

IH Holdings International Limited

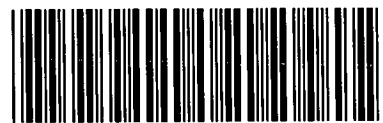
Report and Unaudited Financial Statements

Year Ended

31 December 2020

Company Number 09553031

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IH Holdings International Limited

Company Information

Directors	T F Darden II J A Mazzarino J T Vaughn A W Ritchie G Powell
Registered number	09553031
Registered office	1 Finsbury Circus London EC2M 7SH
Accountants	BDO LLP Thames Tower Station Road Reading Berkshire RG1 1LX

IH Holdings International Limited

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IH Holdings International Limited

Directors' report For the Year Ended 31 December 2020

The directors present their annual report and the unaudited financial statements for IH Holdings International Limited ("the Company") for the year ended 31 December 2020.

Principal activity

The principal activity of the Company in the year is that of an investment holding company.

Results and dividends

The loss for the year, after taxation, amounted to \$25,356k (2019 - \$23,958k).

The directors do not propose the payment of a dividend (2019 - \$Nil).

Directors

The directors who held office during the year and up to the date of signing of the financial statements were as follows:

T F Darden II
J A Mazzarino
J T Vaughn
A W Ritchie
G Powell

Directors' liabilities

IH Holdings International Limited maintains directors' and officers' liability insurance which give appropriate cover for any legal action brought against its directors and those directors of its subsidiaries.

Going concern

The Company is reliant on obtaining continuing funding to meet its liabilities as they fall due. There can be no assurance that the Company will be able to obtain additional debt or equity financing on terms acceptable to the Company. Management will continue to explore various financing opportunities which primarily include sales of additional equity securities of the Company.

As a result, there is a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, while recognising this uncertainty, on the basis of projections, the directors believe that they will be able to obtain sufficient funding and accordingly they consider the going concern basis of preparation to be appropriate.

The directors have considered the impact of COVID-19 and do not consider it to have a material adverse impact on the Company.

IH Holdings International Limited

Directors' report (continued) For the Year Ended 31 December 2020

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Post balance sheet events

On 2 November 2021 the Company's subsidiary, IPHBV Holdings Ltd, was dissolved via voluntary strike-off.

There have been no other post balance sheet events that would require adjustment or disclosure in the financial statements for the year ended 31 December 2020.

In preparing this report, the directors have taken advantage of the small companies' exemption.

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

T F Darden II

Director

Date: 12-16-21



IH Holdings International Limited

Chartered accountants' report to the board of directors on the preparation of the unaudited financial statements of IH Holdings International Limited for the Year Ended 31 December 2020

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of IH Holdings International Limited for the year ended 31 December 2020 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes from the Company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <https://www.icaew.com/regulation/a-z>.

It is your duty to ensure that IH Holdings International Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of IH Holdings International Limited. You consider that IH Holdings International Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of IH Holdings International Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Use of our report

This report is made solely to the board of directors of IH Holdings International Limited, as a body, in accordance with the terms of our engagement letter dated 23 September 2021. Our work has been undertaken solely to prepare for your approval of the statutory financial statements of IH Holdings International Limited and state those matters that we have agreed to state to the board of directors of IH Holdings International Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than IH Holdings International Limited and its board of directors as a body for our work or for this report.

BDO LLP

BDO LLP
Chartered Accountants
Reading
United Kingdom

Date: 20 December 2021

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

IH Holdings International Limited

Statement of comprehensive income For the Year Ended 31 December 2020

	Note	2020 \$'000	2019 \$'000
Administrative expenses		(25,483)	(24,133)
Operating loss	5	(25,483)	(24,133)
Interest receivable and similar income		1	-
Interest payable and similar expenses		(2)	-
Income from current assets investments	9	96	175
Change in fair value of investments	9	32	-
Loss before taxation		(25,356)	(23,958)
Taxation on loss		-	-
Loss for the financial year		(25,356)	(23,958)
Other comprehensive income		-	-
Total comprehensive loss for the financial year		(25,356)	(23,958)

All amounts related to continuing activities.

The notes on pages 8 to 16 form part of these financial statements.

IH Holdings International Limited

Registered number: 09553031

Statement of financial position As at 31 December 2020

	Note	2020 \$'000	2020 \$'000	2019 \$'000	2019 \$'000
Fixed assets					
Investments	7		68,774		91,620
Current assets					
Debtors: amounts falling due within one year	8	643		776	
Investments	9	6,432		9,958	
Cash at bank in hand		1,559		404	
		<u>8,634</u>		<u>11,138</u>	
Creditors: amounts falling due within one year	10	<u>(208)</u>		<u>(234)</u>	
Net current assets			8,426		10,904
Net assets			<u>77,200</u>		<u>102,524</u>
Capital and reserves					
Called up share capital	11,12		445		445
Share premium account	12		166,571		166,571
Profit and loss account	12		(89,816)		(64,492)
Total equity			<u>77,200</u>		<u>102,524</u>

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and for preparing financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The directors consider that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and the members have not required the Company to obtain an audit of its accounts for the period in question in accordance with section 476 of the Act. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

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

T F Darden II

Director

Date: 12-11-21

The notes on pages 8 to 16 form part of these financial statements.

