

**Company Registration No. 10507202**

**LD International Holdings Limited**

**Annual Report and Financial Statements**

**For the year ended 31 December 2020**

# **LD International Holdings Limited**

## **Strategic report, directors' report and financial statements For the year ended 31 December 2020**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Strategic report</b>	<b>2</b>
<b>Directors' report</b>	<b>3</b>
<b>Independent Auditors report</b>	<b>6</b>
<b>Statement of comprehensive income</b>	<b>12</b>
<b>Balance sheet</b>	<b>13</b>
<b>Statement of changes in equity</b>	<b>14</b>
<b>Notes to the financial statements</b>	<b>15</b>

# **LD International Holdings Limited**

## **Report for the year ended 31 December 2020**

### **Officers and professional advisors**

#### **Directors**

C. Weiler  
D. Wilson

#### **Registered Office**

Nexus  
25 Farringdon Street  
London, England, EC4A 4AB

#### **Company Registration No.**

010507202

#### **Independent Auditors**

Ernst & Young LLP  
1 More London Place  
London, SE1 2AF  
United Kingdom

# **LD International Holdings Limited**

## **Strategic report for the year ended 31 December 2020**

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2020.

### **Principal activities and review of the business**

The company is a wholly owned subsidiary of LD International Holdings SRL, an international society with restricted liability organized under the laws of Barbados.

The company's principal activity is a holding company and the directors expect this to continue for the foreseeable future. The company together with its wholly-owned subsidiaries provide technology-based litigation support solutions and data storage technologies services. Litigation support includes e-discovery, data hosting, and managed document review predominantly to top law firms and corporations. Data storage technologies services include data recovery and data management services.

### **Results and key performance indicators**

The company is a holding company and the directors do not believe there are any key performance indicators.

The statement of comprehensive income is set out on page 12 and shows the loss for the year.

The company currently has intercompany notes payable of £42.5m. The strategy of the entity is to be able to settle interest on the intercompany loan notes using dividends distributed from its subsidiaries.

### **Principal risks and uncertainties**

The company operates as an intermediary holding company within the KLDDiscovery Inc. group of companies. All of its material transactions are with fellow group undertakings and as such its activities are dependent on the activities of the KLDDiscovery Inc. group of companies as a whole.

The risks and uncertainties facing the company are linked to those of the group. A discussion of the group risks and uncertainties is contained in the annual report of KLDDiscovery Inc., please see note 15 to the financial statements for the details of KLDDiscovery Inc. annual report accessibility.

We consider the principal risk of the company to be liquidity risk as we rely on dividends from our subsidiaries to enable payment of any interest due on intercompany loan. The risk will be mitigated by the parent company facilitating the payment of dividends from subsidiaries. Also, the loan issuing entity within the group would not call for interest payment until the company has sufficient funds available.

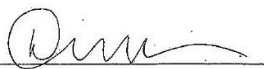
### **COVID-19 risk**

The company is an intermediate holding company within the KLDDiscovery Inc. group and does not trade or have employees. As a result, COVID-19 has had a limited impact on the company. With regards to the KLDDiscovery Inc. group overall, revenues decreased by 7.2%, to \$289.5 million for the year ended December 31, 2020 as many clients delayed new litigation and court systems closed for a period of time and have been slow to reopen. The Company made modifications to employee travel, work locations, and cancellation of certain events, among other modifications. We implemented a salary exchange program pursuant to which certain employees have taken a temporary reduction in salary that ranges from 2% to 20% in exchange for receiving additional stock options and RSUs. The Company also initiated limited furloughs for certain employees. The Company will continue to actively monitor the situation and may take further actions that alter its business operations as may be required by federal, state or local authorities or that it determines is in the best interests of its employees, customers, partners, suppliers and stockholders.

### **Brexit**

The company has experienced minimal impact as a result of the UK's withdrawal from the EU. Management will continue to assess the situation and address any issues that should arise.

