GlobalConnect A/S

Hørskætten 3, 2630 Taastrup

CVR no. 26 75 97 22

Annual report 2019

Approved at the Company's annual general meeting on 26 June 2020

Chairman:

Jacob Cige

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Building a better working world

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of GlobalConnect A/S for the financial year 1 January - 31 December 2019.

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 of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Taastrup, 4 June 2020
Executive Board:

Martin Lippert
CEO

Board of Directors:

Jacob Kjær Chairman	Jannie Laurberg Sørensen	Louise Hahn

Independent auditor's report

To the shareholders of GlobalConnect A/S

Opinion

We have audited the financial statements of GlobalConnect A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 as to 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 the 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 note 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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 the Management's review.

Copenhagen, 4 June 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Thomas Bruun Kofoed
State Authorised Public Accountant
mne28677

Management's review

Company details

Name	GlobalConnect A/S
Address, Postal code, City	Hørskætten 3, 2630 Taastrup
CVR no.	26 75 97 22
Established	20 August 2002
Registered office	Høje Taastrup
Financial year	1 January - 31 December
Website	www.globalconnect.dk
E-mail	info@globalconnect.dk
Telephone	+45 77 30 30 00
Board of Directors	Jacob Kjær, Chairman Jannie Laurberg Sørensen Louise Hahn
Executive Board	Martin Lippert, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights

DKKm	2019	2018	2017	2016	2015
Key figures					
Revenue	692	624	585	512	481
Gross profit	379	320	270	284	277
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	212	162	161	187	175
Operating profit/loss	34	32	63	89	82
Net financials	-67	-81	-94	-45	-45
Profit/loss before tax	-33	-39	-31	49	42
Profit/loss for the year	-33	-44	-43	41	35
Non-current assets	4,072	3,740	1,736	1,640	1,622
Current assets	617	304	721	519	330
Total assets	4,689	4,044	2,457	2,159	1,952
Equity	1,070	1,283	395	619	591
Non-current liabilities	2,732	2,138	1,334	957	981
Current liabilities	887	623	728	583	380
Financial ratios					
Operating margin	4.9%	5.1%	10.9%	17.4 %	17.0 %
Gross margin	54.8%	51.3%	46.2%	55.5%	57.6%
EBITDA-margin	30.6%	26.0%	27.5%	36.5%	36.4%
Return on assets	0.8%	1.0%	2.7%	4.3%	4.2%
Current ratio	69.6%	48.8%	99.0%	89.0%	86.8%
Equity ratio	22.8%	31.7%	16.1%	28.7%	30.3%
Return on equity	-2.8%	-5.2%	-8.5%	6.8%	6.0%
Average number of employees	387	262	184	255	260

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Ordinary operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Operating margin	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$
Gross margin ratio	$\frac{\text{Gross margin x 100}}{\text{Revenue}}$
EBITDA-margin	$\frac{\text{Earnings before interest, taxes and amortisations (EBITDA) x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activites x 100}}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

The key figures for the years 2015-2018 have not been amended to the implementation of IFRS 15 and IFRS 16 as at 1 January 2019, cf. accounting policies.

Management's review

Business review

GlobalConnect is an independent fibre infrastructure provider that offers efficient and secure data networking, data center solutions and cloud services. The digitalization, requirement for efficient communication and outsourcing trends within enterprise and public sectors are continuously redefining how we work and have the potential to deliver immense benefits to society; via its network and datacenter infrastructure, GlobalConnect benefits from these underlying megatrends. GlobalConnect Group covers Denmark, Norway, Northern Germany and parts of Sweden with more than 42,000 km of high-speed optical fibre network and more than 18,000 m2 of data centers. GlobalConnect also acts as a turnkey supplier of international lines and services via partnering with other telecommunication operators outside GlobalConnect's own coverage area.

Changes in accounting policies

The ultimate parent company GlobalConnect Topholding AS has implemented IFRS in the consolidated financial statements. Management has therefore decided to implement the following changes in the accounting policies effective 1 January 2019 for GlobalConnect A/S:

- Revenue. The Company applies IFRS 15 "Revenue from contracts with customers" as interpretation for revenue recognition. Previously IAS 18 "Revenue" was applied.

