j2 Global Denmark A/S

Spotorno Alle 12, DK-2630 Taastrup

Annual Report for 1 January - 31 December 2017

CVR No 28 11 78 33

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 j2 Global Denmark 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
Executive Officer

Board of Directors

Arjen Sebastian Berendsen Chairman	Jeremy David Rossen	Lars Nygaard

Independent Auditor's Report

To the Shareholder of j2 Global Denmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 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 j2 Global Denmark 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:

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

Bo Schou-Jacobsen
State Authorised Public Accountant
mne28703

Claus Damhave
State Authorised Public Accountant
mne34166

Company Information

The Company	j2 Global Denmark A/S Spotorno Alle 12 DK-2630 Taastrup Telephone: + 45 70 25 22 23 Facsimile: + 45 70 25 02 23 CVR No: 28 11 78 33 Financial period: 1 January - 31 December Incorporated: 30 September 2004 Financial year: 13rd financial year Municipality of reg. office: Høje 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
Lawyers	Gorrissen Federspiel H.C. Andersens Boulevard 12 1553 København V
Bankers	Danske Bank Hovedvejen 107 2600 Glostrup

Income Statement 1 January - 31 December

	Note	2017	2016
		DKK	DKK
Gross profit/loss		**24.626.262**	**33.109.694**
Staff expenses	3	-16.370.864	-21.629.559
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-2.361.496	-2.966.358
Profit/loss before financial income and expenses		**5.893.902**	**8.513.777**
Income from investments in subsidiaries	5	-16.156.841	0
Financial income		34.617	47.271
Financial expenses	6	-787.019	-108.570
Profit/loss before tax		**-11.015.341**	**8.452.478**
Tax on profit/loss for the year	7	-1.097.342	-1.861.570
Net profit/loss for the year		**-12.112.683**	**6.590.908**

Distribution of profit

Proposed distribution of profit

Retained earnings	-12.112.683	6.590.908
	-12.112.683	**6.590.908**

Balance Sheet 31 December

Assets

	Note	2017	2016
		DKK	DKK
Acquired other similar rights		1.529.376	2.764.370
Goodwill		0	0
Intangible assets	8	**1.529.376**	**2.764.370**
Other fixtures and fittings, tools and equipment		622.963	1.493.464
Leasehold improvements		115.766	192.942
Property, plant and equipment	9	**738.729**	**1.686.406**
Investments in subsidiaries	10	50.820.627	61.628.410
Deposits		283.207	283.207
Fixed asset investments		**51.103.834**	**61.911.617**
Fixed assets		**53.371.939**	**66.362.393**
Trade receivables		8.939.206	7.014.007
Receivables from group enterprises		2.518.212	2.500.936
Other receivables		4.135	25.000
Deferred tax asset		893.208	1.270.159
Corporation tax receivable from group enterprises		3.614.013	0
Prepayments		3.619.346	4.604.596
Receivables		**19.588.120**	**15.414.698**
Cash at bank and in hand		**4.345.433**	**5.933.472**
Currents assets		**23.933.553**	**21.348.170**
Assets		**77.305.492**	**87.710.563**

Balance Sheet 31 December

Liabilities and equity

	Note	2017	2016
		DKK	DKK
Share capital		504.000	504.000
Retained earnings		12.776.485	24.889.170
Equity	11	**13.280.485**	**25.393.170**
Prepayments received from customers		11.396.948	15.743.817
Long-term debt	12	**11.396.948**	**15.743.817**
Lease obligations		63.701	348.867
Prepayments received from customers	12	22.911.289	27.230.295
Trade payables		2.632.546	2.665.013
Payables to group enterprises		14.957.744	9.663.280
Corporation tax		4.208.585	5.412
Other payables		7.854.194	6.660.709
Short-term debt		**52.628.059**	**46.573.576**
Debt		**64.025.007**	**62.317.393**
Liabilities and equity		**77.305.492**	**87.710.563**
Subsequent events	1		
Key activities	2		
Contingent assets, liabilities and other financial obligations	13		
Related parties	14		
Accounting Policies	15		

Notes to the Financial Statements

1 Subsequent events

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

2 Key activities

The company's purpose is to do IT business.

