

The annual report has been presented  
And approved at the Annual General  
Meeting of the Company  
On 19/06/2019

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Mark Dennis Brady, Chairman

## **ZeroChaos (Nordic) ApS**

Bygstubben 5

Trørød

2950 Vedbæk

CVR no. 29 77 08 59

**Annual report 2018**

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## Statement by the Management on the annual report

The Board of Directors and the Executive Board have today discussed and approved the annual report of ZeroChaos (Nordic) ApS for the financial year 1 January – 31 December 2018.

The annual report has been 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 assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Vedbæk, 19 June, 2019

### Executive Board

Helen Seigfried

### Board of directors

Mark Dennis Brady  
Chairman

Helen Seigfried

Chad Edgar Brooks

## Independent auditor's report

### To the shareholders of ZeroChaos (Nordic) ApS

#### Opinion

We have audited the financial statements of ZeroChaos (Nordic) ApS for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including 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 Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 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 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 responsibility 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 that 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 company 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.

## Independent auditor's report

- 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.

- 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 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 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 the 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 the work we have performed, 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.

Copenhagen, 19 June 2019

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Morten Høgh-Petersen  
State Authorised  
Public Accountant  
mne34283

## Company Information

<b>The Company</b>	ZeroChaos (Nordic) ApS Bygstubben 5 Trørød 2950 Vedbæk
	CVR-nr.: 29 77 08 59 Registration no
	Established: 2 August 2006
	Financial year: 1. januar - 31. december
<b>Board of directors</b>	Mark Dennis Brady (Chairman) Helen Seigfried Chad Edgar Brooks
<b>Executive Board</b>	Helen Seigfried
<b>Auditor</b>	KPMG Statsautoriseret Revisionspartnerselskab Damfærgevej 28 2100 Copenhagen
<b>Annual General Meeting</b>	The Annual General Meeting is convened on 19 June 2019.

## **Management's review**

### **Principal activities**

The Company's principal activities are the administration of staffing services.

### **Development in activities and financial matters**

In 2018 the Company has realised revenues of DKK 381 million compared to DKK 224 million in 2017. This growth is primarily driven by the volume increase from the existing customers in Denmark.

Gross profit has increased from DKK 18 million to DKK 25 million, an increase of 39%. Excluding depreciation and amortization, operating profit has increased from DKK 13 million to DKK 18 million, an increase of 36%. Management believe the Company has exceeded the expectation of moderate growth in 2018 and are satisfied with the result for 2018.

The Company's equity is positive by DKK 43 million as at 31 December 2018 compared to a positive equity of DKK 30 million as at 31 December 2017.

In 2018 the company has distributed an extraordinary dividend consisting of its shares in ZeroChaos AB (Sweden), to its Dutch parent company ZeroChaos Netherlands B.V. The dividend has been recognised at market value of the underlying shares, which was higher than the book value.

### **The Company's anticipated development**

Moderate growth is expected in 2018 resulting in further positive development for the Company. A positive result is expected for 2019.

### **Specific risk**

Other than currency risks as a consequence of being funded by the parent company in USD, the Company holds no unusual risk.

The majority of the Company's payables are contingent upon receipt of cash from customers; as a result, credit risk is relatively low. The Company is partially funded by debt and is therefore exposed to the normal risks of interest rate fluctuation arising from variable rate instruments.

### **Corporate social responsibility**

At the current moment, we have not developed any formal policies to CSR, including human rights, environment and climate. We are committed to follow our Company's social responsibility policies, which could be found at: <http://www.zerochaos.com/social-responsibility.php>."

## **Management's review**

### **Goals and policies for gender quotation**

ZeroChaos does not discriminate in employment opportunities or practices on the basis of race, color, disability, religion, gender, national origin, age, marital status, creed, veterans status or any other characteristic protected by applicable law.

There are 3 members in ZeroChaos (Nordic) ApS Board of Directors. The executive director is female, which exceeds our target of 25% female representation on the board. She also serves as managing director of the subsidiary entities. The current gender representation at the Board is consider sufficient and there is no need of additional targets.

In 2018, the ZeroChaos (Nordic) ApS has 4 females in the management level. The company continue to work and strengthen its strategy to increase the gender representation on the management level by presenting equal opportunities to both genders and trainings to develop their skills.

ZeroChaos does not discriminate in employment opportunities or practices on the basis of race, color, disability, religion, gender, national origin, age, marital status, creed, veterans status or any other characteristic protected by applicable law.



