
J2 Global Denmark A/S

Spotorno Alle 12, DK-2630 Taastrup

Annual Report for 1 January - 31 December 2019

CVR No 28 11 78 33

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
2 /10 2020

Arjen Sebastian Berendsen
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 Annual Report of J2 Global Denmark 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 at 31 December 2019 of the Company and of the results of the Company operations for 2019.

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

Taastrup, 2 October 2020

Executive Board

Arjen Sebastian Berendsen
Executive Officer

Board of Directors

Jeremy David Rossen
Chairman

Arjen Sebastian Berendsen

Jeffrey James Davies

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 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.

We have audited the Financial Statements of J2 Global Denmark 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 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.

Hellerup, 2 October 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Bo Schou-Jacobsen
State Authorised Public Accountant
mne28703

Anders Røjleskov
State Authorised Public Accountant
mne28699

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: 15th financial year

Municipality of reg. office: Høje Taastrup

Board of Directors

Jeremy David Rossen, Chairman
Arjen Sebastian Berendsen
Jeffrey James Davies

Executive Board

Arjen Sebastian Berendsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Lawyers

Gorrissen Federspiel
Axeltorv 2
DK-1609 Copenhagen

Bankers

Danske Bank
Hovedvejen 107
DK-2600 Glostrup

Income Statement 1 January - 31 December

	Note	2019 DKK	2018 DKK
Gross profit/loss		24,986,845	21,369,817
Staff expenses	4	-16,042,313	-15,911,356
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	5	-1,152,168	-2,051,113
Profit/loss before financial income and expenses		7,792,364	3,407,348
Income from investments in subsidiaries	6	-1,702,708	0
Financial income	7	0	59,793
Financial expenses	8	-668,617	-236,595
Profit/loss before tax		5,421,039	3,230,546
Tax on profit/loss for the year	9	-1,763,794	-836,963
Net profit/loss for the year		3,657,245	2,393,583

Distribution of profit

Proposed distribution of profit

Retained earnings	3,657,245	2,393,583
	3,657,245	2,393,583

Balance Sheet 31 December

Assets

	Note	2019 DKK	2018 DKK
Completed development projects		0	130,556
Acquired other similar rights		39,459	294,376
Goodwill		2,079,926	1,898,286
Intangible assets	10	2,119,385	2,323,218
Other fixtures and fittings, tools and equipment		339,751	158,880
Leasehold improvements		0	38,590
Property, plant and equipment	11	339,751	197,470
Investments in subsidiaries	12	36,268,861	45,471,559
Deposits		283,207	283,207
Fixed asset investments		36,552,068	45,754,766
Fixed assets		39,011,204	48,275,454
Trade receivables		13,292,447	10,190,456
Receivables from group enterprises		9,662,946	2,618,814
Other receivables		2,289	440,395
Deferred tax asset		358,689	728,551
Corporation tax		533,244	0
Corporation tax receivable from group enterprises		0	2,520,465
Prepayments		4,116,447	3,694,584
Receivables		27,966,062	20,193,265
Cash at bank and in hand		9,224,048	10,400,782
Currents assets		37,190,110	30,594,047
Assets		76,201,314	78,869,501

Balance Sheet 31 December

Liabilities and equity

	Note	2019 DKK	2018 DKK
Share capital		504,000	504,000
Retained earnings		16,947,875	13,290,630
Equity	13	17,451,875	13,794,630
Prepayments received from customers		9,054,166	11,400,969
Other payables		786,705	0
Long-term debt	14	9,840,871	11,400,969
Prepayments received from customers	14	21,863,231	22,941,811
Trade payables		3,981,777	3,082,927
Payables to group enterprises		13,037,751	10,823,311
Corporation tax		0	7,734,595
Payables to group enterprises relating to corporation tax		1,393,932	0
Other payables	14	8,631,877	9,091,258
Short-term debt		48,908,568	53,673,902
Debt		58,749,439	65,074,871
Liabilities and equity		76,201,314	78,869,501
Uncertainty relating to recognition and measurement	1		
Key activities	3		
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	504,000	13,290,630	13,794,630
Net profit/loss for the year	0	3,657,245	3,657,245
Equity at 31 December	504,000	16,947,875	17,451,875

Notes to the Financial Statements

1 Uncertainty relating to recognition and measurement

The subsidiary Front-Safe A/S has in 2019 realised a loss of DKK 235k. To support the measurement of the investment, Management has prepared an impairment test. The impairment test resulted in an impairment loss of DKK 9.2 million, cf. note 6.

The impairment test is based on expectations of future net cash flows. The most important assumptions are linked to the subsidiary's expected ability to significantly improve earnings through the implementation of initiated initiatives resulting in a future growth rate and the applied WACC. Consequently, the impairment test is very sensitive towards changes in these assumptions. Thus, these assumptions are subject to uncertainty and should Management's expectations not be met, future impairment needs may arise.

2 Subsequent events

Management considers the implications of Covid 19 as a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company. Management has not subsequently identified any remeasurements of assets and liabilities.

