

# **Cubic Technologies Denmark ApS**

Bjergegade 22C, 1., 3000 Helsingør

CVR no. 33 26 55 06

Annual report 2018/19

Approved at the Company's annual general meeting on 10 March 2020

Chairman:

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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Cubic Technologies Denmark ApS for the financial year 1 October 2018 - 30 September 2019.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 September 2019 and of the results of the Company's operations for the financial year 1 October 2018 - 30 September 2019.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Helsingør, 10 March 2020  
Executive Board:

.....  
Michael Knowles  
General manager

Board of Directors:

.....  
Hilary Lee Hageman  
Chairman

.....  
Michael Knowles

.....  
Anshooman Aga

## Independent auditor's report

To the shareholders of Cubic Technologies Denmark ApS

### Opinion

We have audited the financial statements of Cubic Technologies Denmark ApS for the financial year 1 October 2018 - 30 September 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 September 2019 and of the results of the Company's operations for the financial year 1 October 2018 - 30 September 2019 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company 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 rules and requirements.

### 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 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance as to 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 and the additional requirements applicable in Denmark 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 the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## Independent auditor's report

- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and 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 Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

Odense, 10 March 2020  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Kenneth Skov Hansen  
State Authorized Public Accountant  
mne32748

## Management's review

### Company details

Name	Cubic Technologies Denmark ApS
Address, Postal code, City	Bjerggade 22C, 1., 3000 Helsingør
CVR no.	33 26 55 06
Registered office	Helsingør
Financial year	1 October 2018 - 30 September 2019
Board of Directors	Hilary Lee Hageman, Chairman Michael Knowles Anshooman Aga
Executive Board	Michael Knowles, General manager

## **Management's review**

### **Business review**

The company's main activities are software development and providing support for the maintenance, operation and management of tactical engagement systems.

### **Financial review**

The income statement for 2018/19 shows a profit of DKK 524,119 against a profit of DKK 1,020,033 last year, and the balance sheet at 30 September 2019 shows equity of DKK 5,574,921. Management considers the Company's financial performance in the year acceptable.

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

No significant events have occurred subsequent to the financial year-end.

## Financial statements 1 October 2018 - 30 September 2019

### Income statement

Note	DKK	<u>2018/19</u>	<u>2017/18</u>
	<b>Gross profit</b>	11,714,549	7,387,773
2	Staff costs	-10,865,167	-5,879,093
	Depreciation and impairment of intangible assets and property, plant and equipment	-139,990	-101,554
	<b>Profit before net financials</b>	709,392	1,407,126
	Financial income	63,188	0
	Financial expenses	-94,963	-87,036
	<b>Profit before tax</b>	677,617	1,320,090
3	Tax for the year	-153,498	-300,057
	<b>Profit for the year</b>	<u>524,119</u>	<u>1,020,033</u>
	<b>Recommended appropriation of profit</b>		
	Retained earnings	524,119	1,020,033
		<u>524,119</u>	<u>1,020,033</u>



## Financial statements 1 October 2018 - 30 September 2019

### Balance sheet

Note	DKK	<u>2018/19</u>	<u>2017/18</u>
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
4	<b>Property, plant and equipment</b>		
	Other fixtures and fittings, tools and equipment	202,289	342,280
		<u>202,289</u>	<u>342,280</u>
	<b>Total fixed assets</b>	<u>202,289</u>	<u>342,280</u>
	<b>Non-fixed assets</b>		
	<b>Receivables</b>		
	Trade receivables	1,018,900	684,377
	Work in progress for third parties	839,965	351,921
	Receivables from group entities	8,010,771	1,775,728
	Other receivables	192,687	169,057
	Prepaid expenses	23,170	21,573
		<u>10,085,493</u>	<u>3,002,656</u>
	<b>Cash</b>	<u>1,608,446</u>	<u>3,806,713</u>
	<b>Total non-fixed assets</b>	<u>11,693,939</u>	<u>6,809,369</u>
	<b>TOTAL ASSETS</b>	<u><u>11,896,228</u></u>	<u><u>7,151,649</u></u>

## Financial statements 1 October 2018 - 30 September 2019

### Balance sheet

Note	DKK	<u>2018/19</u>	<u>2017/18</u>
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
5	Share capital	400,000	400,000
	Retained earnings	5,174,921	4,650,802
	<b>Total equity</b>	<u>5,574,921</u>	<u>5,050,802</u>
	<b>Provisions</b>		
	Deferred tax	2,588	17,364
	<b>Total provisions</b>	<u>2,588</u>	<u>17,364</u>
	<b>Liabilities other than provisions</b>		
6	<b>Non-current liabilities other than provisions</b>		
	Income taxes payable	245,292	324,556
	Other payables	44,435	0
		<u>289,727</u>	<u>324,556</u>
	<b>Current liabilities other than provisions</b>		
	Trade payables	446,513	177,905
	Payables to group entities	3,339,957	409,475
	Income taxes payable	223,978	221,471
	Other payables	2,018,544	950,076
		<u>6,028,992</u>	<u>1,758,927</u>
	<b>Total liabilities other than provisions</b>	<u>6,318,719</u>	<u>2,083,483</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>11,896,228</u>	<u>7,151,649</u>