IH Holdings International Limited

Statement of changes in equity For the Year Ended 31 December 2020

	Called up share capital \$'000	Share premium account \$'000	Profit and loss account \$'000	Total equity \$'000
At 1 January 2020 (as previously stated)	445	166,571	(65,810)	101,206
Prior year adjustment (see note 3)	-	-	1,318	1,318
At 1 January 2020 (as restated)	445	166,571	(64,492)	102,524
Comprehensive loss for the year				
Loss for the year	-	-	(25,356)	(25,356)
Total comprehensive loss for the year	-	-	(25,356)	(25,356)
Contributions by owners				
Share based payment expense	-	-	32	32
Total transactions with owners	-	-	32	32
At 31 December 2020	445	166,571	(89,816)	77,200

IH 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 2019 (as previously stated)	422	152,346	(41,852)	110,916
Prior year adjustment (see note 3)	-	(1,258)	1,258	-
At 1 January 2019 (as restated)	<u>422</u>	<u>151,088</u>	<u>(40,594)</u>	<u>110,916</u>
Comprehensive loss for the year				
Loss for the year	-	-	(23,958)	(23,958)
Total comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>(23,958)</u>	<u>(23,958)</u>
Contributions by owners				
Shares issued during the year (see note 13)	23	15,543	-	15,566
Share based payment expense	-	(60)	60	-
Total transactions with owners	<u>23</u>	<u>15,483</u>	<u>60</u>	<u>15,566</u>
At 31 December 2019	<u><u>445</u></u>	<u><u>166,571</u></u>	<u><u>(64,492)</u></u>	<u><u>102,524</u></u>

The notes on pages 8 to 16 form part of these financial statements.

IH Holdings International Limited

Notes to the financial statements For the Year Ended 31 December 2020

1. General information

IH Holdings International Limited ("the Company") is a private company, limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the Company's operations and its principal activity is stated in the Directors' report.

2. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, Section 1A - Small Entities ("FRS 102 Section 1A") and the Companies Act 2006.

The disclosure requirements of FRS 102 Section 1A have been applied other than where additional disclosure is required to show a true and fair view.

The functional and presentational currency is US Dollars.

The preparation of financial statements in compliance with FRS 102 Section 1A requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

Exemption from preparing consolidated financial statements

The Company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated financial statements on the basis that the group of which it is the parent qualifies as a small group in accordance with section 383 of the Companies Act 2006. The financial statements present information about the Company as an individual entity and not about its group.

Going concern

The Company is reliant on obtaining continuing funding to meet its liabilities as they fall due. There can be no assurance that the Company will be able to obtain additional debt or equity financing on terms acceptable to the Company. Management will continue to explore various financing opportunities which primarily include sales of additional equity securities of the Company.

As a result, there is a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, while recognising this uncertainty, on the basis of projections, the directors believe that they will be able to obtain sufficient funding and accordingly they consider the going concern basis of preparation to be appropriate.

The directors have considered the impact of COVID-19 and do not consider it to have a material adverse impact on the Company.

The following principal accounting policies have been applied:

IH Holdings International Limited

Notes to the financial statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

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

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

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

Valuation of fixed asset investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Financial Instruments

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form.

The company's cash at bank and in hand, amounts owed by group undertakings, other debtors, trade creditors, amounts owed to group undertakings and accruals are measured initially at the transaction price, including transaction costs, and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

If a transaction constitutes a financing transaction it is measured at the present value of the future payments discounted at a market rate of interest, except where loans are received from a person who is within a director's group of close family members and that group contains a shareholder of the company, then these are initially recorded at transaction price, and subsequently at amortised cost using the interest rate implicit in the contract.

Investments in government and corporate bonds are carried in the statement of financial position at fair value with changes in fair value recognised in profit or loss if their fair value can be measured reliably. Otherwise they are carried as cost less impairment.

IH Holdings International Limited

Notes to the financial statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

Share-based payments

The group scheme, awarding shares in the Company, being the parent entity, includes recipients who are contractors and employees in certain subsidiaries. The transaction is treated as an equity-settled share-based payment.

In the Company's financial statements, the benefit provided to the subsidiaries is accounted for as an increase in the Company's investment in subsidiaries (see note 9) and this increase in investment is then assessed for impairment, as per the Company's accounting policy.

