

**Registered number: 04587255**

**ZINWAVE LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**



**ZINWAVE LIMITED**

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**ZINWAVE LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	P McWane B S Kitterman K Petty A Pody
<b>Company secretary</b>	Dentons Secretaries Limited
<b>Registered number</b>	04587255
<b>Registered office</b>	One Fleet Place London United Kingdom EC4M 7WS
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Maurice Wilkes Building St John's Innovation Park Cambridge CB4 0DS
<b>Bankers</b>	HSBC Plc City of London Corporate Banking Centre 1st Floor 60, Queen Victoria Street London EC4N 4TR  Regions Financial Corporation 1900 5th Avenue North Birmingham USA AL 95203  JP Morgan Chase Bank N.A., London Branch 25 Bank Street Canary Wharf E14 5JP

**ZINWAVE LIMITED****STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present the Strategic Report of Zinwave Limited (the "Company") for the year ended 31 December 2021.

**Review of business**

"Zinwave", being the Company, its fellow group undertakings 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 2700MHz. 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 Zinwave Limited for the year, as set out on page 7 show a profit for the financial year of \$0.8m (2020: profit of \$0.9m). The net liabilities position of the Company as on 31 December 2021 is \$29.9m (2020: \$30.7m).

Performance of the Company during 2021 has been good. Revenues decreased to \$9.9m compared to \$11.7m in 2020, however the gross profit % of revenue increased to 54.4% from 48.8% in 2020. Gross profit decreased \$0.3m to \$5.4m in 2021 compared to \$5.7m in 2020. Operating expenses decreased \$0.3m as a direct result of restructuring measures taken to reduce expenses.

**Key performance indicators**

The key performance indicators for 2021 are shown below:

	2021	2020
<b>Revenue</b>	<b>\$9.9m</b>	<b>\$11.7m</b>
<b>Gross profit</b>	<b>\$5.4m</b>	<b>\$5.7m</b>
<b>Gross profit % of revenue</b>	<b>54.5%</b>	<b>48.8%</b>
<b>EBITDA</b>	<b>\$0.9m</b>	<b>\$1.1m</b>

*Reconciliation back to operating profit/(loss)*

*Adjust for depreciation and amortisation*

*Operating profit/(loss)*

**\$0.2**

**\$0.7m**

\$0.2m

\$0.9m

**Business environment**

Per Research and Markets' forecast, the global DAS equipment market was \$8.7 billion in 2021 and is expected to grow to \$12.7 billion by 2027 with a CAGR of 6.5% during 2021-2027. Multiple alternative technologies vie for the in-building market, with some suppliers offering several solution types to cover a larger breadth of market needs.

**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 LIMITED****STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Company's development efforts for 2021 were focused primarily on 1) launching its UniTransport product and 2) developing its high-power remote products. The Company's development efforts in 2022 will be focused on 1) launching its high-power remote, 2) developing a converged low band / mid band remote to reduce cost to deploy and 3) develop a MIMO combined remote to reduce cost to deploy. 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 experienced a significant 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 bench-marked against other competitors' products. We believe 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 sales currency.
Cash flow	We maintain our 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 PCBA supplier. This supplier is on a 60-day account while most of our customers are on a 30-day account. During 2021 we brought final assembly in-house, which improved our operating performance.
Liquidity	With the backing of our ultimate 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.

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

**ZINWAVE LIMITED**

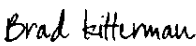
**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Company has evaluated the impact that the Russian invasion of Ukraine has had on the financial statements and do not believe the invasion has had an impact on our financial statement.

**COVID-19**

The COVID-19 pandemic developed rapidly in 2020, with a significant number of cases, and extended through 2021. Measures taken by various governments to contain the virus have affected economic activity. Some of those measures eased in 2021, but many were kept in place. We have taken several 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. During 2021, our ability to travel improved, but was still limited. 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 can provide adequate inventory to meet customer demands. We expect that COVID-19 will continue to present periodic and geographic specific challenges from a sales perspective as our ability to travel may be 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:

DocuSigned by:  
  
C1FD454D-3BFD-4A73

**B S Kitterman**  
Director

Date: 22 November 2022

## ZINWAVE LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and the audited financial statements of Zinwave Limited (the "Company") for the year ended 31 December 2021.