- 1 Accounting policies
- 7 Contractual obligations and contingencies, etc.
- 8 Related parties

## Financial statements 1 October 2018 - 30 September 2019

### Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 October 2018	400,000	4,650,802	5,050,802
Transfer through appropriation of profit	0	524,119	524,119
<b>Equity at 30 September 2019</b>	<u>400,000</u>	<u>5,174,921</u>	<u>5,574,921</u>

## Financial statements 1 October 2018 - 30 September 2019

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Cubic Technologies Denmark ApS for 2018/19 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

### Income statement

#### Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the rendering of services is recognised as revenue as the services are rendered, implying that revenue corresponds to the selling price of the services rendered in the year (percentage of completion method).

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

#### Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross margin'.

#### Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, payments under operating leases, etc.

#### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

## Financial statements 1 October 2018 - 30 September 2019

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Other fixtures and fittings, tools and equipment      2-7 years

##### Financial income and expenses

Financial expenses are recognised in the income statement at the amounts that relate to the financial reporting period.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

##### Balance sheet

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

##### Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. An impairment loss is recognised if there is objective evidence that a receivable is impaired, in which case the carrying amount is reduced to the net realisable value.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

##### Work in progress for third parties

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

## Financial statements 1 October 2018 - 30 September 2019

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Cash

Cash bank balances.

##### Income taxes, payable and deferred tax

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### Other payables

Other payables are measured at net realisable value.

## Financial statements 1 October 2018 - 30 September 2019

### Notes to the financial statements

DKK	<u>2018/19</u>	<u>2017/18</u>			
<b>2 Staff costs</b>					
Wages/salaries	9,988,639	5,332,434			
Pensions	846,562	546,659			
Other social security costs	29,966	0			
	<u>10,865,167</u>	<u>5,879,093</u>			
 Average number of full-time employees	 <u>14</u>	 <u>9</u>			
 <b>3 Tax for the year</b>					
Estimated tax charge for the year	163,852	310,141			
Deferred tax adjustments in the year	-14,776	-10,084			
Tax adjustments, prior years	4,422	0			
	<u>153,498</u>	<u>300,057</u>			
 <b>4 Property, plant and equipment</b>					
		<b>Other fixtures and fittings, tools and equipment</b>			
DKK		<u>                    </u>			
Cost at 1 October 2018		1,143,616			
Cost at 30 September 2019		<u>1,143,616</u>			
Impairment losses and depreciation at 1 October 2018		801,336			
Amortisation/depreciation in the year		<u>139,991</u>			
Impairment losses and depreciation at 30 September 2019		<u>941,327</u>			
<b>Carrying amount at 30 September 2019</b>		<u><u>202,289</u></u>			
 Depreciated over		 <u>2-7 years</u>			
  DKK	  <u>2018/19</u>	  <u>2017/18</u>			
<b>5 Share capital</b>					
Analysis of the share capital:					
4,000 shares of DKK 100.00 nominal value each	400,000	400,000			
	<u>400,000</u>	<u>400,000</u>			
 Analysis of changes in the share capital over the past 5 years:					
DKK	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2014/15</u>
Opening balance	400,000	400,000	400,000	400,000	80,000
Capital increase	0	0	0	0	320,000
	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>

### 6 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 0 falls due for payment after more than 5 years after the balance sheet date.

## Financial statements 1 October 2018 - 30 September 2019

### Notes to the financial statements

#### 7 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

The company is jointly taxed with the Danish branch, 'Cubic Nordic, filial af Cubic Transportation Systems, Limited, United Kingdom'. The company and the branch are jointly and severally liable for corporate income taxes and withholding taxes payable on or after 1 July 2012 within the joint taxation.

##### Other financial obligations

Other rent and lease liabilities:

DKK	2018/19	2017/18
Rent and lease liabilities	148,225	133,782

Rent and lease liabilities include a rent obligation totalling tDKK 148 thousand relating to non-cancellable rent agreements with remaining contract terms of 6 months calculated on the actual rent for 2018/19.

#### 8 Related parties

Cubic Technologies Denmark ApS' related parties comprise the following:

##### Parties exercising control

Related party	Domicile	Basis for control
Cubic Defence New Zealand Limited	Level 2, 41 Bath Street, Auckland, 1052, New Zealand	Principal shareholder, owns 100%
Cubic Corporation	9333 Balboa Ave, San Diego, California, United States	Ultimate parent of the Group

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Cubic Holdings Limited	Trident Trust Company (NZ) Limited, Level 2, 41 Bath Street, Auckland, 1052, New Zealand	<a href="https://companies-register.companiesoffice.govt.nz/">https://companies-register.companiesoffice.govt.nz/</a>