
j2 Global Denmark A/S

Spotorno Alle 12, DK-2630 Taastrup

Annual Report for 1 January - 31 December 2016

CVR No 28 11 78 33

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
21/6 2017

Padraig O'Neill
Chairman

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Company Information	
Company Information	4
Financial Statements	
Income Statement 1 January - 31 December	5
Balance Sheet 31 December	6
Notes to the Financial Statements	8

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of j2 Global Denmark A/S for the financial year 1 January - 31 December 2016.

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 2016 of the Company and of the results of the Company operations for 2016.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Taastrup, 21 June 2017

Executive Board

Lars Nygaard
Executive Officer

Board of Directors

Arjen Sebastian Berendsen
Chairman

Jeremy David Rossen

Sigve Andreas Torvik

Lars Nygaard

Independent Auditor's Report

To the Shareholder of j2 Global Denmark 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 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of j2 Global Denmark A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet 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.

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 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:

Independent Auditor's Report

- 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.

Copenhagen, 21 June 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Bo Schou-Jacobsen
State Authorised Public Accountant

Claus Damhave
State Authorised Public Accountant

Company Information

The Company

j2 Global Denmark A/S
Spotorno Alle 12
DK-2630 Taastrup

Telephone: + 45 70 25 22 23
Facsimile: + 45 70 25 02 23

CVR No: 28 11 78 33
Financial period: 1 January - 31 December
Incorporated: 30 September 2004
Financial year: 12nd financial year
Municipality of reg. office: Høje Taastrup

Board of Directors

Arjen Sebastian Berendsen , Chairman
Jeremy David Rossen
Sigve Andreas Torvik
Lars Nygaard

Executive Board

Lars Nygaard

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Lawyers

Gorrissen Federspiel
H.C. Andersens Boulevard 12
1553 København V

Bankers

Danske Bank
Hovedvejen 107
2600 Glostrup

Income Statement 1 January - 31 December

	Note	2016 DKK	2015 DKK
Gross profit/loss		33.109.694	32.988.944
Staff expenses	2	-21.629.559	-21.804.187
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-2.966.358	-3.158.185
Profit/loss before financial income and expenses		8.513.777	8.026.572
Financial income		47.271	47.419
Financial expenses		-108.570	-264.554
Profit/loss before tax		8.452.478	7.809.437
Tax on profit/loss for the year	4	-1.861.570	-2.003.434
Net profit/loss for the year		6.590.908	5.806.003

Distribution of profit

Proposed distribution of profit

Retained earnings	6.590.908	5.806.003
	6.590.908	5.806.003

Balance Sheet 31 December

Assets

	Note	2016 DKK	2015 DKK
Acquired other similar rights		2.764.370	3.998.750
Goodwill		0	0
Intangible assets	5	2.764.370	3.998.750
Other fixtures and fittings, tools and equipment		1.493.464	2.818.629
Leasehold improvements		192.942	206.694
Property, plant and equipment	6	1.686.406	3.025.323
Investments in subsidiaries	7	61.628.410	0
Deposits		283.207	415.403
Fixed asset investments		61.911.617	415.403
Fixed assets		66.362.393	7.439.476
Trade receivables		7.014.007	7.330.272
Receivables from group enterprises		2.500.936	20.184.586
Other receivables		25.000	762.810
Deferred tax asset		1.270.159	3.126.317
Prepayments		4.604.596	4.449.736
Receivables		15.414.698	35.853.721
Cash at bank and in hand		5.933.472	29.842.689
Currents assets		21.348.170	65.696.410
Assets		87.710.563	73.135.886

Balance Sheet 31 December

Liabilities and equity

	Note	2016 DKK	2015 DKK
Share capital		504.000	504.000
Retained earnings		24.889.170	18.298.262
Equity	8	25.393.170	18.802.262
Lease obligations		0	339.922
Prepayments received from customers		15.743.817	16.792.211
Long-term debt	9	15.743.817	17.132.133
Lease obligations	9	348.867	358.990
Prepayments received from customers	9	27.230.295	27.705.016
Trade payables		2.665.013	2.362.319
Payables to group enterprises		9.663.280	0
Corporation tax		5.412	0
Other payables		6.660.709	6.775.166
Short-term debt		46.573.576	37.201.491
Debt		62.317.393	54.333.624
Liabilities and equity		87.710.563	73.135.886
Key activities	1		
Contingent assets, liabilities and other financial obligations	10		
Group Relation	11		
Subsequent events	12		
Accounting Policies	13		

Notes to the Financial Statements

1 Key activities

The company's purpose is to do IT business.

