

Cobham Aerospace ApS

Lundtoftegårdsvej 93D, 2800 Kgs. Lyngby

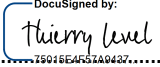
CVR no. 41 93 36 90

Annual report 2020

(First financial year 30 November – 31 December 2020)

Approved at the Company's annual general meeting on 30 June 2021

Chair of the meeting:

DocuSigned by:

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Thierry Gérard Level

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Statement by Management

The Executive Board have today discussed and approved the annual report of Cobham Aerospace ApS for the financial year 30 November – 31 December 2020.

The annual report has been 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 31 December 2020 and of the results of its operations for the financial year 30 November – 31 December 2020.

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.

Kgs. Lyngby, 30 June 2021

Executive Board:

DocuSigned by:
Eiji Kawaishi
7F387FEDABE642E
Eiji Kawaishi

DocuSigned by:
Thierry Level
75015E4E57A9437
Thierry Gérard Level

DocuSigned by:
Ben Oulidi
AF5BB6510FDD40E
Benjamaa Oulidi

Independent auditor's report

To the shareholders of Cobham Aerospace ApS

Opinion

We have audited the financial statements of Cobham Aerospace ApS for the financial year 30 November – 31 December 2020, 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 31 December 2020 and of the results of the Company's operations for the financial year 30 November – 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 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 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 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.

Independent auditor's report

- ▶ 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.
- ▶ 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 Statements Act. We did not identify any material misstatement of the Management's review.

Frederiksberg, 30 June 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

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Karsten Bøgel
State Authorised Public Accountant
mne27849

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Henrik K. Andersen
State Authorised Public Accountant
mne36193

Company Information

The Company

Cobham Aerospace Aps
Lundtoftegårdsvej 93 D
DK-2800 Kongens Lyngby
www.cobham.com

Telephone: +45 3955 8800

CVR no.: 41933690

Financial period: 30 November – 31 December

Municipality of reg. office: Lyngby-Taarbæk

Executive Board

Eiji Kawaishi, Director
Thierry Gérard Level, Director
Benjamaa Oulidi, Director

Auditors

EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg

Management's review

Principal activities

The Company's main activities are developing, manufacturing and marketing of professional radio and satellite communication equipment.

Uncertainty related to recognition and measurement

The Company operates an active risk management policy, which includes identification of key risks and development of action plans to mitigate those risks.

Furthermore, the preparation of the financial statements requires management to make certain judgements regarding the existence and probability of realisation of certain risks and opportunities inherent in the operation of the business. Management has exercised its professional judgement in the preparation of the financial statements in order to present a true and fair view of the financial position of the Company as at 31 December 2020.

Development in activities and financial matters

Cobham Aerospace Aps was established as a private limited liability company with effect from 30 November 2020 as a subsidiary of Thrane&Thrane A/S. The company was established with a short first income year from 30 November 2020 to 31 December 2020. Thrane&Thrane A/S contributed the Aerospace branch to Cobham Aerospace Aps as part of a contribution of assets at book value and was in this connection remunerated with shares in Cobham Aerospace Aps. On 31 December 2020, Thrane&Thrane A/S sold all its shares in Cobham Aerospace to the group company Cobham Aerospace Holding S.à r.l.

The conditions that are necessary for an assessment of the company's activities and liabilities, the financial position and the result of the year's operations, appear from the balance sheet and income statement as well as from the notes, please refer to this.

The result for the year is considered satisfactory.

Events after the balance sheet date

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Financial statements 30 November – 31 December**Income statement**

Note	USD'000	2020 (1 month)
	Gross profit/loss	-133
2	Distribution expenses	-198
2	Administrative expenses	-801
	Other operating income	43
	Profit/loss before net financials	-1,090
3	Financial income	573
4	Financial expenses	-36
	Profit/loss before tax	-553
5	Tax for the year	174
	Profit/loss for the year	-379
	 Proposed distribution of profit/loss	
	Transferred to equity reserves	-379
		-379

