

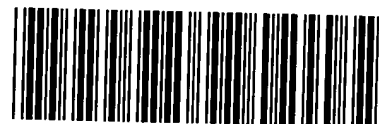
# **Hexagon Positioning Intelligence Limited**

## **Director's Report and Financial Statements**

**For the year ended 31 December 2018**

Registered Number: 08737133

WEDNESDAY



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# Hexagon Positioning Intelligence Limited

## **Director's Report and Financial Statements** **For the year ended 31 December 2018**

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# **Hexagon Positioning Intelligence Limited**

## **Directors and Other Information**

### **Director**

David Mills

### **Company Secretary**

Helen Peall

### **Registered office**

Cedar House  
78 Portsmouth Road  
Cobham  
England  
KT11 1AN

### **Independent auditor**

Ernst & Young LLP  
Blenheim House  
Fountainhall Road  
Aberdeen  
AB15 4DT

# **Hexagon Positioning Intelligence Limited**

## **Strategic Report for the year ended 31 December 2018**

The director presents his strategic report for the year ended 31 December 2018.

### **Business Review**

The company is a holding company and is the parent company for its 100% subsidiaries of Veripos Limited, NovAtel Inc and AutonomouStuff GmbH which was purchased during the year. AutonomouStuff GmbH provide marketing activities for Autonomous Stuff LLC.

The total comprehensive loss attributable to the equity shareholders for the year was £5,270,516 (2017: profit £109,000).

### **Principal risks and uncertainties**

The company has identified the principle risk that it faces as being the impairment of the investment's carrying value.

### **Key Performance Indicators**

Given the straightforward nature of the company's business, the company director is of the opinion that analysis using KPI's is not necessary for an understanding of the performance or the position of the company.

On behalf of the Board

David Mills  
Director  
7th June 2019



## **Director's Report for the year ended 31 December 2018**

The Director presents the financial statements of the Company for the year ended 31 December 2018.

### **Directors of the company**

The Director who held office during the year was as follows:

David Mills

### **Principal activities**

The principal activity of the company is that of a holding company.

### **Results and dividends**

The Statement of Profit or Loss and Other Comprehensive Income for the year is set out on page 7. No dividend is proposed for 2018 (2017: nil).

### **Going concern**

The financial statements have been prepared under the going concern basis. The Director believes that this basis is appropriate as another group company has provided the company with an undertaking that for at least a year from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company to allow it to continue in operational existence and to meet its liabilities as they fall due for payment.

### **Statement of Director's responsibilities**

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless they consider that to be inappropriate.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

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

So far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware. The Director has taken all steps that he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Hexagon Positioning Intelligence Limited

**Director's Report for the year ended 31 December 2018 (continued)**

**Independent auditor**

Ernst & Young LLP will be proposed to be reappointed at the next Annual General Meeting.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'DM', with a long horizontal stroke extending to the right.

David Mills  
**Director**  
7th June 2019

# **Independent Auditor's Report to the Members of Hexagon Positioning Intelligence Limited**

## **Opinion**

We have audited the financial statements of Hexagon Positioning Intelligence Limited for the year ended 31 December 2018 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

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

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

## **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.

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.

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

We have nothing to report in this regard.

## **Independent Auditor's Report to the Members of Hexagon Positioning Intelligence 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.

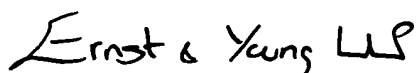
### **Auditor's responsibilities for the audit of the financial statements**

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.

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.



Kevin Weston (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Aberdeen  
7 June 2019



**Statement of Profit or Loss and Other Comprehensive Income**  
For the year ended 31 December 2018

|   |      | 2018               | 2017           |
|---|------|--------------------|----------------|
|   |      | £                  | £              |
|   | Note |                    |                |
| Administrative expenses   |      | (13,016)           | (7,000)        |
| <b>Total operating expenses</b>   |      | <b>(13,016)</b>    | <b>(7,000)</b> |
| <b>Net operating loss</b>   |      | <b>(13,016)</b>    | <b>(7,000)</b> |
| Net currency gain   |      | -                  | 44,000         |
| Investment income   | 7    | -                  | 5,289,000      |
| Finance costs   | 8    | (5,257,500)        | (5,217,000)    |
| <b>Net financial (costs)/income</b>   |      | <b>(5,257,500)</b> | <b>116,000</b> |
| <b>(Loss)/profit before taxes</b>   |      | <b>(5,270,516)</b> | <b>109,000</b> |
| Taxation  | 9    | -                  | -              |
| <b>Net (loss)/profit for the year attributable to the equity shareholder</b>                              |      | <b>(5,270,516)</b> | <b>109,000</b> |
| <b>Other comprehensive income for the year, net of tax</b>  |      | <b>-</b>           | <b>-</b>       |
| <b>Total comprehensive (loss)/profit for the year, net of tax, attributable to the equity shareholder</b> |      | <b>(5,270,516)</b> | <b>109,000</b> |

