

Zen Systems A/S

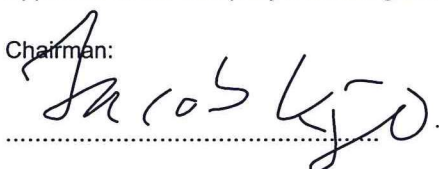
Ejby Industrivej 1, 2600 Glostrup

CVR no. 26 92 01 67

Annual report 2019

Approved at the Company's annual general meeting on 26 June 2020

Chairman:


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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 Zen Systems A/S for the financial year 1 January - 31 December 2019.

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 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.

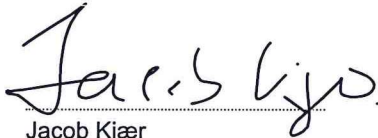
We recommend that the annual report be approved at the annual general meeting.

Glostrup, 4 June 2020
Executive Board:



Peter Stig Andersen
CEO

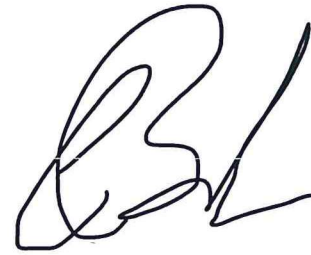
Board of Directors:



Jacob Kjær
Chairman



Louise Hahn



Carsten Bryder Thejls



Independent auditor's report

To the shareholder of Zen Systems A/S

Opinion

We have audited the financial statements of Zen Systems A/S for the financial year 1 January - 31 December 2019, 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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 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 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 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.



Independent auditor's report

- ▶ 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 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.

Copenhagen, 4 June 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Thomas Bruun Kofoed
State Authorised Public Accountant
mne28677



Management's review

Company details

| | |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------|
| Name | Zen Systems A/S |
| Address, Postal code, City | Ejby Industrivej 1, 2600 Glostrup |
| CVR no. | 26 92 01 67 |
| Established | 16 December 2002 |
| Registered office | Glostrup |
| Financial year | 1 January - 31 December |
| Telephone | +45 70 20 87 30 |
| Board of Directors | Jacob Kjær, Chairman Louise Hahn Carsten Bryder Thejls |
| Executive Board | Peter Stig Andersen, CEO |
| Auditors | Ernst & Young Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark |



Management's review

Business review

Zen Systems A/S offers secure high-speed network solutions and hosting services exclusively for the professional market. The Company's services include consulting, design, installation and operation of complete and secure network solutions, primarily for small and medium-sized companies in Denmark.

The Company provides solutions for a number of best-in-class companies within a number of different segments among other lawyers, accountants, advertising agencies, content hosting providers and manufacturing companies.

Changes in accounting policies

The ultimate parent company GlobalConnect Topholding AS has implemented IFRS in the consolidated financial statements. Management has therefore decided to implement the following changes in the accounting policies effective 1 January 2019 for Zen Systems A/S:

- Revenue. The Company applies IFRS 15 "Revenue from contracts with customers" as interpretation for revenue recognition. Previously IAS 18 "Revenue" was applied.
- Leases. The Company applies IFRS 16 "Leases" as interpretation for classification and recognition of leases. Previously IAS 17 "Leasing" was applied.

Reference is made to note 1 for more details.

Financial review

The income statement for 2019 shows a profit of DKK 5,144 thousand against a profit of DKK 3,590 thousand last year, and the balance sheet at 31 December 2019 shows equity of DKK 20,249 thousand.

Events after the balance sheet date

In general, the Company has achieved results that are in line with expectations in 2020. However, from the beginning of March 2020, management has found that the worldwide COVID-19 outbreak will potentially affect the Company's results and financial position in 2020. However, it is not possible for the Company's management at the time of financial reporting to quantify the effect, as it will depend on the duration and extent of the virus outbreak.

No events have otherwise occurred after the balance sheet date which could significantly affect the assessment of the Company's financial position.

Outlook

Zen Systems A/S anticipates a positive financial result for 2020.



