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# *Zylinc A/S*

Skelbækgade, 4, 2 th, DK-1717 Copenhagen

## Annual Report for 1 October 2022 - 30 September 2023

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CVR No. 28 88 85 97

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 18/1 2024

Peter Stig Andersen  
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 Zylinc A/S for the financial year 1 October 2022 - 30 September 2023.

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 30 September 2023 of the Company and of the results of the Company operations for 2022/23.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Copenhagen, 18 January 2024

## Executive Board

René Viborg  
CEO

## Board of Directors

Peter Stig Andersen  
Chairman

René Viborg

Klaus Melchior

# Independent Auditor's report

To the shareholder of Zylinc A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2023 and of the results of the Company's operations for the financial year 1 October 2022 - 30 September 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Zylinc A/S for the financial year 1 October 2022 - 30 September 2023, 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

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

## Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

# Independent Auditor's report

## Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 18 January 2024

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Niels Henrik B. Mikkelsen

State Authorised Public Accountant

mne16675

## Company information

<b>The Company</b>	Zylinc A/S Skelbækgade, 4, 2 th DK-1717 Copenhagen  CVR No: 28 88 85 97 Financial period: 1 October 2022 - 30 September 2023 Incorporated: 1 July 2005 Financial year: 18th financial year Municipality of reg. office: Copenhagen
<b>Board of Directors</b>	Peter Stig Andersen, chairman René Viborg Klaus Melchior
<b>Executive Board</b>	René Viborg
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup
<b>Lawyers</b>	Nielsen Nørager Advokatpartnerselskab Frederiksberggade 16 1459 København K
<b>Bankers</b>	Danske Bank Holberggade 2 1057 København K

## Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2022/23	2021/22	2020/21	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit/loss	28,251	27,837	28,002	28,322	29,037
Profit/loss of ordinary primary operations	939	2,615	6,504	6,524	5,728
Profit/loss of financial income and expenses	154	102	625	191	-1,113
Net profit/loss	853	2,234	5,300	5,088	3,317
<b>Balance sheet</b>					
Balance sheet total	21,087	21,482	27,930	41,022	35,214
Investment in property, plant and equipment	83	1,640	1,439	0	0
Equity	12,303	11,449	16,216	17,916	24,017
Number of employees	29	28	26	35	44
<b>Ratios</b>					
Solvency ratio	58.3%	53.3%	58.1%	43.7%	68.2%
Return on equity	7.2%	16.2%	31.1%	24.3%	13.9%

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.

# Management's review

## Key activities

The Zylinc business suite combines Information and Communication Technology (ICT) in a way to provide business value to enterprises by enabling customer experience at lower costs, improving employee productivity, and business process efficiency based on a cloud architecture enabling agile development, easy onboarding, and subsequent maintenance of new customers.

Zylinc's market footprint of cloud-based UC software solutions develops continuously in the Nordics, the UK and Germany. Zylinc's business suite is positioned in one of the fastest growing segments of UC with growth rates at +10% p.a. in a global market of around USD 25bn in annual revenues.

Zylinc's software solutions are offered as cloud-based services (UCaaS) indirectly by system integrators and telecom operators as sales partners or implemented in mixed environments (hybrid), where the software is licensed by Zylinc via the sales partners to end-customers. As the UCaaS business model has become the dominated one, almost all new customers are onboarded on this model.

## Development in the year

Net revenues grew 2% in FY2023, while at the same time Zylinc transformed the revenue generation further from the hybrid revenues business model towards a recurring revenues business model, implying a satisfying normalized growth rate. As the latter is satisfactory and as planned, net revenues growth was below expectations due to significant delays in marketing and adoption of a new platform in the German market and to a certain extent challenges within some sales partners' processes in the Nordics.

Recurring revenues constituted as high as 99% of total revenues in FY2023, and the company's ARR in FY2023 on its core product platforms, Zylinc Cloud and Zylinc 6.X, were at an all-time high partly due to a significant number of new Zylinc Cloud customers and partly due to a net retention ratio (NRR) at zero on Zylinc 6.X.

