Chora A/S

Mindet 2, 3., 8000 Aarhus C

CVR no. 30 72 64 72

Annual report 2017

Approved at the Company's annual general meeting on 18 April 2018

Chairman:

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Building a better working world

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Chora A/S for the financial year 1 January - 31 December 2017.

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 financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

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, 18 April 2018
Executive Board:

Jacob Jakobsen
CEO

Board of Directors:

Søren Bruun Rasmussen
Chairman

Mark Fitzhugh

Jacob Jakobsen

Thomas Fabricius

Independent auditor's report

To the shareholders of Chora A/S

Opinion

We have audited the financial statements of Chora A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity 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 financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group 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.

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 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 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 judgement and maintain professional scepticism 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.

Independent auditor's report

- 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 note 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.

Aarhus, 18 April 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Gert Foldager
State Authorised Public Accountant
MNE no. mne10871

Management's review

Company details

Name	Chora A/S
Address, Postal code, City	Mindet 2, 3., 8000 Aarhus C
CVR no.	30 72 64 72
Registered office	Aarhus
Financial year	1 January - 31 December
Board of Directors	Søren Bruun Rasmussen, 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

Business review

The Company is primarily engaged in design, development, production and trade of IT systems as well as related activities.

The Company provides sales services and also acts as subsupplier of services to group entities.

Financial review

The income statement for 2017 shows a profit of DKK 2,205,820 against a profit of DKK 7,158,791 last year, and the balance sheet at 31 December 2017 shows equity of DKK 12,559,062.

Events after the balance sheet date

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

Outlook

The Company's results fluctates from year to year because the Company's revenue consists of a few large orders. A profit is expected in 2018.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2017	2016
	Gross margin	11,353,182	17,469,730
2	Staff costs	-5,947,237	-4,754,441
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-2,412,335	-3,419,466
	Profit before net financials	2,993,610	9,295,823
	Financial income	4,987	4,238
3	Financial expenses	-152,337	-89,431
	Profit before tax	2,846,260	9,210,630
	Tax for the year	-640,440	-2,051,839
	Profit for the year	2,205,820	7,158,791
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	0	5,000,000
	Reserve for development costs	2,099,651	3,189,245
	Retained earnings/accumulated loss	106,169	-1,030,454
		2,205,820	7,158,791

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2017	2016
	ASSETS		
	Fixed assets		
4	**Intangible assets**		
	Completed development projects	11,698,143	9,591,793
		11,698,143	9,591,793
5	**Property, plant and equipment**		
	Other fixtures and fittings, tools and equipment	771,435	498,059
	Leasehold improvements	300,102	234,444
		1,071,537	732,503
	Total fixed assets	12,769,680	10,324,296
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	1,460,382	1,060,727
		1,460,382	1,060,727
	Receivables		
	Trade receivables	6,164,168	9,623,017
	Receivables from group entities	0	633,323
	Other receivables	482,693	969,269
	Prepayments	366,406	98,074
		7,013,267	11,323,683
	Securities and investments		
	Other securities and investments	7,680	6,624
		7,680	6,624
	Cash	1,029,066	5,108,373
	Total non-fixed assets	9,510,395	17,499,407
	TOTAL ASSETS	22,280,075	27,823,703

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2017	2016
	EQUITY AND LIABILITIES		
	Equity		
6	Share capital	1,800,000	1,800,000
	Reserve for development costs	5,288,896	3,189,245
	Retained earnings	5,470,166	5,363,997
	Dividend proposed for the year	0	5,000,000
	Total equity	12,559,062	15,353,242
	Provisions		
	Deferred tax	2,552,000	2,115,962
	Total provisions	2,552,000	2,115,962
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Prepayments received from customers	508,959	4,000,000
	Trade payables	723,389	1,772,223
	Payables to group entities	3,881,214	43,427
	Income taxes payable	204,402	1,787,061
	Other payables	1,851,049	2,751,788
		7,169,013	10,354,499
	Total liabilities other than provisions	7,169,013	10,354,499
	TOTAL EQUITY AND LIABILITIES	22,280,075	27,823,703

1 Accounting policies
7 Contractual obligations and contingencies, etc.
8 Collateral

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Reserve for development costs	Retained earnings	Dividend proposed for the year	Total
Equity at 1 January 2017	1,800,000	3,189,245	5,363,997	5,000,000	15,353,242
Transfer through appropriation of profit	0	2,099,651	106,169	0	2,205,820
Dividend distributed	0	0	0	-5,000,000	-5,000,000
Equity at 31 December 2017	1,800,000	5,288,896	5,470,166	0	12,559,062

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

Chora A/S' annual report for 2017 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

In accordance with section 110(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

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

Reporting currency

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

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and 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 rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent 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 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.

Amortisation/depreciation

The item comprises amortisation/depreciation 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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

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

Completed development projects	5 years
Other fixtures and fittings, tools and equipment	3-7 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

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.

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 areidentifiable 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 as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Impairment of fixed 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 are 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 groups of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

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

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

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.

Work in progress for third parties

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses 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 work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Financial statements 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 consisting in listed shares and bonds are measured at fair value (market price) at the balance sheet date. Investments not admitted to trading on an active market are measured at cost.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Proposed dividends

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

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Other payables

Other payables are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

	DKK	2017	2016
2	**Staff costs**		
	Wages/salaries	4,899,126	4,193,799
	Pensions	580,107	336,409
	Other social security costs	104,508	56,748
	Other staff costs	363,496	167,485
		5,947,237	4,754,441
	Average number of full-time employees	10	9
3	**Financial expenses**		
	Interest expenses, group entities	114,000	0
	Other financial expenses	38,337	89,431
		152,337	89,431

4 **Intangible assets**

DKK	Completed development projects
Cost at 1 January 2017	18,185,045
Additions in the year	4,021,490
Cost at 31 December 2017	22,206,535
Impairment losses and amortisation at 1 January 2017	8,593,252
Amortisation/depreciation in the year	1,915,140
Impairment losses and amortisation at 31 December 2017	10,508,392
Carrying amount at 31 December 2017	11,698,143
Amortised over	5 years

Financial statements 1 January - 31 December

Notes to the financial statements

5 Property, plant and equipment

DKK	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2017	1,548,960	258,771	1,807,731
Additions in the year	617,472	218,756	836,228
Cost at 31 December 2017	2,166,432	477,527	2,643,959
Impairment losses and depreciation at 1 January 2017	1,050,901	24,327	1,075,228
Amortisation/depreciation in the year	344,096	153,098	497,194
Impairment losses and depreciation at 31 December 2017	1,394,997	177,425	1,572,422
Carrying amount at 31 December 2017	771,435	300,102	1,071,537
Depreciated over	3-7 years		

6 Share capital

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

DKK	2017	2016	2015	2014	2013
Opening balance	1,800,000	500,000	500,000	500,000	500,000
Capital increase	0	1,300,000	0	0	0
	1,800,000	1,800,000	500,000	500,000	500,000

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 management company and is jointly and severally liable together with other jointly-taxed group entities for the payment of corporation taxes for 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.

Other financial obligations

A rent obligation of DKK 2,530 thousand, hereof DKK 779 thousand within one year (2016: DKK 3,309 thousand) is incumbent on the Company.

8 Collateral

The Company has provided a company charge of DKK 2,000 thousand as security for bank debt.

Bank debt at 31 December 2017 is DKK 0.

The value of the assets included in the company charge is DKK 15,499 thousand.