#### Principal activity

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

#### Results and dividends

The profit for the financial year amounted to \$811k (2020: profit of \$894k).

The directors do not recommend the payment of a dividend (2020: \$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 2021 due to the restructuring enacted in January 2020 along with reasonable performance during 2021. The Company is expected to generate a profit in 2022 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 are 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 Foreign Holdings LLC and that backing has been reaffirmed via a letter of support by McWane.

However, the ultimate parent company has commenced a review of strategic options for the Company, which includes understanding if there is an opportunity for the sale of the business. In the event this results in a sale process which is ultimately successful, there is a possibility that the Company may be sold within the next 12 months. If there was a future transaction, the directors currently do not have visibility over any potential acquirer or, as a result, their future intentions for the Company, and whether they would continue to provide requisite support. These circumstances represent a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

#### 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 (resigned 1 January 2022)  
C P McWane (appointed 5 January 2022)  
B S Kitterman  
C F Nowlin (resigned 1 January 2021)  
K Pety (appointed 1 January 2021)  
A Pody (appointed 1 January 2021)

#### Qualifying third party indemnity provisions

There were no provisions for third party indemnity made during the year.

**ZINWAVE LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**Financial risk management**

Financial Risk Management is discussed in the Strategic Report on page 3.

**Future developments**

Future developments are discussed in the Strategic Report on pages 2 - 4.

**Research and development activities**

Research and development costs incurred during the year amounted to \$1,455k (2020 \$1,703k), all of which has been expensed in the statement of comprehensive income.

**Statement of directors' responsibilities in respect of the financial statements**

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 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).

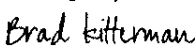
Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- 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 responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

DocuSigned by:  
  
3D26484E13F6437

**B S Kitterman**

Director

Date: 22 November 2022

**ZINWAVE LIMITED****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 \$000	2020 \$000
Turnover	4	9,890	11,720
Cost of sales		(4,502)	(6,000)
<b>Gross profit</b>		<b>5,388</b>	<b>5,720</b>
Administrative expenses		(4,616)	(4,862)
<b>Operating profit</b>	5	<b>772</b>	<b>858</b>
Interest payable and similar expenses	9	(33)	(46)
<b>Profit before taxation</b>		<b>739</b>	<b>812</b>
Tax on profit	10	72	82
<b>Profit for the financial year</b>		<b>811</b>	<b>894</b>
<b>Total comprehensive income for the financial year</b>		<b>811</b>	<b>894</b>

The notes on pages 10 to 24 form part of these financial statements.

## ZINWAVE LIMITED

BALANCE SHEET  
AS AT 31 DECEMBER 2021

	Note	2021 \$000	2020 \$000
<b>Fixed assets</b>			
Intangible assets	11	74	94
Tangible assets	12	388	499
Investments	13	14	14
		<u>476</u>	<u>607</u>
<b>Current assets</b>			
Stocks	14	1,726	1,679
Debtors	15	6,349	6,023
Cash at bank and in hand	16	206	341
		<u>8,281</u>	<u>8,043</u>
Creditors: amounts falling due within one year	17	(2,009)	(2,713)
<b>Net current assets</b>		<u>6,272</u>	<u>5,330</u>
<b>Total assets less current liabilities</b>		<u>6,748</u>	<u>5,937</u>
Creditors: amounts falling due after more than one year	18	(36,583)	(36,583)
<b>Net liabilities</b>		<u>(29,835)</u>	<u>(30,646)</u>
<b>Capital and reserves</b>			
Called up share capital	20	-	-
Share premium account	21	8,353	8,353
Capital contribution reserve	21	22,857	22,857
Foreign exchange reserve	21	170	170
Other reserves	21	191	191
Profit and loss account	21	(61,406)	(62,217)
<b>Total shareholders' deficit</b>		<u>(29,835)</u>	<u>(30,646)</u>

For the year ending 31 December 2021, the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities.

