# Intertrust

# **AOL Denmark Holdings ApS**

c/o Harbour House, Sundkrogsgade 21, DK-2100 Copenhagen

CVR no. 34 04 41 71

Annual report for 2017

Adopted at the annual general meeting on 31 May 2018

Anders Solem chairman

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# Statement by management on the annual report

The executive board has today discussed and approved the annual report of AOL Denmark Holdings ApS (the "Company") 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 company's financial position at 31 December 2017 and of the results of the company's operations for the financial year 1 January - 31 December 2017.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved at the annual general meeting.

Copenhagen, 31 May 2018

Executive board

Matthew Wayne Garber

Donald Bartlett D'Anna Jr

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### Independent auditor's report

# To the shareholder of AOL Denmark Holdings ApS Opinion

We have audited the financial statements of AOL Denmark Holdings ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, notes and summary of significant accounting policies. The financial statements are prepared under 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 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 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.

#### Independence

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 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.

### Independent auditor's report

#### 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 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.
- 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.

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# Independent auditor's report

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, 31 May 2018

**ERNST & YOUNG** 

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Henrik Reedtz Petersen

State Authorised Public Accountant

MNE no. mne24830

# Company details

The company

AOL Denmark Holdings ApS

c/o Harbour House Sundkrogsgade 21 DK-2100 Copenhagen

CVR no.:

34 04 41 71

Reporting period:

1 January - 31 December 2017

Domicile:

Copenhagen

**Executive board** 

Matthew Wayne Garber Donald Bartlett D'Anna Jr

**Auditors** 

ERNST & YOUNG

Godkendt Revisionspartnerselskab c/o Postboks 250, Osvald Helmuths Vej 4

DK-2000 Frederiksberg

Consolidated financial

statements

The company's financial statements are consolidated into

Verizon Communications Inc.

Copies of the group financial statements of Verizon

Communications Inc. are available to the public from Verizon Communications Inc., 1095 Avenue of the Americas, New

York, NY 10036, USA.

### Management's review

#### **Business activities**

The company is a holding company. The company's primary activity is owning shares in companies in Denmark.

# Recognition and measurement uncertainties

The recognition and measurement of items in the financial statements is not subject to any uncertainty.

#### Unusual matters

The company's financial position at 31 December 2017 and the results of its operations for the financial year ended 31 December 2017 are not affected by any unusual matters apart from impairment loss on financial assets TEUR 7.009.

#### **Business review**

The company's income statement for the year ended 31 December 2017 shows a loss of TEUR 7.413, and the balance sheet at 31 December 2017 shows negative equity of TEUR 5.873.

The company has lost more than 50% of the share capital, and management have hence initiated measures to reestablish equity through debt conversion done in 2018.

#### Significant events occurring after end of reporting period

In March 2018, the company converted debt of approximately TEUR 5.700 by way of a capital conversion. In addition to this, the company sold it's investment in Oath (Denmark) ApS to Oath (Netherlands) B.V. (formerly Yahoo! Netherlands B.V.), a related company withing the same group. The company intends to make a partial repayment of its loan balance with AOL International Finance S.à r.l in the amount of EUR 378,545 during the second quarter of 2018. The remainder of this debt will then be forgiven.

All of the above transactions have resulted in positive equity for the company in 2018.

Following the sale of it's investment in Oath (Denmark) ApS, the company has become dormant and the directors' future plans are to liquidate the company.

# Income statement 1 January - 31 December

	Note	2017 TEUR	2016 TEUR
Gross profit		-37	-52
Impairment losses on financial assets Financial income Financial costs	/	-7.009 -3	0
Profit/loss before tax	3 _	-316 - <b>7.365</b>	-316 -368
Tax on profit/loss for the year	4	-48	81
Net profit/loss for the year	<b></b>	-7.413	-287
Distribution of profit			
Retained earnings		-7.413	-287
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# **Balance sheet 31 December**

	Note	2017 TEUR	2016 TEUR
Assets			
Investments in subsidiaries		379	7.388
Fixed asset investments		379	7,388
Fixed assets total		379	7.388
Receivables from group companies Corporation tax		97 45	0 110
Receivables		142	110
Cash at bank and in hand		77	153
Current assets total		219	263
Assets total	***	598	7.651

# **Balance sheet 31 December**

Liabilities and equity	Note	2017 TEUR	2016 TEUR
Share capital Retained earnings Equity	5	21 -5.894 - <b>5.873</b>	21 1.519 <b>1.540</b>
Payables to group companies Other payables Short-term debt		6.450 21 6.471	6.083 28 <b>6.111</b>
Debt total		6.471	6.111
Liabilities and equity total	- 22	598	7.651
Uncertainty about the continued operation (going concern) Contingent assets, liabilities and other financial obligations	1 6		

# Notes

1 Uncertainty about the continued operation (going concern)

The company has lost more than 50% of the share capital, and management have hence initiated measures to reestablish equity through debt conversion done in 2018.

2	Staff costs	2017 TEUR	2016 TEUR
	Average number of employees	0	0
3	Financial costs Financial expenses, group entities	2017 TEUR 316 316	2016 TEUR 316 316
4	Tax on profit/loss for the year  Current tax for the year	48 <b>48</b>	-81 <b>-81</b>

## Notes

### 5 Equity

	Share capital	Retained earnings	Total
Equity at 1 January 2017	21	1.519	1.540
Net profit/loss for the year	0	-7.413	-7.413
Equity at 31 December 2017	21	-5.894	-5.873

# 6 Contingent assets, liabilities and other financial obligations

The company is jointly taxed with other Danish group entities of Verizon Communications Inc., and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

# Accounting policies

The annual report of AOL Denmark Holdings ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied are consistent with those of last year.

The annual report for 2017 is presented in TEUR

Pursuant to sections §110 subsection 1, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

# Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

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

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

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

#### **Gross profit**

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of other external expenses.

#### Other external expenses

Other external expenses include expenses related to administration.

# **Accounting policies**

#### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, realised and unrealised exchange gains and losses.

Dividend from investments in subsidiaries is recognised in the income statement in the year of declaration. Distributions of dividend where the dividend exceeds the profit for the year or where the carrying amount of the company's investments in the subsidiary exceeds the carrying amount of the subsidiary's net asset value will be evidence of impairment, meaning that an impairment test must be conducted.

#### **Balance sheet**

#### Investments in subsidiaries

Investment in subsidiaries are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

#### Impairment of fixed assets

The carrying amount of fixed assets is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Where there are indications of impairment, an impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

#### Receivables

Receivables are measured at amortised cost.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

#### Equity

## Dividend

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

# Accounting policies

#### Income tax and deferred tax

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

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss allowed for carry forward are measured at the value to which the asset is expected to be realised, either by elimination in tax on future income or by offsetting against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

#### Liabilities

Liabilities are measured at amortized cost equal to nominal value.

#### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.