

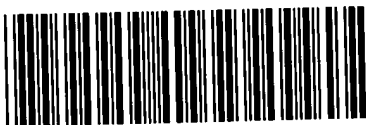
Kofax Holdings International Limited

Registered number: 03200405

Annual report

For the year ended 31 December 2019

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KOFAX HOLDINGS INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors C J F Hefner
C S Townsend
M G Oberholzer

Company secretary C S Townsend

Registered number 03200405

Registered office 7 Elmwood Crockford Lane
Chineham
Basingstoke
England
RG24 8WG

Independent auditor Mazars LLP
Chartered Accountants & Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

KOFAX HOLDINGS INTERNATIONAL LIMITED

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KOFAX HOLDINGS INTERNATIONAL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The directors present their Strategic Report for the year ended 31 December 2019.

Business review

The Statement of Comprehensive Income is set out on page 9 and shows the loss for the year of €24,726,000 (2018: loss of €9,521,000). During the year no dividend was paid (2018: €nil). The directors do not recommend the payment of a final dividend (2018: €nil).

The company is the UK holding company for a group of businesses providing information technology service activities. As a holding company it does not trade directly in products and services.

The company continues to be the lead entity in the Group's EMEA cash concentration structure.

The company is part of the group's cash pool being a European zero-balancing arrangement and therefore has access to cash via this arrangement which allows it to service its intergroup obligations

The company's income and expenses stem from interest, impairment of assets and foreign exchange on intercompany loans.

Principal risks and uncertainties

The key financial risks arising from the company's activities are interest rate risk, exchange risk and liquidity risk.

Interest rate and exchange risk are monitored by the group treasury function and were not considered to represent a significant operating risk to the company at the balance sheet date.

Withdrawal of the United Kingdom from the European Union

The United Kingdom left the European Union on 31 January 2020 and entered into a transition period which ended on 31 December 2020. A formal trade agreement has been agreed between the United Kingdom and the European Union which commenced on 1 January 2021, providing tariff free trade between the parties. The directors do not consider there to be any trading or other significant implications for the company as a result of the United Kingdom's exit from the European Union or the United Kingdom entering into the trade agreement.

COVID 19 – global pandemic

On 30 January 2020, the World Health Organisation ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus continues to spread globally. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The COVID-19 pandemic has continued to spread rapidly during 2020, with a significant number of cases. The company is a wholly owned subsidiary of the Kofax group which has accorded to respective government regulations in respect of the COVID-19 pandemic which includes closure of physical office locations, employees performed their roles and functions from home and the implementation of travel restrictions to protect the work-force.

At this stage, the impact on our business, operating results and liquidity has not been significant and based on our experience to date we expect this to remain the case for the foreseeable future. The company is a holding company, for a number of directly and indirectly held subsidiaries in a number of jurisdictions ('the Kofax subsidiaries').

KOFAX HOLDINGS INTERNATIONAL LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

COVID 19 – global pandemic (continued)

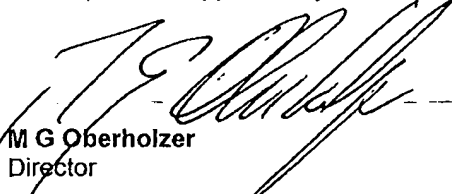
The Kofax subsidiaries own, develop and distribute Kofax software across the world and the operational activity of the Kofax subsidiaries have not been significantly interrupted by the impact of the global COVID-19 pandemic. The Kofax subsidiaries are dependent on their workforce to sell and deliver their products and services, to date no significant disruptions have been experienced in any jurisdiction. Developments such as social distancing and working from home directives have not adversely impacted the group's ability to deploy its workforce effectively. The effectiveness of remote work environments and hosted services has not adversely impacted the group's operations. However, the full impact of the global COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the company's financial position, liquidity and future results of operations. The Kofax group has implemented an employee restructuring plan after the date of these financial statements to reduce operating expenditures, to mitigate potential impacts of a general global economic slow-down.

We do not expect a materially adverse effect on the Company's financial position, and liquidity in fiscal year 2020.

Future developments

The directors anticipate no changes to the operations of the company in the future.

This report was approved by the board and signed on its behalf.



M G Oberholzer
Director

Date: 05. February 2021

KOFAX HOLDINGS INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the audited financial statements for the year ended 31 December 2019.