Hexagon Positioning Intelligence Limited

**Statement of Financial Position**  
As at 31 December 2018

|   | Note | 2018<br>£          | 2017<br>£          |
|---|------|--------------------|--------------------|
| <b>ASSETS</b>                                     |      |                    |                    |
| <b>Non-current assets</b>                         |      |                    |                    |
| Investment in subsidiaries                        | 10   | 305,115,401        | 210,700,000        |
|   |      | <b>305,115,401</b> | <b>210,700,000</b> |
| <b>Current assets</b>                             |      |                    |                    |
| Trade and other receivables                       | 11   | 3                  | 3                  |
| Cash and cash equivalents                         | 12   | 2,355              | 2,000              |
|   |      | <b>2,358</b>       | <b>2,003</b>       |
| <b>TOTAL ASSETS</b>                               |      | <b>305,117,759</b> | <b>210,702,003</b> |
| <b>SHAREHOLDER'S EQUITY AND LIABILITIES</b>       |      |                    |                    |
| <b>Shareholder's equity</b>                       |      |                    |                    |
| Share capital                                     | 13   | 3                  | 3                  |
| Share premium                                     | 13   | 125,700,000        | 125,700,000        |
| Other capital reserve                             | 13   | 94,374,804         | -                  |
| Retained deficit                                  |      | (11,394,516)       | (6,124,000)        |
| <b>Total shareholder's equity</b>                 |      | <b>208,680,291</b> | <b>119,576,003</b> |
| <b>Non-current liabilities</b>                    |      |                    |                    |
| Loans from related parties                        | 14   | 85,000,000         | 85,000,000         |
|   |      | <b>85,000,000</b>  | <b>85,000,000</b>  |
| <b>Current liabilities</b>                        |      |                    |                    |
| Intercompany payables                             | 15   | 11,426,295         | 6,120,000          |
| Other payables                                    | 15   | 11,173             | 6,000              |
| <b>Total current liabilities</b>                  |      | <b>11,437,468</b>  | <b>6,126,000</b>   |
| <b>Total liabilities</b>                          |      | <b>96,437,468</b>  | <b>91,126,000</b>  |
| <b>TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES</b> |      | <b>305,117,759</b> | <b>210,702,003</b> |

The financial statements were approved by the Director on 7th June 2019 and signed:



David Mills  
Director

**Statement of Changes in Equity**  
For the year ended 31 December 2018

|  | Share<br>capital<br>£ | Share<br>premium<br>£ | Other<br>Capital<br>Reserve<br>£ | Retained<br>deficit<br>£ | Total<br>£         |
|--|-----------------------|-----------------------|----------------------------------|--------------------------|--------------------|
| At 1 January 2018                                | 3                     | 125,700,000           | -                                | (6,124,000)              | 119,576,003        |
| Capital contribution received<br>during the year | -                     | -                     | 94,374,804                       | -                        | 94,374,804         |
| Loss for the year                                | -                     | -                     | -                                | (5,270,516)              | (5,270,516)        |
| <b>At 31 December 2018</b>                       | <b>3</b>              | <b>125,700,000</b>    | <b>94,374,804</b>                | <b>(11,394,516)</b>      | <b>208,680,291</b> |

|                     | Share capital<br>£ | Share<br>premium<br>£ | Other Capital<br>Reserve<br>£ | Retained<br>deficit<br>£ | Total<br>£  |
|---------------------|--------------------|-----------------------|-------------------------------|--------------------------|-------------|
| At 1 January 2017   | 3                  | 125,700,000           | -                             | (6,233,000)              | 119,467,003 |
| Profit for the year | -                  | -                     | -                             | 109,000                  | 109,000     |
| At 31 December 2017 | 3                  | 125,700,000           | -                             | (6,124,000)              | 119,576,003 |

