Skynet Invest Holding A/S

Hørskætten 3, 2630 Taastrup

CVR no. 38 37 48 93

Annual report 27 January - 31 December 2017

Approved at the Company's annual general meeting on 16 April 2018

Chairman:

Per Wal

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Building a better working world

Contents

Statement by Management on the annual report

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Skynet Invest Holding A/S for the financial year 27 January - 31 December 2017.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2017 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the financial year 27 January - 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters and the results of the Group's and the Parent Company's operations and financial position.

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

Taastrup, 16 April 2018
Executive Board:

Christian Holm Christensen

Pernille Ravn

Board of Directors:

Per Morten Torvildsen
Chairman

Masoud Homayoun

Per Svante Östblom

Martin Lippert

Peter Bredgaard

Independent auditor's report

To the shareholders of Skynet Invest A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Skynet Invest Holding A/S for the financial year 27 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for both the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2017 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 27 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 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "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 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 consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent 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 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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and 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.
- 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent auditor's report

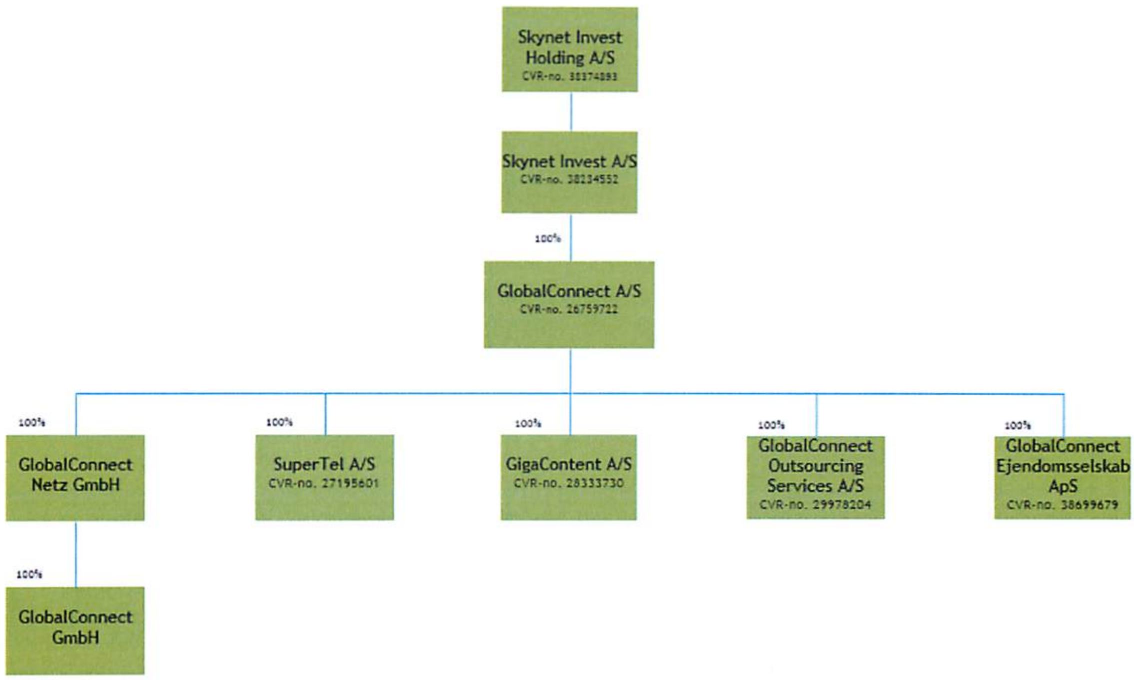
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

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

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

Management's review

Group chart



Management's review

Financial highlights for the Group

In DKK million	2017
Key figures	
Revenue	601
Gross profit	326
Result before depreciation and amortisation (EBITDA)	187
Operating profit (EBIT)	-53
Financial income and expenses, net	-75
Profit/loss for the year	-132
Non-current assets	4,180
Current assets	318
Total assets	4,498
Equity	1,740
Non-current liabilities	2,274
Current liabilities	484
Cash flows from operating activities	113
Cash flow from investing activities	-2,781
Cash flows from financing activities	2,700
Total cash flows	32
Financial ratios	
Profit margin	-8.8
Gross margin	54.2
Current ratio	65.7
Equity ratio	38.7
Return on equity	-15.4
Average number of full-time employees	262

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society.