Directors

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

C J F Hefner
C S Townsend
M G Oberholzer

Matters covered in the Strategic Report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of business review, principal risks and uncertainties and future developments.

Third party indemnity

The company has provided to all directors limited indemnities in respect of the cost of defending claims against them and third party liabilities. These are all third party indemnity provisions for the purpose of the Companies Act 2006 and are all currently in force.

Going concern

As referred to within the Strategic Report, the Company is party to the group's cash pool, being a European Zero-balancing arrangement and thus has access to cash funds. The Directors have reviewed the European cash position and consider there will be adequate funds available to meet the Company's and the wider Kofax group's obligations as they fall due. As referred to in the Strategic Report on page 1 and note 18, the directors have considered the impact of the COVID-19 pandemic and do not consider this will impact the going concern of the company. The ultimate parent undertaking, Kofax Parent Limited, has also indicated its willingness to provide financial support to the company for at least twelve months from the date of approval of these financial statements. Having considered this support, and the financial position of the company and the wider Kofax group for a period of at least twelve months from the date of approval of these financial statements, the directors have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the company to continue as a going concern.

Accordingly the directors have a reasonable expectation that the company will continue in operational existence and thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Provision of information to auditor

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

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

KOFAX HOLDINGS INTERNATIONAL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Post balance sheet events

COVID 19 – global pandemic

COVID-19 has been identified as a non-adjusting post balance sheet event, details of the post balance sheet assessment is included within the Strategic Report on page 1 and the post balance sheet note to the financial statements on page 21.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



M G Oberholzer
Director

Date: 05. February 2021

KOFAX HOLDINGS INTERNATIONAL LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

KOFAX HOLDINGS INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KOFAX HOLDINGS INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of Kofax Holdings International Limited (the 'company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the directors' view on the impact of COVID-19 as disclosed on page 1, and the consideration in the going concern basis of preparation on page 13 and non-adjusting post balance sheet events on page 24.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and the pandemic is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact of COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy

Conclusions relating to going concern

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

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

KOFAX HOLDINGS INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KOFAX HOLDINGS INTERNATIONAL LIMITED (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, 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.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

KOFAX HOLDINGS INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KOFAX HOLDINGS INTERNATIONAL LIMITED (CONTINUED)

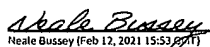
Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.


Neale Bussey (Feb 12, 2021 15:53 GMT)

William Neale Bussey
(Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

Date: 12 February 2021

KOFAX HOLDINGS INTERNATIONAL LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 €000	2018 €000
Administrative net income / (expenses)		663	(3,729)
Operating profit / (loss)	4	663	(3,729)
Interest receivable and similar income	7	5,275	5,038
Interest payable and similar expenses	8	(9,856)	(10,830)
Impairment of investments	10	(20,808)	-
Loss before tax		(24,726)	(9,521)
Tax on loss	9	-	-
Loss for the financial year		<u>(24,726)</u>	<u>(9,521)</u>
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		<u>(24,726)</u>	<u>(9,521)</u>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 12 to 24 form part of these financial statements.

KOFAX HOLDINGS INTERNATIONAL LIMITED
REGISTERED NUMBER: 03200405

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 €000	2018 €000
Fixed assets			
Investments	10	460,118	315,486
Current assets			
Debtors: amounts falling due within one year	11	401,878	149,514
Cash at bank and in hand	12	33,401	58,909
		435,279	208,423
Creditors: amounts falling due within one year	13	(531,270)	(289,275)
Net current liabilities		(95,991)	(80,852)
Total assets less current liabilities		364,127	234,634
Net assets		<u>364,127</u>	<u>234,634</u>
Capital and reserves			
Called up share capital	14	2,180	2,180
Share premium account	15	375,938	221,719
Profit and loss account	15	(13,991)	10,735
Total equity		<u>364,127</u>	<u>234,634</u>

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


M G Oberholzer
 Director

Date: 05. February 2021

The notes on pages 12 to 24 form part of these financial statements.