2 Staff expenses

	2016 DKK	2015 DKK
Wages and salaries	19.974.493	20.475.967
Pensions	507.664	447.766
Other social security expenses	227.693	148.001
Other staff expenses	919.709	732.453
	21.629.559	21.804.187

Average number of employees	30	34
------------------------------------	-----------	-----------

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Amortisation of intangible assets	1.234.380	1.176.250
Depreciation of property, plant and equipment	1.465.740	1.981.935
Gain and loss on disposal	266.238	0
	2.966.358	3.158.185

4 Tax on profit/loss for the year

Current tax for the year	5.412	0
Deferred tax for the year	1.856.158	2.075.498
Adjustment of tax concerning previous years	0	-72.064
	1.861.570	2.003.434

Notes to the Financial Statements

5 Intangible assets

	Acquired other similar rights DKK	Goodwill DKK	Total DKK
Cost at 1 January	6.175.000	11.134.743	17.309.743
Cost at 31 December	6.175.000	11.134.743	17.309.743
Impairment losses and amortisation at 1 January	2.176.250	11.134.743	13.310.993
Amortisation for the year	1.234.380	0	1.234.380
Impairment losses and amortisation at 31 December	3.410.630	11.134.743	14.545.373
Carrying amount at 31 December	2.764.370	0	2.764.370
Amortised over	5 years	10 years	

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Total DKK
Cost at 1 January	13.080.484	992.685	14.073.169
Additions for the year	161.534	231.528	393.062
Disposals for the year	-4.273.910	-835.189	-5.109.099
Transfers for the year	107.435	-107.435	0
Cost at 31 December	9.075.543	281.589	9.357.132
Impairment losses and depreciation at 1 January	10.261.855	785.991	11.047.846
Depreciation for the year	1.279.210	186.530	1.465.740
Reversal of impairment and depreciation of sold assets	-4.272.168	-570.692	-4.842.860
Transfers for the year	313.182	-313.182	0
Impairment losses and depreciation at 31 December	7.582.079	88.647	7.670.726
Carrying amount at 31 December	1.493.464	192.942	1.686.406
Depreciated over	3-5 years	3-5 years	
Including assets under finance leases amounting to	185.889	0	185.889

Notes to the Financial Statements

	2016 DKK	2015 DKK
7 Investments in subsidiaries		
Cost at 1 January	0	0
Additions for the year	61.628.410	0
Carrying amount at 31 December	61.628.410	0

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Front-Safe A/S	Søndervangs Allé 20	DKK 544.086	100%	10.828.225	2.450.069

8 Equity

	Share capital DKK	Retained earnings DKK	Total DKK
Equity at 1 January	504.000	18.298.262	18.802.262
Net profit/loss for the year	0	6.590.908	6.590.908
Equity at 31 December	504.000	24.889.170	25.393.170

Notes to the Financial Statements

9 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2016 DKK	2015 DKK
Lease obligations		
Between 1 and 5 years	0	339.922
Long-term part	0	339.922
Within 1 year	348.867	358.990
	348.867	698.912
Prepayments received from customers		
Between 1 and 5 years	15.743.817	16.792.211
Long-term part	15.743.817	16.792.211
Other prepayments from customers within 1 year	27.230.295	27.705.016
	42.974.112	44.497.227

10 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	374.719	880.000
Between 1 and 5 years	455.676	212.000
	830.395	1.092.000

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc. Moreover, the Danish 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.

Notes to the Financial Statements

11 Group Relation

	<u>Basis</u>
Controlling interest	
j2 Global Ireland Limited, Ireland	Parent company
j2 Global Inc., USA	Ultimate parent company

Consolidated Financial Statements

The company's immediate parent company is j2 Global Ireland Limited and the ultimate parent company, which the company is a subsidiary of is j2 Global Inc.

The Company is included in the Group Report of the Ultimate Parent Company:

<u>Name</u>	<u>Place of registered office</u>
j2 Global Inc.	Hollywood, CA, USA

12 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

13 Accounting Policies

The Annual Report of j2 Global Denmark A/S for 2016 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 accounting policies applied remain unchanged from last year.

The Financial Statements for 2016 are presented in DKK.

Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Notes to the Financial Statements

13 Accounting Policies (continued)

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Notes to the Financial Statements

13 Accounting Policies (continued)

Revenue

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.

Revenue from subscriptions and other services is recognised on a straight-line basis over the period in which the service is delivered.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of goods sold

Cost of goods sold comprise the raw materials and consumables consumed to achieve revenue for the year.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll related expenses.

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.

Extraordinary income and expenses

Extraordinary income and expenses comprise income and expenses resulting from events or transactions which clearly differ from ordinary activities and which are not expected to be of a recurring nature.

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 Danish group enterprises. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

13 Accounting Policies (continued)

Balance Sheet

Intangible assets

Acquired rights are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 5 years.

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 - 5 years
Leasehold improvements	3 - 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 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.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Notes to the Financial Statements

13 Accounting Policies (continued)

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

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

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, including the tax base of tax loss carry-forwards, 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.

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

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

Prepayments received from customers

Prepayments received from customers comprise payments received in respect of income in subsequent years.