On behalf of the board



D Wilson  
Director

Date: 3<sup>rd</sup> September 2021

# **LD International Holdings Limited**

## **Directors' report for the year ended 31 December 2020**

The directors present their Directors' report together with the audited financial statements for the year ended 31 December 2020.

### **Proposed Dividends**

The directors do not recommend the payment of a dividend.

### **Future developments**

The directors expect the activity of the company to continue for the foreseeable future.

### **Directors**

The directors of the company were:

C. Weiler  
D. Wilson

### **Events since the balance sheet date**

There are no post balance sheet events to report.

### **Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements**

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 directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 its profit or loss for that period. In preparing the financial statements, the directors are required to:

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

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

The directors 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.

### **Going concern**

The company's business activities, together with the factors likely to affect its future development and position, are set out above in the Strategic Report under the sections principal activities and review of the business, and principal risks and uncertainties.

The financial statements have been prepared on a going concern basis. The company recorded a loss after tax of £2,994,794 for the year and had net liabilities of £876,473 at the balance sheet date.

# **LD International Holdings Limited**

## **Directors' report for the year ended 31 December 2020 (continued)**

The company currently has intercompany notes payable of £42.5m. The strategy of the entity is to be able to settle interest from the loan using dividends distributed from its subsidiaries, which is reliant on the operating performance of its subsidiaries as well as the decision to pay them up. The loan issuing entity will not request the repayment of interest until the company has the funds available.

The company is supported by its ultimate parent company, KLDDiscovery, Inc., which will also facilitate the decision of paying dividends from subsidiaries to the company. KLDDiscovery, Inc. has confirmed that the loan interest will not be called until such time that the company has sufficient funds available.

The company's ultimate parent undertaking, KLDDiscovery Inc. has provided confirmation that it will provide financial support to the company, if required, for a period of at least 12 months from the date of approval of these financial statements, up to 30 September 2022. In assessing the ability of the directors to rely on this support they have considered the level of committed facilities available at the group level to support liquidity. Taking into account the support from KLDDiscovery Inc., the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### **s172 statement – stakeholder engagement**

The following disclosures describe how the directors have had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 when performing their duties under section 172 and form part of the Directors' Statement required under Section 414CZA(1) of the Companies Act 2006.

#### **(a) Decision making**

The directors recognise the importance of good governance to the success of the company. The Board determines the strategic objectives and strategies of the company to best support the delivery of long-term value providing overall strategic direction, having regard to the overall strategic direction of the KLDDiscovery Inc. group. The Board takes decisions that affect the success of the company after appropriate review and consideration.

#### **(b) Employees**

The company itself has no employees as it is an intermediate holding company within the KLDDiscovery Inc. group. The Board ensures that employees of the company's subsidiaries operate in an environment where they can contribute productively to the success of the business.

#### **(c) Customers and Suppliers**

The company itself has no customers or suppliers. The Board ensures that the customers and suppliers of the company's subsidiaries are treated responsibly in accordance with the KLDDiscovery Inc. group policies.

#### **(d) Community and Environment**

The company's subsidiaries are committed to the wider social and economic impact of their operations.

#### **(e) Company and high standards of Conduct**

The company and its subsidiaries maintain high ethical standards and follows a strict policy of maintaining integrity in line with the policies of the KLDDiscovery Inc. group.

#### **(f) Members**

The company has one shareholder and is indirectly 100% owned by the ultimate parent KLDDiscovery Inc. The Directors on the Board are the nominees of the shareholder and ultimate parent.

### **Disclosure of information to the auditors**

The directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

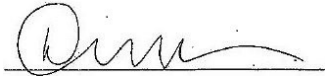
# **LD International Holdings Limited**

## **Directors' report for the year ended 31 December 2020 (continued)**

### **Independent Auditor**

Our auditors, Ernst & Young LLP have indicated their willingness to continue in office and a resolution to re-appoint Ernst & Young LLP will be put to the members of the Annual General Meeting.