KOFAX HOLDINGS INTERNATIONAL LIMITED

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

	Called up share capital €'000	Share premium account €'000	Profit and loss account €'000	Total equity €'000
At 1 January 2018	2,179	58,618	20,256	81,053
Comprehensive loss for the year				
Loss for the year	-	-	(9,521)	(9,521)
Other comprehensive loss for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(9,521)	(9,521)
Shares issued during the year	1	163,101	-	163,102
Total transactions with owners	1	163,101	-	163,102
At 31 December 2018	2,180	221,719	10,735	234,634
Comprehensive loss for the year				
Loss for the year	-	-	(24,726)	(24,726)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(24,726)	(24,726)
Shares issued during the year	-	154,219	-	154,219
Total transactions with owners	-	154,219	-	154,219
At 31 December 2019	<u>2,180</u>	<u>375,938</u>	<u>(13,991)</u>	<u>364,127</u>

The notes on pages 12 to 24 form part of these financial statements.

KOFAX HOLDINGS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Kofax Holdings International Limited is a private company limited by shares, incorporated in England and Wales. The address of its registered office is 7 Elmwood Crockford Lane, Chineham, Basingstoke, England, RG24 8WG.

The company is the UK holding company for a group of businesses providing information technology service activities. As a holding company it does not trade directly in products and services.

The financial statements have been presented in the Euro as this is the currency of the primary economic environment in which the company operates and is rounded to the nearest thousand Euros.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

2.2 Consolidated financial statements

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Kofax Parent Limited. These financial statements therefore present information about the company as an individual undertaking and not about its group.

2.3 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of section 11 Financial Instruments paragraphs 11.39 to 11.49A and;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Kofax Parent Limited as at 31 December 2019 and these financial statements may be obtained from Whitely Chambers, Don Street, St. Helier, Jersey, UK, JE4 9WG.

KOFAX HOLDINGS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.4 Going concern

As referred to within the Strategic Report, the Company is party to the group's cash pool, being a European Zero-balancing arrangement and thus has access to cash funds. The Directors have reviewed the European cash position and consider there will be adequate funds available to meet the Company's and the wider Kofax group's obligations as they fall due. As referred to in the Strategic Report on page 1 and note 18, the directors have considered the impact of the COVID-19 pandemic and do not consider this will impact the going concern of the company. The ultimate parent undertaking, Kofax Parent Limited, has also indicated its willingness to provide financial support to the company for at least twelve months from the date of approval of these financial statements. Having considered this support, and the financial position of the company and the wider Kofax group for a period of at least twelve months from the date of approval of these financial statements, the directors have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the company to continue as a going concern.

Accordingly the directors have a reasonable expectation that the company will continue in operational existence and thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 Impairment of investment

At each balance sheet date, the company reviews the carrying amount of its investments to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any.

Where it is not possible to estimate the recoverable amount of the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Financial instruments

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

KOFAX HOLDINGS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.8 Financial instruments (continued)

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

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

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

2.9 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Euro.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

KOFAX HOLDINGS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.9 Foreign currency translation (continued)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'administrative expenses'.

2.10 Finance costs

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

2.11 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

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

Critical judgements in applying the company's accounting policies

The critical judgements that the directors have made in the process of applying the company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

The directors identified an indicator of impairment which is reflected in note 10 of these financial statements.

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. The directors considered that the financial performance of three of the company's subsidiaries to be an indicator of impairment. The directors have performed an impairment assessment of the investment in those subsidiaries and an impairment provision was recorded to reduce the carrying value of the related investments to nil. Further details are disclosed in note 10.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recoverability of amounts owed by group undertakings

The company establishes a provision for amounts owed by group undertakings that are estimated not to be recoverable. When assessing recoverability of the amounts owed by group undertakings factors such as the aging of debtors and past experience of recoverability of the subsidiaries are taken into consideration.

KOFAX HOLDINGS INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. Operating loss

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

	2019 €000	2018 €000
Exchange differences	<u>(767)</u>	<u>(2,088)</u>

5. Auditor's remuneration

	2019 €000	2018 €000
Fees payable to the company's auditor for the audit of the company's annual financial statements	<u>14</u>	<u>3</u>
Fees payable to the company's auditor in respect of:		
All other services	<u>-</u>	<u>3</u>

6. Employees

The Company has no employees other than the directors, who did not receive any remuneration from the company (2018: €nil).

The key management personnel comprise the directors of the company only.

