AND EQUIPMENT - GROUP

	Fixtures, Fittings, Computers and Equipment £'000
Cost	
At 1 January 2019	91
Additions	-
At 31 December 2019	91
Additions	1
At 31 December 2020	92
Accumulated depreciation	
At 1 January 2019	77
Charge for the year	13
At 31 December 2019	90
Charge for the year	2
At 31 December 2020	92
Net book value	
At 31 December 2019	1
At 31 December 2020	0

The assets of the Group are held in Plethora Solutions Limited, 100% subsidiary of the Group.

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2020

10 INVESTMENTS

Company

	Subsidiary Undertakings £'000
Cost	
At 1 January 2019	81,500
Additions	-
At 31 December 2019	81,500
Additions	-
At 31 December 2020	81,500
Accumulated Impairment	
At 1 January 2019	(81,500)
Impairment charge	-
At 31 December 2019	(81,500)
Impairment charge	-
At 31 December 2020	(81,500)
Net book value	
At 31 December 2020	-
At 31 December 2019	-

At 31 December 2020 the subsidiaries of the Group were as follows:

Name of subsidiary undertaking	Country of incorporation	Description of shares held	% of nominal value of shares held	Principal business activity
Plethora Solutions Limited	United Kingdom	1p Ordinary	100	Development of pharmaceutical drugs
Plethora Pharma Solutions Limited	Ireland	€1 Ordinary	100	Activities of holding companies

11 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade receivables	346	12	-	-
Amounts owed to group undertakings	-	-	103	-
Other receivables	453	84	6	3
Prepayments and accrued income	2	41	1	16
Total	801	137	110	19

There were trade receivables of £346,000 at the year end (2019: £12,000). Other receivables relate to contractual amounts receivable by the Group and are considered by the directors to be fully recoverable.

The fair value of these short term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2020

11 TRADE AND OTHER RECEIVABLES - CONTINUED

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the Group's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on factors affecting the Group's customers.

Based on historical credit losses and current and forward-looking information the group has determined the expected credit loss to be less than 1%, and accordingly no impairment has been recognised.

There has been no significant increase in credit risk since initial recognition.

12 CASH AND CASH EQUIVALENTS

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Cash and cash equivalents	<u>621</u>	<u>52</u>	<u>5</u>	<u>3</u>

Cash and cash equivalents consist of cash on hand and balances with banks only.

The fair value of these short term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

13 DEFERRED TAXATION

At 31 December 2020, the Group and Company had an unrecognised deferred tax asset relating to losses carried forward of £11,163,897 (2019: £10,419,985) and £3,561,889 (2019: £3,332,773) respectively. The assets have not been recognised as the Directors have insufficient certainty over the utilisation of these losses and associated tax benefits in the foreseeable future because the timing of that future taxable profit against which they can be realised is uncertain. Deferred tax balance has been calculated at 19% (2019: 19%).

Other deferred tax assets and liabilities arising from other temporary differences are considered to be insignificant.

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2020

14 TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Less than 3 months				
Trade and other payables	312	322	37	34
Social security and other taxes	4	4	-	-
Accrued expenses	131	100	63	56
Between 3 and 12 months				
Amounts owed to group undertakings	-	-	-	1,681
	<u>447</u>	<u>426</u>	<u>100</u>	<u>1,771</u>

Due to the short term duration of trade and other payables the carrying value in the balance sheet represents the fair value of the liabilities.

15 BORROWINGS – GROUP AND COMPANY

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Current borrowings				
Regent Bridge intercompany Loan	4,904	2,908	4,904	2,908
Non-current borrowings				
Bank Loan	32	-	-	-
	<u>4,936</u>	<u>2,908</u>	<u>4,904</u>	<u>2,908</u>

The future contractual payments of principal for convertible loan notes and third party borrowings are as follows:

	2020	2019
	£'000	£'000
Within 1 year and 5 years:		
Regent Pacific Loan	4,904	2,908
Bank Loan	32	-
	<u>4,936</u>	<u>2,908</u>

During 2020, Regent Pacific Group Limited provided additional working capital by way of intercompany payments of £1.9million (2019: £2.9million). The intercompany payments are repayable on demand.

During 2020, Plethora obtained an unsecured bank loan of £32,000 under state-backed loan scheme to provide support for small and medium size business. Under the terms of the bank loan, interest will be charged at 2.5% per annum with first repayment made after 12 months and would run for 5 years.

16 FINANCIAL INSTRUMENTS

During the financial year, the Group and company used financial instruments comprising cash and short-term deposits, related party loans and convertible debt instruments. It has issued warrant instruments in relation to loan and convertible debt arrangements. It does not enter into derivative transactions such as interest rate swaps, forward rate agreements or forward currency contracts. The Group and Company have items such as trade payables that arise directly from its operations.

Liquidity risk

The Group seeks to manage financial risk by ensuring it has adequate liquid resource to meet its obligations as they fall due. During the year the Group used share issues and loans to raise finance for the Group's activities. The Directors prepare detailed cash flow forecasts which are monitored frequently to ensure that all obligations can be settled as they fall due.