Financial statements 30 November – 31 December**Balance sheet**

Note	USD'000	2020
	ASSETS	
	Non-current assets	
6	Intangible assets	
	Development projects in progress	11,055
	Software	226
	IP rights	25,567
		<hr/> 36,848
7	Property, plant and equipment	
	Fixtures and fittings, tools and equipment	670
		<hr/> 670
	Total non-current assets	<hr/> 37,517
	Current assets	
	Inventories	
	Raw materials and consumables	1,586
	Work in progress	1,206
	Finished goods and goods for resale	1,225
		<hr/> 4,017
	Receivables	
	Trade receivables	1,721
	Receivables from group entities	770
		<hr/> 2,491
	Total current assets	<hr/> 6,508
	TOTAL ASSETS	<hr/> <hr/> 44,025

Financial statements 30 November – 31 December**Balance sheet**

Note	USD'000	2020
	EQUITY AND LIABILITIES	
	Equity	
	Share capital	23
	Reserve for development costs	794
	Retained earnings	14,264
	Total equity	15,081
	Non-current liabilities	
	Deferred tax liabilities	925
	Other provisions	1,715
	Total non-current liabilities	2,640
	Current liabilities	
	Prepayments received from customers	163
	Trade payables	1,217
	Payables to group entities	24,185
	Other payables	739
	Total current liabilities	26,304
	Total liabilities	28,944
	TOTAL EQUITY AND LIABILITIES	44,025

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

Financial statements 30 November – 31 December**Statement of changes in equity**

USD'000	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 30 November 2020	6	0	0	6
Foundation by transfer of assets	16	0	13,924	13,940
Adjustment	1	0	1,513	1,514
Transferred; see distribution of profit/loss	0	794	-1,173	-379
Equity at 31 December 2020	23	794	14,264	15,081

The Company has been founded 30 November 2020 by transfer of assets.

Financial statements 30 November – 31 December

Notes

1 Accounting policies

The annual report of Cobham Aerospace ApS for 2020 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.

As the financial year 2020 is the Company's first financial year, the financial statements and notes have been prepared without comparative figures for 2019.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

The financial statements for 2020 are presented in USD.

Foreign currency translation

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

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates 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 latest financial statements is recognised in the income statement as financial income or financial expenses.

Non-current assets acquired in foreign currency are measured at the exchange rate at the transaction date.

Income statement

Revenue

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

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser. The revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, as well as operation and administration.

Cost of sales also includes research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs. Finally, provisions for losses on contract work are recognized.

Distribution expenses

Distribution expenses comprise costs of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Financial statements 30 November – 31 December

Notes

1 Accounting policies (continued)

Administrative expenses

Administrative expenses comprise expenses for management, administrative staff, office expenses, depreciation, amortisation, etc.

Other operating income

Other operating income comprise items secondary to the principal activities of the Company.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Financial income and expenses are recognized in the income statements at the amounts relating to the financial year.

Tax for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts recognised directly in equity is recognised directly in equity.

Balance sheet

Intangible assets

On initial recognition, intangible assets are measured at cost.

IP rights are subsequently measured at cost less accumulated amortisation. IP rights are amortised on a straight-line basis over the estimated useful life, which is 5 years.

Development projects that are clearly defined and identifiable, where there is a functional prototype and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognized as intangible assets. This applies if cost can be measured reliably and sufficient certainty exists that the future earnings can cover cost of sales, distribution and administrative expenses involved as well as investments in development.

Borrowing costs from both specific and general borrowing directly or indirectly related to projects with a long-term manufacturing period are attributed to the cost of development projects over the development period.

Contributions received to cover product development costs are offset against development costs incurred on the individual project. Contributions in excess of project development costs incurred are recognized in prepayments.

Software is measured at cost less accumulated amortisation. Software is amortised on a straight-line basis over the expected useful life determined at 3-5 years.

Financial statements 30 November – 31 December

Notes

1 Accounting policies (continued)

Property, plant and equipment

On initial recognition, items of property, plant and equipment are measured at cost.

Fixtures and fittings, tools and equipment are subsequently measured at cost less accumulated depreciation.

Depreciation is based on the residual value of the asset after the end of the useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Production overheads and borrowing costs are not included in cost.

Individual components of property, plant and equipment that have different useful lives are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets, which are as follows:

Fixtures and fittings, tools and equipment 3-7 years

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment is tested annually for evidence of impairment other than the decrease in value reflected by amortisation/depreciation.

