Baagøe | Schou
statsautoriseret revisionsaktieselskab

Eferio Communications Holding ApS

Flæsketorvet 68, 1., 1711 København V

Company reg. no. 38 68 88 04

Annual report

2021

The annual report was submitted and approved by the general meeting on the 5 August 2022.

J. Gransøe

Jørgen Gransøe
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the board of directors and the executive board have presented the annual report of Eferio Communications Holding ApS for the financial year 2021.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2021 and of the company's results of activities in the financial year 1 January – 31 December 2021.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 4 August 2022

Executive board

Richard Birger Murbeck

Jørgen Gransøe

Board of directors

Herbert Michael Nathan
chairman

Richard Birger Murbeck

Robert Gathu

Olive P. N. Gachara

Rolf S. Marthinusen

Kostka Parlade-Galindez

Independent auditor's report

To the Shareholders of Eferio Communications Holding ApS

Opinion

We have audited the financial statements of Eferio Communications Holding ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 4 August 2022

Baagøe | Schou
State Authorised Public Accountants
Company reg. no. 21 14 81 48

Søren Larsen
State Authorised Public Accountant
mne10850

Company information

The company	Eferio Communications Holding ApS Flæsketorvet 68, 1. 1711 København V	
	Company reg. no.	38 68 88 04
	Domicile:	Copenhagen
	Financial year:	1 January - 31 December
Board of directors	Herbert Michael Nathan, chairman Richard Birger Murbeck Robert Gathu Olive P. N. Gachara Rolf S. Marthinusen Kostka Parlade-Galindez	
Executive board	Richard Birger Murbeck Jørgen Gransøe	
Auditors	Baagøe | Schou statsautoriseret revisionsaktieselskab Fiolstræde 44, 3. th. 1171 København K	
Subsidiary	Eferio Communications A/S, Copenhagen	

The principal activities of the company

The purpose of Eferio Communications Holding ApS is to develop, manage, and support MVNEs and MVNOs with an initial focus on the African market as well as other activities related thereto. Over the past approx. 12 months, the company has gradually shifted its focus from virtual operators towards mobile network operators.

Uncertainties about recognition or measurement

The company has a receivabel from group enterprise on TDKK 2,638. The recognition and measurement of the receivabel is depended on circumstances from the company's subsidiary entered into an external agreement for a purchase agreement.

The subsidiary has not complied with the payment conditions in the concluded agreement, whereby the amount recognized in the company's annual report is subject to uncertainty.

It is the management's expectation that the agreement will be implemented by the subsidiary, and the seller is informed of the missing prerequisites in connection with the subsidiary challenges in obtaining financing for the purchase agreement.

Furthermore, the company has a receivable TDKK 795 included in the accounting item other receivables, where there currently is no accounting material, or similar from the debtor, which confirm the valuation of the receivable, which is thus fraught with uncertainty. However, the company's management has such knowledge of the debtor and the debtor's activities, including ongoing projects, that this is the basis for the recognition of the receivable at nominal value.

Development in activities and financial matters

The gross loss for the year totals DKK -697.715 against DKK -669.000 last year. Income or loss from ordinary activities after tax totals DKK -885.628 against DKK -838.000 last year. The management considers the net profit or loss for the year to be as expected.

During the financial year, the company has continued to develop business opportunities mainly in Kenya and the East African market. Africa is positioned to become the world's strongest growth market for many years into the future, and in that context, connectivity and digital infrastructure will become key sectors and strong business opportunities.

The company has entered a strategic partnership with a leading supplier of revenue-based financing. This partnership will enable the company to fulfill its short term and long term objectives. Also, when fully implemented this partnership will bring the company into a situation where it will earn significant financial income on an ongoing basis many years into the future.

Against this background, the company is well positioned in relation to its long term vision.

The company has received a letter of resignation of debt by TDKK 2,333 from one of the shareholders.

