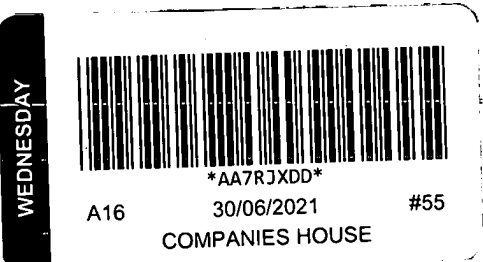


Registered No. 09874900

Celerion Holding International Limited

Report and Financial Statements

For the year ended 31 December 2020



Celerion Holding International Limited

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Celerion Holding International Limited

Directors' and other information

Directors

S Thornton

J Rosal

Secretary

Vistra Company Secretaries Limited.

Auditors

Deloitte (NI) Limited

Lincoln Building

27 - 45 Great Victoria Street

Belfast

BT2 7SL

Bankers

Wells Fargo, N.A.

1248 O Street

Lincoln, Nebraska 68508

United States

Registered office

Suite 1, 3rd Floor

11-12 Street

James's Square

London

SW1Y 4LB

Celerion Holding International Limited

Strategic report

The Directors of Celerion Holding International Limited present their strategic report for the period ended 31 December 2020.

Principal activity

The Company operates as an intermediate parent undertaking within the group of companies headed by CSC Celerion Holdco Corp.

Business review

The results for the year ended 31 December 2020 show a profit after tax of \$129,430 (2019: loss of \$719,130). The directors do not recommend the payment of a final dividend (2019: nil).

Principal risks and uncertainties

The Company's strategy is to follow an approved risk policy, which effectively manages exposures related to the achievement of business objectives. The Company is financed through amounts owed to group undertakings.

The principal risks facing the Company are that group companies would be unable to repay loans and that the investments carried in the Company's balance sheet would not be realised. A continuous forecasting and monitoring process is in place to manage these risks.

To manage risks relating to the recovery of investments and loans owed to the Company, the directors monitor the performance and financial status of the relevant group companies.

Since the Company's borrowings are of a long term nature liquidity arises only in respect of the payment of interest on borrowings. This risk is managed through the receipt of interest on amounts owing from group companies.

Since the Company's borrowings are primarily at fixed rates of interest the directors consider that the Company does not have a significant interest rate risk exposure.

The Company transacts mainly in USD but has some exposure to currency risk through group loan transactions. The directors aim to manage this exposure by entering into both loan receivable and loan payable transactions in the same currencies.

The company holds an investment in an entity incorporated in the United Kingdom and has therefore assessed, as far as is possible, the potential impact of the EU Referendum. See below for the company's assessment.

Brexit

The directors have considered the impact of the result of the EU Referendum on principal risks. After four years of negotiation and transition, no significant changes have been made to the company's operating model or strategy. Since the 1st January 2021 the transition period is finished and the United Kingdom is now considered as a third country. The company holds borrowings with entities in the Eurozone and in Great Britain, as described above it is exposed to foreign currency risk. The Board continues to monitor the impact of the new trading arrangement and the impact of the Northern Ireland protocol on future performance.

Celerion Holding International Limited

Strategic report (continued)

Covid-19

The recent outbreak of COVID-19 caused by a novel strain of the coronavirus has been recognized as a pandemic by the World Health Organization, and the outbreak has become increasingly widespread in the United States and globally, including the markets in which the Company operates. The outbreak has had a notable impact on general economic conditions, including supply chains, production and sales across various industries. The Company continues to monitor the impact of the COVID-19 outbreak closely. The full extent to which the COVID-19 outbreak will impact our operations or financial results is uncertain in a number of areas.

Financial instruments

Financial assets measured at amortised cost comprise of cash and cash equivalents and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise of amounts owed to group undertakings.

This report was approved by the board on 14th June 2021 and signed on its behalf by:

J Rosal
Director

DocuSigned by:

Johanne P Rosal

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Celerion Holding International Limited

Directors' report

Registered No. 09874900

The directors present their report for the year ended 31 December 2020.

Results and dividends

The results for the year ended 31 December 2020 show a profit after tax of \$129,430 (2019: loss of \$719,130). The directors do not recommend the payment of a final dividend (2019: nil).

Future developments

The Company acts as an intermediate holding company and will continue to provide funding support to its subsidiary undertakings.

Going Concern

The company's business activity, together with the principal risk and uncertainties likely to affect its future performance are described in the Strategic Report. Further, consideration has been made in regards to the impact of Covid-19 as outlined below.