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements on pages 7 to 24 were approved and authorised for issue by the board and were signed on its behalf by

DocuSigned by:  
  
 3D96484E13F0437  
**B S Kitterman**  
 Director

Date: 22 November 2022

The notes on pages 10 to 24 form part of these financial statements.

## ZINWAVE LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021

	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 2020		8,353	22,857	170	191	(63,111)	(31,540)
Comprehensive expense for the financial year							
Loss for the financial year						894	894
Total comprehensive expense for the financial year						894	894
At 31 December 2020 and 1 January 2021	8,353	22,857	170	191	(62,217)	(30,646)	
Comprehensive income for the financial year							
Profit for the financial year						811	811
Total comprehensive income for the financial year						811	811
At 31 December 2021	8,353	22,857	170	191	(61,406)	(29,835)	

The notes on pages 10 to 24 form part of these financial statements.

**ZINWAVE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. General information**

Zinwave Limited (the "Company") is a private company limited by shares incorporated in England, United Kingdom. The Company's registered address is c/o Dentons 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 Company 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 management to exercise judgement in applying the Company's accounting policies (see note 3).

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

**2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7

This information is included in the consolidated financial statements of Zinwave Holdings Limited as at 31 December 2020 and these financial statements may be obtained from One Fleet Place, London, United Kingdom, EC4M 7WS.

**2.3 Consolidated financial statements**

The Company is a wholly owned subsidiary of Zinwave Holdings Limited and is included in the consolidated financial statements of Zinwave Holdings Limited which are publicly available. Therefore, the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are the Company's separate financial statements.

**2.4 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 on US Dollars. The financial statements are prepared in US dollars (\$), which is the functional currency of the Company and rounded to the nearest \$'000s.

**ZINWAVE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021 (cont...)**

**2.5 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 2021 due to the restructuring enacted in January 2020 along with reasonable performance during 2021. The Company is expected to generate a profit in 2022 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 are 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 Foreign Holdings LLC and that backing has been reaffirmed via a letter of support by McWane.

However, the ultimate parent company has commenced a review of strategic options for the Company, which includes understanding if there is an opportunity for the sale of the business. In the event this results in a sale process which is ultimately successful, there is a possibility that the Company may be sold within the next 12 months. If there was a future transaction, the directors currently do not have visibility over any potential acquirer or, as a result, their future intentions for the Company, and whether they would continue to provide requisite support. These circumstances represent a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

**2.6 Turnover**

Turnover comprises revenue recognised by the Company 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 Company is recognised when the Company has performed its obligations and in exchange obtained the right to consideration.

**2.7 Research and development**

Research and development expenditure is expensed as incurred

**2.8 Foreign currency translation Functional and**

**presentation currency**

Items included in the financial statements of the Company 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 Company 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

**ZINWAVE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021 (cont...)**

**2.9 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

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.

**2.10 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 on the following bases

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.

**2.11 Investments**

Investments in subsidiaries and joint ventures are valued at cost less provision for impairment.

**2.12 Inventory**

Inventory is 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.

**2.13 Debtors**

Short term debtors are measured at transaction price, less any impairment.

**2.14 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

**2.15 Creditors**

Short term trade creditors are 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 LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021 (cont...)**

**2.16 Financial instruments**

The Company 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 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.

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 Finance costs**

Finance costs are charged to the 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.

**2.18 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.

**2.19 Pensions**

**Defined contribution pension plan**

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

The contributions are recognised as an expense in the 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 Company in independently administered funds.

**ZINWAVE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021 (cont...)**

**2.20 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 Company 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.

**2.21 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.

The tax expense/(income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense/(income).

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.

**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 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 Company. 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

**ZINWAVE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021 (cont...)**

• **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**

Significant management estimate is applied in determining the allocation and timing of the recognition of revenue on certain contracts. In this process management considers milestones, hardware supplied, actual work performed, further obligations and costs expected to complete the work.

The Directors believe there are no critical judgements or estimates involved in applying the accounting policies that require disclosure.