The financial ratios stated under "Financial highlights" have been calculated as follows:

Profit margin $$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$$

Gross margin $$\frac{\text{Gross profit x 100}}{\text{Revenue}}$$

Current ratio $$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$$

Equity ratio $$\frac{\text{Equity excl. non-controlling interests, year-end x 100}}{\text{Total equity and liabilities, year-end}}$$

Return on equity $$\frac{\text{Profit/loss for the year excl. non-controlling interests x 100}}{\text{Average equity excl. non-controlling interests}}$$

Management's review

Skynet Invest Holding A/S was founded in January 2017 with the purpose of acquiring GlobalConnect A/S.

GlobalConnect is an independent fibre infrastructure provider that offers efficient and secure data networking, data center solutions and cloud services. The digitalization, requirement for efficient communication and outsourcing trends within enterprise and public sector are continuously redefining how we work and have the potential to deliver immense benefits to society; via its network and data center infrastructure, GlobalConnect benefits from these underlying megatrends. GlobalConnect covers all of Denmark, Northern Germany and parts of Sweden with more than 15,000 km of high-speed optical fibre network and more than 13,000 m2 of data centers. GlobalConnect also acts as a turnkey supplier of international lines and services via partnering with other telecommunication operators outside the Company's own coverage area.

The consolidated financial statements of Skynet Invest Holding A/S for the period 27 January - 31 December 2017 cover Skynet Invest Holding A/S and its subsidiaries (together referred to as "the Group"). The management commentary to the development comprises the period. However, other management commentary relates to the calendar year of 2017.

Achievements and financial development

Group net revenue was DKK 600.6 million and EBITDA DKK 186.6 million.

The 2017 financial year was a successful year for the Group with growth in both revenue and EBITDA. During 2017, the Group saw positive customer order intake in both direct B2B sales in Denmark and Germany as well as in our wholesale business.

In February 2017, a significant event occurred as EQT's infrastructure fund closed its acquisition of Global Connect A/S. The founding Zibrandtsen family will continue as shareholders but will no longer hold the majority of shares in GlobalConnect. As a result of the acquisition, 2017 EBITDA was significantly affected with one-off transaction related costs.

During the year, the Group also continued the work of adding additional customers to the various network and service platforms already in operation. The Group has also initiated further efficiency programs, refined and extended already implemented enterprise resource planning systems. These developments have provided Management with new business intelligence tools and automatized an increasing amount of processes in the Group. During 2017, focus has also been on improving customer the experience.

The Group's 2017 financial performance was in line with expectations and both Board and Management consider it satisfactory.

Management expects the Group's growth to continue during 2018 due to the significant growth in bandwidth demand, as well as the demand for data center services, which creates continued optimism for further growth. The Group expects operating results to increase compared to 2017.

No ordinary dividend was proposed for 2017.

Post balance sheet events

No events have occurred from the balance sheet date until the date of signature of the annual report that could change the assessment of the Group's financial position.

Management's review

Risks

General risks

The price level of the Group products is based on supply and demand of the Danish and international telecommunications and data markets and is not exposed to particular price-related risks. The majority of contracts cover a longer period of time than a single financial year.

Financial risks

The main part of the Group's activities are settled in Danish currency (DKK), but due to activities abroad, the result, cash flow and equity are to some extent influenced by exchange and interest rate developments of the Euro.

Environment

The Group is working on optimizing the consumption of energy in order to contribute to minimizing the global CO2 emissions impact. Such efforts could be strengthened further as part of the Group's overall Corporate Social Responsibility work (CSR) through improved terms for the supply of waste heat to district heating systems. The Group is optimistic regarding reuse of heat from cooling systems and during 2017 was one of the leading companies in getting the legislation changed, so reuse of heat is not extra taxed as is the case today. Hence, the Group expects that this will become the general standard for all data centee players in the market to avoid unbalanced competition in Denmark, and the legislation will be adjusted accordingly. Furthermore, the Group is actively reducing CO2 emission by replacing server infrastructure with less CO2 consuming server infrastructure. During 2017 app. 2000 virtual servers has been moved to new and more energy saving hardware platforms. The total saving on CO2 emission amounts to estimated 241 ton per year.

Research and development

The Group aims at applying the newest technologies and wants to encourage investments in the next generation of the IKT community through active participation in selected professional and industrial bodies and boards. The Group works together with research institutions and development companies in order to support the development of disciplines within the telecommunications and knowledge industry. This work has among other things led to cooperation with a number of foreign companies to intensify knowledge development and interest in innovation in Denmark.

