SuperTel A/S

Hørskætten 3, 2630 Taastrup

CVR no. 27 19 56 01

Annual report 2017

Approved at the Company's annual general meeting on 16/4-18

Chairman:

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Building a better working world

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of SuperTel A/S for the financial year 1 January - 31 December 2017.

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

In our opinion, the financial statements give a true and fair view of the financial position 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.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Taastrup, 16 April 2018
Executive Board:

Hugo Eigil Arvid Nielsen
CEO

Board of Directors:

Christian Holm Christensen Chairman	Pernille Ravn	Thomas Caspersen Nielsen

Independent auditor's report

To the shareholder of SuperTel A/S

Opinion

We have audited the financial statements of SuperTel A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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 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.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group 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 rules and requirements.

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 as to 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 the 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.

Independent auditor's report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 16 April 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Torben Bender State Authorised Public Accountant MNE no.: mne21332	Thomas Bruun Kofoed State Authorised Public Accountant MNE no.: mne28677

Management's review

Company details

Name	SuperTel A/S
Address, Postal code, City	Hørskætten 3, 2630 Taastrup
CVR no.	27 19 56 01
Established	6 June 2003
Registered office	Høje Taastrup
Financial year	1 January - 31 December
Website	www.globalconnect.dk
E-mail	info@globalconnect.dk
Telephone	+45 77 30 30 00
Board of Directors	Christian Holm Christensen, Chairman Pernille Ravn Thomas Caspersen Nielsen
Executive Board	Hugo Eigil Arvid Nielsen, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Business review

SuperTel's main activities consist of IP-telephony services and hosted solutions.

SuperTel is telephony wholesale provider to a portfolio of telephony service operators. In addition, SuperTel deals in bilateral buying and selling of wholesale traffic to international voice operators, as well as SIP trunk solutions for the corporate market, and dial-in numbers from international destinations. SuperTel is a wholly owned subsidiary of GlobalConnect A/S and is therefore a part of the consolidated report for the Corporate Group.

Financial review

The Company result for 2017 amounted to DKK 33 million in revenue (2016: DKK 26 million), and a profit before tax of DKK 9 million (2016: DKK 2 million). The Management finds the result to be in accordance with expectations. Increased profit is a result of net increase in number of corporate customers, as well as a wholesale service provider who have migrated approx. 60,000 residential end customers into SuperTel's network.

Events after the balance sheet date

After closure of the budget year, no events have occurred, which could significantly alter the evaluation of the annual result.

Outlook

The continued growth of SuperTel's business customer portfolio is driven through the sale of SIP trunks. The SIP trunk market is in continued growth, and the demand for one-stop shopping from multinational customers, requesting one provider for all corporate locations, is a dominant factor. In line with 2016.

A continually growing effort in partner channel sales in is also an area, where SuperTel have dedicated further resources, in order to secure increased growth in 2018.

SuperTel anticipates a positive financial result in 2018.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2017	2016
	Revenue	33,024,074	25,575,837
	Cost of sales	-14,717,448	-13,847,601
	Other external expenses	-2,766,813	-2,933,934
	Gross margin	15,539,813	8,794,302
2	Staff costs	-6,271,559	-5,816,625
	Depreciation of property, plant and equipment	-329,105	-570,731
	Profit before net financials	8,939,149	2,406,946
3	Financial income	235,664	6,113
4	Financial expenses	-255,808	-48,613
	Profit before tax	8,919,005	2,364,446
5	Tax for the year	-1,268,946	836,497
	Profit for the year	7,650,059	3,200,943
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	10,000,000	0
	Retained earnings/accumulated loss	-2,349,941	3,200,943
		7,650,059	3,200,943

