

Sunstone IV hf.
Financial Statements 2022
Parent Company

Sunstone IV hf.
Stórhöfða 22-30
110 Reykjavík
Reg. no. 620921-2540

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Endorsement of the Board of Directors and the Managing Director

Sunstone IV hf. is a public limited company and operates on the basis of Act no. 2/1995 on public limited companies. Sunstone IV hf. is a holding company established as a key component of a strategic group structure owned by Ardian Infrastructure Fund V SCA, SICAR and Ardian Infrastructure Fund V B SCS SICAV RAIF together with KFM eignarhaldsfélag slhf. Its primary purpose is to hold and manage the ownership of shares in Mila hf., a subsidiary company, thereby enabling centralized control and facilitating efficient management of the group's assets. The core business of Mila hf. is to build and operate a telecommunications network in Iceland.

According to the Income statement the operating loss for the year amounted to ISK 133 million, net financial costs amounted to ISK 908 million and share in loss of subsidiary amounted to ISK 718 million. The Loss for the year amounted to ISK 1.759 million.

According to the Balance Sheet, total assets at the year-end amounted to ISK 73.590 million and total equity amounted to ISK 11.055 million. Borrowings amounted to ISK 61.827 million at year end. Including in borrowing is a loan of amount of ISK 38.487 million from Sunstone III hf. which is payable in one installment at the end of the loan period in 2031. Accrued interests are added to the principal at year-end but the Company has the option to postpone payments of interests until at the end of the loan period. Equity at year end amounted to ISK 11.055 million, including Share Capital in the amount of ISK 132 million.

The Company's Board of Directors proposes that no dividends will be paid to shareholders in the year 2022. Reference is made to the Financial Statements regarding allocation of earnings and other changes in stockholders' equity within the fiscal year.

Total shares at the end of 2022 amounted to 132.101.375 where Sunstone III ehf. owned 132.101.374 shares and Sunstone I Bis ehf. owned 1 share.

The Board of Directors has the overall responsibility for the establishment and oversight the Company's risk management framework. The Company is a holding company and currently has limited risk. The Company's subsidiary manages the market risk and liquidity risk for the group and detailed information about risk management and other non-financial information are included in the consolidated financial statements for the Group and annual financial statements of Mila.

Statement by the Board of Directors and CEO

The Financial Statements of Sunstone IV hf. for 2022 have been prepared on a going-concern basis in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and compliant with applicable Icelandic laws and regulations. In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022, its financial performance and cash flows for the year 2022. Furthermore the Financial Statements, including the Endorsement and Statement by the Board of Directors and the CEO, describe the principal risks and uncertainties facing the Company. The Board of Directors and Chief Executive Officer of the Company endorse the Consolidated Financial Statements of Sunstone IV ehf. for the year 2022 with their signatures. The Board of Directors and the CEO recommend that the Annual General Meeting of Sunstone IV hf. approve the Financial Statements.

Reykjavík, 21 April 2023.

Board of Directors:

Jón Ríkarð Kristjánsson, chairman

Oscar Cicchetti

Marion Emmanuelle Calvine

Leonard Rasche

Pauline Thomson

Birna Ósk Einarsdóttir

Þórarinn V. Þórarinnsson

CEO

Erik Figueras Torras

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Jón Ríkarð Kristjánsson
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Marion Emmanuelle Calvine
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Leonard Rasche
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Pauline THOMSON
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Birna Ósk Einarsdóttir
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Þórarinn V. Þórarinnsson
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Erik Figueras Torras
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Independent Auditor's Report

To the Board of Directors and Shareholders of Sunstone IV hf.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sunstone IV hf. ("the Company"), which comprise the statement of financial position as at 31 December, 2022, and the statements of profit or loss, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and additional Icelandic disclosure requirement in accordance with Icelandic Financial Statements Act no. 3/2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards 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 ethical requirements that are relevant to our audit of financial statements in Iceland 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 the Board of Directors and CEO for the Financial Statements

The Board of Directors and CEO are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as adopted by the European Union and additional Icelandic disclosure requirement in accordance with Icelandic Financial Statements Act no. 3/2006, and for such internal control as they determine 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, the Board of Directors and CEO are 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 they either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 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.

