

## **SAAB NORDIC DEFENCE INDUSTRIES A/S**

Stenholm 11  
9400 Nørresundby  
Business Registration No  
18032430

### **Annual report 2018**

The Annual General Meeting adopted the annual report on 12.03.2019

#### **Chairman of the General Meeting**

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Name: Anne-Marie Vösu

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## Entity details

### Entity

SAAB NORDIC DEFENCE INDUSTRIES A/S  
Stenholm 11  
9400 Nørresundby

Central Business Registration No (CVR): 18032430  
Registered in: Aalborg  
Financial year: 01.01.2018 - 31.12.2018

### Board of Directors

Anne-Marie Vösu  
Heino Lundgren  
Nils Christian Wang

### Executive Board

Henrik Nøjgaard

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Østre Havnepromenade 26, 4. sal  
9000 Aalborg

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of SAAB NORDIC DEFENCE INDUSTRIES A/S for the financial year 01.01.2018 - 31.12.2018.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aalborg, 12.03.2019

### Executive Board

Henrik Nøjgaard

### Board of Directors

Anne-Marie Vösu

Heino Lundgren

Nils Christian Wang

# Independent auditor's extended review report

## To the shareholders of SAAB NORDIC DEFENCE INDUSTRIES A/S

### Conclusion

We have performed an extended review of the financial statements of SAAB NORDIC DEFENCE INDUSTRIES A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

### Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements". We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management 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, Management is responsible for assessing the Entity'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 Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

## Independent auditor's extended review report

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aalborg, 12.03.2019

## Deloitte

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR) 33963556

Lars Birner Sørensen  
State Authorised Public Accountant  
Identification No (MNE) mne11671

## Management commentary

### **Primary activities**

The company's activities include production, product development, marketing and sales. Integration with the mother company and the two-way transfer of know-how is continuing with success.

### **Development in activities and finances**

#### *Activities*

2018 has seen an increase in order intake, profit and staff size. The efforts of transferring the supply chain of a new product from the mother company are continuing successfully.

#### *Finances*

The annual result 2018 amounted 3.993.207 DKK. The annual result is satisfactory.

### **Events after the balance sheet date**

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

## Income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2016/17 DKK</u>
Revenue		13.041.637	5.759.729
Other operating income		13.273	36.595
Costs of raw materials and consumables		(3.452.588)	(483.416)
Other external expenses		<u>(1.657.673)</u>	<u>(4.090.776)</u>
<b>Gross profit/loss</b>		<b>7.944.649</b>	<b>1.222.132</b>
Staff costs	1	(2.635.892)	(1.627.151)
Depreciation, amortisation and impairment losses	2	<u>(191.854)</u>	<u>(306.529)</u>
<b>Operating profit/loss</b>		<b>5.116.903</b>	<b>(711.548)</b>
Other financial income		3.538	6.240
Other financial expenses		<u>(8)</u>	<u>0</u>
<b>Profit/loss before tax</b>		<b>5.120.433</b>	<b>(705.308)</b>
Tax on profit/loss for the year	3	<u>(1.127.226)</u>	<u>155.215</u>
<b>Profit/loss for the year</b>		<b>3.993.207</b>	<b>(550.093)</b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		<u>3.993.207</u>	<u>(550.093)</u>
		<b>3.993.207</b>	<b>(550.093)</b>



## Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2016/17 DKK</u>
Other fixtures and fittings, tools and equipment		148.821	176.177
Leasehold improvements		51.856	148.318
<b>Property, plant and equipment</b>	4	<b>200.677</b>	<b>324.495</b>
<b>Fixed assets</b>		<b>200.677</b>	<b>324.495</b>
Raw materials and consumables		2.195.612	1.985.000
<b>Inventories</b>		<b>2.195.612</b>	<b>1.985.000</b>
Trade receivables		140.170	1.242.583
Receivables from group enterprises		834.302	0
Deferred tax		111.835	102.975
Other receivables	5	12.834	0
Joint taxation contribution receivable		0	100.787
Prepayments		25.792	15.295
<b>Receivables</b>		<b>1.124.933</b>	<b>1.461.640</b>
<b>Cash</b>		<b>9.573.781</b>	<b>4.699.059</b>
<b>Current assets</b>		<b>12.894.326</b>	<b>8.145.699</b>
<b>Assets</b>		<b>13.095.003</b>	<b>8.470.194</b>

## Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2016/17 DKK</u>
Contributed capital	6	1.000.000	1.000.000
Retained earnings		<u>10.537.974</u>	<u>6.544.767</u>
<b>Equity</b>		<b><u>11.537.974</u></b>	<b><u>7.544.767</u></b>
Prepayments received from customers		0	438.693
Trade payables		187.633	72.195
Income tax payable		1.035.299	0
Other payables		<u>334.097</u>	<u>414.539</u>
<b>Current liabilities other than provisions</b>		<b><u>1.557.029</u></b>	<b><u>925.427</u></b>
<b>Liabilities other than provisions</b>		<b><u>1.557.029</u></b>	<b><u>925.427</u></b>
<b>Equity and liabilities</b>		<b><u>13.095.003</u></b>	<b><u>8.470.194</u></b>
Contingent liabilities	7		

## Statement of changes in equity for 2018

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	1.000.000	6.544.767	7.544.767
Profit/loss for the year	0	3.993.207	3.993.207
<b>Equity end of year</b>	<b>1.000.000</b>	<b>10.537.974</b>	<b>11.537.974</b>

## Notes

	<b>2018</b>	<b>2016/17</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Staff costs</b>		
Wages and salaries	2.312.923	1.587.223
Pension costs	239.027	0
Other social security costs	40.963	26.973
Other staff costs	42.979	12.955
	<b>2.635.892</b>	<b>1.627.151</b>
Average number of employees	<b>5</b>	<b>3</b>
	<b>2018</b>	<b>2016/17</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Depreciation of property, plant and equipment	191.854	306.529
	<b>191.854</b>	<b>306.529</b>
	<b>2018</b>	<b>2016/17</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Tax on profit/loss for the year</b>		
Current tax	1.035.299	(100.787)
Change in deferred tax	91.927	(54.428)
	<b>1.127.226</b>	<b>(155.215)</b>

## Notes

	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improve- ments DKK</b>
<b>4. Property, plant and equipment</b>		
Cost beginning of year	1.169.544	568.027
Additions	68.036	0
<b>Cost end of year</b>	<b>1.237.580</b>	<b>568.027</b>
Depreciation and impairment losses beginning of year	(993.367)	(419.709)
Depreciation for the year	(95.392)	(96.462)
<b>Depreciation and impairment losses end of year</b>	<b>(1.088.759)</b>	<b>(516.171)</b>
<b>Carrying amount end of year</b>	<b>148.821</b>	<b>51.856</b>
	<b>2018 DKK</b>	<b>2016/17 DKK</b>
<b>5. Other receivables</b>		
Other receivables	12.834	0
	<b>12.834</b>	<b>0</b>
	<b>Number</b>	<b>Par value DKK</b>
<b>6. Contributed capital</b>		
Stakes	1.000	1000
	<b>1.000</b>	<b>Nominal value DKK</b>
		1.000.000
		<b>1.000.000</b>

### 7. Contingent liabilities

Rent commitments amount to 125 TDKK per quarter to 30/9 2020

The Entity participates in a Danish joint taxation arrangement where SAAB Danmark A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

### Non-comparability

The company has revised financial year, why the current financial year comprises 12 months, while comparative figures comprise 15 months.

### Income statement

#### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

#### Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

#### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

#### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

#### Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

#### Other financial income

Other financial income comprises, interest income, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

## Accounting policies

### Other financial expenses

Other financial expenses comprise interest expenses, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

### Balance sheet

#### Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-7 years
Leasehold improvements	7 years

For leasehold improvements the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

## Accounting policies

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### Cash

Cash comprises cash in hand and bank deposits.

### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

### Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

### Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.