Front-Safe A/S

Spotorno Alle 12, 2., DK-2630 Taastrup

Annual Report for 1 January - 31 December 2017

CVR No 29 63 11 23

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 4 /7 2018

Lars Nygaard
Chairman of the General Meeting

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Front-Safe A/S for the financial year 1 January - 31 December 2017.

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 2017 of the Company and of the results of the Company operations for 2017.

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

Taastrup, 4 July 2018

Executive Board

Lars Nygaard

Board of Directors

Arjen Sebastian Berendsen Chairman	Jeremy David Rossen	Lars Nygaard

Independent Auditor's Report

To the Shareholder of Front-Safe 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 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Front-Safe A/S for the financial year 1 January - 31 December 2017, 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:

- 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, 4 July 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Bo Schou-Jacobsen
State Authorized Public Accountant
mne28703

Claus Damhave
State Authorized Public Accountant
mne34166

Company Information

The Company	Front-Safe A/S Spotorno Alle 12, 2. DK-2630 Taastrup CVR No: 29 63 11 23 Financial period: 1 January - 31 December Municipality of reg. office: Taastrup
Board of Directors	Arjen Sebastian Berendsen, Chairman Jeremy David Rossen Lars Nygaard
Executive Board	Lars Nygaard
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Income Statement 1 January - 31 December

	Note	2017 12 months DKK	2016 8 months DKK
Gross profit/loss		**15.592.884**	**13.486.818**
Staff expenses	2	-8.842.969	-5.596.842
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-5.040.761	-4.694.021
Profit/loss before financial income and expenses		**1.709.154**	**3.195.955**
Financial income	4	129.199	0
Financial expenses		-47.365	-52.359
Profit/loss before tax		**1.790.988**	**3.143.596**
Tax on profit/loss for the year	5	-357.209	-693.527
Net profit/loss for the year		**1.433.779**	**2.450.069**

Distribution of profit

Proposed distribution of profit

Retained earnings	1.433.779	2.450.069
	1.433.779	**2.450.069**

Balance Sheet 31 December

Assets

	Note	2017	2016
		DKK	DKK
Acquired licenses		2.035.462	4.908.645
Intangible assets	6	**2.035.462**	**4.908.645**
Other fixtures and fittings, tools and equipment		1.736.704	3.687.282
Property, plant and equipment	7	**1.736.704**	**3.687.282**
Fixed assets		**3.772.166**	**8.595.927**
Trade receivables		4.202.726	3.911.124
Receivables from group enterprises		3.680.283	4.882.575
Deferred tax asset	9	480.773	0
Corporation tax		0	31.406
Prepayments		5.885	356.838
Receivables		**8.369.667**	**9.181.943**
Cash at bank and in hand		**7.741.432**	**1.735.961**
Currents assets		**16.111.099**	**10.917.904**
Assets		**19.883.265**	**19.513.831**

Balance Sheet 31 December

Liabilities and equity

	Note	2017	2016
		DKK	DKK
Share capital		544.086	544.086
Retained earnings		11.717.918	10.284.139
Equity	8	**12.262.004**	**10.828.225**
Provision for deferred tax	9	0	574.789
Provisions		**0**	**574.789**
Prepayments received from customers		375.968	852.275
Long-term debt	10	**375.968**	**852.275**
Lease obligations		0	41.373
Prepayments received from customers	10	2.523.471	2.208.836
Trade payables		258.670	1.028.993
Payables to group enterprises		13.437	79.264
Corporation tax		703.622	703.622
Payables to group enterprises relating to corporation tax		2.960.739	1.547.968
Other payables		785.354	1.648.486
Short-term debt		**7.245.293**	**7.258.542**
Debt		**7.621.261**	**8.110.817**
Liabilities and equity		**19.883.265**	**19.513.831**
Main activity	1		
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Notes to the Financial Statements

1 Main activity

The Company's main activity is to deliver backup- and archiving solutions.

