

Chora Gruppen A/S

Høegh-Guldbergs Gade 69 C, 8000 Aarhus C

CVR no. 27 17 12 14



Annual report 2016

Approved at the annual general meeting of shareholders on 6 April 2017

Chairman:



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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Chora Gruppen A/S for the financial year 1 January - 31 December 2016.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

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.

Aarhus, 6 April 2017

Executive Board:



Jacob Jakobsen

Board of Directors:



Søren Bruun Rasmussen
Chairman



Katja Bjørn Jakobsen



Jacob Jakobsen



Mark Fitzhugh



Thomas Fabricius

Independent auditors' report

To the shareholders of Chora Gruppen A/S

Opinion

We have audited the financial statements of Chora Gruppen A/S for the financial year 1 January - 31 December 2016, which comprise an 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 financial position of the Company at 31 December 2016, and of the results of the Company operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 are independent of the company in accordance with the International Ethics Standards Board for 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 rules and 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 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditors' report

- 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 conclusion is 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 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 Management's review

Management is responsible for the Management's review.

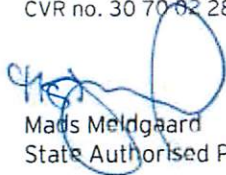
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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 our procedures, 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 Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 6 April 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Mads Meldgaard
State Authorised Public Accountant



Management's review

Company details

Name	Chora Gruppen A/S
Address, Postal code, City	Høegh-Guldbergs Gade 69 C, 8000 Aarhus C
CVR no.	27 17 12 14
Registered office	Aarhus
Financial year	1 January - 31 December
Board of Directors	Søren Bruun Rasmussen, Chairman Katja Bjørn Jakobsen Jacob Jakobsen Mark Fitzhugh Thomas Fabricius
Executive Board	Jacob Jakobsen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management's review

Management commentary

Business review

The Company's primary activity is to hold investments in other companies and related activities.

Financial review

The income statement for 2016 shows a profit of DKK 6,938,339 against a DKK 249,115 last year, and the balance sheet at 31 December 2016 shows equity of DKK 15,631,983.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

As the Group depends on a few major orders, results will therefore fluctuate. However, the Company expects to report a profit for 2017.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2016	2015
	Gross margin	-93,195	-62,306
	Income from investments in group entities	7,078,791	306,590
2	Financial income	1,205	126,175
3	Financial expenses	-88,116	-139,000
	Profit before tax	6,898,685	231,459
4	Tax for the year	39,654	17,656
	Profit for the year	6,938,339	249,115
	Proposed profit appropriation		
	Proposed dividend recognised under equity	5,000,000	0
	Net revaluation reserve according to the equity method	2,078,791	306,590
	Retained earnings/accumulated loss	-140,452	-57,475
		6,938,339	249,115

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2016	2015
	ASSETS		
	Fixed assets		
5	Investments		
	Investments in group entities, net asset value	15,913,241	8,834,450
		<u>15,913,241</u>	<u>8,834,450</u>
	Total fixed assets	<u>15,913,241</u>	<u>8,834,450</u>
	Non-fixed assets		
	Receivables		
	Receivables from group entities	249,744	4,460,617
	Other receivables	0	28,944
	Prepayments	19,229	21,633
		<u>268,973</u>	<u>4,511,194</u>
	Securities and investments		
	Other securities and investments	3,312	2,120
		<u>3,312</u>	<u>2,120</u>
	Cash at bank and in hand	<u>101,918</u>	<u>79,784</u>
	Total non-fixed assets	<u>374,203</u>	<u>4,593,098</u>
	TOTAL ASSETS	<u>16,287,444</u>	<u>13,427,548</u>
	EQUITY AND LIABILITIES		
	Equity		
6	Share capital	617,222	617,222
	Net revaluation reserve according to the equity method	8,083,787	6,004,996
	Retained earnings	1,930,974	2,071,426
	Dividend proposed for the year	5,000,000	0
	Total equity	<u>15,631,983</u>	<u>8,693,644</u>
	Provisions		
	Deferred tax	4,200	0
	Total provisions	<u>4,200</u>	<u>0</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	938	2,741
	Payables to group entities	633,323	4,718,038
	Other payables	17,000	13,125
		<u>651,261</u>	<u>4,733,904</u>
	Total liabilities other than provisions	<u>651,261</u>	<u>4,733,904</u>
	TOTAL EQUITY AND LIABILITIES	<u>16,287,444</u>	<u>13,427,548</u>