- Leases. The Company applies IFRS 16 "Leases" as interpretation for classification and recognition of leases. Previously IAS 17 "Leasing" was applied.

Reference is made to note 1 for more details.

Financial review

The income statement for 2019 shows a loss of DKK 33,106 thousand against a loss of DKK 43,919 thousand last year, and the balance sheet at 31 December 2019 shows equity of DKK 1,070,342 thousand.

In the annual report for 2018, Management expected GlobalConnect's growth to continue during 2019. GlobalConnect's 2019 financial performance was in line with expectations and both the Board and Management consider it satisfactory.

No ordinary dividend is proposed for 2019.

Special risks

The price level of GlobalConnect's products is based on supply and demand of the Danish and international telecommunications and data markets and is not exposed to particular price-related risks. The majority of contracts cover a longer period of time than a single financial year.

The main part of GlobalConnect's activities are settled in Danish currency (DKK), but due to activities abroad, the results, cash flow and equity are to some extent influenced by exchange and interest rate developments of the Euro.

Research and development activities

GlobalConnect aims at applying the newest technologies and wants to encourage investments in the next generation of the IKT community through active participation in selected professional and industrial bodies and boards. GlobalConnect works together with research institutions and development companies in order to support the development of disciplines within the telecommunications and knowledge industry. This work has among other things led to cooperation with a number of foreign companies to intensify knowledge development and interest in innovation in Denmark.

Management's review

GlobalConnect continuously focuses on securing and developing its market position through controlled growth based on an increased focus on processes and improvement of operational efficiency. Such measures are expected to increase profitability and strengthen competitiveness. In the GlobalConnect Group, we continuously work to increase our range of products and services in order to improve customer satisfaction. Furthermore, we expect to order a build-out of data center facilities to meet the increasing demand.

GlobalConnect will continue to improve support and product portfolio for our partners, improving their competitive edge.

Statutory CSR report

The working environment and the employees

Absence due to illness in GlobalConnect was 3,2% in 2019 (3,1 % in 2018). GlobalConnect has seen positive results from initiatives taken to reduce this kind of absence. GlobalConnect will continue its efforts to reduce the number of sick days and are exploring additional initiatives such as offering gym memberships and physical therapy.

No incidences or reporting of work-related accidents resulting in significant material damage or personal injury occurred during the year.

The working environment is impacted by the poor quality of our facility, and efforts for improvements are made on an ongoing basis. GlobalConnect will move to a newly built domicile in Q4 2020, where environment and a green profile is a high priority.

The biggest risks are related to the work environment.

Working climate surveys were conducted during 2019. Next working Climate survey will be conducted latest in 2022. Furthermore, GlobalConnect conduct engagement surveys twice a month. GlobalConnect's various working environment committees held regular meetings in 2019. A number of issues have been discussed in the committees, which have resulted in recommendations of improvements to the related departments.

The cooperation with employee trade unions has been constructive and contributed positively to operations.

GlobalConnect want to make sure all employees thrive in the working environment. Code of conduct for employees at GlobalConnect defines corporate governance, sustainable business standards and ethical principles for the employees, board of directors and anyone acting on behalf of GlobalConnect.

Climate report

Our vision is to develop nationwide fibre infrastructure coverage in Denmark and regional coverage in Germany to offer data communication for all individuals close to our infrastructure. We will contribute to a cleaner technology and more efficient energy consumption in society through the provision of our products and services.

GlobalConnect is working on optimizing the consumption of energy in order to contribute to minimizing the global CO2 emissions impact. Such efforts could be strengthened further as part of the GlobalConnect Group's overall Corporate Social Responsibility work (CSR) through improved terms for the supply of waste heat to district heating systems. GlobalConnect is optimistic regarding reuse of heat from cooling systems and was during 2018 one of the leading companies advocating for change of the legislation, so reuse of heat is not extra taxed as is the case today. Hence, GlobalConnect expects that this will become the general standard for all data center players in the market to avoid unbalanced competition in Denmark, and that the legislation will be adjusted accordingly.

Furthermore, GlobalConnect is actively reducing CO2 emission by replacing server infrastructure with less CO2 consuming server infrastructure. This has in 2019 resulted in a like for like reduction of GlobalConnect's CO2 emissions.