Financial statements 1 January - 31 December

Income statement

| Note | DKK'000 | 2019 | 2018 |
|------|-------------------------------------------------------------------------------------|---------|---------|
| | Revenue | 26,796 | 33,025 |
| | Cost of sales | -15,353 | -20,865 |
| | Other operating income | 43 | 0 |
| | Other external expenses | -837 | -747 |
| | Gross profit | 10,649 | 11,413 |
| 3 | Staff costs | -4,251 | -5,317 |
| 4 | Amortisation/depreciation of intangible assets and property, plant and equipment | -881 | -1,919 |
| | Profit before net financials | 5,517 | 4,177 |
| 5 | Financial income | 1,121 | 491 |
| 6 | Financial expenses | -45 | -30 |
| | Profit before tax | 6,593 | 4,638 |
| 7 | Tax for the year | -1,449 | -1,048 |
| | Profit for the year | 5,144 | 3,590 |
| | Recommended appropriation of profit | | |
| | Retained earnings | 5,144 | 3,590 |



Financial statements 1 January - 31 December

Balance sheet

| Note | DKK'000 | 2019 | 2018 |
|------|--------------------------------------------------|---------------|---------------|
| | ASSETS | | |
| | Fixed assets | | |
| 8 | Property, plant and equipment | | |
| | Plant and machinery | 183 | 361 |
| | Fixtures and fittings, other plant and equipment | 1 | 65 |
| | | <u>184</u> | <u>426</u> |
| | Total fixed assets | <u>184</u> | <u>426</u> |
| | Non-fixed assets | | |
| | Receivables | | |
| | Trade receivables | 6,807 | 4,536 |
| | Receivables from group enterprises | 24,384 | 16,185 |
| | Deferred tax assets | 1,383 | 622 |
| | Other receivables | 516 | 65 |
| | Prepayments | 1,887 | 2,679 |
| | | <u>34,977</u> | <u>24,087</u> |
| | Cash | <u>2,030</u> | <u>8,102</u> |
| | Total non-fixed assets | <u>37,007</u> | <u>32,189</u> |
| | TOTAL ASSETS | <u>37,191</u> | <u>32,615</u> |



Financial statements 1 January - 31 December

Balance sheet

| Note | DKK'000 | 2019 | 2018 |
|------|------------------------------------------------|---------------|---------------|
| | EQUITY AND LIABILITIES | | |
| | Equity | | |
| 9 | Share capital | 500 | 500 |
| | Retained earnings | 19,749 | 19,389 |
| | Total equity | 20,249 | 19,889 |
| | Liabilities other than provisions | | |
| | Non-current liabilities other than provisions | | |
| | Deferred income | 2,138 | 0 |
| | | 2,138 | 0 |
| | Current liabilities other than provisions | | |
| | Lease liabilities | 149 | 0 |
| | Trade payables | 1,718 | 2,728 |
| | Payables to group enterprises | 5,162 | 474 |
| | Joint taxation contribution payable | 861 | 1,290 |
| | Other payables | 56 | 1,168 |
| | Deferred income | 6,858 | 7,066 |
| | | 14,804 | 12,726 |
| | Total liabilities other than provisions | 16,942 | 12,726 |
| | TOTAL EQUITY AND LIABILITIES | 37,191 | 32,615 |

- 1 Accounting policies
- 2 Events after the balance sheet date
- 10 Contractual obligations and contingencies, etc.
- 11 Collateral
- 12 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 | 500 | 19,389 | 19,889 |
| Adjustment of equity through changes in accounting policies | 0 | -4,784 | -4,784 |
| Transfer through appropriation of profit | 0 | 5,144 | 5,144 |
| Equity at 31 December 2019 | 500 | 19,749 | 20,249 |

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Zen Systems 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.

Changes in accounting policies

The ultimate parent company GlobalConnect Topholding AS has implemented IFRS in the consolidated financial statements. Management has therefore decided to implement the following changes in the accounting policies effective 1 January 2019 for Zen Systems A/S:

- Revenue. The Company applies IFRS 15 "Revenue from contracts with customers" as interpretation for revenue recognition. Previously IAS 18 "Revenue" was applied.

Installation and connection fees that are not considered separate performance obligations (i.e. considered prepayments for future service delivered) are recognised over the period those services are being delivered. Previously, such fees were recognised as revenue when installation and connection were performed. As a result of the adoption, the Company recognised the cumulative effect of initially applying IFRS 15 as a pre-tax adjustment of DKK 6,114 thousand to the opening balance of retained earnings at the adoption date. The tax adjustment amounts to DKK 1,345 thousand, resulting in a after-tax adjustment of DKK 4,784 thousand.

