

Hexagon Positioning Intelligence Limited

Director's Report and Financial Statements

For the year ended 31 December 2020

Registered Number: 08737133



Hexagon Positioning Intelligence Limited

Director's Report and Financial Statements For the year ended 31 December 2020

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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
4th Floor
2 Marischal Square
Broad Street
Aberdeen
AB10 1BL

Hexagon Positioning Intelligence Limited

Strategic Report for the year ended 31 December 2020

The director presents his strategic report for the year ended 31 December 2020.

Business Review

The company is a holding company and is the parent company for its 100% subsidiaries of Veripos Limited and NovAtel Inc. During the year, the company sold its 100% shareholding in AutonomouStuff GmbH.

The total comprehensive loss attributable to the equity shareholders for the year was £5,257,540 (2019: £1,006,721 profit). This loss was due to receiving no dividend payments from its investments in subsidiaries during the year (2019: £6,322,129 was received)

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
4 May 2021

Hexagon Positioning Intelligence Limited

Director's Report for the year ended 31 December 2020

The Director presents the financial statements of the Company for the year ended 31 December 2020.

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 8. No dividend is proposed for 2020 (2019: 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. The Director has taken steps to satisfy himself that the group company is able to perform such funding if so required.

Statement of Director's responsibilities

The Director is responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable United Kingdom 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) in conformity with the Companies Act 2006.

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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance;
- state whether IFRSs in conformity with the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not continue in business.

The director is responsible for keeping adequate accounting records that is 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.

Hexagon Positioning Intelligence Limited

Director's Report for the year ended 31 December 2020 (continued)

Under applicable law and regulations, the director is also responsible for preparing a strategic report and director's report that comply with that law and those regulations. The director is responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

The director confirms, to the best of his knowledge:

- that the financial statements, prepared in accordance with IFRSs in conformity with the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company
- that the financial statements, including the strategic report, includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face; and
- that he considers the financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for users to assess the company's position, performance, business model and strategy.

Independent auditor

Ernst & Young LLP are at the end of their maximum tenure as the independent auditors of the company and therefore a new auditor will be proposed at the next Annual General Meeting.

On behalf of the Board



David Mills
Director
4 May 2021

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

We have audited the financial statements of Hexagon Positioning Intelligence Limited for the year ended 31 December 2020 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 Accounting Standards in conformity with the requirements of the Companies Act 2006.

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 International Accounting Standards in conformity with the requirements of the Companies Act 2006; 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, 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director 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.

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 director is 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.

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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and director's report have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the Members of Hexagon Positioning Intelligence Limited (continued)

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 director's 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 director's 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 director's responsibilities statement set out on page 3, the director is 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 director determines 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 director is 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 director either intends 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 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 entity and management.

- 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 (IFRS and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, employees, GDPR and anti-bribery and corruption.
- We understood how the Company 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.
- 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 and by identifying revenue to be a fraud risk. Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. We incorporated unpredictability into our testing of manual journals and into our testing of revenue recognition. We tested specific transactions back to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions.

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.

Independent Auditor's Report to the Members of Hexagon Positioning Intelligence Limited (continued)

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.

Ernst & Young LLP

Kevin Weston (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen
5 May 2021

Hexagon Positioning Intelligence Limited

Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 December 2020

		2020	2019
	Note	£	£
Administrative expenses		(5,792)	(8,178)
Total operating expenses		(5,792)	(8,178)
Net operating loss		(5,792)	(8,178)
Net currency (loss)/gain		(1,156)	792
Investment income	7	-	6,322,129
Profit on sale of shares in subsidiary	10	42,122	-
Finance costs	8	(5,292,714)	(5,308,022)
Net financial (costs) / income		(5,251,748)	1,014,899
(Loss) / Profit before taxes		(5,257,540)	1,006,721
Taxation	9	-	-
Net (loss) / profit for the year attributable to the equity shareholder		(5,257,540)	1,006,721
Other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss) / profit for the year, net of tax, attributable to the equity shareholder		(5,257,540)	1,006,721

