

Registered number: 06496829

ZINWAVE HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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ZINWAVE HOLDINGS LIMITED
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**ZINWAVE HOLDINGS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020**

COMPANY INFORMATION

Directors	G Ruffner Page B S Kitterman C F Nowlin
Company secretary	Denton Secretaries Limited
Registered number	06496829
Registered office	One Fleet Place London EC4M 7WS
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Maurice Wilkes Building St John's Innovation Park Cowley Road Cambridge CB4 0DS
Bankers	Regions 1900 5th Avenue North Birmingham, AL, 95203 USA JP Morgan Chase Bank N.A., London Branch 25 Bank Street London E14 5JP

ZINWAVE HOLDINGS LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the Strategic Report of Zinwave Holdings Limited group (the "Group") and Zinwave Holdings Limited (the "Company") for the year ended 31 December 2020.

Review of business

"Zinwave", being the Group and other related Zinwave companies is a global provider of reliable in-building wireless coverage solutions with offices in the USA, UK and Asia. Zinwave has the only true wideband active Distributed Antenna System (DAS) in the market, covering all frequencies between 150MHz and 4700MHz. It provides a highly cost-effective multi-service solution over a single hardware infrastructure that can be easily scaled for future service additions.

Zinwave supply in building wireless coverage solutions across vertical markets, including corporate and enterprise, education, healthcare, government, hospitality, industrial and public venues.

Results and performance

The results of the Group for the year show a profit for the financial year of \$765k (2019: profit of \$26k). The net asset position of the Group at 31 December 2020 was \$3.0m (2019: \$2.2m). Performance of the Group during 2020 has been good. Revenues were \$11.7m, which is a decrease of \$2.0m from \$13.7m in 2019; however, the gross profit % increased to 48.9% in 2020 from 41.2% in 2019. The decrease in revenue was primarily the result of significant work on a large airport project in 2019 that was not repeated in 2020. The GP% increase in 2020 was driven primarily by a greater percentage of sales of the Group's newer generation product.

The Group will continue to trade with its US affiliate as well as other non-US customers as it expands through strategic partners in Europe, Middle East and Asia.

Business environment

Per Research and Markets' forecast, the global DAS equipment market was \$7.9 billion in 2020 and is expected to grow to \$10.7 billion by 2025 with a CAGR of 6.2% during 2020-2025. Multiple alternative technologies vie for the in-building market, with some suppliers now offering several solution types to cover a larger breadth of market needs.

Key performance indicators

	2020	2019
Revenue	\$11.7m	\$13.7m
Gross Profit	\$5.7m	\$5.7m
Gross Profit % of Revenue	48.9%	41.2%
EBITDA	\$0.9m	\$0.2m

Reconciliation back to operating profit/(loss)

<i>Adjust for depreciation and amortisation</i>	\$0.2m	\$0.3m
<i>Operating profit/(loss)</i>	\$0.7m	\$(0.1)m

Strategy

In January 2020, we restructured the business with the following goals: 1) lower our operating cost, 2) focus on selling to, and servicing, key partners and direct customers and 3) continue to invest in our technology. Zinwave will continue to sell direct to end customers but will use key partners when mutually beneficial to service this customer base.

ZINWAVE HOLDINGS LIMITED
GROUP STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

The Group's development efforts for 2020 were focused primarily on 5G technologies. The Company launched its mid-band 5G solution during 2020. The Group's development efforts in 2021 will be focused on 1) integration of its low band/mid-band solutions to reduce cost and add flexibility, 2) untransport for long distance transmission, which allows our customers to send signals to and from a remote location over several kilometers of fiber to a desired receiver minimizing the space required for equipment, and power consumed by such equipment, on their network and 3) identify and integrate open Radio Access Network (RAN) source for the UK market. The Company will also continue to leverage existing core intellectual property to drive development into new markets not previously served.

During 2020, we made the decision to bring final assembly of our products in-house. This transition was completed in early 2021 and we expect it will provide an improvement in our gross profit %.

Zinwave will continue to consolidate its position and concentrate its efforts on achieving maximum growth in its existing market segments, whilst exploring new markets that suit our solution. Zinwave aims to improve efficiency in all areas of operations through cost reduction, production efficiency, and flexible policies to keep up with the pace of change in this market. Customer service remains a top priority.

Principal risks and uncertainties

Zinwave remains focused on understanding the risks it faces in today's business environment and putting in place strategies to deal with these in the short and longer term.

