

GateHouse Maritime A/S

Strømmen 6
9400 Nørresundby
Business Registration No
37439568

Annual report 01.10.2016 - 30.09.2017

The Annual General Meeting adopted the annual report on 01.02.2018

Chairman of the General Meeting

Name: Jakob Axel Nielsen

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2016/17	8
Balance sheet at 30.09.2017	9
Statement of changes in equity for 2016/17	11
Notes	12
Accounting policies	15

Entity details

Entity

GateHouse Maritime A/S
Strømmen 6
9400 Nørresundby

Central Business Registration No: 37439568
Registered in: Aalborg
Financial year: 01.10.2016 - 30.09.2017

Board of Directors

Jakob Axel Nielsen, Chairman
Ulrik Bülow, Vice Chairman
Nina Christiane Movin
Jesper Brøckner Nielsen
Heine Blach Jensen
Frank Winther

Executive Board

Michael Bondo Andersen, CEO
Jørgen Brøndgaard Nielsen, COO
Anette Kristensen, CFO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Gøteborgvej 18
9200 Aalborg SV

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 Maritime A/S for the financial year 01.10.2016 - 30.09.2017.

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 30.09.2017 and of the results of its operations for the financial year 01.10.2016 - 30.09.2017.

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, 29.11.2017

Executive Board

Michael Bondo Andersen
CEO

Jørgen Brøndgaard Nielsen
COO

Anette Kristensen
CFO

Board of Directors

Jakob Axel Nielsen
Chairman

Ulrik Bülow
Vice Chairman

Nina Christiane Movin

Jesper Brøckner Nielsen

Heine Blach Jensen

Frank Winther

Independent auditor's report

To the shareholders of GateHouse Maritime A/S

Opinion

We have audited the financial statements of GateHouse Maritime A/S for the financial year 01.10.2016 - 30.09.2017, 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 30.09.2017 and of the results of its operations for the financial year 01.10.2016 - 30.09.2017 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, 29.11.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Lars Birner Sørensen
State Authorised Public Accountant
Identification number (MNE) 11671

Management commentary

	2016/17	2015/16	2014/15	2013/14
	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights				
Key figures				
Gross profit	8,476	9,245	9,454	11,057
Operating profit/loss	1,523	2,003	2,143	1,975
Net financials	(437)	(28)	(17)	26
Profit/loss for the year	751	1,541	1,621	1,564
Total assets	10,147	9,796	8,551	5,018
Equity	5,895	5,183	3,730	2,000
Ratios				
Return on equity (%)	13.6	34.6	56.6	78.2
Equity ratio (%)	58.1	52.9	43.6	39.9

Financial highlights are defined and calculated as:

Ratios	Calculation formula	Calculation formula reflects
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Company's object and activity are to provide platform-based software tracking solutions and surveillance technologies based on the maritime market and other markets.

Development in activities and finances

The Company has realised a net profit of DKK 751k. On the threshold of 2017/18, the Company's financial resources remain strong.

The profit presented is lower than that forecasted for 2016/17. As was expected, the Company has invested heavily in expanding its market and business areas.

Performance is considered acceptable.

At 30 September 2017, equity totals DKK 5,895k and the solvency ratio stands at 58.1%.

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 2016/17

	<u>Notes</u>	<u>2016/17</u> <u>DKK'000</u>	<u>2015/16</u> <u>DKK'000</u>
Gross profit		8,476	9,245
Staff costs	1	<u>(6,953)</u>	<u>(7,242)</u>
Operating profit/loss		1,523	2,003
Income from investments in group enterprises		(383)	0
Other financial income	2	19	0
Other financial expenses	3	<u>(73)</u>	<u>(28)</u>
Profit/loss before tax		1,086	1,975
Tax on profit/loss for the year	4	<u>(335)</u>	<u>(434)</u>
Profit/loss for the year		751	1,541
Proposed distribution of profit/loss			
Retained earnings		<u>751</u>	<u>1,541</u>
		751	1,541

Balance sheet at 30.09.2017

	<u>Notes</u>	<u>2016/17</u> <u>DKK'000</u>	<u>2015/16</u> <u>DKK'000</u>
Completed development projects		0	0
Intangible assets	5	<u>0</u>	<u>0</u>
Investments in group enterprises		0	0
Fixed asset investments	6	<u>0</u>	<u>0</u>
Fixed assets		<u>0</u>	<u>0</u>
Trade receivables		1,513	1,931
Contract work in progress	7	0	217
Receivables from group enterprises		0	6,457
Other receivables		0	50
Receivables		<u>1,513</u>	<u>8,655</u>
Cash		<u>8,634</u>	<u>1,141</u>
Current assets		<u>10,147</u>	<u>9,796</u>
Assets		<u>10,147</u>	<u>9,796</u>

