
Chora A/S

Mindet 2, 3., DK-8000 Aarhus C

Annual Report for 2020

CVR No. 30 72 64 72

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 14/4 2021

Jacob Jakobsen
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Chora A/S for the financial year 1 January - 31 December 2020.

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 at 31 December 2020 of the Company and of the results of the Company operations for 2020.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Aarhus C, 14 April 2021

Executive Board

Jacob Jakobsen
CEO

Board of Directors

Søren Bruun Rasmussen
Chairman

Mark Fitzhugh

Jacob Jakobsen

Thomas Fabricius

Independent Auditor's report

To the shareholder of Chora A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Chora A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

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.

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- 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.

Aarhus C, 14 April 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Mads Meldgaard

State Authorised Public Accountant

mne24826

Martin Stenstrup Toft

State Authorised Public Accountant

mne42786

Company information

The Company	Chora A/S Mindet 2, 3. DK-8000 Aarhus C CVR No: 30 72 64 72 Financial period: 1 January - 31 December Incorporated: 9 July 2007 Financial year: 14th financial year Municipality of reg. office: Aarhus
Board of Directors	Søren Bruun Rasmussen, Chairman Mark Fitzhugh Jacob Jakobsen Thomas Fabricius
Executive board	Jacob Jakobsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 8000 Aarhus C

Management's review

Key activities

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.

Development in the year

The income statement of the Company for 2020 shows a profit of DKK 6,981,515, and at 31 December 2020 the balance sheet of the Company shows positive equity of DKK 14,796,117.

Subsequent events

No events after the balance sheet date have had a significant impact on the company's financial position as of December 31, 2020.

Income statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
Gross profit/loss		27,595,879	10,313,171
Staff expenses	1	-11,158,537	-9,120,969
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-7,378,169	-2,423,787
Profit/loss before financial income and expenses		9,059,173	-1,231,585
Financial income	2	18,031	17,313
Financial expenses	3	-435,161	-519,730
Profit/loss before tax		8,642,043	-1,734,002
Tax on profit/loss for the year	4	-1,660,528	373,030
Net profit/loss for the year		6,981,515	-1,360,972

Distribution of profit

	2020 DKK	2019 DKK
Proposed distribution of profit		
Retained earnings	6,981,515	-1,360,972
	6,981,515	-1,360,972

Balance sheet 31 December

Assets

	Note	2020 DKK	2019 DKK
Completed development projects		12,532,320	7,636,233
Development projects in progress		305,177	8,659,636
Intangible assets	5	12,837,497	16,295,869
Other fixtures and fittings, tools and equipment		454,570	311,730
Leasehold improvements		72,832	26,681
Property, plant and equipment	6	527,402	338,411
Fixed assets		13,364,899	16,634,280
Finished goods and goods for resale		2,064,025	2,939,902
Inventories		2,064,025	2,939,902
Trade receivables		990,196	1,103,405
Contract work in progress		0	1,275
Receivables from group enterprises		1,162,929	431,057
Other receivables		468,498	680,479
Corporation tax		0	801,978
Corporation tax receivable from group enterprises		0	44,153
Prepayments		242,726	449,528
Receivables		2,864,349	3,511,875
Current asset investment		9,312	9,312
Cash at bank and in hand		33,045,628	1,659,755
Current assets		37,983,314	8,120,844
Assets		51,348,213	24,755,124

Balance sheet 31 December

Liabilities and equity

	Note	2020	2019
		DKK	DKK
Share capital		1,800,000	1,800,000
Reserve for development costs		5,720,893	6,605,442
Retained earnings		7,275,224	-590,839
Equity		14,796,117	7,814,603
Provision for deferred tax		2,753,511	2,945,075
Provisions		2,753,511	2,945,075
Credit institutions		104,680	8,556,956
Prepayments received from customers		19,861,020	0
Trade payables		632,310	1,864,193
Payables to group enterprises		0	2,206,191
Corporation tax		1,852,092	0
Other payables		11,348,483	1,368,106
Short-term debt		33,798,585	13,995,446
Debt		33,798,585	13,995,446
Liabilities and equity		51,348,213	24,755,124
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Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	1,800,000	8,418,423	293,709	10,512,132
Development costs for the year	0	-2,697,530	0	-2,697,530
Net profit/loss for the year	0	0	6,981,515	6,981,515
Equity at 31 December	1,800,000	5,720,893	7,275,224	14,796,117