# Hexagon Positioning Intelligence Limited

## Statement of Cash Flows

For the year ended 31 December 2018

|  | Note | 2018<br>£       | 2017<br>£   |
|--|------|-----------------|-------------|
| Cash flows generated from/(used in) operating activities       | 16   | <b>40,952</b>   | (5,707,000) |
| <b>Net cash generated from operating activities</b>            |      | <b>40,952</b>   | (5,707,000) |
| <b>Cash flow (used in)/generated from investing activities</b> |      |                 |             |
| Dividends received from investments                            | 7    | -               | 5,289,000   |
| Acquisition of subsidiary                                      | 10   | <b>(40,597)</b> | -           |
| <b>Net cash (used in)/generated from investing activities</b>  |      | <b>(40,597)</b> | 5,289,000   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>    |      | <b>355</b>      | (418,000)   |
| Cash and cash equivalents at 1 January                         |      | <b>2,000</b>    | 420,000     |
| <b>Cash and cash equivalents at 31 December</b>                |      | <b>2,355</b>    | 2,000       |

## Notes to the Financial Statements For the year ended 31 December 2018

### 1 Summary of significant accounting policies

#### General information

Hexagon Positioning Intelligence Limited is a private company limited by share capital and incorporated in the United Kingdom. The address of the registered office is given on Page 1. The nature of the company's operations and principal activities are set out in the Director's Report on page 3.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements because it is included in the group accounts of Hexagon AB. The group accounts of Hexagon AB are publicly available and can be obtained as set out in Note 19.

#### Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union ('EU') as they apply to the financial statements of the Company for the year ended 31 December 2018 and applied in accordance with the provisions of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

#### Going concern

The financial statements have been prepared under the going concern basis. The Director believes that this basis is appropriate as another group company has provided the company with an undertaking that for at least a year from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company to allow it to continue in operational existence and to meet its liabilities as they fall due for payment.

#### Disclosure of impact of changes to existing standards

The Company has considered all new and amended IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for accounting periods that begin on or after 1 January 2018. Where the changes effect the Company, the relevant application and disclosure has been made during the year to 31 December 2018. The new and amended IFRSs during the year are as detailed below:

**IFRS 9 Financial Instruments** – The standard replaces IAS 39 Financial Instruments: Recognition & Measurement and provides a model for classification and measurement of financial assets and liabilities, extended disclosure requirements for risk management and the effect of hedge accounting, and, a new model for impairment of financial assets based on expected loss.

The application of IFRS 9, and the analysis performed of the impact of IFRS 9 during the year, showed that the company's financial statements were not significantly impacted.

The following standards were also effective during the year, however, they had no effect on the Company's financial statements at 31 December 2018:

- Amendments to IFRS 2 Classification and measurement of share based payment transactions
- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- Amendments to IAS 40 Transfer of Investment Property
- Amendments to IFRS 1 & IAS 28
- Annual Improvements to IFRSs 2014-2016 cycle – various standards
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRS 15 Revenue from Contracts with Customers.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2018**

**1 Summary of significant accounting policies (continued)**

**Disclosure of impact of future accounting standards**

Relevant new standards, amendments and interpretations issued by the IASB but not yet effective and not applied in these financial statements are as follows.

| Title  | Effective Date  | Date applicable to the Company |
|--|-----------------|--------------------------------|
| IFRS 16 Leases   | 1 January 2019  | 1 January 2019                 |
| IFRIC 23 Uncertainty over Income Tax Treatments  | 1 January 2019  | 1 January 2019                 |
| IFRS 17 Insurance Contracts  | 1 January 2021  | 1 January 2021                 |
| Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be confirmed | To be confirmed                |
| Amendments to IFRS 9 - Prepayment features with negative compensation  | 1 January 2019  | 1 January 2019                 |
| Amendments to IAS 19 Employee Benefits – Plan amendment, curtailment or settlement                                     | 1 January 2019  | 1 January 2019                 |
| Amendments to IAS 28 – Long-term Interests in Associates & Joint Ventures  | 1 January 2019  | 1 January 2019                 |
| Annual improvements to IFRS Standards 2015-2017 cycle (various standards)  | 1 January 2019  | 1 January 2019                 |

The company is currently considering the implications of the above standards and amendments, and interpretations are not expected to have a material impact on the Company's financial statements.

**Functional and presentation currency**

The financial statements are presented in United Kingdom Pounds Sterling (£) which is the Company's functional and presentation currency, being the currency of the primary economic environment in which the Company operates.