The risk	The management strategy.
Technology change	Product innovation, active participation on technical advisory boards and thought leadership forums.
Competitors	We are actively increasing our focus on differentiating Zinwave from other OEM offerings and promoting our superior Total Cost of Ownership (TCO) model to the market.
Price risk	Zinwave products are continually being benchmarked against other competitors' products and our solution continues to be the most competitive TCO model on the market. We continue to seek ways to reduce the cost to produce without compromising the quality of our solution through redesign and supplier management.
Credit risk	To keep aware of potential risks. Working with the right partners, close analysis of regional activity, utilisation of credit analysis tools and maintaining good communication channels with current customer base.
Foreign currency	Reducing risk by natural hedging, aligning costs to match standard sales currency.
Cash flow	We maintain tight focus on our cash position, monitoring the balance daily. Our operating expenditures are mostly fixed, with the only significant variable being payment to our main contract manufacturer. This supplier is on a 60-day account while most of our customers are on a 30-day account. During 2021 we are bringing final assembly in-house, which should improve our operation performance.
Liquidity	With the backing of our parent company (McWane, Inc) the risk associated with our ability to meet short term financial demands is low. McWane, Inc remain invested in our long-term strategy and provide the backing required for us to continue operating.
Supply risk	We remain in close contact with our suppliers to understand the impacts of COVID-19 on their businesses and operations. Our suppliers may face challenges in maintaining an adequate workforce or securing materials from their own suppliers because of COVID-19. We may experience an inability to procure certain components and materials on a timely basis because of the COVID-19 outbreak. We continue to take steps to validate our suppliers' ability to deliver to us on time.

ZINWAVE HOLDINGS LIMITED
GROUP STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls.

COVID-19

The COVID-19 pandemic developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people (such as social distancing and working from home) and securing the supply of materials that are essential to our production process. At this stage while we have been limited in our ability to travel and many borders remain closed, we believe we have been able to mitigate a significant decline in our business and results. The Group or its third-party contractors must gain physical access to facilities to install its equipment and, if this is not possible, will impact the Group's and the Company's ability to generate revenue. The Group believes its current supply chain is able to provide adequate inventory to meet customer demands. As businesses begin to re-open and operate at normal capacity, the Group expects demand to improve. We expect that COVID-19 will, at least through the first half of 2021, continue to present challenges from a sales perspective as facilities and borders remain closed and our ability to travel is limited. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people.

This report was approved by the board and signed on its behalf by:

BS Kitterman

B S Kitterman

Director

Date: 9 September 2021

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**ZINWAVE HOLDINGS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their annual report and the audited consolidated financial statements of Zinwave Holdings Limited group (the "Group") and Zinwave Holdings Limited (the "Company") for the year ended 31 December 2020.

Principal activity

The principal activity of the Group is the development, manufacture and sale of telecommunication infrastructure equipment.

Results and dividends

The profit for the financial year amounted to \$765k (2019: profit \$26k).
The directors do not recommend the payment of a dividend (2019: \$Nil).

Going concern

The directors have prepared the financial statements on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company was able to generate a profit in 2020 due to the restructuring enacted in January 2020 along with reasonable performance during 2020. The Company is expected to generate a profit in 2021 based on the continued benefits noted from 2020 from the restructuring along with adequate revenue generation. The Company's ability to achieve break-even or profitability is dependent on its ability to generate sufficient gross profit while managing its operating expenses at current levels. Given the continued uncertainty and impact of COVID-19, working capital requirements of the business and the execution risk associated with the business, the Company is therefore reliant on the continued support of its intermediate parent company, McWane Luxembourg Holdings, SARL and that backing has been reaffirmed via a letter of support by McWane.

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

G Ruffner Page (appointed 1 January 2020)
B S Kitterman
C F Nowlin
AK Foster III (resigned 1 January 2020)

Qualifying third party indemnity provisions

The Group has not provided qualifying third-party indemnity provisions in respect of Directors and senior officers who were in force during the year and at the date of this report.

Future developments

Future developments of the Company are discussed in Strategic Report on pages 2 - 3.

Financial risk management

Financial risk management of the Company are discussed in Strategic Report on page 3.

Research and development activities

Research and development costs incurred during the year amounted to \$1,703k (2019: \$1,974k), all of which has been expensed in the statement of comprehensive income.

**ZINWAVE HOLDINGS LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf by:

BS Kitterman

B S Kitterman

Director

Date: 9 September 2021

ZINWAVE HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZINWAVE HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Zinwave Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and the Company Balance Sheet as at 31 December 2020; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated and Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

ZINWAVE HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZINWAVE HOLDINGS LIMITED (cont...)

