

AOL Denmark Holdings ApS

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

CVR no. 34 04 41 71

Annual report for 2016

Adopted at the annual general meeting
on 12 June 2017

Anders Solem
chairman

Contents

| | Page |
|--|------|
| Statements | |
| Statement by management on the annual report | 1 |
| Independent auditor's report | 2 |
| Management's review | |
| Company details | 5 |
| Management's review | 6 |
| Financial statements | |
| Income statement 1 January - 31 December | 7 |
| Balance sheet 31 December | 8 |
| Notes to the annual report | 10 |
| Accounting policies | 12 |

Statement by management on the annual report

The executive board has today discussed and approved the annual report of AOL Denmark Holdings ApS for the financial year 1 January - 31 December 2016.

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

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, 9 June 2017

Executive board

Matthew Wayne Garber

Donald Bartlett D'Anna Jr

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 2016, 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 2016 and of the results of the company's 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 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 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

Independent auditor's report

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.

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.

Independent auditor's report

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, 9 June 2017

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Henrik Reedtz
State Authorised Public Accountant

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
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

Information about consolidated financial statements:

Annual reports for Verizon Communications Inc. can be obtained by letter to AOL Denmark Holdings ApS.

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 2016 and the results of its operations for the financial year ended 31 December 2016 are not affected by any unusual matters.

Business review

The Company's income statement for the year ended 31. december 2016 shows a loss of TEUR 287 (2015: profit of TEUR 8.775), and the balance sheet at 31 December 2016 shows equity of TEUR 1.540 (2015: TEUR 1.827).

Significant events occurring after end of reporting period

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Income statement 1 January - 31 December

| | Note | 2016 TEUR | 2015 TEUR |
|---|------|--------------|--------------|
| Gross profit | | -52 | -36 |
| Income from investments in subsidiaries | | 0 | 9.000 |
| Financial income | | 0 | 3 |
| Financial costs | 2 | -316 | -266 |
| Profit/loss before tax | | -368 | 8.701 |
| Tax on profit/loss for the year | 3 | 81 | 74 |
| Net profit/loss for the year | | -287 | 8.775 |
| Distribution of profit | | | |
| Extraordinary dividend for the year | | 0 | 9.000 |
| Retained earnings | | -287 | -225 |
| | | -287 | 8.775 |

Balance sheet 31 December

| | Note | 2016 TEUR | 2015 TEUR |
|----------------------------------|------|--------------|--------------|
| Assets | | | |
| Investments in subsidiaries | | 7.388 | 7.388 |
| Current asset investments | | 7.388 | 7.388 |
| Fixed assets total | | 7.388 | 7.388 |
| Receivables from group companies | | 0 | 37 |
| Corporation tax | | 110 | 235 |
| Receivables | | 110 | 272 |
| Cash at bank and in hand | | 153 | 24 |
| Current assets total | | 263 | 296 |
| Assets total | | 7.651 | 7.684 |

Balance sheet 31 December

| | Note | 2016 TEUR | 2015 TEUR |
|--|------|--------------|--------------|
| Liabilities and equity | | | |
| Share capital | | 21 | 21 |
| Retained earnings | | 1.519 | 1.806 |
| Equity | 4 | 1.540 | 1.827 |
| Payables to group companies | | 6.083 | 5.847 |
| Other payables | | 28 | 10 |
| Short-term debt | | 6.111 | 5.857 |
| Debt total | | 6.111 | 5.857 |
| Liabilities and equity total | | 7.651 | 7.684 |
| Contingent assets, liabilities and other financial obligations | 5 | | |

Notes

| | <u>2016</u> TEUR | <u>2015</u> TEUR |
|---|---------------------|---------------------|
| 1 Staff costs | | |
| Average number of employees | <u>0</u> | <u>0</u> |
| | | |
| | <u>2016</u> TEUR | <u>2015</u> TEUR |
| 2 Financial costs | | |
| Financial expenses, group entities | <u>316</u> | <u>266</u> |
| | <u>316</u> | <u>266</u> |
| | | |
| 3 Tax on profit/loss for the year | | |
| Current tax for the year | -81 | -70 |
| Adjustment of tax concerning previous years | <u>0</u> | <u>-4</u> |
| | <u>-81</u> | <u>-74</u> |

Notes

4 Equity

| | Share capital | Retained earnings | Total |
|-----------------------------------|---------------|-------------------|--------------|
| Equity at 1 January 2016 | 21 | 1.806 | 1.827 |
| Net profit/loss for the year | 0 | -287 | -287 |
| Equity at 31 December 2016 | 21 | 1.519 | 1.540 |

5 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 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

In accordance with section 110(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

Effective 1 January 2016, the Company has adopted act no. 738 of 1 June 2015. This implies changes in the recognition and measurement in dividend from investments in subsidiaries. Dividend from investments in subsidiaries must always be recognised in the income statement going forward. If the carrying amount of the net assets of subsidiaries exceeds cost, or if dividend exceeding the profit for the year is distributed, there will be evidence of impairment, meaning that an impairment test must be conducted. Previously, dividend exceeding the subsidiary's accumulated earnings would be set off against cost.

The above changes will not impact the income statement or the balance sheet for 2016 or the comparative figures.

Apart from the above changes as well as new and changed presentation and disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

The annual report for 2016 is presented in TEUR.

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's 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's 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.

Accounting policies

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report are 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.

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.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

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).

Accounting policies

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.

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.

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.