The Company's forecast and projections show that the Company will have adequate financial resources to enable it to continue to fund its operations for the foreseeable future. Further, the Company has received a guarantee from its immediate parent company Celerion Inc that financial support will be available for a period of at least 12 months from the approval of the statutory accounts.

After making enquiries and assessing the ability of Celerion Inc to provide financial support, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the directors continue to adopt the going concern basis in preparing the financial statements.

Financial instruments

Details of financial instruments are provided in the Strategic Report.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Directors

The directors who served the Company during the year and since then until approval of the report and financial statements are listed on page 2.

Events since the balance sheet date

Following the year-end, steps have been taken in order to restructure the capital of the company with a capitalisation of the capital contribution reserve of \$12,600,478 which will be applied to first reduce the existing deficit on the profit and loss reserve and secondly to further increase that reserve, so that a future dividend can be declared.

Directors' statement as to disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquires of fellow directors and the Company's auditor, each director has taken all the steps that she is obliged to take as a director in order to make herself aware of any relevant audit information and to establish that the auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act.

Celerion Holding International Limited

Directors' report (continued)

Auditors

Deloitte (NI) Limited have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

By order of the Board

J Rosal
Director
Date:

DocuSigned by:
Johnnie P Rosal
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14 June 2021

Celerion Holding International Limited

Directors' responsibilities statement

for the year ended 31 December 2020

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELERION HOLDING INTERNATIONAL LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Celerion GB Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit 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 profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 18.

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".

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELERION HOLDING INTERNATIONAL LIMITED (CONTINUED)

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

We have nothing to report in this regard.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELERION HOLDING INTERNATIONAL LIMITED (CONTINUED)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

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

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included contract legislation.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

Investment Valuations

- We assessed the design and determined the implementation of the key controls over assessment of impairment of investment valuation; and
- We tested the investments for indicators of impairment through challenging management's assessment of the year-end valuation of investments.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELERION HOLDING INTERNATIONAL LIMITED (CONTINUED)

- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations.

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 directors' report.

Matters on which we are required to report by exception

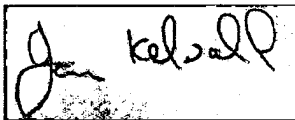
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.



Ian Kelsall (Senior statutory auditor)
For and on behalf of Deloitte NI Limited
Statutory Auditor
Belfast

15 June 2021

Celerion Holding International Limited

Profit and loss account for the year ended 31 December 2020

	Notes	2020 \$	2019 \$
Administrative expenses		126,418	(164,655)
Operating profit/(loss)	3	126,418	(164,655)
Interest receivable and similar income	6	340,070	171,961
Interest payable and similar expenses	7	(635,994)	(726,436)
Other income	8	298,936	-
Profit/(loss) before taxation		129,430	(719,130)
Tax charge	9	-	-
Profit/(loss) for the financial year		129,430	(719,130)

All amounts relate to continuing activities.

Statement of Comprehensive Income for the year ended 31 December 2020

There is no comprehensive income other than the profit attributable to the shareholders of the company of \$129,430 in the year ended 2020 (2019: loss of \$719,130).

Celerion Holding International Limited

Balance Sheet As at 31 December 2020

Registered Number: 09874900

	Notes	2020 \$	2019 \$
Non-current assets			
Investments	10	5,233,692	5,233,692
		<u>5,233,692</u>	<u>5,233,692</u>
Current assets			
Debtors:	11		
- Amounts falling due within one year		876,862	333,060
- Amounts falling due after more than one year		4,521,136	4,905,710
Cash at bank and in hand		1,989,841	1,937,733
		<u>7,387,839</u>	<u>7,176,503</u>
Current liabilities: amounts falling due within one year	12	(2,291,703)	(992,107)
		<u></u>	<u></u>
Net current assets		<u>5,096,136</u>	<u>6,184,396</u>
		<u></u>	<u></u>
Total assets less current liabilities		<u>10,329,828</u>	<u>11,418,088</u>
		<u></u>	<u></u>
Creditors: amounts falling due after more than one year	13	(7,831,256)	(9,048,946)
		<u></u>	<u></u>
Net Assets		<u>2,498,572</u>	<u>2,369,142</u>
		<u></u>	<u></u>
Capital and reserves			
Called up share capital	15	100	100
Capital Contribution	16	12,600,478	12,600,478
Profit and loss account	16	(10,102,006)	(10,231,436)
		<u></u>	<u></u>
Shareholders' funds		<u>2,498,572</u>	<u>2,369,142</u>