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are responsible for assessing the group's and 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 unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK Companies Act and tax law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue, and management bias in accounting estimates and judgmental areas of the financial statements. Audit procedures performed by the engagement team included:

- discussions with management and those charged with governance, including known or suspected instances of non-compliance with laws and regulation and fraud;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations to overstate revenue;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- reviewing meeting minutes, including those of the board of directors;
- assessing assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the impairment assessment of the investments in subsidiary undertakings; and
- reviewing key correspondence between the company and HMRC.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

ZINWAVE HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZINWAVE HOLDINGS LIMITED (cont...)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Richard Bedlow (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
9 September 2021

ZINWAVE HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

		2020	2019
	Note	\$000	\$000
Turnover	4	11,738	13,732
Cost of sales		(6,000)	(8,072)
Gross profit		5,738	5,660
Administrative expenses		(5,009)	(5,757)
Operating profit/(loss)	5	729	(97)
Interest payable and similar expenses	9	(46)	(67)
Profit/(loss) before taxation		683	(164)
Tax on Profit/(loss)	10	82	190
Profit for the financial year		765	26
Total comprehensive income for the financial year		765	26

The notes on pages 16 to 34 form part of these financial statements.

ZINWAVE HOLDINGS LIMITED**REGISTERED NUMBER: 06496829****CONSOLIDATED BALANCE SHEET AS
AT 31 DECEMBER 2020**

	Note	2020 \$000	2019 \$000
Fixed assets			
Intangible assets	11	94	118
Tangible assets	12	499	419
		<u>593</u>	<u>537</u>
Current assets			
Stocks	14	1,679	1,112
Debtors	15	4,112	5,483
Cash at bank and in hand	16	375	332
		<u>6,165</u>	<u>6,927</u>
Creditors: amounts falling due within one year	17	(2,289)	(3,759)
Net current assets		<u>3,844</u>	<u>3,168</u>
Total assets less current liabilities		<u>4,472</u>	<u>3,705</u>
Creditors: amounts falling due after more than one year	18	(1,500)	(1,500)
Net assets		<u>2,970</u>	<u>2,205</u>
Capital and reserves			
Called up share capital	20	30,269	30,269
Share premium account	21	36,625	36,625
Capital contribution reserve	21	2,063	2,063
Foreign exchange reserve	21	(155)	(155)
Other reserves	21	3,010	3,010
Profit and loss account	21	(68,842)	(69,607)
Total shareholders' funds		<u>2,970</u>	<u>2,205</u>

The financial statements on pages 10 to 34 were approved and authorised for issue by the board and were signed on its behalf by:

BS Kitterman

B S Kitterman
Director

Date: 9 September 2021

The notes on pages 16 to 34 form part of these financial statements.

ZINWAVE HOLDINGS LIMITED

**COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2020**

	Note	2020 \$000	2019 \$000
Fixed assets			
Investments	13	35,675	35,675
Creditors: amounts falling due within one year	17	(3)	(3)
Net current liabilities		<u>(3)</u>	<u>(3)</u>
Total assets less current liabilities		<u>35,672</u>	<u>35,672</u>
Capital and reserves			
Called up share capital	20	30,269	30,269
Share premium account	21	36,625	36,625
Capital contribution reserve	21	2,063	2,063
Foreign exchange reserve	21	(644)	(644)
Other reserves	21	170	170
Profit and loss account brought forward		(32,811)	(32,811)
Result for the financial year		-	-
Profit and loss account carried forward		(32,811)	(32,811)
Total shareholders' funds		<u>35,672</u>	<u>35,672</u>

The financial statements on pages 10 to 34 were approved and authorised for issue by the board and were signed on its behalf by:

BS Kitterman

B S Kitterman

Director

Date: 9 September 2021

The notes on pages 16 to 34 form part of these financial statements.

ZINWAVE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital \$000	Share premium account \$000	Capital contribution reserve \$000	Foreign exchange reserve \$000	Other reserves \$000	Profit and loss account \$000	Total shareholders' funds \$000
At 1 January 2019	30,269	36,625	2,063	(155)	3,010	(69,633)	2,179
Comprehensive income for the financial year							
Profit for the financial year	-	-	-	-	-	26	26
Total comprehensive income for the financial year	-	-	-	-	-	26	26
At 31 December 2019 and 1 January 2020	30,269	36,625	2,063	(155)	3,010	(69,607)	2,205
Comprehensive income for the financial year							
Profit for the financial year	-	-	-	-	-	765	765
Total comprehensive income for the financial year	-	-	-	-	-	765	765
At 31 December 2020	30,269	36,625	2,063	(155)	3,010	(68,842)	2,970

The notes on pages 16 to 34 form part of these financial statements.