Future Trends

The Group continuously focuses on securing and developing its market position through controlled growth based on an increased focus on processes and improvement of operational efficiency. Such measures are expected to increase profitability and strengthen competitiveness. In the Group, we continuously work to increase our range of products and services in order to improve customer satisfaction. Furthermore, we expect to order a build-out of data center facilities to meet the increasing demand.

The Group will continue to improve support and product portfolio for our partners, improving their competitive edge.

CSR - Corporate Social Responsibility

The Group makes it possible for all employees to develop their competences in order to make a difference through their personal commitment and diversity. We strive to find a reasonable work life balance and strive to ensure equal rights to everybody, regardless of gender, ethnic background, physical performance etc.

The number of group employees was 288 at 31 December 2017.

Management's review

We base all decisions as for employment, promotion, dismissal, wages and other work conditions on relevant and objective criteria.

The status for the gender distribution in Skynet Invest Holding A/S' top management is 50% women. Status of the gender distribution of the Board of Directors in Skynet Invest Holding A/S is 0% women out of a total of five Board members. Skynet Invest Holding A/S aims at getting 33% women in both the Board and Management over a four-year period, provided that best-qualified persons, irrespective of gender, ethnic background, citizenship, physical performance etc., are available for the position. Current status is due to qualifications among candidates, however the four-year goal remains.

The Group aims, at any time, to have positions filled with the best-qualified persons, irrespective of gender, ethnic background, citizenship, physical performance etc. Representation will follow qualification. We aim to make sure that applicants may apply for any position on equal terms.

Our vision is to develop nationwide fibre infrastructure coverage in Denmark and regional coverage in Germany to offer data communication for all individuals close to our infrastructure.

Our policies and reporting within this area are based on the UN Global Compact's ten principles within the areas of human rights, labor (rights), environment and anti-corruption.

We will contribute to a cleaner technology and more efficient energy consumption in society through the provision of our products and services. At the same time, we are reducing our own CO2 emission as well as other forms of environmental impact by the Group. Purchasing products under appropriate and safe conditions and safeguarding that they are being disposed of in an environmentally sound way further encourages this.

The Group wants to be known as a company that focuses on skillful leadership, employee satisfaction, motivation and a sound environment while at the same time, we develop the competences of our employees so that they may make a difference by their personal commitment and diversity. Furthermore, our staff policy comprises anti-corruption rules, prohibition of child and compulsory labor as well as a policy of non-discrimination regardless of gender, age and ethnic background.

In 2017, the level of "long-term fit" employees in the Group was 99% seen as the number of days absent from work due to illness divided by the total amount of workdays in a year. The "long-term fit" rate in the Group is higher than the Danish national average and is considered satisfactory but will remain a focus area of the Group going forward.

The Group has formed a working environment committee with representatives from Management as well as employees. The committee brings up relevant environmental matters in order to secure a perennially optimal working environment for the employees' daily work. The Group focuses on the health of our employees. The aim is to keep our employees fit and healthy and to create an environment where the employees are aware of the well-being and long-term health status of their colleagues. We offer exercise facilities to employees at our offices in Denmark and Germany. Moreover, we have an active staff association, we focus on healthy food and we offer an attractive pension scheme and health insurance. Furthermore, the Group sets demands to suppliers regarding health, security and working environment.

In 2017, GlobalConnect A/S remained a member of an initiative called Code Camps, which brings a greater understanding of technology into Danish secondary schools (children age 12-16). The project started in 2016 and it involves the City of Copenhagen, the Ministry of Education together with other private IT companies and The Danish IT Industry Association.

Consolidated financial statements and parent company financial statements 27 January 2017 - 31 December 2017

Income statement

Note	DKK'000	Group 2017	Parent 2017
3	**Revenue**	600,628	0
	Production costs	-196,142	0
4	Other external expenses	-78,056	-75
	Gross profit	326,430	-75
5	Staff costs	-139,790	0
	Profit before depreciation (EBITDA)	186,640	-75
	Depreciation, amortisation and write-down	-235,160	0
	Other operating expenses	-4,549	0
	Operating profit (EBIT)	-53,069	-75
6	Financial income	3,783	9
7	Financial expenses	-79,082	-79
	Profit before tax	-128,368	-145
8	Tax	-3,836	16
9	**Profit/loss for the year**	-132,204	-129

Breakdown of the consolidated results of operations:	
Shareholders, Skynet Invest Holding A/S	-132,204
	-132,204

Consolidated financial statements and parent company financial statements 27 January - 31 December 2017