7. Interest receivable and similar income

	2019 €000	2018 €000
Interest from group undertakings	<u>5,275</u>	<u>5,038</u>

8. Interest payable and similar expenses

	2019 €000	2018 €000
Bank interest payable	-	5
Interest on loans from group undertakings	<u>9,856</u>	<u>10,825</u>
	<u>9,856</u>	<u>10,830</u>

KOFAX HOLDINGS INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. Taxation

	2019 €000	2018 €000
Current tax on profits for the year	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Taxation on loss on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting tax for the year

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 €000	2018 €000
Loss on ordinary activities before tax	<u>(24,726)</u>	<u>(9,520)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(4,698)	(1,809)
Effects of:		
Interest limitation not recognised for tax purposes	223	795
Carry forward losses not recognised for tax purposes	217	(64)
Group relief not paid for	320	(1)
Expenses not deductible for tax purposes	-	182
Gain on transfer of subsidiary	(16)	-
Investment impairment / write off not deductible	3,954	897
Total tax charge for the year	<u>-</u>	<u>-</u>

KOFAX HOLDINGS INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. Taxation (continued)**Factors that may affect future tax charges**

A reduction in the UK corporation tax rate to 17% from 1 April 2020 was substantially enacted in September 2016. A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted in September 2016 and has therefore been considered when calculating deferred tax at the reporting date. Deferred tax balances at the reporting date are measured at 17% (2018: 17%). Since the year end, on 17 March 2020, it was substantively enacted that the rate of corporate tax would remain at 19%. This has not been reflected in these accounts. If a rate of 19% had been used, the provision for deferred tax at 31 December 2019 would have been €nil, the deferred tax asset not recognised would have been €217k relating to losses and €1.2m relating to interest restriction.

Deferred tax

Deferred tax assets and liabilities are measured at the substantially enacted rate for the year in which they are expected to unwind. Any deferred tax assets and liabilities existing at 31 December 2019 are therefore measured at a rate of 17%.

The deferred tax asset not recognised in the financial statements is €194k (2018: €64k) relating to losses and €1,083k (2018: €776k) relating to the carry forward interest limitation.

The company has not recognised a deferred tax asset in respect of certain timing differences carried forward as there is uncertainty regarding the realisation of the related tax benefit through future taxable income.

KOFAX HOLDINGS INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Fixed asset investments

	Investments in subsidiary companies €000
Cost or valuation	
At 1 January 2019	315,486
Additions	165,440
At 31 December 2019	<u>480,926</u>
Impairment of investments	
At 1 January 2019	-
Impairments during the year	(20,808)
At 31 December 2019	<u>(20,808)</u>
Net book value	
At 31 December 2019	460,118
At 1 January 2019	315,486

On February 1 2019, as part of the Kofax group's acquisition of the global NDI business from Nuance, the Company acquired a Hungarian entity for €3.2m, a German entity for €0.9m and an Irish entity for €1k from Nuance together with injecting €140m of equity into its subsidiary Kofax Northern Ireland as part of the global NDI acquisition.

On May 6 2019, the Company acquired the TIS group by acquiring the entire capital stock of the ultimate parent company Top Image Systems Ltd for €14m. As part of a post-acquisition reorganisation of the TIS group the Company acquired TIS Israel's subsidiaries, Top Image Systems UK Ltd., Top Image Systems Pty Ltd., Top Image Systems Japan Ltd. and Top Image Systems (APAC) Pte Ltd. These post acquisition reorganisations resulted in the Company increasing its investments by €7.3m.

The impairments are in respect of Top Image Systems UK Ltd, Kofax Deutschland GmbH and Kofax Singapore pte Ltd to reduce them to the lower of cost and net realizable value.

KOFAX HOLDINGS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

10. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:
Where not mentioned differently it's a 100% direct investment.