GlobalConnect has not identified any significant risks within the area of the environment, human rights and anticorruption. GlobalConnect will continuously monitor potential significant risks and initiate any needed actions to reduce significant risks within that area.

Management's review

Account of the gender composition of Management

GlobalConnect aims to be a workplace with equal opportunities and has included in its policies regulations to prevent discrimination regarding salary, promotion and recruiting. A key management target is for GlobalConnect to be a "preferred place to work". Key elements in this effort is management focus, leadership, employee-involvement, employee satisfaction, motivation and to develop employee competence.

GlobalConnect makes it possible for all employees to develop their competences in order to make a difference through their personal commitment and diversity. We strive to find a reasonable work-life balance and strive to ensure equal rights to everybody, regardless of gender, ethnic background, physical performance etc.

The number of employees was 445 at 31 December 2019. We base all decisions as for employment, promotion, dismissal, wages and other work conditions on relevant and objective criteria. The status for the gender distribution in GlobalConnect's top management is 30% women and 70% men. Status of the gender distribution of the Board of Directors in GlobalConnect is 67% women out of a total of three Board members. According to the guidelines issued by the Danish Business Authorities, 1 woman and 3 men constitute an equal gender distribution. GlobalConnect aims at getting 33% women in the top management over a four-year period, provided that best-qualified persons, irrespective of gender, ethnic background, citizenship, physical performance etc., are available for the position.

Current status is due to qualifications among candidates; however the four-year goal remains. GlobalConnect aims, at any time, to have positions filled with the best-qualified persons, irrespective of gender, ethnic background, citizenship, physical performance etc. Representation will follow qualification. We aim to make sure that applicants may apply for any position on equal terms. In order to increase the number of women in top management, we always aim for one of the candidates in the recruitment process to be female.

Events after the balance sheet date

In general, the company has achieved results that are in line with expectations in 2020. However, from the beginning of March 2020, management has found that the worldwide COVID-19 outbreak will potentially affect the company's results and financial position in 2020. However, it is not possible for the company's management at the time of financial reporting to quantify the effect, as it will depend on the duration and extent of the virus outbreak.

No events have otherwise occured after the balance sheet date which could significantly affect the assessment of the Company's financial position.

Outlook

Going forward management focus includes growth, further develop market-positions and realize identified synergies across country-/company-/services within the Group.

The development of the Covid-19 virus is beginning to have a significant impact on our society. As a result of the implemented measures to contain the spread of the virus, the importance of our services is higher than ever before. As of today, the financial impact is limited, but given the uncertainties, it is too early for us to assess the full impact on our business and finance activities for 2020.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2019	2018
3	Revenue	692,112	624,293
	Cost of sales	-233,212	-244,649
	Other external expenses	-80,285	-59,255
	Gross profit	378,615	320,389
4	Staff costs	-166,421	-158,052
5	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-178,015	-130,396
	Profit before net financials	34,179	31,941
	Income from investments in group enterprises	0	10,000
6	Financial income	18,213	15,973
7	Financial expenses	-85,100	-96,614
	Profit/loss before tax	-32,708	-38,700
8	Tax for the year	-398	-5,219
	Profit/loss for the year	-33,106	-43,919

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2019	2018
	ASSETS		
	Non-current assets		
9	Intangible assets		
	Development costs	18,136	24,561
	Acquired intangible assets	3,580	5,873
		21,716	30,434
10	Property, plant and equipment		
	Land and buildings	50,797	53,471
	Facility Housing	222,402	155,074
	Spare parts	37,627	39,288
	Fibre/ducts	1,318,043	1,041,734
	Other fixtures and equipment	369,446	298,564
	Leasehold improvements	1,932	2,478
	Property, plant and equipment under construction	118,103	33,660
		2,118,350	1,624,269
11	Financial assets		
	Investments in subsidiaries	1,607,558	1,636,621
	Receivables from group enterprises	319,888	421,266
	Receivable regarding financial leases	0	22,801
	Deposits	4,942	4,831
		1,932,388	2,085,519
	Total non-current assets	4,072,454	3,740,222
	Current assets		
	Receivables		
	Trade receivables	191,082	208,936
	Receivables from group enterprises	378,701	64,043
	Corporation tax receivable	852	0
	Other receivables	13,144	2,501
12	Prepayments	33,188	28,286
		616,967	303,766
	Total current assets	616,967	303,766
	TOTAL ASSETS	4,689,421	4,043,988