Interest rate risk

During 2020 and 2019 no interest was charged on the Regent Loan.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group holds financial instruments in form of warrant instruments which are affected by fluctuation in market prices. These instruments are revalued each year end and movements recognized in the profit and loss statement. No sensitivity analysis of market risk caused by share price movement has been done since the effect of the movement is recognised through the profit and loss statement.

Financial assets and liabilities

Financial assets

The company classifies its financial assets into the category discussed below, based on the purpose for which the asset was acquired. The company's accounting policy is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a single loss rate approach in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2020

16 FINANCIAL INSTRUMENTS - CONTINUED

The IFRS 9 categories of financial assets included in the balance sheet and the headings in which they are included are as follows:

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Loans and other receivables	<u>1,420</u>	<u>148</u>	<u>114</u>	<u>14</u>

The financial assets are included in the balance sheet in the following headings:

Current assets

Trade and other receivables	<u>799</u>	<u>96</u>	<u>109</u>	<u>11</u>
Cash and cash equivalents	<u>621</u>	<u>52</u>	<u>5</u>	<u>3</u>
	<u>1,420</u>	<u>148</u>	<u>114</u>	<u>14</u>

The company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position

During the year ended 31 December 2020, there was no impairment on the Group's financial assets.

Financial liabilities

The company classifies its financial liabilities into the following category, based on the purpose for which the liability was acquired. The company's accounting policy is as follows:

Other financial liabilities

Other financial liabilities include the following items:

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

The IFRS 9 categories of financial liabilities included in the balance sheet and the headings in which they are included are as follows:

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Financial liabilities at amortised cost	<u>5,383</u>	<u>3,335</u>	<u>4,901</u>	<u>4,679</u>
	<u>5,383</u>	<u>3,335</u>	<u>4,901</u>	<u>4,679</u>

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2020

16 FINANCIAL INSTRUMENTS - CONTINUED

The financial liabilities are included in the balance sheet in the following headings:

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Current liabilities				
Trade and other payables	447	427	100	1,771
Borrowings	4,936	2,908	4,801	2,908
	<u>5,383</u>	<u>3,335</u>	<u>4,901</u>	<u>4,679</u>

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

During the year ended 31 December 2020, there was no impairment on the Group's financial liabilities.

17 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure that it can continue as a going concern and has adequate capital to fund marketing and development activities. The Group regularly reviews its capital requirements to ensure it is a going concern and is in compliance with all by-laws and restrictions imposed by its lenders.

In order to maintain or adjust the capital structure, during the financial year the Group would issue new shares or sell assets to reduce debt. The Group monitors capital based on net assets and the Group's strategy is to improve its balance sheet position in order to be able to provide a return to shareholders. No dividend was paid during the years ended 31 December 2020 and 2019.

	2020	2019
	£000	£000
Borrowings	4,936	2,908
Trade and other payables	447	427
Less: Cash and cash equivalents	(621)	(52)
Net debt	<u>4,762</u>	<u>3,283</u>
Total equity	8,945	8,945
Net debt to equity ratio	53.2%	36.7%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 2019.

As of 9 March 2016, Regent Pacific Group Limited acquired 100% of the issued share capital of the Group and the outstanding borrowings were settled. Following the acquisition, Regent Pacific Group Limited have confirmed they will support the Group with all financial support as needed.

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2020

18 SHARE CAPITAL – GROUP AND COMPANY

	2020 £000	2019 £000
Allotted, issued and fully paid		
894,497,686 (2019: 894,497,686) ordinary shares of 1 penny each	<u>8,945</u>	<u>8,945</u>

All ordinary shares carry the same voting rights and rights to discretionary dividends.

There were no new share issues in 2020 and 2019.

19 LEASING COMMITMENTS

The Group's aggregate minimum operating lease payments for the remaining lives of the leases are as follows:

	2020 Land and buildings £'000	2019 Land and Buildings £'000
Expiring in less than one year	<u>4</u>	<u>4</u>

The lease recorded in the financial statements is in respect of the Group's office premises.

20 TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES

During the year, the Group transacted with certain related parties:

	Value of services acquired		Amounts due at 31 December	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Urodoc Limited	149	192	-	-
Regent Pacific Group Limited	-	-	4,904	2,908

During 2020, £149,000 (2019: £192,000) of the fees owed to M G Wyllie, were paid to Urodoc Limited. Dr Wyllie is a director and majority shareholder of both Urodoc Limited.

During 2020, £1,996,000 (2019: £2,454,000) was received from Regent Pacific Group Limited as intercompany loan for working capital purposes. No repayment was made to Regent Pacific during 2020 (2019: £nil).

21 CONTROLLING PARTY

As at 31 December 2020, Regent Pacific Group Limited, a Hong Kong listed company, registered in the Cayman Islands, was the company's controlling party.

22 POST BALANCE SHEET EVENTS

On 31 March 2021, the Group received \$3,200,000 from its licensing partner, Jiangsu Wanbang Biopharmaceutical Group Co., Ltd, for milestone payments.