Balance sheet

Note	DKK'000	Group 2017	Parent 2017
	ASSETS		
	Non-current assets		
10	**Intangible assets**		
	Development costs	16,854	0
	Rights to use and licenses	13,103	0
	Consolidated goodwill	858,571	0
	Brand	107,410	0
	Customer relations	866,030	0
		1,861,968	0
11	**Property, plant and equipment**		
	Land and buildings	25,609	0
	Other fixtures and equipment	234,645	0
	Leasehold improvements	3,780	0
	Facility housing	157,181	0
	Fibre/ducts	1,603,957	0
	Spare parts	33,109	0
	Tangible assets under construction	195,170	0
		2,253,451	0
	Other non-current assets		
12	Investments in subsidiaries	0	1,871,789
13	Deposits	5,181	0
14	Receivables regarding financial leases	59,704	0
		64,885	1,871,789
	Total non-current assets	4,180,304	1,871,789
	Current assets		
	Receivables		
	Trade receivables	241,408	0
	Other receivables	22,512	0
	Prepayments	22,137	0
	Deferred tax	0	2
	Corporate tax	0	14
		286,057	16
	Cash	31,866	32
	Total current assets	317,923	48
	TOTAL ASSETS	4,498,227	1,871,837

Consolidated financial statements and parent company financial statements 27 January - 31 December 2017

Balance sheet

Note	DKK'000	Group 2017	Parent 2017
	EQUITY AND LIABILITIES		
	Equity		
15	Share capital	18,828	18,828
	Retained earnings	1,721,194	1,852,832
	Dividend proposed for the year	0	0
	Total equity	1,740,022	1,871,660
	Non-current liabilities		
16	Deferred tax	481,134	0
17	Other provisions for liabilities	1,687	0
18	Bank debt	1,701,149	0
18	Prepayments received	43,822	0
18	Other long-term liabilities	46,635	0
	Total non-current liabilities	2,274,427	0
	Current liabilities		
18	Current portion of long-term liabilities	106,590	0
	Debt to financial institutions	26,020	0
	Trade payables	97,177	0
	Payables to group enterprises	0	102
	Corporate tax	4,991	0
	Other liabilities	87,422	75
19	Accruals and deferred income	161,578	0
	Total current liabilities	483,778	177
	Total liabilities	2,758,205	177
	TOTAL LIABILITIES	4,498,227	1,871,837

1 Accounting policies
2 Events after the balance sheet date
20 Contractual obligations and contingencies
21 Mortgages and collateral
22 Related parties

Consolidated financial statements and parent company financial statements 27 January - 31 December 2017

Statement of changes in equity

		Group			
Note	DKK'000	Share capital	Retained earnings	Proposed dividend for the financial year	Total equity
	Equity at 27 January 2017	500	0	0	500
	Capital increase	16,456	1,667,624	0	1,684,080
	Debt conversion	1,872	185,307	0	187,179
	Group contribution	0	30	0	30
	Foreign exchange adjustments	0	437	0	437
9	Transfer, see "Appropriation of profit/loss"	0	-132,204	0	-132,204
	Equity at 31 December 2017	18,828	1,721,194	0	1,740,022

		Parent			
Note	DKK'000	Share capital	Retained earnings	Proposed dividend for the financial year	Total equity
	Equity at 27 January 2017	500	0	0	500
	Capital increase	16,456	1,667,624	0	1,684,080
	Debt conversion	1,872	185,307	0	187,179
	Group contribution	0	30	0	30
9	Transfer, see "Appropriation of profit/loss"	0	-129	0	-129
	Equity at 31 December 2017	18,828	1,852,832	0	1,871,660

Consolidated financial statements and parent company financial statements 27 January - 31 December 2017

Cash flow statement

Note	DKK'000	Group 2017
	Profit/loss for the year	-132,204
	Reversed depreciation and amortisation of the year	235,160
	Change in net present value of non-guaranteed scrap values	-1,761
	Amortised prepayments	-21,898
	Reversed amortisations	28,927
	Reversed tax on profit for the year	3,836
	Other adjustments	4,061
	Cash generated from operations before changes in working capital	116,121
23	Changes in working capital	12,355
	Cash generated from operations	128,476
	Income taxes paid	-15,091
	Cash flows from operating activities	113,385
	Acquisition of subsidiary	-2,512,802
	Acquisition of intangible assets	-12,074
	Acquisition of property, plant and equipment	-292,782
	Disposal of property, plant and equipment	34,468
	Acquisition and disposal of financial assets	1,930
	Other financial investments	196
	Cash flows from investing activities	-2,781,064
	Proceeds from mortgage loans	2,915,241
	Repayment of mortgage loans	-1,181,975
	Redemption of bonds	-754,514
	Repayment of bank debt	-108,774
	Financial leasing	-30,370
	Other changes in long-term debt	-11,852
	Deposit Company capital	1,871,789
	Cash flows from financing activities	2,699,545
	Change in cash and cash equivalents	31,866
	Cash and cash equivalents, beginning of year	0
	Cash and cash equivalents, year-end	31,866