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2019	2018
	EQUITY AND LIABILITIES		
	Equity		
13	Share capital	2,325	2,325
	Revaluation reserve	11,687	12,234
	Reserve for development costs	14,146	16,354
	Retained earnings	1,042,184	1,252,521
	Total equity	1,070,342	1,283,434
14	Non-current liabilities		
15	Deferred tax	113,298	164,039
16	Other provisions for liabilities	514	3,367
	Lease liabilities	180,920	27,755
	Prepayments received	42,633	51,524
	Payables to group entities	2,122,279	1,888,278
	Other long-term liabilities	2,595	2,595
17	Deferred income	269,724	0
	Total non-current liabilities	2,731,963	2,137,558
	Current liabilities		
16	Other provisions for liabilities	451	17,984
	Debt to financial institutions	17,287	36,791
	Lease liabilities	41,017	22,505
	Prepayments received	21,190	25,377
	Trade payables	76,826	99,059
	Payables to group enterprises	390,211	228,231
	Joint taxation contribution payable	0	3,397
	Other liabilities	131,601	53,390
17	Deferred income	208,533	136,262
	Total current liabilities	887,116	622,996
	Total liabilities	3,619,079	2,760,554
	TOTAL EQUITY AND LIABILITIES	4,689,421	4,043,988

1 Accounting policies
2 Events after the balance sheet date
18 Contractual obligations and contingencies, etc.
19 Related parties
20 Fee to the auditors appointed by the Company in general meeting

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Revaluation reserve	Reserve for development costs	Retained earnings	Total
	Equity at 1 January 2018	2,325	12,781	7,778	372,338	395,222
	Adjusted equity at 1 January 2018	2,325	12,781	7,778	372,338	395,222
	Additions on merger/corporate acquisition	0	0	0	-62,112	-62,112
	Debt conversion	0	0	0	99,424	99,424
21	Transfer, see "Appropriation of profit/loss"	0	0	8,576	-52,495	-43,919
	Dissolution of previous years' revaluations	0	-547	0	547	0
	Tax exempt equity contribution	0	0	0	894,819	894,819
	Equity at 1 January 2019	2,325	12,234	16,354	1,252,521	1,283,434
	Adjustment of equity through changes in accounting policies	0	0	0	-167,919	-167,919
	Additions on merger/corporate acquisition	0	0	0	-12,067	-12,067
21	Transfer, see "Appropriation of profit/loss"	0	0	-2,208	-30,898	-33,106
	Dissolution of previous years' revaluations	0	-547	0	547	0
	Equity at 31 December 2019	2,325	11,687	14,146	1,042,184	1,070,342

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of GlobalConnect A/S for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

Changes in accounting policies

The ultimate parent company GlobalConnect Topholding AS has implemented IFRS in the consolidated financial statements. Management has therefore decided to implement the following changes in the accounting policies effective 1 January 2019 for GlobalConnect A/S:

- Revenue. The Company applies IFRS 15 "Revenue from contracts with customers" as interpretation for revenue recognition. Previously IAS 18 "Revenue" was applied.

Installation and connection fees that are not considered separate performance obligations (i.e. considered prepayments for future service delivered) are recognised over the period those services are being delivered. Previously, such fees were recognised as revenue when installation and connection were performed. As a result of the adoption, the Company recognised the cumulative effect of initially applying IFRS 15 as a pre-tax adjustment of DKK 111,988 thousand to the opening balance of retained earnings at the adoption date. The tax adjustment amounts to DKK 24,638 thousand, resulting in a after-tax adjustment of DKK 87,350 thousand.

Certain sales contracts for lease-out of dark fibre and ducts have so far been treated as finance lease thus revenue and COGS have been recognized at the time of delivery. Following the implementation of IFRS 15 and IFRS 16, revenue from these contracts will be recognized on a straight-line basis over the rent period and dark fibre and ducts are depreciated over the expected useful life. As a result of the adoption, the Company recognized the cumulative effect as a pre-tax adjustment of deferred income with DKK 205,302 thousand and property, plant and equipment with DKK 102,010 thousand, a net amount of DKK 103,292 thousand. The tax adjustment amounts to DKK 22,724 thousand, resulting in a after-tax adjustment of DKK 80,568 thousand.

