
Front-Safe A/S

Spotorno Alle 12, 2., DK-2630 Taastrup

Annual Report for 1 January - 31 December 2020

CVR No 29 63 11 23

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
30/6 2021

Robert den Drijver
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 2020.

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 2020 of the Company and of the results of the Company operations for 2020.

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

Taastrup, 30 June 2021

Executive Board

Robert den Drijver

Board of Directors

Robert den Drijver

Jeremy David Rossen
Chairman

Einar Boije

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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 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 2020, 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, 30 June 2021

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

Robert den Drijver
Jeremy David Rossen, Chairman
Einar Boije

Executive Board

Robert den Drijver

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Income Statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
Gross profit/loss		7,189,893	10,748,370
Staff expenses	2	-7,275,844	-6,101,416
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-3,899,869	-4,198,901
Profit/loss before financial income and expenses		-3,985,820	448,053
Financial expenses	4	-370,900	-747,144
Profit/loss before tax		-4,356,720	-299,091
Tax on profit/loss for the year	5	949,626	63,612
Net profit/loss for the year		-3,407,094	-235,479

Distribution of profit

Proposed distribution of profit

Retained earnings	-3,407,094	-235,479
	-3,407,094	-235,479

Balance Sheet 31 December

Assets

	Note	2020 DKK	2019 DKK
Acquired licenses		28,588	258,482
Intangible assets	6	28,588	258,482
Other fixtures and fittings, tools and equipment		11,260,049	12,282,240
Property, plant and equipment	7	11,260,049	12,282,240
Fixed assets		11,288,637	12,540,722
Trade receivables		2,238,689	3,110,816
Receivables from group enterprises		291,624	0
Other receivables		507,788	697,623
Corporation tax receivable from group enterprises		3,053,091	1,393,932
Prepayments		3,265,633	3,712,366
Receivables		9,356,825	8,914,737
Cash at bank and in hand		4,442,950	4,667,126
Currents assets		13,799,775	13,581,863
Assets		25,088,412	26,122,585

Balance Sheet 31 December

Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital	8	544,086	544,086
Retained earnings		4,664,392	8,071,486
Equity		5,208,478	8,615,572
Provision for deferred tax		1,629,850	920,317
Provisions		1,629,850	920,317
Lease obligations		905,414	0
Long-term debt	9	905,414	0
Lease obligations	9	699,364	4,976,369
Prepayments received from customers		898,349	1,320,747
Trade payables		1,148,844	777,255
Payables to group enterprises		14,595,903	9,512,324
Other payables		2,210	1
Short-term debt		17,344,670	16,586,696
Debt		18,250,084	16,586,696
Liabilities and equity		25,088,412	26,122,585
Main activity	1		
Contingent assets, liabilities and other financial obligations	10		
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Subsequent events	12		
Accounting Policies	13		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	544,086	8,071,486	8,615,572
Net profit/loss for the year	0	-3,407,094	-3,407,094
Equity at 31 December	544,086	4,664,392	5,208,478

Notes to the Financial Statements

1 Main activity

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

2 Staff expenses

	2020 DKK	2019 DKK
Wages and salaries	6,943,047	5,577,290
Pensions	308,624	235,327
Other social security expenses	24,173	17,610
Other staff expenses	0	271,189
	7,275,844	6,101,416

Average number of employees	7	6
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3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Amortisation of intangible assets	274,229	701,943
Depreciation of property, plant and equipment	3,625,640	3,496,958
	3,899,869	4,198,901

4 Financial expenses

Other financial expenses	370,900	746,826
Exchange loss	0	318
	370,900	747,144

5 Tax on profit/loss for the year

Current tax for the year	-1,659,159	-1,393,932
Deferred tax for the year	709,533	1,330,320
	-949,626	-63,612

Notes to the Financial Statements

6 Intangible assets

	Acquired licenses DKK
Cost at 1 January	9,188,116
Cost at 31 December	9,188,116
Impairment losses and amortisation at 1 January	8,929,634
Amortisation for the year	229,894
Impairment losses and amortisation at 31 December	9,159,528
Carrying amount at 31 December	28,588
Amortised over	3-10 years

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost at 1 January	18,830,553
Additions for the year	2,647,784
Cost at 31 December	21,478,337
Impairment losses and depreciation at 1 January	6,548,313
Depreciation for the year	3,669,975
Impairment losses and depreciation at 31 December	10,218,288
Carrying amount at 31 December	11,260,049
Depreciated over	3-5 years
Including assets under finance leases amounting to	2,131,727

Notes to the Financial Statements

8 Equity

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 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:

	2020 DKK	2019 DKK
Lease obligations		
Between 1 and 5 years	905,414	0
Long-term part	905,414	0
Within 1 year	699,364	4,976,369
	1,604,778	4,976,369

10 Contingent assets, liabilities and other financial obligations

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 2020.

Notes to the Financial Statements

11 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.	Los Angeles, CA, USA

12 Subsequent events

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

Notes to the Financial Statements

13 Accounting Policies

The Annual Report of Front-Safe A/S for 2020 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 2020 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.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the inte-

Notes to the Financial Statements

13 Accounting Policies (continued)

rest 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

13 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

13 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
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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

13 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.