

# Intec Telecom Systems Denmark A/S

c/o TMF Denmark A/S, Købmagergade 60, 1. tv., 1150 København K

CVR no. 15 99 09 88

## Annual report 2019

Approved at the Company's annual general meeting on 12 May 2020

Chairman:



D. A. Parkinson (May 12, 2020)





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## 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 Intec Telecom Systems Denmark A/S for the financial year 1 January - 31 December 2019.

The annual report, which has not been audited, has been prepared in accordance with the provisions of the Danish Financial Statements Act. The Board of Directors and the Executive Board have considered the criteria for omission of audit to be met.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

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.

Copenhagen, 12 May 2020  
Executive Board:

  
D.A.Parkinson (May 12, 2020)  
Darren Alexander Parkinson

Board of Directors:

  
Fiona O'Connor (May 12, 2020)  
Fiona Mary O'Connor  
Chairman

  
David Neil Schaaf

  
D.A.Parkinson (May 12, 2020)  
Darren Alexander Parkinson

## Independent auditor's report on the compilation of financial statements

To the general management of Intec Telecom Systems Denmark A/S

We have compiled the financial statements of Intec Telecom Systems Denmark A/S for the financial year 1 January - 31 December 2019 based on the Company's bookkeeping and other information provided.

The financial statements comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies.

We performed this compilation engagement in accordance with ISRS 4410 Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of the financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant ethical requirements in the Danish act on approved auditors and audit firms and FSR - Danish Auditors' code of ethics, including principles of integrity, objectivity, professional competence and due care.

The financial statements and the accuracy and completeness of the information used to compile the financial statements are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile the financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether the financial statements are prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 12 May 2020

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Claus Tanggaard Jacobsen  
State Authorised Public Accountant  
mne23314



## Management's review

### Company details

Name	Intec Telecom Systems Denmark A/S c/o TMF Denmark A/S, Købmagergade 60, 1. tv., 1150 København K
Address, Postal code, City	
CVR no.	15 99 09 88
Established	1 February 1992
Registered office	København
Financial year	1 January - 31 December
Board of Directors	Fiona Mary O'Connor, Chairman David Neil Schaaf Darren Alexander Parkinson
Executive Board	Darren Alexander Parkinson
Accountant	Ernst & Young Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

## Management's review

### Business review

The main activity of the Intec Denmark Group in the past was the sale of license rights for billing software and related consultancy services. The Group's activities have ceased, and all entities within the Group are non-trading with minimal levels of administration overheads.

Intec Denmark is primarily an investment holding company.

### Financial review

The income statement for 2019 shows a profit of DKK 521 thousand against a profit of DKK 1,076 thousand last year, and the balance sheet at 31 December 2019 shows a negative equity of DKK 174,616 thousand. Management considers the Company's financial performance in the year satisfactory.

### Capital resources

It is the intention of the Parent Company to run the Company with only small level of trading activity until the remaining subsidiary has either been closed or merged into other Group companies.

We refer to note 2 to the financial statements, in which the capital resources are outlined.

### Foreign branches

The Company has one remaining subsidiary, which is non-trading. The estimated costs of liquidating this subsidiary exceed the benefit, and as such, there are no plans to liquidate this in the near term.

### Events after the balance sheet date

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



## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2019	2018
	Gross profit	17	122
	Administrative expenses	-10	-104
	Operating profit	7	18
	Financial expenses	-6	-9
	Profit before tax	1	9
	Tax for the year	520	1,067
	Profit for the year	521	1,076
	Recommended appropriation of profit		
	Retained earnings	521	1,076
		521	1,076

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2019	2018
	<b>ASSETS</b>		
	Fixed assets		
3	Investments		
	Investments in group enterprises	0	0
		0	0
	Total fixed assets	0	0
	Non-fixed assets		
	Receivables		
	Corporation tax receivable	156	318
	Other receivables	0	3
		156	321
	Cash	535	403
	Total non-fixed assets	691	724
	<b>TOTAL ASSETS</b>	<b>691</b>	<b>724</b>
	<b>EQUITY AND LIABILITIES</b>		
	Equity		
4	Share capital	14,585	14,585
	Retained earnings	-189,201	-189,202
	Total equity	-174,616	-174,617
	Liabilities other than provisions		
5	Non-current liabilities other than provisions		
	Subordinate loan capital	172,805	172,805
		172,805	172,805
	Current liabilities other than provisions		
	Payables to group enterprises	2,406	2,399
	Other payables	96	137
		2,502	2,536
	Total liabilities other than provisions	175,307	175,341
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>691</b>	<b>724</b>

- 1 Accounting policies
- 2 Going concern uncertainties
- 6 Contractual obligations and contingencies, etc.
- 7 Related parties





## Financial statements 1 January - 31 December

### Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2019	14,585	-189,202	-174,617
Transfer through appropriation of profit	0	521	521
Tax on items recognised directly in equity	0	-520	-520
Equity at 31 December 2019	<u>14,585</u>	<u>-189,201</u>	<u>-174,616</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Intec Telecom Systems Denmark A/S for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

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

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

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### 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.