**Foreign currency translation**

Foreign currency transactions are initially recorded at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2018**

**1 Summary of significant accounting policies (continued)**

**Investment in subsidiaries**

Subsidiaries are entities over which the Company generally controls more than 50% of the entity's issued and outstanding voting shares and has the ability to control the operating and financial policies. Details of the subsidiary's financial statements are included within the Company's consolidated financial statements from the date that control is established. The subsidiary's financial statements are deconsolidated from the date that control is ended. The purchase method is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, liabilities incurred or assumed as of the date of the purchase and costs incurred that are attributed to such acquisition. Any excess of the cost of the acquisition over the share of the fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of identifiable net assets acquired, then the amount is recognised currently in the income statement.

**Financial instruments**

From 1 January 2018, the company is applying IFRS 9 Financial Instruments.

*Classification*

The company has financial assets in one sole category, those that are measured at amortised cost. Classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

*Measurement*

Financial assets are measured at amortised cost. Gains or losses when financial assets are derecognised or impaired are recognised in profit or loss. Interest income is classified as financial income.

The Company's financial assets include cash and short-term deposits and trade and other receivables (see Note 12 and Note 11 respectively). There is no difference in the carrying amount and fair value amount of the company's financial assets as at 31 December 2018 and 31 December 2017.

*Impairment*

The company estimates on a forward looking basis expected loss from financial assets measured at amortised cost. The applied methodology for impairment depends on if there is a significant increase in credit risk. Credit risk is the risk that counterparts may be unable to fulfil their payment obligations.

Financial credit risk arises when investing the cash and cash equivalents. To reduce the company's financial credit risk, surplus cash is only invested with a reputable approved bank.

Credit risk also includes the risk that customers will not pay receivables that the company has invoiced or intends to invoice. For customer receivables, the company applies the simplified methodology in calculating expected credit losses (ECLs). To measure the expected losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales and the corresponding historical losses. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivable amount.

Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses are presented within operating profit. Any recoveries of amounts previously written off are credited against the same line item.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2018**

**1 Summary of significant accounting policies (continued)**

**Taxation**

*Current tax*

Current tax assets and liabilities for the current and prior periods 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 by the balance sheet date.

*Deferred tax*

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or 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; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses 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:

- Where the deferred income 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 transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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 income tax assets is reviewed at each balance sheet 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 income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to 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 balance sheet date.

*Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.



**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2018**

**2 Financial risk management**

The parent company Hexagon AB has in place risk management policies that seek to limit the adverse effects of the risks in financial performance. The Director has overall responsibility for the establishment and oversight of the company's financial risk management framework.

The company has identified the principle risk that it faces as being the impairment of the investment's carrying value.

**3 Critical accounting estimates and judgements**

In the application of the company's accounting policies, which are described in note 1, the director is 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 the director's estimates.

The most important estimates and judgements are discussed below. Estimates and judgements are continually evaluated and are based on historical experience and other factors management believe to be reasonable under the circumstances.

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 revision and future periods if the revision affects both current and future period.

*Investment carrying value*

An impairment review of investments in subsidiaries has been performed by the company. Determining whether investments are impaired requires an estimation of the recoverable amount, which requires estimation of future cash flows and a suitable discount rate in order to calculate the present value. During the year, after conducting an impairment review, management concluded that there was no impairment of investments.

**4 Directors' remuneration**

During the year to 31 December 2018, the Director of the Company was employed by another company of the Hexagon AB group. No amount was charged to the company in respect of his services, therefore no cost is included in the financial statements for the year (2017: £nil).

**5 Staff Costs and Employee benefits expense**

During the year to 31 December 2018, and also the prior year, the Company had no employees.

**6 Auditors' remuneration**

Fees payable to Ernst & Young LLP for the audit of the company's financial statements are £3,000 (2017: £3,000).

No fees were paid for other services.

**7 Investment income**

|                                | 2018<br>£ | 2017<br>£        |
|--------------------------------|-----------|------------------|
| Dividend income                | -         | 5,289,000        |
| <b>Total investment income</b> | -         | <b>5,289,000</b> |

**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2018**

**8 Finance costs**

|   | 2018<br>£          | 2017<br>£          |
|---|--------------------|--------------------|
| <b>Finance costs:</b>   |                    |                    |
| Interest payable on inter-company loan and cash pool balances | (5,257,500)        | (5,217,000)        |
| <b>Total finance costs</b>                                    | <b>(5,257,500)</b> | <b>(5,217,000)</b> |

