



Project44 A/S

Strømmen 6
9400 Nørresundby
CVR No. 37439541

Annual report 01.10.2018 - 31.12.2019

The Annual General Meeting adopted the
annual report on 21.08.2020

Jett McCandless

Chairman of the General Meeting

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Entity details

Entity

Project44 A/S

Strømmen 6

9400 Nørresundby

CVR No.: 37439541

Registered office: Aalborg

Financial year: 01.10.2018 - 31.12.2019

Board of Directors

Jett McCandless

Jørgen Brøndgaard Nielsen

Charles Barnes JR

Executive Board

Jørgen Brøndgaard Nielsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Østre Havnepromenade 26, 4th floor

9000 Aalborg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Project44 A/S for the financial year 01.10.2018 - 31.12.2019.

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 31.12.2019 and of the results of its operations for the financial year 01.10.2018 - 31.12.2019.

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, 21.08.2020

Executive Board

Jørgen Brøndgaard Nielsen

Board of Directors

Jett McCandless

Jørgen Brøndgaard Nielsen

Charles Barnes JR

Independent auditor's report

To the shareholders of Project44 A/S

Opinion

We have audited the financial statements of Project44 A/S for the financial year 01.10.2018 - 31.12.2019, 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 31.12.2019 and of the results of its operations for the financial year 01.10.2018 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

- 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.

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, 21.08.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Lars Birner Sørensen

State Authorised Public Accountant
Identification No (MNE) mne11671

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.

Result before tax amounts to -28,635k compared to -19,095k in 2018.

Change in accounting policies

The Company has in the financial year changed accounting policies related to capitalization of development projects. Cost from development projects is for 2018/19 and going forward recognized in the income statement as they occur. The change in accounting principle is made to present a more true and fair view of the Company's financial statement.

Change of accounting policy has affected negatively with 9,677 in the income statement and 22,999k in total assets and equity for 2019.

Comparative figures for 2017/18 is affected negatively with 8,322 in the income statement and 13,322k in total assets and equity.

Capital situation

The Company has in the financial year losted the share capital due to negative equity. The Company is therefore required by the Companies Act to make plans to restore the lost share capital.

The Company is expected to restore equity based on future operations and capital from the Parent company. The Parent Company has in accordance with the annual report note 1 signed letter of support stating to support the Company with the liquidity needed to meet its obligations as they mature.

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, apart from the COVID19 pandemic. The company cannot at this stage determine the impact of the global challenge, but the underlying companies have been taking whatever necessary steps to minimize costs.

Income statement for 2018/19

	Notes	2018/19 DKK'000	2017/18 DKK'000
Gross profit/loss		10,070	4,929
Staff costs	2	(42,019)	(26,156)
Operating profit/loss		(31,949)	(21,227)
Other financial expenses	3	(1,976)	(153)
Profit/loss before tax		(33,925)	(21,380)
Tax on profit/loss for the year	4	5,290	2,285
Profit/loss for the year		(28,635)	(19,095)
Proposed distribution of profit and loss			
Retained earnings		(28,635)	(19,095)
Proposed distribution of profit and loss		(28,635)	(19,095)

Balance sheet at 31.12.2019

Assets

	Notes	2018/19 DKK'000	2017/18 DKK'000
Trade receivables		5,473	4,563
Contract work in progress	5	0	0
Other receivables		17	2
Income tax receivable		3,310	0
Joint taxation contribution receivable		0	1,185
Prepayments		3	306
Receivables		8,803	6,056
Cash		1,709	3,434
Current assets		10,512	9,490
Assets		10,512	9,490

Equity and liabilities

	Notes	2018/19 DKK'000	2017/18 DKK'000
Contributed capital		1,600	1,600
Retained earnings		(26,282)	(14,294)
Equity		(24,682)	(12,694)
Other payables		1,238	0
Non-current liabilities other than provisions	6	1,238	0
Bank loans		0	1,134
Prepayments received from customers		1,900	0
Contract work in progress	5	223	0
Trade payables		2,523	3,050
Payables to group enterprises		25,284	14,576
Other payables		4,026	3,424
Current liabilities other than provisions		33,956	22,184
Liabilities other than provisions		35,194	22,184
Equity and liabilities		10,512	9,490
Going concern	1		
Unrecognised rental and lease commitments	7		
Group relations	8		

Statement of changes in equity for 2018/19

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1,600	9,443	(10,416)	627
Changes in accounting policies	0	(9,443)	(3,879)	(13,322)
Adjusted equity, beginning of year	1,600	0	(14,295)	(12,695)
Group contributions etc	0	0	16,648	16,648
Profit/loss for the year	0	0	(28,635)	(28,635)
Equity end of year	1,600	0	(26,282)	(24,682)

Notes

1 Going concern

The Company has received letter of support from the Parent company P44 Inc. which commits itself, on demand at one or more times to contribute to Project44 A/S the cash funds necessary for Project44 A/S to meet its obligations as they mature until 31.12.2020.

2 Staff costs

	2018/19	2017/18
	DKK'000	DKK'000
Wages and salaries	40,476	22,884
Pension costs	1,326	2,190
Other social security costs	217	119
Other staff costs	0	963
	42,019	26,156
Average number of full-time employees	47	37

3 Other financial expenses

	2018/19	2017/18
	DKK'000	DKK'000
Financial expenses from group enterprises	1,117	46
Other interest expenses	140	107
Exchange rate adjustments	719	0
	1,976	153

4 Tax on profit/loss for the year

	2018/19	2017/18
	DKK'000	DKK'000
Current tax	(5,298)	(1,185)
Change in deferred tax	0	(1,100)
Adjustment concerning previous years	8	0
	(5,290)	(2,285)

5 Contract work in progress

	2018/19	2017/18
	DKK'000	DKK'000
Contract work in progress	1,088	0
Progress billings regarding contract work in progress	(1,311)	0
Transferred to liabilities other than provisions	223	0
	0	0

6 Non-current liabilities other than provisions

	Due after more than 12 months 2018/19 DKK'000
Other payables	1,238
	1,238

7 Unrecognised rental and lease commitments

	2018/19 DKK'000	2017/18 DKK'000
Liabilities under rental or lease agreements until maturity in total	4,360	258

8 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Project44 Inc., Chicago IL, 60603 United States

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 policies

The Company has in the financial year changed accounting policies related to capitalization of development projects. Cost from development projects is for 2018/19 and going forward recognized in the income statement as they occur. The change in accounting principle is made to present a more true and fair view of the Company's financial statement.

Change of accounting policy has affected negatively with 9,677 in the income statement and 22,999k in total assets and equity for 2019.

Comparative figures for 2017/18 is affected negatively with 8,322 in the income statement and 13,322k in total assets and equity.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue 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 recognized net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

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, and social security contributions, pension contributions, etc for entity staff.

Other financial expenses

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

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**Receivables**

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

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Income tax payable or receivable

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

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.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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.