Events occurring after the end of the financial year

After the end of the financial year, the company has prepared the opportunity to acquire majority ownership in several mobile network operators in East Africa via its wholly owned subsidiary Eferio Communications A/S.

Also, the Company has taken steps to create a group of existing companies which combined offer an end-to-end package of technology and services directed towards mobile network operators as well as virtual operators and entrepreneurs that wish to enter this sector. The objective is to become an innovative and market leading player in the telecom infrastructure sector across Africa and other emerging markets.

The company continues to work intensively to secure short term financial resources. Activities are ongoing with a view to establish the financial basis for continued operations and development until the end of 2022 and indeed well into 2023. It is the management's expectation that these activities will lead to a positive result, but at present the full funding has not been achieved.

Income statement 1 January - 31 December

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

Note		2021	2020
	Gross profit	**-697.715**	**-669**
	Other financial income from group enterprises	35.030	17
	Other financial income	23.151	11
	Impairment of financial assets	-82.660	-138
	Other financial costs	-163.434	-64
	Pre-tax net profit or loss	**-885.628**	**-843**
3	Tax on net profit or loss for the year	0	5
	Net profit or loss for the year	**-885.628**	**-838**
	Proposed appropriation of net profit:		
	Transferred to other statutory reserves	469.118	1.481
	Allocated from retained earnings	-1.354.746	-2.319
	Total allocations and transfers	**-885.628**	**-838**

Balance sheet at 31 December

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

Note	Assets	2021	2020
	Non-current assets		
4	Development projects in progress and prepayments for intangible assets	6.329.416	5.728
	Total intangible assets	6.329.416	5.728
5	Investments in subsidiaries	179.590	262
6	Investment in participating interest	37.866	38
	Total investments	217.456	300
	Total non-current assets	**6.546.872**	**6.028**
	Current assets		
7	Receivables from group enterprises	2.638.790	821
	Other receivables	844.862	772
	Prepayments and accrued income	0	9
	Total receivables	3.483.652	1.602
	Cash on hand and demand deposits	26.895	391
	Total current assets	**3.510.547**	**1.993**
	Total assets	**10.057.419**	**8.021**

Balance sheet at 31 December

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

Equity and liabilities

Note		2021	2020
	Equity		
	Contributed capital	152.627	149
	Other statutory reserves	4.936.944	4.468
	Retained earnings	396.816	1.037
	Total equity	**5.486.387**	**5.654**
	Liabilities other than provisions		
	Convertible and profit sharing debt instruments	0	24
	Payables to shareholders and management	2.333.179	2.065
	Total long term liabilities other than provisions	2.333.179	2.089
	Trade payables	155.734	81
	Other payables	2.082.119	197
	Total short term liabilities other than provisions	2.237.853	278
	Total liabilities other than provisions	**4.571.032**	**2.367**
	Total equity and liabilities	**10.057.419**	**8.021**

1 **Uncertainties concerning the enterprise's ability to continue as a going concern**
2 **Uncertainties concerning recognition and measurement**
8 **Charges and security**
9 **Contingencies**

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Share premium	Other statutory reserves	Retained earnings	Total
Equity 1 January 2021	148.722	0	4.467.826	1.036.893	5.653.441
Cash capital increase	3.905	714.669	0	0	718.574
Retained earnings	0	0	469.118	-1.354.746	-885.628
Transferred to retained earnings	0	-714.669	0	714.669	0
	152.627	**0**	**4.936.944**	**396.816**	**5.486.387**

Notes

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

1. Uncertainties concerning the enterprise's ability to continue as a going concern

We point out that there is significant uncertainty that may raise significant doubts about the company's ability to continue its operations. It is currently uncertain whether commitments will be obtained to finance operations and the necessary investments in the coming years, but it is the management's assessment that such a commitment will be achieved, and that, as in previous years and for the period up to the time of presentation of the annual report for 2022, there will continue to be the liquidity necessary for continued operations, which is why the annual accounts have been prepared accordingly, assuming the company's continued operations.