On behalf of the Board

A handwritten signature in dark ink, appearing to read 'D Wilson', is written over a horizontal line.

D Wilson  
Director

Date: 3<sup>rd</sup> September 2021

# **LD International Holdings Limited**

## **Independent auditor's report to the members of LD International Holdings Limited**

### **Opinion**

We have audited the financial statements of LD International Holdings Limited for the year ended 31 December 2020 which comprise the statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities 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. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- We obtained a letter of support from KLDISCOVERY Inc. pledging to provide financial support to the company to assist in meeting its liabilities to the extent that funds are not otherwise available, and confirming that they have the ability to provide such support and will provide this support for a period up to 30 September 2022. In addition, the letter of support confirms that the interest on the fixed term intercompany loan note will not be called until such time when the company has funds available.
- We obtained the KLDISCOVERY Inc. Group cash flow forecasts that extend to 30 September 2022 which show ongoing cash and facilities available during this period. We performed stress testing of the cash flow forecasts which showed that cash and facilities would remain available and there would be no covenant breach. We obtained details of the Group's performance since the start of the pandemic to inform our assessment.
- We obtained documentation of the audit work performed by the KLDISCOVERY Inc. group audit team, which included obtaining an understanding of the Group management's process of its going concern assessment, review of the Group management's going concern assessment of the KLDISCOVERY Inc. Group to assess the Group's ability to support the Company, and review of debt covenants for any possible breaches during the review period. We challenged the Group management's going concern assessment by comparing growth forecasts with recent performance. We also assessed the historical accuracy of forecasts by comparing actual results to forecasts.
- We also assessed the reasonableness of the forecasted impact of the mitigating actions taken by Group management to preserve liquidity, and those that can still be taken should the need arise.
- We reviewed the going concern disclosure in the Directors' Report and Note 1 to the financial statements.



# LD International Holdings Limited

## Independent auditor's report to the members of LD International Holdings Limited (Continued)

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 to 30 September 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### Overview of our audit approach

Key audit matters	<ul style="list-style-type: none"><li>• Risk of misstatement of the carrying value of investments of £41.7m, as a result of impairment</li></ul>
Materiality	<ul style="list-style-type: none"><li>• Overall materiality of £417,000 which represents 1% of total assets.</li></ul>

### An overview of the scope of our audit

#### Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

# LD International Holdings Limited

## Independent auditor's report to the members of LD International Holdings Limited (Continued)

Risk	Our response to the risk	Key observations communicated to those charged with governance
<p><b>Risk of misstatement of the carrying value of investments of £41.7m (2019: £41.7m), as a result of impairment</b></p> <p><i>Refer to Note 2 and Note 7 of the Financial Statements</i></p> <p>The Company operates as an intermediate holding company within the KLDDiscovery Inc. group of companies. All of its material transactions are with fellow group undertakings and as such its activities are dependent on the activities of the KLDDiscovery Inc. group of companies as a whole. The company has wholly owned trading subsidiaries as listed in Note 7.</p> <p>The Company's directly held subsidiaries are classed as investments held as fixed assets and are stated at cost, less provision, if appropriate, for any impairment in value.</p> <p>The carrying value of investments is reviewed annually by management for indicators of impairment, which would trigger an impairment test to assess if the carrying value may not be recoverable. The recoverable amount is determined as the higher of an asset's fair value less costs of disposal, and its value in use.</p> <p>Significant judgement is required in determining both the forecasts of the trading performance of the underlying businesses and the multiples which are applied to the forecasts to derive a fair value for each investment.</p>	<p>We obtained an understanding of management's annual impairment testing process. To assess the appropriateness of the carrying value of investments, we performed the following procedures:</p> <p>We evaluated the Investment in subsidiaries with the book value of net assets of each subsidiary.</p> <p>We checked that the methodology of the impairment exercise is consistent with the requirements of FRS 102.</p> <p>We obtained supporting budgets/ forecasts prepared by group management for FY21-FY25 and assessed the reasonableness of the key judgments and assumptions in management's impairment model such as discount rate, terminal growth rate, growth rates for revenue and costs based on the comparison of actual results of current year and prior year as compared to projected results.</p> <p>We agreed the arithmetic accuracy of management's calculations.</p> <p>We read the investment disclosures included in the financial statements.</p>	<p>We concluded that there was no impairment in the carrying value of the investments.</p> <p>We concluded that the disclosures on the carrying value of investments are appropriate.</p>

