
Front-Safe A/S

Spotorno Alle 12, 2., DK-2630 Taastrup

Annual Report for 1 January - 31 December 2019

CVR No 29 63 11 23

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 Front-Safe 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

Board of Directors

Jeremy David Rossen
Chairman

Einar Boije

Arjen Sebastian Berendsen

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 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 Front-Safe 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 Authorized Public Accountant
mne28703

Anders Røjleskov
State Authorized Public Accountant
mne28699

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: Høje-Taastrup

Board of Directors

Jeremy David Rossen, Chairman
Einar Boijje
Arjen Sebastian Berendsen

Executive Board

Arjen Sebastian Berendsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Income Statement 1 January - 31 December

	Note	2019 DKK	2018 DKK
Gross profit/loss		10,748,370	14,623,304
Staff expenses	2	-6,101,416	-7,332,706
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-4,198,901	-2,119,244
Profit/loss before financial income and expenses		448,053	5,171,354
Financial income	4	0	82,059
Financial expenses	5	-747,144	-8,121
Profit/loss before tax		-299,091	5,245,292
Tax on profit/loss for the year	6	63,612	-1,156,245
Net profit/loss for the year		-235,479	4,089,047

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	0	7,500,000
Retained earnings	-235,479	-3,410,953
	-235,479	4,089,047

Balance Sheet 31 December

Assets

	Note	2019 DKK	2018 DKK
Acquired licenses		258,482	955,173
Intangible assets	7	258,482	955,173
Other fixtures and fittings, tools and equipment		12,282,240	1,652,017
Property, plant and equipment	8	12,282,240	1,652,017
Fixed assets		12,540,722	2,607,190
Trade receivables		3,110,816	3,688,222
Other receivables		697,623	0
Deferred tax asset		0	410,003
Corporation tax receivable from group enterprises		1,393,932	0
Prepayments		3,712,365	674,519
Receivables		8,914,736	4,772,744
Cash at bank and in hand		4,667,126	13,532,024
Currents assets		13,581,862	18,304,768
Assets		26,122,584	20,911,958

Balance Sheet 31 December

Liabilities and equity

	Note	2019 DKK	2018 DKK
Share capital		544,086	544,086
Retained earnings		8,071,486	8,306,965
Proposed dividend for the year		0	7,500,000
Equity	9	8,615,572	16,351,051
Provision for deferred tax		920,317	0
Provisions		920,317	0
Prepayments received from customers		0	141,151
Long-term debt	10	0	141,151
Lease obligations		4,976,369	0
Prepayments received from customers	10	1,320,747	1,596,256
Trade payables		777,255	456,687
Payables to group enterprises		9,512,324	259,579
Corporation tax		0	703,622
Payables to group enterprises relating to corporation tax		0	1,085,475
Other payables		0	318,137
Short-term debt		16,586,695	4,419,756
Debt		16,586,695	4,560,907
Liabilities and equity		26,122,584	20,911,958
Main activity	1		
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Statement of Changes in Equity

	<u>Share capital</u>	<u>Retained</u>	<u>Proposed</u>	<u>Total</u>
	DKK	earnings	dividend for the	DKK
	DKK	DKK	year	DKK
	DKK	DKK	DKK	DKK
Equity at 1 January	544,086	8,306,965	7,500,000	16,351,051
Ordinary dividend	0	0	-7,500,000	-7,500,000
Net profit/loss for the year	0	-235,479	0	-235,479
Equity at 31 December	544,086	8,071,486	0	8,615,572

Notes to the Financial Statements

1 Main activity

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

	<u>2019</u>	<u>2018</u>
	DKK	DKK
2 Staff expenses		
Wages and salaries	5,577,290	6,673,257
Pensions	235,327	287,122
Other social security expenses	17,610	24,642
Other staff expenses	<u>271,189</u>	<u>347,685</u>
	<u>6,101,416</u>	<u>7,332,706</u>
Average number of employees	<u>6</u>	<u>8</u>
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	701,943	1,080,289
Depreciation of property, plant and equipment	<u>3,496,958</u>	<u>1,038,955</u>
	<u>4,198,901</u>	<u>2,119,244</u>
4 Financial income		
Interest received from group enterprises	0	38,961
Exchange gains	<u>0</u>	<u>43,098</u>
	<u>0</u>	<u>82,059</u>
5 Financial expenses		
Other financial expenses	746,826	8,121
Exchange loss	<u>318</u>	<u>0</u>
	<u>747,144</u>	<u>8,121</u>

Notes to the Financial Statements

	2019	2018
	DKK	DKK
6 Tax on profit/loss for the year		
Current tax for the year	-1,393,932	1,085,475
Deferred tax for the year	1,330,320	70,770
	-63,612	1,156,245
7 Intangible assets		Acquired licenses
		DKK
Cost at 1 January		9,182,866
Additions for the year		5,250
Cost at 31 December		9,188,116
Impairment losses and amortisation at 1 January		8,227,693
Amortisation for the year		701,941
Impairment losses and amortisation at 31 December		8,929,634
Carrying amount at 31 December		258,482
Amortised over		3-10 years

Notes to the Financial Statements

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	4,703,371
Additions for the year	<u>14,127,182</u>
Cost at 31 December	<u>18,830,553</u>
Revaluations at 1 January	<u>0</u>
Impairment losses and depreciation at 1 January	3,051,354
Depreciation for the year	<u>3,496,959</u>
Impairment losses and depreciation at 31 December	<u>6,548,313</u>
Carrying amount at 31 December	<u>12,282,240</u>
Depreciated over	<u>3-5 years</u>
Including assets under finance leases amounting to	<u>10,539,138</u>

9 Equity

The share capital is broken down as follow:

	<u>Number</u>	<u>Nominal value</u>
		DKK
A-shares	506,000	506,000
B-shares	38,086	<u>38,086</u>
		<u>544,086</u>

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:

	<u>2019</u> DKK	<u>2018</u> DKK
Prepayments received from customers		
Between 1 and 5 years	<u>0</u>	<u>141,151</u>
Long-term part	<u>0</u>	<u>141,151</u>
Other prepayments from customers	<u>1,320,747</u>	<u>1,596,256</u>
	<u>1,320,747</u>	<u>1,737,407</u>

11 Contingent assets, liabilities and other financial obligations

Rental and lease obligations	<u>0</u>	<u>2,095,911</u>
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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 J2 Global Denmark A/S, 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.

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

Notes to the Financial Statements

12 Related parties

	<u>Basis</u>
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:

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

13 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.

Front-safe 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.

Notes to the Financial Statements

14 Accounting Policies

The Annual Report of Front-Safe 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.

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.

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.

Notes to the Financial Statements

14 Accounting Policies (continued)

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

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.

Notes to the Financial Statements

14 Accounting Policies (continued)

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, expenses for raw materials and consumables 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.

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 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.

Notes to the Financial Statements

14 Accounting Policies (continued)

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.

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.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity 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 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 legisla-

Notes to the Financial Statements

14 Accounting Policies (continued)

tion 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.