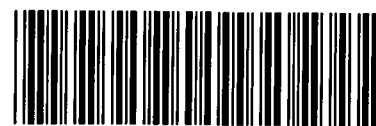

SYNCREON UK HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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COMPANIES HOUSE

SYNCREON UK HOLDINGS LIMITED

COMPANY INFORMATION

Directors Patrick Enright
Carine Van Landschoot (resigned 30 September 2020)
Kenneth Pocius (appointed 30 September 2020)

Company secretary Kenneth Pocius

Registered number 07029846

Registered office Unit 5 Logix Road
R D Park
Hinckley
Leicestershire
LE10 3BQ

Trading Address Unit 5 Logix Road
R D Park
Hinckley
Leicestershire
LE10 3BQ

Independent auditors Deloitte LLP
Statutory Auditor
Four Brindleyplace
Birmingham
United Kingdom
B1 2HZ

Bankers KBC Group NV
111 Old Broad Street
London
United Kingdom
EC2N 1BR

Solicitors Knights plc
The Brampton
Newcastle-Under-Lyme
Staffordshire
United Kingdom
ST5 0QW

SYNCREON UK HOLDINGS LIMITED

CONTENTS

| | Pages |
|--|----------------|
| Strategic report | 1 - 2 |
| Directors' report | 3 - 5 |
| Directors' responsibilities statement | 6 |
| Independent auditor's report | 7 - 9 |
| Statement of comprehensive income | 10 |
| Balance sheet | 11 |
| Statement of changes in equity | 12 |
| Notes to the financial statements | 13 - 24 |

SYNCREON UK HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The directors present their strategic report on the Company for the year ended 31 December 2019.

syncreon partners with customers to provide specialised logistics, operational excellence and value added solutions in: warehouse management, inbound to manufacturing, export packing, fulfillment, aftermarket, reverse and repair and transport management.

Business review

The Company is an investment holding company within the syncreon Group. The syncreon Group provides end-to-end logistics and supply chain solutions based on leading edge technology, innovative thinking and designed to deliver cost savings and competitive advantage to its customers. The Group has operations in Ireland, UK, the Netherlands, Germany, Hungary, Belgium, United States, Canada, Brazil and various other countries.

The Company generated no turnover during the year ended 31 December 2019 or the previous year.

The profit for the year which was taken directly to reserves was £29,236 (2018: loss £2,767,176). The profit for the year is a result of a reversal of the previous impairment of syncreon Technology (UK) Ltd.

The net liabilities for the year have increased from net liabilities in 2018 £12,119,945 to 2019 £12,090,709. The reason for the increase is the result of the profit made in the financial year as explained above.

Financial risk management

The financial risk of the Company is primarily managed by the syncreon Group European Headquarters finance department. The Company's principle financial instruments comprise cash and short-term deposits and loans from Group undertakings. The Company has various other financial instruments such as trade debtors and trade creditors, which arise from its operations. The Company does not enter into derivative transactions. It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The cash flow of syncreon UK Holdings Limited is monitored along with the other European syncreon companies and cash shortfalls can be offset by surpluses elsewhere in the European Group and globally as applicable. This helps to ensure the stability of cash outflows and hence manage interest rate risk. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied. The finance department is controlled by strict guidelines set by the global parent company.

The Company's wholly owned subsidiary's business is generated from the UK market where competitive pressures and technology change represent ongoing risks. Uncertainty surrounding Britain's decision to leave the EU will inevitably impact their customer's investment decisions and specifically their decision on which syncreon entity elements of their business sits with.

Brexit

The UK Brexit transition period ended on 31 December 2020 with the new rules applying from 1 January 2021.

We have worked closely with both our customers and internal stakeholders to ensure our IT and Customs systems and supply chain has run efficiently and uninterrupted during this period.