ZINWAVE HOLDINGS LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Share premium account	Capital contribution reserve	Foreign exchange reserve	Other reserves	Profit and loss account	Total shareholders' funds
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At 1 January 2019	30,269	36,625	2,063	(644)	170	(32,811)	35,672
Comprehensive income for the financial year							
Result for the financial year	-	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	-	-	-
At 31 December 2019 and 1 January 2020	30,269	36,625	2,063	(644)	170	(32,811)	35,672
Comprehensive income for the financial year							
Result for the financial year	-	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	-	-	-
At 31 December 2020	30,269	36,625	2,063	(644)	170	(32,811)	35,672

The notes on pages 16 to 34 form part of these financial statements.

ZINWAVE HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	\$000	\$000
Cash flows from operating activities		
Profit for the financial year	765	26
Adjustments for:		
Taxation credit	(82)	(190)
Amortisation of intangible assets	24	30
Depreciation of tangible assets	151	234
Foreign exchange differences	(11)	(29)
Interest payable	46	67
(Increase)/decrease in stocks	(567)	1,175
Decrease/(increase) in debtors	1,350	(125)
Decrease in creditors	(1,470)	(1,251)
Corporation tax received	114	129
Net cash generated from operating activities	320	94
Cash flows from investing activities		
Purchase of tangible assets	(231)	(185)
Net cash used in investing activities	(231)	(185)
Cash flows from financing activities		
Interest paid	(46)	(67)
Net cash used in financing activities	(46)	(67)
Net increase/(decrease) in cash and cash equivalents	43	(158)
Cash and cash equivalents at beginning of financial year	332	490
Cash and cash equivalents at the end of financial year	375	332
Cash and cash equivalents at the end of financial year comprise:		
Cash at bank and in hand	375	332

The notes on pages 16 to 34 form part of these financial statements.

ZINWAVE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Zinwave Holdings Limited (the "Company") is a private company limited by shares incorporated in England, United Kingdom. The Company's registered address is c/o Denton Secretaries Limited, One Fleet Place, London, EC4M 7WS. The principal place of business is Harston Mill, Harston, Cambridge, CB22 7GG.

The principal activity of the Group is the development, manufacture and sale of telecommunication infrastructure equipment.

2. Accounting policies

2.1. Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The individual financial statements of Zinwave Holdings Limited have also adopted the following disclosure exemption:

- statement of cash flows and related notes

The following principal accounting policies have been applied consistently throughout the year:

2.2. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all subsidiary undertakings.

A separate income statement for the parent Company is not presented with the Group financial statements as permitted by section 408 of the Companies Act 2006. The result for the financial year was \$nil (2019: \$nil).

2.3. Functional currency

FRS 102 (foreign currency translations) describes functional currency as "the currency of the primary economic environment in which entity operates. FRS 102 determines that the primary economic environment based on where the entity generates and expends cash.

The majority of the Company's revenue is generated in US Dollars and the majority of the cost base (particularly purchases) is also based in US Dollars. The financial statements are prepared in US Dollars, which is the functional currency of the Company and rounded to the nearest \$'000.

ZINWAVE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (cont...)

2.4. Going concern

The directors have prepared the financial statements on the basis of accounting principles applicable to a going concern, which assumes that the Group and Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Group was able to generate a profit in 2020 due to the restructuring enacted in January 2020 along with reasonable performance during 2020. The Group is expected to generate a profit in 2021 based on the continued benefits noted from 2020 from the restructuring along with adequate revenue generation. The Group's ability to achieve break-even or profitability is dependent on its ability to generate sufficient gross profit while managing its operating expenses at current levels. Given the continued uncertainty and impact of COVID-19, working capital requirements of the business and the execution risk associated with the business, the Company is therefore reliant on the continued support of its intermediate parent company, McWane Luxembourg Holdings, SARL and that backing has been reaffirmed via a letter of support by McWane.

2.5. Investments

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Group (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the Company financial statements.

2.6. Turnover

Turnover comprises revenue recognised by the Group in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the product have been transferred to the buyer, which may be upon shipment, completion of the product or based on specific contract terms.

Revenue from services provided by the Group is recognised when the Group has performed its obligations and in exchange obtained the right to consideration.