**4. Turnover**

<b>Analysis of turnover by class of business is as follows:</b>	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Equipment	<b>9,256</b>	11,169
Services	<b>634</b>	551
	<b>9,890</b>	11,720

<b>Analysis of turnover by country of destination:</b>	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
UK	<b>1,235</b>	1,048
Rest of Europe	<b>833</b>	1,604
Rest of the world	<b>7,822</b>	9,068
	<b>9,890</b>	11,720

During the year, Zinwave Limited had sales to Zinwave LLC, which does not form part of the Zinwave Group, of \$7,235k (2020: \$6,953k).

**5. Operating Profit/(loss)**

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

	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Research & development charged as an expense	49	271
Operating lease charges	202	188
Depreciation of tangible assets	200	151
Amortisation of intangible assets	20	24
Exchange differences	50	(11)
Impairment of trade debtors	59	98

**ZINWAVE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021 (cont...)**

**6. Auditors' remuneration**

	<b>2021</b>	2020
	<b>\$000</b>	\$000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	67	79
<b>Fees payable to the Company's auditors in respect of:</b>		
Taxation compliance services	<b>21</b>	27
All other services	<b>1</b>	13

**7. Employees**

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

	<b>2021</b>	2020
	<b>\$000</b>	\$000
Wages and salaries	<b>2,132</b>	2,071
Social security costs	<b>131</b>	190
Other pension costs	42	51
	<b>2,305</b>	2,312

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

	<b>2021</b>	2020
	<b>Number</b>	Number
Technology	9	11
Sales, general and administration	<b>11</b>	10
Operations	7	2
	<b>27</b>	23

**8. Directors' remuneration**

	<b>2021</b>	2020
	<b>\$000</b>	\$000
Aggregate directors' remuneration	359	417
Company contributions to defined contribution pension schemes	<b>10</b>	10
	<b>369</b>	427

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 (2020: one) in respect of defined contribution pension scheme.

**ZINWAVE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021 (cont...)**

**9. Interest payable and similar expenses**

	<b>2021</b>	2020
	<b>\$000</b>	\$000
Bank interest payable	-	1
Loans from group undertakings	33	45
	<u>33</u>	<u>46</u>

**10. Tax on loss**

	<b>2021</b>	2020
	<b>\$000</b>	\$000
<b>Corporation tax</b>		
Current tax on profits/(losses) for the year	(67)	(78)
Adjustments in respect of previous periods	(5)	(4)
	<u>(72)</u>	<u>(82)</u>

**Factors affecting tax credit for the year**

The tax assessed for the year is the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are explained below:

	<b>2021</b>	2020
	<b>\$000</b>	\$000
Profit before taxation	<u>739</u>	<u>812</u>
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	<u>140</u>	<u>154</u>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>22</b>	28
Adjustments to tax charge in respect of prior periods	<b>(5)</b>	(4)
Adjustment in research and development tax credit	<b>(67)</b>	(78)
Losses carried forward for which no deferred tax asset recognised	<b>(162)</b>	(182)
<b>Total tax credit for the financial year</b>	<u><b>(72)</b></u>	<u>(82)</u>

**Factors that may affect future tax charges**

On 23 September 2022, it was announced that the corporation tax rate change from 19% to 25% with effect from 1 April 2023 was to be cancelled. This was not substantively enacted at the balance sheet date and therefore the impact of this change is not reflected in the measurement of deferred tax. If the rate change had been substantively enacted prior to 31 December 2021, the impact would have been to reduce the unrecognised deferred tax asset by \$2,196. The deferred tax asset has not been recognized so there would be no change to the income statement.

**ZINWAVE LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021****Deferred tax**

There are utilisable tax losses carried forward of \$35.2m (2020: \$36.2m). The deferred tax asset has not been recognised as the Company does not have a record of profitability.