The Company adopted IFRS 15 using the modified retrospective transition method and applied a contract-by-contract approach for contracts that were completed as of 1 January 2019. Result for reporting periods beginning of 1 January 2019 are presented under IFRS 15, while prior periods are not adjusted and reported under IAS 18 "Revenue"

- Leases. The Company applies IFRS 16 "Leases" as interpretation for classification and recognition of leases. Previously IAS 17 "Leasing" was applied.

The Company adopted IFRS 16 using the modified retrospective transition method and has therefore not restated the comparative figures, which are still presented in accordance with the rules of IAS 17.

As opposed to previously, the Company must now recognise all leases in the balance sheet, including operating leases, with a few exceptions. Consequently, a lease commitment measured at the present value of the future lease payments, see description below, must now be realised together with a corresponding leased asset adjusted for payments made to the lessor prior to the commencement of the lease and incentive payments received from the lessor. In accordance with the transitional provisions of IFRS 16, when implementing the standard, the Company has chosen:

- Not to recognise leases of low value
- Not to reassess whether a contract is or comprise a lease,
- To determine a discount rate on a portfolio of leases with similar characteristics.

When assessing the future lease payments, the Company reviewed its operating leases and identified the lease payments related to a lease component that are fixed or variable but change in line with changes in an index or an interest rate. The Company has chosen not to recognise payments related to service components as part of the lease commitment.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

When assessing the expected lease term, the Company identified the non-cancellable lease term of the lease plus periods covered by an extension option that Management is reasonably likely to exercise plus periods covered by a termination option that Management is reasonably unlikely to exercise.

When implementing IFRS 16, the Company has recognised a leased asset of DKK 215,520 thousand and a lease commitment of DKK 215,520 thousand, and thus, the effect on equity is DKK 0.

Leased assets comprise facility housing, fibre and ducts and other fixtures and equipment.

The leased assets are depreciated on a straight-line basis over the expected lease term, which is:

Facility Housing:	3-15 years
Fibre/ducts:	30-40 years
Other fixtures and equipment:	3-10 years

When measuring the lease commitment, the Company has used an average incremental borrowing rate for discounting future lease payments of 3.40%.

Operating lease commitments as at 31 December 2018 (IAS 17)	113,337
Discounted operating lease commitments as at 1 January 2019	78,817
Discounted lease payments relating to lease commitments not disclosed as at 31 December 2018	136,703
Applied transition rules:	
- Commitments relating to leases previously classified as finance leases	50,260
Lease liabilities as at 1 January 2019 (IFRS 16)	265,780

Changes in accounting estimates

The Company has with effect from 1 January 2019 re-assessed the expected useful life for dark fibre from 20 years to 30 years. The re-assessment has had a positive impact of DKK 4,432 thousand on the depreciation for 2019.

Change in the Company's activities, including effect of intra-group business combinations

In 2019, the Company merged with its wholly-owned subsidiary, Supertel A/S (intra-group business combination) with GlobalConnect A/S as the continuing company. The merger has been accounted for in accordance with the book value method, which does not require restatement of comparative figures.

The merger has affected equity negatively by DKK 12,067 thousand corresponding to net assets of the subsidiary less net book value of the investment.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Broadnet Group Holding AS.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, contributions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Before 1 January 2019 the Company has chosen IAS 18 as interpretation for revenue recognition. After 1 January 2019 the Company has chosen IFRS 15 "Revenue from contracts with customers" as interpretation for revenue recognition.

On the conclusion of sales contracts which consist of several, separate sales transactions, the contract price is split up into the individual sales transactions based on the relative fair value approach. The separate sales transactions are recognised as revenue when the criteria for sale of goods, services or construction contracts are met.

A contract is split up into individual transactions when the fair value of each individual sales transaction can be calculated reliably and when each individual sales transaction has a separate value for the purchaser. Sales transactions are deemed to have a separate value for the purchaser when the transaction is individually identifiable and is usually sold separately.