Hexagon Positioning Intelligence Limited

Statement of Financial Position As at 31 December 2020

	Note	2020 £	2019 £
ASSETS			
Non-current assets			
Investment in subsidiaries	10	306,782,096	306,822,693
		306,782,096	306,822,693
Current assets			
Trade and other receivables	11	3	3
Cash and cash equivalents	12	82,713	1,847
		82,716	1,850
TOTAL ASSETS		306,864,812	306,824,543
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital	13	3	3
Share premium	13	125,700,000	125,700,000
Other capital reserve	13	96,082,096	96,082,096
Retained deficit		(15,645,335)	(10,387,795)
Total shareholder's equity		206,136,764	211,394,304
Non-current liabilities			
Loans from related parties	14	85,000,000	85,000,000
		85,000,000	85,000,000
Current liabilities			
Intercompany payables	15	15,720,848	10,418,882
Other payables	15	7,200	11,357
Total current liabilities		15,728,048	10,430,239
Total liabilities		100,728,048	95,430,239
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		306,864,812	306,824,543

The financial statements were approved by the Director on 4 May 2021 and signed:



David Mills
Director

Hexagon Positioning Intelligence Limited

Statement of Changes in Equity For the year ended 31 December 2020

	Share capital £	Share premium £	Other Capital Reserve £	Retained deficit £	Total £
At 1 January 2020	3	125,700,000	96,082,096	(10,387,795)	211,394,304
Loss for the year	-	-	-	(5,257,540)	(5,257,540)
At 31 December 2020	3	125,700,000	96,082,096	(15,645,335)	206,136,764

	Share capital £	Share premium £	Other Capital Reserve £	Retained deficit £	Total £
At 1 January 2019	3	125,700,000	94,374,804	(11,394,516)	208,680,291
Capital contribution received	-	-	1,707,292	-	1,707,292
Profit for the year	-	-	-	1,006,721	1,006,721
At 31 December 2019	3	125,700,000	96,082,096	(10,387,795)	211,394,304

Hexagon Positioning Intelligence Limited

Statement of Cash Flows

For the year ended 31 December 2020

	Note	2020 £	2019 £
Cash flows used in operating activities	16,7	(1,853)	(508)
Net cash used in operating activities		(1,853)	(508)
Cash flow generated from investing activities			
Proceeds from sale of subsidiary	10	82,719	-
Net cash generated from investing activities		82,719	-
Net increase/(decrease) in cash and cash equivalents		80,866	(508)
Cash and cash equivalents at 1 January		1,847	2,355
Cash and cash equivalents at 31 December		82,713	1,847

Hexagon Positioning Intelligence Limited

Notes to the Financial Statements For the year ended 31 December 2020

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) in conformity with the requirements of the Companies Act 2006, as they apply to the financial statements of the Company for the year ended 31 December 2020 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 company's business activities, together with the factors likely to affect its future development and position are set out above in the strategic report including the potential impact of Covid-19.

The ability of the company to repay the intercompany debt is dependent upon cash generated by fellow group companies and as such has obtained a letter of support from Hexagon AB.

To conclude on going concern for the company, the director has considered the liquidity and solvency of Hexagon AB and has considered going concern at the group level.

Based on his assessment of the group's financial position, the director believes that the company will be able to continue in operational existence for a period of at least 12 months, given the support provided by Hexagon AB. Accordingly, the director continues to adopt the going concern basis of accounting in preparing the annual financial statements.

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 the year ending 31 December 2020.

The following standards were effective during the year, however, they had no material effect on the Company's financial statements at 31 December 2020:

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 - Definition of a business
- Amendments to IAS 1 and IAS 8 - Definition of material
- Amendments to IFRS 7, IFRS 9 and IAS 39 - Interest rate benchmark reform
- Amendment to IFRS 16 - Covid 19 related rent concessions

Hexagon Positioning Intelligence Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2020

1 Summary of significant accounting policies (continued)

Disclosure of impact of future accounting standards

At the date of the authorisation of these financial statements, the company has not applied the following new, and revised, IFRS Standards that have been issued but are not yet effective.