# **LD International Holdings Limited**

## **Independent auditor's report to the members of LD International Holdings Limited (Continued)**

In the prior year, our auditor's report included a key audit matter in relation to going concern, including the impact of Coronavirus. In the current year, going concern has not been concluded as a key audit matter.

### **Our application of materiality**

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

### **Materiality**

*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

We determined materiality for the company to be £417,000 (2019: £428,000), which is 1% (2019: 1%) of total assets. We believe that total assets provide us with an appropriate basis for setting our materiality because it is a non-trading holding company with an intercompany loan.

### **Performance materiality**

*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 50% (2019: 75%) of our planning materiality, namely £208,000 (2019: £321,000). We have set performance materiality at this percentage due to the presence of prior year misstatements over 25% of planning materiality in prior year.

### **Reporting threshold**

*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with those charged with governance that we would report to them all uncorrected audit differences in excess of £21,000 (2019: £21,000), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

### **Other information**

The other information comprises the information included in the annual 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 this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

# **LD International Holdings Limited**

## **Independent auditor's report to the members of LD International Holdings Limited (Continued)**

### **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 directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

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 material misstatements in the strategic report or directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 3, 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.

### ***Explanation as to what extent 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 risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

Due to the simplicity of the Company and the small number of transactions our procedures focussed on the following:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct tax compliance regulation in the United Kingdom.

## **LD International Holdings Limited**

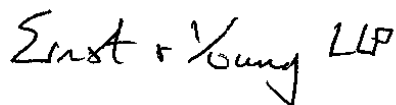
### **Independent auditor's report to the members of LD International Holdings Limited (Continued)**

- We understood how LD International Holdings Limited is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities, where applicable, and read board minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing journals identified by specific risk criteria.

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

#### **Use of our report**

This report is made solely to the 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.



Philip Young (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
3 September 2021

# LD International Holdings Limited

## Statement of comprehensive income for the year ended 31<sup>st</sup> December 2020

	Note	Year to 31 December 2020 £	Year to 31 December 2019 £
Interest expenses	4	(3,363,007)	(2,304,194)
<b>Loss before taxation</b>		(3,363,007)	(2,304,194)
Tax on loss	6	368,213	353,538
<b>Loss for the financial year</b>		(2,994,794)	(1,950,656)
<b>Total comprehensive loss for the year</b>		(2,994,794)	(1,950,656)

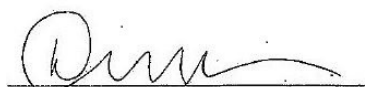
The company has no other comprehensive loss other than as stated above.

# LD International Holdings Limited

## Balance sheet at 31 December 2020

	Note	At 31 December 2020 £	At 31 December 2019 £
<b>Fixed assets</b>			
Investments	7	41,687,446	41,687,446
		<hr/> 41,687,446	<hr/> 41,687,446
<b>Current assets</b>			
<b>Debtors:</b> amounts falling due within one year	8	103,912	1,138,305
<b>Creditors:</b> amounts falling due within one year	9	(207,487)	(2,304,194)
Net current liabilities		<hr/> (103,575)	<hr/> (1,165,889)
Total assets less current liabilities		41,583,871	40,521,557
<b>Creditors:</b> amounts falling due after more than one year	10	(42,460,344)	(38,403,236)
<b>Net (liabilities) / assets</b>		<hr/> (876,473)	<hr/> 2,118,321
<b>Capital and reserves</b>			
Called up share capital	12	100	100
Other reserves	13	9,468,819	9,468,819
Profit and loss account		<hr/> (10,345,392)	<hr/> (7,350,598)
<b>Shareholders'(deficit) / funds</b>		<hr/> (876,473)	<hr/> 2,118,321

The financial statements were approved by the Board of Directors on 3rd September 2021 and were signed on its behalf by:



D Wilson

Director

Registered Number: 010507202

The notes on pages 15 to 22 are an integral part of these financial statements.