SYNCREON UK HOLDINGS LIMITED

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

Financial key performance indicators

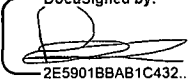
We consider that our key financial performance indicators are those that communicate the financial performance and strengths of the company as a whole, these being turnover, operating profit and retained profit as set out in the statement of comprehensive income. Further information on these key performance indicators can be found in the business review section.

Directors' statement of compliance with duty to promote the success of the Company

The board of syncreon UK Holdings Limited consider that they have adhered to the requirements of Section 172 of the Companies Act 2006 and have, in good faith, acted in a way that they consider would be most likely to promote the success of the company for the benefit of its members as a whole. In doing so, have had regard to and recognised the importance of considering all stakeholders and other matters, as set out in S.172 (1) (a-f) of the Companies Act 2006, in its decision making.

The board has considered all of its key stakeholders and how their obligations to these stakeholders affect their decision making, details of these can be found in the directors' report.

This report was approved by the board on 13 April 2021 and signed on its behalf.

DocuSigned by:

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Patrick Enright
Director

SYNCREON UK HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report, together with the financial statements and auditor's report for the year ended 31 December 2019.

Future developments

It is the intention of the company to continue as an investment holdings company within the syncreon Group.

Post balance sheet events

Since 31 December 2019, there have been events that require disclosure, these can be found in note 15.

Results and dividends

The profit for the year, after taxation, amounted to £29,236 (2018: loss £2,767,176).

There were no dividends paid in the year (2018: £Nil) and no further dividends have been proposed to be paid.

Directors

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

Patrick Enright
Carine Van Landschoot (resigned 30 September 2020)
Kenneth Pocius (appointed 30 September 2020)

Political contributions

No political donations were made during the year (2018: £Nil).

Going concern

The financial statements have been prepared on a going concern basis.

Although the Company has high interest charges on outstanding loan balances, which have also led to net liabilities, the Company is considered to be a going concern as the nature of the Company's activities is linked to the activities of the syncreon Group undertakings. Based on the financial support that the Company receives from the syncreon Group, the directors have reasonable expectation that the Company will continue in existence for the foreseeable future.

On 1 October 2019, the syncreon Group successfully completed a recapitalisation and syncreon Newco B.V. replaced syncreon Global Holdings as the Company's ultimate parent company. This resulted in significant reduction in net debt and a lower annual interest costs, increased Group liquidity and extended debt maturity from 2020/21 to 2025 for the syncreon Group as a whole.

A letter of support has been made available from syncreon Treasury Services D.A.C. This Company operates the intra-group cash for the syncreon Group, therefore management feel this is most the appropriate Company to offer this letter of support. There are existing formal arrangements in place between syncreon Treasury Services D.A.C. and syncreon UK Holdings Limited whereby the policy is to provide support to the Company in order to continue to operate as a going concern.

Given the Company is an integrated part of the wider Group, and is party to a legally binding cash pooling agreement, the directors have sought confirmation from the treasury company that it would continue to provide support, if the Company requires, to ensure the Company meets its obligations as they fall due.

SYNCREON UK HOLDINGS LIMITED

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

Going concern (continued)

Given the overall current financial position of the Group, there are no plans to change the activities of the Company and the intention is to continue to support the operational existence of the Company, therefore directors deemed it appropriate to adopt the going concern basis in preparing the financial statements.

Further disclosures relating to the latest status of the Company and the impact of Covid-19 can be found in the next section of the directors' report.

Coronavirus (Covid-19)

In March 2020, Coronavirus was declared a global pandemic. The situation caused great uncertainty for many companies, with measures taken by various governments to contain the virus affecting economic activity.

syncreon UK Holdings Limited is a holding company for the Group's UK entities; syncreon Automotive UK Limited, syncreon Technology UK Limited and syncreon Asia Holdings UK Limited. In 2020 the entities experienced different challenges relating to the impact of Covid-19.

Syncreon Technology UK Limited saw an increased demand for its services due to a rise in the need for technology to enable remote working and saw significant growth in E-Commerce and expects this trend to continue in to 2021.

