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# *Arelion Denmark A/S*

Industrivej 15, DK-6830 Nørre Nebel

## Annual Report for 2023

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CVR No. 24 21 04 13

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 17/7 2024

Daniel Kurgan  
Chairman of the  
general meeting



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# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Arelion Denmark A/S for the financial year 1 January - 31 December 2023.

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 financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 17 July 2024

## Executive Board

Daniel Pierre Kurgan  
CEO

## Board of Directors

Keld Gregers Sørensen

Johan David Ottosson

Daniel Pierre Kurgan

# Independent Auditor's report

To the shareholder of Arelion Denmark A/S

## Opinion

We have audited the Financial Statements of Arelion Denmark A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

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.

## 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 judgement and maintain professional scepticism throughout the audit. We also:

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

# Independent Auditor's report

- 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.

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, 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.

Copenhagen, 17 July 2024

EY

Godkendt Revisionspartnerselskab

CVR No 30 70 02 28

Allan Nørgaard

State Authorised Public Accountant

mne35501

## Company information

<b>The Company</b>	<p>Arelion Denmark A/S Industrivej 15 6830 Nørre Nebel</p> <p>CVR No: 24 21 04 13 Financial period: 1 January - 31 December Incorporated: 1 July 1999 Financial year: 24th financial year Municipality of reg. office: Varde</p>
<b>Board of Directors</b>	<p>Keld Gregers Sørensen Johan David Ottosson Daniel Pierre Kurgan</p>
<b>Executive Board</b>	<p>Daniel Pierre Kurgan</p>
<b>Auditors</b>	<p>EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 2000 Frederiksberg</p>

## Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	113,548	129,495	122,052	123,753	123,665
Profit/loss of primary operations	3,112	6,672	4,727	4,240	3,004
Profit/loss of financial income and expenses	203	260	10	-32	22
Net profit/loss for the year	-1,080	5,028	5,349	6,210	4,255
<b>Balance sheet</b>					
Balance sheet total	124,609	194,251	187,699	181,918	205,961
Investment in property, plant and equipment	7,152	6,077	14,237	16,152	24,276
Equity	40,847	96,927	91,899	86,550	90,340
Number of employees	8	8	9	12	11
<b>Ratios</b>					
Return on assets	2.5%	3.4%	2.5%	2.3%	1.5%
Solvency ratio	32.8%	49.9%	49.0%	47.6%	43.9%

# Management's review

## Key activities

Arelion operates in two main business areas, Data and Voice Communications. The Data segment offers different products for data communication aimed at different customer segments and user situations with global needs. For data transport on a global scale, internal services and capacity are offered in the form of wavelengths and Ethernet connections, and to a lesser extent, also data center services (colocation) and dark fiber.

The Voice segment deals with global phone calls, where we offer cost-effective transportation of voice minutes between operators, and messaging services, mainly from application to human, for authentication or customer engagement.

Arelion's purpose is to keep the world connected, all the time. Our vision is to lead the way forward in our industry, by defining what quality means; Based on our global network, services and people, to offer our customers a unique customer experience at every stage of the customer journey.

## Development in the year

The income statement of the Company for 2023 shows a loss of TDKK 1,080, and at 31 December 2023 the balance sheet of the Company shows a positive equity of TDKK 40,847.

## Unusual events

As a result of the war in Ukraine, Arelion has been affected in its business operations in Russia by halting deliveries from suppliers in the US and has therefore suspended all new sales in Russia until further notice. Furthermore, Arelion complies with all applicable sanctions.

## Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.



## Income statement 1 January - 31 December

	Note	2023	2022
		TDKK	TDKK
Revenue		113,548	129,495
Other operating income		775	0
Expenses for raw materials and consumables		-87,608	-92,440
Other external expenses		-1,998	-1,935
<b>Gross profit</b>		<b>24,717</b>	<b>35,120</b>
Staff expenses	2	-8,108	-8,299
Depreciation and impairment losses of property, plant and equipment	3	-13,472	-19,527
Other operating expenses		-25	-622
<b>Profit/loss before financial income and expenses</b>		<b>3,112</b>	<b>6,672</b>
Financial income	4	486	300
Financial expenses	5	-283	-40
<b>Profit/loss before tax</b>		<b>3,315</b>	<b>6,932</b>
Tax on profit/loss for the year	6	-4,395	-1,904
<b>Net profit/loss for the year</b>	7	<b>-1,080</b>	<b>5,028</b>