Impairment tests are conducted on individual assets or cash-generating units when there is indication of impairment. Write-down is made to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as direct production costs. Production overheads and borrowing costs are not included in cost.

Financial statements 30 November – 31 December

Notes

1 Accounting policies (continued)

The net realisable value of inventories is determined as the selling price less costs of completion and costs incurred to effect the sale, taking into account marketability, obsolescence and developments in the expected selling price.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Equity

Dividend

Proposed dividend is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is presented as a separate line item in equity.

Reserve for development costs

The reserve for development costs comprises recognized development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognized development costs are amortised or are no longer part of the Group's operations by a transfer directly to the distributable reserves under equity.

Deferred tax assets and liabilities

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are measured at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net assets are measured at net realisable values.

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. Changes in deferred tax due to changes in tax rates are recognised in the income statement.

Provisions

Provisions are recognized when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Liabilities other than provisions

Financial liabilities comprising amounts payable to credit institutions, trade payables and payables to group entities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Financial statements 30 November – 31 December**Notes****1 Accounting policies (continued)****Fair value**

Fair value is determined based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities that are measured at fair value or whose fair value is disclosed are classified based on the fair value hierarchy, see below:

Level 1: Value based on the fair value of similar assets/liabilities in an active market.

Level 2: Value based on generally accepted valuation methods on the basis of observable market information.

Level 3: Value based on generally accepted valuation methods and reasonable estimates based on non-observable market information.

USD'000	2020 (1 month)
2 Staff costs	
Wages and salaries	516
Pensions	22
Other social security costs	2
Other staff expenses	530
	<u>1,070</u>
In the Income Statement staff costs are recognised as follows:	
Cost of sales	722
Distribution expenses	156
Administrative expenses	192
	<u>1,070</u>
Average number of full-time employees	<u>32</u>
3 Financial income	
Other interest income	6
Foreign exchange adjustments	567
	<u>573</u>

Financial statements 30 November – 31 December

Notes

USD'000	2020		
	(1 month)		
4 Financial expenses			
Interest expenses to group entities			23
Other interest expenses			13
			<u>36</u>
5 Tax for the year			
Deferred tax adjustment for the year			174
			<u>174</u>
6 Intangible assets			
USD'000			
	Development projects in progress	Software	IP rights
Cost at 30 November 2020	8,832	253	25,436
Adjustment	1,429	-11	603
Additions	794	0	0
Cost at 31 December 2020	<u>11,055</u>	<u>242</u>	<u>26,039</u>
Amortisation and impairment losses at 30 November 2020	0	0	0
Amortisation	0	17	472
Amortisation and impairment losses at 31 December 2020	<u>0</u>	<u>17</u>	<u>472</u>
Carrying amount at 31 December 2020	<u><u>11,055</u></u>	<u><u>226</u></u>	<u><u>25,567</u></u>

IP rights are amortised over 5 years, corresponding to the expected useful life. IP rights consists of phased array technologies.

Financial statements 30 November – 31 December**Notes****7 Property, plant and equipment**

USD'000	Fixtures and fittings, tools and equipment
Cost at 30 November 2020	681
Adjustment	44
Additions	0
Cost at 31 December 2020	725
Depreciation and impairment losses at 30 November 2020	0
Depreciation	56
Depreciation and impairment losses at 31 December 2020	56
Carrying amount at 31 December 2020	670
Property, plant and equipment include assets held under finance leases with a carrying amount totalling	0

8 Contractual obligations and contingencies, etc.**Contingent liabilities**

The Company has purchase commitments with suppliers as a part of normal operations.

9 Related parties

The following shareholder is recorded in the Company's shareholder register as holding at least 5% of the voting rights and/or holding at least 5% of the share capital:

Cobham Aerospace Holding S.à r.l.,
9, Allée Scheffer, L-2520 Luxembourg

10 Consolidation

Cobham Aerospace ApS is included in the consolidated financial statements of AI Convoy (Luxembourg) S.a.r.l., which is the parent undertaking of the smallest Group to consolidate these financial statements. Copies of the AI Convoy (Luxembourg) S.à r.l consolidated financial statements can be obtained from the registered office at 2-4 rue Beck, Luxembourg, LU 1222.