Deloitte
Statsautoriseret
Revisionspartnerselskab
CVR-nr. 33963556
Gøteborgvej 18
9200 Aalborg SV

Phone 98 79 60 00
Fax 98 79 60 01
www.deloitte.dk

GateHouse Telecom A/S

Strømmen 6
9400 Nørresundby
Business Registration No
26040299

Annual report 01.10.2016 - 30.09.2017

The Annual General Meeting adopted the annual report on 01.02.2018

Chairman of the General Meeting

Name: Jakob Axel Nielsen

Contents

	Page
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2016/17	8
Balance sheet at 30.09.2017	9
Statement of changes in equity for 2016/17	11
Notes	12
Accounting policies	16

Entity details

Entity
GateHouse Telecom A/S
Strømmen 6
9400 Nørresundby

Central Business Registration No: 26040299
Registered in: Aalborg
Financial year: 01.10.2016 - 30.09.2017

Board of Directors
Jakob Axel Nielsen, Chairman
Ulrik Bülow, Vice Chairman
Nina Christiane Movin
Jesper Brøckner Nielsen
Heine Blach Jensen
Frank Winther

Executive Board
Michael Bondo Andersen, CEO
Jørgen Brøndgaard Nielsen, COO
Anette Kristensen, CFO

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Gøteborgvej 18
9200 Aalborg SV

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of GateHouse Telecom A/S for the financial year 01.10.2016 - 30.09.2017.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2017 and of the results of its operations for the financial year 01.10.2016 - 30.09.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aalborg, 29.11.2017

Executive Board

Michael Bondo Andersen CEO	Jørgen Brøndgaard Nielsen COO	Anette Kristensen CFO

Board of Directors

Jakob Axel Nielsen Chairman	Ulrik Bülow Vice Chairman	Nina Christiane Movin
Jesper Brøckner Nielsen	Heine Blach Jensen	Frank Winther

Independent auditor's report

To the shareholders of GateHouse Telecom A/S

Opinion

We have audited the financial statements of GateHouse Telecom A/S for the financial year 01.10.2016 - 30.09.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2017 and of the results of its operations for the financial year 01.10.2016 - 30.09.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary 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 of the management commentary.

Aalborg, 29.11.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Lars Birner Sørensen
State Authorised Public Accountant
Identification number (MNE) 11671

Management commentary

	2016/17 DKK'000	2015/16 DKK'000	2014/15 DKK'000	2013/14 DKK'000	2012/13 DKK'000
Financial highlights					
Key figures					
Gross profit	30,851	18,524	16,893	41,177	39,458
Operating profit/loss	17,999	5,819	4,647	5,620	5,620
Net financials	63	6	(120)	(389)	(872)
Profit/loss for the year	14,080	4,535	3,483	3,270	3,548
Total assets	40,302	24,185	23,479	35,304	40,960
Investments in property, plant and equipment	522	0	9	345	218
Equity	24,169	12,074	7,534	20,929	18,575
Ratios					
Return on equity (%)	77.7	46.3	24.5	16.6	21.0
Equity ratio (%)	60.0	49.9	32.1	59.3	45.3

The Company was divested at 1 October 2014. The comparative figures for 2012/13 have not been adjusted.

Financial highlights are defined and calculated as:

Ratios	Calculation formula	Calculation formula reflects
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Company's object and activity are to develop technical software for satellite and telecommunications purposes as well as to provide consulting services. The customers are serviced through delivery of software products as well as adjustment and integration of these products. Moreover, the Company handles different types of customer-specific assignments and communications consultancy.

Development in activities and finances

The Company has realised a net profit of DKK 14,080k. On the threshold of 2017/18, the Company's financial resources remain strong.

At 30 September 2017, equity totals DKK 24,169k and the solvency ratio stands at 60.0%.

The profit presented is much better than that forecasted for 2016/17 and is therefore considered very satisfactory.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Income statement for 2016/17

	Notes	2016/17 DKK'000	2015/16 DKK'000
Gross profit		**30,851**	**18,524**
Staff costs	1	(12,789)	(12,461)
Depreciation, amortisation and impairment losses	2	(63)	(244)
Operating profit/loss		**17,999**	**5,819**
Other financial income	3	211	193
Other financial expenses	4	(148)	(187)
Profit/loss before tax		**18,062**	**5,825**
Tax on profit/loss for the year	5	(3,982)	(1,290)
Profit/loss for the year		**14,080**	**4,535**
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		12,000	2,000
Retained earnings		2,080	2,535
		14,080	**4,535**

Balance sheet at 30.09.2017

	Notes	2016/17 DKK'000	2015/16 DKK'000
Completed development projects		0	0
Intangible assets	6	**0**	**0**
Other fixtures and fittings, tools and equipment		398	79
Leasehold improvements		68	69
Property, plant and equipment	7	**466**	**148**
Deposits		590	521
Fixed asset investments	8	**590**	**521**
Fixed assets		**1,056**	**669**
Trade receivables		2,880	7,096
Contract work in progress	9	0	332
Receivables from group enterprises		16,934	3,640
Other receivables		270	179
Prepayments		86	318
Receivables		**20,170**	**11,565**
Cash		**19,076**	**11,951**
Current assets		**39,246**	**23,516**
Assets		**40,302**	**24,185**