Syncreon Automotive UK Limited saw decrease in revenue and some temporary plant closures due to government enforced lockdowns. The Company has managed this downturn by taking part in the government job retention schemes, introducing cost reductions programmes whilst working closely with its customers as plants reopened in controlled process towards the end of 2020.

Syncreon Asia Holdings UK Limited, which is a holding company for syncreon (Yangshan) Co Limited, has had no direct impact from Covid-19.

Director indemnity provisions

No director indemnity provisions were made during the year and up to the date of this report.

Section 172 statement

The directors of syncreon UK Holdings Ltd recognise that the support of stakeholders is fundamental to the success of the business, therefore stakeholders interests have to be taken in to account when making certain strategic decisions. These decision align with the key stakeholders as identified below.

Engagement with suppliers, customers and others

The directors consider the following groups to be the Company's key stakeholders and seeks to understand the respective interest of such stakeholder groups so that they may be considered in the board's decision making.

Shareholders

The shareholders are vital to the future success of the business by providing funds to aid growth. The ultimate shareholders are individuals who own shares in the parent company, syncreon Newco B.V. The board aims to provide clear and accurate information to the parent company on the performance of the business on a regular basis. The decisions of the board are focused on delivering the overall business plan in order to generate value for the shareholders.

SYNCREON UK HOLDINGS LIMITED

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

Customers

Customers are key to providing the business with revenue. Each customer has their own account managers who build lasting relationships in order to understand their objectives and requirements. The board are dedicated to making sure that processes are refined to ensure the best possible services are provided to fulfil the needs of our customers.

Suppliers

We rely on our suppliers to help support the operational needs of the business. It is important for the business to maintain strong relationships with key suppliers in order to obtain value for money for our investors and the desired quality and service levels for our customers.

Communities and the environment

We are proud members of our communities, and we encourage both our employees and customers' associates to be personally active in their local areas as well. We proactively create strong relationships and share what we have and what we know with others in order to improve lives and the world around us both on individual and collective scale.

Our culture of innovation and continuous improvement means that we are always searching for new ways to improve our systems, processes and facilities in order to reduce our impact on the environment.

Disclosure of information to auditor

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

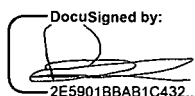
- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors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

~~This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.~~

Auditor

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

This report was approved by the board on 13 April 2021 and signed on its behalf.

DocuSigned by:

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Patrick Enright
Director

SYNCREON UK HOLDINGS LIMITED

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

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 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; 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.

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

SYNCREON UK HOLDINGS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNCREON UK HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2019**

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of syncreon UK Holdings Limited (the 'Company'):

- 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, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

SYNCREON UK HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNCREON UK HOLDINGS LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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 material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

SYNCREON UK HOLDINGS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNCREON UK HOLDINGS LIMITED
(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

DocuSigned by:

Emre Saka

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Emre Saka (Senior statutory auditor)

for and on behalf of

Deloitte LLP
Statutory Auditor

Birmingham
United Kingdom
13 April 2021

SYNCREON UK HOLDINGS LIMITED

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

| | Note | 2019 £ | Restated (Note 9) 2018 £ |
|---|------|------------------|-----------------------------------|
| Administrative expenses | | 4,858 | (6,695) |
| Reversal of impairment charges | 9 | 2,620,278 | 2,208,365 |
| Operating profit | | 2,625,136 | 2,201,670 |
| Interest payable and similar expenses | 6 | (2,595,900) | (4,968,846) |
| Profit/(loss) before tax | 8 | 29,236 | (2,767,176) |
| Tax on profit/(loss) | 7 | - | - |
| Profit/(loss) for the financial year | | 29,236 | (2,767,176) |

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

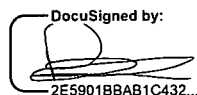
There was no other comprehensive income for 2019 (2018: £Nil).

The notes on pages 13 to 24 form part of these financial statements.