#### Foreign group entities

Foreign subsidiaries and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Foreign exchange adjustments of balances with separate foreign subsidiaries, which are considered part of the aggregate investment in the subsidiary, are taken directly to equity, and foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are recognised directly in equity.

On recognition of foreign subsidiaries which are integral entities, monetary items are translated at closing rates. Non monetary items are translated at the exchange rate at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date. However, items derived from non monetary items are translated at historical exchange rates for the non monetary item.

### Income statement

#### Revenue

With effect from 1 January 2013 the company agreed to act as an agent of another group company based in the UK. Under this agreement, the company is now an agent for the group company and all customer revenue is passed in full to the group company. The group company is responsible for all risk associated with revenue and the underlying contracts.

The group company also agreed to reimburse all costs of the company plus an appropriate mark-up.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Gross profit

The items revenue, production costs and other operating income have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

##### Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

##### Research and development costs

The item includes research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs.

##### Profit from investments in subsidiaries and associates

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries and associates are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made to equity investments in subsidiaries.

##### Financial expenses

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

##### Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

##### Investments in subsidiaries and associates

Equity investments in subsidiaries and associates are measured according to the equity method.

On initial recognition, equity investments in subsidiaries and associates are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deducted from the carrying amount.

Equity investments in subsidiaries and associates measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

##### Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

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.

##### 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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the subsidiaries' income taxes vis à vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

#### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

#### Subordinate loan capital

Liabilities where the creditors have stated they are willing to subordinate their claim to rank after all the entity's other creditors are presented as subordinate loan capital. Subordinate loan capital is recognised using the same method as applies to liabilities.

#### 2 Going concern uncertainties

To ensure that the Company has sufficient cash for continuing operations in the foreseeable future, Management has received a "Letter of Support" from the Parent Company that will provide the required financial liquidity as requirements arise.

Based on the "Letter of Support" and that the required cash will be provided as the need occurs, Management has prepared the financial statements on the going concern assumption. It is Management's opinion that the Company will have sufficient cash to continue as a going concern in the foreseeable future at least for the next 12 months.

#### 3 Investments

Name	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Subsidiaries				
Digiquant Inc.	USA	100.00%	-111,678	0

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2019	2018
4 Share capital		
Analysis of the share capital:		
214,205,863 A shares of DKK 0.05 nominal value each	10,710	10,710
77,507,677 D shares of DKK 0.05 nominal value each	3,875	3,875
	<u>14,585</u>	<u>14,585</u>

There has been no changes in the share capital over the past five years.

In the event of a liquidation or the change of ownership of the Company, the class D-shares have a preference and will rank ahead of the class A-shares. Beside this, there are no differences between the share classes.

The Company's share capital has remained DKK 14,585 thousand in the past year.

### 5 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2019	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Subordinate loan capital	172,805	0	172,805	172,805
	<u>172,805</u>	<u>0</u>	<u>172,805</u>	<u>172,805</u>

### 6 Contractual obligations and contingencies, etc.

#### Other contingent liabilities

The Company is jointly taxed with a sister company, Volubill Danmark ApS. As management company, the Company has joint and several unlimited liability with Volubill Danmark ApS for payment of Danish income taxes. The jointly taxed entities' known net income tax liability totals DKK 0 thousand at 31 December 2019. Any subsequent corrections of the the joint taxation income may entail that the Company's liability will increase.

Financial statements 1 January - 31 December

Notes to the financial statements

7 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
CSG Systems International Inc.	6175 S. Willow Drive, 10th Floor, Greenwood Village, CO 80111, United States	www.csgi.com

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Name	Domicile
Independent Technology Systems Ltd. Parent	C/O Spaces Unit 6 Albion House, High Street, Woking, Surrey, GU21 6BG, UK
CSG Systems International Inc. Ultimate parent	6175 S. Willow Drive, 10th Floor, Greenwood Village, CO 80111, United States