Title	Effective Date	Date applicable to the Company
Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before intended use	1 January 2022	1 January 2022
Amendments to IFRS 3 – Reference to the Conceptual Framework	1 January 2022	1 January 2022
Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022	1 January 2022
IFRS 17 – Insurance Contracts	1 January 2023	1 January 2023
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 IAS 1 – Classification of Liabilities as Current or Non-Current	1 January 2023	1 January 2023
Annual improvements to IFRS Standards 2018-2020 (IFRS 1, IFRS 9, IFRS 16, IAS 41)	1 January 2022	1 January 2022

The director does not expect that the adoption of the standards listed above will have a material impact on the financial statements of the company in future periods.

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.

Hexagon Positioning Intelligence Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2020

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

The company applies 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 2020 and 31 December 2019.

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.

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.

Hexagon Positioning Intelligence Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2020

1 Summary of significant accounting policies (continued)

Taxation (continued)

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.

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.

Hexagon Positioning Intelligence Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2020

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 has been performed for investments held by the Company. The impairment review is performed on a value-in-use basis which requires estimation of future net operating cash flows and the time period over which they will occur.

4 Directors' remuneration

During the year to 31 December 2020, 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 (2019: £nil).

5 Staff Costs and Employee benefits expense

During the year to 31 December 2020, 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 (2019: £3,500).

No fees were paid for other services.

7 Investment income

	2020 £	2019 £
Dividend income	-	6,322,129
Total investment income	-	6,322,129

8 Finance costs

	2020 £	2019 £
Finance costs:		
Interest payable on inter-company loan and cash pool balances	(5,292,714)	(5,308,022)
Total finance costs	(5,292,714)	(5,308,022)

Hexagon Positioning Intelligence Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2020

9 Taxation

	2020 £	2019 £
Current tax:		
UK corporation tax on profit for the year	-	-
	-	-
Deferred tax	-	-
	-	-
Tax on profit on ordinary activities	-	-

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:

	2020 £	2019 £
(Loss) / Profit before taxation	(5,257,540)	1,006,721
(Loss) / Profit on ordinary activities at the standard UK rate of 19% (2019: 19%)	(998,933)	191,277
Effects of:		
Effects of income that is exempt from taxation	42,122	-
Group relief provided/taken for nil consideration	956,811	(191,277)
Tax for the year	-	-

10 Investment in subsidiaries

Details of the company's investment in subsidiaries at 31 December 2020 are as follows:

Name	Registered address	Proportion of ownership interest (all shares held are of one class)	Cost 2020 £	Cost 2019 £
Veripos Limited	Veripos House 1B Farburn Terrace Dyce Aberdeen AB21 7DT UK	100	217,305,581	217,305,581
NovAtel Inc	Hexagon Calgary Campus 10921 14th Street NE Calgary, Alberta, Canada T3K 2L5	100	89,476,515	89,476,515
AutonomouStuff GmbH	Karlsruhe, Germany	100	-	40,597
Total investment in subsidiaries			306,782,096	306,822,693

Hexagon Positioning Intelligence Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2020

10 Investment in subsidiaries (continued)

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

On the 16th September 2020, the company sold its 100% shareholding in AutonomouStuff GmbH.

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

The investment carrying values have been reviewed for impairment testing purposes and the Company performed its annual impairment test as at 31 December 2020. The carrying value of the investments was not impaired.

The carrying amount of investments has been allocated for impairment testing purposes to the following cash generating units; Veripos Limited and all immediate subsidiary companies, and NovAtel Inc including all immediate subsidiary companies.