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

Consolidated financial statements and parent company financial statements 27 January 2017 - 31 December 2017

Notes

1 Accounting policies

The annual report of Skynet Invest Holding A/S for 27 January 2017 - 31 December 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company Skynet Invest Holding A/S and subsidiaries controlled by Skynet Invest Holding A/S.

Control means the power to exercise decisive influence over a subsidiary's financial and operating decisions. Moreover, the possibility of yielding a return from the investment is required.

In assessing if the Parent Company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity may become empowered to exercise decisive influence over another entity's financial and operating decisions.

Preparation of consolidated financial statements

The consolidated financial statements have been prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised losses are eliminated in the same way as unrealised gains unless they do not reflect impairment.

In the consolidated financial statements, the items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the Group's profit/loss and equity, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Business combinations

Recently acquired entities are recognised in the consolidated financial statements from the date of acquisition. Entities sold or otherwise disposed of are recognised up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities. Discontinued operations are presented separately, see below.

The date of acquisition is the date when the Group actually obtains control of the acquiree.

The purchase method is applied to acquisitions of new businesses over which the Group obtains control. The acquired businesses' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under "Intangible assets". Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Consolidated financial statements and parent company financial statements 27 January 2017 - 31 December 2017

Notes

1 Accounting policies (continued)

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the presentation currency used in the consolidated financial statements are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

The consideration paid for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed terms, such part of the consideration is recognised at fair value at the date of acquisition. Subsequent adjustments of contingent considerations are recognised in the income statement.

Expenses incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

Where, at the date of acquisition, the identification or measurement of acquired assets, liabilities, contingent liabilities or the determination of the consideration is associated with uncertainty, initial recognition will take place on the basis of provisional values. If it turns out subsequently that the identification or measurement of the purchase consideration, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Hereafter, any adjustments are recognised as misstatements.

Foreign currency translation

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

Foreign subsidiaries are considered separate entities. Items in such entities' income statements are translated at average exchange rates for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign entities to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Foreign exchange adjustments of balances with separate foreign subsidiaries which are considered part of the total investment in the subsidiary are taken directly to equity.

Income statement

Revenue

On the conclusion of sales contracts which consist of several, separate sales transactions, the contract price is split up into the individual sales transactions based on the relative fair value approach. The separate sales transactions are recognised as revenue when the criteria for sale of goods, services or construction contracts are met.

Consolidated financial statements and parent company financial statements 27 January 2017 - 31 December 2017

Notes

1 Accounting policies (continued)

A contract is split up into individual transactions when the fair value of each individual sales transaction can be calculated reliably and when each individual sales transaction has a separate value for the purchaser. Sales transactions are deemed to have a separate value for the purchaser when the transaction is individually identifiable and is usually sold separately.

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

Revenue from the sale of goods

Income from the sale of goods, including income from fibres, rights to use etc., 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. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Revenue from the sale of services

Income from the sale of services, which include service contracts to products and services sold, is recognised on a straight-line basis as the services are rendered.

Production costs

Production costs comprise costs incurred in generating the year's revenue. Such costs include direct and indirect costs related to fibres, raw materials and consumables.

Other operating income

Other operating income comprises items secondary to the entities' activities, including gains on disposal of intangible assets and items of property, plant and equipment.

Other external expenses

Other external expenses comprise expenses relating to distribution, sale, advertising, administration, premises, bad debts, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions and other social security costs, etc., for the Company's employees. Refunds received from public authorities are deducted from staff costs.

Other operating expenses

Other operating expenses comprise items secondary to the entities' activities, including losses on disposal of intangible assets and items of property, plant and equipment.

Income from investments in subsidiaries

The item includes dividends from investments in subsidiaries and associates. Dividend distributions that either exceed the profit for the year or where the carrying amount of the investments exceeds the consolidated carrying amounts of the subsidiary's net assets will indicate impairment for which reason an impairment test will have to be conducted.