The following shows the unrecognised deferred tax position:

	<b>2021</b>	2020
	<b>\$000</b>	\$000
Tax losses available	<b>8,789</b>	6,877
Accelerated capital allowances	<b>121</b>	57
	<b>8,910</b>	6,934

**11. Intangible Asset**

	<b>Software</b>
	<b>\$000</b>
<b>Cost</b>	<b>275</b>
At 1 January 2021	<b>275</b>
At 31 December 2021	
<b>Accumulated amortisation</b>	
At 1 January 2021	<b>181</b>
Charge for the year	<b>20</b>
At 31 December 2021	<b>201</b>
<b>Net Book Value</b>	
At 31 December 2021	<b>74</b>
At 31 December 2020	<b>94</b>

Amortisation of intangible assets is included in administrative expenses.

## ZINWAVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (cont...)

## 12. Tangible assets

	Plant and machinery	Office equipment	Total
	\$000	\$000	\$000
<b>Cost</b>			
At 1 January 2021	1,507	111	1,618
Additions	89	-	89
<b>At 31 December 2021</b>	<b>1,596</b>	<b>111</b>	<b>1,707</b>
<b>Accumulated depreciation</b>			
At 1 January 2021	1,046	73	1,119
Charge for the year	190	10	200
<b>At 31 December 2021</b>	<b>1,236</b>	<b>83</b>	<b>1,319</b>
<b>Net book value</b>			
At 31 December 2021	<b>360</b>	<b>28</b>	<b>388</b>
At 31 December 2020	<b>461</b>	<b>38</b>	<b>499</b>

## 13. Investments

Investments in subsidiary companies  
\$000

## Cost and net book value

At 1 January 2021	14
At 31 December 2021	14

## Subsidiary undertakings

The following were subsidiary undertakings of the Company.

Name	Principal activity		
Class of shares	Holding		
Zinwave (Macau) Limited		Sales	Ordinary
Zinwave U.S., LLC		Holding	Stocks
			100%
			100%

Registered address of the above companies are as follows:

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

Zinwave U.S., LLC, 290D Highway 280 Ste, 300 Birmingham, AL, 35223, USA

**ZINWAVE LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (cont...)****14. Stocks**

	<b>2021</b>	2020
	<b>\$000</b>	\$000
Raw materials and consumables	1,116	4
Work in progress	174	-
Finished goods and goods for resale	436	1,675
	<u>1,726</u>	<u>1,679</u>

Stock purchases recognised in cost of sales during the year as an expense were \$3,692k (2020: \$5,661k). There is no material difference between the year-end value of stock and their replacement costs.

A provision for impairment of stock of \$634k was provided for at 31 December 2021 (2020: \$689k).

**15. Debtors**

	<b>2021</b>	2020
	<b>\$000</b>	\$000
Trade debtors	869	2,150
Amounts owed by group undertakings	<b>4,576</b>	2,485
Other debtors	212	96
Prepayments and accrued income	<b>537</b>	1,148
Corporation tax receivable	<b>155</b>	144
	<u>6,349</u>	<u>6,023</u>

Trade debtors are stated after provision for impairment of \$481k (2020: \$423k).

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

**16. Cash and cash equivalents**

	<b>2021</b>	2020
	<b>\$000</b>	\$000
Cash at bank and in hand	206	341

## ZINWAVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (cont...)

## 17. Creditors: amounts falling due within one year

	2021	2020
	\$000	\$000
Trade creditors	632	1,284
Amounts owed to company undertakings	707	707
Taxation and social security	30	123
Accruals and deferred income	640	599
	<b>2,009</b>	<b>2,713</b>

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

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

	2021	2020
	\$000	\$000
Amounts owed to company undertakings	<b>36,583</b>	36,583

\$1,500 (2020: \$1,500k) of the amounts owed to group undertakings bear interest at LIBOR plus 0.266%, assessed on a quarterly basis. The interest charge for 2021 was \$33k (2020: \$45k). This loan is not due for repayment until 2027.

\$35,083 (2020: \$35,083k) of the amounts owed to group undertakings are interest free and repayable on demand. The Directors have received confirmation from the counter parties that no repayment would be required before 30 September 2022.