Balance sheet at 30.09.2017

	<u>Notes</u>	<u>2016/17</u> <u>DKK'000</u>	<u>2015/16</u> <u>DKK'000</u>
Contributed capital		500	500
Retained earnings		<u>5,395</u>	<u>4,683</u>
Equity		<u>5,895</u>	<u>5,183</u>
Provisions for investments in group enterprises		<u>65</u>	<u>0</u>
Provisions		<u>65</u>	<u>0</u>
Joint taxation contribution payable		<u>323</u>	<u>409</u>
Non-current liabilities other than provisions		<u>323</u>	<u>409</u>
Prepayments received from customers		986	649
Contract work in progress	7	21	0
Trade payables		807	650
Payables to group enterprises		1,260	538
Other payables		<u>790</u>	<u>2,367</u>
Current liabilities other than provisions		<u>3,864</u>	<u>4,204</u>
Liabilities other than provisions		<u>4,187</u>	<u>4,613</u>
Equity and liabilities		<u>10,147</u>	<u>9,796</u>
Financial instruments	8		
Contingent liabilities	9		
Group relations	10		

Statement of changes in equity for 2016/17

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	500	4,683	5,183
Value adjustments	0	(51)	(51)
Tax of entries on equity	0	12	12
Profit/loss for the year	0	751	751
Equity end of year	500	5,395	5,895

Notes

	2016/17	2015/16
	DKK'000	DKK'000
1. Staff costs		
Wages and salaries	6,051	5,870
Pension costs	590	1,122
Other social security costs	27	8
Other staff costs	285	242
	6,953	7,242
Average number of employees	8	
	2016/17	2015/16
	DKK'000	DKK'000
2. Other financial income		
Financial income arising from group enterprises	19	0
	19	0
	2016/17	2015/16
	DKK'000	DKK'000
3. Other financial expenses		
Financial expenses from group enterprises	16	0
Other interest expenses	57	28
	73	28
	2016/17	2015/16
	DKK'000	DKK'000
4. Tax on profit/loss for the year		
Current tax	323	409
Change in deferred tax	12	25
	335	434

Notes

	Completed develop- ment projects DKK'000		
5. Intangible assets			
Cost beginning of year	14,600		
Cost end of year	14,600		
Amortisation and impairment losses beginning of year	(14,600)		
Amortisation and impairment losses end of year	(14,600)		
Carrying amount end of year	0		
	Investment s in group enterprises DKK'000		
6. Fixed asset investments			
Share of profit/loss for the year	(383)		
Investments with negative equity value depreciated over receivables	318		
Investments with negative equity value transferred to provisions	65		
Revaluations end of year	0		
Carrying amount end of year	0		
	2016/17 DKK'000	2015/16 DKK'000	
7. Contract work in progress			
Contract work in progress	1,888	1,227	
Progress billings regarding contract work in progress	(1,909)	(1,010)	
Transferred to liabilities other than provisions	21	0	
	0	217	

8. Financial instruments

At the balance sheet date, the Company has signed a forward contract with its banker for the sale of CAD. The forward contract has been concluded to hedge the current payments on sales contracts signed.

At 30 September 2017, the total hedge amounts to CAD 90,300k to expire on 20 December 2017. There is an unrealised exchange gain of DKK 13k at the balance sheet date.

Notes

9. 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.

10. 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.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

Revenue

Revenue from sales of software products and advisory services is recognized in the income statement when delivery and the risk transition to the buyer has taken place. Revenue from sales of data as a service (DaaS) and support and maintenance is recognized in the income statement over the support and maintenance period. Royalty income is recognized in the income statement over the period of which royalties regards. Revenue is recognised 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.

Accounting policies

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises.

Other financial expenses

Other financial expenses comprise interest expenses.

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.

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 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.

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 3-5 years.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value

Accounting policies

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises 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 performed work. The selling price is measured based on the stage of completion at the balance sheet date and the total estimated income from the individual contract work in progress. Total estimated income includes the capitalised value of contractual amounts falling due after one year. The Company's financing interest rate at the balance sheet date is used as capitalisation factor.

Usually, the stage of completion is determined as the ratio between actual and total budgeted consumption of resources.

If the selling price of a construction contract cannot be made up reliably, it is measured at the lower of costs incurred, including IPO charge, and net realisable value.

When total expenses are likely to exceed total income from contract work in progress, the total estimated loss is provided for on the contract.

Prepayments are set off against contract work in progress.

The market value of foreign claims is calculated at the market price at the balance sheet date or at the hedged foreign exchange rate.

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Other provisions comprise provisions for investments in group enterprises.

Accounting policies

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

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.

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of 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.