Baagøe | Schou
statsautoriseret revisionsaktieselskab

Eferio Communications A/S

Flæsketorvet 68, 1., 1711 København V

Company reg. no. 40 11 62 65

Annual report

2020

The annual report was submitted and approved by the general meeting on the 22 September 2021.

Jørgen Gransøe
Chairman of the meeting

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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 report

Today, the board of directors and the executive board have presented the annual report of Eferio Communications A/S for the financial year 2020.

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 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

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 by the general meeting.

Copenhagen, 22 September 2021

Executive board

Richard Birger Murbeck	Jørgen Gransøe

Board of directors

Nathan Edwin Browne	Errol Graham Musk	Jørgen Gransøe
Herbert Michael Nathan		

To the shareholders of Eferio Communications A/S

Opinion

We have audited the financial statements of Eferio Communications A/S for the financial year 1 January - 31 December 2020, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section “Auditor’s responsibilities for the audit of the financial statements”. We are independent of the company in accordance with international ethical requirements for auditors (IESBA’s Code of Ethics), 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the 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 express no assurance opinion thereon.

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 22 September 2021

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 A/S Flæsketorvet 68, 1. 1711 København V
	Company reg. no. 40 11 62 65 Domicile: Copenhagen Financial year: 1 January - 31 December
Board of directors	Nathan Edwin Browne Errol Graham Musk Jørgen Gransøe Herbert Michael Nathan
Executive board	Richard Birger Murbeck Jørgen Gransøe
Auditors	Baagøe | Schou statsautoriseret revisionsaktieselskab Fiolstræde 44, 3. th. 1171 København K
Parent company	Eferio Communications Holding ApS, Copenhagen

The principal activities of the company

Eferio Communications A/S' purpose is to develop, manage, and support MVNEs and MVNOs with an initial focus on the African market as well as other related activities.

Development in activities and financial matters

The gross loss for the year totals DKK -44.000 against DKK -55.000 last year. Income or loss from ordinary activities after tax totals DKK -64.000 against DKK -73.000 last year. The management considers the net profit or loss for the year to be as expected.

The above accounting period is the Company's second financial year. During the financial year, the Company has largely been passive and without actual operations. The only activity has been to continue the technical collaboration with Naka AG and Telkom Kenya Ltd. with a view to deliver services and technology to service providers in Kenya as well as in selected other countries.

The intention is for the Company to act as a parent company for all of the Eferio Group's MVNE, MVNO, and technology investments as well as related business operations. The Company will assume this role as soon as a sufficient financial basis has been provided to start actual operations.

The company has received a declaration of resignation on a debt of DKK 821.000 from the parent company, and support is extended until the company's annual general meeting no later than May 31, 2022.

Events occurring after the end of the financial year

After the end of the financial year, the Company has entered into an agreement to acquire Naka AG's complete platform including software, hardware, licenses, and intellectual property rights. Realization and implementation of this agreement awaits that the Company has established a sufficient financial basis, which is expected to take place before the end of 2021.

In this connection, the Company has entered into an agreement with an international investment fund focusing on technology investments in Africa. This future investor will be a strategically important partner for the Company in the coming years.

Income statement

Amounts concerning 2020: DKK.
Amounts concerning 2019: DKK thousand.

Note		1/1 2020 - 31/12 2020	21/12 2018 - 31/12 2019
	Gross profit	**-43.647**	**-55**
1	Other financial costs	-20.838	-18
	Pre-tax net profit or loss	**-64.485**	**-73**
2	Tax on net profit or loss for the year	0	0
	Net profit or loss for the year	**-64.485**	**-73**
	Proposed appropriation of net profit:		
	Transferred to other statutory reserves	0	720
	Allocated from retained earnings	-64.485	-793
	Total allocations and transfers	**-64.485**	**-73**

Statement of financial position at 31 December

Amounts concerning 2020: DKK.
Amounts concerning 2019: DKK thousand.

	Assets		
Note		2020	2019
	Non-current assets		
3	Development projects in progress and prepayments for intangible assets	923.417	923
	Total intangible assets	923.417	923
	Total non-current assets	**923.417**	**923**
	Current assets		
	Other receivables	186.606	177
	Total receivables	186.606	177
	Cash on hand and demand deposits	26	0
	Total current assets	**186.632**	**177**
	Total assets	**1.110.049**	**1.100**

Statement of financial position at 31 December

Amounts concerning 2020: DKK.
Amounts concerning 2019: DKK thousand.

Note	Equity and liabilities	2020	2019
	Equity		
	Contributed capital	400.000	400
	Other statutory reserves	720.265	720
	Retained earnings	-858.014	-794
	Total equity	**262.251**	**326**
	Liabilities other than provisions		
	Trade payables	25.000	62
	Payables to group enterprises	821.171	712
	Other payables	1.627	0
	Total short term liabilities other than provisions	847.798	774
	Total liabilities other than provisions	**847.798**	**774**
	Total equity and liabilities	**1.110.049**	**1.100**

4 Charges and security

5 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Other statutory reserves	Retained earnings	Total
Equity 1 January 2020	400.000	720.265	-793.529	326.736
Retained earnings	0	0	-64.485	-64.485
	400.000	**720.265**	**-858.014**	**262.251**

Notes

Amounts concerning 2020: DKK.
Amounts concerning 2019: DKK thousand.

		1/1 2020 - 31/12 2020	21/12 2018 - 31/12 2019
1.	**Other financial costs**		
	Financial costs, group enterprises	17.446	18
	Other financial costs	3.392	0
		20.838	**18**
2.	**Tax on net profit or loss for the year**		
	Tax on net profit or loss for the year	0	0
	Adjustment of deferred tax for the year	0	0
		0	**0**

		31/12 2020	31/12 2019
3.	**Development projects in progress and prepayments for intangible assets**		
	Cost 1 January 2020	923.417	0
	Additions during the year	0	923
	Cost 31 December 2020	**923.417**	**923**
	Carrying amount, 31 December 2020	**923.417**	**923**

4. Charges and security

The company is not liable for charges or securities.

5. Contingencies

Joint taxation

With Eferio Communications Holding ApS, company reg. no 38 68 88 04, as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The annual report for Eferio Communications A/S 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.

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 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 and internally generated rights are recognised in the income statement as costs in the acquisition year.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

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.

Cash on hand and demand deposits

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

Income tax and deferred tax

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”.

According to the rules of joint taxation, Eferio Communications A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

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 is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

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