## Income Statement

	Note	2018 (DKK '000)	2017 (DKK '000)
Revenue		381,021	223,586
Cost of services sold		<u>-356,224</u>	<u>-205,572</u>
<b>Gross Profit</b>		24,797	18,014
Other external costs		-3,580	-2,352
Staff cost	2	-3,277	-2,448
Depreciation & Amortization	3	<u>-2</u>	<u>-4</u>
<b>Operating profit</b>		17,938	13,210
Financial income		1,173	4,676
Financial expenses		<u>-3,414</u>	<u>-4,922</u>
<b>Net income/loss for the year before tax</b>		15,697	12,964
Tax on income/loss for the year	5	<u>-2,421</u>	<u>-2,014</u>
<b>Net income/loss for the year</b>		<u>13,276</u>	<u>10,950</u>
<b>Proposed distribution of profit</b>	6		

## Balance Sheet as at 31 December

	Note	2018 (DKK '000)	2017 (DKK '000)
<b>Assets</b>			
<b>Fixed assets</b>			
Computers & Equipment	3	-	<u>2</u>
<b>Property, plant and equipment</b>		-	<u>2</u>
Deposits		52	52
Investments in subsidiaries	4	-	<u>208</u>
<b>Financial assets</b>		<u>52</u>	<u>260</u>
<b>Total fixed assets</b>		<u>52</u>	<u>262</u>
Trade receivables		172,323	80,799
Receivables from group enterprises		178,117	111,021
Corporate tax receivables		30	30
Other receivables		-	2,036
Prepayments	7	<u>72</u>	<u>80</u>
<b>Receivables</b>		350,542	193,966
<b>Cash</b>		3,525	540
<b>Total current assets</b>		354,067	194,506
<b>Total assets</b>		<u>354,119</u>	<u>194,768</u>

## Balance Sheet as at 31 December

	Note	2018 (DKK '000)	2017 (DKK '000)
<b>Liabilities and equity</b>			
Share capital	8	125	125
Retained earnings		<u>42,518</u>	<u>29,450</u>
<b>Total equity</b>		<u>42,643</u>	<u>29,575</u>
Accounts payable		151,584	67,772
Payable to group enterprises		91,353	90,257
Corporate tax payables		5,080	4,444
Other payables		3,725	2,720
Line of credit		<u>59,734</u>	<u>165,193</u>
<b>Short-term liabilities excluding provisions</b>		<u>311,476</u>	<u>165,193</u>
<b>Total liabilities and equity</b>		<u>354,119</u>	<u>194,768</u>
Contractual obligations and contingencies	9		
Related party disclosures	10		

## Statement of changes in equity

	<b>Share capital</b> (DKK '000)	<b>Retained earnings</b> (DKK '000)	<b>Total</b> (DKK '000)
Equity at 1 January 2018	125	29,450	29,575
Reevaluation of assets to fair value	-	744,752	744,752
Extraordinary dividends paid	-	-744,960	-744,960
Profit for the year	-	13,276	13,276
Equity at 31 December 2018	<u>125</u>	<u>42,518</u>	<u>42,643</u>

## Notes

### Note 1 – Accounting policies

The annual report for ZeroChaos (Nordic) ApS for 2018 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

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

#### ***Omission of cash flow statement***

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of ZeroChaos Parent, LLC.

#### ***Recognition and measurement***

Income is recognized in the income statement as earned, including value adaments of financial assets and liabilities. All expenses including depreciation / amortisation and impairment losses are recognised in the income statement.

Assets are recognized in the balance sheet when it is probable that future financial benefits will flow to the company and when the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is likely that the future financial benefits will flow out of the company and when the measurement of the value of the liability is reliable.

On initial recognition, assets and liabilities are recognized at cost. Subsequently, assets and liabilities are measured as described below for each item.

#### ***Intra-group business combinations***

In connection with business combinations such as acquisition and disposal of equity investments, mergers, demergers, addition of assets and exchange of shares, etc., involving enterprises controlled by the parent company, the uniting-of-interests method is used. Differences between the agreed consideration and the carrying amount of the acquired enterprise are recognized in equity. Moreover, comparative figures for previous financial years are restated.

#### ***Foreign currency translation***

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

## **Note 1 – Accounting policies (continued)**

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average Exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognized directly in equity.

Foreign exchange adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

On recognition of foreign subsidiaries which are integral entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date, although items derived from non-monetary items are translated at the historical exchange rates applying to the non-monetary items.

### ***The income statement Revenue***

Revenue comprising sale of consultancy services is recognized if delivery and transfer of risk took place before the end of the year. Revenue is recognized without VAT and with deduction of discounts in connection with the sale.

### ***Cost of services sold***

Consultancy services comprise expenses for external consultants held in direct connection with the company's revenue.

### ***The income statement Revenue***

Revenue comprising sale of consultancy services is recognized if delivery and transfer of risk took place before the end of the year. Revenue is recognized without VAT and with deduction of discounts in connection with the sale.

### ***Cost of services sold***

Consultancy services comprise expenses for external consultants held in direct connection with the company's revenue.

### ***Financial income and expenses***

Financial income and expenses comprise interest income and expense, gains and losses on transactions denominated in foreign currencies and refunds under the on-account tax scheme, etc.

### ***Tax on results for the year***

Tax on results for the year which comprises current tax and changes in deferred tax is recognised in the income statement with the portion of taxes related to the taxable income for the year and directly under equity with the portion which can be related to entries entered directly under equity.

## **Note 1 – Accounting policies (continued)**

### ***The Balance Sheet***

#### ***Intangible assets- goodwill and software***

Goodwill and software are amortised over their estimated useful life determined on the basis of Management's experience of the specific business areas.

Goodwill is amortized on a straight-line basis over an amortization period of 10 years. Software is depreciated under the straight-line method over 5 years.