The recoverable amount of the cash-generating unit (CGU) has been determined based on a value in use calculation using cash flow projections approved by senior management. The discount rate applied to the post-tax cash flow projections was 8.5% (2019: 8.7%) and forecasting for a 5 year period using forecasted growth rates of between 6.0-20.3% (2019: 11.9-18.8%) for these 5 years and then extrapolated using a 2% growth rate.

The calculation of value in use is most sensitive to the following assumptions:

- Market share during the year;
- Gross margins;
- Discount rates; and
- Growth rate used to extrapolate cash flows.

Market share assumptions

The assumption is important because management assesses how much of the available work will be won by the CGU, relative to its competitors.

Gross margins

Gross margins are based on average margins achieved historically and in the current period and management's expectations.

Discount rates

Discount rates reflect the current market assessment of the risks specific to the CGU. The discount rate was estimated based on the average percentage of a weighted average cost of capital for the Company.

Growth rate estimates

For the purposes of these calculations the long-term rate used to extrapolate the budget is 2%. This is the expectation for long-term growth of the data broadcast and navigation satellite systems service sector and reflects the current market conditions.

Sensitivity to changes in assumptions

A sensitivity analysis including all key assumptions is performed and management believe that no reasonable change in any of the above key assumptions would cause the carrying value to materially exceed the recoverable value. The performed sensitivity analysis demonstrates that the value of investments is supportable, even if the discount rate is marginally increased or if the growth rate after the forecast period is marginally decreased.

Growth rate assumptions

Management recognises that the speed of technological change, the downturn in the oil and gas industry as a result of the worldwide covid pandemic, and the possibility of new entrants can have a significant impact on growth rate assumptions. The effect of the covid pandemic and new entrants is not expected to have a significant adverse impact on the forecasts included in the budget but could yield a reasonably possible alternative to the estimated long-term growth rate.

Hexagon Positioning Intelligence Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2020

11 Trade and other receivables

	2020 £	2019 £
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.

12 Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	82,713	1,847

13 Share Capital

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

	2020 £	2019 £
3 ordinary shares of £1 each	3	3

Reserves

	Share premium £	Other capital reserve £	Total £
2020			
At 1 January and 31 December	125,700,000	96,082,096	221,782,096

14 Non-current Liabilities

	2020 £	2019 £
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.

Hexagon Positioning Intelligence Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2020

15 Current Liabilities - Trade and other payables

	2020 £	2019 £
Amounts owed to parent company	15,720,848	10,418,882
Other payables	7,200	11,357
	15,728,048	10,430,239

Amounts owed to parent company include loan interest accrued of £56,822 (2019: £56,822) and a cash pool payable balance of £15,664,026 (2019: £10,362,060).

16 Cash flow from operating activities

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

	2020 £	2019 £
Net (loss) / profit attributable to the equity shareholder	(5,257,540)	1,006,721
Adjustments for:		
Profit on sale of subsidiary	(42,122)	-
Increase/(decrease) in trade and other payables	5,297,809	(1,007,229)
Cash used in operations	(1,853)	(508)

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 costs/purchases from related parties £	Interest payable to related parties £	Amounts owed to related parties £
2020			
Hexagon AB (parent company)	-	5,292,714	100,720,848
Veripos Ltd (subsidiary entity)	3,000	-	-
2019			
Hexagon AB (parent company)	-	5,308,022	95,418,882

18 Post balance sheet events

There were no post balance sheet events to disclose.

Hexagon Positioning Intelligence Limited

to the Financial Statements (continued) For the year ended 31 December 2020

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.

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 (Australia) Pty Ltd	35 Hay Street, Subiaco WA 6008 Australia	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 th Street NE, Calgary, Alberta, Canada, T3K 2L5	100%
NovAtel America Inc	Hexagon Calgary Campus, 10921 14 th Street NE, Calgary, Alberta, Canada, T3K 2L5	100%*
Antcom Corporation	367 Van Ness Way, Suite 602 Torrance, California 90501	100%*

*Subsidiary holding is indirectly held