Significant improvements within the company's software development productivity and cloud-based customer handling, though as planned offset by increased product development investments and organizational strengthening, meant that the company realized an adjusted EBITDA growth of 3% in FY2023 compared to FY2022. Adjustments in EBITDA are double management fees and redundancies. Zylinc continued to take all product development investments as Opex during FY2023.

Reported net profit after tax was DKK 853,422 in FY2023 (DKK 2,233,574 in FY2022). Due to the ongoing successful transformation of the revenue generation model, cash earnings came close to operational earnings during FY2023, and the company continued a healthy cash position and is net debt free. Management therefore deems the financial position of the company as satisfactory.

## Targets and expectations for the year ahead

Management continues execution of the current business strategy in FY2024, which includes the following:

- Further build and enhance the company's commercial reach and activities within existing markets
- Continuously strengthen our new cloud-based platform with additional products and features
- Leverage on Zylinc's long-standing customer portfolio for increased satisfaction and usage

Financially, management expects that revenues will grow in the range of 8-12% compared to FY2023 within the company's core product platforms. One of the company's small non-core product platforms will cease during FY2024. Management expects an increase in adjusted EBITDA margins to 15-20% in FY2024.

## Unusual events

The financial position of the company on September 30, 2023, and the results of the activities and cash flows of the company for FY2023 have not been affected by any unusual events.

## Subsequent events

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



## Income statement 1 October 2022 - 30 September 2023

	Note	2022/23 DKK	2021/22 DKK
<b>Gross profit</b>		<b>28,250,712</b>	<b>27,837,351</b>
Staff expenses	1	-26,503,297	-24,736,659
Depreciation and impairment losses of property, plant and equipment		-808,116	-485,621
<b>Profit/loss before financial income and expenses</b>		<b>939,299</b>	<b>2,615,071</b>
Financial income	2	206,079	237,619
Financial expenses	3	-52,082	-135,604
<b>Profit/loss before tax</b>		<b>1,093,296</b>	<b>2,717,086</b>
Tax on profit/loss for the year	4	-239,874	-483,512
<b>Net profit/loss for the year</b>		<b>853,422</b>	<b>2,233,574</b>

### Distribution of profit

	2022/23 DKK	2021/22 DKK
<b>Proposed distribution of profit</b>		
Proposed dividend for the year	700,000	0
Retained earnings	153,422	2,233,574
	<b>853,422</b>	<b>2,233,574</b>

## Balance sheet 30 September 2023

### Assets

	Note	2022/23 DKK	2021/22 DKK
Other fixtures and fittings, tools and equipment		388,381	811,478
Leasehold improvements		1,290,531	1,592,143
<b>Property, plant and equipment</b>	5	<b>1,678,912</b>	<b>2,403,621</b>
Deposits	6	646,616	845,567
<b>Fixed asset investments</b>		<b>646,616</b>	<b>845,567</b>
<b>Fixed assets</b>		<b>2,325,528</b>	<b>3,249,188</b>
Trade receivables		10,196,855	9,007,360
Receivables from group enterprises		5,254,972	5,052,858
Deferred tax asset		21,165	0
Prepayments		205,721	741,443
<b>Receivables</b>		<b>15,678,713</b>	<b>14,801,661</b>
<b>Cash at bank and in hand</b>		<b>3,083,000</b>	<b>3,431,383</b>
<b>Current assets</b>		<b>18,761,713</b>	<b>18,233,044</b>
<b>Assets</b>		<b>21,087,241</b>	<b>21,482,232</b>