**9 Taxation**

|   | 2018<br>£ | 2017<br>£ |
|---|-----------|-----------|
| <b>Current tax:</b>                         |           |           |
| UK corporation tax on profit for the year   | -         | -         |
|   | -         | -         |
| <b>Deferred tax</b>                         | -         | -         |
|   | -         | -         |
| <b>Tax on profit on ordinary activities</b> | <b>-</b>  | <b>-</b>  |

The tax for the year can be reconciled to the (loss)/profit for the year per the Statement of Profit or Loss and Other Comprehensive Income as follows:

|   | 2018<br>£   | 2017<br>£   |
|---|-------------|-------------|
| (Loss)/profit before taxation   | (5,270,516) | 109,000     |
| (Loss)/profit on ordinary activities at the standard UK rate of 19%<br>(2017: 19.25%) | (1,001,398) | 20,983      |
| <b>Effects of:</b>  |             |             |
| Effects of income that is exempt from taxation  | -           | (1,018,133) |
| Group relief surrendered for nil consideration  | 1,001,398   | 997,150     |
| <b>Tax for the year</b>   | <b>-</b>    | <b>-</b>    |

**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2018**

**10 Investment in subsidiaries**

Details of the company's investment in subsidiaries at 31 December 2018 are as follows:

| Name                             | Registered address   | Proportion of ownership interest (all shares held are of one class) | Cost 2018<br>£ | Cost 2017<br>£ |
|----------------------------------|--|---|----------------|----------------|
| Veripos Limited                  | Veripos House<br>1B Farburn<br>Terrace<br>Dyce<br>Aberdeen<br>AB21 7DT                         | 100   | 215,598,289    | 121,223,485    |
| NovAtel Inc                      | Hexagon Calgary<br>Campus<br>10921 14th Street<br>NE<br>Calgary, Alberta,<br>Canada<br>T3K 2L5 | 100   | 89,476,515     | 89,476,515     |
| AutonomouStuff GmbH              | Karlsruhe,<br>Germany  | 100   | 40,597         | -              |
| Total investment in subsidiaries |  |   | 305,115,401    | 210,700,000    |

The investment in subsidiaries are stated at cost less any provision for impairment.

On the 28th September 2018, the company received a £94,374,804 capital contribution from its parent company Hexagon AB, in order to provide a capital contribution to its 100% subsidiary Veripos Ltd, therefore investment in Veripos Limited increased by £94,374,804 during the year.

The company also bought AutonomouStuff GmbH, incorporated in Germany, during the year.

A full list of the company's subsidiaries is included at Note 20.

**11 Trade and other receivables**

|                                      | 2018<br>£ | 2017<br>£ |
|--------------------------------------|-----------|-----------|
| Amounts owed by related undertakings | 3         | 3         |
|                                      | 3         | 3         |

The company had no trade receivables at the end of the reporting period which are considered to be impaired.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2018**

**12 Cash and cash equivalents**

|                          | 2018<br>£ | 2017<br>£ |
|--------------------------|-----------|-----------|
| Cash at bank and in hand | 2,355     | 2,000     |

**13 Share capital**

The Company's allotted, called up and fully paid share capital is as follows:

|                              | 2018<br>£ | 2017<br>£ |
|------------------------------|-----------|-----------|
| 3 ordinary shares of £1 each | 3         | 3         |

**Reserves**

|   | Share<br>premium<br>£ | Other<br>capital<br>reserve<br>£ | Total<br>£  |
|---|-----------------------|----------------------------------|-------------|
| 2018  |                       |                                  |             |
| At 1 January                                  | 125,700,000           | -                                | 125,700,000 |
| Capital contribution received during the year | -                     | 94,374,804                       | 94,374,804  |
| At 31 December                                | 125,700,000           | 94,374,804                       | 220,074,804 |

On the 28th September 2018, the company received a £94,374,804 capital contribution from its parent company Hexagon AB, in order to provide a capital contribution to its 100% subsidiary Veripos Ltd.

**14 Non-current Liabilities**

|                                     | 2018<br>£  | 2017<br>£  |
|-------------------------------------|------------|------------|
| Amounts owed to related undertaking | 85,000,000 | 85,000,000 |

The loan is due to the parent company Hexagon AB and incurs interest at 6.1% per annum. The loan is unsecured.