Consolidated financial statements and parent company financial statements 27 January - 31 December 2017

Notes

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expenses, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax for the year

The Parent Company is subject to the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date when they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The Parent Company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

The tax expense for the year, which comprises the year's current tax charge, joint taxation contributions and changes in the deferred tax charge is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is estimated to 20 years. The amortisation period is fixed on the basis of the expected repayment horizon, longest for strategically acquired business enterprises with strong market positions and long-term earnings profiles.

Brand

Brand is measured at cost less accumulated amortisation and impairment losses. Brands are amortised on a straight-line basis over the estimated useful life. The amortisation is 20 years.

Customer relations

Customer relations are measured at cost less accumulated amortisation and impairment losses. Customer relations are amortised over a period up to 12 years.

Development projects and licences

Development costs comprise expenses, salaries and amortisation charges directly attributable to development activities.

Consolidated financial statements and parent company financial statements 27 January - 31 December 2017

Notes

1 **Accounting policies (continued)**

Development projects that are clearly defined and identifiable and where the technical feasibility, sufficient resources and a potential future market or development potential are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is 5 years.

Licences are measured at cost less accumulated amortisation and impairment losses. Licences are amortised over the term of the licence, however not exceeding 15 years.

Gains and losses on the disposal of development projects, patents and licences are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Fibre/ducts	20-40 years
Sea cables, housing and transmissions equipment	10-15 years
Other fixtures and equipment	3-10 years
Leasehold improvements	10 years
Buildings	20 years

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement.

Gains and losses on the disposal of items of property, plant and equipment are calculated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Consolidated financial statements and parent company financial statements 27 January 2017 - 31 December 2017

Notes

1 Accounting policies (continued)

Leases

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the net present value of future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as discount factor. Assets held under finance leases are subsequently accounted for as the Group's other assets.

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

All other leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Group's total liabilities relating to operating leases and other leases are disclosed in contingencies, etc.

Investments in subsidiaries

Investments in subsidiaries are measured at cost, which includes the cost of acquisition calculated at fair value plus direct cost of acquisition. If there is evidence of possible impairment, an impairment test is conducted. Where the carrying amount exceeds the recoverable amount, a write-down is made to such lower value.

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and equity investments in subsidiaries and associates is tested annually for impairment.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the 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 net 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.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the net present value of the expected cash flows, including the realisable value of any collateral received.

Cost price of financial lease contracts is recorded at the lower of market value and net present value of the future lease payments. The net present value is calculated by using the lease contracts' internal interest rate or an approximation thereof as discounting factor.

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Notes

1 Accounting policies (continued)

Prepayments

Prepayments recognised under "Current assets" comprise expenses incurred concerning subsequent financial years.

Equity

Dividend

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the general meeting (declaration date). Dividend expected to be distributed for the year is disclosed as a separate item under equity.

Income tax and deferred tax

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

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Joint tax contribution receivable" or "Joint tax contribution payable".

Deferred tax is measured using the balance sheet 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 or on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting neither the profit/loss for the year nor the 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 assets, including the tax base of tax loss carry-forwards, 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 and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income, recognised under "Liabilities", comprises payments received concerning income in subsequent years.

Consolidated financial statements and parent company financial statements 27 January 2017 – 31 December 2017

Notes

1 **Accounting policies (continued)**

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from corporate acquisitions are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognised up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and income taxes paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities, activities and intangible assets, property, plant and equipment and financial assets.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities.

2 **Events after the balance sheet date**

There have been no subsequent events of significance to the annual report for 27 January - 31 December 2017 after the end of the financial year on 31 December 2017.

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Notes

3 Segment information

Revenue distributed on products

	Group	Parent
DKK'000	2017	2017
Fibre - use and maintenance, transmission	270,179	0
Letting out of premises and telehouses incl. power	89,524	0
Sale of ducts and fibre systems	130,409	0
Other revenue	110,516	0
Net revenue	600,628	0

Revenue distributed geographically

	Group	Parent
Domestic	378,563	0
Abroad	222,065	0
Net revenue	600,628	0

4 Fees paid to auditors appointed at the annual general meeting

	Group	Parent
Total fee:		
Total fee to EY	6,284	75
Fee for statutory audit	1,013	75
Assurance engagements	507	0
Other accounting and tax services	4,764	0
	6,284	75

5 Staff costs

	Group	Parent
DKK'000	2017	2017
Wages and salaries	149,477	0
Pensions	13,420	0
Other social security costs	1,389	0
Other staff costs	5,269	0
	169,555	0
Capitalised wages and salaries related to development projects and property, plant and equipment	-29,765	0
Total	139,790	0
Average number of full-time employees	262	0

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5 **Staff costs (continued)**

Staff costs include remuneration to the Parent Company's Executive Board, totalling DKK 5,751 thousand and directors' fees to the members of the Parent Company's Board of Directors, totalling DKK 825 thousand.