# LD International Holdings Limited

## Statement of changes in equity for year ended 31<sup>st</sup> December 2020

	Share capital £	Other reserves £	Profit and loss account £	Total equity £
<b>Balance as at 01 January 2019</b>	<b>100</b>	<b>9,468,819</b>	<b>(5,399,942)</b>	<b>4,068,977</b>
Loss for the year	-	-	(1,950,656)	(1,950,656)
Total comprehensive loss for the year	-	-	(1,950,656)	(1,950,656)
<b>Balance as at 31 December 2019</b>	<b>100</b>	<b>9,468,819</b>	<b>(7,350,598)</b>	<b>2,118,321</b>
Loss for the year	-	-	(2,994,794)	(2,994,794)
Total comprehensive loss for the year	-	-	(2,994,794)	(2,994,794)
<b>Balance as at 31 December 2020</b>	<b>100</b>	<b>9,468,819</b>	<b>(10,345,392)</b>	<b>(876,473)</b>



# **LD International Holdings Limited**

## **Notes to financial statements for year ended 31<sup>st</sup> December 2020**

### **1. Accounting Policies**

#### **Statement of compliance**

LD International Holdings Ltd is a private company limited by shares and is incorporated and domiciled in the United Kingdom, England & Wales with registered business address at Nexus, 25 Farringdon Street London, England, EC4A 4AB, United Kingdom, registered with the Companies House UK under company no. 10507202. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

The principal accounting policies have been applied consistently throughout the year.

The financial statements have been prepared in British Pounds which is the company's functional currency and rounded to the nearest pound.

#### **Judgement and key sources of estimation uncertainty**

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. Please see note 2.

#### **Consolidated financial statements**

The company is exempt under section 401 of the Companies Act 2006 for the requirement to prepare group financial statements as it is itself a subsidiary undertaking and is fully consolidated in the financial statements of the ultimate parent company. These financial statements therefore present information about the company as an individual undertaking and not about its group. Please see note 15.

#### **Going concern**

The financial statements have been prepared on a going concern basis. The company recorded a loss after tax of £2,994,794 for the year and had net liabilities of £876,473 at the balance sheet date.

The company currently has intercompany notes payable of £42.5m. The strategy of the entity is to be able to settle interest from the loan using dividends distributed from its subsidiaries, which is reliant on the operating performance of its subsidiaries as well as the decision to pay them up. The loan issuing entity within the group will not request the repayment of interest until the company has the funds available.

The company is supported by its ultimate parent company, KLDISCOVERY, Inc., which will also facilitate the decision of paying dividends from subsidiaries to the company. KLDISCOVERY, Inc. has confirmed that the loan interest will not be called until such time that the company has sufficient funds available.

The company's ultimate parent undertaking, KLDISCOVERY Inc. has provided confirmation that it will provide financial support to the company, if required, for a period of at least 12 months from the date of approval of these financial statements, up to 30 September 2022. In assessing the ability of the directors to rely on this support they have considered the level of committed facilities available at the group level to support liquidity. Taking into account the support from KLDISCOVERY Inc., the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

# **LD International Holdings Limited**

## **Notes to financial statements for year ended 31<sup>st</sup> December 2020**

### **1. Accounting Policies (continued)**

#### **Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with.

The company has taken advantage of the following exemptions:

- (i) the requirement to prepare a statement of cash flows on the basis that it is part of a group where the ultimate parent company KLDISCOVERY Inc. prepares consolidated financial statements which are intended to give a true and fair view and LD International Holdings Limited is included in the consolidation.
- (i) the requirement to disclose related party transactions with other wholly owned undertakings within the KLDISCOVERY Inc. group.
- (ii) the requirement to prepare disclosures for financial instruments in accordance with section 11 of FRS 102.