The Company adopted IFRS 15 using the modified retrospective transition method and applied a contract-by-contract approach for contracts that were completed as of 1 January 2019. Result for reporting periods beginning at 1 January 2019 are presented under IFRS 15, while prior periods are not adjusted and reported under IAS 18 "Revenue".

- Leases. The Company applies IFRS 16 "Leases" as interpretation for classification and recognition of leases. Previously IAS 17 "Leasing" was applied.

The Company adopted IFRS 16 using the modified retrospective transition method and has therefore not restated the comparative figures, which are still presented in accordance with the rules of IAS 17.

As opposed to previously, the Company must now recognise all leases in the balance sheet, including operating leases, with a few exceptions. Consequently, a lease commitment measured at the present value of the future lease payments, see description below, must now be realised together with a corresponding leased asset adjusted for payments made to the lessor prior to the commencement of the lease and incentive payments received from the lessor.

In accordance with the transitional provisions of IFRS 16, when implementing the standard, the Company has chosen:

- Not to recognise leases of low value,
- Not to reassess whether a contract is or comprise a lease,
- To determine a discount rate on a portfolio of leases with similar characteristics.

When assessing the future lease payments, the Company reviewed its operating leases and identified the lease payments related to a lease component that are fixed or variable but change in line with changes in an index or an interest rate. The Company has chosen not to recognise payments related to service components as part of the lease commitment.

When assessing the expected lease term, the Company identified the non-cancellable lease term of the lease plus periods covered by an extension option that Management is reasonably likely to exercise plus periods covered by a termination option that Management is reasonably unlikely to exercise.

When implementing IFRS 16, the Company has recognised a leased asset of DKK 638 thousand and a lease commitment of DKK 638 thousand, and thus, the effect on equity is DKK 0.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Leased assets comprise dark fibre.

The leased assets are depreciated on a straight-line basis over the expected lease term, which is:

- Plant and machinery: 1-5 years

When measuring the lease commitment, the Company has used an average incremental borrowing rate for discounting future lease payments of 3.4%.

| | |
|----------------------------------------------------------------------------------------------|------------|
| Operating lease commitments as at 31 December 2018 (IAS 17) | 1,683 |
| Discounted operating lease commitments as at 1 January 2019 | 1,669 |
| Lease payments relating to lease commitments not disclosed as at 31 December 2018 overstated | -989 |
| Applied transition rules: | |
| - Commitments relating to leases of low-value assets | -42 |
| Lease liabilities as at 1 January 2019 (IFRS 16) | <u>638</u> |

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.

Income statement

Revenue

Before 1 January 2019 the Company has chosen IAS 18 as interpretation for revenue recognition. After 1 January 2019 the Company has chosen IFRS 15 "Revenue from contracts with customers" as interpretation for revenue recognition.

On the conclusion of sales contracts which consist of several, separate sales transactions, the contract price is split up into the individual sales transactions based on the relative fair value approach. The separate sales transactions are recognised as revenue when the criteria for sale of goods, services or construction contracts are met.

A contract is split up into individual transactions when the fair value of each individual sales transaction can be calculated reliably and when each individual sales transaction has a separate value for the purchaser. Sales transactions are deemed to have a separate value for the purchaser when the transaction is individually identifiable and is usually sold separately.

Income from the sale of goods, including income from fibres, rights to use, etc. is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.



Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income from the sale of services, which include service contracts to products and services sold, is recognised on a straight-line basis as the services are rendered.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

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.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

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

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 of the assets are as follows:

| | |
|--------------------------------------------------|-----------|
| Plant and machinery | 1-5 years |
| Fixtures and fittings, other plant and equipment | 3-5 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 comprise interest income and expenses, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.



Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

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.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Investments

Deposits include rental deposits which are recognised and measured at amortised cost.

Leases

Before 1 January 2019 the Company has chosen IAS 17 as interpretation for classification and recognition of leases. From January 1 2019 the Company has chosen IFRS 16 "Leases" as interpretation for classification and recognition of leases.

Leases before 1 January 2019

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Leases after 1 January 2019



Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The Company applies the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

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.

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

Prepayments

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

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate 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.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.



Financial statements 1 January - 31 December

Notes to the financial statements

2 Events after the balance sheet date

In general, the company has achieved results that are in line with expectations in 2020. However, from the beginning of March 2020, management has found that the worldwide COVID-19 outbreak will potentially affect the company's results and financial position in 2020. However, it is not possible for the company's management at the time of financial reporting to quantify the effect, as it will depend on the duration and extent of the virus outbreak.