		Group	Parent
	DKK'000	2017	2017
6	**Financial income**		
	Other interest income	1,728	0
	Currency exchange	2,055	9
		3,783	9
7	**Financial expenses**		
	Other interest expenses	77,767	68
	Currency exchange	1,315	10
		79,082	79
8	**Tax for the year**		
	Current tax charge for the year	-4,805	14
	Adjustment of the deferred tax charge for the year	969	-2
		-3,836	12
9	**Appropriation of profit/loss**		
	Recommended appropriation of profit/loss		
	Retained earnings	-132,204	-129
		-132,204	-129

Consolidated financial statements and parent company financial statements 27 January 2017 - 31 December 2017

Notes

10 Intangible assets

	Group					
DKK'000	Development costs	Rights to use and licenses	Consolidated goodwill	Brand	Customer relationships	Total
Cost at 27 January 2017	0	0	0	0	0	0
Adjustments	0	1,125	0	0	0	1,125
Additions on business combination	11,872	17,222	895,900	112,100	930,900	1,967,994
Additions	3,963	0	0	0	0	3,963
Transferred from tangible assets under construction	4,133	3,978	0	0	0	8,111
Disposals	0	-6,025	0	0	0	-6,025
Cost at 31 December 2017	19,968	16,300	895,900	112,100	930,900	1,975,168
Amortisation and impairment losses at 27 January 2017	0	0	0	0	0	0
Adjustments	0	1,125	0	0	0	1,125
Amortisation	3,114	3,606	37,329	4,690	64,870	113,609
Disposals of amortisations	0	-1,534	0	0	0	-1,534
Amortisation and impairment losses at 31 December 2017	3,114	3,197	37,329	4,690	64,870	113,200
Carrying amount at 31 December 2017	16,854	13,103	858,571	107,410	866,030	1,861,968
Amortised over	5 years	0-15 years	20 years	20 years	12 years	

Development costs

Development costs concern the development of the Group's ERP system AX.

The system is undergoing constant development to meet the increasing demand for data transparency from users, Management and owners and is already contributing to optimizing administrative routines, enhancement of data and cost savings. The system is already now considered an essential management tool in the organization. The development costs are amortised over 5 years, which in Management's view is the minimum lifetime of the system.

Consolidated financial statements and parent company financial statements 27 January 2017 - 31 December 2017

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11 Property, plant and equipment

	Group						
DKK'000	Land and buildings	Other fixtures and equip-ment	Leasehold improve-ments	Facility housing	Fibre/ ducts	Spare parts	Tangible assets under construc-tion
Cost at 27 January 2017	0	0	0	0	0	0	0
Adjustment	3	0	0	31	511	0	7
Additions on business combinations	26,317	233,230	4,485	115,761	1,631,266	33,915	58,387
Additions	508	1,335	0	36,453	15,495	415	254,310
Transferred from tangible assets under construction	0	44,437	0	16,146	55,276	-1,221	-117,534
Disposals	0	-21	0	0	-38,464	0	0
Cost at 31 December 2017	26,828	278,981	4,485	168,391	1,664,084	33,109	195,170
Depreciation and impairment losses at 27 January 2017	0	0	0	0	0	0	0
Adjustment	0	62	2	-35	36	0	0
Depreciation	1,219	44,291	703	11,245	64,093	0	0
Depreciations regarding disposal	0	-17	0	0	-4,002	0	0
Depreciation and impairment losses at 31 December 2017	1,219	44,336	705	11,210	60,127	0	0
Carrying amount at 31 December 2017	25,609	234,645	3,780	157,181	1,603,957	33,109	195,170
Items of property, plant and equipment include assets held under finance leases with a carrying amount totalling	0	63,310	0	48,281	8,952	0	0
Depreciated over	20 years	3-10 years	10 years	10-15 years	20-40 years	0 years	

Consolidated financial statements and parent company financial statements 27 January 2017 - 31 December 2017

Notes

DKK'000	Parent 2017
12 Investments in subsidiaries	
Cost at 27 January 2017	0
Additions	1,871,789
Disposals	0
Cost at 31 December 2017	1,871,789
Value adjustments at 27 January 2017	0
Value adjustments at 31 December 2017	0
Carrying amount at 31 December 2017	1,871,789

