

Aqua Comms Denmark ApS

Langelinie Allé 35
2100 København Ø
CVR no. 40 98 82 62

Annual report for 2021

Adopted at the annual general
meeting on 8 July 2022

chairman

Kevin Michael Foley

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Statement by management on the annual report

The Board of Directors and Executive Board have today discussed and approved the annual report of Aqua Comms Denmark ApS for the financial year 1 January - 31 December 2021.

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 company's financial position at 31 December 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021.

In our opinion, management's review includes a true and fair account of the matters dealt with in the management's review.

We recommend that the annual report should be approved by the company in general meeting.

Copenhagen, 8 July 2022

Executive Board

Kevin Michael Foley

Board of Directors

Christopher Bayliff

Kevin Michael Foley

Sandra Jane Delany

Independent auditor's report

To the shareholder of Aqua Comms Denmark ApS

Opinion

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.

We have audited the Financial Statements of Aqua Comms Denmark ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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.

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.

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 Financials Statements Act.

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

Independent auditor's report

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.

Independent auditor's report

- 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.

Hellerup, 8 July 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Leif Ulbæk Jensen
State Authorised Public Accountant
mne23327

James Liang
State Authorised Public Accountant
mne34549

Company details

The Company

Aqua Comms Denmark ApS
Langelinie Allé 35
2100 København Ø

CVR no.: 40 98 82 62

Reporting period: 1 January - 31 December 2021

Incorporated: 25 November 2019

Domicile: Copenhagen

Board of Directors

Christopher Bayliff
Kevin Michael Foley
Sandra Jane Delany

Executive board

Kevin Michael Foley

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Management's review

Business review

The Company's purpose is to provide data connections, including held assets and licenses, and to conduct business related to the AEC-2 and NSC subsea cables. Aqua Comms (Denmark) ApS holds all Aqua Comms Danish assets associated with the AEC-2 and NSC subsea cables. The AEC-2 cable provides capacity from Denmark to the USA and the NSC cable provides capacity from Denmark to the UK.

Financial review

The company's income statement for the year ended 31 December 2021 shows a loss of USD 47,147, and the balance sheet at 31 December 2021 shows negative equity of USD 47,111.

Going Concern

The shareholder has issued a Letter of Financial Support in which the shareholder confirms to provide necessary financial support in order for the company to continue its operation in 2022.

Management expect that the Share Capital will be reestablished within the next years through net profit.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of Aqua Comms Denmark ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as selected rules applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2021 is presented in USD.

The USD exchange rate applied is 656,12 at 31 December 2021.

Basis of 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.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Fixed assets acquired in foreign currencies are translated at the exchange rate at the transaction date.

Income statement

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income and other external expenses.

Revenue

Revenue is recognized based on the Danish share of the total revenue of the AEC-2 cable. The revenue is recognized when, the revenue can be measured reliably and it is probable that the economic benefits will flow to the Company.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and items of property, plant and equipment.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the company's activities, including losses on the sale of intangible assets and items of property, plant and equipment.

Other external costs

Other external expenses comprise expenses for auditors, advisors and managements fee.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments.

Accounting policies

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation.

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

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Property, plant and equipment

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life
Cable Asset	25 years
Cable Landing Station Asset	25 years
Cable Landing Station Equipment	8 years
Lightning Equipment	8 years

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Impairment of fixed assets

The carrying amount of property, plant and equipment is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Accounting policies

Prepayments

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

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

The company and all its Danish group entities are taxed on a joint basis. The current income tax charge is allocated between the jointly taxed entities relative to their taxable income. Tax losses are allocated based on the full absorption method. The jointly taxed entities are eligible for the Danish Tax Prepayment Scheme.

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Financial debts

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

Income statement 1 January - 31 December

	<u>Note</u>	2021	2020
		<u>USD</u>	<u>(13 months)</u> USD
Gross profit		64,464	4,554
Depreciation and impairment of property, plant and equipment		<u>-103,724</u>	<u>-9,352</u>
Profit/loss before net financials		-39,260	-4,798
Financial costs	2	<u>-7,887</u>	<u>-1,317</u>
Profit/loss before tax		-47,147	-6,115
Tax on profit/loss for the year		<u>0</u>	<u>0</u>
Profit/loss for the year		<u>-47,147</u>	<u>-6,115</u>
 Recommended appropriation of profit/loss			
Retained earnings		<u>-47,147</u>	<u>-6,115</u>
		<u>-47,147</u>	<u>-6,115</u>

Balance sheet 31 December

	<u>Note</u>	<u>2021</u> USD	<u>2020</u> USD
Assets			
Land and buildings		<u>2,818,570</u>	<u>1,329,824</u>
Tangible assets	3	<u>2,818,570</u>	<u>1,329,824</u>
Total non-current assets		<u>2,818,570</u>	<u>1,329,824</u>
Receivables from group enterprises		128,307	55,118
Other receivables		19,398	25,305
Prepayments		<u>36,707</u>	<u>40,771</u>
Receivables		<u>184,412</u>	<u>121,194</u>
Total current assets		<u>184,412</u>	<u>121,194</u>
Total assets		<u><u>3,002,982</u></u>	<u><u>1,451,018</u></u>

Balance sheet 31 December

	<u>Note</u>	<u>2021</u> USD	<u>2020</u> USD
Equity and liabilities			
Share capital		6,151	6,151
Retained earnings		<u>-53,262</u>	<u>-6,115</u>
Equity		<u>-47,111</u>	<u>36</u>
Lease obligations		<u>88,342</u>	<u>6,826</u>
Total non-current liabilities		<u>88,342</u>	<u>6,826</u>
Short-term part of long-term debet		0	675
Trade payables		39,533	0
Payables to group enterprises		2,789,533	1,421,297
Other payables		<u>132,685</u>	<u>22,184</u>
Total current liabilities		<u>2,961,751</u>	<u>1,444,156</u>
Total liabilities		<u>3,050,093</u>	<u>1,450,982</u>
Total equity and liabilities		<u>3,002,982</u>	<u>1,451,018</u>
Going concern	1		
Contingent liabilities	4		

Statement of changes in equity

	<u>Share capital</u> USD	<u>Retained earnings</u> USD	<u>Total</u> USD
Equity at 1 January 2021	6,151	-6,115	36
Net profit/loss for the year	0	-47,147	-47,147
Equity at 31 December 2021	<u>6,151</u>	<u>-53,262</u>	<u>-47,111</u>

The share capital consists of 40,000 shares of DKK 1. No shares carry any special rights.

Notes

1 Going concern

The shareholder has issued a Letter of Financial Support in which the shareholder confirms to provide necessary financial support in order for the company to be able to continue its operations in 2022.

The Company's equity is lost. It is Management's assessment that equity will be restored in the future by capital contributions, earnings or a combination thereof.

	2021	2020
	<u>USD</u>	<u>(13 months)</u> USD
2 Financial costs		
Interest to affiliated companies	6,355	879
Exchange loss	<u>1,532</u>	<u>438</u>
	<u>7,887</u>	<u>1,317</u>

3 Tangible assets

	<u>Land and buildings</u> USD
Cost at 1 January 2021	1,339,176
Additions for the year	<u>1,565,114</u>
Cost at 31 December 2021	<u>2,904,290</u>
Impairment losses and depreciation at 1 January 2021	9,352
Depreciation for the year	<u>76,368</u>
Impairment losses and depreciation at 31 December 2021	<u>85,720</u>
Carrying amount at 31 December 2021	<u>2,818,570</u>
Including assets under finance leases amounting to	<u>85,546</u>

Notes

4 Contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Aqua Comms Denmark ApS, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.