Options are exercisable at a price equal to the fair value of the Company's shares on the date of the grant. The vesting period in relation to shares issued to employees is four years. For shares issued to employees and non-employees in the group, they are recorded in the employing or contracting entity. None of the expense has been recorded within the Company. The options are exercisable at the point at which they vest. Unvested options are generally forfeited if the employee leaves the Company.

The Black-Scholes option pricing model was used to value the share-based payment awards as it was considered that this approach would result in materially accurate estimate of the fair value of options granted. The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of similar unlisted technology companies.

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

In preparing these financial statements, the directors have had to make the following judgements:

Investments in subsidiaries

Determining whether the company's investments in its subsidiaries have been impaired requires estimations of the value in use of the investments. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the investments and a suitable discount rate in order to calculate the present value (see note 7 for details of the carrying amount of investments).

Fair value of share based payments

The cost of equity-settled transactions with employees is based on the estimated fair value of the award on the grant date. Fair value is determined by using the Black Scholes option pricing model which require management to make a number of other assumptions, including the expected life of the option, the volatility of the underlying stock, the risk free interest rate and expected dividends. The assumptions used in the Black Scholes option pricing model represent management's best estimates at the time of grant. These estimates are complex, involve a number of variables, uncertainties and assumptions and the application of management's judgement, as they are inherently subjective.

4. Prior year adjustment

In prior periods, the share based payment charge recorded by the company in respect of share options granted to employees of the company's subsidiaries was incorrectly credited to the share premium reserve. Adjustments of \$60,000 at 31 December 2019 and \$1,258,000 at 1 January 2019 have been made to reclassify the amounts to the profit and loss account reserve.

IH Holdings International Limited

Notes to the financial statements For the Year Ended 31 December 2020

5. Operating loss

The operating loss is stated after charging:

	2020 \$'000	2019 \$'000
Impairment charge related to fixed asset investments (note 9)	<u>24,053</u>	<u>20,307</u>

6. Employees

The average number of employees, including directors, during the year was nil (2019 - nil). The directors are employees of another group company and receive no remuneration for their services to the company.

7. Fixed asset investments

	Investments in subsidiary companies \$'000
Cost or valuation	
At 1 January 2020	148,141
Additions	2,106
Repayment of capital	(900)
At 31 December 2020	<u>149,347</u>
Impairment	
At 1 January 2020	56,521
Charge for the period	24,053
At 31 December 2020	<u>80,574</u>
Net book value	
At 31 December 2020	<u>68,773</u>
At 31 December 2019	<u>91,620</u>

IH Holdings International Limited

Notes to the financial statements For the Year Ended 31 December 2020

7. Fixed asset investments (continued)

In August 2018, the Company entered into an agreement to purchase the shares of a research and development company through its subsidiary IHJ Holdings Limited. The option for the right to purchase these shares for \$22,064,832 was recognised as an increase in the cost of investment. As the option to purchase these shares was not exercised in accordance with the agreement by 15 January 2020, the carrying value of this investment has been impaired by this amount.

During the year the company made a capital contribution to IHJ Holdings Limited of \$2,073,729 (2019 - \$29,833,728) in relation to expenses paid on its behalf and \$31,948 (2019 - \$60,000) to Industrial Heat, LLC in relation to the share options granted to its employees. Industrial Heat, LLC also made a return of capital to the company of \$900,000 in the year (2019 - \$nil).

IH Holdings International Limited

Notes to the financial statements For the Year Ended 31 December 2020

8. Debtors: amounts falling due within on year

	2020 \$'000	2019 \$'000
Amounts owed by group undertakings	19	193
Other debtors	507	508
Prepayments	117	75
	643	776

Amounts owed by group undertakings are repayable on demand and interest is charged on those amounts ranging from 0.13% to 3.07% (2019: 1.50% to 5.08%). Income received from group undertakings recognised in profit or loss during the year comprised loan interest and totalled \$1,000 (2019 - \$nil).

Included in other debtors is a non refundable \$500,000 (2019: \$500,000) advance paid to a supplier for future services to be provided.

9. Current asset investments

All current asset investments are in government and corporate bonds which are traded on a regular basis. The company held the following financial assets at fair value through profit or loss at 31 December:

Description	2020 Market value \$'000	2019 Market value \$'000
Government bonds	232	518
Corporate bonds	6,200	9,440
	6,432	9,958

The Company limits its investments to instruments with maturities of less than a year having a rating at or exceeding investment grade in order to limit credit and liquidity risk. These investments are managed by an investment advisor and the portfolio's performance is reviewed by key management personnel. The aim of the portfolio includes both capital preservation and a rate of return that exceeds the rate available through the purchase of money market securities.

The total income recognised in profit or loss on these investments held at fair value in the year was \$128,000 (2019 - \$175,000) representing the fair value remeasurement of \$32,000 (2019 - \$nil) and interest received of \$96,000 (2019 - \$175,000).