	2017 12 months DKK	2016 8 months DKK
2 Staff expenses		
Wages and salaries	8.478.478	5.064.451
Pensions	141.955	297.064
Other social security expenses	44.241	49.884
Other staff expenses	178.295	185.443
	8.842.969	**5.596.842**
Average number of employees	**12**	**12**

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

Amortisation of intangible assets	2.873.183	2.709.792
Depreciation of property, plant and equipment	2.167.578	2.011.741
Gain and loss on disposal	0	-27.512
	5.040.761	**4.694.021**

4 Financial income

Interest received from group enterprises	126.545	0
Exchange gains	2.654	0
	129.199	**0**

5 Tax on profit/loss for the year

Current tax for the year	1.412.771	2.251.590
Deferred tax for the year	-1.055.562	-1.558.063
	357.209	**693.527**

Notes to the Financial Statements

6 Intangible assets

	Acquired licenses
	DKK
Cost at 1 January	23.149.697
Disposals for the year	-13.966.831
Cost at 31 December	9.182.866
Impairment losses and amortisation at 1 January	18.241.052
Amortisation for the year	2.873.183
Reversal of amortisation of disposals for the year	-13.966.831
Impairment losses and amortisation at 31 December	7.147.404
Carrying amount at 31 December	**2.035.462**
Amortised over	3-10 years

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	17.516.201
Additions for the year	217.000
Disposals for the year	-13.984.098
Cost at 31 December	3.749.103
Impairment losses and depreciation at 1 January	13.828.919
Depreciation for the year	2.167.578
Reversal of impairment and depreciation of sold assets	-13.984.098
Impairment losses and depreciation at 31 December	2.012.399
Carrying amount at 31 December	**1.736.704**
Depreciated over	3-5 years

Notes to the Financial Statements

8 Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	544.086	10.284.139	10.828.225
Net profit/loss for the year	0	1.433.779	1.433.779
Equity at 31 December	**544.086**	**11.717.918**	**12.262.004**

The share capital is broken down as follow:

	Number	Nominal value
		DKK
A-shares	506.000	506.000
B-shares	38.086	38.086
		544.086

9 Deferred tax asset

	2017	2016
	DKK	DKK
Intangible assets	410.106	1.035.210
Property, plant and equipment	-892.173	-492.626
Prepayments	1.294	32.205
Transferred to deferred tax asset	480.773	0
	0	**574.789**
Deferred tax asset		
Calculated tax asset	480.773	0
Carrying amount	**480.773**	**0**

Notes to the Financial Statements

10 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:

Prepayments received from customers

Between 1 and 5 years	375.968	852.275
Long-term part	375.968	852.275
Other prepayments from customers	2.523.471	2.208.836
	2.899.439	**3.061.111**

11 Contingent assets, liabilities and other financial obligations

Rental and lease obligations	2.885.630	3.386.986

The Danish 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 j2 Global Denmark A/S, which is the management company of the joint taxation purposes. 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 liabilitites at 31 December 2017.

Notes to the Financial Statements

12 Related parties

	Basis
Controlling interest	
j2 Global Denmark A/S	Parent company
j2 Global Inc., USA	Ultimate parent company

Consolidated Financial Statements

The Company's immediate Parent Company is j2 Global Denmark A/S 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:

Name	Place of registered office
j2 Global Inc.	Hollywood, CA, USA

13 Subsequent events

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

Notes to the Financial Statements

14 Accounting Policies

The Annual Report of Front-Safe A/S for 2017 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 2017 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.

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

14 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.

Notes to the Financial Statements

14 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, revenue has not been disclosed in the Annual Report.

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.

Notes to the Financial Statements

14 Accounting Policies (continued)

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 J2 Global Denmark A/S. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Acquired licences 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 10 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

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.

Notes to the Financial Statements

14 Accounting Policies (continued)

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

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, 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 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.