SYNCREON UK HOLDINGS LIMITED**BALANCE SHEET
AS AT 31 DECEMBER 2019**

| | Note | 2019 £ | Restated (Note 9) 2018 £ |
|---|------|---------------------|-----------------------------------|
| Fixed assets | | | |
| Investments | 9 | 30,793,160 | 28,172,882 |
| | | <u>30,793,160</u> | <u>28,172,882</u> |
| Current assets | | | |
| Debtors | 10 | 250,113 | 250,113 |
| | | <u>250,113</u> | <u>250,113</u> |
| Creditors: Amounts falling due within one year | 11 | (43,133,982) | (40,542,940) |
| Net current liabilities | | <u>(42,883,869)</u> | <u>(40,292,827)</u> |
| Total assets less current liabilities | | <u>(12,090,709)</u> | <u>(12,119,945)</u> |
| Net liabilities | | <u>(12,090,709)</u> | <u>(12,119,945)</u> |
| Capital and reserves | | | |
| Called up share capital | 12 | 30,002,009 | 30,002,009 |
| Share premium account | 13 | 20,038,548 | 20,038,548 |
| Profit and loss account | 13 | (62,131,266) | (62,160,502) |
| | | <u>(12,090,709)</u> | <u>(12,119,945)</u> |

The financial statements of syncreon UK Holdings Ltd (registered number: 07029846) were approved by the board of directors and authorised for issue 13 April 2021. They were signed on its behalf by:

DocuSigned by:

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Patrick Enright
Director

The notes on pages 13 to 24 form part of these financial statements.

SYNCREON UK HOLDINGS LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

| | Called-up share capital £ | Share premium account £ | Profit and loss account £ | Total £ |
|--|---------------------------------|----------------------------------|---------------------------------|---------------------|
| Balance at 1 January 2019 | 30,002,009 | 20,038,548 | (62,160,502) | (12,119,945) |
| Profit for the financial year | - | - | 29,236 | 29,236 |
| Other comprehensive result for the year | - | - | - | - |
| Total comprehensive income for the year | - | - | 29,236 | 29,236 |
| Balance at 31 December 2019 | 30,002,009 | 20,038,548 | (62,131,266) | (12,090,709) |

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | Called-up share capital £ | Share premium account £ | Profit and loss account £ | Total £ |
|---|---------------------------------|----------------------------------|---------------------------------|---------------------|
| Balance at 1 January 2018 - as originally reported | 2,009 | 20,038,548 | (50,366,034) | (30,325,477) |
| Impact of restatement (Note 9) | - | - | (9,027,292) | (9,027,292) |
| Balance as at 1 January 2018 (as restated) | 2,009 | 20,038,548 | (59,393,326) | (39,352,769) |
| Loss for the financial year | - | - | (2,767,176) | (2,767,176) |
| Other comprehensive result for the year | - | - | - | - |
| Total comprehensive expense for the year | - | - | (2,767,176) | (2,767,176) |
| Shares issued during the year | 30,000,000 | - | - | 30,000,000 |
| Balance at 31 December 2018 | 30,002,009 | 20,038,548 | (62,160,502) | (12,119,945) |

The notes on pages 13 to 24 form part of these financial statements.

SYNCREON UK HOLDINGS LIMITED

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

1. General information

syncreon UK Holdings Limited, (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is provided on the company information page.

The Company is an investment holding company within the syncreon Group as explained in the strategic report on pages 1 to 2.

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the Group accounts of syncreon Newco B.V. The Group accounts of syncreon Newco B.V. are available to the public and can be obtained as set out in note 16.

2. Accounting Policies

2.1 Basis of preparation of financial statements

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly these financial statements were prepared in accordance with Financial Reporting 101 'Reduced Disclosure Framework'.

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 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 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).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows

SYNCREON UK HOLDINGS LIMITED

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

2. Accounting Policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions (continued)

- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Where relevant, equivalent disclosures have been given in the Group accounts of syncreon Newco B.V. The Group accounts of syncreon Newco B.V. are available to the public and can be obtained as set out in note 16.