Independent Auditor's Report, contd.:

Auditor's Responsibilities for the Audit of the Financial Statements, cont.:

As part of an audit in accordance with ISAs, 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 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with The Board of Directors 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.

Report on Other Legal and Regulatory Requirements

Pursuant to the legal requirement under Article 104, Paragraph 2 of the Icelandic Financial Statements Act No. 3/2006, we confirm that, to the best of our knowledge, the report of the Board of Directors and CEO accompanying the financial statements includes the information required by the Financial Statements Act if not disclosed elsewhere in the financial statements.

Reykjavík, 21 April 2023.

KPMG ehf.

Árni Claessen

Income Statement 2022

	Note	2022
Revenues		
Recharged expenses		<u>376</u>
Expenses		
Consulting fees .....	(	<u>510)</u>
Operating loss before finance income and expenses .....	(	<u>133)</u>
Finance income and expenses		
Finance income		463
Finance expenses .....	(	<u>1.371)</u>
	(	<u>908)</u>
Share in loss of a subsidiary	3 (	<u>718)</u>
Loss for the year	5 (	<u><u>1.759)</u></u>

Balance Sheet 31 December 2022

	Note	2022
Assets		
Shares in subsidiary	3	50.406
Receivables due from subsidiary	8	20.313
Other receivables		3
Cash and cash equivalents		2.868
		73.591
Total assets		73.591
 Equity		
Share capital		132
Share premium		12.682
Accumulated deficit		(1.759)
Total equity	5	11.055
 Non-current liabilities		
Borrowings	6	22.000
Loans from related party	6,8	39.372
Non-current liabilities		61.372
 Current liabilities		
Payables to subsidiary	8	171
Other current liabilities		993
Current liabilities		1.164
Total liabilities		62.535
Total equity and liabilities		73.590

Statement of Cash Flow 2022

	Notes	2022
Cash flow from operating activities		
Loss for the year	5	(1.759)
Adjusted for:		
Accrued interests and indexation		502
Share in loss of a subsidiary		718
Working capital from operating activities	(	539)
Changes in operating assets and liabilities		(178)
Cash to operating activities	(	717)
Investment activities		
Aquisition of subsidiary .....	(	51.124)
Loan to subsidiary .....	(	19.400)
Investment activities	(	70.524)
Financing activities		
Paid-in capital	5	12.814
New long-term loans		21.929
Loans from related parties	8	38.487
Other current liabilities		879
Financing activities		74.109
Increase in cash		2.868
Cash at the beginning of the year		0
Cash at the end of the year		2.868

Notes

1. The Company

Sunstone IV hf. is a limited liability company incorporated and domiciled in Iceland. The company is the parent company of Míla hf. The core business of Míla hf. is to build and operate a telecommunications network in Iceland as well as operational and advisory services for the telecommunications and co-location services. Sunstone III ehf. is the company's parent company. These financial Statements are a part of Consolidated Financial Statements of Sunstone II hf. Ardian Infrastructure Fund V B SCS SICAV RAIF is the Company's ultimate parent company.

Accounting methods

2. Basis of preparation

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. Details of the Company's accounting policies are included in Note 9.

Functional and presentation currency

These financial statements are presented in ISK, which is the Company's functional currency. All financial information presented in ISK has been rounded to the nearest million unless otherwise indicated.

Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

3. Shares in subsidiary

At the end of September in 2022 the Company acquired a 99,99% share in Míla. The book value is specified as follows:

	Carrying amount
Investment in Míla hf.	51.124
Share in loss of Míla hf. in the period from 1 October - 31 December 2022	(718)
	<u>50.406</u>

The total equity of Míla ehf. amounted to ISK 49.698 million at the end of 2022

4. Share capital

The companies share capital at year end amounts to ISK 132,1 million. One vote is attached to each share of one ISK.