	2017	2016
	DKK	DKK

3 Staff expenses

	2017 DKK	2016 DKK
Wages and salaries	14.305.742	19.974.493
Pensions	664.642	507.664
Other social security expenses	202.403	227.693
Other staff expenses	1.198.077	919.709
	16.370.864	**21.629.559**
Average number of employees	**29**	**30**

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

	2017 DKK	2016 DKK
Amortisation of intangible assets	1.235.000	1.234.380
Depreciation of property, plant and equipment	1.126.496	1.465.740
Gain and loss on disposal	0	266.238
	2.361.496	**2.966.358**

5 Income from investments in subsidiaries

	2017 DKK	2016 DKK
Impairment of investments in subsidiaries	-16.156.841	0
	-16.156.841	**0**

Notes to the Financial Statements

6 Financial expenses

	2017	2016
	DKK	DKK
Interest paid to group enterprises	443.570	0
Other financial expenses	74.272	96.286
Exchange adjustments, expenses	269.177	12.284
	787.019	**108.570**

7 Tax on profit/loss for the year

	2017	2016
	DKK	DKK
Current tax for the year	594.572	5.412
Deferred tax for the year	376.951	1.856.158
Adjustment of tax concerning previous years	-57.027	0
Adjustment of deferred tax concerning previous years	182.846	0
	1.097.342	**1.861.570**

8 Intangible assets

	Acquired other similar rights	Goodwill	Total
	DKK	DKK	DKK
Cost at 1 January	6.175.000	11.134.743	17.309.743
Cost at 31 December	6.175.000	11.134.743	17.309.743
Impairment losses and amortisation at 1 January	3.410.624	11.134.743	14.545.367
Amortisation for the year	1.235.000	0	1.235.000
Impairment losses and amortisation at 31 December	4.645.624	11.134.743	15.780.367
Carrying amount at 31 December	**1.529.376**	**0**	**1.529.376**
Amortised over	5 years	10 years	

Notes to the Financial Statements

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK
Cost at 1 January	9.075.543	281.589	9.357.132
Additions for the year	178.825	0	178.825
Cost at 31 December	9.254.368	281.589	9.535.957
Impairment losses and depreciation at 1 January	7.582.085	88.647	7.670.732
Depreciation for the year	1.049.320	77.176	1.126.496
Impairment losses and depreciation at 31 December	8.631.405	165.823	8.797.228
Carrying amount at 31 December	**622.963**	**115.766**	**738.729**
Depreciated over	3-5 years	3-5 years	

Notes to the Financial Statements

	2017	2016
	DKK	DKK

10 Investments in subsidiaries

	2017	2016
Cost at 1 January	61.628.410	0
Additions for the year	5.349.058	61.628.410
Cost at 31 December	66.977.468	61.628.410
Impairment for the year	-16.156.841	0
Value adjustments at 31 December	-16.156.841	0
Carrying amount at 31 December	**50.820.627**	**61.628.410**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Front-Safe A/S	Taastrup	DKK 544.086	100%	12.262.004	1.433.779
Simitu ApS	Taastrup	DKK 106.668	100%	1.428.332	1.040.718

11 Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	504.000	24.889.168	25.393.168
Net profit/loss for the year	0	-12.112.683	-12.112.683
Equity at 31 December	**504.000**	**12.776.485**	**13.280.485**

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

Notes to the Financial Statements

12 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:

	2017	2016
	DKK	DKK
Prepayments received from customers		
Between 1 and 5 years	11.396.948	15.743.817
Long-term part	11.396.948	15.743.817
Other prepayments from customers	22.911.289	27.230.295
	34.308.237	**42.974.112**

13 Contingent assets, liabilities and other financial obligations

Rental and lease obligations	1.162.028	830.395

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 by the Group amounts to DKK 4,071,009. 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

14 Related parties

	Basis
Controlling interest	
j2 Global Ireland Limited, Ireland	Parent company
j2 Global Inc., USA	Ultimate parent company

Consolidated Financial Statements

The company's immediate parent company is j2 Global Ireland Limited and the ultimate parent company, which the company is a subsidiary of is j2 Global Inc.

The Company is included in the Group Report of the Ultimate Parent Company:

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

Notes to the Financial Statements

15 Accounting Policies

The Annual Report of j2 Global Denmark 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.

Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

Recognition and measurement

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

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

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

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Notes to the Financial Statements

15 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.

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.

Notes to the Financial Statements

15 Accounting Policies (continued)

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.

Income from investments in subsidiaries

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

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

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

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.

Notes to the Financial Statements

15 Accounting Policies (continued)

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

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

Balance Sheet

Intangible assets

Acquired rights are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3 - 5 years
Leasehold improvements	3 - 5 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Notes to the Financial Statements

15 Accounting Policies (continued)

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

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

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.

Notes to the Financial Statements

15 Accounting Policies (continued)

Prepayments received from customers

Prepayments received from customers comprise payments received in respect of income in subsequent years.