

Chora Crypto Systems A/S

Klosterport 4 A, 8000 Aarhus C

CVR no. 30 72 64 64



Annual report 2015

Approved at the annual general meeting of shareholders on 19 May 2016

Chairman:

Søren Dirigant

Søren Dirigant

.....
Niels Bus

EY

Building a better
working world



Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditors' report	3
Management's review	4
Company details	4
Operating review	5
Financial statements for the period 1 January - 31 December	6
Income statement	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9

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 Crypto Systems A/S for the financial year 1 January - 31 December 2015.

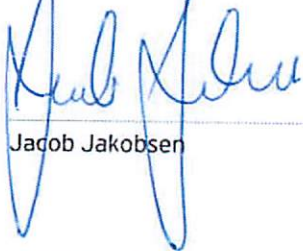
The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

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, 19 May 2016
Executive Board:




Jacob Jakobsen

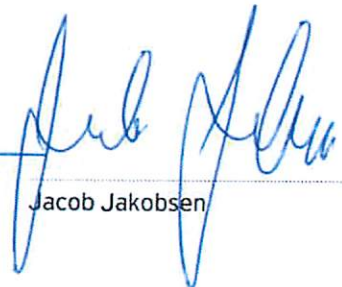
Board of Directors:



Niels Buus
Chairman



Mark Fitzhugh



Jacob Jakobsen



Thomas Fabricius

Independent auditors' report

To the shareholders of Chora Crypto Systems A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Chora Crypto Systems A/S for the financial year 1 January - 31 December 2015, 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.

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.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Aarhus, 19 May 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28


Mads Meldgaard
State Authorised Public Accountant



Management's review

Company details

Name	Chora Crypto Systems A/S
Address, Postal code, City	Klosterport 4 A, 8000 Aarhus C
CVR No.	30 72 64 64
Registered office	Aarhus
Financial year	1 January - 31 December
Board of Directors	Niels Buus, Chairman Mark Fitzhugh Jacob Jakobsen Thomas Fabricius
Executive Board	Jacob Jakobsen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, P O Box 330, 8100 Aarhus C, Denmark



Management's review

Operating review

The Company's business review

The Company is primarily engaged in designing and developing cryptographic algorithms and systems, related production and trade and other related activities.

Financial review

The income statement for 2015 shows a profit of DKK 80,698 against a loss of DKK 362,816 last year, and the balance sheet at 31 December 2015 shows equity of DKK 1,295,371.

The result is considered satisfactory. A similar result is expected in 2016.

Post balance sheet events

No significant events have occurred subsequent to the financial year.



Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2015	2014
	Gross profit	881,618	244,178
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-697,835	-765,209
	Operating profit/loss	183,783	-521,031
2	Financial income	2,691	131,719
3	Financial expenses	-158,101	0
	Profit/loss before tax	28,373	-389,312
4	Tax for the year	52,325	26,496
	Profit/loss for the year	80,698	-362,816
	Proposed profit appropriation/distribution of loss		
	Retained earnings/accumulated loss	80,698	-362,816
		80,698	-362,816

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2015	2014
	ASSETS		
	Non-current assets		
5	Intangible assets		
	Completed development projects	5,449,714	2,224,480
		<u>5,449,714</u>	<u>2,224,480</u>
	Total non-current assets	<u>5,449,714</u>	<u>2,224,480</u>
	Current assets		
	Inventories		
	Finished goods and goods for resale	233,009	233,009
		<u>233,009</u>	<u>233,009</u>
	Receivables		
	Receivables from group entities	751,262	443,048
	Other receivables	126,191	152,045
		<u>877,453</u>	<u>595,093</u>
	Securities and investments		
	Other securities and investments	2,120	6,320
		<u>2,120</u>	<u>6,320</u>
	Cash	171,360	5,621
	Total current assets	<u>1,283,942</u>	<u>840,043</u>
	TOTAL ASSETS	<u>6,733,656</u>	<u>3,064,523</u>
	EQUITY AND LIABILITIES		
	Equity		
6	Share capital	500,000	500,000
	Retained earnings	795,371	714,673
	Total equity	<u>1,295,371</u>	<u>1,214,673</u>
	Provisions		
	Deferred tax	1,198,937	500,000
	Total provisions	<u>1,198,937</u>	<u>500,000</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Payables to group entities	4,102,427	1,328,415
	Other payables	136,921	21,435
		<u>4,239,348</u>	<u>1,349,850</u>
	Total liabilities other than provisions	<u>4,239,348</u>	<u>1,349,850</u>
	TOTAL EQUITY AND LIABILITIES	<u>6,733,656</u>	<u>3,064,523</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	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2015	500,000	714,673	1,214,673
Profit/loss for the year	0	80,698	80,698
Equity at 31 December 2015	<u>500,000</u>	<u>795,371</u>	<u>1,295,371</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Chora Crypto Systems A/S for 2015 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The accounting policies applied by the Company are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner.

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.

Income statement

Revenue

Revenue comprises consultancy fees and sale of software and is recognised at the date of invoicing.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

Other external expenses

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

Amortisation/depreciation and impairment of intangible assets and property, plant and equipment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Completed development projects	4 years
--------------------------------	---------

Financial income and expenses

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

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Development costs comprise expenses and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On the completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining term of the patent, and licences are amortised over the term of the licence.

Impairment of non-current assets

Intangible assets are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale and raw materials are measured at cost, comprising purchase price plus repatriation costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and direct production overheads. Indirect production overheads and borrowing costs are not recognised in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

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

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Write-downs 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.

Other payables

Other payables are measured at net realisable value.

DKK	2015	2014
2 Financial income		
Interest receivable, group entities	1,432	129,385
Other financial income	1,259	2,334
	2,691	131,719

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK		2015	2014
3	Financial expenses		
	Interest expenses, group entities	153,896	0
	Other financial expenses	4,205	0
		<u>158,101</u>	<u>0</u>
4	Tax for the year		
	Estimated tax charge for the year	-751,262	-443,048
	Deferred tax adjustments in the year	698,937	416,552
		<u>-52,325</u>	<u>-26,496</u>
5	Intangible assets		
	DKK		Completed development projects
	Cost at 1 January 2015		9,928,128
	Additions in the year		3,923,069
	Cost at 31 December 2015		<u>13,851,197</u>
	Impairment losses and amortisation at 1 January 2015		7,703,648
	Amortisation/depreciation in the year		697,835
	Impairment losses and amortisation at 31 December 2015		<u>8,401,483</u>
	Carrying amount at 31 December 2015		<u>5,449,714</u>
	Amortised over		<u>4 years</u>
	DKK	2015	2014
6	Share capital		
	The share capital consists of the following:		
	500,000 shares of DKK 1.00 each	500,000	500,000
		<u>500,000</u>	<u>500,000</u>

The Company's share capital has remained DKK 500,000 over the past 5 years.

7 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its parent company, Jacob Jakobsen Gruppen ApS, which acts as administrative company, and has joint and several 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 falling due for payment on or after 1 July 2012.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

8 Related parties

Chora Crypto Systems A/S' related parties comprise the following:

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent's consolidated financial statements</u>
Chora Gruppen A/S	Aarhus	Danish Business Authority www.datacvr.virk.dk

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:

<u>Name</u>	<u>Domicile</u>
Chora Gruppen A/S	Aarhus