2.7. Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount if the estimated recoverable amount is lower than the carrying amount, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

ZINWAVE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (cont...)

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.8. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company and Group are measured using the currency of the primary economic environment in which the relevant entity operates (the "functional currency"). The financial statements are presented in US Dollars, which is the Company's presentation currency as described above.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot rate at the dates of the transactions, or average exchange rates applicable to this period in which the Group considers to be a reasonable approximation of the transaction rate.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

2.9. Research and development

Expenditures incurred on research and product development and testing is charged to the statement of comprehensive income in the period in which it is incurred, unless the development expenditure meets the criteria for capitalisation. Where the development expenditure meets the criteria for capitalisation under Section 18, development costs are capitalised and amortised over the period of expected future sales of the related projects with impairment reviews being carried out at least annually. The asset is carried at cost less any accumulated amortisation and impairment losses. In general, the Group's research and development activities are closely interrelated and it is not until the technical feasibility of a product can be determined with reasonable certainty that development costs are considered for capitalisation. In addition, intangible assets are not recognised unless it is reasonably certain that the resultant products will generate future economic benefits in excess of the amounts capitalised.

2.10. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity date of three months or less.

ZINWAVE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (cont...)

2.11. Tangible assets

Tangible assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives, using the straight-line method.

The tangible assets are depreciated over the following useful economic lives:

Plant and machinery	-	3 to 5 years
Office equipment	-	3 years

Assets under construction are not depreciated.

The carrying values of tangible assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

2.12. Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method.

The intangible assets are amortised over the following useful economic lives:

Software	-	3 to 10 years
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If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

2.13. Stocks

Stocks are stated at the lower of cost and net realisable value, after provisions are made in respect of obsolete and slow-moving items. Cost of raw materials, consumables and goods for resale is based on purchase cost on a first-in, first-out basis. Net realisable value is the estimated selling price less all further costs to complete and all costs to be incurred in marketing, selling and distribution.

2.14. Debtors

Short-term debtors are initially measured at transaction price and subsequently carried at amortised cost using the effective interest method, less any impairment.

2.15. Creditors

Short-term trade creditors are initially measured at the transaction price. Other financial liabilities, including loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

ZINWAVE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (cont...)

2.16. Financial instruments

The Group has chosen to adopt Sections 11 and 12 in respect of financial instruments.

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.17. Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.18. Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

ZINWAVE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (cont...)

2.19. Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

2.20. Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.21. Operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term unless the rental payments are structured to increase in line with expected general inflation, in which case the Group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives is recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

2.22. Current and deferred taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax (income)/expense is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax (income)/expense.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (cont...)

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following key judgements, estimates and assumptions, none of which are thought to have a reasonable possibility of material reassessment in the coming year, have been applied in preparing the Group financial statements:

- **Useful lives of depreciable assets**
Management reviews the useful lives of depreciable assets at each reporting date. At the reporting date management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to unforeseen events.
- **Deferred tax**
No deferred tax asset has been recognised in respect of accumulated trading losses as there is insufficient certainty over timing of future taxable profits.
- **Inventories**
The provision for obsolete, slow-moving or defective inventory is based on management's estimation of the commercial life of the inventory line. In assessing this, management takes into consideration the sales history of products and the length of time that they have been available for resale.
- **Provisions for trade debtors**
The Company has some concentration of credit risk due to the influence of large contracts on its business. To offset this risk the Company has implemented policies that require appropriate credit checks on potential customers before sales are made. An impairment provision is maintained in respect of amounts owed by specific customers where recoverability of the debt is considered sufficiently uncertain.
- **Revenue**
Management judgement and estimation is required to determine the allocation and timing of revenue recognition on certain contracts. In this process management takes into account milestones, hardware supplied, actual work performed, further obligations and costs expected to complete the work.
- **Valuation of investment**
Significant management judgement has been applied in determining whether there has been an impairment of investments in subsidiaries. The Company has judged no impairment is required after performing an impairment analysis based on expected revenue growth for both third party and Group sales, future operating expenditures and margin expectations, and an appropriate perpetual growth and discount rate. Certain changes to these judgements may result in an impairment of this asset in future years. For example, management has applied a discount rate of 12% while performing the impairment analysis, should this rate increase by 5 percentage point to 17% an impairment of \$4.0m would be required. Management believes it have been conservative in applying revenue growth rates during the analysis. For example, management has applied an EMEA growth rate of 30% to

ZINWAVE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (cont...)

