

# Chora Software Design A/S

Klosterport 4 A, 8000 Aarhus C

CVR no. 30 72 64 72



## Annual report 2015

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

~~Chairman~~

*Søren Dirigant*

.....  
~~Nick Børns~~

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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 Software Design A/S for the financial year 1 January - 31 December 2015.

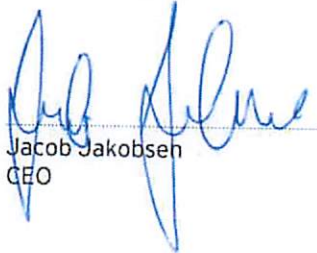
The annual report is prepared in accordance with the Danish Financial Statements Act.

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:

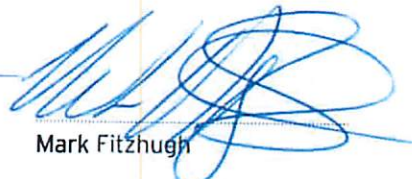


Jacob Jakobsen  
CEO

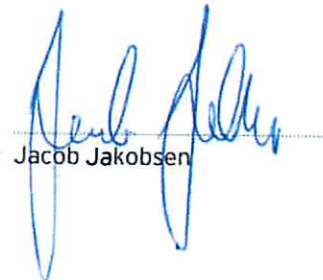
Board of Directors:



Niels Bruus  
Chairman



Mark Fitzhugh



Jacob Jakobsen



Thomas Fabricius

## Independent auditors' report

To the shareholders of Chora Software Design A/S

### Independent auditors' report on the financial statements

We have audited the financial statements of Chora Software Design 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  
Address, Postal code, City

Chora Software Design A/S  
Klosterport 4 A, 8000 Aarhus C

CVR No.  
Registered office  
Financial year

30 72 64 72  
Aarhus  
1 January - 31 December

Board of Directors

Niels Buus, Chairman  
Mark Fitzhugh  
Jacob Jakobsen  
Thomas Fabricius

Executive Board

Jacob Jakobsen, CEO

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 the design and development of IT systems, production and trade as well as related activities.

The Company provides services for sale and also acts as subsupplier of services to group enterprises.

#### Financial review

The income statement for 2015 shows a profit of DKK 319,134 against a loss of DKK 641,956 last year, and the balance sheet at 31 December 2015 shows equity of DKK 1,723,764.

#### Post balance sheet events

No significant events have occurred subsequent to the financial year.

#### Outlook

The Companies will show fluctuations in results from year to year because the Companies revenue consists of few but larger orders. The Company has in 2015 received a larger order with positive influence on 2015 and 2016 and a profit in 2016 is expected.

The Company is expected to merge with the sister company ITAS A/S in 2016.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2015	2014
	Gross profit		
2	Staff costs	4,551,542	3,313,042
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-3,973,659	-4,137,378
	Operating profit/loss	-107,943	-141,333
3	Financial income	469,940	-965,669
4	Financial expenses	136,306	39,846
	Profit/loss before tax	-138,042	-37,679
5	Tax for the year	468,204	-963,502
	Profit/loss for the year	-149,070	321,546
		<u>319,134</u>	<u>-641,956</u>
	Proposed profit appropriation/distribution of loss		
	Retained earnings/accumulated loss	319,134	-641,956
		<u>319,134</u>	<u>-641,956</u>

## Financial statements for the period 1 January - 31 December

### Balance sheet

Note	DKK	2015	2014
	<b>ASSETS</b>		
	Non-current assets		
6	Intangible assets		
	Completed development projects	57,366	86,055
		<u>57,366</u>	<u>86,055</u>
7	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	159,048	67,006
		<u>159,048</u>	<u>67,006</u>
	<b>Total non-current assets</b>	<u>216,414</u>	<u>153,061</u>
	Current assets		
	Receivables		
	Trade receivables	1,116,625	0
	Work in progress for third parties	1,251,976	9,076
	Receivables from group entities	161,711	1,102,650
	Deferred tax assets	0	45,343
	Other receivables	176,825	173,219
	Prepayments	86,385	74,451
		<u>2,793,522</u>	<u>1,404,739</u>
	Securities and investments		
	Other securities and investments	2,120	6,320
		<u>2,120</u>	<u>6,320</u>
	<b>Cash</b>	<u>550,317</u>	<u>646,946</u>
	<b>Total current assets</b>	<u>3,345,959</u>	<u>2,058,005</u>
	<b>TOTAL ASSETS</b>	<u>3,562,373</u>	<u>2,211,066</u>
	<b>EQUITY AND LIABILITIES</b>		
	Equity		
8	Share capital	500,000	500,000
	Retained earnings	1,223,764	904,630
	<b>Total equity</b>	<u>1,723,764</u>	<u>1,404,630</u>
	Provisions		
	Deferred tax	265,438	0
	<b>Total provisions</b>	<u>265,438</u>	<u>0</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	216,766	88,119
	Payables to group entities	340,534	0
	Other payables	1,015,871	718,317
		<u>1,573,171</u>	<u>806,436</u>
	<b>Total liabilities other than provisions</b>	<u>1,573,171</u>	<u>806,436</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>3,562,373</u>	<u>2,211,066</u>

- 1 Accounting policies  
9 Collateral  
10 Contractual obligations and contingencies, etc.  
11 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	904,630	1,404,630
Profit/loss for the year	0	319,134	319,134
Equity at 31 December 2015	<u>500,000</u>	<u>1,223,764</u>	<u>1,723,764</u>

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Chora Software Design 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

Consultancy fees and the sale of software are recognised at the date of invoicing. Work in progress is recognised at the sales value based on the degree of completion.