## Balance sheet 31 December

### Assets

	Note	2023	2022
		TDKK	TDKK
Land and buildings		6,595	7,235
Other fixtures and fittings, tools and equipment		71,185	81,209
Property, plant and equipment in progress		7,258	3,834
<b>Property, plant and equipment</b>	<b>8</b>	<b>85,038</b>	<b>92,278</b>
<b>Fixed assets</b>		<b>85,038</b>	<b>92,278</b>
Trade receivables		14,139	13,492
Receivables from group enterprises		11,665	68,344
Other receivables		172	877
Deferred tax asset	9	6,537	10,930
Corporation tax		5	0
Prepayments		7,053	8,330
<b>Receivables</b>		<b>39,571</b>	<b>101,973</b>
<b>Current assets</b>		<b>39,571</b>	<b>101,973</b>
<b>Assets</b>		<b>124,609</b>	<b>194,251</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2023	2022
		TDKK	TDKK
Share capital	10	1,000	1,000
Retained earnings		39,847	40,927
Proposed dividend for the year		0	55,000
<b>Equity</b>		<b>40,847</b>	<b>96,927</b>
Deferred income		52,948	57,323
<b>Long-term debt</b>	11	<b>52,948</b>	<b>57,323</b>
Trade payables		8,280	12,795
Payables to group enterprises		300	7,467
Corporation tax		0	114
Other payables		17,309	14,143
Deferred income	11	4,925	5,482
<b>Short-term debt</b>		<b>30,814</b>	<b>40,001</b>
<b>Debt</b>		<b>83,762</b>	<b>97,324</b>
<b>Liabilities and equity</b>		<b>124,609</b>	<b>194,251</b>
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## Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1,000	40,927	55,000	96,927
Ordinary dividend paid	0	0	-55,000	-55,000
Net profit/loss for the year	0	-1,080	0	-1,080
<b>Equity at 31 December</b>	<b>1,000</b>	<b>39,847</b>	<b>0</b>	<b>40,847</b>

# Notes to the Financial Statements

## 1. Unusual conditions

As a result of the war in Ukraine, Arelion has been affected in its business operations in Russia by halting deliveries from suppliers in the US and has therefore suspended all new sales in Russia until further notice. Furthermore, Arelion complies with all applicable sanctions.

## 2. Staff Expenses

	2023	2022
	TDKK	TDKK
Wages and salaries	7,095	7,113
Pensions	748	759
Other social security expenses	58	133
Other staff expenses	207	294
	<u>8,108</u>	<u>8,299</u>
Including remuneration to the Executive Board:		
Executive board	35	35
	<u>35</u>	<u>35</u>
Average number of employees	<u>8</u>	<u>8</u>

The remuneration to the Executive Board is the allocated part of the management fees that is attributable to the services provided by the directors.

No Board member fees have been paid.

## 3. Depreciation and impairment losses of property, plant and equipment

	2023	2022
	TDKK	TDKK
Depreciation of property, plant and equipment	13,472	19,527
	<u>13,472</u>	<u>19,527</u>

## Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
<b>4. Financial income</b>		
Interest received from group enterprises	388	0
Other financial income	0	282
Exchange gains	98	18
	<u>486</u>	<u>300</u>
	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
<b>5. Financial expenses</b>		
Other financial expenses	283	40
	<u>283</u>	<u>40</u>
	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
<b>6. Income tax expense</b>		
Current tax for the year	0	114
Deferred tax for the year	4,393	1,790
Adjustment of tax concerning previous years	2	0
	<u>4,395</u>	<u>1,904</u>
	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
<b>7. Profit allocation</b>		
Proposed dividend for the year	0	55,000
Retained earnings	-1,080	-49,972
	<u>-1,080</u>	<u>5,028</u>