Income from the sale of goods, including income from fibres, rights to use, etc. is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Income from the sale of services, which include service contracts to products and services sold, is recognised on a straight-line basis as the services are rendered.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Finance leases entered before 1 January 2019 (GlobalConnect as lessor)

Where finance leases are entered into regarding assets, a sale and a receivable are recognised corresponding to the present value of cash flows from the lease plus the estimated, unguaranteed residual value of the asset at the end of the lease term. The present value is calculated based on the interest implicit in the lease agreement. Lease payments received are recognised partly as instalments on the lease receivable and partly as financial income.

Cost of sales

Cost of sales comprise costs incurred in generating the year's revenue. Such costs include direct and indirect costs related to fibres, raw materials and consumables.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include rights and licences.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Development costs	5 years
Rights and licenses	3 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Buildings	20 years
Facility Housing	3-15 years
Fibre/ducts	30-40 years
Other fixtures and equipment	3-10 years
Leasehold improvements	10 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Land is not depreciated.

Profit from investments in subsidiaries

The item includes dividends from investments in subsidiaries and associates. Dividend distributions that either exceed the profit for the year or where the carrying amount of the investments exceeds the consolidated carrying amounts of the subsidiary's net assets will indicate impairment for which reason an impairment test will have to be conducted.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is 5 years.

Licences are measured at cost less accumulated amortisation and impairment losses. Licenses are amortised over the term of the licence, however not exceeding 15 years.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

Before 1 January 2019 the Company has chosen IAS 17 as interpretation for classification and recognition of leases. From January 1 2019 the Company has chosen IFRS 16 "Leases" as interpretation for classification and recognition of leases.

Leases before 1 January 2019

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Leases after 1 January 2019

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The Company applies the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Investments in subsidiaries

Investments in subsidiaries and associates are measured at cost, which includes the cost of acquisition calculated at fair value plus direct costs of acquisition. If there is evidence of impairment, an impairment test is conducted. Where the carrying amount exceeds the recoverable amount, a write-down is made to such lower value.

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as financial income or financial expenses.

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Revaluation reserve

The reserve comprises revaluations of property, plant and equipment and investments in subsidiaries and associates relative to cost net of deferred tax.

The revaluation reserve is reduced by the depreciation charges relating to the revaluation.

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base 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, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

2 Events after the balance sheet date

In general, the Company has achieved results that are in line with expectations in 2020. However, from the beginning of March 2020, management has found that the worldwide COVID-19 outbreak will potentially affect the company's results and financial position in 2020. However, it is not possible for the Company's management at the time of financial reporting to quantify the effect, as it will depend on the duration and extent of the virus outbreak.

No events have otherwise occured after the balance sheet date which could significantly affect the assessment of the Company's financial position.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2019	2018
3 Segment information		
Breakdown of revenue by business segment:		
Datacom	396,452	392,686
Digital Solutions	295,660	231,607
	692,112	624,293
Breakdown of revenue by geographical segment:		
Domestic	553,689	489,171
Abroad	138,423	135,122
	692,112	624,293

	2019	2018
4 Staff costs		
Wages/salaries	278,619	173,453
Pensions	24,000	15,564
Other social security costs	2,662	1,765
Other staff costs	-110,018	0
Capitalised wages and salaries related to development projects and property, plant and equipment	-28,842	-32,730
	166,421	158,052

The Company has invoiced affiliated companies for staff costs with DKK 110,018 thousand (2018: nil)

	2019	2018
Average number of full-time employees	387	262

	2019	2018
Remuneration to members of Management:		
Executive Board	0	10,212
Board of Directors	0	698
	0	10,910

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed for 2019.

In 2018 remuneration to the Executive Board and Board of Directors includes severance payments to former members.

	2019	2018
5 Amortisation/depreciation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	11,289	9,473
Depreciation of property, plant and equipment	161,404	120,923
Impairment of property, plant and equipment	5,322	0
	178,015	130,396

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2019	2018
6 Financial income		
Interest income, group entities	17,301	14,336
Other interest income	10	1,637
Exchange gains	902	0
	18,213	15,973

	2019	2018
7 Financial expenses		
Interest expenses, group entities	74,466	16,799
Interest expenses, leases	7,912	0
Other interest expenses	1,085	78,228
Exchange losses	1,632	1,797
Other financial expenses	5	-210
	85,100	96,614

The Company initiated an early redemption of issued mortgages and loan facilities resulting in a one-off expense of DKK 42,364 thousand recognised in other interest expenses in 2018.

