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GLOBALCONNECT OUTSOURCING SERVICES A/S

THORAVEJ 26, 2400 KØBENHAVN NV

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2016

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 28 February 2017**

Chairman of the meeting

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COMPANY DETAILS

Company	GlobalConnect Outsourcing Services A/S Thoravej 26 2400 København NV CVR no.: 29 97 82 04 Established: 10 October 2006 Registered Office: Copenhagen Financial Year: 1 January - 31 December
Board of Directors	Niels Zibrandtsen, Chairman Christian Holm Christensen Thomas Norling Kielgast Olaf Fritjof Lind
Board of Executives	Christian Holm Christensen Danny Steen Glæsner Niels Bjørn Sabro Rasmussen
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
Bank	Spar Nord Bank A/S Regnbuepladsen 5 1550 Copenhagen V
Law Firm	Accura Advokatpartnerselskab Tuborg Boulevard 1 2900 Hellerup

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of GlobalConnect Outsourcing Services A/S for the year 1 January - 31 December 2016.

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 Company's financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the review.

We recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 27 February 2017

Board of Executives

Christian Holm Christensen

Danny Steen Glæsner

Niels Bjørn Sabro Rasmussen

Board of Directors

Niels Zibrandtsen
Chairman

Christian Holm Christensen

Thomas Norling Kielgast

Olaf Fritjof Lind

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of GlobalConnect Outsourcing Services A/S

Opinion

We have audited the Financial Statements of GlobalConnect Outsourcing Services A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, notes and 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 assets, liabilities and financial position of the Company at 31 December 2016 and of the results of the Company operations for the financial year 1 January - 31 December 2016 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 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.

Management's Responsibility 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 Responsibility for 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 judgment and maintain professional skepticism 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.

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 Financial Statements Act.

Based on the work we have performed, we conclude that 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 of Management's Review.

Copenhagen, 27 February 2017

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Torben Bjerre-Poulsen
State Authorised Public Accountant

MANAGEMENT'S REVIEW

Main activities

GlobalConnect Outsourcing Services A/S' main activity is IT operations for large enterprises, including managed services and related services.

Development in activities and financial position

During 2016, GlobalConnect Outsourcing Services A/S has experienced a remarkable growth. The offerings of GlobalConnect Outsourcing Services A/S in combination with the fibre infrastructure based services in proprietary data centre solutions of GlobalConnect A/S have proven to be in great demand by customers. Consequently, GlobalConnect Outsourcing Services A/S has seen a very positive customer intake and experienced a high revenue growth rate in 2016.

In 2016, growth was in focus. Hence, investments levels have been high during 2016, both into platforms as well as into organisational expansion, which is also reflected in the year's performance.

System capacity expansions in order to support growth have been moved forward and a number of internal integration tasks and upgrades have been completed.

With the investments made into GlobalConnect Outsourcing Services A/S and the number of orders already closed positively effecting 2017, management is confident that the company's performance in the coming years will improve significantly compared to the 2016 figures.

2016 shows a net revenue of DKK ('000) 68.599 (2015: DKK ('000) 47.289) and losses before tax of DKK ('000) -9.251 (2015: DKK ('000) -4.150).

The Management accepts the loss as part of the company's growth strategy. The Management is very pleased with the amount of cloud orders in 2016 and is very optimistic regarding the future.

Since 1 July 2015, GlobalConnect A/S has owned a 70% share in GlobalConnect Outsourcing Services A/S. The original three founders own the remaining shares equally. During December 2016, an agreement was signed with one of the founders regarding the purchase of an additional 10% of the shares in GlobalConnect Outsourcing Services A/S. This means that from 2017, GlobalConnect A/S has held 80% of the total shares in the company.

Significant events after the end of the financial year

No events has occurred after the end of the financial year of material importance for the company's financial position.

Future expectations

The company's parent company has consented to provide financial support according to letter of support of 16 February 2017 to ensure that the company can continue as going concern for at least the coming financial year. We refer to the description in the note in the annual report on uncertainty with respect to going concern.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2016 DKK	2015 DKK
NET REVENUE		68.599.399	47.288.559
Production costs.....		-22.480.296	-15.070.611
Other operating income.....		313.605	3.449.790
Other external costs.....		-11.822.771	-9.552.408
GROSS PROFIT		34.609.937	26.115.330
Staff costs.....	1	-35.085.267	-24.681.283
Depreciation, amortisation and write-down.....		-7.100.651	-5.222.415
Other operating costs.....		-808.644	0
OPERATING LOSS		-8.384.625	-3.788.368
Other financial income.....	2	8.608	103.421
Other financial costs.....	3	-875.432	-464.741
LOSS BEFORE TAX		-9.251.449	-4.149.688
Tax.....	4	1.744.164	1.741.917
LOSS FOR THE YEAR		-7.507.285	-2.407.771
PROPOSED DISTRIBUTION OF LOSS			
Retained earnings.....		-7.507.285	-2.407.771
TOTAL		-7.507.285	-2.407.771