Name and registered office	Voting rights and ownership	Profit/loss DKK'000	Equity DKK'000
Skynet Invest A/S (Group)	100%	-132,075	1,740,151

13 Deposits

DKK'000	Group 2017
Cost at 27 January 2017	0
Addition on business combination	5,351
Additions	184
Disposals	-354
Cost at 31 December 2017	5,181
Carrying amount at 31 December 2017	5,181

Consolidated financial statements and parent company financial statements 27 January 2017 - 31 December 2017

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14 Receivables regarding financial leases

DKK'000	Group 2017
Gross receivable from financial leases	
Amounts due within 1 year	10,607
Amounts due between 1 and 5 years	17,377
Amounts due after 5 years	20,745
	48,729
Future interest payment, not earned	-9,146
	39,583
Net investment regarding financial leases	
Amounts due within 1 year	7,459
Amounts due between 1 and 5 years	13,771
Amounts due after 5 years	16,367
	37,597
Net present value of non-guaranteed scrap values	22,107
	59,704
Accumulated write-down reservations for bad debts on receivable minimum lease	
Provision at 27 January 2017	0
Provision of the year	0
Provision at 31 December	0
Receivable regarding financial leases	59,704

15 Share capital

The share capital comprises:

18,827,878 shares in the denomination of DKK 1 each.

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Notes

DKK'000	Group 2017	Parent 2017
16 Deferred tax		
Deferred tax at 27 January 2017	0	0
Addition on business combination	482,093	0
Adjustment of deferred tax exchange adjustment	10	0
Adjustment of the deferred tax charge for the year	-969	-2
Deferred tax at 31 December	481,134	-2
The deferred tax charge relates to		
Intangible assets	217,309	0
Property, plant and equipment	194,583	0
Financial fixed assets	71,959	0
Current assets	1,508	0
Provisions	-371	0
Current liabilities	-889	0
Tax losses to be carried forward	-2,965	-2
Deferred tax at 31 December	481,134	-2

17 Other provisions for liabilities

Other provisions for liabilities consist of provision for guarantees given in contracts concerning indefeasible rights to use, entered into before 2005.

18 Other non-current liabilities

	Group			
DKK'000	31-12-2017 Total debt	Mature within 0-1 year	Mature within 2-5 years	Mature after 5 years
Debts to banks	1,762,193	61,044	245,297	1,455,852
Prepayments received	65,018	21,196	31,573	12,249
Other long-term debt	70,985	24,350	46,539	96
Total debt	1,898,196	106,590	323,409	1,468,197

19 Accruals and deferred income

This amount consists primarily of payments received from customers, which cannot be recognised as revenue until in the subsequent financial years.

20 Contractual obligations and contingencies, etc.

DKK'000	Group 2017	Parent 2017
Lease commitments	15,723	0
Rental commitments	138,496	0
Guarantees to third party	7,707	0
	161,926	0

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Notes

20 Contractual obligations and contingencies, etc. (continued)

GlobalConnect has entered into an agreement to acquire Nianet A/S. The transaction is subject to approval from relevant authorities.

Contingent liabilities

The Group is party to a few pending legal actions. In Management's opinion, the outcome of these legal actions will not affect the Group's financial position apart from the receivables and payables recognised in the balance sheet at 31 December 2017.

The Parent Company is jointly taxed with its Danish subsidiaries with Skynet Invest Holding A/S as Management Company, and has joint and several unlimited liability, together with the subsidiaries, for all Danish income taxes and withholding taxes on dividend, interest and royalties within the group of jointly taxed entities. Any subsequent corrections of income subject to joint taxation and withholding taxes, etc. could entail an increase in the entities' tax liability. The Group as a whole is not liable vis-à-vis any third parties.

21 Mortgages and collateral

	Group	Parent
DKK'000	2017	2017
The following assets have been placed as security for the Group's bank debt:		
Fibre/ducts	1,321,538	0
Land and buildings	22,741	0
Shares in Skynet Invest A/S	0	1,855,986
	1,344,279	1,855,986
Mortgage deeds registered to the mortgagor	1,483,000	0

As collateral for credit facilities in Skynet Invest Holding A/S, the Company has provided a negative pledge.

22 Related parties

Skynet Invest Holding A/S' related parties comprise the following:

Parties exercising control

Skynet Lux Holding S.á r.l., 23 Rue Aldringen, 118 Luxembourg 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 Director, 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.

Related party transactions

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

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Notes

DKK'000	Group 2017
23 Changes in working capital	
Change in receivables	-178,905
Change in trade and other payables	191,260
	12,355