



Annual Report 2017

BornFiber Service Provider ApS

Erik Husfeldts Vej 7
DK-2630 Taastrup

CVR-no. 36 53 42 73

The Annual Report was presented and adopted at the
Annual General Meeting of the company on 16 May 2018

A handwritten signature in blue ink, appearing to read "Trine Bøgelund", written over a horizontal line.

Trine Bøgelund
Chairman of the meeting

Content

	<u>Page</u>
Company Information	
Company Information	3
Management's Statement and Auditor's Report	
Management's Statement	4
Independent Auditor's Report	5-6
Management's Review	7
Management's Review	
Financial Statements	
Income Statement 1 January - 31 December	8
Balance Sheet 31 December	9-10
Notes to the Financial Statements	11-12
Accounting Policies	13-16

Company Information

The Company

BornFiber Service Provider ApS
Erik Husfeldts Vej 7
DK-2630 Taastrup

CVR-no. 36 53 42 73
Established: 1 February 2015
Registered Office: Høje Taastrup
Financial Year: 1 January - 31 December

Board of Directors

Niels Erik Blangstrup Zibrandtsen (Chairman)
Christian Læsø Jensen
Henrik Otto Engqvist

Executive Board

Kristian Sørensen

Auditor

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-2300 København S, Danmark
Postboks 1600

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of BornFiber Service Provider ApS for the financial year 1 January - 31 December 2017.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and of the results of the Company operations for 2017.

We recommend that the Annual Report to be adopted at the Annual General Meeting.

Høje Taastrup, 16 May 2018

Executive Board



Kristian Sørensen

Board of Directors



Niels Erik Blangstrup Zibrandtsen (Chairman)



Christian Læsø Jensen



Henrik Otto Engqvist

Independent Auditor's Report

To the Shareholder of BornFiber Service Provider ApS

Opinion

We have audited the Financial Statements of BornFiber Service Provider ApS for the financial year 1 January - 31 December 2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017, and of the results of the Company 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 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Copenhagen, 16 May 2018

Deloitte Statsautoriseret Revisionspartnerselskab
CVR-no. 33963556



Thomas Rosquist Andersen
State Authorised Public Accountant
Identification number: mne31482

Management's Review

Main activity

BornFiber Service Provider ApS develops, establishes and operates state of the art fiber- and wireless based broadband networks on the Danish island of Bornholm. On these networks BornFiber Service Provider ApS operates as full scale Internet Service Provider, offering Broadband connectivity, Digital TV content and Telephony services to private households, companies and to the public sector.

Development in the year

The income statement of the Company for 2017 shows a loss of TDKK -17.980, and at 31 December 2017 the balance sheet of the Company shows equity of TDKK 9.251.

The Management considers the result as satisfactory based on the archived KPI's for EBITDA and CAPEX.

During 2017 BornFiber Service Provider ApS grew the Customer Base more than 50 %, illustrating great Market Demand for High Speed Broadband Connectivity, TV and Telephony Services.

Subsequent events

After the reporting period the company has secured access to funds to carry through the budgeted activities in 2018.

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2017 TDKK (12 mth)	2016 TDKK (12 mth)
Gross profit		4.298	22.004
Staff costs	1	11.008	9.420
Depreciation, amortisation and write-down		7.192	4.335
Operating profit		-13.902	8.249
Income from investments in subsidiaries		-348	-110
Other financial income	2	22	66
Other financial costs	3	2.582	1.133
Loss before tax		-16.810	7.072
Tax on profit for the year	4	1.170	1.647
Net loss for the year		-17.980	5.425

Distribution of loss

Proposed distribution of loss

Retained earnings	-17.980	5.425
	-17.980	5.425

Balance Sheet 31 December

	Note	2017	2016
		TDKK	TDKK
Assets			
Development cost		220	315
Goodwill		3.360	5.400
Intangible fixed assets		3.580	5.715
Land & buildings		4.442	4.649
Plant and machinery		126.380	89.950
Other fixtures and fittings, tools and equipment		2.080	1.763
Leasehold improvements		120	153
Tangible fixed assets		133.022	96.515
Investment in subsidiaries		43	532
Other receivables		224	124
Financial fixed assets		267	656
Fixed assets		136.869	102.886
Inventories		1.830	3.472
Trade receivables		938	771
Receivables from group companies		76	0
Other receivables		3.092	3.419
Joint tax contribution		823	0
Prepayments		4.613	5.355
Receivables		9.542	9.545
Cash and cash equivalents		4.652	57
Current assets		16.024	13.074
Assets		152.893	115.961

Balance Sheet 31 December

	Note	2017 TDKK	2016 TDKK
Liabilities and equity			
Share capital		50	50
Retained earnings		9.201	27.181
Equity	5	<u>9.251</u>	<u>27.231</u>
Provision for deferred tax		5.166	3.173
Provision for liabilities		<u>5.166</u>	<u>3.173</u>
Deferred income		25.493	23.774
Long-term liabilities		<u>25.493</u>	<u>23.774</u>
Debt to financial institutions		5.877	24.452
Amounts due to group companies		88.191	10.572
Trade payables		4.608	7.838
Joint tax contribution		0	36
Other liabilities		1.877	2.672
Deferred income		12.430	16.214
Current liabilities		<u>112.983</u>	<u>61.783</u>
Liabilities		<u>138.476</u>	<u>85.557</u>
Liabilities and equity		<u>152.893</u>	<u>115.961</u>
Contingencies etc.	6		
Consolidated financial statements	7		