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2016 DKK	2015 DKK
Prepayments regarding rights to use and licenses.....		1.950.000	100.000
Intangible fixed assets.....	5	1.950.000	100.000
Other fixtures and equipment.....		38.095.727	6.766.865
Leasehold improvements.....		1.433.377	1.572.262
Tangible fixed assets.....	6	39.529.104	8.339.127
Deposits.....		617.323	544.823
Fixed asset investments.....	7	617.323	544.823
FIXED ASSETS.....		42.096.427	8.983.950
Trade receivables.....		8.178.698	8.498.774
Amounts due from Group companies.....		2.062.926	649.903
Receivables from owners and Management.....	8	0	16.517
Other receivables.....		316.558	2.420.202
Joint taxation contribution receivable.....		2.384.452	1.589.947
Prepayments & accrued income.....		3.620.933	2.181.568
Receivables.....		16.563.567	15.356.911
Cash and cash equivalents.....		166.684	6.067.041
CURRENT ASSETS.....		16.730.251	21.423.952
ASSETS.....		58.826.678	30.407.902

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2016 DKK	2015 DKK
Share capital.....		500.000	500.000
Retained earnings.....		-502.629	7.004.656
EQUITY.....	9	-2.629	7.504.656
Provision for deferred tax.....		930.309	555.098
PROVISION FOR LIABILITIES.....		930.309	555.098
Other long-term liabilities.....		22.917.161	1.412.592
Long-term liabilities.....	10	22.917.161	1.412.592
Current portion of long-term liabilities.....	10	7.188.109	2.087.664
Debt to financial institutions.....		64.152	18.528
Trade payables.....		8.551.130	1.866.771
Other liabilities.....		7.726.370	7.826.631
Accruals and deferred income.....		11.452.076	9.135.962
Current liabilities.....		34.981.837	20.935.556
LIABILITIES.....		57.898.998	22.348.148
EQUITY AND LIABILITIES.....		58.826.678	30.407.902
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NOTES

	2016 DKK	2015 DKK	Note
Staff costs			1
Average number of employees 41 (2015: 27)			
Wages and salaries.....	31.943.656	21.963.258	
Pensions.....	1.745.754	1.243.716	
Other social security costs.....	266.435	173.237	
Other staff costs.....	1.129.422	1.301.072	
	35.085.267	24.681.283	
Other financial income			2
Other interest income.....	8.608	103.421	
	8.608	103.421	
Other financial costs			3
Other interest expenses.....	875.432	464.741	
	875.432	464.741	
Tax			4
Calculated tax on taxable income of the year.....	-2.384.452	-1.589.947	
Tax adjustment relating to prior years.....	265.077	0	
Adjustment of deferred tax.....	375.211	-151.970	
	-1.744.164	-1.741.917	
Intangible fixed assets			5
		Prepayments regarding rights to use and licenses	
Cost at 1 January 2016.....		1.125.000	
Additions.....		1.950.000	
Cost at 31 December 2016.....		3.075.000	
Amortisation at 1 January 2016.....		1.025.000	
Amortisation.....		100.000	
Amortisation at 31 December 2016.....		1.125.000	
Carrying amount at 31 December 2016.....		1.950.000	

NOTES

				Note
Tangible fixed assets				6
		Other fixtures and equipment	Leasehold improvements	
Cost at 1 January 2016.....	26.792.854		2.974.645	
Additions.....	37.568.029		109.876	
Cost at 31 December 2016.....	64.360.883		3.084.521	
Depreciation and write-down at 1 January 2016.....	20.025.988		1.402.382	
Depreciation.....	6.239.168		248.762	
Depreciation and write-down at 31 December 2016.....	26.265.156		1.651.144	
Carrying amount at 31 December 2016.....	38.095.727		1.433.377	
Finance lease assets.....	31.294.620			
Fixed asset investments			Deposits	7
Cost at 1 January 2016.....			544.823	
Additions.....			162.500	
Disposals.....			-90.000	
Cost at 31 December 2016.....			617.323	
Carrying amount at 31 December 2016.....			617.323	
Receivables from owners and Management				8
The trade receivables from Management by year end 2015 have been paid in the beginning of 2016.				
Equity				9
		Share capital	Retained earnings	Total
Equity at 1 January 2016.....	500.000		7.004.656	7.504.656
Proposed distribution of loss.....			-7.507.285	-7.507.285
Equity at 31 December 2016.....	500.000		-502.629	-2.629
Long-term liabilities				10
	1/1 2016 total liabilities	31/12 2016 total liabilities	Repayment next year	Debt outstanding after 5 years
Other long-term liabilities.....	3.500.256	30.105.270	7.188.109	26.272
	3.500.256	30.105.270	7.188.109	26.272