**15 Current Liabilities - Trade and other payables**

|                                     | 2018<br>£  | 2017<br>£ |
|-------------------------------------|------------|-----------|
| Amounts owed to parent company      | 11,385,698 | 6,120,000 |
| Amounts owed to related undertaking | 40,597     | -         |
| Other payables                      | 11,173     | 6,000     |
|                                     | 11,437,468 | 6,126,000 |

Amounts owed to parent company include loan interest accrued of £5,241,822 (2017: £57,000) and a cashpool payable balance of £6,143,876 (2017: £6,063,000).

**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2018**
**16 Cash flow from operating activities**

Reconciliation of net (loss)/profit to net cash generated from/(used in) operating activities:

|  | 2018<br>£     | 2017<br>£          |
|--|---------------|--------------------|
| Net (loss)/profit attributable to the equity shareholder | (5,270,516)   | 109,000            |
| Adjustments for:   |               |                    |
| Investment income  | -             | (5,289,000)        |
| Increase/(decrease) in trade and other payables          | 5,311,468     | (527,000)          |
| <b>Cash generated from/(used in) operations</b>          | <b>40,952</b> | <b>(5,707,000)</b> |

**17 Related party transactions**

The following tables provide the total value of transactions which have been entered into with related parties for the relevant financial year as well as outstanding balances at the year end. Transactions were at arm's length and in the ordinary course of business.

|  | Recharge of<br>costs/purchases from<br>related parties<br>£ | Interest payable<br>to related parties<br>£ | Amounts<br>owed to<br>related parties<br>£ |
|--|---|---|--|
| 2018   |   |   |  |
| Hexagon AB (parent company)  | -   | 5,257,500                                   | 96,385,698                                 |
| Autonomous Stuff LLC<br>(subsidiary undertaking within<br>the Veripos Ltd Group) | 40,597  | -   | 40,597                                     |
| 2017   |   |   |  |
| Hexagon AB (parent company)  | -   | 5,217,000                                   | 91,120,000                                 |

**18 Post balance sheet events**

There were no post balance sheet events to disclose.

**19 Controlling party**

The company's immediate and ultimate parent company is Hexagon AB, registered at Lilla Bantorget 15, P.O. Box 3692, SE – 103 59 Stockholm, Sweden. Copies of the financial statements of Hexagon AB may be obtained from the Hexagon AB website, [www.hexagon.com](http://www.hexagon.com).

# Hexagon Positioning Intelligence Limited

## Notes to the Financial Statements (continued) For the year ended 31 December 2018

### 20 Shares in subsidiaries

| Name of Subsidiary                | Registered Office  | Proportion of ownership interest held ( <i>All shares held are of one class</i> ) |
|-----------------------------------|--|---|
| Veripos Ltd                       | Veripos House, 1B Farburn Terrace, Dyce, Aberdeen, AB21 7DT, Scotland, UK                                | 100%  |
| Veripos Brasil Ltda               | Avenida dos Bandeirantes, nº 2600 Salas 101 ate 110 Reduto da Paz, 28897-060 Rio das Ostras – RJ, Brazil | 100%  |
| Terrastar GNSS Limited            | Veripos House, 1B Farburn Terrace, Dyce, Aberdeen, AB21 7DT, Scotland, UK                                | 100%  |
| Veripos Singapore Pte Ltd         | 1 Coleman Street #10-07, The Adelphi, Singapore 179803   | 100%  |
| Veripos (US) Inc                  | Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA      | 100%  |
| Veripos (Australia) Pty Ltd       | 35 Hay Street, Subiaco WA 6008 Australia   | 100%  |
| Autonomous Stuff LLC              | 306 Erie Avenue, Morton, Illinois, 61550, USA  | 100%  |
| AutonomouStuff GmbH               | Bernhardstrasse 8, 76131, Karlsruhe, Germany   | 100%  |
| Veripos de Mexico S.de.R.L.de C.V | Ave. Patriotismo N.587 4To Piso, Col. Noche Buena, 03901, Benito Juarez D.F., Mexico City, Mexico        | 75%   |
| NovAtel Inc                       | Hexagon Calgary Campus, 10921 14 <sup>th</sup> Street NE, Calgary, Alberta, Canada, T3K 2L5              | 100%  |
| NovAtel America Inc               | Hexagon Calgary Campus, 10921 14 <sup>th</sup> Street NE, Calgary, Alberta, Canada, T3K 2L5              | 100%  |
| GPS Solutions Inc                 | 1320 Pearl Street, Suite 310, Boulder, Colorado 80302  | 100%  |
| Antcom Corporation                | 367 Van Ness Way, Suite 602 Torrance, California 90501   | 100%  |