The financial statements were approved for issue by the board of directors on 14th June 2021 and were signed on behalf of

J Rosal
Director

DocuSigned by:
Johnnie P Rosal
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Celerion Holding International Limited

Statement of changes in equity For the year ended 31 December 2020

	Called up share capital	Capital contribution reserve	Profit and loss account	Total Equity
	\$	\$	\$	\$
At 1 January 2019	100	13,225,650	(9,512,306)	3,713,444
Loss for the year	-	-	(719,130)	(719,130)
Movement in capital contribution reserve	-	(625,172)	-	(625,172)
At 31 December 2019 & 1 January 2020	100	12,600,478	(10,231,436)	2,369,142
Profit for the year	-	-	129,430	129,430
At 31 December 2020	100	12,600,478	(10,102,006)	2,498,572

The adjustment to the capital contribution reserve arises on the early settlement of a group loan with below market interest rates.

Celerion Holding International Limited

Notes to the financial statements at 31 December 2020

1. Corporate information

Celerion Holding International Limited (the Company) is a private company limited by shares incorporated and domiciled in the United Kingdom. The company was incorporated on 17 November 2015. The registered office is located at Suite 1, 3rd Floor, 11-12 Street. James's Square, London, SW1Y 4LB.

The Company's functional and presentational currency is USD.

2. Significant accounting policies

Basis of preparation of the financial statements

The Company's financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework" (FRS 101).

The Company is not required to prepare group accounts under Section 401 (1) (a) of the Companies Act 2006 as it is a wholly owned subsidiary of Celerion, Inc., which in turn is a wholly owned subsidiary of CSC Celerion Holdco Corp, a company domiciled in the United States of America. The Company and its subsidiary undertakings are included in CSC Celerion Holdco Corp's consolidated financial statements which are deemed to meet the equivalence requirements of Section 401 (2) (b). The accounts therefore present information in respect of the Company as an individual undertaking and not its group.

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.

The company meets the definition of a qualifying entity under FRS 101 since it is a wholly owned subsidiary of CSC Celerion Holdco Corp which prepares consolidated financial statements which include the company and its subsidiary undertaking.

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

- a) the requirements of IFRS 7 Financial Instruments: disclosures, because equivalent disclosures have been provided in the consolidated financial statements of the group in which the entity is consolidated.
- b) the requirements of paragraphs 91 - 99 of IFRS 13 Fair Value Measurement, because equivalent disclosures have been provided in the consolidated financial statements of the group in which the entity is consolidated.
- c) the requirements of IAS 7 Statement of Cash Flows.
- d) the requirements of paragraphs 10(d), 16, 111, 134, 135 and 136 of IAS 1 Presentation of Financial Statements.
- e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- f) the requirements of paragraph 17 of IAS 24 Related Party Disclosures.
- g) 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.

Celerion Holding International Limited

Notes to the financial statements at 31 December 2020

2. Significant accounting policies (continued)

Basis of preparation of the financial statements (continued)

The consolidated financial statements of CSC Celerion Holdco Corp which include the disclosures above are available from the registered office: 621 Rose Street, Lincoln, Nebraska, United States of America.

The financial statements are presented in USD, which is the functional currency of the company and rounded to the nearest \$.

Adoption of new and revised Standards

Impact of initial application of other amendments to IFRS Standards and Interpretations

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards	<p>The Company has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.</p> <p>The standard which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.</p>
Amendments to IAS 1 and IAS 8 Definition of material	<p>The Company has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.</p> <p>The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.</p>

Celerion Holding International Limited

Notes to the financial statements at 31 December 2020

2. Significant accounting policies (continued)

The principal accounting policies are set out below:

Accounting convention

The accounts are prepared under the historical cost convention.

Applicability of going concern basis

The company's business activity, together with the principal risk and uncertainties likely to affect its future performance are described in the Strategic Report. Further, consideration has been made in regards to the impact of Covid-19 as outlined below.

The Company's forecast and projections show that the Company will have adequate financial resources to enable it to continue to fund its operations for the foreseeable future. Further, the Company has received a guarantee from its immediate parent company Celerion Inc that financial support will be available for a period of at least 12 months from the approval of the statutory accounts.

After making enquiries and assessing the ability of Celerion Inc to provide financial support, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the directors continue to adopt the going concern basis in preparing the financial statements.

Company's investment in subsidiary undertakings

The Company recognises its investments in subsidiaries at cost less any recognised impairment loss. Income is recognised in the income statement from these investments only in relation to distributions received. The carrying values of investments in subsidiaries are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable, including whether the carrying value is impaired as a result of the receipt of dividends.