	2019	2018
8 Tax for the year		
Estimated tax charge for the year	-852	3,397
Deferred tax adjustments in the year	327	892
Tax adjustments, prior years	923	930
	398	5,219

9 Intangible assets

DKK'000	Development costs	Acquired intangible assets	Total
Cost at 1 January 2019	39,332	26,024	65,356
Additions through mergers and business combinations	0	14,266	14,266
Additions	1,063	1,508	2,571
Cost at 31 December 2019	40,395	41,798	82,193
Impairment losses and amortisation at 1 January 2019	14,771	20,151	34,922
Impairment losses and amortisation of additions through mergers and business combinations	0	14,266	14,266
Amortisation for the year	7,488	3,801	11,289
Impairment losses and amortisation at 31 December 2019	22,259	38,218	60,477
Carrying amount at 31 December 2019	18,136	3,580	21,716

Completed development projects

Development costs concern the development of the Company's ERP system AX.

Financial statements 1 January - 31 December

Notes to the financial statements

9 Intangible assets (continued)

The system is undergoing constant development to meet the increasing demand for data transparency from users, Management and owners and is already contributing to optimising administrative routines, enhancement of data and cost savings. The system is already now considered an essential management tool in the organisation. The development costs are amortised over 5 years, which in Management's view is the minimum lifetime of the system.

10 Property, plant and equipment

DKK'000	Land and buildings	Facility Housing	Spare parts	Fibre/ducts	Other fixtures and equipment	Leasehold improvements	Property, plant and equipment under construction	Total
Cost at 1 January 2019	65,296	353,589	39,288	1,584,321	685,415	9,922	33,660	2,771,491
Changes in accounting policies	0	70,464	0	257,178	89,642	0	0	417,284
Additions on merger	0	19	0	0	16,664	151	0	16,834
Additions	0	5,021	0	32,654	8,353	0	276,497	322,525
Adjustments to cost	0	18	0	-33	958	0	0	943
Disposals	0	0	-1,661	0	-2,337	0	0	-3,998
Transferred	0	15,748	0	119,570	56,736	0	-192,054	0
Cost at 31 December 2019	65,296	444,859	37,627	1,993,690	855,431	10,073	118,103	3,525,079
Revaluations at 1 January 2019	0	0	0	15,686	0	0	0	15,686
Value adjustments for the year	0	0	0	-701	0	0	0	-701
Revaluations at 31 December 2019	0	0	0	14,985	0	0	0	14,985
Impairment losses and depreciation at 1 January 2019	11,825	198,515	0	558,273	386,851	7,444	0	1,162,908
Change in accounting policies	0	0	0	76,954	0	0	0	76,954
Accumulated impairment losses and depreciation of additions through mergers	0	1	0	0	15,208	151	0	15,360
Impairment losses	0	0	0	5,322	0	0	0	5,322
Depreciation	2,674	23,941	0	50,083	84,160	546	0	161,404
Reversal of accumulated depreciation and impairment of assets disposed	0	0	0	0	-234	0	0	-234
Impairment losses and depreciation at 31 December 2019	14,499	222,457	0	690,632	485,985	8,141	0	1,421,714
Carrying amount at 31 December 2019	50,797	222,402	37,627	1,318,043	369,446	1,932	118,103	2,118,350
Carrying amount at 31 December 2019, if no revaluation had been made	0	0	0	1,303,058	0	0	0	
Property, plant and equipment include finance leases with a carrying amount totalling	0	83,770	0	47,771	106,081	0	0	237,622

11 Investments

DKK'000	Investments in subsidiaries	Receivables from group enterprises	Receivable regarding financial leases	Deposits	Total
Cost at 1 January 2019	1,636,621	421,266	22,801	4,831	2,085,519
Changes in accounting policies	0	0	-22,801	0	-22,801
Disposals on merger/corporate acquisition	-29,063	0	0	0	-29,063
Additions	0	0	0	111	111
Disposals on demerger and sale of other enterprise	0	39,999	0	0	39,999
Disposals	0	-141,377	0	0	-141,377
Cost at 31 December 2019	1,607,558	319,888	0	4,942	1,932,388
Carrying amount at 31 December 2019	1,607,558	319,888	0	4,942	1,932,388

Financial statements 1 January - 31 December

Notes to the financial statements

11 Investments (continued)

Name	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Subsidiaries				
GlobalConnect NN A/S	Taastrup	100.00%	245,984	15,300
GlobalConnect Netz GmbH*	Hamburg	100.00%	279,412	-9,553

*Based on unaudited financial statements as at 31 December 2019.