J2 Global Denmark ApS is taking measures to mitigate the impact of the rapidly evolving global COVID-19 pandemic on its employees, customers and the broader communities it operates in. The situation is highly dynamic and it is not possible to reliably predict or quantify the potential impact on ongoing and planned business operations. As we continue to prepare for the full impact of Covid-19, we remain focused on finding solutions to problems we've never encountered before.

Management assesses that COVID-19 will have limited effect on the Company's revenue and earnings in 2020. It is at present not possible to quantify the effect. Management assess that the capital resources of the Company are sufficient.

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

3 Key activities

The Company's purpose is to do IT business.

Notes to the Financial Statements

	2019 DKK	2018 DKK
4 Staff expenses		
Wages and salaries	14,962,190	14,629,705
Pensions	538,416	565,138
Other social security expenses	151,638	124,695
Other staff expenses	390,069	591,818
	16,042,313	15,911,356
 Average number of employees	 29	 29
 5 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	932,122	1,235,000
Depreciation of property, plant and equipment	220,046	816,113
	1,152,168	2,051,113
 6 Income from investments in subsidiaries		
Impairment of investments in subsidiaries	-9,202,708	0
Dividend	7,500,000	0
	-1,702,708	0
 7 Financial income		
Interest received from group enterprises	0	59,085
Other financial income	0	708
	0	59,793

Notes to the Financial Statements

	2019 DKK	2018 DKK
8 Financial expenses		
Interest paid to group enterprises	64,003	38,961
Other financial expenses	450,952	65,961
Exchange adjustments, expenses	153,662	131,673
	668,617	236,595

9 Tax on profit/loss for the year

Current tax for the year	1,393,932	65,632
Deferred tax for the year	369,862	135,935
Adjustment of tax concerning previous years	0	635,396
	1,763,794	836,963

10 Intangible assets

	Completed development projects DKK	Acquired other similar rights DKK	Goodwill DKK	Total DKK
Cost at 1 January	0	6,175,000	1,898,286	8,073,286
Effect from merger	130,556	0	728,289	858,845
Cost at 31 December	130,556	6,175,000	2,626,575	8,932,131
Impairment losses and amortisation at 1 January	0	5,880,624	0	5,880,624
Amortisation for the year	130,556	254,917	546,649	932,122
Impairment losses and amortisation at 31 December	130,556	6,135,541	546,649	6,812,746
Carrying amount at 31 December	0	39,459	2,079,926	2,119,385
Amortised over		5 years	5 years	

Notes to the Financial Statements

11 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK
Cost at 1 January	9,299,799	281,589	9,581,388
Additions for the year	362,327	0	362,327
Cost at 31 December	9,662,126	281,589	9,943,715
Impairment losses and depreciation at 1 January	9,140,919	242,999	9,383,918
Depreciation for the year	181,456	38,590	220,046
Impairment losses and depreciation at 31 December	9,322,375	281,589	9,603,964
Carrying amount at 31 December	339,751	0	339,751
Depreciated over	3-5 years	3-5 years	

12 Investments in subsidiaries

	2019 DKK	2018 DKK
Cost at 1 January	66,834,457	66,977,468
Effect from merger	-15,278,997	-5,206,057
Additions for the year	10,072,950	0
Disposals for the year	0	-143,011
Cost at 31 December	61,628,410	61,628,400
Value adjustments at 1 January	-16,156,841	-16,156,841
Impairment for the year	-9,202,708	0
Value adjustments at 31 December	-25,359,549	-16,156,841
Carrying amount at 31 December	36,268,861	45,471,559

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	Taastrup	544.086	100%	8,615,572	-235,479

Notes to the Financial Statements

13 Equity

The share capital consists of 504 shares of a nominal value of DKK 1,000. No shares carry any special rights.

14 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:

	2019 DKK	2018 DKK
Prepayments received from customers		
Between 1 and 5 years	9,054,166	11,400,969
Long-term part	9,054,166	11,400,969
Other prepayments from customers	21,863,231	22,941,811
	30,917,397	34,342,780
Other payables		
Between 1 and 5 years	786,705	0
Long-term part	786,705	0
Other short-term payables	8,631,877	9,091,258
	9,418,582	9,091,258

15 Contingent assets, liabilities and other financial obligations

Rental and lease obligations	178,759	654,881
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The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. 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. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

There are no other security and contingent liabilities at 31 December 2019.

Notes to the Financial Statements

16 Related parties

	<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

Notes to the Financial Statements

17 Accounting Policies

The Annual Report of J2 Global Denmark A/S for 2019 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 2019 are presented in DKK.

Merger at 1 January 2019

The Company was merged with its subsidiaries Simitu ApS and Stay Secure Denmark ApS using the book value method with accounting effect as of 1 January 2019. Comparative figures have been adjusted in respect of Simitu ApS.

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

Notes to the Financial Statements

17 Accounting Policies (continued)

balance sheet date.

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.

Notes to the Financial Statements

17 Accounting Policies (continued)

Income Statement

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.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, cost of goods sold and other external expenses.

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.

Notes to the Financial Statements

17 Accounting Policies (continued)

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Impairment loss on investments in subsidiaries are recognised as loss in the income statement.

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

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

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.

Notes to the Financial Statements

17 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

17 Accounting Policies (continued)

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.