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

third party revenue despite a 4-year CAGR of 44% and a US rate growth rate of 12% to intercompany revenue despite year-over-year growth of 18%. As a second example, if Management's EMEA growth rate for revenue was 15% instead of 30% an impairment of \$6.5m would be required.

4. Turnover

An analysis of turnover by class of business is as follows:

	2020	2019
	\$000	\$000
Equipment	11,171	12,800
Services	567	932
	11,738	13,732

Analysis of turnover by country of destination:

	2020	2019
	\$000	\$000
United Kingdom	1,048	1,821
Rest of Europe	1,604	655
Rest of the world	9,086	11,256
	11,738	13,732

During the year, the Group had sales to Zinwave LLC, which does not form part of the Zinwave Group, of \$6,953k (2019: \$6,959k).

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

	2020	2019
	\$000	\$000
Research & development charged as an expense	271	156
Exchange differences	(11)	(29)
Operating lease rentals	188	227
Depreciation of tangible assets	151	234
Amortisation of intangible assets	24	30
Impairment/(released impairment) of trade debtors	97	(123)
Impairment of stock	689	360

ZINWAVE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (cont...)**

6. Auditors' remuneration

	2020	2019
	\$000	\$000
Fees payable to the Group's auditors for the audit of the Group's annual financial statements	79	51
Fees payable to the Group's auditors in respect of:		
Taxation compliance services	27	26
All other services	13	17

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group	Group
	2020	2019
	\$000	\$000
Wages and salaries	2,071	2,527
Social security costs	190	164
Other pension costs	51	60
	2,312	2,751

The average monthly number of employees for the Group, including the directors, during the year was as follows:

	2020	2019
	Number	Number
Technology	11	10
Sales, general and administration	10	12
Operations	2	2
	23	24

There were no employees employed by the Company (2019: Nil).

ZINWAVE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (cont...)**

8. Directors' Remuneration

	2020	2019
	\$000	\$000
Aggregate directors' remuneration	417	260
Company contributions to defined contribution pension schemes	10	2
	<u>427</u>	<u>262</u>

All of the amounts above were paid to one director who is therefore also the highest paid director. During the year retirement benefits accrued to one director (2019: one) in respect of defined contribution pension scheme.

Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals is \$854k (2019: \$1,453k).

9. Interest payable and similar expenses

	2020	2019
	\$000	\$000
Bank interest payable	1	-
Loans from Group undertakings	45	67
	<u>46</u>	<u>67</u>

10. Tax on profit/(loss)

	2020	2019
	\$000	\$000
Corporation tax		
Current tax on profit/(loss) for the year	(78)	(65)
Adjustments in respect of previous periods	(4)	(125)
	<u>(82)</u>	<u>(190)</u>

ZINWAVE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (cont...)**

10. Tax on profit/(loss) (continued)

Factors affecting tax charge/(credit) for the year

The tax assessed for the year is the standard rate of corporation tax in the UK of 19% (2019: 19.00%).
The differences are explained below:

	2020	2019
	\$000	\$000
Profit/(loss) before taxation	683	(164)
Profit/(loss) before taxation multiplied by standard rate of corporation tax in the UK of 19% (2019: 19.00%)	130	(31)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	28	27
Income not taxable	-	(29)
Adjustments to tax charge in respect of prior periods	(4)	(125)
Adjustment in research and development tax credit	(78)	(65)
Losses carried forward for which no deferred tax asset recognised	(158)	33
Total tax credit for the year	(82)	(190)

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the headline corporation tax rate will increase to 25%. The rate for small profits under £50,000 will remain at 19% and marginal relief for businesses with profits under £250,000 will be introduced so that they pay less than the main rate. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would not be material to disclose.

ZINWAVE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (cont...)****10. Tax on profit/(loss) (continued)****Deferred tax**

There are utilisable tax losses carried forward of \$37.2m (2019: \$37.9). The deferred tax asset has not been recognised as the Group does not have a record of profitability.

The following shows the unrecognised deferred tax position:

	2020	2019
	\$000	\$000
Tax losses available	7,061	6,533
Accelerated capital allowances	57	87
Unrecognised deferred tax asset	7,118	6,620

**11. Intangible assets
Group**

Cost	Software \$000
At 1 January 2020	275
At 31 December 2020	275
Accumulated amortisation	
At 1 January 2020	157
Charge for the year	24
At 31 December 2020	181
Net Book Value	
At 31 December 2020	94
At 31 December 2019	118

Amortisation of intangible assets is included in administrative expenses.
The Company has no intangible assets.