2.3 Going concern

The financial statements have been prepared on a going concern basis.

Although the Company has high interest charges on outstanding loan balances, which have also led to net liabilities, the Company is considered to be a going concern as the nature of the Company's activities is linked to the activities of the syncreon Group undertakings. Based on the financial support that the Company receives from the syncreon Group, the directors have reasonable expectation that the Company will continue in existence for the foreseeable future.

On 1 October 2019, the syncreon Group successfully completed a recapitalisation and syncreon Newco B.V. replaced syncreon Global Holdings as the Company's ultimate parent company. This resulted in significant reduction in net debt and a lower annual interest costs, increased Group liquidity and extended debt maturity from 2020/21 to 2025 for the syncreon Group as a whole.

A letter of support has been made available from syncreon Treasury Services D.A.C. This Company operates the intra-group cash for the syncreon Group, therefore management feel this is most the appropriate Company to offer this letter of support. There are existing formal arrangements in place between syncreon Treasury Services D.A.C. and syncreon UK Holdings Limited whereby the policy is to provide support to the Company in order to continue to operate as a going concern.

Given the Company is an integrated part of the wider Group, and is party to a legally binding cash pooling agreement, the directors have sought confirmation from the treasury company that it would continue to provide support, if the Company requires, to ensure the Company meets its obligations as they fall due.

Given the overall current financial position of the Group, there are no plans to change the activities of the Company and the intention is to continue to support the operational existence of the Company, therefore directors deemed it appropriate to adopt the going concern basis in preparing the financial statements.

SYNCREON UK HOLDINGS LIMITED

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

2. Accounting Policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

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

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 Finance costs

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

2.7 Taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items that are never taxable or deductible.

SYNCREON UK HOLDINGS LIMITED

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

2. Accounting Policies (continued)**2.8 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

At each balance sheet date, the Company reviews the carrying amounts of its investment in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.9 Debtors

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

2.10 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

SYNCREON UK HOLDINGS LIMITED

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

2. Accounting Policies (continued)**2.11 Financial instruments**

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual term expire. The Company's accounting policies in respect of financial instruments transactions are explained below.

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary assets. 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 are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such as provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank 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 into the balance sheet.

2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Share premium

Amounts in excess of the nominal value of share capital paid to the Company for the purchase of shares are classed as share premium within equity in the financial statements.

SYNCREON UK HOLDINGS LIMITED

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

2. Accounting Policies (continued)
2.14 Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following judgements have had the most significant effect on amounts recognised in the financial statements.

Impairment of investments

The Company conducts impairment reviews of investments in subsidiaries to determine whether their carrying amounts may not be recoverable, on an annual basis. Determining whether an investment is impaired requires an estimation of the recoverable amount, which requires assumptions by the Company to calculate the value of the cash-generating unit.

Key sources of estimation uncertainty

There are no assumptions concerning the future or other sources of uncertainty at the balance sheet date that have a significant risk of causing material adjustment to the carrying value of the assets and liabilities within the next financial year.

4. Auditor's remuneration

The Company paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the Company:

| | 2019 £ | 2018 £ |
|---------------------------|--------------|--------------|
| Audit fees of the Company | 4,000 | 3,725 |
| | <u>4,000</u> | <u>3,725</u> |

There were no fees incurred for non-audit services during the year (2018: £Nil).

SYNCREON UK HOLDINGS LIMITED

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

5. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2018: £Nil).