KLDISCOVERY, Inc consolidated financial statements are publicly available – see note 15.

#### **Investments**

Investments are held at cost less accumulated impairment losses. Initial cost of investment was determined as purchase price plus any relevant transaction costs. The Company assesses at each reporting date whether there is an indication that an investment may be impaired. If any such indication exists, the Company makes an estimate of the investment's recoverable amount and such losses are taken to the statement of comprehensive income as appropriate.

#### **Dividend income/Income from fixed asset investments**

Dividend income and income from fixed asset investments comprising dividends from subsidiary undertakings is recognised when the company's right to receive payment is established.

#### **Interest payable and similar charges**

Interest charges are accrued by reference to the amount outstanding and at the effective rate of interest applicable. Finance costs are charged to the statement of comprehensive income and are not capitalised.

#### **Interest bearing loans and borrowings**

Obligations for loans and borrowings are recognised when the company becomes party to the related contracts and are measured initially at their fair value of consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

When the cash flows of a financial liability are modified, but do not meet the definition of a substantial modification, the carrying amount of the financial liability is adjusted to reflect the modified cash flows, discounted at the original effective interest rate.

#### **Operating loss**

Operating loss is stated after charging restructuring or other exceptional costs but before investment income, other finance income and finance costs.

#### **Share capital**

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

#### **Related party transactions**

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

# LD International Holdings Limited

## Notes to financial statements for year ended 31<sup>st</sup> December 2020

### 1. Accounting Policies (continued)

#### Current and deferred taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive or directly in equity respectively. The company is part of a tax group for certain aspects of the tax legislation. One of these aspects relates to group relief whereby current tax liabilities can be offset by current tax losses arising in other companies within the same tax group. Payment for group relief is made equal to the tax benefit and amounts are included within the current tax disclosures.

Current or deferred taxation assets and liabilities are not discounted.

#### (i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### (ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

In preparing these financial statements, the directors have made the following judgements:

*Investments* (see note 7): The most critical estimate, assumption and judgement relates to the determination of the carrying value of investments and whether there are indicators of impairment. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the subsidiaries. The key estimates in the impairment model include discount rate, terminal growth rate, growth rates for revenue and costs and the percentage of capital contribution to revenue.

### 3. Employees and Directors

The company did not have any employees during the year.

No directors' remuneration was paid by LD International Holdings Ltd to the directors for their qualifying services. Directors' remuneration is borne by fellow group companies. Their services to LD International Holdings Ltd is inconsequential to attract a notional charge.

# LD International Holdings Limited

## Notes to financial statements for year ended 31<sup>st</sup> December 2020

### 4. Interest expense

	Year to 31 December 2020 £	Year to 31 December 2019 £
Interest expense – group undertakings	(3,363,007)	(2,304,194)

In the year ended 31 December 2020 the Company has revised the estimated future cash flows under the loan agreement.

### 5. Auditors Remuneration

Auditor's remuneration of £21,000 (2019: £21,000) for the company are borne by KLDISCOVERY Limited, a subsidiary of LD International Holdings Limited. There were no non audit fees (2019: none).

### 6. Taxation

	Year to 31 Dec 2020 £	Year to 31 Dec 2019 £
The tax charge comprises:		
<b>Current tax:</b>		
UK corporation tax charge for the year	(368,255)	(368,255)
Adjustments in respect of prior years	42	14,717
Total current tax	(368,213)	(353,538)
<b>Deferred tax</b>		
Timing differences, origination and reversal	-	-
Total deferred tax	-	-
Total tax charge/(credit)	(368,213)	(353,538)

#### Reconciliation of tax charge

The standard rate of tax is 19.00% (2019: 19.00 %). The actual tax charge for the current period and previous year differs from the standard rate for the reasons set out in the following reconciliation:

	Year to 31 Dec 2020 £	Year to 31 Dec 2019 £
Loss before taxation	(3,363,007)	(2,304,194)
Tax on loss at effective rate of 19.00% (2019: 19.00%)	(638,971)	(450,085)

Factors affecting charge for the year:

# LD International Holdings Limited

## Notes to financial statements for year ended 31<sup>st</sup> December 2020

Expenses not deductible for tax purposes	270,716	81,830
Adjustments in respect of prior periods	42	14,717
	<hr/>	<hr/>
Tax expense for the year	(368,213)	(353,538)
	<hr/>	<hr/>

### Tax rate changes

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. The unrecognised deferred taxes have been measured at 19% (2019 – 19%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were substantively enacted on 24 May 2021 but not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the company's deferred tax balances.

There are unrecognised deferred tax assets of £3,028,325 (2019: £2,604,387) relating to disallowed interest deductions which may be deductible in a future period where there is excess net interest capacity.

### 7. Investments

	<b>Investments in subsidiary undertakings £</b>
<b>Cost</b>	
At 31 December 2020	41,687,446
<b>Provisions</b>	
At 31 December 2020	-
<b>Carrying amount</b>	
As at 31 December 2019	41,687,446
As at 31 December 2020	<hr/> 41,687,446 <hr/>

The list of subsidiary undertakings is as follows:

<b>Name</b>	<b>Registered office address</b>	<b>Ordinary share capital %</b>	<b>Nature of business</b>
Kroll Ontrack AS	[A]	100%	Holding company
KLDiscovery Ontrack GmbH	[B]	100%	Technology driven services and software
KLDiscovery Ontrack Limited	[C]	100%	Technology driven services and software
Kroll Ontrack Canada Co.	[D]	100%	Technology driven services and software

# LD International Holdings Limited

## Notes to financial statements for year ended 31<sup>st</sup> December 2020

### 7. Investments (continued)

The indirect undertakings are as follows:

Name	Registered office address	Indirect Shareholdings	Nature of business
KLDiscovery AS*	[A]	[1]	Holding company
IBAS Ontrack AS*	[A]	[2]	Technology driven services and software
IBAS Ontrack ApS*	[E]	[3]	Technology driven services and software
IBAS Ontrack AB*	[F]	[3]	Technology driven services and software
IBAS Ontrack OY*	[G]	[3]	Technology driven services and software
KLDiscovery Ontrack BV*	[H]	[3]	Technology driven services and software
KLDiscovery Ontrack Pte. Ltd.*	[I]	[4]	Technology driven services and software
KLDiscovery Ontrack z.o.o.*	[J]	[5]	Technology driven services and software
KLDiscovery Limited (UK)*	[K]	[6]	Technology driven services and software
KLDiscovery Limited (Ireland)*	[L]	[7]	Technology driven services and software
KLDiscovery Ontrack Ltd. (UK) Ireland Branch*	[M]	[6]	Technology driven services and software

[A] Fjellgata 2, 2212 Kongsvinger, Norway

[B] Hanns-Klemm-Str. 5, 71034 Böblingen, Germany

[C] Global House, 1 Ashley Avenue, Epsom, Surrey, England, KT18 5AD

[D] 1871 Hollis Street, Suite 200 Halifax NS B3J 0C3, Canada

[E] Gammel Kongevej 1, 1610 Copenhagen, Denmark

[F] Kungsängsvägen 31B, 751 40 Uppsala, Sweden

[G] Lakkisepäntie 11, 00620 Helsinki, Finland

[H] FOZ Building 4th Floor Unit 4, Gustav Mahlerlaan 310-d, 1082 ME Amsterdam, The Netherlands

[I] 10 Collyer Quay #10-01 Ocean Financial Centre, Singapore 049315

[J] Sobieskiego 11, 40-082 Katowice, Polska

[K] Nexus, 25 Farringdon Street, London, England EC4A 4AB

[L] Unit 719 Kilshane Drive, Northwest Business Park, Ballycoolin, Dublin 15 D15DX33