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2017	2016
	ASSETS		
	Non-current assets		
6	**Property, plant and equipment**		
	Other fixtures and equipments	974,200	436,548
	Leasehold improvements	11,745	25,827
		985,945	462,375
7	**Financial assets**		
	Deposits	130,460	130,460
		130,460	130,460
	Total non-current assets	1,116,405	592,835
	Current assets		
	Receivables		
	Trade receivables	4,986,393	2,635,338
	Receivables from group enterprises	1,642,973	1,948,850
	Deferred tax	3,797,763	5,067,956
	Joint taxation contribution receivable	1,247	0
	Other receivables	2,793,390	1,929,000
	Prepayments	1,254,527	1,151,995
		14,476,293	12,733,139
	Cash	12,086,500	5,084,632
	Total current assets	26,562,793	17,817,771
	TOTAL ASSETS	27,679,198	18,410,606

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2017	2016
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	6,250,000	6,250,000
	Retained earnings	5,083,741	7,433,682
	Dividend proposed	10,000,000	0
	Total equity	21,333,741	13,683,682
	Current liabilities		
	Prepayments received from customers	0	258,489
	Trade payables	3,683,968	2,766,349
	Payables to group enterprises	209,148	0
	Other payables	2,452,341	1,702,086
	Total current liabilities	6,345,457	4,726,924
	Total liabilities	6,345,457	4,726,924
	TOTAL EQUITY AND LIABILITIES	27,679,198	18,410,606

1 Accounting policies
8 Contractual obligations and contingencies, etc.
9 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Dividend proposed	Total
Equity at 1 January 2017	6,250,000	7,433,682	0	13,683,682
Transfer through appropriation of loss	0	-2,349,941	0	-2,349,941
Dividend	0	0	10,000,000	10,000,000
Equity at 31 December 2017	6,250,000	5,083,741	10,000,000	21,333,741

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies**

The annual report of SuperTel A/S for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

There are made a few reclassifications in the income statement. Comparative figures have been restated accordingly.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Income statement

Revenue

Income from sale of IP telephony services and hosted solutions is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Other fixtures and equipments	3-10 years
Leasehold improvements	10 years

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other subsidiaries. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Financial assets

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Impairment of non-current assets

The carrying amount of property, plant and equipment and deposits is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Deferred tax

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Other payables

Other payables are measured at net realisable value.

	DKK	2017	2016
2	**Staff costs**		
	Wages/salaries	5,592,462	5,152,586
	Pensions	610,795	565,470
	Other social security costs	50,372	55,427
	Other staff costs	17,930	43,142
		6,271,559	5,816,625
	Average number of full-time employees	9	8
3	**Financial income**		
	Interest receivable, group entities	74,121	0
	Other financial income	161,543	6,113
		235,664	6,113
4	**Financial expenses**		
	Interest expenses, group entities	0	6,973
	Other financial expenses	255,808	41,640
		255,808	48,613
5	**Tax for the year**		
	Estimated tax charge for the year	-1,247	0
	Deferred tax adjustments in the year	1,270,193	-836,497
		1,268,946	-836,497

6 **Property, plant and equipment**

DKK	Other fixtures and equipments	Leasehold improvements	Total
Cost at 1 January 2017	14,894,611	151,000	15,045,611
Additions	852,676	0	852,676
Cost at 31 December 2017	15,747,287	151,000	15,898,287
Impairment losses and depreciation at 1 January 2017	14,458,063	125,173	14,583,236
Depreciation	315,024	14,082	329,106
Impairment losses and depreciation at 31 December 2017	14,773,087	139,255	14,912,342
Carrying amount at 31 December 2017	974,200	11,745	985,945

Financial statements 1 January - 31 December

Notes to the financial statements

7 Investments

DKK	Deposits
Cost at 1 January 2017	130,460
Cost at 31 December 2017	130,460
Carrying amount at 31 December 2017	130,460

8 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its parent, Skynet Invest Holding A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2017 onwards as well as withholding taxes on interest and dividends falling due for payment.

9 Related parties

SuperTel A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
GlobalConnect A/S	Taastrup, Denmark	Principal shareholder

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
GlobalConnect A/S	Taastrup, Denmark	https://datacvr.virk.dk

Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.