No events have otherwise occurred after the balance sheet date which could significantly affect the assessment of the Company's financial position.

| DKK'000 | 2019 | 2018 |
|------------------------------------------------------------------------------------|--------------|--------------|
| 3 Staff costs | | |
| Wages/salaries | 1,201 | 4,809 |
| Pensions | 104 | 468 |
| Other social security costs | 16 | 40 |
| Other staff costs | 2,930 | 0 |
| | <u>4,251</u> | <u>5,317</u> |
| Average number of full-time employees | <u>2</u> | <u>8</u> |
| 4 Amortisation/depreciation of intangible assets and property, plant and equipment | | |
| Amortisation of intangible assets | 0 | 27 |
| Depreciation of property, plant and equipment | 881 | 1,892 |
| | <u>881</u> | <u>1,919</u> |
| 5 Financial income | | |
| Interest receivable, group entities | 1,115 | 470 |
| Other financial income | 6 | 21 |
| | <u>1,121</u> | <u>491</u> |
| 6 Financial expenses | | |
| Interest expenses, leases | 14 | 0 |
| Other financial expenses | 31 | 30 |
| | <u>45</u> | <u>30</u> |



Financial statements 1 January - 31 December

Notes to the financial statements

| DKK'000 | 2019 | 2018 |
|--------------------------------------|--------------|--------------|
| 7 Tax for the year | | |
| Estimated tax charge for the year | 861 | 1,290 |
| Deferred tax adjustments in the year | 588 | -272 |
| Tax adjustments, prior years | 0 | 30 |
| | <u>1,449</u> | <u>1,048</u> |

8 Property, plant and equipment

| DKK'000 | Plant and machinery | Fixtures and fittings, other plant and equipment | Total |
|---------------------------------------------------------------------------------------|---------------------|--------------------------------------------------|---------------|
| Cost at 1 January 2019 | 10,418 | 464 | 10,882 |
| Change in accounting policies | 638 | 0 | 638 |
| Disposals | 0 | 138 | 138 |
| Cost at 31 December 2019 | <u>11,056</u> | <u>602</u> | <u>11,658</u> |
| Impairment losses and depreciation at 1 January 2019 | 10,057 | 399 | 10,456 |
| Depreciation | 816 | 64 | 880 |
| Reversal of accumulated depreciation and impairment of assets disposed | 0 | 138 | 138 |
| Impairment losses and depreciation at 31 December 2019 | <u>10,873</u> | <u>601</u> | <u>11,474</u> |
| Carrying amount at 31 December 2019 | <u>183</u> | <u>1</u> | <u>184</u> |
| Property, plant and equipment include finance leases with a carrying amount totalling | <u>128</u> | <u>0</u> | <u>128</u> |

9 Share capital

The Company's share capital has remained DKK 500 thousand in the past year.

10 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its Parent Company, GlobalConnect Invest DK A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2019 onwards as well as withholding taxes on interest and dividends falling due for payment.

Other financial obligations

Other rent and lease liabilities:

| DKK'000 | 2019 | 2018 |
|----------------------------|----------|--------------|
| Rent and lease liabilities | <u>0</u> | <u>1,683</u> |



Financial statements 1 January - 31 December

Notes to the financial statements

11 Collateral

The Company has issued mortgage deeds registered to the owner, totalling DKK 3,500 thousand, which provide security in property, plant and equipment with a carrying amount of DKK 426 thousand. In addition, an indemnity for claim pledge has been registered, nom. DKK 2,500 thousand. Finally, the Company has provided a guarantee to third parties of DKK 600 thousand.

12 Related parties

Zen Systems A/S' related parties comprise the following:

Parties exercising control

| <u>Related party</u> | <u>Domicile</u> | <u>Basis for control</u> |
|----------------------|-------------------|--------------------------|
| GlobalConnect NN A/S | Taastrup, Denmark | Principal shareholder |

Information about consolidated financial statements

| <u>Parent</u> | <u>Domicile</u> | <u>Requisitioning of the parent company's consolidated financial statements</u> |
|-----------------------------|-----------------|---------------------------------------------------------------------------------|
| GlobalConnect Topholding AS | Norway | Tjuvholmen allé 1, 0252 Oslo, Norway |

Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.