[M] March House 25-28 Adelaide Road, Dublin 2 D02RY98

[1] 100% held by Kroll Ontrack AS

[2] 100% held by Kroll Ontrack AS via KLDiscovery AS

[3] 100% held by KLDiscovery AS via IBAS Ontrack AS

[4] 99.99% held by KLDiscovery AS via IBAS Ontrack AS and 1 share held by IBAS Ontrack ApS

[5] 100% held by KLDiscovery Ontrack GmbH

[6] 100% held by KLDiscovery Ontrack Limited

[7] 100% held by KLDiscovery Ontrack Limited via KLDiscovery Limited (UK)

# LD International Holdings Limited

## Notes to financial statements for year ended 31<sup>st</sup> December 2020

### 8. Debtors: amounts falling due within one year

	At 31 December 2020 £	At 31 December 2019 £
Intercompany receivable from KLDisccovery Limited (UK subsidiary)	103,912	1,138,305

### 9. Creditors: amounts falling due within one year

	At 31 December 2020 £	At 31 December 2019 £
Interest payable	207,487	2,304,194

### 10. Creditors: amounts falling due after more than one year

	At 31 December 2020 £	At 31 December 2019 £
Loan notes wholly repayable within 5 years	38,403,236	36,229,468
Interest wholly repayable within 5 years	4,057,108	2,173,768
Total	<u>42,460,344</u>	<u>38,403,236</u>

- The loan notes carry an interest rate of 6% accruing starting from 9 December 2016. In case of non-payment, an additional 2% is accrued from the due date and until such time it is paid. The loans are repayable in full in 2025.
- In the year ended 31 December 2020 the Company has revised the estimated future cash flows under the loan agreement.
- The Company has recalculated the carrying amount of the loan by computing the present value of new estimated future cash flows at the loan's original effective interest rate of 6%. The Company has presented the revised carrying value of £42,460,344 (2019: £38,403,236).

# LD International Holdings Limited

## Notes to financial statements for year ended 31<sup>st</sup> December 2020

### 11. Financial instruments

The company's financial instruments may be analysed as follows:

	At 31 December 2020 £	At 31 December 2019 £
<b>Financial liabilities</b>		
Fixed term intercompany loan note	42,460,344	38,403,236

LD International Holdings SRL contributed £32,218,527 in cash in exchange for a British Pounds denominated 6% note receivable to LD International Holdings Ltd. On 31 January 2017 these notes were listed on the International Stock Exchange of the Channel Islands.

The key terms of the loan note are as follows:

- Principal: £32,218,527
- Interest: payment due annually at the rate of 6%. In case of non-payment, an additional 2% is accrued from the due date and until such time it is paid.
- Currency: GBP
- Maturity: 9 year term
- Other terms: Unsecured, unguaranteed, redeemable at par plus any accrued and unpaid interest.

### 12. Share capital

	At 31 December 2020 £	At 31 December 2019 £
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	100	100

### 13. Other reserves

On 9 December 2016 the immediate parent undertaking made a capital contribution to the company of £9,468,819 in cash, which has been credited to Other reserves account.

### 14. Events after the reporting period

The Directors have, to the best of their ability, considered and assessed the Covid-19 impact on the annual financial statements, as explained in the Strategic report.

There are no other events to report between the statement of financial position date and the date of this report.

### 15. Ultimate parent company and controlling party

The company is a wholly owned subsidiary of is LD International Holdings SRL, an international society with restricted liability organised under the laws of Barbados and of its ultimate parent, KLDDiscovery, Inc. It is included in the consolidated financial statements of KLDDiscovery, Inc., which are publicly available from the address below. The company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is KLDDiscovery, Inc. The address of the parent's registered office is 8201 Greensboro Drive, Suite 300, McLean, VA 22102, United States of America.