Balance sheet at 30.09.2017

	Notes	2016/17 DKK'000	2015/16 DKK'000
Contributed capital		500	500
Retained earnings		11,669	9,574
Proposed dividend		12,000	2,000
Equity		**24,169**	**12,074**
Deferred tax		425	67
Provisions		**425**	**67**
Joint taxation contribution payable		3,459	1,362
Non-current liabilities other than provisions		**3,459**	**1,362**
Prepayments received from customers		6,525	3,418
Contract work in progress	9	1,728	2,174
Trade payables		818	666
Payables to group enterprises		0	1,532
Other payables		3,178	2,892
Current liabilities other than provisions		**12,249**	**10,682**
Liabilities other than provisions		**15,708**	**12,044**
Equity and liabilities		**40,302**	**24,185**
Financial instruments	10		
Unrecognised rental and lease commitments	11		
Contingent liabilities	12		
Group relations	13		

Statement of changes in equity for 2016/17

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	500	9,574	2,000	12,074
Ordinary dividend paid	0	0	(2,000)	(2,000)
Value adjustments	0	19	0	19
Tax of entries on equity	0	(4)	0	(4)
Profit/loss for the year	0	2,080	12,000	14,080
Equity end of year	**500**	**11,669**	**12,000**	**24,169**

Notes

	2016/17 DKK'000	2015/16 DKK'000
1. Staff costs		
Wages and salaries	9,975	10,008
Pension costs	2,065	2,000
Other social security costs	95	119
Other staff costs	654	334
	12,789	**12,461**
Average number of employees	**27**	

	2016/17 DKK'000	2015/16 DKK'000
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	197	244
Profit/loss from sale of intangible assets and property, plant and equipment	(134)	0
	63	**244**

	2016/17 DKK'000	2015/16 DKK'000
3. Other financial income		
Financial income arising from group enterprises	161	0
Other interest income	50	193
	211	**193**

	2016/17 DKK'000	2015/16 DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	0	131
Other interest expenses	148	56
	148	**187**

Notes

	2016/17 DKK'000	2015/16 DKK'000
5. Tax on profit/loss for the year		
Current tax	3,628	1,472
Change in deferred tax	354	(182)
	3,982	**1,290**

	Completed development projects DKK'000
6. Intangible assets	
Cost beginning of year	24,849
Cost end of year	**24,849**
Amortisation and impairment losses beginning of year	(24,849)
Amortisation and impairment losses end of year	**(24,849)**
Carrying amount end of year	**0**

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
7. Property, plant and equipment		
Cost beginning of year	916	175
Additions	476	46
Disposals	(345)	0
Cost end of year	**1,047**	**221**
Depreciation and impairment losses beginning of year	(837)	(106)
Depreciation for the year	(150)	(47)
Reversal regarding disposals	338	0
Depreciation and impairment losses end of year	**(649)**	**(153)**
Carrying amount end of year	**398**	**68**

Notes

	Deposits DKK'000
8. Fixed asset investments	
Cost beginning of year	521
Additions	69
Cost end of year	**590**
Carrying amount end of year	**590**

	2016/17 DKK'000	2015/16 DKK'000
9. Contract work in progress		
Contract work in progress	3,505	2,131
Progress billings regarding contract work in progress	(5,233)	(3,973)
Transferred to liabilities other than provisions	1,728	2,174
	0	**332**

10. Financial instruments

At the balance sheet date, the Company has signed two forward contracts with its banker for the sale of USD. The forward contracts have been concluded to hedge the current payments on sales contracts signed.

At 30 September 2017, the total hedge amounts to USD 127,450k to expire on 17 November 2017. There is an unrealised exchange gain of DKK 2k at the balance sheet date.

	2016/17 DKK'000	2015/16 DKK'000
11. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**1,525**	**2,219**

12. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where GateHouse Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

Notes

13. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

GateHouse Holding A/S, Aalborg

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

Revenue

Revenue from sales of software products and advisory services is recognised in the income statement when delivery and the risk transition to the buyer has taken place. Revenue from sales of support and maintenance is recognised in the income statement over the support and maintenance period. Royalty income is recognised in profit or loss over the period to which royalties relate. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Other external expenses

Other external expenses include expenses relating to the Entity’s ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Accounting policies

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises.

Other financial expenses

Other financial expenses comprise interest expenses.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3-5 years.

Accounting policies

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

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

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Contract work in progress
Contract work in progress is measured at the selling price of the performed work. The selling price is measured based on the stage of completion at the balance sheet date and the total estimated income from the individual contract work in progress. Total estimated income includes the capitalised value of contractual amounts falling due after one year. The Company's financing interest rate at the balance sheet date is used as capitalisation factor.

Usually, the stage of completion is determined as the ratio between actual and total budgeted consumption of resources.

If the selling price of a construction contract cannot be made up reliably, it is measured at the lower of costs incurred, including IPO charge, and net realisable value.

When total expenses are likely to exceed total income from contract work in progress, the total estimated loss is provided for on the contract.

Prepayments are set off against contract work in progress.

Accounting policies

The market value of foreign claims is calculated at the market price at the balance sheet date or at the hedged foreign exchange rate.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Joint taxation contributions payable or receivable
Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.