

GateHouse Logistics A/S

Strømmen 6
9400 Nørresundby
Business Registration No
37439541

Annual report 01.10.2017 - 30.09.2018

The Annual General Meeting adopted the annual report on 28.11.2018

Chairman of the General Meeting

Name: Michael Bondo Andersen

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Entity details

Entity

GateHouse Logistics A/S
Strømmen 6
9400 Nørresundby

Central Business Registration No (CVR): 37439541

Registered in: Aalborg

Financial year: 01.10.2017 - 30.09.2018

Board of Directors

Michael Bondo Andersen, Chairman
Jakob Axel Nielsen, Vice Chairman
Nina Christiane Movin
Frank Winther
Heine Blach Jensen
Mads Peter Lübeck
Denis Jean Jørgen Viet-Jacobsen

Executive Board

Jesper Bille Bennike, CEO
Jørgen Brøndgaard Nielsen, COO
Anette Kristensen, CFO

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 GateHouse Logistics A/S for the financial year 01.10.2017 - 30.09.2018.

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 30.09.2018 and of the results of its operations for the financial year 01.10.2017 - 30.09.2018.

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, 14.11.2018

Executive Board

Jesper Bille Bennike
CEO

Jørgen Brøndgaard Nielsen
COO

Anette Kristensen
CFO

Board of Directors

Michael Bondo Andersen
Chairman

Jakob Axel Nielsen
Vice Chairman

Nina Christiane Movin

Frank Winther

Heine Blach Jensen

Mads Peter Lübeck

Denis Jean Jørgen Viet-
Jacobsen

Independent auditor's report

To the shareholders of GateHouse Logistics A/S

Opinion

We have audited the financial statements of GateHouse Logistics A/S for the financial year 01.10.2017 - 30.09.2018, 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.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2018 and of the results of its operations for the financial year 01.10.2017 - 30.09.2018 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements 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 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 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 these 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:

Independent auditor's report

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 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 audit 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 audit 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.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Aalborg, 14.11.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

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

Management commentary

	2017/18	2016/17	2015/16	2014/15	2013/14
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit	13,580	10,297	7,961	6,516	4,415
Operating profit/loss	(13,319)	(9,607)	(4,649)	(5,702)	(9,960)
Net financials	(154)	(90)	(27)	(13)	26
Profit/loss for the year	(10,773)	(7,579)	(3,649)	(4,372)	(7,667)
Total assets	22,812	15,821	12,176	10,981	10,296
Equity	627	5,400	979	4,628	9,000

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Management commentary

Primary activities

The company's main activities are to develop and market middleware DaaS and SaaS software services for supply chain freight visibility.

Development in activities and finances

Throughout the fiscal year the Company has continued to invest and develop into its business. Investments has gone towards a continued development of the company's strategic product and service offerings, which includes the building a world leading high fidelity logistics data network.

Development assets

Throughout the fiscal year, the company has capitalized its development investments within its suite of DaaS and SaaS product and service offerings. The company expects a continued investment in product and services in 2018/19.

Capital loss

At 30.09.2018, the Company has lost more than half its share capital, whereas equity remains positive by DKK 627k. The Company's Management is aware of the capital loss provisions of the Danish Companies Act and expects equity to be reestablished by a capital contribution.

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 2017/18

	<u>Notes</u>	<u>2017/18</u> <u>DKK'000</u>	<u>2016/17</u> <u>DKK'000</u>
Gross profit		13,580	10,297
Staff costs	1	(26,156)	(19,904)
Depreciation, amortisation and impairment losses		<u>(743)</u>	<u>0</u>
Operating profit/loss		(13,319)	(9,607)
Other financial income	2	0	4
Other financial expenses	3	<u>(154)</u>	<u>(94)</u>
Profit/loss before tax		(13,473)	(9,697)
Tax on profit/loss for the year	4	<u>2,700</u>	<u>2,118</u>
Profit/loss for the year		<u>(10,773)</u>	<u>(7,579)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(10,773)</u>	<u>(7,579)</u>
		<u>(10,773)</u>	<u>(7,579)</u>