Notes to the Financial Statements

	<u>2017</u>	<u>2016</u>
	TDKK	TDKK
	(12 mth)	(12 mth)
1 Staff costs		
Wages and salaries	14.216	12.250
Pensions	934	659
Other social security costs	176	148
Other staff costs	658	507
Transfer to assets	-4.976	-4.145
	<u>11.008</u>	<u>9.419</u>
Average number of employees:	<u>33</u>	<u>25</u>
2 Other financial income		
Exchange adjustment	22	66
	<u>22</u>	<u>66</u>
3 Other financial costs		
Interest expense to group enterprises	2.281	846
Other interest expenses	296	279
Exchange adjustment	5	8
	<u>2.582</u>	<u>1.133</u>
4 Tax on profit for the year		
Calculated tax on taxable income of the year	-823	88
Adjustment of deferred tax	1.993	1.478
Tax adjustment relating to prior years	0	81
	<u>1.170</u>	<u>1.647</u>

Notes to the Financial Statements

5 Equity	Share capital	Retained earnings	Total
Equity at 1 January	50	39.274	39.324
Significant misstatements in the previous reporting period	0	-12.093	-12.093
Adjusted equity at 1 January	50	27.181	27.231
Proposed distribution of loss	0	-17.980	-17.980
Equity at 31 December	<u>50</u>	<u>9.201</u>	<u>9.251</u>

6 Contingencies etc.

Rent liabilities

The company has rental liabilities which at the balance sheet date amounts to TDKK 10.530 in the period of non-terminability, which have a residual term of 6-60 months. TDKK 855 of the amounts is due between 1 and 5 years.

Joint liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The amount of corporation tax payable in the period 1st January – 21st December is disclosed in the joint tax with ZS Holding ApS. The amount of corporation tax payable in the period 22nd December – 31st December is disclosed in the Annual Report of LNZ Holding Zibra ApS, which is the management company of the joint taxation purposes.

Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

7 Consolidated financial statements

BornFiber Service Provider ApS is included in the consolidated financial statements of:

LNZ Holding Zibra ApS
Høveltevej 67
DK-3460 Birkerød
CVR-no. 39 18 89 96

Accounting Policies

Financial Statements of BornFiber Service Provider ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with the adoption of rules from reporting class C.

Financial Statements are presented in DKK.

The accounting policies applied to these financial statements are consistent with those applied last year, except for the below described significant misstatements and minor adjustments concerning classifications without effect on result and equity.

BornFiber Service Provider has according to the Danish Financial Statements Act 112 omitted group financial statements.

Significant misstatements in the previous reporting period

- Comparative figures have been changed. The changes are related to revenue recognition concerning a larger contract, where the transfer of risk has been reassessed.

- Furthermore, comparative figures related to the recognition of a public grants have been changed. This change is due to a reassessment of the character of the grant. In previous years the grant has been accounted as an operating grant and accounted for as other income. It has been assessed that a part of the grant is associated with the building of infrastructure, and therefore should have been linearly accounted instead. This is corrected in the financial statements.

- Comparative figures regarding changes have been adjusted for last year. The changes on the comparative figures are recognized directly on equity at the beginning of the year, cf. the equity note.

- The cumulative effect of the abovementioned adjustments for 2016 represents a decrease in profit after tax of TDKK 1.018. The equity at the end of the year is decreased by TDKK 12.093, attributable to fixed assets and deferred income.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset 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 out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Accounting Policies

INCOME STATEMENT

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

Revenue from the sale of goods and services is recognised when the risks and rewards relating to the goods and services sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the enterprise.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible and tangible fixed assets.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

BALANCE SHEET

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straightline basis over its useful life, which is assessed at 5 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition, which is assessed at 5 years.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Accounting Policies

Depreciation based on cost reduced by any residual value is calculated on a straightline basis over the expected useful lives of the assets, which are:

		Residual value
Land & buildings	20 years	0%
Plant and machinery	5-40 years	0%
Other fixtures and fittings, tools and equipment	3-5 years	0%
Leasehold improvements	5 years	0%

Depreciation period and residual value are reassessed annually.

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

Impairment of fixed assets

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

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

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

Fixed asset investments

Investments in subsidiaries are recognised and measured under the equity method.

Investments in subsidiaries are measured in the Balance Sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill.

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Upon calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, built on an overall assessment of the production equipments.

Consolidated goodwill is amortised over the expected useful life determined on the basis of management's experience within the individual lines of business. Consolidated goodwill is amortised on a straight-line basis over the period of amortisation which is estimated to 5 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific condition.

The total net revaluation of investments in is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements.

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds accounts receivable, the residual amount is recognised under provision for liabilities to the extent that the company's has a legal or actual liability to cover the subsidiary's deficit.

Accounting Policies

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

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price. The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Received public grant is accounted linearly of a specific period corresponding to the period as earned and there are no more liabilities associated the grant.