Investment carrying values comprise both equity investments and loans advanced to subsidiary undertakings. The loan element of investments is stated at amortised cost using the effective interest rate method.

Foreign Currency Translation

Foreign currency transactions are translated into the functional currency at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates prevailing at the balance sheet date are recognised in the income statement.

Tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Celerion Holding International Limited

Notes to the financial statements at 31 December 2020

2. Significant accounting policies (continued)

Tax (continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Interest receivable and similar income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Celerion Holding International Limited

Notes to the financial statements at 31 December 2020

2. Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost and amounts owed by group undertakings. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for amounts owed by group undertakings. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted

Celerion Holding International Limited

Notes to the financial statements at 31 December 2020

2. Significant accounting policies (continued)

Financial instruments (continued)

by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through the profit and loss (FVTPL).

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading or (ii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Financial liabilities measured subsequently at amortised cost

Financial liabilities are those which arise from the purchase of goods or services in the normal course of the Company's business and those which, not having commercial substance, cannot be classed as derivative financial instruments.

Financial liabilities that are not (i) held-for-trading, or (ii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or

Celerion Holding International Limited

Notes to the financial statements at 31 December 2020

2. Significant accounting policies (continued)

Financial instruments (continued)

received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

The Company derecognises financial liabilities when the obligations giving rise to them are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Dividends received

Dividend income is recognised when the shareholders' rights to receive payment have been established.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies 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 key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Calculation of loss allowance

When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Celerion Holding International Limited

Notes to the financial statements at 31 December 2020

3. Operating profit/(loss)

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

	2020	2019
	\$	\$
Foreign exchange gain/(loss)	154,209	(46,097)

4. Directors remuneration

The directors are remunerated by the ultimate parent undertaking. The amount of that remuneration which relates to qualifying services to the company is considered as negligible.

5. Auditors' remuneration

Audit remuneration of \$17,750 (2019: \$16,400) for the audit of the financial statements and \$4,728 (2019: \$4,340) in relation to tax services provided is included within administrative expenses in the profit and loss account.

6. Interest receivable and similar income

	2020	2019
	\$	\$
Intercompany interest receivable	340,070	171,961

7. Interest payable and similar charges

	2020	2019
	\$	\$
Intercompany interest payable	(635,994)	(726,436)

8. Other income

	2020	2019
	\$	\$
Settlement income from previous owner	298,936	-

Celerion Holding International Limited

Notes to the financial statements at 31 December 2020

9. Tax

a) Analysis of charge in the year

	2020	2019
	\$	\$
Current income tax		
Current income tax charge	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Deferred tax:		
Relating to origination and reversal of temporary differences	-	-
	<u>-</u>	<u>-</u>
Tax charge	<u>-</u>	<u>-</u>

b) Factors affecting the total tax charge

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

	2020	2019
	\$	\$
(Loss)/profit before tax	129,430	(719,130)
	<u>129,430</u>	<u>(719,130)</u>
(Loss)/profit multiplied by statutory rate of corporation tax in the UK of 19 % (2019: 19%)	24,592	(136,635)
Effects of:		
Disallowed expenses and non-taxable income	(56,918)	37,343
Movement on unprovided losses	32,326	99,292
	<u>-</u>	<u>-</u>

c) Deferred tax

Deferred tax asset not recognised in the financial statements is as follows:

	2020	2019
	\$	\$
Tax losses available	(181,721)	(133,669)
	<u>(181,721)</u>	<u>(133,669)</u>

The deferred tax asset arising has not been recognised in the financial statements due to the uncertainty over the timing of future suitable taxable profits against which the asset will reverse.

Celerion Holding International Limited

Notes to the financial statements at 31 December 2020

9. Tax (continued)

The Finance Act 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020 and accordingly the deferred tax at 31/12/20 had been calculated at this rate. However, in the March 2020 Budget it was announced that the reduction will not occur and the Corporation Tax Rate will be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020 and accordingly the deferred tax balances have been re-calculated to 19% at the year end.

In the March 2021 Budget it was announced that the UK corporation tax rate will increase to 25% for accounting periods beginning on or after 1 April 2023. As substantive enactment was after the balance sheet date, deferred tax balances as at 31 December 2020 continue to be measured at a rate of 19%. If the amended tax rate were to be used, the unprovided deferred tax asset could have been up to \$57,000 higher.