19. Financial Instruments  
Company

The company has the following financial instruments:

	Note	2021	2020
		\$000	\$000
<b>Financial assets that are debt instruments measured at amortised cost</b>			
- Trade debtors	15	869	2,150
- Amounts owed by company undertakings	15	4,576	2,485
- Other debtors	15	212	96
		<b>5,657</b>	4,731
<b>Financial liabilities measured at amortised cost</b>			
- Trade creditors	17	(632)	(1,284)
- Amounts owed to company undertakings	17,18	(37,290)	(37,290)
- Accruals	17	(668)	(722)
		<b>(38,590)</b>	(39,296)

**ZINWAVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (cont...)**

**20. Called up share capital**

**Allotted, called up and fully paid**

	<b>2021</b>	2020
	<b>\$</b>	<b>\$</b>
20,004 (2020: 20,004) Ordinary A shares of £0.01 (2020: £0.01) each	<b>200</b>	200
9,240 (2020: 9,240) Ordinary B shares of £0.01 (2020: £0.01) each	<b>92</b>	92
	<b>292</b>	<b>292</b>

**Distribution rights - income**

The profits which the Company may determine to distribute in respect of any financial period shall be distributed amongst the holders of the A shares and B shares in proportion to the amount paid up on the shares (excluding any premium paid on subscription) held by them respectively *pari passu* as if the A shares and B shares were the same.

**Distribution rights - capital**

Holder of the B shares paid first, then the balance distributed among the holders of A and B shares in proportion.

**Voting rights**

Each member has one vote and, on a poll, one vote for each share held.

**21. Reserves**

**Share premium account**

This reserve records the amount above the nominal value received for shares sold, less transaction costs. The movement in share capital represents the premium over the nominal value for the 1p share issued in the year.

**Capital contribution reserve**

This reserve records amounts received as capital contributions from Zinwave Holdings Limited.

**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 Company's ordinary shares.

**Profit and loss account**

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

**ZINWAVE LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (cont...)****22. Contingent liabilities**

The Company had no contingent liabilities at 31 December 2021 (2020: \$Nil).

**23. Capital commitments**

The Company had no unfulfilled capital commitments at 31 December 2021 (2020: \$Nil).

**24. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to \$42k (2020: \$51k).

**25. Commitments under operating leases**

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

	<b>2021</b>	2020
	<b>\$000</b>	\$000
<b>Land and Buildings</b>		
Not later than 1 year	116	117
Later than 1 year and not later than 5 years	228	-
	<u>344</u>	<u>117</u>

**26. Related party transactions**

In 2021, Zinwave Limited engaged in intercompany transactions with companies within the McWane group as follows:

	<b>Transactions</b>			<b>Balance</b>
	<b>Recharges</b>	<b>Products and services</b>	<b>Interest on loans</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
McWane Luxembourg Holdings, SARL (Loan)	-	-	-	(1,500)
McWane Luxembourg Holdings, SARL (Interest on loan)	-	-	(33)	-
McWane, Inc.	(73)	(130)	-	-
Synapse Wireless Inc.	-	(27)	-	(27)
Zinwave Holdings Limited	-	-	-	(25,392)
Zinwave Inc.	-	-	-	(9,691)
Zinwave Macau Limited	28	295	-	1,149
Zinwave US LLC	-	-	-	(1)
Zinwave LLC	(131)	6,311	-	2,748
	<u>(199)</u>	<u>6,428</u>	<u>(45)</u>	<u>(32,714)</u>

During the year, \$Nil (2020: \$Nil) of loan funding was received from the Company's intermediate parent, McWane Luxembourg Holdings, SARL. Currently \$1,500k (2020 \$1,500k) is recognised as a long-term creditor: amounts falling due after more than one year.

**ZINWAVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (cont...)**

**27. Ultimate parent undertaking and controlling party**

Zinwave Holdings Limited is the immediate parent undertaking of Zinwave Limited and is the smallest undertaking to consolidate these financial statements. The consolidated financial statements of Zinwave Holdings Limited are available from Dentons Secretaries Limited, One Fleet Place, London, EC4M 7WS.

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