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BornFiber Service Provider ApS

Erik Husfeldts Vej 7
2630 Taastrup
CVR No. 36534273

Annual report 2019

The Annual General Meeting adopted the annual report on 14.08.2020

Trine Bøgelund
Conductor

Contents

Entity details

Entity
BornFiber Service Provider ApS

Erik Husfeldts Vej 7

2630 Taastrup

CVR No.: 36534273

Registered office: Høje Taastrup

Financial year: 01.01.2019 - 31.12.2019

Board of Directors
Christian Holm Christensen, Chairman

Pernille Ravn Simonsen

Trine Bøgelund

Executive Board
Kristian Sørensen, CEO

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P. O. Box 1600
0900 Copenhagen C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of BornFiber Service Provider ApS for the financial year 01.01.2019 - 31.12.2019.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Taastrup, 14.08.2020

Executive Board

Kristian Sørensen
CEO

Board of Directors

Christian Holm Christensen
Chairman

Pernille Ravn Simonsen

Trine Bøgelund

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 01.01.2019 - 31.12.2019, 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 Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 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.

- 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 the management commentary

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, 14.08.2020

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Thomas Rosquist Andersen
State Authorised Public Accountant
Identification No (MNE) mne31482

Management commentary

Primary activities

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.

Description of material changes in activities and finances

The Company's Income Statement of the financial year 1 January 2019 - 31 December 2019 shows a result of TDKK - 12,881 and the Balance Sheet at 31 December 2019 a balance sheet total of TDKK 188,944 and an equity of TDKK 130,563.

Management finds the result in accordance with the plan for the year 2019, and is satisfied with the progress and development of the company according to the long term plan. Management believes that progress of 2019 is well within the threshold of the overall plan and therefore the result is considered as satisfactory.

The parent company has in the financial year injected funds of TDKK 77,790.

Events after the balance sheet date

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially. So far the COVID-19 outbreak at the beginning of 2020 has not had any material effect on the Entity’s financial position and development. The Entity is closely monitoring any potential impact from the COVID -19 on the Entity’s business.

Income statement for 2019

	Notes	2019 DKK	2018 DKK
Gross profit/loss		**11,690,337**	**10,282,563**
Staff costs	1	(14,956,640)	(11,067,389)
Depreciation, amortisation and impairment losses		(9,514,327)	(8,343,189)
Operating profit/loss		**(12,780,630)**	**(9,128,015)**
Income from investments in group enterprises		(67,146)	(78,645)
Other financial income		8,507	16,060
Other financial expenses	2	(2,344,544)	(2,337,515)
Profit/loss before tax		**(15,183,813)**	**(11,528,115)**
Tax on profit/loss for the year	3	2,302,448	(2,065,522)
Profit/loss for the year		**(12,881,365)**	**(13,593,637)**
Proposed distribution of profit and loss			
Retained earnings		(12,881,365)	(13,593,637)
Proposed distribution of profit and loss		**(12,881,365)**	**(13,593,637)**

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK	2018 DKK
Completed development projects	4	688,730	815,703
Goodwill		0	1,620,000
Development projects in progress	4	0	155,200
Intangible assets		**688,730**	**2,590,903**
Land and buildings		6,409,002	5,904,353
Plant and machinery		167,288,437	151,132,082
Other fixtures and fittings, tools and equipment		2,025,180	2,650,166
Leasehold improvements		29,533	168,465
Property, plant and equipment		**175,752,152**	**159,855,066**
Other receivables		621,764	379,000
Other financial assets		**621,764**	**379,000**
Fixed assets		**177,062,646**	**162,824,969**
Manufactured goods and goods for resale		1,670,893	1,998,561
Inventories		**1,670,893**	**1,998,561**
Trade receivables		1,596,031	1,149,449
Receivables from group enterprises		1,278,498	0
Other receivables		3,192,002	6,295,283
Income tax receivable		2,017,450	213,714
Prepayments		2,126,853	3,713,961
Receivables		**10,210,834**	**11,372,407**
Cash		**0**	**167,165**
Current assets		**11,881,727**	**13,538,133**
Assets		**188,944,373**	**176,363,102**

