
Netnames ApS

Ørestads Boulevard 108, 10. th., DK-2300
København S

Annual Report for 1 January - 31 December 2017

CVR No 25 49 13 86

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
31/5 2018

Thomas Charles Porth
Chairman



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Netnames ApS for the financial year 1 January - 31 December 2017.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and of the results of the Company operations for 2017.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Copenhagen, 31 May 2018

Executive Board

James Allen Stoltzfus
Executive Officer

Board of Directors

Thomas Charles Porth
Chairman

James Allen Stoltzfus

Jørgen Raahauge Christensen

Independent Auditor's Report

To the Shareholders of Netnames ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Netnames ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 31 May 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jan Boje Andreassen

statsautoriseret revisor

mne2338

Company Information

The Company

Netnames ApS
Ørestads Boulevard 108, 10. th.
DK-2300 København S

CVR No: 25 49 13 86
Financial period: 1 January - 31 December
Municipality of reg. office: København

Board of Directors

Thomas Charles Porth , Chairman
James Allen Stoltzfus
Jørgen Raahauge Christensen

Executive Board

James Allen Stoltzfus

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Financial Statements of Netnames ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The Annual Report has been prepared under the same accounting policies as last year.

Key activities

The entity operates within domain name handling and online monitoring of corporate brands, where domain name handling is the core service. The services include global registration and maintenance of customer's domain portfolios, and optimisation, security and protection of these.

Development in the year

The income statement of the Company for 2017 shows a profit of DKK 12 mdr 2,007,901, and at 31 December 2017 the balance sheet of the Company shows equity of DKK 12 mdr 23,604,827.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	2017 DKK 12 mdr	2016 DKK 6 mdr
Gross profit/loss		1.902.435	-95.662
Staff expenses	1	-307.322	-589.634
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-32.932	-16.466
Profit/loss before financial income and expenses		1.562.181	-701.762
Financial income	2	1.872.426	2.175.508
Financial expenses	3	-869.905	-337.935
Profit/loss before tax		2.564.702	1.135.811
Tax on profit/loss for the year	4	-556.801	-250.630
Net profit/loss for the year		2.007.901	885.181

Distribution of profit

Proposed distribution of profit

Retained earnings	2.007.901	885.181
	2.007.901	885.181

Balance Sheet 31 December

Assets

	Note	2017 DKK	2016 DKK
Goodwill		0	0
Intangible assets	5	0	0
Other fixtures and fittings, tools and equipment		35.469	59.115
Leasehold improvements		6.190	15.476
Property, plant and equipment	6	41.659	74.591
Fixed assets		41.659	74.591
Trade receivables		1.562.462	2.092.391
Receivables from group enterprises		81.360.881	69.121.973
Other receivables		10.125	125
Deferred tax asset		13.557	12.314
Prepayments		55.758	407.249
Receivables		83.002.783	71.634.052
Cash at bank and in hand		1.801.041	1.261.786
Currents assets		84.803.824	72.895.838
Assets		84.845.483	72.970.429

Balance Sheet 31 December

Liabilities and equity

	<u>Note</u>	<u>2017</u> DKK	<u>2016</u> DKK
Share capital		5.000.000	5.000.000
Retained earnings		18.604.827	16.596.926
Equity		<u>23.604.827</u>	<u>21.596.926</u>
Credit institutions		68.085	67.985
Trade payables		502.689	442.789
Payables to group enterprises		58.839.760	47.051.736
Corporation tax		260.529	1.428.292
Other payables		312.544	497.491
Deferred income		1.257.049	1.885.210
Short-term debt		<u>61.240.656</u>	<u>51.373.503</u>
Debt		<u>61.240.656</u>	<u>51.373.503</u>
Liabilities and equity		<u>84.845.483</u>	<u>72.970.429</u>
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Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	5.000.000	16.596.926	21.596.926
Net profit/loss for the year	<u>0</u>	<u>2.007.901</u>	<u>2.007.901</u>
Equity at 31 December	<u>5.000.000</u>	<u>18.604.827</u>	<u>23.604.827</u>

Notes to the Financial Statements

	<u>2017</u>	<u>2016</u>
	DKK 12 mdr	DKK 6 mdr
1 Staff expenses		
Wages and salaries	299.614	573.642
Pensions	7.708	15.620
Other staff expenses	0	372
	<u>307.322</u>	<u>589.634</u>
Average number of employees	<u>1</u>	<u>1</u>
2 Financial income		
Interest received from group enterprises	764.985	329.883
Exchange adjustments	1.107.441	1.845.625
	<u>1.872.426</u>	<u>2.175.508</u>

Notes to the Financial Statements

	2017 <u>DKK</u> 12 mdr	2016 <u>DKK</u> 6 mdr
3 Financial expenses		
Other financial expenses	39.468	18.606
Exchange adjustments, expenses	830.437	319.329
	869.905	337.935
4 Tax on profit/loss for the year		
Current tax for the year	565.043	250.149
Deferred tax for the year	-1.243	481
Adjustment of tax concerning previous years	-6.999	0
	556.801	250.630
5 Intangible assets		<u>Goodwill</u> DKK
Cost at 1 January		30.347.000
Cost at 31 December		30.347.000
Impairment losses and amortisation at 1 January		30.347.000
Impairment losses and amortisation at 31 December		30.347.000
Carrying amount at 31 December		0

Notes to the Financial Statements

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK
Cost at 1 January	938.920	30.000	968.920
Cost at 31 December	938.920	30.000	968.920
Impairment losses and depreciation at 1 January	879.805	14.524	894.329
Depreciation for the year	23.646	9.286	32.932
Impairment losses and depreciation at 31 December	903.451	23.810	927.261
Carrying amount at 31 December	35.469	6.190	41.659

7 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

All shares in Netnames ApS have been pledged with first priority in favour of HSBC Corporate Trustee Company (UK) Limited.

8 Related parties

The company's annual report is included in the consolidated financial statement of Corporation Service Company (Europe) Limited.

Name	Place of registered office
Corporation Service Company (Europe) Limited	United Kingdom

Notes to the Financial Statements

9 Accounting Policies

The Annual Report of Netnames ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year. Certain amounts have been reclassified in the comparative figures for 2016 to ensure the same presentation.

Financial Statements for 2017 are presented in DKK.

Recognition and measurement

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

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

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

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

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

9 Accounting Policies (continued)

Income Statement

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

Revenue from sale of service contracts and subscriptions are recognised over the term of the contracts and subscriptions.

Registration income is recognised at the date of registration, as the amount is either refundable or the object of significant future services. Renewal income is recognised at the time of renewal of the domain.

Part of the Entity's revenue originates from sale and handling of other entities' domains. Related sales proceeds are recognised under revenue.

Cost of sales

Cost of sales comprises cost of sales for the financial year measured at cost.

Other external expenses

Other external expenses comprise expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Notes to the Financial Statements

9 Accounting Policies (continued)

Financial income and expenses

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

Tax on profit/loss for the year

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

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Property, plant and equipment

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

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

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

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

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 12,900 are expensed in the year of acquisition.

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

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

Notes to the Financial Statements

9 Accounting Policies (continued)

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

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

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination of tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.