Kofax Subsidiary name	Registered office	Principal activity	Country of incorporation	
Kofax Deutschland AG	Wentzingerstr 19, 79106 Freiburg im Breisgau, Germany	Software IP owner / Distributor	Germany	1)
Softpro Latin America Soluciones de Firmas Limitada	Soluciones de Firma Limitada, La Concepción #81, Oficina 1408Providencia 75000100Santiago de Chile, Chile	Dormant	Chile	1)
Kofax India Pvt	La Concepción #81, Oficina 1408, India	Development Company	India	1)
Kofax Austria GmbH	Talpagasse 1, Wien, 1230, Austria	Software IP owner / Distributor	Austria	1)
Kofax Japan Co. Ltd	9F SOC Takanawa Building, 3-19-26 Takanawa Minato-ku, Tokyo, Japan	Distributor	Japan	1)
Kofax Bermuda Ltd	Clarendon House, 2 Church, Street, Hamilton HM 11, Bermuda	In liquidation	Bermuda	1)
Kofax France Technologies SAS	18 Rue Gustave Flourens, 921150 Suresnes, France	Distribution	France	
Kofax Poland sp. z o.o.	ul. Ruska 2, 50-079 Wrocław, Polska	Development company	Poland	2)
Kofax Benelux NV/SA	Mechelen Campus, Schalieuwevredreef 20, Mechelen, 2800, Belgium	Distribution	Belgium	
Kofax Italia S.r.l	Viale Monza, 270, 20128, Milan, Italy	Distribution	Italy	
Kofax ME FZE	Unit OT 20-40, Level 20, Central Park Offices, Dubai International Financial Centre, PO Box 54574, Dubai, United Arab Emirates	Distribution	United Arab Emirates	
Kofax Germany GmbH	Schanzenfeldstrasse 12, 35578 Wetzlar, Germany	Distribution	Germany	
Kofax Mexico, S. de R.L. de C.V	Av. Brig. Faria Lima, 422 - 1 Andar - Sao Paulo-SP, Brasil CEP 04538-133	Non-trading	Mexico	
Kofax Northern Ireland Limited	113-118 Duncreggan Road, Derry, BT48 0AA	Distribution	United Kingdom	
Kofax Software Ibercia S.A.U	Torre Mapfre - C/ de la Marina 16-18, 11-B, 08005 Barcelona, Spain	Distribution	Spain	
Kofax Danmark A/S	Lottenborgvej 26, Blok B, 2 sal, Lyngby	Distribution	Denmark	
Kofax Produtos de Imagem do Brasil Ltda.	Rua Gomes de Carvalho 1069 cj102, Sao Paulo, SP, 04547-004 Brazil	Distribution	Brazil	2)
Kofax South Africa Ltd	1 Osburne Lane, Block C, Floor 1, Bedfordview, 2007, South Africa	Distribution	South Africa	
Kofax Holdings AG	Grundstrasse 14, 6343 Rotkreuz, Switzerland	Holding company	Switzerland	
Kofax Sweden Services AB	Rådhusorget 10, 2nd floor, 252 21 Helsingborg, Sweden	Distribution	Sweden	

KOFAX HOLDINGS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

10. Fixed asset investments (continued)

Kofax Expert Systems AB	Box 1224, 164 28 Kista, Sweden	IP owner	Sweden	
Kofax-Recognita Zrt.	1138 Budapest, Váci út 141	Development company	Hungary	
Top Image Systems Ltd	MIXER HOUSE, Rokach blvd 101, P.O.B. 53169, Tel Aviv 6153101, Israel	IP owner	Israel	
Top Image Systems UK Ltd	7 Elmwood, Crockford Lane, Basingstoke, RG24 8WG, UK	Holding company	United Kingdom	
Indy Imaging Ireland Limited	Matheson, 70 Sir John Rogerson's Quay, Dublin 2, Ireland	Distribution	Ireland	
Kofax Sweden Technologies AB	Box 1224, 164 28 Kista, Sweden	Distribution	Sweden	
Top Image Systems Pty Ltd. (Australia)	Norwich House, Level 7, 6 O'Connell Street, SYDNEY NSW 2000, Australia	Distribution	Australia	1)
Kofax Netherlands Technologies BV	Kerkenbos 10-129, 6546 BJ Nijmegen, Netherlands	Distribution	Netherlands	
Kofax Singapore Pte Ltd	9 Raffles Place, #53-01 Republic Plaza I, Singapore 048619, Singapore	Distribution	Singapore	
Kofax Schweiz AG	Grundstrasse 14, 6343 Rotkreuz, Switzerland	Distribution	Switzerland	1)
Kofax Vietnam Co Ltd	11 Fl, A Tower, Handi Resco Bld., 521 Kim Ma, Ngoc Khanh, Ba Dinh, Hanoi, Vietnam	Development Company	Vietnam	1)
Kofax Portugal SA	Avenida Clotilde, Edificio do Centro de Congressos do Estoril, 4.º A - Sala 1, 2765-211 Estoril, Portugal	Distribution	Portugal	1)
Top Image Systems (2007) Ltd	7 Elmwood, Crockford Lane, Basingstoke, RG24 8WG, UK	Dormant	United Kingdom	1)
Top Image Systems Deutschland GmbH	Wentzingerstr 19, 79106 Freiburg im Breisgau, Germany	Distribution	Germany	1)
Aia Deutschland GmbH	Wentzingerstr 19, 79106 Freiburg im Breisgau, Germany	Dormant	Germany	1)
Aia Software UK Ltd	7 Elmwood, Crockford Lane, Basingstoke, RG24 8WG, UK	In liquidation	United Kingdom	1)
Lexmark Chile SpA	Soluciones de Firma Limitada, La Concepción #81, Oficina 1408Providencia 75000100Santiago de Chile, Chile	Dormant	Chile	
Kofax Malaysia Sdn Bhd	Suite 13.06, Level 13, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, Kuala Lumpur MY 59200, Malaysia	Distribution	Malaysia	1)
Kofax Australia Pty Ltd	Norwich House, Level 7, 6 O'Connell Street, SYDNEY NSW 2000, Australia	Distribution	Australia	1)