ZINWAVE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (cont...)**

12. Tangible assets

Group

	Plant and machinery \$000	Office equipment \$000	Total \$000
Cost			
At 1 January 2020	1,306	81	1,387
Additions	249	29	278
Construction in progress	(47)	-	(47)
At 31 December 2020	1,508	110	1,618
Accumulated depreciation			
At 1 January 2020	904	64	968
Charge for the year	142	9	151
At 31 December 2020	1,046	73	1,119
Net book value			
At 31 December 2020	462	37	499
At 31 December 2019	402	17	419

The Company has no tangible assets.

13. Investments

Company

	Investments in subsidiary undertakings \$000	Loans to subsidiary undertakings \$000	Total \$000
Cost			
At 1 January 2020	38,596	25,392	63,988
At 31 December 2020	38,596	25,392	63,988
Impairment			
At 1 January 2020	3,911	24,402	28,313
At 31 December 2020	3,911	24,402	28,313
Net book value			
At 31 December 2020	34,685	990	35,675
At 31 December 2019	34,685	990	35,675

ZINWAVE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (cont...)

13. Investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Zinwave Limited	Telecommunications infrastructure equipment	Ordinary	100%
Zinwave Holdings LLC	Non-trading	Stocks	100%
Zinwave (Macau) Limited*	Sales	Ordinary	100%
Zinwave U.S., LLC*	Holding	Stocks	100%
Zinwave Pty Ltd*	Telecommunications infrastructure equipment	Ordinary	100%

* Investments held indirectly through Zinwave Limited.

The Group has no fixed asset investments.

Registered address of the above companies are as follows:

Zinwave Limited, c/o Dentons Secretaries Limited, One Fleet Place, London, EC4M 7WS

Zinwave Holdings LLC, Harston Mill, Harston, Cambridge, Cambs, CB22 7GG, United Kingdom

Zinwave (Macau) Limited, Avenida da Paria Grande, no 409, China Law Building, 21 Andar, Macau

Zinwave U.S., LLC, 2900 Highway 280 Ste, 300 Birmingham, AL, 35223, USA

Zinwave Pty Ltd, c/o PWC, 2 Riverside Quay, Southbank, VIC, 3006, Australia

On 30 June 2019, Zinwave Pty Ltd was liquidated.

The financial statements for the year ended 31 December 2020 for Zinwave Limited have been exempted from audit under section 479A of the Companies Act 2006 by way of parental guarantee from Zinwave Holdings Limited.

14. Stocks

	Group 2020 \$000	Group 2019 \$000
Raw materials and consumables	4	4
Finished goods and goods for resale	1,675	1,108
	<u>1,879</u>	<u>1,112</u>

Inventory purchases recognised in cost of sales during the year as an expense were \$5,434k (2019: \$7,049k). There is no material difference between the year-end value of stock and their replacement costs.

ZINWAVE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (cont...)**

14. Stocks (continued)

A provision for impairment of stock of \$689k was provided for at 31 December 2020 (2019:\$360k).

The Company has no stocks.

15. Debtors

	Group	Group
	2020	2019
	\$000	\$000
Trade debtors	2,150	2,932
Amounts owed by Group undertakings	575	1,372
Other debtors	96	200
Corporation tax receivable	143	165
Prepayments and accrued income	1,148	814
	4,112	5,483

Trade debtors are stated after provision for impairment of \$422k (2019: \$325k).

The amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

16. Cash at bank and in hand

	Group	Group
	2020	2019
	\$000	\$000
Cash at bank and in hand	375	332

17. Creditors: amounts falling due within one year

	Group	Group	Company	Company
	2020	2019	2020	2019
	\$000	\$000	\$000	\$000
Trade creditors	1,284	1,811	-	-
Amounts owed to Group undertakings	198	276	3	3
Taxation and social security	123	420	-	-
Accruals and deferred income	684	1,252	-	-
	2,289	3,759	3	3

The amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

ZINWAVE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (cont...)**

18. Creditors: amounts falling due after more than one year

	Group	Group	Company	Company
	2020	2019	2020	2019
	\$000	\$000	\$000	\$000
Amounts owed to Group undertakings	1,500	1,500	-	-

Amounts owed to Group undertakings bear interest at LIBOR plus 2%, assessed on a quarterly basis. The interest charge for 2020 was \$45k (2019: \$67k) This loan is not due for repayment until 2027.