# Balance sheet 30 September 2023

## Liabilities and equity

	Note	2022/23	2021/22
		DKK	DKK
Share capital		1,000,000	1,000,000
Retained earnings		10,602,741	10,449,319
Proposed dividend for the year		700,000	0
<b>Equity</b>		<b>12,302,741</b>	<b>11,449,319</b>
Provision for deferred tax		0	27,667
<b>Provisions</b>		<b>0</b>	<b>27,667</b>
Prepayments received from customers		2,948,934	3,381,150
Trade payables		1,035,430	1,779,943
Corporation tax		10,706	378,934
Payables to group enterprises relating to corporation tax		1,919,072	1,711,138
Other payables		2,870,358	2,754,081
<b>Short-term debt</b>		<b>8,784,500</b>	<b>10,005,246</b>
<b>Debt</b>		<b>8,784,500</b>	<b>10,005,246</b>
<b>Liabilities and equity</b>		<b>21,087,241</b>	<b>21,482,232</b>
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## Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 October	1,000,000	10,449,319	0	11,449,319
Net profit/loss for the year	0	153,422	700,000	853,422
<b>Equity at 30 September</b>	<b>1,000,000</b>	<b>10,602,741</b>	<b>700,000</b>	<b>12,302,741</b>

# Notes to the Financial Statements

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
<b>1. Staff Expenses</b>		
Wages and salaries	23,457,972	21,816,629
Pensions	2,015,524	1,837,264
Other social security expenses	66,399	63,245
Other staff expenses	963,402	1,019,521
	<u>26,503,297</u>	<u>24,736,659</u>
Average number of employees	<u>29</u>	<u>28</u>
	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
<b>2. Financial income</b>		
Interest received from group enterprises	202,114	204,781
Other financial income	3,965	32,838
	<u>206,079</u>	<u>237,619</u>
	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
<b>3. Financial expenses</b>		
Other financial expenses	40,607	115,459
Exchange adjustments, expenses	11,475	20,145
	<u>52,082</u>	<u>135,604</u>
	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
<b>4. Income tax expense</b>		
Current tax for the year	288,706	549,934
Deferred tax for the year	-48,832	43,578
Adjustment of tax concerning previous years	0	-110,000
	<u>239,874</u>	<u>483,512</u>

# Notes to the Financial Statements

## 5. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 October	2,203,948	2,330,787
Additions for the year	0	83,405
Disposals for the year	-962,452	0
Cost at 30 September	<u>1,241,496</u>	<u>2,414,192</u>
Impairment losses and depreciation at 1 October	1,392,470	738,644
Depreciation for the year	423,097	385,017
Reversal of impairment and depreciation of sold assets	-962,452	0
Impairment losses and depreciation at 30 September	<u>853,115</u>	<u>1,123,661</u>
<b>Carrying amount at 30 September</b>	<b><u>388,381</u></b>	<b><u>1,290,531</u></b>

## 6. Other fixed asset investments

	Deposits
	DKK
Cost at 1 October	845,567
Additions for the year	5,691
Disposals for the year	-204,642
Cost at 30 September	<u>646,616</u>
<b>Carrying amount at 30 September</b>	<b><u>646,616</u></b>

2022/23	2021/22
DKK	DKK

## 7. Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	1,276,436	1,352,098
Between 1 and 5 years	1,495,853	2,421,450
	<u>2,772,289</u>	<u>3,773,548</u>

# Notes to the Financial Statements

## Other contingent liabilities

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

# Notes to the Financial Statements

## 8. Accounting policies

The Annual Report of Zylinc A/S for 2022/23 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 2022/23 are presented in DKK.

### Recognition and measurement

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

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

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

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

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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.

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 transaction date rates are recognised in financial income and expenses in the income statement.

Fixed assets and other nonmonetary assets acquired in foreign currency and not considered to be investment assets are measured using the exchange rate at the transaction date.

## Income statement

### Net sales

Revenue from the sale of services is recognised when the risks and rewards relating to the services 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 is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Direct expenses

Direct expenses comprise the consumables consumed to achieve revenue for the year.

### Other external expenses

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



# Notes to the Financial Statements

## Gross profit

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

## Staff expenses

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

## Amortisation, depreciation and impairment losses

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

## Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

## Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

## Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for 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 Viborg Holding ApS. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

## Balance sheet

### 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.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

# Notes to the Financial Statements

## Impairment of fixed assets

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

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

## Other fixed asset investments

Other fixed asset investments consist of deposits.

## Receivables

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

## Prepayments

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

## Equity

### Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

### 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.

## Financial Highlights

### Explanation of financial ratios

Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$