12 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years.

DKK'000	2019	2018
13 Share capital		
Analysis of the share capital:		
2,325,493 A shares of DKK 1.00 nominal value each	2,325	2,325
	2,325	2,325

14 Non-current liabilities

DKK'000	Total debt at 31/12 2019	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Deferred tax	113,298	0	113,298	0
Other provisions for liabilities	965	451	514	0
Lease liabilities	221,937	41,017	180,920	71,721
Prepayments received	63,823	21,190	42,633	8,757
Payables to group entities	2,122,279	0	2,122,279	0
Other long-term liabilities	2,595	0	2,595	0
Deferred income	321,431	51,707	269,724	118,219
	2,846,328	114,365	2,731,963	198,697

DKK'000	2019	2018
15 Deferred tax		
Deferred tax at 1 January	164,040	164,156
Adjustment of the deferred tax charge for the year	327	-116
Addition from merger	-2,199	0
Adjustment regarding change in accounting policies	-47,362	0
Adjustment regarding prior year	-1,508	0
Deferred tax at 31 December	113,298	164,040

Financial statements 1 January - 31 December

Notes to the financial statements

15 Deferred tax (continued)

Deferred tax relates to:

DKK'000	2019	2018
Intangible assets	-1,371	5,621
Property, plant and equipment	140,739	118,641
Financial assets	0	44,475
Liabilities	-212	-4,697
Tax loss	-667	0
Other taxable temporary differences	-25,191	0
	113,298	164,040

Other taxable temporary differences consist of leases and deferred income.

16 Other provisions

Other provisions for liabilities mainly relate to provision for guarentees in contracts concerning indefeasible rights to use, entered into before 2005, and to onerous contracts for leased premises. The expected costs and timing are by nature uncertain. No provisions are discounted as the impact is considered insignificant.

17 Deferred income

This amount consists primarily of payments received from customers, which cannot be recognised as revenue until subsequent financial years.

18 Contractual obligations and contingencies, etc.

Other contingent liabilities

DKK'000	2019	2018
Lease commitments	0	12,309
Rental commitments	0	101,029
Guarentees to third parties	13,438	9,447
	13,438	122,785

The Company is jointly taxed with its parent, GlobalConnect Invest DK A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2018 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment.

The Company is party to a few pending legal actions. In Management's opinion, the outcome of these legal actions will not affect the Company's financial position apart from the receivables and payables recognised in the balance sheet at 31 December 2019.

Financial statements 1 January - 31 December

Notes to the financial statements

19 Related parties

GlobalConnect A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
GlobalConnect Invest DK A/S	Taastrup, Denmark	Principal shareholder

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
GlobalConnect Topholding AS	Oslo, Norway	Tjuvholmen allé 1, 0252 Oslo, Norway

Related party transactions

The Company's related parties having a significant influence comprise subsidiaries and associates as well as the companies' Boards of Directors, Board of Executives and executive officers and their relatives. Related parties include also companies in which the above-mentioned group of persons has material interests.

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

GlobalConnect Holding AS have declared not to recall the intra-group balance of DKK 2,122 million until GlobalConnect A/S has the liquidity to do so and, if necessary, provide additional liquidity in order for GlobalConnect A/S to meet its financial obligations and thereby ensuring GlobalConnect A/S' continued operation up to and including 30 May 2021.

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Name	Domicile
GlobalConnect Invest DK A/S	Taastrup, Denmark

20 Fee to the auditors appointed by the Company in general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements of Broadnet Group Holding AS.

	DKK'000	2019	2018
21	Appropriation of profit/loss		
	Recommended appropriation of profit/loss		
	Reserve for development costs	-2,208	8,576
	Retained earnings/accumulated loss	-30,898	-52,495
		-33,106	-43,919