5. Equity

	Share capital	Share premium	Accumulated deficit	Total
Issued new share capital	132	12.682		12.814
Loss for the year			(1.759)	(1.759)
Equity at 31.12.2022	<u>132</u>	<u>12.682</u>	<u>(1.759)</u>	<u>11.055</u>

Notes

6. Non-current liabilities

Loans and borrowings are specified as follows:

2022

Secured bank loans in ISK - Indexation + 2,20%	6.064
Secured bank loans in ISK - REIBOR + 2,65%	16.500
Loans and borrowings from related parties -REIBOR + 2,90% (see note 8)	38.487
Capitalized borrowing costs	(563)
Total loans and borrowings according to the Balance Sheet	<u>60.487</u>

Repayments of loans and borrowings are specified as follows:

Repayments for the year 2023	0
Repayments for the year 2024	196
Repayments for the year 2025	831
Repayments for the year 2026	831
Repayments for the year 2027	831
Subsequent	57.798
Total loans and borrowings according to the Balance Sheet	<u>60.487</u>

Mila's shares and bank accounts are pledged against the bond and the Facility agreement at a maximum of ISK 19,2 billions.

7. Income tax

Carry forward tax losses at year end amount to ISK 1.041 million. Carry forward tax losses can be used for 10 years after they are incurred.

2022

Carry-forward loss for the year 2022, utilised to 2032	<u>1.041</u>
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The Company does not recognise deferred tax asset due to uncertainty about its future utilisation. Deferred tax asset at the end of the year amounts to ISK 208 million.

8. Related parties

Related parties are those who have considerable impact on the company, directly or indirectly, including it's Parent Company, shareholders who have control or considerable impact, members of the board of directors, key employees and their families as well as entities that the company has considerable impact over such as associates or subsidiaries. Transactions with related parties have been conducted in the same manner as with non related parties.

Related party transactions 2022:

	Recharged expenses	Interest income/ (expense)	Receivables	Payables
Mila ehf	376	446	20.313	171
Sunstone III ehf.		(885)		38.483
Sunstone III ehf. - accrued interests				885
Other related parties				4
	<u>376</u>	<u>(439)</u>	<u>20.313</u>	<u>39.543</u>

At the year-end the Company's receivable from it's subsidiary Mila amounted to ISK 20.313 million. The loan is payable in one installment at the end of the loan period in 2031. Accrued interests are added to the principal at year-end but the Company has the option to postpone payments of interests until at the end of the loan period.

At year end the companies liabilities with Sunstone III ehf. amounted to ISK 39.368 million. The loan is payable in one installment at the end of the loan period in 2031. Accrued interests are added to the principal at year-end but the Company has the option to postpone payments of interests until at the end of the loan period.

Notes

9. Significant accounting policies

a Shares in subsidiaries

Subsidiaries are companies where the company has control. Control exists when the company can directly or indirectly control the decisions made in the subsidiary. The financial statements contain the share of their profit or loss from the time they were acquired and until the company no longer has control. Should the share in the loss of the subsidiary surpass its carrying amount its carrying amount will be zero and the share in the subsidiaries loss will no longer be recognized unless the company is liable for the subsidiaries debts. If the subsidiary then records a profit the profit will not be recognized until it reaches the amount of the unrecognized loss.

b Foreign currencies

Transactions in foreign currencies are translated to Icelandic kronur at foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are converted to Icelandic currency at the exchange rate at year-end. Net foreign currency exchange difference arising of translation of assets and liabilities is recognised within financial income and expenses in the Income Statement.

c Financial instruments

(i) Non-derivative financial assets

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the assets and settle the liability simultaneously.

(i) Non-derivative financial assets - measurement

The Company classifies non-derivative financial assets into loans and receivables, other receivables and cash and cash equivalents.

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

d Share capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Notes

10. Standard issued but not year effective

Several new international accounting standards apply to the financial years that begin after 1 January 2022, which may be applied before their entry into force. However, the Group has not implemented new or changed accounting standards in presenting these financial statements.

Management of the Group does not expect that the adoption of the standards will have a material impact on the Financial Statements of the Group in future periods.

- Deferred tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)