Equity and liabilities

	Notes	2019 DKK	2018 DKK
Contributed capital		150,000	100,000
Reserve for development expenditure		537,209	757,304
Retained earnings		129,876,153	64,797,423
Equity		**130,563,362**	**65,654,727**
Deferred tax		7,160,836	7,445,834
Provisions for investments in group enterprises		89,114	35,645
Provisions		**7,249,950**	**7,481,479**
Prepayments received from customers		2,700,000	11,261,869
Other payables		465,663	0
Non-current liabilities other than provisions		**3,165,663**	**11,261,869**
Bank loans		4,396,248	0
Prepayments received from customers		1,956,434	5,094,201
Trade payables		4,179,143	7,767,706
Payables to group enterprises		23,536,220	66,361,956
Other payables		4,297,353	3,141,164
Deferred income		9,600,000	9,600,000
Current liabilities other than provisions		**47,965,398**	**91,965,027**
Liabilities other than provisions		**51,131,061**	**103,226,896**
Equity and liabilities		**188,944,373**	**176,363,102**
Unrecognised rental and lease commitments	5		
Contingent liabilities	6		
Assets charged and collateral	7		
Related parties with controlling interest	8		
Group relations	9		

Statement of changes in equity for 2019

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	100,000	757,304	64,797,423	65,654,727
Increase of capital	50,000	0	77,740,000	77,790,000
Transfer to reserves	0	(220,095)	220,095	0
Profit/loss for the year	0	0	(12,881,365)	(12,881,365)
Equity end of year	**150,000**	**537,209**	**129,876,153**	**130,563,362**

Notes

1 Staff costs

	2019 DKK	2018 DKK
Wages and salaries	19,235,515	16,593,298
Pension costs	1,416,798	1,221,634
Other social security costs	348,586	225,377
Other staff costs	584,931	567,622
	21,585,830	**18,607,931**
Staff costs classified as assets	(6,629,190)	(7,540,542)
	14,956,640	**11,067,389**

Average number of full-time employees	**39**	**38**

2 Other financial expenses

	2019 DKK	2018 DKK
Financial expenses from group enterprises	2,301,800	2,235,300
Other financial expenses	42,744	102,215
	2,344,544	**2,337,515**

3 Tax on profit/loss for the year

	2019 DKK	2018 DKK
Change in deferred tax	(284,998)	2,065,522
Refund in joint taxation arrangement	(2,017,450)	0
	(2,302,448)	**2,065,522**

4 Development projects

Bornfiber Service Provider has treated certain cost as Development cost in the Annual Report. The development costs are related to the development of the company's costumer portal, sales applications, new WIFI solutions as well as cloud/server development.

The company possess the required knowledge and technical capacity to complete the project. Management expects the value of the development cost will carry value for many years to come.

5 Unrecognised rental and lease commitments

	2019 DKK	2018 DKK
Liabilities under rental or lease agreements until maturity in total	**13,136,641**	**11,938,000**

6 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where LNZ Holding Zibra ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for jointly taxed entities, and for obligations, if any, relation to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

7 Assets charged and collateral

Collateral provided for group enterprises

The Entity has guaranteed group enterprises' debt with Sydbank. The bank debt amount to TDKK 103,564.

8 Related parties with controlling interest

Zibra A/S, Høveltevej 67, 3460 Birkerød
Zibra Holding ApS, Høveltevej 67, 3460 Birkerød
LNZ Holding Zibra ApS, Høveltevej 67, 3460 Birkerød

9 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

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

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements
Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Income statement
Gross profit or loss
The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Revenue
Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Revenue from delivery of services is recognised as revenue as the service is delivered.

Revenue from construction contracts are recognised as revenue as production is carried out whereby revenue corresponds to the selling price of the work performed for the year.

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales
Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Staff costs
Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises
Income from investments in group enterprises comprises dividends etc received from the individual group enterprises in the financial year.

Other financial income
Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, exchange gains on payables and transactions in foreign currencies and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, exchange losses on payables and transactions in foreign currencies and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the

income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 3-10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intangible assets

Intangible assets comprise completed development projects.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3-10 years.

Completed development projects are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	20 years
Plant and machinery	5-40 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

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

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Income tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Deferred tax
Deffered tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Other provisions
Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.