1 Accounting policies

7 Contractual obligations and contingencies, etc.

8 Related parties



Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Dividend proposed for the year	Total
Equity at 1 January 2016	617,222	6,004,996	2,071,426	0	8,693,644
Profit/loss for the year	0	0	-140,452	5,000,000	4,859,548
Profit/loss in subsidiaries	0	2,078,791	0	0	2,078,791
Equity at 31 December 2016	<u>617,222</u>	<u>8,083,787</u>	<u>1,930,974</u>	<u>5,000,000</u>	<u>15,631,983</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Chora Gruppen A/S for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act to report reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Income statement

Gross margin

The items revenue, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Income from investments in group entities

The item includes the Company's proportionate share of the profit/loss for the year in subsidiaries after elimination of intra-group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The Danish income tax charge is allocated between profit making and loss making Danish entities in proportion to their taxable income).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Investments in subsidiaries

On initial recognition, investments in subsidiaries are measured at cost and subsequently at the proportionate share of the entities' net asset values calculated in accordance with the parent company's accounting policies minus or plus any residual value of positive or negative goodwill calculated in accordance with the purchase method of accounting. Subsidiaries with a negative net asset value are measured at DKK 0 (nil), and any amounts owed by such entities are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the entity's deficit. Net revaluations of investments in subsidiaries are transferred to the net revaluation reserve according to the equity method where the carrying amount exceeds the acquisition cost.

Newly acquired or formed entities are recognised in the financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised up to the date of disposal.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other payables

Other payables are measured at net realisable value.

DKK	2016	2015
2 Financial income		
Interest receivable, group entities	0	126,120
Other financial income	1,205	55
	<u>1,205</u>	<u>126,175</u>
3 Financial expenses		
Interest expenses, group entities	88,116	134,800
Other financial expenses	0	4,200
	<u>88,116</u>	<u>139,000</u>
4 Tax for the year		
Estimated tax charge for the year	-43,854	-17,656
Deferred tax adjustments in the year	4,200	0
	<u>-39,654</u>	<u>-17,656</u>

5 Investments

DKK	Investments in group entities, net asset value
Cost at 1 January 2016	<u>2,829,454</u>
Cost at 31 December 2016	<u>2,829,454</u>
Value adjustments at 1 January 2016	6,004,996
Share of the profit/loss for the year	7,078,791
Value adjustments at 31 December 2016	<u>13,083,787</u>
Carrying amount at 31 December 2016	<u>15,913,241</u>

The carrying amount at 31 December 2016 includes goodwill of DKK 560 thousand (2015: DKK 640 thousand).

DKK	Domicile	Interest	Equity	Profit/loss
Subsidiaries				
Chora A/S	Aarhus	100.00 %	15,353,242	7,158,791

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK	2016	2015
6 Share capital		
Analysis of the share capital:		
555,500 A- shares of DKK 1.00 nominal value each	555,500	555,500
61,722 B- shares of DKK 1.00 nominal value each	61,722	61,722
	<u>617,222</u>	<u>617,222</u>

Analysis of changes in the share capital over the past 5 years:

DKK	2016	2015	2014	2013	2012
Opening balance	617,222	617,222	555,500	555,500	555,500
Capital increase	0	0	61,722	0	0
	<u>617,222</u>	<u>617,222</u>	<u>617,222</u>	<u>555,500</u>	<u>555,500</u>

7 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company has not provided any assets or other as security for loans at 31 December 2016.

The Company is jointly taxed with its parent company, Jacob Jakobsen Gruppen ApS, which acts as management company, and has limited and alternative liability together with other jointly-taxed group entities for corporation taxes for the income year 2013 and onwards as well as for withholding taxes on interest, royalties and dividends which fall due for payment on or after 1 July 2012.

8 Related parties

Chora Gruppen A/S' related parties comprise the following:

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Name	Domicile
Jacob Jakobsen Gruppen ApS	Aarhus
T-Fabric ApS	Skødstrup
Fitzhugh Ventures ApS	Gistrup