6. Interest payable and similar expenses

| | 2019 £ | 2018 £ |
|-------------------------------|------------------|------------------|
| Loans from Group undertakings | 2,595,900 | 4,968,846 |
| | <u>2,595,900</u> | <u>4,968,846</u> |

7. Tax on profit/(loss)

| | 2019 £ | 2018 £ |
|--------------------|-----------|-----------|
| Total current tax | - | - |
| Deferred tax | | |
| Total deferred tax | - | - |
| Taxation on loss | - | - |

SYNCREON UK HOLDINGS LIMITED

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

7. Tax on profit/(loss) (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2018: the same as) the standard rate of corporation tax in the UK of 19% (2018: 19%) as set out below:

| | 2019 £ | Restated (Note 9) 2018 £ |
|--|-----------|-----------------------------------|
| Profit/(loss) before tax | 29,236 | (2,767,176) |
| Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%) | 5,555 | (525,763) |
| Effects of: | | |
| Expenses not deductible | (498,776) | (419,589) |
| Effects of Group relief/other reliefs | - | 42,128 |
| Amounts not recognised | 493,221 | 903,224 |
| Total tax charge for the year | - | - |

Factors that may affect future tax charges

The reduction in the standard rate of corporation tax in the UK from 20% to 19% came into force with effect from 1 April 2017. In the March 2020 Budget, the Chancellor of the Exchequer repealed the previously enacted reduction to the standard rate of corporation tax from 19% to 17% that was due to come into force from 1 April 2020. The standard rate of corporation tax has been maintained at 19% and the impact of this is reflected in these financial statements.

On 3 March 2021, the Chancellor of the Exchequer delivered his Budget Statement. The measures announced include an increase in the standard rate of corporation tax from 19% to 25% with effect from 1 April 2023. The full impact of this change will be reflected in the 2021 financial statements once the Finance Bill has been substantively enacted, this will not affect the current position of the Company as it does not hold any deferred taxes.

SYNCREON UK HOLDINGS LIMITED

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

8. Profit/(loss) for the financial year

Profit/(loss) for the financial year has been arrived at after charging/(crediting):

| | 2019 | <i>Restated</i> <i>(Note 9)</i> 2018 |
|-------------------------------------|---------------------------|---|
| | £ | £ |
| Net foreign exchange (gains)/losses | (14,848) | 3,124 |
| Impairment of investments | 3,632,147 | - |
| Reversal of impairment losses | (6,252,425) | (2,208,365) |
| | <u>(2,635,126)</u> | <u>(2,205,241)</u> |

9. Investments

| | Investments in subsidiary companies Restated* £ |
|-------------------------------|--|
| Cost or valuation | |
| At 1 January 2019 | <u>80,162,194</u> |
| At 31 December 2019 | <u>80,162,194</u> |
| Impairment | |
| At 1 January 2019 | <u>51,989,312</u> |
| Charge for the period | 3,632,147 |
| Reversal of impairment losses | (6,252,425) |
| At 31 December 2019 | <u>49,369,034</u> |
| Net book value | |
| At 31 December 2019 | <u>30,793,160</u> |
| At 31 December 2018 | <u>28,172,882</u> |

SYNCREON UK HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****9. Investments (continued)****Impairment review**

The impairment review was undertaken on 31 December 2019, it was concluded that the performance and commercial pricing of syncreon Automotive (UK) Ltd was below expectations, therefore the investment was impaired. It was also concluded that the value of syncreon Technology (UK) Ltd had increased and therefore a previous impairment has been reversed.

* The investment balance for the prior periods has been corrected in the current year to reflect a correction in the calculation of specific inputs used to determine the enterprise value of the investments. As such, the retained earnings, investment balance and impairment charges for prior periods have been restated.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name | Registered office | Principal activity | Class of shares | Holding |
|-------------------------------------|--|---------------------------|------------------------|----------------|
| syncreon Technology (UK) Ltd | Unit 5 Logix Road, R D Park, Watling Street, Hinckley, Leicestershire, LE10 3BQ | Transport and logistics | Ordinary shares | 100% |
| syncreon Automotive (UK) Ltd | Unit 5 Logix Road, R D Park, Watling Street, Hinckley, Leicestershire, LE10 3BQ | Transport and logistics | Ordinary shares | 100% |
| syncreon Asia Holdings (UK) Limited | C/o syncreon Technology, Unit 5 Logix Road, R D Park, Hinckley, Leicestershire, LE10 3BQ | Holding Company | Ordinary shares | 100% |

10. Debtors

| | 2019 £ | 2018 £ |
|------------------------------------|-------------------|-------------------|
| Amounts owed by Group undertakings | 250,000 | 250,000 |
| Other debtors | 113 | 113 |
| | 250,113 | 250,113 |

Amounts owed by Group undertakings include outstanding intercompany loans receivable from syncreon Treasury Services Limited of £250,000 (2018: £250,000) which are unsecured, not subject to interest and are repayable on demand.