Balance sheet at 30.09.2018

	<u>Notes</u>	<u>2017/18</u> <u>DKK'000</u>	<u>2016/17</u> <u>DKK'000</u>
Completed development projects		6,892	0
Development projects in progress		6,015	5,000
Intangible assets	5	<u>12,907</u>	<u>5,000</u>
 Fixed assets		 <u>12,907</u>	 <u>5,000</u>
 Trade receivables		4,563	4,016
Deferred tax		415	0
Other receivables		2	4
Joint taxation contribution receivable		1,185	3,042
Prepayments		306	3
Receivables		<u>6,471</u>	<u>7,065</u>
 Cash		 <u>3,434</u>	 <u>3,756</u>
 Current assets		 <u>9,905</u>	 <u>10,821</u>
 Assets		 <u>22,812</u>	 <u>15,821</u>

Balance sheet at 30.09.2018

	<u>Notes</u>	<u>2017/18</u> <u>DKK'000</u>	<u>2016/17</u> <u>DKK'000</u>
Contributed capital		1,600	1,500
Reserve for development expenditure		9,443	3,276
Retained earnings		<u>(10,416)</u>	<u>624</u>
Equity		<u>627</u>	<u>5,400</u>
Deferred tax		<u>0</u>	<u>1,100</u>
Provisions		<u>0</u>	<u>1,100</u>
Bank loans		1,134	0
Prepayments received from customers		0	156
Trade payables		3,050	997
Payables to group enterprises		14,576	5,483
Other payables		<u>3,425</u>	<u>2,685</u>
Current liabilities other than provisions		<u>22,185</u>	<u>9,321</u>
Liabilities other than provisions		<u>22,185</u>	<u>9,321</u>
Equity and liabilities		<u>22,812</u>	<u>15,821</u>
Unrecognised rental and lease commitments	6		
Contingent liabilities	7		
Group relations	8		

Statement of changes in equity for 2017/18

	Contributed capital DKK'000	Share premium DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000
Equity beginning of year	1,500	0	3,276	624
Increase of capital	100	5,900	0	0
Transfer to reserves	0	(5,900)	6,167	(267)
Profit/loss for the year	0	0	0	(10,773)
Equity end of year	1,600	0	9,443	(10,416)
				Total DKK'000
Equity beginning of year				5,400
Increase of capital				6,000
Transfer to reserves				0
Profit/loss for the year				(10,773)
Equity end of year				627

Notes

	2017/18	2016/17
	DKK'000	DKK'000
1. Staff costs		
Wages and salaries	22,884	17,735
Pension costs	2,190	1,117
Other social security costs	119	72
Other staff costs	963	980
	26,156	19,904
Average number of employees	37	
	2017/18	2016/17
	DKK'000	DKK'000
2. Other financial income		
Other interest income	0	4
	0	4
	2017/18	2016/17
	DKK'000	DKK'000
3. Other financial expenses		
Financial expenses from group enterprises	46	40
Other interest expenses	108	54
	154	94
	2017/18	2016/17
	DKK'000	DKK'000
4. Tax on profit/loss for the year		
Current tax	(1,185)	(3,042)
Change in deferred tax	(1,515)	924
	(2,700)	(2,118)

Notes

	Completed develop- ment projects DKK'000	Develop- ment projects in progress DKK'000
5. Intangible assets		
Cost beginning of year	0	5,000
Transfers	7,635	(7,635)
Additions	0	8,650
Cost end of year	7,635	6,015
Amortisation for the year	(743)	0
Amortisation and impairment losses end of year	(743)	0
Carrying amount end of year	6,892	6,015

Development projects

Development projects in progress cover development and deployment of GateHouse Logistics latest tracking platform. The focus of the platform is around aggration and improved operations in order to service our customers. Elements of the platform are ready to be put into service at the beginning of the next financial year.

Direct and indirect development costs incurred have been capitalised.

Management believes that growth in revenue from tracking services can be based on this platform. Future profits are estimated to be able to absorb depreciation of the development asset and produce a profit after depreciation.

	2017/18 DKK'000	2016/17 DKK'000
6. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	258	24

7. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where GateHouse Holding 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.

Notes

8. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
GateHouse Holding A/S, Aalborg

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.

Changes in accounting estimates

Pre-tax loss for the year and assets are positively affected by DKK 329k following the change in estimate of the useful life of completed development projects and thus a change in the amortisation period from 5 to 8 years. Net loss for the year and equity are positively affected by DKK 257k.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, own work capitalised and external expenses.

Revenue

Revenue from sales of software as a service (SaaS) and data as a service (DaaS) is recognized in the income statement when delivery and the risk transition to the buyer has taken place. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

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.

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 intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets.

Other financial income

Other financial income comprises interest income.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises.

Accounting policies

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

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5-8 years.

Receivables

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

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.

Accounting policies

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.