

GigaContent A/S

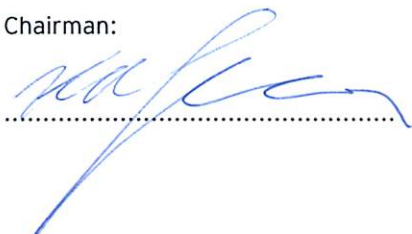
Hørskættens 3, 2630

CVR no. 28 33 37 30

Annual report 2017

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

Chairman:



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Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes to the financial statements	11

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 GigaContent 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:



Christian Holm Christensen

Board of Directors:



Pernille Ravn
Chairman



Christian Holm Christensen



Thomas Caspersen Nielsen

Independent auditor's report

To the shareholders of GigaContent A/S

Opinion

We have audited the financial statements of GigaContent 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	GigaContent A/S
Address, Postal code, City	Hørskættø 3, 2630
CVR no.	28 33 37 30
Established	25 January 2005
Registered office	Høje Taastrup
Financial year	1 January - 31 December
Website	www.globalconnect.dk
E-mail	info@globalconnect.dk
Telephone	+45 77 30 00
Board of Directors	Pernille Ravn, Chairman Christian Holm Christensen Thomas Caspersen Nielsen
Executive Board	Christian Holm Christensen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Business review

GigaContent main activities consist of TV content services in broadcast quality based on its GigaContent own fibre backbone.

GigaContent offers solutions in broadcast quality for anyone wishing to communicate and bring visual content out to viewers and users - for example a TV broadcaster, a media house, a TV production company, a venue for events, a company, or an organisation. GigaContent 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 13 million in revenue (2016: DKK 16 million), and a profit before tax of DKK -4 million (2016: DKK -2 million). The Management finds the result to be in accordance with expectations.

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.

It is expected that the Company will merge with GlobalConnect A/S and GlobalConnect Outsourcing Services A/S in 2018.

Outlook

The continued growth of GigaContent's business customer portfolio is driven through the sale of TV in broadcast quality from events in Denmark and abroad in combination with online booking tool providing instant access to GigaContent services.

GigaContent anticipates a positive financial result in 2018.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2017	2016
	Revenue	13,080,064	16,204,784
	Cost of sales	-9,975,719	-11,301,123
	Other external expenses	-1,497,227	-853,233
	Gross margin	1,607,118	4,050,428
2	Staff costs	-1,133,385	-2,279,132
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-3,683,422	-3,302,866
	Profit/loss before net financials	-3,209,689	-1,531,570
	Financial income	4,007	631
3	Financial expenses	-517,482	-632,062
	Profit/loss before tax	-3,723,164	-2,163,001
4	Tax for the year	818,411	473,921
	Profit/loss for the year	-2,904,753	-1,689,080
	Recommended appropriation of profit/loss	-2,904,753	-1,689,080
	Retained earnings/accumulated loss	-2,904,753	-1,689,080

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	<u>2017</u>	<u>2016</u>
	ASSETS		
	Non-current assets		
5	Intangible assets		
	Prepayments regarding rights to use and licences	15,445	23,515
		<u>15,445</u>	<u>23,515</u>
6	Property, plant and equipment		
	Other fixtures and equipment	14,998,508	17,184,251
		<u>14,998,508</u>	<u>17,184,251</u>
	Total non-current assets	<u>15,013,953</u>	<u>17,207,766</u>
	Current assets		
	Receivables		
	Trade receivables	3,213,293	4,179,576
	Receivables from group enterprises	1,177,844	10,938
	Deferred tax	3,550,754	2,724,646
	Other receivables	718,938	0
	Prepayments	14,118,093	15,995,558
		<u>22,778,922</u>	<u>22,910,718</u>
	Cash	1,628,067	42,150
	Total current assets	<u>24,406,989</u>	<u>22,952,868</u>
	TOTAL ASSETS	<u>39,420,942</u>	<u>40,160,634</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2017	2016
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	1,500,000	1,500,000
	Retained earnings	12,189,217	15,093,970
	Total equity	<u>13,689,217</u>	<u>16,593,970</u>
	Current liabilities		
	Debt to financial institutions	0	3,607,680
	Accruals and deferred income	404,550	140,623
	Trade payables	235,341	648,489
	Payables to group enterprises	24,933,002	17,950,115
	Joint taxation contribution payable	7,697	0
	Other payables	151,135	1,144,757
	Prepayments received	0	75,000
	Total current liabilities	<u>25,731,725</u>	<u>23,566,664</u>
	Total liabilities	<u>25,731,725</u>	<u>23,566,664</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>39,420,942</u></u>	<u><u>40,160,634</u></u>

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

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2017	1,500,000	15,093,970	16,593,970
Transfer through appropriation of loss	0	-2,904,753	-2,904,753
Equity at 31 December 2017	<u>1,500,000</u>	<u>12,189,217</u>	<u>13,689,217</u>

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of GigaContent 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).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Income from the sale of services 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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

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

Prepayments regarding rights to use and licenses	5-15 years
Other fixtures and equipment	10 years

Financial income

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

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

Intangible assets

Prepayments regarding rights to use and licences are measured at the lower of cost less accumulated amortisation or the recoverable amount. Licences are amortised over the term of the agreement. The amortisation period is between 5-15 years, which is equal to the term of the agreement.

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.

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Other payables

Other payables are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

DKK	2017	2016
2 Staff costs		
Wages/salaries	1,020,651	2,020,009
Pensions	93,224	187,241
Other social security costs	10,340	17,179
Other staff costs	9,170	54,703
	<u>1,133,385</u>	<u>2,279,132</u>
Average number of full-time employees	<u>2</u>	<u>3</u>
3 Financial expenses		
Interest expenses, group entities	348,977	544,375
Other financial expenses	168,505	87,687
	<u>517,482</u>	<u>632,062</u>
4 Tax for the year		
Estimated tax charge for the year	7,697	-473,921
Deferred tax adjustments in the year	-826,108	0
	<u>-818,411</u>	<u>-473,921</u>

Financial statements 1 January - 31 December

Notes to the financial statements

5 Intangible assets

DKK	Prepayments regarding rights to use and licences
Cost at 1 January 2017	667,536
Cost at 31 December 2017	667,536
Impairment losses and amortisation at 1 January 2017	644,021
Amortisation for the year	8,070
Impairment losses and amortisation at 31 December 2017	652,091
Carrying amount at 31 December 2017	15,445

6 Property, plant and equipment

DKK	Other fixtures and equipment
Cost at 1 January 2017	36,803,730
Additions	1,489,608
Cost at 31 December 2017	38,293,338
Impairment losses and depreciation at 1 January 2017	19,619,479
Depreciation	3,675,351
Impairment losses and depreciation at 31 December 2017	23,294,830
Carrying amount at 31 December 2017	14,998,508

7 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its parent, Skynet Holding Invest 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, royalties and dividends falling due for payment.

Financial statements 1 January - 31 December

Notes to the financial statements

8 Related parties

GigaContent A/S' related parties comprise the following:

Parties exercising control

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

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
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.