SYNCREON UK HOLDINGS LIMITED

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

11. Creditors: Amounts falling due within one year

| | 2019 £ | 2018 £ |
|------------------------------------|-------------------|-------------------|
| Amounts owed to Group undertakings | 43,125,192 | 40,538,298 |
| Other creditors | 8,790 | 4,642 |
| | <u>43,133,982</u> | <u>40,542,940</u> |

Amounts owed to Group undertakings include outstanding intercompany loans payable to syncreon Treasury Services Limited of £43,125,192 (2018: £40,538,298) which are unsecured, subject to interest at 8.5% (2018: 8.5%) and are repayable on demand.

12. Share capital

| | 2019 £ | 2018 £ |
|--|-------------------|-------------------|
| Authorised | | |
| 30,002,010 (2018: 30,002,010) Ordinary Shares shares of £1.00 each | <u>30,002,010</u> | <u>30,002,010</u> |
| Allotted, called up and fully paid | | |
| 30,002,009 (2018: 30,002,009) Ordinary Shares shares of £1.00 each | <u>30,002,009</u> | <u>30,002,009</u> |

13. Reserves**Share premium account**

The share premium reserves contains the premium arising on issue of equity shares, net of issue expenses.

Profit and loss account

The profit and loss reserve represents cumulative profits or losses.

14. Contingent liabilities

On the 1 October 2019, the syncreon Group successfully completed a recapitalisation. As part of the recapitalisation, the Company became a guarantor under the Amended and Restated Credit Agreement, dated 1 October 2019, and the ABL credit agreement, dated 1 October 2019.

SYNCREON UK HOLDINGS LIMITED

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

15. Post balance sheet events

Coronavirus

On 11 March 2020, the World Health Organization declared the novel strain of Coronavirus (Covid-19) a global pandemic and recommended containment and mitigation measures worldwide.

The pandemic developed rapidly in 2020 with a significant number of cases in the UK. The government introduced various measures to contain the virus which have affected economic activity, such as; forced closures of non-essential businesses, travel bans, social distancing and working from home.

The impact of Coronavirus on the financials in 2020 can be seen in more detail in the going concern note in the director's report.

Taxation

On 3 March 2021, the Chancellor of the Exchequer delivered his Budget Statement. The measures announced include an increase in the standard rate of corporation tax from 19% to 25% with effect from 1 April 2023. The full impact of this change will be reflected in the 2021 financial statements once the Finance Bill has been substantively enacted, this will not affect the current position of the Company as it does not hold any deferred taxes.

16. Controlling party

The ultimate parent company and controlling party of syncreon UK Holdings Limited is syncreon Newco B.V., a company incorporated in the Netherlands (registered office: Athenastraat 6, 5047 RK, Tilburg, Netherlands).

The Company regards syncreon International Group, a company incorporated in Ireland, as the immediate parent undertaking.

The parent company of the smallest and largest group to consolidate these financial statements is syncreon Newco B.V., a company incorporated in the Netherlands. Copies of these consolidated financial statements can be obtained from the Dutch Chamber of Commerce (KVK).

syncreon UK Holdings Limited has availed of the following exemption - preparation of consolidated financial statements (E.U 7th Directive).

This exemption is available as 100% of syncreon Holdings Limited's voting rights are controlled within syncreon group and the consolidated financial statements of syncreon Newco B.V. (in which syncreon UK Holdings Limited is included) are publicly available.