Notes to the Financial Statements

	<u>2020</u>	<u>2019</u>
	DKK	DKK
1. Staff Expenses		
Wages and salaries	10,801,771	8,728,332
Pensions	200,123	208,261
Other social security expenses	30,866	19,598
Other staff expenses	125,777	164,778
	<u>11,158,537</u>	<u>9,120,969</u>
Average number of employees	<u>12</u>	<u>14</u>

	<u>2020</u>	<u>2019</u>
	DKK	DKK
2. Financial income		
Interest received from group enterprises	17,332	17,179
Other financial income	699	134
	<u>18,031</u>	<u>17,313</u>

	<u>2020</u>	<u>2019</u>
	DKK	DKK
3. Financial expenses		
Interest paid to group enterprises	95,189	74,993
Other financial expenses	304,730	444,737
Exchange loss	35,242	0
	<u>435,161</u>	<u>519,730</u>

	<u>2020</u>	<u>2019</u>
	DKK	DKK
4. Income tax expense		
Current tax for the year	1,852,092	-846,131
Deferred tax for the year	-191,564	1,348,320
Adjustment of tax concerning previous years	0	-875,219
	<u>1,660,528</u>	<u>-373,030</u>

Notes to the Financial Statements

5. Intangible fixed assets

	Completed development projects	Develop- ment projects in progress
	DKK	DKK
Cost at 1 January	21,928,525	8,659,636
Additions for the year	330,152	3,443,861
Disposals for the year	-6,997,788	0
Transfers for the year	11,798,320	-11,798,320
Cost at 31 December	<u>27,059,209</u>	<u>305,177</u>
Impairment losses and amortisation at 1 January	14,292,292	0
Amortisation for the year	7,232,385	0
Reversal of amortisation of disposals for the year	-6,997,788	0
Impairment losses and amortisation at 31 December	<u>14,526,889</u>	<u>0</u>
Carrying amount at 31 December	<u>12,532,320</u>	<u>305,177</u>
Amortised over	<u>4-5 years</u>	

Development projects relate to the development of new hardware and software products within communication. At 31. December 2020 there are two projects in progress and the rest are completed projects. The projects are progressing according to plan.

Management have not identified any indications of impairment at 31. December 2020

Notes to the Financial Statements

6. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	1,650,371	498,479
Additions for the year	280,697	54,078
Disposals for the year	-39,697	0
Cost at 31 December	<u>1,891,371</u>	<u>552,557</u>
Impairment losses and depreciation at 1 January	1,338,641	471,798
Depreciation for the year	137,857	7,927
Impairment and depreciation of sold assets for the year	-39,697	0
Impairment losses and depreciation at 31 December	<u>1,436,801</u>	<u>479,725</u>
Carrying amount at 31 December	<u>454,570</u>	<u>72,832</u>
Amortised over	<u>3 - 7 years</u>	<u>3 years</u>
	<u>2020</u>	<u>2019</u>
	DKK	DKK

7. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bankers:

Company charge of TDKK 4,000, which provides security on fixed assets and fixtures, receivables from sale of goods and services, inventories and intangible assets at a total carrying amount of DKK	24,465,524	20,677,588
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Other contingent liabilities

Contracts from renting and leasing of total	792,329	1,496,128
Herof a total within one year	792,329	1,201,112

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Jacob Jakobsen Gruppen ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

8. Accounting policies

The Annual Report of Chora A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for 2020 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income statement

Net sales

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Notes to the Financial Statements

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and as well as office expenses, etc.

Other external expenses also include research and development costs that do not qualify for capitalisation.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Chora Gruppen A/S and Jacob Jakobsen Gruppen ApS. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 4-5 year.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-7 years
Leasehold improvements	3-7 years
Completed development projects	4-5 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Inventories

Inventories are measured at the lower of cost based on weighted average prices and net realisable value.

Notes to the Financial Statements

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Fixed asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.