

Project44 A/S

Strømmen 6
9400 Nørresundby
CVR No. 37439541

Annual report 2020

The Annual General Meeting adopted the
annual report on 05.07.2021

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: 01.01.2020 - 31.12.2020

Board of Directors

Jett McCandless, Chairman of the board

Jørgen Brøndgaard Nielsen, Board member

David Chandler, Board memeber

Executive Board

Jørgen Brøndgaard Nielsen, CEO

Auditors

KPMG P/S

Østre Havnegade 22D

9000 Aalborg

CVR No.: 25578198

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 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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, 05.07.2021

Executive Board

Jørgen Brøndgaard Nielsen
CEO

Board of Directors

Jett McCandless
Chairman of the board

Jørgen Brøndgaard Nielsen
Board member

David Chandler
Board member

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 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 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 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, 05.07.2021

KPMG P/S

CVR No. 25578198

Steffen Hansen

statsautoriseret revisor

Identification No (MNE) mne32737

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 -27,771k compared to -28,635k in 2019.

Operations

The World Health Organization declared the COVID-19 outbreak a Public Health Emergency of International Concern on 30 January 2020, and a pandemic on 11 March 2020. This resulted in a significant impact in our normal operations, including most employees working from home for the remainder of the year. The direct and indirect impacts of the COVID-19 pandemic on the Company's customers, vendors, operations, and financing arrangements are still occurring, as is the duration and severity of any impacts that the Company may experience. However, as it relates to our operations in 2020, this emergency highlighted the need for a solution like ours, and over the course of 2020, our operations were able to not only survive the emergency, but to thrive and to continue to provide our services with little interruption.

While the effects of the COVID-19 outbreak are still being felt, Management is currently unable to quantify the effects to date or the future developments. However, it is our estimation that the macroeconomic conditions that arose from the coronavirus pandemic, which led to a deterioration of the general economic conditions worldwide will not have a significant long-term negative impact on project44's continuing operations. During the COVID-19 pandemic, demand for increased visibility into transportation and logistics and services like those provided by project44 has been increasing.

Significant Unusual Transactions

The gross profit in our statement of operations is materially impacted by a sale of IP rights to our parent.

Capital situation

The Company has in the financial year lost 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.

Income statement for 2020

	Notes	2020 DKK'000	2018/19 DKK'000
Gross profit/loss	2	26,397	10,070
Staff costs	3	(51,705)	(42,019)
Operating profit/loss		(25,308)	(31,949)
Other financial income	4	2,383	0
Other financial expenses	5	(1,782)	(1,976)
Profit/loss before tax		(24,707)	(33,925)
Tax on profit/loss for the year	6	(3,064)	5,290
Profit/loss for the year		(27,771)	(28,635)
Proposed distribution of profit and loss			
Retained earnings		(27,771)	(28,635)
Proposed distribution of profit and loss		(27,771)	(28,635)

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK'000	2018/19 DKK'000
Leasehold improvements		754	0
Property, plant and equipment	7	754	0
Fixed assets		754	0
Trade receivables		12,609	5,473
Contract work in progress	8	0	0
Other receivables		3,691	17
Income tax receivable		0	3,310
Prepayments		2	3
Receivables		16,302	8,803
Cash		2,008	1,709
Current assets		18,310	10,512
Assets		19,064	10,512

Equity and liabilities

	Notes	2020 DKK'000	2018/19 DKK'000
Contributed capital		1,600	1,600
Retained earnings		(54,053)	(26,282)
Equity		(52,453)	(24,682)
Other payables		2,627	1,238
Non-current liabilities other than provisions	9	2,627	1,238
Bank loans		85	0
Prepayments received from customers		0	1,900
Contract work in progress	8	0	223
Trade payables		3,547	2,523
Payables to group enterprises	10	53,853	25,284
Other payables		5,757	4,026
Deferred income		5,648	0
Current liabilities other than provisions		68,890	33,956
Liabilities other than provisions		71,517	35,194
Equity and liabilities		19,064	10,512
Going concern	1		
Unrecognised rental and lease commitments	11		
Group relations	12		

Statement of changes in equity for 2020

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1,600	(26,282)	(24,682)
Profit/loss for the year	0	(27,771)	(27,771)
Equity end of year	1,600	(54,053)	(52,453)

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 31.12.2021.

2 Gross profit/loss

Gross profit is positively effected by the recognition of 8,962 of other income from the sale of IP-Rights in 2020.

3 Staff costs

	2020	2018/19
	DKK'000	DKK'000
Wages and salaries	50,014	40,476
Pension costs	1,521	1,326
Other social security costs	170	217
	51,705	42,019
Average number of full-time employees	47	37

4 Other financial income

	2020	2018/19
	DKK'000	DKK'000
Exchange rate adjustments	2,383	0
	2,383	0

5 Other financial expenses

	2020	2018/19
	DKK'000	DKK'000
Financial expenses from group enterprises	1,780	1,117
Other interest expenses	2	140
Exchange rate adjustments	0	719
	1,782	1,976

6 Tax on profit/loss for the year

	2020 DKK'000	2018/19 DKK'000
Current tax	0	(5,298)
Adjustment concerning previous years	3,064	8
	3,064	(5,290)

Adjustment is related to preliminary ruling on our prior year tax filing. Due to the uncertainty of the outcome, Management has based our current financials on the preliminary decision by tax authorities, however we expect to vigorously appeal the tax authority's decision, and ultimately prevail.

7 Property, plant and equipment

	Leasehold improvements DKK'000
Additions	825
Cost end of year	825
Depreciation for the year	(71)
Depreciation and impairment losses end of year	(71)
Carrying amount end of year	754

8 Contract work in progress

	2020 DKK'000	2018/19 DKK'000
Contract work in progress	0	1,088
Progress billings regarding contract work in progress	0	(1,311)
Transferred to liabilities other than provisions	0	223
	0	0

9 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK'000	Outstanding after 5 years 2020 DKK'000
Other payables	2,627	2,627
	2,627	2,627

10 Payables to group enterprises

Payables to group enterprises consist of debt to Project44 Inc. from financing the activity in Project44 A/S.

11 Unrecognised rental and lease commitments

	2020	2018/19
	DKK'000	DKK'000
Liabilities under rental or lease agreements until maturity in total	8,064	4,360

12 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.

Non-comparability

The comparative figures comprises of 15 months from 01-10-2018 to 31-12-2019, and are therefore not comparable.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

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 operating income

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

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 income

Other financial income comprises interest income.

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**Property, plant and equipment**

Leasehold improvements 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:

Leasehold improvements	3 years
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For leasehold improvements and assets subject to finance leases, 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.

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.

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.

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.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.