1) indirect investment

2) 99% share / 1% held by parent undertaking

KOFAX HOLDINGS INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Debtors

	2019 €000	2018 €000
Amounts owed by group undertakings	401,788	149,514
Other debtors	90	-
	<u>401,878</u>	<u>149,514</u>

The amounts due from group undertakings and related parties bear interest at rates varying between 1.5% and 4.1%.

12. Cash and cash equivalents

	2019 €000	2018 €000
Cash at bank and in hand	<u>33,401</u>	<u>58,909</u>

13. Creditors: Amounts falling due within one year

	2019 €000	2018 €000
Amounts owed to group undertakings	531,247	289,267
Accruals and deferred income	23	8
	<u>531,270</u>	<u>289,275</u>

The amounts due to group undertakings and related parties bear interest at rates varying between 1.5% and 4.1%.

KOFAX HOLDINGS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

14. Share capital

	2019 €000	2018 €000
Allotted, called up and fully paid		
1,744,510 (2018: 1,744,410) ordinary shares of £1.25 each	<u>2,180</u>	<u>2,180</u>

The Company has one class of ordinary shares which carries voting rights but no rights to fixed income.

During the year the company issued 100 ordinary shares at a premium of €154m.

15. Reserves

Share premium account

This reserve represents the amount above the nominal value received for issued share capital, less transaction costs.

Profit and loss account

This reserve represents the cumulative profits and losses.

16. Guarantees and other financial commitments

In 2017, the group entered into a group guarantee on behalf of Project Leopard Holdings Inc, a fellow subsidiary, in relation to its bank borrowing amounting to \$541m and the company is party to this agreement. In February 2019 the group increased its bank borrowings by \$410m. In connection with the previously described guarantee, the group has granted a security interest to the secured parties providing such indebtedness in all or substantially all of the group's property and assets, subject to certain exceptions. As at 31 December 2019 the bank borrowings totalled \$953m.

17. Related party transactions

At the year end, the company is a wholly owned subsidiary of Kofax London Holdings and as such has taken advantage of the exemption permitted by Section 33 'Related party disclosures' not to provide disclosures of transactions entered into with other wholly owned members of the group. The company and its subsidiary undertakings are included within the consolidated financial statements of Kofax Parent Limited which can be obtained at Whitely Chambers, Don Street, St. Helier, Jersey, UK, JE4 9WG.

KOFAX HOLDINGS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

18. Post balance sheet events

The company's directors have evaluated events and transactions that have occurred after December 31, 2019 (i.e., subsequent events) through to the date of these financial statements. The most significant of which being the continuing involvement of the global COVID-19 pandemic, the company implications of which is referenced in the strategic report on page 1.

On 1 December 2020 the company did a capital reduction of its entire share premium of \$375,938,120, creating distributable reserves. Other than that the company's directors have estimated that no material financial effect due to subsequent events has occurred during period to the signing of this report, that would require the Company to either, recognise the financial impact of such events in the financial statements, or disclose any such events to ensure the financial statements are not misleading

19. Controlling party

The company's immediate parent is Kofax London Holdings Limited, a company registered in England and Wales. Kofax Parent Limited, registered in Jersey, group financial statements are the largest and smallest consolidated financial statements which include the company, copies of which are available at Whitely Chambers, Don Street, St. Helier, Jersey, UK, JE4 9WG.

Kofax Parent Limited is the ultimate parent at year end.

The ultimate controlling party is Thoma Bravo, the shareholder of Kofax Parent Limited.