NOTES

Note

Contingencies etc.

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Lease liabilities

The company has lease liabilities with an average annual lease payment of DKK ('000) 136.

The lease contracts have a residual term of 47 months and a total residual lease payment of DKK ('000) 3.231.

Rental liability

The company has rental liabilities which at the balance sheet date amount to DKK ('000) 9.283 in the period of non-terminability, which expires on 31 March 2024.

Joint liabilities

The company is jointly and severally liable together with the parent company and the other Group companies in the joint taxable Group for tax on the Group's joint taxable income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the Group's joint taxable income is stated in the annual report of ZS Holding ApS, which serves as management company for the joint taxation.

Charges and securities

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The following assets have been provided as security for debt and engagement with Spar Nord Bank A/S, of a nominal value of 5.000.000 DKK:

Leasehold improvements	1.433.377 DKK
Deposits	617.313 DKK
Trade receivables	8.178.698 DKK

The following assets are financed by finance leases:

	Carrying amount of assets	Nominal value of mortgage or outstanding debt
	DKK DKK '000	DKK DKK '000
Other fixtures and equipment.....	38.096	30.105

NOTES**Note****Related parties**

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GlobalConnect Outsourcing Services A/S' related parties include:

The Controlling interest

GlobalConnect A/S, Hørskættten 3, 2630 Taastrup, is the principal shareholder.

Other related parties having performed transactions with the company

The company's related parties having a significant influence comprise subsidiaries and associates as well as the companies' Board of Directors, Board of Executives and executive officers and their relatives. Related parties include also companies in which the above mentioned group of persons has material interests.

Transactions with related parties

The company did not carry out any substantial transactions that were not concluded on market conditions.

Uncertainty with respect to going concern

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The company's parent company has consented to provide financial support according to letter of support of 16 February 2017 to ensure that the company can continue as going concern for at least the coming financial year.

ACCOUNTING POLICIES

The annual report of GlobalConnect Outsourcing Services A/S for 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B with the adoption of rules from reporting class C.

The annual report is prepared consistently with the accounting principles used last year.

INCOME STATEMENT

Net revenue

Net revenue from sale of services is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible fixed assets.

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the enterprises' principal activities, including loss from sale of intangible and tangible fixed assets.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include cost of distribution, sales, advertising, administration, premises, bad debts, operational lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses in general

Financial income and expenses include interest income and expenses, financial expenses of finance leases, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax on profit for the year

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Intangible fixed assets

Patents and licences are measured at the lower of cost less accumulated amortisation or the recoverable amount. Patents are amortised over the residual patent term and licences are amortised over the term of the agreement, however, no more than 8 years.

ACCOUNTING POLICIES

Tangible fixed assets

Other fixtures and equipment and leasehold improvements are measured at cost less accumulated depreciation and write-down.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other fixtures and equipment.....	3-5 years	0 %
Leasehold improvements.....	10 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Lease contracts

Lease contracts relating to tangible fixed assets where the company bears all material risks and benefits attached to the ownership (finance lease) are recognised as assets in the balance sheet. The assets are at the initial recognition measured at calculated cost equal to the lower of fair value and present value of the future lease payments. The internal interest rate of the lease contract is used as discounting factor or an approximate value when calculating the present value. Finance lease assets are depreciated similarly to the company’s other tangible fixed assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability and the interest portion of the lease payment is recognised in the income statement over the term of the contract.

All other lease contracts are considered to be operating leases. Payments related to operating leases and other rental agreements are recognised in the income statement over the term of the contract. The company’s total liability relating to operating leases and rental agreements is disclosed as contingencies etc.

Fixed asset investments

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

Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, it is written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

ACCOUNTING POLICIES

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax on account scheme. Joint taxation contributions receivable and payable are recognised in the balance sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against 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 under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Other liabilities are measured at amortised cost equal to nominal value.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.