#### ***Property, plant and equipment***

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Fixtures and fittings, tools and equipment	5 years.
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Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

#### ***Investments in subsidiaries***

Investments in subsidiaries are measured at cost price. Where the carrying value exceeds the recoverable amount it is written down to the recoverable amount.

At the distribution of reserves other than retained earnings in subsidiaries, the distribution will reduce the cost of investments when the distribution is characterised as repayment of the parent company's investment.

#### ***Impairment of non-current assets***

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

## **Note 1 – Accounting policies (continued)**

### ***Receivables***

Receivables are measured at amortised cost which usually equals nominal value. Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made based on an individual assessment.

### ***Prepayments***

Prepayments recognised under assets comprise incurred expenses related to the following financial year.

### ***Dividends***

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

### ***Current and deferred tax***

Current tax liabilities and current tax receivable are recognised in the balance sheet as tax calculated on the taxable income for the year adjusted for tax on previous years' taxable income and pre-paid taxes.

Deferred tax is measured according to the balance sheet liability method in respect of temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carry forward 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.

Deferred tax is measured in accordance with tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallize as current tax.

### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are subject to an insignificant risk of changes in value.



## Notes

	2018 (DKK '000)	2017 (DKK '000)
<b>Note 2 – Staff Cost</b>		
Wages and Salaries . . . . .	2,568	2,140
Pension cost . . . . .	243	209
Other Expenses to Social Security . . . . .	411	42
Other Staff costs . . . . .	55	57
	<u>3,277</u>	<u>2,448</u>
	(Number)	(Number)
Average Number of Employees . . . . .	<u>4</u>	<u>4</u>

Pursuant to section 98b (3) of the Danish Financial Statements Act, the Group/Company has decided not to disclose information on remuneration of present and previous members of the Executive Board and the Board of Directors.

### Note 3 – Fixed assets

	<b>Computers</b> (DKK '000)
Cost at 1 January 2018 . . . . .	<u>101</u>
Cost 31. December 2018 . . . . .	<u>101</u>
Amortization and impairment at 1 January 2018 . . . . .	99
Amortisation and impairment losses . . . . .	<u>2</u>
Amortization and impairment losses at 31 December 2018 . . . . .	<u>101</u>
Carrying amount at 31 December 2018 . . . . .	<u>=</u>

## Notes

### Note 4 - Investments in subsidiaries

	<b>Equity invest ments in sub- sidiaries (DKK'000)</b>
Cost at 1 January 2018 . . . . .	<u>208</u>
Disposals . . . . .	-208
Cost 31. December 2018 . . . . .	<u>-</u>
Value adjustments at 1 January 2018 . . . . .	<u>-</u>
Value adjustments for the year . . . . .	744,752
Disposals for the year . . . . .	- 744,752
Value adjustments 31 December 2018 . . . . .	<u>-</u>
Carrying amount 31. December 2018 . . . . .	<u><u>-</u></u>

	<b>2018 (DKK'000)</b>	<b>2017 (DKK'000)</b>
<b>Note 5 - Corporation Tax</b>		
Current Corporation Tax . . . . .	2,421	2,669
Adjustment to previous years . . . . .	<u>-</u>	<u>-655</u>
	<u><u>2,421</u></u>	<u><u>2,014</u></u>

### Note 6 - Proposed distribution of profit

Extraordinary dividends . . . . .	744,960	-
Reevaluation of assets to fair value . . . . .	-744,752	-
Retained Earnings . . . . .	<u>13,068</u>	<u>10,950</u>
	<u><u>13,276</u></u>	<u><u>10,950</u></u>

	<b>2018 (DKK'000)</b>
<b>Note 7 - Prepayments</b>	
Prepaid Expenses . . . . .	<u>72</u>
Total Prepayments . . . . .	<u><u>72</u></u>

The majority of the prepaid expenses is for first quarter 2019 office rent.

## Notes

### Note 8 - Contributed capital

The share capital consists of 125 shares of DKK 1,000 each.  
All shares rank equally.

### Note 9 - Contractual obligations and contingencies

The company has lease obligations (operating lease) totalling DKK 215 thousand of which DKK 215 thousand is due in 2018.

### Note 10 - Related Party disclosures

#### Controlling influence

ZeroChaos Netherlands B.V. holds the majority of the contributed capital in the Company.

ZeroChaos (Nordic) ApS is part of the consolidated financial statements of ZeroChaos Netherlands B.V., Beechavenue 54, 1119PW Schiphol-Rijk, Holland, and the consolidated financial statements of APC Workforce Solutions, LLC, 420 S. Orange Ave., Suite 600, Orlando, FL 32801, United States, which are the smallest and largest groups, respectively, in which the Company is included as a subsidiary.

The consolidated financial statements of ZeroChaos Netherlands B.V. can be obtained by contacting the companies at the above addresses.

#### Related party transactions

DKK'000	2018
Intercompany sales of services	1,146
Intercompany purchase of services	-3,411
Extraordinary dividend	744,960
	<u>742,960</u>

Payables to associates and subsidiaries are disclosed in the balance sheet.