**19. Financial Instruments
Group**

The Group has the following financial instruments:

	Note	2020	2019
		\$000	\$000
Financial assets that are debt instruments measured at amortised cost			
- Trade debtors	15	2,150	2,932
- Amounts owed by Group undertakings	15	575	1,372
- Other debtors	15	96	200
		2,821	4,504
Financial liabilities measured at amortised cost			
- Trade creditors	17	(1,284)	(1,811)
- Amounts owed to Group undertakings	17,18	(1,698)	(1,776)
- Accruals	17	(684)	(1,252)
		(3,666)	(4,839)

Company

The Company has the following financial instruments:

	Note	2020	2019
		\$000	\$000
Financial liabilities measured at amortised cost			
- Amounts owed to Group undertakings	17,18	(3)	(3)
		(3)	(3)

ZINWAVE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (cont...)

20. Called up share capital

	2020	2019
	\$000	\$000
Allotted, called up and fully paid		
2,306,567 (2019: 2,306,567) A Ordinary shares of \$10 (2019: \$10) each	23,065	23,065
315,921 (2019: 315,921) A1 Preferred shares of £9.3055 (2019: £9.3055) each	4,726	4,726
81,143 (2019: 81,143) A1A Preferred shares of £0.46862566 (2019: £0.46862566) each	61	61
23,750 (2019: 23,750) A2 Ordinary shares of £10 (2019: £10) each	381	381
43,786 (2019: 43,786) A2A Ordinary shares of £0.8643 (2019: £0.86843) each	61	61
24 (2019: 24) E Ordinary shares of \$10 (2019: \$10) each	-	-
210,812 (2019: 210,812) A1B Preferred shares of £4.90 (2019: £4.90) each	1,707	1,707
66,213 (2019: 66,213) A1C Preferred shares of £2.45 (2019: £2.45) each	268	268
	30,269	30,269

Distribution rights - income

With the exception of E Ordinary shares, which have no rights to dividends, the profits which the Company may determine to distribute in respect of any financial year shall be distributed amongst the holders of the remaining classes of share on a pro-rata basis pari passu with all share classes eligible to receive dividend payments.

Distribution rights - capital

Holder of E Ordinary shares are paid first with payment per share of an amount equal to the number of E Ordinary shares issued divided by the total number of shares issued on a fully diluted basis. Holders of Preferred shares are then repaid the subscription price of the Preferred shares. The balance is then distributed among the holders of the remaining share classes on a pro-rata basis.

Voting rights

There is one vote for each share held with the exception of E Ordinary shares, which are non-voting.

ZINWAVE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (cont...)**

21. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital contribution reserve

This reserve records the contribution of cash and interest-free loans made by the parent.

Foreign exchange reserve

This reserve records the differences arising from translating operations in 2014 when the Company accounted for its transactions and balances in sterling as its functional currency.

Other reserves

This reserve records the warrants (granted in 2008) exercisable for the longer of ten years from the date of issue or five years after the initial public offering of the Group's ordinary shares. The Group's other reserves also contain a merger reserve which represents the nominal value or shares exchanged in a Group reconstruction.

Profit and loss account

This reserve records all current and prior year retained profits and losses.

22. Contingent liabilities

The Group and Company had no contingent liabilities at 31 December 2020 (2019: \$Nil).

23. Capital commitments

The Group and Company had no unfulfilled capital commitments at 31 December 2020 (2019: \$Nil).

24. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to \$51k (2019: \$60k).

ZINWAVE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (cont...)

25. Commitments under operating leases

At 31 December 2020 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group	Group
	2020	2019
	\$000	\$000
Not later than 1 year	117	110
Later than 1 year and not later than 5 years	-	108
	117	218

The Company had no operating lease commitments (2019: \$Nil).

26. Related party transactions

In 2020, Zinwave Holdings Limited engaged in intercompany transactions with companies within the McWane group as follows:

	Transactions			Balance
	Recharges	Products and Services	Interest on loans	2020
	\$000	\$000	\$000	\$000
McWane Luxembourg Holdings, SARL (Loan)	-	-	-	(1,500)
McWane Luxembourg Holdings, SARL (Interest on loan)	-	-	(45)	-
McWane, Inc.	(132)	(150)	-	-
Zinwave LLC	(131)	6,284	-	407
Synapse Wireless Inc.	-	(27)	-	(27)
	(263)	6,107	(45)	(1,120)

27. Ultimate parent undertaking and controlling party

McWane Luxembourg Holdings, SARL is the parent undertaking of Zinwave Holdings Limited.

The ultimate parent and controlling party is McWane, Inc., a company incorporated in the United States of America.