IH Holdings International Limited

Notes to the financial statements For the Year Ended 31 December 2020

10. Creditors: amounts falling due within one year

	2020 \$'000	Restated 2019 \$'000
Trade creditors	15	31
Amounts owed to group undertakings	7	112
Accruals	186	91
	<u>208</u>	<u>234</u>

Amounts owed to group undertakings are interest free and repayable on demand.

In the prior year, amounts owed to group undertakings included \$91,000 of accruals. The comparatives have been restated to recognise the balance in accruals.

11. Share capital

	2020 \$'000	2019 \$'000
Allotted, called up and fully paid		
17,667,284 Ordinary shares of \$0.01 each	177	177
355,770 'A' shares of \$0.01 each	3	3
10,688,279 'A1' shares of \$0.01 each	107	107
2,648,601 'B' Preference shares of \$0.01 each	26	26
867,609 'B1' Preference shares of \$0.01 each	9	9
9,673,195 'F' Ordinary shares of \$0.01 each	97	97
2,596,627 Incentive shares of \$0.01 each	26	26
	<u>445</u>	<u>445</u>

Particulars of rights attached to each class of share are as follows:

Ordinary Shares

- Shares rank equally for voting purposes and for any dividend declared;
- The shares rank equally for any distribution made on a winding up; and
- The shares are non-redeemable.

IH Holdings International Limited

Notes to the financial statements For the Year Ended 31 December 2020

11. Share capital (continued)

Series A/A1 Shares

- The Series A/A1 shares confer on each holder the right to vote. Each member is entitled to one vote, and on a poll, each member shall have one vote per share held;
- The holders of Series A/A1 shares have a right to dividends which is pari passu to holders of Series F Ordinary and Ordinary shares;
- In the instance of a winding up, the holders of Series A/A1 shares shall be entitled to an amount per share in priority to the holders of Series F Ordinary and Ordinary shares; and
- The Series A/A1 shares are non-redeemable and do not have the right to a fixed cumulative dividend; as such they are classified as equity, not as a liability.

Series B/B1 Preference Shares

- The Series B/B1 Preference shares confer on each holder the right to vote. Each member is entitled to one vote, and on a poll, each member shall have one vote per share held;
- The holders of Series B/B1 Preference shares have a right to dividends which is pari passu to holders of Series A/A1, Series F Ordinary and Ordinary shares;
- In the instance of a winding up, the holders of Series B/B1 Preference shares shall be entitled to an amount per share in priority to the holders of Series F Ordinary and Ordinary shares;
- The holders of Series B/B1 Preference shares are entitled to convert to Ordinary shares upon written notice to the Company; and
- The Series B/B1 Preference shares are non-redeemable and do not have the right to a fixed cumulative dividend; as such they are classified as equity, not as a liability.

Incentive Shares

- The holders of Incentive shares are not entitled to receive notice of, to attend, to speak or to vote at any general meeting of the Company, nor to receive or vote on proposed written resolutions of the Company;
- The holders of Incentive shares have a right to dividends which is pari passu to holders of Ordinary, Series F Ordinary, and Series A/A1 and B/B1 Preference shares;
- In the instance of a winding up, in the event that there are surplus assets of the Company after payment of the Company's liabilities and payments of preferential distributions to the holders of Series A/A1 and B/B1 Preference shares, Series F Ordinary and Ordinary shares, the holders of Incentive shares shall be entitled to a distribution provided that the surplus assets are in aggregate above a certain amount;
- The shares are non-redeemable; and
- The Incentive shares are issued to individuals as part of a company share incentive scheme.

IH Holdings International Limited

Notes to the financial statements For the Year Ended 31 December 2020

11. Share capital (continued)

Series F Ordinary Shares

- The Series F Ordinary shares confer on each holder the right to vote. Each member is entitled to one vote, and on a poll, each member shall have one vote per share held;
- The holders of Series F Ordinary shares have a right to dividends which is pari passu to holders of ordinary shares;
- In the instance of a winding up, the holders of Series F Ordinary shares shall be entitled to an amount per share in priority to the holders of ordinary shares; and
- The shares are non-redeemable.

12. Capital and reserves

The Company's capital and reserves are made up of:

Called up share capital

Share capital represents the nominal value of the shares issued.

Share premium account

Share premium represents the premium related to or paid on shares issued, net of any issue costs.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of any dividends paid and other adjustments.

13. Post balance sheet events

On 2 November 2021 the Company's subsidiary, IPHBV Holdings Ltd, was dissolved via voluntary strike-off.

There have been no other post balance sheet events that would require adjustment or disclosure in the financial statements for the year ended 31 December 2020.

14. Ultimate controlling party

The ultimate controlling party is Thomas F Darden II.