10. Investments

Carrying value of investments in subsidiary undertakings	2020 \$
Cost:	
At 01 January 2020 and 31 December 2020	15,405,733
Impairment:	
At 01 January 2020 and 31 December 2020	(10,172,041)
Net book value:	
At 31 December 2020 and 31 December 2019	5,233,692

Investment carrying values comprise both equity investments and loans advanced to subsidiary undertakings. The loan element of investments is stated at amortised cost using the effective interest rate method.

The resultant fair value determined is considered to fall within level 3 of the fair value hierarchy as set out in IFRS 13 – Fair Value Measurement.

Details of the company's subsidiary undertakings are as follows:

Name of company	Country of incorporation	Class of shares	Holding	Nature of business
Celerion Austria GmbH	Austria*	Ordinary shares	100%	Clinical Research Company
Celerion (Canada) Inc.	Canada**	Ordinary shares	100%	Clinical Research Company
Celerion GB Limited	UK***	Ordinary shares	100%	Clinical Research Company
Celerion Switzerland AG	Switzerland***	Ordinary shares	100%	Clinical Research Company

* Registered office for Austria: Hainburgerstrasse 33, 1030 Vienna

** Registered office for Canada: Suite 1700, Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2X8

*** Registered office for UK: Suite 1, 3rd floor, 11-12th Street, James's Square, London, SW1Y 4LB

**** Registered office for Switzerland: Allmendstrasse 32, 8320 Fehraltorf

Celerion Holding International Limited

Notes to the financial statements at 31 December 2020

11. Debtors

Amounts falling due within one year	2020	2019
	\$	\$
Amounts owed by group undertakings	876,862	333,060
	<u>876,862</u>	<u>333,060</u>
Amounts falling due after more than one year:	2020	2019
	\$	\$
Amounts owed by group undertakings	4,521,136	4,905,710
	<u>4,521,136</u>	<u>4,905,710</u>

The amounts owed by subsidiary undertakings due after more than one year bear interest at rates ranging from 1.74% to 6.749% and are repayable on termination between two and four years.

12. Creditors: amounts falling due within one year

Amounts falling due after more than one year:	2020	2019
	\$	\$
Amounts owed to group undertakings	2,271,031	972,807
Accrued expenses	20,672	19,300
	<u>2,291,703</u>	<u>992,107</u>

13. Creditors: amounts falling due after more than one year

	2020	2019
	\$	\$
Amounts owed to group undertakings	7,831,256	9,048,946
	<u>7,831,256</u>	<u>9,048,946</u>

The loans with group and parent undertakings are repayable on termination between four and six years and bear interest at rates ranging from 1.74% to 7.81544% per annum.

Celerion Holding International Limited

Notes to the financial statements at 31 December 2020

14. Financial instruments

	2020	2019
	\$	\$
Financial assets that are debt instruments measured at amortised cost	7,387,839	7,176,503
Financial liabilities measured at amortised cost	(10,102,287)	(10,021,753)

Financial assets measured at amortised cost comprise of cash and cash equivalents and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise of amounts owed to group undertakings.

15. Issued share capital

	No.	2020	2019
		\$	\$
Allotted, called up and fully paid			
Ordinary shares of \$0.10 each	1001	100	100

16. Reserves

Profit and loss account

Profit and loss account represents the distributable reserves of the company.

Called up share capital

The balances classified as share capital represents the proceeds on issue of the company's equity share capital, comprising ordinary shares.

Capital Contribution Reserve

This balance relates to capital contribution by the Company's parent undertaking other than through the proceeds of the issue of shares.

Celerion Holding International Limited

Notes to the financial statements at 31 December 2020

17. Related party transactions

The immediate parent undertaking of the Company is Celerion, Inc.

The ultimate parent undertaking and controlling party of the Company is CSC Celerion Holdco Corp a company incorporated in the United States. Copies of the consolidated accounts of CSC Celerion Holdco Corp are available as described in note 2. CSC Celerion Holdco Corp is the smallest and largest company in which the accounts of Celerion Holding International Limited are consolidated.

Terms and conditions of transactions with related parties

There have been no guarantees provided or received for any related party receivables or payables. For the period ended 31 December 2020, the Company has recorded an impairment of receivables relating to amounts owed by related parties of \$53,000 (2019: \$53,000). This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates.

18. Subsequent events

Following the year-end, steps have been taken in order to restructure the capital of the company with a capitalisation of the capital contribution reserve of \$12,600,478 which will be applied to first reduce the existing deficit on the profit and loss reserve and secondly to further increase that reserve, so that a future dividend can be declared.