# Notes to the Financial Statements

## 8. Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	TDKK	TDKK	TDKK
Cost at 1 January	10,145	386,271	3,834
Additions for the year	0	1,088	6,064
Disposals for the year	0	-1,422	0
Transfers for the year	0	2,640	-2,640
Cost at 31 December	<u>10,145</u>	<u>388,577</u>	<u>7,258</u>
Impairment losses and depreciation at 1 January	2,910	305,062	0
Depreciation for the year	640	12,832	0
Reversal of impairment and depreciation of sold assets	0	-502	0
Impairment losses and depreciation at 31 December	<u>3,550</u>	<u>317,392</u>	<u>0</u>
<b>Carrying amount at 31 December</b>	<u><b>6,595</b></u>	<u><b>71,185</b></u>	<u><b>7,258</b></u>

## 9. Deferred tax asset

	2023	2022
	TDKK	TDKK
Deferred tax asset at 1 January	10,930	12,720
Amounts recognised in the income statement for the year	-4,393	-1,790
<b>Deferred tax asset at 31 December</b>	<u><b>6,537</b></u>	<u><b>10,930</b></u>
Property, plant and equipment	-23,894	-24,509
Transferred to deferred tax assets	23,894	24,509
	<u><b>0</b></u>	<u><b>0</b></u>
<b>Deferred tax asset</b>		
The deferred tax asset relates to losses in subsidiaries		
Calculated tax assets	23,894	24,509
Write down to assessed value	-17,357	-13,579
<b>Carrying amount</b>	<u><b>6,537</b></u>	<u><b>10,930</b></u>

# Notes to the Financial Statements

## 10. Share capital

The share capital consists of 1,000 shares of a nominal value of TDKK 1000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

2023	2022
TDKK	TDKK

## 11. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

### Deferred income

After 5 years	31,769	37,296
Between 1 and 5 years	21,179	20,027
Long-term part	<u>52,948</u>	<u>57,323</u>
Other deferred income	4,925	5,482
	<u>57,873</u>	<u>62,805</u>

## 12. Contingent assets, liabilities and other financial obligations

There are no security and contingent liabilities at 31 December 2023.



# Notes to the Financial Statements

## 13. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
<b>Controlling interest</b>	
Arelion AB, Sverige	Parent Company

### Transactions

Transactions with group entities have been effected at arm's length:

Sale of service to group entities: TDKK 61.105

Purchase of goods and services from group entities: TDKK 52.631

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
Arelion AB	Sweden

The Group Annual Report of Arelion AB may be obtained at the following address:

Evenemangsgatan 2C  
169 94 Solna - Sweden

## 14. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

# Notes to the Financial Statements

## 15. Accounting policies

The Annual Report of Arelion Denmark A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in TDKK.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of , the Company has not prepared a cash flow statement.

### 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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

## Income statement

### Revenue

As basis for interpretation regarding revenue recognition, the company has applied IAS 18.

Revenue is value of delivered goods net of VAT. Income from sale of goods for resale is recognised in the income statement at the time of delivery. Deferred income are contracts with a life time exceeding more than one year.

# Notes to the Financial Statements

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

## Expenses for raw materials and consumables

Cost of sales contains all direct expenses that are indirect relation to generate revenues.

## Other external expenses

Other external expenses comprise costs, incurred in generating the revenue for the year and include expenses related to sale, representation, administration, premises, bad debt, lease payments under operating leases, etc.

## Staff expenses

Personnel costs comprise expenses incurred during the year for all costs relating to staff.

## Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

## Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

## Financial income and expenses

Interest income and expense and similar items are recognised in the income statement as amounts regarding the financial year. Interest income and expense and similar items comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the onaccount tax scheme etc.

## Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

## Balance sheet

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

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

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

# Notes to the Financial Statements

Production buildings	10-30 years
Ducts	30 years
Cables/fibers	20 years
Fixtures and fittings, tools and equipment	3-10 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

## Impairment of fixed assets

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount. Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

## Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses.

As basis for interpretation regarding provision for losses on bad debt, the company has applied IAS 39.

## Prepayments

Prepayments comprise prepaid expenses concerning subsequent financial years.

## Equity

### Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### Deferred tax assets and liabilities

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

# Notes to the Financial Statements

## Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

## Financial liabilities

Liabilities including amounts owed to suppliers, group enterprises and associates and other are measured at amortised cost.

## Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

## Financial Highlights

### Explanation of financial ratios

Return on assets  $\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$

Solvency ratio  $\text{Equity at year end} \times 100 / \text{Total assets at year end}$