The company has not complied with short term loan agreements from shareholders. The executive board is in positive dialogue with the lenders and expects the lenders to extend the time horizon for repayment of the loans.

The company has also received a letter of resignation on a debt of TDKK 2.333 from one of the shareholders.

2. Uncertainties concerning recognition and measurement

The company has a receivabel from group enterprise on TDKK 2.638. The recognition and measurement of the receivabel is depended on circumstances from the company's subsidiary entered into an external agreement for a purchase agreement.

The subsidiary has not complied with the payment conditions in the concluded agreement, whereby the amount recognized in the company's annual report is subject to uncertainty.

It is the management's expectation that the agreement will be implemented by the subsidiary, and the seller is informed of the missing prerequisites in connection with the subsidiary challenges in obtaining financing for the purchase agreement.

Furthermore, the company has a receivable TDKK 795 included in the accounting item other receivables, where there currently is no accounting material, or similar from the debtor, which confirm the valuation of the receivable, which is thus fraught with uncertainty. However, the company's management has such knowledge of the debtor and the debtor's activities, including ongoing projects, that this is the basis for the recognition of the receivable at nominal value.

Notes

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

		2021	2020
3.	**Tax on net profit or loss for the year**		
	Tax on net profit or loss for the year	0	0
	Adjustment of tax for previous years	0	-5
		0	**-5**

		31/12 2021	31/12 2020
4.	**Development projects in progress and prepayments for intangible assets**		
	Cost 1 January 2021	5.727.982	3.829
	Additions during the year	601.434	1.899
	Cost 31 December 2021	**6.329.416**	**5.728**
	Carrying amount, 31 December 2021	**6.329.416**	**5.728**

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

		31/12 2021	31/12 2020
5.	**Investments in subsidiaries**		
	Cost 1 January 2021	400.000	400
	Additions during the year	0	0
	Disposals during the year	0	0
	Cost 31 December 2021	**400.000**	**400**
	Revaluations, opening balance 1 January 2021	-137.750	0
	Writedown of the year	-82.660	-138
	Writedown 31 December 2021	**-220.410**	**-138**
	Carrying amount, 31 December 2021	**179.590**	**262**

Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	Equity DKK	Results for the year DKK	Carrying amount, Eferio Communications Holding ApS DKK
Eferio Communications A/S, Copenhagen	100 %	179.591	-82.660	400.000
		179.591	**-82.660**	**400.000**

		31/12 2021	31/12 2020
6.	**Investment in participating interest**		
	Cost 1 January 2021	37.866	0
	Additions during the year	0	38
	Disposals during the year	0	0
	Cost 31 December 2021	**37.866**	**38**
	Carrying amount, 31 December 2021	**37.866**	**38**

7. Receivables from group enterprises

Eferio Communications Holding ApS has submitted a declaration of resignation on receivabel of TDKK 2,646 to Eferio Communication A/S.

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

8. Charges and security

The company is not liable for charges or security.

9. Contingencies

Contingent assets

The company has an unutilized tax asset of TDKK 354, which per. 31 December 2021 is recognized at DKK 0.

Contingent liabilities

	DKK in thousands
Total contingent liabilities	23

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.

Accounting policies

The annual report for Eferio Communications Holding ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Income statement

Gross loss

Gross loss comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in subsidiaries

Dividend from investments in subsidiaries is recognised in the financial year in which the dividend is declared.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable by the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Development projects, patents, and licences

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

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and writedowns for impairment.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Investments in subsidiaries

Investments in subsidiaries arerecognised and measured at cost. If the recoverable amount is lower than the cost price, it shall be written down for impairment to this lower value.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Income tax and deferred tax

As administration company, Eferio Communications Holding ApS is liable to the tax authorities for the subsidiaries' corporate income taxes.

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.