##### 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 cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

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
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## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

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

Other fixtures and fittings, tools and equipment      3-7 years

#### 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 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 administrative 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 administrative company.

#### Balance sheet

##### Intangible assets

Development costs comprise expenses, salaries 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 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.

Gains and losses on the sale of intangible assets are recognised in the income statement under 'Other operating income' or 'Other operating expenses', respectively. Gains and losses are calculated by reference to the difference between the selling price less selling expenses and the carrying amount at the time of sale.



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

The basis of depreciation is cost less any expected residual value after the end of the useful life.

Cost comprises purchase price and costs directly or indirectly related to the acquisition until the date when the asset is ready for use.

##### Impairment of non-current assets

Intangible assets, property, plant and equipment 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.

##### 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.

##### Work in progress for third parties

Ongoing service supplies and work in progress for third parties are measured at the market value of the work performed less advances received. The market value is calculated on the basis of the percentage of completion at the balance sheet date and the total expected income from the relevant contract. The percentage of completion is made up based on costs incurred relative to the expected, total expenses on each individual work in progress.

Where the outcome of contract work in progress cannot be made up reliably, the market value is measured at the costs incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under 'Provisions' and is expensed in the income statement.

The value of each contract in progress less prepayments is classified as assets when the market value exceeds prepayments and as liabilities when prepayments exceeds the market value.



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

##### Securities and investments

Securities and investments are measured at fair value. The fair value is made up at the market value at the balance sheet date if the securities are listed and at a value made up using generally recognised valuation principles if the securities are unlisted.

##### Equity

##### *Proposed dividends*

Dividends proposed for the financial year are presented as a separate item under 'Equity'.

##### Other payables

Other payables are measured at net realisable value.

DKK		2015	2014
2	<b>Staff costs</b>		
	Wages/salaries	3,547,579	3,666,088
	Pensions	275,953	306,350
	Other social security costs	41,720	53,148
	Other staff costs	108,407	111,792
		<u>3,973,659</u>	<u>4,137,378</u>
3	<b>Financial income</b>		
	Interest receivable, group entities	135,407	36,232
	Other financial income	899	3,614
		<u>136,306</u>	<u>39,846</u>
4	<b>Financial expenses</b>		
	Interest expenses, group entities	121,664	25,680
	Other financial expenses	16,378	11,999
		<u>138,042</u>	<u>37,679</u>

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

DKK		<u>2015</u>	<u>2014</u>
5	Tax for the year		
	Estimated tax charge for the year	-161,711	-240,551
	Deferred tax adjustments in the year	<u>310,781</u>	<u>-80,995</u>
		<u>149,070</u>	<u>-321,546</u>
6	Intangible assets		
	DKK		<u>Completed development projects</u>
	Cost at 1 January 2015		114,741
	Cost at 31 December 2015		<u>114,741</u>
	Impairment losses and amortisation at 1 January 2015		28,686
	Impairment losses in the year		<u>28,689</u>
	Impairment losses and amortisation at 31 December 2015		57,375
	Carrying amount at 31 December 2015		<u>57,366</u>
	Amortised over		<u>4 years</u>
7	Property, plant and equipment		
	DKK		<u>Other fixtures and fittings, tools and equipment</u>
	Cost at 1 January 2015		942,338
	Additions in the year		<u>171,296</u>
	Cost at 31 December 2015		1,113,634
	Impairment losses and depreciation at 1 January 2015		875,332
	Amortisation/depreciation in the year		<u>79,254</u>
	Impairment losses and depreciation at 31 December 2015		954,586
	Carrying amount at 31 December 2015		<u>159,048</u>
	Amortised over		<u>3-7 years</u>
DKK		<u>2015</u>	<u>2014</u>
8	Share capital		
	The share capital consists of the following:		
	500,000 shares of DKK 1.00 each	<u>500,000</u>	<u>500,000</u>
		<u>500,000</u>	<u>500,000</u>

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

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 9 Collateral

The Company has provided a company charge of DKK 2,000 thousand as security for bank debt. At 31 December 2015 bank debt is DKK 0.

The value of the assets included in the company charge is DKK 1,333 thousand.

#### 10 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 the payment of corporation taxes for the income year 2013 and onwards as well for withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

##### Other financial obligations

A rent obligation of DKK 140 thousand is incumbent on the Company.

#### 11 Related parties

Chora Software Design 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 <a href="http://www.datacvr.virk.dk">www.datacvr.virk.dk</a>

##### 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